



**RIFT VALLEY  
RESOURCES LIMITED**

**Annual Report  
for the financial year ended 30 June 2016**

**Rift Valley Resources Limited  
and Controlled Entities**

**ABN 86 121 985 395**

**Corporate directory**

<b>Directors</b>	Geoffrey Gilmour, Managing Director Greg Cunnold, Technical Director Graeme Clatworthy, Non-Executive Director Akram Aziz– Non-Executive Director
<b>Company Secretary</b>	Mr Scott Mison
<b>Registered Office</b>	Ground Floor 10 Outram Street West Perth WA 6000  <a href="http://www.riftvalleyresources.com.au">www.riftvalleyresources.com.au</a> <a href="mailto:info@riftvalleyresources.com.au">info@riftvalleyresources.com.au</a>
<b>Share Registry</b>	Boardroom Pty Ltd Grosvenor Place Level 12, 225 George Street Sydney NSW 2000
<b>Auditors</b>	Ernst & Young 11 Mounts Bay Road PERTH WA 6000
<b>Lawyers</b>	Johnson Winter & Slattery Level 4, Westralia Plaza 167 St Georges Terrace Perth WA 6000
<b>ASX Code</b>	RVY

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## Letter to Shareholders

On behalf of the Board of Rift Valley Resources Limited (Rift or the Company), I am pleased to present the Company's 2016 Annual Report in what has been another full year of successful exploration on all the projects held by the company and with the improvement in market conditions in the second half of the year I believe we are well placed to add further significant value to our assets.

I wish to thank our loyal shareholders who continue to support our efforts by increasing their holding in the company, the top 100 shareholders now hold over 70% of the shares on issue.

I wish thank all my Directors, our staff, and consultants who held true to the company's vision of building a world class exploration company and to adding value for our shareholders.

Exploration continues in earnest on our projects in Tanzania and Angola and we look forward to providing regular updates on our progress. I encourage all shareholders to read the announcements and to register on the company website to receive notification of ASX news releases.

Kind regards,



G Gilmour

## Directors' Report

The Directors of Rift Valley Resources Limited ("the Company") submit herewith the annual financial report of Rift Valley Resources Limited and its controlled entities ("Consolidated Entity") for the year ended 30 June 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### Directors and Directors' Details

The names and particulars of the Directors of the Company during or since the end of the financial year are:

<p><b>Geoffrey Gilmour</b> <b>Executive Director</b></p> <p><b>Appointed: 30 November 2009</b> <b>Age: 52 years</b></p>	<p>Geoff Gilmour has over 20 years corporate experience in the junior resource market and was instrumental in the creation of Andean Resources Ltd. Mr Gilmour was previously Managing Director of Amex Resources Ltd.</p> <p>Mr Gilmour, became Managing Director of the Company again on 15 March 2013.</p>
<p><b>Greg Cunnold</b> <b>Technical Director</b></p> <p><b>Appointed: 10 February 2014</b> <b>Age: 46 years</b></p>	<p>Greg Cunnold is a geologist with over 20 years' experience in the international exploration industry. His expertise extends from project definition and acquisition, through grass roots exploration and delineation, to resource definition and bankable feasibility. During his career Greg has worked on a range of precious metal, base metal and industrial mineral projects throughout the world.</p> <p>Greg was the first geologist stationed in Romania for Gabriel Resources, where he resided for five years working as project manager on the Rosia Montana gold project, culminating in the completion of a BFS on the 14 million ounce gold deposit defined there. More recently Greg was the Exploration Manager for Reward Minerals, during which time the company discovered and delineated Australia's first potash resource of over 20 million tonnes of potassium sulphate at Lake Disappointment.</p> <p>Greg holds a Bachelor of Science (Geology) degree from the University of Western Australia. He is also a member of the Australian Institute of Geoscientists (MAIG) and the Australian Institute of Mining and Metallurgy (AusIMM).</p>
<p><b>Graeme Clatworthy</b> <b>Non-executive Director</b></p> <p><b>Appointed: 10 February 2014</b> <b>Age: 51 years</b></p>	<p>Graeme holds a Bachelor of Business, majoring in Accounting. He has accumulated 27 years of experience in the Australian Capital Markets having worked for several Australian based Stockbroking firms. Graeme brings to Rift Valley a vast understanding of Capital Markets and has established long standing relationships within the broking community.</p> <p>Graeme has previously held directorships of Yilgarn Gold Ltd, Brightstar Resources Ltd and is currently an Executive Director of Meteoric Resources NL.</p>
<p><b>Akram Aziz</b> <b>Non-executive Director</b></p> <p><b>Appointed: 21 October 2015</b> <b>Age: 53 years</b></p>	<p>Mr. Aziz is a Tanzanian national and Founder and Principal Shareholder of Caspian Limited, a specialist civil engineering, building and mining contractor. Caspian is perhaps the largest contractor in Tanzania.</p> <p>With 30 years of business experience, Akram has been the driving force behind the growth and expansion of Caspian, specifically spearheading and diversifying the company's services into the fields of mining, construction and bulk earthworks services. Specializing in Plant and Equipment, Akram heads the technical directorate of the company.</p> <p>Akram is a significant sponsor and key stakeholder for Tanzania wildlife conservation and anti-poaching initiatives</p>

### Company Secretary – Mr. Scott Mison - B.Bus, CA, AGIA.

Scott Mison holds a Bachelor of Business degree majoring in Accounting and Business Law and is a member of the Institute of Chartered Accountants in Australia and Chartered Secretaries Australia.

Mr. Mison is a Director and Company Secretary of Jupiter Energy Limited. He is also a member of the board of Wheelchair Sports WA Inc.

### Principal Activities

The principal activity of the Company is exploration for gold in Tanzania and rare earths, gold and copper in Angola.

**Operating and Financial Review**

The consolidated entity incurred an operating loss after income tax of \$1,348,853 (30 June 2015: 1,525,914) for the year ended 30 June 2016.

**Report on Projects**

**Tanzania**

**Lake Victoria Goldfields**

**Miyabi Gold Project RVY 100%**

The Miyabi Gold Project is located approximately 200 kilometres southwest of the city of Mwanza in the Lake Victoria Goldfields of western Tanzania (Figure 1). The Project currently has a 2012 JORC Code compliant resource of 703,500 ounces of gold with excellent potential to expand this resource through further exploration.

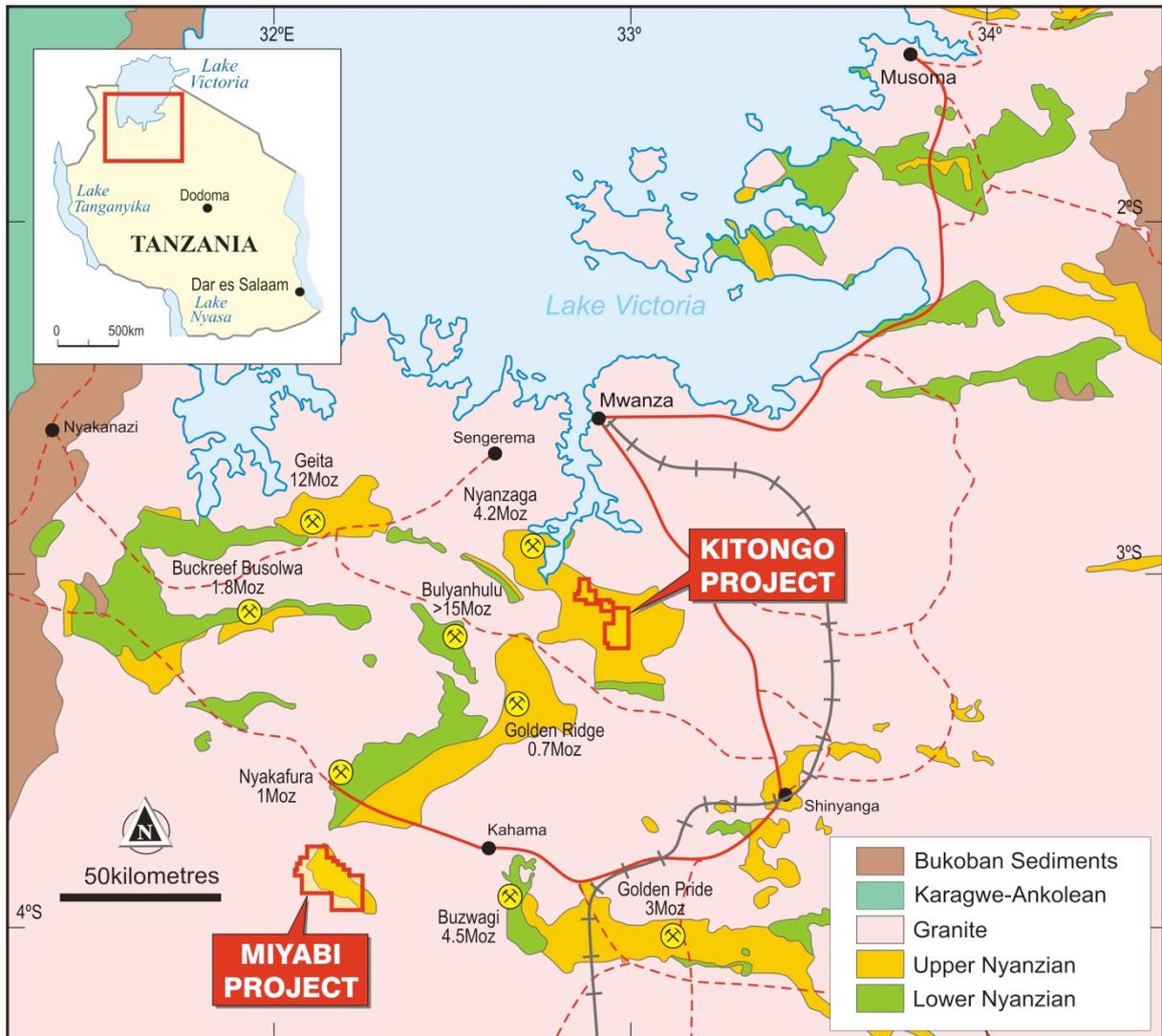


Figure 1: Miyabi and Kitongo Project location plan

The Miyabi property comprises a single coherent block of Prospecting Licences and Prospecting Licence Applications totalling 395 square kilometres in area that covers the bulk of the Miyabi greenstone belt. In 1999, Twigg Gold Limited discovered a previously unknown occurrence of gold mineralisation under shallow soil cover in the northwest portion of the greenstone belt. Subsequent exploration has now defined widespread gold mineralisation.

Miyabi Regional Geological Setting

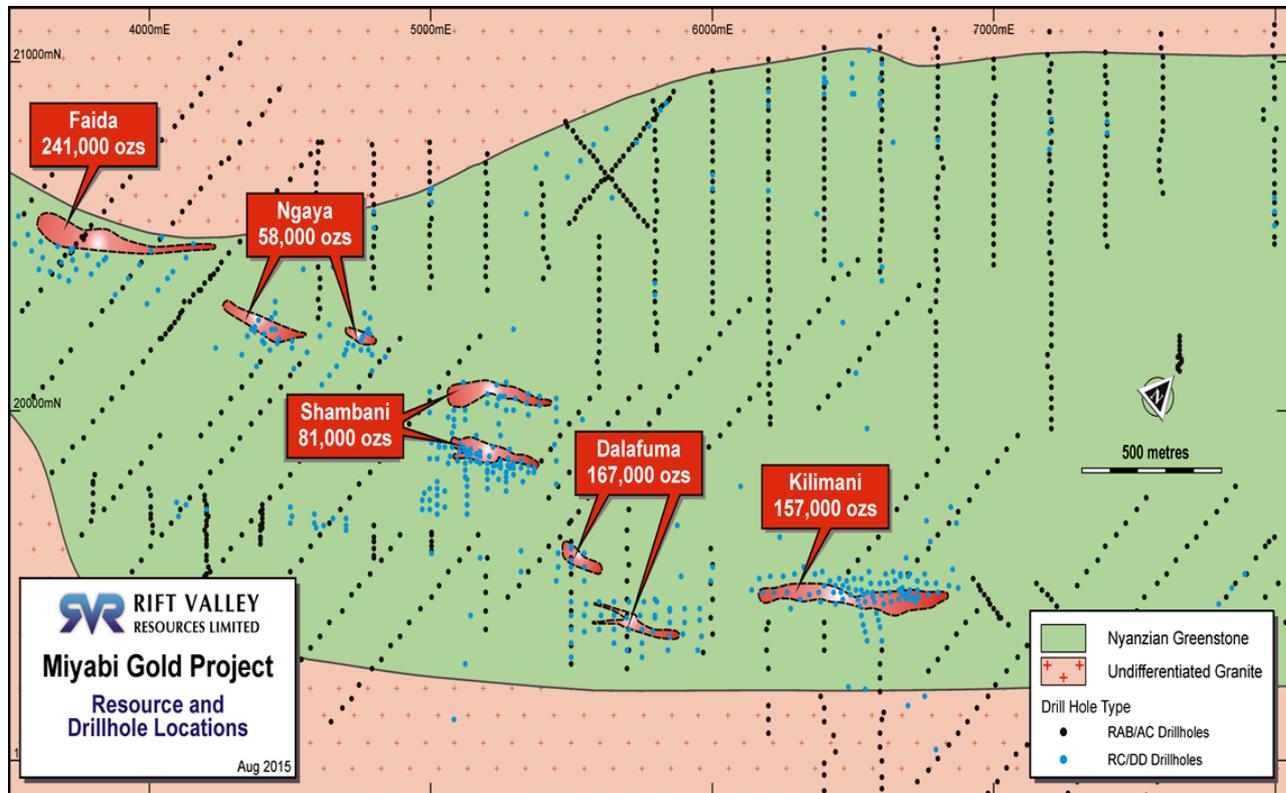
The Miyabi greenstone belt is a 26 kilometre long by 5 to 12 kilometre wide area of soil and laterite covered greenstone metasediments surrounded by granitoid rocks. Structurally, the belt is considered to represent a hinge zone between the Siga Hills and Nzega greenstone belts, potentially a very significant structure for hosting gold

mineralisation. Both these greenstone belts contain multi-million ounce gold deposits with Resolute’s Golden Pride deposit (2.7 million ounces) in the Nzega belt to the east and Barrack’s Golden Ridge deposit (2.2 million ounces) and Resolute’s Nykafuru deposit in the Siga Hills belt to the northeast.

Following on from the drilling results reported in the previous annual report, a maiden resource estimate for the high grade Dalafuma deposit at Miyabi was prepared. The Mineral Resource is 167,000 oz at a grade of 4.1g/t as summarised below.

Classification	Tonnes	Au g/t	Au Ounces
Indicated	540,000	5.4	94,000
Inferred	724,000	3.1	73,000
<b>Total</b>	<b>1,264,000</b>	<b>4.1</b>	<b>167,000</b>

The high grade zones at Dalafuma (fig 2) remained open in several areas and further drilling was planned to expand the defined resource.



**Figure 2: Miyabi Mineral Resources**

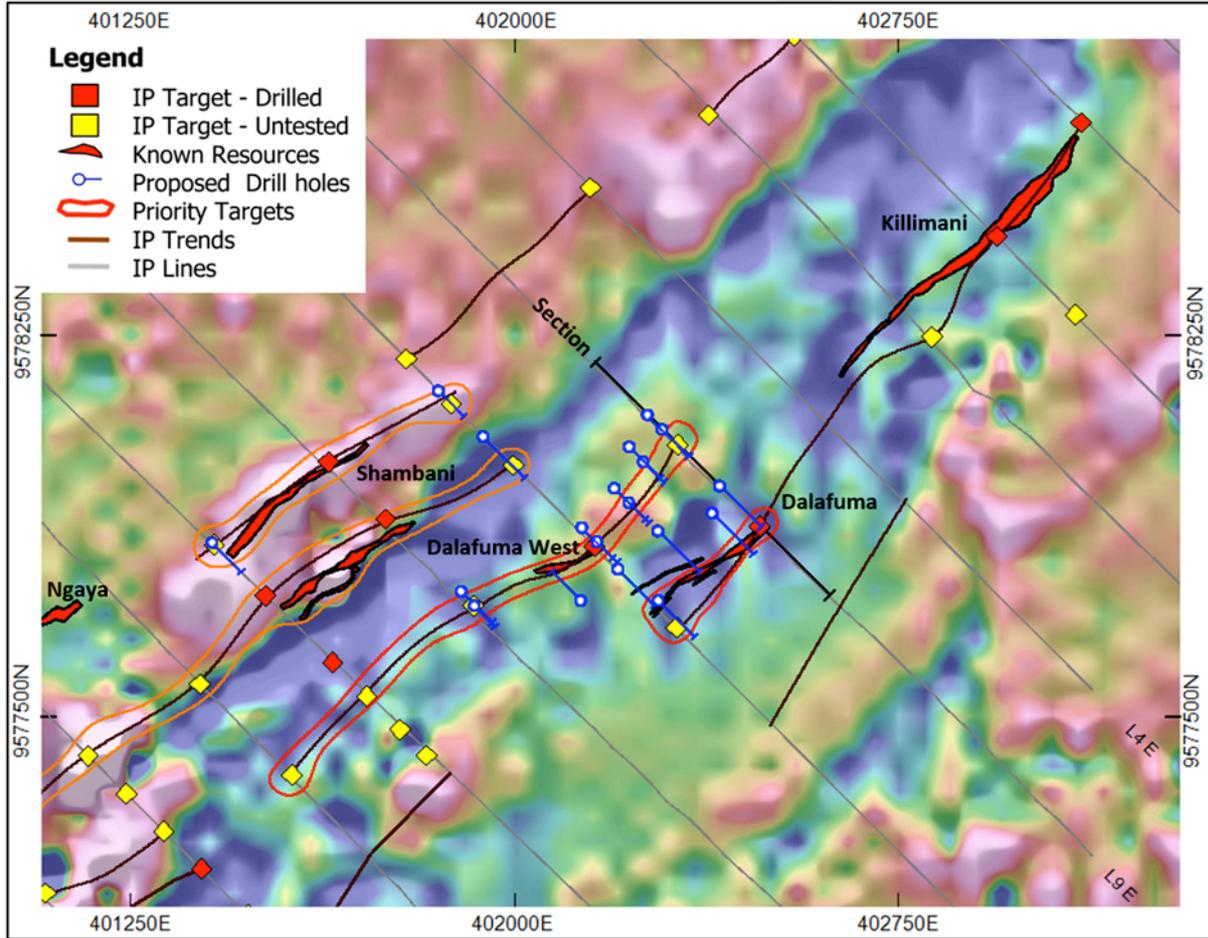
The previously defined deposits at the project were also re-estimated to allow reporting under JORC 2012 guidelines. The Miyabi project (fig 2) now comprises over 700,000oz as summarised below:

- Total Mineral Resource 14.3Mt at 1.5g/t Au for 704,000oz
- Indicated Mineral Resources of 7.1Mt at 1.7g/t for 387,000oz
- Inferred Mineral Resources of 7.3Mt at 1.4g/t for 317,000oz
- Includes five deposits within a 3.5km strike extent

All deposits extend close to surface and are considered to have excellent potential for open pit mining

The geological understanding gained from the Dalafuma discovery allowed company geologists to re-evaluate previous work carried out throughout the entire project area and a number of high priority targets were identified for further drilling. These included extensions to existing resources as well as strong gold anomalies within previous geochemical sampling programs. The significance of barren transported ferricrete over these target areas was not previously understood and many prospective parts of the project have been tested with either soil sampling or 9-11m deep RAB drill holes, neither of which would have been effective.

The assessment of available geophysical (fig 3) and geological data to allow a more regional exploration plan to be developed, lead to additional drilling at the project, planned for the coming quarter.



**FIGURE 3: Total Field Magnetics (Reduction To Pole) On First Vertical Derivative Greyscale Image, With Interpreted IP Trends And Planned Drilling.**

A programme of 20 RC holes for an advance of 3,000 meters commenced at Miyabi in June with the primary aim of testing the strike extents of gold mineralisation delineated at Dalafuma and Dalafuma West in the previous campaign. Several untested high priority drill targets are also to be tested during this programme. At year's end 2031 meters had been drilled in 14 holes. No assay results had been received.

**Kitongo Gold Project RVY 100% - 370,000 Oz JORC 2012 Resource**

The Kitongo gold project is located 90km south of Mwanza within the Lake Victoria Goldfields of Tanzania (Figure 1). Extensive exploration at the Kitongo Project was carried out from 1994 to 2001. The work was very successful and led to the delineation of the 370,000oz Main Zone Inferred Mineral Resource as well as a number of other substantial gold prospects including Kitongo Hill and Isgenge. At each of the prospect areas, high grade gold mineralisation has been intersected in numerous drill holes where mineralisation remains open and untested.

During the year a short RC drilling program carried out at the Kitongo project intersected additional gold mineralisation. The six hole program was designed to follow up the strong Southern Limb mineralisation intersected in the previous Rift Valley drilling. Better intersections from the new drilling include:

- 12m at 2.22g/t from 66m in KTRC263
- 9m at 1.54g/t from 60m in KTRC266

The results are along strike to the north of previously announced intersections from the 2014 program which included:

- 21m at 2.68g/t from 12m in KTRC259
- 18m at 1.55g/t from 51m in KTRC260

The drilling was carried out on 100m spaced sections along strike to the north of the previous Rift Valley drilling. The results confirm that the Southern Limb gold mineralised zone does continue to the north with two of the three sections

intersecting resource grade mineralisation.

A further 1000m of strike potential exists to the north with anomalous mineralisation in shallow RAB holes suggesting that the zone continues until it joins the Isengehe prospect illustrated below (figure 4).

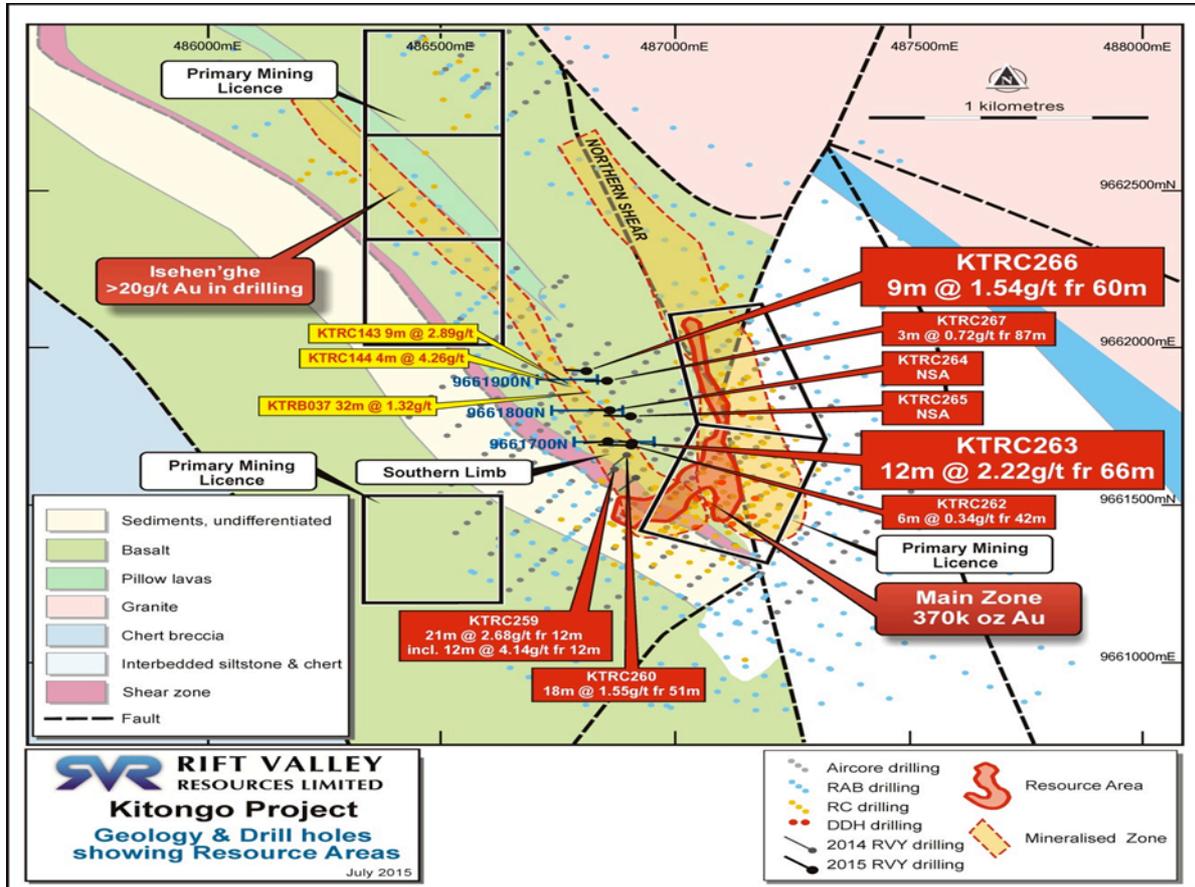


Figure 4: Kitongo Prospect area with drilling, geology and resource boundary

Subsequent to the drilling, the company commissioned a geophysical review of the entire Kitongo data base for the purpose of designing future drilling campaigns aiming to extend the known mineralisation and for the targeting of new gold bearing zones within the project area.

As RC drilling programme for Kitongo was planned during June and is scheduled for execution at the completion of the current drilling at Miyabi

### Mtemi Transaction

During the 2015 year, RVY signed a sale and purchase agreement to acquire 100% of the Mtemi Resources Group of Companies ("Mtemi") (the "Acquisition"). Shareholders approved the acquisition on 30 April 2015; however, the completion did not occur until 27 July 2015 as certain condition precedents needed to be met.

### Background on Mtemi

Mtemi is a private group of companies with a portfolio of gold, copper and uranium exploration tenements in Tanzania. In addition, Mtemi owns assets including a drill rig, trucks and other equipment which will be beneficial to Rift's existing operations in Tanzania. Importantly from Rift's perspective, Mtemi also has a sophisticated shareholder base of successful Tanzanian and international businessmen who bring with them valuable Tanzanian and general African experience and technical capabilities.

### Terms of the Acquisition

The consideration for the acquisition of Mtemi was satisfied by the issue of 32,000,000 Rift ordinary fully paid shares (subject to 12 months escrow) and 42,855,000 unlisted Rift options with a term of 3 years, exercisable at 6c.

## ANGOLA

### OZANGO PROJECT

#### Background

The Project is located 520 kilometres southeast of Luanda, the capital city of Angola and centred only 70 kilometres to the west of the country's second largest city of Huambo.

A national highway and revamped railway, that link Huambo with the Atlantic deep water port of Benguela 350 kilometres to the west, both run through the Ozango tenement.

Huambo hosts an international airport. Hydro power, fuel, water, general supplies and accommodation are readily available.

The Ozango Project consists of a single Exploration Licence (009/01/07T.P/ANG-MGMI/2011) that covers an area of 3,670 square kilometres. The property extends for 100 kilometres in an east-west direction and varies between 28 to 46 kilometres in width. The northeast corner of the property comes to within 17 kilometres of Huambo.



Figure 5: Location of Ozango Project in Angola

#### OZANGO PROJECT - GEOLOGICAL OVERVIEW

The Ozango Project is situated within the late Archaean to Proterozoic Lucapa Graben, a regional north-east trending 1,300 kilometre structure overlying the Archaean crystalline basement of the Congo Craton and extending across Angola into the Democratic Republic of Congo. The Licence is underlain by Archaean granitic basement and lower Proterozoic metasediments and minor metavolcanics which are cut by upper Proterozoic granites and porphyries. Late stage Mesozoic age intrusives include a number of kimberlites (not known to be diamondiferous) and the Longonjo carbonatite.

Modern exploration commenced on the Licence area in the mid-2000s following cessation of the Angolan civil war in 2002. Exploration programs completed to date have essentially been initial evaluations of the known prospects and essentially limited to surface mapping and rock sampling, soil sampling and some trenching and pitting. Only two shallow drill holes for a combined 89 metres of drilling have been attempted.

Previous exploration within the License has delineated the following three distinct target areas for priority follow up:

- Catabola Copper-Gold target
- Longonjo Rare Earth Elements target; and
- Bongo Gold target.

Sufficient first pass exploration has been completed on the Catabola and Longonjo targets to enable initial drilling programs to be planned but the Bongo target still requires follow up surface prospecting before drilling can be planned.

**CATABOLA COPPER/GOLD TARGET**

The Catabola copper-gold target comprises an area of approximately 180km<sup>2</sup> with two separately identified 7.5km mineralized zones both trending northwest to southeast, approximately 5 kilometres apart.

- **Zone 1 – Cassenha Hill Copper-Gold Prospect:** Centred on historic small scale copper mining at Cassenha Hill. An immediate drilling target.
- **Zone 2 – Cambumbula Iron Prospect:** A recently discovered major zone of iron rich altered metasediment with associated weakly anomalous copper-gold values. First pass mapping and sampling required.

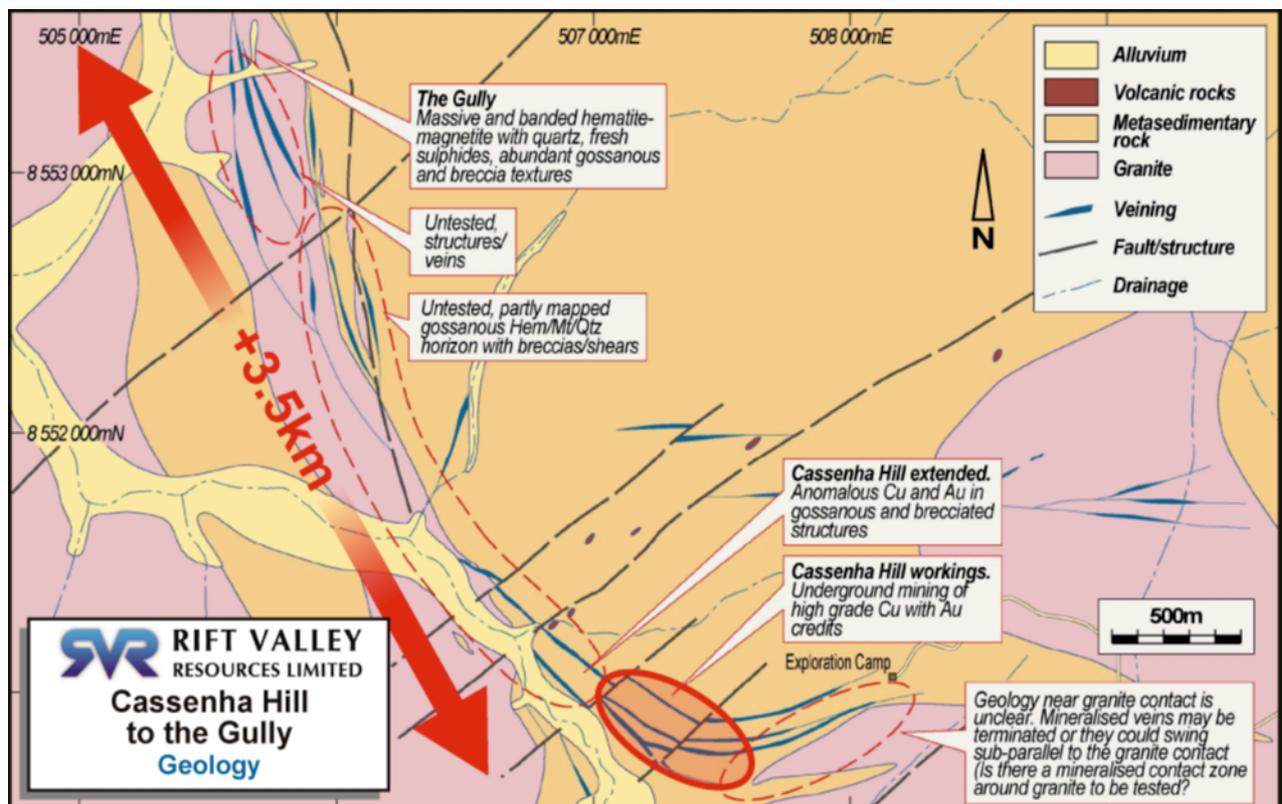
Importantly, both mineralized zones appeared to have Iron Oxide Copper Gold (IOCG) style affinities, a style of mineralization responsible for major deposits elsewhere in the World.

**Cassenha Hill Copper-Gold Prospect**

During the year, final assay results were received for the diamond drilling programme, initiated in the December quarter, at the Cassenha Hill copper/gold prospect.

The drilling represented the Company’s maiden drilling campaign at the prospect aimed to test copper-gold mineralization delineated at surface with trenching and with channel sampling from shallow, historical exploration adits.

The initial results (ASX Release 17 Feb 2016) confirmed the depth extension of copper mineralisation previously delineated at surface with trenching and with channel sampling of historical underground workings (exploration adits). A coincident trenching programme aimed at defining the extensions of the mineralized structures for subsequent drilling, over the mapped 3.5km of strike (see Fig 4). Further and final drilling results for the programme were released during the June quarter (ASX release 11 April 2016) and provided further encouraging results. The results demonstrated broad zones of copper mineralization with associated gold that remains open along strike (Figure 5) and at depth.



**FIGURE 6 - CASSENHA HILL COPPER/GOLD PROSPECT**

Strong tenor copper mineralization, previously thought to be constrained to the breccia zones and veining, has been encountered distal to these structures and now appears to have a stratabound component as well. Given the extent of the known metasediments along the mapped structures at Catabola (figure 6); this is considered to have greatly enhanced the potential of the area to host a substantial copper resource. Some of the highlights were: -

- **BEST RESULTS (0.25% Cu cut-off) :**
  - CHD005 – 24m @ 1.23% Cu From 12m
    - Including 12m @ 1.95% Cu from 12m
  - CDH006 – 24m @ 1.49% Cu From 84m
    - Including 9m @ 3.11% Cu from 87
  - CDH007 – 20m @ 0.68% Cu From 57
    - Including 4m @ 1.21% Cu from 60m
- **BROAD MINERALIZED COOPER ZONES (0.1% Cu Cut-off):**
  - CDH005 - 33m @ 0.94% Cu From 3m
  - CDH006 - 70m @ 0.88% Cu From 38m
  - CDH002 - 49m @ 0.70% Cu from 25m

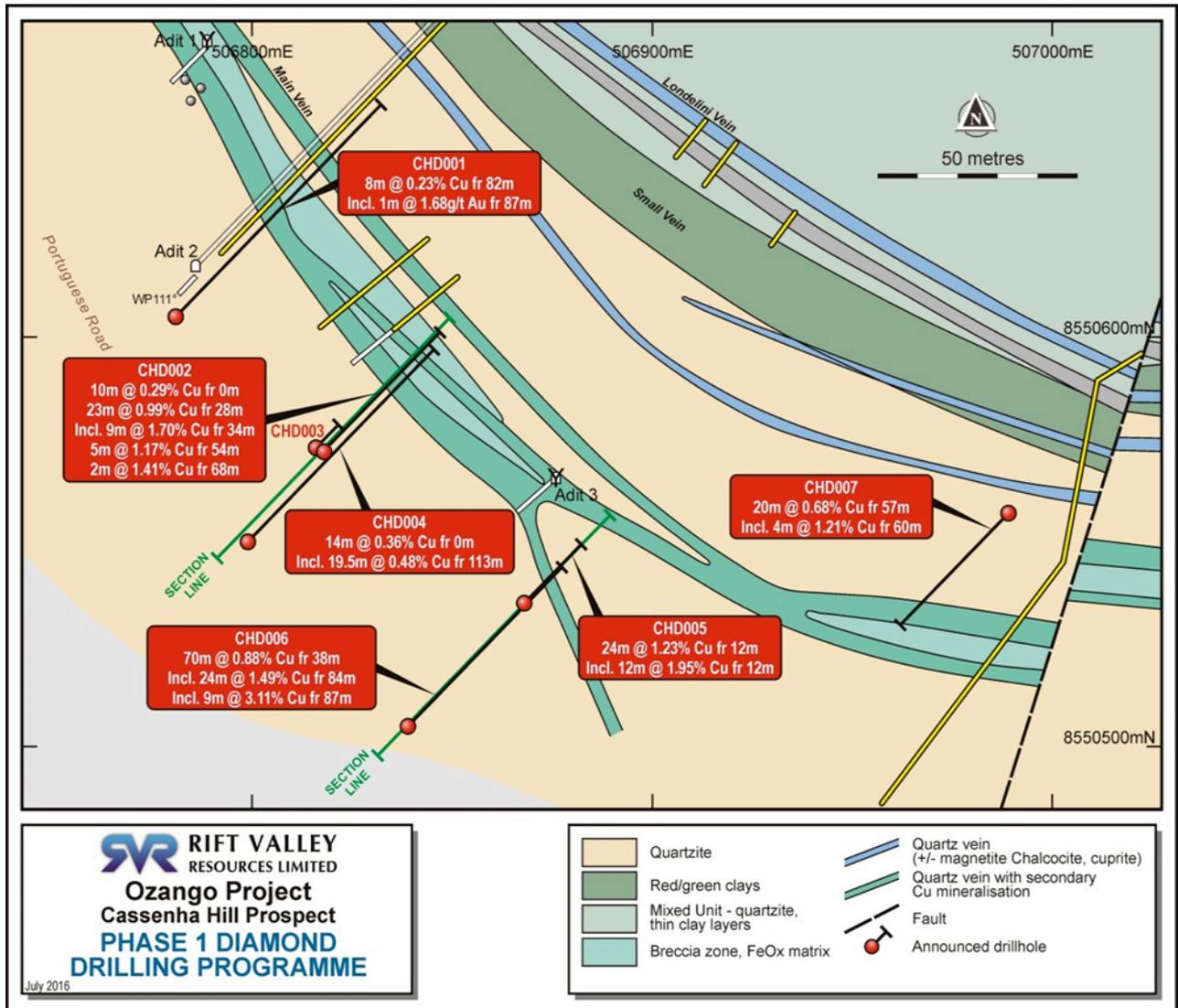


FIGURE 7 – CASSENHA HILL DRILLHOLE LOCATION AND RESULTS

## LONGONJO RARE EARTH ELEMENTS TARGET

### Background

The Longonjo rare earth elements (REE) target is located near the town of Longonjo in the north-central portion of the Project and is approximately 70 kilometres to the west of the city of Huambo. The Huambo to Benguela (deepwater port) railway that has recently been upgraded passes within 2 kilometres of the prospect; rail distance of the deposit to port is approximately 290 kilometres.

REE mineralisation on the prospect is hosted by a carbonatite intrusive, which is surrounded by a series of polymictic, carbonate rich breccias. A strong zone of fenitisation alteration occurs around the intrusive, which is a classic alteration

style for REE deposits. The Longonjo REE deposit has similar geology and characteristics as other noted world class REE projects including Mt Weld in Western Australia (Lynas Corp) and Ngualla in Tanzania (Peak Resources).

Outcrop over the Longonjo carbonatite is sparse but the residual soils are relatively thin enabling effective first pass exploration. Previous exploration completed to date over the Longonjo carbonatite by , has included geochemical soil sampling, pitting and trenching programs. This has resulted in:

- the identification of a large +0.5% total rare earth oxide (TREO) soil anomaly covering most of the carbonatite – an area 3.5 by 1.7 kilometres;
- 67 surface outcrop chip samples and 30 pits on the mineralised carbonatite returned values up to 18.9% TREO with an average grade of 2.43% TREO and median grade of 1.71% TREO; and
- Limited trenching returned a best interval of 17 metres @ 3.73%TREO and 19 metres @ 3.54% TREO.

First pass exploratory drilling, carried out in the previous year at the Longonjo prospect, returned high grade rare earth assays, as total rare earth oxides (TREO), from every hole. From a total of 168 composite samples generated during the campaign, the highest grade returned was 11.32%, the lowest 0.45%, with an average of 2.96% TREO over all the samples. The distribution of the major rare earths for the average of the assay results is tabulated below:

	La2O3 %	CeO2 %	Pr6O1 1 %	Nd2O3 %	Sm2O 3 %	Gd2O3 %	Y2O3 %	Other %	TREO %
RVY drill campaign	0.78	1.38	0.14	0.45	0.05	0.02	0.05	0.03	2.96

The distribution of the average rare earth oxide values from the drilling campaign compares quite closely with Peak Resources’ published Total Ore Reserve distribution as per below:

	La2O3 %	CeO2 %	Pr6O11 %	Nd2O3 %	Sm2O3 %	Gd2O3 %	Y2O3 %	Other %	TOTAL %
RVY Drill Campaign	27	47	5	15	2	1	2	1	100
Peak Ore Resource	27	48	5	17	2	1	0	0	100

Of note is that the heavy rare earth oxide (HREO) distribution (Gd2O3, Y2O and “Other”) is 4% as opposed to Peak’s 1%.

Following on from the drilling results a metallurgical characterisation programme was initiated on samples from the Company’s Longonjo rare earth prospect aimed at better understanding the host mineralogy in order to appropriately focus future exploration efforts. The programme aimed to:

1. Identify if there is a natural size versus grade concentration that may aid ore beneficiation.
2. Assess if magnetics may be used for the upgrading rare earth minerals.
3. Investigate the potential for gravity separation.
4. Conduct a mineralogy assessment.

Size characterisations revealed that the distribution of the rare earth and gangue components closely followed mass yield and that there appears to be no advantage in screening fractions to increase grades. Magnetic separation returned a minor, but quantifiable, upgrade of rare earths as did gravity separation testwork.

The mineralogy report identified synchesite as the major rare earth host mineral. Synchesite is a common rare earth host mineral that is anomalously enriched in heavy rare earths.

The initial testwork suggested that the Longonjo material was most likely suited to physical upgrading via flotation. As such, a programme was planned to collect sufficient material for quantitative mineralogy (QEMSCAN) as well as leaching and flotation test work. A 50kg bulk sample was shipped to Magspec laboratories in Perth for Metallurgical, Flotation and scoping study purposes. Beneficiation test work to date has produced a concentrate containing 19.44% Rare Earth Oxides (REO). High Value Neodymium and Praseodymium both achieved a four times upgrade of the calculated head sample. Leach results confirmed Sulfuric Acid Bake and Water Leach achieved 89% extraction of Neodymium and Praseodymium.

A desk top study for the Longonjo rare earths deposit was initiated during the June quarter. The study will use the parameters determined from the metallurgical studies, in conjunction with industry standard mining and processing

costs, to assess the economics of the project in the current market. The study is expected to be completed during the coming September quarter.

### **Concession Wide Stream Sediments Program**

During the year, the concession wide stream sediment program advanced considerably. The first pass will collect over 600 samples to complete a geochemical screen over the 3760km<sup>2</sup> concession on a nominal 5km<sup>2</sup> catchment area. An ultrafine (-63um) sample will be collected at site and submitted for multi element analysis as received. Sampling has been prioritised to target structures and deformation zones interpreted from satellite imagery, in the initial stages before completing the remainder of the project area. It is envisaged that this geochemistry, in combination with the country wide aeromagnetics survey being flown by the Angolan government, will efficiently delineate additional targets in what is predominantly an unexplored Archaean granite greenstone terrane.

## **Corporate**

### **Acquisition of Mtemi Group of Companies.**

On 27 July 2015, the acquisition of Mtemi Group of companies was completed. As part of the acquisition the company issued 32,000,000 fully paid ordinary shares (escrowed for 12 months) and 42,855,000 unlisted options expiring 27 July 2018 with an exercise price of \$0.06.

### **A\$1.5 million Placement**

On 5 May 2016 the Company issued 60,000,000 fully paid ordinary shares and 32,500,000 unlisted options exercisable at \$0.035 expiring 5 May 2018, to raise \$1,500,000 in funds raised before costs. The issue price was \$0.025 per share.

Funds raised from the placement will be used for exploration and administration on the 100% owned gold projects in Tanzania and the 70% owned Ozango project in Angola.

During the year the company also issued the following securities in addition to the above:

- 1,000,000 fully paid shares
- 500,000 fully paid shares on conversion of performance rights
- 45,355,000 unlisted options expiring 27 July 2018 with an exercise price of \$0.06.
- 850,000 performance rights to consultants of the Company;
- 3,000,000 performance rights, subject to shareholder approval to directors.

### **Significant Changes in the State of Affairs**

Other than the above there was no significant change in the state of affairs of the Consolidated Entity during the financial year.

### **Subsequent Events**

On 4 August 2016, the Company announced first assay results from current drilling at its 100% owned Miyabi Gold Project in Tanzania. Results confirm and extend the gold mineralisation at Dalafuma and Dalafuma North-West. Significantly, the mineralization at Dalafuma remains open to the east and at depth. At Dalafuma North-West, the mineralization remains open to the west and at depth. The intersections reported pertain to three metre composite samples. One metre re-splits of these intersections will be submitted for analysis and incorporation into an updated resource estimate.

Highlights included:

- MBRC 429- 21 metres @ 4.61 g/t Au
  - Including 9 metres @ 9.23 g/t Au
- MBRC 425 – 15 metres @ 2.49 g/t Au
  - Including 3metres @ 8.68 g/t Au
- MBRC 431 – 12 metres @ 2.33 g/t Au
  - Including 6 metres @ 3.84
- MBRC 426 – 21 metres @ 1.44 g/t Au

On 7 September 2016, the Company announced further assay results from current drilling at its 100% owned Miyabi Gold Project in Tanzania.

Highlights included:

- 50 metre step-out intersection at Dalafuma
  - MBRC 440- 18m @ 2.71 g/t Au from 78m
    - Including - 3m @ 11.2 g/t Au
  - (Contained within a broad mineralized zone of 30m @ 1.75g/t from 75m)
  
- Return of 1m Assay re-splits
  - Dalafuma
    - MBRC429 - 13m @ 12.01g/t from 163m
      - Including – 5m @ 24.91g/t
    - (Contained within a broad mineralized zone of 21m @ 7.5g/t from 162m)
  
  - Dalafuma North West
    - MBRC431 - 11m @ 3.2g/t from 98m
      - Including - 7m @ 4.71g/t

### Future Developments

The Directors intend to continue to explore and develop the Company's key existing projects.

### Health and Safety Policy

The Company is committed to developing a culture which supports the health and safety of all employees, contractors, customers and communities associated with its business and operations.

### Environmental Regulations

#### *Tanzania*

The Company's exploration and evaluation activities on its tenements are subject to Tanzanian laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. As with all exploration, these projects would be expected to have a variety of environmental impacts should development proceed. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by Tanzanian laws and regulations.

#### *Angola*

The Company's exploration and evaluation activities on its tenements are subject to Angolan laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. As with all exploration, these projects would be expected to have a variety of environmental impacts should development proceed. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by Angolan laws and regulations.

### COMPETENT PERSON STATEMENT

*We advise in accordance with Australian Stock Exchange Limited Listing Rules 5(6) that the exploration results contained within this report is based on information compiled by Mr. Greg Cunnold who is a member of the Australian Institute of Mining and Metallurgy. Mr Cunnold is a Director of Rift Valley Resources Ltd and has consented in writing to the inclusion in this ASX Release of matter based on the information so compiled by him in the form and context in which it appears. Mr Cunnold has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to be qualified as a Competent Person as defined by the 2012 Edition of the "Australian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".*

*The information in this report that relates the Exploration Results and Mineral Resources for the Kitongo and Miyabi gold deposits is based on information compiled by Mr Paul Payne, a full time employee of Payne Geological Services and a Member of The Australasian Institute of Mining and Metallurgy. Mr Payne is a consultant to and a shareholder of Rift Valley Resources and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

### Dividends

No dividends have been paid or proposed since the start of the financial year, and the Directors do not recommend the payment of a dividend in respect of the financial year.

### Shares under option or issued on exercise of options

At the date of this report there are no unissued shares or interests under option.

### Indemnification of Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred by an officer.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### Directors' Meetings

The following table sets out the number of Directors' meetings and committee meetings held during the financial year and the number of meetings attended by each Director while they were a Director:

Directors	Board meetings	
	Held	Attended
G Gilmour	4	4
G Cunnold	4	4
G Clatworthy	4	4
A Aziz	-	-

During the year, there were also 2 circular resolutions approved by directors.

### Directors' Interests in the Company

The following table sets out each Director's relevant interest in fully paid ordinary shares and options in the Company at the date of this report.

Directors	Fully paid ordinary shares	Performance Rights
G Gilmour	20,566,019	1,000,000
G Clatworthy	11,450,000	1,000,000
G Cunnold	11,536,000	1,000,000
A Aziz	14,266,173	-

## Remuneration Report (Audited)

The remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report, key management personnel (KMPs) of the Group are identified as those persons having the authority and responsibility for planning, directing and controlling major activities of the Company and the Group, directly or indirectly. A non-executive chairman would not be a KMP unless they fall within the above definition. The prescribed details for each person covered by this remuneration report are detailed below under the following headings:

- A. Key management personnel and relevant Group executives' details
- B. Remuneration policy for key management personnel
- C. Relationship between remuneration policy and Company performance
- D. Remuneration of the key management personnel and relevant Group executives
- E. Key terms of employment contracts

### A. Key Management Personnel and Relevant Group Executives' Details

The following persons have been identified as acting as key management personnel and/or relevant Group executives of the Company and the Consolidated Entity during the financial year:

- G Gilmour (Executive Director) appointed 30 November 2009;
- G Cunnold (Technical Director) appointed 10 February 2014;
- G Clatworthy (Non-executive Director) appointed 10 February 2014;
- A Aziz (Non-executive Director) appointed 21 October 2015;
- S Mison (Company Secretary) appointed 27 September 2013;

### B. Remuneration Policy for Key Management Personnel

The Board is responsible for determining and reviewing compensation arrangements for key management personnel. The Company may issue options or performance rights subject to shareholder approval, where required, as determined by the Board.

#### Executive Remuneration

To achieve its objectives of discovery of economic resources in a cost effective manner, the Company aims to attract and retain a senior management team focused upon contributing to that objective. The Board has established a principle of offering competitive remuneration packages. There are no guaranteed pay increases included in the senior executives' contracts and the executives are not entitled to any retirement benefits other than those provided under the superannuation guarantee legislation.

#### Non-Executive Directors

Non-Executive Directors' fees are reviewed on a regular basis against industry benchmarks. Other than compulsory payments made under the superannuation guarantee legislation or salary sacrifice agreements, there are no retirement benefits provided to Non-Executive Directors. Director's fees are currently set at \$50,000 per annum plus superannuation. The approved aggregate limit of fees that may be paid to Non-Executive Directors is \$400,000 per annum.

### C. Relationship Between Remuneration Policy and Company Performance

The Key Management Personnel and relevant Group executives' remuneration do not comprise of elements that are related to performance. The performance of the Company in the mining industry will be dependent upon the Company meeting the following corporate objectives:

- conducting successful exploration;
- seeking long term cash flow profitability through production or sale; and
- actively pursuing acquisition opportunities to enhance the Company's exploration discovery capacity.

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholders wealth for the five years to 30 June 2016:

Description	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Income	\$3,627	\$14,142	\$84,501	\$185,897	\$128,678
Net loss before tax	\$1,348,853	\$1,525,914	\$1,129,479	\$4,271,472	\$1,749,094
Net loss after tax	\$1,348,853	\$1,525,914	\$1,129,479	\$4,271,472	\$1,749,094
Share price at start of year	2.5 cents	1.8 cents	2.2 cents	10 cents	14 cents
Share price at end of year	2.8 cents	2.5 cents	1.8 cents	2.2 cents	10 cents
Market capitalisation	\$16.6m	\$12.4m	\$5.9m	\$6.3m	\$28.7m
Basic (loss) per share	(0.36) cents per share	(0.46) cents per share	(0.34) cents per share	(1.76) cents per share	(0.96) cents per share
Diluted (loss) per share	(0.36) cents per share	(0.46) cents per share	(0.34) cents per share	(1.76) cents per share	(0.96) cents per share

**D.Remuneration of the Key Management Personnel and Relevant Group Executives**

The following tables provide information about the remuneration of the Consolidated Entity's key management personnel and relevant Group executives for the current and previous financial year:

	Short-term employee benefits	Bonus	Non-monetary	Other (i)	Post-employment benefits	Other long-term employee benefits	Share-based payment	Total	% of remuneration performance related
	Salary & fees				Superannuation		Options & rights		%
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>2016</b>									
<b>Non-Executive Directors</b>									
G Clatworthy	45,833	-	-	54,795	5,205	-	39,397	145,230	-
A Aziz	-	-	-	-	-	-	-	-	-
<b>Executive Directors</b>									
G Gilmour	45,833	-	-	180,000	4,354	-	8,055	238,242	-
G Cunnold	45,833	-	-	86,572	8,224	-	8,055	148,684	-
<b>Executives</b>									
S Mison	96,000	-	-	-	-	-	-	96,000	-

(i) Other relates to fees for consulting services provided that are out of the scope of non-executive directors. Mr Geoffrey Gilmour has earned \$180,000 for consulting services. Of this, \$60,000 remains accrued at 30 June 2016.

	Short-term employee benefits	Bonus	Non-monetary	Other (i)	Post-employment benefits	Other long-term employee benefits	Share-based payment	Total	% of remuneration performance related
	Salary & fees				Superannuation		Options & rights		%
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>2015</b>									
<b>Non-Executive Directors</b>									
G Clatworthy	50,000	-	-	54,795	9,955	-	48,658	163,407	-
<b>Executive Directors</b>									
G Gilmour	50,000	-	-	180,000	4,750	-	33,567	268,317	-
G Cunnold	50,000	-	-	16,438	6,312	-	-	72,750	-
<b>Executives</b>									
S Mison	96,000	-	-	-	-	-	8,392	104,392	-

(i) Other benefits relate to fees for consulting services provided. Mr Geoffrey Gilmour has earned \$180,000 for consulting services. Of this, \$60,000 remains accrued at 30 June 2015.

**Share-based Payments**

**Performance Rights**

During the 2016 financial year, the following performance rights were issued to directors and key management personnel:

Director / KMP	Number of Rights	Vesting Conditions	Grant date	Expiry date	Vesting date
Graeme Clatworthy	1,000,000	12 months service	To be issued	12 months from issue	12 months from issue
Geoff Gilmour	1,000,000	12 months service	To be issued	12 months from issue	12 months from issue
Greg Cunnold	1,000,000	12 months service	To be issued	12 months from issue	12 months from issue
Consultants	850,000	12 months service	24 March 2016	24 March 2017	24 March 2017

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The fair value of performance rights granted to directors and KMP is estimated as at the grant date using the share price on the date of granting.

The following table lists the inputs to the models for the year ended 30 June 2016:

	<b>Performance Rights</b>	
	<b>Consultants</b>	<b>Directors</b>
Grant date	24 March 2016	To be issued
Number of performance rights	850,000	3,000,000
Share price	3.0 cents	2.8 cents
Exercise price	0 cents	0 cents
Weighted average fair value	3.0 cents	2.8 cents
Total amount	\$25,500	\$84,000
Expensed to 30 June 2016	\$6,847	\$24,164

The director performance rights were approved by the board to be issued on 24 March 2016, however they are subject to shareholder approval.

**2015**

<b>Director / KMP</b>	<b>Number of Rights</b>	<b>Vesting Conditions</b>	<b>Grant date</b>	<b>Expiry date</b>	<b>Vesting date</b>
Graeme Clatworthy	2,000,000	12 months service	20 Nov 2014	20 Nov 2015	20 Nov 2015

The fair value of performance rights granted to directors and KMP is estimated as at the grant date using the share price on the date of granting.

The following table lists the inputs to the models for the year ended 30 June 2015:

<b>Performance Rights</b>	
Grant date	20 November 2014
Number of performance rights	2,000,000
Share price	4.0 cents
Exercise price	0 cents
Weighted average fair value	4.0 cents
Total amount	\$80,000
Expensed to 30 June 2015	\$48,658

**Shareholdings of KMP**

Fully paid ordinary shares of Rift Valley Resources Limited held directly or indirectly by KMP are as follows:

	<b>Balance at 1 July</b>	<b>Granted as compensation</b>	<b>Received on exercise of options</b>	<b>Net other change</b>	<b>Balance at 30 June</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
<b>2016</b>					
G Gilmour	15,101,537	-	-	4,714,482	19,816,019
G Clatworthy	8,700,000	2,000,000	-	750,000	11,450,000
G Cunnold	11,136,000	-	-	400,000	11,536,000
A Aziz	34,266,173	-	-	(20,000,000)	14,266,173
<b>2015</b>					
G Gilmour	11,501,537	-	-	3,600,000	15,101,537
G Clatworthy	8,085,000	-	-	615,000	8,700,000
G Cunnold	11,136,000	-	-	-	11,136,000

**Option holdings of KMP**

Name	Balance at 1 July	Granted Compensation	Issued as part of Merger	Net other change	Bal at 30 June (beneficial interest)	Bal vested at 30 June	Vested but not exercisable	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
<b>2016</b>									
G Gilmour	-	-	-	-	-	-	-	-	-
G Clatworthy	-	-	-	-	-	-	-	-	-
G Cunnold	-	-	-	-	-	-	-	-	-
A Aziz									
<b>2015</b>									
G Gilmour	5,000,000	-	-	(5,000,000)	-	-	-	-	-
G Clatworthy	5,000,000	-	-	(5,000,000)	-	-	-	-	-
G Cunnold	-	-	-	-	-	-	-	-	-

During the 2016 and 2015 financial year there were no options issued as share-based payments to directors and key management personnel.

**E.Key Terms of Employment Contracts**

**Contracts for services of key management personnel and relevant executives**

Remuneration and other terms of employment for the Directors and other key management personnel are formalised in service agreements. The contractual arrangements contain certain provisions typically found in contracts of this nature.

The termination provisions are as follows:

	Notice period	Payment in lieu of notice
Employer - initiated termination without reason	3 months	3 months
Termination for serious misconduct	None	None
Employee – initiated termination	3 months	3 months

**Non-Executive Directors**

The Company’s Constitution provides that the Directors may be paid out of Company funds, as remuneration for their services, a sum determined from time to time by the Company’s Shareholders in general meeting, with that sum to be divided amongst the Directors in such manner as they agree.

Directors’ remuneration for their services as Directors is by a fixed sum and not a commission on a percentage of profits or operating revenue. The sum of Directors’ remuneration may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to shareholders. There is provision for Directors who devote special attention to the business of the Company or who perform services which are regarded as being outside the scope of their ordinary duties as directors, or who at the request of the Board engage in any journey on Company business, to be paid extra remuneration determined by the Board. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company’s business.

**Non-audit services**

During the year, no non-audit services were provided by the Company’s auditor.

## Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the period ended 30 June 2015, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

The Company is committed to implementing the best standards of corporate governance appropriate for the Company's size and scale. In determining what those standards should involve, the Company has turned to the ASX Corporate Governance Council's Principles and Recommendations. The ASX Corporate Governance Council ("the Council") issued the third edition of the Corporate Governance Principles and Recommendations in March 2014.

### Introduction

Rift Valley Resources Limited has adopted systems of control and accountability as the basis for the administration of corporate governance.

Additional information about the Company's corporate governance policies and practices is set out on the Company's website at [www.riftvalleyresources.com.au](http://www.riftvalleyresources.com.au), including:

- Code of Conduct;
- Securities Trading Policy;
- Health, Safety and Environment Policy;
- Shareholder Communications and Continuous Disclosure Strategy;
- Risk Management Policy;
- Board Charter; and
- Diversity Policy.

### ASX Corporate Governance Council Principles and Recommendations

In accordance with ASX Listing Rules, the Company hereby discloses the extent to which each of the ASX Corporate Council Governance Recommendations have been followed during the financial year. Where a departure from the recommendation has been identified, an explanation for this departure has been provided. Further details can be found on the Company's website at [www.riftvalleyresources.com.au](http://www.riftvalleyresources.com.au).

<b>Principle 1: Lay solid foundations for management and oversight</b>	<b>Recommendation 1.1</b> A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The Company complies with this recommendation.  The board has set out the responsibilities of the Board in the Board Charter which can be accessed on the company website. Any functions not reserved for the Board and not expressly reserved by the Resources Act and ASX Listing Rules are reserved for senior executives.
	<b>Recommendation 1.2</b> A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company complies with this recommendation.
	<b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company complies with this recommendation.
	<b>Recommendation 1.4</b> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company complies with this recommendation.  The company secretary is accountable directly to the board.

	<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>The Company partly complies with this recommendation.</p> <p>A diversity policy was adopted on 14 August 2012 and a copy of the Company's Diversity policy is available on the Company's website.</p> <p>The policy does not contain measurable objectives for achieving gender diversity as the Company is not of a sufficient size or scale to justify application of such objectives.</p> <p>The Company currently employs no women and there are no women on the board of Directors.</p>
	<p><b>Recommendation 1.6:</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company complies with this recommendation.</p> <p>The Chairman will undertake a periodic review in relation to the performance of each Director of the Company. The Board will also meet to discuss its performance as a whole.</p> <p>No review was undertaken during the year ended 30 June 2016.</p>
	<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company complies with this recommendation.</p> <p>Arrangements put in place by the Board to monitor the performance of the Group's executives include:</p> <ul style="list-style-type: none"> <li>•a review by the Board of the achievement of performance targets set based on the organisation's objectives in accordance with its strategy;</li> <li>•comparison of executive remuneration levels to industry benchmarks; and</li> <li>•annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.</li> </ul> <p>No review was undertaken during the year ended 30 June 2016.</p>
<p><b>Principle 2: Structure the board to add value</b></p>	<p><b>Recommendation 2.1</b></p> <p>The board of a listed entity should:</p> <p>(a)have a nomination committee which:</p> <ol style="list-style-type: none"> <li>1)has at least three members, a majority of whom are independent directors; and</li> <li>2)is chaired by an independent director, and disclose:</li> <li>3)the charter of the committee;</li> <li>4)the members of the committee; and</li> <li>5)as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b)if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Company complies with part b) of this recommendation.</p> <p>The board has not established a nomination committee. Given the composition of the Board and the size of the Company, it is felt that a nomination committee is not yet warranted. The full board will review such items.</p>

	<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The company complies with this recommendation</p>
	<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>The company complies with this recommendation.</p> <p>Currently no board members are independent.</p>
	<p><b>Recommendation 2.4</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>The Company does not comply with this recommendation.</p> <p>The Board believes that it is able to exercise independence and judgement and possesses the necessary skills, expertise and experience required to effectively discharge their duties. The focus has been on the ability of the Board to add value by effectively exercising independence and discharging their duties, rather than on meeting the independence test in the guidelines.</p>
	<p><b>Recommendation 2.5</b></p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The Company does not comply with this recommendation.</p> <p>The Chair, Mr Geoffrey Gilmour, is not considered to be independent. However, the Board believes that Geoffrey Gilmour's extensive experience enables him to effectively exercise independence in his role as Executive Chairman.</p> <p>The roles of both Chairman and CEO are exercised by Mr Geoffrey Gilmour. Given his skills, experience and knowledge of the Company, the Board considers that it is appropriate for him to be Chairman</p>
	<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>The Company complies with this recommendation.</p>
<p><b>Principle 3: Act ethically and responsibly</b></p>	<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Company complies with this recommendation.</p> <p>The Company has a Code of Conduct which can be accessed on the company website.</p>

<p><b>Principle 4: Safeguard integrity in corporate reporting</b></p>	<p><b>Recommendation 4.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Company complies with part b) of this recommendation.</p> <p>An audit committee has not been established. Given the composition of the Board and the size of the Company, it is felt that an audit committee is not yet warranted, however it is expected that as the Company's operations expand that an audit committee will be established.</p> <p>The current policy of the external auditor is to rotate the engagement partner every five years.</p>
	<p><b>Recommendation 4.2</b></p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>The Company complies with this recommendation.</p> <p>The Board receives assurance from the managing director and the chief financial officer in the form of a declaration, prior to approving the financial statements.</p>
	<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The Company complies with this recommendation.</p> <p>The Company's external auditors attend the AGM each year.</p>
<p><b>Principle 5: Make timely and balanced disclosure</b></p>	<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company complies with this recommendation.</p> <p>The Company has adopted a Continuous Disclosure Policy which is available on its website.</p>
<p><b>Principle 6: Respect the rights of security holders</b></p>	<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Company complies with this recommendation.</p> <p>Information regarding the Company, its activities and its corporate governance is available on its website.</p>
	<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>The Company complies with this recommendation.</p> <p>The Company has adopted a Shareholder Communication Policy which is available on its website.</p>
	<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>The Company complies with this recommendation.</p> <p>The Company has adopted a Shareholder Communication Policy which is available on its website.</p>

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	<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>The Company complies with this recommendation.</p> <p>Shareholders are able to the option to receive communications from, and send communications to, the entity and its security registry electronically via email or by submitting queries via the Company's website.</p>
<p><b>Principle 7: Recognise and manage risk</b></p>	<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Company complies with part b) of this recommendation.</p> <p>The Company has a Risk Management Policy outlining the processes it employs for overseeing the entity's risk management framework and is available on the website.</p>
	<p><b>Recommendation 7.2</b></p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Company complies with this recommendation.</p> <p>A review was not completed in 2016.</p>
	<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company complies with part b) of this recommendation.</p> <p>The Company does not have an internal audit function. Due to the size and scale of the Company, it was agreed that effectiveness of its risk management and internal control processes should be considered by the full Board.</p>
	<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Company complies with this recommendation.</p> <p>Refer to the Directors Report.</p>

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<p><b>Principle 8: Remunerate fairly and responsibly</b></p>	<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Company complies with part b) of this Recommendation.</p> <p>Due to the size and scale of the Company, it was agreed that a separate committee would not increase efficiency or effectiveness and that remuneration matters are of such significance that they should be considered by the full Board.</p>
	<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>The Company complies with this recommendation.</p> <p>The board remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive. The Board believes that the best way to achieve this objective is to provide Executive Directors and Executives with a remuneration package that may consist of;</p> <p>(i) fixed components that reflect the person's responsibilities, duties and personal performance; and</p> <p>(ii) share based payments in the form of performance rights and/or options as an incentive for performance that achieves medium term or longer term goals.</p> <p>The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry.</p> <p>The aggregate amount payable to the Company's Non-Executive Directors in respect of non-executive director fees must not exceed the maximum annual amount approved by the Company's shareholders, which is currently set at \$400,000 per annum.</p>
	<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company complies with this Recommendation.</p> <p>The Company has established a Performance Rights Plan, which is available on the Company's website.</p>

## **Auditor's independence declaration**

The auditor's independence declaration is included on page 28 of the Annual Report.

Signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors,



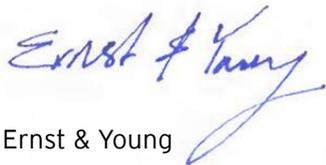
Mr. Geoffrey Gilmour  
Managing Director  
Perth, 30 September 2016

## Auditor's Independence Declaration to the Directors of Rift Valley Resources Limited

As lead auditor for the audit of Rift Valley Resources Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Rift Valley Resources Limited and the entities it controlled during the financial year.



Ernst & Young



D A Hall  
Partner  
30 September 2016

# Independent auditor's report to the members of Rift Valley Resources Limited

## Report on the financial report

We have audited the accompanying financial report of Rift Valley Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

## Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

## Opinion

In our opinion:

- a. the financial report of Rift Valley Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date;
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

## Emphasis of matter

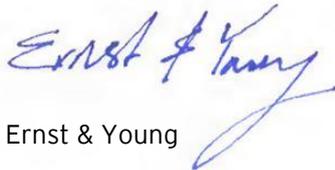
Without qualifying our opinion, we draw attention to Note 3 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Rift Valley Resources Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



D A Hall  
Partner  
Perth  
30 September 2016

## Directors' declaration

In accordance with a resolution of the directors of Rift Valley Resources Ltd, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

ii. complying with Accounting Standards and Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 3; and

(c) Subject to the matter set out in Note 3, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016.

On behalf of the Directors,



Mr Geoffrey Gilmour  
Managing Director  
Perth, 30 September 2016

# **Financial Statements**

**FOR THE YEAR ENDED 30 JUNE 2016**

**Consolidated Statement of Comprehensive Income  
for the year ended 30 June 2016**

	Note	30 June 2016 A\$	30 June 2015 A\$
Interest revenue		3,627	14,143
Exploration expenses		-	-
Administration expenses		(512,008)	(273,454)
Corporate expenses		(779,505)	(889,282)
Impairment of available for sale financial assets		-	(29,375)
Doubtful debt expense	9	(179,088)	(312,657)
Foreign currency exchange gain/ (loss)		118,121	(35,289)
<b>Loss from operations before finance costs</b>		<b>(1,348,853)</b>	<b>(1,525,914)</b>
Finance costs		-	-
<b>Loss before income tax</b>		<b>(1,348,853)</b>	<b>(1,525,914)</b>
Income tax benefit		-	-
<b>Total loss for the period</b>		<b>(1,348,853)</b>	<b>(1,525,914)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		288,696	1,425,834
Available for sale financial asset revaluation	10	-	(29,375)
Available for sale financial asset impairment	10	-	29,375
<b>Total comprehensive income / (loss) for the period</b>		<b>(1,060,156)</b>	<b>(100,080)</b>
<b>Net income / (loss) for the period is attributable to:</b>			
Owners of Rift Valley Resources Limited		(1,060,156)	(100,080)
<b>Total comprehensive income / (loss) is attributable to:</b>			
Owners of Rift Valley Resources Limited		(1,060,156)	(100,080)
<b>Gain / (loss) per share attributable to owners of Rift Valley Resources Ltd:</b>			
Basic (cents per share)	18	(0.36)	(0.46)
Diluted (cents per share)	18	(0.36)	(0.46)

Notes to the financial statements are included on pages 37 to 63.

## Consolidated Statement of Financial Position as at 30 June 2016

		30 June 2016	30 June 2015
	Note	A\$	A\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	1,389,239	3,331,185
Trade and other receivables	9	74,753	-
Deposits		32,185	32,185
Prepayments		19,723	21,619
Available-for-sale financial assets	10	156	156
<b>TOTAL CURRENT ASSETS</b>		<b>1,516,056</b>	<b>3,385,145</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	9	-	55,381
Property, plant and equipment	12	184,613	36,278
Exploration and evaluation expenditure	13	15,203,174	12,597,762
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,387,787</b>	<b>12,689,421</b>
<b>TOTAL ASSETS</b>		<b>16,903,843</b>	<b>16,074,566</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	461,291	747,529
<b>TOTAL CURRENT LIABILITIES</b>		<b>461,291</b>	<b>747,529</b>
<b>TOTAL LIABILITIES</b>		<b>461,291</b>	<b>747,529</b>
<b>NET ASSETS</b>		<b>16,442,552</b>	<b>15,327,037</b>
<b>EQUITY</b>			
Issued capital	15	36,444,284	34,461,535
Reserves	16	4,095,772	3,614,155
Accumulated losses	17	(24,097,504)	(22,748,651)
<b>TOTAL EQUITY</b>		<b>16,442,552</b>	<b>15,327,037</b>

Notes to the financial statements are included on pages 37 to 63.

**Consolidated Statement of Changes in Equity  
for the financial year ended 30 June 2016**

	Fully paid ordinary shares	Accumulated Losses	Foreign Currency Reserve	Share Option Reserve	Available for sale Reserve	Total
	A\$	A\$	A\$	A\$	A\$	A\$
Balance at 1 July 2014	31,279,387	(21,222,737)	(408,963)	2,482,338	-	12,130,025
Loss for the year	-	(1,525,914)	-	-	-	(1,529,914)
Other comprehensive income	-	-	1,425,834	-	-	1,425,834
Decrement in AFS fair value	-	-	-	-	(29,375)	(29,375)
Impairment of AFS financial asset	-	-	-	-	29,375	29,375
Total comprehensive income for the year	-	(1,525,914)	1,425,834	-	-	(100,080)
Transactions with owners in their capacity as owners						
Issue of shares	4,000,000	-	-	-	-	4,000,000
Issue of shares – Miyabi acquisition	128,593	-	-	-	-	128,593
Shares cancelled and not to be issued	(700,000)	-	-	-	-	(700,000)
Share issue costs refund / (expense)	(246,445)	-	-	-	-	(246,445)
Share based payments	-	-	-	114,946	-	114,946
<b>Balance at 30 June 2015</b>	<b>34,461,535</b>	<b>(22,748,651)</b>	<b>1,016,871</b>	<b>2,597,284</b>	<b>-</b>	<b>15,327,037</b>
Balance at 1 July 2015	34,461,535	(22,748,651)	1,016,871	2,597,284	-	15,327,037
Loss for the year	-	(1,348,853)	-	-	-	(1,348,853)
Other comprehensive income	-	-	288,696	-	-	288,696
Total comprehensive income for the year	-	(1,348,853)	288,696	-	-	(1,060,157)
Transactions with owners in their capacity as owners						
Issue of shares	25,000	-	-	-	-	25,000
Issue of shares – Mtemii acquisition	480,000	-	-	171,420	-	651,420
Share issue costs refund / (expense)	(10,000)	-	-	10,000	-	-
Shares issued on vesting of Performance Rights	100,000	-	-	(100,000)	-	-
Issue of shares	1,500,000	-	-	-	-	1,500,000
Cost of issue	(72,250)	-	-	-	-	(72,250)
Share based payments	-	-	-	111,501	-	111,501
<b>Balance at 30 June 2016</b>	<b>36,444,284</b>	<b>(24,097,504)</b>	<b>1,305,567</b>	<b>2,790,205</b>	<b>-</b>	<b>16,442,522</b>

Notes to the financial statements are included on pages 37 to 63.

## Consolidated Statement of Cash Flows for the financial year ended 30 June 2016

		Year ended 30 Jun 2016	Year ended 30 Jun 2015
	Note	A\$	A\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees	24	(1,131,636)	(516,910)
<b>Net cash used in operating activities</b>		<b>(1,131,636)</b>	<b>(516,910)</b>
<b>Cash flows from investing activities</b>			
Interest received		3,627	14,142
Payments for property, plant and equipment		-	(2,951)
Payment for deposit		-	(32,185)
Net cash inflows on acquisition of subsidiary	23	12,217	-
Payments for exploration expenditure		(2,306,529)	(2,111,386)
<b>Net cash used in investing activities</b>		<b>(2,290,685)</b>	<b>(2,132,380)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity securities		1,500,000	4,000,000
Share issue costs		(92,250)	(221,445)
<b>Net cash provided by financing activities</b>		<b>1,407,750</b>	<b>3,778,555</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,012,041)</b>	<b>1,129,265</b>
Cash and cash equivalents at the beginning of the period		3,331,185	2,141,626
Effects of exchange rate changes on the balance of cash held in foreign currencies		70,095	60,294
<b>Cash and cash equivalents at the end of the period</b>	24	<b>1,389,239</b>	<b>3,331,185</b>

Notes to the financial statements are included on pages 37 to 63.

**1. General information**

Rift Valley Resources Limited (the Company) is a for profit public Company listed on the Australian Securities Exchange (trading under the code: RVY), incorporated in Australia and operating from Perth. The Company’s registered office and principal place of business is at Ground Floor, 10 Outram Street, West Perth WA 6005.

Rift Valley Resources Ltd is a gold and mineral exploration company operating in Tanzania and Angola.

**2. New accounting standards and interpretations**

*(a) Changes in accounting policies and disclosures*

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

From 1 July 2016, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on 1 July 2015. Adoption of these standards and interpretations did not have any significant effect on the financial position or performance of the Group:

AASB 2013-9 - Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB 2015-3 - Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

AASB 2015-4 - Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent

The application of these standards have not had a material impact on the financial statements.

*(b) Accounting standards and interpretations issued but not yet effective:*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2016. These are outlined in the following table.

Reference	Title	Summary	Applicati on date of standard	Impact on Group financial report	Applicati on date for Group
AASB 9	<i>Financial Instruments</i>	<p>AASB 9 (December 2014) is a new standard <b>which replaces AASB 139</b>. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and <b>includes a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.</b></p> <p><b>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</b></p> <p><b>Classification and measurement</b></p> <p><b>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.</b></p> <p>The main changes are described below.</p>	1 January 2018	The group has not yet determined the financial impact of the change.	1 July 2018

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Reference	Title	Summary	Applicati on date of standard	Impact on Group financial report	Applicati on date for Group
AASB 9 (continued)	<i>Financial Instruments</i>	<p><i>Financial assets</i></p> <p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p><i>Financial liabilities</i></p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.</p> <p>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>▶ The remaining change is presented in profit or loss</li> </ul> <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p> <p><b>Impairment</b></p> <p><b>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</b></p> <p>Hedge accounting</p> <p>Amendments to AASB 9 (December 2009 &amp; 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9,</p>	1 January 2018	The group has not yet determined the financial impact of the change.	1 July 2018

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Reference	Title	Summary	Applicati on date of standard	Impact on Group financial report	Applicati on date for Group
AASB 15	<b>Revenue from Contracts with Customers</b>	<p>AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>(a) Step 1: Identify the contract(s) with a customer</p> <p>(b) Step 2: Identify the performance obligations in the contract</p> <p>(c) Step 3: Determine the transaction price</p> <p>(d) Step 4: Allocate the transaction price to the performance obligations in the contract</p> <p>(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p> <p>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p> <p>AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.</p>	1 January 2018	The group has not yet determined the financial impact of the change.	1 July 2018

Reference	Title	Summary	Applicati on date of standard	Impact on Group financial report	Applicati on date for Group
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p><i>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</i></p> <ul style="list-style-type: none"> <li>Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.</li> </ul> <p><i>AASB 7 Financial Instruments: Disclosures:</i></p> <ul style="list-style-type: none"> <li>Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.</li> <li>Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 <i>Disclosure–Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 <i>Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134.</li> </ul> <p><i>AASB 119 Employee Benefits:</i></p> <ul style="list-style-type: none"> <li>Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.</li> </ul> <p><i>AASB 134 Interim Financial Reporting:</i></p> <ul style="list-style-type: none"> <li>Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.</li> </ul>	1 January 2016	The group has not yet determined the impact of the change.	1 July 2016

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Reference	Title	Summary	Applicati on date of standard	Impact on Group financial report	Applicati on date for Group
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB’s Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	The group has not yet determined the impact of the change.	1 July 2016

RIFT VALLEY RESOURCES LIMITED – 2016 ANNUAL REPORT

Reference	Title	Summary	Applicati on date of standard	Impact on Group financial report	Applicati on date for Group
AASB 16	Leases	<p>The key features of AASB 16 are as follows:</p> <p>Lessee accounting</p> <ul style="list-style-type: none"> <li>• Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</li> <li>• Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.</li> <li>• AASB 16 contains disclosure requirements for lessees.</li> </ul> <p>Lessor accounting</p> <ul style="list-style-type: none"> <li>• AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</li> <li>• AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</li> </ul> <p>AASB 16 supersedes:</p> <ul style="list-style-type: none"> <li>(a) AASB 117 Leases</li> <li>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</li> <li>(c) SIC-15 Operating Leases—Incentives</li> <li>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</li> </ul> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>	1 January 2019	The group has not yet determined the financial impact of the change.	1 July 2019

RIFT VALLEY RESOURCES LIMITED – 2016 ANNUAL REPORT

Reference	Title	Summary	Applicati on date of standard	Impact on Group financial report	Applicati on date for Group
AASB 2016-5	Classification and Measurement of Share-based Payment Transactions [Amendments to AASB 2]	<p>This standard amends to AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> <li>▶ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments</li> <li>▶ Share-based payment transactions with a net settlement feature for withholding tax obligations</li> </ul> <p>A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled</p>	1 January 2018	The group has not yet determined the financial impact of the change.	1 July 2018
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	<p>AASB 2014-3 amends AASB 11 <i>Joint Arrangements</i> to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <ul style="list-style-type: none"> <li>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11</li> <li>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations</li> </ul> <p>This Standard also makes an editorial correction to AASB 11.</p>	1 January 2016	The group has not yet determined the financial impact of the change.	1 July 2016

### 3. Significant accounting policies and Going Concern

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the Directors on 30 September 2016.

#### Basis of preparation and Going Concern

The financial report has been prepared on an historical cost basis, except for available-for-sale financial assets that have been measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

The consolidated financial statements have been prepared on a going concern basis with the Directors of the opinion that the Group can meet its obligations as and when they fall due.

At 30 June 2016 the Group has a net working capital surplus of \$0.99 million. The Group is reliant on being able to raise additional capital.

The Directors are currently reviewing a range of financing options. While financing is expected to be finalised within the short term to allow the Group to perform further exploration during 2016 – 2017, there is no certainty that financing will be completed as anticipated.

The Directors are confident of being able to raise the required capital, but note that financing has not been secured at the date of this report. Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### a) Principles of Consolidation

The consolidated financial information comprises the financial statements of Rift Valley Resources Ltd and its subsidiaries as at 30 June 2016.

Subsidiaries are all those entities controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A list of controlled entities is shown at note 22. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. All controlled entities have a June financial year-end.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased through an equity transaction.

**b) Business Combinations**

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred, and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

**c) Segment Information**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

**d) Foreign Currency Translation***Functional and presentation currency*

The functional currency of each of the Group's operations is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars, which is the functional and presentation currency of the Company and its Australian subsidiaries.

The functional currency of the non-Australian subsidiaries is US dollars.

*Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. The gain and loss arising from translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (ie translation differences on items whose fair value gain or loss is recognised in Equity or profit and loss are also recognised in equity or profit and loss respectively).

The financial results and position of foreign subsidiaries whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

**e) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than three months, and bank overdrafts.

**f) Investment and Other Financial Assets**

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

*Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit and loss in the period in which they arise.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

*Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has a positive intention to hold these investments to maturity. Investments intended to be held for an undefined period are not included in this classification. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation cost using the effective interest rate method. This calculation includes all fees and points paid or other premiums or discounts. For investments carried at amortised cost, gains or losses are recognised when the investments are derecognised or impaired, as well as through the amortisation process.

*Available-for-sale financial assets*

Available-for-sale financial assets that are non-derivative that are designated available-for-sale or are not included in the above categories. After initial recognition available-for-sale investments are recognised at fair value, with gains or losses recognised in profit and loss being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

**g) Exploration and Evaluation Expenditure***Exploration and evaluation expenditure*

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past evaluation expenditure in respect of the area of interest is reclassified as capitalised costs of development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

### *Impairment*

The Group assesses at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation costs whether the above carry forward criteria are met. The recoverable amount of exploration and evaluation assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

Accumulated costs in respect of areas of interest are written off or a provision made in the statement of comprehensive income when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis. Provisions are made where farm-in partners are sought and there is a possibility that carried forward expenditures may have to be written off in the future if a farm-in partner is not found. In the event that farm-in agreements are reached or the Group undertakes further exploration in its own right on those properties, the provisions would be reviewed and if appropriate, written back.

### *Farm-in Arrangements*

Expenditure incurred under a farm-in arrangement is accounted for in the same way as directly incurred exploration and evaluation expenditure.

## **h) Property, Plant and Equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. The carrying value of the plant and equipment also includes costs eligible for capitalisation. Other costs relating to plant and equipment are expensed when incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

<b>Asset</b>	<b>Depreciation Rate</b>
Motor Vehicles	25%
Plant and equipment	5% - 40%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

### *Disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

## **i) Impairment of Non-Financial Assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

## **j) Trade and Other Payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obligated to make future payments in respect of the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

#### **k) Employee Benefits**

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the balance date. Employee benefits expected to be settled within one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows.

#### **l) Financial Liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising fair value of the original debt less principal payments and amortisation. The fair value of original debt is measured by discounting the balance due at the Company's estimated weighted average cost of capital.

#### **m) Share Based Payment Transactions**

##### *Equity Settled Transactions*

The Company provides benefits to certain key management personnel in the form of share-based payments and/or options. The Group currently has an Performance Rights Plan (PRP), which may be used to provide benefits to directors and senior executives.

The cost of such equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to relevant market rates for the time, commitment and responsibilities for the work performed. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, at the date of the granting of the shares and options.

#### **n) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **o) Revenue Recognition**

##### *Interest income*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the asset.

#### **p) Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### **q) Goods & Services Tax (GST) and Value Added Tax (VAT)**

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the Australian Taxation Office or other Government authorities. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

GST or VAT receivable from or payable to, either the Australian Taxation Office or other Government authorities has been accounted for and included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis except for the GST or VAT component of investing activities, which are disclosed as operating cash flow.

#### **r) Loss per Share (EPS)**

##### *Basic loss per share*

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group, excluding any costs of servicing equity other than shares, by the weighted average number of shares outstanding during the financial year, adjusted for any bonus elements in shares issued during the year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares.

#### **s) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of benefits will be required to settle the obligation and the provision can be measured reliably. The estimated future obligations include the costs of restoring the affected exploration and evaluation areas contained in the Group's tenements.

The provision for future restoration is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs will be reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date. The initial estimate of restoration and rehabilitation relating to exploration and evaluation assets is capitalised into the cost of the related asset and is amortised on the same basis as the related asset. Changes in the estimate of the provision for restoration and rehabilitation are treated in

the same way, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

#### 4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments

*Impairment of assets and exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related mineral title itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of measured, indicated and inferred mineral resources, proven and probable ore reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations), changes to commodity prices, ability to finance, renewal of the exclusive prospecting licence and the issue of a mining licence. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

*Impairment of Plant Property and Equipment*

During the year the Consolidated Group made an assessment of the carrying value of property, plant and equipment owned by Group companies. As a result of this assessment the Consolidated Group made no provision for impairment (2015: nil) against the carrying value of property, plant and equipment.

*Recoverability of Deferred Tax Assets*

Deferred tax assets are not recognised for deductible temporary differences as Directors consider that it is not probable that future taxable profits will be available to utilise those temporary differences.

(ii) Significant accounting estimates and assumptions

*Contingent Liabilities and Contingent Assets*

The Company assesses contingent liabilities and contingent assets at each reporting date and will account for them only if:

- a) they can be reliably measured;
- b) the probability that an asset or liability will eventually be recognised is greater than remote; and
- c) the items are considered material.

*Estimate of useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience. In addition the condition of the assets is assessed at least once per year and considered against the remaining useful life.

*Share-based payment transactions*

The Group measures the cost of equity-settled transactions with directors and others by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Binomial model.

## 5. Operating Segments

### Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The executive management team reviews exploration expenditure in each segment to assess its performance and make operating decisions. All other expense and revenue items are not allocated to operating segments as they are not considered part of the core operations of the segment. The Group operates in mineral exploration in Tanzania and Angola. The accounting policies used by the Group in reporting segments internally are the same as those contained in note 3.

### Segment information provided to the Board – continuing operations

	Tanzania		Angola		Total	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Total segment revenue	-	-	-	-	-	-
Segment expenses	(320,235)	(86,838)	-	(15,806)	(320,235)	(102,644)
Impairment expense	-	-	-	-	-	-
Total segment profit / (loss)	(320,235)	(86,838)	-	(15,806)	(320,235)	(102,644)
Total segment assets	11,185,511	9,761,111	4,017,662	2,836,651	15,203,174	12,597,762
Total segment liabilities	(59,173)	(57,329)	-	-	(59,173)	(57,329)

	2016 \$	2015 \$
<b>Other Segment Information</b>		
Segment expense	(320,235)	(102,644)
Impairment expense	-	-
Administration expenses	(191,773)	(273,456)
Corporate expenses	(779,505)	(786,639)
Marketing expenses	-	-
Impairment of available for sale financial assets	-	(29,375)
Doubtful debts expense	(179,088)	(312,657)
Loss on disposal of assets	-	-
Foreign currency exchange gain/(loss)	118,121	(35,289)
<b>Total expenses</b>	<b>(1,352,480)</b>	<b>(1,540,060)</b>

### Segment assets reconcile to total assets as follows:

Segment assets	15,203,174	12,597,762
Current assets	1,515,900	3,384,989
Property, plant and equipment	184,613	36,278
Corporate Assets	156	55,537
<b>Total assets</b>	<b>16,903,843</b>	<b>16,074,566</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>

### Segment liabilities reconcile to total liabilities as follows:

Segment liabilities	(59,173)	(57,329)
Current liabilities	(402,118)	(690,200)
<b>Total liabilities</b>	<b>(461,291)</b>	<b>(747,529)</b>

### Segment loss reconcile to loss before tax as follows:

Segment loss	(320,235)	(102,644)
Interest revenue	3,627	14,143
Administration expenses	(191,773)	(273,456)
Corporate expenses	(779,505)	(786,638)
Impairment of available for sale financial assets	-	(29,375)
Doubtful debts expense	(179,088)	(312,657)
Foreign currency exchange	118,121	(35,289)
<b>Loss before income tax</b>	<b>(1,348,853)</b>	<b>(1,525,914)</b>

## 6. Other Expenses

Loss for the year includes the following expenses:

### Operating lease rental expenses:

Lease payments	22,643	50,904
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### Depreciation on non-current assets:

Property, plant and equipment	321,185	69,957
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### Employee Benefits

*Charged to statement of comprehensive income*

Performance rights granted to directors, officers and employees	111,501	114,946
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Directors fees, superannuation and salaries & wages	393,786	405,812
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	<u>505,287</u>	<u>520,758</u>
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*Capitalised to exploration and evaluation costs*

Salaries & wages and superannuation	86,572	-
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Key management personnel remuneration disclosed in note 25 includes amounts in "Employee benefits" disclosed above.

## 7. Income Taxes

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
<b>Tax expense/(benefit) comprises:</b>		
Current tax expense/(benefit)	-	-
Total tax expense/(benefit)	<u>-</u>	<u>-</u>

The tax rate used in the reconciliation below is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Loss from continuing operations	<u>(1,348,853)</u>	<u>(1,525,914)</u>
Income tax benefit calculated at 30%	(404,656)	(457,774)
Tax effects of amounts which are not deductible in calculating taxable income	27,451	34,484
Tax assets not brought to account	<u>377,205</u>	<u>423,290</u>
Total tax expense/(benefit)	<u>-</u>	<u>-</u>

The following deferred tax assets have not been brought to account:

Share issue costs	67,535	143,860
Unused tax losses (a)	5,050,313	4,648,080
Accruals	68,665	53,495
Exploration and evaluation expenditure	<u>(600,610)</u>	<u>(702,958)</u>

(a) Tax loss information is an estimate of available losses.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

- (i) assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- (ii) conditions for deductibility imposed by the law are complied with; and
- (iii) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

No deferred tax asset has been recognised as it is not considered probable that there will be sufficient future taxable profits available against which the unused tax losses can be utilised in the foreseeable future. Unrecognised tax losses as at 30 June 2016 aggregate \$17,013,465 (2015: \$15,493,600).

## 8. Cash and Cash Equivalents

Cash at bank and on hand	1,389,239	3,331,185
	<u>1,389,239</u>	<u>3,331,185</u>

## 9. Trade and Other Receivables

### Current

Other debtors	546,161	312,657
Less provision for doubtful debt	(471,408)	(312,657)
	<u>74,753</u>	<u>-</u>

Due to uncertainties in recovering the Tanzanian VAT balance, the amount has been fully provided for in full.

### Non-Current

Receivables	-	55,381
	<u>-</u>	<u>55,381</u>

The non-current receivable relates to prepaid exploration expenditure on behalf of Mtemi, prior to finalising the acquisition.

## 10. Available for sale assets

### (a) Available for sale financial assets

During the 2013 financial year, the Company divested its shareholding in Tasman Goldfields NSW Pty Ltd, which held Mt Adrah tenement assets in New South Wales. The transaction resulted in the Company receiving \$62,500 cash and 625,000 fully paid ordinary shares in ASX-listed Sovereign Gold Company Ltd ("Sovereign").

	2016	2015
	\$	\$
Opening balance	156	29,531
Impairment of asset	-	(29,375)
Listed shares classified as available for sale	<u>156</u>	<u>156</u>

## 11. Parent Entity Disclosure

The following details information related to the parent entity, Rift Valley Resources Ltd as at 30 June 2016. The information presented has been prepared using consistent accounting policies as presented in Note 3.

	2016	2015
	\$	\$
Current assets	1,405,033	3,163,564
Non-current assets	21,876,458	19,142,117
Total assets	<u>23,281,491</u>	<u>22,305,681</u>
Current liabilities	402,118	689,106
Non-current liabilities – intercompany loan	6,207,253	6,207,574
Total liabilities	<u>6,609,371</u>	<u>6,896,680</u>
Contributed equity	36,444,285	34,461,535
Accumulated losses	(22,290,651)	(21,377,680)
Reserves	2,518,486	2,298,688
Total equity	<u>16,672,120</u>	<u>15,382,543</u>
Loss for the year	(912,971)	(997,549)
Total comprehensive gain / (loss) for the year	<u>(912,971)</u>	<u>(997,549)</u>

No guarantees have been entered into by the parent entity on behalf of subsidiaries during the period.

**12. Property, Plant and Equipment**

	Motor Vehicles \$	Plant and equipment at cost \$	Total \$
Balance at 1 July 2015	206,571	133,213	339,784
Additions	118,625	350,219	468,844
Disposals	-	-	-
Exchange differences	-	-	-
Balance at 30 June 2016	325,196	483,432	808,628
Accumulated depreciation			
Balance at 1 July 2015	(180,159)	(123,347)	(303,506)
Transfers	-	-	-
Disposals	-	-	-
Depreciation expense	(124,863)	(196,322)	(321,185)
Exchange differences	(717)	1,393	676
Balance at 30 June 2016	(305,739)	(318,276)	(624,015)
Net book value as at 30 June 2016	<b>19,457</b>	<b>165,156</b>	<b>184,613</b>

	Motor Vehicles \$	Plant and equipment at cost \$	Total \$
Balance at 1 July 2014	184,993	133,562	318,555
Additions	-	2,951	2,951
Disposals	-	-	-
Exchange differences	21,578	(3,301)	18,278
Balance at 30 June 2015	206,571	133,213	339,784
Accumulated depreciation			
Balance at 1 July 2014	(113,998)	(119,499)	(233,497)
Transfers	-	-	-
Disposals	-	-	-
Depreciation expense	(66,161)	(3,796)	(69,957)
Exchange differences	-	(53)	(53)
Balance at 30 June 2015	(180,159)	(123,347)	(303,506)
Net book value as at 30 June 2015	<b>26,412</b>	<b>9,866</b>	<b>36,278</b>

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	2016 \$	2015 \$
Computer Equipment	-	-
Furniture & Fittings	193,254	-
Plant and equipment	3,068	3,796
Motor vehicles	124,863	66,161
Total depreciation	<b>321,185</b>	<b>69,957</b>

**13. Exploration and Evaluation Expenditure**

	2016 \$	2015 \$
Gross carrying value:		
Balance at beginning of period	12,597,762	9,771,422
Additions	2,362,306	2,239,979
Acquisition of Mtemi Resources	7,843	-
Foreign exchange	235,263	1,286,361
Shares not issued in relation to Sable Minerals	-	(700,000)
Balance at end of financial year	<b>15,203,174</b>	<b>12,597,762</b>

Accumulated depreciation/amortisation and impairment

Balance at beginning of period	-	-
Impairment expense	-	-
Balance at end of financial year	-	-

At the end of the financial year book value net of accumulated amortisation and impairment (ii)	15,203,174	12,597,762
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(i) During the financial year, the Consolidated Group made an assessment of the carrying value of its exploration assets. No impairment has been recorded.

(ii) The above amounts represent capitalised costs of exploration carried forward as an asset in accordance with the accounting policy set out in note 3 (g). The ultimate recoupment of the exploration and evaluation expenditure in respect to the areas of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively the sale of the underlying areas of interest for at least their carrying value.

**14. Trade and Other Payables**

	2016 \$	2015 \$
Trade, other payables and accrued expenses (i)	461,291	747,529
	461,291	747,529

(i) There has been no interest charged on the trade payables.

**15. Issued Capital**

Company/Consolidated	2016		2015	
	No.	\$	No.	\$
<b>Fully paid ordinary shares</b>				
Balance at beginning of the period	497,478,280	34,461,535	329,580,110	31,279,387
Shares issued as consideration in the acquisition of Sable Minerals Pty Ltd (Escrowed to 16 January 2015)	-	-	-	-
Shares issued as consideration in the acquisition of Sable Minerals Pty Ltd	-	-	-	-
Shares not issued	-	-	-	(700,000)
Shares issued on vesting of Performance Rights	2,500,000	100,000	3,750,000	-
Shares issued as consideration for purchase of remaining 50% of Miyabi Gold Project	-	-	4,148,170	128,593
Share placement	-	-	160,000,000	4,000,000
Share issue costs refunds/(expenses)	-	-	-	(246,445)
Issue of shares – Mtemi acquisition	32,000,000	480,000	-	-
Issue as consideration for placement	1,000,000	25,000	-	-
Share placement	60,000,000	1,500,000	-	-
Share issue costs	-	(122,251)	-	-
Balance at end of financial year	592,978,280	36,444,284	497,478,280	34,461,535

Ordinary shares participate in dividends and proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands. Management controls the capital of the Group in order to fund its operations and continue as a going concern. The Consolidated Entity does not have any externally imposed capital requirements.

	Consolidated	
	2016 \$	2015 \$
592,978,280 fully paid ordinary shares (2015: 497,478,280)	36,444,284	34,461,535
	36,444,284	34,461,535

**Share options on issue**

During the year the following options were issued:

- 45,355,000 unlisted options exercisable at 6 cents and expiring 27 July 2018
- 32,500,000 unlisted options exercisable at 3.5 cents and expiring 5 May 2018

**16. Reserves**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Share Option Reserve	2,790,207	2,597,284
Foreign Currency Translation Reserve	1,305,567	1,016,871
	<b>4,095,774</b>	<b>3,614,155</b>
<b>Foreign Currency Translation Reserve</b>		
Balance at beginning of financial year	1,016,871	408,963
Movements:		
Translation adjustments (i)	288,696	(1,425,834)
Balance at end of financial year	<b>1,305,567</b>	<b>1,016,871</b>
<b>Share Option Reserve</b>		
Balance at beginning of financial year	2,597,284	2,482,338
Movements:		
Issue of options – Mtemi acquisition	171,420	-
Issue of performance rights and options(ii)	111,501	114,946
Shares issue costs refund / (expense)	10,000	-
Vested performance rights	(100,000)	-
Balance at end of financial year	<b>2,790,205</b>	<b>2,597,284</b>
<b>Available For Sale Reserve</b>		
Balance at beginning of financial year	-	-
Movements:		
Revaluation of available for sale shares Note 10	-	(29,375)
Impairment of available for sale shares	-	29,375
Balance at end of financial year	<b>-</b>	<b>-</b>

(i) Represents foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(ii) The Share option reserve includes the grant of share options and performance rights to executives, senior employees and consultants. Amounts are transferred out of the reserve and into issued capital when the options or performance rights are converted to equity. Further information about share-based payments can be found in notes 23 and 27 to the financial statements.

**17. Accumulated Losses**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of financial year	(22,748,651)	(21,222,737)
Net loss for the year	(1,348,853)	(1,525,914)
Balance at end of financial year	<b>(24,097,504)</b>	<b>(22,748,651)</b>

**18. Loss per Share**

	<b>2016</b>	<b>2015</b>
	<b>cents per share</b>	<b>cents per share</b>
<b>Basic loss per share</b>		
From continuing operations	0.36	0.46
Total basic loss per share	<b>0.36</b>	<b>0.46</b>
<b>Diluted loss per share</b>		
From continuing operations	0.36	0.46
Total diluted loss per share	<b>0.36</b>	<b>0.46</b>

*Basic loss per share*

The net loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Net loss	(1,348,853)	(1,525,914)
Losses used in the calculation of basic loss per share from continuing operations	(1,348,853)	(1,525,914)
Losses used in the calculation of diluted loss per share attributable to ordinary shareholders	(1,348,853)	(1,525,914)
	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares for the purposes of calculating basic loss per share and diluted loss per share	374,839,477	330,823,261
Options	75,355,000	3,000,000

The above options have not been included in the diluted earnings per share as they are anti dilutive in the current period, however they could potentially dilute basic earnings per share in the future

**19. Dividends**

No dividends were paid or proposed during the current or previous financial year.

**20. Commitments for Expenditure**

The Consolidated Entity has certain obligations to perform exploration work and expend minimum amounts of money on mineral exploration tenements.

No provision has been made in the accounts for the possibility of a native title claim application. Any substantial claim may have an effect on the value of the relevant tenement. These obligations will vary from time to time, subject to statutory approval.

The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the Consolidated Entity.

No provision has been made in the accounts for minimum expenditure requirements in respect of tenements.

**(i) Operating leases**

The Group has entered into commercial property and equipment leases. These leases have an average life of between 5 and 12 months.

There are no restrictions placed upon the lessee by entering into these leases.

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<u>Operating lease expenditure</u>		
Not longer than 1 year	67,920	149,700
Longer than 1 year and not longer than 5 years	-	62,375
Longer than 5 years	-	-
	67,920	212,075

**(ii) Exploration Commitments**

Commitments for payments under exploration permits and mineral leases in existence at the reporting date but not recognised as liabilities payable are as follows:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<u>Exploration and evaluation expenditure</u>		
Not longer than 1 year	7,432	382,320
Longer than 1 year and not longer than 5 years	148,356	172,562
Longer than 5 years	-	-
	155,788	554,882

## 21. Contingent Liabilities and Contingent Assets

Pursuant to the agreement for the acquisition of the Kitongo Gold Project the Company will be required to pay an amount of \$750,000 to the vendor on the commencement of production.

The Directors are not aware of any other contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group as disclosed in these financial statements

## 22. Interests in Controlled Entities

Name of entity	Country of incorporation	Ownership interest	
		2016 %	2015 %
<b>Parent entity:</b>			
Rift Valley Resources Limited (i)	Australia		
<b>Controlled entities:</b>			
Carlton Resources Pty Ltd	Australia	100	100
Carlton Miyabi Tanzania Limited	Tanzania	100	100
Carlton Kitongo Tanzania Limited	Tanzania	100	100
Bright Star Tanzania Limited	Tanzania	100	100
Rift Valley Resources (Africa) Pty Ltd	Australia	100	100
Rift Valley Resources Tanzania Limited	Tanzania	100	100
Tasman Goldfields Australia Operations Pty Ltd	Australia	100	100
Sable Minerals Pty Ltd	Australia	100	100
Sable Minerals GmbH	Germany	100	100
Ozango Minerais S.A.	Angola	70	70
Mtemi Resources Pte Ltd	Singapore	100	-
Mtemi G Pte Ltd	Singapore	100	-
Mtemi O Pte Ltd	Singapore	100	-
Mtemi U Pte Ltd	Singapore	100	-
Mtemi G (Tanzania) Ltd	Tanzania	100	-
Mtemi O (Tanzania) Ltd	Tanzania	100	-
Mtemi U (Tanzania) Ltd	Tanzania	100	-

(i)Rift Valley Resources Ltd is the ultimate holding Company.

The parent entity and its controlled entities are not within a tax-consolidated Group.

## 23. Acquisition of Controlled Entity

On 27 July 2015, the Company completed the acquisition of Mtemi Resources Pte Ltd and its subsidiaries ("Mtemi"). The acquisition of the Mtemi has been accounted for as an asset acquisition.

The total cost of the acquisition was A\$651,420 and comprised of an issue of equity instruments. The fair values of net assets acquired at the date of acquisition were:

Net asset acquired	\$
Cash and cash equivalents	12,217
Trade and other receivables	162,506
Exploration and evaluation expenditure	7,853
Property, plant and equipment	468,844
Total	651,420
Cost of acquisition	\$
32,000,000 fully paid ordinary shares	480,000 (1)
42,855,000 unlisted options	171,420 (2)
	651,420

(1): These shares were issued at a price of \$0.015 per share and are escrowed for 12 months.

(2): These unlisted options have an expiry date of 27 July 2018 and an exercise price of \$0.06.

The transaction resulted in a net cash inflow of \$12,217, with no cash outflows.

## 24. Notes to the Consolidated Statement of Cash Flows

### (a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	<u>Consolidated</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	<u>1,389,239</u>	<u>3,331,185</u>

### (b) Reconciliation of profit / (loss) for the period to net cash flows from operating activities

	<u>Consolidated</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Net loss	(1,348,853)	(1,525,914)
Add/less non cash items		
Interest income	(3,627)	(14,143)
Doubtful debt expense	179,088	312,657
Depreciation	321,185	69,957
Share based payments	91,503	114,946
Unrealised FX (gain)/loss	(118,121)	35,289
Impairment of available for sale	-	29,375
(Increase)/decrease in assets:		
Trade and other receivables	35,954	(90,642)
Prepayments	(2,526)	2,030
Increase/(decrease) in liabilities:		
Trade and other payables	(286,239)	549,537
Net cash used in operating activities	<u>(1,131,636)</u>	<u>(516,910)</u>

## 25. Financial Instruments

### (a) Financial risk management objectives

The senior management and Board monitor and manage the financial risk relating to the operations of the Group. The Group's activities include exposure to market price risk, foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk. The overall risk management program focuses on managing these risks and implementing and monitoring controls over the cash management function. Owing to the unpredictability of finance markets, the senior management and Board seek to minimise potential adverse effects on financial performance. There has been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing these risks or the methods to measure them.

### (b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 3 and 4 to the financial statements.

### (c) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Group includes cash and cash equivalents, equity attributable to equity holders of the parent, comprising of issued capital, reserves and accumulated losses as disclosed in notes 16, 17 and 18 respectively. The Group operates its exploration and evaluation activities through its wholly owned subsidiaries. None of the Group's entities are subject to externally imposed capital requirements. The Group intends to use a variety of capital market issues to meet anticipated funding requirements. The Group currently has no short-term or long-term borrowings.

**(d) Market price risk**

The Group is involved in the exploration and development of mining tenements for base metals including gold and copper. Revenue from any future mining associated with metal sales, the acquisition and disposal consideration for mining tenements and the ability to raise funds through equity and debt will be largely dependent upon the commodity price for resources at the time of the transaction.

**(e) Interest rate risk**

The Group's cash-flow interest rate risk for assets primarily arises from cash at bank and deposits which are subject to market bank rates. There is no interest receivable or payable on the Group's trade and other receivables or payables. Details of the interest rates and maturities are located in this note. The Group will be exposed to further interest rate risk if it intends to borrow funds in the future for acquisition and development.

**(f) Credit risk management**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The Group does not have any material credit risk exposure to any single debtor or Group of debtors under financial instruments entered into by the Group. The Group internal policy requires deposits to be held with financial institutions holding a benchmark credit rating. At balance date cash and deposits were held with the National Australia Bank.

**(g) Fair value of financial instruments**

The fair values of financial assets and financial liabilities are determined as follows:

- (i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- (ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- (iii) the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

**(h) Foreign currency risk**

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services and the holding of assets and liabilities in currencies other than the Group's measurement currency.

At balance date, the Group had the following exposure to United States Dollars (USD) foreign currency that is not designated in cash flow hedges:

	Consolidated	
	2016	2015
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents		
United States Dollars	349,185	2,333,543
	349,185	2,333,543
Net exposure	349,185	2,333,543

A 5% change in the United States Dollar will increase or decrease net loss and accumulated losses by \$17,459 (2015: \$116,677)

**Maturity profile of financial instruments**

The following table details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The table has been drawn up based on undiscounted cash flows and details the Group's exposure to interest rate risk as at 30 June 2016 and as at 30 June 2015:

2016	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5 + years \$	Total
<b>Financial assets</b>							
Non-interest bearing		-	-	-	-	-	-
Variable interest rate instrument		1,389,239	-	-	-	-	1,389,239
Fixed interest rate instruments		-	32,815	-	-	-	32,815
		<u>1,389,239</u>	<u>32,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,422,054</u>
<b>Financial liabilities</b>							
Non-interest bearing		461,291	-	-	-	-	461,291
		<u>461,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>461,291</u>

2015	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5 + years \$	Total
<b>Financial assets</b>							
Non-interest bearing		-	-	-	-	-	-
Variable interest rate instrument		3,331,185	-	-	-	-	3,331,185
Fixed interest rate instruments		-	-	-	32,815	-	32,815
		<u>3,331,185</u>	<u>-</u>	<u>-</u>	<u>32,815</u>	<u>-</u>	<u>3,364,000</u>
<b>Financial liabilities</b>							
Non-interest bearing		747,529	-	-	-	-	747,529
		<u>747,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>747,529</u>

A 1% change in interest rates on interest bearing assets will increase or decrease net loss and accumulated losses by \$13,892 (2015: \$34,189).

**26. Key Management Personnel Compensation**

	2016 \$	2015 \$
Short-term employee benefits	554,866	497,233
Post-employment benefits	17,783	21,017
Termination benefits	-	-
Share-based payment	55,507	90,616
	<u>628,156</u>	<u>608,866</u>

Further details of the key management personnel compensation can be found in the Remuneration Report section of the Directors' Report.

**27. Share-based Payments**

During the 2016 financial year there were no options issued, however 850,000 performance rights were issued and 3,000,000 to be issued subject to shareholder approval.

Name	Number of Rights	Vesting Conditions	Grant date	Expiry date	Vesting date
Graeme Clatworthy	1,000,000	12 months service	To be issued	12 months from issue	12 months from issue
Geoff Gilmour	1,000,000	12 months service	To be issued	12 months from issue	12 months from issue
Greg Cunnold	1,000,000	12 months service	To be issued	12 months from issue	12 months from issue
Consultants	850,000	12 months service	24 March 2016	24 March 2017	24 March 2017

The fair value of performance rights granted to directors and KMP is estimated as at the grant date using the share price on the date of granting.

The following table lists the inputs to the models for the year ended 30 June 2016:

	Performance Rights	
	Consultants	Directors
Grant date	24 March 2016	To be issued
Number of performance rights	850,000	3,000,000
Share price	3.0 cents	2.8 cents
Exercise price	0 cents	0 cents
Weighted average fair value	3.0 cents	2.8 cents
Total amount	\$25,500	\$84,000
Expensed to 30 June 2016	\$6,847	\$24,164

During the 2015 financial year there were no options issued, however 3,000,000 performance rights were issued.

Name	Number of Rights	Vesting Conditions	Grant date	Expiry date	Vesting date
Graeme Clatworthy	2,000,000	12 months service	20 Nov 2014	20 Nov 2015	20 Nov 2015
Consultants	1,000,000	Exploration milestones	20 Nov 2014	20 Nov 2015	20 Nov 2015

During the same period, the following 17,500,000 options lapsed:

Issuing entity	Shares under option (no.)	Class of shares	Exercise price	Expiry	Listed / Unlisted
Rift Valley Resources Limited	10,000,000	Ordinary Shares	10 cents	4 October 2014	Unlisted
Rift Valley Resources Limited	5,000,000	Ordinary Shares	27 cents	18 March 2015	Unlisted
Rift Valley Resources Limited	2,500,000	Ordinary Shares	27 cents	31 May 2015	Unlisted

### Reconciliation of options outstanding

The following reconciles outstanding share options provided as share-based payments at the beginning and end of the financial year:

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	3,000,000	\$0.0	17,500,000	\$0.17
Issued or to be issued during the financial year	-	\$0.0	3,000,000	\$0.0
Vested during the financial year	-	-	-	-
Expired during the financial year	(3,000,000)	\$0.17	(17,500,000)	\$0.17
Balance at end of the financial year	-	\$0.0	3,000,000	\$0.0
Exercisable at end of the financial year	-	-	-	-

## 28. Related party transactions

### Parent entity

The parent entity in the Group is Rift Valley Resources Ltd which was incorporated in Victoria Australia on 29 September 2006.

#### (a) Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 22 to the financial statements.

#### (b) Transactions with key management personnel and related parties

The aggregate compensation made to KMPs are disclosed in note 26 of the financial statements and details of the compensation has been provided in the remuneration report which forms part of the Directors' Report.

**(d)Other Transactions with Key Management Personnel and Related Parties**

The following amounts have been disclosed as remuneration in note 26:

- The Company paid Willowood Corporate Pty Ltd, a Company associated with Mr. G Gilmour, consultancy fees of \$180,000 during the current financial year (2015: \$180,000).

**29. Remuneration of auditors**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Remuneration of Ernst &amp; Young as the auditor of the parent entity</b>		
Audit or review of the financial report	52,000	53,560
<b>Related practice of the parent entity auditor</b>		
Other non-audit services – taxation services	-	-
<b>Remuneration of Ernst &amp; Young as the auditor of the foreign subsidiaries</b>		
An audit or review of the financial report of the entity and any other entity in the Consolidated Entity	-	-

**30. Subsequent events**

No other matters or circumstances have arisen since 30 June 2016 that have significantly affected, or may significantly affect:

- The Group's operations in future financial years; or
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

## ASX ADDITIONAL INFORMATION

### DISTRIBUTION OF EQUITY SECURITIES

The distribution of members and their holdings of fully paid ordinary shares and listed options as at 29 September 2016 were as follows:

Shares held	No. of Shareholders
1-1,000	62
1,001-5,000	45
5,001-10,000	126
10,001-100,000	578
100,001 and over	532
<b>Totals</b>	<b>1,343</b>

Less than Marketable Parcel	Min Parcel size	Holders	Units
Shares	20,000	340	2,710,985

### RESTRICTED SECURITIES

There are no restricted securities.

### TWENTY LARGEST SHARE SECURITY HOLDERS

The names of the 20 largest holders of fully paid ordinary shares as at 29 September 2016 are listed below:

Name	Number of Shares	Percentage
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	60,117,740	10.17%
EAST AFRICA INTERNATIONAL LIMITED	20,000,000	3.38%
J P MORGAN NOMINEES AUSTRALIA LIMITED	17,466,556	2.96%
MR WARREN GILMOUR & MRS CATHERINE GILMOUR <W & C GILMOUR SUPER FUND A/C>	14,892,857	2.52%
EAST AFRICA INTERNATIONAL LIMITED	14,266,173	2.41%
MR RICHARD ARTHUR LOCKWOOD	13,200,000	2.23%
MR GREGORY ROLLAND CUNNOLD & MS LARA CHERYL GROVES <STRATFORD A/C>	11,536,000	1.95%
MR GRAHAM FRANK MCDONAGH & MRS GINA MARIA MCDONAGH <MCDONAGH SUPER FUND A/C>	11,097,600	1.88%
VYNBEN PTY LTD	10,288,550	1.74%
WILLOWOOD CORPORATE PTY LTD	9,929,863	1.68%
DIEKMANN ASSOCIATES LIMITED	9,541,936	1.61%
DR LEON EUGENE PRETORIUS	9,192,000	1.56%
MRS DANIELLE MARIE GILMOUR	9,121,200	1.54%
ARREDO PTY LTD	8,000,000	1.35%
VYNBEN PTY LTD <MARK HOHNEN SUPER FUND A/C>	8,000,000	1.35%
MR GEOFFREY MARK GILMOUR	7,693,192	1.30%
MR LAURIE TONY SORGIOVANNI	6,844,509	1.16%
PINELEAF PTY LIMITED <SMITHERS SUPER FUND A/C>	6,380,055	1.08%
TALEX INVESTMENTS PTY LTD	6,000,000	1.02%
QUEENSLAND M M PTY LTD <SUPERANNUATION A/C>	5,800,000	1.02%
	<b>259,368,231</b>	<b>43.89</b>

**HOLDERS OF MORE THAN 20% OF A CLASS OF UNQUOTED OPTIONS (NOT ELSEWHERE DISCLOSED)**

The names of any holder of unlisted options holding 20% or more of a class of unlisted options, as at 29 September 2016 are listed below:

<b>Name</b>	<b>Option Series</b>	<b>Number of Options</b>	<b>Percentage of the Option Series</b>
EAST AFRICA INTERNATIONAL LIMITED	Exercisable at 6 cents on or before 27 July 2018	19,105,527	42.12
VYNBEN PTY LTD	Exercisable at 6 cents on or before 27 July 2018	13,778,619	30.38

**SUBSTANTIAL SHAREHOLDERS**

The Company's Register of Substantial Shareholders, prepared in accordance with Chapter 6C of the Corporations Act 2001, showed the following substantial shareholders as at 29 September 2016:

<b>Name</b>	<b>Number of Shares</b>	<b>Percentage</b>
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	60,117,740	10.17%

**VOTING RIGHTS**

Under the Company's constitution, all ordinary shares carry one vote per share without restriction. Options over ordinary shares do not carry any voting rights.

## TENEMENT SCHEDULE

Country	Project Name	License Name	License no.	% Held
<b>Tanzania</b>	Kitongo	Ugambilo East	PL8441/2012	100%
	Kitongo	Butonyongo Hill West	PL8699/2012	100%
	Kitongo	Mwasato Hill West	PL9740/2014	100%
	Kitongo	Busongo Court	PL9741/2014	100%
	Kitongo	Kitongo West	PL10655/2015	100%
	Kitongo	Ugambilo North	PL6385/2010	100%
	Kitongo	Mwagimagi	PL6499/2010	100%
	Kitongo	Mwamazengo SE (2)	PL6543/2010	100%
	Kitongo	Mwamazengo South (2)	PL6631/2010	100%
	Kitongo	Ugambilo	PL10067/2014	100%
	Kitongo	Kitongo	PL10068/2014	100%
	Kitongo	Mwamazengo	PL10069/2014	100%
	Kitongo	Isengwa Hills North	PL10060/2014	100%
	kitongo	Busongo Northeast	PL10065/2014	100%
	Kitongo	Gulumungu	PL10656/2015	100%
	Kitongo	Ntalebujika	PL10660.2015	100%
	Miyabi	Miyabi Dyke	PL8933/2013	100%
	Miyabi	Miyabi Northwest West	PL9696/2014	100%
	Miyabi	Miyabi North	PL/11026/2008	100%
	Miyabi	Miyabi Airport New	PL10556/2015	100%
	Miyabi	Miyabi Northwest	PL5115/2008	100%
	Miyabi	Miyabi Airport	PL6593/2010	100%
	Nyang'ombe	Nyang'ombe BEAL	PL6502/2010	100%
	Mtemi	Buziba, Geita	8391/2012	100%
	Mtemi	Mwamazengo, Misungwi	8148/2013	100%
	Mtemi	Mwamazengo, Misungwi	6630/10	100%
	Mtemi	Mwamazengo, Misungwi	6542/2010	100%
<b>Angola</b>	Ozango	Ozango Minerais SA	N°013/03/09/T.P/A NG-MGM/2015	70%