

6 May 2011

**RIFT VALLEY RESOURCES LIMITED**  
**CORPORATE GOVERNANCE**

The Rift Valley Resource Limited (the “Company”) has adopted the Principles of Corporate Governance and Recommendations published by ASX Corporate Governance Council. As the Company’s activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration. The following table summarises the Company’s position in this regard.

Requirement	Response
<b>1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>	
1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	<p>The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The respective roles and responsibilities of Board and the Managing Director are set out in the Company’s Board Charter.</p> <p>The primary responsibility of the Board is to protect and advance the interests of shareholders. To fulfil this role, the Board has overall responsibility for developing and approving the Company’s corporate strategy and monitoring implementation of strategy, appointing the Managing Director, monitoring senior executives’ performance and approving the Company’s risk and audit framework. The Board is also responsible for the Company’s general corporate governance matters, including matters such as disclosures and the appointment and monitoring of any committees set up by the Board. The Managing Director has primary responsibility to the Board for the affairs of the Company. The Managing Director’s responsibilities include implementing and monitoring (together with the Board) the strategic and financial plans for the Company, managing the appointment of senior executive positions, being the primary channel of communication and point of contact between the senior executives and the Board, providing strong leadership to, and effective management of, the Company and otherwise carrying out the day to day management of the Company.</p>
1.2 Companies should disclose the process for evaluating the performance of senior executives	The Company has established a Remuneration Committee which is responsible for the evaluation of all senior executives.
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1	<p>It is intended that:</p> <ul style="list-style-type: none"> <li>• an explanation of any departure from Recommendations 1.1, 1.2 or 1.3 will be included in the corporate governance statement in the annual report</li> <li>• the annual report will disclose whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.</li> </ul>
<b>2. STRUCTURE THE BOARD TO ADD VALUE</b>	
2.1 A majority of the board should be independent directors	The Board comprises four directors, three of whom are non-executive and independent.

2.2	The chair should be an independent director	The Chair is independent.
2.3	The roles of chair and Managing Director should not be exercised by the same individual	These positions are held by separate persons.
2.4	The board should establish a nomination committee	The Board has established a Nomination Committee. The roles and responsibilities of the Nomination Committee are set out in the Nomination Committee Charter.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	The Board has established a Board Performance Evaluation Policy. This Policy will be made publicly available on the Company's website in a clearly marked corporate governance section.

### 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1	Companies should establish a code of conduct and disclose the code.	The Company's Code of Conduct sets out the Company's expectations for the conduct by the Company's directors, senior executives and employees, including in relation to business conduct, personal and professional conduct (such as confidentiality, personal behaviour, diversity and respect for others).
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include measurable objectives for achieving gender diversity. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	The Company has established a Diversity Policy which sets out the Company's policy to recruit and manage on the basis of qualification for the position and performance regardless of gender, race, religious beliefs, cultural background, sexuality or physical ability. The policy does not include any requirement to establish measurable objectives for achieving gender diversity. Given the Company's size and its stage of development as an exploration company, the Board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this.

### 4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1	The board should establish an audit committee	The Board has established an Audit Committee. The Audit Committee consists only of non executive directors the majority of whom are independent. It is chaired by an independent chair that is not the chair of the Board and has 3 members. It operates under the Audit Committee Charter.
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists only of non executive Directors</li> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair, who is not chair of the board</li> <li>• has at least three members.</li> </ul>	
4.3	The audit committee should have a formal charter	

<p>4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4</p>	<p>The following material is intended to be included in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> <li>the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee.</li> <li>the number of meetings of the audit committee.</li> <li>explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4.</li> </ul> <p>The Audit Committee Charter is intended to be made publicly available on the company's website in a clearly marked corporate governance section.</p>
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5. MAKE TIMELY AND BALANCED DISCLOSURE	
<p>5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies</p>	<p>The Company has established a Shareholder Communication and Continuous Disclosure Policy. This Policy sets out the Company's policies and procedures with regard to the reporting of material price sensitive information to the ASX subject to confidentiality carve-out aspects and the Company's procedures in this regard.</p>
<p>5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5</p>	<p>An explanation of any departures from Recommendations 5.1 or 5.2 is intended to be included in the corporate governance statement in the annual report. The Shareholder Communication and Continuous Disclosure Policy is intended to be made publicly available on the company's website in a clearly marked corporate governance section.</p>

6. RESPECT THE RIGHTS OF SHAREHOLDERS	
<p>6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy</p>	<p>The Company has established a Shareholder Communication and Continuous Disclosure Policy. This policy should be sufficient to promote effective communications with shareholders:</p> <ul style="list-style-type: none"> <li>announcements released to ASX through the ASX company announcements platform;</li> <li>notices of meetings to shareholders; and</li> <li>provision of all relevant documentation released on the Company's website.</li> </ul>
<p>6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6</p>	<p>An explanation of any departure from Recommendations 6.1 or 6.2 is intended to be included in the corporate governance statement in the annual report. The Shareholder Communication and Continuous Disclosure will be posted on the Company's website in a clearly marked corporate governance section.</p>

7. RECOGNISE AND MANAGE RISK	
<p>7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies</p>	<p>This Company has established Risk Management Strategy Policy. This policy is intended to be made publicly available on the Company's website in a clearly marked corporate governance section.</p>
<p>7.2 Companies should provide the information indicated in the Guide to reporting on Principle 7</p>	<p>The following material is intended to be included in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> <li>explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4</li> <li>whether management has reported to the board under Recommendation 7.2</li> <li>whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.</li> </ul>

8. RENUMERATE FAIRLY AND RESPONSIBLY		
8.1	The board should establish a remuneration committee	The Board has established a Remuneration Committee. This committee consists of a majority of independent directors, is chaired by an independent director and has at least three members.
8.2	The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least three members	
8.3	Companies should clearly distinguish the structure of nonexecutive directors' remuneration from that of executive directors and senior executives	The Company's Remuneration Committee Charter distinguishes the structure of nonexecutive directors' remuneration from that of executive directors and senior executives. Board members are, however, entitled to options having regard to the small number of the Company's management team.
8.4	Companies should provide the information indicated in the Guide to Principle 8	<p>The following material or a clear cross-reference to the location of the material is intended to be included in the corporate governance statement in the annual report or elsewhere in the annual report (as appropriate):</p> <ul style="list-style-type: none"> <li>the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors</li> <li>an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4.</li> </ul>



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