Rift Valley Resources Limited
and Controlled Entity
(ABN 88 147 483 341)

Annual Financial Report
for the period from
22 November 2010 to 30 June 2011

Corporate Directory

Directors

Mr Didier Murcia
Non-Executive Chairman

Mr Mike McKevitt
Managing Director

Mr Keith McKay
Non-Executive Director

Mr Gosbert Kagaruki
Non-Executive Director

Mr Darpan Pindolia
Non-Executive Director

Company Secretary
Mr Rowan Caren

Chief Financial Officer
Mr Gavin Doig

Registered and Principal Office
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Perth WA 6000
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Email:info@riftvalleyresources.com.au
Web: www.riftvalleyresources.com.au

Auditor

Maxim Audit
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Subiaco WA 6008

Solicitors

In Australia:
Murcia Pestell Hillard
Level 3
23 Barrack Street
Perth WA 6000

In Tanzania:
Ishengoma, Karume, Masha & Magai
357 United Nations Road
Dar es Salaam Tanzania

Share Registry

Security Transfer Registrars Pty Ltd
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Applecross WA 6953

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Web address: www.securitytransfer.com.au

ASX Trading Symbol: RFV

Index

Your directors submit their report, together with the annual financial report of the Group, being Rift Valley Resources Limited ("the Company") and its controlled entity for the period from incorporation on 22 November 2010 to 30 June 2011. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of directors who held office during or since the end of the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Didier M Murcia B.Juris, LL.B
Non-Executive Chairman – appointed 22 November 2010, Age 48 years

Mr Murcia holds a Bachelor of Jurisprudence and a Bachelor of Laws degrees from the University of Western Australia and has over 25 years' experience in corporate, commercial and resource law.

Mr Murcia has extensive experience in Tanzania and is the Honorary Consul for the United Republic of Tanzania in Australia, a position that he has held for 13 years.

He is a currently a director of Aminex PLC, listed on the London Stock Exchange, Non-Executive Chairman of Centaurus Metals Limited and Non-Executive Director of Gryphon Minerals Limited, both of which are listed on the ASX. Until recently Mr Murcia was also a director of emerging iron ore producer Gindalbie Metals Limited, a position he held for 13 years [appointed 2 February 1998, resigned 31 January 2010].

During the last three years, Mr Murcia has also served as a director of Target Energy Limited (appointed 1 September 2006, resigned 31 December 2009).

He is currently a member of the audit committee and Chairman of the nomination and remuneration committees.

Mr Michael B F McKevitt, BSc Geology (Hons)
Managing Director – appointed 18 February 2011, Age 48 years

Mr Michael McKevitt has a long and successful history in mineral exploration, management and mine geology, both in Australia and overseas. With 25 years' experience in mining and resources as a geologist he has worked and led teams in Africa (Ghana, Burkina Faso, Zambia, and Tanzania), Indonesia and the Philippines.

His experience covers exploration and near-mine exploration, mine geology and mine operations support. He has worked in gold, iron-ore, nickel, copper, bauxite, zinc and uranium in various mining styles including mechanised open-stope, block- cave, cut-and-fill, and both medium to large-scale open pits.

Mr McKevitt is a corporate member of the Australasian Institute of Mining and Metallurgy and is a competent person for reporting exploration results and mineral resources in accordance with the JORC Code (2004).

Mr McKevitt has no other public company directorships and has not held any public directorships in the last three years.

Mr Keith G McKay, B.Sc (Hons), FAusIMM, MAICD
Non-Executive Director - appointed 18 February 2011, Age 65 years

Mr McKay is a Geologist with 40 years' technical and corporate experience in the mining industry as a senior executive director and chairman. Corporate roles formerly held by Mr McKay include Chairman of Gindalbie Metals Limited, Managing Director of Gallery Gold Limited, Australian Managing Director of Battle Mountain Gold Company and Director of Niugini Mining Limited.

Mr McKay had extensive African experience, particularly in Botswana and Tanzania. Under his management, Gallery Gold discovered and developed the Mupane gold mine in Botswana and prior to this Battle Mountain discovered the Pajingo and Vera Nancy gold deposits in North Queensland.

During the last three years Mr McKay has served as a Non-Executive director of Centaurus Metals Limited, listed on the ASX.

He is currently Chairman of the audit committee and a member of the nomination and remuneration committees.

Mr Gosbert J Kagaruki, M.Sc
Non-Executive Director - appointed 18 February 2011, Age 48 years

Mr Kagaruki has over 18 years' experience in the resource industry as a geologist and GIS expert.

Having commenced his career with the Geological Survey in Tanzania, Mr Kagaruki subsequently worked for Rio Tinto as the only Tanzanian professional staff member engaged by that company. He then held senior roles in the Southern and Eastern African Mineral Centre and Barrick (Tanzania) before setting up his own consultancy, Interactive Earth Imaging Limited.

At SEAMIC Mr Kagaruki participated in creating the GIS-based Geochemical and Geophysical meta-database of Eastern and Southern African Countries. This included cataloguing metadata and capturing survey data. This meta-database is used to promote the mineral potential of Southern, Central and Eastern countries in Africa.

Mr Kagaruki has and continues to provide detailed geological advice to a number of exploration and mining companies, including BHP Billiton, Uranex Limited, Resolute Limited and Midland Minerals.

Mr Kagaruki has no other public company directorships and has not held any public directorships in the last three years.

He is not currently a member of the sub-committees.

Mr Darpan G Pindolia, B.Eng (Hons), G.Dip (Distinction), MIEAust
Non-Executive Director - appointed 15 August 2011, Age 27 years

Mr Pindolia holds a Bachelor of Engineering (Hons) from University College (London) and a Graduate Diploma in Mining Engineering (Distinction) from the University of Western Australia. Born and raised in East Africa, Mr Pindolia is fluent in Swahili and has significant business interests in Tanzania.

Mr Pindolia has had considerable international experience in the engineering sector in Tanzania, United Kingdom and Australia and had worked for Leighton Contractors and Laing O' Rourke.

Mr Pindolia has no other public company directorships and has not held any public directorships in the last three years.

He is currently a member of the audit, nomination and remuneration sub-committees.

Mr Evan C Hillard, B.Juris, LL.B
Non-Executive Director - appointed 22 November 2010, resigned 18 February 2011 Age 50 years

Mr Grant A Pestell, B.Juris, LL.B
Non-Executive Director - appointed 22 November 2010, resigned 18 February 2011 Age 40 years

Company Secretary

Mr Rowan St John Caren, B.Com CA
Company Secretary, appointed 18 February 2011, Age 44 years

Mr Caren graduated with a Bachelor of Commerce (Accounting) from the University of Western Australia and is a member of the Institute of Chartered Accountants in Australia. He qualified with PricewaterhouseCoopers and worked for them in Australia and overseas for six years. He has since been directly involved in the exploration industry for a further 15 years, initially with a minerals explorer based in Perth but with operations in South America and Asia, for which he acted as an executive and company secretary. In 2004 he created a specialist company secretarial and advisory consultancy, Dabinett Corporate Pty Ltd. Dabinett Corporate provides financial and corporate services to several listed and unlisted companies involved in the resources, industrial and property sectors.

During the last three years, Mr Caren has not served as a director of any listed companies.

Directors' interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Rift Valley Resources were:

	Number of tranche 1 options	Number of tranche 2 options	Number of fully paid ordinary shares
D M Murcia	1,750,000	1,750,000	1,750,000
M B F McKevitt*	1,000,000	1,000,000	1,000,000
K G McKay	500,000	500,000	1,000,000
G J Karaguki	750,000	750,000	1,500,000
D G Pindolia	-	-	1,500,000

These options are all unlisted and are exercisable on or before 15 February 2014 as follows:

Tranche 1 options: 20 cents
Tranche 2 options: 25 cents

All the shares and options were granted during the course of the period 22 November to 30 June 2011. No shares have been issued nor options granted between 1 July 2011 and up to the date of this report.

Share Options

Details of unissued ordinary shares under option both at the date of this report and at reporting date are as follows:

	Number of options	Exercise price	Expiry date
Unlisted tranche 1 options	5,875,000	20 cents	15 February 2014
Unlisted tranche 2 options	5,875,000	25 cents	15 February 2014
Total	11,750,000		

There were no ordinary shares issued during the period as a result of the exercise of options. Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

Dividends

No dividends have been paid or declared since the start of the period and the directors do not recommend the payment of a dividend in respect of the period.

Principal Activities

The principal activity of the entities within the Group during the period 22 November 2010 to 30 June 2011 was mineral exploration in Tanzania.

There have been no significant changes in the nature of those activities during the period.

Review of operations

The Company was incorporated on 22 November 2010 for the purpose of mineral exploration and development of economic mining projects on its tenements or those in which it may subsequently acquire an interest, primarily in Tanzania. On 22 February 2011, the Company acquired Rift Valley Resources (Tanzania) Limited, a company incorporated in Tanzania. The Company has subsequently been granted eleven exploration licences for gold. Initial exploration activities have commenced.

On 19 May 2011, the Company was admitted to the Official List of ASX following an initial public offering that raised $12,500,000.

Operating results for the year

Net consolidated loss attributable to equity holders of the parent for the period 22 November 2010 to 30 June 2011 was $675,883. Basic loss per share was 2.2 cents.

Review of Financial Condition

At 30 June 2011 the Group had cash reserves of $11,749,258 after paying suppliers and employees $412,645, of which $261,812 was expended on direct exploration activities. A further $262,875 was spent on capital expenditure. The Company acquired a 100% interest (1 share held on trust due to Tanzanian corporate legal requirement) in its controlled entity Rift Valley Resources (Tanzania) Limited for $812. The Group raised $780,000 from various placements with promoters and $12,500,000 from an initial public offering of which $944,348 was applied to the costs of this share issue. A further $71,087 in interest and $2,055 in miscellaneous income was received, while an amount of $253 in interest was paid. During the period, the Group received an initial working capital loan of $15,396 from a related entity. The Company paid an amount of $488 on behalf of its controlled entity.

Significant changes in the state of affairs

Over the period 23 December 2010 to 18 January 2011, 12,000,000 ordinary shares were issued to promoters at 1 cent each raising $120,000.

On 18 February 2011 a further 8,999,999 ordinary shares were issued to promoters at 7.5 cents each raising $674,999.

On 15 February 2011, the Company granted 11,750,000 options to directors and consultants with an expiry date of 15 February 2014. They were valued at $261,183 according to the Black-Sholes options pricing model. Refer to Note 20 to the financial statements for details, including assumptions used.

On 22 February 2011, the Company acquired the Company acquired 99 of the 100 shares in Rift Valley Resources (Tanzania) Limited ("RVRT"), an unlisted company incorporated in Tanzania for $812.

On 19 May 2011, the Company was admitted to the Official List of ASX following completion of an initial public offering. A total of 62,500,000 ordinary shares were issued on 5 May 2011 at 20 cents each, raising $12,500,000.

Other than the above, there have been no significant changes in the state of affairs of the Group to the date of this report, not otherwise disclosed in this report.

Significant events after balance date

On 15 July 2011, two Tanzanian Government exploration licences were granted. They had previously been applied for by the Company's subsidiary during the period from 22 November 2010 to 30 June 2011.

On 15 August 2011, Mr Darpan Pindolia was appointed as a director of the Company.

Other than the above, there have been no matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results

Other than as referred to in this report, further information as to likely developments in the operations of the Group and likely results of those operations in future financial years would, in the opinion of the directors, be speculative. Therefore, this information has not been presented in this report.

Environmental legislation

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 wastes 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.

Indemnification and insurance of Directors and Officers

The Company has in respect of any person who is or has been a director or officer of the Company paid a premium in respect of contracts insuring all directors and officers against a liability. The Company maintains insurance policies for the benefit of the relevant director or officer for the term of their appointment and for a period of seven years after retirement or resignation. The amounts of premiums paid were: Australia - A$13,531, Tanzania – US$9,750.

The Company has also agreed to indemnify the current directors of its controlled entities for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses

The Company has entered into a Deed of Indemnity, Access and Insurance with each of its Directors and the Company Secretary. Under the Deeds of Indemnity, Access and Insurance the Company will indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. The Deeds of Indemnity, Access and Insurance also provide for the right to access Board papers.

Remuneration report (audited)

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

This report outlines the remuneration arrangements in place for directors and executives of Rift Valley Resources Limited (the "company").

A. Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Significant portion of executive compensation 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation

Remuneration consists of fixed remuneration and variable remuneration.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

Variable Remuneration

Messrs Murcia, McKevitt, Kagaruki and McKay were involved in the creation of the Company and therefore hold significant numbers of shares and options. The board does not consider it necessary at the present time to take additional steps to link the remuneration of Directors with the creation of shareholder wealth. Given the current structure, there exists a direct link between the creation of shareholder wealth performance and the financial rewards for the directors.

Remuneration Reviews

The Board of Directors of the Parent is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-executive directors receive a fee for being a director of the company. The compensation of non-executive directors for the period ending 30 June 2011 is detailed below.

Senior manager and executive director remuneration

Objective
The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation; and
- Variable Compensation - Long Term Incentive (LTI).

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management person by the Directors.

Fixed Compensation
Objective
Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure
Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

Variable Pay — Long Term Incentive (LTI)
Objective
The objective of the LTI plan is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth. As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

Structure
LTI grants to key management personnel are delivered in the form of options.

B. Details of remuneration for the period ended 30 June 2011

	Short-term benefits		Post-employment	Share-based payments	Total	% of Remuneration received as Options
	Salary & Fees	Non-Monetary Benefits	Superannuation	Options		
Non-executive directors						
D Murcia	11,559	-	-	77,799	**89,358**	**87%**
K McKay*	34,128	-	8,970	22,228	**65,326**	**34%**
G Kagaruki	5,948	-	-	33,342	**39,290**	**85%**
Total Non-executive directors	**51,635**	**-**	**8,970**	**133,369**	**193,974**	**69%**
Executive directors						
M McKevitt	88,215	-	7,939	44,457	**140,611**	**32%**
Executive officers						
R Caren	30,886	-	-	16,671	**47,557**	**35%**
G Doig	27,109		-	-	**27,109**	**0%**
Total Executives	**146,210**	**-**	**7,939**	**61,128**	**215,277**	**28%**
Total Directors and Executives	**197,845**	**-**	**16,909**	**194,497**	**409,251**	**48%**

*The salaries and fees paid to K McKay were for consulting services provided to management, with an associated amount of $3,072 included in superannuation benefits.

None of the above remuneration is performance related.

Refer to Related Party Note 18 in the Notes to the Financial Statements for details of fees paid to entities associated with, and persons related to, the directors of the Company.

C. Service agreements

Employment Contract

The Managing Director, Mr McKevitt is employed under contract. The current employment contract commenced on 14 February 2011 and continues until it is terminated.

The main terms of the employment contract with Mr McKevitt are as follows:

- Remuneration of $250,000 pa inclusive of 9% Superannuation.
- Mr McKevitt is entitled to terminate the agreement by giving 6 months' notice or such shorter period of notice as may be agreed by the Company.
- The Company may terminate Mr McKevitt's employment, for reasons other than serious misconduct, wilful neglect , breach of contract, criminal and similar offences by providing 24 months' notice or providing payment in lieu of this notice period.

D. Share-based compensation

During the period the following options were granted as equity compensation benefits under a long-term incentive plan to attract and retain directors and officers of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

	Number of unlisted options
D M Murcia	3,500,000
M B F McKevitt	2,000,000
K G McKay	1,000,000
G J Karaguki	1,500,000
R S Caren	750,000
Total	8,750,000

All options granted to directors and officers on 15 February 2011 vested immediately and none were exercised, lapsed or forfeited during the balance of the period. There were no alterations to the terms and conditions of any options granted as remuneration since their grant date.

Refer to Note 20 for assumptions used to value share options. The fair value of the share options at the date of grant are the amounts disclosed in Note 3(a).

Directors' Meetings

The number of meetings of directors held during the period and the number of meetings attended by each director was as follows:

The number of meetings of directors held during the period and the number of meetings attended by each director were as follows:

Director	Directors' Meetings Eligible to Attend	Directors' Meetings Attended
D M Murcia	11	11
M B F McKevitt	3	3
K G McKay	3	1
G J Kagaruki	3	3
E C Hillard	8	8
G A Pestell	8	8

In addition to the above meetings attended by the directors, there was 1 circular resolution during the period.

There were no meetings of committees during the period.

In accordance with the rotational requirements of the Constitution, Mr Murcia retires as a director at the Annual General Meeting and being eligible, offers himself for re-election. As casual appointments to the Board during the period, Mr McKevitt, Mr McKay, Mr Pindolia and Mr Kagaruki retire as directors at the Annual General Meeting and being eligible, offer themselves for re-election.

Auditor Independence

Auditor's Independence Declaration

The auditor's independence declaration for the period 22 November 2010 to 30 June 2011 has been received in relation to the audit of the financial report. This Independence Declaration and can be found on page 9 of this Directors' Report.

Non-Audit Services

The following non-audit services were provided by a related practice of the Group's auditor, Maxim Audit. The directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of the non-audit service provided means that auditor independence was not compromised.

- Acting as Investigating Accountant for the Company's prospectus dated 25 March 2011. Amounts received by Maxim Hall Chadwick Corporate Pty Ltd in respect of these services were $7,480.

Signed in accordance with a resolution of the directors.

Michael McKevitt

Mike McKevitt
Managing Director

Perth, 9th September 2011

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF RIFT VALLEY RESOURCES LIMITED AND CONTROLLED ENTITY

I declare that, to the best of my knowledge and belief, during the period 22 November 2010 to 30 June 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Maxim Audit

MAXIM AUDIT
Chartered Accountants

M A Lester

Perth, WA

Dated this 9th September 2011

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This statement outlines the main corporate governance practices in place throughout the period ended 30 June 2011, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*. The ASX Corporate Governance Council ("the Council") issued the second edition of the Corporate Governance Principles and Recommendations with 2010 Amendments in June 2010.

To illustrate where the Company has addressed each of the Council's revised recommendations, the following summary cross-references to each revised recommendation. Details of all of the revised recommendations can be found on the ASX Corporate Governance Council's website.

Introduction

Rift Valley Resources Limited has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www. riftvalleyresources.com.au:

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

Explanations for Departures from Best Practice Recommendations

During the financial year the Company has complied with the majority of the Eight Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the Council and as detailed below:

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Council Principle 1: ***Companies should establish and disclose the respective roles and responsibilities of board and management.***
Council Recommendation 1.1: *Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.*
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 for members by the Resources Act and ASX Listing Rules are reserved for senior executives.
Council Recommendation 1.2: *Disclose the process for evaluating the performance of senior executives.*
The Company complies with this recommendation. Arrangements put in place by the Board to monitor the performance of the Group's executives include: • a review by the Board of the achievement of performance targets set based on the organisation's objectives in accordance with its strategy; • comparison of executive remuneration levels to industry benchmarks; and • 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.
Council Recommendation 1.3: *Companies should provide the information indicated in the Guide to reporting on Principle 1*
The Company complies with this recommendation. The evaluation process was not undertaken in accordance with this process in the past 12 months as the executive was not appointed until February 2011 and the Company did not list on ASX until 19 May 2011.

2. STRUCTURE THE BOARD TO ADD VALUE

Council Principle 2: ***Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties***
Council Recommendation 2.1: *A majority of the Board should be independent directors.*
Currently the Board of Rift Valley Resources has three independent directors, Mr McKay, Mr Murcia, Mr Kagaruki and Mr Pindolia and one non-independent director, Mr McKevitt. The Company complies with Recommendation 2.1.
Council Recommendation 2.2: *The chair should be an independent director.*
The Company's Chairman, Mr Didier Murcia, is considered by the Board to be independent.
Council Recommendation 2.3: *The roles of chair and chief executive officer should not be exercised by the same individual.*
The roles of chairman and chief executive officer are not exercised by the same individual.
Council Recommendation 2.4: *The Board should establish a nomination committee*.
The board has established a nomination committee.
Council Recommendation 2.5: *Disclose the process for evaluating the performance of the board, its committees and individual directors.*
The Company complies with this recommendation. The Chairman will undertake an annual review in relation to the performance of each Director of the Company. The Board will also meet to discuss its performance as a whole.
Council Recommendation 2.6: *Companies should provide the information indicated in the Guide to reporting on Principle 2.*
The Company complies with this recommendation and provides the following disclosures. The skills, experience and expertise relevant to the position held by each director are disclosed in the Directors Report. The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members. Period of Office Held by each director in office at the date of the Directors Report Dider Murcia – appointed 22 November 2010, tenure 10 months Mike McKevitt – appointed 18 February 2011, tenure 7 months Keith McKay – appointed 18 February 2011, tenure 7 months

Gosbert Kagaruki – appointed 18 February 2011, tenure 7 months

Darpan Pindolia – appointed 15 August 2011, tenure 1 month

The performance evaluation was not undertaken in accordance with this process in the past 12 months as the Company did not list on ASX until 19 May 2011.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Council Principle 3:

Companies should actively promote ethical and responsible decision-making.

Council Recommendation 3.1:

Establish a code of conduct and disclose the code or a summary of the code as to:

- *the practices necessary to maintain confidence in the Company's integrity;*
- *the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;*
- *the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company complies with this recommendation.

The Company has adopted a Code of Conduct for Directors which can be accessed on the website.

Council Recommendation 3.2:

Companies should establish a policy concerning diversity, and disclose the policy or a summary of that policy.The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them

The Company partly complies with this recommendation.

A diversity policy has been adopted and a copy of the Company's Diversity policy is available on the website. The policy does not contain measurable objectives because the Company is not of a sufficient size to justify these objectives.

Council Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity.

The Company does not comply with this recommendation as it has not implemented a policy containing measurable objectives.

Council Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board..

The Company complies with this recommendation. The Company currently employs two women, one of whom is a senior executive in Tanzania.

Council Recommendation 3.5:

Provide the information indicated in the Guide to reporting on Principle 3.

The Company complies with this recommendation.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Council Principle 4:

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting

Council Recommendation 4.1:

The Board should establish an audit committee.

An audit committee has been established.

The Company complies with this Recommendation.

Council Recommendation 4.2: *The audit committee should be structured so that it:* • *consists only of non-executive directors;* • *consists of a majority of independent directors;* • *is chaired by an independent chair, who is not chair of the board;* • *has at least three members.*
The members of the audit committee are Mr Murcia, Mr Pindolia and Mr McKay. The Chairman of the audit committee is Mr McKay. The audit committee currently has three members, all of whom are independent directors.
Council Recommendation 4.3 *The audit committee should have a formal charter.*
The audit committee has a charter.
Council Recommendation 4.4: *Provide the information indicated in the Guide to reporting on Principle 4.*
The Company complies with this recommendation and provides the following disclosure. There were no meetings of the audit committee during the period as the Company did not list on ASX until 19 May 2011. The current policy of the external auditor is to rotate the engagement partner every five years.

5. MAKE TIMELY AND BALANCED DISCLOSURE

Council Principle 5: ***Companies should promote timely and balanced disclosure of all material matters concerning the Company***
Council Recommendation 5.1: *Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.*
The Company complies with this recommendation. The Company has adopted a Continuous Disclosure Policy which is available on its website.
Council Recommendation 5.2: *Provide the information indicated in the Guide to reporting on Principle 5.*
The Company complies with this recommendation.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

Council Principle 6: ***Companies should respect the rights of shareholders and facilitate the effective exercise of those rights***
Council Recommendation 6.1: *Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.*
The Company complies with this recommendation. The Company has adopted a Shareholder Communication Strategy which is available on its website.
Council Recommendation 6.2: *Provide the information indicated in the Guide to reporting on Principle 6.*
The Company complies with this recommendation.

7. RECOGNISE AND MANAGE RISK

Council Principle 7: ***Companies should establish a sound system of risk oversight and management and internal control***
Council Recommendation 7.1: *Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*
The Company complies with this recommendation. The Company has a Risk Management Policy which is available on the website.
Council Recommendation 7.2 *The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.*
The Chief Executive Officer and the Company Secretary reviewed the risk management and internal control systems. They intend to report annually to the Board in respect of the company's key business risks and how they are being managed. Management reported to the Board in September 2011 in respect of how material business risks are being managed.
Council Recommendation 7.3 *The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*
Company complies with this recommendation. The Board receives assurance from the chief executive officer and the chief financial officer in the form of a declaration, prior to approving the financial statements.
Council Recommendation 7.4: *Provide the information indicated in the Guide to reporting on Principle 7.*
The Company complies with this recommendation and provides the following disclosure; The board has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

8. REMUNERATE FAIRLY AND RESPONSIBLY

Council Principle 8: ***Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.***
Council Recommendation 8.1 *The Board should establish a remuneration committee.*
The Company complies with this recommendation. The Board has established a remuneration committee which is governed by a formal charter. The Remuneration Committee has three members, consisting of the independent directors, Mr Murcia, Mr Pindolia and Mr McKay. There were no meetings of the remuneration committee during the period as the Company did not list on ASX until 19 May 2011. The Remuneration Committee is chaired by Mr Murcia. The Remuneration committee charter is available on the website.
Council Recommendation 8.2

The remuneration committee should be structured so that it;

- *Consists of a majority of independent directors;*
- *Is chaired by an independent chair*
- *Has at least three members*

The Company complies with this recommendation.

Council Recommendation 8.3

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The Company complies with this recommendation.

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of;

(i) fixed components that reflect the person's responsibilities, duties and personal performance; and

(ii) share based payments in the form of options as an incentive.

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.

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.

Council Recommendation 8.4:

Provide the information indicated in the Guide to reporting on Principle 8.

The Company complies with this recommendation and provides the following disclosures;

- There were no meetings of the remuneration committee during the period as the Company did not list on ASX until 19 May 2011.
- The Company currently has no schemes for retirement benefits, other than superannuation for directors.
- The Company does not have any unvested entitlements under any equity-based remuneration schemes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 22 NOVEMBER 2010 TO 30 JUNE 2011

	Notes	2011 $
Continuing operations		
Other revenue	2	122,220
		122,220
Employee benefits expense	3(a)	(347,470)
Consulting and outsourced services expense		(159,904)
Exploration expenditure	24	(179,492)
Computer and communication costs		(11,029)
Travel expense		(24,007)
Depreciation, amortisation and impairment expense	3(b)	(24,817)
Finance costs	3(c)	(253)
Other expenses		(51,131)
Total expenses		(798,103)
Loss before income tax expense		(675,883)
Income tax expense	4	-
Loss from continuing operations attributable to owners of the parent after income tax		(675,883)
Other comprehensive income/(loss) for the period, net of tax		
Exchange differences on translating foreign operations		(2,913)
Other comprehensive income/(loss) for the period, net of tax		(2,913)
Total comprehensive loss attributable to the owners of parent for the period		(678, 796)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent:		
Basic loss per share	5	(0.022)
Diluted loss per share	5	(0.022)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011 $
ASSETS		
Current Assets		
Cash and cash equivalents	6	11,749,258
Trade and other receivables	7	200,719
Total Current Assets		11,949,977
Non-current Assets		
Plant and equipment	8	215,450
Intangible assets and goodwill	9	23,908
Total Non-current Assets		239,358
TOTAL ASSETS		12,189,335
LIABILITIES		
Current Liabilities		
Trade and other payables	10	247,171
Provisions	11	9,125
Total Current Liabilities		256,296
TOTAL LIABILITIES		256,296
NET ASSETS/(LIABILITIES)		11,933,039
EQUITY		
Issued capital	12	12,350,652
Reserves	13	258,270
Accumulated losses		(675,883)
TOTAL EQUITY		11,933,039

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 22 NOVEMBER 2010 TO 30 JUNE 2011

CONSOLIDATED	Ordinary shares $	Options reserve $	Foreign currency translation reserve $	Retained earnings $	Total Equity $
Balance at Incorporation	-	-	-	-	-
Loss for the period	-	-	-	(675,883)	(675,883)
Other comprehensive income/(loss) for the period	-	-	(2,913)	-	(2,913)
Total comprehensive income/(loss) for the period	-	-	(2,913)	(675,883)	(678,796)
Issue of share capital	12,350,652	-	-	-	12,350,652
Share-based payments	-	261,183	-	-	261,183
At 30 June 2011	12,350,652	261,183	(2,913)	(675,883)	11,933,039

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 22 NOVEMBER 2010 TO 30 JUNE 2011

	Notes	2011 $ Inflows/ (Outflows)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Sundry income (inclusive of GST)		2,055
Payments to suppliers and employees (inclusive of GST)		(412,645)
Interest received		71,087
Interest paid		(253)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	14	(339,756)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of plant and equipment		(238,538)
Purchase of intangible assets		(24,337)
Acquisition of subsidiary/investment		(812)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(263,687)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues		13,280,000
Costs of share issue		(942,048)
Loans from related entity - payments made		15,396
Loans from related entity - payments made on behalf of subsidiary		(488)
NET CASH FLOWS FROM FINANCING ACTIVITIES		12,352,860
NET INCREASE IN CASH AND CASH EQUIVALENTS		11,749,417
Net foreign exchange differences		(159)
Cash and cash equivalents at beginning of period		-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	11,749,258

The accompanying notes form part of these financial statements

CORPORATE INFORMATION

The consolidated financial statements of Rift Valley Resources Limited ("the Company") for the period from incorporation on 22 November 2010 to 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 9 September 2011.

Rift Valley Resources Limited (the parent) is a company limited by shares, incorporated in Australia, and whose shares have been publicly traded on the Australian Securities Exchange since 19 May 2011.

The nature of the operations and principal activities of the Company and its subsidiaries ("the Group") are described in the Directors' Report.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, modified, where applicable, by measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars, unless otherwise noted.

As the period 22 November 2010 (date of incorporation) to 30 June 2011 is the Group's first period of operation no comparative figures are provided.

(b) Adoption of new and revised standards

In the period ended 30 June 2011, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after its incorporation on 22 November 2010. It has been determined by the Group that aside from the new and revised Interpretation discussed below, there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to have a significant impact the on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of only those amended accounting standards and interpretations and their future requirements which impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009-11; Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 138, 139, 1023 & 1038 and Interpretations 10 & 121 (applicable for annual reporting periods commencing on or alter 1 January 2013, application date for the Group: 1 July 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has been unable to assess the potential impact on the financial statements in the period of initial application.

  The changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing 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; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on;
  a. the objective of the entity's business model for managing the financial assets; and
  b. the characteristics of the contractual cash flows.

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or alter 1 January 2011, application date for the Group: 1 July 2011)

  Adoption of AASB 2010-4 is likely to result in changes in the way in which the Group discloses financial instruments, other comprehensive income for each component of equity and significant events and transactions. The Group is not involved in the issue of award credits.

  The Group has been unable to assess (as at authorisation of these financial statements) the financial impact of these changes on the Group's financial statements in the period of initial application.

  The changes made to accounting requirements include:

  - Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.
  - Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
  - Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.
  - Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

- AASB 2010-7: Amendments to IFRS 9: Fair Value Option for Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013, application date for the Group: 1 July 2013).

  Adoption of this pending standard is likely to result in changes in the way in which the Group discloses financial liabilities. The Group has been unable to assess (as at authorisation of these financial statements) the financial impact of these changes on the Group's financial statements in the period of initial application.

  The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:

  (a) The change attributable to changes in credit risk are presented in other comprehensive income (OCI)

  (b) The remaining change is presented in profit or loss

  If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Rift Valley Resources Limited and its subsidiary as at 30 June 2011 and for the period 22 November 2010 to 30 June 2011 (“the Group”). The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, unrealised gains and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries has been accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Investments in subsidiaries held by Rift Valley Resources Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest but where they exceed the non-controlling interest in the equity of the relevant subsidiary, the excess, and any further losses attributable to the non-controlling interest, are charged to the group unless the minority has a binding obligation to, and is able to, make good the losses. Where excess losses have been taken up by the group, if the subsidiary in question subsequently reports profits, all such profits are attributed to the group until the minority's share of losses previously absorbed by the group has been recovered

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

(i) Share-based payment transactions:

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using an option pricing model, taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 20.

(ii) Impairment of non-financial assets - intangible computer software and goodwill

The Group assesses impairment on all assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. These include technology and economic environments. If an impairment trigger exists, the recoverable amount of the asset is determined. No impairment has been recognized in respect of goodwill at the end of the reporting period.

This involves value-in-use calculations, which incorporate a number of key estimates and assumptions. are discussed in Note 9.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting judgements and key sources of estimation uncertainty (continued)

(iii) Impairment of financial assets – intra group receivable

In accordance with its accounting policy set out at Note 1(j) below, an impairment assessment is undertaken at financial year end by examining the financial position of controlled entities, their current operations and future prospects to determine whether there is objective evidence that any intra-group loan receivables are impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss. The Tanzanian subsidiary has a net deficit at 30 June 2011 and accordingly management has decided to impair the full amount of the intra-company receivable at that date. This is discussed further at Note 18(c).

(f) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of Services

Geoscientific consulting services are performed by the parent for the Group's controlled entity. Revenue is recognised by reference to the actual labour hours delivered at standard rates and direct expenses incurred.

(ii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iii) Rental revenue

Rental revenue recovered through a sub-lease agreement is accounted for on a straight-line basis over the lease term.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) Trade and other receivables

Trade receivables are generally paid on 30 day settlement terms and are recognised and carried at original invoice amount less an allowance for impairment. Trade receivables are non-interest bearing.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision would be recognised when legal notice has been sent and a reply not received within 120 days.

(i) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit and loss, directly attributable transaction costs.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments and other financial assets (continued)

Recognition and Derecognition
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 are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognizes the asset if it has transferred control of the assets.

(i) Loans and receivables
Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at the transaction price minus principal repayments and minus any allowance for impairment or uncollectability. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. Loans and receivables are included with receivables in current assets in the statement of financial position, except for those with maturities greater than 12 months after balance date, which are classified as non-current. Loans and receivables with maturities greater than 12 months are carried at amortised cost using the effective interest rate method.

(ii) Available-for-sale securities
Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the following categories: financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. After initial recognition available-for-sale securities are measured at fair value with gains or losses 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.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

(iii) Financial assets carried at cost
Investments are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(j) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(k) Foreign currency translation

Both the functional and presentation currency of Rift Valley Resources Limited is Australian dollars. The Tanzanian subsidiary's functional currencies are both the United States Dollar and the Tanzanian Shilling which are translated to the presentation currency.

The financial statements of the Tanzanian controlled entity are presented in United States Dollars (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the controlled entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the controlled entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, assets - other than fixed assets - and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Fixed asset acquisitions and related depreciation are translated at the rate of exchange ruling at the date of each transaction. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

(l) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax (continued)

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 assets 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 balance sheet 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 balance sheet 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 balance 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.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight line and diminishing value methods to allocate the cost of the specific assets over their estimated useful lives. The expected useful lives are detailed in Note 8.

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

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The directors have determined that items of plant and equipment do not generate independent cash inflows and that the business of the Group is, in its entirety, a cash-generating unit. The recoverable amount of plant and equipment is thus determined to be its fair value less costs to sell.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income as an expense.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year the asset is derecognised.

When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(o) Intangible assets and impairment of non-financial assets other than that of goodwill

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The Group does not have any intangible assets with indefinite lives.

(i) Impairment

Intangible assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Intangible assets and impairment of non-financial assets other than that of goodwill (continued)

The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

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 the asset's fair value less costs to sell and 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 when events or changes in circumstances indicate that the impairment may have reversed.

(ii) Derecognition and disposal

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(p) Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates.

Rift Valley Resources Limited performs its impairment testing as at balance date each year using discounted cash flows under the value in use methodology.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(q) Trade and other payables

Trade payables and other payables are carried at the transaction price minus principal repayments. They represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial Liabilities and Equity Instruments

(i) Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

(ii) Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

(iii) Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(iv) Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financially liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

With the exception of a corporate credit card facility, the Group does not have any interest-bearing loans payable. The credit card facility only incurs interest in the event of late payment.

However the parent entity provides interest and non-interest bearing working capital loans to its subsidiary. All such loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Tanzanian subsidiary has a contractual obligation to pay for medical and dental treatment of its employees, at approved hospitals, up to an amount of 5% of monthly salary. These amounts accumulate and any amounts unused after a year of service are paid over to the employee. Accordingly provision is made for such medical expenses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(t) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Employee leave benefits (continued)

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(u) Share-based payment transactions

The Group provides benefits to its directors, employees and consultants (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these 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 an internal valuation using an option pricing model, further details of which are given in Note 20.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Rift Valley Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group’s best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

(v) 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.

(w) Earnings/(loss) per share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Earnings/(loss) per share (continued)

Diluted earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) Exploration expenditure

Exploration expenditure incurred by the Group are expensed as incurred and are classified in the statement of comprehensive income under the expense category "Exploration expenditure".

(y) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred by the Group, at acquisition date and the liabilities incurred by the Group to former owners of the acquiree and the equity issued by the Group, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group 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.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group 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.

(z) Segment reporting

Management has assessed that the Company's reportable business segments under the quantitative criteria set out in AASB 8 Segment Reporting and has determined that no additional operating segments disclosures are required.

AASB 8 requires the 'management approach' to the identification, measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments.

In its adoption of the 'management approach' to segment reporting, the Company has identified that it continues to operate as a minerals explorer in a single reportable business segment, under one segment manager, in one geographical location being Tanzania. The information disclosed in the financial statements is the same information utilised internally by the chief operating decision maker. Accordingly no additional quantitative or qualitative disclosures are required.

(aa) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group’s general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. OTHER REVENUE

	2011 $
Other revenue	7,705
Interest revenue	114,515
	122,220

3. EXPENSES

	2011 $
(a) Employee benefits expense includes:	
Salaries and wages	142,133
Share-based payments expense	177,826
Post-employment benefits expense	17,225
Other employee benefits expense	10,286
	347,470
(b) Depreciation, amortisation and impairment included in statement of comprehensive income	
Depreciation of plant & equipment	12,765
Amortisation of software and leasehold improvements	1,729
Impairment of plant & equipment	10,323
	24,817
(c) Finance costs	
Interest expense – other	253
	253

4. INCOME TAX

	2011 $
(a) Income tax expense	
The major components of income tax expense are:	
Current income tax	
Current income tax charge/(benefit)	-
Adjustments in respect of current income tax of previous years	-
Deferred income tax	
Relating to origination and reversal of temporary differences	-
Income tax expense/(benefit) reported in statement of comprehensive income	-
(b) Amounts charged or credited directly to equity	
Deferred income tax related to items charged or credited directly to equity	-
Income tax expense/(benefit) reported in equity	-

(c) Numerical reconciliation of accounting profit to tax expense

A reconciliation between tax expense and the accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting loss before income tax	(675,883)
At the Group's statutory income tax rate of 30% (2010: 30%)	(202,765)
Share based payments	78,355
Impairment of fixed assets	3,097
Other non-allowable items	1,607
Foreign exchange gains and other translation adjustments	(826)
Other allowable items	(446)
Revenue income not recognised	(9,928)
Capital raising costs	(283,304)
Other deferred tax balances not recognised	414,210
Current income tax charge/(benefit)	-

(d) Unrecognised deferred tax assets and liabilities

The Group has not recognised the following deferred tax balances during the period:

Deferred tax assets	
Unused group tax losses	558,256
Capital raising costs recognised directly in equity	756,610
Provision and accruals	65,834
	1,380,700

The tax benefits of the above deferred tax assets will only be obtained if:

(i) The Company and the controlled entity derive future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(ii) The Company and the controlled entity continue to comply with the conditions for deductibility imposed by law; and
(iii) No changes in income tax legislation adversely affect the Company and the controlled entity in utilising the benefits.

4. INCOME TAX (continued)

(e) Tax losses

The group has Australian revenue tax losses for which no deferred tax asset is recognised on the statement of financial position of $248,578 and similarly Tanzanian revenue tax losses of $309,678 which are available indefinitely for offset against future taxable income subject to continuing to meet the relevant statutory tests.

A deferred tax asset attributable to revenue tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(l) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(l) are satisfied.

(f) Unrecognised temporary differences

As at 30 June 2011, the group has other temporary differences (excluding tax differences relating to tax losses) for which no deferred tax asset is recognised in the statement of financial position of $822,444. None of these unrecognised temporary differences relate to investments in subsidiaries, associates or joint ventures.

(g) Tax consolidation

The group has no Australian subsidiaries and has thus not established a tax consolidated group.

5. EARNINGS/(LOSS) PER SHARE

The following reflects the income used in the basic and diluted earnings per share computations:

(a) Earnings/(losses) used in calculating earnings/(losses) per share

	Consolidated 2011 $
For basic and diluted earnings per share:	
Loss from continuing operations after tax for the year attributable to owners of the parent	(675,883)

(b) Weighted average number of shares

	No. of shares
Weighted average number of ordinary shares for basic and diluted earnings per share	31,340,909

(c) Loss per share (cents per share)

	Cents
Basic loss per share	2.2
Diluted loss per share	2.2

(i) Diluted earnings per share are calculated after classifying all options on issue remaining unconverted at 30 June 2011 as potential ordinary shares. As at 30 June 2011, the Company has on issue 11,750,000 options over unissued capital and has incurred a net loss. As the notional exercise prices of these options is greater than the current market price of the shares, they have not been included in the calculations of the diluted earnings per share as they are anti-dilutive for the period presented.

(ii) There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

6. CASH AND CASH EQUIVALENTS

	Notes	2011 $
Cash at bank and on hand	(i)	4,064,428
Short term bank deposits	(ii)	7,684,830
		11,749,258

(i) Cash at bank is non-interest bearing

(ii) Term Deposits to the value of $60,000 have been provided as set-off security to Bank of Western Australia Limited in respect of a $60,000 corporate credit card facility.

Financing facilities available

Other than an unutilised amount of $58,994 on the aforementioned credit card facility, at balance date, the Company did not have any financing facilities available.

7. CURRENT TRADE AND OTHER RECEIVABLES (current)

		2011
		$
Trade receivables	(i) & (iv)	1,815
Sundry debtors	(ii)	10,648
Accrued income	(iii)	33,093
GST input tax refundable		82,419
Prepayments		72,744
		200,719

(i) Trade receivables are non-interest bearing and are generally paid in advance or on 30 day settlement terms. A provision for impairment loss would be recognised when legal notice has been sent and reply not received in 30 days. No debtors were outside terms at 30 June 2011 and no allowance for impairment losses has been made

At 30 June, the ageing analysis of trade receivables is as follows:

	Total	0-30 days
2011 Consolidated	1,815	1,815

(ii) Sundry debtors are non-interest bearing and represent receivables with various maturities.

(iii) Accrued income comprises interest receivable on call monies and in a term deposits which are only receivable on maturity dates which fall after reporting date.

(iv) Other balances within other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(vi) Fair value and credit risk

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value.

Given the nature of the receivables as detailed above, the Group's exposure to credit risk is not considered to be material. The Group's maximum exposure to credit risk is the carrying value of trade and other receivables.

Collateral is not held as security. Nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

8. PLANT AND EQUIPMENT

	Notes	2011 $
Period ended 30 June 2011		
Computer Equipment		
At incorporation, net of accumulated depreciation		-
Additions		60,588
Depreciation charge for the year		(8,127)
Impairment		(10,323)
Net of accumulated depreciation and impairment		42,138
Plant and Equipment		
At incorporation, net of accumulated depreciation		-
Additions		16,745
Depreciation charge for the year		(2,709)
Net of accumulated depreciation and impairment		14,036
Office Furniture		
At incorporation, net of accumulated depreciation		-
Additions		10,290
Depreciation charge for the year		(1,929)
Net of accumulated depreciation and impairment		8,361
Capital equipment in transit		150,915
Total Plant and equipment		
At incorporation, net of accumulated depreciation		-
Additions		238,538
Depreciation and amortisation charges for the year		(12,765)
Impairment		(10,323)
Net of accumulated depreciation and amortisation		215,450
At 30 June 2011		
Computer equipment at cost		60,588
Accumulated depreciation and impairment		(18,450)
Net carrying amount		42,138
Plant and equipment at cost		16,745
Accumulated depreciation and impairment		(2,709)
Net carrying amount		14,036
Office furniture at cost		10,290
Accumulated depreciation and impairment		(1,929)
Net carrying amount		8,361
Capital equipment in transit		150,915
Total cost		238,538
Accumulated depreciation, amortisation and impairment		(23,088)
Net carrying amount		215,450

(i) The useful life of these assets was estimated as follows for 2011:

Computer equipment and operating software:	2.5 to 4 years
Plant and equipment:	3 to 10 years
Office Furniture:	4 to 15 years

(ii) No assets have been pledged as security for borrowings

9. INTANGIBLE ASSETS AND GOODWILL

	Notes	2011 $
Computer Software and Data Base		
Years ended 30 June		
At incorporation, net of accumulated amortisation		-
Additions		24,915
Amortisation charge for the year		(1,729)
Net of accumulated amortisation and impairment		23,186
At 30 June		
Cost (gross carrying amount)		24,915
Accumulated amortisation and impairment		(1,729)
Net carrying amount		23,186
Goodwill On Acquisition of Subsidiary		
Years ended 30 June		
At incorporation, net of accumulated amortisation		-
Additions		722
Amortisation charge for the year		-
Impairment		-
Net of accumulated amortisation and impairment		722
At 30 June 2011		
Cost (gross carrying amount)		722
Accumulated amortisation and impairment		-
Net carrying amount		722
Total cost		25,637
Accumulated amortisation and impairment		(1,729)
Net carrying amount		23,908

(i) The useful life of intangible software and data base assets was estimated as follows for 2011:

Computer software:	2.5 to 3 years
Data base:	3 years

No provision has been made for the impairment of intangible computer software as the net carrying amount of these assets is reflective of their value in use.

(ii) Goodwill
After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment. Goodwill is allocated to and tested at cash generating unit level. A cash generating unit constitutes both an operating segment and a reportable segment for impairment testing.

10. TRADE AND OTHER PAYABLES (Current)

	Notes	2011 $
Trade payables	(i) to (ii)	148,025
Accrued expenses	(iii)	83,750
Loan payable - related party	(iv)	15,396
		247,171

Terms and conditions:

(i)Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value

(ii)Trade payables are non-interest bearing and are normally settled on 30 day terms.

(iii)Included in accrued expenses at 30 June 2011 are the following amounts payable to related parties, inclusive of GST where applicable which are normally settled within 30 days:

- Murcia Pestell Hillard for professional services $2,778
- Murcia Consulting Pty Ltd for director's fees $9,167
- G Kagaruki for director's fees $5,947
- K McKay for consulting salary and reimbursible travel expenses $31,458
- N McKevitt for office management services $1,394

(iv) On 25 November 2010 and 21 December 2010 funding totalling $15,396 was advanced to the Company by Murcia Pestell Hillard as an initial working capital loan. This loan is interest free, unsecured and is expected to be repaid within 12 months of balance date.

11. PROVISIONS (Current)

Employee entitlements - accumulated annual leave	8,568
Employee entitlements - accumulated medical benefits	557
	9,125

Movement in provisions

	Annual leave	Medical benefits	Total
Balance at incorporation	-	-	-
Additional provisions recognised	8,568	557	9,125
Balance at 30 June 2011	8,568	557	9,125

12. ISSUED CAPITAL

	Notes	2011 $
83,500,000 Ordinary shares	(a)	12,350,652

(a) Ordinary shares

Issued and fully paid		12,350,652

Fully paid ordinary shares carry one vote per share and carry the right to dividends

Movement in ordinary shares on issue

		2011 Number of shares	2011 $
Consolidated Entity			
At start of period		-	-
Add: Share issued on incorporation	(i)	1	1
Shares issued to promoters during the period	(ii)	9,500,000	95,000
Shares issued to a promoter during the period	(iii)	500,000	5,000
Shares issued to promoters during the period	(iv)	2,000,000	20,000
Shares issued to promoters during the period	(v)	8,999,999	674,999
Shares issued during the year under an initial public offering	(vi)	62,500,000	12,500,000
Less: Transaction costs on share issues	(vii)	-	(944,348)
End of period		83,500,000	12,350,652

(i) On 22 November 2010 1 ordinary share was issued at a price of $1 to founding shareholder.
(ii) On 23 December 2010 9,500,000 ordinary shares were issued to promoters at a price of 1 cent per share.

(iii) On 10 January 2011 500,000 ordinary shares issued to a promoter at a price of 1 cent per share.

(iv) On 18 January 2011 2,000,000 ordinary shares were issued to promoters at a price of 1 cent per share.

(v) On 18 February 2011, 8,999,999 ordinary shares were issued at a subscription price of 7.5 cents per share.

(vi) Pursuant to the prospectus dated 25 March 2011, 62,500,000 ordinary shares were issued on 5 May 2011 as a result of an initial public offer of shares which resulted in the Company listing on the Australian Securities Exchange on 19 May 2011.

(vii) The transaction costs represent the costs of all the shares issued as per previous point (vi) above.

(viii) Of the shares issued per points (i) to (v) above, 17,100,018 are subject to escrow as follows:

Period	Number of shares
24 months from date of quotation, 19 May 2011	10,966,265
12 months from date of issue	5,106,268
12 months from date of issue & 24 months voluntary	1,027,500

(b) Capital risk management

When managing capital, management’s objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

12. ISSUED CAPITAL (continued)

In order to maintain or adjust the capital structure, and considering the cost of capital and the risks associated with each class of capital, the Board may, following a review, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2011 and no dividends are expected to be paid in 2012.

There is no current intention to incur debt funding on behalf of the Company.

The Group is not subject to any externally imposed capital requirements.

Management reviews management accounts on a monthly basis and reviews actual expenditures against budget on a quarterly basis.

	Notes	2011 $
13. RESERVES		
Option reserve	(a) & (b)	261,183
Foreign currency translation reserve	(b)	(2,913)
		258,270

(a) Movement in shares under option

	Notes	Exercise price	Issued	On issue at 30 June 2011
Options expiring on 15 February 2014	(a.1)	$0.20	5,875,000	5,875,000
Options expiring on 15 February 2014	(a.1)	$0.25	5,875,000	5,875,000
			11,750,000	11,750,000

(a.1) On 15 February 2011, the Company issued 11,750,000 options to the following:

Directors	8,000,000
Consultants	3,750,000
	11,750,000

(a.2) The options are all subject to escrow as follows:

Period	Tranche 1 options	Tranche 2 options	Total options
24 months from date of quotation, 19 May 2011	4,750,000	4,750,000	9,500,000
12 months from date of issue	375,000	375,000	750,000
12 months from date of issue & 24 months voluntary	750,000	750,000	1,500,000

(b) Nature and purpose of reserves

(b.1) Option reserve

The option reserve records the value of share options issued to the Company's directors and consultants. Refer to Note 20 for details, including assumptions used.

(b.2) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

14. CASH FLOW STATEMENT RECONCILIATION

	Notes	2011 $
(a) Reconciliation of the net loss after tax to net cash flows from operations		
Loss after income tax		(675,883)
Adjustments for:		
Depreciation		12,765
Amortisation of intangible assets		1,729
Impairment of fixed assets		10,323
Share options expensed		261,183
Non-cash exploration expenses		12,700
Net foreign exchange gain		(2,753)
Accrued interest receivable		(43,427)
Changes in assets and liabilities		
Increase in trade and other receivables		(84,549)
Increase in prepayments and bonds		(72,744)
Increase in trade and other payables		231,775
Increase in provisions		9,125
Net cash flow from/(used in) operating activities		(339,756)
(b) Non-cash financing and investing activities		
Settlement of geoscientific consulting services with shares		15,000
(c) Credit card facility		
Credit card facility		60,000
Amount utilised		(1,006)
		58,994

15. SEGMENT REPORTING

The Group operates predominately in the mineral exploration industry in Tanzania. For management purposes, the Group is organised into one main operating segment which involves the exploration for minerals in Tanzania. All of the Group's activities are inter-related and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

16. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The various categories of the consolidated and parent entity's financial instruments and their carrying amounts coincide with the tables below which set out financial instrument exposure to interest rate risk. Accordingly financial instruments are not separately categorised elsewhere.

The main risks arising from the Group's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are either summarised below or disclosed at Note 7 in the case of credit risk and Note 12 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

(a) Cash Flow Interest Rate Risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk. In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

The following tables set out the carrying amount by maturity of the parent entity and Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 5.5% higher or lower with all other variables held constant as a sensitivity analysis.

		Maturity Analysis - Within 1 Year			Interest Rate Risk Sensitivity 2011			
	Notes	Floating Interest Rate	Non-Interest Bearing	Total Carrying Amount = Net Fair Value	-6%		+6%	
		$	$	$	$	$	$	$
		2011	2011	2011	Profit	Equity	Profit	Equity
Financial Assets:								
Cash at bank and on hand	6	-	4,064,428	4,064,428	-	-	-	-
Short-term deposits	6	7,684,830	-	7,684,830	(22,243)	(22,243)	22,243	22,243
Trade and other receivables	7	-	200,719	200,719	-	-	-	-
Total		7,684,830	4,265,147	11,949,977	(22,243)	(22,243)	22,243	22,243
Weighted average interest rate		4.56%						
Financial Liabilities:								
Trade and other payables	10	-	247,171	247,171	-	-	-	-
Total		-	247,171	247,171	-	-	-	-
Weighted average interest rate		-						
Net financial assets (liabilities)		7,684,830	4,017,976	11,702,806	(22,243)	(22,243)	22,243	22,243

16. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

A sensitivity of 5.5% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 5.5% sensitivity would move short term interest rates at 30 June 2011 from around 5.24% representing a 28.8 basis points shift either down to 4.95% or up to 5.53%. This would represent one adjustment which is reasonably possible given conduct of monetary policy by the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are likely to remain flat in the coming period and in the context of a global economic slowdown and financial uncertainty and volatility. However interest rates could move down, in the context of ongoing sovereign debt and budget deficit crises in Europe and related monetary policies adopted by the European and other central banks to stimulate growth. The flow on effect of the global economic slowdown could also contribute to a decline in local interest rates. On the other hand interest rates could rise if the RBA sees core inflation rising above current target.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted, resulting in a decrease or increase in overall income.

Term deposits with a maturity of 12 or less months have been included with short term deposits with floating interest rates**.**

(b) Price risk

The Group is not exposed to equity securities price risk at balance date.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities, and through the continuous monitoring of budgeted and actual cash flows. Further, the Group only invests surplus cash with major financial institutions.

Contracted maturities of payables period ended 30 June 2011:

	2011 $
Payable	
- less than 6 months	247,191
- 6 to 12 months	-
- 1 to 5 years	-
- later than 5 years	-
Total	247,191

Other than a $60,000 corporate credit card facility, the Group has no borrowing facilities.

(b) Commodity Price Risk

The Group is exposed to commodity price risk. This risk arises from its activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The Group does not hedge its exposures.

(c) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by an overseas operation, fluctuations in the US dollar and Tanzanian shilling may impact on the Group's financial results. The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

While the Group does not hedge its foreign exchange risk via hedging instruments such as forward exchange contracts, it purchases and maintains significant holdings of US dollars to limit its exposures to foreign exchange risk.

16. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations, including the parent entity, denominated in currencies other than the functional currency of the Group, that are not designated cash flow hedges:

2011	**Net Financial Assets/(Liabilities) in AUD**			
Consolidated Group	**AUD**	**USD**	**TZS**	**Total AUD**
Functional currency of the entity:				
Australian dollar	N/a	3,871,960	149	3,872,109
US Dollar	82,210	N/a	(65,394)	16,816
	82,210	3,871,960	(65,245)	3,888,925

In respect the above USD foreign currency risk exposures in existence at the balance sheet date a sensitivity of -10% lower and 20% higher, has been applied. This is considered reasonable given USD/AUD movements over the year ended 30 June 2011. With all other variables held constant, post tax loss and equity would have been affected as follows: AUD 790,834 gain AUD 395,417 loss.

(d) Fair values risk

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments, when held. The Group has no financial assets where carrying amount exceeds net fair values at balance date.

17. EXPENDITURE COMMITMENTS

Estimated commitments for which no provisions were included in the financial statements are as follows:

(a) Exploration Expenditure Commitments:

	2011
	$
Under nine Tanzanian Government exploration licences:	
Payable	
- not later than one year	382,593
- later than one year and not later than five years	493,924
	876,517

During the period to 30 June 2011 a further seven Tanzanian Government exploration licences were applied for by the Company, of which two were granted on 15 July 2011. In the event that all these applications are successful, a total commitment of $1,100,000 could eventuate.

All the exploration expenditure commitments are non-binding, in respect of outstanding expenditure commitments, in that the Company has the option to relinquish and lose these licences or its contractual commitments at any stage, at the cost of its cumulative expenditures up to the point of relinquishment.

(b) Operating Lease Commitments

The Group has entered into commercial property and equipment leases. These leases have an average life of between 44 and 48 months with an option to renew for a further 60 months on the property lease. There are no restrictions placed upon the lessee by entering into these leases.

Payable	
- not later than one year	94,481
- later than one year and not later than five years	213,683
	308,164

18. RELATED PARTY DISCLOSURE

(a) Ultimate parent

Rift Valley Resources Limited is the ultimate Australian parent entity and the ultimate parent of the Group.

(b) Subsidiaries

The consolidated financial statements include the financial statements of Rift Valley Resources Limited and the subsidiary listed in the following table. The financial year of the controlled entity is the same as that of Rift Valley Resources Limited.

Name	*Nature of investment*	*Country of incorporation*	*% Equity interest 2011*	*Investment $ 2011*
Rift Valley Resources Tanzania Limited	Ordinary shares	Tanzania	100%	812
				812

Note - one share in the subsidiary is beneficially held for the Company on trust by Mr D Murcia, a director of the Company. This structure is necessary because Tanzanian law requires that a company have at least two shareholders. The other 99 shares are held by Rift Valley Resources directly.

(c) Transactions with related parties

The following table provides the total amount of transactions (GST inclusive where GST applies) entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to Note 10):

	Notes	2011 $
Transactions with controlled entity		
Working capital advances to controlled entity		299,688
Expenses paid on behalf of controlled entity		23,293
Geoscientific consulting fees charged to controlled entity		104,580
Reimbursible expenses on-charged to controlled entity		50,198
Interest charged on loan to controlled entity		5,001
Purchase of goods and services from related entities		
Rental of offices	(i)	(23,086)
Purchase of legal services	(i)	(95,810)
Costs associated with purchase of subsidiary	(i)	(1,309)
Purchase of geoscientific services	(ii)	(40,491)
Directors services	(iii)	(11,559)
Purchase of office management and accounting services	(iv)	(4,457)
Payment of post-employment benefits	(v)	(8,969)
Loans from related parties		
Initial working capital advance	(vi)	15,388

18. RELATED PARTY DISCLOSURE (continued)

(c) Transactions with related parties (continued)

		2011
Amounts owed by controlled entity		**$**
Subsidiary		
Rift Valley Resources (Tanzania) Limited		482,760
Provision for impairment	(vii)	(482,760)
		-

Equity transactions

Further to the Company's IPO Prospectus Offer of shares (at 20 cents per share) to the public, A McKevitt, a relative of a director Mr M McKevitt acquired 10,000 shares. These shares acquired through the Prospectus Offer were subject to the same terms as the other shares issued pursuant to that Prospectus.

Material contract

A director of the Company, Mr Kagaruki is a partner in the partnership of GL Josue & JB Joel of Dar es Salaam, Tanzania. GL Josue & JB Joel has agreed to transfer its interest in a Tenement to the Company, subject to the Tenement being granted by the Tanzanian Government, for a consideration of USD 40,943 comprising: total initial cost of USD 11,955, representing reimbursement of all costs incurred by the licensee with the Ministry and the first instalment of a purchase price, with the balance of the purchase price payable in instalments of USD5,000, USD6,000 & USD7,000 over a period of 3 years. An additional contingent payment of USD 100,000 is to be made upon a decision to mine on the Tenement and a 1.5% net smelter royalty (up to a maximum of $500,000) will also apply.

Payment of these amounts will be way of an equivalent amount of shares in the Company. The number shares will be calculated by converting the cash amount into A$ on the payment date and dividing the resulting figure by the weighted average price of the ordinary shares in the Company over the previous 7 days. Any shares issued within 2 years of the Company's listing will be subject to the restricted securities requirements and shareholder approval in accordance with ASX listing rules

The terms of the acquisition agreement are consistent with the terms agreed with third parties.

Notes:

(i) These services were provided by Murcia Pestell Hillard ("MPH"), an entity associated with a director of the Company Mr D Murcia, at arm's length on 30 day terms and normal conditions. The subsidiary was acquired through MPH from MPH Resources Pty Ltd for $812 with a $497 expense reimbursement which was charged back to the subsidiary.

(ii) These services were provided by Interactive Earth Imaging, an entity associated with a director of the Company Mr G Kagaruki, at arm's length on 30 day terms and normal conditions, except for an amount of $15,000 settled by way of a share issue, refer to Note 14.

(iii) These services were provided by Murcia Consulting Pty Ltd, a company associated with a director of the Company Mr D Murcia, at arm's length on 30 day terms and normal conditions.

(iv) These services were provided by N McKevitt, a relative of a director Mr M McKevitt.

(v) During the period, a director Mr K McKay, elected to take all his director's fees as post-employment benefits - superannuation. These amounts have been, or will be paid, to McKay Family Superannuation Fund, a trust of which Mr McKay and his wife are trustees, inclusive of superannuation guarantee contributions.

(vi) These funds were advanced by Murcia Pestell Hillard an entity associated with a director of the Company Mr D Murcia. Refer to Note 10 for terms.

(vii) Loan to controlled entity Rift Valley Resources is unsecured and has no fixed terms of repayment. It bears interest at the rate of 7.4% per annum. An impairment assessment is undertaken at financial year end by examining the financial position of the controlled entity, its current operations and future prospects to determine whether there is objective evidence that the loan receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss. The Tanzanian subsidiary has a net deficit at 30 June 2011 and accordingly management has decided to impair the full amount of the intra-company receivable at that date.

Refer to Note 19 for transactions involving directors and key management personnel.

19. DIRECTORS AND KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The names of the Company's directors and executives in office at any time during the financial period are as follows. Directors were in office for the entire period unless otherwise stated:

(i) Directors

D M Murcia*	Chairman (non-executive) - appointed 22 November 2010
M B F McKevitt*	Managing Director - appointed 18 February 2011
K G McKay	Director (non-executive) - appointed 18 February 2011
G J Kagaruki*	Director (non-executive) - appointed 18 February 2011
E C Hillard	Director (non-executive) - appointed 22 November 2010, resigned 18 February 2011
G A Pestell	Director (non-executive) - appointed 22 November 2010, resigned 18 February 2011

(ii) Executives

Rowan Caren	Company Secretary - appointed 18 February 2011
G S Doig	Chief Financial Officer – appointed 1 April 2011

* = Also directors of controlled entity Rift Valley Resources (Tanzania) Ltd

Subsequent to reporting date, on 15 August 2011 Mr D G Pindolia was appointed as a non-executive director. Besides this appointment, there were no other changes in directorships or key management personnel up to the date the financial report was authorised for issue.

(b) Compensation by category of Key Management Personnel for the period ended 30 June 2011

	2011 $
Short-term employee benefits	139,850
Short-term consulting fees	57,995
Post-employment benefits	16,909
Share-based payments	194,497
Total Compensation	409,251

Rift Valley Resources Limited has applied the option under Corporations Amendments Regulation 2006 to transfer KMP remuneration disclosures required by AASB 124 Related Party Disclosures paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' report. These transferred disclosures have been audited.

(c) Compensation Option holdings of Key Management Personnel - Unlisted (Consolidated)

Details of options granted to key management personnel during the period are as follows:

	Balance at incorporation	Granted as remuneration	Options Exercised	Net change other	Balance at the end of the period	Vested and exercisable at 30 June 2011
Directors						
D M Murcia	-	3,500,000	-	-	3,500,000	3,500,000
M B F McKevitt	-	2,000,000	-	-	2,000,000	2,000,000
K G McKay	-	1,000,000	-	-	1,000,000	1,000,000
G J Kagaruki	-	1,500,000	-	-	1,500,000	1,500,000
	-	8,000,000	-	-	8,000,000	8,000,000
Executives						
R S Caren	-	750,000	-	-	750,000	750,000
	-	750,000	-	-	750,000	750,000

Refer to Notes 13 and 20 for details of the options' terms, conditions and valuation.

19. DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

(d) Shares issued on Exercise of Compensation Options (Consolidated)

No options were exercised by key management personnel during the period.

(e) Shareholdings of Key Management Personnel (Consolidated)

The movement during the reporting period in the number of ordinary shares of Rift Valley Resources Limited held directly, indirectly or beneficially, by each specified director and each specified executive, including their personally related entities is as follows:

	Balance at the start of the period	Granted as remuneration	On exercise of options	Acquired	Net change other	Balance at 30 June 2011
Directors						
D M Murcia	-	-	-	1,750,000	1,750,000	1,750,000
M B F McKevitt*	-	-	-	1,000,000	1,000,000	1,000,000
K G McKay	-	-	-	1,000,000	1,000,000	1,000,000
G J Kagaruki	-	-	-	1,500,000	1,500,000	1,500,000
	-	-	-	5,250,000	5,250,000	5,250,000
Executives						
R S Caren	-	-	-	156,250	156,250	156,250
	-	-	-	156,250	156,250	156,250

The ordinary shares acquired by directors and executives during the year were from a subscription to various issues of promoter shares during over the period 23 December 2010 to 18 February 2011. (Refer to note 12 above).

(f) Loans to Key Management Personnel (Consolidated)

No loans have been provided to key management personnel during the year.

(g) Other transactions and balances with Key Management Personnel

All transactions involving key management personnel that occurred during the period are listed at Note 18.

20. SHARE BASED PAYMENT PLANS

(a) Recognised share-based payments expenses

	2011 $
Expense arising from equity-settled share-based payment transactions – directors	177,826
Expense arising from equity-settled share-based payment transactions – consultants	83,357
	261,183

20. SHARE BASED PAYMENT PLANS (continued)

(b) Summaries of options granted

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	Consolidated	
	2011 No. of options	**2011 Weighted average exercise price**
Outstanding at incorporation	-	-
Granted during the period	11,750,000	22.5 cents
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	11,750,000	22.5 cents
Exercisable at the end of the period	11,750,000	22.5 cents

The outstanding balance as at 30 June 2010 and range of exercise prices at that date is represented by:

- 5,875,000 unlisted options over ordinary shares with an exercise price of 20 cents each, exercisable on or before 15 February 2014;
- 5,875,000 unlisted options over ordinary shares with an exercise price of 25 cents each, exercisable on or before 15 February 2014.

The fair value of the unlisted options granted on 15 February 2011 was calculated using the Black-Scholes option valuation model, by the Company, taking into account the terms and conditions upon which the options were granted and based upon the following inputs:

	Tranche 1	**Tranche 2**
Exercise price	20 cents	25 cents
Options expiry date	15 February 2014	15 February 2014
Life of the options	3 years	3 years
Underlying share price	7.5 cents	7.5 cents
Expected share price volatility	100%	100%
Risk free interest rate	5.07%	5.07%
Value per option	2.3 cents	2.1 cents
Discount factor	30%	30%
Escrow periods	Refer Note 13	Refer Note 13
Expected dividend yield	0%	0%

All options vested fully upon grant date and were valued and fully expensed on that date.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. A discount of 30% was applied given the non-listed status of the options, transfer restrictions and the fact that there was a risk at the date the options were granted that the Company would not achieve a stock exchange listing. No other features of options granted were incorporated into the measurement of fair value.

20. SHARE BASED PAYMENT PLANS (continued)

(c) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 2.63 years

(d) Weighted average fair value

The weighted average fair value of the directors and consultants options granted on 15 February 2011 was $261,183 (approximately 2.2 cents per options).

(e) Weighted average share price

The weighted average price per share during the period was $0.178.

21. AUDITORS' REMUNERATION

	2011
	$
The auditor of Rift Valley Resources Limited is Maxim Audit	
Amounts received or due and receivable for:	
- an audit or review of the financial report of the entity and its controlled entity	14,000
	14,000
Amounts received or due and receivable by related practices of Maxim Audit for:	
- preparation of an independent accountant's report in relation to initial public offering (capitalised to costs of share issue)	7,480
	7,480

22. INFORMATION RELATING TO RIFT VALLEY RESOURCES LIMITED ("The Parent Entity")

	2011 $
ASSETS	
Current Assets	11,833,417
Non-current Assets	84,471
TOTAL ASSETS	11,917,888
LIABILITIES	
Current Liabilities	154,950
TOTAL LIABILITIES	154,950
NET ASSETS	11,762,938
EQUITY	
Issued Capital	12,350,652
Reserves	261,183
Accumulated Losses	(848,897)
TOTAL EQUITY	11,762,938
Loss of the parent entity	(848,897)
Total comprehensive loss of the parent entity	(848,897)

Contingent liabilities of the parent entity: Nil

Commitments for the acquisition of property, plant and equipment by the parent entity: Nil

23. BUSINESS COMBINATIONS

Acquisition of Rift Valley Resources (Tanzania) Limited

On 22 February 2011, the Company acquired the Company acquired 99% of the shares in Rift Valley Resources (Tanzania) Limited ("RVRT"), an unlisted company incorporated in Tanzania, from MPH Resources Pty Ltd (ACN 074 019 202) for the consideration of USD 812, being the cost to MPH Resources Pty Ltd of setting up RVR Tanzania and a reimbursement of expenses. On the same date Mr Didier Murcia executed a trust deed pursuant to which he holds the other share in RVR Tanzania on trust for the Company. This structure is necessary because Tanzanian law requires that a company have at least 2 shareholders. RVRT which was incorporated on 28 April 2008, had not previously traded and its only property was geoscientific data it had previously purchased.

There were no other costs associated with the combination. The combination has been accounted for in the consolidated financial statements according to the acquisition method based on the carrying value of net assets. The net assets (both identifiable and unidentifiable) of RVRT are USD 303. Fair value of RVRTwas determined to be USD 92, which resulted in goodwill of USD 720.

From the date of acquisition, RVRT incurred a loss of AUD 309,678 prior to effecting consolidation adjustments.

There were no contingent liabilities. All expenditure commitments for RVRT are disclosed at Note 17.

24. EXPLORATION EXPENDITURE

	Notes	2011 $
Balance at incorporation		-
Expenditure incurred during the period*		115,533
Tenement acquisition costs		63,959
		179,492
Total expenditure written-off		(179,492)
Closing balance		-

* salaries and related expenditure paid to exploration staff are categorised separately in the Statement of Comprehensive Income under Employment Benefits Expense

25. EVENTS AFTER THE BALANCE SHEET DATE

On 15 July 2011, two Tanzanian Government exploration licences were granted. They had previously been applied for by the Company's subsidiary during the period ended 30 June 2011.

On 15 August 2011, Mr D Pindolia was appointed as a director of the Company.

Other than the above, there have been no matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' declaration

1. In the opinion of the directors:

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

      (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2011 and of their performance for the period from 22 November 2010 to 30 June 2011; and

      (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001;

      (iii) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

   b) 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 period from 22 November to 30 June 2011.

This declaration is signed in accordance with a resolution of the Board of Directors.

Michael McKevitt

Mike McKevitt
Managing Director

9th September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIFT VALLEY RESOURCES LIMITED AND CONTROLLED ENTITY

Report on the Financial Report

We have audited the accompanying financial report of Rift Valley Resources Limited (the company) and Rift Valley Resources Limited and Controlled Entity (the consolidated entity), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 22 November 2010 to 30 June 2011, 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 entity it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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 (IFRS).

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 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 control 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 control. 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 confirm that the independence declaration required by the *Corporations Act 2001*, which have been given to the directors of Rift Valley Resources Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

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Auditor's Opinion

In our opinion:

(a) the financial report of Rift Valley Resources Limited and Rift Valley Resources Limited and Controlled Entity is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2011 and of their performance for the period 22 November 2010 to 30 June 2011; and

 (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 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 5 to 8 of the director's report for the period 22 November 2010 to 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion the remuneration report of Rift Valley Resources Limited for the period 22 November 2010 to 30 June 2011 complies with s 300A of the *Corporations Act 2001*.

Maxim Audit

MAXIM AUDIT
Chartered Accountants

M A Lester
Perth W.A.
Dated this 9th day of September 2011

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ASX ADDITIONAL INFORMATION

DISTRIBUTION OF EQUITY SECURITIES

The distribution of members and their holdings of fully paid ordinary shares and listed options as at 6 September 2011 were as follows:

Shares held	No. of Shareholders
1 – 1,000	3
1,001 – 5,000	28
5,001 – 10,000	38
10,001 – 100,000	283
100,001 and over	172
Total	**524**

Less than Marketable Parcel	Min Parcel size	Holders	Units
Shares	3,448	19	36,279

RESTRICTED SECURITIES

Restriction Type	Number of Securities	Class of Security	Restriction End Date
ASX	10,966,250	ORD	18,05.2013
ASX	5,106,268	ORD	17.02.2012
ASX &Voluntary	1,027,500	ORD	18.05.2013
ASX	4,750,000	Options 15.02.2014 @ 20c	18.05.2013
ASX	375,000	Options 15.02.2014 @ 20c	17.02.2012
ASX & Voluntary	750,000	Options 15.02.2014 @ 20c	18.05.2013
ASX	4,750,000	Options 15.02.2014 @ 25c	18.05.2013
ASX	750,000	Options 15.02.2014 @ 25c	17.02.2012
ASX & Voluntary	1,500,000	Options 15.02.2014 @ 25c	18.05.2013

TWENTY LARGEST SHARE SECURITY HOLDERS

The names of the 20 largest holders of fully paid ordinary shares as at 6 September 2011 are listed below:

Name	Number of Shares	Percentage
HSBC Custody Nominees	3,250,000	3.89%
Macquarie Bank Ltd	2,500,000	2.99%
Westoria Resources Inv Ltd	2,000,000	2.40%
ABN Amro Clearing Sydney	1,751,815	2.10%
Tohei P/L	1,750,000	2.10%
Zelman P/L	1,500,000	1.80%
Darpan Pindolia	1,500,000	1.80%
Basscott P/L	1,500,000	1.80%
Gosbert Kagaruki	1,500,000	1.80%
EC & SJ Hillard	1,250,000	1.50%
GA & B Pestell	1,250,000	1.50%
M Squared Nominees P/L	1,250,000	1.50%
Lomacott P/L	1,250,000	1.50%
GA Pestell	1,150,000	1.38%
NG Pakes	1,150,000	1.38%
Clodene P/L	1,080,000	1.29%
Bond Street Custodians P/L	1,012,925	1.21%
Black Peak Holdings P/L	1,000,000	1.20%
Michael McKevitt	1,000,000	1.20%
KG & SP McKay	1,000,000	1.20%
	29,644,740	**35.54%**

The names of any holder of unlisted options (exercisable at 20 cents on or before 15 February 2014) holding 20% or more of the class of unlisted options, as at 6 September 2011 are listed below:

Name	Number of Options	Percentage
Digrevni Investments P/L	1,750,000	30%

The names of any holder of unlisted options (exercisable at 25 cents on or before 15 February 2014) holding 20% or more of the class of unlisted options, as at 6 September2011 are listed below:

Name	Number of Options	Percentage
Digrevni Investments P/L	1,750,000	30%

SUBSTANTIAL SHAREHOLDERS

The Company's Register of Substantial Shareholders, prepared in accordance with Chapter 6C of the Corporations Act 2001, did not show any substantial shareholders as at 6 September 2011.

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.

COMPANY SECRETARY

The Company Secretary is Mr Rowan Caren.

MINERAL TENEMENTS

All of the Company's mineral tenements are in Tanzania through 100% owned subsidiary, Rift Valley Resources (Tanzania) Limited.

Project Area	Tenement	Rift Valley Interest
MIYABI	PL5048	100%
CHIBANGO	PL5737	100%
KASABUYA	PL6023	100%
NYASIRI	PL6077	100%
MAMBARI	PL6105	100%
BUHEMBA SOUTH EAST	PL6217	100%
KANEGELE	PL6623	100%
GOLDEN PRIDE NORTH	PL6701	100%
SUGUTI*	PL7140	100%
SARAMA**	PL7141	100%
SUNGWA	HQ-P17001	100%
NYAMAGOMA	PL6389	100%
GOLDEN PRIDE SOUTH	HQ-P22762	100%
KABANGA WEST	HQ-P20249	100%
MWENENE	HQ-P22518	100%
MWENENE SOUTH EAST	HQ-P23114	100%

**Was application number HQ-P21677 granted subsequent to 30 June 2011*

***Was application number HQ-P19437 granted subsequent to 30 June 2011*

CONSISTENCY OF EXPENDITURE WITH BUSINESS OBJECTIVES

The Company was listed on 19 May 2011. The Company's use of the cash and assets that it had at the time of admission to quotation on ASX has been consistent with its business objectives as set out in the Company's Prospectus dated 25 March 2011.