



**RIFT VALLEY
RESOURCES LIMITED**

ABN 88 147 483 341

VOTE IN FAVOUR

The Directors of Rift Valley Resources Limited unanimously recommend that you vote in favour of the proposed merger in the absence of a superior offer and on the basis that the Independent Expert maintains its opinion that the Schemes are in the best interests of the RFV Shareholders and RFV Optionholders.

PROPOSED MERGER

SCHEME BOOKLET

in relation to the proposed merger between Rift Valley Resources Limited and Bright Star Resources Limited (ACN 121 985 395).
This Scheme Booklet is dated 14 May 2012.



Important Notice

Associated With Court Order Under Subsection 411(1) Of Corporations Act 2001 (Cth)

The fact that under subsection 411(1) of the Corporations Act 2001 (Cth) the Court has ordered that 3 meetings of security holders of Rift Valley Resources Limited be convened and has approved the explanatory statement required to accompany the notices of those meetings does not mean that the Court:

- has formed any view as to the merits of the proposed schemes or as to how members or optionholders should vote (on this matter, members and optionholders must reach their own decision); or
- has prepared, or is responsible for the content of, the explanatory statement.

Important Notes and Statements

Purpose of the Scheme Booklet

This Scheme Booklet explains the merger between Rift Valley Resources Limited (RFV) and Bright Star Resources Limited (BrightStar). In particular, it explains the effect of the Schemes between:

- Rift Valley Resources Limited and the RFV Shareholders;
- Rift Valley Resources Limited and the RFV \$0.20 Optionholders;
- Rift Valley Resources Limited and the RFV \$0.25 Optionholders,

and provides information which may be relevant to the decision of RFV Shareholders and RFV Optionholders to approve the Schemes, as well as other information in relation to each of the Schemes that applies to their securities, as required by the Corporations Act, the Corporations Regulations and ASIC regulatory guides.

Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements approved at a meeting resulting from an order under section 411(1) of the Corporations Act. Accordingly, the Scheme Booklet is not a prospectus or disclosure document under Chapter 6D of the Corporation Act.

RFV Shareholders and RFV Optionholders should read the entire Scheme Booklet before making any decisions about whether or not to vote in favour of any of the Schemes.

Regulatory Information

This Scheme Booklet is the Explanatory Statement required under Part 5.1 of the Corporations Act between Rift Valley Resources Limited, and RFV Shareholders and RFV Optionholders for the purposes

of section 411(1) of the Corporations Act.

A copy of this Scheme Booklet has been registered with ASIC in accordance with section 412(6) of the Corporations Act. RFV has asked ASIC to provide a statement pursuant to section 411(17) stating that ASIC has no objection to the Schemes. ASIC takes no responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with the Court to obtain an order of the Court approving the convening of the Scheme Meetings. Orders made by the Court pursuant to section 411(1) of the Corporations Act convening the Scheme Meetings to approve the Schemes do not constitute an endorsement by the Court of, or any expression of opinion on, the Schemes.

A copy of this Scheme Booklet has been lodged with the ASX. The ASX takes no responsibility for the contents of this Scheme Booklet.

Responsibility for Contents

Information contained in this Scheme Booklet concerning RFV and its Related Bodies Corporate, including financial information and information regarding the intentions of the RFV Board, has been provided by RFV and is the responsibility of RFV. BrightStar does not assume any responsibility for the accuracy or completeness of that information.

Information contained in Section 11 of this Scheme Booklet concerning BrightStar and its Related Bodies Corporate, including financial information and information regarding the intentions of the BrightStar Board, has been provided by BrightStar and is the responsibility of Bright Star Resources Limited. RFV does not assume any responsibility for the accuracy or completeness of that information.

Information in Section 8 of this Scheme Booklet concerning the Merged Entity has been prepared jointly by BrightStar and RFV based on Information provided by both BrightStar and RFV. BrightStar takes no responsibility for the information provided by RFV for that purpose, and RFV takes no responsibility for the information provided by BrightStar for that purpose.

BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045) prepared the Independent Expert Report in relation to the Schemes and takes responsibility for that report.

Trustworth Attorneys prepared the Independent Solicitor's Report and takes responsibility for that report.

Forward-Looking Statements

This Scheme Booklet may include various statements about the future. Statements other than statements of historical fact may be forward looking statements. RFV Shareholders and RFV Optionholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of RFV. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward looking statement.

The statements contained in this Scheme Booklet reflect the views held as of the date of the Scheme Booklet.

None of RFV or Bright Star Resources Limited, the officers of those companies, any person named in this Scheme Booklet with their consent, or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the accuracy

or likelihood of fulfilment of any results, values, performance or achievements, express or implied, in any forward looking statement, except to the extent required by law.

No Investment Advice

This Scheme Booklet does not take into account the individual circumstances or investment objectives of RFV Shareholders and RFV Optionholders. Information contained in this Scheme Booklet should not be relied upon as the sole basis for any personal decision in relation to the proposed Schemes. RFV Shareholders and RFV Optionholders are encouraged to seek their own independent financial and taxation advice before making any decision regarding their RFV Shares and RFV Options.

Ineligible Foreign Shareholders and Optionholders

This Scheme Booklet complies with the disclosure requirements of Australia. Other countries may have different legislative and regulatory disclosure requirements.

Neither this Scheme Booklet nor the Schemes constitute, or are intended to constitute, an offer of securities in any place in which, or to any person to whom, the making of such an offer would not be lawful under the laws of a jurisdiction outside Australia. If this Scheme Booklet is distributed in New Zealand it is being distributed under the Securities Act (Overseas Companies) Exemption Notice 2002.

RFV Shareholders and RFV Optionholders who are not residents of Australia or New Zealand should refer to Section 12.8 of this Scheme Booklet for further information.

Privacy

Personal information may be collected by RFV and BrightStar in the process of implementing the Schemes. This information may include the name, contact details and securities holdings of RFV Shareholders and RFV Optionholders, and the names of individuals appointed to act as proxy or corporate representative by RFV Shareholders or RFV Optionholders at the Scheme Meetings. The primary purpose for collecting this personal information is to assist RFV and BrightStar to conduct the Scheme Meetings and implement the Schemes.

Any personal information collected may be disclosed to BrightStar and RFV's respective share registries, advisors, print and mail service provider and related bodies to the extent necessary to effect the Schemes.

RFV Shareholders and RFV Optionholders are entitled under section 173 of the Corporations Act to inspect and obtain copies of personal information collected. RFV Shareholders and RFV Optionholders should contact the Registry in the first instance if they wish to access their personal information. RFV Shareholders and RFV Optionholders should inform their personal representative, proxy or attorney of these matters.

Glossary

Capitalised terms are defined in the Glossary contained in Section 15 of this Scheme Booklet or elsewhere in this Scheme Booklet. The documents reproduced in some of the Appendices to this Scheme Booklet each have their own defined terms which are sometimes different from those in the Glossary.

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KEY DATES AND EVENTS

Deadline for receipt of Proxy Forms for RFV Share Scheme Meeting and RFV Option Scheme Meetings	10:00am on 16 June 2012
Record date for determining entitlement to vote at the RFV Share Scheme Meeting and RFV Option Scheme Meetings	10:00am on 16 June 2012
RFV Share Scheme Meeting to be held at 10:00am	18 June 2012
RFV \$0.20 Option Scheme Meeting to be held at 10:30am If the resolutions considered at the preceding Scheme Meeting are approved by RFV Shareholders	18 June 2012
RFV \$0.25 Option Scheme Meeting to be held at 10:45am If the resolutions considered at the preceding Scheme Meetings are approved by RFV Shareholders and RFV \$0.20 Optionholders	18 June 2012
Suspension of trading in RFV Shares	19 June 2012
RFV notifies ASX of intention to lodge court order with ASIC on 21 June 2012	20 June 2012
Court hearing to approve the RFV Share Scheme, the RFV \$0.20 Option Scheme, and the RFV \$0.25 Option Scheme	20 June 2012
RFV Lodges court order with ASIC and tells ASX	21 June 2012
Effective Date of RFV Share Scheme, RFV \$0.20 Option Scheme and RFV \$0.25 Option Scheme	21 June 2012
Commencement of trading in new BrightStar Shares on deferred settlement basis on the ASX	22 June 2012
Scheme Record Date for determining entitlements to Scheme Consideration	5:00pm on 25 June 2012
Implementation Date Transfer of RFV Shares to Bright Star Resources Limited and issue of BrightStar Shares to RFV Shareholders RFV \$0.20 Options cancelled by RFV and BrightStar \$0.20 Options issued to RFV \$0.20 Optionholders RFV \$0.25 Options cancelled by RFV and BrightStar \$0.25 Options issued to RFV \$0.25 Optionholders	28 June 2012
BrightStar sends notice of holdings to each new BrightStar shareholder and optionholder	29 June 2012
Commencement of despatch of holding statements for BrightStar Shares and despatch of BrightStar option certificates	29 June 2012
Last day of trading in new BrightStar Shares on deferred settlement basis on the ASX	29 June 2012
Commencement of trading in new BrightStar Shares on the ASX on a normal settlement basis	2 July 2012

1 MESSAGE FROM THE CHAIRMAN OF RIFT VALLEY RESOURCES LIMITED



14 May 2012

Dear Rift Valley Shareholders and Rift Valley Optionholders,

It is with great pleasure that I present to you the opportunity to participate in the creation of an exciting new gold exploration company through the merger of Rift Valley Resources Limited (**Rift Valley or RFV**) and Bright Star Resources Limited (**BrightStar**).

Background

On 23 January 2012, RFV announced its proposal to merge with BrightStar, which is to be implemented by three separate, but interdependent, schemes of arrangement (the Schemes) one in relation to RFV Shares (RFV Share Scheme), one in relation to RFV \$0.20 Options and one in relation to RFV \$0.25 Options (together, the Option Schemes).

In order for the Schemes to proceed, the separate Schemes require, amongst other things, approval from the relevant RFV Shareholders and Optionholders. The Scheme Meetings have been convened for this purpose and will be held on 18 June 2012 at 10:00am.

Under the RFV Share Scheme, each RFV Shareholder will receive 1.25 new BrightStar Shares for each RFV Share held on the RFV Share Scheme Record Date (subject to rounding). Under the RFV \$0.20 Option Scheme, each RFV \$0.20 Optionholder will receive 1.25 new BrightStar \$0.20 Options for each RFV \$0.20 Option held on the RFV \$0.20 Option Scheme Record Date (subject to rounding). Under the \$0.25 Option Scheme, each RFV \$0.25 Optionholder will receive 1.25 new BrightStar \$0.25 Options for each RFV \$0.25 Option held on the RFV \$0.25 Option Scheme Record Date (subject to rounding).

If the Schemes are successfully implemented:

- BrightStar will acquire all the shares in RFV and RFV will become a subsidiary of BrightStar, which will become the Merged Entity;
- RFV will be delisted;
- RFV will convert to a proprietary limited company;
- BrightStar's shareholders will be asked to resolve to change the Merged Entity's name to Rift Valley Resources Limited after the companies have merged;
- Michael McKeivitt will join the Board of the Merged Entity as Managing Director and Gosbert Kagaruki and Keith McKay will join the Merged Entity Board as non-executive directors. I will also be joining the Merged Entity Board as Chairman. Warren Gilmour and Graeme Clatworthy will resign from the Merged Entity Board;
- Following implementation of the Schemes, the Merged Entity will have an interest in or will be in the process of earning an interest in approximately 482,500oz (Inferred Mineral Resource) at a 0.5g/t cut off and 277,500oz (Indicated Mineral Resources) at a 0.5g/t cut off (for a total of 760,000oz of gold (attributable) at a 0.5g/t cut off) at the two key projects of Kitongo and Miyabi in addition to a pipeline of exploration projects in Tanzania, and approximately \$11 million in available funds to be used by the Merged Entity to develop its assets.

Rift Valley Directors' recommendation

The RFV Directors unanimously recommend that you vote in favour of the Schemes, in the absence of a Superior Proposal. In addition, in the absence of a Superior Proposal, each RFV Director who holds or controls the voting rights attached to RFV Shares or RFV Options intends to vote those shares

or options, or procure that those shares or options are voted, in favour of the relevant Scheme.

Between them, the RFV Directors control 6.3% of the RFV Shares, 68% of the RFV \$0.20 Options and 68% of the RFV \$0.25 Options.

Benefit of the Schemes

Your Board's recommendation to vote in favour of the Schemes is based on the ability of RFV Shareholders and RFV Optionholders to participate in the benefits resulting from the combination with BrightStar. The Schemes will:

- Create a substantially larger gold explorer listed on the ASX;
- Provide a platform to build a significant Tanzania focused gold company;
- Combine complementary management and operational teams, each with a track record of shareholder value creation; and
- Be likely to result in increased stock market appeal through enhanced scale, market presence and liquidity.

Further details concerning the RFV Directors' recommendation are set out in Section 7 of this Scheme Booklet.

Independent Expert

The RFV Board commissioned BDO Corporate Finance (WA) Pty Ltd to prepare an Independent Expert's Report on the Schemes. The Independent Expert has concluded that the Schemes are, in the absence of a Superior Proposal, not fair but reasonable and in the best interests of RFV Shareholders and RFV Optionholders, respectively. A copy of the Independent Expert's Report is set out in Appendix 1 to this Scheme Booklet. I encourage you

to read the Independent Expert's Report before voting on the Scheme relevant to you.

Next Steps and Scheme Meetings

Your vote is important in determining whether or not the Schemes proceed. I encourage you to read this Scheme Booklet carefully as it contains important information in relation to the Schemes and will assist you in making an informed decision. In particular, there are certain risks that you would be exposed to as a BrightStar Shareholder which are described in Section 9 of this Scheme Booklet. Please also consider consulting your financial, legal or other professional advisor.

The Notice of Meeting for the Scheme Meeting relevant to you accompanies this Scheme Booklet. If you wish the Schemes to proceed, it is important that you vote in favour of the resolution at the Scheme Meeting relevant to you.

The RFV Share Scheme Meeting has been convened for 10:00am on 18 June 2012 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

The RFV \$0.20 Option Scheme Meeting has been convened for 10:30am on 18 June 2012 at The Celtic Club, 48 Ord Street, West Perth, Western Australia or as soon thereafter as the RFV Share Scheme Meeting is concluded.

The RFV \$0.25 Option Scheme Meeting has been convened for 10:45am on 18 June 2012 at The Celtic Club, 48 Ord Street, West Perth, Western Australia or as soon thereafter as the RFV \$0.20 Option Scheme Meeting is concluded.

If you are unable to attend the Scheme Meeting relevant to you, you can vote by completing and returning the Proxy Form by 10:00am on 16 June 2012 in accordance with the instructions set out on the Proxy Form.

Further details on how you can vote at the Scheme Meeting relevant to you are set out in Sections 2.10 and 2.11 of this Scheme Booklet.

Further Information

If, after reading the Scheme Booklet, you have any questions about the Schemes, please call the RFV offices on +61 (8) 9200 4404 between 9.00 and 5.00pm (AWST), Monday to Friday.

On behalf of the RFV Board, thank you for your support of RFV. Your vote is important and I look forward to seeing you at the Scheme Meetings on 18 June 2012.

Yours sincerely



Didier Murcia

Chairman

Rift Valley Resources Limited

2 OVERVIEW



2.1 Background

On 23 January 2012 RFV and BrightStar jointly announced an intention to merge their businesses. On 22 January 2012, RFV and BrightStar signed a Merger Implementation Agreement governing how the Merger would proceed. The key terms of the Merger Implementation Agreement (as amended on 29 February and 2 April 2012), are set out in this Section.

2.2 What is the proposal?

The proposal is to create a new gold exploration company through a merger of Rift Valley Resources Limited (Rift Valley or RFV) and Bright Star Resources Limited (BrightStar).

The number of new BrightStar Shares each RFV Shareholder or RFV Optionholder will be entitled to as the Schemes' Consideration is the number of RFV shares or RFV Options they hold on the Record Date, multiplied by 1.25. Therefore, each RFV Shareholder or RFV Optionholder will know the number of BrightStar Shares or BrightStar Options they will receive before voting on the Scheme relevant to them. If the Schemes are not approved the Merger will not occur and RFV will continue as a standalone entity.

2.3 What is this document?

This document (Scheme Booklet) contains information about the proposed Merger. It also provides you, as a RFV Shareholder or an RFV Optionholder, with information to consider before voting on the resolution to approve the Scheme relevant to you at the Scheme Meetings scheduled to be held at 10:00am (Perth time) on 18 June 2012.

2.4 What are the conditions to the Merger?

Implementation of the Scheme is conditional upon various matters including the following:

- approval of the RFV Share Scheme by the requisite majority of RFV Shareholders at their Scheme Meeting;
- approval of the RFV \$0.20 Option Scheme by the requisite majority of RFV \$0.20 Optionholders at their Scheme Meeting;
- approval of the RFV \$0.25 Option Scheme by the requisite majority of RFV \$0.25 Optionholders at their Scheme Meeting;
- the making of orders by the Court approving each of the Schemes under section 411(4)(b) and section 411(6) of the Corporations Act; and
- the Scheme becoming effective by no later than the End Date.

Further conditions are listed in the summary of the Merger Implementation Agreement (as varied) in Section 12.1 and 12.2 of this Scheme Booklet.

As at the date of this Scheme Booklet, the RFV Board is not aware of any circumstances which would cause a condition of the Schemes not to be satisfied.

2.5 The Scheme is in the best interests of Rift Valley Shareholders and Optionholders

The RFV Directors unanimously recommend that you vote in favour of the Scheme relevant to you, in the absence of a Superior Proposal.

The Independent Expert has concluded that, on balance, the advantages of the Merger outweigh the disadvantages of the Merger and that the Merger is not fair but reasonable and in the best interests of RFV Shareholders and RFV Optionholders. A copy of the Independent Expert's Report is attached as Appendix 1.

You should consider the risks set out in Section 9 before you decide how to vote at the Scheme Meetings.

2.6 Your vote is important

For the Schemes to be implemented, it is necessary that the requisite majority (as set out in Section 2.7) of RFV Shareholders and RFV Optionholders vote in favour of passing the resolution to approve each Scheme at the relevant Scheme Meeting. The Scheme Meetings will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia. The RFV Share Scheme Meeting will commence at 10:00am (Perth time) on 18 June 2012. Subject to the completion of the preceding Scheme Meeting, the RFV \$0.20 Option Scheme Meeting will commence at 10:30am (Perth time) on 18 June 2012 and – subject to the completion of the preceding Scheme Meetings - the RFV \$0.25 Option Scheme Meeting will commence at 10:45am (Perth time) on 18 June 2012, or as soon thereafter as the preceding meeting has concluded.

2.7 Approval requirements – Requisite Majority

To pass the resolution approving each Scheme, votes in favour of the Scheme must be cast at the relevant Scheme Meeting by:

- In the case of the RFV Share Scheme Meeting:
 - unless the court orders otherwise, more than 50% of RFV Shareholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
 - at least 75% of the total number of votes cast by RFV Shareholders entitled to vote on that resolution.
- In the case of each of the RFV Option Scheme Meetings:
 - more than 50% of the relevant class of RFV Optionholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative) whose options in aggregate are at least 75% by value of all options in that class of options.

Voting at each Scheme Meeting will be by poll rather than by show of hands. The

Notice of each Scheme Meeting is set out in Appendix 7 of this Booklet.

2.8 Entitlement to vote

RFV Shareholders and RFV Optionholders who are registered by the share registry at 10:00am (Perth time) on 16 June 2012 may attend and vote at their relevant Scheme Meeting. Registrable transfers or transmission applications received after that time will be disregarded in determining entitlements to vote at the Scheme Meetings.

2.9 What you should do next

Step 1: Read this Booklet in full

You should read and carefully consider the information included in this Scheme Booklet to help you make an informed decision in relation to your RFV Shares and RFV Options and on how to vote in relation to the Schemes. If you have any doubt as to what action you should take, you should promptly consult your financial, legal, taxation or other professional advisor.

Step 2: Vote on the Scheme

As either a RFV Shareholder or RFV Optionholder, it is your right to vote on whether the Schemes on which you are entitled to vote should be approved, and therefore whether the Merger should proceed. You should note that the Schemes are subject to the Scheme Conditions. Even if each Scheme is approved at each of the Scheme Meetings, it is possible that the Merger will not proceed if the other Scheme Conditions have not been satisfied.

2.10 Scheme Meeting

RFV Shareholders and RFV Optionholders as at 10:00am Perth time on 16 June 2012 are entitled to vote on the Scheme relevant to their RFV securities. You can vote:

- in person by attending the relevant Scheme Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia;

- by proxy using the Proxy Form that was sent to you with this Scheme Booklet;
- by power of attorney; or
- by corporate representative (if the RFV Shareholder or RFV Optionholder is a company).

If you wish to vote FOR the Scheme by proxy you should place an 'X' in the 'FOR' box on the Proxy Form.

You must return your completed Proxy Form by 10:00am on 16 June 2012 to ensure it is valid.

2.11 Address for return of voting forms or Proxy Forms

RFV Shareholders and RFV Optionholders should mail (using the enclosed reply paid envelope) or fax their completed Proxy Form or power of attorney to Security Transfer Registrars Pty Ltd at the following address or fax number:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953

Fax: 08 9315 2233 (from within Australia)

Fax: +61 8 9315 2233 (from outside Australia)

no later than 10:00am (Perth time) on 16 June 2012. Any Proxy Form received after that time will not be valid.

2.12 For further information

If you have any questions after reading this Booklet, please call Rift Valley on +61 8 9200 4404 between 9.00 am and 5.00pm (Perth Time) Monday to Friday

3 INFORMATION FOR RFV SHAREHOLDERS

3.1 Why You Should Vote In Favour Of The RFV Share Scheme

This Section should be read in conjunction with Section 3.2 of the Scheme Booklet, which contains a summary of the potential disadvantages associated with the Schemes, and Section 5 of this Scheme Booklet, which sets out other relevant considerations.

3.1.1 The Share Scheme is unanimously recommended by the RFV Board

After carefully considering the advantages and disadvantages of the RFV Share Scheme for RFV Shareholders (including the matters set out in this section and Section 5) each of the RFV Directors believe that the RFV Share Scheme is in the best interests of RFV Shareholders. The RFV Directors unanimously recommend that RFV Shareholders vote in favour of the RFV Share Scheme at the RFV Share Scheme Meeting, in the absence of a Superior Proposal.

Each RFV Director who holds or controls the voting rights attached to RFV Shares intends to vote those shares, or procure that those shares are voted, in favour of the RFV Share Scheme, in the absence of a Superior Proposal.

Between them, the RFV Directors control 6.3% of the RFV Shares (Figure 1). Further details about the interests of the RFV Directors in RFV Shares are detailed in Section 14.9 of this Scheme Booklet.

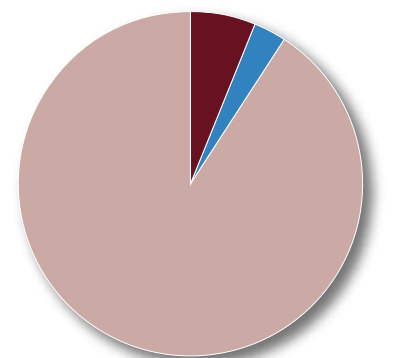


Figure 1 - Current Rift Valley shareholder register

Although the RFV Directors acknowledge that there are reasons to vote against the RFV Share Scheme, they believe that the advantages of the RFV Share Scheme significantly outweigh the disadvantages.

3.1.2 Independent Expert's conclusion

BDO Corporate Finance (WA) Pty Ltd was commissioned by the RFV Board as the Independent Expert to assess the merits of the Schemes. The Independent Expert's Report is set out in Appendix 1 to this Scheme Booklet. It contains BDO's evaluation of the RFV Share Scheme, the RFV \$0.20 Option Scheme, and the RFV \$0.25 Option Scheme, and sets out the Independent Expert's opinion and conclusions on each of the Schemes.

Announcement Date), the RFV Share Scheme Consideration implied a value of \$0.163 per RFV Share, representing a:

- 71.1% premium to the closing price of \$0.095 per RFV Share on the ASX on the last trading day before the Announcement Date;
- 71.1% premium to the five-day VWAP of \$0.095 per RFV Share on the ASX on the last trading day before the Announcement Date; and
- 62.6% premium to the 30-day VWAP of \$0.100 per RFV Share on the ASX on the last trading day before the Announcement Date.

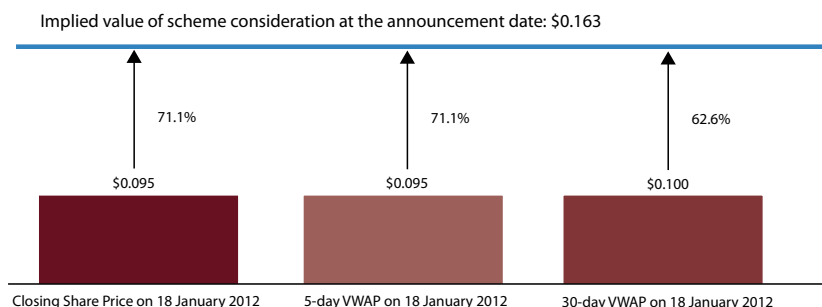


Figure 2 - Implied Value of RFV Shares at 18 January 2012

The Independent Expert has considered the terms of the Schemes as outlined in the body of this report and has concluded that, in the absence of a Superior Proposal, the RFV Share Scheme is not fair but reasonable to RFV Shareholders.

Overall, the Independent Expert has concluded that the RFV Share Scheme is not fair but reasonable and in the best interests of RFV Shareholders and there are sufficient reasons for RFV Shareholders to vote in favour of the RFV Share Scheme, in the absence of any higher bid.

3.1.3 RFV Share Scheme Consideration represents a premium

Based on the offer of 1.25 BrightStar Shares per RFV Share and the BrightStar closing price of \$0.13 on 18 January 2012 (being the last trading day before the

RFV Shareholders should note that the implied value of the RFV Share Scheme Consideration will change from time to time based on movements in the BrightStar Share price. Based on the closing BrightStar Share price on the ASX of \$0.09 on 11 May 2012, being the latest practicable date prior to the finalisation of this Scheme Booklet, the implied value of the RFV Share Scheme Consideration was \$0.1125 per RFV Share.

As the following chart illustrates, the implied value of the RFV Share Scheme Consideration of 16.3 cents per RFV Share on the Announcement Date, is in excess of the value at which RFV Shares had traded over the preceding five months.

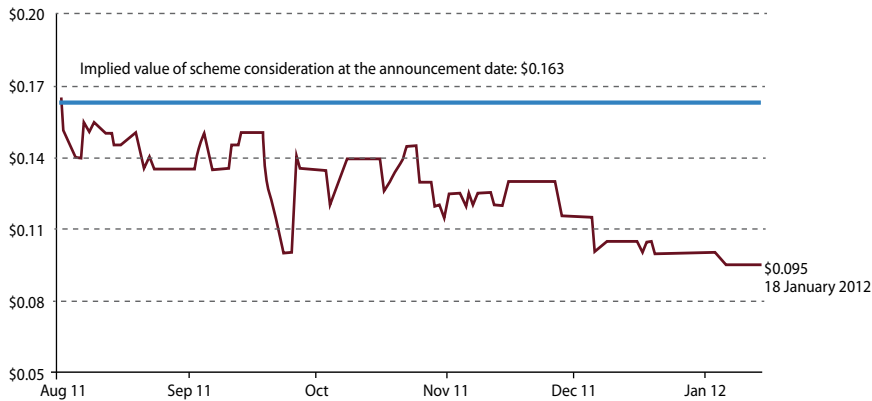


Figure 3 - RFV Share price for the 5 months prior to the Announcement Date.

3.1.4 The ability to participate in the benefits resulting from the Merged Entity

RFV Shareholders will receive BrightStar Shares as their RFV Share Scheme Consideration and will consequently have the ability to participate in the benefits resulting from the Merged Entity.

Detailed below are some of the benefits which RFV has identified from the merger with Bright Star Resources Limited.

3.1.5 Combination of BrightStar projects and RFV cash

As a result of the successful implementation of the Schemes the Merged Entity will have:

- A pro forma, (fully diluted) market capitalisation of approximately \$25.8 million based on the closing price of BrightStar on 11 May 2012, being the last trading day before printing of this Scheme Booklet;
- Cash reserves of approximately \$11 million which can be deployed on the Merged Entity's projects; and
- An interest in, or will have the right to earn an interest in approximately 482,500oz (Inferred Mineral Resource) at a 0.5g/t cut off and 277,500oz (Indicated Mineral Resources) at a 0.5g/t cut off (for a total of 760,000oz of gold (attributable) at a 0.5g/t cut off) after BrightStar has earned a 75% interest in the Miyabi joint venture project, at the two key projects of Kitongo and Miyabi, both of which require ongoing cash expenditures in order to proceed with development of those projects.

3.1.6 Growth diversification

The RFV Share Scheme provides RFV Shareholders with the benefits of a larger and more diversified portfolio of assets, while retaining exposure to RFV's pipeline of exploration projects.

The Schemes will create an enhanced exploration portfolio with a strong focus in Tanzania:

- BrightStar has two projects in Tanzania with a resource estimate of 482,500oz (Inferred Mineral Resource) at a 0.5g/t cut off and 277,500oz (Indicated Mineral Resources) at a 0.5g/t cut off (for a total of 760,000oz of gold (attributable) at a 0.5g/t cut off) after BrightStar has earned a 75% interest in the Miyabi joint venture project, and excellent exploration targets on these projects.
- BrightStar has two projects in Tanzania with a resource estimate of 482,500oz (Inferred Mineral Resource) at a 0.5g/t cut off and 277,500oz (Indicated Mineral Resources) at a 0.5g/t cut off (for a total of 760,000oz of gold (attributable) at a 0.5g/t cut off) after BrightStar has earned a 75% interest in the Miyabi joint venture project, and excellent exploration targets on these projects.

3.1.7 Optionality in the development of projects

The Merged Entity will have access to a larger more diverse resource base including significant gold resources at Kitongo and Miyabi. This will allow the Merged Entity the choice to develop the highest priority project depending upon which one is assessed as being most

beneficial for shareholders at any time. This optionality reduces development risk and provides greater opportunity for the Merged Entity to maximise value for shareholders of the Merged Entity.

3.1.8 Increased scale

The Merged Entity will have combined resources of 482,500oz (Inferred Mineral Resource) at a 0.5g/t cut off and 277,500oz (Indicated Mineral Resources) at a 0.5g/t cut off (for a total of 760,000oz of gold (attributable) at a 0.5g/t cut off) after BrightStar has earned a 75% interest in the Miyabi joint venture project.

Based on the last closing price of BrightStar on the last trading day before printing of this Scheme Booklet the Merged Entity had a pro forma, (fully diluted) market capitalisation of approximately \$25.8 million. A larger market capitalisation gives the Merged Entity greater visibility to investors and the ability to consider other corporate transactions.

Greater size is expected to have benefits for the Merged Entity, including greater access to additional sources of capital in the equity and debt markets over time. It is also expected that the Merged Entity will receive more analyst coverage and broker attention than currently received by RFV, which will enhance the profile of the Merged Entity and make it more visible to the investment community.

These advantages would be expected to benefit Merged Entity Shareholders through a reduced cost of capital (and enhanced financial performance) and by creating a greater level of demand for the shares of the Merged Entity. The Merged Entity will seek to increase the defined mineral resource estimate at the Kitongo and Miyabi projects and commence drilling at a number of RFV's identified exploration targets.

3.1.9 Combination of highly experienced and complementary

management and operational teams

Upon Implementation of the Schemes, RFV's existing Chairman, Didier Murcia, will become non-executive Chairman and RFV's existing Managing Director, Mike McKevitt, will become Managing Director of the Merged Entity. Geoff Gilmour and Paul Payne will continue as executive Directors of the Merged Entity. In addition, RFV's non-executive directors, Keith McKay and Gosbert Kagaruki, will be appointed to the Merged Entity's Board.

The Merged Entity will combine complementary management and geological teams which will have the technical capabilities to drive the future growth of the Merged Entity. The combination of the particular skill sets from each of the RFV and BrightStar Boards and management teams will ensure that the Merged Entity is well placed to meet operational and strategic challenges. For further information about the experience and qualifications of the Merged Board and management please refer to Section 8.3.

Concentrating the commercial and technical expertise of the respective teams is likely to benefit Merged Entity Shareholders through an informed and prudent strategic direction as well as a sound technical approach to the development of the Merged Entity's projects.

In particular, RFV's in-country relationships will complement BrightStar's projects.

Upon implementation of the Schemes, the Merged Entity will seek the approval of its shareholders to change the Merged Entity's name to Rift Valley Resources Limited, in order to capitalise on the reputation built by RFV in Tanzania.

3.1.10 Potential availability of capital gains tax scrip for

scrip roll-over relief for RFV Shareholders

Generally, CGT roll-over relief will enable Australian tax resident RFV Shareholders who receive BrightStar Shares under the RFV Share Scheme to defer any CGT liability they would otherwise incur on any gains on the disposal of their RFV Shares under the RFV Share Scheme until the time they dispose of those BrightStar Shares.

See Section 13 of this Scheme Booklet for further details on Australian taxation considerations for RFV Shareholders, including the availability of CGT roll-over relief.

The RFV Directors recommend that RFV Shareholders obtain their own taxation advice that takes into account their own personal circumstances.

3.1.11 If the Schemes do not proceed, and no alternative proposal emerges, the RFV Share price may fall

In order for this merger by way of schemes of arrangement to proceed each of the three classes of members: RFV Shareholders, RFV \$0.20 Optionholders, and RFV \$0.25 Optionholders, must approve their separate Schemes at their respective Scheme Meetings. If one of the Scheme Meetings does not approve the scheme of arrangement put to it, the Court does not approve one of the Schemes, or the Merger Implementation Agreement is terminated, then none of the Schemes will be implemented.

If the Schemes are not implemented, RFV Shareholders will not receive the Share Scheme Consideration but will retain their RFV Shares, which will continue to be quoted on the ASX. RFV will remain a standalone entity.

If the Schemes are not implemented, RFV Directors expect that the RFV Share price would be likely to trade below current trading levels (although it is difficult to predict the RFV Share price movement with any degree of certainty).

It is possible that if the Schemes are not approved, then RFV's share price may

decline back to pre-announcement levels.

3.2 Reasons You May Decide Not To Vote In Favour Of The Share Scheme

This Section summarises the potential disadvantages to RFV Shareholders if the Schemes are successfully implemented.

The RFV Directors consider that the potential disadvantages are outweighed by the advantages that arise from the implementation of the Schemes and that, in the absence of a Superior Proposal, the RFV Share Scheme is in the best interests of RFV Shareholders.

3.2.1 Change in risk and investment profile

While RFV and BrightStar are mineral resource explorers, the operational profile, capital structure, size and geography of the Merged Entity will be different from that of RFV on a standalone basis.

If the Schemes are implemented, RFV will become part of the Merged Entity and RFV Shareholders will become BrightStar Shareholders. As a result, RFV Shareholders will be exposed to new risks relating to BrightStar's projects including, but not limited to:

- At the Kitongo project there have been issues relating to illegal artisanal mining activity and social displacement issues and a risk remains that some illegal miners may return to the site (see Sections 9.2.2 and 11.12.2 for more details);
- To earn its interest at Miyabi there are risks associated with minimum expenditures in the joint venture agreement with African Eagle Resources Plc and Twigg Gold Limited and in relation to rights over Prospecting Licences (see Section 5.5 and 9.2.1 for further details); and
- To earn its interest at Miyabi there are risks associated with minimum expenditures in the joint venture agreement with African Eagle Resources Plc and Twigg Gold Limited and in relation to rights over

Prospecting Licences (see Section 5.5 and 9.2.1 for further details); and

For further details on risks see Section 9 of this Scheme Booklet.

It is possible that certain RFV Shareholders may wish to maintain an interest in RFV as a standalone entity because they are seeking an investment in a listed company with the specific characteristics and investments focus of RFV. Implementation of the RFV Share Scheme may represent a disadvantage for RFV Shareholders who do not want a change in investment profile.

3.2.2 RFV Shareholders will no longer have 100% economic interests in RFV

If the RFV Share Scheme is implemented, RFV Shareholders will no longer be Shareholders of RFV. RFV Shareholders will become part of the enlarged shareholder base of the Merged Entity and will have a reduced interest in the business of, and reduced influence over, RFV. Following implementation of the RFV Share Scheme, RFV Shareholders will hold approximately 36.5% of the ordinary shares issued in BrightStar.

3.2.3 You might disagree with the recommendation of the RFV Directors and the conclusion of the Independent Expert

The RFV Directors have had regard to the considerations set out in Sections 3 and 5 of this Scheme Booklet in recommending that RFV Shareholders vote in favour of the RFV Share Scheme. The Independent Expert has concluded that the RFV Share Scheme is, in the absence of a Superior Proposal, not fair but reasonable and in the best interests of RFV Shareholders. However, you may hold a different view and are not obliged to follow the recommendation of the RFV Directors or to agree with the conclusions of the Independent Expert.

3.2.4 RFV Shareholders may consider that the time is not yet right

for the RFV Schemes

RFV Shareholders may consider that RFV should continue to develop its existing asset portfolio and consider acquisitions before looking to secure a combination with another mineral resource explorer.

3.2.5 A Superior Proposal for RFV may yet emerge

It is possible that a Superior Proposal for RFV, which is more attractive for RFV Shareholders than the RFV Share Scheme, may materialise in the future. The implementation of the Schemes would mean that RFV Shareholders would not obtain the benefit of any such Superior Proposal.

The RFV Board is not currently aware of any Superior Proposal and notes that, since the Announcement Date, there has been a significant period of time for RFV to receive an alternative proposal which could provide a different outcome for RFV Shareholders.

3.2.6 Potential uncertainty in the value of the RFV Share Scheme Consideration

The exact value of the Share Scheme Consideration that would be realised by RFV Shareholders on implementation of the Schemes is not certain because it will be dependent on the price at which BrightStar Shares traded on or about the Implementation Date.

Following implementation of the Schemes, the price of BrightStar Shares received as Share Scheme Consideration may rise or fall depending on the market conditions and other risk factors affecting relevant markets.

If the price of BrightStar Shares falls, the value of the BrightStar Shares received by RFV Shareholders as Share Scheme Consideration will decline in value. Accordingly, there is no guarantee that RFV Shareholders will realise the implied value of the Share Scheme Consideration. Refer to Section 3.1.3 for further details.

3.2.7 Individual taxation consequences

Implementation of the RFV Share Scheme may have varying tax consequences for RFV Shareholders depending on their specific circumstances. Further information on the Australian tax consequences of the RFV Share Scheme for certain RFV Shareholders is outlined in Section 13 of this Scheme Booklet. RFV Shareholders who are Australian resident taxpayers are expected to be eligible to receive CGT roll-over relief on the disposal of RFV Shares pursuant to the RFV Share Scheme but RFV Shareholders should consult their own professional tax advisor regarding the tax consequences applicable in their specific circumstances.

4 INFORMATION FOR RFV OPTIONHOLDERS

4.1 Why You Should Vote In Favour Of The RFV Option Schemes

This Section should be read in conjunction with Section 4.2 of this Scheme Booklet, which contains a summary of the potential disadvantages associated with the Schemes, and with Section 5 of this Scheme Booklet which sets out other relevant considerations.

4.1.1 The Option Schemes are unanimously recommended by the RFV Board

The RFV Directors believe that the RFV Option Schemes are in the best interests of the RFV Optionholders and unanimously recommend that:

- RFV \$0.20 Optionholders vote in favour of the RFV \$0.20 Option Scheme at the relevant Scheme Meeting, in the absence of a Superior Proposal; and
- RFV \$0.25 Optionholders vote in favour of the RFV \$0.25 Option Scheme at the relevant Scheme Meeting, in the absence of a Superior Proposal.

Each RFV Director who holds or controls the voting rights attached to RFV \$0.20 Options intends to vote those options, or procure that those options are voted, in favour of the RFV \$0.20 Option Scheme, in the absence of a Superior Proposal.

Each RFV Director who holds or controls the voting rights attached to RFV \$0.25 Options intends to vote those options, or procure that those options are voted, in favour of the RFV \$0.25 Option Scheme, in the absence of a Superior Proposal.

Between them, the RFV Directors control 68% of the RFV \$0.20 Options and 68% of the RFV \$0.25 Options. Further details about the interests of the RFV Directors in RFV Options are detailed in Section 14.9 of this Scheme Booklet.

Although the RFV Directors acknowledge that there are reasons to vote against the RFV Option Schemes, they believe that the advantages of the RFV Option Schemes significantly outweigh the disadvantages.

4.1.2 Independent Expert's conclusion

BDO Corporate Finance (WA) Pty Ltd was commissioned by the RFV Board as the Independent Expert to assess the merits of the Schemes. The Independent Expert's Report is set out in Appendix 1 to this Scheme Booklet. It contains BDO's evaluation of the RFV Share Scheme, the RFV \$0.20 Option Scheme, and the RFV \$0.25 Option Scheme, and sets out the Independent Expert's opinion and conclusions on each of the Schemes.

The Independent Expert has concluded that, in the absence of a Superior Proposal, the RFV Option Schemes are not fair but reasonable to RFV Optionholders. Overall, the Independent Expert has concluded that there are sufficient reasons for RFV Optionholders to vote in favour of the relevant RFV Option Scheme in the absence of any higher bid and that the RFV Option Schemes are not fair but reasonable and in the best interest of RFV Optionholders.

4.1.3 The ability to participate in the benefits resulting from the Merged Entity

If the Schemes are implemented, RFV Optionholders will hold the relevant BrightStar Options. Those BrightStar Options will entitle them to receive BrightStar Shares on exercise of their BrightStar Options. As a result the RFV Option Schemes give RFV Optionholders the potential ability to participate in the benefits that will arise from the Merged Entity. Those benefits are described in this Section.

4.1.4 Implications if the Option Schemes do not proceed

In order for this merger by way of schemes of arrangement to proceed each of the three classes of holders: RFV Shareholders, RFV \$0.20 Optionholders, and RFV \$0.25 Optionholders, must approve their separate schemes at their respective Scheme Meetings. If one of the Scheme Meetings does not approve the scheme of arrangement put to it, the Court does not approve one of the Schemes, or the Merger Implementation Agreement is terminated, then none of the Schemes will

be implemented.

If the Schemes are not implemented, RFV Optionholders will not receive the Option Scheme Consideration but will retain their RFV Options. RFV will remain a standalone entity.

If the Schemes are not implemented, RFV Directors expect that the RFV Share price would be likely to trade below current trading levels (although it is difficult to predict the RFV Share price movement with any degree of certainty), and as a result the value of the RFV \$0.20 Options and the RFV \$0.25 Options may decrease.

4.2 Reasons You May Decide Not To Vote In Favour Of The Option Schemes

This section summarises the potential disadvantages to RFV Optionholders if the Schemes are successfully implemented.

The RFV Directors consider that these potential disadvantages are outweighed by the advantages that arise from the implementation of the Schemes and that, in the absence of a Superior Proposal, the RFV Option Schemes are in the best interests of RFV Optionholders.

4.2.1 Change in risk profile and risks of investment

While RFV and BrightStar are mineral resource explorers, the operational profile, capital structure, size and geography of the Merged Entity will be different from that of RFV on a standalone basis.

If the Schemes are implemented, RFV will become part of the Merged Entity and RFV Optionholders will become BrightStar Optionholders. As a result, RFV Optionholders will be exposed to new risks relating to BrightStar's projects including, but not limited to:

- At the Kitongo project there have been issues relating to illegal artisanal mining activity and social displacement issues, and a risk remains that some illegal miners may return to the site (see Section 9.2.12 for more details);

- To earn its interest at Miyabi there are risks associated with minimum expenditures in the joint venture agreement with African Eagle Resource Plc and Twigg Gold Limited and in relation to rights over Prospecting Licences (see Section 5.5 and 9.2.1 for further details); and
- Risks associated with the renewal of licences and permits apply to both projects. These are standard risks in the mining industry.

For further details on risks see Section 9 of this Scheme Booklet.

It is possible that certain RFV Optionholders may wish to maintain their contingent interest in RFV as a standalone entity because they are seeking an investment in a listed company with the specific characteristics and investments focus of RFV. Implementation of the RFV Option Schemes may represent a disadvantage for RFV Optionholders who do not want a change in investment profile.

4.2.2 RFV Optionholders will have a smaller potential interest in BrightStar

If the RFV Schemes are implemented, RFV Shareholders will become part of the enlarged shareholder base of the Merged Entity and will hold approximately 36.5% of the ordinary shares issued in BrightStar. As a result RFV Shareholders will have a reduced interest in the business of, and reduced influence over, RFV. RFV Optionholders will be similarly affected and the number of the BrightStar Shares that an RFV Optionholder would hold on exercise of their BrightStar Options will represent a smaller proportion of the BrightStar Shares on issue than the proportion of the RFV Shares that an RFV Optionholder will hold as a result of the exercise of their RFV Options.

4.2.3 You might disagree with the recommendation of the RFV Directors and the conclusion of the Independent Expert

The RFV Directors have had regard to the considerations set out in Sections 4 and 5 of this Scheme Booklet in recommending that RFV Optionholders vote in favour of the RFV Option Schemes. The Independent Expert has concluded that each of the RFV Option Schemes is, in the absence of a Superior Proposal, not fair but reasonable and in the best interests of the relevant RFV Optionholders. However, you may hold a different view and are not obliged to follow the recommendation of the RFV Directors or to agree with the conclusions of the Independent Expert.

4.2.4 RFV Optionholders may consider that the time is not yet right for the RFV Schemes

RFV Optionholders may consider that RFV should continue to develop its existing asset portfolio and consider acquisitions before looking to secure a combination with another mineral resource explorer.

4.2.5 A Superior Proposal for RFV may yet emerge

It is possible that a Superior Proposal for RFV, which is more attractive for RFV Optionholders than the RFV Option Schemes, may materialise in the future. The implementation of the Schemes would mean that RFV Optionholders would not obtain the benefit of any such Superior Proposal.

The RFV Board is not currently aware of any Superior Proposal and notes that, since the Announcement Date, there has been a significant period of time for an alternative proposal for RFV to emerge, which could provide a different outcome for RFV Optionholders.

4.2.6 Potential uncertainty in the value of the RFV Option Schemes' Consideration

The exact value of the Option Schemes' Consideration that would be realised by RFV Optionholders on implementation of the RFV Option Schemes is not certain because it will be dependent on the price at which BrightStar Shares traded on or about the Implementation Date.

Following implementation of the Schemes, the value of BrightStar Options received as Option Scheme Consideration may rise or fall depending on the market conditions and other risk factors affecting relevant markets.

If the price of a BrightStar Share falls, the value of a BrightStar Option received by an RFV Optionholder as Option Scheme Consideration will decline in value. Accordingly, there is no guarantee that RFV Optionholders will realise the implied value of the Option Scheme Consideration.

4.2.7 Individual taxation consequences

Implementation of the RFV Option Schemes may have varying tax consequences for RFV Optionholders depending on their specific circumstances. Further information on the Australian tax consequences of the RFV Option Schemes for certain RFV Optionholders is outlined in Section 13 of this Scheme Booklet. RFV Optionholders who are Australian resident taxpayers are expected to be eligible to receive CGT roll-over relief on the disposal of RFV Options pursuant to the RFV Option Schemes.

However, RFV Optionholders should consult their own professional tax advisor regarding the tax consequences applicable in their specific circumstances.

5 OTHER INFORMATION FOR RFV SHAREHOLDERS AND RFV OPTIONHOLDERS

In deciding whether to vote in favour of the RFV Share Scheme or the RFV Option Schemes, RFV Shareholders and RFV Optionholders should also take into account the following considerations.

5.1 The Schemes may be implemented even if you do not vote, or you vote against the Scheme relevant to you

Even if you do not vote, or you vote against the Scheme relevant to you, the Schemes may still be implemented if they are approved by the requisite majorities of RFV Shareholders and RFV Optionholders and by the Court.

If this occurs and you are an RFV Shareholder, the RFV Shares that are registered in your name on the Record Date will be transferred to BrightStar and you will receive the RFV Share Scheme Consideration even though you did not vote on, or voted against, the RFV Share Scheme.

If you are an RFV Optionholder, the RFV Options that are registered in your name on the Record Date will be cancelled and you will receive the Option Scheme Consideration even though you did not vote on, or voted against, the particular RFV Option Scheme.

5.2 Conditionality of the Schemes

There are a number of conditions precedent which must be satisfied or waived prior to the RFV Share Scheme and RFV Option Schemes being implemented. Full details of these conditions are provided in Section 12.2 of this Scheme Booklet.

As at the date of this Scheme Booklet, RFV and BrightStar are not aware of any circumstances which would cause the outstanding conditions precedent not to be satisfied.

5.3 Break fees

RFV has agreed to pay a break fee of A\$100,000 to BrightStar if:

- A majority of RFV Directors withdraw their recommendation to vote in favour of the Schemes (except where the Independent Expert's Report

concludes that the RFV Share Scheme is not in the best interests of RFV Shareholders); or

- RFV is in breach of the Merger Implementation Agreement as a result of a material failure by RFV to comply with a material obligation or material condition within the control of RFV that leads to:
 - the Court failing to approve the Schemes, or
 - the Effective Date not occurring prior to 20 July 2012.

The circumstances in which the break fee is payable are set out in the Merger Implementation Agreement. A copy of the Merger Implementation Agreement is set out in Appendix 3 to this Scheme Booklet.

5.4 Board representation

On implementation of the Schemes, RFV's non-executive Chairman (Didier Murcia) and RFV's Managing Director (Mike McKeivitt) will be appointed, respectively, as non-executive Chairman and Managing Director of BrightStar. In addition, RFV's non-executive directors, Keith McKay and Gosbert Kagaruki, will be appointed to the BrightStar Board.

5.5 Issues relating to the Miyabi Project

The RFV Board believed that there were issues concerning the Miyabi joint venture agreement. These issues relate to whether the Miyabi joint venturers have enforceable legal rights to access and exploit the tenements, and in particular 2 key tenements (PL 6382/2010 and PL4536/2007), that form part of the Miyabi Project.

RFV has sought legal advice from CRB Africa Legal, a Tanzanian law firm, with respect to the 2 key tenements (PL 6382/2010 and PL4536/2007).

The holders of PL 6382/2010 and PL4536/2007 have both signed documents which CRB Africa Legal has confirmed:

- (a) are contracts between the licence holder and Twigg Gold Ltd (the key counterpart to the joint venture agreement) under Tanzanian law;

- (b) that the holders of prospecting licences 6382/2010 and 4536/2007 are both bound, with respect to those prospecting licences, by the relevant Local Partner Agreements (see Section 11.12.1 for further details of the Local Partner Agreements);
- (c) that Twigg Gold Ltd has the right to do all the things with respect to prospecting licences 6382/2010 and 4536/2007 that it had the right to do with respect to the licence under the relevant Local Partner Agreement (see Section 11.12.1 for further details of the Local Partner Agreements), including exploiting the prospecting licences and requiring them to be transferred to a company established for that purpose by the parties to the Miyabi Joint Venture Agreement (see Section 11.12.1 for further details).

The other holders of the prospecting licences and applications over tenements that form the Miyabi Project are companies controlled by Twigg Gold Ltd. Each such company has executed a deed pursuant to which they have agreed:

- (a) to allow the Miyabi joint venture parties to access the land subject to the relevant prospecting licence for the purposes of carrying out prospecting operations, acquiring mining rights, carrying out mining operations, and otherwise exploiting the licence. Where the company holds an application the right will be over the subsequent prospecting licence if granted;
- (b) not to dispose of the relevant applications, prospecting licences, and other mineral tenements or any successor prospecting licences or mineral tenements, unless required to do so by operation of law; and
- (c) to transfer the relevant prospecting licence to any person or company in accordance with a direction from Twigg Gold Ltd from time to time.

Further details of these issues can be found in Sections 9.2.1 and 11.12.1.

6 FREQUENTLY ASKED QUESTIONS AND ANSWERS

Questions	Answer	For further information
What is a scheme of arrangement?	A scheme of arrangement is an arrangement between a company and its members (and in some cases its creditors) which, by law, binds the members to a form of rearrangement of their rights and obligations arising in respect of the company. A scheme of arrangement may be used to effect a merger of two companies by which one company becomes a subsidiary to the other. A scheme of arrangement must be voted on and approved by the members of the company and then approved by the Court. In the Schemes proposed in this Scheme Booklet, the RFV Optionholders will receive the same information that is provided to RFV Shareholders to consider their relevant Schemes.	
Why are RFV Directors proposing the Scheme?	<p>The RFV Directors are proposing 3 schemes of arrangement to effect a merger between RFV and BrightStar. The RFV Directors believe there are significant advantages to implementation of the Schemes and the Merger. These are described more fully, together with possible disadvantages and risks of the Schemes, in the Scheme Booklet. There are currently 4 types of security holders of RFV:</p> <ul style="list-style-type: none"> • RFV Shareholders; • RFV \$0.20 Optionholders; • RFV \$0.25 Optionholders; and • the holder of the Erncon Options. <p>Schemes of arrangement are proposed in this Scheme Booklet in relation to RFV Shareholders, RFV \$0.20 Optionholders and RFV \$0.25 Optionholders. The holder of the Erncon Options has been asked to enter into a separate arrangement with respect to the Erncon Options. See Section 8.7 for further details.</p>	<p>Refer to the Message from the Chairman in Section 1 for more information on the proposed Schemes.</p> <p>Refer to Sections 7, 2.4, 3.1 and 4.1 for the RFV Directors' recommendations and Sections 3.2, 4.2, and 9 for disadvantages and the risks.</p>
Why have I received this Scheme Booklet?	The Scheme Booklet has been sent to you because you are a RFV Shareholder or an RFV Optionholder and, in order to effect the Merger, each of the 3 Schemes requires the approval of the relevant RFV Shareholders or RFV Optionholders. This Scheme Booklet contains information relevant to your consideration of the Scheme applicable to your holding of securities in RFV. Its purpose is to satisfy regulatory requirements and to assist you in making a decision on whether or not to approve the Scheme, or Schemes, relevant to you.	

Questions	Answer	For further information
What am I voting on?	<p>A person registered as:</p> <ul style="list-style-type: none"> the holder of RFV Shares at 10:00am (PERTH TIME) on 16 June 2012 will be eligible to vote on the RFV Share Scheme; the holder of RFV \$0.20 Options at 10:00am (PERTH TIME) on 16 June 2012 will be eligible to vote on the RFV \$0.20 Option Scheme; the holder of RFV \$0.25 Options at 10:00am (PERTH TIME) on 16 June 2012 will be eligible to vote on the RFV \$0.25 Option Scheme. <p>RFV Shareholders and RFV Optionholders are requested to vote on the Scheme applicable to their securities in RFV.</p>	<p>Section 12 provides information on the Schemes and resolutions.</p> <p>Refer to Appendix 7 for the Notice of Meeting applicable to your Scheme.</p>
Is voting compulsory?	<p>Voting is not compulsory. However, the RFV Directors believe the Schemes are important to all RFV Shareholders and RFV Optionholders and your vote is important.</p>	
What happens if I don't vote or vote against a Scheme?	<p>If the Schemes are approved at all of the Scheme Meetings and are subsequently approved by the Court and you are:</p> <ul style="list-style-type: none"> an RFV Shareholder: your RFV Shares will be transferred to BrightStar and you will receive the relevant Scheme Consideration for your RFV Shares; an RFV Optionholder: your RFV Options will be cancelled and you will receive the relevant Option Scheme Consideration from BrightStar. <p>This will occur even if you did not vote or you voted against the relevant Scheme. If any of the Schemes are not approved, you will remain the holder of any RFV Shares or RFV Options that you own.</p>	
What do the RFV Directors recommend?	<p>In the absence of a Superior Proposal, the RFV Directors unanimously believe each of the Schemes are in the best interests of the RFV Shareholders, the RFV \$0.20 Optionholders and the RFV \$0.25 Optionholders. The RFV Directors recommend you vote in favour of the Scheme applicable to your securities in RFV.</p>	<p>Refer to Sections 7, 2.4, 3.1 and 4.1.1.</p>
Can I sell my RFV Shares or RFV Options now?	<p>Provided your RFV Shares or RFV Options are not Restricted Securities you can:</p> <ul style="list-style-type: none"> sell your RFV Shares at any time before close of trading on ASX on the Effective Date at the prevailing market price; sell your RFV Options at any time before 5pm (Perth Time) on the Effective Date. 	

Questions	Answer	For further information
What do I do next?	Read this Scheme Booklet carefully and in its entirety. If you have any doubts or concerns as to the action you should take in relation to the information in the Scheme Booklet, you should consult your legal, financial or other professional advisor. If you have any questions about the Merger or the Schemes, please forward them to the Company or address them to your legal, financial or other professional advisor.	
What consideration do RFV Shareholders and RFV Optionholders receive if the Merger is approved and implemented?	RFV Shareholders will receive 1.25 new BrightStar Shares for every 1 RFV Share held on the Record Date. RFV \$0.20 Optionholders will receive 1.25 new BrightStar \$0.20 Options for every 1 RFV \$0.20 Option held on the Record Date. RFV \$0.25 Optionholders will receive 1.25 new BrightStar \$0.25 Options for every 1 RFV \$0.25 Option held on the Record Date.	Refer to Sections 1 and 12.
What has the Independent Expert concluded?	The Independent Expert has concluded that: <ul style="list-style-type: none"> • the RFV Share Scheme is not fair, but reasonable and in the best interests of the RFV Shareholders. • the RFV \$0.20 Option Scheme is not fair, but reasonable and in the best interests of the RFV \$0.20 Optionholders. • the RFV \$0.25 Option Scheme is not fair, but reasonable and in the best interests of the RFV \$0.25 Optionholders. You are encouraged to read the Independent Expert's Report in full.	Refer to Appendix 1
When will I receive my new BrightStar Shares or new Brightstar Options?	You will be issued your new BrightStar Shares on the Implementation Date (i.e., your name will be entered on the BrightStar share register on the Implementation Date). You will be sent your holding statement for the Scheme Consideration within 4 business days after the Implementation Date. You will be issued your new BrightStar Options on the Implementation Date (i.e., your name will be entered on the BrightStar register of optionholders on the Implementation Date). You will be sent your option certificate for the Option Scheme Consideration within 4 business days after the Implementation Date.	Refer to Sections 12.6, 12.7 and 14.3.
What is the Merger?	The Merger will combine the business of RFV and BrightStar by means of the Schemes.	Refer to Section 8.
Who is BrightStar?	BrightStar is an ASX listed company primarily engaged in gold exploration in Tanzania. ASX Code: BUT.	Refer to Section 11.

Questions	Answer	For further information
What are the advantages of the Merger?	<p>The RFV Directors believe there are significant advantages to the Merger, the key ones being:</p> <ul style="list-style-type: none"> • the Scheme Consideration represents a premium • the combination of BrightStar’s Kitongo and Miyabi projects with RFV cash • growth diversification • optionality in the development of projects • Increased scale with a combined resource of 482,500oz (Inferred Mineral Resource) at a 0.5g/t cut off and 277,500oz (Indicated Mineral Resources) at a 0.5g/t cut off (for a total of 760,000oz of gold (attributable) at a 0.5g/t cut off) after Brightstar has earned a 75% interest in the Miyabi joint venture project • combination of highly experienced and complementary management and operational teams; and • the Independent Expert has concluded the Scheme is not fair but is reasonable and in the best interests of RFV Shareholders and RFV 	Refer to Sections 3.1 and 4.1.
What are the potential disadvantages of the Merger?	<p>The RFV Directors have considered the disadvantages of the Merger in making their recommendation. They believe they key disadvantages are:</p> <ul style="list-style-type: none"> • change in risk and investment profile • RFV Shareholders will no longer have 100% economic interest in RFV • a Superior Proposal may emerge; • the exact value of the Scheme Consideration is not certain; • there may be individual adverse tax consequences for some RFV Shareholders or RFV Optionholders • the Merged Entity’s share price may fall post implementation of the Schemes 	Refer to Sections 3.2 and 4.2.
What are the risks of the Merger?	There are risks in the Merger for RFV Shareholders and RFV Optionholders. You should consider these risks before making your decision on the Scheme applicable to your holding of securities in RFV.	Refer to Section 9.
How will the Merger be effected?	The Merger will be effected by 3 schemes of arrangement: one in relation to each of the RFV Shares, the RFV \$0.20 Options, and the RFV \$0.25 Options.	
Is the Merger subject to conditions?	Completion of the Merger is subject to a number of conditions usual to transactions of this type.	Refer to Section 12.2 and the Schemes’ terms in Appendix 6.

Questions	Answer	For further information
What are the tax implications of the Merger?	Section 13 of this Scheme Booklet provides an overview of the general tax implications of the Merger which is based upon the tax opinion provided by Plexus Global Consultants. A complete copy of the tax opinion on the Schemes is contained in Appendix 5. You should consult your own tax advisor regarding the consequences of acquiring, holding or disposing of your RFV Shares or RFV Options in light of current tax laws and your particular investment circumstances.	Refer to Section 13 and Appendix 5.
What approvals are required to implement the Merger?	Each of the 3 Schemes must be agreed to by a resolution passed by a majority in number of RFV Shareholders, RFV \$0.20 Optionholders, and RFV \$0.25 Optionholders - voting separately at their relevant Scheme Meeting - present and voting (either in person or by proxy) and representing in aggregate not less than 75% of the votes cast on the resolution at the relevant Scheme Meeting. Each Scheme must also be approved by the Court.	Refer to Section 12.2, 12.3 and 12.5.
What happens to RFV if the Merger is approved?	RFV will become a wholly owned subsidiary of BrightStar and part of the BrightStar Group. RFV will be delisted from ASX after implementation of the Merger. The intentions of the Merged Group Board regarding the businesses of RFV and BrightStar post-Merger are set out in Sections 14 and 8.	Refer to Sections 14 and 8.
What happens if the Scheme is not approved?	If the Scheme is not approved, RFV will continue as a separate ASX listed company. RFV Shareholders will retain their existing RFV Shares and RFV Optionholders will retain their existing RFV Options.	Refer to Sections 3.1.12 and 4.1.4.



7 RECOMMENDATIONS OF RFV BOARD

7.1 RFV Board's Recommendation

The RFV Directors consider that each of the Schemes is in the best interests of the respective RFV Shareholders and RFV Optionholders. Each of the RFV Directors therefore recommends that, in the absence of a Superior Proposal:

- (a) each RFV Shareholder votes in favour of the RFV Share Scheme at the RFV Shareholders' Scheme Meeting;
- (b) each RFV \$0.20 Optionholder votes in favour of the RFV \$0.20 Option Scheme at the RFV \$0.20 Optionholders' Scheme Meeting; and
- (c) each RFV \$0.25 Optionholder votes in favour of the RFV \$0.25 Option Scheme at the RFV \$0.25 Optionholders' Scheme Meeting.

Each RFV Director who holds RFV Shares, or on whose behalf RFV Shares are held at the time of the Scheme Meetings, intends to vote in favour of the RFV Share Scheme, in the absence of a Superior Proposal.

Each RFV Director who holds RFV \$0.20 Options, or on whose behalf RFV \$0.20 Options are held at the time of the Scheme Meetings, intends to vote in favour of the RFV \$0.20 Option Scheme, in the absence of a Superior Proposal.

Each RFV Director who holds RFV \$0.25 Options, or on whose behalf RFV \$0.25 Options are held at the time of the Scheme Meetings, intends to vote in favour of the RFV \$0.25 Option Scheme, in the absence of a Superior Proposal.

The interests of RFV Directors are disclosed in Sections 14.9 and 14.13 to 14.16 (inclusive) of this Scheme Booklet.

7.2 Reasons behind the recommendations of the RFV Directors

Your Board's recommendation to vote in favour of the Schemes is based on the following considerations:

- The premium offered to RFV Shareholders;

- The ability for RFV Shareholders and RFV Optionholders to share in the benefits resulting from the Merged Entity;
- The creation of a substantially larger ASX-listed Tanzanian explorer with:
 - 482,500oz (Inferred Mineral Resource) at a 0.5g/t cut off and 277,500oz (Indicated Mineral Resources) at a 0.5g/t cut off (for a total of 760,000oz of gold (attributable) at a 0.5g/t cut off) after BrightStar has earned its 75% interest in the Miyabi joint venture project,
 - a pipeline of projects, and
 - potential access to larger project acquisition opportunities by virtue of the increased market capitalisation and increased scale of the Merged Entity resulting from the merger of RFV and BrightStar (see section 3.1.8 for further details);
- The Merger brings forward, by a significant amount of time, access to resource ounces which would otherwise be discovered through exploration activities or other acquisitions;
- The Merger results in combined complementary management and operational teams with proven track records;
- The Merger is likely to result in increased stock market appeal through enhanced scale, market presence, and liquidity; and
- The RFV Directors believe that the advantages of the Schemes and reasons for RFV Shareholders, RFV \$0.20 Optionholders and RFV \$0.25 Optionholders to vote in favour of their relevant Schemes outweigh the potential disadvantages and reasons to vote against the Schemes. Those advantages and disadvantages are set out in more detail in Sections 3, 4 and 5 of this Scheme Booklet.

In particular, the RFV Directors believe that the Schemes' terms, in which:

- (a) RFV Shareholders will receive 1.25 BrightStar Shares for each RFV Share;

(b) RFV \$0.20 Optionholders will receive 1.25 BrightStar \$0.20 Options for each RFV \$0.20 Option; and

(c) RFV \$0.25 Optionholders will receive 1.25 BrightStar \$0.25 Options for each RFV \$0.25 Option,

are in the best interests of RFV Shareholders and RFV Optionholders and this is supported by the findings of the Independent Expert (although the Independent Expert has also concluded that the Schemes are not fair but reasonable).

No other proposal for RFV has emerged as at the date of this Scheme Booklet.

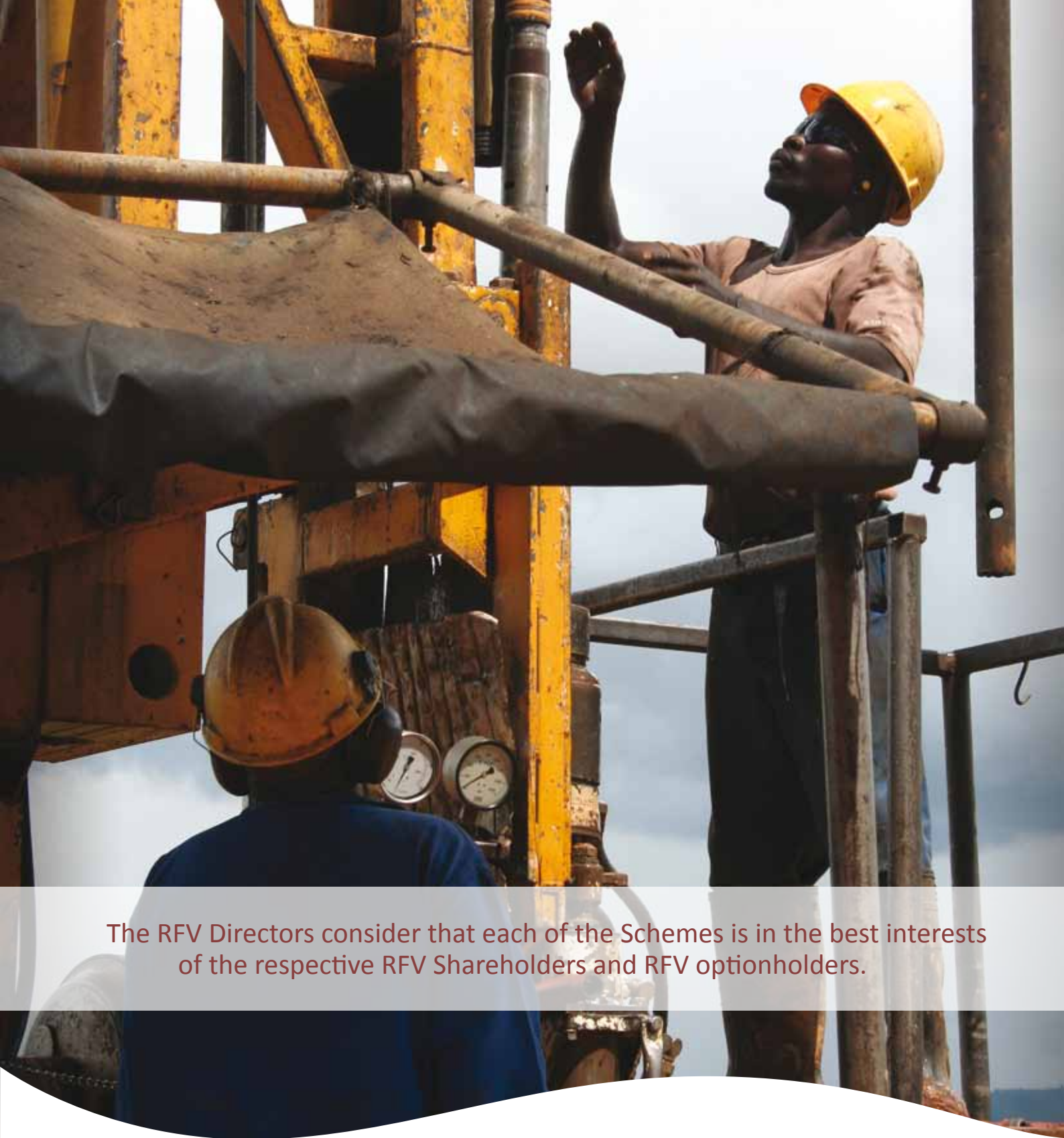
7.3 Considerations underlying the Recommendations of the RFV Directors

In making their recommendation and determining that RFV Shareholders and RFV Optionholders should vote in favour of their relevant Schemes, the RFV Directors have considered the following:

- (a) the reasons for RFV Shareholders to vote in favour of the Share Scheme and the potential advantages and disadvantages of the RFV Share Scheme, as set out in Section 3 and Section 5;
- (b) the reasons for RFV Optionholders to vote in favour of their relevant Option Schemes and the potential advantages and disadvantages of the RFV Option Schemes, as set out in Section 4 and Section 5;
- (c) the risks associated with the Merged Entity's business as set out in Section 9; and
- (d) the Independent Expert's Report, a complete copy of which is set out in Appendix 1

In considering whether to vote in favour of the Scheme that applies to your securities in RFV, the RFV Directors encourage you to:

- read this Scheme Booklet and the Independent Expert's Report in their entirety;



The RFV Directors consider that each of the Schemes is in the best interests of the respective RFV Shareholders and RFV optionholders.

- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain financial advice from your broker or financial advisor on the Scheme that applies to your holding in RFV, and obtain taxation advice with respect to your RFV Shares and RFV Options and the effect of the Schemes becoming effective.

8 PROFILE OF THE MERGED ENTITY

8.1 Responsibility for information

The information set out in this section was prepared jointly by BrightStar and RFV. BrightStar is responsible for the information contained in this section relating to BrightStar except to the extent that the information in this section was provided by RFV (in which case RFV is responsible for the information).

8.2 Rationale for the Schemes

The Merged Entity will be one of Australia's leading, independent, Tanzanian gold exploration companies and is expected to have:

- a pro forma, (fully diluted) market capitalisation of approximately \$25.8 million, based on the last closing price of BrightStar on the last trading day before printing of this Scheme Booklet, a strong financial platform to pursue growth and other initiatives with an expected cash position of approximately \$11 million and no debt (refer to Section 3.1.5 for the fully diluted market capitalisation based on the last closing price of BrightStar Shares as at the date before the printing of this Scheme Booklet);
- an enhanced stock market profile to make it more visible to the investment community and an increased likelihood of receiving greater analyst coverage and broker attention;
- potentially a substantial re-rating through resource growth from enhancement and optimisation of the combined asset base including Mineral Resources of 482,500oz (Inferred Mineral Resource) at a 0.5g/t cut off and 277,500oz (Indicated Mineral Resources) at a 0.5g/t cut off (for a total of 760,000oz of gold (attributable) at a 0.5g/t cut off) after BrightStar has earned a 75% interest in the Miyabi joint venture project;

- a portfolio of two gold projects at Kitongo and Miyabi that are more advanced than RFV's projects and a pipeline of exploration projects;
- access to a larger base of potential project acquisitions;
- a strong mix of corporate, geological and Tanzanian country expertise at both the board and management level; and
- the ability to leverage existing in-country relationships to enhance shareholder value.

If the RFV Share Scheme and both RFV Option Schemes are implemented, the Merged Entity intends to:

- seek shareholder approval to rename the Merged Entity to Rift Valley Resources Limited, and receive a new ASX code;
- increase the identified Mineral Resources at the Kitongo and Miyabi projects through drilling;
- commence drilling at identified mineral exploration targets in the Golden Pride North, Suguti and Maji Moto projects currently held by RFV (see Sections 10.3.1, 10.3.2 and 10.3.3 for further details);
- continue developing the other exploration projects held by the Merged Entity; and
- continue to actively investigate other project acquisition opportunities.

8.3 Merged Entity Board, Terms of Engagement and Remuneration

If the Schemes are implemented, the Merged Entity's Board will consist of the following directors: Didier Murcia as non-executive Chairman, Mike McKeivitt as Managing Director, Geoff Gilmour and Paul Payne as executive Directors and Keith McKay and Gosbert Kagaruki as non-executive Directors.



DIDIER MURCIA
– B.Juris, LLB
– Non-executive Chairman

Mr Murcia holds a Bachelor of Jurisprudence and 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 currently a Non-Executive Chairman of Centaurus Metals Limited and Non-Executive Director of Gryphon Minerals Limited, both of which are listed on the Australian Stock Exchange. Until recently, Mr Murcia was also a Director of Aminex PLC, listed on the London Stock Exchange, and a director of emerging iron ore producer Gindalbie Metals Limited, a position he held for 13 years. He is also Chairman of Perth law firm Murcia Pestell Hillard.



MICHAEL McKEVITT
– BSc Geology (Hons) - Managing Director

Mr McKeivitt has a long a 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 lead 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 McKeivitt is a member of the Australasian Institute of Mining and

Metallurgy and is a competent person for reporting Exploration results and Mineral Resources accordance with the JORC Code (2004).



GEOFFREY GILMOUR – Executive Director

Mr Gilmour is Managing Director of Willowood Corporate Pty Ltd which advises and raises capital for junior ASX resource companies. Geoffrey was also instrumental in the creation of Andean Resources Limited.

Mr Gilmour has previously been a director of Amex Resources Limited, an ASX listed public company.



PAUL PAYNE B App Sc (Geology) – Executive Director

Mr Payne is a geologist with over 25 years in the industry. Paul held senior positions with Plutonic Resources Ltd, Normandy NFM and Dominion Mining Ltd. This was followed by founding and managing a resource consulting business in which, over many years of consulting, Paul has managed and contributed to project evaluations and assessments of a vast range of projects throughout Australia and internationally.

Mr Payne has Mineral Economics qualifications and is a member of the AusIMM.



KEITH MCKAY - B.Sc (Hons) – Non-executive Director

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.

As Managing Director of Gallery Gold, 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. Mr McKay is a director of Centaurus Metals Limited, listed on the Australian Stock Exchange.



GOSBERT KAGARUKI – MSc – Director

Mr Kagaruki has over 18 years experience in the resource industry as a geologist and

GIS expert. Having commenced his career with the Mineral Databank (Dodoma 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 Southern and Eastern African Mineral Centre and then Barrick (Tanzania) before setting up his own consultancy geological company, Interactive Earth Imaging Limited.

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

It is intended that contractual terms between the Merged Entity and its directors, and the directors' remuneration will be as follows:

Michael McKeivitt

BrightStar will enter into an employment agreement with Mr Michael McKeivitt pursuant to which Mr McKeivitt acts as Managing Director of BrightStar. Pursuant to the agreement, BrightStar will provide to Mr McKeivitt an annual salary of \$250,000 per annum inclusive of statutory superannuation. The agreement will also provide for the payment of incentive bonuses on achievement of key performance indicators. In addition,

Mr McKeivitt will be reimbursed for all reasonable expenses incurred in the performance of his duties and may participate in such share option packages as the Merged Entity Board determines. The agreement may be terminated by Mr McKeivitt by providing 6 months notice in writing. BrightStar may terminate the agreement immediately in certain circumstances, for example, in the case of serious misconduct or wilful neglect in the discharge of duties. The agreement may also be terminated by BrightStar without cause by providing 12 months notice in writing or by paying him an amount subject to any maximum imposed by the Corporations Act including Division 2 of Part 2D.2 of the Corporations Act relating to termination payments (if applicable).

Geoff Gilmour

BrightStar has entered into a consultancy agreement with Willowood Corporate Pty Ltd, a company associated with Geoff Gilmour, pursuant to which Willowood Corporate Pty Ltd is engaged as an independent contractor to provide certain consultancy services to BrightStar up to 31 January 2014. BrightStar is to pay a consultancy fee of \$144,000 per annum plus GST and a travel fee of \$1,500 per travel day plus GST not exceeding \$45,000 per financial year. In addition, Mr Gilmour will be reimbursed for all reasonable expenses incurred in the performance of his duties. The agreement may be terminated by either party by providing 3 months' notice in writing. BrightStar may terminate the agreement immediately in certain circumstances, for example, in the case of serious misconduct or wilful neglect in the discharge of duties. If BrightStar elects to terminate the agreement before 31 January 2014 it must pay Willowood Corporate Pty Ltd a lump sum equal to the pro rata amount of the Consultancy Fee for the remaining months, or part months, of the Term, subject to any maximum imposed by the Corporations Act including Division 2 of Part 2D.2 of the Corporations Act relating to termination payments (if applicable).

Paul Payne

BrightStar has entered into an executive services agreement with Mr Paul Payne pursuant to which Mr Payne acts as Technical Director of the Company up to 1 February 2014. Pursuant to the agreement, BrightStar provides to Mr Payne an annual salary of \$200,000 per annum exclusive of director's fees and inclusive of statutory superannuation. In addition, Mr Payne will be reimbursed for all reasonable expenses incurred in the performance of his duties. The agreement may be terminated by Mr Payne by providing 3 months' notice in writing or by BrightStar by providing 1 months' notice in writing. BrightStar may terminate the agreement immediately in certain circumstances, for example, in the case of serious misconduct or wilful neglect in the discharge of duties.

If BrightStar elects to terminate the agreement before 1 February 2014 it must pay Mr Payne a lump sum equal to the pro rata amount of the annual salary for the remaining months, or part months, subject to any maximum imposed by the Corporations Act including Division 2 of Part 2D.2 of the Corporations Act relating to termination payments (if applicable).

The Constitution provides that BrightStar Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate

maximum determined from time to time by BrightStar in general meeting. Until a different amount is determined, aggregate cash remuneration payable to the BrightStar directors is \$280,000 per annum excluding any remuneration paid to a director under an executive service contract with BrightStar or one of its related bodies corporate.

A director of BrightStar may be paid fees or other amounts as the Merged Entity Board determines when a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Following Implementation of the Schemes, the Merged Entity intends to seek shareholder approval for the aggregate cash remuneration payable to the Merged Entity's directors (excluding the remuneration paid to a director under an executive service contract with the Merged Entity or one of its related bodies corporate) to be increased to \$400,000. Each director of the Merged Entity with the exception of the Managing Director will be entitled to a \$50,000 per annum payment including superannuation, except for the Chairman where the amount is \$100,000.

8.4 Strategy of the Merged Entity

If the Schemes are implemented, the Merged Entity strategy will be:

- To continue to focus on exploring primarily for gold in Tanzania;
- To continue to develop the Merged Entity's advanced gold projects at Kitongo and Miyabi;
- To continue to explore the Merged Entity's pipeline of excellent exploration projects; and
- To continue to actively seek and evaluate further growth opportunities.

8.5 Capital Structure and Ownership

If the Schemes are implemented, BrightStar will issue approximately 104.8 million BrightStar shares to RFV Shareholders. As a result of the Schemes, the number of BrightStar Shares on issue will increase from approximately 182.1 million (being the number currently on issue assuming no options are exercised prior to the Implementation Date) to approximately 286.9 million, as illustrated in Table 2.

Table 1 - Directors' Salaries, Consulting Fees, and Directors' Fees

Name	Salary (including superannuation)	Consulting Fees	Directors Fees	Other	Total
Mike McKeivitt	\$250,000	-	-	-	\$250,000
Geoff Gilmour	-	\$144,000	\$50,000	\$45,000	\$239,000
Paul Payne	\$200,000	-	\$50,000	-	\$250,000
Didier Murcia	-	-	\$100,000	-	\$100,000
Keith McKay	-	-	\$50,000	-	\$50,000
Gosbert Kagaruki	-	-	\$50,000	-	\$50,000
Total	\$450,000	\$144,000	\$300,000	\$45,000	\$939,000

Table 2 – Capital Structure and Ownership

	BrightStar Shares to be issued	Cumulative total of BrightStar Shares on issue	% of Brightstar Shares on Issue Held by Existing BrightStar Shareholders	% of Brightstar Shares on Issue Held by Existing RFV Shareholders
As at the date of this Scheme Booklet	N/A	182,095,171	100%	Nil
To be issued as Scheme Consideration	104,792,358	286,887,529	63.47%	36.53%

Based on the BrightStar and RFV Share registers as at the last trading day prior to the issue of this Scheme Booklet, Golden Cross and W&C Gilmour Superannuation Fund are expected to be the only shareholders with a substantial holding of 5% or more of the issued ordinary shares in the Merged Entity.

Table 3: Capital Structure and Ownership, after adjustment for exercise of vested options

	BrightStar Shares to be issued	Cumulative total of BrightStar Shares on issue	% of Brightstar Shares on Issue Held by Existing BrightStar Shareholders or Optionholders		% of Brightstar Shares on Issue Held by Existing RFV Shareholders or Optionholders	
			No	%	No	%
As at the date of this Scheme Booklet	N/A	182,095,171	182,095,171	100%	Nil	Nil
To be issued as Scheme Consideration	104,792,358	286,887,529 ¹	182,095,171	63.47%	104,792,358	36.53%
Additional shares to be issued if Existing Brightstar ASX Quoted options are exercised	21,700,000	308,587,529	203,795,171	66.04%	104,792,358	33.96%
Additional shares to be issued if Existing Brightstar Unquoted options are exercised	30,350,000	338,937,529	234,145,171	69.08%	104,792,358	30.92%
Additional shares to be issued if new Brightstar \$0.20 and \$0.25 options are exercised	14,687,500	353,625,029	234,145,171	66.21%	119,479,858	33.78%

If the Schemes are implemented, BrightStar will issue approximately 14.7 million options to RFV Optionholders and approximately 14.4 million options to the holder of the Erncon Options (refer to Section 8.7). As a result of the Schemes, the number of BrightStar options on issue will increase from approximately 52 million (being the number currently on issue, assuming no options are exercised prior to the date of this Scheme Booklet) to approximately 81.1 million, as illustrated below.

Table 4 – Merged Entity Options

	ASX QUOTED OPTIONS	UNQUOTED OPTIONS	TOTAL OPTIONS	% of Merged Entity Issued Capital
Existing BrightStar Options				
As at the date of this Scheme Booklet	21,700,000	30,350,000	52,050,000	18.14%
New BrightStar Options to be issued				
BrightStar \$0.20 Options to be issued to RFV \$0.20 Optionholders ¹	-	7,343,750	7,343,750	2.56%
BrightStar \$0.25 Options to be issued to RFV \$0.25 Optionholders ¹	-	7,343,750	7,343,750	2.56%
BrightStar \$0.0001 Options to be issued to the holder of the Erncon Options ²	-	14,375,000	14,375,000	5.01%
TOTAL	21,700,000	59,412,500	81,112,500	28.27%

1. Scheme Consideration is 1.25 BrightStar Options for every 1 RFV Option held by the RFV Optionholders on the record date.

2. 1.25 BrightStar \$0.0001 Options will be issued to the holder of the Erncon Options for each of the Erncon Options. Refer to Section 8.7 for details

8.6 Details of BrightStar Options On Issue

Table 5 - BrightStar Option Details

Number of unissued ordinary shares in BrightStar under option as at the date of this Scheme Booklet	Class of shares	ASX Quoted/Unquoted	Exercise price of option	Expiry date of options
2,850,000	Ordinary Shares	Unquoted	30 cents	24 September 2012
8,000,000	Ordinary Shares	Unquoted	10 cents	22 March 2014
12,000,000	Ordinary Shares	Unquoted	10 cents	4 October 2014
21,700,000	Ordinary Shares	Quoted	10 cents	7 October 2012
5,000,000	Ordinary Shares	Unquoted	27 cents	18 March 2015
2,500,000	Ordinary Shares	Unquoted	27 cents	31 May 2015
52,050,000¹				

1. BrightStar will not issue any further options before the Implementation Date. Other than the Option Scheme Consideration and the BrightStar \$0.0001 options referred to in 8.7, BrightStar has no foreseeable intention to issue any other options over its ordinary shares.

8.7 RFV has issued the following options to vendors of tenements

RFV entered into an agreement with Kilimanjaro Mines Limited and Mawe Meru Resources Limited pursuant to which 11,500,000 options (Erncon Options) were issued to Erncon Holdings Ltd (Erncon) in exchange for RFV's purchase of 2 Prospecting Licences and the right to any Prospecting Licence arising from one Application. The Erncon Options have an exercise price of \$0.0001 and are only exercisable after a decision to mine is made with respect to any of the Prospecting Licences purchased by RFV.

Kilimanjaro Mines Limited, Mawe Meru Resources Limited, Erncon, RFV and Brightstar have entered into a deed pursuant to which Brightstar will issue 14,375,000 new BrightStar \$0.0001 Options to Erncon on the Implementation Date and RFV will cancel the Erncon Options on that date. If the Schemes are not approved at all of the Scheme Meetings or by the Court the Erncon Options will remain un-cancelled and no BrightStar \$0.0001 Options will be issued to Erncon.

The BrightStar \$0.0001 Options' exercise price, exercise period, vesting events and conditions, and lapsing events will be the same as the Erncon Options except that they will entitle the holder to be issued with Brightstar Shares on exercise, instead of RFV Shares.

8.8 Corporate Governance of the Merged Entity

The corporate governance policies and practices of the Merged Entity will be BrightStar's existing policies and practices, as set out in Section 11.11 of this Scheme Booklet.

8.9 Intentions of the Merged Entity Board for business, assets, and employees of RFV

8.9.1 Overview

This Section sets out BrightStar's intentions in relation to:

- the continuation of the business of RFV;
- any major changes to be made to the business of RFV; and
- the future employment of the present employees of RFV.

These intentions are based on the facts and information concerning RFV and the general business environment which

are known to BrightStar at the time of preparing this Scheme Booklet.

Final decisions about these matters will only be made by the Merged Entity in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section are statements of current intention only and may change as new information becomes available or as circumstances change.

8.9.2 Removal from the ASX

BrightStar intends to arrange for RFV to be removed from the official list of the ASX after the Implementation Date. However, after the Implementation Date, the Merged Entity will seek BrightStar shareholders' approval to rename BrightStar to Rift Valley Resources Limited. If the name of BrightStar is changed a new ASX code – RVY – will be adopted.

8.9.3 RFV Board

The composition of the Board of the Merged Entity is discussed in Section 8.3.

After RFV becomes a wholly owned subsidiary of BrightStar, BrightStar intends to reconstitute the RFV Board with its own nominees. Those nominees have not yet been identified. The final decision on the selection of nominees will be made in light of the relevant circumstances at the time.

8.9.4 Corporate matters

BrightStar currently intends that the business and operations of RFV will be conducted in substantially the same manner as they are presently being conducted. The advantages and strengths of the Merged Entity are largely based on bringing together BrightStar's mineral resources and RFV's pipeline of exploration projects, meaning that the work on RFV held tenements and BrightStar's Tanzanian projects will largely continue but with the benefit of project-management synergies.

The Merged Entity will assess RFV's current and proposed exploration properties, including a review of all available technical and financial data, in order to prioritise exploration activities and expenditure. The results of this assessment will be incorporated into the Merged Entity's exploration program.

The Merged Entity will review the key governance policies and standards of RFV and, where appropriate, adopt them into the Merged Entity's processes as soon as possible. The Merged Entity's corporate governance processes are set out in Section 10.9.

BrightStar intends to integrate RFV's corporate office functions (such as accounting, finance, taxation, legal and company secretarial) with those of the Merged Entity.

BrightStar intends to use RFV's Perth corporate office as its corporate office, and retain RFV's Tanzanian office.

BrightStar does not currently have permanent facilities in Tanzania and RFV's Tanzanian office is intended to serve as a technical centre supporting the Merged Entity's operational and exploration assets in Tanzania.

8.9.5 Employees

It is BrightStar's current intention to retain the existing RFV workforce.

BrightStar's current operational staff have been engaged as required (on a contract basis) through a Tanzanian consulting company. It is, however, expected that most of the Merged Entity projects will continue and that all the human resources

engaged pre-merger will be required post-merger.

The growth profile of the Merged Entity will provide employees of both BrightStar and RFV with enhanced career opportunities. Employees may have the opportunity to work at different sites across the Merged Entity's portfolio to develop and best use their technical capabilities.

8.9.6 Intentions generally

Other than as set out in this Section and elsewhere in this Scheme Booklet, it is BrightStar's current intention:

- to continue to conduct the business of RFV in substantially the same way that it has been conducted prior to the Implementation Date;
- not to make any major changes to the business of RFV;
- to continue the employment of RFV's present employees; and
- use the Merged Entity's cash assets to both add to the Mineral Resources at the Kitongo and Miyabi Projects, and continue to advance RFV's grassroots exploration projects. Some RFV projects have been returned to vendors after initial exploration results have not met RFV's criteria for continuing exploration. Funds previously earmarked for this work will be directed to the Kitongo and Miyabi Projects.

8.10 Dividend Policy

There is currently no dividend policy in place for either BrightStar or RFV due to the nature of the business, (i.e. expenditure on mineral resource exploration).

As the Merged Entity will be continuing the existing business mineral resource exploration of BrightStar and RFV, it is not expected to have any operating income that may be considered for dividend payments in the near future. As a result, the Merged Entity does not expect to be paying dividends in the near future and has therefore not adopted a dividend policy.

8.11 Potential synergies and other benefits

BrightStar anticipates that there will be some synergies arising from the combination of BrightStar and RFV, such as those arising from its intention to retain all employees of RFV subsequent to the Implementation Date. These synergies will comprise more efficient use of in-country management and exploration teams, administration, offices and tenement management.

Other synergies, which are not expected to be material, will include a reduction in corporate, listing and compliance costs.

8.12 Merged Entity pro forma historical financial information

8.12.1 Financial Profile of the Merged Entity

The Merged Entity pro-forma historical financial information provided in this Scheme Booklet comprises a pro-forma consolidated Statement of Financial Position as at 31 December 2011 which has been prepared by consolidating:

- (i) the BrightStar consolidated historical Statement of Financial Position as at 31 December 2011;
- (ii) the RFV consolidated historical Statement of Financial Position as at 31 December 2011; and
- (iii) relevant acquisition accounting and other adjustments required to present the pro-forma consolidated Statement of Financial Position of the Merged Entity.

Plexus Global Consultants Pty Ltd (ACN 120 503 693) prepared the Merged Entity pro-forma historical financial information in Section 8.12 based on information provided by RFV and BrightStar. RFV takes responsibility for the information it provided to Plexus Global Consultants Pty Ltd for this purpose and BrightStar takes responsibility for the information it provided to RFV for the purpose of preparing information on the Merged Entity following implementation of the Schemes.

8.12.2 Basis of Preparation

The Merged Entity pro-forma historical financial information in this Section 8.12 is provided for illustrative purposes and is prepared on the assumption that the Schemes had been implemented on 31 December 2011. The Merged Entity pro-forma historical financial information in this Section 8.12 was prepared by Plexus Global Consultants based on RFV's and BrightStar's half year financial statements for the half year ended 31 December 2011. Copies of RFV's and BrightStar's half year financial statements for the half year ended 31 December 2011 can be found on the companies' respective websites, being www.brightstarresources.com.au and www.riftvalleyresources.com.au.

The Merged Entity pro-forma historical financial information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards, and in accordance with BrightStar's accounting policies, as set out in the half yearly financial report of BrightStar for the half year ended

31 December 2011 and the annual report of BrightStar for the year ended 30 June 2011.

The Merged Entity pro-forma historical financial information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. In particular, it does not include the notes to and forming part of the financial statements of BrightStar and RFV.

The information provided in this Section is presented on a pro-forma basis only and, as a result, it is likely that this information will differ from the actual financial information of the Merged Entity.

Following a review of the accounting policies disclosed in RFV financial statements as at 31 December 2011, the accounting policies of BrightStar and RFV are not considered to be materially different. Therefore, at this time, no adjustments have been required to the Merged Entity pro-forma historical financial information to align accounting policies.



8.12.3 Merged Entity Pro-Forma Consolidated Statement of Financial Position

	BrightStar 2011	RFV 2011	Adjustments 2011	Pro-Forma Combined 2011
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and cash equivalents	1,584,508	10,485,441	(1,074,264)	10,995,685
Trade and other receivables	520,863	224,301	-	745,164
Total Current Assets	2,105,371	10,709,742	(1,074,264)	11,740,849
Non-current Assets				
Receivables	88,674	-	-	88,674
Property, plant & equipment	21,539	263,033	-	284,572
Tenements			1,037,312	1,037,312
Exploration and evaluation expenditure	4,726,977	-	-	4,726,977
Intangible assets and goodwill	-	82,629	2,381,404	2,464,033
Total Non-current Assets	4,837,190	345,662	3,418,716	8,601,568
TOTAL ASSETS	6,942,561	11,055,404	2,344,452	20,342,417
Current Liabilities				
Trade and other payables	357,370	307,626	-	664,996
Provisions	-	41,688	-	41,688
Total Current Liabilities	357,370	349,314	-	706,684
Non-current Liabilities				
Provisions	-	-	-	-
Total Non-current Liabilities	-	-	-	-
TOTAL LIABILITIES	357,370	349,314	-	706,684
NET ASSETS	6,585,191	10,706,090	2,344,452	19,635,733
EQUITY				
Issued Capital	18,730,878	12,391,582	1,231,424	32,353,884
Reserves	2,035,015	279,821	(279,821)	2,035,015
Accumulated Losses	(14,180,702)	(1,965,313)	1,392,849	(14,753,166)
TOTAL EQUITY	6,585,191	10,706,090	2,344,452	19,635,733

8.12.4 Pro-Forma Adjustments

The following pro-forma assumptions have been made in producing the Merged Entity pro-forma consolidated Statement of Financial Position as at 31 December 2011:

- (i) The Schemes are implemented on 31 December 2011 with:
 - RFV Shareholders receiving 1.25 BrightStar Shares for each RFV Share they hold at the Record Date, with a total of approximately 104.79 million BrightStar Shares issued as Share Scheme Consideration (Based on 83,833,886 RFV Shares on issue, multiplied by 1.25 (being the exchange ratio used for the calculation of the Scheme Consideration);
 - RFV \$0.20 Option Holders receiving the RFV \$0.20 Option Scheme Consideration as described in Section 4.1.1.2 of this Scheme Booklet;
 - RFV \$0.25 Option Holders receiving the RFV \$0.25 Option Scheme Consideration as described in Section 4.1.1.2 of this Scheme Booklet.

This has resulted in an increase in contributed equity of \$13,623,006 (refer Section 8.12.5 below relating to acquisition accounting).

For the purposes of the pro-forma adjustments:

- (i) the value of the consideration paid to RFV Shareholders for their RFV Shares under the RFV Share Scheme is based on the BrightStar Share price of \$0.13 per BrightStar Share (being the ASX closing price of BrightStar Shares on 23 January 2012). The actual value of the consideration paid will depend on the actual BrightStar share price at close of trading on the ASX on Implementation Date;

- (ii) a decrease in cash and cash equivalents together with retained profits of \$572,464 representing the expensing of BrightStar's transaction costs associated with the Schemes and a decrease in cash and pre-acquisition retained earnings of RFV of \$501,800 representing RFV's transaction costs associated with the Schemes;
- (iii) the elimination of RFV's contributed equity of \$12,391,582, together with the issue of the equity consideration of \$13,623,006 by BrightStar resulting in additional contributed equity of \$1,231,424;
- (iv) The elimination of RFV's pre-acquisition reserves of \$279,821 upon acquisition and consolidation by BrightStar;
- (v) The elimination of RFV's accumulated losses of \$1,965,313 of net of BrightStar's estimated transaction costs of \$572,464 upon acquisition and consolidation by BrightStar;
- (vi) an increase in Tenements of \$1,037,312 to reflect a preliminary assessment of the fair value of Tenements acquired;
- (vii) a decrease in Intangible Assets of \$82,629 to reflect a preliminary assessment of the fair value of Intangible Assets acquired; and
- (viii) recognition of Goodwill of \$2,464,033 arising on acquisition of RFV (refer paragraph (8.12.5) below relating to acquisition accounting).

These adjustments are made in accordance with the acquisition accounting standards (refer to section 8.12.5 below).

8.12.5 Acquisition Accounting

Acquisition Accounting has been prepared on a provisional basis in accordance with AASB 3: Business Combinations. In the preparation of this Section, consideration has been given to the relevant AASB accounting standards and Bright Star's accounting policies for the half year ended 31 December 2011 and annual report of Bright Star for the year ended 30 June 2011. The value of the consideration for the acquisition of the RFV Shares under the RFV Share Scheme will be measured based upon the value of the BrightStar Shares at close of trading on the Implementation Date. For the purposes of the Merged Entity pro-forma consolidated Statement of Financial Position, a value of \$0.13 per BrightStar Share has been assumed, being the ASX closing price of BrightStar Shares on 23 January 2012 (the day the Merger was announced). Consequently, the value of the purchase consideration for accounting purposes may differ from the amount assumed in the Merged Entity pro-forma consolidated Statement of Financial Position due to future changes in the market price of BrightStar Shares.

The difference between the fair value of the consideration transferred by BrightStar (as discussed in the prior paragraph) and the fair value of the assets and liabilities of RFV has been determined on a provisional basis based on preliminary fair value estimates and has been treated as an increase in Goodwill, in accordance with AASB 3 Business Combinations and in accordance with BrightStar's accounting policies for the half year ended 31 December 2011 and annual report for the year ended 30 June 2011.

The provisional purchase price allocation is as follows:

	\$
Fair Value of Consideration Paid:	
Initial Consideration Paid to RFV Shareholders	13,623,006
Total Fair Value of Consideration Paid	13,623,006
Fair Value of Net Assets Acquired:	
Existing Book Value of RFV Net Assets as at 31 December 2011	10,706,090
Estimated Pre Acquisition Transaction Costs	(501,800)
Adjusted Rift Valley Net Book Value	10,204,290
Fair Value Adjustments:	
Fair Value Increase in Tenements	1,037,312
Fair Value Decrease in Intangibles	(82,629)
Fair Value Increase Allocated to Goodwill	2,464,033
Total Fair Value of Net Assets Acquired	13,623,006

Goodwill is the potential residual amount that may arise after the comparison of the fair value of the purchase consideration with the fair value of the net assets (including contingent liabilities) acquired. Based on the pro-forma values used to prepare the Merged Entity pro-forma consolidated Statement of Financial Position, it is anticipated that no significant goodwill will be attributable to the RFV assets as there is not expected to be a material difference between the fair values of those assets and the consideration payable by BrightStar for them.

Following the implementation of the Schemes, a detailed valuation of the identifiable assets, liabilities and contingent liabilities of RFV will be

undertaken to ascertain the appropriate allocation of this difference. The tax carrying values of RFV's assets will also be required to be reset which will result in a net increase in the deferred tax liabilities of the Merged Entity. These adjustments will impact depreciation and amortisation charges in future financial periods. Furthermore, any related impairment will be identified once the Merger occurs and assessed in accordance with AASB 136 Impairment of Assets at reporting date.

Due to the above, the actual impact of acquisition accounting will vary from that disclosed in the Merged Entity pro-forma consolidated Statement of Financial Position.

8.12.6 Other

RFV has, as part of its RFV Options on issue, a series of 11,500,000 Options with an exercise price of \$0.0001 per Share (Erncon Options) which expire on 3 November 2017. Following the implementation of the Schemes, BrightStar is to issue 1.25 BrightStar \$0.0001 Options for every 1 Erncon Option held. The terms of the BrightStar \$0.0001 Options will be substantially the same in material respects as the terms of the Erncon Options.

8.13 Use of Funds – Merged Entity

Merged Entity Use of Funds						
	Year 1	Year 2	Year 1	Year 2	Total	
Expenditure	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Evaluation and Exploration			3,046	3,582		6,628
Kitongo	959	1,343	-	-	2,302	-
Miyabi	960	959	-	-	1,919	-
BrightStar Exploration	96	96	-	-	192	-
RFV Exploration Projects	307	460	-	-	767	-
Field Office, tenements	724	724	-	-	1,448	-
Corporate Overheads			1,716	1,427		3,143
Project Generation			77	77		154
sub-total			4,839	5,086		9,925
Expenses of Merger			1,070	-		1,070
Total			5,909	5,086		10,995

The above table is a statement of current intentions as of the date of this Scheme Booklet. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. As a result the Merged Entity Board reserves the right to alter the way funds are applied.



9 RISKS

There are a number of risks specifically associated with the Merger and the Merged Entity. Risks of a general nature may also impact upon the Merger and the Merged Entity. These risks may affect the value of BrightStar Shares and BrightStar Options and the future operating and financial performance of the Merged Entity.

Scheme Participants are already subject to some of the risks outlined in the following section, but in proceeding with the Merger, Scheme Participants who subsequently hold BrightStar Shares or BrightStar Options will still be exposed to those risks and will face new risks which they are currently not exposed to.

This Section describes the key risks associated with an investment in the Merged Entity. This Section does not take into account the investment objectives, financial situation, taxation position, or particular needs of Scheme Participants and is not exhaustive. Prior to deciding whether or not to vote in favour of a Scheme, Scheme Participants should carefully consider the risk factors discussed in this Section, in addition to the other material contained within this Scheme Booklet.

9.1 General Investment risks

A number of factors outside the Merged Entity's control may significantly impact on the Merged Entity, its performance and the price at which the BrightStar Shares trade on the ASX and the value of BrightStar Options. These factors include:

- general economic conditions in Australia, Tanzania, and internationally;
- relative changes in foreign exchange rates;
- inflation and interest rates;
- investor sentiment and local and international share market conditions;
- changes to government policy, legislation or regulation, in Australia, Tanzania, and other countries;

- changes in fiscal monetary and regulatory policies;
- the nature of competition in the industries in which the Merged Entity operates;
- global geo-political events and hostilities; and
- acts of terrorism.

RFV Shareholders and RFV Optionholders should recognise that the Merged Entity's revenues, expenses and cash flows could be negatively affected by any of the above factors which, in turn, may affect the value of BrightStar Shares or BrightStar Options.

In particular, the share prices for many companies have in recent times been subject to wide fluctuations which, in many cases, may reflect a diverse range of non-specific influences such as investor sentiment, global hostilities and tensions, acts of terrorism and the general state of the economy. Such market fluctuations may materially adversely affect the value of BrightStar Shares or BrightStar Options.

No assurances can be made that the Merged Entity's performance will not be adversely affected by any such market fluctuations or factors. None of the Merged Entity, the Merged Entity Board or any other person guarantees the performance of the Merged Entity or the value of BrightStar Shares or BrightStar Options.

The BrightStar Shares will be quoted on ASX where their price may rise or fall. The BrightStar Shares do not carry any guarantee in respect of profitability, dividends, interests, return of capital or the price at which BrightStar Shares may trade on ASX. The value of the BrightStar Shares will be determined by the share market and will be subject to a range of factors beyond the control of the Merged Entity and the Merged Entity Board including the demand and availability of BrightStar Shares. There can be no guarantee that an active market in the BrightStar Shares will develop or the market price of the BrightStar Shares will not decline.

9.2 Risks associated with the Merged Entity

9.2.1 Miyabi Tenements

BrightStar's Miyabi project is described in Section 11.3.3 of this Scheme Booklet. The Miyabi project consists of 5 Prospecting Licences and 4 Applications. Details of those Prospecting Licences and Applications can be found in Schedule 2 of the Independent Solicitor's report in Appendix 2. Carlton Miyabi Tanzania Limited entered into a joint venture agreement with Twigg Gold Limited and its holding company, African Eagle Resources Plc, with respect to the Miyabi project. The Miyabi joint venture agreement and 3 agreements related to it (known as "Local Partner Agreements") are summarised in Section 11.12.1.

In this regard:

- a) The majority of the relevant Applications and Prospecting Licences in the Miyabi project are currently held by companies controlled by the Miyabi joint venturer, Twigg Gold Limited;
- b) Twigg has procured the execution of deeds signed by those Twigg-controlled companies pursuant to which they have agreed:
 - i. to allow the Miyabi joint venture parties to access the land subject to the relevant prospecting licence for the purposes of carrying out prospecting operations, acquiring mining rights, carrying out mining operations, and otherwise exploiting the licence. Where the company holds an application the right will be over the subsequent prospecting licence if granted;
 - ii. not to dispose of the relevant applications, prospecting licences, and other mineral tenements or any successor prospecting licences or mineral tenements, unless required to do so by operation of law; and
 - iii. to transfer the relevant prospecting licence to any person or company

in accordance with a direction from Twigg Gold Ltd from time to time.

- c) Two of the prospecting Licences in the Miyabi project (PL 4536/2007 and PL 6382/2010) are held by parties that are not controlled by the Miyabi joint venturers and which were not party to any agreements with the Miyabi joint venturers. Both of these Prospecting Licences are in key locations within the group of Prospecting Licences and Applications that form the Miyabi project. Furthermore, all of the resources identified in the Miyabi project to date are in the area of PL 4536/2007;
- d) Twigg has procured the execution of documents signed by the holders of PL 4536/2007 and PL 6382/2010. RFV has sought legal advice from CRB Africa Legal, a Tanzanian law firm, with respect to the documents signed by the holders of PL 6382/2010 and PL4536/2007. CRB Africa Legal has confirmed:
- i. The documents are contracts between the licence holder and Twigg Gold Ltd;
 - ii. In accordance with the contracts the holders of prospecting licences 6382/2010 and 4536/2007 are both bound, with respect to those prospecting licences, by the relevant Local Partner Agreements (see Section 11.12.1 for further details of the Local Partner Agreements);
 - iii. that Twigg Gold Ltd has the right to do all the things with respect to prospecting licences 6382/2010 and 4536/2007 that it had the right to do with respect to the licence under the relevant Local Partner Agreement (see Section 11.12.1 for further details of the Local Partner Agreements), including exploiting the prospecting licences and

requiring them to be transferred to a company established for that purpose by the parties to the Miyabi Joint Venture Agreement (see Section 11.12.1 for further details).

For further details of the contractual arrangements relating to the Miyabi project please refer to Section 11.12.1.

9.2.2 Transfers of Prospecting Licences and Applications.

In June 2010 Carlton Kitongo Tanzania Limited entered into a contract with IAMGold Tanzania Limited and IAMGold Corporation pursuant to which certain Retention Licences, Prospecting Licences and rights regarding Applications were to be transferred to Carlton Kitongo Tanzania Limited (Kitongo Agreement). Some of these transfers have not occurred. In some cases this is because the vendor did not have the rights to the relevant licence. Details of Prospecting Licences and Application stated to be subject to the Kitongo Agreement but held by companies who are not party to that agreement are set out in Section 11.12.2.

There are risks that the Prospecting Licences, and Prospecting Licences arising from Applications, which are not held by the vendor under the Kitongo Agreement, or which are held by companies who are not party to the Kitongo Agreement, will not be transferred in accordance with the contractual rights of Carlton Kitongo Tanzania Limited under the Kitongo Agreement.

In addition, some Applications are in the name of a subsidiary of one of the counterparts to this contract. As a result there are risks that the Applications will not be properly pursued and that the resulting Prospecting Licences will, rather than in the name of the relevant counterparty, not be transferred to Carlton Kitongo Tanzania Limited.

See Section 11.12.2 for full details of the relevant Prospecting Licences and Applications and the issues that apply to them.

9.2.3 Change in risk profile of the Merged Entity

There will be a change in the risk profile to which RFV Shareholders and RFV Optionholders are currently exposed if the Schemes are implemented.

RFV Shareholders and RFV Optionholders are currently exposed to various risks associated with the business of RFV as a result of their investment in RFV.

RFV Shareholders will receive new shares in, and RFV Optionholders will receive new options in the Merged Entity if the Schemes are implemented, and the business of RFV will merge with that of BrightStar. As a consequence, RFV Shareholders and RFV Optionholders will be exposed to risks associated with the Merged Entity.

In addition, implementation of the Schemes will expose RFV Shareholders to certain risks associated with the Schemes process and the integration of RFV and BrightStar.

While the change in risk profile may be seen as a disadvantage by some RFV Shareholders, the RFV Directors are confident that the merits of the Merger out-weigh the potential disadvantages of this change in risk profile.

9.2.4 Change in the business exposure and investment profile

If the Schemes are implemented, RFV Shareholders will be exposed to the business of the Merged Entity which will include the current business of BrightStar.

It is possible that some RFV Shareholders may prefer to maintain an interest in RFV and its business as a standalone entity because they are seeking an investment with the specific characteristics of RFV. Consequently, the change in investment profile under the Merger may be seen as a disadvantage to such RFV Shareholders.

9.2.5 Market value of Scheme Consideration

If the Schemes are implemented RFV Shareholders will receive, as Scheme Consideration, 1.25 BrightStar Shares for each RFV Share they hold.

RFV Optionholders will receive, as Scheme Consideration, 1.25 BrightStar Options for each RFV Option they hold, on the same terms, including exercise price, as their current RFV Options.

The exact value of this Scheme Consideration will be dependent on the price at which the BrightStar Shares trade on ASX at the Implementation Date.

Market fluctuations may affect the market value of the consideration offered to Scheme Participants because the Scheme Consideration consists of BrightStar Shares and BrightStar Options. There is no assurance that the market price of the BrightStar Shares and BrightStar Options will increase after implementation of the Schemes. The value of BrightStar Shares and BrightStar Options may rise or fall due to a number of factors which are beyond the control of the Merged Entity.

In addition, certain Ineligible Foreign Holders will have the BrightStar Shares and any BrightStar Options that would be attributable to them under the Schemes issued to the Nominee. The Nominee will then sell these BrightStar Shares and any BrightStar Options as soon as reasonably practicable after the Implementation Date. It is possible - although the directors of BrightStar and RFV think it unlikely - that such sales may exert downward pressure on the Merged Entity's share price for a period following the Implementation Date.

There is no guarantee regarding the values that will be realised by the Nominee or the future value of the BrightStar Shares or BrightStar Options, which may be either above or below current or historical values.

9.2.6 ASX share investment risk

There are various risks associated with investing in any form of business and with investing in the stock market generally. The value of the BrightStar Shares will depend upon general stock market and economic conditions as well as the performance of the Merged Entity. There is no guarantee in respect

of profitability, dividends, interest, return of capital or the price at which BrightStar Shares will trade on the ASX after implementation of the Schemes. The past performance of BrightStar Shares is not necessarily an indication as to future performance as the trading price of shares can go up or down.

9.2.7 Reliance on strategy

The Merged Entity's future success relies heavily on the successful implementation of its strategy of being a gold focused company. No assurance can be given that the Merged Entity will be successful in the implementation of this strategy.

The Merged Entity's growth strategy also relies heavily on the ability to prudently develop the Miyabi and Kitongo projects.

Potential disadvantages of the Merger are discussed in further detail in Sections 3.2 and 4.2.

9.2.8 Reliance on key personnel

The Merged Entity's success will depend largely on the core competencies of its directors and management, and their familiarity with, and ability to operate in, the metals and mining industry and the Merged Entity's ability to retain its key executives. The departure of key personnel may adversely affect the ability of the Merged Entity to conduct its business, and accordingly affect the financial performance and share price of BrightStar Shares.

9.2.9 Commodity prices

The Merged Entity's main business will be the development of mining projects which will generate revenue from the sale of commodities with a particular focus on gold. The prices of commodities are determined predominantly by world markets, which are affected by numerous factors outside the control of the Merged Entity. Commodity prices have historically been cyclical and volatile.

9.2.10 Exchange rates

The majority of global commodity transactions are conducted in US dollars and consequently, the Merged Entity's future financial performance is likely to

be influenced by movements in exchange rates, particularly movements in the US dollar.

Similarly, the Merged Entity will have geographically diverse operations in Tanzania and Australia that may incur costs in various currencies including Australian dollars and Tanzanian shillings. Appreciation of these currencies against the US dollar without a corresponding increase in the US dollar denominated price of commodities may negatively impact the future financial performance of the Merged Entity.

Neither RFV nor BrightStar has any currency hedging in place, nor is it the current policy that the Merged Entity will provide for any currency hedging. Hedging may be required by financiers in future in respect of the development of the Merged Entity's projects.

9.2.11 Operations

The operations of the Merged Entity are (or will continue to be) subject to various risks, including industrial accidents, periodic interruptions due to inclement or hazardous weather conditions, power interruption, critical equipment failure, fires, flooding and unusual or unexpected geological conditions. Such risks could result in damage to applicable projects, personal injury, environmental damage, delays in project schedules, monetary losses and possible legal liability.

The Merged Entity also has (or will have) exposure to movements in the prices charged by external suppliers such as electricity, other energy providers, sea freight and transport service providers.

A significant increase in one or more of these cost items for a sustained period could have an adverse effect on financial performance. In addition, unforeseen adverse changes in quality or reductions in the quantity of supplies provided (or which will be provided) to the Merged Entity by external supplier may also adversely affect the applicable operations in a material way.

9.2.12 Illegal Mining on the Kitongo Project

Illegal miners working at the Main Zone of the Kitongo project (Figure 13) were removed by the Tanzanian authorities in January 2012 allowing company personnel free access to the site on 16 January 2012. The Tanzanian Government's role is to provide clear access to tenement holders and BrightStar has followed the correct ministerial process in seeking the removal of illegal miners.

Exploration activity is subject to the following ministerial conditions which were specified in a meeting with the Minister of Energy and Mineral on 26 January 2012:

- Carlton Kitongo Pty Ltd will identify areas of its tenements which have potential to support small scale artisanal miners and must allow small scale mining on the tenements that constitute the Kitongo Project;
- The Geological Survey of Tanzania (GST) will conduct an assessment of those areas to determine suitable locations for the granting of Primary Mining Licences to the (previously illegal) artisanal miners;
- The committee including representatives from the miners, the Ministry of Energy and Minerals, the Regional Commissioner's Office and the GST will supervise the process;
- Carlton Kitongo Pty Ltd can commence exploration work immediately to run in parallel with the process of identifying areas for artisanal mining.

It is possible that artisanal mining by locals will impact on BrightStar's activities on the Kitongo project in future.

Since preparation of the Mineral Resource estimate in 2006, small scale artisanal mining has occurred in the Main Zone deposit. The mining ceased in January 2012. Workings are shallow and largely restricted to the low grade mineralised laterite. Ravensgate has speculatively estimated that up to

15,000-20,000 oz of gold may have been extracted from the deposit by artisanal mining. This is not considered material to the reported Inferred Mineral Resource of 370,000oz due to the low level of confidence implied by an "Inferred" Mineral Resource classification, and by the clearly limited and finite nature of the workings. As a result RFV does not believe that the 2006 "Inferred" Mineral Resource is inaccurate.

9.2.13 Environmental laws and regulations

The Merged Entity's projects are subject to laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed. These environmental impacts along with any future changes to environmental laws and regulations could have an adverse effect on the Merged Entity's financial performance.

The Merged Entity intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by those activities will be rehabilitated as required by applicable laws and regulations.

9.2.14 Exploration, development, and production

The Merged Entity's principal business to date has been the exploration and evaluation of mining projects. The future financial performance of the Merged Entity will be reliant on its ability to develop and bring into operation these mining projects. The Merged Entity's key assets include exploration projects in Tanzania. These projects may be affected by factors beyond the control of the Merged Entity, including geological conditions, mineralisation, consistency and predictability of ore grades, commodity prices and the rights of the indigenous people on whose land exploration and development activities are undertaken.

Unexpected geological or mining conditions, commissioning/equipment or service failures, industrial relations, health and safety concerns and weather conditions may also adversely affect development, operation and or production of a mine or its associated infrastructure. Furthermore, any discovery of a mineral deposit does not guarantee that the mining of that deposit would be commercially viable, with the size of the deposit, development and operating costs, commodity prices and recovery rates all being key factors in determining commercial viability.

The Merged Entity's production may be affected by numerous other factors beyond the Merged Entity's control. Mechanical failure of the Merged Entity's operating plant and equipment, and general unanticipated operational and technical difficulties, may adversely affect the Merged Entity's operations. Operating risk beyond the Merged Entity's control may expose it to uninsured liabilities. The business of mining, exploration and development is subject to a variety of risks and hazards such as accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences may result in damage to and the destruction of, mineral properties or production facilities, personal injury, environmental damage and legal liability. The Merged Entity will have insurance to protect itself against certain risks within ranges consistent with industry practice. However, the Merged Entity may become subject to liability for hazards that it cannot insure against or that it may elect not to insure against because of high premium costs or other reasons. The occurrence of an event that is not fully covered, or covered at all, by insurance could have a material adverse effect on the Merged Entity's financial condition and results of activities.

Accordingly, there is no assurance that the future exploration, development or production activities of the Merged Entity will result in profitable mining operations.

9.2.15 Estimates of Resources

Although the Resource estimates for the existing mineral properties of BrightStar have been carefully prepared by experienced geologists, these amounts are estimates only and no assurance can be given that an identified Resource will ever qualify as a commercially mineable (or viable) deposit that can be economically exploited.

Estimates of Resources can also be affected by such factors as environmental regulations, weather, unforeseen technical difficulties, unusual and unexpected geological formations and work interruptions.

9.2.16 Financing

Securing funding for projects or other forms of financing for operations may depend on a number of factors, including commodity prices, interest rates, economic conditions, debt market conditions, share market conditions and country risk issues. Inability to obtain financing or other factors could cause delays in developing projects or increase financing costs and, thus, adversely affect the future financial performance of the Merged Entity.

9.2.17 Title

The Merged Entity may lose title to, or interests in, their tenements if the conditions to which those tenements are subject are not satisfied or if insufficient funds are available to meet expenditure commitments. In the jurisdictions in which Merged Entities operate, both the conduct of operations and the steps involved in acquiring interests involve compliance with numerous procedures and formalities. It is not always possible to comply with, or obtain waivers from, all such requirements and it is not always clear whether requirements have been properly completed, or possible or practical to obtain evidence of compliance. In some cases, failure to comply with such requirements or obtain relevant evidence may call into question the validity of the actions taken. Further, it is possible that tenements in which the Merged Entity has an interest

may be subject to claims or actions of the local people. In those cases the ability of the Merged Entity to gain access to that tenement may be adversely affected.

9.2.18 Litigation

Exposure to litigation brought by third parties such as customer's regulators, employees or business associates could negatively impact on the Merged Entity's financial performance through increased cost payments for damages and damage to reputation. Neither the BrightStar nor the RFV Boards are currently aware of any outstanding litigation against any of their companies or associates. There is no certainty that litigation will not occur against the relevant company or its subsidiaries in relation to past or future events.

9.2.19 Foreign jurisdiction

Operations and exploration activities outside Australia involve various risks for Australian companies. RFV's exploration activities are based entirely in Tanzania. With the exception of the Miclere project, BrightStar exploration activities and mining operations are also based in Tanzania. The Merged Entity's activities will be governed by various Tanzanian laws, regulations, approvals and consents. As a result it will be subject to changes in, or implementation or interpretation of, Tanzanian laws, regulations, Government policy and administrative regimes. The Merged Entity's activities will be also be subject to changes in Tanzanian economic conditions as well as global economic conditions which impact directly or indirectly on Tanzania.

9.2.20 Change in cash profile

The inclusion of BrightStar's business in the Merged Entity will bring additional projects that may increase competition for funds that would otherwise be allocated to the development of existing RFV tenements. This may be seen as a disadvantage by some RFV Shareholders and RFV Optionholders. However, the addition of BrightStar's more advanced development projects was a key reason why the RFV Directors formed the view that the Merger offers the best outcome for RFV Shareholders.

9.2.21 Other risks

The future viability and profitability of the Merged Entity is also dependent on a number of other factors affecting performance of all industries and not just the minerals exploration industries, including, but not limited to, the following:

- the strength of the equity and share markets in Australia and throughout the world;
- general economic conditions worldwide and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruption;
- financial failure or default by a participant in any of the joint ventures or other contractual relationships to which the Merged Entity or its subsidiaries are, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by the Merged Entity or its subsidiaries in its activities;
- changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies in general and the returns to investors; and
- ability of the Merged Entity to source other projects on reasonable commercial terms.

9.3 Risk associated with the Merger process

9.3.1 Conditions not met

RFV Shareholders and RFV Optionholders will be kept advised of the status of the conditions applicable to the Merger outlined in Section 12.2. While at the date of this Scheme Booklet, RFV has no reason to consider the conditions will not be met, it is possible that one or more conditions will not be met or waived, and as a result, the Merger will not proceed.

9.3.2 Merger may not achieve an improved stock market rating

Following implementation of the Merger, there is a risk that the Merged Entity will not achieve an improved stock market

rating relative to BrightStar or RFV's respective stock market ratings prior to implementation of the Merger.

9.3.3 Court approval

There is a risk the Court may not approve the Merger or that approval is delayed.

9.3.4 Change in risk profile

There will be a change in the risk profile to which RFV Shareholders are currently exposed if the Schemes are implemented. This is because RFV's business will now be exposed to the risks associated with BrightStar's business. However, RFV Directors are confident that the merits of the Merger outweigh the potential disadvantages of this change in risk profile.

9.3.5 Trading during deferred settlement period

RFV Shareholders will not necessarily know the exact number of BrightStar Shares (due to rounding) that they will receive (if any) as Scheme Consideration until a number of days after those shares can be traded on the ASX on a deferred settlement basis. RFV Shareholders who trade BrightStar Shares on a deferred settlement basis, without knowing the number of BrightStar Shares they will receive as Scheme Consideration may risk adverse financial consequences if they purport to sell more BrightStar Shares than they receive.

9.3.6 Integration risk

Sections 3, 4, and 8.2 to 8.11 set out the integration, synergies and benefits of the Merger. Combining RFV and BrightStar carries inherent integration risks. There are risks that any integration may take longer than expected, delaying cost savings or other synergy benefits expected to result from the Merger and increasing operational costs, or that any efficiencies may be less than estimated. These risks include possible differences in the management culture of BrightStar and RFV, inability to achieve any or all of the possible synergy benefits and costs savings associated with the Schemes.

9.3.7 Retention of BrightStar Shares

BrightStar will issue BrightStar Shares to RFV Shareholders as consideration under the RFV Share Scheme. Some RFV Shareholders who receive BrightStar Shares may not wish to retain their shareholdings and it is possible that they may sell their BrightStar Shares shortly after receiving them. If a significant number of shareholders do this, this may have an adverse effect on the price of BrightStar Shares on the ASX in the short term.

9.3.8 A Superior Proposal for RFV may emerge

There is a possibility that a Superior Proposal for RFV may eventuate in the future, the benefit of which would not be available to RFV Shareholders if the Schemes are implemented.

As at the date of this Scheme Booklet, the RFV Board is not aware of any such proposal and notes that substantial time has elapsed since RFV and BrightStar announced the Merger. As a result, although there has been ample opportunity for an alternative proposal for RFV to be made none has been forthcoming.

9.3.9 The Merged Entity's share price might fall post implementation of the Schemes

Following the implementation of the Schemes, the Merged Entity's share price may rise or fall based on the Merged Entity's performance and market conditions. The value of the Scheme Consideration received by RFV Shareholders and RFV Optionholders will vary with the market price of the Merged Entity's shares after the Implementation Date. Consequently, there is no guarantee that RFV Shareholders and RFV Optionholders will realise implied value of the Scheme Consideration to be received under the Merger.

In considering the risk that the value of the Scheme Consideration will decline after the Implementation Date, it is important that RFV Shareholders and RFV Optionholders also consider the premium to the last traded price of RFV Shares may decline if the Schemes are not approved as discussed in Sections 3.1.11 and 4.1.4



10 PROFILE OF RIFT VALLEY RESOURCES LIMITED

10.1 Responsibility for Information

The information set out in this Section was prepared by RFV and RFV is responsible for this information.

10.2 Background and Overview

RFV was incorporated on 22 November 2010 and successfully listed on the Australian Stock Exchange (ASX) on 19 May 2011 after raising \$12.5 million, with its initial public offering being fully oversubscribed.

RFV currently has interests in 14 exploration projects, strategically located in areas in Tanzania. See Section 10.3 for details of these projects.

RFV's primary focus is on exploring its gold properties in the highly mineralised Lake Victoria region of western Tanzania but it is also exploring its three nickel properties to the west of the Lake Victoria region.

Initial reconnaissance exploration has now been completed on most current projects and detailed exploration programs on specific projects have commenced based on a priority ranking. An inaugural drilling program is imminent for the Golden Pride North Project and planning is well advanced for further drilling programs on the Suguti and Maji Moto Projects.

Recent Property Acquisitions

Prior to listing, RFV assembled a portfolio of 16 wholly owned projects in Tanzania covering an area of some 1,200 square kilometres. In September 2011, new acquisitions increased this area to approximately 1,400 square kilometres of prospective exploration tenements.

RFV's Maji Moto project has several significant gold targets already identified with drilling planned for the second quarter of 2012. This project comprises three contiguous tenements (two granted licences and one application) acquired from Mawe Meru Resources Limited and Kilimanjaro Mines Limited. See section 10.3.3 for further details.

RFV's Igando project has a number of both previous and current gold workings in, or adjacent to the property. The area has had little modern exploration and is considered highly prospective with 90% of the total project area overlaying greenstone rocks. See section 10.3.4 for further details.

RFV's Geita East project is located approximately 5 kilometres east of AngloGold Ashanti's multi-million ounce Geita gold mine. The project has potentially significant historical gold workings that are located in a major shear structure on the greenstone-granite contact, is in a strategically located portion of the Geita Greenstone Belt, and has not been subjected to extensive exploration because of widespread soil cover. See section 10.3.5 for further details.

New Project Evaluations and Relinquishments

With the cash raised from its successful ASX listing, RFV is continuing to make a concerted effort to identify and secure more advanced gold opportunities in Tanzania. Since listing, more than sixty tenements have been evaluated from more than fifteen potential vendors and this work is ongoing. To fast track RFV's growth, RFV's strategy has been to continually seek more advanced projects, critically assess tenements held, and to release tenements showing the lowest likelihood of achieving RFV's strict goals. After acquiring the new Maji Moto, Igando, and Geita East projects in late September 2011, RFV has elected to terminate its interest in the Kasabuya, Kanegele, Nyasiri and Golden Pride South projects. Tenements in those projects are considered of lower priority and have been transferred back to the vendors.

Tanzania Logistics

A local exploration team, with support staff, has now been assembled in Tanzania. The team is headed by Bartholomew Mkinga – Resolute Mining's former Exploration Manager for Tanzania. Mr Mkinga is a highly experienced geologist with more than 17 years in the Tanzanian exploration industry. In addition, two local

experienced staff geologists have been engaged along with field support people.

A corporate office in Tanzania's commercial capital Dar es Salaam has been established and an experienced local administrator has been appointed. Enea Minga has an MBA, is a Certified Public Accountant, and has most recently been employed as Finance and Administration Manager for Anglo-American's Ambase Exploration Africa DRC (Congo). Previously she was employed by Barrick Exploration Africa, responsible for Kabanga Nickel Company, Kagera Mining, and Pangea Minerals as Senior Accountant and Administration officer. Likewise a field office in Mwanza, the main city in the Lake Victoria region, has been established. The purchase of necessary vehicles and field equipment is well underway.

10.3 RFV's Exploration Projects

Following acquisitions and project relinquishments, RFV's current portfolio of exploration properties consists of:

- 11 gold exploration projects (Golden Pride North, Suguti, Maji Moto, Miyabi, Chibango, Mambari, Buhemba South East, Sungwa, Sarama, Geita East and Igando); and
- 3 nickel exploration projects (Nyamagoma, Kabanga West and Mwenene).

10.3.1 Golden Pride North Project

Systematic soil sampling of the Golden Pride North property (200 x 100 metre sample spacing with 100 x 50 infill sampling in anomalous areas) has defined three large and potentially significant gold-in-soil anomalies that warrant follow up drill testing (Figure 4).

- Central Anomaly (4 square kilometres)
- Eastern Anomaly (1 square kilometre)
- Western Anomaly (1 kilometre x 500 metres)

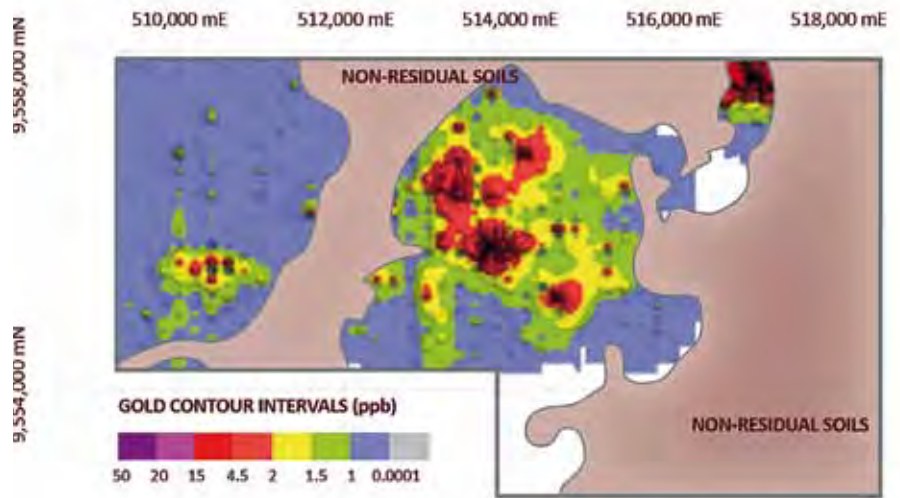
Drilling under an initial drilling program commenced at Golden Pride North on 23 April 2012. A total of approximately 1,600 metres of RC drilling is planned to test the three anomalies. Magnetic data and surface geology indicates that the source of the gold in the soils is likely to be one or more banded iron formations which are known to host gold mineralisation elsewhere in the Geita region.

The central anomaly will be the priority focus with drilling also planned to test the western and eastern anomalies.

Golden Pride North is a 41 square kilometre property located in the same Greenstone Belt as Resolute Mining’s Golden Pride gold mine and is strategically located only 4.6 kilometres from the actual mine.

10.3.2 Suguti Project

The Suguti project is located in the Mara-Musoma Region, 40 kilometres south of Musoma; the sealed Mwanza to Musoma highway passes through the western edge of the 77 square kilometre property. The property covers an extensive area of mafic-intermediate volcanic rocks and banded iron formations which form a prominent range of hills that trends approximately east-west in the northern half of the tenement.



SOIL SAMPLING - GOLD ASSAY CONTOURS
GOLDEN PRIDE NORTH PROJECT (PL6701)

Figure 4 - Gold Assay Contours

A soil sampling program spaced at 200 x 100m has been completed with a closer spaced soil sampling program (100 x 50 meters) completed around three targeted areas, one with known gold occurrence and two with high gold potential.

The gold and arsenic assay results from this program have clearly defined potentially-mineralized trends that warranted follow up work, which has been completed. Possible extensions of these anomalies to the north and east have also been tested (Figure 5 and Figure 6).

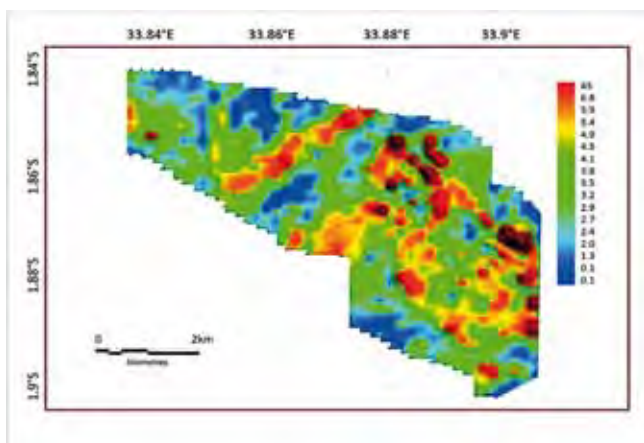


Figure 5 - Suguti soil sampling gold assay contours

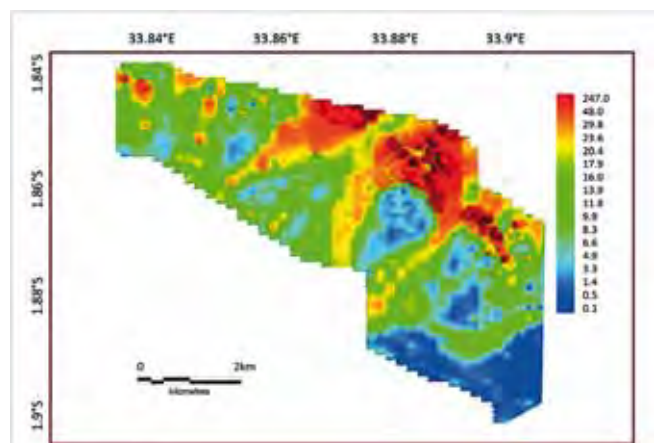


Figure 6 - Suguti soil sampling arsenic assay contours

10.3.3 Maji Moto Project Systematic

The Maji Moto project is located in the eastern Musoma Goldfields, some 28 kilometres south-west of African Barrick Gold’s multi-million ounce North Mara gold mine. The 77 square kilometre project covers numerous known gold occurrences and gold workings surrounding the old Maji Moto gold mine which was operated up until the 1950s. The immediate old-mine area is currently held by local small scale miners and is excluded from RFV’s Maji Moto property (approximately 500 square metres).

The Maji Moto project (Figure 7) consists of two Prospecting Licences (PL7059 and PL4782) and one Application (HQ-P22628).

Importantly, several significant gold targets have already been identified in the project area and initial field work has been completed to allow planning for appropriate drilling programs. The field work has comprised detailed geological mapping, trench sampling, and soil sampling.

Initial drilling will be implemented as soon as possible.

10.3.4 Igando Project

Initial geological mapping was conducted on the Igando project in December 2011 and further work has been prioritised after drilling is completed at the Golden Pride North project.

The Igando Project comprises two tenements (PL5219 and PL6768) totalling 26.7 square kilometres of contiguous area located in the western Rwamagaza Greenstone Belt (Figure 8). This belt hosts known gold deposits and gold occurrences including African Barrick Gold’s Tulawaka gold mine 34 kilometres to the west, the Buckreef gold deposit 15 kilometres to the east, and a more recent (2006) gold discovery named Mnekezi located only 14 kilometres to the west of Igando.

A number of historical gold workings exist both in and adjacent to the property. These include: current small scale gold mining at the Iparamasa workings located 1.3 kilometres east of the project; old

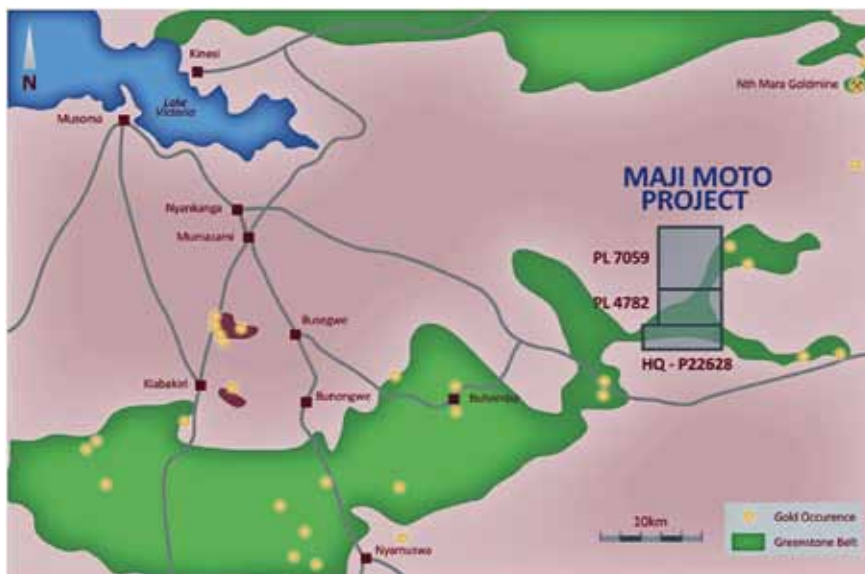


Figure 7 - Maji Moto Project Area

workings located in the eastern portion of PL6768 and consisting of a line of around 20 shafts trending approximately east-west and extending over a length of some 300 metres; and active small scale mining by Umoja wa Shughuli na Maendeleo on a 200 metre-long quartz lode on the northern margin of PL5219.

10.3.5 Geita East Project

Initial geological mapping was conducted on the Geita East project in December 2011 and further work will be prioritised after drilling is completed at the Golden Pride North project.

The 51 square-kilometre Geita East

property covers a strategically located portion of the Geita Greenstone Belt (Figure 8) that has not been subjected to extensive exploration in the past because of widespread soil cover.

10.3.6 Sarama and Buhemba South East Projects

Geological mapping was completed as well as a 200 metre x 100 metre soil sampling program over the most prospective areas. Rock chip samples were also collected at Sarama and Buhemba South East with the samples submitted to SGS Mwanza. Once the results have been fully reviewed, the next phase of work will be determined.

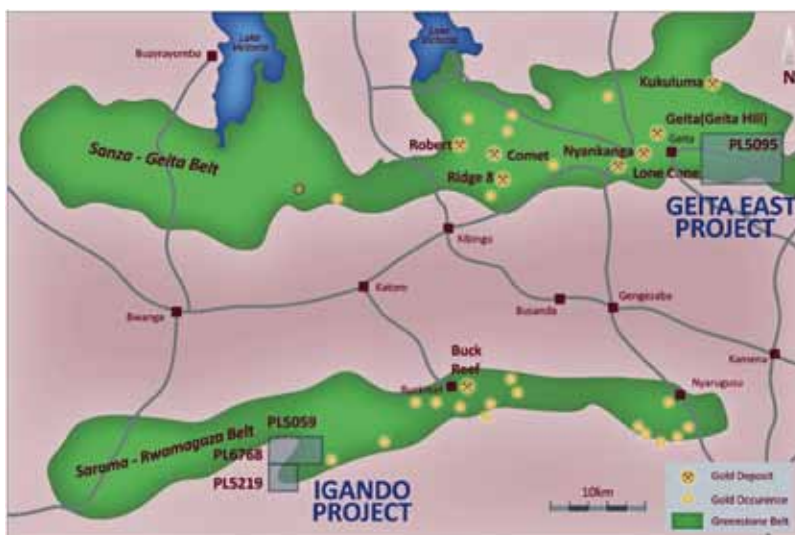


Figure 8 - Map of the Igando and Geita East Projects in the Rwamagaza and Geita Greenstone Belts

10.4 RFV Group Structure

RFV is the parent company of the RFV group of companies, which comprises RFV, the Australian incorporated holding company of one Tanzanian incorporated wholly-owned subsidiary company, as shown in the group structure diagram below:

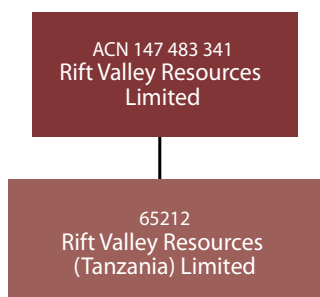


Figure 9 - RFV Group Structure

10.5 RFV Corporate Structure

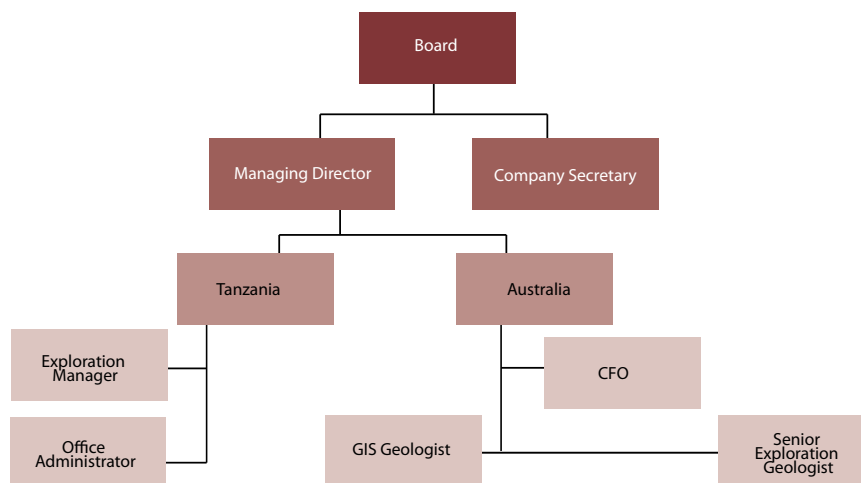


Figure 10 - RFV Corporate Structure

10.6 RFV Securities on Issue

As at the date of this Scheme Booklet, RFV has only one class of shares on issue, being fully paid ordinary shares.

RFV has the following securities on issue:

- (i) Ordinary Shares on issue 83,833,886 – 72,835,454 quoted on ASX, 10,998,432 restricted until 18 May 2013;
- (ii) Unlisted Options 5,875,000 exercisable at 20 cents by no later than 15 February 2014;
- (iii) Unlisted Options 5,875,000 exercisable at 25 cents by no later than 15 February 2014;
- (iv) Unlisted Options 11,500,000 exercisable at \$0.0001 by no later than 3 November 2017. These options only vest upon RFV making a decision confirming its intention to proceed with the development of a mine on the Maji Moto tenements acquired from the vendors.

Table 6 right shows all the unlisted RFV options:

Table 6 - Register of all unlisted RFV options

HOLDER NAME	Exercise price	No. of options
Mr Gosbert Kagaruki	\$ 0.20	750,000
Mr Michael McKeivitt	\$ 0.20	1,000,000
K & S McKay ATF McKay Family Super Fund	\$ 0.20	500,000
Westoria Resource Investments Limited	\$ 0.20	750,000
Digrevni Investments Pty Ltd	\$ 0.20	1,750,000
Mr Rowan Caren ATF Rowan Caren Family Trust	\$ 0.20	375,000
Mr Hamish Halliday ATF McTavish Trust	\$ 0.20	375,000
Symorgh Investments Pty Ltd	\$ 0.20	375,000
		5,875,000
Mr Gosbert Kagaruki	\$ 0.25	750,000
Mr Michael McKeivitt	\$ 0.25	1,000,000
K & S McKay ATF McKay Family Super Fund	\$ 0.25	500,000
Digrevni Investments Pty Ltd	\$ 0.25	1,750,000
Westoria Resource Investments Limited	\$ 0.25	750,000
Mr Rowan Caren ATF Rowan Caren Family Trust	\$ 0.25	375,000
Mr Hamish Halliday ATF McTavish Trust	\$ 0.25	375,000
Symorgh Investments Pty Ltd	\$ 0.25	375,000
		5,875,000
Erncon Holdings Limited	\$ 0.0001	11,500,000
	TOTAL	23,250,000

Table 7 - Largest Optionholders

The names of holders of unlisted RFV \$0.20 Options (exercisable at 20 cents on or before 15 February 2014) holding 20% or more of the class of unlisted options, as at the date of this Scheme Booklet are listed below:

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

The names of any holder of unlisted RFV \$0.25 Options (exercisable at 25 cents on or before 15 February 2014) holding 20% or more of the class of unlisted options, as at the date of this Scheme Booklet are listed below:

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

The names of holders of unlisted options exercisable at \$0.0001 on or before 3 November 2017 holding 20% or more of the class of unlisted options, as at the date of this Scheme Booklet are listed below:

Name	Number of Options	Percentage
Erncon Holdings Limited	11,500,000	100%

The directors and shareholders of Murcia Pestell Hillard Pty Ltd are the shareholders of Digrevni Investments Pty Ltd

RFV keeps a register containing relevant details of all of its optionholders in accordance with section 170 of the Corporations Act. That register sets out:

- a. the option holder's name and address;
- b. the date on which the entry of the option holder's name in the register is made;
- c. the date of grant of the options;
- d. the number and description of the shares or interests over which the options were granted;
- e. either:
 - i. the period during which the options may be exercised; or
 - ii. the time at which the options may be exercised;
- f. any event that must happen before the options can be exercised;
- g. any consideration for the grant of the options;
- h. any consideration for the exercise of the options or the method by which that consideration is to be determined.

RFV Optionholders are entitled under section 173 of the Corporations Act to inspect and obtain copies of the information on that register without charge. RFV Optionholders should contact the Registry in the first instance if they wish to access the information on this register.

RFV's register of substantial shareholders, prepared in accordance with Chapter 6C of the Corporations Act 2001, did not show any substantial shareholders as at the date of this Scheme Booklet.

10.7 Rights Attaching to RFV Ordinary Shares

The rights attaching to RFV Shares are set out in RFV's constitution, a copy of which may be obtained by contacting RFV and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules and the common law of Australia.

10.8 Rights Attaching to RFV Unlisted Options

Each unlisted RFV option is convertible into one RFV Share in accordance with the terms of their issue, the constitution of RFV and, in certain circumstances, is regulated by the Corporations Act, the ASX Listing Rules and the common law of Australia. A copy of the terms of the unlisted options may be obtained by contacting RFV.

10.9 Disclosing Entity

RFV is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically, RFV is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by RFV which a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX maintains files containing publicly disclosed information about all listed companies. In addition, copies of documents lodged by, or in relation to, RFV with ASIC may be obtained from ASIC.

RFV will provide a copy of each of the following documents, free of charge, to any holder of RFV Shares or RFV Options who so requests it before the Scheme meetings:

- the annual financial report for RFV for the period ending 30 June 2011; and
- the following documents used to notify ASX of information relating to RFV during the period after lodgement of the Annual Report of RFV for the period ending 30 June 2011 and before lodgement of this Scheme Booklet with ASIC:



Table 8 – Date and Description of RFV ASX Announcements

Date	Description of ASX Announcement
11.10.2011	Notice of Annual General Meeting
12.10.2011	Quarterly Activities Report
24.10.2011	Quarterly Cashflow Report
03.11.2011	Appendix 3B
16.11.2011	Positive Soil Sampling Results from Suguti
17.11.2011	Managing Director's AGM Presentation
17.11.2011	Chairman's Address, Annual General Meeting
17.11.2011	Results of Meeting
28.11.2011	Appendix 3B
28.11.2011	Appendix 3B
29.11.2011	Change of Director's Interest Notice
19.01.2012	Trading Halt Market Release
19.01.2012	Trading Halt Request
23.01.2012	BrightStar: Proposal to Merge
23.01.2012	RFV to Merge with Bright Star Resources
23.01.2012	RFV and BrightStar Merger Presentation
23.01.2012	BrightStar: Proposed Merger Presentation
31.01.2012	Quarterly Activities Report
31.01.2012	Quarterly Cashflow Report
03.02.2012	Release of Securities from Escrow
27.02.2012	Update on merger
29.02.2012	Half Yearly Accounts
04.04.2012	Update on merger – Lodgement of Scheme Booklet
04.04.2012	BUT: Update on Merger
30.04.2012	Quarterly Activities Report
30.04.2012	Quarterly Cashflow Report



10.10 Litigation

RFV is not party to any legal proceedings as at the date of this Scheme Booklet nor is it involved in any disputes that might result in legal proceedings.

10.11 RFV Historical Financial Information

RFV has approximately \$10m cash at bank and no debt with extensive local knowledge and access to new project opportunities. RFV has a current portfolio of 14 separate exploration projects in Tanzania with well-established support infrastructure and local technical teams in place.

10.11.1 Basis of Presentation

The half-year financial report has been prepared on a historical cost basis, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

10.11.2 RFV's Consolidated Statement of Financial Position at 31 December 2011

	Consolidated	
	31.12.2011	30.06.2011
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	10,485,441	11,749,258
Trade and other receivables	224,301	200,719
Total Current Assets	10,709,742	11,949,977
Non-current Assets		
Plant and equipment	263,033	215,450
Intangible assets	82,629	23,908
Total Non-current Assets	345,662	239,358
TOTAL ASSETS	11,055,404	12,189,335
LIABILITIES		
Current Liabilities		
Trade and other payables	307,626	247,171
Provisions	41,688	9,125
Total Current Liabilities	349,314	256,296
TOTAL LIABILITIES	349,314	256,296
NET ASSETS	10,706,090	11,933,039
EQUITY		
Issued capital	12,391,582	12,350,652
Reserves	279,821	258,270
Accumulated losses	(1,965,313)	(675,883)
TOTAL EQUITY	10,706,090	11,933,039

The above Consolidated Statement of Financial Position is to be read in conjunction with the notes to the half year financial report for Rift Valley for the half year ended 31 December 2011.

10.11.3 RFV's Consolidated Statement of Comprehensive Income for the Half Year Ended 31 December 2011

	Consolidated	
	31.12.2011	31.12.2010
Continuing operations	\$	\$
Unrealised exchange differences on translation of cash held in foreign currencies	138,525	-
Other revenue	195,252	-
Total Revenue	333,777	-
Employee benefits expense	(599,802)	-
Consulting and outsourced services expense	(272,935)	(15,000)
Exploration expenditure	(431,677)	-
Computer and communication costs	(33,526)	-
Travel expense	(117,006)	-
Occupancy costs	(60,056)	-
Depreciation, amortisation and impairment expense	(50,452)	-
Finance costs	(4,565)	-
Net client reimbursed expenses refunded including exploration expenditure	-	-
Other expenses	(53,188)	(865)
Total expenses	(1,623,207)	(15,865)
Loss from continuing operations before income tax expense	(1,289,430)	(15,865)
Income tax expense	-	-
Loss from continuing operations after income tax expense	(1,289,430)	(15,865)
Other comprehensive income:	-	-
Exchange differences on translating foreign operations	21,551	-
Other comprehensive income net of tax	21,551	-
Total comprehensive loss attributable to owners of the parent	(1,267,879)	(15,865)
Earnings per share (cents per share) from continuing operations		
- basic; loss for the half-year	(1.5) cents	(0.08) cents
- diluted; loss for the half-year	(1.5) cents	(0.08) cents

The above Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the half year financial report for Rift Valley for the half year ended 31 December 2011.

10.12 RFV's Consolidated Statement of Cash Flows for the Half Year Ended 31 December 2011

	Consolidated	
	31.12.2011	31.12.2010
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Sundry income (inclusive of GST)	10,909	-
Payments to suppliers and employees (inclusive of GST and non-resident withholding taxes)	(1,460,782)	(909)
Interest received	187,821	-
Interest paid (including non-resident withholding taxes)	(4,565)	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,266,617)	(909)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of plant and equipment	(86,332)	-
Purchase of computer software and database	(70,426)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(156,758)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Costs of share issue	(520)	-
Proceeds from borrowings	-	5,000
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	(520)	5,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,423,895)	4,091
Net foreign exchange differences	160,078	-
Cash and cash equivalents at beginning of period	11,749,258	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,485,441	4,091

The above Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the half year financial report for Rift Valley for the half year ended 31 December 2011.



Figure 11 - Recent Price History of RFV Shares

10.12.1 RFV Material changes to financial position since 31 December 2011

There have been no material changes to the financial position since 31 December 2011 other than, on 23 January 2012, RFV announced it had signed a Merger Implementation Agreement with BrightStar.

10.13 Recent Price History of RFV Shares

The RFV Share price immediately prior to the announcement of the merger was \$0.095. The 1 month VWAP immediately before 20 January 2012 was \$0.1 and the 3 month VWAP immediately before 20 January 2012 was \$0.1165

The recent price history for RFV Shares is given in Figure 11 above (source: <http://www.asx.com.au>).

10.14 RFV Board and Senior Management

RFV's Board and management team have experience over many years in conducting successful exploration programs and have

been associated with a number of large scale commercial discoveries. The RFV Board has a balanced mix of experience at senior levels in Australia and overseas and in the junior explorer and capital markets. The RFV Board and management have experience in Tanzania as well as other African jurisdictions.

10.14.1 Board of Directors

DIDIER MURCIA – B.Juris, LLB – Chairman

Mr Murcia holds a Bachelor of Jurisprudence and 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 Australian Stock Exchange. Until recently, Mr Murcia was also a

director of emerging iron ore producer Gindalbie Metals Limited, a position he held for 13 years. He is also Chairman of Perth law firm Murcia Pestell Hillard.

MICHAEL McKEVITT – BSc Geology (Hons) - Managing Director

Mr McKeivitt has a long a 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 lead 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 McKeivitt is a corporate member of the Australasian Institute of Mining and Metallurgy and is a competent person for

reporting Exploration results and Mineral Resources accordance with the JORC Code (2004).

KEITH McKAY - B.Sc (Hons) - Director

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.

As Managing Director of Gallery Gold, 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. Mr McKay is a director of Centaurus Metals Limited, listed on the Australian Stock Exchange.

GOSBERT KAGARUKI – MSc – Director

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

Having commenced his career with the Mineral Databank (Dodoma 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 Southern and Eastern African Mineral Centre and then Barrick (Tanzania) before setting up his own consultancy geological company, Interactive Earth Imaging Limited.

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

DARPAN PINDOLIA – B.Eng (Hons) Civil Eng, G.Dip (Distinction) Mining Eng, MIEAUST – Director

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, the United Kingdom and Australia and has worked for Leighton Contractors and Laing O’ Rourke.

10.14.2 Senior Management

ROWAN CAREN - B.Com, CA - Company Secretary

Mr Caren has more than 18 years commercial experience as a Chartered Accountant, having qualified with Pricewaterhouse Coopers in 1992.

He has been involved in the minerals exploration industry for over ten years and in 2004 created a specialist company secretarial and advisory consultancy, Dabinett Corporate Pty Ltd. He has provided financial and corporate services to several listed and unlisted companies involved in the resources sector.

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.

GAVIN DOIG - B.Compt (Hons), CA – Chief Financial Officer

Mr Doig is a Chartered Accountant with over 37 years accounting and business experience in Australia, South Africa and the United States. He is also a Registered BAS Agent. In 2001 he set up his current public practice, providing outsourced CFO, professional accounting and business advisory services.

He has provided services to companies involved in the minerals exploration, oil and gas consulting, geoscientific consulting and software development, transport and private investment sectors.

Prior to 2001 he held various CFO/Senior Finance positions, including directorships in listed and unlisted public companies, multi-nationals, a government corporation and a chartered accounting firm.

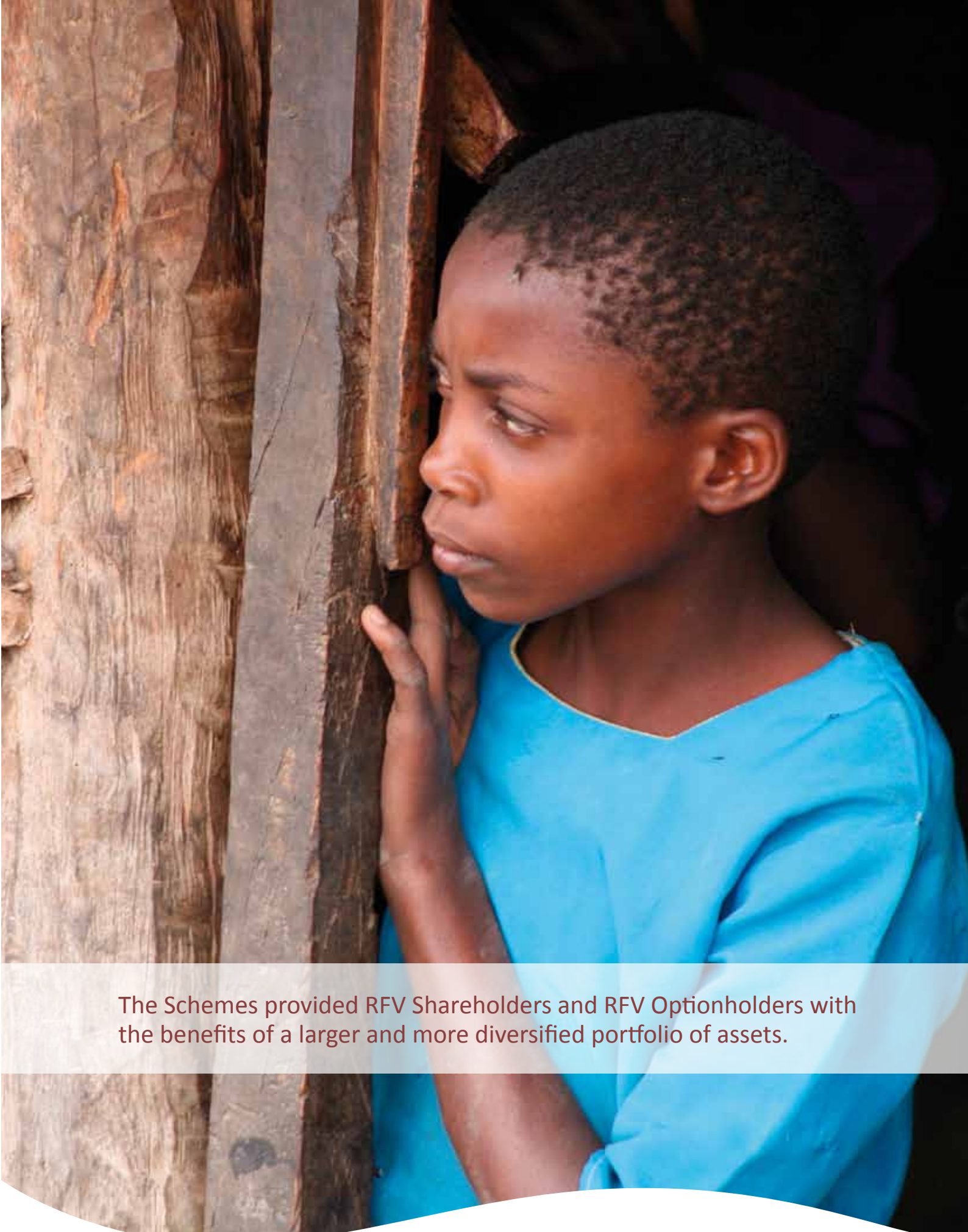
Gavin is also a member of the Institute of Chartered Accountants in Australia and the South African Institute of Chartered Accountants.

BARTHOLOMEW MKINGA- Msc - Exploration Manager.

Mr Mkinga has 18 years experience as geologist in the Tanzanian mineral exploration industry. He led the field team that defined the now 4.54 million ounce Nyanzaga (Tusker) gold resource and was a key member of the team which developed the gold resource at Bulyanhulu to 12 million ounces. Most recently Mr Mkinga was Exploration Manager for both Regional and Near Mine Projects with Resolute (Tanzania) Limited.

10.15 Operations of RFV if Schemes do not proceed

If the Schemes are not implemented RFV will continue to develop its existing projects and seek further more advanced project acquisitions and merger opportunities.



The Schemes provided RFV Shareholders and RFV Optionholders with the benefits of a larger and more diversified portfolio of assets.

11 PROFILE OF BRIGHT STAR RESOURCES LIMITED

11.1 Responsibility for Information

The information set out in this Section was prepared by BrightStar and BrightStar is responsible for this information.

11.2 Background and Overview

BrightStar is a gold exploration company whose primary focus is gold exploration in Tanzania. BrightStar's headquarters are located in Fremantle, Western Australia.

BrightStar is an Australian public company and it was incorporated on 29 September 2006. On 11 October 2010 BrightStar changed its name from Tasman Goldfields Ltd to Bright Star Resources Ltd.

BrightStar is listed on the ASX and its ordinary shares trade under the ASX code BUT.

11.3 BrightStar's Exploration Projects

11.3.1 Tanzanian Independent Solicitor's Report on BrightStar Tenements

A report from a Tanzanian legal firm, duly qualified to practice law in Tanzania, was commissioned by RFV to verify the status of BrightStar's Tanzanian subsidiaries (Carlton Kitongo Tanzania Limited and Carlton Miyabi Tanzania Limited) and the standing of the tenements held by BrightStar's subsidiary companies.

The report is included in Appendix 2.

11.3.2 The Kitongo Project

Overview

The Kitongo Project is owned 100% by BrightStar.

The Kitongo Project is located in the Lake Victoria Goldfields region of Tanzania, 90 kilometres south of the city of Mwanza (Figure 12). Access is via bitumen and unsealed roads.

The tenements at Kitongo comprise the licences and applications set out in Schedule 1 of the Independent Solicitor's Report in Appendix 2. The focus of exploration work has always been on the

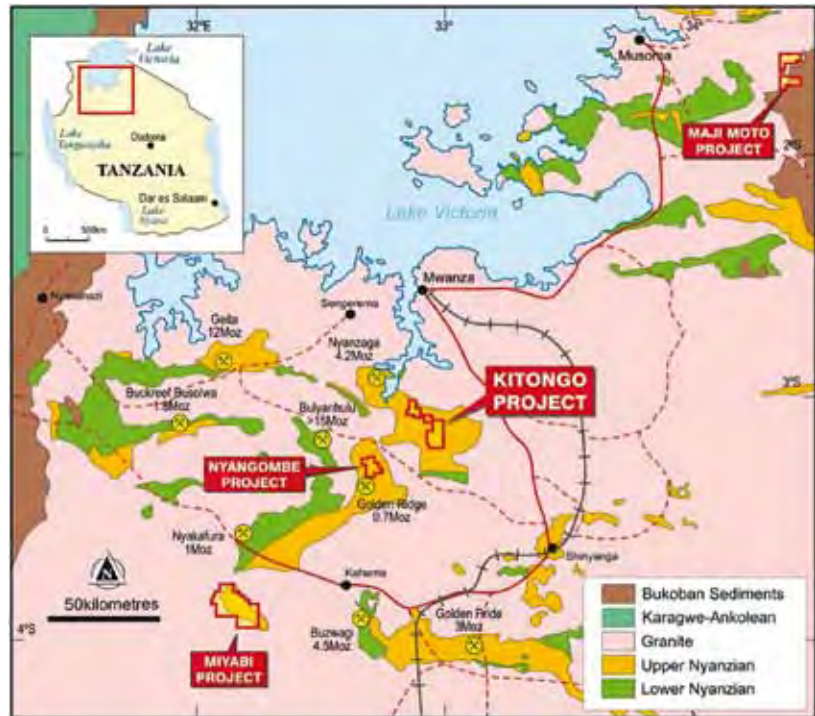


Figure 12 - Kitongo Project Location Plan

area adjacent to and including the Main Zone deposit located on Retention Licence 0003/2009. Little regional exploration has been completed on the majority of the tenements.

The Kitongo Project licence area was first granted in 1992, with initial work being carried out by East Africa Mines (EAM), a subsidiary of Spinifex Gold Limited. This led to the discovery of the substantial gold resource at the Kitongo Main Zone. The most recent estimate of this deposit reported an inferred Mineral Resource of 370,000 ounces at a 0.5g/t cut-off (Table 10).

Very limited exploration work has been carried out at the project since 2001.

Since acquiring the Kitongo Project from IAMGold, BrightStar commenced negotiations in February 2011 with the Tanzanian authorities to remove the illegal miners and the various government groups reached consensus for their removal in July 2011.

Illegal miners working at the Main Zone (Figure 13) were removed by the Tanzanian authorities in January 2012 allowing company personnel free access to the site on 16 January 2012. The Tanzanian Government's role is to provide clear

access to tenement holders and BrightStar has followed the correct ministerial process in seeking the removal of illegal miners. Exploration activity is subject to the following ministerial conditions which were specified in a meeting with the Minister of Energy and Mineral on 26 January 2012:

- Carlton Kitongo Pty Ltd will identify areas of its tenements which have potential to support small scale artisanal miners and must allow small scale mining on a Primary Mining Licence within the Kitongo Project area;
- The Geological Survey of Tanzania (GST) will conduct an assessment of those areas to determine suitable locations for the granting of a Primary Mining Licence to the (previously illegal) artisanal miners;
- The committee including representatives from the miners, the Ministry of Energy and Minerals, the Regional Commissioner's Office and the GST will supervise the process;
- Carlton Kitongo Pty Ltd can commence exploration work immediately to run in parallel with the process of identifying areas for artisanal mining.

It is possible that further artisanal mining by locals will impact on BrightStar's activities on the Kitongo project in future.

Since preparation of the Mineral Resource estimate in 2006, small scale artisanal mining has occurred in the Main Zone deposit. The mining ceased in January 2012. Workings are shallow and largely restricted to the low grade mineralised laterite. Ravensgate has speculatively estimated that up to 15,000-20,000 oz of gold may have been extracted from the deposit by artisanal mining. This is not considered material to the reported Inferred Mineral Resource of 370,000oz due to the low level of confidence implied by an "Inferred" Mineral Resource classification, and by the clearly limited and finite nature of the workings. As a result Rift does not believe that the 2006 "Inferred" Mineral Resource is inaccurate.

Geology

The Kitongo Project is located in the Sukumaland Greenstone Belt. The project area is underlain by Archaean Granitoid-Greenstone lithologies of the Kitongo-Ugambilo Granitoid-Greenstone sub-terrane of the Mabale Terrane located in the Lake Victoria Goldfields. Recent and old gold workings in the form of pits and shallow shafts and trenches occur in a number of areas.

The geology of the project area is shown Figure 13. The major lithological units underlying the Kitongo Project are mafic volcanic, volcanic pyroclastic rocks and flows, felsic and mafic intrusive rocks, units of the Lower Nyanzian formation, Banded Iron Formation (BIF) of the Upper Nyanzian formation, all of which are un-conformably overlain by Kavirondian sediments. These units are intruded by syn-Nyanzian to post-Nyanzian granitoids. The overall stratigraphy is thought to form an anticlinal structure that plunges to the southeast. In low lying areas the topography is mostly covered by laterite and mbuga clays (black cotton soils).

Basalts are located at the base of the greenstone sequence in both the northwest and southeast regions. Immediately overlying the basalts in

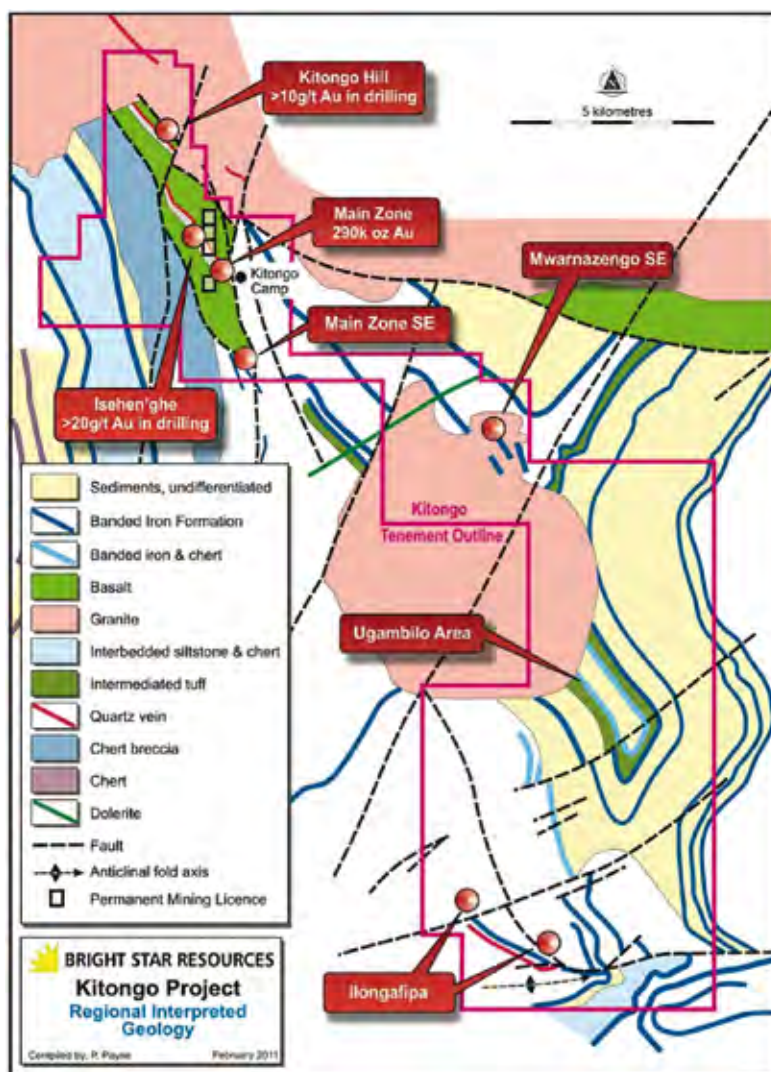


Figure 13 - Kitongo Project Interpreted Geology

the northwest region is a sequence of volcanoclastic siltstones and fine sandstones of unknown thickness. Overlying this is a line of prominent hills consisting of chert breccia and chert conglomerate. Stratigraphically above this unit a very wide sequence of sediments dominated in outcrop by BIFs and to a lesser extent banded cherts.

The Main Zone mineralisation is located at the juncture of NW-SE trending regional structure, NE trending regional structure and the SE plunging anticlinal fold. Mineralisation is hosted in silicified mafics, brecciated cherts, BIFs and tuffs within quartz veins and stockworks. Gold is associated with disseminated pyrrhotite and pyrite in fresh rock and gossanous/limonitic host rocks in oxide. Weathering

of the deposit has occurred to a depth of 40 to 50 metres and has resulted in a degree of supergene enrichment of the gold mineralisation in the oxide portion of the deposit.

Previous Exploration

Extensive drilling programs were carried out by EAM between 1993 and 1999. RAB and Air Core drilling was used to test conceptual and structural targets and as first pass testing of geochemical anomalies. RC and Diamond drilling was used to test targets at depth and for resource definition.

Drilling and trenching completed to date is summarised in Table 9.

The prospective horizons at Kitongo have been defined by shallow RAC and Air Core drilling and geophysical surveys. They suggest that the BIF and sedimentary sequence which is host to the Main Zone mineralisation extend for some 5 kilometres to the northwest of the Main Zone location identified in Figure 13. Within those 5 kilometres of strike structural offsets and pinching and swelling of the main units appears to be present, however substantial gold mineralisation has been intersected in RC and RAB drilling.

Mineral Resource

A Mineral Resource estimate for the Main Zone mineralization at Kitongo was completed in 2006. The estimate was prepared by Mr Jonathon Abbott at the direction of IAMGold. The resource is defined by 226 RC drill holes and 13 Diamond drill holes for approximately 21,000 metres.

The majority of mineralisation of economic interest lies within the weathered horizon which typically extends to around 50 metres depth. Mineralisation is less well developed in fresh rock. The mineralisation interpretation used for resource estimate comprised moderately east dipping, northwest, and north-northeast striking mineralised domains surrounded by generally barren material, and overlain by a thin, variably mineralised outcropping laterite layer. The deposit has been tested by 50 metre spaced traverses of Air Core, RC and minor Diamond drilling, with a small number of 25 metre spaced infill lines.

Mr Abbott reported that the data available was of insufficient detail and quality to allow classification of resource estimates as Measured or Indicated Resource Categories and as a consequence, the entire resource is classified as Inferred. In addition to the broad drill spacing, data deficiencies include drill hole location uncertainties, a lack of Quality Control and Quality Assurance data to confirm sampling and assay quality, a lack of bulk

Table 9 - Summary of Historic Drilling and Trenching at Kitongo Project

Hole Type	Code	Number of Holes	Total Depth
Diamond	DD	13	1,432
RC	RC	226	19,256
Air Core	AC	594	6,755
RAB	RB	832	33,821
Trench	TR	19	1,380
Total		1,684	62,644

density measurements, and no clear understanding of geological setting and mineralisation controls.

Gold resources have been estimated over approximately 600 metres strike length and to a depth of 135 metres below surface using the MIK technique. The gold resources have been estimated into panels with dimensions of 25 metres (east) by 25 metres (north) by 5 metres (elevation).

A variance adjustment was applied to derive estimates of resources under assumptions regarding the degree of selectivity likely to apply to an open pit mining operation. The resource estimates are constrained to the current land surface, and extend to around 135 metres below surface. The 2006 Mineral Resource estimate is summarised in Table 10 below.

Table 10 - Kitongo Gold Project 2006 Inferred Mineral Resource

Type	1.0g/t Au Cut-off			0.5g/t Au Cut-off		
	Mt	g/t	Moz	Mt	g/t	Moz
Laterite	0.4	2.1	0.03	0.8	1.3	0.04
Highly Oxidised	2.4	2.2	0.17	3.8	1.7	0.21
Moderately Oxidised	0.4	2.0	0.03	0.7	1.5	0.04
Fresh	1.2	1.7	0.07	2.5	1.2	0.09
Total	4.4	2.0	0.29	7.8	1.5	0.37

*Rounding errors may occur

11.3.3 Miyabi Gold Project

Overview

BrightStar has the right to earn 75% of the Miyabi Gold Project.

The Miyabi Project is located approximately 200 kilometres southwest of the town of Mwanza, in the Lake Victoria Goldfields of Tanzania. It is approximately 60 kilometres west of African Barrick Gold's operating Buzwagi mine, and approximately 30 kilometres south of Resolute Mining Limited's Nyakafuru project. The Project is some 150 kilometres southwest of BrightStar's Kitongo Gold Project (Figure 14).



Figure 14 - Miyabi Project Regional Location Plan

BrightStar has entered into a joint venture (JV) with the project owner Twigg Gold Limited (Twigg), the Tanzanian subsidiary of UK-listed African Eagle Resources Plc (AFE). BrightStar has the right to earn a 50% interest in the project by expenditure of US\$3.0M. It can earn a further 25% interest by completing a Feasibility Study at the project and paying certain other costs, consisting of (not including the costs of the Feasibility Study) fees to the holders of the prospecting licences that form the project and the expenses of maintaining the registration of those licences. The amount of those costs cannot be calculated at the moment but the boards of RFV and BrightStar consider them immaterial. Refer to Section 11.12.1 for further details.

The tenements at Miyabi comprise the Prospecting Licences and Applications set out in Schedule 2 of the Independent Solicitor's Report in Appendix 2. For further details of these Prospecting Licences and Applications refer to the Independent Solicitor's report in Appendix 2.

Exploration at the project has been carried out by Twigg since 1999. Regional geochemical exploration quickly led to the discovery of a zone of anomalous gold in soil at the north-western margin of the Miyabi greenstone. This was termed the Miyabi Structural Corridor where an indicated and inferred mineral resource estimate of 520,000 ounces at a 0.5g/t cut-off has been estimated (Table 12).

Facilities at the project include a well-established camp with sample processing and administration facilities. This allowed exploration work at the project to be initiated very quickly by BrightStar.

Geology

The Miyabi Project covers a discrete zone of Nyanzian greenstones surrounded by granitoids and appears to lie at the hinge of a fold closure between the Nzega Greenstone Belt to the east (hosting Resolute's Golden Pride deposit) and the Siga Hills Greenstone Belt to the northeast (hosting Barrick's Bulyanhulu and Golden

Ridge projects and Resolute's Nyakufuru project). Metamorphism of the area is upper greenschist to lower amphibolite facies. Project geology is shown in Figure 14.

Outcrop is dominated by a range of banded iron formation (BIF) forming the Miyabi Hills at the southern part of the belt, and by granite hills surrounding much of the project area. Much of the prospective greenstone is in low lying areas where the topography is mostly covered by laterite and mbuga clays (black cotton soils).

Gold mineralisation is controlled by strong northeast trending shear zones of the Miyabi Structural Corridor. The geology of the corridor is dominated by a folded mafic volcano-sedimentary package which includes chlorite schists, biotite-sericite schists, graphitic shales, massive pyrite-pyrrhotite bodies and basalts. Weathering occurs to a depth of up to 60 metres.

All gold mineralisation discovered to date has a close spatial association with the northeast trending faults in the Miyabi Structural Corridor. Silicification and general increases in sericite and biotite alteration are usually associated with the mineralisation. The gold mineralisation is often associated with veins and veinlets that are sub parallel to the main northeast trending structure.

Previous Exploration

African Eagle, through its subsidiary Twigg Gold has explored the project since 1999. Joint Venture partners at different times have included Goldfields Limited and Randgold Resources Limited. Regional soil geochemistry defined extensive zones of gold in soils throughout the area termed the Miyabi Structural Corridor. The geochemical anomalies were coincident with strong magnetic features identified in a ground magnetic survey completed in 2001. RAB, RC and Diamond drilling was used to test the anomalies which led to the definition of three main prospect areas – Ngaya, Shambani and Kilimani. The Faida prospect has a much more subtle geochemical signature and was

drilled and delineated subsequent to the other deposits.

Extensive programs of airborne and ground geophysics have been completed by African Eagle. These have substantially assisted in the understanding of key structural and lithological trends at the Project.

In 2011 BrightStar completed 11,000 metres of regional RAB drilling, as well as a 2,600 metre program of follow-up RC drilling. These programs led to the definition of extensive zones of low grade gold mineralisation adjacent to the northern granite contact. In addition, a high grade structure to the southwest of Kilimani was intersected in one RAB hole which returned 21 metres at 6.7g/t Au from 21 metres. This appears to be a previously unknown structure and requires immediate follow-up drilling.

Drilling completed to date at the project is summarised in Table 11.

Mineral Resource

A Mineral Resource estimate for the deposits at Miyabi was completed in 2006. The estimate was prepared by Mr Martin Pittuck. See Section 14.23 for details of Mr Pittuck’s qualifications..

Detailed drilling has been carried out on four deposits at the project. Both RC and Diamond drilling has been carried out, typically on 50 metre by 50 metre spacing with some areas of infill to 25 metres. The strongest mineralisation has been defined at the Faida and Kilimani deposits which have strike extents of approximately 600 metres each, but where drilling rarely extends below 120 metres vertical depth. Mineralisation is typically 20 metres to 50 metres in width and sub-crops beneath a veneer of alluvial cover (Faida) or ferruginous hardpan (Kilimani).

A total of 30 Diamond drill holes and 165 RC drill holes were included in the estimate. Industry standard quality control programs were included in the drilling and supported the data used in the estimate.

Resource boundaries were defined using nominal 0.5g/t Au envelopes which

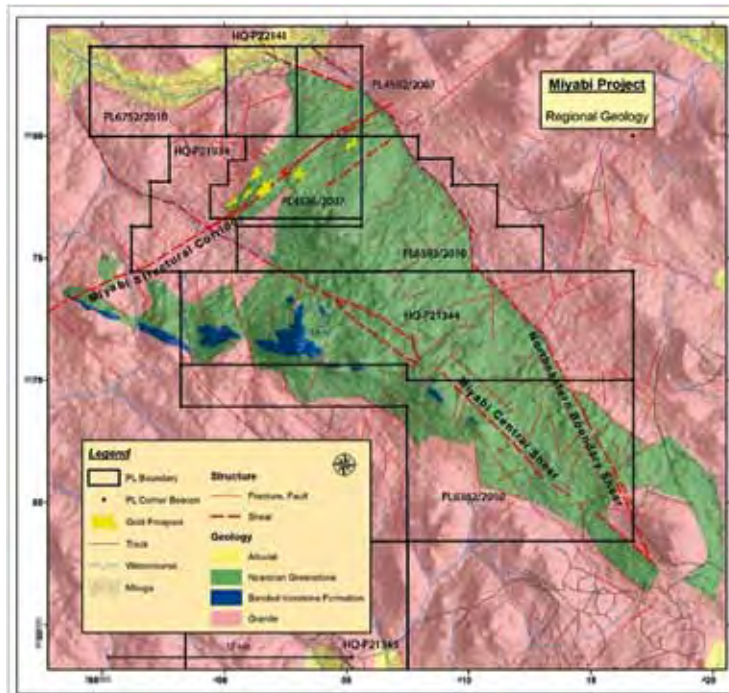


Figure 15 - Regional Geology of the Miyabi Project (From African Eagle, 2009)

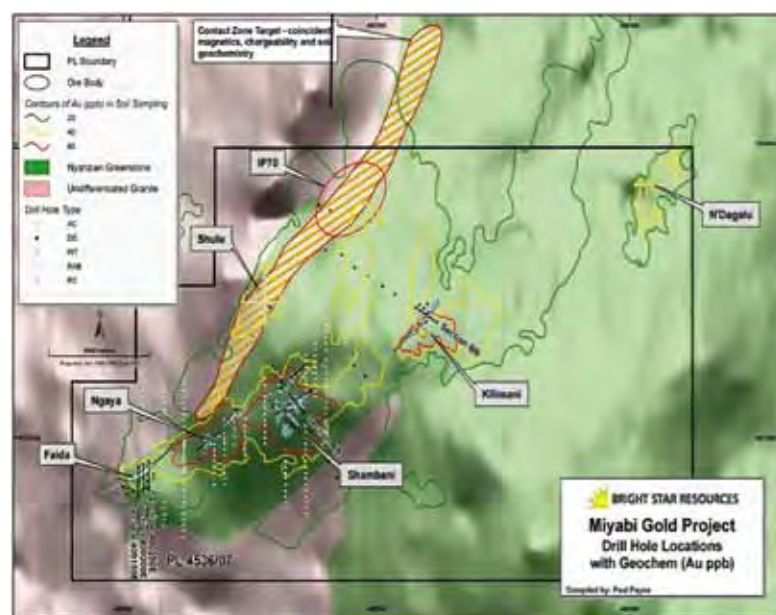


Figure 16 - Miyabi Structural Corridor - Prospects, Drilling and Gold in Soil Contours

Table 11 - Summary of

Hole Type	Code
Air Core	AC
RAB	RAB
RC	RC
Diamond	DD
Total	

Table 12 - Miyabi Mineral Resource Estimate 0.5g/t Au Cut-off (consulting Estimate 2006,

Deposit	Indicated			Inf	Inf
	Mt	g/t	Moz		
Faida	3.5	1.5	0.17	1.0	0
Ngaya	0.2	1.0	0.01	1.5	1
Shambani	1.6	1.5	0.07	0.8	1
Kilimani	2.6	1.4	0.12	0.3	1
Shule				1.0	0
Total	7.9	1.5	0.37	4.5	1

Note: Rounding errors may occur



Figure 17 - Maji Moto Project Regional Location Plan

were modelled into a series of three-dimensional wireframes which showed good lateral continuity. Statistical and geostatistical analysis was followed by ordinary kriging estimation to produce the Mineral Resource. A high grade cut of 50g/t Au was applied to 3 metre composited assay data prior to estimation. Oxidation boundaries were interpreted from geological logging and were used to define oxide, transitional and fresh rock mineralisation in each deposit. Bulk density data was measured from drill core and average bulk densities applied to each of the weathering types at each deposit.

Resource classification was largely based on drill hole spacing. The Indicated Mineral Resource was defined where drill hole spacing was typically less than 40 metres by 40 metres.

A summary of the Mineral Resource estimate at a 0.5g/t Au cut-off is shown in Table 12.

Joint Venture Agreement

The key terms of the Miyabi joint venture agreement are summarised in the BrightStar Material Contracts Summary in Section 11.12.1.

RFV's Miyabi Project

RFV's Miyabi project consists of one prospecting licence, 5048/2008. The area covered by this prospecting licence shares a common boundary with BrightStar's Miyabi project. RFV believes that prospecting licence 5048/2010 is prospective but is untested at this time.

11.3.4 Other Exploration Tenements

Maji Moto Project

BrightStar's Maji Moto Project is located in the northwest of Tanzania, approximately 200 kilometres northeast of the city of Mwanza (Figure 17). It consists of two non-contiguous licence areas located within the Musoma-Mara Greenstone Belt which hosts African Barrick Gold's North Mara Gold Mine.

Soil sampling has defined two zones of greater than 200 ppb gold anomalism which coincides with scattered artisanal

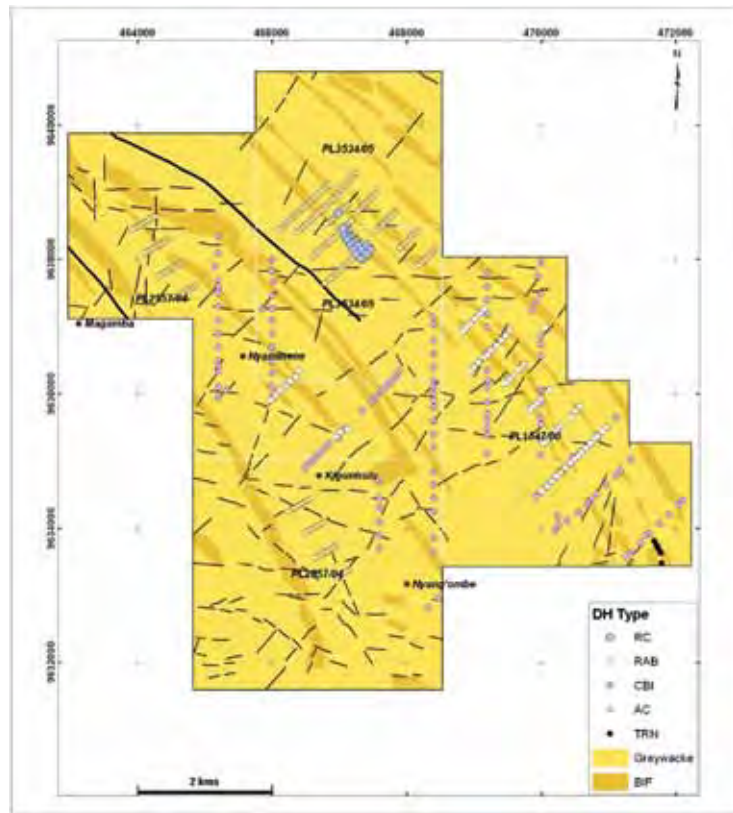


Figure 18 - Nyangombe Project Geology and Drill Hole Collars

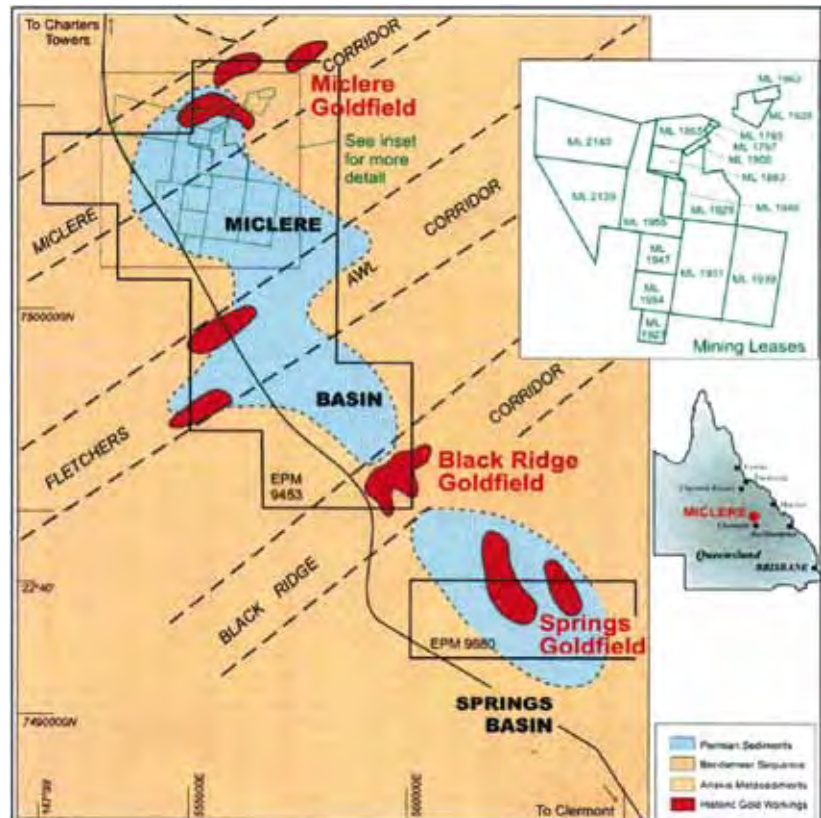


Figure 19 - Miclere Location and Project Geology

Table 13 - Miclere List of Tenements

Lease*	Lease Name	Lease Status	Renewal Lodge Date	Current Area (Hectares)	Grant Date	Expiry Date
EPM 9453	Miclere Gold	Granted		-	19.07.1993	18.07.2015
EPM 9680	Strathfield Extended	Renewal Pending	07.09.2009	-	08.12.1993	07.12.2009
ML 1765	Peter Pan 2	Granted		1.214	09.06.1953	31.03.2026
ML 1797	Rsf	Granted		1.445	17.07.1975	31.07.2027
ML 1865	Opalite	Granted		39.02	21.04.1983	30.04.2025
ML 1883	Renmark	Granted		19.99	24.04.1985	30.04.2027
ML 1905	Rising Sun	Granted		4.3	27.09.1984	30.09.2026
ML 1927	Vega	Granted		20	31.01.1985	31.01.2027
ML 1928	Carter	Renewal Pending	15.10.2010	20.9	30.11.1989	30.11.2010
ML 1929	Cecil	Renewal Pending	18.10.2010	77.34	30.11.1989	30.11.2010
ML 1931	ML1931	Renewal Pending	18.10.2010	126.32	30.11.1989	30.11.2010
ML 1939	Karinya	Renewal Pending	15.10.2010	126.32	30.11.1989	30.11.2010
ML 1946	U-Elver	Renewal Pending	18.10.2010	20.02	02.11.1989	30.11.2010
ML 1947	Carroll	Renewal Pending	15.10.2010	39.97	02.11.1989	30.11.2010
ML 1954	Nathan	Granted		39.94	31.01.1985	31.01.2027
ML 1955	Gurra	Granted		89.47	03.10.1985	31.10.2016
ML 1963	Bootlace	Granted		7.465	18.06.1987	30.06.2018
ML 2139	Gurra West 2	Granted		130	09.04.1992	30.04.2012
ML 2140	Gurra West 1	Granted		129.9	29.08.1991	30.08.2012

* in each case the Holder is Tasman Goldfields Miclere Pty Ltd (100%).

This information was compiled from publicly available data downloaded from Queensland Mines and Energy on 9th March 2012 (<https://minesonlinequest.deedi.qld.gov.au/minesonline/report/publicEnquiry.html>).

11.4 BrightStar Group Structure

BrightStar is the parent company of the BrightStar group of companies, which comprises BrightStar, four Australian incorporated wholly-owned subsidiary companies and two Tanzanian incorporated wholly-owned subsidiary companies, as shown in the group structure diagram in Figure 20 below:

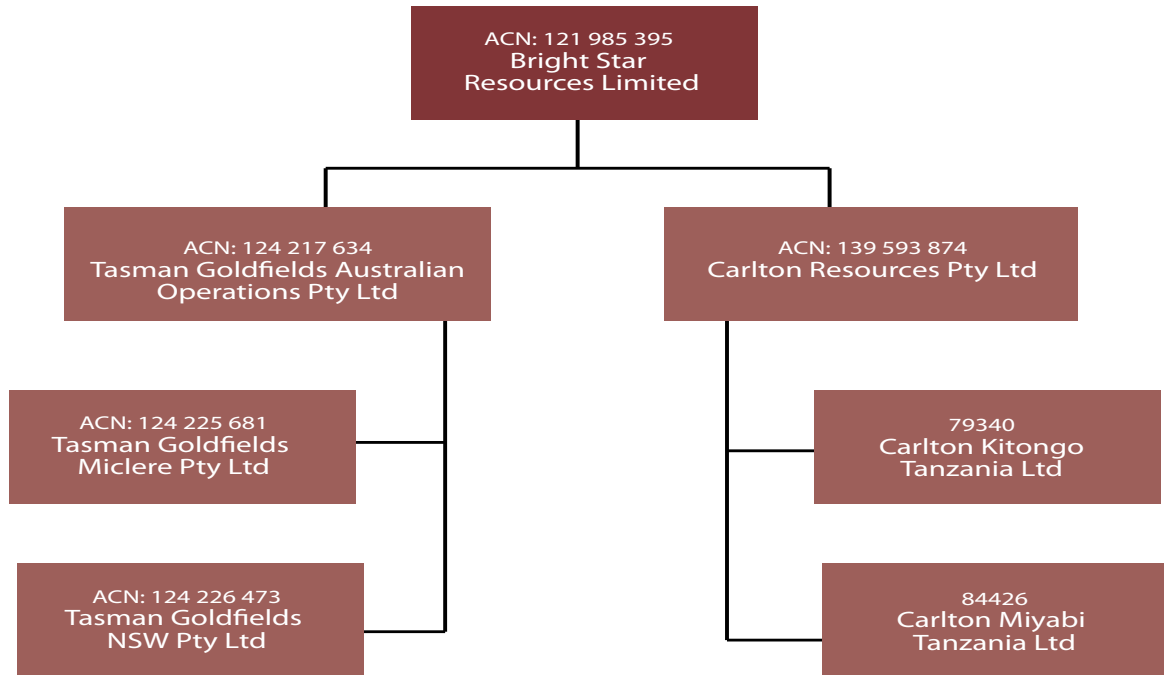


Figure 20 - BrightStar Group Structure

11.5 BrightStar Securities on Issue

BrightStar has the following share capital structure:

Table 14 - BrightStar Shares

Number of shares	Class of shares
182,095,171	Fully paid ordinary shares

Table 15 - BrightStar Options

Number of unissued ordinary shares under option	Class of shares	ASX Quoted/Unquoted	Exercise price of options	Expiry date of option
2,850,000	Ordinary Shares	Unquoted	30 cents	24 September 2012
8,000,000	Ordinary Shares	Unquoted	10 cents	22 March 2014
12,000,000	Ordinary Shares	Unquoted	10 cents	4 October 2014
21,700,000	Ordinary Shares	Quoted	10 cents	7 October 2012
5,000,000	Ordinary Shares	Unquoted	27 cents	18 March 2015
2,500,000	Ordinary Shares	Unquoted	27 cents	31 May 2015
52,050,000				

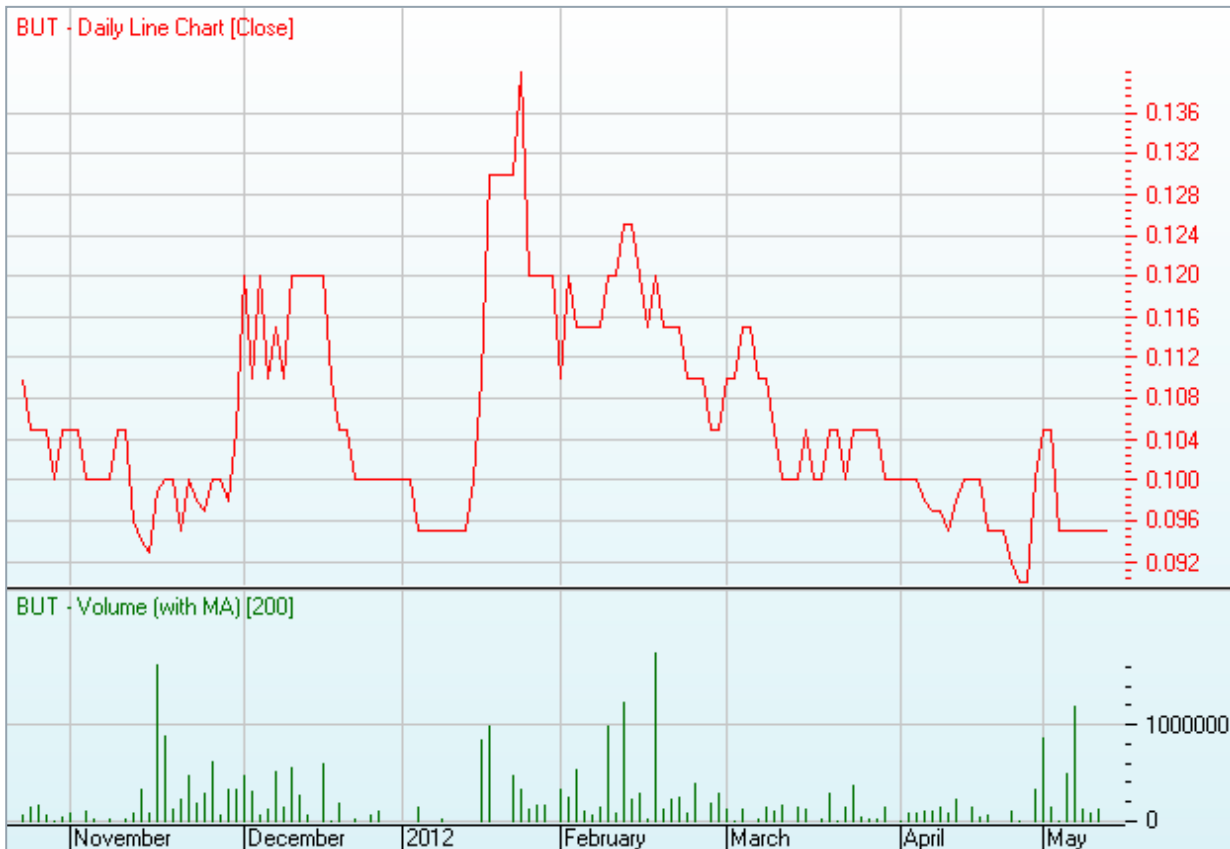


Figure 21 - Chart of recent BrightStar Share Price

11.6 Recent Price History of BrightStar Shares

BrightStar Shares are quoted on the ASX. The BrightStar Share price immediately prior to the announcement of the merger was \$0.13. The 1 month VWAP immediately before 20 January 2012 was \$0.114 and the 3 month VWAP immediately before 20 January 2012 was \$0.107.

The latest recorded sale price of BrightStar Shares on the day before this Scheme Booklet was lodged for registration with ASIC was \$0.09. The highest recorded sale prices during the 3 months immediately before that date was \$0.13. This sale occurred on 14 February 2012. The lowest recorded sale prices during the 3 months immediately before that date was \$0.09. This sale occurred on 27 April 2012.

The recent price history for BrightStar Shares is given in Figure 21 above (source: <http://www.asx.com.au>).

11.7 BrightStar Historical Financial Information

11.7.1 Basis of presentation of historical financial information

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

11.7.2 BrightStar's Consolidated Statement of financial position as at 31 December 2011

	Consolidated	
	31 Dec 11 \$	30 June 11 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,584,508	2,709,639
Trade and other receivables	520,863	1,032,390
TOTAL CURRENT ASSETS	2,105,371	3,742,029
NON-CURRENT ASSETS		
Receivables	88,674	88,674
Property, plant and equipment	21,539	17,768
Exploration and evaluation expenditure	4,726,977	3,635,392
TOTAL NON-CURRENT ASSETS	4,837,190	3,741,834
TOTAL ASSETS	6,942,561	7,483,863
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	357,370	285,047
TOTAL CURRENT LIABILITIES	357,370	285,047
TOTAL LIABILITIES	357,370	285,047
NET ASSETS	6,585,191	7,198,816
EQUITY		
Issued capital	18,730,878	18,730,878
Reserves	2,035,015	1,765,568
Accumulated losses	(14,180,702)	(13,297,630)
TOTAL EQUITY	6,585,191	7,198,816

The above statement of financial position should be read in conjunction with the notes accompanying the Half Year Financial Report.

11.7.3 BrightStar's Consolidated Statement of comprehensive income for financial half year ending 31 December 2011

	Consolidated Half-year	
	31 Dec 11 \$	31 Dec 10 \$
Continuing operations		
Revenue	86,743	43,960
Administrative expenses	(893,974)	(1,733,539)
Depreciation and amortization expense	(3,758)	(720)
Employee benefits expense	(22,886)	(21,670)
Exploration expenditure	(5,959)	(82,724)
Impairment loss on exploration tenements	(43,238)	(30,995)
Impairment loss on property, plant and equipment	-	(150,086)
Foreign currency translation reserve derecognized	-	70,222
Loss for the half-year before income tax expense	(883,072)	(1,905,552)
Income tax expense	-	-
Loss from continuing operations for the half-year after income tax	(883,072)	(1,905,552)
Discontinued operations		
Gain from discontinued operations after income tax	-	12,683
Loss for the half-year after income tax	(883,072)	(1,892,869)
Other comprehensive income		
De-recognition of foreign currency translation	-	(70,222)
Foreign currency translation	-	-
Total comprehensive loss for the period	(883,072)	(1,963,091)
Loss for the half-year is attributable to:		
Owners of Bright Star Resources Limited	(883,072)	(1,963,091)
Total comprehensive loss for the half-year is attributable to:		
Owners of Bright Star Resources Limited	(883,072)	(1,963,091)
Loss per share from continuing operations attributable to owners of Bright Star Resources Limited:		
Basic (cents per share)	(0.48)	(1.18)
Diluted (cents per share)	(0.48)	(1.18)
Loss per share attributable to owners of Bright Star Resources Limited:		
Basic (cents per share)	(0.48)	(1.17)
Diluted (cents per share)	(0.48)	(1.17)

The above statement of financial position should be read in conjunction with the notes accompanying the Half Year Financial Report.

11.7.4 BrightStar's Consolidated Statement of cash flows

	Consolidated Half-year	
	31 Dec 11	31 Dec 10
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	20,000	25,000
Payments to suppliers and employees	(577,051)	(847,426)
Net cash used in operating activities	(557,051)	(822,426)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	66,743	18,242
Payments for exploration & evaluation expenditure	(1,134,823)	(115,824)
Net cash used in investing activities	(1,068,080)	(97,582)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow on disposal of subsidiary	500,000	25,913
Proceeds from issues of equity securities	-	3,600,000
Payment for share issue costs	-	(136,400)
Net cash provided by financing activities	500,000	3,489,513
Net increase / (decrease) in cash and cash equivalents	(1,125,131)	2,569,505
Net cashflow from discontinued operations	-	(1,594)
Cash and cash equivalents at beginning of period	2,709,639	356,844
Cash and cash equivalents at end of period	1,584,508	2,924,755

The above statement of financial position should be read in conjunction with the notes accompanying the Half Year Financial Report.

11.7.5 Material changes to BrightStar's financial position since 31 December 2011

There have been no material changes to BrightStar's financial position since 31 December 2011, other than that:

- On 20th January 2012, BrightStar received \$500,000 from the sale of its Challenger Project; and
- On 23rd January 2012, BrightStar announced it had signed a Merger Implementation Agreement for the merger with RFV.

11.8 BrightStar Directors and Management

Warren Gilmour – Executive Chairman, CPA with post graduate qualifications from the Harvard Business School. Previously Chairman and Executive Director of Andean Resources Ltd, Chairman of Amex Resources Ltd.

Geoff Gilmour – Managing Director, Corporate advisor to Andean Resources Limited, Founding Director of Amex Resources Limited.

Paul Payne – Executive Director, Geologist with 25 years mining, evaluation, exploration experience with Mineral Economics qualifications. Paul has held senior positions with Australian exploration, mining and consulting companies.

Graeme Clatworthy – Non-executive Director has been involved in the stockbroking industry since 1987. Graeme was previously a director of Yilgarn Gold Ltd (now Kairiki Energy Ltd) from April 2005 to January 2007.

Scott Mison – Company Secretary, B.Bus, CA, ACIS. Scott is a Member of the Institute of Chartered Accountants in Australia and Chartered Secretaries Australia. He is Director / Company Secretary of several ASX / AIM listed companies which operate in the resource and oil sectors. He has extensive experience in corporate advisory services including strategic capital raising, merger and acquisition and financial advisory services, primarily to small-cap emerging listed companies.

11.9 BrightStar ASX lodgements and disclosures

BrightStar is a “disclosing entity” under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically, BrightStar is subject to the ASX Listing Rules which require continuous disclosure to the market of any information possessed by BrightStar which a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX maintains files containing publicly disclosed information about all listed companies. In addition, copies of documents lodged by, or in relation to, BrightStar with ASIC may be obtained from ASIC.

BrightStar will provide a copy of each of the following documents, free of charge, to any holder of RFV Shares or RFV Options who so requests it before the Scheme meetings:

- the annual financial report for BrightStar for the period ending 30 June 2011; and
- the following documents used to notify ASX of information relating to BrightStar during the period after lodgement of the Annual Report of BrightStar for the period ending 30 June 2011 and before lodgement of this Scheme Booklet with ASIC:

Table 16 - Date and description of BrightStar ASX Announcements

2012
30 April 2012 - Quarterly Cashflow Report
30 April 2012 - Quarterly Activities Report
12 April 2012 - Company Update
04 April 2012 - RFV: Update on merger – Lodgement of Scheme Booklet
04 April 2012 - Update on Merger
08 MARCH 2012 - Miyabi Drilling Results
08 MARCH 2012 - Financial Report For The Half-Year Ended 31 December 2011
27 JAN 2012 - Appendix 5B - Quarterly Report
27 JAN 2012 - Quarterly Activities Report
23 JAN 2012 - Creating a Leading, Independent Tanzanian Gold Company
17 JAN 2012 - BrightStar Gains Access to Kitongo
11 JAN 2012 - Appointment / Resignation Of Company Secretary
2011
08 DEC 2011 - Director’s Resignation
08 DEC 2011 - Appendix 3Z - Final Director’s Interest Notice
06 DEC 2011 - Miyabi Drilling Results
18 NOV 2011 - Appendix 3Y - Change of Director’s Interest Notice
14 NOV 2011 - Results of Meeting
25 OCT 2011 - Quarterly Activities Report
18 OCT 2011 - Stage 2 at Miyabi - RC Drilling Commences
05 OCT 2011 - Financial Statements 2011

11.10 Litigation

As at the date of this Scheme Booklet, BrightStar is not involved in, and is not party to any material litigation. The BrightStar board is not aware of any fact, matter, or circumstances that might result in legal proceedings involving BrightStar.

11.11 Corporate Governance

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. These recommendations are guidelines designed to produce an efficiency, quality or integrity outcome. The recommendations are not prescriptive so that if a company considers that a recommendation is inappropriate having regard to its own circumstances, the Company has the flexibility not to follow it. Where a company has not followed all the recommendations, the annual report must identify which recommendations that have not been followed and give reasons for not following them.

Table 17 has been included at the end of this statement which sets out the ASX Best Practice Recommendations and states whether BrightStar has complied with each recommendation in the reporting period. Where BrightStar considered it was not appropriate to comply with a particular recommendation the reasons are set out in the notes referenced in Table 17. A full copy of BrightStar's Corporate Governance Charter is available on its website at www.brightstarresources.com.au.

11.11.1 Role of the Board

Generally, the powers and obligations of the BrightStar Board are governed by the Corporations Act and the general law.

Without limiting those matters, the BrightStar Board expressly considers itself responsible for the following:

- (a) Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- (b) Developing, implementing and monitoring operational and financial targets for the company;
- (c) Appointment of appropriate staff, consultants and experts to assist in the company's operations specifically, including the selection and monitoring of a Chief Executive Officer and/or Managing Director;
- (d) Ensuring appropriate financial and risk management controls are implemented;
- (e) Approving and monitoring financial and other reporting;
- (f) Setting, monitoring and ensuring appropriate accountability for directors' and executive officers' remuneration;
- (g) Establishing and maintaining communications and relations between the company and third parties, including its shareholders and ASX by delegating such a role to the Chief Executive Officer and/or Managing Director;
- (h) Implementing appropriate strategies to monitor performance of the BrightStar Board in implementing its functions and powers;
- (i) Oversight of the company including its framework of control and accountability systems to enable risk to be assessed and managed;
- (j) Appointing and removing the Chief Executive Officer and/or Managing Director;
- (k) Ratifying the appointment and, where appropriate, removal of the Chief Financial Officer and/or Managing Director and the Company Secretary;
- (l) Input into and final approval of the management's development of corporate strategy and performance objectives;
- (m) Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (n) Monitoring senior management's performance, implementation of strategy and ensuring appropriate resources are available;
- (o) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- (p) Approval of the annual budget;
- (q) Monitoring the financial performance of the company;
- (r) Liaising with the company's external auditors;
- (s) Monitoring, and ensuring compliance with, all of the company's legal obligations;
- (t) Approving and monitoring financial and other reporting; and
- (u) Appointing and overseeing committees where appropriate to assist in the above functions and powers.

11.11.2 Role of Management

The BrightStar Board has delegated responsibilities and authorities to the Managing Director to enable him to conduct BrightStar's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits or do not form part of the approved budget, require BrightStar Board approval. Evaluation of the performance of senior management during the financial year is to be undertaken on an annual basis at a board meeting of the company by non-executive directors, with the Chairman then discussing this review separately with each of the Executives. This is considered to be an appropriate process as BrightStar is in the exploration and evaluation stage therefore it is not possible to evaluate performance against revenue or profit targets.

11.11.3 Board Processes

The BrightStar Board meets on a regular basis. The agenda for these meetings is prepared by the Managing Director and the Company Secretary in conjunction with the Directors. Relevant information is circulated to BrightStar Board members in advance of the meetings.

11.11.4 Composition of the Board

The BrightStar Board comprises two executive directors and two non-executive directors one of whom is an independent director.

All directors, apart from the Managing Director, are subject to re-election by rotation every three years. BrightStar's constitution provides that one-third of the directors retire by rotation at each annual general meeting. Those directors who are retiring may submit themselves for re-election by shareholders, including any director appointed to fill a casual vacancy or recruited since the date of the last annual general meeting.

The current directors have a broad range of qualifications, experience and expertise relevant to managing mineral exploration companies.

11.11.5 Independence of Non-Executive Directors

The BrightStar Board considers an independent director to be a non-executive director who meets the criteria for independence included in the ASX Best Practice Recommendations. The BrightStar Board considers that Graeme Clatworthy meets these criteria.

11.11.6 Director Access to Independent Professional Advice

BrightStar acknowledges that directors

require high quality information and advice on which to base their decisions and considerations. With the prior approval of the Chairman, all directors have the right to seek independent legal and other professional advice at BrightStar's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors. If the Chairman is unable or unwilling to give approval, BrightStar Board approval will be sufficient.

11.11.7 Company Materiality Threshold

The BrightStar Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change. The BrightStar Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of Directors.

11.11.8 Ethical Standards

As part of the BrightStar Board's commitment to the highest standard of conduct, the company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities.

The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

11.11.9 Board Committees

The Company does not have an Audit Committee, a Nomination or Remuneration Committee. The full BrightStar Board undertakes the role of these committees. Given the composition of the BrightStar's Board and the size of the company, it is felt that individual committees are not yet warranted, however, it is expected that as BrightStar's operations expand that each of these committees will be established.

11.11.10 Continuous Disclosure and Shareholder Communication

The BrightStar Board is committed to the promotion of investor confidence by ensuring that trading in the company's securities takes place in an efficient, competitive and informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, BrightStar has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. All information disclosed to the ASX is posted on BrightStar's website at www.brightstarresources.com.au.

Shareholders are forwarded documents if requested relating to each annual general meeting, being the annual report, notice of meeting and explanatory memorandum and proxy form, and are invited to attend these meetings. BrightStar's external auditor is also present at annual general meetings to answer any queries shareholders may have with regard to the audit and preparation and content of the audit report.

BrightStar actively encourages shareholders to provide their email contact details so that they can receive all ASX releases as they are released to the market.

11.11.11 Managing Business Risk

The BrightStar Board constantly monitors the operational and financial aspects of the company's activities and is responsible for the implementation and ongoing review of business risks that could affect

Director	Appointed	Non-Executive	Independent
W Gilmour	30 November 2009	Yes	No
G Gilmour	30 November 2009	No	No
G Clatworthy	30 November 2009	Yes	Yes
P Payne	1 February 2011	No	No

the company. Duties in relation to risk management that are conducted by the directors include but are not limited to:

- initiate action to prevent or reduce the adverse effects of risk;
- control further treatment of risks until the level of risk becomes acceptable;
- identify and record any problems relating to the management of risk;
- initiate, recommend or provide solutions through designated channels;
- verify the implementation of solutions;
- communicate and consult internally and externally as appropriate; and
- inform investors of material changes to BrightStar's risk profile.

Ongoing review of the overall risk management program (inclusive of the review of adequacy of treatment plans) is conducted by external parties where appropriate.

The BrightStar Board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the company has an appropriate internal control environment in place to manage the key risks identified.

BrightStar is reviewing its risk management procedures and is considering the "Guide for small-mid market capitalised companies on Principle 7: Recognise and Manage Risk" released under the ASX Markets Supervision Education and Research Program when updating its risk management processes designed to manage and report on the management of the company's material business risks. The review process will result in the completion of an updated Risk Management Policy, Risk Register and a Risk Management Framework which forms the basis of the risk management and internal control system to manage BrightStar's material business risk and report to it on whether those risks are

being managed effectively. The Risk Register will identify risks in the broad categories of operations management, asset management, environment, compliance/financial reporting, strategic management, ethical conduct, reputation, occupational health and safety/human resources, IT/technology, finance/business continuity, tenements/resource statements and stakeholder communications. A copy of the Risk Management Policy will be publicly available on BrightStar's web site at www.brightstarresources.com.au.

BrightStar has a number of mechanisms in place to ensure that the management regularly reports on matters relating to risks.

The BrightStar Board requires management to report to it on whether material business risks are being managed effectively. The Managing Director is currently working with management on a review of material risks and will report to the BrightStar Board in due course.

In accordance with section 295A of the Corporations Act, the Managing Director and Chief Financial Officer have provided a declaration to the Board that:

- In their view BrightStar's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- BrightStar's risk management and internal compliance and control system is operating effectively in all material respects.

It is noted that the assurance from the Managing Director and Chief Financial Officer can only be reasonable and not absolute due to the level of judgement required, the limitations of sampling and the difficulty in designing systems to detect all weaknesses in internal control procedures.

11.11.12 ASX Best Practice Recommendations

Table 17 contains each of the ASX Best Practice Recommendations released by the ASX Corporate Governance Council in April 2003 and updated in August 2007. The Recommendations were amended in 2010 and these amendments apply to BrightStar's first financial year commencing on or after 1 January 2011. Where BrightStar has complied with a recommendation during the reporting period, this is indicated with a "Yes" in the appropriate column and the policy is contained in the Company's Corporate Governance Charter available on the Company's website at www.brightstarresources.com.au. Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a "No" and the Company's reasons are set out in the corresponding note at the end of Table 17.

Table 17 - BrightStar ASX Best Practice Recommendations

	Description	Complied	Note
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management. These functions are set out under Role of the Board and Role of Management in this Statement.	Yes	
1.2	A clear description of the process for evaluating the performance of senior executives.	Yes	
1.3	An explanation of whether an evaluation of senior executives took place in the financial year, and a statement as to whether it was in accordance with the process disclosed.	Yes	
	A statement as to where a copy of matters reserved for the board is publicly available.	Yes	
	A statement as to where a copy of matters delegated to senior executives is publicly available and a statement as to where a copy of the board charter is publicly available.	Yes	
1.4	Provide the information indicated in the Guide to reporting on Principle 1.	Yes	
2.1	A majority of the Board should be independent directors, and a statement made as to which Directors are independent	No	5
2.2	The Chairperson should be an independent director.	No	5
2.3	The roles of Chairperson and Managing Director should not be exercised by the same individual.	Yes	
2.4	The Board should establish a Nomination Committee and should have policies for the selection of Directors.	No	2, 3
2.5	A clear description of the process for evaluating the performance of the board, its committees and individual directors.	No	4
2.6	Provide the information indicated in the Guide to reporting on Principle 2	Yes	
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:		
3.1.1	the practices necessary to maintain confidence in the Company's integrity; and	Yes	
3.1.2	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
3.2	Disclose the policy concerning trading in Company securities by Directors, Officers and Employees	Yes	
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	Yes	
4.1	Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards.	Yes	
4.1	The Board should establish an Audit Committee.	No	2
4.2	Structure the Audit Committee so that it consists of: <ul style="list-style-type: none"> • only Non-Executive Directors • a majority of Independent Directors • an independent Chairperson, who is not chairperson of the Board • at least three members. 	N/a N/a N/a N/a	
4.3	The Audit Committee should have a formal charter.	N/a	

	Description	Complied	Note
4.4	The Details of the names and qualifications of those appointed to the Audit committee are specified in the Corporate Governance Charter.	N/a	
	The details of the number of meetings of the Audit committee are set out in the Directors Report.	N/a	
	A statement as to the procedures for the selection, appointment and rotation of external audit engagement partners is included in the Company's Corporate Governance Charter.	N/a	
4.5	Provide the information indicated in the Guide to reporting on Principle 4	Yes	
5.2	The Company's continuous disclosure policy is publicly available in the Company's Corporate Governance Charter.	Yes	
5.3	Provide the information indicated in the guide to reporting on Principal 5.	Yes	
6.1	Design and disclose a communication strategy to promote effective communication with the shareholders and encourage effective participation at general meetings-refer to Continuous Disclosure and Shareholder Communication as set out above.	Yes	
6.2	Request the external auditor to attend the Annual General Meeting and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.	Yes	
6.3	Provide the information indicated in the Guide to reporting on Principal 6.	Yes	
7.1	The Board or appropriate Board Committee should establish policies on risk oversight and management.	Yes	
7.2	The Board has required management to design and implement a risk management and internal control system to manage the entity's material business risks and management has reported to it on whether those risks are being managed effectively and management has reported to the board as to effectiveness of the entity's management of its material business risks.	No	6
7.3	The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that:		
7.3.1	the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.	Yes	
7.3.2	the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Yes	
7.4	The board has received the report from management under Recommendation 7.2, has received assurance from the CEO and CFO under Recommendation 7.3; and the entity's policies on risk oversight and management of material business risks are publicly available on the Company's website at www.brightstarresources.com.au .	Yes	
7.5	Provide the information indicated in the Guide to reporting on Principle 7.	Yes	
8.1	Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.	No	4
8.2	The Board should establish a Remuneration Committee.	No	2
8.3	The Company prohibits entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.	Yes	
8.4	Provide the information indicated in the Guide to reporting on principle 8.	Yes	

Notes

- BrightStar has compiled relevant corporate governance documentation, such as charters, codes of conduct, and policies, which have been placed on BrightStar's website at www.brightstarresources.com.au under the heading "Corporate Governance".*
- BrightStar does not have an Audit Committee, a Remuneration Committee or a Nomination Committee. The full board of directors undertake the role of the individual committees. Given the composition of the BrightStar Board and the size of the company, it is felt that individual committees are not yet warranted, however it is expected that as BrightStar's operations expand that each of these committees will be established and if possible the company will increase the number of independent directors.*
- There is no formal policy on the selection of directors as this is done on a case by case basis by the Board acting as the Nomination Committee. The remuneration of all directors and key management personnel is as set out in the Remuneration Report in the Directors Report in the annual reports.*
- The evaluation of individual board members' performance is to be undertaken by the Chairman once an evaluation criteria has been agreed upon.*
- The BrightStar Board does not have a majority of independent directors. Given the nature of BrightStar's current business operations the directors believe that the existing board composition is optimal. However as circumstances change the company will, at the appropriate time, make further independent director appointments.*
- BrightStar is currently reviewing its risk management procedures.*

11.12 BrightStar Material Contracts Summary

11.12.1 Miyabi Joint Venture Agreement (Miyabi JV Agreement)

BrightStar entered into a Joint Venture Agreement with African Eagle Resources Plc (AFE), Twigg Gold Limited (Twigg) on 15 April 2011 with respect to tenements in and around the Miyabi hills. BrightStar has, with the consent of AFE and Twigg, subsequently novated its interest in the Miyabi JV Agreement to its wholly owned subsidiary Carlton Miyabi Tanzania Limited.

Pursuant to the Miyabi JV Agreement, Carlton Miyabi Tanzania Limited has:

- the right to expend at least US\$3 million with respect to the joint venture under the Miyabi JV Agreement by 25 October 2013 (of which US\$1,078,000 has been spent as at 31 December 2011), in return for a 50% interest in the Miyabi joint venture property (see below); and
- the right to subsequently make other expenditures, funding a feasibility study on the tenements subject to the Miyabi JV Agreement, in return for a further 25% interest in the Miyabi joint venture property (see below).

Upon Carlton Miyabi Tanzania Limited becoming entitled to the 50% and 75% interests, Twigg's interest in the Miyabi joint venture property is reduced down to 50% and 25%, respectively. Upon satisfying the expenditure requirements listed above, Carlton Miyabi Tanzania Limited will have the relevant interest in the Miyabi joint venture property. This property is comprised of:

- Twigg's interest under the Local Partner Agreements, and
- the Prospecting Licences and Applications that are the subject matter of the Local Partner Agreements.

There are 3 Local Partner Agreements between Twigg on one part and each of:

- Geotang Mining and Water Engineering Co Ltd;

- Minewell Tanzania Limited; and
- GM and Company Tanzania Limited.

Twigg has the following interests under each of the Local Partner Agreements:

Geotang Mining and Water Engineering Co Ltd

Under this Local Partner Agreement:

Twigg has the right to:

- Exploit the land covered by Prospecting Licence 1755/2001 and its successor licences and mining rights, and do all things necessary to establish and conduct mining operations on that land at the expense of Twigg. The successor licences are Prospecting Licence 6752/10, Prospecting Licence 4592/10 and Application HQ-P22141. The successor licences are now held by:
 - PL 6752/10: Kiokote Exploration Limited;
 - PL 4592/10: Twigg Gold Limited; and
 - HQ-P22141: Twigg Minerals Limited.

Each of the licence holders, other than Twigg, are companies controlled by Twigg.

- 90% of any net profits derived from mining operations conducted on the land, whether those profits are derived from mining operations or via a company formed to conduct mining operations (these amounts will be slightly modified if gold produced from the land is part of a larger gold mining operation).
- 90% of the net sale proceeds of the land, less 10% of the costs borne by Twigg (and any co-venturer) with respect to the land.

Twigg has an obligation to make a cash offer for Geotang Mining and Water Engineering Co Ltd's "share" (as defined in the Local Partner Agreement) within 30 days of the acceptance of a bankable feasibility study by the Ministry for Energy and Minerals of the Government of Tanzania. If that offer is accepted by Geotang Mining and Water Engineering Co Ltd, the Local Partner Agreement is terminated and Twigg has the entire right

to Prospecting Licence 1755/2001 and its successor licences and mining rights. The “share” that must be purchased in this way is Geotang Mining and Water Engineering Co Ltd’s 10% interest in the Prospecting Licences and application and its entitlement to the 10% of any net profits derived from mining operations conducted on the land.

This Local Partner Agreement required Geotang Mining and Water Engineering Co Ltd to transfer PL 1755/2001 to Twigg on commencement of the agreement. If Twigg withdraws from the joint venture created under this agreement, Twigg is obliged to transfer the relevant licences back to Geotang Mining and Water Engineering Co Ltd.

Kiokote Exploration Limited and Twigg Minerals Limited are companies controlled by Twigg Gold Ltd. Twigg Gold Ltd has procured the execution of deeds signed by these controlled companies pursuant to which they have agreed:

- to allow the Miyabi joint venture parties to access the land subject to the relevant prospecting licence for the purposes of carrying out prospecting operations, acquiring mining rights, carrying out mining operations, and otherwise exploiting the licence. Where the company holds an application the right will be over the subsequent prospecting licence if granted;
- not to dispose of the relevant applications, prospecting licences, and other mineral tenements or any successor prospecting licences or mineral tenements, unless required to do so by operation of law; and
- to transfer the relevant prospecting licence to any person or company in accordance with a direction from Twigg Gold Ltd from time to time.

Twigg Gold Limited has executed a deed on the same terms in its capacity as the holder of PL 4592/10.

These deeds do not affect the payments to be made pursuant to the Local Partner Agreements.

Minewell Tanzania Limited Ltd

Under this Local Partner Agreement:

Twigg has the right to:

- Exploit the land covered by Prospecting Licence 1292/1999 and its successor licences and mining rights, and do all things necessary to establish and conduct mining operations on that land at the expense of Twigg. The successor licences are Prospecting Licence 6382/2010 and Application HQ-P21344. The successor licences are now held by:
 - » PL 6382/2010: Halima Mamuya, an individual person residing in Tanzania; and
 - » HQ-P21344: Twigg Gold Limited.
- Have Prospecting Licence 1292/1999 and its successor licences and mining rights, transferred to Twigg on commencement of mining operations, or to any person or party determined by Twigg, at any time.
- All revenues arising from mining operations on the land covered by PL 1292/1999 and its successor licences and mining rights, subject to the payment of a royalty of 1.5% of gross revenues generated by those mining operations.

Twigg has an obligation under the Local Partner Agreement to make a cash offer for Minewell Tanzania Limited’s “share” within 30 days of the acceptance of a bankable feasibility study by the Ministry for Energy and Minerals of the Government of Tanzania. If that offer is accepted by Minewell Tanzania Limited, the Local Partner Agreement is terminated and Twigg has the entire right to Prospecting Licence 1292/1999 and its successor licences and mining rights. Minewell Tanzania Limited’s “share” in this case is its right to the 1.5% royalty.

Twigg Gold Limited has executed a deed in its capacity as the holder of HQ-P21344 pursuant to which it has agreed:

- to allow the Miyabi joint venture parties to access the land subject to the relevant prospecting licence for the purposes of carrying out prospecting operations, acquiring mining rights, carrying out mining operations, and otherwise exploiting the licence. Where the company holds an application the right will be over the subsequent prospecting licence if granted;
- not to dispose of the relevant applications, prospecting licences, and other mineral tenements or any successor prospecting licences or mineral tenements, unless required to do so by operation of law; and
- to transfer the relevant prospecting licence to any person or company in accordance with a direction from Twigg Gold Ltd from time to time.

Halima Mamuya has given Twigg a signed document which appears to recognize Twigg’s legal rights under the Local Partner Agreements with respect to prospecting licence 6382/2010. RFV has sought legal advice from CRB Africa Legal, a Tanzanian law firm, with respect to this document. CRB Africa Legal has confirmed:

- the document is a contract between Halima Mamuya and Twigg under Tanzanian law;
- that Halima Mamuya is bound, with respect to prospecting licence 6382/2010, by the relevant Local Partner Agreement;
- that Twigg has the right to do all the things with respect to prospecting licence 6382/2010 that it had the right to do with respect to the licence under the relevant Local Partner Agreement, including exploiting the prospecting licences and requiring them to be transferred to a company established for that purpose by the parties to the Miyabi Joint Venture Agreement.

GM and Company Tanzania Limited

Under this Local Partner Agreement:

Twigg has the right to:

- Exploit the area covered by PL 1326/1999 (and its successor licences and mining rights) and do all things necessary to establish and conduct mining operations on that land at the expense of Twigg. The successor licences are PL 4536/2007, PL 6593/2010, and Application HQ-P21934. The successor licences are now held by:

- » PL 4536/2007: Tanzania Minerals, Liquified Gas and Petroleum Products Limited (TMLGAPPL);
- » PL 6593/2010 : Kiokote Exploration Limited; and
- » HQ-P21934: W.G Exploration Limited.

Kiokote Exploration Limited and W.G Exploration Limited are companies controlled by Twigg. Tanzania Minerals, Liquified Gas and Petroleum Products Limited is a company connected to GM and Company Tanzania Limited.

- Have PL 1326/1999 and its successor licences and mining rights transferred to Twigg on commencement of the agreement. The agreement also appears to empower Twigg to sell or dispose of PL 1326/1999 and its successor licences and mining rights, to any person or party determined by Twigg Gold Limited, at any time.
- The right to all revenues arising from mining operations on the area covered by PL 1326/1999 and its successor licences and mining rights, subject to the payment of a royalty of 1.5% of gross revenues generated by those mining operations.

Twigg has an obligation under the Local Partner Agreement to make a cash offer for GM and Company Tanzania Limited's "share" within 30 days of the acceptance of a bankable feasibility study by the Ministry for Energy and Minerals of the Government of Tanzania. If that offer is

accepted by GM and Company Tanzania Limited, the Local Partner Agreement is terminated and Twigg Gold Limited has the entire right to PL 1326/1999 and its successor licences and mining rights. GM and Company Tanzania Limited's "share" in this case is its right to the 1.5% royalty.

Kiokote Exploration Limited and W.G Exploration Limited are companies controlled by Twigg Gold Ltd. Twigg Gold Ltd has procured the execution of deeds signed by these controlled companies pursuant to which they have agreed:

- to allow the Miyabi joint venture parties to access the land subject to the relevant prospecting licence for the purposes of carrying out prospecting operations, acquiring mining rights, carrying out mining operations, and otherwise exploiting the licence. Where the company holds an application the right will be over the subsequent prospecting licence if granted;
- not to dispose of the relevant applications, prospecting licences, and other mineral tenements or any successor prospecting licences or mineral tenements, unless required to do so by operation of law; and
- to transfer the relevant prospecting licence to any person or company in accordance with a direction from Twigg Gold Ltd from time to time.

TMLGAPPL has given Twigg a signed document which appears to recognize Twigg's legal rights under the Local Partner Agreements with respect to prospecting licence 4536/2007. RFV has sought legal advice from CRB Africa Legal, a Tanzanian law firm, with respect to this document. CRB Africa Legal has confirmed:

- the document is a contract between TMLGAPPL and Twigg under Tanzanian law;
- that TMLGAPPL is bound, with respect to prospecting licence 4536/2007, by the relevant Local Partner Agreement;
- that Twigg has the right to do all the things with respect to prospecting

licence 4536/2007 that it had the right to do with respect to the licence under the relevant Local Partner Agreement, including exploiting the prospecting licences and requiring them to be transferred to a company established for that purpose by the parties to the Miyabi Joint Venture Agreement.

There are no rights of termination under the Local Partner Agreements.

Upon Carlton Miyabi Tanzania Limited expending the moneys required to entitle it to a 75% interest in the joint venture the parties are to contribute to further expenses of the joint venture in accordance with their proportionate interests. Twigg will be credited with the amount of \$US 6.5 million with respect to this expenditure, representing the amount of its spending on the project prior to entering into the Miyabi JV Agreement. Effectively, this means that Carlton Miyabi Tanzania Limited will contribute \$US 19.5 million before Twigg is required to contribute to further expenditure. However, Carlton Miyabi Tanzania Limited will receive 75% of the profits of the joint venture.

The Miyabi JV Agreement appoints Carlton Miyabi Tanzania Limited as the manager of the joint venture, with day to day responsibility for the operation of the joint venture. A management committee consisting of 4 members, 2 of which are appointed by Carlton Miyabi Tanzania Limited, oversees the joint venture. Carlton Miyabi Tanzania Limited has the right to appoint the chairman of the management committee and, in the event of the management committee being deadlocked on any issue; the chairman has the deciding vote.

If a decision to mine is made on any of the land subject to the Miyabi joint venture, the parties to the Miyabi JV Agreement must establish a company to hold the joint venture's tenements. The equity holdings in that company must be in the same proportions as the Miyabi joint venture parties' interests in the Miyabi joint venture.

The Miyabi JV Agreement contains standard clauses that allow one party's interest in the joint venture to be diluted by the other if the first party fails to pay its share of expenditure and the second party pays those amounts. If a party is diluted down to an interest in the joint venture of less than 10% that party must withdraw from the joint venture by transferring its interest in the joint venture to the non-withdrawing party. The withdrawing party is then granted a 1% royalty on the gross revenues of any mining on the land currently subject to the joint venture.

Alternatively, a party can voluntarily withdraw from the joint venture at any time. A party withdrawing in this manner is required to transfer all of its interest in the joint venture to the other party.

Parties who withdraw from the joint venture are liable for their share of expenditures and costs incurred prior to the withdrawal. If Carlton Miyabi Tanzania Limited does not expend the required \$US 3 million by 25 October 2013 it will be taken to have withdrawn from the joint venture.

A party may transfer its interest in the joint venture, subject to the other party's right to acquire that interest on the same terms (including price) that the transferring party offers to a third party.

11.12.2 Property Acquisition Agreement (Kitongo Agreement)

In June 2010 Carlton Kitongo Tanzania Limited entered into an agreement with IAMGold Tanzania Limited and IAMGOLD Corporation to purchase a number of retention licences and prospecting licences. In addition IAMGold Tanzania Limited and IAMGOLD Corporation agreed to prosecute a number of Applications identified in the Kitongo Agreement and to transfer to Carlton Kitongo Tanzania Limited those Prospecting Licences granted pursuant to those Applications.

The Kitongo Agreement has been largely performed and the Retention Licences and Prospecting Licences that are now held in the name of Carlton Kitongo Tanzania Limited (as set out in the Independent Solicitor's Report in Appendix 2) are almost all the result of the acquisitions under this agreement. As a result the terms of the Kitongo Agreement are not material. However, there are a number of matters with respect to the Kitongo Agreement that require disclosure. These are:

- With respect to the Maji Moto project there was one PL (PL5571/2008) which was identified as belonging to "Barrick" and as "to be transferred to IAMGold". That Prospecting Licence has been transferred to Carlton Kitongo Tanzania Limited, as confirmed in the Independent Solicitor's Report in Appendix 2. However, the Kitongo Agreement also identifies 2 Applications (HQ-P15900 and HQ-P19030) as belonging to "Barrick" and "to be transferred to IAMGold". Application HQ-P15900 has subsequently been replaced by PL 6502/2010, but it appears to be held by Barrick Exploration Africa Limited. RFV considers that the counterparties to the Kitongo Agreement have an obligation to:

- » transfer Prospecting Licence 6502/2010; and
- » transfer any Prospecting Licence granted pursuant to Application HQ-P19030,

to Carlton Kitongo Tanzania Limited in accordance with the Kitongo Agreement. However, to date RFV has been unable to establish what legal entitlements, if any, the counterparts to the Kitongo Agreement have with respect to PL 6502/2010 and Application HQ-P19030.

- A number of the Applications that are the subject of the Kitongo Agreement are held in the name of Lake Victoria

Gold Limited. These applications are:

- » HQ-P22316;
- » HQ-P22429;
- » HQ-P22557;
- » HQ-P22428;
- » HQ-P22364; and
- » HQ-P22362.

Lake Victoria Gold Limited is a subsidiary of IAMGOLD Corporation. As such it is RFV's view that IAMGold Tanzania Limited, as the vendor under the Kitongo Agreement, and IAMGOLD Corporation, as the guarantor of the obligations of IAMGold Tanzania Limited under the Kitongo Agreement, have an ongoing obligation to advance these Applications and to procure the transfer of any resulting Prospecting Licences to Carlton Kitongo Tanzania Limited. See the Independent Solicitor's Report in Appendix 2 for details of these Applications.

- Three Prospecting Licences that are the subject of the Kitongo Agreement remain in the name of IAMGold Tanzania Limited, as identified in the Independent Solicitor's Report in Appendix 2. These are Prospecting Licences PL 6421/2010, PL 6631/2010, and PL 6637/2010. RFV takes the view that these Prospecting Licences remain subject to an obligation on the part of IAMGold Tanzania to transfer them to Carlton Kitongo Tanzania Limited in accordance with the Kitongo Agreement and that these Prospecting Licences should be transferred as soon as practically possible.
- Carlton Kitongo Tanzania Limited has entered into an option agreement to acquire Prospecting Licence 2697/2004 from Hasanet Limited. The terms of this option agreement also extend to Prospecting Licence 6629/2010, also held by Hasanet Limited. However, on the face of the

written option agreement, this option has expired. RFV has been informed by BrightStar that the option period has been extended and that Carlton Kitongo Tanzania Limited still has the right to exercise this option. RFV has not seen any documents that confirm this position.

- Application HQ-P21118 is included in the Kitongo Agreement as an Application subject to the terms of the Kitongo Agreement. However, as revealed in the Independent Solicitor's Report in Appendix 2 this Application is in the name of Sub Sahara Resources (TZ) Limited. RFV does not know the relationship, if any, that this company has with the Kitongo project but can confirm that this company was not a party to the Kitongo Agreement. As a result RFV is of the view that Carlton Kitongo Tanzania Limited has no rights to this Application but has contractual rights against IAMGold Tanzania Limited and IAMGold Corporation with respect to this Application.

11.12.3 Agreement To Sell Tasman Goldfields NSW Pty Ltd

BrightStar's subsidiary, Tasman Goldfields Australia Operations Pty Ltd (TGAO) has entered into an agreement to sell all of its shares in Tasman Goldfields NSW Pty Ltd (TGNSW) to Gossan Hill Gold Limited (ACN 147 329 833) (Gossan).

The key terms of the sale agreement are:

- TGAO sells all its shares in TGNSW to Gossan for the issue of 10,000,000 shares in Gossan at a deemed issue price of \$0.01 per share;
- Completion of this sale is subject to:
 - Gossan successfully issuing its shares in accordance with an initial public offer and subsequent successful listing on the ASX;
 - Ministerial approval being given to the transfer of exploration licences EL 6372 (NSW), EL 7189 (NSW), and EL 7190 (NSW) to TGNSW;

- Gossan obtaining all shareholder and regulatory approvals required to permit the transactions under the share sale agreement.

Gossan has issued a prospectus (dated 24 February 2012) offering 40,000,000 ordinary shares at a price of \$0.20 each. The offer is subject to a minimum subscription of 20,000,000 ordinary shares and is not underwritten.



12 IMPLEMENTATION OF THE MERGER AND IMPLEMENTATION OF THE SCHEMES

12.1 Implementation of the Merger via a Scheme of Arrangement

The Merger is to be effected by 3 schemes of arrangement pursuant to Part 5.1 of the Corporations Act. The detailed terms of the Schemes are set out in each relevant Scheme of Arrangement in Appendix 6 to this Scheme Booklet.

Scheme Participants should read the terms of the Schemes, and in particular, the warranties that Scheme Participants are required to give under the Scheme if it is approved. The warranties are set out in clause 7.2 of the schemes of arrangement (see Appendix 6).

The intentions of the Merged Entity Board, if the Merger is approved, are set out in Section 8.2 to 8.11 (inclusive).

The consequences for RFV and the intentions of the RFV Directors for RFV if the Merger is not approved are set out in Sections 3.1.11, 4.1.4, and 5.3.

12.2 Conditions Precedent to the Scheme

Implementation of the Schemes is conditional upon various matters including the following:

- a) approval of the RFV Share Scheme by the requisite majority of RFV Shareholders at their Scheme Meeting;
- b) approval of the RFV \$0.20 Option Scheme by the requisite majority of RFV \$0.20 Optionholders at their Scheme Meeting;
- c) approval of the RFV \$0.25 Option Scheme by the requisite majority of RFV \$0.25 Optionholders at their Scheme Meeting;
- d) the making of orders by the Court approving the Schemes under section 411(4)(b) and section 411(6) of the Corporations Act; and
- e) the Schemes becoming effective by no later than the End Date.

Further conditions are listed in the summary of the Merger Implementation Agreement (as varied) in Section 12.9 of this Scheme Booklet.

As at the date of this Scheme Booklet, the RFV Board is not aware of any circumstances which would cause a condition of the Scheme not to be satisfied. The RFV Board will advise Scheme Participants of the status of the conditions at the Scheme Meetings. RFV will also announce to the ASX any relevant matter which affects the likelihood of a condition being satisfied or not being satisfied.

12.3 Schemes

The separate Schemes apply to RFV Shareholders, RFV \$0.20 Optionholders and RFV \$0.25 Optionholders. However, the Schemes are conditional upon the approval of each other, meaning if that one Scheme is not approved by the relevant class of optionholders or shareholders, or by the court, none of the Schemes will become effective or be implemented.

If the Schemes are implemented:

- RFV Shareholders will receive 1.25 BrightStar Shares for every 1 RFV Share held;
- RFV \$0.20 Optionholders will receive 1.25 BrightStar \$0.20 Options for each RFV \$0.20 Option; and
- RFV \$0.25 Optionholders will receive 1.25 BrightStar \$0.25 Options for each RFV \$0.25 Option.

The Independent Expert has concluded that each of the Schemes are not fair, but are reasonable and in the best interests of RFV Shareholders, RFV \$0.20 Optionholders, and RFV \$0.25 Optionholders (please refer to Appendix 1 for the full report of the Independent Expert and the basis and assumptions for this opinion).

The rights attaching to BrightStar Shares, BrightStar \$0.20 Options, and BrightStar \$0.25 Options are set out in Sections 14.5 and 14.6.

12.4 Resolution at the Scheme Meetings

The resolution to be passed at each Scheme Meeting is set out below:

- RFV Shareholders will be asked to pass the following resolution at the RFV Share Scheme Meeting:

“That pursuant to and in accordance with section 411 of the Corporations Act, the share scheme of arrangement proposed to be entered into between Rift Valley Resources Limited and the shareholders of Rift Valley Resources Limited, as more particularly set out in the Scheme Booklet accompanying this notice of meeting, is agreed to (with or without modification as approved by the Court).”

- RFV \$0.20 Optionholders will be asked to pass the following resolution at the RFV \$0.20 Option Scheme Meeting:

“That pursuant to and in accordance with section 411 of the Corporations Act, the RFV \$0.20 Option scheme of arrangement proposed to be entered into between Rift Valley Resources Limited and the RFV \$0.20 Optionholders (being holders of options to subscribe for ordinary shares in Rift Valley Resources Limited at an exercise price of \$0.20), as more particularly set out in the Scheme Booklet accompanying this notice of meeting, is agreed to (with or without modification as approved by the Court).”

- RFV \$0.25 Optionholders will be asked to pass the following resolution at the RFV \$0.25 Option Scheme Meeting:

“That pursuant to and in accordance with section 411 of the Corporations Act, the RFV \$0.25 Option scheme of arrangement proposed to be entered into between Rift Valley Resources Limited and the RFV \$0.25 Optionholders (being holders of options to subscribe for ordinary shares in Rift Valley Resources Limited at an exercise price of \$0.25), as more particularly set out in the Scheme Booklet accompanying this notice of meeting, is agreed to (with or without modification as approved by the Court).”

Please refer to the Notices of Meeting in Appendix 7.

The resolution must be passed at each Scheme Meeting by the requisite majority. If the resolution is not passed at each of the Scheme Meetings, none of the Schemes will become effective.

12.5 Approvals Required for the Scheme

Scheme Meetings for RFV Shareholders and RFV Optionholders

For the Scheme to take effect under section 411(4) of the Corporations Act:

- (i) a meeting of RFV Shareholders must be held, at which the RFV Share Scheme must be agreed to by a resolution passed by a majority in number of RFV Shareholders present and voting, either in person or by proxy, (unless the court orders otherwise), and representing in aggregate not less than 75% of the votes cast on the resolution at the Scheme Meeting;
- (ii) a meeting of RFV \$0.20 Optionholders must be held, at which the RFV \$0.20 Option Scheme must be agreed to by a resolution passed by a majority in number of RFV \$0.20 Optionholders present and voting (either in person or by proxy) and representing in aggregate at least 75% by value of all options in that class of options; and
- (iii) a meeting of RFV \$0.25 Optionholders must be held, at which the RFV \$0.25 Option Scheme must be agreed to by a resolution passed by a majority in number of RFV \$0.25 Optionholders present and voting (either in person or by proxy) and representing in aggregate at least 75% by value of all options in that class of options.

The Scheme Meetings are being convened by RFV in accordance with an order of the Court pursuant to section 411(1) of the Corporations Act.

Court approval

Once approvals are obtained at the Scheme Meetings, approval of the Court must also be obtained for each of the Schemes. If the Court approves the Schemes, each Scheme will become binding on RFV and each Scheme Participant upon the Court making such orders under section 411(4)(b) and section 411(6) of the Corporations Act and those orders being lodged with ASIC and becoming effective under section 411(10). Court approval will be sought as soon as possible after the Scheme Meetings have been held.

12.6 Deed Poll

In support of its obligations under the Merger Implementation Agreement, BrightStar has executed the Deed Poll in favour of Scheme Participants under which Brightstar has agreed to perform its obligations under the Merger Implementation Agreement. A copy of the Deed Poll is included in Appendix 4 to this Scheme Booklet.

12.7 Effect of Merger on RFV Shareholders and RFV Optionholders

(a) RFV Shareholders and RFV Optionholders

If the Scheme is approved by RFV Shareholders, the RFV \$0.20 Optionholders, the RFV \$0.25 Optionholders, and the Court, all:

- RFV Shareholders who hold RFV Shares on the Record Date will participate in the RFV Share Scheme;
- RFV \$0.20 Optionholders who hold RFV \$0.20 Options on the Record Date will participate in the RFV \$0.20 Option Scheme; and
- RFV \$0.25 Optionholders who hold RFV \$0.25 Options on the Record Date will participate in the RFV \$0.25 Option Scheme,

other than any Ineligible Foreign Holder (refer to Section 12.8 for further details).

The RFV Shareholders and RFV Optionholders as at the Record Date are referred to as Scheme Participants. The RFV Shares on issue on the Record Date are referred to as Scheme Shares, and the RFV Options on issue on the Record Date are referred to as Scheme Options.

Upon implementation of the Schemes, RFV Shareholders will cease to be shareholders in RFV and will receive 1.25 BrightStar Shares for every 1 Scheme Share held by them in consideration for the transfer by them of their RFV Shares to BrightStar, such that RFV will become a wholly owned subsidiary of BrightStar.

Upon implementation of the Schemes, RFV Optionholders will cease to hold options over ordinary shares in RFV and will receive 1.25 BrightStar Options for every 1 Scheme Option held by them in consideration for the cancellation of their RFV Options, such that RFV will become a wholly owned subsidiary of BrightStar and there are no options on issue with respect to RFV Shares.

(b) Fractional entitlement

Any fractional entitlement of a Scheme Participant will be rounded to the nearest whole number of BrightStar Shares or BrightStar Options, with 0.5 of a share or option being rounded up, after aggregating all holdings of the RFV Shareholder or RFV Optionholder in a manner which avoids manipulation of the RFV Shareholder's or RFV Optionholder's holdings to take advantage of the rounding entitlement.

BrightStar will issue the BrightStar Shares and the BrightStar Options to relevant Scheme Participants on the Implementation Date and, within 5 days of the Implementation Date, dispatch holding statements to those Scheme Participants who will receive BrightStar Shares and certificates to those Scheme Participants who will receive BrightStar Options.

(c) Treatment of unmarketable parcels under the Scheme

RFV Shareholders who may receive Share Scheme Consideration that is less than a marketable parcel or minimum holding within the meaning of the Listing Rules will be treated the same as all other BrightStar Shareholders.

12.8 Ineligible Foreign Holders

An Ineligible Foreign Holder is an RFV Shareholder or RFV Optionholder:

- whose address in the Register as at the Record Date is a place outside Australia or New Zealand and their respective external territories; or
- who Brightstar is actually aware is (or is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories.

All RFV Shareholders and RFV Optionholders, including Ineligible Foreign Holders, are entitled to vote at their relevant Scheme Meetings.

BrightStar will not issue and allot BrightStar Shares or options over BrightStar Shares, to Ineligible Foreign Holders, except as set out below.

BrightStar will instead issue and allot BrightStar Shares or BrightStar Options to which an Ineligible Foreign Holder would otherwise be entitled to Argonaut Securities Pty Ltd as the nominee ("Nominee") appointed by BrightStar for this purpose. The Nominee will sell the BrightStar Shares or BrightStar Options that would otherwise be issued to the Ineligible Foreign Holder pursuant to the Schemes as soon as reasonably practicable (at the risk of the Ineligible Foreign Holder) and pay the net proceeds received, after deducting brokerage, stamp duty and other taxes and charges, to that Ineligible Foreign Holder in full satisfaction of that Ineligible Foreign Holder's rights to the Scheme Consideration under the Schemes.

BrightStar may issue and allot BrightStar Shares or BrightStar Options to a person who is an Ineligible Foreign Holder if BrightStar is satisfied prior to the Record Date that the laws in the place of the

Ineligible Foreign Holder's registered address permit the offer, allotment and issue of BrightStar Shares or BrightStar Options to that Ineligible Foreign Holder either unconditionally or after compliance with conditions which BrightStar, acting reasonably, regards as acceptable and not unduly onerous.

Should an Ineligible Foreign Holder wish to purchase shares in the Merged Entity, they may contact Argonaut Securities Pty Ltd or their stockbroker.

12.9 Merger Implementation Agreement

A summary of the key terms of the Merger Implementation Agreement (as varied) are set out below.

(a) Principal Conditions Precedent to the Scheme

The principal conditions precedent to the implementation of the Schemes includes:

- all regulatory approvals or waivers required to implement the Scheme have been obtained from ASIC, ASX, and any other regulatory body by 5:00pm on the day before the Second Court Date;
- RFV Shareholders approving the Share Scheme;
- RFV \$0.20 Optionholders approving the RVF \$0.20 Option Scheme;
- RFV \$0.25 Optionholders approving the RVF \$0.25 Option Scheme;
- Court approval of each of the Schemes in accordance with section 411(4)(b) and section 411(6) of the Corporations Act;
- no restraints (for example Court injunctions) preventing the Schemes being in effect on 5:00pm at the day before the Second Court Date;
- no Material Adverse Change occurs in respect of both RFV and BrightStar;
- no breach of a material obligation under the Merger Implementation Agreement by RFV or BrightStar;
- no prescribed occurrence occurs in respect of both RFV and BrightStar;

- representations and warranties given by each of RFV and BrightStar under the Merger Implementation Agreement are materially true and correct at 5:00pm AWST on the day before the Second Court Date;
- the Independent Expert provides an opinion that the Schemes are in the best interests of the RFV Shareholders and RFV Optionholders;
- no Takeover Proposal being made or announced for either RFV or BrightStar;
- the Merger becomes effective by the End Date;
- all holders of options over ordinary shares in RFV that have an exercise price of \$0.0001 have irrevocably accepted an offer made to them by BrightStar pursuant to which those holders will receive 1.25 options in BrightStar for each of the options with a \$0.0001 exercise price and have irrevocably agreed to RFV cancelling all of their options with effect from the Implementation Date.

(b) No Talk and No Shop Obligations

The parties must ensure that during the period from the date of the Merger Implementation Agreement to the earlier of termination of the Merger Implementation Agreement, the date on which the Schemes are approved by the Court under section 411(4)(b) of the Corporations Act, or 22 July 2012 ("No Shop Period") that:

- (i) ("No Shop") No party directly or indirectly solicits, invites, facilitates, encourages or indicates any enquiries, negotiations or discussions, or communicates any intention to do any of these things, with a view to obtaining any expression of interests, offer or proposal from any other person in relation to:
 - any proposal for a takeover bid, scheme of arrangement, capital reconstruction, buy-back, merger, amalgamation, consolidation,

purchase of assets or other business combination involving the party, a subsidiary of a party, or the party's business;

- any proposal for the acquisition of an economic interest in all or a substantial part of the party, a subsidiary of a party, or the party's business; or
- any proposal which could result in a person who does not already have voting power of 20% in a party, having voting power of more than 20% in that party.

(ii) ("No Due Diligence") Without the prior written consent of the other party:

- No party provides information to facilitate consideration by any person, other than each other, whether to submit a Takeover Proposal for RFV or a Takeover Proposal for BrightStar (as the case may be).

(iii) Limitations to no shop and due diligence obligations:

- The No Shop and No Due Diligence provision summarised above do not apply if, in the reasonable opinion of that party's board of directors, they would involve a breach of duties of the directors or prevent either party continuing to make normal presentations to brokers, portfolio investors and analysts in the ordinary course of business.

(c) Break Fees

RFV has agreed to pay a break fee of A\$100,000 to BrightStar payable in the circumstances outlined in Section 5.3 and in the Merger Implementation Agreement in Appendix 3 to this Scheme Booklet.

(d) Board Composition

The Merged Entity Board will comprise at least 3 nominees of RFV and 2 nominees of BrightStar as set out in Section 8.3 of this Scheme Booklet.



13 TAXATION IMPLICATIONS FOR SCHEME PARTICIPANTS

Plexus Global Consultants were commissioned to provide an independent tax opinion on the Schemes proposed under the Merger. The key conclusions of the tax opinion are summarised in this section with a complete copy of the report appended as Appendix 5 to this Scheme Booklet.

The tax opinion provides a broad summary of the Australian income tax and capital gains tax treatments, prevailing at the time of providing the report, for the proposed Merger of RFV and BrightStar. The tax opinion is general in nature and does not take into account the individual circumstances of each RFV Shareholder or RFV Optionholder and as such should not be relied upon by any individual RFV Shareholder or RFV Optionholder. All RFV Shareholders and RFV Optionholders should consult their own taxation advisors regarding the taxation consequences of the proposed Merger. RFV Shareholders and RFV Optionholders should refer to the report included in Appendix 5 and obtain their own independent advice.

13.1 Capital Gains Tax Event

The acceptance of BrightStar Shares for RFV Shares as proposed under the Share Scheme constitutes a disposal of RFV Shares. The change in ownership of the RFV Shares will constitute a capital gains tax (CGT) event for Australian income tax purposes. If available, CGT rollover relief provisions can apply to defer any capital gain made from a CGT event in certain circumstances.

The acceptance of BrightStar Options for the cancellation of RFV Options as proposed under the Option Schemes constitutes a disposal of RFV Options. The cancellation of the RFV Options will constitute a capital gains tax event for Australian income tax purposes. If available, CGT rollover relief provisions can apply to defer any capital gain made from a CGT event in certain circumstances.

Under the Merger proposal CGT rollover relief may be available if the acquiring entity, BrightStar, obtains at least 80% of the voting power in RFV and the proposed transaction is a “single arrangement”. Plexus Global Consultants have stated in their opinion the merger is likely to be considered a “single arrangement”.

13.2 Schemes

If available, the CGT roll-over provisions can apply to defer a capital gain made from a CGT event involving an exchange of RFV Shares for BrightStar Shares or RFV Options for BrightStar Options. Accordingly, RFV Shareholders or RFV Optionholders who would otherwise make a capital gain on transferring their RFV Shares or cancelling their RFV Options should be able to choose scrip for CGT rollover relief if available.

If CGT rollover relief is available and an RFV Shareholder or RFV Optionholder elects to apply CGT rollover relief, then the capital gain arising on the transfer of the RFV Shares or cancellation of RFV Options is effectively deferred until the subsequent disposal of BrightStar Shares or BrightStar Options. The following taxation consequences will arise under this scenario:

- the capital gain on the transfer of the RFV Shares or cancellation of RFV Options is disregarded for CGT purposes;
- the BrightStar Shares or BrightStar Options will be taken to have been acquired at the time that the RFV Shares or RFV Options were originally acquired. This may be relevant to the availability of the CGT discount concession on a subsequent disposal or other taxation event in relation to the BrightStar Shares or BrightStar Options; and

- the cost base of each BrightStar Share or BrightStar Option received under the Schemes will be calculated by reasonably attributing to the BrightStar Share or BrightStar Option the cost base of the RFV Share or RFV Option for which it was exchanged and for which the RFV Shareholder or RFV Optionholder obtained the CGT rollover relief.

An RFV Shareholder or RFV Optionholder cannot choose CGT rollover relief where a capital loss is realised on the transfer of the RFV Shares or RFV Options, as the case may be.

14 ADDITIONAL INFORMATION

This Section contains information required under section 412(1) of the Corporations Act and under Part 3 of Schedule 8 of the Corporations Regulations. It also includes other information which may be of interest to RFV Shareholders and RFV Optionholders and those who may become BrightStar Shareholders or BrightStar Optionholders.

14.1 Listing of Merged Entity on ASX

Following implementation of the Schemes BrightStar will remain listed on ASX but a shareholders' meeting will be asked to change BrightStar's name to Rift Valley Resources Limited. BrightStar will continue to trade under the code BUT until BrightStar's name is changed, at which point the Merged Entity's ASX code will also change.

14.2 Suspension of Trading of RFV Shares and Cessation of ASX Listing

If the Court approves the Schemes, it is intended that BrightStar will notify ASX of the Court approval on the day the Court approves the Schemes.

Once the Schemes have been implemented, RFV will apply to the ASX for a suspension of trading. RFV Shareholders will be unable to trade their RFV Shares after close of trading on 19 June 2012.

RFV Shareholders registered on the share registry as at 5:00pm on the Record Date will be entitled to receive new BrightStar Shares in accordance with the terms in this Scheme Booklet. Any dealings in RFV Shares after 5:00pm (AWST) on the Record Date will not be recognised.

RFV Optionholders registered on the share registry as at 5:00pm on the Record Date will be entitled to receive new BrightStar Options in accordance with the terms in this Scheme Booklet. Any dealings in RFV Options after 5:00pm (AWST) on the Record Date will not be recognised.

On a date after the Effective Date to be determined by BrightStar, RFV will apply for termination of official quotation of RFV Shares on ASX and apply to have itself removed from the official list of ASX. RFV will also change its status from a public company to a proprietary limited company.

14.3 Holding Statements and Quotation of New BrightStar Shares

BrightStar will issue uncertificated holding statements to holders of new BrightStar Shares within 5 business days of the Implementation Date. Holding statements will be sent by ordinary mail to Scheme Participants or the Nominee, as the case may be, according to the addresses recorded on RFV's Share Registry or to any other delivery address that RFV has been advised of prior to the date of distribution.

In the case of joint holders of RFV Shares, the new BrightStar Shares will be forwarded to the holder whose name appears first on the RFV's Share Registry on the Record Date.

Bright Star will apply within 7 days after the date of this Scheme Booklet for Official Quotation of the new Bright Star Shares to be issued on Implementation of the RFV Share Scheme.

14.4 Ranking of new BrightStar Shares

New BrightStar Shares issued as Share Scheme Consideration will rank equally with all other BrightStar Shares on issue.

14.5 Rights attaching to new BrightStar Shares

The rights attaching to new BrightStar Shares are comprehensively set out in the Constitution of BrightStar and are subject to the ASX Listing Rules and the Corporations Act.

The following sets out the significant rights attaching to the new BrightStar Shares which you will receive upon implementation of the Merger. The rights summarised below are not a definitive

statement of the rights attaching to new BrightStar Shares. Copies of the BrightStar Constitution are available for your inspection at the registered office of RFV during normal business hours. You should obtain your own independent legal advice if you require a more detailed statement.

(a) Meetings of BrightStar Shareholders

Each BrightStar Shareholder is entitled to receive notice of, attend, and vote at, general meetings of BrightStar and to receive all notices, accounts and other documents required to be sent to BrightStar Shareholders under the BrightStar constitution, the Corporations Act and the ASX Listing Rules.

(b) Vote of BrightStar Shareholders at a general meeting

Subject to the BrightStar Constitution and any restriction affecting any class of shares, every BrightStar Shareholder present in person or represented by an attorney, corporate representative, or proxy is entitled to one vote per share on a show of hands and on a poll. If a member has appointed two proxies, and the appointment does not specify the proportion or number of one vote per share the member's votes each proxy may exercise half of those votes. A person who holds a BrightStar Share which is not fully paid, is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total price of the share.

Where there are two or more joint holders of a BrightStar Share and more than one of them is present at a general meeting, in person or by proxy, representative, or attorney, and each tenders a vote in respect of the share, BrightStar will count only the vote cast by the member whose name appears first in BrightStar's register of members.

(c) Dividends

Subject to BrightStar's Constitution and the Corporation Act, the BrightStar directors may from time to time determine to pay interim or final dividends to BrightStar Shareholders out

of the profits of BrightStar and fix the amount, time for payment, and method of payment of any such dividend. Subject to the term of the shares, BrightStar may pay a dividend on one class of shares to the exclusion of another class.

(d) Transfer of BrightStar Shares

BrightStar Shares may be transferred by a written transfer in compliance with the BrightStar Constitution, a transfer effected in accordance with the Corporations Act and the ASX Settlement Operating Rules or by any other electronic system established or recognised by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules.

The BrightStar Board may only refuse to register a transfer of BrightStar Shares if the registration of the transfer would result in a contravention of or failure to observe the provisions of any applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules or any escrow agreement relating to Restricted Securities entered into by BrightStar under the ASX Listing Rules. BrightStar must not register a transfer of BrightStar Shares if the Corporations Act, Listing Rules or the ASX Settlement Operating Rules forbid registration.

(e) Issue of further BrightStar Shares

Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the BrightStar Constitution and without affecting any special rights conferred on the holders of any shares, any shares, options or other securities may be issued or otherwise disposed of as the BrightStar Board may determine and on any terms the BrightStar Board consider appropriate.

(f) Winding Up

Subject to the terms of the shares, if BrightStar is wound up, new BrightStar Shareholders will be entitled to participate in any surplus assets of BrightStar in proportion to their shares.

(g) Unmarketable parcels

In certain circumstances, BrightStar may give written notice to BrightStar Shareholders holding unmarketable parcels of BrightStar Shares that it proposes to sell the relevant BrightStar Shares. The notice must set a period of at least six weeks within which the BrightStar Shareholder can notify BrightStar that it wishes to retain the BrightStar Shares. If the BrightStar Shareholder does not give that notification, BrightStar may sell their BrightStar Shares and distribute the proceeds of sale to the BrightStar Shareholder.

(h) Share buy back

BrightStar may buy BrightStar Shares in itself on terms and at times determined by the BrightStar Directors, to the extent and in the manner permitted by the Corporations Act and ASX Listing Rules.

(i) Variation of class rights

Subject to the Corporations Act, BrightStar may vary or cancel rights attached to BrightStar Shares by a special resolution of BrightStar Shareholders passed at a meeting of BrightStar Shareholders holding shares in that class, or with the written consent of BrightStar Shareholders, who are entitled to at least 75% of the votes that may be cast in respect of the shares in that class.

(j) Dividend re-investment plans

BrightStar may, in general meeting and by ordinary resolution, authorise the BrightStar Board to implement a dividend re-investment plan, under which any member may elect that dividends the member is entitled to be retained by BrightStar and applied for re-investment in payment for BrightStar Shares issued under the plan.

14.6 Rights attaching to new BrightStar options

There are no participation rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, BrightStar will ensure that for the purpose of determining entitlements to any such issue the record date will be at least 10 business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

Shares issued on exercise of the options rank equally with the other shares of BrightStar.

14.7 Restrictions in the Constitution of RFV

The RFV Board may decline to register a transfer of RFV Shares where to do so would result in a breach of the ASX Settlement Operating Rules. Other than this there are no restrictions on the right to transfer RFV Shares in the Constitution of RFV.

14.8 Effect of Scheme on RFV Creditors

The Scheme will not materially prejudice the ability of RFV to pay its creditors. RFV is solvent and trading in a normal commercial manner. RFV has no debts other than trade creditors on the terms of the relevant invoices.

14.9 RFV Director's Interests in RFV and BrightStar Securities

Table 18 – sets out the relevant securities in RFV held by each RFV Director as at the date of this Scheme Booklet.

Table 18 – Directors interests in RFV Securities

RFV Director	Number of RFV \$0.20 Options	Number of RFV \$0.25 Options	Number of RFV Shares
Didier Murcia	1,750,000	1,750,000	1,800,000
Michael McKeivitt	1,000,000	1,000,000	1,020,000
Keith McKay	500,000	500,000	1,000,000
Gosbert Kagaruki	750,000	750,000	1,532,182
Darpan Pindolia	-	-	1,500,000
Total	4,000,000	4,000,000	6,852,182

Table 19 sets out the relevant securities in BrightStar held by each RFV director as at the date of this Scheme Booklet.

Table 19 - RFV directors' interests in BrightStar Securities

RFV Director	BrightStar Shares	BrightStar Options	Other BrightStar securities
Didier Murcia	-	-	-
Michael McKeivitt	-	-	-
Gosbert Kagaruki	-	-	-
Keith McKay	-	-	-
Darpan Pindolia	-	-	-

14.10 BrightStar Interests in RFV Securities

Neither BrightStar nor any of its subsidiaries holds, or intends to hold, RFV Shares or RFV Options prior to the Implementation Date.

14.11 BrightStar Directors' Interests in RFV Securities

Table 20 sets out the relevant securities RFV held by each BrightStar Director as the date of this Scheme Booklet.

Table 20 - BrightStar directors' Interests in RFV Securities

BrightStar Director	RFV Shares	RFV Options
Warren Gilmour	-	-
Paul Payne	-	-
Geoff Gilmour	-	-
Graeme Clatworthy	-	-

14.12 BrightStar Directors' Interests in BrightStar Securities

Table 21 sets out the relevant securities in BrightStar held by each BrightStar director as at the date of this Scheme Booklet.

Table 21 - BrightStar directors' Interests in BrightStar Securities

BrightStar Director	BrightStar Shares	BrightStar Options
Warren Gilmour	14,892,857	8,000,000
Paul Payne	1,000,000	5,000,000
Geoff Gilmour	7,108,604	5,000,000
Graeme Clatworthy	4,000,000	5,000,000

14.13 Payments or Other Benefits to any RFV Director, Secretary or Executive Officer

No benefit or payment has, or will be given to any Director, Secretary or Executive Officer of RFV or a Related Body Corporate as compensation for loss of, or as consideration for or in connection with retirement from office in RFV or a Related Body Corporate.

Other than as set out below, no RFV Director, Secretary, Executive Officer or employee will receive any benefit in connection with the Scheme other than the Scheme Consideration allocated in accordance with the terms and conditions set out in this Scheme Booklet.

Mr Didier Murcia is a director of RFV and a director and shareholder of Murcia Pestell Hillard Pty Ltd which has acted as legal advisor to RFV in relation to this Scheme Booklet and for which RFV has paid, or will pay approximately \$350,000. Murcia Pestell Hillard has provided other professional services to RFV during the last two years prior to the date of this Scheme Booklet for which RFV has paid approximately \$107,000. The directors and shareholders of Murcia Pestell Hillard Pty Ltd are the shareholders of Digrevni Investments Pty Ltd which holds 1,750,000 RFV \$0.20 Options and 1,750,000 RFV \$0.25 Options as disclosed in section 10.6.

Mr Rowan Caren is the Company Secretary of RFV and is a director Dabinett Corporate Pty Ltd which has charged additional out-of-scope fees in relation to this Scheme Booklet for which RFV has paid, or will pay approximately \$16 300.

14.14 Agreement of Arrangements between RFV and BrightStar Directors

Upon implementation of the Schemes, Mike McKeivitt will become Managing Director of the Merged Entity. Paul Payne and Geoff Gilmour will become executive directors. Didier Murcia will become the non-executive chairman, Keith McKay

and Gosbert Kagaruki will become non-executive directors of the Merged Entity. Warren Gilmour and Graeme Clatworthy will resign from the board of BrightStar and Darpan Pindolia will resign from the RFV Board. The appointments of RFV's directors to BrightStar's Board will be on the same terms as those directors' current appointments with RFV (see Section 14.15 below).

There are no other agreements made between any RFV Director and any other person in connection with or conditional on the outcome of the Scheme.

14.15 Terms of appointment of the Directors in the Merged Entity

Summaries of the terms of the appointments of Mike McKeivitt, Paul Payne, and Geoff Gilmour and details of the proposed remuneration of the Merged Entity's directors are set out in Section 8.3.

14.16 Interests of RFV Directors in any Contract with BrightStar

No RFV Director has an interest in any contract entered into by BrightStar or its Related Bodies Corporate.

14.17 Material Changes in the Financial Position of RFV

There have been no material changes to the financial position since 30 June 2011, other than;

- As disclosed in the 31 December 2011 Half Yearly Financial Report which was published on ASX on 29 February 2012, set out in Section 10.11; and
- On 23 January 2012, RFV announced it had signed a Merger Implementation Agreement for a merger with BrightStar.

There are no other material changes in RFV's financial position, other than as disclosed in this Scheme Booklet.

14.18 Consents

The following parties have given and have not, before the time of registration of this Scheme Booklet by ASIC, withdrawn their written consent to be named in this Scheme Booklet in the capacity stated and,

where applicable, the party consents to the inclusion of statements in this Scheme Booklet attributed to that party in the form and context the statements appear in this Scheme Booklet:

BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045) has given, and has not withdrawn, its written consent to being named in this Scheme Booklet as the Independent Expert, to the inclusion of the Independent Expert's Report in Appendix 1 of the Scheme Booklet and to all statements referring to that report in the form and context in which they appear. BDO has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for any part of the Scheme Booklet other than the Independent Expert's Report.

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate ("Ravensgate") has given, and has not withdrawn, its written consent to being named in this Scheme Booklet as the Independent Technical Valuer, to the inclusion of the Independent Technical Valuation in Appendix 1 of this Scheme Booklet and to all statements referring to that report in the form and context in which they appear. Ravensgate has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for any part of this Scheme Booklet other than the Independent Technical Valuation.

Trustworth Attorneys has given, and has not withdrawn, its written consent to being named in this Scheme Booklet as the Independent Solicitor, to the inclusion of the Independent Solicitor's Report in Appendix 2 of this Scheme Booklet and to all statements referring to that report in the form and context in which they appear. Trustworth Attorneys has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for any part of this Scheme Booklet other than the Independent Solicitor's Report.

Plexus Global Consultants Pty Ltd (ACN 120 503 693) has given, and has not withdrawn, its written consent to the inclusion of the Tax Opinion in

Appendix 5 of the Scheme Booklet and to all statements referring to that opinion in the form and context in which they appear. Plexus Global Consultants also prepared the Merged Entity pro-forma historical financial information in Section 8.12 of this Scheme Booklet and has given, and has not withdrawn, its written consent to the inclusion of that information in Section 8.12. Plexus Global Consultants Pty Ltd has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for any part of the Scheme Booklet other than the Tax Opinion.

Jonathon Abbott prepared a Mineral Resource estimate for the Main Zone mineralization at Kitongo completed in 2006. Mr Abbott has given, and has not withdrawn, his consent:

- to be named in this Scheme Booklet as having prepared that estimate; and
- to the inclusion of the statements in this Scheme Booklet stated to be from or based on that estimate in the form and context in which those statements are included.

Mr Abbott has not authorised or caused the issue of this Scheme Booklet and, other than the information to which he consents, takes no responsibility for any part of the Scheme Booklet

Martin Pittuck prepared a Mineral Resource estimate for the Main Zone mineralization at Miyabi completed in 2006. Mr Pittuck has given, and has not withdrawn, his consent:

- to be named in this Scheme Booklet as having prepared that estimate; and
- to the inclusion of the statements in this Scheme Booklet stated to be from or based on that estimate in the form and context in which those statements are included.

Mr Pittuck has not authorised or caused the issue of this Scheme Booklet and, other than the information to which he consents, takes no responsibility for any part of the Scheme Booklet. The named

parties have not authorised or caused the issue of this Scheme Booklet or made any representation regarding the Scheme and, to the extent permitted by law, the named parties are excluded from any responsibility for any statements in or omissions from any part of this Scheme Booklet other than those statements in, or parts of, the Scheme Booklet which are attributed to them in this Scheme Booklet.

CRB Africa Legal has given, and has not withdrawn, its written consent to the inclusion of the statements relating to its legal opinion about the documents signed by Halima Mamuya and TMLGAPPL and statements referring to that opinion, in the form and context in which they appear. CRB Africa Legal has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for any part of the Scheme Booklet other than the statements relating to its legal opinion.

14.19 Documents Available for Inspection

Copies of the following documents are available for inspection at the registered office of RFV during normal business hours on any Business Day until the Record Date:

- (a) Constitution of RFV;
- (b) Constitution of BrightStar;
- (c) Financial statements of RFV for half year ended 31 December 2011;
- (d) Financial statements of BrightStar for half year ended 31 December 2011;
- (e) 2011 RFV Annual Report; and
- (f) 2011 BrightStar Annual Report.

14.20 Regulatory Exemptions, Modifications and Waivers

ASX has granted to RFV a waiver of ASX Listing Rule 6.23.2 to the extent necessary to allow RFV to cancel the RFV options without separate RFV shareholder approval under the ASX Listing Rule.

ASX has given RFV its consent, pursuant to ASX Listing Rule 9.17, to the lifting of

the holding locks on escrowed RFV Shares and the release of the certificates relating to the RFV Options that are subject to escrow restrictions under ASX Listing Rule 9. This consent allows the RFV Shares and RFV Options that are subject to escrow to be transferred or cancelled (as applicable) pursuant to the Schemes. ASX's consent has been given on the condition that if the Schemes are not implemented the holding locks will resume and the option certificates will be returned to escrow.

Regulations 5.1.01 of the Corporations Regulations requires that, unless ASIC allows otherwise, the Scheme Booklet must contain all of the matters set out in Part 2 of Schedule 8 to the Corporations Regulations in relation to the RFV \$0.20 Option Scheme and the RFV \$0.25 Option Scheme and in Part 3 of Schedule 8 to the Corporations Regulations in relation to the RFV Share Scheme. As some of these requirements are not applicable or appropriate, ASIC has allowed RFV to omit from this Scheme Booklet the lists of RFV Optionholders and other matters that would otherwise be required by paragraphs 8201(a), 8201(b), 8201(c), 8201(d), 8201(e), 8203(a) and 8203(b) of Part 2 of Schedule 8 to the Corporations Regulations to be set out in this Scheme Booklet.

14.21 Unacceptable Circumstance

The RFV Directors believe that as of the date of this Scheme Booklet no circumstance which may be characterised as an "unacceptable circumstance" have arisen in relation to the Schemes.

14.22 Other Material Information

Other than as disclosed within this Scheme Booklet, there is no other information within the knowledge of any RFV director material to the making of a decision in relation to the Schemes that has not previously been disclosed to RFV Shareholders.

14.23 Competent Person Statement

RFV

The information in Section 10 that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Michael McKeivitt who is a full time employee of RFV and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Michael McKeivitt consents to the inclusion in Section 10 of the matters based on the information in the form and context in which it appears.

BrightStar

The information in Section 9.2.12 and in Section 11 that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Paul Payne who is a full time employee of BrightStar and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Paul Payne consents to the inclusion in Section 11 of the matters based on the information in the form and context in which it appears.

Martin Pittuck

The Mineral Resource estimate for the Main Zone mineralization at Miyabi prepared in 2006 described in Section 11 as having been prepared by Martin Pittuck was prepared by Martin Pittuck who is, and was at the time the estimate was prepared a full time employee of SRK Consulting (UK) Ltd. Mr Pittuck had, at the time the estimate was prepared, and continues to have, sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he was undertaking to qualify as Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Martin Pittuck consents to the inclusion in Section 11 of the statements stated to be from the Mineral Resource estimate for the Main Zone mineralization at Miyabi prepared in 2006 in the form and context in which they appear.

Jonathon Abbott

The Mineral Resource estimate for the Main Zone mineralization at Kitongo prepared in 2006 described in Section 11 as having been prepared by Jonathon Abbott was prepared by Jonathon Abbott who was at the time the estimate was prepared a full time employee of Hellman & Schofield. Mr Abbott had, at the time the estimate was prepared, and continues to have, sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he was undertaking to qualify as Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". JonathonAbbott consents to the inclusion in Section 11 of the statements stated to be from the Mineral Resource estimate for the Main Zone mineralization at Kitongo prepared in 2006 in the form and context in which they appear.



The current directors have a broad range of qualifications, expertise and experience relevant to managing mineral exploration companies.

15 GLOSSARY

Announcement Date	means 23 January 2012;
Application	means an application for a Prospecting Licence;
ASIC	means the Australian Securities and Investments Commission;
ASX	means ASX Limited (ACN 008 624 691);
AWST	means Australian Western Standard Time;
BrightStar	means Bright Star Resources Limited (ACN 121 985 395);
BrightStar Board	means the board of directors of BrightStar;
BrightStar Group	means BrightStar and each of BrightStar's subsidiaries;
BrightStar Options	means the BrightStar \$0.20 Options and the BrightStar \$0.25 Options, collectively;
BrightStar \$0.0001 Options	means options over unissued BrightStar Shares that are otherwise on the same terms as the Erncon Options;
BrightStar \$0.20 Options	means options over unissued BrightStar Shares that are otherwise on the same terms as the RFV \$0.20 Options;
BrightStar \$0.25 Options	means options over unissued BrightStar Shares that are otherwise on the same terms as the RFV \$0.25 Options;
BrightStar Share	means a fully paid ordinary share in BrightStar;
BrightStar Shareholder	means a holder of a BrightStar Share;
BrightStar Shares	means fully paid ordinary shares in BrightStar;
Business Day	means a day that is not a Saturday, Sunday, public holiday or bank holiday in Perth;
Corporations Act	means Corporations Act 2001 (Cth);
Corporations Regulations	means Corporations Regulations 2001 (Cth);
Court	means the Federal Court of Australia (WA Registry);
Deed Poll	means the deed poll referred to in Section 12.6 of this Scheme Booklet, a copy of which is set out in Appendix 4 of this Scheme Booklet;
Effective Date	means the date on which an office copy of the Scheme Order is lodged with ASIC pursuant to section 411(10) of the Corporations Act;
End Date	means 20 July 2012 at 5pm (Perth Time) or such later date as agreed by the parties in writing;
Erncon Options	means the 11,500,000 options over unissued RFV Shares, with an exercise price of \$0.0001, described in Section 8.7;
HQ as a prefix to a number	means Application;
Implementation Date	means the third Business Day after the Record Date or such later date as agreed between BrightStar and RFV;
Independent Expert or BDO	means BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045);
Independent Expert's Report	means the report prepared by the Independent Expert dated 30 April 2012 which is included as Appendix 1 to this Scheme Booklet;
Independent Solicitor's Report	means the report prepared by the Trustworth Attorneys dated 30 April 2012 which is included as Appendix 2 to this Scheme Booklet;
Ineligible Foreign Holder	is defined in Section 12.8;
Listing Rules	means the listing rules published by the ASX from time to time;

Main Zone	means the location identified as the “Main Zone” in Figure 13;
Material Adverse Change	means a material adverse change in the business, affairs or results of operations of a party which the other party reasonably determines will have a material adverse effect on the party to which the material adverse change relates;
Merged Entity	means Bright Star Resources Limited and its subsidiaries following the implementation of the Schemes;
Merged Entity’s Board	means the Board of directors of the Merged Entity as set out in Section 8.3;
Merged Entity Optionholder	means a holder of a BrightStar \$0.20 Option or a BrightStar \$0.25 Option following the implementation of the Schemes;
Merged Entity Shareholder	means a holder of BrightStar Shares following the implementation of the Schemes;
Merger	means the proposed merger between RFV and Bright Star Resources Limited pursuant to the Schemes;
Merger Implementation Agreement	means the merger implementation agreement dated 22 January 2012 (as varied) between RFV and BrightStar;
Nominee	means Argonaut Securities Pty Limited (ACN 108 330 650);
Notice of Meeting	means the notice of meeting dated 14 May 2012 convening the Scheme Meetings, set out in Appendix 7
Option Scheme Consideration	means the consideration set out in paragraphs (b) and (c) in the definition of Scheme Consideration;
PL	means Prospecting Licence;
Prescribed Occurrence	is defined in clause 1.1 of the Merger Implementation Agreement;
Primary Mining Licence	has the meaning described in the Independent Solicitor’s Report in Appendix 2;
Prospecting Licence	means an exclusive right to prospect for minerals to which the licence applies under the Mining Act 2010 and the Mining Act 1998 of the United Republic of Tanzania;
Proxy Form	means the proxy form for the relevant Scheme Meeting, that accompanies this Scheme Booklet or is available from the Registry (see the Notices of Meetings in Appendix 7 for details of how to obtain further copies of Proxy Forms);
Record Date	means 10:00am AWST time on 16 June 2012;
Register means	the register of RFV Shareholders and Optionholders operated by the Registry;
Registry means	Security Transfer Registrars Pty Limited (ACN 008 894 488);
Related Body Corporate	has the meaning given to that term in section 50 of the Corporations Act;
Reserve	has the same meaning given to that term in the 2004 Edition of the Australian Code for reporting of Mineral Resources and Ore Reserves (the JORC Code);
Resource	has the same meaning given to that term in the 2004 Edition of the Australian Code for reporting of Mineral Resources and Ore Reserves (the JORC Code);
Restricted Securities	has the same meaning as that term has in the ASX Listing Rules;
RFV	means Rift Valley Resources Ltd (ACN 147 483 341);
RFV Board	means the Board of directors of RFV at the date of this Scheme Booklet;
RFV Constitution	means RFV’s constitution;
RFV Director	means a director of RFV and RFV Directors means all of the directors of RFV;

RFV \$0.20 Option	means an option currently on issue that gives the holder the right to subscribe for one RFV Share at an exercise price of \$0.20;
RFV \$0.25 Option	means an option currently on issue that gives the holder the right to subscribe for one RFV Share at an exercise price of \$0.25;
RFV \$0.20 Option Scheme	means a scheme of arrangement between RFV, and the holders of options over RFV Shares, that have an exercise price of \$0.20, as contemplated by the Merger Implementation Agreement;
RFV \$0.25 Option Scheme	means a scheme of arrangement between RFV, and the holders of options over RFV Shares, that have an exercise price of \$0.25, as contemplated by the Merger Implementation Agreement;
RFV Option Scheme Meetings	means the meetings described in paragraph (b) and (c) of the definition of Scheme Meeting;
RFV \$0.20 Option Scheme Meeting	means the meeting described in paragraph (b) of the definition of Scheme Meeting;
RFV \$0.25 Option Scheme Meeting	means the meeting described in paragraph (c) of the definition of Scheme Meeting;
RFV Option Schemes	means the RFV \$0.20 Option Scheme and the RFV \$0.25 Option Scheme, collectively;
RFV Optionholders	means the RFV \$0.20 Optionholders and RFV \$0.25 Optionholders, collectively;
RFV \$0.20 Optionholders	means each person recorded in the Register as the holder of RFV \$0.20 Options at the relevant time;
RFV \$0.25 Optionholders	means each person recorded in the Register as the holder of RFV \$0.25 Options at the relevant time;
RFV Options	means the RFV \$0.20 Options and the RFV \$0.25 Options, collectively;
RFV Share	means a fully paid ordinary share in RFV;
RFV Share Scheme	means a scheme of arrangement between RFV and the holders of ordinary shares in RFV, as contemplated by the Merger Implementation Agreement;
RFV Share Scheme Meeting	means the meeting described in paragraph (a) of the definition of Scheme Meeting;
RFV Shareholders	means each person recorded in the Register as the holder of RFV Shares at the relevant time;
Scheme and Scheme Arrangement	means each of the RFV Share Scheme, the \$0.20 Option Scheme, and the \$0.25 Option Scheme, to effect the Merger, copies of which are set out in Appendix 6;
Scheme Booklet	means this Scheme Booklet dated 14 May 2012;
Scheme Consideration	means: <ul style="list-style-type: none"> (a) 1.25 BrightStar Shares for each RFV Share held by Scheme Participants; (b) 1.25 BrightStar \$0.20 Options for each RFV \$0.20 Option held by Scheme Participants; and (c) 1.25 BrightStar \$0.25 Options for each RFV \$0.25 Option held by Scheme Participants,
Scheme Meeting	means each of the following: <ul style="list-style-type: none"> (a) the meeting of RFV Shareholders convened by the Court under section 411(1) of the Corporations Act; (b) the meeting of RFV \$0.20 Optionholders convened by the Court under section 411(1) of the Corporations Act; and (c) the meeting of RFV \$0.25 Optionholders convened by the Court under section 411(1) of the Corporations Act, and Scheme Meetings means all of these meetings;
Scheme Options	means: <ul style="list-style-type: none"> (a) the RFV \$0.20 Options on issue on the Record Date; and (b) the RFV \$0.25 Options on issue on the Record Date;

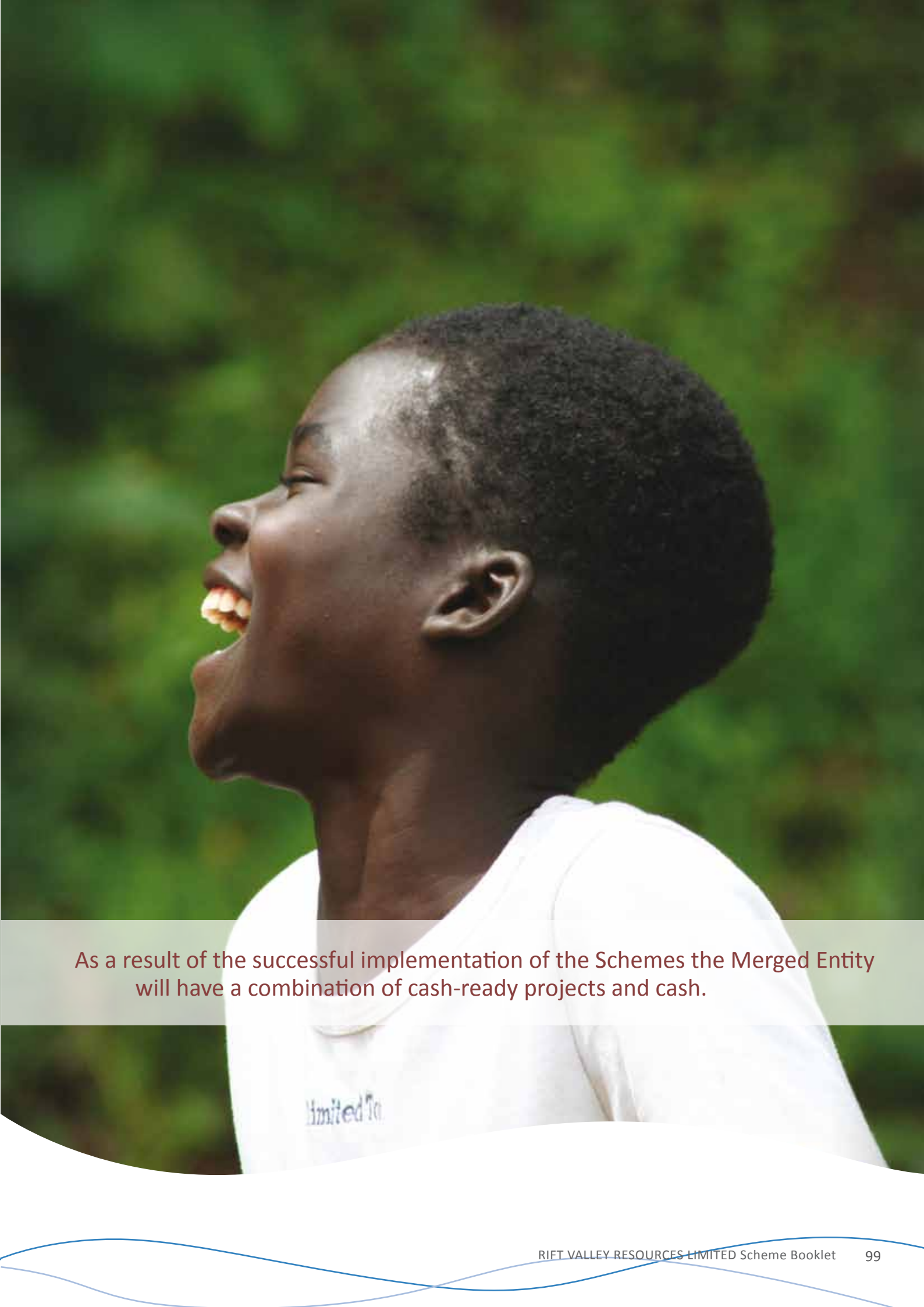
Scheme Order	means the orders of the Court under section 411 of the Corporations Act approving the Schemes;
Scheme Participant	means: <ul style="list-style-type: none"> (a) an RFV Shareholder registered in the Register at 5.00pm AWST on the Record Date; (b) an RFV \$0.20 Optionholder recorded in the Register at 5.00pm AWST on the Record Date; (c) an RFV \$0.25 Optionholder recorded in the Register at 5.00pm AWST on the Record Date;
Scheme Shares	means the RFV Shares on issue on the Record Date;
Schemes means	the RFV Share Scheme, the RFV \$0.20 Option Scheme, and the RFV \$0.25 Option Scheme, collectively;
Second Court Date	means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Schemes is heard;
Share Scheme Consideration	means the consideration set out in paragraph (a) in the definition of Scheme Consideration;
Superior Proposal	means a proposal in relation to a party that: <ul style="list-style-type: none"> (a) the directors of that party form the opinion, reasonably formed in good faith and for a proper purpose based on their fiduciary duties, is more in the interests of that party's shareholders than the Schemes; and (b) is conditional on the Schemes not proceeding or otherwise lapsing or being withdrawn;
Tax Opinion	means the opinion prepared by Plexus Global Consultants Pty Ltd (ACN 120 503 693) which is included as Appendix 5
Takeover Proposal	means, in relation to a party, and excluding the Schemes: <ul style="list-style-type: none"> (a) a Superior Proposal for a takeover bid, scheme of arrangement, capital reconstruction, buy-back, merger, amalgamation, consolidation or other business combination involving the party or any of its subsidiaries; or (b) a Superior Proposal which could result in a person who does not already have Voting Power of more than 20% in a party, having Voting Power of more than 20% in that party or where they have more than 20% increasing that Voting Power; and
Voting Power	has the same meaning as in section 610 of the Corporations Act.

16 GLOSSARY OF TECHNICAL TERMS

alluvial	Sediment deposited by flowing water, as in a riverbed, flood plain, or delta.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
amphibolite facies	An assemblage of minerals formed at moderate to high temperatures (450°C to 700°C) during regional metamorphism.
anomalies	An area where exploration has revealed results higher than the local background level.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
assay	The testing and quantification metals of interest within a sample.
Air Core	A drilling method using a cutting drill bit in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
Au	Chemical symbol for gold.
basalt	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
bedrock	Any solid rock underlying unconsolidated material.
BIF	A rock consisting alternating bands of iron oxides and cherty silica, and possessing a marked banded appearance.
biotite	A dark-brown or dark-green to black mica found in igneous and metamorphic rocks.
brecciated	To form rock into sharp-angled fragments usually embedded in a fine-grained matrix.
bulk density	The mass of many particles of the material divided by the total volume they occupy. The total volume includes particle volume, inter-particle void volume and internal pore volume
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
clay	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
Diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
Ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
fault	A zone of structural dislocation.
feldspar	A group of rock forming minerals.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
fold	A term applied to the bending of strata or a planar feature about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
fresh rock	Unaltered rock
g/t	Grams per tonne, a standard unit for demonstrating the concentration of precious metals in a rock.

geochemical	Pertains to the concentration of an element.
geophysics	Pertains to the physical properties of a rock mass.
gossanous	An exposed, oxidized portion of a mineral vein, especially a rust-colored outcrop of iron ore
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granitoid	Variant of granite, a very hard, coarse grained, gray to pink, intrusive igneous rock, composed mainly of feldspar, quartz, mica, and hornblende.
graphitic shale	Shale rock contain carbon as graphite
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
Greenstone Belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
hydrothermal	Pertaining to hot aqueous solutions, usually of magmatic origin.
hydrothermal fluid	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
igneous	Rocks that have solidified from magma.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.
in situ	In the natural or original position.
Kriging	Kriging is a group of geostatistical techniques to estimate Mineral Resources by estimating the value of a field (e.g. g/t Au) as a function of its geographic location using samples at nearby locations.
laterite	A cemented residuum of weathering generally leached in silica with a high alumina and/or iron content.
limonitic	Any of a group of widely occurring yellowish-brown to black iron oxide minerals.
lithology	The character of a rock formation
mafic	Containing or relating to a group of dark-colored minerals, composed chiefly of magnesium and iron that occur in igneous rocks.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
MIK	Multiple Indicator Kriging is a version of kriging working with indicators which is used to estimate Mineral Resources.
Moz	Million ounces
Mt	Million tonnes.
outcrop	Surface expression of underlying rocks.
oxide	Rock weathered to clay
pyrite	A brass-colored iron sulfide mineral
pyrrhotite	A brownish-bronze iron sulfide mineral characterized by weak magnetic properties
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.

ppb	Parts per billion
RAB drilling	Rotary Air Blast drilling. A drilling method using a percussion drill bit in which operates by blowing compressed air down the center of drill rods. The fragmented sample is brought to the surface between the drill rods and the wall of the drill hole.
RC drilling	Reverse Circulation drilling. A drilling method using a percussion drill bit in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing potential contamination.
regolith	The layer of unconsolidated material which overlies or covers in situ basement rock.
residual	Soil and regolith which has not been transported from its point or origin.
resources	In situ mineral occurrence from which valuable or useful minerals may be recovered.
rock chip	A sample comprising rock chips broken off of exposed rocks
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
sedimentary	A term describing a rock formed from sediment.
sericite	White or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
silica	Dioxide of silicon, SiO ₂ , usually found as the various forms of quartz.
strata	Sedimentary rock layers.
Miyabi Structural Corridor	A northeast trending zone containing anomalous gold mineralisation in the Miyabi Greenstone Belt initially defined by soil geochemistry.
soil sample	A sample of unconsolidated material taken from the land surface which is chemically analysed.
stockwork	A metalliferous deposit characterized by the impregnation of the mass of rock with many small veins or nests irregularly grouped.
stratigraphy	Composition, sequence and correlation of stratified rocks.
strike	Horizontal direction or trend of a geological structure.
supergene enrichment	Supergene enrichment, also called Secondary Enrichment, is a natural upgrading of deposits by the secondary or subsequent deposition of metals that are dissolved in waters percolating through the oxidized mineral zone near the surface.
Terrane	A region where a specific rock or group of rocks predominates
transitional	Rock that is partly weathered to clay
trenching	A long, narrow void excavated in the ground to expose subsurface rocks for sampling and geological mapping
tuff	Rock composed of compacted volcanic ash varying in size from fine sand to coarse gravel.
veins	A thin infill of a fissure or crack, commonly bearing quartz.
volcaniclastic	Pertaining to clastic rock containing volcanic material.
volcano-sedimentary	A term describing a rock formed from volcanic sediment.
volcanic	Formed or derived from a volcano.



As a result of the successful implementation of the Schemes the Merged Entity will have a combination of cash-ready projects and cash.



APPENDIX 1
INDEPENDENT EXPERT'S REPORT



RIFT VALLEY RESOURCES LIMITED Independent Expert's Report

30 April 2012





Financial Services Guide

30 April 2012

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (“we” or “us” or “ours” as appropriate) has been engaged by Rift Valley Resources Limited (“Rift Valley”) to provide an independent expert’s report on the proposed acquisition of all the issued shares of Rift Valley by BrightStar Resources Limited (“BrightStar”). The acquisition will be implemented by way of a scheme of arrangement (“the Scheme”). You will be provided with a copy of our report as a retail client because you are a shareholder of Rift Valley.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.



Financial Services Guide

Page 2

Fees, Commissions and Other Benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately \$30,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Rift Valley for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 Subiaco WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
 GPO Box 3
 Melbourne VIC 3001
 Toll free: 1300 78 08 08
 Facsimile: (03) 9613 6399
 Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.



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Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation Report Prepared by Ravensgate Minerals Industry Consultants



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 Australia

30 April 2012

The Directors
 Rift Valley Resources Limited
 Level 2, MPH Building
 23 Barrack Street
 Perth WA 6000

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1 Introduction

On 23 January 2012, Rift Valley Resources Limited (“**Rift Valley**” or “**the Company**”) announced the proposed merger between Rift Valley and BrightStar Resources Limited (“**BrightStar**”) whereby Rift Valley shareholders are to receive 1.25 BrightStar shares for each Rift Valley share. If approved by Rift Valley shareholders, the proposed merger will be implemented by way of a share scheme arrangement (“**the Share Scheme**”).

The proposed merger will also entail Rift Valley optionholders who hold options exercisable at \$0.20 receiving 1.25 BrightStar options on the same terms for each Rift Valley option held (“**\$0.20 Option Scheme**”), and Rift Valley optionholders who hold options exercisable at \$0.25 receiving 1.25 BrightStar options on the same terms for each Rift Valley option held (“**\$0.25 Option Scheme**”). If approved by Rift Valley optionholders, the proposed merger will be implemented by way of the \$0.20 Option Scheme and the \$0.25 Option Scheme respectively (collectively referred to as “**the Option Schemes**”).

The Share Scheme and Option Schemes are collectively referred to as “**the Schemes**”.

2 Summary and Opinion

2.1 Purpose of the report

The directors of Rift Valley have requested that BDO Corporate Finance (WA) Pty Ltd (“**BDO**”) prepare an independent expert's report (“**our Report**”) to express an opinion as to whether or not the Share Scheme is in the best interests of the non associated shareholders of Rift Valley (“**Shareholders**”), and whether or not the Option Schemes are in the best interest of Rift Valley option holders who hold options exercisable at \$0.20 (“**\$0.20 Optionholders**”) and Rift Valley option holders who hold options exercisable at \$0.25 (“**\$0.25 Optionholders**”) (collectively referred to as “**Optionholders**”).

Our Report is prepared pursuant to section 411 of the Corporations Act in order to assist the Shareholders and Optionholders in their decisions whether to approve the Share Scheme and Option Schemes respectively, and will be included in a scheme booklet for Rift Valley to be sent to all Shareholders and Optionholders (“**Scheme Booklet**”).

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 60 (“RG 60”), “Schemes of Arrangement”, Regulatory Guide 111 (“RG 111”), ‘Content of Expert’s Reports’ and Regulatory Guide 112 (“RG 112”) ‘Independence of Experts’.

In arriving at our opinion, we have assessed the terms of the Schemes as outlined in the body of this report. We have considered:

- A post merger analysis
- The likelihood of a superior alternative offer being available to Rift Valley
- A comparison of the value of a Rift Valley share to the value of 1.25 BrightStar shares following the merger
- A comparison of the value of a Rift Valley option to the value of 1.25 BrightStar options following the merger
- Other factors which we consider to be relevant to Shareholders and Optionholders in their assessment of the Schemes
- The position of Shareholders and Optionholders should the Schemes not proceed.

2.3 Opinion

We have considered the terms of the Schemes as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Share Scheme is not fair but reasonable to Shareholders. Overall, we believe that there are sufficient reasons for Shareholders to accept the offer in the absence of any higher bid and we therefore conclude that the Share Scheme is in the best interest of Shareholders.

We have also concluded that, in the absence of a superior offer, the Option Schemes are not fair but reasonable to Optionholders. Overall, we believe that there are sufficient reasons for Optionholders to accept the offer in the absence of any higher bid and we therefore conclude that the Option Schemes are in the best interest of Optionholders.

2.4 Fairness

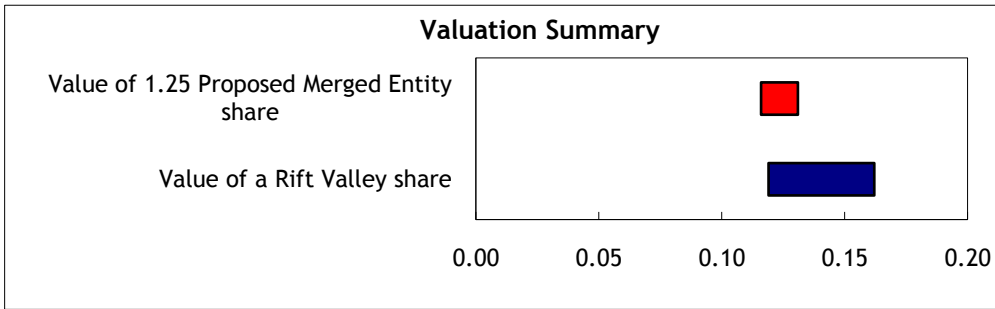
In section 14, we concluded that the value of 1.25 BrightStar shares following the merger (the combined entity of Rift Valley and BrightStar following the implementation of the Schemes) (“**Proposed Merged Entity**”), received as consideration under the Share Scheme to Shareholders is within the range of values of a Rift Valley share prior to the implementation of the Share Scheme.

However, the preferred value of 1.25 shares in the Proposed Merged Entity to be received as consideration by Shareholders is less than the preferred value of a Rift Valley share prior to the implementation of the Share Scheme. Therefore, we conclude that the Share Scheme is not fair to Shareholders.

	Section	Low \$	Preferred \$	High \$
Value of a Rift Valley share	11.3	0.119	0.139	0.162
Value of a Proposed Merged Entity share	12.3	0.093	0.099	0.105
Value of 1.25 Proposed Merged Entity shares	14.1	0.116	0.124	0.131



This value range is represented in the graph below:

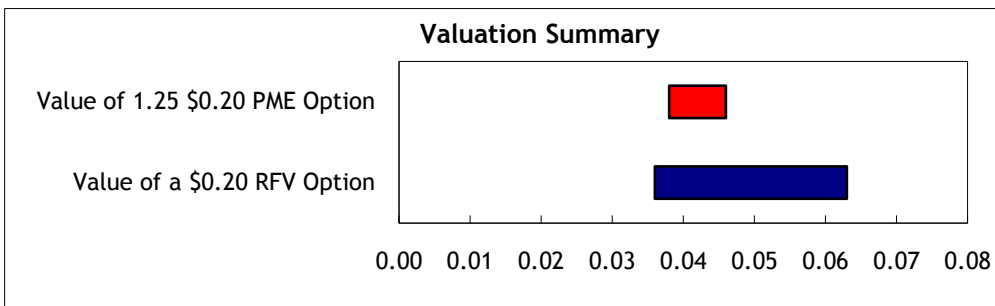


In section 14, we concluded that the value of 1.25 BrightStar options following the merger (options in the Proposed Merged Entity), exercisable at \$0.20 (“\$0.20 PME Option”), received as consideration under the \$0.20 Option Scheme, is within the range of values of a Rift Valley option exercisable at \$0.20 (“\$0.20 RFV Option”) prior to the implementation of the Option Schemes.

However, the preferred value of 1.25 \$0.20 PME Options to be received as consideration by \$0.20 Optionholders is less than the preferred value of a \$0.20 RFV Option prior to the implementation of the Option Schemes. Therefore, we conclude that the \$0.20 Option Scheme is not fair to \$0.20 Optionholders.

	Section	Low \$	Preferred \$	High \$
Value of a \$0.20 RFV Option	13.1	0.036	0.048	0.063
Value of a \$0.20 PME Option	13.2	0.030	0.034	0.037
Value of 1.25 \$0.20 PME Options	14.2	0.038	0.043	0.046

This value range is represented in the graph below:

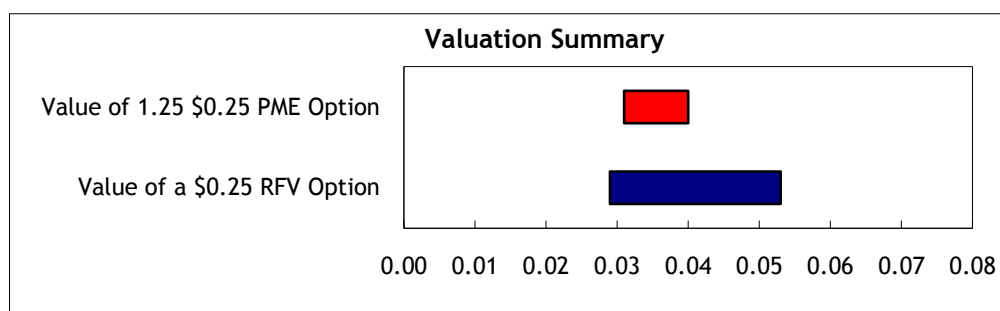


In section 14, we determined that the value of 1.25 options in the Proposed Merged Entity, exercisable at \$0.25 (“\$0.25 PME Option”), is within the range of a Rift Valley option exercisable at \$0.25 (“\$0.25 RFV Option”) prior to the implementation of the Option Schemes.

However, the preferred value of 1.25 \$0.25 PME Options to be received as consideration by \$0.25 Optionholders is less than the preferred value of a \$0.25 RFV Option prior to the implementation of the Option Schemes. Therefore, we conclude that the \$0.25 Option Scheme is not fair to \$0.25 Optionholders.

	Section	Low \$	Preferred \$	High \$
Value of a \$0.25 RFV Option	13.1	0.029	0.040	0.053
Value of a \$0.25 PME Option	13.2	0.025	0.028	0.032
Value of 1.25 \$0.25 PME Options	14.3	0.031	0.035	0.040

This value range is represented in the graph below:



The above pricing indicates that, based on preferred values, in the absence of any other relevant information, and/or a superior offer, the Schemes are not fair to Shareholders and Optionholders.

2.5 Reasonableness

We have considered the analysis in Section 15 of this report, in terms of both

- Advantages and disadvantages of the Schemes
- Alternatives, including the position of Shareholders and Optionholders if the Schemes do not proceed.

In our opinion, the position of Shareholders if the Share Scheme is approved is more advantageous than the position if the Share Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal, we believe that the Share Scheme is reasonable for Shareholders.

In our opinion, the position of Optionholders if the Option Schemes are approved is more advantageous than the position if the Option Schemes are not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal, in our opinion the Option Schemes are reasonable for Optionholders.



The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
15.1.1	Creation of a combined group with a stronger net asset position	15.2.1	Security holders' interests will be diluted
15.1.2	Creation of a leading independent Tanzanian gold company		
15.1.3	Creation of a company with a larger and more diversified portfolio of assets		
15.1.4	Creation of a company with greater growth potential		
15.1.5	Likelihood of increased liquidity in the shares of the Proposed Merged Entity		

Other key matters we have considered include:

Section	Description
15.3.1	No alternative proposals
15.3.2	Consequences of not approving the Schemes include a potential decline in Rift Valley's share price and a potential decline in the liquidity of Rift Valley shares
15.3.3	BrightStar has advised that it has met the minimum funding requirements to date, as stipulated under the Miyabi joint venture agreement. Legal rights to two licenses held by third parties are in the process of being resolved
15.3.4	Potential for capital gains tax scrip for scrip roll-over relief for Shareholders
15.3.5	There is increased liquidity of Rift Valley shares post announcement of the Schemes and a high market perceived value of the future potential of the combined entity following the implementation of the Schemes

3 Scope of the Report

3.1 Purpose of the Report

The Schemes are to be implemented pursuant to section 411 of the Corporations Act 2001 Cth (“the Act”). Part 3 of Schedule 8 to the Corporations Act Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act (“Section 411”).

Schedule 8 of the Act requires an independent expert’s report if:

- The corporation that is the other party to the scheme has a common director or directors with the company which is the subject of the scheme; or
- The corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company, the subject of the scheme and setting out his or her reasons for that opinion.

BrightStar does not hold any shares in Rift Valley and there are no common directors, hence an independent expert’s report is not specifically required in relation to the Schemes. However, for reasons of good corporate governance, the Directors of Rift Valley have engaged us to prepare an independent expert’s report in relation to the Schemes, as if such report was required under the Regulations.

The requirement of an independent expert’s report is also a precondition in the Merger Implementation Agreement (“MIA”), which states that for the Schemes to proceed, the independent expert’s report must conclude that the Schemes are in the best interest of Rift Valley Shareholders and Optionholders.

3.2 Regulatory guidance

Neither the Act nor the Regulations define the term ‘in the best interests of’. In stating this, ASIC has issued RG 111 which provides some direction as to what matters an independent expert report should consider when determining whether or not a particular transaction is in the best interests of shareholders.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of ‘control transaction’.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is ‘fair and reasonable’. While there is no definition of ‘fair and reasonable’, RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, “in the best interests” must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall



commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, it will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, we have completed this comparison in two parts:

Are the Schemes fair (section 14)?

- A comparison between the value of a Rift Valley share prior to the Share Scheme and the value of 1.25 shares in the Proposed Merged Entity share following implementation of the Share Scheme
- A comparison between the value of a Rift Valley option exercisable at \$0.20 prior to the Option Scheme and the value of 1.25 Options exercisable at \$0.20 in the Proposed Merged Entity following implementation of the Scheme
- A comparison between the value of a Rift Valley option exercisable at \$0.25 prior to the Option Scheme and the value of 1.25 options exercisable at \$0.25 in the Proposed Merged Entity following implementation of the Scheme.

Are the Schemes reasonable (section 15)?

- An investigation into other significant factors to which Shareholders and Optionholders might give consideration, prior to approving the Schemes, after reference to the values derived above.

RG 111 states that if a proposal is fair and reasonable then the expert can conclude that the proposal is in the best interests of shareholders; if a proposal is not fair but reasonable an expert can still conclude that the proposal is in the best interests of shareholders; if a proposal is neither fair nor reasonable then the expert would conclude that the proposal is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.

4 Outline of the Schemes

The Schemes apply to Rift Valley shareholders, Rift Valley \$0.20 Optionholders and Rift Valley \$0.25 Optionholders and is set out as follows:

- Under the Share Scheme, Rift Valley shareholders will receive 1.25 BrightStar shares for every Rift Valley share held. Existing Rift Valley shares will be removed from the official list of the Australian Securities Exchange (“ASX”) on the implementation date of the Schemes and BrightStar will be renamed Rift Valley Resources Limited
- Under the \$0.20 Option Scheme, Rift Valley’s \$0.20 Optionholders will receive 1.25 BrightStar options (or effectively receiving \$0.20 PME Options) exercisable at \$0.20 for every \$0.20 RFV Option held. The BrightStar options are granted to Rift Valley \$0.20 Optionholders on the same terms as the options held in Rift Valley. Following the implementation of the \$0.20 Option Scheme, the existing \$0.20 RFV Options will be cancelled and the new \$0.20 PME Options will be issued. Neither the existing \$0.20 RFV Options nor the newly issued \$0.20 PME Options are, or will be, listed on the ASX
- Under the \$0.25 Option Scheme, Rift Valley’s \$0.25 Optionholders will receive 1.25 BrightStar options exercisable at \$0.25 (or effectively receiving \$0.25 PME Options) for every \$0.25 RFV Option held. The BrightStar options are granted to Rift Valley’s \$0.25 Optionholders on the same terms as the options held in Rift Valley. Following the implementation of the \$0.25 Option Scheme, the existing \$0.25 RFV Options will be cancelled and the new \$0.25 PME Options will be issued. Neither the existing \$0.25 RFV Options nor the newly issued \$0.25 PME Options are, or will be listed on the ASX.

The implementation of the Schemes is conditional upon, but not limited to the following:

- Approval of the Share Scheme by the requisite majority of Shareholders at their scheme meeting
- Approval of the Option Schemes by the requisite majority of Rift Valley \$0.20 Optionholders and \$0.25 Optionholders at their respective scheme meetings
- The making of orders by the Court approving the Schemes under section 411(4)(b) and section 411(6) of the Act
- The independent expert’s report concluding that the Schemes are in the best interests of Rift Valley Shareholders and Optionholders
- Any consent, clearance, decision, determination or other act by ASIC in relation to BrightStar or Rift Valley or both necessary to effect implementation is obtained.
- Any other regulatory approval necessary for the Schemes are obtained including ASX Listing Rule Chapter 11 approval for BrightStar if required by the ASX in order to implement the Schemes, and any Tanzanian government approval for a change in control of Rift Valley or any of its subsidiaries.
- Due diligence conducted by BrightStar and Rift Valley in accordance with clauses 9.1 and 9.2 of the MIA.

Further disclosure of the conditions precedent to the Schemes is included in the Scheme Booklet.



A summary of the Schemes is set out in the tables below:

Shares	Number
Number of shares Rift Valley has on issue	83,833,886
Exchange ratio, number of BrightStar shares for each Rift Valley share	1.25
Maximum number of BrightStar shares to be issued under the Share Scheme	104,792,358
BrightStar after the Share Scheme	
Number of shares BrightStar has on issue	182,095,171
Maximum number of shares to be issued to Rift Valley shareholders under the Share Scheme	104,792,358
Maximum number of shares on issue on completion of the Share Scheme	286,887,529
Interest held by Rift Valley shareholders	36.53%
Interest held by existing BrightStar shareholders	63.47%
	100.00%

\$0.20 Options	Number
Number of \$0.20 RFV Options on issue	5,875,000
Exchange ratio, number of \$0.20 PME Options for each RFV \$0.20 Option	1.25
Maximum number of \$0.20 PME Options to be issued under the \$0.20 Option Scheme	7,343,750

\$0.25 Options	Number
Number of RFV \$0.25 Options on issue	5,875,000
Exchange ratio, number of BUT \$0.25 Options for each RFV \$0.25 Option	1.25
Maximum number of BUT \$0.25 Options to be issued under the \$0.25 Option Scheme	7,343,750

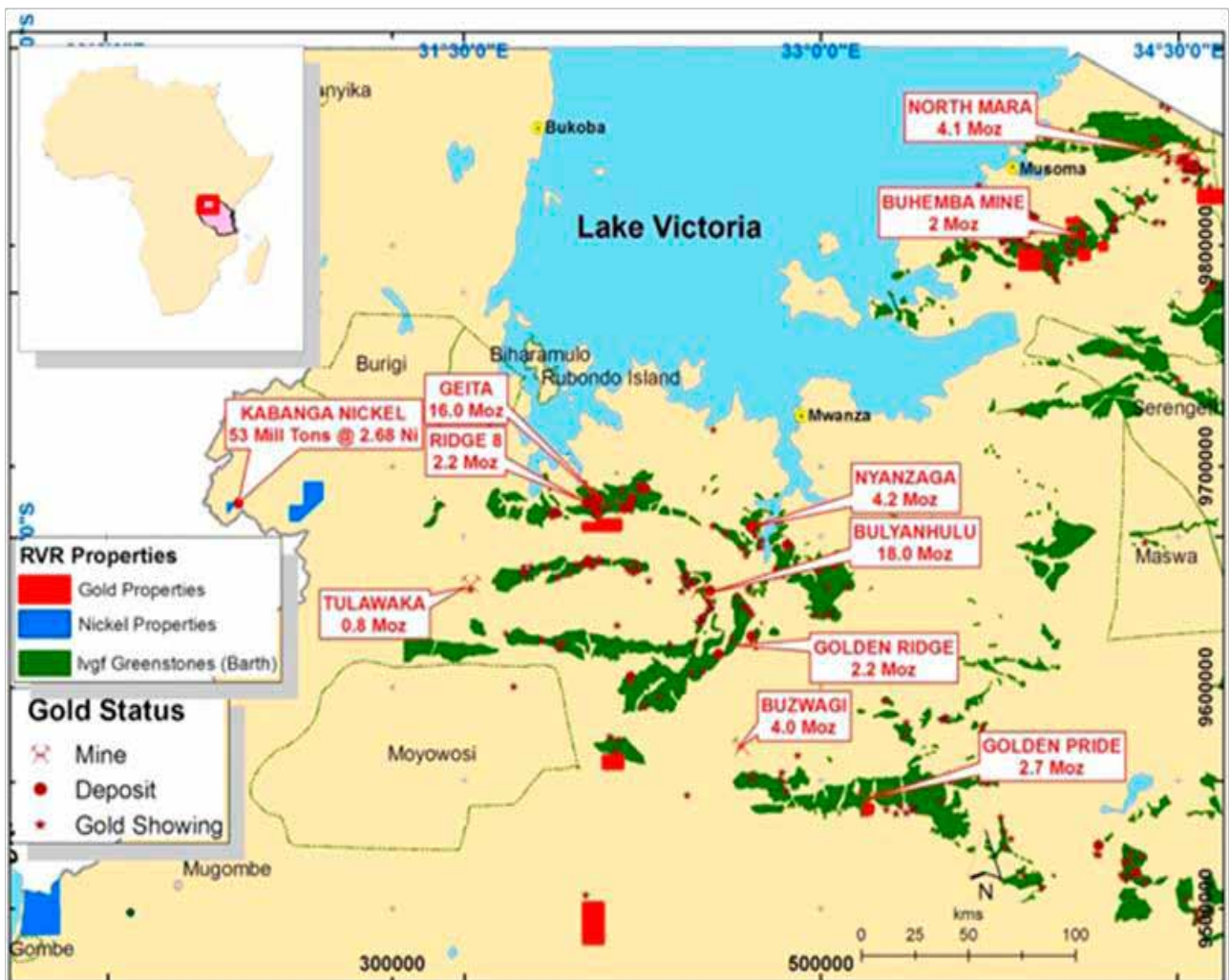
Options	Number
After the Option Schemes	
Number of options BrightStar has on issue	52,050,000
Maximum number of options to be issued to Rift Valley option holders under the Option Schemes	14,687,500
Maximum number of options on issue on completion of the Option Schemes	66,737,500

We note that there are also 11.5 million options granted to Rift Valley option holders, exercisable at \$0.0001 per share on or before 3 November 2017 relating to the Maji Moto project that have not yet vested and are not included in the Option Schemes.

5 Profile of Rift Valley

5.1 History

Rift Valley is an Australian mineral exploration company incorporated on 22 November 2010 for the purpose of mineral exploration and development of mining projects on its tenements primarily in Tanzania. Rift Valley was listed on the ASX on 19 May 2011. Rift Valley's board of directors currently consists of Michael McKeivitt as Managing Director, Didier Murcia as Non-Executive Chairman, and Keith McKay, Gosbert Kagaruki, Darpan Pindolia as Non-Executive Directors. The Company Secretary is Rowan Caren. Rift Valley's most recent capital raising was its initial public offering on 19 May 2011 which raised \$12.5 million. Since this initial capital raising, Rift Valley has not expanded significantly on its cash position with the cash balance at 31 December 2011 being approximately \$10.5 million.



Rift Valley's projects are located in three geological regions of Tanzania namely the Lake Victoria domain, the northern domain and the southern domain. The Company has interests in 14 exploration projects, of which, 11 are gold and three are nickel.



5.2 Projects

5.2.1 Gold projects

Igando

This project comprises two tenements in the Rwamagaza greenstone belt and nearby properties have demonstrated potential for further gold discoveries. Initial geological mapping was conducted on the Igando Project in December 2011 and further work has been prioritised after drilling is completed at the Golden Pride North Project.

Geita East

The Geita East project comprises one tenement in the Geita greenstone belt which has not been subject to extensive exploration previously. Rift Valley is initially concentrating its Geita East exploration program on old gold workings that are located in a major shear structure on the greenstone-granite contact. Rift Valley has declared this project a priority drilling target however it has not been subject to extensive exploration because of widespread soil cover.

Chibango

The Chibango project comprises of one tenement within the central Lake Victorian goldfields region. The Chibango Project is hosted wholly within granite directly south of the regionally and historically significant gold producing greenstone belt of the Geita goldfield south of Lake Victoria.

Suguti

The project is located in the Northern Domain, 40 kilometres south of Musoma. A soil sampling program spaced at 200 x 100m has been completed with a closer spaced soil sampling program completed around three targeted areas, one with known gold occurrence and two with high gold potential.

Maji Moto

This project was acquired in September 2011 and is located in the northwest of Tanzania 200 kilometres northeast of Mwanza in the Musoma-Mara greenstone belt. Several gold targets have been identified in the project area and field work has been undertaken with detailed surface mapping, trenching, and soil sampling being completed with assay results expected in February 2012.

Sarama and Buhemba South East Project

Geological mapping has been completed at these projects during the September Quarter of 2011. The result of this mapping is currently being reviewed. Soil sampling was conducted over the most prospective areas with rock chip samples also collected.

Golden Pride North Project

Located within the Southern Lake Victoria goldfields region, detailed mapping was undertaken on this tenement in May 2011. A total of approximately 1,600 metres of RC drilling is planned.

Miyabi Project

This project is located in the southern portion of the central Geita-Shinyanga region. In June 2011, the tenement underwent its first renewal and was subject to a 50% relinquishment. The retained portion of the original licence includes the northern half of the area and has a total area of approximately 25 square kilometres. Exploration is expected to take place following the proposed merger.

Sungwa and Mambari Projects

These projects are located within the Urambo District of the Tabora region. No exploration has been undertaken by Rift Valley on these tenements.

5.2.2 Nickel projects

Kabanga West

The Kabanga West Project directly abuts the major Kabanga Nickel project owned in joint venture between Xstrata PLC and Barrick Gold Corporation. At Kabanga West, a review of the aerial magnetic imaging has been performed.

Nyamagoma

Nyamagoma lies within the Kabaran Fold Belt, in the Kabanga region, and is being explored for its nickel potential. The surface geology and government mapping has identified a moderately magnetic horizon striking over 3 kilometres.

Mwenene and Mwenene Southeast

The Mwenene tenements are located in the Kigoma District in western Tanzania approximately 40 kilometres north of the Kigoma town site. The tenements cover a combined area of approximately 326 square kilometres.



5.3 Historical Statement of Financial Position

The statement of financial positions of Rift Valley as at 30 June 2011 and 31 December 2011 are set out below:

Statement of Financial Position	Reviewed as at 31-Dec-11 \$	Audited as at 30-Jun-11 \$
CURRENT ASSETS		
Cash and cash equivalents	10,485,441	11,749,258
Trade and other receivables	224,301	200,719
TOTAL CURRENT ASSETS	10,709,742	11,949,977
NON-CURRENT ASSETS		
Property, plant and equipment	263,033	215,450
Intangibles	82,629	23,908
TOTAL NON-CURRENT ASSETS	345,662	239,358
TOTAL ASSETS	11,055,404	12,189,335
CURRENT LIABILITIES		
Trade and other payables	307,626	247,171
Provisions	41,688	9,125
TOTAL CURRENT LIABILITIES	349,314	256,296
TOTAL LIABILITES	349,314	256,296
NET ASSETS	10,706,090	11,933,039
EQUITY		
Contributed equity	12,391,582	12,350,652
Reserves	279,821	258,270
Accumulated losses	(1,965,313)	(675,883)
TOTAL EQUITY	10,706,090	11,933,039

Source: Audited financial statements as at 30 June 2011 and reviewed financial statements as at 31 December 2011

We note the following in relation to the significant items in Rift Valley's statement of financial position:

- Significant cash balances in Rift Valley arose out of \$12.5 million subscription funds raised at the initial public offering of its shares in May 2011
- Trade and other receivables comprise GST refundable, prepayments, accrued income and sundry debtors. As the Company does not currently trade, its trade receivables are minimal

- Intangibles relates to computer software which has been recorded at cost less an adjustment for accumulated amortisation of the software
- The property, plant and equipment balance increased from \$215,450 to \$263,033 on the back of minor computer hardware and plant and equipment purchases. Rift Valley carries its property, plant and equipment at book value except where there is an indication that fair value is less than the book value in which case the asset is impaired to its market value
- Reserves comprise an option reserve and a foreign currency translation reserve. The movement in the balance between 30 June 2011 and 31 December 2011 can be attributed to the movement in the foreign currency translation reserve.

5.4 Historical Income Statements

The statements of comprehensive income for Rift Valley for the 7 months to 30 June 2011 and the half year to 31 December 2011 are set out below:

Statement of Comprehensive Income	Reviewed for the half year ended 31-Dec-11 \$	Audited for the 7 months to 30-Jun-11 \$
REVENUE		
Other income	333,777	122,220
EXPENSES		
Employee benefits expense	(599,802)	(347,470)
Consulting and outsourced services expense	(272,935)	(159,904)
Exploration expenditure	(431,677)	(179,492)
Computer and communication costs	(33,526)	(11,029)
Occupancy costs	(60,056)	-
Travel Expense	(117,006)	(24,007)
Depreciation, amortisation and impairment expense	(50,452)	(24,817)
Finance costs	(4,565)	(253)
Other expenses	(53,188)	(51,131)
Loss from continuing operations before income tax	(1,289,430)	(675,883)
Income tax expense	-	-
Loss from continuing operations after income tax	(1,289,430)	(675,883)
Foreign currency translation differences	21,551	(2,913)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(1,267,879)	(678,796)

Source: Audited financial statements for the 7 month period to 30 June 2011 and half year accounts for the six months ended 31 December 2011



We note the following in relation to the significant items in the statement of comprehensive income:

- Other income for the period 22 November 2010 to 30 June 2011 comprised mainly interest income of \$114,515. Other income for the half year ended 31 December 2011 included \$185,352 in interest income and \$138,525 in unrealised exchange differences on translation of cash held in foreign currencies
- The employee benefits expense increased in the six months to 31 December 2011 as a result of additional staff being employed and additional directors' fees paid, which are in direct relation to increased activities of the Company
- Exploration expenditure increased substantially for the half year ended 31 December 2011 over the previous period, reflecting Rift Valley's increased exploration activities. We note that none of the exploration expenditure has been capitalised to-date, but have instead been fully expended.

5.5 Capital Structure

The share structure of Rift Valley as at 14 February 2012 is outlined below:

	Number
Total Ordinary Shares on Issue	83,833,886
Top 20 Shareholders	26,865,313
Top 20 Shareholders - % of shares on issue	32.05%

Source: Share register as at 14 February 2012

The range of shares held in Rift Valley as at 14 February 2012 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	% Issued Capital
1-1,000	35	3,518	0.004%
1,001-5,000	80	232,016	0.277%
5,001-10,000	68	529,475	0.632%
10,001-100,000	268	14,231,802	16.976%
100,001 - and over	175	68,837,075	82.111%
TOTAL	626	83,833,886	100%

Source: Share register as at 14 February 2012

The ordinary shares held by the most significant shareholders as at 14 February 2012 are detailed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares (%)
HSBC Custody Nominees	3,107,332	3.71%
Macquarie Bank Limited	2,500,000	2.98%
Basscott Pty Limited	1,700,000	2.03%
Tohei Pty Ltd	1,662,500	1.98%
Total Top 4	8,969,832	10.7%
Others	74,864,054	89.30%
Total Ordinary Shares on Issue	83,833,886	100%

Source: Share register as at 14 February 2012

The most significant \$0.20 Optionholders of Rift Valley as at 14 February 2012 are outlined below:

Name	Number of Options	Exercise Price (\$)	Expiry Date
Digrevini Investments Pty Ltd	1,750,000	\$0.20	15/02/2014
Mr Michael Berthold Frank	1,000,000	\$0.20	15/02/2014
Westoria Resource Investments	750,000	\$0.20	15/02/2014
Mr Gosbert Josue Kagaruki	750,000	\$0.20	15/02/2014
Mr Keith Graham McKay	500,000	\$0.20	15/02/2014
Symorgh Investments Pty Ltd	375,000	\$0.20	15/02/2014
Mr Hamish Halliday	375,000	\$0.20	15/02/2014
Mr Rowan Caren	375,000	\$0.20	15/02/2014
Total Number of Options	5,875,000		
Cash Raised if Options Exercised	\$1,175,000		

Source: Options register as at 14 February 2012



The most significant \$0.25 Optionholders of Rift Valley as at 14 February 2012 are outlined below:

Name	Number of Options	Exercise Price (\$)	Expiry Date
Digrevini Investments Pty Ltd	1,750,000	\$0.25	15/02/2014
Mr Michael Berthold Frank	1,000,000	\$0.25	15/02/2014
Westoria Resource Investments	750,000	\$0.25	15/02/2014
Mr Gosbert Josue Kagaruki	750,000	\$0.25	15/02/2014
Mr Keith Graham McKay	500,000	\$0.25	15/02/2014
Symorgh Investments Pty Ltd	375,000	\$0.25	15/02/2014
Mr Hamish Halliday	375,000	\$0.25	15/02/2014
Mr Rowan Caren	375,000	\$0.25	15/02/2014
Total Number of Options	5,875,000		
Cash Raised if Options Exercised	\$1,468,750		

Source: Options register as at 14 February 2012

We note that there are also 11.5 million options granted to Rift Valley option holders, exercisable at \$0.0001 per share on or before 3 November 2017 relating to the Maji Moto project that have not yet vested and are not included in the Options Schemes.

6 Profile of BrightStar

6.1 History

BrightStar is a mineral exploration company exploring for gold and other minerals in Tanzania and Australia. The company was listed on the ASX on 21 December 2007 as Tasman Goldfields Limited and has changed its name to BrightStar Resources Limited since October 2010. The company's recent significant capital raisings occurred on 11 October 2010 and 20 October 2010 in which 40 million and 14.94 million shares were issued respectively. Both capital raisings were at \$0.09 per share.

During the 2011 financial year, BrightStar acquired the Kitongo gold project in Tanzania by acquiring Carlton Resources Pty Ltd. During the same year, BrightStar also disposed of its subsidiary Challenger Mines Ltd.

In the 2011 financial year Bright Star also entered into a joint venture that entitles BrightStar to earn up to a 75% interest in the Miyabi gold project in Tanzania.

The current directors of the company are Geoffrey Gilmour as Managing Director, Warren Gilmour as Executive Chairman, Paul Payne as Technical Director and Graeme Clatworthy as Non-Executive Directors.

6.2 Projects

The locations of BrightStar's Miyabi, Nyamgombe, Kitongo and Maji Moto projects in Tanzania are shown below:





6.2.1 Kitongo and Miyabi Projects

Full details on the Kitongo and Miyabi projects and BrightStar's other projects can be found in Ravensgate's report in Appendix 3.

Miyabi

Located approximately 200km southwest of Mwanza in the Lake Victoria Goldfields region this project covers 252 square kilometres. 515,000oz gold resource (367,000 indicated and 148,000 inferred) has been defined so far with little drilling below 100m. Currently BrightStar can earn up to 75% interest in the project under a joint venture agreement with African Eagle Resources and Twigg Gold Limited ("Twigg"). The key terms of the joint venture are set out below:

- BrightStar is to spend US\$3 million by 24 October 2013 to earn a 50% share in the Project. A minimum expenditure of US\$1.0 million is required by 24 April 2012
- BrightStar may earn a further 25% interest upon completing a Feasibility Study for the Project
- A royalty of 1.5% of gross revenue is payable to local Tanzanian interests.

Kitongo

BrightStar holds a 100% interest in the Kitongo Project. It is located 90km south of Mwanza in the Lake Victoria Goldfields region and is in close proximity to several multi-million ounce gold projects. Currently, 370,000oz inferred gold resource has been defined at the project but BrightStar believes there is strong potential for depth and strike extensions.

6.2.2 Others

Maji Moto

This project is located in the northwest of Tanzania 200km northeast of Mwanza in the Musoma-Mara greenstone belt. Soil sampling has defined some gold anomalism.

Nyangombe

This project is located 85km southwest of Mwanza and consists of three prospecting licences. Some sampling has been undertaken and weak gold anomalism was defined. Further work is needed to properly explore the area.

Miclere

The Miclere project is located approximately 30km northwest of Clermont in Central Queensland. It is centred in the historic Miclere, Black Ridge and Springs Goldfields from which some 100,000 ounces of gold was previously mined. The Miclere project consists of 17 granted mining leases and two exploration permits for minerals.

6.3 Historical Statement of Financial Position

The statement of financial positions of BrightStar as at 30 June 2010, 30 June 2011 and 31 December 2011 are set out below:

	Reviewed as at 31-Dec-11	Audited as at 30-Jun-11	Audited as at 30-Jun-10
Statement of Financial Position	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	1,584,508	2,709,639	356,844
Trade and other receivables	520,863	1,032,390	22,335
TOTAL CURRENT ASSETS	2,105,371	3,742,029	379,179
NON-CURRENT ASSETS			
Property, plant and equipment	21,539	17,768	416,132
Exploration and evaluation expenditure	4,726,977	3,635,392	2,281,784
Receivables	88,674	88,674	287,428
TOTAL NON-CURRENT ASSETS	4,837,190	3,741,834	2,985,344
TOTAL ASSETS	6,942,561	7,483,863	3,364,523
CURRENT LIABILITIES			
Trade and other payables	357,370	285,047	84,296
Provisions	-	-	-
TOTAL CURRENT LIABILITIES	357,370	285,047	84,296
NON-CURRENT LIABILITIES			
Provisions	-	-	140,000
TOTAL NON-CURRENT LIABILITIES	-	-	140,000
TOTAL LIABILITES	357,370	285,047	224,296
NET ASSETS	6,585,191	7,198,816	3,140,227
EQUITY			
Issued capital	18,730,878	18,730,878	13,243,667
Reserves	2,035,015	1,765,568	744,708
Accumulated losses	(14,180,702)	(13,297,630)	(10,848,148)
TOTAL EQUITY	6,585,191	7,198,816	3,140,227

Source: Audited financial statements as at 30 June 2010 and 30 June 2011 and reviewed accounts as at 31 December 2011



We note the following in relation to the significant items in BrightStar's statement of financial positions:

- The increase in the cash on hand at 30 June 2011 was mainly attributable to the proceeds from the issue of equity securities. The reduced cash balance as at 31 December 2011 reflects in part, cash expended on BrightStar's commitment in its Miyabi project
- BrightStar does not have sufficient cash on hand to acquire its 50% interest in the Miyabi project by 21 October 2013, without having to undergo another capital raising
- The increase in the current trade and other receivables figure from \$22,335 at 30 June 2010 to \$1,032,390 at 30 June 2011 can be attributed to the recording of a \$1 million receivable which arose as a result of the sale of a subsidiary company with part of the consideration yet to have been received as at 30 June 2011. An amount of \$500,000 relating to the sale of the subsidiary company was still outstanding at 31 December 2011 but was received on 20 January 2012
- Exploration and evaluation expenditure pertains to the capitalised cost of the exploration expenditure, which has progressively increased in direct relation to increased exploration activities undertaken.

6.4 Historical Income Statements

The statement of Comprehensive Income for BrightStar for the year ended 30 June 2010 and 2011 and the half year to 31 December 2011 is set out below:

Statement of Comprehensive Income	Reviewed for the	Audited for the	Audited for the
	half year ended	year ended	year ended
	31-Dec-11	30-Jun-11	30-Jun-10
	\$	\$	\$
REVENUE			
Rental income	-	-	11,838
Interest revenue	66,743	100,831	5,921
Option fee	-	25,000	20,000
Other income	20,000	2,245	3,027
EXPENSES			
Employee benefits expense	(22,886)	(1,336,659)	(544,940)
Exploration expenditure	(5,959)	(2,500)	(80,269)
Administrative expenses	(893,974)	(1,047,527)	(544,342)
Foreign currency translation reserve de-recognised	-	70,222	-
Depreciation and amortisation expense	(3,758)	(2,115)	(3,280)
Impairment loss on exploration tenements	(43,238)	-	(717,406)
Impairment loss on plant and equipment	-	(150,086)	(7,304)
Impairment loss on receivables	-	-	(186,299)
Finance costs	-	-	(72,399)
Loss from continuing operations before income tax	(883,072)	(2,340,589)	(2,115,453)
Income tax expense	-	-	-

Statement of Comprehensive Income	Reviewed for the half year ended	Audited for the year ended	Audited for the year ended
	31-Dec-11	30-Jun-11	30-Jun-10
	\$	\$	\$
Loss from continuing operations after income tax	(883,072)	(2,340,589)	(2,115,453)
Discontinued operations			
Gain/(loss) from discontinued operations after income tax	-	(108,893)	(660,089)
Loss for the year after income tax	(883,072)	(2,449,482)	(2,775,542)
Other comprehensive income			
De-recognition of foreign currency translation	-	(70,222)	-
Foreign currency translation	-	-	25,773
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(883,072)	(2,519,704)	(2,749,769)

Source: Source: Audited financial statements for the year ended 30 June 2011 and reviewed accounts for the six months ended 31 December 2011

The employee benefits expense was significantly higher for the year ended 30 June 2011 due to options granted to directors, officers and employees.



7 Proposed Merged Entity

Upon completion of the Schemes, the proposed merged entity will represent the combined assets of Rift Valley and BrightStar.

The merger of Rift Valley and BrightStar is expected to result in a higher value than a simple consolidation of the assets of both entities. BrightStar has a commitment to solely fund exploration and complete a bankable feasibility study to earn a 75% interest in the Miyabi project. In order to earn the first 50% interest, BrightStar will need to fund at least US\$3 million, of which BrightStar has already spent approximately US\$1 million to date, and the balance of which the Proposed Merged Entity will have sufficient cash to fund.

If funding commitments are not met, the value of the Miyabi project will be nil.

Without the Schemes proceeding, and at BrightStar's level of cash as at 31 December 2011, it will not be able to meet its commitment without carrying out a further capital raising and its interest in the Miyabi project will be nil.

7.1 Key Assets

The key combined assets of the Proposed Merged Entity will include:

- 100% interest in the Kitongo gold project with an estimated 370,000oz JORC inferred resource (0.5g/t Au cut off)
- Earned 50% interest in the Miyabi gold project with an estimated 515,000oz JORC resource (0.5g/t Au cut off) (367,000 indicated and 148,000 inferred) assuming that the required spend of US\$3 million is achieved, and the potential to earn a further 25% to attain up to a 75% interest at the completion of a feasibility study
- Maji Moto and Nyangombe gold exploration assets in Tanzania
- Miclere gold exploration assets in Queensland, Australia
- 11 gold exploration assets in Tanzania
- 3 nickel exploration assets in Tanzania
- Cash of approximately \$12 million as at 31 December 2011.

7.2 Capital structure

Under the Share Scheme, Rift Valley shareholders will receive 1.25 BrightStar shares for every Rift Valley share held.

Under the \$0.20 Option Scheme, Rift Valley's \$0.20 Optionholders will receive 1.25 BrightStar options on the same terms as the \$0.20 RFV Options for every \$0.20 RFV Options held.

Under the \$0.25 Option Scheme, Rift Valley's \$0.25 Optionholders will receive 1.25 BrightStar options on the same terms as the \$0.25 RFV Options for every \$0.25 RFV Options held.

The capital structure following the implementation of the Schemes is set out in the tables below:

Under the Share Scheme:

Shares	Number
Number of shares Rift Valley has on issue	83,833,886
Exchange ratio, number of BrightStar shares for each Rift Valley share	1.25
Maximum number of BrightStar shares to be issued under the Share Scheme	<u>104,792,358</u>
BrightStar after the Scheme	
Number of shares BrightStar has on issue	182,095,171
Maximum number of shares to be issued to Rift Valley shareholders under the Share Scheme	<u>104,792,358</u>
Maximum number of shares on issue on completion of the Share Scheme	<u>286,887,529</u>
Interest held by Rift Valley Shareholders	36.53%
Interest held by existing BrightStar shareholders	<u>63.47%</u>
	<u>100.00%</u>

Source: BDO analysis

Under the Option Schemes:

\$0.20 Options	Number
Number of \$0.20 Options Rift Valley has on issue	5,875,000
Exchange ratio, number of \$0.20 BrightStar Options for each Rift Valley \$0.20 Option	1.25
Maximum number of BrightStar \$0.20 Options to be issued under the \$0.20 Option Scheme	<u>7,343,750</u>

Source: BDO analysis

\$0.25 Options	Number
Number of \$0.25 Options Rift Valley has on issue	5,875,000
Exchange ratio, number of \$0.25 BrightStar Options for each \$0.25 Rift Valley Option	1.25
Maximum number of \$0.25 BrightStar Options to be issued under the \$0.25 Option Scheme	<u>7,343,750</u>

Source: BDO analysis

Options	Number
After the Option Schemes	
Number of options BrightStar has on issue	52,050,000
Maximum number of options to be issued to Rift Valley optionholders under the Option Schemes	<u>14,687,500</u>
Maximum number of options on issue on completion of the Option Schemes	<u>66,737,500</u>

Source: BDO analysis



We note that there are also 11.5 million options granted to Rift Valley option holders, exercisable at \$0.0001 per share on or before 3 November 2017 relating to the Maji Moto project that have not yet vested and are not included in the Option Schemes.

The resulting number of securities upon completion of the Schemes is as follows:

Capital structure	Shares	Options
Rift Valley Shareholders	104,792,358	14,687,500
BrightStar shareholders	182,095,171	52,050,000
Total	286,887,529	66,737,500

Source: BDO analysis

8 Economic analysis

8.1 Current Economic Conditions

Economic conditions in Europe were weakening in late 2011, with risks still skewed to the downside. Reflecting this, most forecasters have lowered their forecasts for world GDP growth this year to a below trend pace. Recent data from the United States suggest a continuing moderate expansion after a soft patch in mid 2011. Growth in China has moderated as was intended, but on most indicators remained quite robust through the second half of last year. Conditions around other parts of Asia have softened. Commodity prices declined for some months to be noticeably off their peaks, but over the past couple of months have risen somewhat and remain at quite high levels.

The acute financial pressures on banks in Europe were alleviated considerably late in 2011 by the actions of policymakers. Much remains to be done to put European sovereigns and banks on a sound footing, but some progress has been made. Financial market sentiment, though remaining skittish, has generally improved since early December. Share markets have risen and term funding markets have re-opened, including for Australian banks, albeit at increased cost compared with the situation prevailing in mid 2011.

Information on the Australian economy continues to suggest growth close to trend, with differences between sectors. Labour market conditions softened during 2011 and the unemployment rate increased slightly in mid year, though it has been steady over recent months. Consumer Price Index ("CPI") inflation has declined as expected, as the large rises in food prices resulting from the floods a year ago have been unwinding. Year-ended CPI inflation will fall further over the next quarter or two. In underlying terms, inflation is around 2½ per cent. Over the coming one to two years, and abstracting from the effects of the carbon price, the Reserve Bank expects inflation to be in the 2-3 per cent range.

Credit growth remains modest, though there has been a slight increase in demand for credit by businesses. Housing prices showed some sign of stabilising at the end of 2011, after having declined for most of the year. The exchange rate has risen further, even though the terms of trade have started to decline. This is largely a reflection of a decline in the euro against all currencies.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 7 February 2012

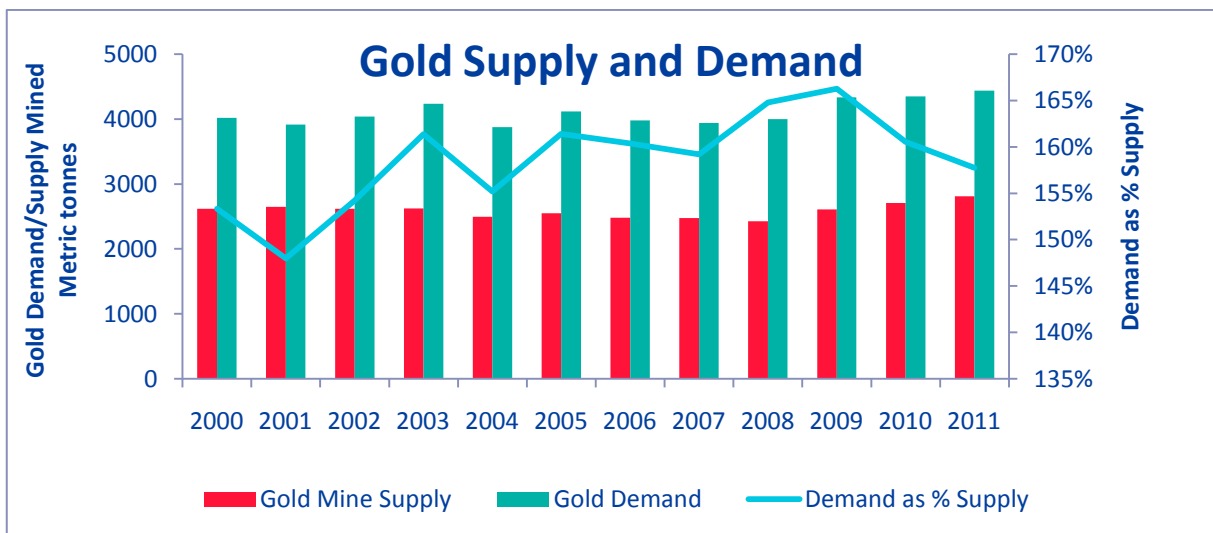
9 Industry analysis

9.1 Background

Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

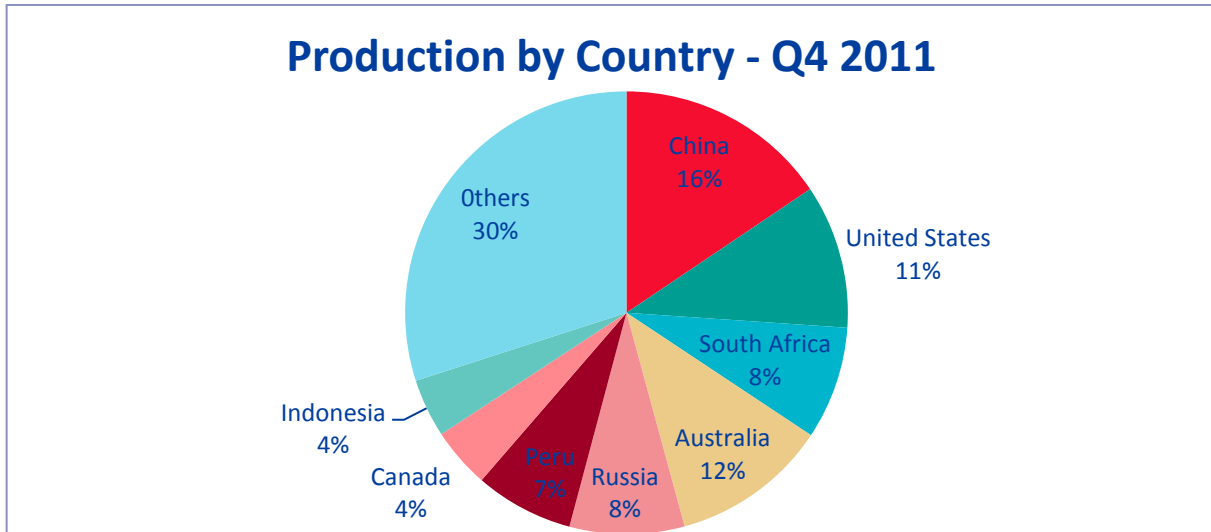
Approximately two-thirds of annual demand for gold is driven by jewellery fabrication, with the remainder driven by industrial use and investment in gold.

As illustrated in the chart below, gold mine production was approximately 2,812 metric tonnes in 2011 and gold consumption was 4,436 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during the past 24 months has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by 8% between 2009 and 2011, with demand as a percentage of supply remaining at over 150% for the same period.



Source: Bloomberg and BDO Analysis

Until the late 1980's South Africa produced approximately half of total gold production. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China.

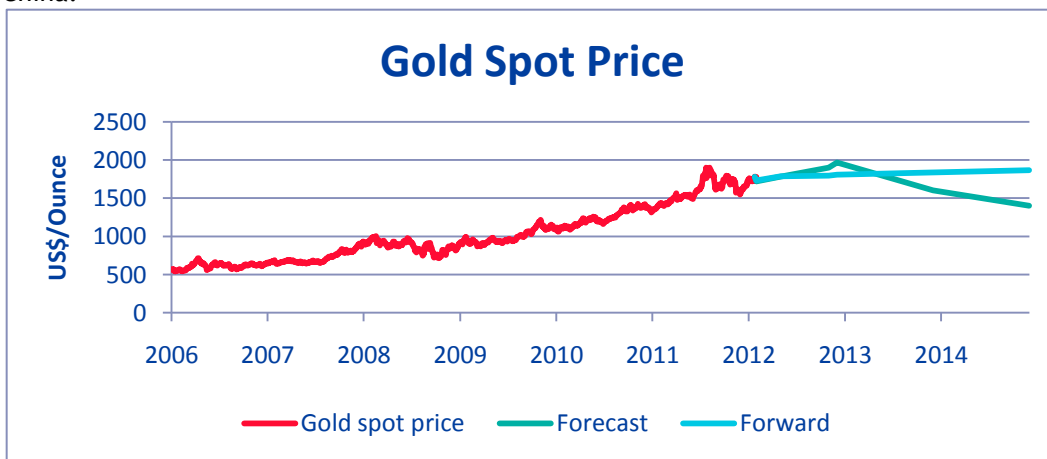


Source: Bloomberg and BDO Analysis

9.2 Prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The price trend over the last two years is reflective of weak global economic conditions driving demand. As can be seen in the graph below, the value of gold peaked at USD\$1,900 per ounce on 5 September 2011. This peak was largely caused by the recent debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as the yellow metal. Prices contracted in December 2011 reaching a low of USD\$1,545 per ounce. However, gold price has since recovered, reaching USD\$1,780 per ounce as at 23 February 2012.

The outlook for gold prices is that they will fall over the next three years to approximately \$1,400 per ounce in 2015. The current forward rate suggests that the price of gold will stabilise at current levels over the next three years. Nevertheless, growth in global money supply, U.S dollar depreciation and overall uncertainty in global financial markets may continue to drive investors toward using precious metals as a store of value. This could be further fuelled by the rapidly increasing appetite for precious metals from China.



Source: Bloomberg and BDO Analysis

9.3 Outlook

The global financial crisis has caused a great amount of uncertainty within the financial markets. Gold prices have experienced a large amount of volatility over the past twelve months which lead to a great deal of uncertainty over future prices. Although long term price forecasts show a downward trend, the consensus among analysts is that growth in the global money supply, US dollar depreciation and overall uncertainty in the global financial markets should continue to drive investors towards gold and other precious metals in the short run.

9.4 Recent Gold Transactions

The emergence of a new generation of mid-tier miners and the resurgent gold price has been driving the increase in the number of announced gold acquisitions in early 2012. On 20 February 2012, Gryphon Minerals Limited completed a 6.72% investment in Papillon Resources Limited. Despite this being the only completed transaction in 2012, the market has observed many notable announced acquisitions. In addition to the proposed merger of Rift Valley and BrightStar, Silver Lake Resources Limited also announced its intention to acquire Phillips River Mining Limited on 25 January 2012 with an announced deal value of \$14.07 million. The acquisition of a 19.99% interest in ABM Resources Ltd by Apac Resources Limited, from Tanami Gold NL, for a deal value of \$32.4 million was also announced on 13 February 2012.



10 Valuation Approach Adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (“FME”)
- Discounted Cash Flow (“DCF”)
- Quoted Market Price Basis (“QMP”)
- Net Asset Value (“NAV”)
- Market Based Assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

10.1 Valuation of Rift Valley

In our assessment of the value of Rift Valley shares, we have chosen to employ the following methodologies:

- NAV approach as our primary method
- QMP approach as our secondary method.

We have chosen these methodologies for the following reasons:

- As Rift Valley is an exploration company, its core value is in the cash and exploration assets that it holds;
- Rift Valley is listed on the ASX and this provides an indication of the market value where an observable market for the securities exists;
- Rift Valley does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation is not appropriate; and
- Rift Valley is still in the early stage of exploration and is not expected to be in production in the foreseeable future. Therefore the application of the DCF method is not appropriate.

10.2 Valuation of the Proposed Merged Entity

In our assessment of the value of the Proposed Merged Entity, we have chosen to employ the following methodologies:

- Sum-of-parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The component parts of the Proposed Merged Entity are valued using NAV as our primary methodology; and
- QMP as our secondary method, which analyses the trading activity of Rift Valley shares on the ASX following the announcement of the Schemes.

10.2.1 Sum-of-parts

We have employed the sum-of-the-parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- The enterprise value of Rift Valley, including the value of mining tenements held
- The exploration assets of BrightStar including:
 - The value of 100% interest in the Kitongo project
 - The 50% interest value of the Miyabi project assuming that the Proposed Merged Entity will utilise its cash to fund the balance US\$2 million expenditure commitment in order to earn a 50% interest in the Miyabi project
- The value of other mining tenements held by BrightStar
- The value of other assets and liabilities of BrightStar
- Pro-forma net cash following the funding of the remaining US\$2 million towards the Miyabi project
- The resulting number of Shares upon completion of the Share Scheme.

In valuing BrightStar's exploration assets, we have relied on the independent specialist valuation performed by Ravensgate Mineral Industry Consultants ("**Ravensgate**") in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("**the Valmin Code**") and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC Code**"). Ravensgate has used:

- The comparable market value method which analyses resource bases in conjunction with comparable transactions, to derive a dollar value per ounce of contained gold to apply to the mineral resources; and
- The comparable market value method which analyses areas of exploration, prospecting and mining licences in conjunction with comparable transactions, to derive dollar values per square kilometre to apply to the areas of exploration, granted prospecting licences and mining licences.

We are satisfied with the valuation methodologies adopted by Ravensgate which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of Ravensgate's report is attached in Appendix 3.

In valuing the other mining tenements held by Rift Valley and BrightStar, we have used the cost approach, which is based on the total past expenditure (whether capitalised or not capitalised in the financial accounts) incurred on those tenements. We have used this approach where the mining tenements are not material to the overall value of the company's assets and/or they have had little exploration costs devoted to them such that the market value of the assets is unlikely to vary significantly from their book value.



11 Valuation of Rift Valley

11.1 Net Asset Valuation of Rift Valley

The value of Rift Valley assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Ref	Reviewed as at 31-Dec-11 \$	Adjustments \$	Adjusted as at 31-Dec-11 \$
CURRENT ASSETS				
Cash and cash equivalents		10,485,441		10,485,441
Trade and other receivables	1	224,301		224,301
TOTAL CURRENT ASSETS		10,709,742		10,709,742
NON-CURRENT ASSETS				
Property, plant and equipment	2	263,033		263,033
Tenements	3		1,037,312	1,037,312
Intangibles	4	82,629	(82,629)	-
TOTAL NON-CURRENT ASSETS		345,662	954,683	1,300,345
TOTAL ASSETS		11,055,404	954,683	12,010,087
CURRENT LIABILITIES				
Trade and other payables	5	307,626		307,626
Provisions		41,688		41,688
TOTAL CURRENT LIABILITIES		349,314	-	349,314
TOTAL LIABILITES		349,314	-	349,314
NET ASSETS		10,706,090	954,683	11,660,773
Shares on issue (number)		83,833,886		83,833,886
Value per share (\$)		\$0.128		\$0.139

We have been advised that there has not been a significant change in the net assets of Rift Valley since 31 December 2011. The table above indicates the net asset value of a Rift Valley share is \$0.139.

We note the following in relation to the balances above:

- 1) Trade and other receivables comprise GST refundable, prepayments, accrued income and sundry debtors. Trade receivables are minimal as the Company does not currently trade
- 2) The property plant and equipment mainly comprises vehicles net of depreciation of \$188,906. Computer hardware is also a significant item making up \$48,812 of the balance. The remaining balance consists of minor plant and equipment, furniture and fixtures and computer software
- 3) The adjustments made to tenements reflect the value attributable to all the tenements held by Rift Valley as none of the expenditure incurred had been capitalised in its statement of financial position. Further details are provided in the 'Tenements' section below
- 4) The Intangibles balance consists of computer software which has been recorded at cost less an adjustment for accumulated amortisation of the software. For the purpose of our valuation, we have written off this balance on the basis that its value is unlikely to be recoverable in a sale
- 5) Trade and other payables mainly comprise \$151,307 of trade creditors with payroll, superannuation, pensions, withholding taxes payable, accrued expenses.

Except as noted, we have assumed that the book value of these assets fairly represent their market value.

Tenements

Rift Valley's accounting policy regarding exploration expenditure is to expense all costs as incurred. In determining the fair market value of Rift Valley we must assess the fair market value of these tenements.

In view of the early stages of exploration, the fair market value of the mining tenements held by Rift Valley is not expected to be materially different from their costs. Hence, we used the cost approach in estimating their fair market values. In undertaking the cost approach, we considered all the past expenditure incurred on the tenements as at 31 December 2011.

From our analysis of the tenement expenditure incurred until 31 December 2011, we have identified that the majority of expenditure incurred relates to rock chip assays that were undertaken on the Mambari, Golden Pride North and Maji Moto Project and also soil assays that were undertaken on the Buhemba South East, Golden Pride North, Suguti and Sarama Projects. Other general tenement expenses such as tenement purchases and tenement rents have also been taken into account in the valuation. There is no reason to believe that all this expenditure has not increased the value of these tenements.

Value of tenements	\$
Costs incurred from November 2010 to June 2011	306,666
Costs incurred from July 2011 to December 2011	730,646
Total costs	1,037,312

11.2 QMP for Rift Valley shares

To provide a comparison to the valuation of Rift Valley in Section 11.1, we have also assessed the QMP of a Rift Valley share.



The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of a control transaction the expert should consider the value of the company shares assuming 100% ownership of the target including a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction
- access to underlying cash flows
- control over dividend policies
- access to potential tax losses.

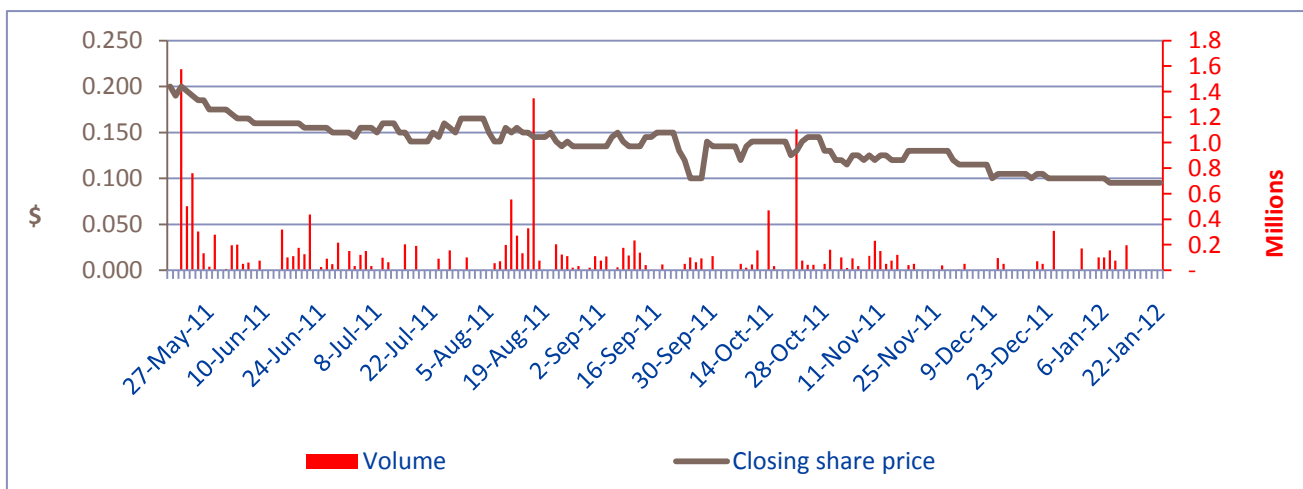
RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 15.

Therefore, our calculation of the QMP of a Rift Valley share including a premium for control has been prepared in two parts. The first part is to calculate the QMP on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a QMP value that includes a premium for control.

Minority interest value

Our analysis of the QMP of a Rift Valley share is based on the pricing prior to the announcement of the Schemes. This is because the value of a Rift Valley share after the announcement may include the market expectations of on the post merger effects of the announcement of the Schemes. However, we have considered the value of a Rift Valley share following the announcement when we have considered reasonableness in Section 15.

Information on the Schemes was announced to the market on 23 January 2012. Therefore, the following chart provides a summary of the share price movement from listing date to 20 January 2012 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Rift Valley shares from 18 May 2011 has ranged from a low of \$0.095 on 9 January 2012 to a high of \$0.20 on 18 May 2011. The high price of \$0.20 was the price at which Rift Valley shares were listed on the ASX, the Company's share price has trended downwards since listing date.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)	Closing Share Price Three Days After Announcement \$ (movement)
23-Jan-12	BUT: Proposed Merger Presentation	0.135 (▲ 42.1%)	0.14 (▲ 3.7%)
23-Jan-12	Rift Valley and BrightStar Merger Presentation	0.135 (▲ 42.1%)	0.14 (▲ 3.7%)
23-Jan-12	Rift Valley to Merge with BrightStar Resources	0.135 (▲ 42.1%)	0.14 (▲ 3.7%)
23-Jan-12	BUT: Proposal to Merge	0.135 (▲ 42.1%)	0.14 (▲ 3.7%)
19-Jan-12	Trading Halt Request	0.095 (◄ 0%)	0.135 (▲ 42.1%)
19-Jan-12	Trading Halt Market Release	0.095 (◄ 0%)	0.135 (▲ 42.1%)
16-Nov-11	Positive Soil Sampling Results from Suguti	0.12 (◄ 0%)	0.13 (▲ 8.3%)
03-Nov-11	Appendix 3B	0.115 (▼ 4.2%)	0.125 (▲ 8.7%)
24-Oct-11	Quarterly Cashflow Report	0.14 (▲ 7.7%)	0.145 (▲ 3.6%)
24-Oct-11	Quarterly Activities Report	0.14 (▲ 7.7%)	0.145 (▲ 3.6%)
12-Oct-11	Quarterly Activities Report	0.14 (◄ 0%)	0.14 (◄ 0%)
29-Sep-11	Acquisition of Igando and Geita East Projects	0.14 (▲ 40%)	0.135 (▼ 3.6%)
27-Sep-11	Maji Moto Project - A Key New Acquisition	0.1 (◄ 0%)	0.135 (▲ 35%)
09-Sep-11	Golden Pride North Soil Sampling Results	0.135 (▼ 3.6%)	0.135 (◄ 0%)
29-Jul-11	Quarterly Cashflow Report	0.165 (▲ 10%)	0.135 (◄ 0%)
27-Jul-11	Quarterly Activities Report	0.155 (▼ 3.1%)	0.165 (▲ 6.5%)
20-May-11	Exploration Program Commencement	0.2 (▲ 5.3%)	0.195 (▼ 2.5%)

Source: Bloomberg

The announcement of the 100% acquisition of the Maji Moto Project on 27 September 2011 had a significant impact on the share price of Rift Valley as is shown by the 35% increase in the share price in the three days following the announcement.

The share price also increased significantly (40%) on the day following the 29 September 2011 announcement of the acquisition of two new Tanzanian gold projects. The Igando project area consists of two tenements owned by Sigo Gems Limited and the Geita East area consists of one tenement owned by Fenites Limited.

To provide further analysis of the market prices for a Rift Valley share, we have also considered the volume weighted average price ("VWAP") for 10, 30, 60 and 90 day periods to 20 January 2012.



	20 January 2012	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.095				
VWAP		\$0.097	\$0.100	\$0.110	\$0.120

Source: BDO Analysis and Bloomberg

The above VWAPs are prior to the date of the announcement of the Schemes, to avoid the influence of any change in the price of Rift Valley shares that has occurred since the Schemes were announced.

An analysis of the volume of trading in Rift Valley shares since listing in May 2011 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	\$ 0.095	\$ 0.095	-	0.00%
10 days	\$ 0.095	\$ 0.100	271,322	0.16%
30 days	\$ 0.095	\$ 0.105	1,274,557	0.74%
60 days	\$ 0.095	\$ 0.130	2,536,437	1.48%
90 days	\$ 0.095	\$ 0.150	5,200,743	3.04%
180 days	\$ 0.095	\$ 0.200	17,036,420	9.96%

Source: BDO Analysis and Bloomberg

This table indicates that Rift Valley’s shares display a low level of liquidity, with only 3.04% of Rift Valley’s current issued capital being traded in a three month period. For the QMP methodology to be reliable, there needs to be a ‘deep’ market in the shares. RG 111.69 indicates that a ‘deep’ market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company’s securities
- Approximately 1% of a company’s securities are traded on a weekly basis
- The spread of a company’s shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company
- There are no significant but unexplained movements in share price.

A company’s shares should meet all of the above criteria to be considered ‘deep’, however, failure of a company’s securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

Our assessment is that a range of per share values for Rift Valley shares based on the QMP, after disregarding post announcement pricing, is between \$0.095 and \$0.12 with a midpoint of \$0.108.

Control Premium

We have reviewed control premiums paid by acquirers of gold mining companies, both listed and unlisted for the period from 2006 to 2011. We have summarised our findings below:

Transaction Period	Number of Transactions	Average Deal Value (AUD \$m)	Average Control Premium (%)
2011	3	147.93	46.74
2010	14	993.62	54.59
2009	15	114.5	23.38
2008	5	370.44	23.33
2007	13	245.05	25.73
2006	13	142.54	19.53
Total	63	335.68	32.22

Source: BDO Analysis and Bloomberg

We have reviewed the announced control premia paid by acquirers for target mining companies listed on the ASX since 2006. A summary of the control premia is noted in the table below:

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2011	13	710.34	33.07
2010	29	665.30	40.80
2009	33	91.18	34.36
2008	8	591.43	38.87
2007	28	570.63	25.26
2006	29	174.63	22.26
	Median	581.03	33.71
	Mean	467.25	32.44

Source: BDO Analysis and Bloomberg

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets
- Nature and magnitude of discretionary expenses
- Perceived quality of existing management
- Nature and magnitude of business opportunities not currently being exploited
- Ability to integrate the acquiree into the acquirer's business
- Level of pre-announcement speculation of the transaction
- Level of liquidity in the trade of the acquiree's securities.



Based on the tables above, we observe that an average control premium of 32.22% has been paid when acquiring gold companies between 2006 and 2011. Across the general Australian mining industry, the average annual control premium paid for effective control transactions over 2006 to 2011 ranged between 22.26% and 40.8% with an average of 32.44%.

Taking the factors above into consideration in applying a control premium to Rift Valley's quoted market share price we believe an appropriate range to be 25% - 35% which is consistent with our analysis above.

QMP including control premium

Applying a control premium to Rift Valley's quoted market share price results in the following QMP value including a premium for control:

	Low	Mid	High
QMP value per share	\$0.095	\$0.108	\$0.120
Control premium	25%	30%	35%
QMP valuation including a premium for control	\$0.119	\$0.140	\$0.162

Source: BDO Analysis

Therefore, our valuation of Rift Valley on a per share basis based on the QMP method and including a premium for control is between \$0.119 and \$0.162 with a midpoint of \$0.140.

11.3 Assessment of Rift Valley Value

The results of the valuations performed under the different methods are summarised in the table below:

	Low	Mid	High
NAV approach (Section 11.1)	\$0.139	\$0.139	\$0.139
QMP approach (Section 11.2)	\$0.119	\$0.140	\$0.162

Source: BDO Analysis

The range of values determined under the QMP approach results in a midpoint value that is close to the value we derived under the NAV approach. This could be explained by:

- The primary value of Rift Valley is in its cash position which accounts for about 87% of its adjusted total assets as at 31 December 2011
- Other than early exploration activities, the Company is primarily still at the stage of building its asset portfolio through the identification and securing of projects, which may explain in part, the low trading liquidity.

The range of values of a Rift Valley share is derived based on our QMP analysis which also shows that there is low liquidity in the trading of those shares. Therefore, we selected the preferred value of a Rift Valley share based on our NAV analysis, being \$0.139 per share.

Based on the above, we consider the value of a Rift Valley share to be between \$0.119 and \$0.162, with a preferred value of \$0.139.

12 Valuation of Proposed Merged Entity

In valuing a share in the Proposed Merged Entity, we have considered:

- The sum-of-parts method including the following valuation components:
 - The adjusted net asset value of Rift Valley, including the value of mining tenements held;
 - The exploration assets of BrightStar;
 - The value of other assets and liabilities of BrightStar; and
 - Pro-forma net cash following the US\$3 million funding of the Miyabi project.
- A discount for a minority interest
- The resulting number of Shares upon completion of the Share Scheme
- The trading activity of Rift Valley shares on the ASX following the announcement of the Schemes.

12.1 Sum-of-parts method

The value of the Proposed Merged Entity derived from the sum-of-parts method is summarised below:

	Section	Low \$M	Preferred \$M	High \$M
Fair market value of Rift Valley				
Mining tenements	12.1.1	1.04	1.04	1.04
Other assets and liabilities	12.1.1	10.62	10.62	10.62
		11.66	11.66	11.66
Fair market value of BrightStar				
Tanzanian mineral assets (pre Schemes)	12.1.2	8.04	8.95	9.98
Miclere project	12.1.3	1.03	1.03	1.03
Other assets and liabilities	12.1.3	1.86	1.86	1.86
		10.93	11.84	12.87
Incremental value of Miyabi project				
Value of 50% interest in Miyabi project	12.1.2	5.90	6.57	7.31
Less: Cash required	12.1.4	(1.80)	(1.80)	(1.80)
		4.10	4.77	5.51
Total fair market of the Proposed Merged Entity				
		26.69	28.27	30.04
Shares on issue (number)	12.2	286,887,529	286,887,529	286,887,529
Value per share (\$)		0.093	0.099	0.105
Value of 1.25 shares in Proposed Merged Entity (\$)		0.116	0.124	0.131

Source: BDO Analysis



12.1.1 Enterprise value of Rift Valley

Based on our analysis in section 11, the adjusted net asset value of Rift Valley, including the value of mining tenements held is estimated as follows:

	\$M
Value of mining tenements (Section 11.1)	1.04
Value of other assets and liabilities (Section 11.1)	10.62
Total	11.66

Source: BDO Analysis

12.1.2 Exploration assets of BrightStar

In valuing the exploration assets of BrightStar, we have instructed Ravensgate to provide us with an independent specialist report (Appendix 3) on the value of the Tanzanian mineral assets held by BrightStar. The range of values for BrightStar's Tanzanian mineral assets at 100% interest is set out below.

Project	Mineral asset	Low \$M	Preferred \$M	High \$M
Miyabi prospect	Pre-development area	11.23	12.48	13.73
Kitongo prospect	Pre-development area	7.59	8.44	9.28
Miyabi prospecting licences	Exploration area	0.56	0.66	0.88
Kitongo prospecting licences	Exploration area	0.39	0.44	0.58
Maji Moto & Nyangombe	Exploration area	0.06	0.07	0.12
Total		19.83	22.09	24.59

Source: Ravensgate's independent valuation report

In the event that Schemes do not proceed and BrightStar is unable to raise sufficient funds to earn its 50% interest in the Miyabi project, the range of values for BrightStar's Tanzanian mineral assets will be:

Project	Ownership interest	Low \$M	Preferred \$M	High \$M
Miyabi prospect	0%	-	-	-
Kitongo prospect	100%	7.59	8.44	9.28
Miyabi prospecting licences	0%	-	-	-
Kitongo prospecting licences	100%	0.39	0.44	0.58
Maji Moto & Nyangombe	100%	0.06	0.07	0.12
Total		8.04	8.95	9.98

Source: Ravensgate's independent valuation report

If the Schemes proceed, the Proposed Merged Entity will be able to fund the balance US\$2 million expenditure commitment in order to earn a 50% interest in the Miyabi project. The relevant range of values for BrightStar's Tanzanian mineral assets will be:

Project	Ownership interest	Low \$M	Preferred \$M	High \$M
Miyabi prospect	50%	5.62	6.24	6.87
Kitongo prospect	100%	7.59	8.44	9.28
Miyabi prospecting licences	50%	0.28	0.33	0.44
Kitongo prospecting licences	100%	0.39	0.44	0.58
Maji Moto & Nyangombe	100%	0.06	0.07	0.12
Total		13.94	15.52	17.29

Source: Ravensgate's independent valuation report

The table below shows the incremental value of BrightStar's Miyabi project if the Schemes complete and sufficient cash is available to fund the balance cash commitment required to earn a 50% interest in the Miyabi project.

Incremental value	Low \$M	Preferred \$M	High \$M
Value of a 50% interest in the Miyabi project			
Miyabi prospect	5.62	6.24	6.87
Miyabi prospecting licences	0.28	0.33	0.44
Total	5.90	6.57	7.31

Source: BDO analysis and Ravensgate's independent valuation report

12.1.3 Other assets and liabilities of BrightStar

Based on the financial position of BrightStar as at 31 December 2011, the value of its other assets and liabilities are:

	\$M
Net assets as at 31 December 2011	6.59
Less: Exploration and evaluation expenditure	(4.73)
Other assets and liabilities	1.86
Add back: Cost attributable to the Miclere project	1.03
Adjusted net other assets and liabilities as at 31 December 2011	2.89

Source: BDO analysis



We have been advised that there has not been a significant change in the net assets of BrightStar since 31 December 2011 and in view of the nature and the relative insignificance of the other assets and liabilities of BrightStar as compared to its mineral assets, we have assumed that the accounting value reflects the fair market values of BrightStar's other assets and liabilities.

12.1.4 Cash position

We understand that BrightStar has expended approximately US\$1.08 million to-date towards the Miyabi project and has a balance of US\$1.92 million to fund by October 2012 in order to earn its 50% interest in the Miyabi project. Assuming an exchange rate of 1 AUD to US\$1.0632 as at 26 January 2012, the balance of cash required is approximately \$1.80 million in Australian dollar terms.

The adjusted pro-forma net cash position of the Proposed Merged Entity is expected to be:

	\$M
Cash and cash equivalents as at 31 December 2011	12.05
Less: Cash required to fund the Miyabi project	(1.80)
Adjusted cash position as at 31 December 2011	10.25

Source: BDO analysis

12.2 Resulting capital structure

The resulting number of securities upon completion of the Schemes is as follows:

Capital structure	Shares	Options
Rift Valley Shareholders	104,792,358	14,687,500
BrightStar shareholders	182,095,171	52,050,000
Total	286,887,529	66,737,500

Source: BDO analysis

12.3 Assessment of Proposed Merged Entity value

The results of the valuation performed under the sum-of-parts method is summarised in the table below:

	Low	Preferred	High
Value per share of Proposed Merged Entity (Section 12.1)	\$0.093	\$0.099	\$0.105
Value of 1.25 shares of Proposed Merged Entity (Section 12.1)	\$0.116	\$0.124	\$0.131

Source: BDO Analysis

Based on our assessment above, we consider that the value of 1.25 shares in the Proposed Merged Entity is in the range of \$0.116 and \$0.131, with a preferred value of \$0.124.

13 Valuation of Options

13.1 Assessment of Rift Valley Options

The terms of the \$0.20 RFV Options and \$0.25 RFV Options are as follows:

Item	\$0.20	\$0.25
Number of Options	5,875,000	5,875,000
Exercise price	\$0.20	\$0.25
Issue date	14 April 2011	14 April 2011
Valuation Date	23 February 2012	23 February 2012
Expiry date	15 February 2014	15 February 2014
Time to expiry	1.98 years	1.98 years
Exercise Conditions	No	No

Valuation Methodology

We have used the Black Scholes option pricing model to calculate the values of the \$0.20 RFV Options and the \$0.25 RFV Options.

Under option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

In valuing the \$0.20 RFV Options and \$0.25 RFV Options, we made the following assumptions regarding the inputs required for our option pricing model.

Value of the Underlying Shares

Based on our assessment of a Rift Valley share in section 11.3, we have used the low, preferred and high range values of \$0.119, \$0.139 and \$0.162 per share as the underlying share prices to obtain the low, preferred and high range values for the \$0.20 RFV Options and \$0.25 RFV Options.

Exercise Price of the Options

The exercise price is the price at which the underlying ordinary shares will be issued. The exercise prices are \$0.20 for the \$0.20 RFV Options and \$0.25 for the \$0.25 RFV Options.

Valuation Date

We have valued the \$0.20 RFV Options and \$0.25 RFV Options as at 23 February 2012.

Life of the Options

We have estimated the life of the \$0.20 RFV Options and the \$0.25 RFV Options for the purpose of our valuation. The minimum life of an option is the length of any vesting period. The maximum life is based on the expiry date, which is the remaining term of an option from the valuation date of the options to the expiry date. The term of the \$0.20 RFV Options and \$0.25 RFV Options is approximately 1.98 years.



There are many factors that determine the rationale for exercising options and therefore, the effective life of those options. Some of these factors include:

There is a limited track record of unlisted options being exercised early. Generally, early exercise occurs:

- If the options are deep in the money as it is profitable for the holder of the option to exercise the options
- If the stock pays a dividend as the opportunity cost of holding the option is high
- If the volatility of the underlying share price is low as the probability of the options becoming deeper in the money is low relative to a highly volatile stock
- When the options are held by junior level employees. Senior employees are more likely to continue their employment with the company and therefore there is no incentive to exercise their options.

For the purpose of this valuation, we have estimated an exercise date as the expiry date giving the effective life for the \$0.20 RFV Options and \$0.25 RFV Options of 1.98 years, which we have input into the Black Scholes option pricing model.

Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The recent volatility of the share price of Rift Valley was calculated from listing date to the Pre-announcement date of the Schemes, using data extracted from Bloomberg. On this basis, we used a future estimated volatility level of 80% for Rift Valley in our pricing model.

Risk-Free Rate of Interest

We have used the Australian Government two-year bond rate of 3.66% as at the valuation date as inputs to our option pricing model.

Dividends Expected on the Shares

Rift Valley is not expected to pay a dividend during the life of the \$0.20 RFV Options and the \$0.25 RFV Options.

Conclusion

We set out below our conclusions as to the value of the \$0.20 RFV Options:

\$0.20 RFV Options	Low	Preferred	High
Underlying Security spot price	\$0.119	\$0.139	\$0.162
Exercise price	\$0.20	\$0.20	\$0.20
Issue date	14 April 2011		
Valuation Date	23 February 2012		
Expiration date	15 February 2014		
Time to expiry	1.98 years		
Volatility	80% per annum		
Risk free rate	3.66% per annum		
Number of Options	5,875,000	5,875,000	5,875,000
Valuation per Option	\$0.036	\$0.048	\$0.063

Source: BDO Analysis

The value of a \$0.20 RFV Option is in the range of \$0.036 to \$0.063 with a preferred value of \$0.048.

We set out below our conclusions as to the value of the \$0.25 RFV Options:

\$0.25 RFV Options	Low	Preferred	High
Underlying Security spot price	\$0.119	\$0.139	\$0.162
Exercise price	\$0.25	\$0.25	\$0.25
Issue date	14 April 2011		
Valuation Date	23 February 2012		
Expiration date	15 February 2014		
Time to expiry	1.98 years		
Volatility	80% per annum		
Risk free rate	3.66% per annum		
Number of Options	5,875,000	5,875,000	5,875,000
Valuation per Option	\$0.029	\$0.040	\$0.053

Source: BDO Analysis

The value of a \$0.25 RFV Option is in the range of \$0.029 to \$0.053 with a preferred value of \$0.040.



13.2 Assessment of Proposed Merged Entity Options

The terms of the \$0.20 PME Options and \$0.25 PME Options that the respective \$0.20 Optionholders and \$0.25 Optionholders will receive under the Option Schemes are as follows:

Item	\$0.20	\$0.25
Number of Options*	7,343,750	7,343,750
Exercise price	\$0.20	\$0.25
Issue date	14 April 2011	14 April 2011
Valuation Date	23 February 2012	23 February 2012
Expiry date	15 February 2014	15 February 2014
Time to expiry	1.98 years	1.98 years
Exercise Conditions	No	No

* based on 1.25 \$0.20 PME Options received in exchange for every \$0.20 RFV Options and 1.25 \$0.25 PME Options received in exchange for every \$0.25 RFV Options

Valuation Methodology

We have used the Black Scholes option pricing model to calculate the values of the \$0.20 PME Options and the \$0.25 PME Options.

Under option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

In valuing the \$0.20 PME Options and \$0.25 PME Options, we made the following assumptions regarding the inputs required for our option pricing model.

Value of the Underlying Shares

Based on our valuation of a share in the Proposed Merged Entity in section 12.1, we have used the low, preferred and high range values of \$0.093, \$0.099 and \$0.105 per share as the underlying share prices to obtain the low, preferred and high range values for the \$0.20 PME Options and \$0.25 PME Options.

Exercise Price of the Options

The exercise price is the price at which the underlying ordinary shares will be issued. The exercise prices are \$0.20 for the \$0.20 PME Options and \$0.25 for the \$0.25 PME Options.

Valuation Date

We have valued the \$0.20 RFV Options and \$0.25 RFV Options as at 23 February 2012.

Life of the Options

We have estimated the life of the \$0.20 PME Options and the \$0.25 PME Options for the purpose of our valuation. The minimum life of an option is the length of any vesting period. The maximum life is based on the expiry date, which is the remaining term of an option from valuation date of the options to the expiry date. The term of the \$0.20 PME Options and \$0.25 PME Options is approximately 1.98 years.

There are many factors that determine the rationale for exercising options and therefore, the effective life of those options. Some of these factors include:

There is a limited track record of unlisted options being exercised early. Generally, early exercise occurs:

- If the options are deep in the money as it is profitable for the holder of the option to exercise the options
- If the stock pays a dividend as the opportunity cost of holding the option is high
- If the volatility of the underlying share price is low as the probability of the options becoming deeper in the money is low relative to a highly volatile stock
- When the options are held by junior level employees. Senior employees are more likely to continue their employment with the company and therefore there is no incentive to exercise their options.

For the purpose of this valuation, we have estimated an exercise date as the expiry date giving the effective life for the \$0.20 PME Options and \$0.25 PME Options of 1.98 years, which we have input into the Black Scholes option pricing model.

Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The volatility of the share price of BrightStar was used as a proxy for the volatility of the Proposed Merged Entity. We obtained the recent volatility of the share price of BrightStar for one, two and three year periods, using data extracted from Bloomberg. On this basis, we used a future estimated volatility level of 95% for the Proposed Merged Entity in our pricing model.

The volatility of the Proposed Merged Entity proved to be higher than the volatility of Rift Valley. This can be explained by the low level of operating activity in Rift Valley and for it being largely a cash box.



Risk-Free Rate of Interest

We have used the Australian Government two-year bond rate of 3.66% as at the valuation date as inputs to our option pricing model.

Dividends Expected on the Shares

The Proposed Merged Entity is not expected to pay a dividend during the life of the \$0.20 PME Options and the \$0.25 PME Options.

Conclusion

We set out below our valuation of the \$0.20 PME Options:

\$0.20 PME Options	Low	Preferred	High
Underlying Security spot price	\$0.093	\$0.099	\$0.105
Exercise price	\$0.20	\$0.20	\$0.20
Issue date	14 April 2011		
Valuation Date	23 February 2012		
Expiration date	15 February 2014		
Time to expiry	1.98 years		
Volatility	95% per annum		
Risk free rate	3.66% per annum		
Number of Options*	7,343,750	7,343,750	7,343,750
Valuation per Option	\$0.030	\$0.034	\$0.037

Source: BDO Analysis

The value of a \$0.20 PME Option is in the range of \$0.030 to \$0.037 with a preferred value of \$0.034.

We set out below our valuation of the \$0.25 PME Options:

\$0.25 PME Options	Low	Preferred	High
Underlying Security spot price	\$0.093	\$0.099	\$0.105
Exercise price	\$0.25	\$0.25	\$0.25
Issue date	14 April 2011		
Valuation Date	23 February 2012		
Expiration date	15 February 2014		
Time to expiry	1.98 years		
Volatility	95% per annum		
Risk free rate	3.66% per annum		
Number of Options*	7,343,750	7,343,750	7,343,750
Valuation per Option	\$0.025	\$0.028	\$0.032

Source: BDO Analysis

The value of a \$0.25 PME Option is in the range of \$0.025 to \$0.032 with a preferred value of \$0.028.

14 Are the Schemes fair?

14.1 Shareholders

We determine that the value of 1.25 shares in the Proposed Merged Entity to be received as consideration by Shareholders is within the range of values of a Rift Valley share prior to the implementation of the Share Scheme.

However, the preferred value of 1.25 shares in the Proposed Merged Entity to be received as consideration by Shareholders is less than the preferred value of a Rift Valley share prior to the implementation of the Share Scheme. Therefore, we conclude that the Share Scheme is not fair to Shareholders.

	Section	Low \$	Preferred \$	High \$
Value of a Rift Valley share	11.3	0.119	0.139	0.162
Value of a Proposed Merged Entity share	12.3	0.093	0.099	0.105
Value of 1.25 Proposed Merged Entity shares		0.116	0.124	0.131

14.2 \$0.20 Optionholders

We determine that the value of 1.25 \$0.20 PME Options to be received as consideration is within the range of values of a \$0.20 RFV Option. However, the preferred value of 1.25 \$0.20 PME Options is less than the preferred value of a \$0.20 RFV Option. Therefore, we conclude that the \$0.20 Option Scheme is not fair to \$0.20 Optionholders.

	Section	Low \$	Preferred \$	High \$
Value of a RFV \$0.20 option	13.1	0.036	0.048	0.063
Value of a PME \$0.20 option	13.2	0.030	0.034	0.037
Value of 1.25 PME \$0.20 options		0.038	0.043	0.046

14.3 \$0.25 Optionholders

We determine that the value of 1.25 \$0.25 PME Options to be received as consideration is within the range of values of a \$0.25 RFV Option. However, the preferred value of 1.25 \$0.25 PME Options is less than the preferred value of a \$0.25 RFV Option. Therefore, we conclude that the \$0.25 Option Scheme is not fair to \$0.25 Optionholders.

	Section	Low \$	Preferred \$	High \$
Value of a RFV \$0.25 option	13.1	0.029	0.040	0.053
Value of a PME \$0.25 option	13.2	0.025	0.028	0.032
Value of 1.25 PME \$0.25 options		0.031	0.035	0.040



15 Are the Schemes reasonable?

15.1 Advantages of Approving the Schemes

The implementation of the Schemes is expected to bring a number of benefits to Rift Valley Shareholders and Optionholders as well as to the Proposed Merged Entity as a combined group. We set out the key advantages below.

15.1.1 Creation of a combined group with a stronger position

The implementation of the Schemes will bring about a combined group with a stronger financial position with a combined:

- Cash position of over \$12 million and no debt
- Net asset position of over \$20 million
- Market capitalisation based on ASX closing prices for the two companies on 20 January 2012 of approximately \$47 million.

The strong cash position will enable the Proposed Merged Entity to be well financed through the next phase of exploration and resource definition work. It will also provide the Proposed Merged Entity with the ability to pursue future growth opportunities when they arise.

A stronger financial position and increased market capitalisation is expected to give the Proposed Merged Entity increased media coverage, a greater ability to obtain debt and equity finance, including an increased level of investment interest in the financial markets and possibly an access to a wider range of investors.

The creation of a combined group with a stronger position will also benefit Optionholders when they exercise their \$0.20 PME Options and \$0.25 PME Options. The stronger position provides greater upside potential for Optionholders in the future, although it should be recognised that the \$0.20 PME Options and \$0.25 PME Options are likely to be more out-of-the-money than their \$0.20 RFV Options and \$0.25 RFV Options immediately following the implementation of the Schemes.

15.1.2 Creation of a leading independent Tanzanian gold company

The implementation of the Schemes is expected to result in the creation of a leading independent Tanzanian gold company. The Proposed Merged Entity will have an interest in, or will be earning an interest in, approximately 482,500oz inferred mineral resource (at 0.5g/t Au cut off) and 277,500oz indicated mineral resource (at 0.5g/t Au cut off) (for a total of 760,000oz gold (attributable) at 0.5g/t Au cut off) at the two key projects of Kitongo and Miyabi.

It will also have access to at least 13 gold projects and three nickel projects, all in strategically located areas, from the combined asset portfolio of both Rift Valley and BrightStar.

For Shareholders, adding the Kitongo and Miyabi projects to their portfolio of assets is a significant step forward in accelerating Rift Valley's exploration activities, since the Kitongo and Miyabi projects are more advanced stage projects, each with declared gold resources. The directors of Rift Valley believe that adding the Kitongo and Miyabi projects to Rift Valley's portfolio of assets will accelerate its exploration activities by 18 months to two years.

There could also be exploration upside potential at these projects through the next phase of drilling.

The combination of in-country Tanzanian experience of the Rift Valley team and the corporate and geological experience of the BrightStar team is expected to add significant value in the creation of a leading Tanzanian gold company.

The benefits of creating a leading independent Tanzanian gold company will also benefit Optionholders when they exercise their PME \$0.20 Options and PME \$0.25 Options. The stronger position provides greater upside potential for Optionholders in the future, although it should be recognised that the \$0.20 PME Options and \$0.25 PME Options are likely to be more out-of-the-money than their \$0.20 RFV Options and \$0.25 RFV Options immediately following the implementation of the Schemes.

15.1.3 Creation of a company with larger and more diversified portfolio of assets

The Share Scheme will provide Shareholders with a larger and more diversified portfolio of assets and the Proposed Merged Entity will also experience improved flexibility in choosing which projects to develop, therefore reducing development risk and maximising shareholder value. A more diversified portfolio of assets also reduces the risks of the Proposed Merged Entity.

With an almost single commodity focus (in gold) and a large portfolio of assets within a single country, the Proposed Merged Entity is likely to be able to achieve greater efficiencies in operations, including an enhanced ability to source and retain drill rigs.

The benefits of creating a company with larger and more diversified portfolio of assets will also benefit Optionholders when they exercise their PME \$0.20 Options and PME \$0.25 Options. The stronger asset portfolio provides greater upside potential for Optionholders in the future.

15.1.4 Creation of a company with greater growth potential

A larger portfolio of assets provide substantial growth pipeline for the Proposed Merged Entity, including the ability to advance the Kitongo and Miyabi gold projects.

For Rift Valley Shareholders, there is greater likelihood of return in utilising its cash for more advanced projects that have higher potential of going into development than utilising its cash solely for early exploration activities that have a higher risk of yielding no return. By balancing the cash required for early exploration activities with projects that have a higher potential of generating more cash through sale, joint venture or production, provides opportunity for greater growth potential.

Increased growth potential in the Proposed Merged Entity's shares will also benefit Optionholders when they exercise their PME \$0.20 Options and PME \$0.25 Options. The growth potential also provides greater upside potential for Optionholders in the future.

15.1.5 Likelihood of increased liquidity in the shares of the Proposed Merged Entity

A significant cash position but little exploration activity may be the reason for the low trading liquidity of Rift Valley's shares. The anticipated increased level of activities from a more advanced staged asset portfolio is likely to increase the depth of liquidity in the Proposed Merged Entity's shares. This is already evident in the QMP analysis that we undertook on the Proposed Merged Entity in section 12.4 which showed deep liquidity in share trading of Rift Valley post announcement of the Schemes.

Increased liquidity in the Proposed Merged Entity's shares will also benefit Optionholders when they exercise their PME \$0.20 Options and PME \$0.25 Options. Increased liquidity means that Optionholders can more readily sell their shares to realise potential profits upon exercise of their PME \$0.20 Options and PME \$0.25 Options.



15.2 Disadvantages of Approving the Schemes

We set out the key disadvantages of the Schemes to Shareholders and Optionholders below.

15.2.1 Security holders' interests will be diluted

Following the implementation of the Schemes, Shareholders' interests will be diluted to 36% of the Proposed Merged Entity.

The interests of Optionholders will also be diluted should they exercise their PME \$0.20 Options and PME \$0.25 Options in the Proposed Merged Entity following the implementation of the Schemes.

15.3 Other considerations

15.3.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders and Optionholders of Rift Valley a premium over the values ascribed to that resulting from the Schemes.

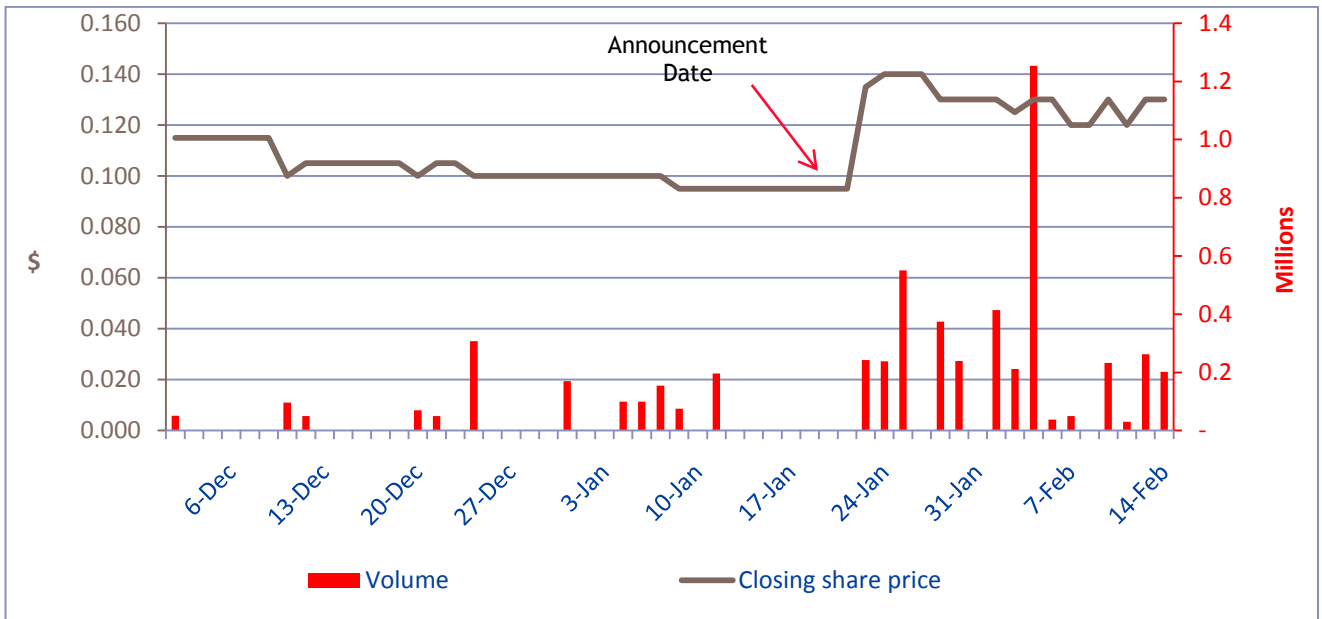
15.3.2 Consequences of not Approving the Schemes

Potential decline in the liquidity of a Rift Valley Share

Our QMP analysis in section 11.2 indicates that the shares of Rift Valley were thinly traded in the six months prior to the announcement of the Schemes, with only 9.96% of the issued capital being traded. This low level of liquidity can imply a degree of non-marketability for the existing Rift Valley shares. Following the announcement, the volume of shares traded increased as is evidenced by the turnover of 6.14% of the issued capital in Rift Valley for the one month following the announcement. Due to the increased size and the expected activities of the Proposed Merged Entity, the shares of the Proposed Merged Entity are likely to be more liquid than the shares of Rift Valley without the implementation of the Schemes. As such, if the Schemes do not proceed, then Shareholders are likely to experience a decrease in the marketability of their shares.

Potential decline in share price

We have analysed movements in Rift Valley's share price since the Schemes were announced. A graph of Rift Valley's share price leading up to and following the announcement is set out below.



Source: Bloomberg

Following the announcement of the Schemes on 23 January 2012, Rift Valley’s share price increased from an average of \$0.098 over the past month to \$0.135, an increase of 37.76%. Given the above analysis, it is possible that if the Schemes are not approved, then Rift Valley’s share price may decline back to pre-announcement levels.

15.3.3 Miyabi Joint Venture

The joint venture agreement with African Eagle stipulates that BrightStar must expend a minimum of US\$3 million by 25 October 2013 to earn a 50% interest in the Miyabi project with a minimum spend of US\$1 million by 25 April 2012. BrightStar advised that it has spent approximately US\$1.08 million as at the date of this report and hence met the first minimum funding requirement stipulated under the joint venture agreement. As noted in section 12.1.4, cash from the Proposed Merged Entity will be used to meet the remaining expenditure obligations following the implementation of the Schemes.

There are three local partner agreements between Twigg and Tanzanian companies. In most cases, the tenements covered by the prospecting licences and its successor licences and mining rights are owned by Twigg or entities it controls. However, two licences, specifically PL 4536/2007 and PL 6382/2010 are held by third parties. Rift Valley has confirmed that the Miyabi joint venturers have legal rights to the tenements.

15.3.4 Tax

There is a potential for capital gains tax scrip for scrip roll-over relief for Shareholders. This means that Shareholders who receive BrightStar shares as part of the Share Scheme are able to defer any capital gains tax liability that they would otherwise incur if they were to dispose of their Rift Valley shares at a profit.

15.3.5 Trading activity post announcement of the Schemes

To provide analysis of the market prices for a Rift Valley share post announcement of the Schemes, we considered the VWAP for 10 and 30 periods from 23 January 2012 to 23 February 2012.



Rift Valley share trading analysis	23 February 2012	10 Days	30 Days
Closing Price	\$0.012		
VWAP		\$0.1258	\$0.1285
Volume traded (% of issued capital)		1.55%	6.14%

Source: BDO Analysis and Bloomberg

We also analysed the VWAP for 10 and 30 periods from 23 January 2012 to 23 February 2012 for BrightStar shares post announcement of the Schemes.

BrightStar share trading analysis	23 February 2012	10 Days	30 Days
Closing Price	\$0.011		
VWAP		\$0.1200	\$0.1197
Volume traded (% of issued capital)		2.46%	4.57%

Source: BDO Analysis and Bloomberg

The tables indicate that both Rift Valley and BrightStar shares displayed an increased level of liquidity, with 6.14% and 4.57% of Rift Valley's and BrightStar's current issued capital being traded in a 30-day period respectively.

There appears to be a high level of liquidity in the trading of Rift Valley and BrightStar shares over the 30-day period post announcement of the Schemes. These trading prices reflect the market's perceived value of the Proposed Merged Entity, incorporating perceptions of the future potential of the combined entity following the implementation of the Schemes.

16 Conclusion

We have considered the terms of the Schemes as outlined in the body of this report and have concluded that the Share Scheme is not fair but reasonable to Shareholders as the position of Shareholders is more advantageous if the Share Scheme is approved than if it is not. Overall, we believe that there are sufficient reasons for Shareholders to accept the offer in the absence of any higher bid and we therefore conclude that the Share Scheme is in the best interest of Shareholders.

We have also concluded that the Option Schemes are not fair but reasonable to the Optionholders as the position of Optionholders is likely to be more advantageous if the Option Schemes are approved than if they are not. Overall, we believe that there are sufficient reasons for Optionholders to accept the offer in the absence of any higher bid and we therefore conclude that the Option Schemes are in the best interest of the Optionholders.

17 Sources of information

This report has been based on the following information:

- Draft Scheme booklet on or about the date of this report
- Audited financial statements of Rift Valley for the year ended 30 June 2011
- Unaudited management accounts of Rift Valley for the period ended 31 December 2011
- Audited financial statements of BrightStar for the years ended 30 June 2010 and 30 June 2011
- Unaudited management accounts of BrightStar for the period ended 31 December 2011
- Ravensgate Valuation Report
- Solicitor's report for Rift Valley prepared by Trustworth Attorneys
- Pro-forma post merger statement of financial position of Rift Valley and BrightStar
- Terms of \$0.20 RFV Options
- Terms of \$0.25 RFV Options
- Merger Implementation Agreement
- Shares Scheme of Arrangement
- \$0.20 Option Scheme of Arrangement
- \$0.25 Option Scheme of Arrangement
- Miyabi Joint venture Agreement
- Share registry information
- Information in the public domain
- Discussions with directors and management of Rift Valley.

18 Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$30,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Rift Valley in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Rift Valley, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Rift Valley and BrightStar and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independence of Rift Valley and BrightStar and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Rift Valley, BrightStar or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Rift Valley and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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19 Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Evelyn Tan of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 150 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia. Sherif Andrawes is the Chairman of BDO in Western Australia.

Evelyn Tan is a CFA charter holder and is a member of the CFA Institute. Evelyn has over 15 years of experience in corporate finance and banking. Evelyn has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

20 Disclaimers and consents

This report has been prepared at the request of Rift Valley for inclusion in the Scheme Booklet which will be sent to all Rift Valley Shareholders. Rift Valley has engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider whether the Schemes are in the best interests of Shareholders and Optionholders of Rift Valley.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Rift Valley or BrightStar in accordance with standards issued by the Auditing and Assurance Standards Board. However,



we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to BrightStar. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders and Optionholders obtain their own taxation advice, in respect of the Schemes, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders and Optionholders of Rift Valley, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon an independent specialist valuation for mineral properties held by BrightStar.

The valuer engaged for the specialist mineral property valuation possesses the appropriate qualifications and experience in the mining industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received the consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrewes
Director

Evelyn Tan
Associate Director
Authorised Representative



Appendix 1 - Glossary of Terms

Reference	Definition
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
BrightStar	BrightStar Resources Limited
CPI	Consumer Price Index
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FMD	Future Maintainable Dividends
FME	Future Maintainable Earnings
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
MEE	Multiple of Exploration Expenditure
MIA	Merger Implementation Agreement
NAV	Net Asset Value
Option Schemes	The \$0.20 Option Scheme and the \$0.25 Option Scheme collectively
Our Report	This Independent Expert's Report prepared by BDO
QMP	Quoted Market Price
Ravensgate	Ravensgate Minerals Industry Consultants
RG 60	Schemes of arrangement (September 2011)
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Rift Valley	Rift Valley Resources Limited
Schemes	The Share Scheme and the Option Schemes collectively

Reference	Definition
Section 411	Section 411 of the Corporations Act 2001 Cth
Shareholders	Non associated shareholders of Rift Valley Resources Limited
Share Scheme	The proposal to issue 1.25 shares in BrightStar for every share in Rift Valley
The Act	The Corporations Act
The Company	Rift Valley Resources Limited
Twigg	Twigg Gold Limited
VALMIN Code	Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume Weighted Average Price
\$0.20 Optionholders	Rift Valley option holders who hold Rift Valley options exercisable at \$0.20
\$0.25 Optionholders	Rift Valley option holders who hold Rift Valley options exercisable at \$0.25
\$0.20 Option Scheme	The proposal to issue 1.25 BrightStar options exercisable at \$0.20 (or 1.25 \$0.20 PME Options) for every \$0.20 RFV Options held
\$0.25 Option Scheme	The proposal to issue 1.25 BrightStar options exercisable at \$0.25 (or 1.25 \$0.25 PME Options) for every \$0.25 RFV Options held
\$0.20 RFV Options	Options in Rift Valley with an exercise price of \$0.20
\$0.25 RFV Options	Options in Rift Valley with an exercise price of \$0.25
\$0.20 PME Options	Options in the Proposed Merged Entity with an exercise price of \$0.20
\$0.25 PME Options	Options in the Proposed Merged Entity with an exercise price of \$0.25



Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ("NAV")*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *QMP Basis ("QMP")*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the QMP of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (“EBIT”) or earnings before interest, tax, depreciation and amortisation (“EBITDA”). The capitalisation rate or “earnings multiple” is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows (“DCF”)

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



Appendix 3 - Independent Valuation Report Prepared by Ravensgate Minerals Industry Consultants

Ravensgate

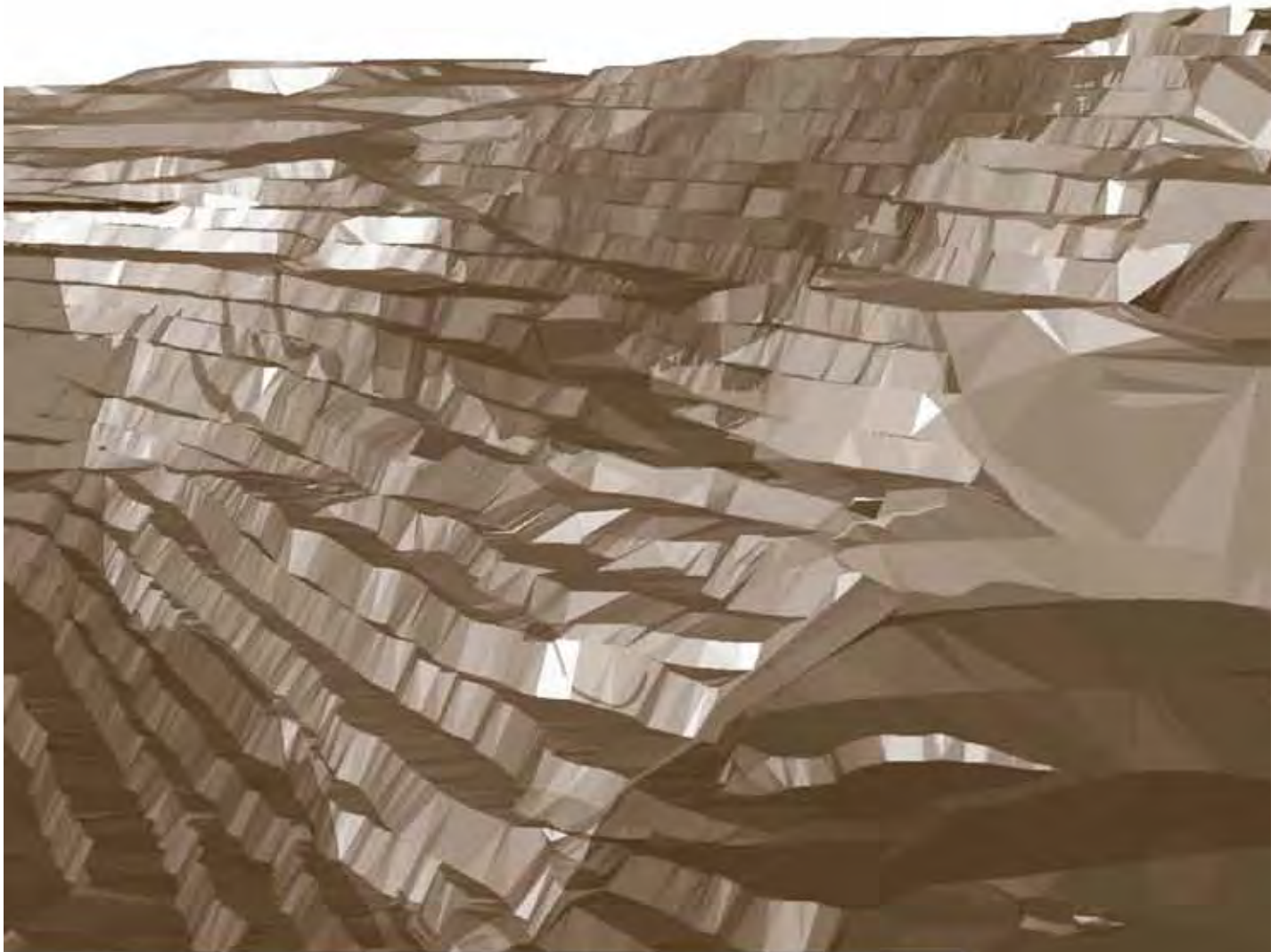


**TECHNICAL PROJECT REVIEW
AND
INDEPENDENT VALUATION REPORT**

**BRIGHTSTAR RESOURCES LIMITED
MIYABI AND KITONGO GOLD PROJECTS**

for

BDO CORPORATE FINANCE (WA) PTY LTD



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TECHNICAL PROJECT REVIEW
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INDEPENDENT VALUATION REPORT

BRIGHTSTAR RESOURCES LIMITED
MIYABI AND KITONGO GOLD PROJECTS

for

BDO CORPORATE FINANCE (WA) PTY LTD

Ravensgate

22 February 2012



TECHNICAL PROJECT REVIEW and INDEPENDENT TECHNICAL VALUATION

Prepared by RAVENSGATE on behalf of:

BDO Corporate Finance (WA) Pty Ltd

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For and on behalf of:
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1. EXECUTIVE SUMMARY

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (“Ravensgate”) has been commissioned by BDO Corporate Finance (WA) Pty Ltd (“BDO”) to provide an Independent Technical Valuation on the Tanzanian gold assets of BrightStar Resources Limited (“BrightStar”). BrightStar’s Tanzanian gold assets include two main project areas, Miyabi and Kitongo and two exploration projects Maji Moto and Nyangombe. Miyabi is the subject of a joint venture in which BrightStar can earn up to a 75% interest. Kitongo is 100% wholly owned BrightStar interest. Any tenement applications in progress by BrightStar have not been included in this valuation of the Mineral Assets managed by BrightStar. The projects included in this report are listed below with the Miyabi and Kitongo Projects forming the majority of the Independent Technical Review.

<u>Mineral Asset</u>	<u>BrightStar Ownership %</u>
• Miyabi (Gold), Mwanza, Tanzania	0% (earning 50% and up to 75%)
• Kitongo (Gold), Mwanza, Tanzania	100%
• Maji Moto (Gold) Tanzania	100%
• Nyangombe (Gold), Tanzania	100%

BrightStar’s Miyabi project is located approximately 50 kilometres west southwest of Kahama in the Lake Victoria Goldfields region of Tanzania. The project has a 2006 defined JORC (2004) compliant mineral resource estimate consisting of 520Koz of gold at a 0.5g/t cut-off value, in seven mineralised bodies, with a further four prospects having limited information.

BrightStar’s Kitongo Project is located approximately 90 kilometres to the south of the town of Mwanza in the Lake Victoria Goldfields of Tanzania. The project has a 2006 defined JORC (2004) compliant mineral resource estimate of 370Koz in a single mineralised zone at a 0.5g/t cut-off value.

Tenement details for both Projects as provided by BrightStar have been compiled for detailed review and are appended in Section 6 at the end of this report. Ravensgate has not conducted a review of the tenure of the various licences and is not qualified to do so. Further exploration work remains to be carried out, more so at Kitongo, in order to help improve geological understanding, to generate or investigate exploration targets and to update Mineral Resources and associated ongoing economic studies (where defined and as further work progresses) within the various projects. Ravensgate’s considered opinion is that both the Miyabi and Kitongo Projects are of merit and worthy of further exploration.

The valuation presented in this report was completed on behalf of BDO. The valuation has been completed with information provided by and with the full support of BrightStar Resources Limited and Rift Valley Resources Limited. The applicable valuation date is 16 February 2012. The Mineral Assets within BrightStar’s Project areas vary from Exploration Areas through to Pre-Development mineral assets.

A reported Mineral Resource Estimate as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been defined for both the Miyabi and Kitongo Projects. SRK Consulting carried out the Mineral Resource Estimates for Miyabi during 2006. For Kitongo, Hellman & Schofield Pty Ltd carried out the Mineral Resource Estimates during 2006. The mineral resource estimates for the Miyabi Project are indicated in Table 1 and Table 2, and for the Kitongo Project in Table 3. Further discussion of resource estimation and other project details for



the Project are described within the main body of this report. Competent Person statements are listed in Section 2.5.

Table 1 Miyabi Project Mineral Resource Estimates				
Kilimani Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Indicated	0.5	2.62	1.40	118
Inferred	0.5	0.29	1.56	15
Faida Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Indicated	0.5	3.46	1.51	168
Inferred	0.5	0.97	0.88	28
Ngaya Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Indicated	0.5	0.23	1.8	7
Inferred	0.5	1.46	2.0	50
North Zone (Shule) Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Indicated	0.5	0	0	0
Inferred	0.5	0.96	0.80	25
Shambani North Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Indicated	0.5	0.89	1.10	31
Inferred	0.5	0.36	1.06	12
Shambani South Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Indicated	0.5	0	0	0
Inferred	0.5	0.29	1.30	12
Shambani Main Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Indicated	0.5	0.70	1.92	43
Inferred	0.5	0.19	1.05	6

Notes: Differences may occur due to rounding errors

Table 2 Miyabi Project Mineral Resource Estimate Summary				
Classification	Cut-off Au (g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Indicated	0.5	7.90	1.45	367
Inferred	0.5	4.52	1.01	148

Table 3 Kitongo Project Mineral Resource Estimates				
Classification	Cut-off Au (g/t)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Inferred	0.5	7.82	1.47	370

Notes: Differences may occur due to rounding errors

Ravensgate carried out a site visit to the Miyabi Gold Project on the 11th of February 2012 and to the Kitongo Gold Project on the 10th of February 2012 in producing this report. As part of the site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that on limited review, the site visit reasonably covered all significant areas for the purposes of this report. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made without including a site inspection of the other Tanzanian projects and is of the opinion that no significant additional benefit would have been gained through a site visit to these areas at this stage. Ravensgate has concluded that both the Miyabi Gold Project and the Kitongo Gold Project are of technical merit and are worthy of conducting further review and exploration.

A summary of BrightStar's Tanzanian Gold Projects valuation in 100% terms is provided in Table 4. A summary of the BrightStar's Tanzanian Gold Projects valuations in their respective ownership percentage terms is provided in Table 5. The applicable valuation report date is 16 February 2012 and is derived from an analysis of the resource bases in conjunction with the Comparable Transactions valuation method. The value of BrightStar's Projects as reviewed and listed in Table 5 is considered to lie in a range from \$8.04M to \$9.98, within which Ravensgate has selected a preferred value of \$8.95M.



Table 4 BrightStar - Project Technical Valuation Summary in 100% Terms for BrightStar's Tanzanian Gold Projects

BrightStar Assets	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
Miyabi Prospect	Pre-Development Area	100%	\$11.23	\$13.73	\$12.48
Kitongo Prospect	Pre-Development Area	100%	\$7.59	\$9.28	\$8.44
Miyabi Prospecting Licences	Exploration Area	100%	\$0.56	\$0.88	\$0.66
Kitongo Prospecting Licences	Exploration Area	100%	\$0.39	\$0.58	\$0.44
Maji Moto & Nyangombe	Exploration Area	100%	\$0.06	\$0.12	\$0.07
Combined Projects	All listed projects	100%	\$19.83	\$24.59	\$22.09

Table 5 BrightStar - Project Technical Valuation Summary in 100% and Joint Venture Terms for BrightStar's Gold Projects

BrightStar Assets	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
Miyabi Prospect	Pre-Development Area	0%	\$0.00	\$0.00	\$0.00
Kitongo Prospect	Advanced Exploration Area	100%	\$7.59	\$9.28	\$8.44
Miyabi Prospecting Licences	Exploration Area	0%	\$0.00	\$0.00	\$0.00
Kitongo Prospecting Licences	Exploration Area	100%	\$0.39	\$0.58	\$0.44
Maji Moto & Nyangombe	Exploration Area	100%	\$0.06	\$0.12	\$0.07
Combined Projects	All listed projects	0 & 100%	\$8.04	\$9.98	\$8.95

* The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

2. INTRODUCTION

2.1 Terms of Reference

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by BDO Corporate Finance (WA) Pty Ltd ("BDO") to provide an Independent Valuation Report over BrightStar Resources Limited ("BrightStar") gold exploration assets consisting of its Miyabi, Kitongo, Maji Moto and Nyangombe projects. BrightStar's mineral assets held in Australia, have not been included in this Independent Valuation Report.

Ravensgate prepared the Independent Valuation Report for inclusion in the Independent Expert's Report ("IER") prepared by BDO. The IER will be included in Rift Valley Resources Limited ("Rift Valley") Scheme Book. BrightStar's Miyabi gold project is divided into a total of 9 tenements of which 5 are granted Prospecting Licences and a further 4 are new applications. The Miyabi Project is the subject of a Joint Venture agreement in which BrightStar is currently in the process of earning a 50% interest, and can earn up to a 75% interest in the project. The Kitongo gold project is comprised of a total of 20 tenements. Of these tenements, 3 are Retention Licences and 11 are Prospecting Licences in which BrightStar holds a 100% interest. The remaining 6 tenements are new applications which have not yet been granted. Tenement applications currently in progress (i.e. pending) by BrightStar have not been included in this valuation of Mineral Assets owned by BrightStar. Ravensgate understands that all the project tenements in Tanzania are held in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

The objective of this report is to provide an Independent Valuation of the Project in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. This work has been commissioned by BDO. The Report will be included in the IER and will be distributed to Rift Valley shareholders or investors in the form and context in which it appears within that report.

Ravensgate carried out a site visit to both Miyabi and Kitongo in producing this report. Mr Craig Harvey, Principal Consultant (Geologist) of Ravensgate, undertook a site visit during the period 9 February 2012 to 12 February 2012. Mr Paul Payne, Technical Director of BrightStar Resources, accompanied Mr Harvey on the site visit. As part of the site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, resource estimation, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that the site visit reasonably covered all significant areas for the purposes of this report. Ravensgate is satisfied that there is sufficient information available to allow an informed appraisal to be made without including a site inspection of the other Tanzanian projects and is of the opinion that no significant additional benefit would have been gained through a site visit to these areas at this stage. Ravensgate has concluded that both the Miyabi and Kitongo gold projects are of technical merit and are worthy of conducting further review and exploration.

This report does not provide a valuation of BrightStar as a whole, nor does it make any comment on the fairness and reasonableness of any proposed transaction between any two companies. The conclusions expressed in this Independent Technical Valuation are valid as at the Valuation Date (16 February 2012). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

This report has been prepared in accordance with the VALMIN Code and in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Independent Technical Valuation report has been compiled based on information available up to and including the date of this report.



2.2 Qualifications, Experience and Independence

Ravensgate was established in 1997 and specialises in resource modelling and resource estimation services. The company has worked for major clients globally, including Freeport at Grasberg Mine, Ok Tedi Gold Mine in Papua New Guinea, Goldfields in Ghana, BHP in Western Australia and many junior resource companies which are ASX (Australian Stock Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed companies. Ravensgate has focused upon providing resource estimations, valuations, and independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian, United States and United Kingdom listed companies.

Author: Craig Harvey, Principal Consultant, NHD Economic Geology, MGSSA.

Craig Harvey has had extensive experience of over 18 years in exploration geology, production geology, resource modelling and due diligence investigations. He has worked extensively within Southern Africa as well as offshore in Canada, Australia and Asia, conducting due diligence investigations across various operations from grassroots exploration properties to producing mines. Prior to joining Ravensgate, Craig has worked for Gold and Uranium producers Simmer and Jack Mines and First Uranium Corporation. Prior to this, he worked for Transvaal Gold Mining Estates modelling mineral resources from producing mines and managing exploration activities across extensive properties in a hydrothermal gold environment. He has worked for Harmony Gold Mines where he was part of the change management and due diligence team related to Harmony's growth strategy. He started his career with Gold Fields and gained production geology experience across a broad range of the operating mines in various commodities including gold, platinum and coal. Mr Harvey holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia.

Peer Reviewer: Sam Ulrich, Principal Consultant. BSc (Hons) Geology, GDAppFin, MAusIMM, FFin.

Sam Ulrich is a geologist with over 15 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia, Indonesia, Laos and China primarily in gold, base metals and uranium. Prior to joining Ravensgate Sam worked for Manhattan Corporation Ltd a uranium exploration and resource development company in a senior management position. Mr Ulrich holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia.

2.3 Disclaimer

The Authors of this report, are not, nor intend to be, a director, officer or other direct employee of BrightStar or Rift Valley, and have no material interest in the projects of BrightStar. Ravensgate holds nil interest or shareholdings in BrightStar. The relationship with BDO Corporate Finance (WA) Pty Ltd is solely one of professional association between client and independent consultant. Ravensgate's professional fees are based on time charges for work actually carried out, and are not contingent on any prior understanding concerning the conclusions to be reached. Fees arising from the preparation of this report are charged at Ravensgate's standard rates and are in the order of \$25,000 to \$35,000. Neither Ravensgate nor any of its employees or associates is an insider, associate or affiliate of BrightStar or any associated company. The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there is no business or professional relationships or interests that would affect the expert's ability to present an unbiased opinion within this report. This

Report has been compiled based on information available up to and including the date of this Report.

2.4 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by BrightStar and their partners or consultants, publicly available information such as ASX releases, government reports and discussions with BrightStar's technical and corporate management personnel. With the consent of BrightStar, other general report contents describing the regional geology, historical exploration and current exploration has been reproduced verbatim from a number of BrightStar internal and publicly available reports. A listing of the principal sources of information is included in the references attached to this report. All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. A final draft of this report was also provided to BrightStar, along with a request to identify any material errors or omissions prior to final submission.

2.5 Competent Person Statements

The information in this report that relates to the Mineral Resources as described in Section 3.7.1 has been reviewed by the nominated competent persons, Mr Martin Pittuck and Mr Johnathon Abbott respectively. Below are the competent person's statements.

The information in this report relating to the Miyabi gold project (Section 3.7.1) has been estimated and compiled by Mr Martin Pittuck (C.Eng, MIMMM) of SRK Consulting who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pittuck consents to the inclusion in this statement of the information in the form and context in which it appears.

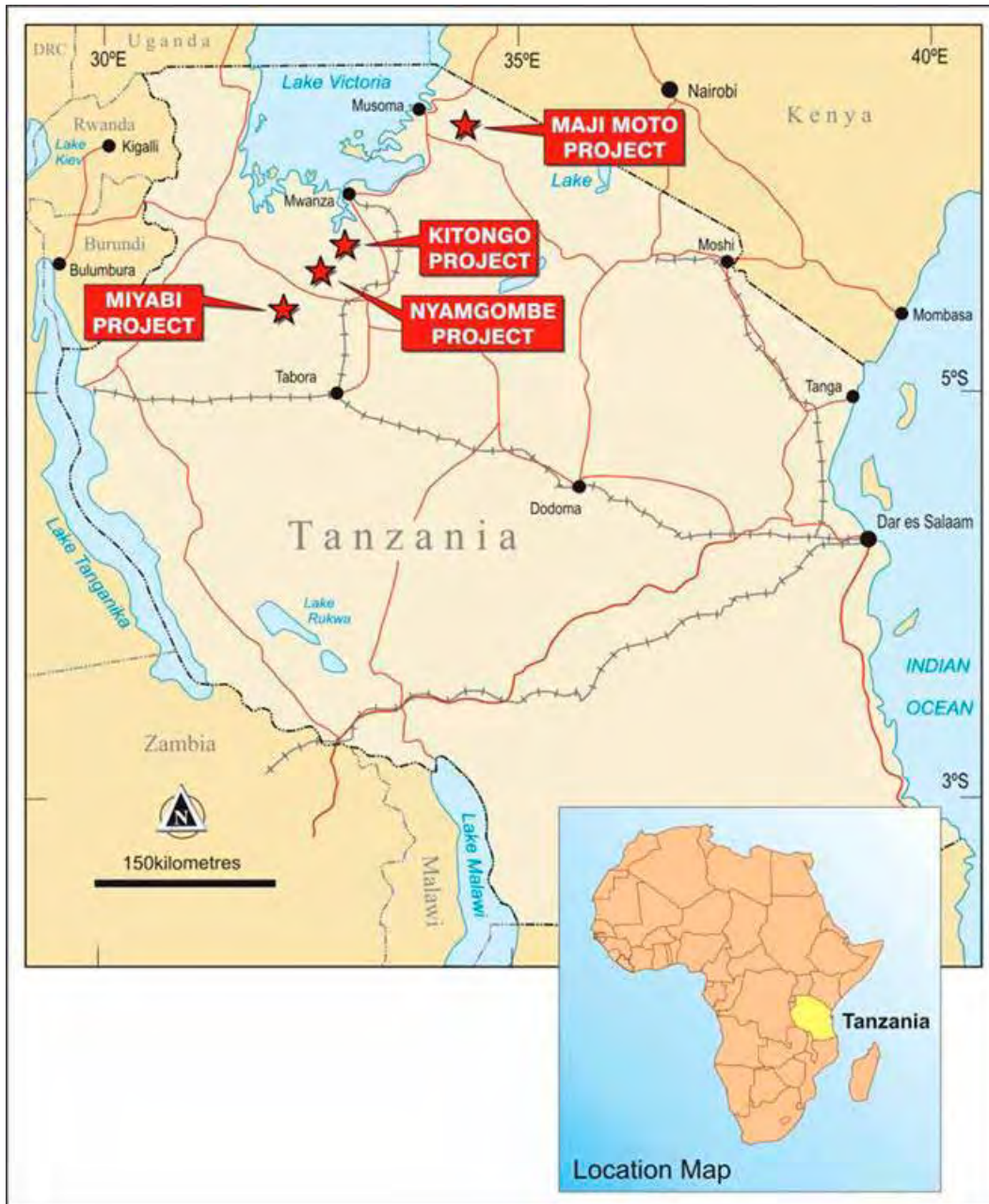
The information in this report that relates to mineral resource estimation for Kitongo (Section 4.7.1) is based on work completed in 2006 by Mr Jonathon Abbott. Mr Abbott is a full time employee of MPR Geological Consultants Pty Ltd and a Member of the Australian Institute of Geoscientists. The 2006 resource estimates are based on data provided by IAMGold Corporation. Mr Abbott did not review the validity, or quality of the data upon which the resource estimates are based and IAMGold Corporation nominated a Competent Person to accept responsibility for these aspects of the estimates. For the current report, Mr Paul Payne is nominated as Competent Person to accept responsibility for the validity, and quality of the Kitongo data. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

2.6 Background Information

The projects discussed in this report are located in the Mwanza district of Northern Tanzania. A locality map of BrightStar's Tanzanian gold projects is presented in Figure 1 below. A summary of the tenement details is listed in Section 6 at the end of this report. Report file references and a glossary of terms are also included at the end of this report. Ravensgate understands that all the project tenements in Tanzania are held in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so. Geological understanding, exploration history and mineralisation potential are further discussed for the Miyabi and Kitongo projects, but not for the Maji Moto and Nyangombe projects in subsequent sections. The Technical Project Review for the Miyabi gold project is outlined in Section 3 and Kitongo in Section 4. The Independent Valuation of BrightStar's Tanzanian gold projects are outlined in Section 5 onwards.



Figure 1 Locality Map of BrightStar's Tanzanian Gold Projects



3. MIYABI GOLD PROJECT, TANZANIA

3.1 Introduction and Location

The Miyabi gold project is located approximately 50 kilometres west southwest of the Kahama Township in the Shinyaga district. Access to the property is tarred and dirt road from the airport at Mwanza.

The project's main camp site is near the Mwabomba village and can be reached from Kahama via the sealed Kahama - Ngara road (B3), to the Masumbwe village and then south via un-graded bush roads and tracks. Access to the site from the main project camp is via bush tracks, several of which may become impassable during the rainy season.

3.2 Tenure and Physiography

The Miyabi project is comprised of five granted Prospecting Licences ("PL's") comprising an area of approximately 165 square kilometres. A further four tenements are new Prospecting Licence Applications ("PLA") totalling an area of approximately 170 square kilometres. Details regarding the PL's can be found in Section 6.

Exploration and Mining in Tanzania is governed by the Republic of Tanzania's Mining Act (2010). As in most countries, all minerals resources are vested with the state and prospecting or mining operations are carried out under licences issued by the Ministry of Energy and Minerals. There is no obligatory state participation or any requirement for granting of local equity in any venture. Areas held under a Primary Mining Licence ("PML") are not available for application by non-Tanzanian nationals.

PL's are issued for an initial period of four years and may then be renewed twice. The first renewal is valid for three years while the second renewal is valid for a period of two years. At the end of the second renewal, a further renewal for a period of two years may be obtained to complete a feasibility study already underway. At least 50% of the area in the PL must be relinquished at each renewal. At the end of the period of the second renewal, the PL must be converted to a mining licence or relinquished back to the State, unless completing a feasibility study.

The maximum size of a prospecting licence for all minerals other than building materials or gemstones is 200 square kilometres. In addition, there is a prescribed minimum expenditure level per annum applicable to all PL's.

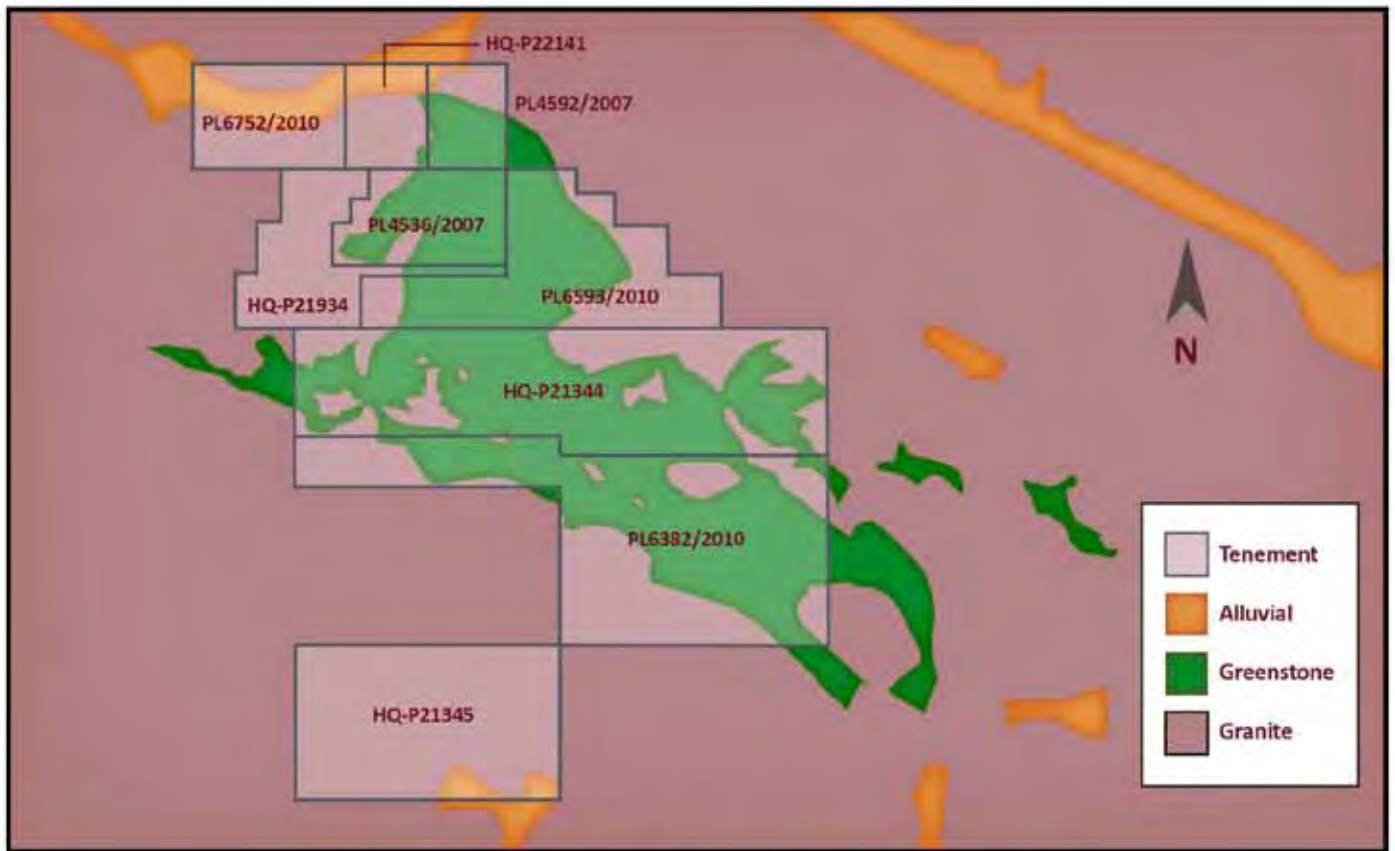
The major rainfall season in the area is from November to May with remaining months being generally dry. Average rainfall is 1000 - 1500mm per annum but in wetter years can reach up to 2500mm per annum. Average daytime temperatures range between 21 - 28°C with little seasonal variation.

The topography of the region is gently undulating with elevations ranging from 1120m above mean sea level ("amsl") in the Kigozi Mbuga area to the west, to 1334m amsl surrounding the Miyabi Hills to the south of the project area.

Soils show a range of colours and textures that are predominantly related to the underlying lithological units. Red, red-brown and orange-brown clays and silts are characteristic of soils overlying metasediments and volcanics of greenstones. Lighter coloured grey to grey-red sandy soils are typical of the granitic terrains while stony brown lithosoils overlie Banded Iron Formations ("BIF").



Figure 2 Miyabi Project Tenement Location Plan



Miyabi Tenements and Geology

3.3 Geology and Mineralisation

3.3.1 Regional Geology

The project area is located within the Lake Victoria Goldfields (“LVG”) situated upon the northern portion of the Tanzanian Craton. The LVG is comprised of low grade metamorphic greenstones of an Archaean age set within a granitic terrain. It is believed that the greenstones were formed between 3000Ma and 2850Ma.

Public domain geological maps of the LVG area are not readily available. The most widely recognised and accepted regional geological map of the LVG is the “Barth Map”. The Barth Map is presented in Figure 3. The “Barth Map” was compiled by Barth in 1990, utilising published and unpublished map data from the government geological survey, geophysical and Landsat interpretations by Geosurvey under contract to the government, and from various United Nation reports. Greenstones of the LVG were assigned by Barth to the Nyanzian System and comprised an assemblage of mafic and felsic volcanics, banded iron formations low grade metasediments.

Barth further divided the LVG in five distinct goldfields of which the Southwest Mwanza and the Nzega Goldfields are relevant to this report. The Southwest Mwanza Goldfield forms two concentric arcuate greenstone belts which are sporadically exposed.

The inner arc is made of the Rwamagaza, Bulanyhulu and Ushiirombo Greenstone Belts. It is predominantly metavolcanic and to a lesser extent metasedimentary in origin.

The outer arc comprises the Geita, Mabale and Siga Hills Greenstone Belts, which are predominantly comprised of felsic metavolcanics with minor metasediments and Banded Iron Formations (“BIF”). The BIF forms prominent, distinct ridges that rise out above the surrounding plains. The greenstones themselves form less undulating lower lying areas.

The Nzega Goldfield comprises a single east trending greenstone belt

The greenstone belts are set in syntectonic granites, granite gneisses and late kinematic granites with associated felsic intrusions. There is a general lack of detailed regional mapping and regional correlation of these greenstone belts.

Aeromagnetic data has revealed several suites of mafic dykes that have intruded the granitoids of the LVG. In the eastern LVG a suite trending east northeast dominates while in the western LVG, north northeast suite dominates. The regional structure of the LVG is poorly understood and correlation of structure between greenstone belts remains problematic.



Figure 3 Regional Geology of the Lake Victoria Goldfields as compiled by Barth

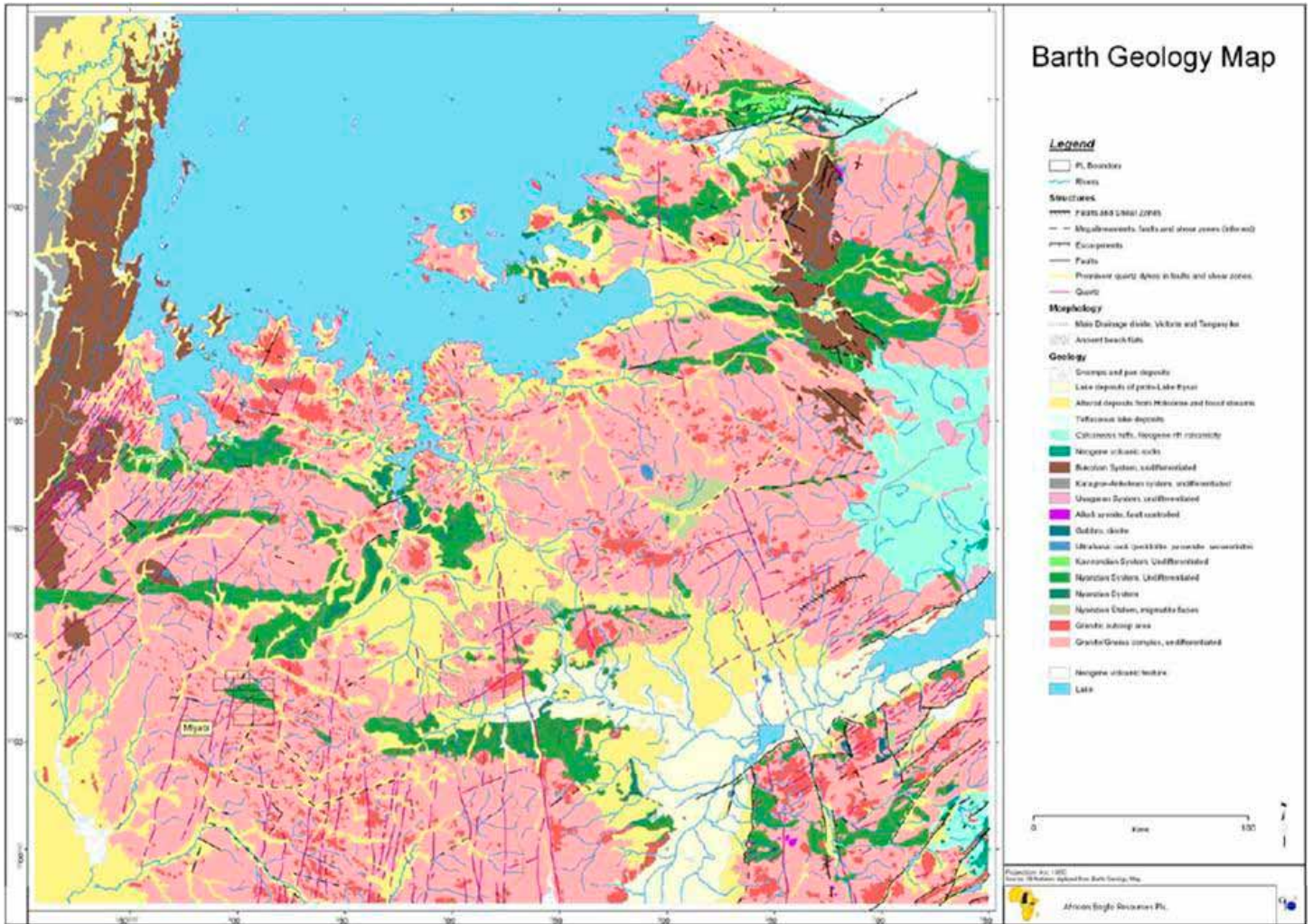
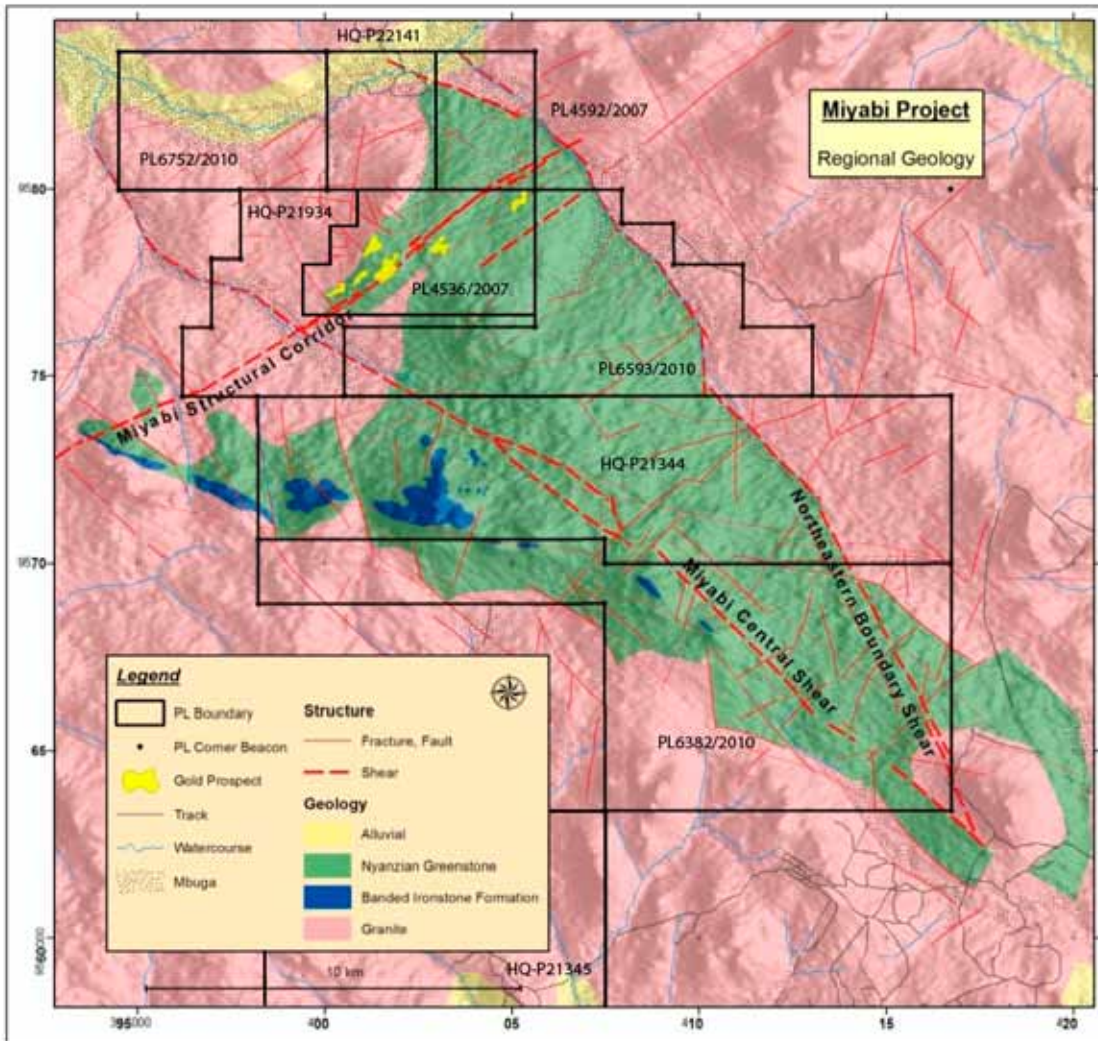


Figure 4 Regional Geology of the Miyabi Area





3.3.2 Local Geology

The Miyabi Project itself covers an area of approximately 250 square kilometres of greenstones surrounded by granitoids. It appears to lie along a hinge line of a fold closure between the Nzega Greenstone Belt to the east and the Siga Hills Greenstone Belt to the northeast

Lithological outcrops within the project area are limited and the understanding of the stratigraphy and structural controls to mineralisation is limited, but growing all the time. Drilling provides the best insight into the lithologies of the project area and when combined with other techniques such as geochemistry and ground and airborne geophysics, the results are enhanced.

The principal outcrops in the area comprise granites and BIF, with the BIF forming the Miyabi Hills along the south western margin of the Miyabi Greenstone.

Due to the sparse outcrop in the project area, geochemical techniques provide a broad base with which to classify lithologies beneath soil cover. Typically granites under soils are characterised by medium to coarse grained, leucocratic sandy soils with a high thorium and uranium radiometric signature. Although the BIF is the most predominant outcrop of the greenstone, where under cover they tend to show up easily when identified through a combination of aeromagnetic data and elevated iron and cadmium (+/- arsenic) values. This data shows the BIF to be continuous along the whole south western margin of the Miyabi Greenstone.

The remaining dominant lithology of the Miyabi Greenstone Belt is termed mafic and are commonly sheared or silicified and in such cases the mineralogical composition shows an increase in both sericite and biotite alteration. The degree of silicification can be highly variable in these mafic bodies and where there has been a flood of silica, the original composition has been obliterated and replaced with gritty quartz which weathers to a sandy kaolinitic saprolite. The silicification has a direct relationship with the depth of weathering. Where the silicification is intense, the depth of weathering and development of a lateritic profile is hindered. In areas of low or no silicification, the depth of weathering can reach 60 metres with a well-developed lateritic profile the result.

Carbonaceous shales and graphitic schists have been intersected to a limited extent at the Ngaya, Shimbani South and IPO70 prospects within the Miyabi Project area.

3.3.3 Structure

The structural interpretation is predominantly based upon interpretations made from geophysical methods such as airborne and ground magnetics, Induced Polarisation (“IP”) and remote sensing imagery. Initial Reverse Circulation (“RC”), Rotary Air Blast (“RAB”) and Aircore (“AC”) aided in local structural definition by defining principle zones of shearing but due to the non-orientation of the drill chips and their size, discerning subtle details were difficult.

During 2003, a regional structural interpretation was completed by African Eagle utilising Landsat and Aster images in conjunction with airborne magnetic data. This effort highlighted a number of regional structures with possibly the most significant being the identification of the Miyabi Central Shear and the Northeast Boundary Shear. The more significant regional gold values lie between these two structures, particularly in the northwest where the Miyabi Structural Corridor is located. African Eagle Resources have concluded that northeast trending structures are important in the localisation of gold and sulphide mineralisation and that on a regional scale, the intersection of these structures with northwest trending structures could play an important role in target generation for future work.

Diamond Drilling (“DD”) by Randgold Resources in 2007 consisted of 20 holes with measurement data including schistosity, foliation and measurements of strike and dip of shears and veins.

3.3.4 Mineralisation

According to African Eagle Resources (Miyabi Project, Tanzania Data Review, June 2009), all gold mineralisation discovered to date has a close spatial association with northeast trending faults in the Miyabi Structural Corridor and appear to be related to sinistral dilational jogs in the fault system. Coller (2003) has proposed that the mineralisation in general appears to have been remobilised during a late stage thrusting event. The thrusting event is inferred from the northeast and appears to have truncated the mineralised zones at depth, relocating them and giving rise to the observed breaks in the mineralisation as inferred on longitudinal sections.

Silicification and a general increase in sericite and biotite are associated with the development of mineralisation. In addition, the gold mineralisation is often associated with quartz veins and veinlets sub parallel to the main northeast trending structure. The margins of the quartz veins are often diffuse, giving rise to a broad penetration of silicification of the surrounding host rock.

Randgold proposed a second model after completing 4058 metres of diamond drilling during 2007. The model proposed was a two phase fold model with the first phase involving basin closure resulting in east trending, plunging inclined folds. This was followed by a phase of shortening associated with thrusting from the southeast.

The dominant sulphide mineralisation is a pyrite - pyrrhotite assemblage which is pervasive throughout. The sulphides vary from fine grained massive and euhedral assemblages to coarse grained anhedral 'blebs'. Locally, sulphides developed include chalcopyrite, arsenopyrite and sphalerite. These sulphides were observed in the diamond drilling core during the site visit to Miyabi.

3.4 Historical Mining

No main stream historical mining has taken place in the Miyabi project area. Artisanal miners have however been active in the area. Numerous pits of varying depth are scattered across the Miyabi project area. Deeper pits and workings provide clear evidence for the presence of gold mineralisation within the area and these workings are arranged along a definitive trending axis presumed to be on one of the shear zones.

The extensive lateritic profile is clearly evident in the workings with the majority of exposures being either a laterite or saprolite. Material being loaded at one pit or shaft was fresh sulphidic material.

The activities of the artisanal miners ebb and flow with numbers reported to have reached 2000 in the past. It is estimated that 50 to 100 artisanal miners were active at the site at the time of the site visit.

3.5 Exploration History (prior to 2007)

Soil Geochemical Sampling Methods

The gold bearing system in the Miyabi Project area was first discovered in 1999 by a regional soil geochemical sampling program conducted by Twigg Gold with samples spaced 50 metres apart along traverses 1 kilometre apart. A subsequent infill soil geochemical sampling program delineated the 7 kilometre x 2 kilometre area of anomalous gold in soil values now known as the Miyabi Structural Corridor ('MSC'). Prospective areas in the MSC were sampled on 100m x 100m with more prospective areas closed down to 50m x 50m grid. In addition to the local soil sampling program, a ground magnetic survey with traverses set 200m apart was conducted over the MSC during 2001 by Twigg Gold.

Surface geological mapping was conducted during the period 2002 to 2003 at a 1:50 000 scale over the central and southern portions of the MSC covering approximately 14 square kilometres. Due to the scarcity of surface outcrop, limited rock chip sampling has been undertaken. An extensive sampling program was conducted in 2000 in the pits of the artisanal miners. Channel samples were taken across the perceived strike of the mineralisation at the base of the regolith. Additional grab samples were taken. A total of 402 samples were collected.



Twigg acquired additional tenements to the south of the MSC during 2003 and a regional approach to these areas was undertaken with samples collected on a 400m x 400m staggered grid. Follow up infill soil sampling was undertaken on a 100m x 200m grid on the Ekta Prospecting Licence and by a 100m x 100m grid over the Makili, Idahina and Idahina East Prospecting Licences.

Soil samples of approximately two kilograms were collected from the base of a thirty centimetre deep pit with a pick and shovel. Samples were initially submitted directly to laboratories for preparation and analysis. Since May 2003 however, soil samples have been prepared at Twigg's own facility on site at the Mwabomba field camp. Final samples of 120 grams of -180um material are then submitted to the laboratories.

Prior to October 2002, Quality Control was limited to random duplicate samples. Post October 2002, all sample batches dispatched for analysis have included three standards, three duplicates and three blanks per 100 samples. Standard sample material has been supplied by Geostats of Australia.

Geophysical Methods

Extensive use has been made of geophysical techniques in generating drill targets for testing. During the period 2003 to 2005, gradient array, dipole - dipole and pole-dipole array Induced Polarisation ("IP") surveys were completed over the MSC. With the acquisition of the southern PL's, the entire project area was flown for magnetic, gamma-ray spectrometric and digital elevation data totalling approximately 4,600 line kilometres. A fixed wing airborne magnetic, spectrometric and electro-magnetic survey of the geological quadrants 62 and 63 flown by the geological survey of Finland in 2003 completely covered the Miyabi PL areas. The data was purchased by Twigg when made available in December 2004.

A total of seventeen 1 square kilometre gradient array tiles were surveyed by means of a gradient array and dipole - dipole survey by Search Exploration Services (Pty) Ltd in the latter half of 2003 on a 100 metres line and 50 metre station spacing. In addition, five dipole - dipole array lines IP lines spaced 500 metres apart were conducted over the main prospects to the south of the MSC.

During 2005, Geophysics GPR (PVT) Ltd of Zimbabwe completed an additional 3.5 kilometre² of gradient array IP along the southern margin of the corridor and 21 pole-dipole lines totalling 56.2 line kilometres orientated in a northwest - southeast direction.

Magnetic susceptibility readings on bags and trays of all RC drill holes and diamond drill holes undertaken by African Eagle were taken and recorded on the drill hole logs.

Remote Sensing Methods

Data was obtained from Landsat imagery for the Miyabi area and enhanced images in the ER-Mapper format were generated by Geological Consultants (Ireland) Limited. Digital elevation data was obtained from publically released information from the Shuttle Radar Topographic Mission. The native resolution is approximately 30 metres but the public domain data has a resolution of approximately 100 metres at the Miyabi locality.

Drilling Methods

Areas with anomalous gold in soil values such as Kilimani, Shambani, Ngaya and Shule were initially drilled tested by Reverse Circulation ("RC") methods. Subsequent to the RC drilling campaign, Rotary Air Blast ("RAB") and Aircore ("AC") methods were utilised for more regional exploration and to test outlying prospects such as Ndagalu and Idahina.

Diamond drilling was conducted at Kilimani, Shambani and Ngaya to provide information on possible structural controls on mineralisation. At Faida, diamond drilling was the dominant drilling type as ground conditions made RC drilling largely ineffective.

Joint Venture Agreements

A Joint Venture ("JV") agreement was entered into between Twigg Minerals Limited (now a wholly owned subsidiary of African Eagle Resources Plc) and Orogen Holdings (BVI) Ltd, a wholly owned subsidiary of Gold Fields of South Africa during March 2002. Gold Fields subscribed for Twigg shares to the value of £500,000 with 80% of the proceeds to be spent on the Miyabi project. Orogen could earn 51% in the project by spending £1,500,000 on exploration and a

further 19% on completion of a Bankable Feasibility Study ("BFS"). With the acquisition of the southern PL's, Orogen subscribed for a further £320,000 of shares and warrants and the agreement of the JV modified to include these PL's in June 2003. The terms were modified further to allow Orogen to earn 51% in the project by spending £2,000,000 on exploration and a further 19% on completion of a BFS.

Gold Fields terminated the JV agreement in February 2004 before earning any interest in the project. Gold Fields cited the focussing of their resources on a more advanced project in Sardinia. Gold Fields maintained their shareholding for a further year.

Ravensgate understands that there are three local partner agreements between Twigg and Tanzanian companies and that Twigg does not appear to have legal tenure over two licences, specifically PL 4536/2007 and PL 6382/2010.

3.6 Current Exploration 2007 - 2011

An Option and Farm In agreement was signed between African Eagle Resources and Randgold Resources in May 2007. Randgold was to fund and carry out an agreed upon exploration program for a period of one year. After this period, Randgold would have the right to earn a 50% interest in the project by funding and completion of a Pre-Feasibility Study ("PFS"). African Eagle could retain a 49% stake in the project by co-funding a BFS or dilute down to a 35% stake if the BFS was to be fully funded by Randgold. In June 2008, before completing the agreed upon exploration program, Randgold gave notice of termination to the JV citing renewed focus in West Africa.

Under the JV agreement, during the period June - September 2007, Randgold completed 4,058 metres of diamond drilling consisting of twenty drill holes across the MSC in order to gain a better understanding of the broad alteration and structural system of the MSC.

During the period 2006 to 2008, a detailed high resolution ground magnetic survey was undertaken over the MSC area. A total of 2,171 line kilometres were completed in a north - south orientation with line spacing of 10 metres apart. In addition ground magnetic surveys were conducted over gold anomalies from the soil sampling programs at Makili, Idahina and Idahina East, all to the south of the MSC.

BrightStar Resources commenced a 10,000 metre RAB and Aircore drilling program on the 6th of June 2011 to probe the northwestern extent of the shear zone on the granite - greenstone contact which hosts the Faida and Shule mineral resources and the IPO70 prospect. The drilling program consisted of shallow (typically <30m deep) RAB drillholes at 30m spacings along 200m fence lines.

"The RAB drilling has outlined multiple mineralised shear zones at the granite contact and in splay off the contact. The strike length of the mineralised shear zones is over 3km and remains strongly open and untested to the east for a further 3km. Further results are awaited from additional drilling to the west", (ASX Release, 18 October 2011).

As a result of the recent RAB drilling program, BrightStar commenced a 3,000 metre RC drilling program on the 18th of October 2011 designed to follow up anomalous Au intersections. Full results of the RC drilling campaign are still outstanding at the date of this report.

3.7 Project Potential and Mineral Resource Estimate

Note: Competent Person statements for the Mineral Resource estimates are listed in Section 2.5.

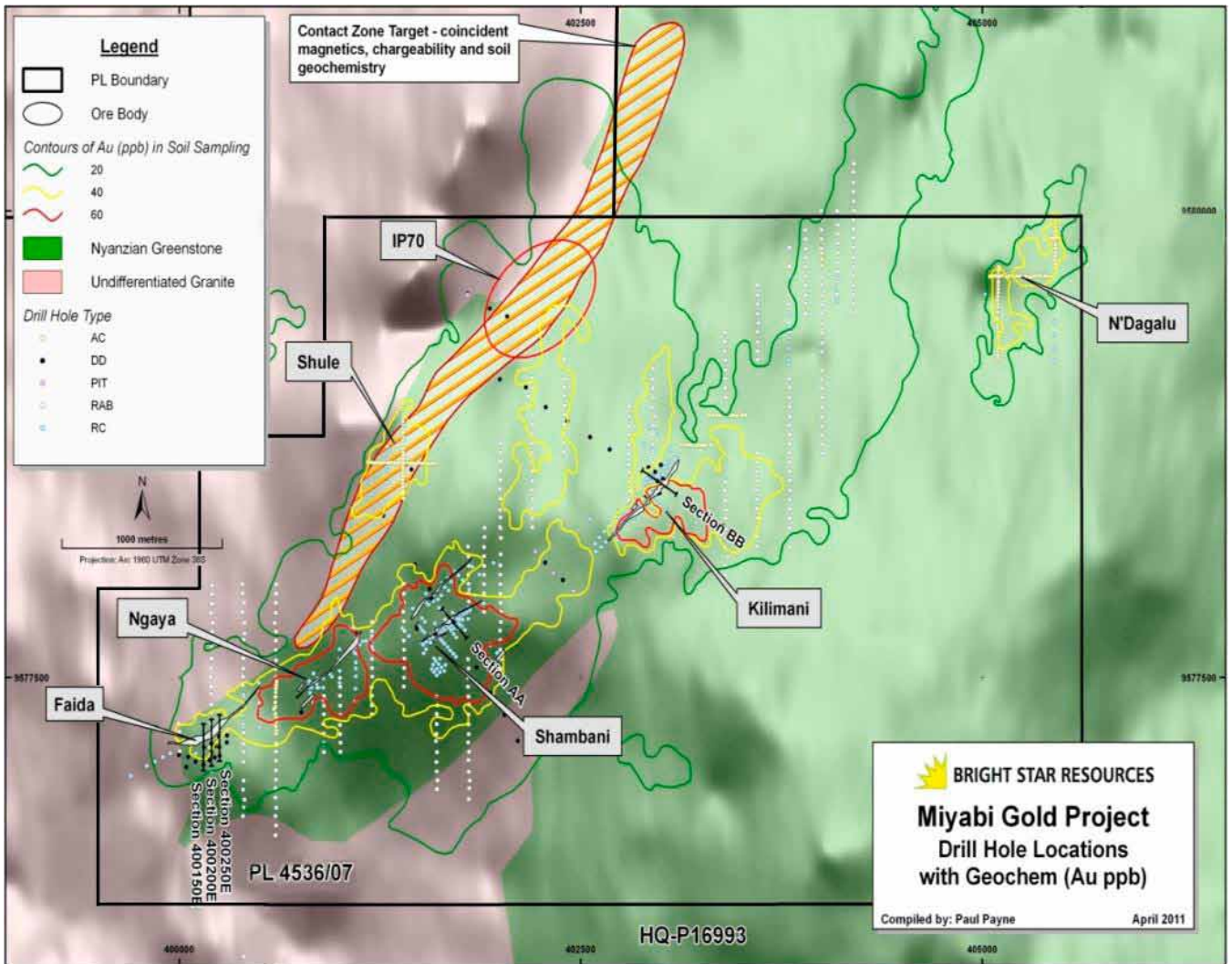
3.7.1 Miyabi Resource Estimates

The current Mineral Resource Estimate was compiled by SRK Consulting (UK) Limited ("SRK") dated March 2006. This was an update of a prior Mineral Resource Estimate conducted by SRK in May 2005. All Mineral Resources have been estimated in accordance with the JORC Code 2004.

The current Mineral Resource Estimate for the Miyabi project includes the Kilimani, Faida, Ngaya, North and the Shambani Main, North and South zones. These mineral resources are discussed further in Sections 3.7.1.1 to 3.7.1.7. The remaining PL's are discussed in Section 3.7.1.8. The general locality of these gold projects is indicated in Figure 5.



Figure 5 General locality of the Mineral Resources of the Miyabi Project



3.7.1.1 Kilimani

In 2006, an updated Indicated and Inferred Mineral Resource Estimate for the Kilimani deposit was completed by SRK and has been reported in accordance with the JORC Code 2004.

<i>Table 6 Kilimani Mineral Resource Estimates</i>					
Classification		Cut-off Au (g/t)	Tonnes (Mt)	Grade (Au g/t)	Contained Au (Koz)
Oxide Zone	Indicated	0.5	0.77	1.34	33.17
	Inferred	0.5	0.07	0.95	2.14
Transitional Zone	Indicated	0.5	0.31	1.43	14.25
	Inferred	0.5	0.01	0.84	0.27
Sulphide Zone	Indicated	0.5	1.54	1.43	70.8
	Inferred	0.5	0.21	1.8	12.15
Total	Indicated	0.5	2.62	1.4	118.22
	Inferred	0.5	0.29	1.56	14.56

Notes: Differences may occur due to rounding errors

The Kilimani mineral resource is divided into an oxidised zone, a transitional zone and a fresh sulphide zone. The gold mineralisation at Kilimani is largely confined to a partially silicified quartz chlorite lithology. This is bounded by hangingwall and footwall shears comprised of a quartz chlorite schist (Figure 6). The shears appear to change dip orientation along strike as in the northeast, the shears dip steeply to the southeast while in the central and southern portions, the dips are orientated steeply to the northwest.

RC and diamond drilling has delineated a mineralised zone trending northeast over a strike length of approximately 720 metres. The mineralisation remains open to the southwest. Drilling undertaken to the northeast revealed declining grades. A single hole, MBAC90, drilled approximately 250 metres to the north of the limit of the interpreted mineralised envelope returned values of 10.30 g/t Au over a 3 metre width. It is interpreted to have intersected the main structure that hosts the mineralisation at Kilimani. An extensive weathering profile, up to 60 metres deep, has been revealed from drilling at Kilimani.

Drill hole localities, selected drillhole results and ore shell delineations are overlain on a background of the ground magnetic survey in Figure 7.

See Section 3.7.1.9 for a description of geostatistical techniques used in the mineral resource estimation.



Figure 6 Kilimani Section 7 - Geological Interpretation

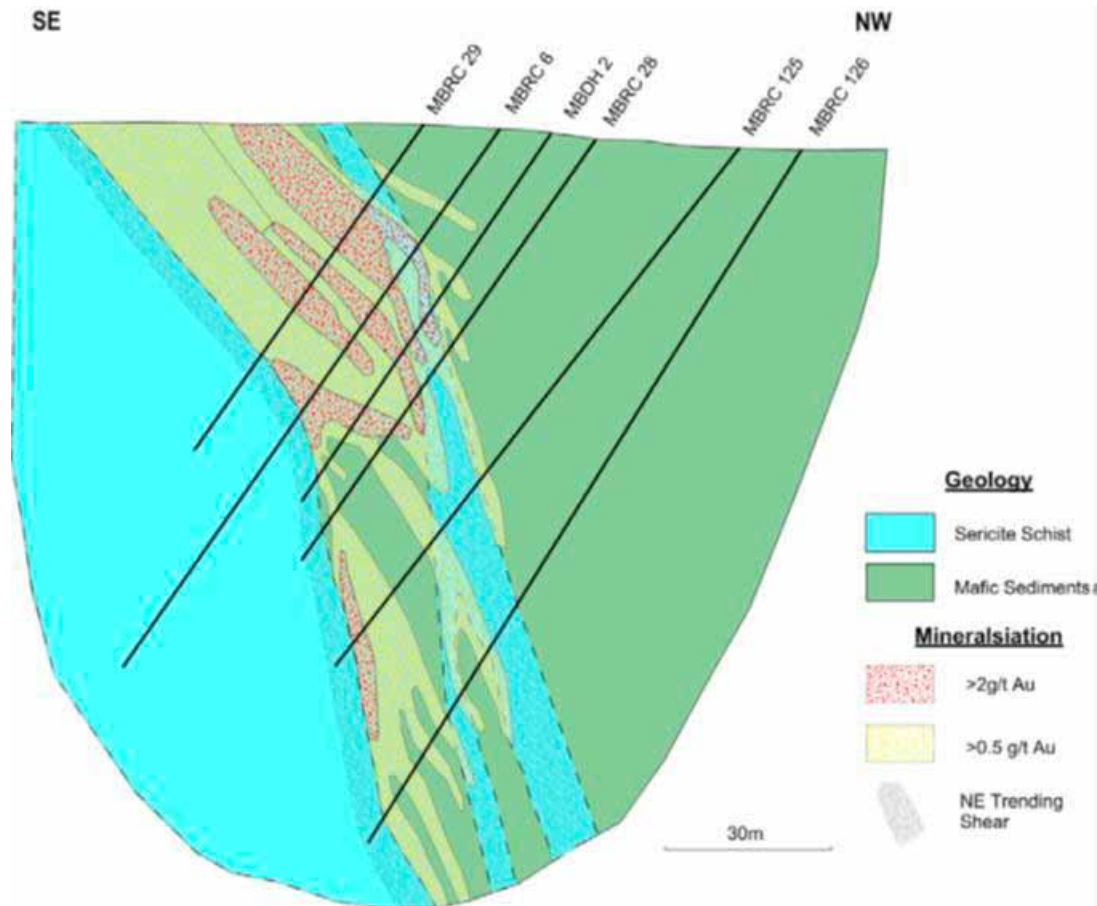
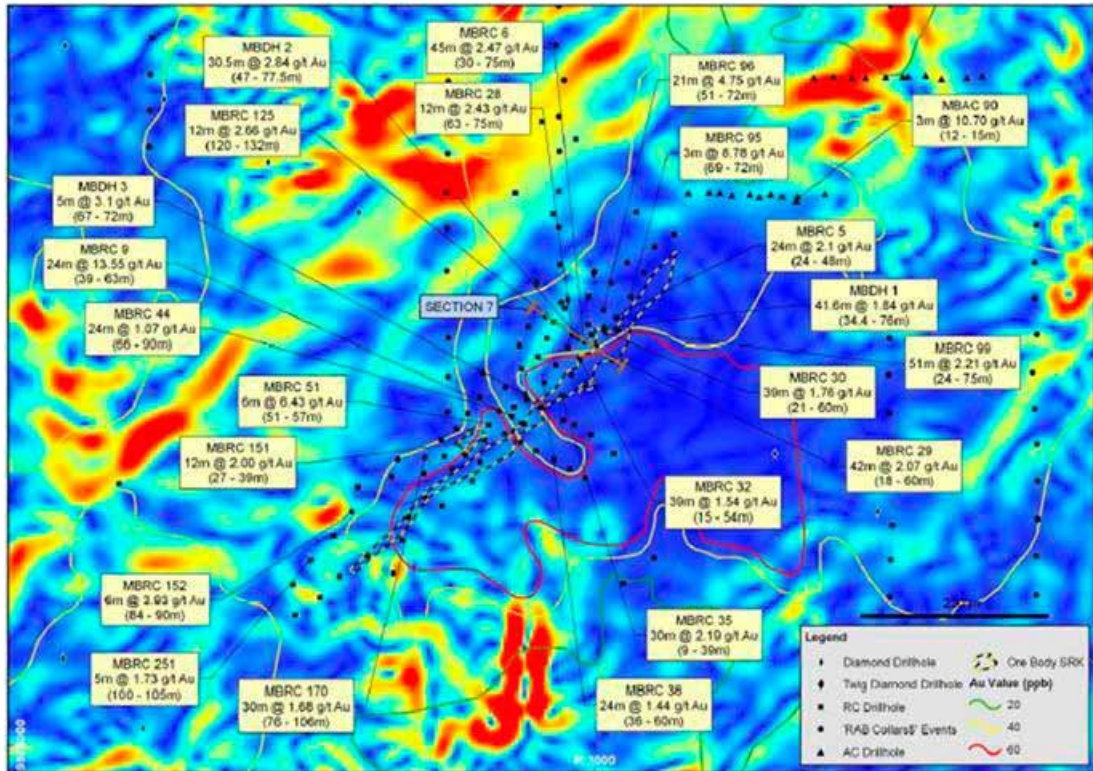


Figure 7 Kilimani Prospect, Drill Hole Localities and Selected Intersections with Current Ore Shell Delineation and Section 7 Location. Background of Detailed Ground Magnetics



3.7.1.2 Shambani Main

In 2006, an updated Indicated and Inferred Mineral Resource Estimate for the Shambani Main deposit was completed by SRK and has been reported in accordance with the JORC Code 2004.

Table 7 Shambani Main Mineral Resource Estimates

Classification		Cut-off Au (g/t)	Tonnes (Mt)	Grade (Au g/t)	Contained Au (Koz)
Oxide Zone	Indicated	0.5	0.08	1.24	3.19
	Inferred	0.5	0.02	1.34	0.86
Transitional Zone	Indicated	0.5	0.16	1.52	7.82
	Inferred	0.5	0.04	1.03	1.32
Sulphide Zone	Indicated	0.5	0.46	2.17	32.09
	Inferred	0.5	0.13	1.02	4.26
Total	Indicated	0.5	0.70	1.92	43.10
	Inferred	0.5	0.19	1.05	6.44

Notes: Differences may occur due to rounding errors

The Shambani Main project is characterised by pervasive mineralisation of massive pyrite - pyrrhotite sulphides. Four drill holes from the Shambani Main project were examined during the site visit, diamond drill holes MBDH5 and MBDH6, and RC drill holes MBRC13 and MBRC83. Figure 8 and Figure 9 show these holes in relation to one another in section. The original logs and assays were compared against the actual core and found to match



the descriptions. It was evident that low concentrations of arsenopyrite and possibly sphalerite were present in the areas of higher grades.

The gold mineralisation and sulphide bodies dip steeply to the southeast and have been delineated over a strike length of approximately 430 metres. Deeper drilling, as evidenced in Figure 9, failed to intersect the continuation of the upper mineralised zone. It is interpreted, however, to be cut off by a thrust which transected and displaced the mineralised zone.

Figure 8 Shambani Main Section 4 - Geological Interpretation

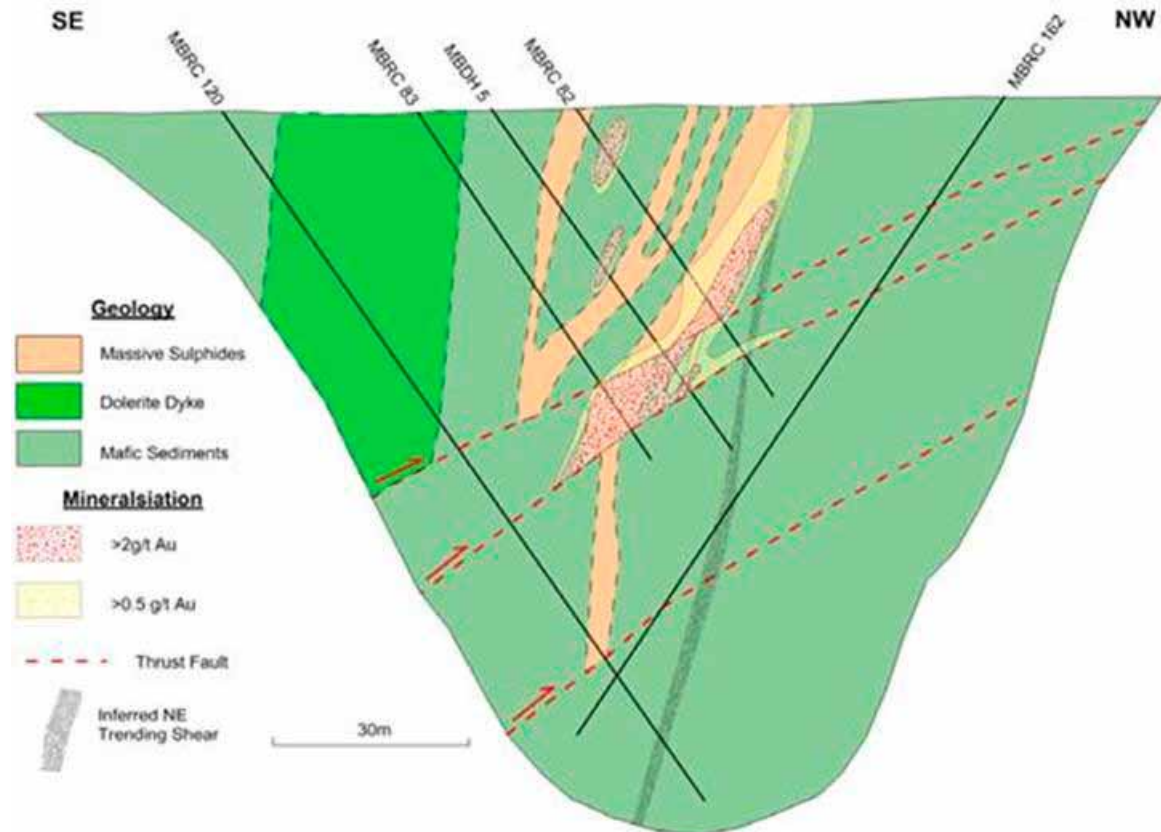
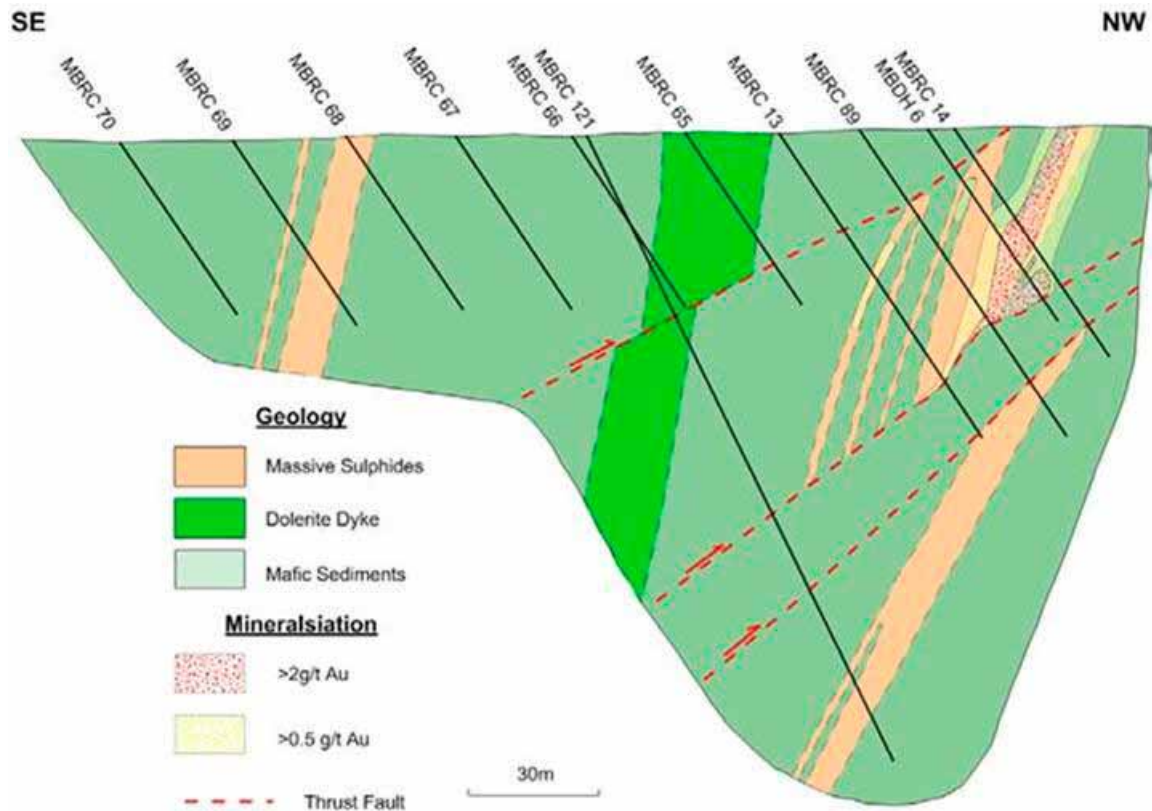


Figure 9 Shambani Main Section 10 - Geological Interpretation



Drill hole localities, selected drill hole results and ore shell delineations are overlain on a background of the ground magnetic survey in Figure 11.

See Section 3.7.1.9 for a description of geostatistical techniques used in the mineral resource estimation.

3.7.1.3 Shambani North

In 2006, an updated Indicated and Inferred Mineral Resource Estimate for the Shambani North deposit was completed by SRK and has been reported in accordance with the JORC Code 2004.

Table 8 Shambani North Mineral Resource Estimates

Classification		Cut-off Au (g/t)	Tonnes (Mt)	Grade (Au g/t)	Contained Au (Koz)
Oxide Zone	Indicated	0.5	0.04	0.74	0.95
	Inferred	0.5	0.01	1.87	0.60
Transitional Zone	Indicated	0.5	0.18	1.20	6.94
	Inferred	0.5	0.12	1.09	4.21
Sulphide Zone	Indicated	0.5	0.67	1.09	23.48
	Inferred	0.5	0.23	1.01	7.47
Total	Indicated	0.5	0.89	1.10	31.37
	Inferred	0.5	0.36	1.06	12.28

Notes: Differences may occur due to rounding errors



The gold mineralisation at Shambani North is sporadic in grade and distribution. Similar to Shambani Main, the gold mineralisation appears to be associated with the pyrite - pyrrhotite mineralisation. The sulphide bodies can be traced over a strike length of 600 metres. The gold mineralisation however is confined to the south western end of the prospect. Similar to Shambani Main, deeper holes returned mixed results although MBRC 80 returned values of 4.88g/t Au over 12 metres at a depth of 88 to 100 metres. This is thought to be similar to Shambani Main where thrusting has truncated and possibly displaced the mineralised zones (Figure 10).

Figure 10 Shambani Main, North and South Prospects, Drill holes and Selected Intersections with Current Ore Shell Delineation and Location of Shambani Sections 4, 10 and 23. Background is Detailed Ground Magnetics

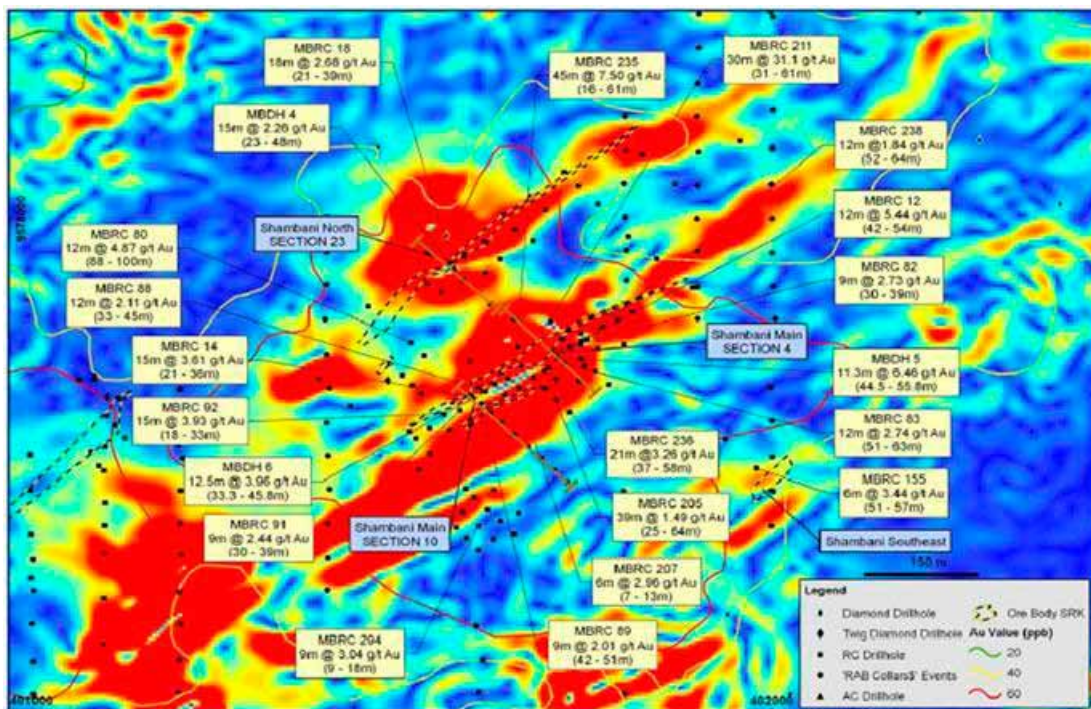
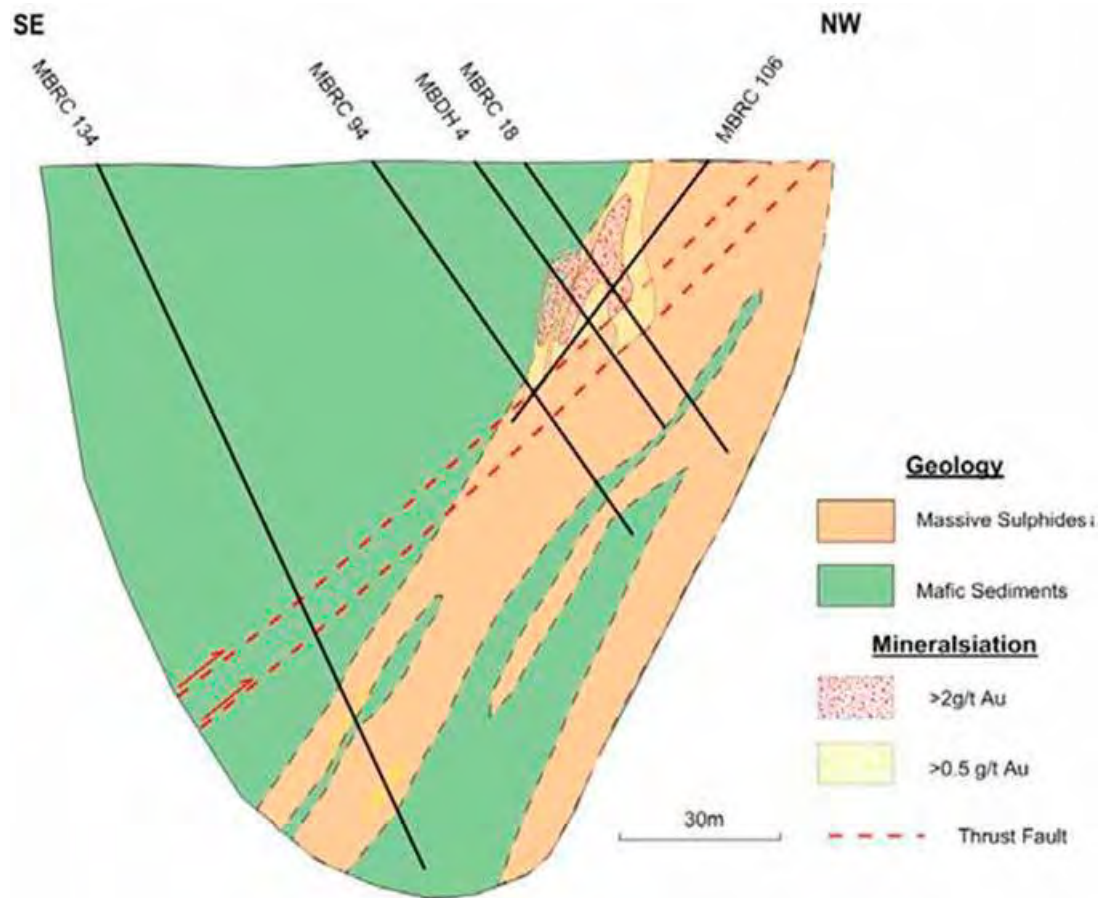


Figure 11 Shambani North Section 23 - Geological Interpretation



SRK suggests that the shallower southeast dip of the Shambani North massive sulphide relative to the steeper southeastern dip of the Shambani Main sulphide suggest that these may be the same units on opposing sides of an overturned synform with a northeasterly plunge.

Drill hole localities, selected drill hole results and ore shell delineations are overlain on a background of the ground magnetic survey in Figure 11.

See Section 3.7.1.9 for a description of geostatistical techniques used in the mineral resource estimation.

3.7.1.4 Shambani South

In 2006, an updated Indicated and Inferred Mineral Resource Estimate for the Shambani South deposit was completed by SRK and has been reported in accordance with the JORC Code 2004.



Classification		Cut-off Au (g/t)	Tonnes (Mt)	Grade (Au g/t)	Contained Au (Koz)
Oxide Zone	Indicated	0.5	-	-	-
	Inferred	0.5	0.29	1.30	12.12
Transitional Zone	Indicated	0.5	-	-	-
	Inferred	0.5	-	-	-
Sulphide Zone	Indicated	0.5	-	-	-
	Inferred	0.5	-	-	-
Total	Indicated	0.5	-	-	-
	Inferred	0.5	0.29	1.30	12.12

Notes: Differences may occur due to rounding errors

The regional RAB drilling program returned a narrow intersection of 3 metres @ 2.99g/t from drill hole MBRB292. The area is geologically similar to the Kilimani prospect as mineralisation is associated with a partially silicified mafic unit located between a hangingwall and footwall of sheared quartz chlorite sericite schists.

RC Drilling returned a narrow intersection of 6 metres @ 3.49g/t Au from drill hole MBRC155 and confirmed the presence of the siliceous mafic units and the strongly sheared quartz chlorite sericite lithologies. SRK defined a small inferred mineral resource in 2006.

Drill hole localities, selected drill hole results and ore shell delineations are overlain on a background of the ground magnetic survey in Figure 11.

See Section 3.7.1.9 for a description of geostatistical techniques used in the mineral resource estimation.

3.7.1.5 Ngaya

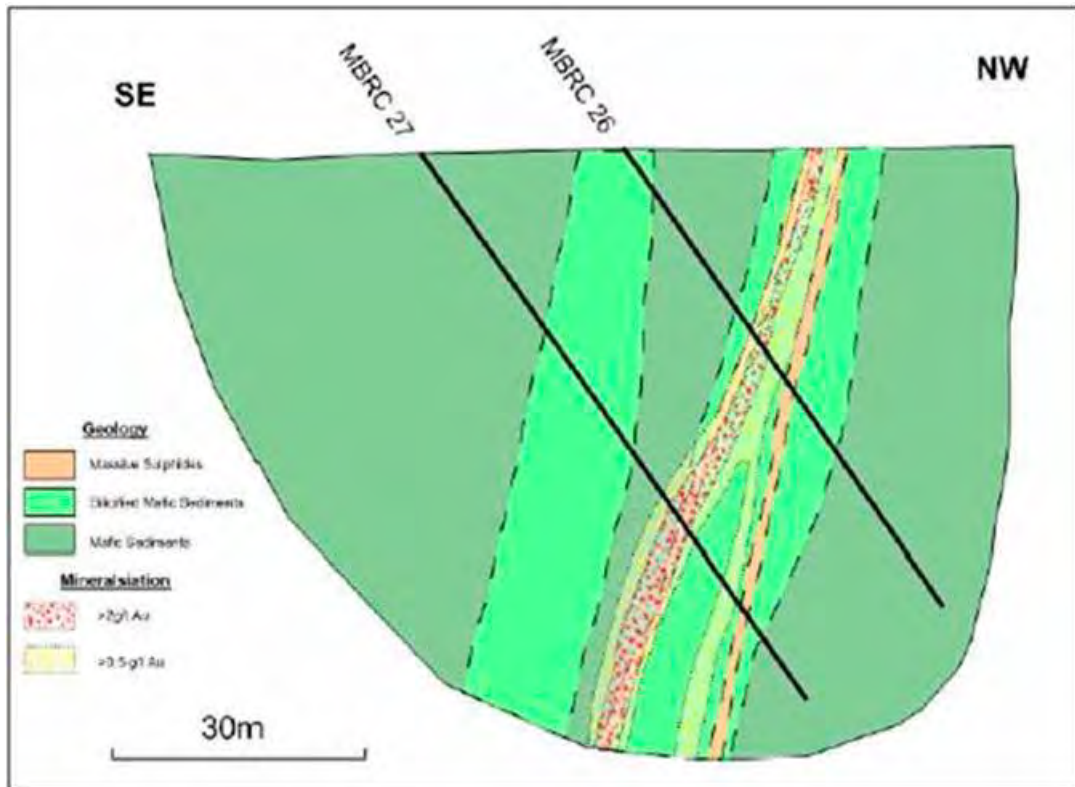
In 2006, an updated Indicated and Inferred Mineral Resource Estimate for the Ngaya deposit was completed by SRK and has been reported in accordance with the JORC Code 2004.

Classification		Cut-off Au (g/t)	Tonnes (Mt)	Grade (Au g/t)	Contained Au (Koz)
Oxide Zone	Indicated	0.5	0.02	0.99	0.64
	Inferred	0.5	0.25	1.00	8.04
Transitional Zone	Indicated	0.5	0.03	1.12	1.08
	Inferred	0.5	0.27	1.01	8.77
Sulphide Zone	Indicated	0.5	0.18	0.99	5.73
	Inferred	0.5	0.94	1.09	32.94
Total	Indicated	0.5	0.23	1.01	7.45
	Inferred	0.5	1.46	1.06	49.75

Notes: Differences may occur due to rounding errors

The Ngaya prospect was discovered by geochemical soil sampling. The mineralisation trends northeast over a distance of some 450 metres and remains open at both ends, Figure 12.

Figure 12 Ngaya Section 4 - Geological Interpretation



The southwest and central portions of the prospect are comprised of predominantly moderately foliated metavolcanics which give way to more fissile and argillaceous lithologies in the northeast. The top of the RC drill hole MBRC22 intersected carbonaceous shales.

RC Drilling conditions at Ngaya were problematic, specifically in the central and south western portions, due to significant ground water being intersected and a number of RC drill holes had to be abandoned before reaching their target depths. The gold mineralisation appears to be associated with the more intensely sheared and silicified units.

Drill hole localities, selected drill hole results and ore shell delineations are overlain on a background of the ground magnetic survey in Figure 13.

See Section 3.7.1.9 for a description of geostatistical techniques used in the mineral resource estimation.

3.7.1.6 Faida

In 2006, an updated Indicated and Inferred Mineral Resource Estimate for the Faida deposit was completed by SRK and has been reported in accordance with the JORC Code 2004.



Classification		Cut-off Au (g/t)	Tonnes (Mt)	Grade (Au g/t)	Contained Au (Koz)
Oxide Zone	Indicated	0.5	0.22	1.18	8.35
	Inferred	0.5	0.05	0.87	1.40
Transitional Zone	Indicated	0.5	0.15	1.21	5.84
	Inferred	0.5	0.04	0.76	0.98
Sulphide Zone	Indicated	0.5	3.09	1.55	153.99
	Inferred	0.5	0.88	0.89	25.18
Total	Indicated	0.5	3.46	1.51	168.18
	Inferred	0.5	0.97	0.88	27.56

Notes: Differences may occur due to rounding errors

Faida is located at the south westerly end of the MSC. It was initially drilled with a shallow RAB drilling program which returned a narrow intersection of two metres @ 1.47 g/t Au (MBRB71). This was followed up by deeper air core and a set of three RC drill holes. These drill holes targeted the contact of the Shule Granite and the greenstones. Drilling was severely hampered by poor ground conditions, ground water and equipment failure and none of the holes reached their target depths.

The three RC drill holes intersected zones of strongly sheared silicified mafic lithologies with abundant occurrences of pyrite and pyrrhotite. Drill holes MBRC156 and MBRC157 intersected 39 metres @1.52 g/t Au and 39 metres @ 1.34 g/t Au respectively. A follow up diamond drill program was initiated which delineated a mineralised zone striking northeast to southwest over a strike length of 600 metres. Drill hole MBDH26 returned a width of 66.5 metres grading 2.44 g/t Au.

As with the neighbouring prospects, the mineralisation appears to be confined to a northeast trending shear zone which hosts a pervasive pyrite - pyrrhotite mineral assemblage. The Shule Granite marks the footwall of the deposit while the hanging wall is a mafic volcanosedimentary lithology, Figure 14.

The centre of the mineralised zone is marked by a steeply easterly plunging ore shoot. At the south western end of the prospect, the mineralisation is displaced by a late stage north westerly trending dextral fault.

Drill hole localities, selected drill hole results and ore shell delineations are overlain on a background of the ground magnetic survey in Figure 15.

Figure 13 Ngaya Prospect - Drill Holes with Selected Intersections and Current Ore Shell Delineation with Ngaya Section 4 Locality. Background is Detailed Ground Magnetics

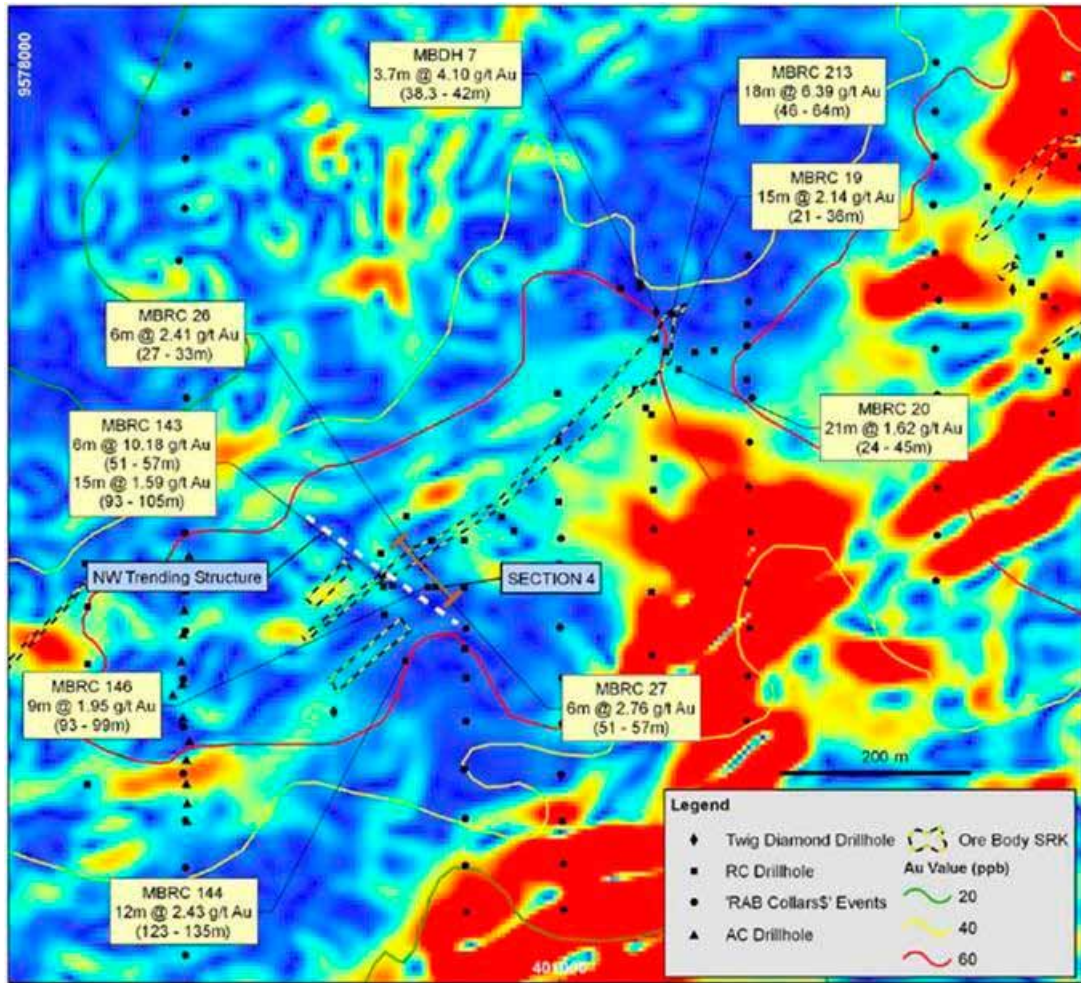
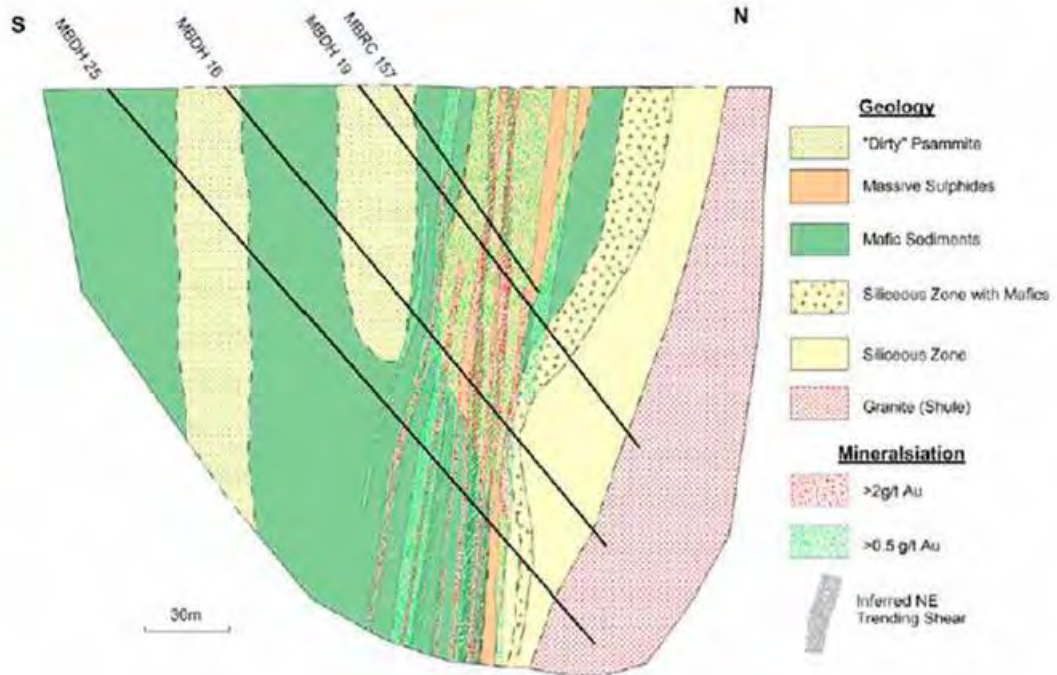




Figure 14 Faida Prospect Section 6 - Geological Interpretation



See Section 3.7.1.9 for a description of geostatistical techniques used in the mineral resource estimation.

3.7.1.7 Shule

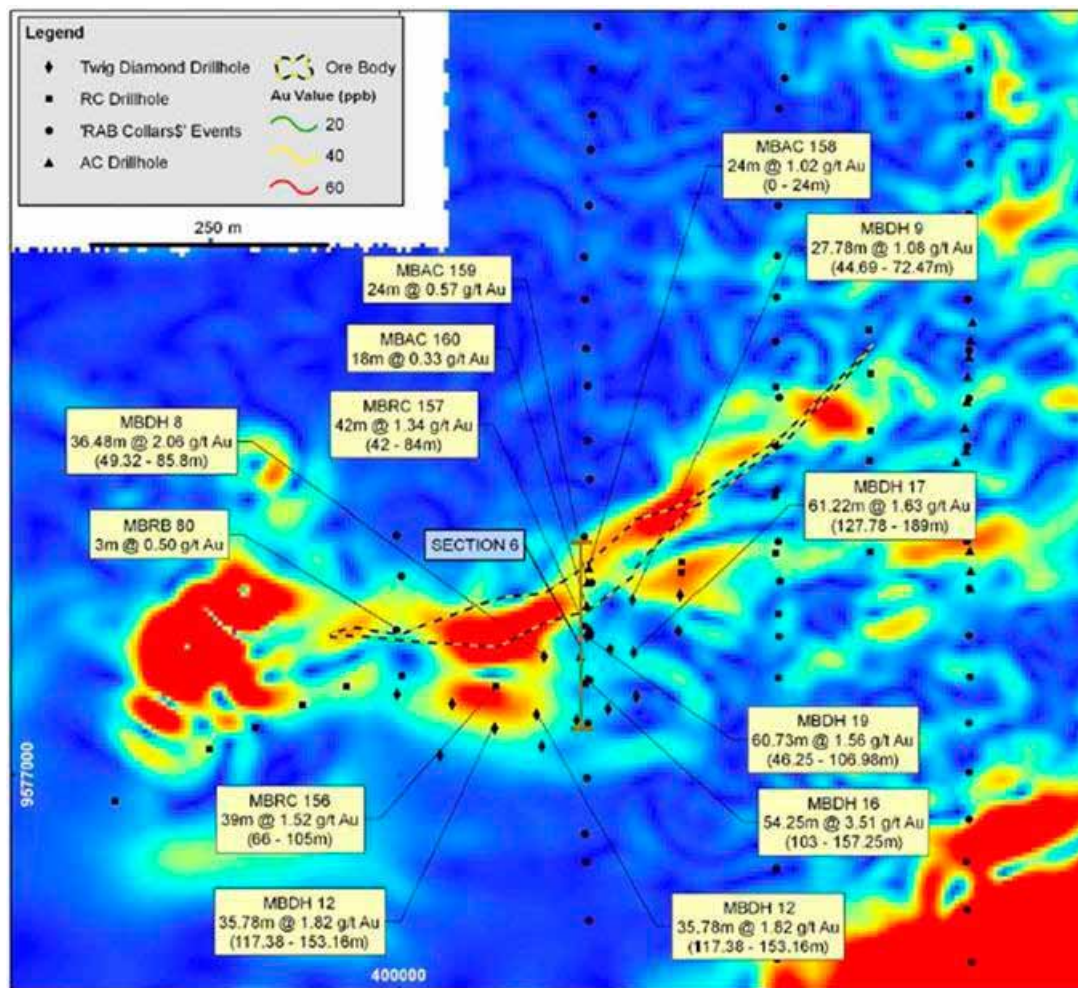
In 2006, an updated Indicated and Inferred Mineral Resource Estimate for the Shule deposit was completed by SRK and has been reported in accordance with the JORC Code 2004. The Shule deposit was referred to as the 'North Zone' in the 2006 report by SRK.

Classification		Cut-off Au (g/t)	Tonnes (Mt)	Grade (Au g/t)	Contained Au (Koz)
Oxide Zone	Indicated	0.5	-	-	-
	Inferred	0.5	0.96	0.80	24.69
Transitional Zone	Indicated	0.5	-	-	-
	Inferred	0.5	-	-	-
Sulphide Zone	Indicated	0.5	-	-	-
	Inferred	0.5	-	-	-
Total	Indicated	0.5	-	-	-
	Inferred	0.5	0.96	0.80	24.69

Notes: Differences may occur due to rounding errors

The Shule gold in soil anomaly has a strike length of approximately 850 metres and trends north-northeast parallel to the contact between the Shule Granite and the Greenstones. Elevated values of lead, nickel, chromium and arsenic were encountered in the soil sampling program.

Figure 15 Faida Prospect - Drill Hole Localities with Selected Intersections with Current Ore Shell Delineation and Faida Section 6 Location, Background of detailed Ground Magnetics



Drilling at Shule was initially undertaken with a small AC drilling program and results were generally disappointing, probably due to penetration depths averaging only 19 metres per hole. Indications of mineralisation and prospective lithologies however were encountered in drill holes MBAC102, MBAC103, MBAC104, MBAC124, MBAC110 and MBAC111. The latter two drill holes returned values 0.32g/t Au and 0.26g/t Au at the bottom of the holes from a strongly siliceous zone.

Towards the latter half of 2004, an IP gradient array survey conducted over the MSC revealed a significant conductive body at Shule that warranted further drilling work. In 2005, 10 RC holes were drilled on three, 100 metre spaced fence lines across the main IP anomaly and coincident geochemical anomaly. Results were generally but drill hole MBRC218 intersected 6 metres @3.27g/t Au indicating potential exists in the area.

The principle lithology of the Shule prospect is a green banded metapelite with varying percentages of disseminated sulphides including arsenopyrite.

Drill hole localities, selected drill hole results and ore shell delineations are overlain on a background of the ground magnetic survey in Figure 16.

See Section 3.7.1.9 for a description of geostatistical techniques used in the mineral resource estimation.



3.7.1.8 Remaining areas and prospects with no mineral resource to date

A further four prospective areas have been investigated to varying degrees. None of these have a mineral resource declared but are all considered prospective for gold mineralisation similar to the previous prospects.

These areas include the Shilago, Shule East, Ndagalu and IPO70.

Shilago

Shilago was identified through a soil geochemical sampling program with follow up RAB drilling and is located approximately one kilometre to the northeast of the Kilimani Prospect. Drillhole MBRB170 returned values 3m @ 6.94g/t Au. The soil geochemical values were low but it is suggested that these depressed values may be as the result of a geochemically depleted saprolite on surface. The RAB drilling program highlighted a narrow northeast southwest trending zone of 500 metre strike length that requires follow up with deeper RC drilling.

Shule East

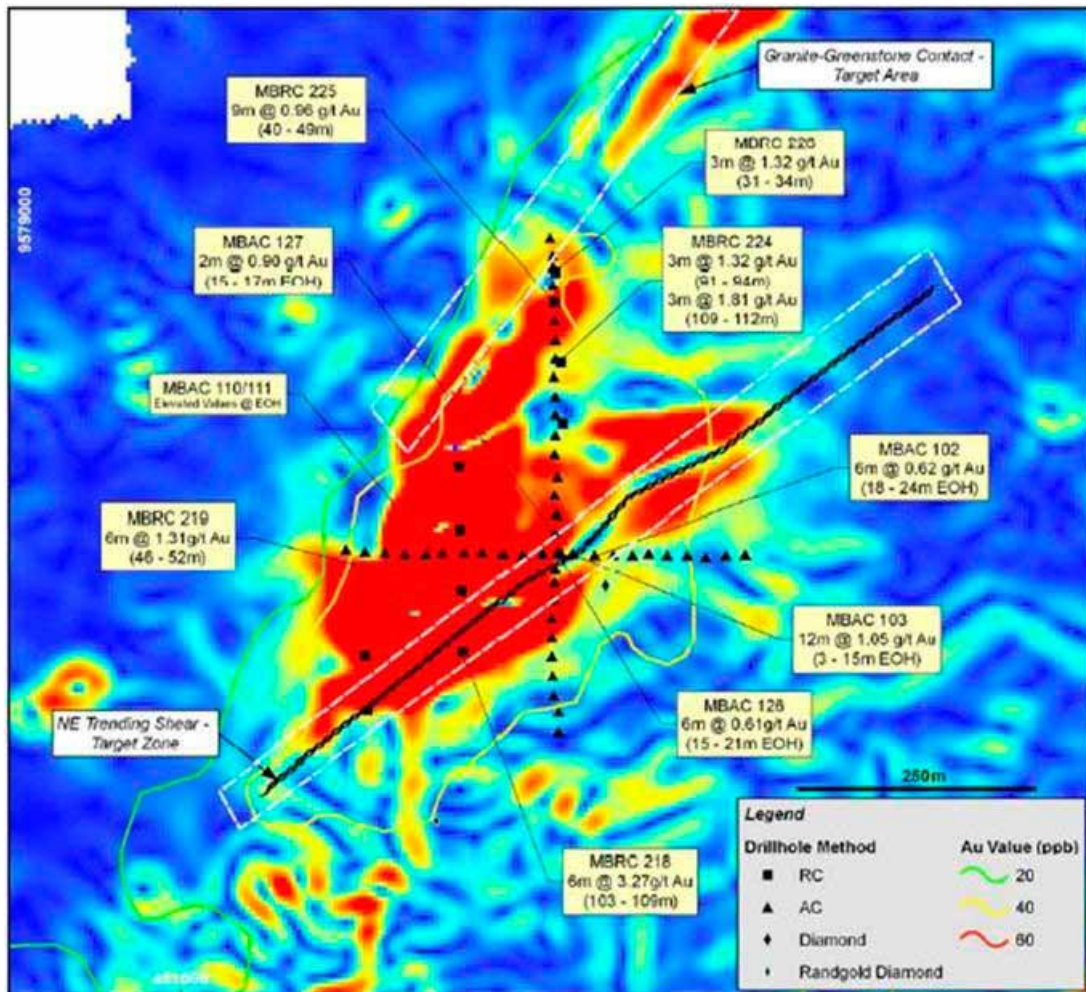
Shule East is located to the northeast of the Shambani North prospect with anomalous Au values of up to 150ppb in soil sampling. A shallow RAB drilling program was undertaken with drillhole MBRB96 returning values of 3 metres @ 1.82g/t Au. During the Randgold drilling program, diamond drillhole MBDH42 intersected a strongly sheared and silicified zone with abundant pervasive disseminated and massive sulphides at the northeastern end of the prospect, values however were low. An IP survey has detected two conductive bodies towards the northeast and the southwest of the prospect.

Ndagalu

Ndagalu is located at the eastern end of the MSC and strikes northeast for a distance of approximately 600 metres. The soil anomaly was tested by AC drilling, holes MBAC1 - MBAC67 and two RC drillholes, MBRC117 and MBRC118. An IP survey revealed a north-westerly trending anomaly possibly intersecting a north-easterly trending shear.

The AC drilling returned good results with MBAC16 returning 3 metres @ 6.70 g/t Au, MBAC18 returned 9 metres @ 0.63 g/t Au and MBAC31 returned values of 3 metres @ 4.08 g/t Au. The RC drilling proved disappointing with MBRC118 returning values of 0.58 g/t Au from 81 metres to 84 metres.

Figure 16 Shule Prospect - Drill Holes with Selected Intersections and Target Areas Highlighted in White. Background is Detailed Ground Magnetics



An area to the south of the gold anomaly has a strong IP anomaly striking northwest, coincident to the weak gold in soil anomaly with elevated arsenic. The area was drill tested by four RC holes (MBRC113 - MBRC116). All intersected prospective siliceous mafic lithologies with abundant disseminated and blebby pyrite - pyrrhotite sulphides. No significant gold values were intersected.

IPO70

The IPO70 prospect is located approximately 1 kilometre to the northeast of Shule, adjacent to the Shule Granite contact. The prospect showed no anomalous gold in soil values but the results of an IP survey and magnetic data revealed a strongly conductive and magnetic body underlying the area.

Randgold targeted the area in 2007 with three diamond drillholes (MBDH45 - MBDH 47) with MBDH 47 returning values 25.5 metres @ 0.59 g/t Au, including 9 metres @ 1.34 g/t Au.



3.7.1.9 Geostatistical Methodology in Estimating Mineral Resources

SRK conducted an update to the mineral resources of the Miyabi project during March 2006. Prior to this, SRK had completed a mineral estimate for the Miyabi project in May 2005.

SRK revalidated all data used in the May 2005 estimate and validated the data obtained from exploration activities subsequent to that date. SRK completed a statistical and geostatistical analysis of the data and determined the most appropriate methodology of evaluation for the Miyabi prospect. They produced a 3D block model of the mineral resources and reported the results as mineral resource estimates classified according to the JORC code (2004).

Resource modelling was undertaken with a database of 3,217 samples from 30 diamond drill holes and 24,480 samples from 265 RC drill holes. From the drill hole data, three surfaces were modelled for the oxidation state of the ore bodies, these were a surface plane, oxidation zone and fresh zone, with a transition zone between the oxide and sulphide zones. Assay data was viewed in section and wireframes created or mineralised envelopes of approximately 0.5g/t Au and above with a certain amount of internal dilution allowed to ensure robust wireframe geometry.

Statistical analysis was undertaken on three metre composite samples. Data for each deposit was studied individually and later combined for final analysis. A top cut was applied at 30 g/t Au. A set of omni-directional variograms were modelled along strike, across strike, and down dip in order to obtain the nugget effect. Directional variograms were then modelled to ascertain the variability of the mineralisation in different directions.

The block model was constructed and rotated at 60 degrees with block sizes set to the average drill spacing. The block model was able to cover all areas except for Shambani South and Shule. In these two areas, an average composite grade was used in conjunction with the volumes of the wireframes to produce a mineral resource estimate.

At the Kilimani, Shambani Main, Faida, Ngaya and Shule prospects, ordinary kriging (OK) was chosen as the method for grade interpolation. Interpolation was initially carried out using a simplistic search ellipse orientated along average strike and dip of the ore bodies. Sections of metal accumulation were produced and interrogated for the presence of any higher grade trending zones.

The final OK grade interpolation was carried out with search ellipse orientations tailored for each deposit and with the following search ranges:

- 1st search ellipse

X=12m; Y=80m; z=40m

-2nd search ellipse

X= 180m; Y=120m; Z=60m

-3rd search ellipse

X=240m; Y=1609m; Z=80m

A second grade interpolation was carried out utilising the Inverse Distance cubed ("ID3") method. A comparison between the OK and ID3 methods was undertaken and the OK method averaged 2% greater in grade than the ID3 method. SRK states that this is acceptable and no major differences between deposits were encountered.

SRK classified the deposits according to the amount and spacing of the number of drillholes intersecting a specific deposit. Zones that had drill holes and the ore body on a grid of 40 metres x 40 metres were classified as Indicated Mineral Resources and the remainder was classified as Inferred Mineral Resources.

3.7.2 Miyabi Project Potential

BrightStar has an interest in five granted Prospecting Licences and have Prospecting Licence Applications on another four tenements. The mineral resources discussed in this Independent Valuation all occur on one tenement (PL 4536/2007). Four of the seven deposits show potential to be expanded upon, both in depth and along strike. The remaining three deposits, Kilimani, Shambani Main and Shambani North, show a lesser potential at depth due to the presence of thrusts which transect and appear to terminate the mineralised zones. The possibility of displacement of mineralised zones at depth remains. The remaining tenements still need to be fully explored and the potential to discover further surface and near surface gold mineralisation is considered to be high.



4. KITONGO GOLD PROJECT, TANZANIA

4.1 Introduction and Location

The Kitongo project is an advanced exploration located within the highly prospective Lake Victoria Goldfields of Northern Tanzania. The project lies approximately 60 kilometres to the southwest of the town of Mwanza and can be reached via the sealed road south to Shinyanga and then along unsealed roads and bush tracks. The project covers an area of approximately 106 kilometres² and is located on the Sukumaland Greenstone belt, host to major mining operations such as Geita (Anglogold Ashanti).

4.2 Tenure and Physiography

The project area comprises 20 Prospecting Licences and is a mixture of retention licences, granted Prospecting Licences and new Prospecting Licence Applications. Of these tenements, 3 are Retention Licences and 11 are Prospecting Licences in which BrightStar holds a 100% interest. The remaining 6 tenements are new applications which have not yet been granted.

The area consists of largely gently undulating low hills with alluvium and black cotton soils infilling the valleys. The climate is semi-arid with two rainy seasons a year. The first occurs in November and is the lesser of the two while the second occurs in April and is the larger of the two. Heavy rainfall can hamper access to the Kitongo project area. The water table can vary through the year and have an impact on drilling activities. The best time generally considered for drilling is in the drier months of May to September. A map of the granted tenements at Kitongo is shown in Figure 17. Tenement details can be found in Section 6 at the end of the report.

4.3 Geology and Mineralisation

4.3.1 Regional Geology

The project area is underlain by Archaean age granitoid-greenstone lithologies of the Kitongo-Ugambilo Sub-Terrane of the Mabale Terrane located in the Lake Victoria Goldfields.

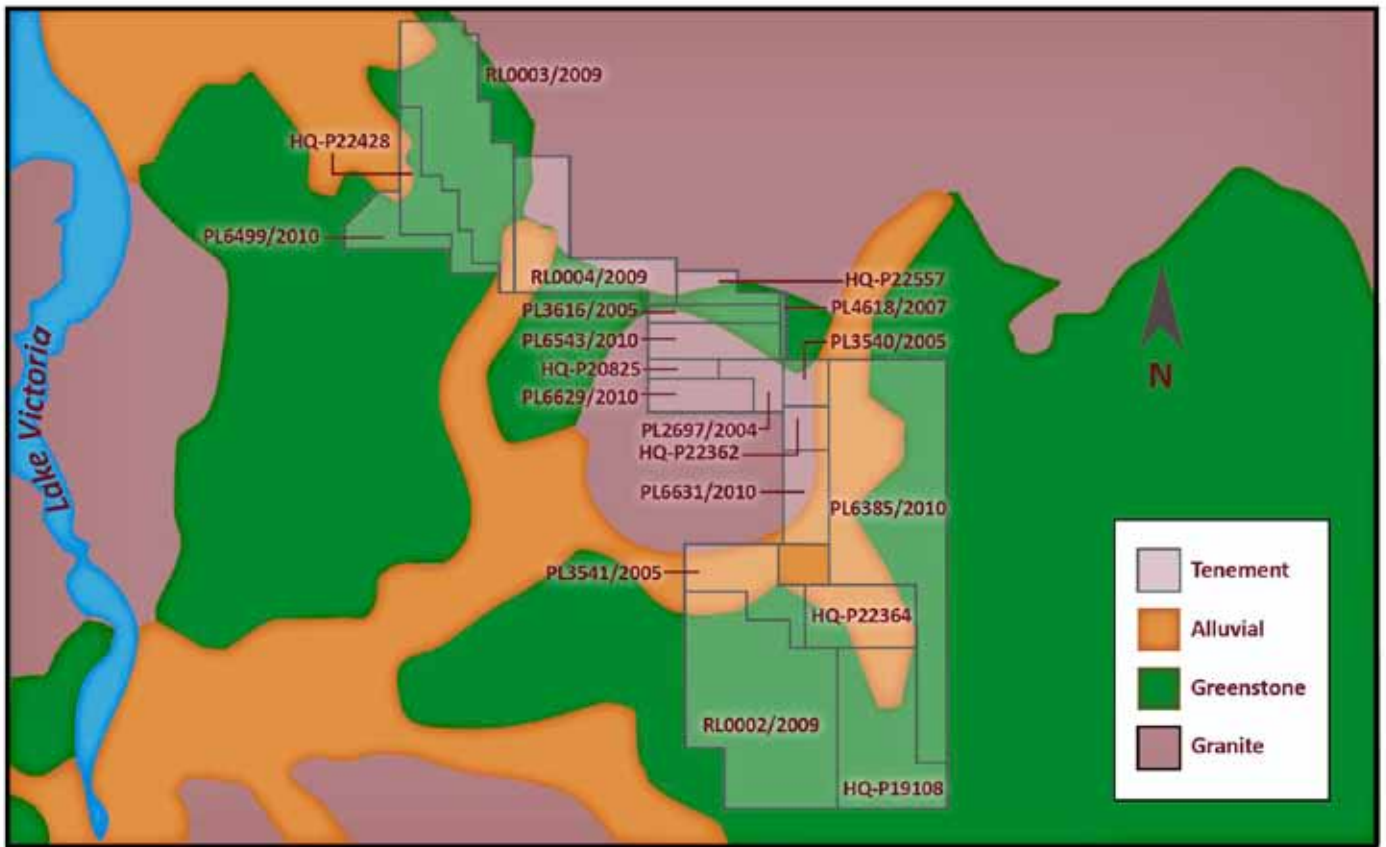
Kitongo is situated within two main cross cutting lineations identified from aeromagnetic data. These are a northeast-southwest and a northwest-southeast trending lineament.

The geology in the Kitongo area is interpreted to form a regional scale antiformal fold structure that plunges to the southeast. An internal review by IAMGOLD in 2008 suggests that the principal displacement shear is a northwest-southeast dextral slip shear zone and within the main zone, the northwest shear bounds dilatational jogs which appear to control the development and orientation of ore shoots.

4.3.2 Local Geology

Major lithological units on the Kitongo property include mafic volcanic, volcanic pyroclastics and flows, felsic and mafic intrusive rocks, all units of the Upper Nyanzian Formation, as well as banded iron formations (“BIF”) of the Upper Nyanzin Formation, Figure 18 and Figure 19. These are unconformably overlain by Kavirondian sediments, comprised of matrix supported polymictic sedimentary breccias or conglomerates, predominantly comprised of poorly sorted angular chert and BIF clasts. These lithologies are intruded by syn to post Nyanzian granitoids containing occasional mafic xenoliths. Basaltic lava flows are present at the base of the greenstone sequence in both the northwestern and south western regions and locally display pillow structures.

Figure 17 Tenement map of the Kitongo Project



Kitongo Tenements and Geology



Figure 18 Kitongo Local Geology - Crossing (2007)

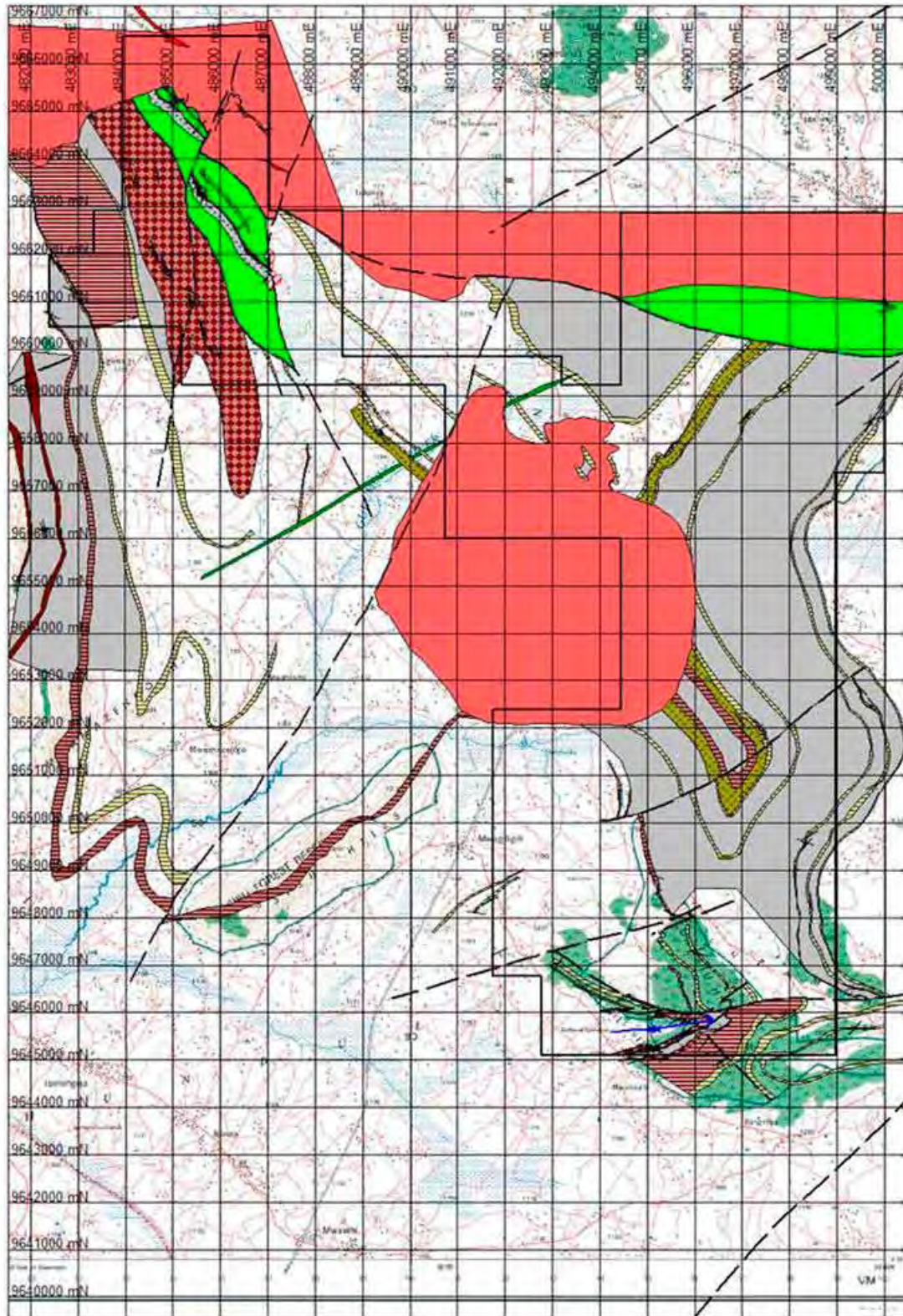
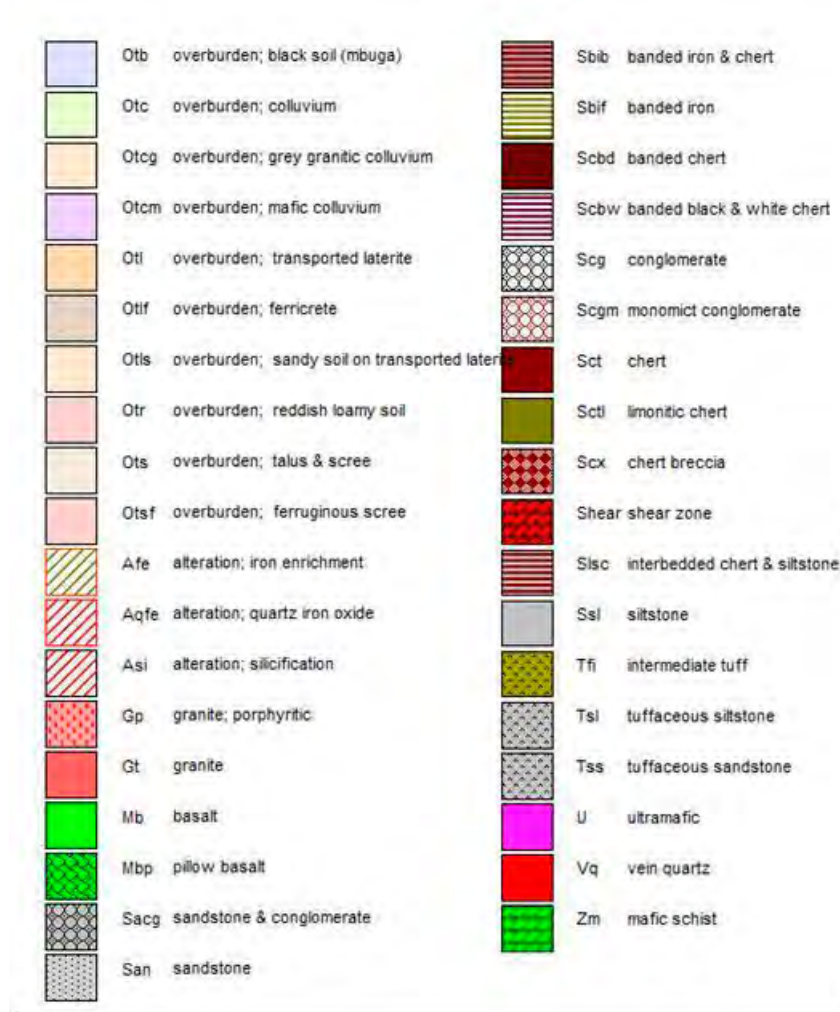


Figure 19 Kitongo Local Geology Legend - Crossing (2007)



In the north western region, a sequence of volcanoclastic siltstones and fine grained sandstones of unknown thickness occurs above the basalt flows. They extend to the southwest beneath cover in a broad valley with no outcrop.

To the southwest of this valley there is a prominent range of hills formed of monomict chert breccias and chert conglomerates. The breccias occur at the base of the unit and are a massive clast supported breccia. The clasts are elongated sub angular to sub rounded clasts set in a sandy matrix. Towards the top of the unit, the unit becomes more bedded although the clasts are still of a similar composition and shape.

Occurring stratigraphically above this unit, a wide sequence of BIF and banded cherts outcrop with the BIF being the more dominant lithology. The BIF's vary in thickness from 10 metres to 80 metres thick, vary in iron content, and grade downwards towards banded cherts.

The intervening lithologies between the BIF rarely outcrop and where exposed have been mapped as ferruginous siltstones, interbedded siltstones and chert, and an intermediate tuff. The ferruginous siltstones are moderately foliated while the interbedded siltstones and cherts display moderate to well bedding. The intermediate tuffs are medium to fine grained, have fine compositional bedding with some feldspar crystals showing evidence of fragmentation.



Monzonitic Granites interpreted to be syn-post Nyanzian in age occur along the greenstone flanks in the northeast and intrude the greenstone lithologies on a north-south axis. Quartz veining is generally rare but large folded buck quartz veins occur along the contact with the greenstones in the vicinity of Buhunda.

4.3.3 Structure and Mineralisation

Mineralisation at the Kitongo project is interpreted to be hosted by a northwest trending shear zone composed mainly of basalt with subordinate ironstones and cherts. Drilling in the Kitongo Main Zone has indicated that in the oxide zone, mineralisation is associated with gossanous brecciated cherts and limontic tuffs after arsenopyrite. The oxide zone displays a depth of weathering of up to 80 metres and is overlain by a well developed lateritic profile.

Mineralisation in the fresh sulphide zone is associated with envelopes of sericite-chlorite-carbonate alteration in sheared basalts and mylonites with fractured quartz veinlets and pervasive coarse pyrite and arsenopyrite. IAMGOLD (2009) reported that much of the gold mineralisation appeared to be locked up within the pyrite. Gold mineralisation typically occurs with massive sulphides and has a strong affinity with the arsenopyrite.

Higher grades are encountered in the weathered oxide zone indicating apparent supergene enrichment.

4.4 Historical Mining

No historical mining by a recognised mining company has taken place at Kitongo. Local artisanal miners have however been present on the property. In an ASX announcement dated 17 January 2012, BrightStar announced that the artisanal miners had left the site. The directorship of BrightStar Resources had approached the group of artisanal miners and the Tanzanian Government for co-operation in solving this issue. The miners have been ordered to cease all mining activities and as part of the agreement, an area of prospective ground not situated on the Kitongo Main Zone will be given to them for exploitation. The Tanzanian Geological Survey is sending a survey team to confirm the area being granted to the artisanal miners for exploitation.

The area exploited by the artisanal miners is small, though probably not negligible. An area for the surface expression of the workings was walked during the site visit and was found to be approximately 3 200m². Most of the pits though are shallow except for some extensive workings found in the north western portion of the artisanal miner zone.

It would be highly difficult to estimate the ounces removed and IAMGOLD (2009) estimates 5,000 ounces as a reasonable number. Allowing for the period between 2009 and 2012, a speculative estimate could be in the region of 15,000 to 20,000 ounces based on the size of the workings and tailings heaps observed during the site visit. An estimation of grade would not be possible.

4.5 Exploration History

The Kitongo project has been advanced through various stages by a number of companies. The following short summary was derived from IAMGOLD's Technical Report, Kitongo Project, Lake Victoria Region, Tanzania, March 2009.

1992-93 License acquisition and broad scale gridding, geological traverses and soil sampling 1994 Soil geochemistry identified broad area of gold enrichment; tested with 35 AC holes (KTAC001 - KTAC035) for 282m was completed.

1995 Aeromagnetic surveys completed; additional 222 AC holes (KTAC036 - KTAC257) for 926m was completed.

1996 Additional 147 AC holes for 1,919.5m (KTAC258 -KTAC404) and 38 RC holes for 3,319m (KTRC0001 -KTRC0038) on Kitongo Main zone, Soil geochemistry, geological and structural mapping completed.

1997 Additional 359 RAB holes (KTRB0001 -KTRB0359) for 11,070m on Kitongo Main and Isegen'ghe, 34 RC holes (KTRC0039 - KTRC0072) for 3,198m on Kitongo Main zone, 8 AC holes (KTAC0405 - KTAC412) for 155m on Kitongo Main Extension and 6 DD holes (KTDD01 - KTDD06) for 1257.83m to test structures and mineralisation at depth. Structural and mineralisation studies completed by Vearncombe and Associates and Mineral Resource Estimates completed by Mike Binns from Minstat Pty Ltd using a 1.0g/t Au resource wire frames of 3.4 million tonnes @ 1.8g/t Au for 200,000 ounces of gold on the main zone.

1998 Further drilling on Main zone, Isegen'ghe and Kitongo Hill. A total of 209 RAB holes (KTRB0360 - KTRB568) for 8,707m and 108 RC holes (KTRC0073 - KTRC0180) for 8,249m were completed. An Indicated Mineral Resource estimate using cross sectional polygonal method in Minemap was done by Lars Pearl - 7.02 million tonnes @ 2.00 g/t Au for 450,400 ounces of gold.

1999 A Mineral Resource estimate on the Kitongo main zone was carried out by EMC yielding 10 million tonnes of ore @ 1.34 g/t Au for 451,000 ounces of gold for the laterite, oxide and sulphide zones. The signing of Ashanti Joint Venture was concluded.

2000 During the Ashanti JV the following took place at Kitongo:

- Main zone mineral resource was remodelled to 360,000oz of gold;
- Detailed Geological and Regional Mapping, including trenching & pitting;
- Airborne Geophysics (Magnetic & Radiometric - 1,770 kilometre @ 50m line spacing) and more soil Geochemistry;
- 283 RAB holes for 13,810m (KTRB0601 - KTRB0883). RAB drilling targeted grassroots prospects, north Kitongo extension, southwest main zone, central and southeast Mwamazengo, Isegen'ghe south;
- 36 RC holes for 4,127m (KTRC0201 - KTRC0236). RC drilling targeted Kitongo, Isegen'ghe and southwest main. KTRC235 intersected 7.6g/t Au over 9m in WNW/ESE on Isegen'ghe south structure and KTRC180 intersected 12.9g/t Au over 9m structure in south Kitongo foothills;
- Also during the year Polygonal mineral resource estimates, uncut, undocumented on Isegen'ghe hill was made yielding 160,000t @ 14.4g/t Au for 75,000 oz of gold. (internal) 2001 EAM drilled 10 RC holes for 1,005m (KTRC0237 - KTRC0246) as a follow up to Ashanti good intersections on Isegen'ghe and Kitongo, and also completed 7 shallow DD holes (KTDD07 - KTDD13) for 325.7m on the Main zone for metallurgical tests on the oxide & sulphide ore;

2002 No significant work completed - search for a JV exploration partner, SRK completed structural geology assessment - 23 targets were identified,

Preparation for DGPS survey of borehole collars - Bauwer

2003 No significant work completed - Spinifex and Gallery merged; Minor exploration activities included trenching & pitting on SW extension main zone - 33 samples collected, Soil geochemistry on Kitongo area for relinquishment - 298 samples.

2004 Validation of database for Kitongo and Isegen'ghe (drilling) for a JORC compliant mineral resource estimate; Soil geochemistry orientation surveys on the Kitongo hill- 172 samples and on the SE tenements - 271 samples.

2005 Geophysical IP Surveys on Kitongo hill, Main Zone and Mwamazengo -16 blocks of 800m x 800m size, 25 x rock chip sampling on IP targets and the re-organising of Kitongo digital data, including Kitongo drill section generation.

2006 Data re-organization, validation and migration to a SQL database with datashed front end, 170 AC holes (KTAC413 -KTAC583) for 1,717m drilled on Mwamazengo East; IP & Soil geochemistry targets generated and Kitongo Multiple Indicator Kriging ("MIK") Resource Recoverable Estimation by Hellman & Schofield ("H&S") during November 2006. Update of project resource estimates using modern MIK methodology. IAMGOLD acquires Gallery Gold 2006.

2007 A total of 760 soil samples were taken (Au). Field Mapping completed during August 2007; 1:5000K (J.Crossing; Compass Geological); Kitongo Project Information Memorandum completed by T. Minde; Oct 2007.

2008 No significant work completed. Mapping Report finalised by J. Crossing Nov 2008 after IAMGOLD acquired Quickbird satellite imagery. Internal project review takes place during Nov 2008, relogging old selected holes over Kitongo main (S. N; RC +/- diamond drilling program designed, no drilling takes place due to 'illegal' mining activities by granting a PML over IAMGOLD ground.

4.6 Current Exploration

No mainstream exploration work has been conducted on the Kitongo tenement since 2008 due to the situation with the artisanal miners. BrightStar planned to commence an exploration program in June 2011. This was put on hold to reach an agreement with the local artisanal miners regarding the right to work the area. The Tanzanian Government erroneously granted three PML's over PL's held by IAMGOLD in December 2008 (IAMGOLD, 2009).

BrightStar has managed the situation well and during the site visit, no artisanal miners were observed actively pursuing mining operations as per the agreement between BrightStar, the Tanzanian Government, the local community and the artisanal miners.

BrightStar has indicated that Ausdrill Tanzania Limited has been contracted to undertake 3,000 metres of RC drilling at the Kitongo Gold Project commencing in early March 2012.

4.7 Project Potential and Mineral Resource Estimate

Note: Competent Person statements for the Mineral Resource estimates are listed in Section 2.5.

4.7.1 Kitongo Mineral Resource Estimate

Several mineral resource estimates have been undertaken with the most recent estimate being undertaken by Hellman and Schofield ("H&S") for IAMGOLD in November 2006.

<i>Table 13 Kitongo Mineral Resource at 0.5g/t cut-off</i>			
Classification	Tonnes (Mt)	Au (g/t)	Au (k.oz)
Inferred	7.820	1.47	370

Statements from the IAMGOLD Technical Report (2009) are as follows:

H&S provided the following conclusions and recommendations to IAMGOLD:

“The data available to H&S is of insufficient detail and quality to allow classification of estimates as Measured or Indicated. In addition to the broad, and irregular drill spacing, data deficiencies include, drill hole location uncertainties, a lack of QAQC data to confirm sampling and assay quality, and bulk density uncertainties.”

They added that H&S would accept responsibility for classifying the resource as Inferred provided IAMGOLD nominate a Competent Person to accept responsibility for the validity and accuracy of the data upon which the estimate is based.

H&S utilised Multiple Indicator Kriging (“MIK”) for the estimation of mineral resources over a strike length of approximately 600 metres and to a depth of 135 metres below surface utilising GS3 software. The model estimated, utilised a panel (block) size of 25 metres by metres and 5 metres vertical.

Other points cited include the following:

- The model uses only assumed bulk densities which represents a potential source of significant model inaccuracy, and substantially reduces confidence in estimates.
- Data available to H&S suggests Kitongo's local geology and mineralisation controls are not well understood. Improving understanding of the deposit's geological setting would allow increased confidence in future resource estimates.
- Variogram analysis of the spatial continuity of gold grades within mineralised domains suggests that for weathered and fresh zones, mineralisation continuity is gently east dipping within moderately east dipping mineralised domains. The ability of variogram analysis to adequately model the short scale continuity is hampered by the broad drill spacing.

4.7.2 Kitongo Project Potential

Although no bulk density data has been compiled for the Kitongo project, during the H&S mineral resource estimate, a set of assumed bulk densities were assigned by H&S in consultation with Hayden Hadlow, IAMGOLD Group Manager - Resources, Reserves and Mine Geology. The assumed bulk densities are shown in Table 14.

<i>Table 14 Assumed Bulk Density - Kitongo</i>	
Lithology	Bulk Density (t/m ³)
Laterite	2.20
Highly Weathered	2.60
Partially Weathered	2.60
Fresh	2.80

It is Ravensgate's opinion that these bulk densities represent a risk to the overall mineral resource, but are acceptable for the mineral resources at the stated level of confidence.

The Kitongo project is located in the highly prospective LVG region and the potential for further extensions to the mineralised zones would be limited by securing land tenure in the form of Prospecting licenses. The fresh zone has limited drilling penetrating it with most drilling ending at around 70 metres below surface and the deepest hole intersecting the mineralised zone at 135 metres below surface. Potential exists to expand the mineral resource at depth and possibly to the northeast.



5. VALUATION

5.1 Introduction

There are a number of recognised methods used in valuing “mineral assets”. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

The VALMIN Code, which is binding upon “Experts” and “Specialists” involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A JORC compliant Mineral Resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified Mineral Resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas, and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure (“MEE”) method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (“EB”) through application of a Prospectivity Enhancement Multiplier (“PEM”). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a “grass roots” project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.
- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.
- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably “arms length” in accordance with the Valmin Code, such transactions may be used as a guide to, or a means of, valuation. This method is considered highly appropriate in a volatile financial environment where other “cost based” methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at “arms length” between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement. Ravensgate have applied a discount rate of 10.0% per annum to reflect an average company’s cost of capital and the effect of inflation on required exploration spends over the timeframe required.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D} \left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}} \right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P \right) \right]$$

where:

- V_{100} = Value of 100% equity in the project (\$)
- D = Deemed equity of the farminor (%)
- CP = Cash equivalent of initial payments of cash and/or stock (\$)
- CE = Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock (\$)
- EE = Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments (\$)
- I = Discount rate (% per annum)
- t = Term of the Stage (years)
- P = Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where Mineral Resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the ‘in-situ’ Resource method of valuation for these assets. This technique involves



application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the Mineral Resource.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code, 2004) sets out minimum standards, recommendations and guidelines. A Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

5.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any valuations over the Tanzanian Gold Projects of BrightStar. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements.

5.3 Material Agreements

Ravensgate has been commissioned by BDO Corporate Finance (WA) Pty Ltd to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review and Valuation report encompasses the Miyabi and Kitongo Advanced Exploration projects and Maji Moto and Nyangombe Exploration Area projects. The Technical Valuation report provides an assessment of the minerals assets listed below which are either owned 100% by BrightStar or in a Joint Venture agreement. Brief details of the ownership and joint venture agreement are listed as follows.

<u>Mineral Asset</u>	<u>BrightStar Ownership %</u>
• Miyabi Gold Project (Gold), Tanzania	0% (earning 50% and up to 75%)
• Kitongo Gold Project (Gold), Tanzania	100%
• Maji Moto & Nyangombe Gold Project (Gold), Tanzania	100%
• BrightStar Gold Projects, Tanzania	0% and 100%

On 25 April 2011, BrightStar entered into a Joint Venture Agreement (“JV”) with UK based African Eagle Resources PLC (“African Eagle”) regarding the tenements comprising the Miyabi Gold Project in the Mwanza district in Northern Tanzania, Tanzania. African Eagle holds a 100% interest in the Miyabi Project. The key terms of the joint venture are summarised as follows:

- BrightStar to spend US\$3.0 million over 30 months to earn a 50% interest in the Miyabi Project (Phase 1 of the Earning Period). A minimum of US\$1.0 million is required in the first 12 months.
- BrightStar may elect to earn a further 25% interest by completing a Feasibility Study for the Project (Phase 2 of the Earning Period).
- At completion of the Earning Period, African Eagle will contribute to further costs at the project. However the accrued value of past expenditure (US\$6.5 million) will be credited to the African Eagle JV contribution.
- A royalty of 1.5% of gross revenue is payable to local Tanzanian interests which were the original holders of the Prospecting Licences.

During November 2010, Tasman Goldfields Limited ("Tasman") changed their company name to BrightStar Resources Limited. Prior to this on 30 July 2010, Tasman had acquired 100% of Carlton Resources Pty Ltd ("Carlton") issued share capital and thereby acquired the Kitongo Gold Project. Under the Share Sale and Purchase Agreement ("SPA") between Tasman and Carlton, the Carlton shareholders would be paid a total of A\$1.5 million in cash or, at the election of Tasman, A\$1.25 million in Tasman shares.

In addition, Carlton acquired Kitongo from IAMGOLD Corporation under a Project Acquisition Agreement executed in June 2010 with a completion date by 12 September 2012. The consideration payable to IAMGOLD for Kitongo was A\$1.63 million in upfront and deferred payments. All considerations payable to either Carlton or IAMGOLD have been settled. A deferred payment of A\$700,000 is applicable to the Miyabi Project upon start-up of production and a further A\$350,000 on the first anniversary of commencing production.

Ravensgate understands that there are three local partner agreements between Twigg and Tanzanian companies. In the majority of the cases, the tenements upon which these agreements are based, are controlled either by Twigg or entities of Twigg through various prospecting licences, successor licences or mining rights. Two prospecting licences however are held by third parties, namely PL4536/2007 and PL6382/2010, both on the Miyabi Prospect. Ravensgate has been informed by Rift Valley that the Miyabi JV Partners do have legal right and access to the tenements in question.

Ravensgate understands all active mining and exploration tenements are granted at this point in time and are in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

Ravensgate is not aware, nor have we been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.



5.4 Comparable Transactions

Ravensgate has completed a search for publicly available market transactions involving gold projects within Tanzania and internationally. Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the minerals assets being valued. In Ravensgate's opinion and experience, it is understood that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation. In practice, a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined as suitable for use. The transactions identified along with the implied cash-equivalent values are summarised in Section 5.4.1 by commodity and region.

Publicly available market transactions have been separated to reflect transactions on a dollar per square kilometre of tenement holding or on a dollar per metal unit for a more advanced Exploration Target or Mineral Resource. This was undertaken to reflect the varying levels of geological exploration carried out within the various project tenements. In general terms, exploration projects may start with a relatively large tenement holding where a lack of detailed geological sampling and knowledge renders the use of the "in-situ" yardstick valuation method inappropriate (i.e. an "Exploration Area Mineral Asset"). For these particularly early-stage exploration areas comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, tenement areas tend to decrease to match a narrowing focus on more prospective areas. For these areas where specific, drill sample supported Exploration Targets have been identified that warrant further detailed evaluation or Mineral Resources require estimation, comparable transactions on a dollar per metal unit basis may be more appropriate (i.e. an "Advanced Exploration Area Mineral Asset or Pre-Development Project at early assessment").

5.4.1 Reported Market Transactions

5.4.1.1 *Reported Market Transactions Involving Gold Projects in Tanzania and Africa*

Ravensgate's analysis of African based market transactions for Gold projects indicates an implied value of between \$1.30 and \$156.29 per ounce of contained gold metal for moderate confidence Mineral Resources to near production Mineral Resources within Tanzania and African gold producing countries (Table 15). To take into account the change in gold price over time the implied value per ounce of contained gold is divided by the gold spot price at the time of the transaction and expressed as a percentage (Table 16). This gave a range from 0.11% to 10.10% for projects involving moderate confidence gold Mineral Resources.

Table 15 Market Transactions Involving Gold Exploration Projects at Moderate Confidence to Near Production Mineral Resource Stage within Tanzania and Africa				
Project	Transaction Details & Type	Contained Au Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
Otjikoto Gold Deposit, Namibia	October 2007: TEAL Exploration & Mining Incorporated ("TEAL") sold a 10% holding in Avdale Namibia (PTY) Limited to EVI Mining Company Limited ("EVI") for a consideration of US\$5.5M. The project is prospective for gold mineralisation. The project had Total Mineral Resources of 43.9Mt @ <u>1.26g/t Au</u> for a contained 1.76Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is A\$61.14M (notional \$34.74 A\$/metal ounce on 100% terms).	1.760Moz	\$61.14M	\$34.74 / metal ounce
Migouri Gold Project, Kenya	August 2009: Red Rock Resources entered into an agreement with Kansai Mining Corporation to acquire 60% of the issued share capital of Mid-Migori Mining Company Limited ("MMM"). MMM in turn holds a 100% interest in the Migouri Gold Project in Kenya. The project is prospective for gold mineralisation. The project had Total Mineral Resources of 32.8Mt @ <u>1.13g/t Au</u> for a contained 1.171Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is A\$1.52M (notional \$1.30 A\$/metal ounce on 100% terms).	1.171Moz	\$1.52M	\$1.30 / metal ounce
Kilimapesa Gold Project, Kenya	September 2009: Goldplat plc acquired a 50% interest in Kilimapesa Gold (Pty) Limited for US\$2.7M from International Gold Exploration AB through its wholly owned subsidiary Gold Mineral Resources Limited. The project is prospective for gold mineralisation. The project had Total Mineral Resources of 1.65Mt @ <u>2.44g/t Au</u> for a contained 0.129Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is A\$6.19M (notional \$47.97 A\$/metal ounce on 100% terms).	0.129Moz	\$6.19M	\$47.97 / metal ounce
Kenieba, Mali	December 2009: Avion Gold Corporation enters into an acquisition agreement with Great Quest Metals Limited for 100% of the Kenieba Project in Mali by acquiring 100% of the concession. The project is prospective for gold mineralisation. The project had Inferred Mineral Resources of 2.6Mt @ <u>3.92g/t Au</u> for a contained 0.324Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is A\$4.51M	0.324Moz	\$4.51M	\$13.91 / metal ounce



Table 15 Market Transactions Involving Gold Exploration Projects at Moderate Confidence to Near Production Mineral Resource Stage within Tanzania and Africa

Project	Transaction Details & Type	Contained Au Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
	(notional \$13.91 A\$/metal ounce on 100% terms).			
Mali West Gold Project, Mali	December 2009: Colonial Resources Limited acquired the Central African Gold plc Malian assets comprising an 80% equity interest in Mali Goldfields SARL and Songhoi Resources SARL for US\$5.0M. The project is prospective for gold mineralisation. The project had Total Mineral Resources of 6.37Mt @ 3.17g/t Au for a contained 0.650Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is A\$7.14M (notional \$10.93 A\$/metal ounce on 100% terms).	0.650Moz	\$7.14M	\$10.93 / metal ounce
Zara Gold Project, Eritrea	March 2010: Chalice Gold Mines Limited enters into an acquisition agreement with Dragon Mining Limited for 100% of their 20% holding in the Zara Gold Project in Eritrea. The project is prospective for gold mineralisation. The project had Total Mineral Resources of 5.04Mt @ 5.80g/t Au for a contained 0.944Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is A\$ 44.05M (notional \$46.66 A\$/metal ounce on 100% terms).	0.944Moz	\$44.05M	\$46.66 / metal ounce
Kofi, Mali	March 2010: Avion Gold Corporation (“Avion”) enters into an acquisition agreement with AXMIN Incorporated for 100% of their interest in the properties comprising the Kofi Property, representing a 81.25% holding in the project. The project is prospective for gold mineralisation. The project has Inferred Mineral Resources of 8.5Mt @ 2.32g/t Au for a contained 0.661Moz of gold. Assuming the terms of the agreement were met, the implied discounted cash equivalent on 100% equity basis is A\$4.99M (notional \$7.43 A\$/metal ounce on 100% terms).	0.661Moz	\$4.91M	\$7.43 / metal ounce
Miyabi, Tanzania	May 2010: Macquarie Harbour Mining Limited (“MHM”) entered into an acquisition agreement with African Eagle Resources PLC for a 75% in the Miyabi Gold Project in Northern Tanzania for no upfront payment. The project is prospective for gold mineralisation and MHM will advance the project to a Decision to Mine Status. Previous exploration expenditure of A\$7.268	0.520Moz	\$9.69M	\$18.63/ metal ounce

Table 15 Market Transactions Involving Gold Exploration Projects at Moderate Confidence to Near Production Mineral Resource Stage within Tanzania and Africa				
Project	Transaction Details & Type	Contained Au Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
	million made by African Eagle will be credited to the Joint Venture at the time of a Decision to Mine. The project has Mineral Resources (Indicated & Inferred) of 12.2Mt @ 1.3g/t Au for a contained 0.520Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$9.69M (notional \$18.63 A\$/metal ounce on 100% terms).			
Kitongo, Tanzania	July 2010: Tasman Goldfields Limited enters into an acquisition agreement with Carlton Resources Pty Ltd for 100% of the Kitongo Project by acquiring 100% of the issued share capital. The project is prospective for gold mineralisation. The project has Inferred Mineral Resources of 4.4Mt @ 2.0g/t Au for a contained 0.290Moz of gold at a 1.0g/t cut-off. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is A\$3.13M (notional \$10.79 A\$/metal ounce on 100% terms).	0.290Moz	\$3.13M	\$10.79 / metal ounce
Koka Gold Deposit, Eritrea	November 2010: Chalice Gold Mines Limited sells a 30% holding in the Koka Gold Deposit to the Eritrean National Mining Company for US\$34.0M and an exploration commitment of US\$4.0M. The project is prospective for gold mineralisation. The project had Total Mineral Resources of 5.00Mt @ 5.3g/t Au for a contained 0.840Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is A\$115.63M (notional \$137.66 A\$/metal ounce on 100% terms).	0.840Moz	\$115.63M	\$137.66 / metal ounce
Miyabi, Tanzania	April 2011: BrightStar Resources Limited entered into an acquisition agreement with African Eagle Resources plc for 50% of their Miyabi Project for by funding exploration activities of USD\$3.0M and up to 75% by completing a Feasibility Study. The Miyabi project is prospective for gold mineralisation. The project has a total Mineral Resource Inventory (Indicated & Inferred) of 12.4Mt @ 1.3g/t of Au for a contained 0.520Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$5.68M (notional \$10.92 A\$/metal ounce on 100% terms).	0.520Moz	\$5.68M	\$10.92 / metal ounce



Table 15 Market Transactions Involving Gold Exploration Projects at Moderate Confidence to Near Production Mineral Resource Stage within Tanzania and Africa

Project	Transaction Details & Type	Contained Au Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
Bakoudou Gold Project, Gabon	May 2011: SearchGold Resources Incorporated sold a 27% interest in the Bakoudou Gold Project to Managem International AG for US\$0.8M. The project is prospective for gold mineralisation. The project had Total Mineral Resources of 2.40Mt @ 3.01g/t Au for a contained 0.230Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is A\$2.78M (notional \$12.11 A\$/metal ounce on 100% terms).	0.230Moz	\$2.78M	\$12.11 / metal ounce
Koka Gold Deposit, Eritrea	December 2011: Chalice Gold Mines Limited sells a 60% holding in the Koka Gold Deposit to the Shanghai Construction Group Co. Limited for US\$80.0M. The project is prospective for gold mineralisation. The project had Total Mineral Resources of 5.00Mt @ 5.3g/t Au for a contained 0.840Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is A\$131.28M (notional \$156.29 A\$/metal ounce on 100% terms).	0.840Moz	\$131.28M	\$156.29 / metal ounce
Sega Project, Burkina Faso	January 2012: Orezone Gold Corporation entered into an acquisition agreement with Cluff Gold plc for 100% of their Sega Project for USD\$15.0M cash and 11,000,000 shares (USD\$14.6M) totalling USD\$29.6M. The Sega project is prospective for gold mineralisation. The project has a total Mineral Resource Inventory (Indicated & Inferred) of 11.2Mt @ 1.7g/t of Au for a contained 0.598Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$28.35M (notional \$47.49 A\$/metal ounce on 100% terms).	0.598Moz	\$28.35M	\$47.49 / metal ounce

Note: Differences may occur due to rounding errors

Table 16 Summary of Market Transactions Involving Gold Exploration Projects at Moderate-Confidence to Near Production Mineral Resource Stage within Tanzania and Africa

Transaction Date	Property Value A\$M	Contained Gold Moz	\$/oz Gold	Au Price ¹ on Trans Date A\$/oz Au	\$/oz as % of Au Price
Dec-11 ²	131.28	0.84	156.29	1,571.00	10.10%
Nov-10 ²	115.63	0.84	137.66	1,628.50	9.26%
Oct-07 ²	61.14	1.76	34.74	749.00	4.17%
Sep-09	6.19	0.129	47.97	1,009.75	4.15%
Mar-10 ²	44.05	0.944	46.66	1,136.50	3.72%
Dec-09	4.51	0.324	13.91	1,725.90	2.94%
Jan-12	28.35	0.598	47.49	1615.78	2.94%
May-10	9.69	0.52	18.63	1376.83	1.35%
Mar-10	4.91	0.661	7.43	1245.67	1.12%
Dec-09	7.14	0.65	10.93	1,085.25	0.88%
May-11	2.78	0.23	12.11	1,493.00	0.86%
Jul-10	3.13	0.29	10.79	1316.67	0.82%
Apr-11	5.68	0.52	10.92	1416.17	0.77%
Dec-09	4.51	0.324	13.91	1236.98	0.60%
Aug-09 ²	1.52	1.171	1.3	932.75	0.11%

¹The gold price used was converted to Australian dollars using the exchange rate on the date of the transaction.

²Transactions excluded from comparable valuation calculation.

5.4.1.2 Reported Market Transactions Involving Exploration Area Gold Projects in Tanzania

Ravensgate's analysis of Australian market transactions for Exploration Area asset gold projects (Table 17), indicates an implied value between \$1,151 and \$12,705 per square kilometre for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. The implied value per square kilometre is dependent on the type of licence, whether it is an Exploration Licence, Prospecting Licence or Mining Licence. With lower implied values per square kilometre for Exploration Licences compared to Prospecting Licences and lower implied values per square kilometre for Prospecting Licences compared to Mining Licences. The implied value was also affected by the strategic importance of the licences and the presence of known gold mineralisation upon them.



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Tanzania

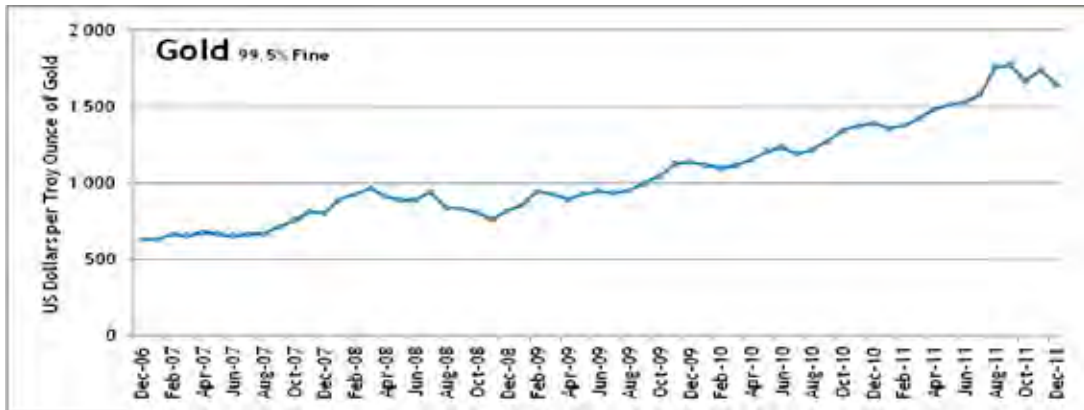
Project	Transaction Details & Type	Area (kilometre ²)	Purchase Price 100% Basis (A\$)	Implied Value / kilometre ² (A\$)
North Mara Gold Project, Tanzania	May 2011: Otterburn Ventures Incorporated (“Otterburn”) entered into an option agreement with Lake Victoria Mining Company Incorporated for a 70% interest in the North Mara Gold Project for USD\$0.212M, 900,000 common shares and a USD\$1.850M work commitment totalling A\$2.319M at date of transaction. The project is prospective and has an area of 387.4km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$3.313M (notional A\$8,551/ km ² on 100% terms).	387.4	\$3.313M	\$8,551 / km ²
Kalemela Project, Tanzania	May 2011: Otterburn Ventures Incorporated entered into an option agreement with Lake Victoria Mining Company Incorporated for a 70% interest in the Kalemela Project for USD\$0.172M, 600,000 common shares and a USD\$1.350M work commitment totalling A\$1.683M at date of transaction. The project is prospective and has an area of 189.2km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$2.404M (notional A\$12,705/ km ² on 100% terms).	189.2	\$2.404M	\$12,705 / km ²
Handeni / Sindeni Project #2, Tanzania	May 2011: Canada Gold Corporation entered into an acquisition agreement with the Eden Group of Tanzania for a 100% interest in the Handeni / Sindeni #2 Project for USD\$0.750M and 3,500,000 shares totalling A\$1.482M at the date of the transaction. The project is prospective and has an area of 1,286.7 km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.482M (notional \$1,151 A\$/ km ² on 100% terms).	1286.7	\$1.482M	\$1,151 / km ²
Project #3, Tanzania	May 2011: Canada Gold Corporation entered into an acquisition agreement with the Eden Group of Tanzania for a 100% interest in Project #3 for USD\$0.350M totalling A\$0.326M at the date of the transaction. The project is prospective for gold and has an area of 30.7 km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is A\$0.325M (notional \$10,609 A\$/ km ² on 100% terms).	30.7	\$0.325M	\$10,609 / km ²

Note: Differences may occur due to rounding errors

5.4.2 Commodity Prices

Ravensgate has examined the historical commodity charts for general trends over time and a general analysis of the price chart for Gold in Figure 20 shows a continuous price increase with only a short period of slight price decline between April and November 2008. In recent months the gold price has remained relatively steady. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 20 Gold Five Year Monthly Average Price Chart to December 2011



Source: IndexMundi.com



5.5 Mineral Asset Valuations

5.5.1 BrightStar Gold Projects, Tanzania

Ravensgate have decided to divide the BrightStar Gold Projects up into following parts for the valuation, being the:

- Miyabi Gold Project; 0% interest;
- Kitongo Gold Project; 100% interest;
- Surrounding Miyabi prospecting licences; 0% interest;
- Surrounding Kitongo prospecting licences; 100% interest; and
- Maji Moto and Nyangombe Gold Project; 100% interest.

This allows for more than one valuation method to be applied where possible.

5.5.1.1 Selection of Valuation Method

The Miyabi Gold Project can be divided into two distinct valuation areas. The first is a “Pre-Development Project” mineral asset where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This area specifically covers the prospecting licence PL4536/2007.

The second is a surrounding Prospecting Licence area which can be classified as “Exploration Area” mineral asset where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified. The remaining prospecting licences are classified in this area.

The commodity item of interest for exploration is Gold mineralisation. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as listed in Section 3.7.1. In valuing the mineral asset of the Miyabi Project, Ravensgate considers the ‘DCF/NPV’ method inappropriate.

The Kitongo Gold Project can be classified into two distinct valuation areas. The first is a “Pre-Development Project” mineral asset where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This area specifically covers the retention licences RL0003/2009 and RL2004/2009.

The second is a surrounding Prospecting Licence area which can be classified as “Exploration Area” mineral asset where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified. The remaining retention and prospecting licences are classified into this area.

The commodity item of interest for exploration is Gold mineralisation. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as listed in Section 4.7.1. In valuing the mineral asset of the Kitongo Project, Ravensgate considers the ‘DCF/NPV’ method inappropriate.

The Maji Moto and Nyangbombe gold projects can be classified as “Exploration Area” mineral assets where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified. The commodity item of interest for exploration is Gold mineralisation. Ravensgate considers the ‘DCF/NPV’ method inappropriate.

For the valuation of BrightStar’s reported Mineral Resources, Ravensgate has valued the reported Mineral Resources as reported in Section 3.7.1 and Section 4.7.1 at the various cut-offs used.

Ravensgate has elected to apply the Comparable Transaction Method to value the projects after consideration of the various valuation methods outlined in Section 5.1 and the geological / exploration information outlined in Sections 3 and 4.

5.5.1.2 *Project Analysis - Comparable Transactions Method*

Ravensgate's analysis of gold market transactions in Tanzania and Africa (Table 15) indicate that the implied value of moderately advanced exploration projects with Mineral Resources through to more advanced projects or near term production projects with Mineral Resources generally range from \$1.30 to \$156.29 per contained resource ounce of gold metal. Within this range Ravensgate considers an implied value between \$7.42 and \$47.97 per contained resource ounce of gold metal more appropriate in valuing the Mineral Resources at Miyabi and Kitongo.

Ravensgate considers the transaction between TEAL and EVI dated October 2007 to not be applicable for comparative purposes due to the size of the mineral resource on the property. In addition, the transaction is approximately five years old.

The high outlier values involving the gold projects in Eritrea have been disregarded for valuation purposes, on an anomalous value basis, and on the mineral resource grade which is approximately 190% higher than the Kitongo Mineral Resource at a 1.0g/t cut-off. Similarly the low value outlier involving Red Rock Resources in Kenya has been discarded.

Analysing these transactions taking into account the change in gold price over time, expressing the dollar value per ounce of gold as a percentage of the gold price (Table 16), the range of these transactions is 0.61% to 4.15%.

Miyabi Gold Project

Ravensgate has derived an implied range of \$21.60 to \$26.41 with a preferred value of \$24.00 per ounce of contained gold to apply to the Miyabi Gold Project Mineral Resource listed in Section 3.7.1 using the Gold Spot Price at 16 February 2012 of \$1,600.24 (US\$1,723.80). These derived values are based on the higher dollar value per ounce of gold expressed as a percentage of the gold price, where a range from 1.35% to 1.65% has been applied and the preferred value is based on 1.50%. These values relate to approximately \$11.23M to \$13.73M for the contained metal within the current Mineral Resource Estimate (520Koz Au metal). From this range a preferred value of \$12.48M has been selected which reflects a value of \$24.00 per contained resource ounce of gold, which reflects the outcome of successful exploration to date and the quality of the Mineral Resources.

Surrounding Miyabi Prospecting Licences

Ravensgate's analysis of Tanzanian market transactions for Exploration Area mineral asset gold projects (Table 17) suggests an implied value between \$1,151 and \$12,705 per square kilometre for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. Ravensgate considers that the work done on the properties to date, their prospective location relative to surrounding tenements and their geological location to warrant a value towards the middle range of the Comparable Transactions.

Ravensgate has derived an implied range of \$4,000 to \$6,000 per square kilometre with a preferred value of \$4,500 per square kilometre to apply to the area of the granted prospecting licences, which have a total combined area of 146.34 km². These values relate to approximately \$0.56M to \$0.88M. From this range a preferred value of \$0.66M has been selected, which reflects a value of \$4,500 per square kilometre, which also reflects the outcome of successful exploration to date and the quality of the exploration ground.

Kitongo Gold Project

Ravensgate considers the Kitongo Gold Project to be at a less advanced stage of exploration due to the lack of certain critical data items such as density measurements, and has applied a multiple of 0.95 to the value ranges derived for the Miyabi Gold Project. Ravensgate's analysis of the Kitongo Gold Project has determined an implied range of \$20.52 to \$25.09 with a preferred value of \$22.80 per ounce of contained gold to



apply to the Mineral Resources as tabled in Section 4.7.1. These values relate to a range of approximately \$7.59 to \$9.28M for the contained metal within the current Mineral Resource Estimate (370Koz Au metal). From this range a preferred value of \$8.44M has been selected which reflects a value of \$22.80 per contained resource ounce of gold, which also reflects the outcome of successful exploration to date and the quality of the Mineral Resources.

Surrounding Kitongo Prospecting Licences

Ravensgate's analysis of Tanzanian market transactions for Exploration Area mineral asset gold projects (Table 17) suggests an implied value between \$1,151 and \$12,705 per square kilometre for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. Ravensgate considers that the work done on the properties to date, their prospective location relative to surrounding tenements and their geological location to warrant a value towards the middle range of the Comparable Transactions.

Ravensgate has derived an implied range of \$4,000 to \$6,000 per square kilometre with a preferred value of \$4,500 per square kilometre to apply to the area of the granted prospecting licences, which have a total combined area of 97.48 km². These values relate to approximately \$0.39M to \$0.58M. From this range a preferred value of \$0.44M has been selected, which reflects a value of \$4,500 per square kilometre, which also reflects the outcome of successful exploration to date and the quality of the exploration ground.

Maji Moto and Nyangombe gold Projects

Ravensgate's analysis of Tanzanian market transactions for Exploration Area mineral asset gold projects (Table 17) suggests an implied value between \$1,151 and \$12,705 per square kilometre for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004.

Ravensgate has derived an implied range of \$1,000 to \$2,000 per square kilometre with a preferred value of \$1,200 per square kilometre to apply to the area of the granted prospecting licences, which have a total combined area of 60.46 km². These values relate to approximately \$0.06M to \$0.12M. From this range a preferred value of \$0.07M has been selected, which reflects a value of \$1,200 per square kilometre, which also reflects minimal exploration completed to date, the outcome of the successful exploration to date and the quality of the exploration ground.

Summary Valuation - Comparative Transactions

A summary of BrightStar's project valuation based on comparative transactions is in Table 18. Ravensgate considers both the Miyabi and Kitongo projects to be of merit and are worthy of further exploration and study.

<i>Table 18 BrightStar - Comparative Transactions Valuation for the Miyabi and Kitongo Gold Projects</i>						
Project	Mineral Asset	Ownership %	Area kilometre ²	Valuation		
				Low \$M	High \$M	Preferred \$M
Miyabi	Pre-Development	0%	18.57 ¹	\$0.00	\$0.00	\$0.00
Kitongo	Pre-Development	100%	21.52 ¹	\$7.59	\$9.28	\$8.44
Miyabi Prospecting Licences	Exploration Area	0%	146.34	\$0.00	\$0.00	\$0.00
Kitongo Prospecting Licences	Exploration Area	100%	97.48	\$0.39	\$0.58	\$0.44
Maji Moto & Nyangombe	Exploration Area	100%	60.46	\$0.06	\$0.12	\$0.07
Total	All	0% & 100%		\$8.04	\$9.98	\$8.95

¹ Area not applicable to valuation due to existence of Mineral Resources

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

5.6 Valuation Summary

Miyabi Gold Project

Ravensgate considers the Comparable Transaction method applicable to the Miyabi Gold Project. This method derived a range of selected values from \$11.23M to \$13.73M with a preferred value of \$12.48M for a 100% interest in the project, which recognises the mineral asset prospects and exploration drilling and geological work outlined to date. BrightStar is still in the 'earn in' phase of their joint Venture with African Eagle Resources and has not earned an interest in the project and therefore no value has been assigned. In addition, the uncertainty surrounding the tenure of PL 4536/2007 would need to be resolved before a value could be assigned to the Miyabi Project. Ravensgate considers the Miyabi Gold Project is of merit and worthy of further exploration.

Kitongo Gold Project

By using the Comparable Transactions valuation methods for valuing BrightStar's 100% interest in the Kitongo Gold Project, a range of selected values from \$7.59M to \$9.28M can be derived. Ravensgate has elected to assign a preferred value of \$8.44M, recognising the mineral asset prospects and exploration drilling and geological work outlined to date. Ravensgate considers the Kitongo Gold Project is of merit and worthy of further exploration.

Miyabi Prospecting Licences

The Comparative Transaction valuation method can be used to value the five surrounding prospecting licences at the Miyabi Gold Project. By using the Comparative Transaction



valuation methods for valuing prospecting licences, the prospecting licenses with an area totalling 146.34 km² have a range of selected values from \$0.56M to \$0.88M, with a preferred value of \$0.66M in the middle of the range for a 100% interest in the project, recognising the mineral asset prospects and exploration drilling and geological work outlined to date. BrightStar is still in the 'earn in' phase of their Joint Venture with African Eagle Resources and has not yet earned an interest in the project, and therefore no value has been assigned. Ravensgate considers the Miyabi Gold Project is of merit and worthy of further exploration.

Kitongo Prospecting Licences

The Comparative Transaction valuation method can be used to value the surrounding prospecting licences at the Kitongo Gold Project. By using the Comparative Transaction valuation methods for valuing prospecting licences, the prospecting licenses with an area totalling 97.48 km² have a range of selected values from \$0.39M to \$0.58M, with a preferred value of \$0.44M in the middle of the range for a 100% interest in the project, recognising the mineral asset prospects and exploration drilling and geological work outlined to date. Ravensgate considers the Kitongo Gold Project is of merit and worthy of further exploration.

Maji Moto & Nyangombe Gold Projects

The Comparative Transaction valuation method can be used to value the Maji Moto and Nyangombe gold project licences. By using the Comparative Transaction valuation methods for valuing the licences, the licenses with an area totalling 60.46 km² have a range of selected values from \$0.06M to \$0.12M, with a preferred value of \$0.07M at the lower end of the range for a 100% interest in the project, recognising the mineral asset prospects and exploration drilling and geological work outlined to date.

Summary

Ravensgate has concluded that BrightStar's Tanzanian Gold Projects are of merit (although at varying stages of exploration and subsequent Mineral Asset classification), and are both worthy of further exploration. A summary of the Tanzanian Gold Projects valuation in 100% terms is provided in Table 19. A summary of the Tanzanian Gold Projects valuation in 100% and joint venture terms based upon the information provided by BrightStar is provided in Table 20. The applicable valuation date is 16 February 2012 and is derived from comparisons using the Comparable Transactions valuation methods. The value of the listed projects is considered to lie in a range from \$8.04M to \$9.98M, within which Ravensgate has selected a preferred value of \$8.95M.

Table 19 BrightStar - Project Technical Valuation Summary in 100% for the BrightStar's Tanzanian Gold Projects

Project	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
Miyabi	Pre-Development	100%	\$11.23	\$13.73	\$12.48
Kitongo	Pre-Development	100%	\$7.59	\$9.28	\$8.44
Miyabi Prospecting Licences	Exploration Area	100%	\$0.56	\$0.88	\$0.66
Kitongo Prospecting Licences	Exploration Area	100%	\$0.39	\$0.58	\$0.44
Maji Moto & Nyangombe	Exploration Area	100%	\$0.06	\$0.12	\$0.07
Combined Projects	All listed projects	100%	\$19.83	\$24.59	\$22.09

* The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur

Table 20 BrightStar - Project Technical Valuation Summary in 100% and Joint Venture Terms for BrightStar's Tanzanian Gold Projects

Project	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
Miyabi	Pre-Development	0%	\$0.00	\$0.00	\$0.00
Kitongo	Pre-Development	100%	\$7.59	\$9.28	\$8.44
Miyabi Prospecting Licences	Exploration Area	0%	\$0.00	\$0.00	\$0.00
Kitongo Prospecting Licences	Exploration Area	100%	\$0.39	\$0.58	\$0.44
Maji Moto & Nyangombe	Exploration Area	100%	\$0.06	\$0.12	\$0.07
Combined Projects	All listed projects	0% & 100%	\$8.04	\$9.98	\$8.95

* The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur



TENEMENT DETAILS

Table 21 Miyabi Project Tenement Details

LICENSE TYPE	LICENCE	AREA (Km ²)	LICENCE NAME	STATUS
Prospecting	PL 4536/2007	18.57	Miyabi North	1 st Renewal Awaited
Prospecting	PL 4592/2007	10.28	Mwabomba North	1st Renewal Awaited
Prospecting	PL 6382/2010	77.00	Miyabi South	Initial Grant
Prospecting	PL 6593/2010	38.50	Miyabi Airport	Initial Grant
Prospecting	PL 6752/2010	20.56	Mwabomba West	Initial Grant
Application	HQ-P21344	76.81	Miyabi South Idahina	New Application
Application	HQ-P21345	51.39	Miyabi	New Application
Application	HQ-P21934	20.00	Miyabi Dyke	New Application
Application	HQ-P22141	21.91	Mwabomba Central	New Application

Table 22 Kitongo Project Tenement Details

LICENSE TYPE	LICENCE	AREA (Km2)	LICENCE NAME	STATUS
Retention	RL0002/2009	20.76	Ugambilo	Valid to 2014
Retention	RL0003/2009	12.92	Kitongo	Valid to 2014
Retention	RL0004/2009	8.60	Mwamazengo	Valid to 2014
Prospecting	PL 6385-2010	23.84	Ugambilo	Initial Grant
Prospecting	PL 6499-2010	2.45	Ugambilo	Initial Grant
Prospecting	PL 6543-2010	3.87	Mwamazengo	Initial Grant
Prospecting	PL 6629-2010	2.61	Mabale	Initial Grant
Prospecting	PL 6631-2010	3.30	Mwamazengo	Initial Grant
Prospecting	PL 2697-2004	1.27	Mwamazengo	Extension Application
Prospecting	PL 3540-2005	6.52	Mwamazengo	2 nd Renewal awaited
Prospecting	PL 3541-2005	20.96	Ugambilo	2 nd Renewal awaited
Prospecting	PL 3566-2005	4.11	Kitongo	2 nd Renewal awaited
Prospecting	PL 3616-2005	7.62	Mwamazengo	2 nd Renewal awaited
Prospecting	PL 4618-2007	0.17	Busongo	2 nd Renewal awaited
Application	HQ-P19108	10.58	Ugambilo East (2)	New Application
Application	HQ-P20825	1.27	Mwamazengo South - Hasanet(2)	New Application
Application	HQ-P22362	1.60	Mwamazengo South(3)	New Application
Application	HQ-P22364	5.24	Ugambilo East(3)	New Application
Application	HQ-P22428	2.10	Kitongo West (3)	Fresh Application
Application	HQ-P22557	1.88	Mwamazengo South-East (2)	Fresh Application

Table 23 MajiMoto Project Tenement Details

LICENSE TYPE	LICENCE	AREA (Km2)	LICENCE NAME	STATUS
Prospecting	PL 6637-2010	1.60	Majimoto	Initial Grant
Prospecting	PL 6421-2010	20.65	Majimoto	Initial Grant
Prospecting	PL 7394-2011	3.67	Serengeti	Initial Grant
Prospecting	PL 3539-2005	1.72	Majimoto	2 nd Renewal awaited
Prospecting	PL 3568-2005	1.30	Majimoto	2 nd Renewal awaited
Prospecting	PL 3569-2005	10.07	Majimoto	2 nd Renewal awaited
Application	HQ-P19181	0.65	Maji Moto Southeast (2)	New Application
Application	HQ-P20027	19.44	Maji Moto (3)	Initial Application
Application	HQ-P22363	1.73	Majimoto South West(2)	New Application
Application	HQ-P22429	2.44	Maji Moto North (3)	New Application

Table 24 Nyangombe Project Tenement Details

LICENSE TYPE	LICENCE	AREA (Km2)	LICENCE NAME	STATUS
Prospecting	PL 6530-2010	5.53	Rwamaganza	Initial Grant
Prospecting	PL 3534-2005	3.11	Nyang'ombe	2nd Renewal awaited
Prospecting	PL 5571-2008	12.81	Nyang'ombe	1st Renewal awaited
Application	HQ-P20490	6.42	Nyangombe West (3)	New Application
Application	HQ-P22316	3.26	Nyangombe North(2)	New Application
Application	HQ-P23725	6.42	Nyang'ombe	New Application



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8. GLOSSARY

A\$	Australian dollars.
Aerial photography	Photographs of the Earth's surface taken from an aircraft.
Aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
Airborne geophysical data	Data pertaining to the physical properties of the Earth's crust at or near surface and collected from an aircraft.
Alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
Anhedral	A term describing the appearance of a crystal or mineral as being poorly developed
Arcuate	A term describing the shape or form to be in the general shape of an arc.
Anomalous	A departure from the expected norm, generally geochemical or geophysical values higher or lower than the norm.
Archean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
Arsenopyrite	(FeAsS), a monoclinic mineral and the main ore of arsenic.
Artisinal	A term to describe local mining activities which are generally illegal in nature.
Assay	A procedure where the element composition of a rock soil or mineral sample is determined.
Auriferous	Containing gold.
B	Billions.
Basalt	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
Base metals	A non-precious metal, usually referring to copper, lead and zinc.
Basin	A large depression within which sediments are sequentially deposited and lithified.
Biotite	A rock-forming ferromagnesian silicate mineral with tetrahedra in thin sheets. Typically dark brown to dark green in colour.
Breccia	Rock consisting of angular fragments enclosed in a matrix, usually the result of persistent fracturing by tectonic or hydraulic means.
Brittle	Rock deformation characterised by brittle fracturing and brecciation.
Calcite	A mineral of composition CaCO ₃ (calcium carbonate) it is an essential component of limestones and marbles.
Carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO ₃ . Essential component of limestones and marbles.
Carbonaceous shale	A shale, black in colour due to carbon content.
Chalcopyrite	CuFeS ₂ , a copper ore.
Chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
Clastic	Pertaining to sedimentary rocks composed primarily from fragments of pre-existing rocks or fossils.

Clays	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
Conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
Craton	Large, usually ancient, stable mass of the earth's crust.
Marginal Cut-off grade	The lowest grade of mineralised material considered to be economic for a particular project.
Density	Mass of material per unit volume.
Deposit	A mineralised body which has been physically delineated by sufficient drilling and found to contain sufficient average grade of metal or metals to warrant further exploration and development expenditure.
Diamond drilling	A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
Dilational	Open space within a rock mass commonly produced in response to folding or faulting.
Dilution	The lowering of the grade of ore being mined due to the inclusion of waste rock or low-grade ore.
Dip	The angle at which a rock stratum or structure is inclined from the horizontal.
Disseminated	Widely and evenly spread.
Dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
Ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
Dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
Electromagnetic survey	A geophysical technique whereby transmitted electromagnetic fields are used to energise and detect conductive material beneath the earth's surface.
Euhedral	A term defining a mineral as having a perfect crystal shape.
Facies	Characteristic features of rocks such as sedimentary rock type, mineral content, metamorphic grade, fossil content and bedding characteristics.
Fault zone	A wide zone of structural dislocation and faulting.
Feldspar	A group of rock forming minerals.
Felsic	An adjective indicating that a rock contains abundant feldspar and silica.
Foliation	A term describing a rock as having planes or fractures developed in a preferential direction.
Footwall	Surface of rock along the fault plane having rock below it.
g/t	Grams per tonne.
Gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
Geochemical	Pertains to the concentration of an element.
Geophysical	Pertains to the physical properties of a rock mass.
GIS database	A system devised to present partial data in a series of compatible and interactive layers.



Gossan	Leached, oxidised near surface part of a vein containing sulphides, especially iron-bearing sulphides.
Granite	A common type of intrusive, felsic, igneous rock.
Granitoids	A rock comprised of predominantly granites displaying various textures.
Graphitic schist	Preferential alignment of minerals forming a schist dark in colour due to presence of carbon or graphite.
Greenschist facies	A low grade, low temperature regional metamorphism that results in a mineral assemblage typically containing chlorite, epidote and/or actinolite.
Greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
Hangingwall	The mass of rock above a fault, vein or zone of mineralisation.
Hematite	A common iron ore, natural iron oxide that is reddish or brown in colour.
Igneous	A rock that has solidified from molten rock or magma.
Induced Polarisation	A range of techniques used in determining the electrical conductivity of an orebody or rock type
Infill	Refers to sampling or drilling undertaken between pre-existing sample points.
In-situ	In the natural or original position.
Intermediate	A rock unit which contains a mix of felsic and mafic minerals.
Intrusion/Intrusive	A body of igneous rock that invades older rock.
Joint venture	A business agreement between two or more commercial entities.
JORC	Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).
JORC Code	A code developed by the Australian Joint Ore Reserves Committee which sets minimum standards for public reporting of exploration results, Mineral Resources and Ore Reserves.
Kaolinitic	A metamorphic alteration style describing the introduction of clay minerals
kg/m ³	Kilogram per cubic metre.
kg/t	Kilograms per tonne, a standard mass unit for demonstrating the concentration of uranium in a rock.
Landsat	Reference to satellite orbiting the earth providing imagery in a range of light spectra.
Leucocratic	A term describing the general colour of a rock or lithology. Leuco meaning light coloured.
Lithology	A term pertaining to the general characteristics of rocks.
Lithosoils	Soils that still have original lithological structures preserved.
Lode	A vein or other tabular mineral deposit with distinct boundaries.
M	Millions.
Mafic	A dark igneous rock composed dominantly of iron and magnesium minerals (such as basalt).
Magnetic anomaly	Zone where the magnitude and orientation of the earth's magnetic field differs from adjacent areas.
Magnetite	A ferromagnetic mineral form of iron oxide (Fe ₂ O ₃), which commonly exhibits magnetic properties..

Mesothermal	Hydrothermal deposit formed at intermediate temperatures (200-300° C).
Metal recovery	The percentage of metal recovered after processing.
Metasediments	Sedimentary rocks which have been subjected to alteration and deformation by a metamorphic process.
Metamorphism	Process by which changes are brought about to rock in the earth's crust by the agencies of heat, pressure and chemically active fluids.
Mineralisation	A geological concentration minerals or elements of prospective economic interest.
Mineral	A substance occurring naturally in the earth which may or not be of economic value.
Mineralised zone	Any mass of rock in which minerals of potential commercial value may occur.
Mineral Resource	A mineral inventory that has been classified to meet the JORC code standard.
Moz	Millions of ounces.
mRL	Metres reduced level, refers to the height of a point relative to a datum surface.
Mt	Million Tonnes.
Open pit	A mine working or excavation open to the surface.
Ore	Material that contains one or more minerals which can be recovered economically.
Ore Reserve	An Ore Reserve that has been classified to meet the JOR code standard.
Outcrops	Surface expression of underlying rocks.
Oxidised ore	Metalliferous minerals by which have been altered by weathering and partially or completely converted into oxides.
Polymictic	Referring to coarse sedimentary rocks, typically conglomerate, containing clasts of many different rock types.
ppb	Parts per billion; a measure of low level concentration.
Pyrite	A common iron sulphide known as Fools Gold.
Pyrrhotite	A common, pale bronze iron sulphide mineral.
Quartz	Mineral species composed of crystalline silica (SiO ₂).
Radiometric	Geophysical technique measuring emission from radioactive isotopes.
RAB drilling	Rotary Air Blast drilling, whereby rock chips are recovered by airflow returning outside the drill rods.
RC drilling	Reverse Circulation drilling, whereby rock chips are recovered by airflow returning inside the drill rods, rather than outside, thereby returning more reliable samples.
Regolith	The loose, unconsolidated material occurring above bedrock.
Reserves	The portion of a mineral deposit which could be economically extracted or produced at the time of the Reserve determination. These are classified as either proven, probable or possible Ore Reserves based on the JORC code.
Resource	An occurrence of material of intrinsic economic interest in a form that provides reasonable prospects for eventual economic extraction. These are classified as Measured, Indicated or Inferred ore resources based on the JORC code.
Rock chip sampling	The collection of rock specimens for mineral analysis.



Sandstone	Sedimentary rock comprising predominantly of sand.
Saprock / Saprolite	Zone of weathered rock preserved within the weathered profile.
Satellite imagery	The images produced by photography of the Earth's surface from satellites.
Schistosity	A term to describe the appearance of a rock as having preferential alignment of minerals.
Sedimentary	Rocks formed by the deposition of particles carried by air, water or ice.
Sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
Shale	Fine grained sedimentary rock with well-defined bedding planes.
Sheared	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
Silcrete	Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
Silicified	Rock into which silica has been introduced.
Sills	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.
Silts	Fine-grained sediments, with a grain size between those of sand and clay.
Sinistral	Known as left lateral where the sense of movement indicates the area displaced on the opposite side of a fault has moved to the left.
Soil sampling	The collection of soil specimens for mineral analysis.
Sphalerite	A zinc sulphide mineral (ZnS). Principal ore of zinc.
Spot price	Current delivery price of a commodity traded in the spot market.
Strike	Horizontal direction or trend of a geological structure.
Sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralisation.
Syntectonic	A geological event occurring during tectonic activity, or a rock or feature so formed.
t	Tonne.
Tpa	Tonnes per annum.
Tailings	Material rejected from the plant after valuable minerals have been Recovered.
Tenements	Large tracts of land granted under lease to mining companies and prospectors by the government.
Uranium	A radioactive silvery-white element. Occurs in minerals such as pitchblende, uraninite and carnotite.
Veins	A thin infill of a fissure or crack, commonly bearing quartz.
Volcanics	Broad term describing intrusive or extrusive lithologies derived from vulcanism.
Waste	Material which does not contain minerals of economic merit.
Zone of oxidisation	The upper region of a mineral deposit which has undergone oxidisation.





APPENDIX 2
INDEPENDENT SOLICITOR'S REPORT



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Ref: No TWA/AL/RVR/3/12

April 30, 2012

The Directors
Rift Valley Resources Ltd
Level 2
23 Barrack Street
PerthWA 6000

Dear Sirs,

RE: SOLICITORS' REPORT ON BRIGHT STAR PROSPECTING LICENCES, RETENTION LICENCES AND APPLICATIONS

1.0 Introduction

We refer to the above captioned matter, including various email correspondence dated 2nd February, 2012 to 1st March, 2012, in which you instructed our Firm to conduct official searches and review records at various registries in Tanzania for the purpose of preparing a report concerning the legal status of various Prospecting Licences, Retention Licences and Applications in which the Bright Star Resources Ltd group of companies have an interest in for the purposes of Bright Star's Kitongo project, Miyabi joint venture, Maji Moto project and Nyangombe project in Tanzania.

This Report is prepared for inclusion in an Explanatory Statement to accompany notices of meetings to shareholders and option holders of Rift Valley Resources Limited (ACN 147 483 341) (RFV).

We are a firm of lawyers duly qualified to practise in Tanzania, and we provide this Report and opinion on matters concerning Tanzanian law only.

2.0 Sources of Information, Documents and Law

In rendering this Report and opinion we have relied upon the documents, information and law outlined below:



- i) Emails from Mr Gosbert Kagaruki of Rift Valley Resources (Tanzania) Limited dated 2nd February, 2012 and 1st March, 2012, which provide details pertaining to the Applications for the , Prospecting Licences and Retention Licences to be reviewed;
- ii) A copy of official Company Search Result with reference number MITM/RC/84426 dated 2nd March, 2012.
- iii) A copy of official Company Search Result with reference number MITM/RC/79340 dated 2nd March, 2012.
- iv) A copy of official Mining Search Results dated 22nd February, 2012 (the “**Mining Search Results**”);
- v) A copy of official Mining Search Results dated 2nd March, 2012 (the “**Mining Search Results**”);
- vi) A copy of official Mining Search Results dated 8th March, 2012 (the “**Mining Search Results**”);
- vii) A copy of official Mining Search Results dated 27th March, 2012 (the “**Mining Search Results**”);
- viii) The Mining Act, 2010 (Act No. 14 of 2010) (the “**Mining Act**”);
- ix) The Mining (Mineral Rights) Regulations 2010 (the “**Regulations**”);
- x) Our general knowledge on the subject matter and research conducted in relation thereto.

3.0 The Report and Opinion

Based on the foregoing information and qualifications set forth herein, as instructed by RFV, we **Trustworth Attorneys**, a firm of Advocates licensed to practice law in the

3.1 Scope

We have been requested to compile a report on mining Prospecting Licences (the “**Prospecting Licences**”), Retention Licences (the “**Retention Licences**”) and mining Prospecting Licence applications (the “**Applications**”) located in Tanzania in which the Bright Star group of companies have an interest in for the purposes of Bright Star’s Kitongo project, Miyabi joint venture, Maji Moto project and Nyangombe project in Tanzania.

With respect to the Kitongo project RFV requested us to search the following companies in relation to those licences and applications specified by RFV to us which RFV believes are important in terms of prospectivity, exploration potential and/or value:

- i) Carlton Kitongo Tanzania Ltd, a wholly-owned subsidiary of Bright Star;
- ii) IAMGold Tanzania Limited and Lake Victoria Gold Mines Ltd, the former licence holders and former applicants who are in the process of transferring Prospecting Licences to Carlton Kitongo Tanzania Ltd and who have agreed to transfer the relevant licence once the application for licence is granted; and
- iii) Hasanet Limited, the grantor of an option over PL 2697 / 2004.

Details of the Retention Licences, Prospecting Licences, and the Applications searched are attached as **Schedule 1**.

With respect to the Miyabi joint venture RFV requested us to search the following companies or individuals who are parties to, or bound by, the joint venture, in relation to those licences and applications specified by RFV to us which RFV believes are important in terms of prospectivity, exploration potential and/or value:

- i) Carlton Miyabi Tanzania Limited, a wholly-owned subsidiary of Bright Star;
- ii) Tanzania Minerals, Liquified Gas and Petroleum Products Ltd; and
- iii) Halima Mamuya;
- iv) Kiokote Exploration Ltd;
- v) Twigg Minerals;
- vi) W G Exploration Ltd;



vii) Twigg Gold.

Details of the Retention Licences, Prospecting Licences, and the Applications searched are attached as **Schedule 2**.

With respect to Bright Star's Maji Moto project and Nyamgombe project, RFV requested us to search the following companies in relation to those licences and applications specified by RFV to us which RFV believes are important in terms of prospectivity, exploration potential and/or value:

viii) Carlton Kitongo Tanzania Ltd, a wholly-owned subsidiary of Bright Star; and

ix) IAMGold Tanzania Limited, the former licence holder and former applicant who is in the process of transferring licences to Carlton Kitongo Tanzania Ltd and who has agreed to transfer the relevant licence once the application for licence is granted.

Details of the Retention Licences, Prospecting Licences, and the Applications searched are attached as **Schedule 3** (Maji Moto) and **Schedule 4** (Nyamgombe).

The locations of the Prospecting Licences, Retention Licences, and Applications in Tanzania are:

Maji Moto Project

License No.

Area

PL 6637/2010

Maji Moto, Serengeti

PL 6421/2010

Maji Moto, Serengeti

PL 3568/2005

Maji Moto South-East, Musoma

PL 3569/2005

Maji Moto North, Musoma

PL 3539/2005

Maji Moto South-West, Musoma

PL7394/2011

Maji Moto, Serengeti

HQ-P22429

Maji Moto-Mgumu, Serengeti

HQ-P22363

Maji Moto-Mgumu, Serengeti

HQ-P20027

Maji Moto

HQ-P19181

Maji Moto South East

Nyang'ombe Group

License No.	Area
PL 3534/2005	Nyang'ombe Bukwimba, Geita
PL 5571/2008	Nyang'ombe West, Geita
PL 6502/2010	Nyang'ombe Bukwimba, Geita
PL 6530/2010	Rwamaganza, Geita
HQ-P22316	Bukwimba
HQ-P19030	Nyang'ombe North
HQ-P20490	Nyang'ombe
HQ-P19030	Nyang'ombe

Miyabi Project

License No.	Area
PL 4592/2007	Miyabi Mwabomba North
PL 4536/2007	Miyabi, Kahama
PL 6593/2010	Miyabi, Kahama
PL 6752/2010	Miyabi, Kahama
PL 6382/2010	Miyabi, Kahama
HQ-P21344	Mwabomba, Kahama
HQ-P21345	Miyabi, Kahama
HQ-P21934	Miyabi, Kahama
HQ-P22141	Miyabi, Kahama

Kitongo

License No.	Area
RL 0002/2009	Ugambilo, Kwimba&Misungwi
RL 0003/2009	Kitongo, Misungwi
RL 0004/2009	Mwamazengo, Misungwi
PL 2697/2004	Mwamazengo, Misungwi
PL 3566/2005	Kitongo West, Magu
PL 3616/2005	Mwamazengo South-East, Misungwi
PL 3540/2005	Mwamazengo South, Misungwi
PL 6543/2010	Mwamazengo, Misungwi
PL 6629/2010	Mabale, Misungwi
PL 6631/2010	Mwamazengo, Misungwi



PL 6385/2010
PL 6499/2010
PL 4618/2007
PL 3541/2005
HQ-P22362
HQ-P22364
HQ-P22428
HQ-P22557
HQ-P20825
HQ-P21118
HQ-P19108

Ugambilo North, Misungwi
Ugambilo, Misungwi
Busongo North, Misungwi
Kwimba, Misungwi
Mwamazengo-Busongo, Misungwi
Mwamazengo-Busongo, Misungwi
Busongo, Misungwi
Mwamazengo-Busongo, Misungwi
Mibale Terrane/Misungwi
Busongo /Misungwi
Ugambilo East

Details of any material contracts which affect the Retention Licences, the Prospecting Licences and the Applications are set out in Section 3.5 of this Report.

3.2 Our Opinion

In summary, based on the result of the searches and enquiries we have conducted in relation to the Prospecting Licences, Retention Licences and Applications as at the date of the relevant searches, and subject to the assumptions and qualifications set out in this Report, we are of the opinion that : -

- (a) The registered title holders of the various Retention and Prospecting Licences listed in Schedule 1 (Kitongo), Schedule 3 (Maji Moto) and Schedule 4 (Nyangombe) of this Report have good title to the various Prospecting Licences cited thereunder, as set out in the relevant Schedules of this report;
- (b) The registered title holders of the various Applications listed in Schedule 1 (Kitongo), Schedule 3 (Maji Moto) and Schedule 4 (Nyangombe) of this Report have good title to the various Applications cited thereunder, as set out in the relevant Schedules of this report;
- (c) The registered title holders of the various Prospecting Licences listed in Schedule 2 (the Miyabi joint venture) of this Report have good title to the various Prospecting Licences cited thereunder, as set out in the Schedule 2 of this report ;

- (d) The registered title holders of the various Applications listed in Schedule 2 (the Miyabi joint venture) of this Report have good title to the various Applications cited thereunder;
- (e) the Prospecting Licences are in good standing;
- (f) the Retention Licences are in good standing; and
- (g) The title holders have complied with all material laws relating to the Prospecting Licences, Retention Licences, and Applications.

In addition, this Report provides an accurate description of the status, validity and good standing of the Prospecting Licences, the Retention Licences and, where applicable, the Applications.

3.3 Searches and Enquiries

3.3.1 Prospecting Licences, Retention Licences and Applications

We have made the following searches and enquiries in respect of the Prospecting Licences, Retention Licences, and Applications:

- (a) a search of the Register maintained by the Office of the Commissioner for Minerals (the "Commissioner") by virtue of section 106 of The Mining Act ; and
- (b) a search of the Register of Companies maintained by the Registrar of Companies by virtue of section 451 of the Companies Act 2002 [Cap 212 RE 2002] (the "Companies Act").



3.3.2 Tanzanian mining Law

A general overview of Tanzanian mining law is contained at clause 3.7 of this Report.

3.4 Results of Searches

3.4.1 Results from the Companies Registry

3.4.1.1 Incorporation

Carlton Kitongo Tanzania Limited and Carlton Miyabi Tanzania Limited are corporate bodies incorporated under the Companies Act under, respectively, Certificate of Incorporation No.79340 and No.84426 as private companies limited by shares.

3.4.1.2 Share Capital

According to the results obtained from the Register of Companies, the authorized share capital of Carlton Kitongo Tanzania Limited is Tanzania Shillings Ten Million (Tshs. 10,000,000.00) divided into 10,000 shares of Tanzania Shillings 1,000 each. Conversely, the authorized share capital of Carlton Miyabi Tanzania Limited is also Tanzania Shillings Ten Million (Tshs. 10,000,000.00) divided into 10,000 shares of Tanzania Shillings 1,000 each.

3.4.1.3 Register of Members

Based on information received from results of the official search conducted with the Registrar of Companies:

- i) the current shareholders of Carlton Kitongo Tanzania Limited are Carlton Resources Pty Ltd (ACN 139 593 874) holding 99 shares

and Geoffrey Mark Gilmour holding one share (Mr Gilmour is a director of Bright Star); and

- ii) the current shareholders of Carlton Miyabi Tanzania Limited are Carlton Resources Pty Ltd (ACN 139 593 874) holding 99 shares and Geoffrey Mark Gilmour holding one share (Mr Gilmour is a director of Bright Star).

3.4.1.4 Register of Directors

Based on the information received from results of the official search conducted at the Companies' Registry, the current list of directors of:

- i) Carlton Kitongo Tanzania Limited stands as including Warren John Gilmour, Geoffrey Mark Gilmour, and
- ii) Carlton Miyabi Tanzania Limited stands as including Paul Charles Payne and Geoffrey Mark Gilmour.

3.4.2 Results from the Mining Registry

Official searches were conducted in respect of twenty Six Prospecting Licences, Three Retention Licences and nineteen Applications for Prospecting Licences. The search results are summarized below:-

- i) all the Prospecting Licences are wholly owned by the various companies and individuals as shown in Schedules 1, 2, 3 and 4 attached hereto;
- ii) the owners of the Prospecting Licences and the Applicants of the Applications have good title to the Prospecting Licences and the Applications;



- iii) there are no assignments or transfers of the mentioned licences at the date of receipt of the Official Search results from the Commissioner;
- iv) there are no encumbrances or any other third party registered royalties in respect of any of the Prospecting Licences, except as set out in Schedule 5;
- v) the Prospecting Licences and Retention Licences were granted under the Mining Act of 1998 or the Mining Act of 2010, and are all valid and subsisting. Subject to modification of the Act as stipulated under Section 116(3) of the Mining Act ; and
- vi) Licence fees and rental payments with respect to the Prospecting Licences and Retention Licences have been paid and are current up to the dates specified in Schedule 1 with respect to each of the licences.

3.5 Interest in Prospecting Licences and Applications in Tanzania

The Bright Star group has obtained an interest in the Prospecting Licences and Applications for Bright Star's Kitongo project, Maji Moto project and Nyangombe project pursuant to:

- i) The Property Acquisition Agreement between Carlton Kitongo Tanzania Limited, Carlton Resources, Pty Ltd, IAMGold Tanzania Limited, and IAMGold Corporation dated 14 June 2010, as amended (**Kitongo Acquisition Agreement**); and

The Bright Star group has obtained an interest in the Prospecting Licences and Applications for the Miyabi joint venture pursuant to:

- ii) The Miyabi Joint Venture Agreement between African Eagle Resource Plc, Twigg Gold Limited and Carlton Miyabi Tanzania Limited, as novated, and dated 15th April 2011 (**Miyabi JV Agreement**)

3.5.1 The Kitongo Acquisition Agreement

Pursuant to the Kitongo Acquisition Agreement, the Bright Star subsidiary Carlton Kitongo Tanzania Limited acquired:

- i) the following Retention Licences and Prospecting Licences:

Licence No.	Title Holder
RL 0002/2009	Carlton Kitongo Tanzania Limited
RL 0003/2009	Carlton Kitongo Tanzania Limited
RL 0004/2009	Carlton Kitongo Tanzania Limited
PL 3534/2005	Carlton Kitongo Tanzania Limited
PL 3539/2005	Carlton Kitongo Tanzania Limited
PL 3540/2005	Carlton Kitongo Tanzania Limited
PL 3541/2005	Carlton Kitongo Tanzania Limited
PL 3566/2005	Carlton Kitongo Tanzania Limited
PL 3568/2005	Carlton Kitongo Tanzania Limited
PL 3569/2005	Carlton Kitongo Tanzania Limited
PL 3616/2005	Carlton Kitongo Tanzania Limited



PL 4618/2007	Carlton Kitongo Tanzania Limited
PL 5571/2008	Carlton Miyabi Tanzania Limited
PL 6385/2010	Carlton Kitongo Tanzania Limited
PL 6421/2010	Carlton Kitongo Tanzania Limited
PL 6499/2010	Carlton Kitongo Tanzania Limited
PL 6530/2010	Carlton Kitongo Tanzania Limited
PL 6543/2010	Carlton Kitongo Tanzania Limited
PL 6637/2010	Carlton Kitongo Tanzania Limited

- ii) the rights to any prospecting licences arising from the following Applications:

Application No.	Applicant
HQ-P22316	Lake Victoria Gold Mines Limited
HQ-P22362	Lake Victoria Gold Mines Limited
HQ-P22363	Lake Victoria Gold Mines Limited
HQ-P22364	Lake Victoria Gold Mines Limited
HQ-P22428	Lake Victoria Gold Mines Limited
HQ-P22557	Lake Victoria Gold Mines Limited
HQ-P22429	Lake Victoria Gold Mines Limited

- iii) the rights to IAMGold Tanzania Limited's option to acquire from Hasanet Limited Prospecting Licence 2697/2004 and any subsequent licence granted over the same ground covered by Prospecting Licence 2697/2004, being Prospecting Licence 6629/2010.

The agreement requires IAMGold Tanzania Limited to prosecute and pursue each Application at the cost of Carlton Kitongo Tanzania Limited and to transfer the Retention Licences and the Prospecting Licences to Carlton Kitongo Tanzania Limited.

IAMGold Tanzania Limited's option to acquire PL 2697/2004 and PL 6629/2010 is contained in an agreement entitled "Option to Purchase Prospecting Licence PLR 2697/2004" (the "Option Agreement") between IAMGold Tanzania (as it is now known)

and Hasanet Limited.

Carlton Kitongo Tanzania Limited became entitled to the rights under the Option Agreement by way of an undated deed of assumption (which appears as schedule B of the Kitongo Acquisition Agreement). However, the option exercise period under the written Option Agreement has expired. It is understood that there may have been a verbal agreement between the parties to the Option Agreement to extend the option exercise period. However, we have been unable to confirm that and it is currently not clear what rights, if any, Carlton Kitongo Tanzania Limited has with respect to PL 2697/2004 and PL 6629/2010. This may mean that Carlton Kitongo Tanzania Limited has no rights with respect to PL 2697/2004 and PL 6629/2010..

3.5.2 The Miyabi JV Agreement

Bright Star entered into a Joint Venture Agreement with African Eagle Resources Plc (**AFE**), Twigg Gold Limited (**Twigg**) on 15 April 2011 with respect to tenements in and around the Miyabi hills. Bright Star subsequently novated its interest in the Miyabi Joint Venture Agreement to its wholly owned subsidiary Carlton Miyabi Tanzania Limited.

Pursuant to the Miyabi Joint Venture Agreement, Carlton Miyabi Tanzania Limited has:

- i) the right to expend at least US\$3 million with respect to the joint venture under the Miyabi Joint Venture Agreement by 25 October 2013 (of which US\$1,078,000 has been spent as at 31 December 2011), in return for a 50% interest in the Miyabi joint venture property (see below); and
- ii) the right to subsequently make other expenditures funding a feasibility study on the tenements subject to the Miyabi Joint Venture Agreement in return for a further 25% interest in the Miyabi joint venture property (see below).

Upon Carlton Miyabi Tanzania Limited becoming entitled to the 50% and 75% interests



in the joint venture Twigg's interest in the Miyabi joint venture property is reduced down to 50% and 25%, respectively.

Upon satisfying the expenditure requirements listed above, Carlton Miyabi Tanzania Limited will have the relevant interest in the Miyabi joint venture property. This property is comprised of:

- i) Twigg's interest under the Local Partner Agreements; and
- ii) the Prospecting Licences that are the subject matter of the Local Partner Agreements and, with respect to 2 of the Local Partner Agreements, the successor licences of those Prospecting Licences.

There are 3 Local Partner Agreements between Twigg and:

- i) Geotang Mining and Water Engineering Co Ltd;
- ii) Minewell Tanzania Limited; and
- iii) GM and Company Tanzania Limited.

Twigg has the following interests under each of the Local Partner Agreements.

Geotang Mining and Water Engineering Co Ltd

Under this Local Partner Agreement:

- i) Twigg has the right to:
 - exploit the land covered by Prospecting Licence 1755/2001 and its successor licences and mining rights, and do all things necessary to establish and conduct mining operations on that land at the expense of Twigg. The successor licences are Prospecting Licence 6752/10, Prospecting Licence 4592/10 and Application HQ-P22141. The

successor licences are now held by:

- PL 6752/10: Kiokote Exploration Limited;
- PL 4592/10: Twigg; and
- HQ-P22141: Twigg Minerals Limited.

Each of the licence holders, other than Twigg, are companies controlled by Twigg.

- 90% of any net profits derived from mining operations conducted on the land, whether those profits are derived from mining operations or via a company formed to conduct mining operations. These amounts will be slightly modified if gold produced from the land is part of a larger gold mining operation.
 - 90% of the net sale proceeds of the land, less 10% of the costs borne by Twigg and any co-venturer, with respect to the land.
- ii) Twigg has an obligation to make a cash offer for Geotang Mining and Water Engineering Co Ltd's "share", as defined in the Local Partner Agreement, within 30 days of the acceptance of a bankable feasibility study by the Ministry for Energy and Minerals of the Government of Tanzania. If that offer is accepted by Geotang Mining and Water Engineering Co Ltd the Local Partner Agreement is terminated and Twigg has the entire right to Prospecting Licence 1755/2001 and its successor licences and mining rights.
- iii) The "share" that must be purchased in this way is Geotang Mining and Water Engineering Co Ltd's 10% interest in the Prospecting Licences and Application and its entitlement to the 10% of any net profits derived from mining operations conducted on the land.



- iv) The Local Partner Agreement with Geotang Mining and Water Engineering Co Ltd required Geotang Mining and Water Engineering Co Ltd to transfer PL 1755/2001 to Twigg on commencement of the agreement. If Twigg withdraws from the joint venture created under this agreement Twigg is obliged to transfer the relevant licences back to Geotang Mining and Water Engineering Co Ltd.

Kiokote Exploration Limited, Twigg and, and Twigg Gold Limited, as holders of the successor licences, are not bound by the obligations of Geotang Mining and Water Engineering Co Ltd under the Local Partner Agreement. Accordingly, each of these holders of successor licences executed deeds in favour of the parties to the Miyabi Joint Venture Agreement confirming that:

- i) The parties to the Miyabi Joint Venture Agreement have the right of to access the land subject to the licence (and its successor licences and mineral rights) for the purposes of exploring that land. This right does not apply with respect to Applications until the Application has been granted and replaced with a Prospecting Licence;
- ii) the licence holder will not dispose of that licence or its successor licences and mineral rights (except by operation of law) without the prior agreement of the parties to the Miyabi Joint Venture Agreement; and
- iii) At the direction of Twigg the licence holder will transfer its licence to any party nominated by Twigg.

Minewell Tanzania Limited Ltd

Under this Local Partner Agreement:

- i) Twigg has the right to:
- exploit the land covered by Prospecting Licence 1292/1999 and its successor licences and mining rights, and do all things necessary to establish and conduct mining operations on that land at the expense of Twigg. The successor licences are Prospecting Licence 6382/10 and Application HQ-P21344. The successor licences are now held by:
 - PL 6382/10: Halima Mamuya, an individual person residing in Tanzania; and
 - HQ-P21344: Twigg.
 - have Prospecting Licence 1292/1999 and its successor licences and mining rights, transferred to Twigg on commencement of mining operations, or to any person or party determined by Twigg, at any time. The agreement is unclear about Twigg's rights with respect to successor licences but it appears that the intention of the agreement is that successor licences were intended to be subject to Minewell Tanzania Limited Ltd's obligation to transfer the licence and its successor licences as detailed in this paragraph.
 - all revenues arising from mining operations on the land covered by 1292/1999 and its successor licences and mining rights, subject to the payment of a royalty of 1.5% of gross revenues generated by those mining operations.
- ii) Twigg has an obligation to make a cash offer for Minewell Tanzania Limited



“share” within 30 days of the acceptance of a bankable feasibility study by the Ministry for Energy and Minerals of the Government of Tanzania. If that offer is accepted by Minewell Tanzania Limited the Local Partner Agreement is terminated and Twigg has the entire right to Prospecting Licence 1292/1999 and its successor licences and mining rights,. Minewell Tanzania Limited’s “share” in this case is its right to the 1.5% royalty.

- iii) Twigg - as the holder of successor licence HQ-P21344 was not bound by the obligations of Minewell Tanzania Limited under the Local Partner Agreement. Accordingly, Twigg has executed a deed in favour of the parties to the Miyabi Joint Venture Agreement confirming that:
- the parties to the Miyabi Joint Venturers have the right to access the land subject to the licence (and its successor licences and mineral rights) for the purposes of exploring that land. This right does not apply with respect to Applications until the Application has been granted and replaced with a Prospecting Licence;
 - the licence holder will not dispose of that licence or its successor licences and mineral rights (except by operation of law) without the prior agreement of the parties to the Miyabi Joint Venture Agreement; and
 - At the direction of Twigg the licence holder will transfer its licence to any party nominated by Twigg.
- iv) Halima Mamuya - as the holder of successor licence PL 6382/2010 was not bound by the obligations of Minewell Tanzania Limited under the Local Partner Agreement. Accordingly, Twigg obtained a document executed by Halima Mamuya that is the subject of separate legal advice..

GM and Company Tanzania Limited

Under this Local Partner Agreement:

- i) Twigg has the right to:
- exploit the area covered by Prospecting Licence 1326/1999 and do all things necessary to establish and conduct mining operations on that land at the expense of Twigg. The successor licences are Prospecting Licence 4536/07, Prospecting Licence 6593/10, and Application HQ-P21934. The successor licences are now held by:
 - PL 4536/07: Tanzania Minerals, Liquified Gas and Petroleum Products Limited;
 - PL 6593/10 : Kiokote Exploration Limited; and
 - HQ-P21934: W.G Exploration Limited.
- Kiokote Exploration Limited and W.G Exploration Limited are companies controlled by Twigg.
- have Prospecting Licence 1326/1999 transferred to Twigg on commencement of the agreement. The agreement also appears to empower Twigg to sell or dispose of Prospecting Licence 1326/1999 at any time to any person or party nominated by Twigg.
 - The right to all revenues arising from mining operations on the area covered by Prospecting Licence 1326/1999 and its successor licences and mining rights, subject to the payment of a royalty of 1.5% of gross revenues generated by those mining operations.
- ii) Twigg has an obligation to make a cash offer for GM and Company Tanzania



Limited's "share" within 30 days of the acceptance of a bankable feasibility study by the Ministry for Energy and Minerals of the Government of Tanzania. If that offer is accepted by GM and Company Tanzania Limited the Local Partner Agreement is terminated and Twigg has the entire right to Prospecting Licence 1326/1999 and its successor licences and mining rights. GM and Company Tanzania Limited's "share" in this case is its right to the 1.5% royalty.

- iii) Kiokote Exploration Limited and W.G Exploration Limited - as the holders of successor licences – were not bound by the obligations of GM and Company Tanzania Limited under the Local Partner Agreement. Accordingly, Kiokote Exploration Limited and W.G Exploration Limited have each executed a deed in favour of the parties to the Miyabi Joint Venture Agreement confirming that:
- the parties to the Miyabi Joint Venture Agreement have the right to access the land subject to the licence (and its successor licences and mineral rights) for the purposes of exploring that land. This right does not apply with respect to Applications until the Application has been granted and replaced with a Prospecting Licence;
 - the licence holder will not dispose of that licence or its successor licences and mineral rights (except by operation of law) without the prior agreement of the parties to the Miyabi Joint Venture Agreement; and
 - At the direction of Twigg the licence holder will transfer its licence to any party nominated by Twigg.
- iv) Tanzania Minerals Liquified Gas and Petroleum Products Limited, as the holder of PL4536/07 was not bound by the obligations of GM and Company Tanzania Limited under the Local Partner Agreement. Twigg obtained a document executed by Halima Mamuya that is the subject of separate legal advice..

There are no rights of termination under the Local Partner Agreements.

Upon Carlton Miyabi Tanzania Limited expending the moneys required to entitle it to a 75% interest in the joint venture the parties are to contribute to further expenses of the joint venture in accordance with their proportionate interests. Twigg will be credited with the amount of \$US 6.5 million with respect to this expenditure.

The Miyabi Joint Venture Agreement appoints Carlton Miyabi Tanzania Limited as the manager of the joint venture, with day to day responsibility for the operation of the joint venture. A management committee consisting of 4 members - 2 of which are appointed by Carlton Miyabi Tanzania Limited - oversees the joint venture. Carlton Miyabi Tanzania Limited has the right to appoint the chairman of the management committee and, in the event of the management committee being deadlocked on any issue, the chairman has the deciding vote.

If a decision to mine is made on any of the land subject to the Miyabi joint venture the parties to the Miyabi Joint Venture Agreement must establish a company to hold the joint venture's tenements. The equity holdings in that company must be in the same proportions as the Miyabi joint venture parties' interests in the Miyabi joint venture.

The Miyabi Joint Venture Agreement contains standard clauses that allow one party's interest in the joint venture to be diluted by the other if the first party fails to pay its share of expenditure and the second party pays those amounts. If a party is diluted down to an interest in the joint venture of less than 10% that party must withdraw from the joint venture by transferring its interest in the joint venture to the non-withdrawing party. The withdrawing party is then granted a 1% royalty on the gross revenues of any mining on the land currently subject to the joint venture.

Alternatively, a party can voluntarily withdraw from the joint venture at any time. A party



withdrawing in this manner is required to transfer all of its interest in the joint venture to the other party.

Parties who withdraw from the joint venture are liable for their share of expenditures and costs incurred prior to the withdrawal. If Carlton Miyabi Tanzania Limited does not expend the required \$US 3 million by 25 October 2013 it will be taken to have withdrawn from the joint venture.

A party may transfer its interest in the joint venture, subject to the other party's right to acquire that interest on the same terms (including price) that the transferring party offers to a third party.

3.6 Assumptions and Qualifications

We have made the following assumptions and qualifications in producing this Report:

- i) We have relied upon information provided by third parties including the Registrar of Companies in Tanzania and the Office of the Commissioner for Minerals in response to searches made or caused to be made by us and have relied upon that information being accurate, complete and up-to-date. We are unable to comment on whether any changes have occurred to the Prospecting Licences, Retention Licences, or Applications between the date of our searches and the date planned for the issuing of the Explanatory Statement;
- ii) We have relied upon information provided by third parties including RFV and its subsidiaries, and their representatives, employees and agents in response to investigations made or caused to be made by us and have relied upon that information as being complete, accurate and up-to-date. We are unable to comment on whether any changes have occurred to the Prospecting Licences,

Retention Licences, or Applications between the date of our searches and the date planned for the issuing of the Explanatory Statement;

- iii) All signatures, seals, duty stamps and other markings on any documents provided to us by RFV or its subsidiaries are authentic and properly attached;
- iv) All documents provided to us by RFV and its subsidiaries are accurate, have been duly and properly executed, are unamended, entire in nature and in full force and effect and all signatories have the required authority to execute those documents;
- v) All materials on which we have relied are factually correct, continue to be factually correct and no material fact or information has been withheld;
- vi) All legislation and other statutory instruments are constitutionally valid and legal;
- vii) All searches obtained from the relevant government departments are factually correct and accurate and the details contained in those searches have been accurately recorded and maintained by those government departments;
- viii) All of the relevant documents have been provided to us by RFV and its subsidiaries and there are no other relevant or material documents which would alter the findings in this Report;
- ix) The registered holder of a Prospecting Licence, Retention Licence, or Application has, or in the case of an Application will have, valid legal title to the Prospecting Licence or Application;
- x) There are no other third party interests or encumbrances attaching to a Prospecting Licence, Retention Licence, or Application other than those recorded in Schedule 5 to this report;



- xi) The information in the Schedules is correct as at the date of the searches. We are unable to confirm if anything has changed from the date of the searches to the date of issue of the Explanatory Statement;
- xii) With respect to any Application, we express no opinion as to whether any Application will ultimately be granted in whole or in part and what conditions, if any, will attach to the Prospecting Licence, once granted;
- xiii) Where agreements have not been registered in relation to any Prospecting Licence, Retention Licence, or Application we express no opinion as to whether any such registration is able to be effected or the effect of any agreement not being registered;
- xiv) Where ministerial consent is required for anything we express no opinion as to whether such consent will be granted or the consequences of such consent being refused, although we are not aware of any specific matter or thing which would cause such consent to be refused; and
- xv) Where compliance with the terms and conditions of any Prospecting Licence or Application including requirements necessary to maintain the Prospecting Licences in good standing or a possible claim in relation to the Prospecting Licences, or the Applications by third parties, is not disclosed by the searches referred to above, we express no opinion as to any such compliance or claim.

3.7 Tanzanian Mining Law and the Licences

The Mining Licences issued under the Mining Act comprise of Prospecting Licences, Special Mining Licences, Mining Licences and Primary Mining Licences.

3.7.1 Prospecting Licences

- i) A prospecting licence allows a person to enter the prospecting area, prospect for minerals to which the licence applies and carry out operations and such works as are necessary for that purpose. A person may hold more than one prospecting licence up to a maximum of 20 prospecting licences provided the cumulative prospecting areas of those prospecting licences do not exceed 2,000 square kilometers.
- ii) Part IV, Division A of the Mining Act deals with the grant of a prospecting licence. A prospecting licence when granted remains in force for 4 years and may be extended by the Minister, at his discretion, for a further two terms of 3 years each. If at the end of the second renewal period a further period is required for completion of a feasibility study, the prospecting licence may be renewed but for a period not exceeding 2 years.
- iii) A holder of a prospecting licence may apply for and, subject to the Mining Act, be granted a Special Mining Licence in accordance with sections 39, 40 and 42 of the Mining Act, or a Mining Licence under the provisions of sections 49, 50 and 51 of the Mining Act.
- iv) RVR has/will have an interest in 26 Prospecting Licences and applications for Prospecting Licences. Prospecting Licences allow a holder to explore for minerals and carry out operations and works as are necessary for that purpose including the removal and excavation of soil and earth.



- v) Prospecting Licences may be transferred or dealt with at any time without the consent of the Minister. In addition, applications for exploration licences cannot be transferred or dealt with until they are granted.

3.7.2 Special Mining Licence

- i) A Special Mining Licence is granted to a large scale mining operation whose capital investment is not less than US\$ 100,000,000.
- ii) A Special Mining Licence confers on the holder the exclusive right to carry on mining operations in the mining area for minerals specified in the licence.
- iii) Part IV Division B (ii) of the Mining Act deals with Special Mining Licences.
- iv) If a Special Mining Licence is granted over a piece of land no other mining licence or prospecting licence will be granted in respect of that land.
- v) A Special Mining Licence is granted for the estimated life of the ore body indicated in the feasibility study or such other period as the licensee may request, whichever is shorter.

3.7.3 Mining Licence

- i) A Mining Licence is granted to a medium scale mining operation whose capital investment is between US\$ 100,000 and US\$ 100,000,000.
- ii) A Mining Licence confers on the holder the exclusive right to carry on mining operations in the mining area for minerals specified in the licence.
- iii) Part IV Division B (iii) of the Mining Act deals with Mining Licences.
- iv) If a Mining Licence is granted over a piece of land no other mining licence or prospecting licence will be granted in respect of that land.
- v) A Mining Licence is granted for a maximum initial period of 10 years and may be renewed for a period not exceeding 10 years.
- vi) It should also be noted that a mining licence for gemstones is usually only granted to applicants who are Tanzanians. However, the Minister responsible for mining may permit a Tanzanian national/body corporate to hold such a licence together with a non-citizen where he feels that the development of gemstone resources within the area covered by the particular mining licence requires specialized skills, technology or a high level of investment. In any case, the non-citizen's share is restricted to a fifty percent (50%) stake.



3.7.4 Primary Mining Licences

- i) Primary Mining Licences are dealt with under Division C of the Mining Act.
- ii) Primary Mining Licences are granted to citizens of Tanzania only or to companies which are exclusively composed of Tanzanians, its directors are Tanzanians and control of the company is exercised from within Tanzania by persons all of whom are citizens of Tanzania. It is not allowed for non-citizens to enter into dealings involving Primary Mining Licences.
- iii) A Primary Mining Licence is granted for a period of 7 years and may be renewed. It is also possible for a holder of a Primary Mining Licence to convert the Primary Mining Licence to a Mining Licence.

3.7.5 General Conditions

- i) Prospecting Licences are generally granted subject to standard conditions such as the requirement to pay rent, compliance with minimum expenditure requirements, reporting requirements and compliance with environmental conditions. These are specified in various Regulations made under the Mining Act.
- ii) When granting a Prospecting Licence, the Minister may impose conditions which are specific to that Prospecting Licence such as with regards to access to a natural water source or airstrip.

- iii) Failure to comply with general conditions such as compliance with minimum expenditure requirements may render the Prospecting Licence liable to cancellation. However, cancellation will not be done unless the licence holder has been served with a notice of default and required to rectify it.

4. Consent

Trustworth Attorneys consents to being named in the following form within an Explanatory Statement to be lodged by Rift Valley Resources Limited with the Australian Securities and Investments Commission on or about 2 April 2012:

“Trustworth Attorneys has given, and has not withdrawn prior to the date of the Scheme Booklet, its written consent to being named in this Scheme Booklet as the Independent Solicitor, to the inclusion of the Independent Solicitor’s Report in Appendix 2 of this Scheme Booklet and to all statements referring to that report in the form and context in which they appear. Trustworth Attorneys has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for any part of this Scheme Booklet other than the Independent Solicitor’s Report.”

This Report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Explanatory Statement and, except for disclosure in the Explanatory Statement, it is not to be relied upon or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or department or other person without the prior written consent of **Trustworth Attorneys**.



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Yours Sincerely,

Allen A.J Mwakyoma- Contact Partner

TRUSTWORTH ATTORNEYS.



Schedule 1 – The Licences and Applications searched for the Kitongo Project

Retention Licences						
Licence No.	License Holder	Grant Date	Expiry Date	Mineral	Licence & Rent Paid Until	Renewal Option
RL 0002/2009	Carlton Kitongo Tanzania Limited	12/06/2009	11/06/2014	All minerals except Building Materials and Gemstones	11/06/2014	11/05/2014
RL 0003/2009	Carlton Kitongo Tanzania Limited	12/06/2009	11/06/2014	All minerals except Building Materials and Gemstones	11/06/2014	11/05/2014
RL 0004/2009	Carlton Kitongo Tanzania Limited	12/06/2009	11/06/2014	All minerals except Building Materials and Gemstones	11/06/2014	11/05/2014
Prospecting Licences						
License No.	License Holder	Grant Date	Expiry Date	Mineral	Licence & Rent Paid Until	Renewal Option
PL 2697/2004 (Extension application Was HQ-G17135)	Hasanet Limited	02/10/2004	3 years	All minerals except Building Materials and Gemstones	Prospecting License	1.24 Sq/Km
PL 3566/2005 (Extension application Was HQ-G16645)	Carlton Kitongo Tanzania Limited	19/09/2005	3 years	All minerals except Building Materials and Gemstones	Prospecting License	2.03 Sq/Km



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PL 3616/2005	Carlton Kitongo Tanzania Limited	07/10/2005	06/10/2012	All minerals except Building Materials and Gemstones	06/10/2008	2 nd renewal 05/09/2012
PL 3540/2005	Carlton Kitongo Tanzania Limited	07/09/2005	06/09/2012	All minerals except Building Materials and Gemstones	06/09/2008	2 nd 27/10/2010
PL 6543/2010	Carlton Kitongo Tanzania Limited	05/10/2010	04/10/2013	All minerals except Building Materials and Gemstones	04/10/2011	1 st renewal 04/09/2013
PL 6629/2010	Hasanet Limited	21/09/2010	20/09/2013	All minerals except Building Materials and Gemstones	20/04/2011	1 st renewal 20/08/2013
PL 6631/2010	IAMGold Tanzania Limited	05/10/2010	04/10/2013	All minerals except Building Materials and Gemstones	04/10/2011	1 st renewal 04/10/2013
PL 6385/2010	Carlton Kitongo Tanzania Limited	05/05/2010	04/05/2013	All minerals except Building Materials and Gemstones	04/05/2011	1 st renewal 04/03/2013
PL 6499/2010	Carlton Kitongo Tanzania Limited	13/08/2010	12/08/2013	All minerals except Building Materials and Gemstones	12/08/2011	1 st renewal 12/07/2013
PL 4618/2007	Carlton Kitongo Tanzania Limited	18/09/2007	17/09/2012	All minerals except Building Materials and Gemstones	17/09/2010	2 nd Renewal 17/08/2012
PL 3541/2005	Carlton Kitongo Tanzania Limited	07/09/2005	06/09/2012	All minerals except Building Materials and Gemstones	06/09/2008	2 nd - 28/10/2010

Pending Applications for Licences						
Application No.	Applicant	Application Date	Term	Mineral Category	Application Type	Size
HQ-P22362	Lake Victoria Gold Mines Limited	07/09/2010	4 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	1.58 sq/km
HQ-P22364	Lake Victoria Gold Mines Limited	07/09/2010	4 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	5.14 sq/km
HQ-P22428	Lake Victoria Gold Mines Limited	20/09/2010	4 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	2.07sq/km
HQ-P22557	Lake Victoria Gold Mines Limited	07/10/2010	4 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	1.88 sq/km
HQ-P20825	Iamgold Tanzania Limited	02/10/2009	4 years	All Minerals except Building Materials and Gemstones	Prospecting License (Gold)	1.27 sq/km
HQ-P21118	Sub Sahara Resources (TZ) Limited	14/12/2009	4 years	All Minerals except Building Materials and Gemstones	Prospecting License (Gold)	1.47sq/Km
HQ-P19108	Iamgold Tanzania Limited	08/09/2008	4 years	All Minerals except Building Materials	Prospecting License (Gold)	10.58sq/Km



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				and Gemstones		
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Schedule 2 – The Licences and Applications searched for the Miyabi joint venture

Prospecting Licences						
License No.	License Holder	Grant Date	Expiry Date	Mineral	Licence & Rent Paid Until	Renewal Option
PL 4592/2007 (HQ-G16561)	Twigg Gold Limited	07/08/2006	3 years	All minerals except Building Materials and Gemstones	Prospecting License	10.23 Sq/km
PL 4536/2007	Tanzania Minerals, Liquified Gas and Petroleum Products Limited	03/07/2007	02/07/2010	All minerals except Building Materials and Gemstones	02/07/2010	1 st renewal 15/09/2010
PL 6593/2010	Kiokote Exploration Limited	13/08/2010	12/08/2013	All minerals except Building Materials and Gemstones	12/08/2012	1 st renewal 12/07/2013
PL 6752/2010	Kiokote Exploration Limited	05/10/2010	04/10/2013	All minerals except Building Materials and Gemstones	05/10/2010	1 st renewal 04/09/2013
PL 6382/2010	Halima Mamuya	05/05/2010	04/05/2013	All minerals except Building Materials and Gemstones	04/05/2011	1 st renewal 04/04/2013

Pending Applications for Licences						
Application No.	Applicant	Application Date	Term	Mineral Category	Application Type	Size
HQ-P21344	Twigg Gold Limited	05/08/2010	3 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	76.43 Sq/km
HQ-P21345	Twigg Minerals Limited	18/02/2010	3 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	51.14 Sq/km
HQ-P21934	W.G Exploration Limited	05/06/2010	3 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	32.89 Sq/km
HQ-P22141	Twigg Minerals Limited	06/08/2010	3 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	10.23 Sq/km



Schedule 3 – The Licences and Applications searched for the Maji Moto Project

Prospecting Licences						
License No.	License Holder	Grant Date	Expiry Date	Mineral	Licence & Rent Paid Until	Renewal Option
PL 6637/2010	IAMGold Tanzania Limited	21/09/2010	20/09/2013	All minerals except Building Materials and Gemstones	20/09/2011	1 st renewal 20/08/2013
PL 6421/2010	IAMGold Tanzania Limited	05/05/2010	04/05/2013	All minerals except Building Materials and Gemstones	04/05/2011	1 st renewal 04/03/2013
PL 3568/2005 (HQ-P19181)	Carlton Kitongo Tanzania Limited	19/09/2005	18/09/2011	All minerals except Building Materials and Gemstones	2010/2011	0.64 Sq/km
PL 3569/2005	Carlton Kitongo Tanzania Limited	19/09/2005	20/09/2012	All minerals except Building Materials and Gemstones	18/09/2008	2 nd renewal 20/08/2012
PL 3539/2005	Carlton Kitongo Tanzania Limited	07/09/2005	06/09/2012	All minerals except Building Materials and Gemstones	06/09/2008	2 nd 06/08/2012
PL7394/2011	Iamgold Tanzania Limited	08/09/2008	27/11/2015	All minerals except Building Materials and Gemstones	27/11/2015	27/08/2015

Pending Applications for Licences						
Application No.	Applicant	Application Date	Term	Mineral Category	Application Type	Size
HQ-P20027	Iamgold Tanzania Limited	11/03/2009	4 years	All minerals except Building Materials and Gemstones	Prospecting Licence	19.37sq/km
HQ-P19181	Carlton Kitongo Tanzania Limited	19/09/2005	3 years	All minerals except Building Materials and Gemstones	Prospecting License	0.64sq/km
HQ-P22429	Lake Victoria Gold Mines Limited	20/09/2010	3 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	2.47 sq/km
HQ-P22363	Lake Victoria Gold Mines Limited	07/09/2010	3 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	1.73 sq/km



Schedule 4 – The Licences and Applications searched for the Nyangombe Project

Prospecting Licences						
License No.	License Holder	Grant Date	Expiry Date	Mineral	Licence & Rent Paid Until	Renewal Option
PL 3534/2005	Carlton Kitongo Tanzania Limited	05/09/2005	14/09/2012	All minerals except Building Materials and Gemstones	04/09/2010	2 nd – 13/10/2010
HQ-P22316 (PL 5571/2008)	Carlton Miyabi Tanzania Limited	31/12/2008	30/12/2011	All minerals except Building Materials and Gemstones	2009/2010	2 nd 30/09/2014
PL 6530/2010	Carlton Kitongo Tanzania Limited	05/10/2010	04/10/2013	All minerals except Building Materials and Gemstones	04/10/2011	1 st renewal 04/09/2013
PL 6502/2010	Barrick Exploration Africa Limited	13/08/2010	12/08/2013	All Minerals except Building Materials and Gemstones	2010/2011	1 st Renewal 12/08/2013

Pending Applications for Licences						
Application No.	Applicant	Application Date	Term	Mineral Category	Application Type	Size
HQ-P22316	Lake Victoria Gold Mines Limited	06/09/2010	3 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	3.267 sq/km
HQ-P23725 (PL 2557/2004)	Carlton Kitongo Tanzania Limited	05/06/2004	3 years	All minerals except Building Materials and Gemstones	Prospecting License (Gold)	6.39 Sq/Km
HQ-P20490	Iamgold Tanzania Limited	05/06/2009	4 years	All Minerals except Building Materials and Gemstones	Prospecting License (Gold)	6.39 Sq/Km
HQ-P19030	Barrick Exploration Africa Limited	05/09/2008	4 years	All Minerals except Building Materials and Gemstones	Prospecting License (Gold)	6.86Sq/Km

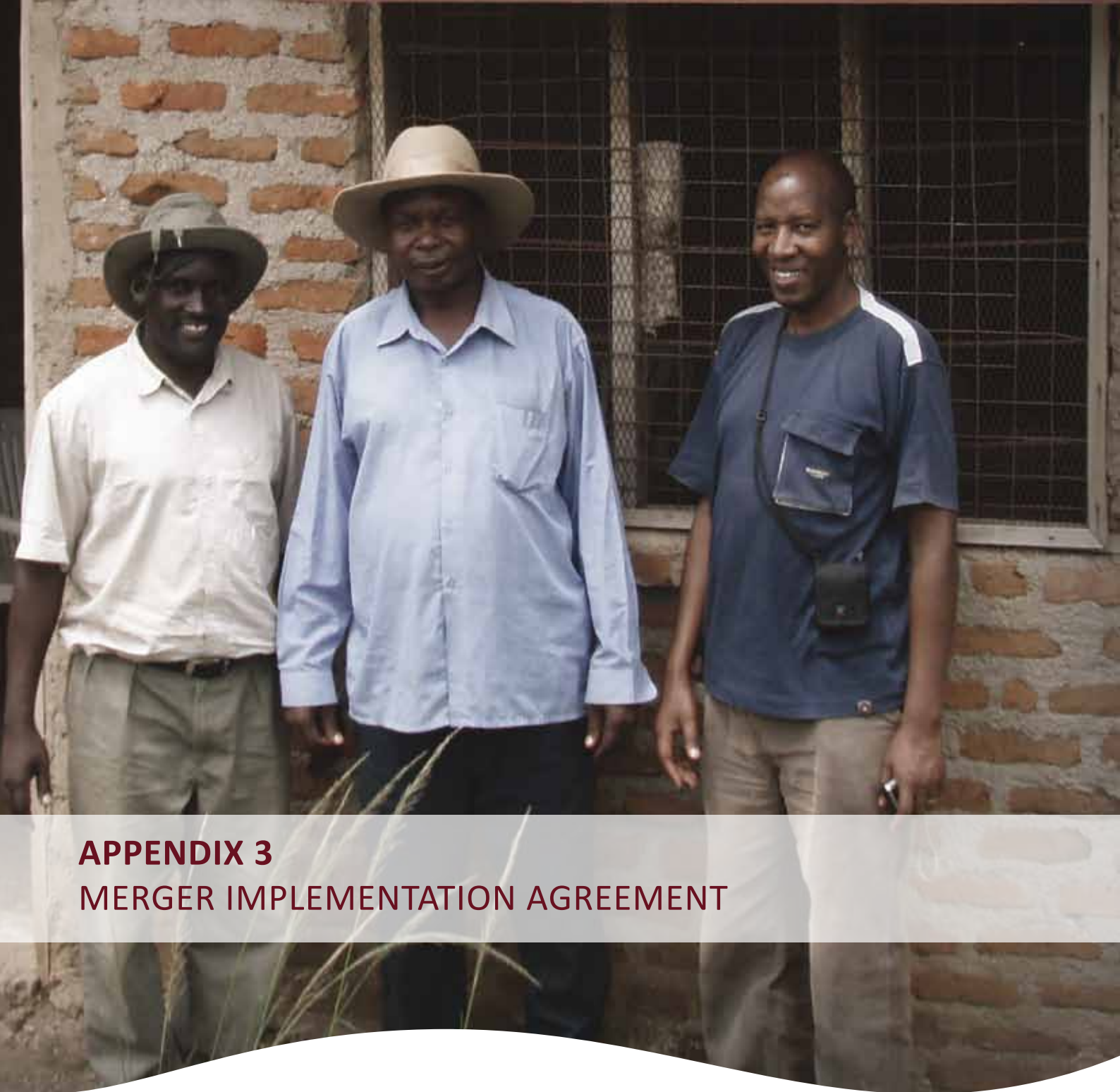
Schedule 5

Encumbrances over Retention Licences, Prospecting Licences, and Applications

License No. or Application No.	License Holder	Date encumbrance granted	Details of encumbrance	Details of party holding the encumbrance
-	-	-	-	-

NB: No encumbrances.

**MARA MINERS CO-OPERATIVE
SOCIETY LTD.
(OFFICE)
P. O. BOX 168, TARIM**



APPENDIX 3
MERGER IMPLEMENTATION AGREEMENT

RIFT VALLEY RESOURCES LIMITED
(ACN 147 483 341)

("RVR")

AND

BRIGHTSTAR RESOURCES LIMITED
(ACN 121 985 395)

("BUT")

DEED OF VARIATION

Ref: HNM.DG:3828-009

Murcia Pestell Hillard
MPH | LAWYERS

MPH Building 23 Barrack Street Perth WA 6000 Australia
T +61 8 9221 0033 F +61 8 9221 0133 www.murcia.com.au
Murcia Pestell Hillard Pty Ltd (ACN 082 607 921)

Ref:DG:3828-009

THIS DEED made the 2 day of APRIL

2012

BETWEEN:

Rift Valley Resources Limited (ACN 147 483 341) of Level 2, Barrack Street, Perth, Western Australia

and

Brightstar Resources Limited (ACN 121 985 395) of Unit 1, 1 Naim Street, Fremantle, Western Australia

RECITALS:

- A. BUT and RVR have entered into a Merger Implementation Agreement.
- B. Due to changes in the Board composition and other circumstances, the parties have agreed to vary the terms of that Merger Implementation Agreement on the terms of this Deed.

OPERATIVE PART:

1. DEFINITIONS AND INTERPRETATIONS

Definitions

- 1.1 Unless repugnant to the sense or context in construing this Deed:

"Deed" means this deed of variation as amended, supplemented or varied from time to time;

"Merger Implementation Agreement" means the Merger Implementation Agreement agreed between the Parties on 22 January 2012

"Party" means BUT or RVR according to the context and "Parties" means both of them;

- 1.2 Any expressions defined in the Merger Implementation Agreement, unless otherwise defined in this Deed or the context otherwise requires, have the same meaning when used in this Deed.

Interpretation

- 1.3 In this Deed unless the context indicates a contrary intention;

- (a) an obligation or liability assumed by, or a right conferred on, 2 or more parties binds or benefits all of them jointly and each of them severally;
- (b) the expression "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or

Ref:DG.3828-009

additional trustee;

- (d) a reference to any document (including this Deed) is to that document as varied, novated, ratified or replaced from time to time;
- (e) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (f) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (g) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (h) the word "includes" in any form is not a word of limitation;

Headings

- 1.4 Headings are for convenience only and do not affect interpretation.

2. VARIATION

- 2.1 The Parties agree that the Merger Implementation Agreement will be varied as follows:

- (a) the insertion of a new clause (f) to subsection 2.4 which states:

'If a cheque is issued under paragraph (b) above but is returned or has not been presented for payment within 6 months after the date on which the cheque was sent, the cheque may be cancelled and the amount will be dealt with in accordance with unclaimed money legislation.'; and

- (b) by deleting sub clauses (v) and (viii) from clause 7(h).

3. INCONSISTENCIES

If there is any inconsistency between the terms of this Deed and the terms of the Merger Implementation Agreement, the terms of this Deed prevails.

4. COSTS AND STAMP DUTY

Each Party must bear its own legal and other costs and expenses and half each of the stamp duty on this Deed. Any Party in default must pay all costs incurred by any other Party in respect of that default and any notice relating to that default.

5. PROPER LAW

This Deed is governed by and to be interpreted in accordance with the laws of Western Australia and, where applicable, the laws of the Commonwealth of Australia.

Ref:DG:3826-009

6. SEVERANCE

If any part of this Deed is, or becomes, void or unenforceable, that part is, or will be, severed from this Deed so that all parts that are not, or do not become, void or unenforceable remain in full force and effect and are unaffected by that severance.

7. VARIATION


This Deed may be varied only by agreement in writing signed by the Parties.

8. FURTHER ASSURANCES

The Parties must execute and do all acts and things necessary or desirable to implement and give full effect to the provisions and purpose of this Deed.

EXECUTED AS A DEED

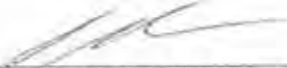
Signed, Sealed and Delivered by
Brightstar Resources Limited
in accordance with
s.127 of the Corporations Act 2001:



Director/Secretary (please delete one)

W. J. [unclear]

Name (please print)

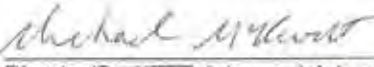


Director/Secretary (please delete one)

W. J. [unclear]

Name (please print)

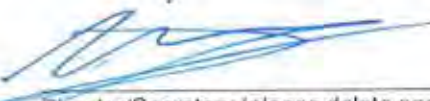
Signed, Sealed and Delivered by
Rift Valley Resources Limited
in accordance with
s.127 of the Corporations Act 2001:



Director/~~Secretary~~ (please delete one)

MICHAEL McKEVITT

Name (please print)



Director/Secretary (please delete one)

J. [unclear]

Name (please print)

RIFT VALLEY RESOURCES LIMITED
(ACN 147 483 341)

("RVR")

AND

BRIGHTSTAR RESOURCES LIMITED
(ACN 121 985 395)

("BUT")

DEED

Ref:DG.NQ:3828:009:004

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Murcia Pestell Hillard Pty Ltd (ACN 082 607 921)

DG: NO:3828:009:004

THIS DEED made the 23rd day of February 2012

BETWEEN:

RIFT VALLEY RESOURCES LIMITED (ACN 147 483 341) of Level 2, Barrack Street, Perth, Western Australia ("RVR")

AND

BRIGHTSTAR RESOURCES LIMITED (ACN 121 985 395) of Unit 1, 1 Nairn Street, Fremantle, Western Australia ("BUT")

RECITALS:

- A. The Parties have entered into the Agreement and agree to the matters detailed in this Deed

OPERATIVE PART:

1. DEFINITIONS

Definitions

Unless the context otherwise requires, words and terms defined in the Agreement have the same meaning in this Deed except that:

"Agreement" means the Merger Implementation Agreement entered into by the Parties and dated 22 January 2012;

"Deed" means this deed as amended, supplemented or varied from time to time; and

"Party" means RVR or BUT according to the context and "Parties" means both of them.

2. AGREEMENT BY PARTIES

- 2.1 With regard to the Conditions detailed in clauses 3.2(n) and 3.2(o) of the Agreement, the Parties agree the time in which:

- (a) BUT has to complete and satisfy itself with the BUT Due Diligence Investigations; and
- (b) RVR has to complete and satisfy itself with the RVR Due Diligence Investigations,

is extended from 23 February 2012 to 12 March 2012.

- 2.2 For the purposes of the definitions "BUT Due Diligence Investigations" and "RVR Due Diligence Investigations", the Parties agree each Party must conclude their respective due diligence investigations by no later than 12 March 2012.


CGN\Q:\8528\009\004

3. COUNTERPARTS

- 3.1 This Deed may consist of a number of counterparts and the counterparts taken together constitute one and the same instrument.
- 3.2 Evidence of this Deed may be provided by facsimile transmission on the condition that, when providing the facsimile copy, the sending party undertakes to immediately send the original document to the recipient.
- 3.3 Notwithstanding clauses 3.13.1 and 3.2, this Deed is not binding on any party until all parties have executed the Deed by counterpart or otherwise.


EXECUTED AS A DEED

Signed Sealed and Delivered by)
RIFT VALLEY RESOURCES LIMITED)
(ACN 147 483 341))
in accordance with)
s.127 of the Corporations Act 2001)



Director/Secretary (please delete one)


Michael McKeown
Name (please print)



Director/Secretary (please delete one)

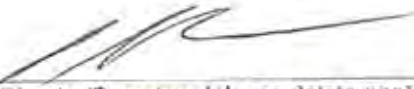
Richard Carter
Name (please print)

Signed Sealed and Delivered by)
BRIGHTSTAR RESOURCES LIMITED)
(ACN 121 985 395))
in accordance with)
s.127 of the Corporations Act 2001)



Director/Secretary (please delete one)

G. M. Gilmore
Name (please print)



Director/Secretary (please delete one)

G. M. Gilmore
Name (please print)

Original

FINAL

RIFT VALLEY RESOURCES LIMITED
(ACN 147 483 341)

("RVR")

AND

BRIGHTSTAR RESOURCES LIMITED
(ACN 121 985 395)

("BUT")

MERGER IMPLEMENTATION AGREEMENT

Ref:DG:3828-009:003

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Murcia Pestell Hillard Pty Ltd (ACN 082 607 921)

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Ref:DG:3828-009:003

THIS MERGER IMPLEMENTATION AGREEMENT is made on the 22nd day of January 2012

BETWEEN:

Rift Valley Resources Limited (ACN 147 483 341) of Level 2, Barrack Street, Perth, Western Australia

and

Brightstar Resources Limited (ACN 121 985 395) of Unit 1, 1 Nairn Street, Fremantle, Western Australia

BACKGROUND

- A. BUT and RVR are listed on the official list of ASX.
- B. The directors of RVR have resolved to propose to RVR Shareholders and RVR Optionholders a restructure of RVR by way of a Scheme under Part 5.1 of the Corporations Act, the effect of which will be to make RVR a wholly owned subsidiary of BUT. The Scheme has been proposed for this purpose.
- C. The parties consider that it is to their respective advantages that the Scheme be implemented and accordingly the parties have agreed to enter into this Agreement to record and confirm the terms and conditions upon which they will co-operate and assist each other to that end.
- D. Implementation of the Scheme is subject to the conditions referred to in clause 3 of this Agreement.

OPERATIVE PART:

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

Unless repugnant to the sense or context in construing this Agreement:

"Agreement" means this document.

"Announcement" means a press release, announcement or other public statement other than an explanatory statement or supplementary explanatory statement required by the Corporations Act.

"ASIC" means the Australian Securities and Investments Commission.

"ASX" means ASX Limited ABN 98 008 624 691 or the stock market operated by it as the context requires.

"Authorisation" means:

(a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it, from or by a Government Agency; and

(b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the

expiry of that period without that action being taken.

"**Break Fee**" means \$100,000 (being less than 1% of the deal value for the acquisition of RVR under the Scheme based on a closing BUT Share price of \$0.13 and 83,833,886 RVR Shares).

"**Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

"**BUT Business**" means the business carried on by BUT as at the date of this document.

"**BUT Disclosure Material**" means:

- (a) the BUT Due Diligence Information; and
- (b) Information available on the Public Registers on or before the Cut-off Date.

"**BUT Due Diligence Information**" means all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of BUT provided by BUT to RVR.

"**BUT Due Diligence Investigations**" means the due diligence investigations conducted by BUT commencing on 23 January 2012 and concluding on a date agreed between BUT and RVR in relation to the RVR Business and assets and as referred to in clause 9.1.

"**BUT Material**" means the information provided by BUT to RVR in accordance with clauses 4.1(b) and 7(b) for inclusion in the Scheme Booklet, other than information (if any) for which BUT disclaims responsibility under clause 6(c).

"**BUT Option**" means an option to subscribe for a BUT Share.

"**BUT Share**" means each fully paid ordinary share in BUT.

"**BUT Shareholder**" means a holder of fully paid ordinary share in BUT.

"**Claim**" means a claim, action, proceeding or demand made against the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

"**Communications**" has the meaning given in clause 4.2.

"**Condition**" means a condition precedent in clause 3.2.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Court**" means the Supreme Court of Western Australia or the Federal Court of Australia.

"**Cut-off Date**" means 5.00 pm Perth time, on the date the Court orders the convening of the Scheme Meetings, under section 411(1) of the Corporations Act or such later date as BUT and RVR agree.

"**Deed Poll**" means a document in substantially the same form as Schedule 1.

"**Effective**" when used in relation to the Scheme, means the coming into effect

of the order of the Court made under sections 411(4)(b) and 411(6) of the Corporations Act in relation to the Scheme.

"Effective Date" means the date on which an office copy of the order of the Court approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC.

"First Court Date" means the first day of the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening of the Scheme Meetings.

"Government Agency" means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia, Tanzania, or elsewhere, including ASIC, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.

"GST" means the same as in the GST Law.

"GST Law" means the same as "GST law" means in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

"Implementation" means the implementation of the Scheme upon it becoming Effective.

"Implementation Date" means the third Business Day after the Record Date, or such later date agreed between BUT and RVR.

"Independent Expert's Report" means the independent expert's report prepared by an expert who is not an associate of RVR or BUT, stating whether or not in his or her opinion, the Scheme is in the best interests of the RVR Shareholders and RVR Optionholders, and setting out his or her reasons for that opinion.

"Ineligible Foreign Holder" means an RVR Shareholder or RVR Optionholder:

- (a) whose address in the Register as at the Record Date is a place outside Australia or New Zealand and the respective external territories; or
- (b) who BUT is actually aware is (or is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories,

unless BUT is satisfied prior to the Record Date that the laws of the place of such registered address permit the offer, allotment and issue of BUT Shares and/or BUT Options to that RVR Shareholder or RVR Optionholder either unconditionally or after compliance with conditions which BUT, acting reasonably, regards as acceptable and not unduly onerous;

"Insolvency Event" means, for a party, being in liquidation or provisional liquidation or under administration, having a receiver, receiver and manager, controller or analogous person appointed to it or any of its property, being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand, being unable to pay its debts or otherwise insolvent, ceasing to be of full legal capacity or otherwise becoming incapable of managing its

own affairs for any reason, becoming an insolvent under administration (as defined in section 9 of the Corporations Act), entering into a compromise or arrangement with, or assignment for the benefit of, any of its Shareholders (other than the Scheme) or creditors or any analogous event.

"Listing Rule" means a listing rule of ASX.

"Loss" means damage, loss, cost, expense or liability incurred by the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent, but excluding liability for any consequential or indirect losses, economic losses or loss of profits.

"Material Adverse Change" means, with respect to a party, a change, effect, occurrence or state of facts (or any development, occurrence or state of facts involving a prospective change) which has had or is likely to have an adverse financial effect on the consolidated net assets of the party and its subsidiaries of \$500,000 or more excluding any impact of merger related costs.

"Material Contracts" means any contract which is or may reasonably be expected to be material to the assets, liabilities, financial position, profits, losses or operation of the entity which is a party to it.

"Prescribed Occurrence" means, with respect to a party, except as required by this Agreement or the Scheme, or as publicly announced by that party prior to the date of this Agreement, any of the following occurring, without the prior written consent of the other party:

- (a) **(Convert shares):** the party converts all or any of its Shares into a larger or smaller number of Shares;
- (b) **(Reduce share capital):** the party or a subsidiary of the party resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) **(Buy-back):** the party or a subsidiary of the party:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) the Corporations Act;
- (d) **(Issue shares or options):** otherwise than as disclosed in writing to the other party prior to the date of this Agreement, the party or a subsidiary of the party issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option, excluding:
 - (i) any issue or grant contemplated by the Scheme; and
 - (ii) any Shares issued by the party as a result of the exercise of existing options or existing securities or other instruments convertible into Shares; and
 - (iii) any issue of options which the party is required to make under the terms of an agreement entered into prior to the date of this agreement;

- (e) **(Issue convertible securities):** the party or a subsidiary of the party issues, or agrees to issue, securities or other instruments convertible into shares;
- (f) **(Declare dividend):** the party declares any dividend or pays, makes or incurs any liability to pay or make any distribution whether by way of dividend, capital distribution, bonus or other share of its profits or assets;
- (g) **(Create mortgage):** the party or a subsidiary of the party creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole or a substantial part of the Business or property of the party;
- (h) **(Insolvency Event):** an Insolvency Event occurring in relation to the party or a subsidiary of the party;
- (i) **(Change to constitution):** the party makes any material change or amendment to its constitution (excluding any changes relating to the Scheme or as otherwise approved by the other party);
- (j) **(Litigation):** other than as disclosed in writing to each other prior to the date of this Agreement, proceedings brought against the party or a subsidiary of the party which are likely to result in damages or compensation payable by the party or a subsidiary of the party which constitutes a Material Adverse Change and which are unlikely to be recoverable under any insurance arrangements;
- (k) **(Change to accounting practice or policies):** the party making any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the Income Tax Assessment Act 1997 (Cth);
- (l) **(material commitment):** the party or any subsidiary enters into any contract or commitment in excess of \$500,000, including a hedging arrangement or a guarantee;
- (m) **(General entitlements):** the party or any subsidiary of the party without the consent of the other party which consent shall not be unreasonably withheld:
 - (i) pays any bonus to, or increases the compensation of, any executive officer, director, employees or consultants of the party or any subsidiary of the party, other than cash bonuses or housing allowances to executives as a consequence of performance and remuneration reviews; or
 - (ii) grants to any employee of the party or any subsidiary of the party (other than an executive officer or director of the party) any increase of severance or termination pay or superannuation entitlements;
 - (iii) establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any

rights or benefits due under), any enterprise bargaining agreement, Australian workplace agreement, employee benefit plan or superannuation scheme of the party or relating to the employees of the party (other than any executive officer or Director of the party);

- (n) **(Executive Entitlements):** the party grants to any executive officer or director of the party an increase in severance or termination pay or superannuation entitlements or establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any rights or benefits due under) any employee benefit plan or superannuation scheme of the party or relating to the executive officers or directors of the party other than as agreed in writing between the parties;
- (o) **(Capital Expenditure):** the party or any subsidiary of the party makes capital expenditure in excess of \$500,000;
- (p) **(Acquisitions and Disposals):** the party or any subsidiary of the party:
 - (i) acquires, leases or disposes of;
 - (ii) agrees to acquire, lease or dispose of; or
 - (iii) offers, proposes, announces a bid or tenders for,

any business, assets, entity or undertaking other than in the ordinary course of business, provided that the party may not without the prior written consent of the other party take any of the actions described above in the ordinary course of business if taking such action which would result in a Material Adverse Change or if the asset or undertaking in question is valued at, or transferred for, an amount equal to \$500,000 or more;
- (q) **(Material Contracts):** the party or any subsidiary of the party:
 - (i) changes the terms of any Material Contract;
 - (ii) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than the payment, discharge or satisfaction consistent with past practice and in accordance with their terms; or
 - (iii) waives any material rights under or waives the benefit of any provisions of any Material Contract,

other than in the ordinary course of business, provided that the party may not without the prior written consent of the other party take any of the actions described above in the ordinary course of business if taking such action which would result in a Material Adverse Change;

"Public Registers" means the records made available for public inspection by ASIC, ASX and any other relevant public registers.

"Record Date" means the day which is 2 Business Days after the Effective Date, or any other date agreed by the parties to be the record date to determine

entitlements to receive Scheme Consideration.

"Register" means the register of RVR Optionholders and RVR Shareholders.

"Regulatory Approvals" means the consents, approvals, clearances, decisions, determinations, waivers or other acts by a Government Agency necessary to effect Implementation, including:

- (a) the conditions set out in clauses 3.2(h) and 3.2(i); and
- (b) all other approvals of a Government Agency, which RVR and BUT agree are necessary for Implementation.

"Relevant Date" means, in relation to a Condition, the date or time specified in this document for its fulfilment or, if no date or time is specified, 8.00 am on the Second Court Date, subject, in either case, to extension under clause 3.8.

"RVR Business" means the business carried on by RVR as at the date of this document.

"RVR Disclosure Material" means:

- (a) the RVR Due Diligence Information; and
- (b) information available on the Public Registers on or before the Cut-Off Date.

"RVR Due Diligence Information" means all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of RVR provided by RVR to BUT.

"RVR Due Diligence Investigations" means the due diligence investigations conducted by RVR commencing on 23 January 2012 and concluding on a date agreed between BUT and RVR in relation to the BUT Business and assets and as referred to in clause 9.2.

"RVR Options" means an option to subscribe for a RVR Share.

"RVR Optionholder Approval" means a resolution in favour of the Scheme passed by the required majority of:

- (a) holders of RVR Options described as Tranche 1 RVR Options in Schedule 2; and
- (b) holders of RVR Options described as Tranche 2 RVR Options in Schedule 2,

under section 411(4)(a)(ii) of the Corporations Act.

"RVR Optionholders" means each person entered in the Register as a holder of RVR Options.

"RVR Shareholder" means a holder of a RVR Share.

"RVR Shareholder Approval" means a resolution in favour of the Scheme passed by the required majority of RVR Shareholders under section 411(4)(a)(ii) of the Corporations Act.

"RVR Share" means a fully paid ordinary share in RVR.

"Scheme" means a scheme or schemes of arrangement under Part 5.1 between RVR and the RVR Shareholders, and between RVR and the RVR Optionholders (other than the holder or holders of the Tranche 3 Options) to give effect to the terms of this document and in a form acceptable to RVR and BUT and includes any alterations or conditions made with the approval or at the discretion of the Court which are consented to by BUT (acting reasonably) and which are acceptable to RVR (acting reasonably) and as described in clause 2.1.

"Scheme Booklet" means the information memorandum in respect of the Scheme to be approved by the Court and dispatched to RVR Shareholders and RVR Optionholders (other than the holder or holders of the Tranche 3 Options), and includes the Scheme, the Deed Poll, an explanatory statement complying with the requirements of the Corporations Act and the Corporations Regulations, the Independent Expert's Report and relevant notices of meeting and proxy forms.

"Scheme Consideration" has the meaning given in clause 2.2.

"Scheme Meetings" means the meetings of RVR Shareholders and RVR Optionholders (other than the holder or holders of the Tranche 3 Options), to be convened by the Court, to consider the Scheme.

"Scheme Participants" means each RVR Shareholder and RVR Optionholder (other than the holder or holders of the Tranche 3 Options), as at 5.00 pm on the Record Date (taking into account registration of all registrable transfers and transmission applications received at RVR's Shareholder registry by the Record Date).

"Second Court Date" means the last day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, the last day on which the adjourned or appealed application is heard.

"Shares" means RVR Shares or BUT Shares, as the context requires.

"Sunset Date" means 5pm Perth time on 20 July 2012, subject to any extension under clause 3.8.

"Takeovers Panel" means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

"Takeover Proposal for BUT" means in relation to BUT and excluding the Scheme:

- (a) any proposal for a takeover bid, scheme of arrangement, capital reconstruction, buy-back, merger, amalgamation, consolidation, purchase of assets or other business combination involving the BUT Business, BUT or any of its subsidiaries; or
- (b) any proposal for the acquisition of an economic interest in all or a substantial part of the BUT Business, BUT or any of its subsidiaries; or
- (c) any proposal which could result in a person who does not already have

voting power of 20% in BUT, having voting power of more than 20% in BUT.

"Takeover Proposal" means, in relation to RVR and excluding the Scheme:

- (a) any proposal for a takeover bid, scheme of arrangement, capital reconstruction, buy-back, merger, amalgamation, consolidation, purchase of assets or other business combination involving the RVR Business, RVR or any of its subsidiaries; or
- (b) any proposal for the acquisition of an economic interest in all or a substantial part of the RVR Business, RVR or any of its subsidiaries; or
- (c) any proposal which could result in a person who does not already have voting power of 20% in RVR, having voting power of more than 20% in RVR.

"Third Party Consent" means any consent, agreement, waiver, licence or approval from or by a party in respect of a contract involving RVR or a subsidiary, which is agreed by the parties to this document, on or before the date of this document.

"Third Party Proposal" means any expression of interest, offer or proposal by any person other than BUT, to:

- (a) acquire (whether directly or indirectly) or become the holder (whether by share purchase, issue of shares, options or convertible notes, scheme, capital reconstruction, purchase of assets, takeover offer or otherwise) of, or otherwise acquire or have an economic interest in all or a substantial part of the RVR Business, RVR or any of its subsidiaries;
- (b) acquire control (as determined in accordance with section 50AA of the Corporations Act) of RVR or any of its subsidiaries;
- (c) otherwise acquire or merge with RVR (whether by way of joint venture, dual listed company structure or otherwise); or
- (d) enter into any agreement, arrangement or understanding requiring it to abandon, or otherwise fail to proceed with, the Scheme.

"Tranche 3 Options" means the RVR Options described as Tranche 3 options in Schedule 2.

1.2 Interpretation

In this Agreement unless the context indicates a contrary intention:

- (a) an obligation or liability assumed by, or a right conferred on, 2 or more parties binds or benefits all of them jointly and each of them severally;
- (b) the expression "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way

- of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (d) a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
 - (e) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
 - (f) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
 - (g) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Agreement, and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
 - (h) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
 - (i) the word "includes" in any form is not a word of limitation;
 - (j) a reference to "\$" or "dollar" is to Australian currency;
 - (k) references to payments to any party to this Agreement will be construed to include payments to another person upon the direction of such party;
 - (l) all payments to be made under this Agreement must be made by unendorsed bank cheque or other immediately available funds;
 - (m) if any day appointed or specified by this Agreement for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day; and
 - (n) terms defined in the Corporations Act shall bear the defined meaning where used in this Agreement.

1.3 Headings

Headings are for convenience only and do not affect interpretation.

2. RVR SCHEME

2.1 Scheme

RVR agrees to propose a scheme of arrangement and implement the Scheme in accordance with Part 5.1 of the Corporations Act (subject to the satisfaction or waiver of the conditions pursuant to clause 3), under which all of the RVR Shares will be transferred to BUT and the RVR Options will be cancelled such that RVR will become a wholly owned subsidiary of BUT and the Scheme Participants will be entitled to receive the Scheme Consideration.

2.2 Scheme Consideration

- (a) BUT covenants in favour of RVR (or in its own right and separately as trustee for each of the Scheme Participants) to issue the Scheme Consideration to each Scheme Participant in consideration for the transfer of all RVR Shares on issue to Scheme Participants to BUT and the cancellation of all RVR Options on issue to Scheme Participants (other than the Tranche 3 Options).
- (b) The Scheme Consideration is:
 - (i) 1.25 new BUT Shares for every 1 RVR Share held by the RVR Shareholders on the Record Date; and
 - (ii) 1.25 new BUT Options for every 1 RVR Option held by the RVR Optionholders on the Record Date (other than the Tranche 3 Options), provided that the terms of the new BUT Options will be substantially the same as for the existing RVR Options in material respects, and the exercise price payable for the new BUT Option will be the exercise price payable in respect of the relevant RVR Options (as set out in Schedule 2), and the exercise period, vesting events or conditions, exercise events or conditions and lapsing events for the new BUT Option will be the exercise price payable, exercise period, vesting events or conditions, exercise events or conditions and lapsing events in respect of the relevant RVR Options.

2.3 Fractional entitlements and splitting

- (a) Subject to clause 2.3(b), where the calculation of the number of BUT Shares or BUT Options to be issued to an RVR Shareholder or RVR Optionholder would result in the issue of a fraction of a BUT Share or BUT Option, the fractional entitlement will be rounded to the nearest whole number of BUT Shares or But Options, with 0.5 of a share or option being rounded up, after aggregating all holdings of the RVR Shareholder or RVR Optionholder and in a manner which avoids manipulation of the RVR Shareholder's or RVR Optionholder's holdings to take advantage of the rounding entitlement.
- (b) If BUT reasonably forms the opinion that 2 or more RVR Shareholders or RVR Optionholders, each of whom holds a number of RVR Shares or RVR Options which result in rounding in accordance with clause 2.3 (a), have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain advantage by reference to such rounding, BUT may send a notice to those Shareholders or RVR Optionholders stating that opinion and attributing to one of them specifically identified in the notice (the Deemed Holder) all of the RVR Shares or RVR Options held by all of them, upon which, for the purposes of the Scheme:
 - (i) The Deemed Holder will be taken to hold all the RVR Shares or RVR Options referred to in the notice; and
 - (ii) Each of the other RVR Shareholders or RVR Optionholders whose names are set out in the notice, will be taken not to hold

any of the RVR Shares or RVR Options,

and by complying with this clause 2.3(b), BUT will be taken to have satisfied and discharged its obligations under the terms of the Scheme to all of the RVR Shareholders and RVR Optionholders named in the notice.

2.4 Ineligible Foreign Holders

Where an RVR Shareholder or RVR Optionholder is an Ineligible Foreign Holder, the number of BUT Shares to which that RVR Shareholder would otherwise be entitled, and the number of BUT Options to which that RVR Optionholder would otherwise be entitled, will instead be allotted to a nominee approved by RVR who will:

- (a) sell those BUT Shares or BUT Options as soon as practicable and in any event not more than 60 days after the Implementation Date (at the risk of that RVR Shareholder or RVR Optionholder); and
- (b) pay the proceeds received, after deducting any applicable brokerages, stamp duty and other taxes and charges and withholding taxes (on an averaged basis so that all Ineligible Foreign Holders receive the same price per BUT Share or BUT Option, subject to rounding the nearest whole cent, with 0.5 of a share or option being rounded up), to that RVR Shareholder or RVR Optionholder in full satisfaction of that RVR Shareholder's or RVR Optionholder's rights under the Scheme.
- (c) Ineligible Foreign Holders agree that the amount referred to in clause 2.4(b) may be paid by the nominee doing any of the following at the nominee's election:
 - (i) sending by pre-paid post (or pre-paid airmail if the address is outside Australia) the proceeds to the Ineligible Foreign Holder's registered address; or
 - (ii) depositing or procuring the registrar of RVR's share register to deposit it into an account with any Australia bank notified to RVR (or RVR's agent who manages the Register) by an appropriate authority from the Ineligible Foreign Holder; or
 - (iii) in the event that an Ineligible Foreign Holder does not have a registered address or the nominee believes an Ineligible Foreign Holder is not known at its registered address, and no account has been notified in accordance with sub-paragraph (ii) or a deposit into such an account is rejected or refunded, the nominee may credit the amount payable to that Ineligible Foreign Holder to a separate bank account of RVR to be held until the Ineligible Foreign Holder claims the amount or the amount is dealt with in accordance with unclaimed money legislation. RVR must hold the amount on trust, but any benefit accruing from the amount will be to the benefit of RVR. An amount credited to the account is to be treated as having been paid to the Ineligible Foreign Holder. RVR must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

- (d) Payment by the nominee to an Ineligible Foreign Holder in accordance with this clause 2.4 satisfies in full the Ineligible Foreign Holder's right to Scheme Consideration.
- (e) Each Ineligible Foreign Holder appoints RVR as its agent to receive on its behalf any financial services guide or other notices which may be given by the nominee approved by RVR to that Ineligible Foreign Holder.

2.5 No amendments to the Scheme without consent

RVR must not consent to any modification of, or amendment to, or the making by the Court of any condition in respect of, the Scheme without the prior consent of BUT. BUT must not unreasonably withhold such consent.

3. CONDITIONS

3.1 Obligations not binding until Conditions satisfied

Subject to this clause 3, the parties' obligations to propose and implement the Scheme are not binding until each of the Conditions have been satisfied.

3.2 Conditions

The Conditions are:

- (a) **(Constitutional Amendments):** RVR obtains approval from RVR Shareholders to all amendments to its constitution necessary to effect this document and the Scheme;
- (b) **(Independent Expert's Report):** the Independent Expert's Report concludes that the Scheme is in the best interests of RVR Shareholders and RVR Optionholders;
- (c) **(RVR Board recommendation):** between the date of this document and the date on which the Scheme is approved by the Scheme Participants and subject to:
 - (i) the RVR Board receiving the Independent Expert's Report which concludes that the Scheme is in the best interests of the RVR Shareholders and RVR Optionholders; and
 - (ii) no Takeover Proposal where the consideration provided or proposed to be provided to RVR Shareholders and RVR Optionholders is superior to the Scheme Consideration is announced or made by a person other than BUT,

the majority of the RVR Board recommends, and does not change or withdraw its recommendation, that RVR Shareholders and RVR Optionholders vote in favour of the Scheme and all resolutions (if any) incidental to the Scheme;

- (d) **(Orders convening Meeting):** the Court orders the convening of the Scheme Meetings, under section 411(1) of the Corporations Act;

- (e) **(RVR Shareholder and Optionholder Approval):** RVR Shareholder Approval and RVR Optionholder Approval are obtained;
- (f) **(Court approval of Scheme):** the Court makes orders under section 411(4)(b) of the Corporations Act approving the Scheme;
- (g) **(Orders lodged with ASIC):** an office copy of the Court orders approving the Scheme is lodged with ASIC under section 411(4)(b) of the Corporations Act;
- (h) **(ASIC Approval):** any consent, clearance, decision, determination or other act by ASIC in relation to BUT, RVR or both necessary to effect implementation is obtained;
- (i) **(Other Regulatory Approvals):** any other Regulatory Approvals necessary for the Scheme are obtained including without limitation ASX Listing Rule Chapter 11 approval for BUT if required by the ASX in order to implement the Scheme and Tanzanian government approval for a change in control of RVR or any RVR subsidiary;
- (j) **(No restraint adversely affecting Implementation):** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of Implementation is in effect at 8.00 am on the Second Court Date;
- (k) **(No BUT Prescribed Occurrence):** from the date of this document until 8.00 am on the Second Court Date, no BUT Prescribed Occurrence occurs;
- (l) **(No RVR Prescribed Occurrence):** from the date of this document until 8.00 am on the Second Court Date, no RVR Prescribed Occurrence occurs;
- (m) **(Third Party Consents):** all Third Party Consents are granted or obtained in respect of the Implementation and those consents, agreements, waivers, licences or approvals are not withdrawn, cancelled or revoked;
- (n) **(BUT Due Diligence Investigations):** on or by 23 February 2012 BUT completes and is satisfied with the BUT Due Diligence Investigations into RVR in accordance with clause 9.1;
- (o) **(RVR Due Diligence Investigations):** on or by 23 February 2012 RVR completes and is satisfied with the RVR Due Diligence Investigations into BUT in accordance with clause 9.2;
- (p) **(RVR representations and warranties):** the representations and warranties of RVR set out in clause 15.2 are true and correct as at the date of this document and as at 8.00 am on the Second Court Date;
- (q) **(BUT representations and warranties):** the representations and warranties of BUT set out in clause 15.3 are true and correct as of the date of this document and as at 8.00 am on the Second Court Date;
- (r) **(Material Adverse Change):** from the date of this document until

8.00 am on the Second Court Date there are no Material Adverse Changes relating to BUT or RVR;

- (s) **(Optionholder acceptance)** all holders of Tranche 3 Options have accepted an offer to be made to them by BUT pursuant to clause 7(j) and have irrevocably agreed to cancel all of their options with effect from the Effective Date;
- (t) **(ASX waiver):** RVR has obtained from ASX a waiver of any requirement under ASX Listing Rule 6.23.2 to obtain the approval of the RVR Shareholders to the cancellation of the RVR Options that are to be cancelled, or RVR Shareholder approval otherwise being obtained; and
- (u) **(Release of Restricted Securities)** RVR has obtained the consent of ASX Limited pursuant to ASX Listing Rule 9.17 with respect to those RVR Shares and RVR Options that are Restricted Securities for the purposes of the ASX Listing Rules and all other consents and approvals necessary to allow those shares and options to be transferred for the purposes of implementing the Scheme and, if that consent is conditional, all such conditions have been satisfied or waived by ASX Limited or by the relevant entity concerned.

3.3 Regulatory Approval Conditions

For the purposes of clauses 3.2(h) to 3.2(i) inclusive, where a Regulatory Approval is conditional, it will be regarded as having been obtained if the relevant conditions cannot reasonably be considered to have a material adverse change on the value that each party considered it would derive from Implementation.

3.4 Benefit of a Condition

The following Conditions are included for the benefit of the relevant parties, as listed below:

- (a) the Conditions in clauses 3.2(a), 3.2(b), 3.2(d) to 3.2(j) (inclusive) and (m), and (r), (s), (t) and (u) are for the benefit of both parties;
- (b) the Conditions in clauses 3.2(k), 3.2(o), and 3.2(q) are for the benefit of RVR; and
- (c) the Conditions in clauses 3.2(c), 3.2(l), 3.2(n), and 3.2(p) are for the benefit of BUT.

3.5 Waiver of a Condition

- (a) **(If only one party benefiting, that party only may waive):** If a Condition has been included for the benefit of one party only, only that party may, in its sole and absolute discretion, waive the breach or non-fulfilment of the Condition.
- (b) **(If both parties benefiting, both must waive):** If a Condition has been included for the benefit of both parties, the breach or non-fulfilment of the Condition may be waived only by the consent of both parties.
- (c) **(Waiver precludes litigation):** If a party waives the breach or

non-fulfilment of a Condition, that waiver precludes the party from suing another party for any breach or non-fulfilment of the Condition.

3.6 Fulfilment of each Condition

Each party must:

- (a) **(Procure satisfaction of Condition):** use its reasonable endeavours to procure that each Condition is satisfied as soon as practicable after the date of this document. This obligation does not require any party to pay any money (other than nominal amounts) to or for a person from whom a Third Party Consent is sought to secure fulfilment of the Conditions in clause 3.2(m);
- (b) **(Not prevent satisfaction of Condition):** not take any action (except as required by law) designed to prevent the Conditions being satisfied, without the prior consent of the other party; and
- (c) **(Promptly notify):** promptly notify the other party of the fulfilment of a Condition and must keep the other party informed of any material developments of which it becomes aware in relation to a Condition.

3.7 When a Condition is fulfilled

Subject to clause 3.3, each Condition is deemed to be fulfilled on the Relevant Date unless the party for whose benefit the Condition has been included (or, in the case of a Condition included for the benefit of all those parties) gives notice to the other party on or before the Relevant Date of the non-fulfilment of the Condition.

3.8 If a Condition is not fulfilled or waived

If a Condition has not been fulfilled or waived by the Relevant Date, or the Effective Date has not occurred by the Sunset Date, the parties:

- (a) may consult in good faith to determine whether the Scheme may proceed by way of alternative means or methods; and
- (b) may agree to extend the Relevant Date or the Sunset Date, or both.

4. CO-OPERATION

4.1 Scheme Booklet and Court Documents

- (a) RVR must prepare a draft of the Scheme Booklet (which must include the Scheme, an explanatory statement complying with the requirements of the Corporations Act and notices of meeting and proxy forms), and drafts of all necessary Court documents (including any submissions) and must consult with BUT in relation to all such drafts and make such amendments to such drafts as BUT reasonably requires. Unless otherwise agreed in writing between the parties, RVR must provide a first draft of the Scheme Booklet to BUT at least 14 days prior to the date the Scheme Booklet is to be lodged with ASX or the ASIC. RVR must provide a first draft of any Court documents to BUT at least 7 days prior to the date for filing such documents with the Court.

- (b) BUT must supply to RVR all information about BUT required to be included in the Scheme Booklet and must consent to the inclusion of that information in the Scheme Booklet. BUT must provide such assistance in relation to the draft sections of the Scheme Booklet which relate to BUT as RVR reasonably requires. BUT is solely responsible for ensuring that insofar as it relates to disclosures in relation to BUT or BUT Shares (but except insofar as it relies on information supplied by RVR or is modified by RVR without BUT's consent, such consent not to be unreasonably withheld) the information included in the Scheme Booklet is not misleading or deceptive and there are no material omissions from the Scheme Booklet.

4.2 Advertising and Communications

Each party must consult with the other (in advance, to the extent reasonably practicable) in relation to all advertising and communications (whether written or oral, and whether direct or via agents, consultants or advisers) with any shareholders, Governmental Agency, rating agency or media outlet relating to the Scheme ("Communications") and, without limiting the generality of the foregoing, must:

- (a) provide the other party with drafts of any written Communications proposed to be issued and make such amendments thereto as the other party reasonably requires;
- (b) provide copies of all written Communications sent to a shareholder, Governmental Agency, rating agency or media outlet to the other party promptly upon dispatch; and
- (c) ensure all Communications are in accordance with all applicable laws.

4.3 Regulatory and contractual approvals

Each party must co operate with the other party, and provide all assistance, including attending any meetings, which the other party reasonably requires, to obtain all Regulatory Approvals and contractual approvals which are necessary or desirable in connection with the Scheme, including any approvals required from the ASX and ASIC.

4.4 Recommended Scheme

Subject to the receipt of an Independent Expert's Report which concludes the Scheme is in the best interests of the RVR Shareholders and RVR Optionholders and subject to there being no bona fide alternative offer which in the view of the board of RVR is in preference to the Scheme, RVR will do all within its power to procure its directors to recommend approval of the Scheme and related resolutions, including in the Scheme Booklet, but nothing in this clause will make RVR liable if it cannot procure a recommendation for approval of the Scheme or related resolutions.

4.5 Conduct of Court proceedings

BUT is entitled to separate representation at all Court proceedings affecting the Scheme. Nothing in this Agreement shall be taken to give RVR any right or power to make undertakings to the Court for or on behalf of BUT.

5. CONDUCT OF BUSINESS BEFORE IMPLEMENTATION DATE

5.1 Conduct of business in ordinary course

From the date of this document up to and including the Implementation Date:

- (a) **(RVR business in ordinary course):** RVR must conduct the RVR Business in the ordinary course, in substantially the same manner and, to the extent consistent, use reasonable endeavours to:
 - (i) preserve intact its current business organisation;
 - (ii) keep available the services of its current officers and employees;
 - (iii) preserve its relationship with suppliers, contractors, joint venturers, licensors, licensees and others having business dealings with it; and
 - (iv) maintain its business and assets, including maintaining at least its current level of insurance; and
- (b) **(BUT business in ordinary course):** BUT must conduct the BUT business in the ordinary course, in substantially the same manner and at the same locations as previously conducted and, to the extent consistent, use reasonable endeavours to:
 - (i) preserve intact its current business organisation;
 - (ii) keep available the services of its current officers and employees;
 - (iii) preserve its relationship with suppliers, contractors, joint venturers, licensors, licensees and others having business dealings with it; and
 - (iv) maintain its business and assets, including maintaining at least its current level of insurance.

6. RVR OBLIGATIONS

RVR must execute all documents and do all acts and things necessary for the implementation of the Scheme, as expeditiously as practicable and in particular must:

- (a) **(Commission Report):** commission the preparation of the Independent Expert's Report;
- (b) **(Prepare Scheme Booklet):** prepare a Scheme Booklet in accordance with all applicable law;
- (c) **(Consult with BUT on form of Scheme Booklet):** consult with BUT in good faith in relation to the form and content of the Scheme Booklet, including taking into account BUT's reasonable comments and incorporating the BUT Material, provided that:

- (i) if after a reasonable period of consultation, the parties are unable to agree on the form or content of the Scheme Booklet, RVR must make the final determination as to the form and content of the Scheme Booklet; and
 - (ii) if BUT disagrees with the final form and content of the Scheme Booklet, RVR must include a statement to that effect in the Scheme Booklet and, if it relates to the BUT Material, RVR must include a statement that BUT takes no responsibility for the relevant form or content;
- (d) **(Prepare Court documents):** prepare all documents necessary for the Court proceedings relating to the Scheme:
 - (i) in accordance with all applicable law; and
 - (ii) in consultation with BUT as to the form and content of the Court documents;
- (e) **(Seek Court order to convene Meeting):** apply to the Court under section 411(1) of the Corporations Act for an order directing RVR to convene the Scheme Meetings, and if requested by BUT in writing, appoint Senior Counsel to appear on the application;
- (f) **(Convene Meeting):** convene the Scheme Meetings, in accordance with any order made by the Court under section 411(1) of the Corporations Act;
- (g) **(Register explanatory statement):** take all reasonable measures necessary to cause ASIC to register the explanatory statement relating to the Scheme;
- (h) **(Scheme Booklet):** dispatch a copy of the Scheme Booklet to each RVR Shareholder and RVR Optionholder and to all other persons entitled to receive notice of the Scheme Meetings;
- (i) **(Inform shareholders and optionholders of relevant post-Booklet information):** if it becomes aware of information after the date of dispatch of the Scheme Booklet, which is material for disclosure to RVR Shareholders and RVR Optionholders in deciding whether to approve the Scheme, inform shareholders and optionholders of the information in an appropriate and timely manner;
- (j) **(Section 411(17)(b) statement):** if RVR Shareholder Approval and RVR Optionholder Approval are obtained, apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act in relation to the Scheme;
- (k) **(Apply for Court approval):** subject to satisfaction or waiver of all Conditions apply to the Court for orders approving the Scheme under section 411(4) of the Corporations Act, and if requested by BUT in writing, appoint Senior Counsel to appear on the application;
- (l) **(Lodge copy of Court orders):** if the Court approves the Scheme under section 411(4) of the Corporations Act, lodge an office copy of the Court orders with ASIC;

- (m) **(Give BUT information on Participants):** give to BUT details of the names, registered addresses and holdings of RVR Shares and RVR Options of every RVR Shareholder and RVR Optionholder as shown in the Register as at 5.00 pm on the Record Date, in such form as BUT may reasonably require and the full terms of issue of all options;
- (n) **(Shareholder disclosures):** In accordance with section 672A of the Corporations Act, direct those of the RVR Shareholders and RVR Optionholders notified to RVR by BUT (acting reasonably) in writing to make the disclosures required by section 672B of the Corporations Act and provide the resulting information to BUT within 5 days of its receipt;
- (o) **(Determine Participants and entitlements):** determine who are the Scheme Participants and their entitlements to the Scheme Consideration as at 5.00 pm on the Record Date;
- (p) **(Transfer RVR Shares):** if the Scheme becomes Effective, register the transfer to BUT of all RVR Shares and RVR Options (other than for any RVR Options which are required to be cancelled) held by Scheme Participants;
- (q) **(Cancellation of RVR Options):** cancel the RVR Options on the Effective Date (other than the Tranche 3 Options);
- (r) **(Suspend ESOP and DRP):** suspend the operation of RVR's officer securities plan, RVR employee securities plan and dividend reinvestment plan (if any).

7. BUT OBLIGATIONS

BUT must execute all documents and do all acts and things necessary for the implementation of the Scheme, as expeditiously as practicable and in particular must:

- (a) **(Apply for Regulatory Approvals):** as expeditiously as practicable, apply for all relevant Regulatory Approvals which BUT itself can apply for and take all steps it is responsible for in the approval process;
- (b) **(Assist preparation of Report):** as expeditiously as practicable, provide all assistance and information reasonably requested by the independent expert in connection with the preparation of the Independent Expert's Report;
- (c) **(Supply information for Scheme Booklet):** as expeditiously as practicable, supply to RVR for inclusion in the Scheme Booklet such information regarding BUT as is in RVR's opinion reasonably required under all applicable law including all relevant ASIC policy statements and Takeovers Panel policy and guidance notes to be included in the Scheme Booklet, in reasonable time to allow RVR to prepare the Scheme Booklet in accordance with this document;
- (d) **(Supply any further information required):** as expeditiously as practicable, give to RVR any further information reasonably required by RVR before the Meeting Date to ensure that the BUT Material is not misleading or deceptive and contains no material omissions. If BUT becomes aware of information after the date of dispatch of the Scheme

Booklet, which is material for disclosure to RVR Shareholders and RVR Optionholders in deciding whether to approve the Scheme, inform RVR of the information in an appropriate and timely manner;

- (e) **(Deed Poll)**: before the First Court Date, enter into the Deed Poll;
- (f) **(Representation)**: ensure that, if requested by RVR, BUT is represented at Court hearings convened for the purpose of section 411(4)(b) of the Corporations Act, and through counsel, undertake, if requested by the Court, to do all things and take all steps within its power necessary to fulfil its obligations under this document;
- (g) **(Not act inconsistently)**: not act in a manner inconsistent with obtaining Court approval for the Scheme;
- (h) **(Procure reconstitution of BUT Board)**: conditional upon Court orders approving the Scheme under section 411(4) of the Corporations Act, constitute BUT's board as follows:
 - (i) Didier Murcia (Non-executive Chairman);
 - (ii) Mike McKeivitt (Managing Director);
 - (iii) Paul Payne (Executive Director);
 - (iv) Geoff Gilmour (Executive Director);
 - (v) Warren Gilmour (Non-Executive Director);
 - (vi) Keith McKay, (Non-Executive Director);
 - (vii) Gosbert Kagaruki (Non-Executive Director); and
 - (viii) Darpan Pindolia (Non-Executive Director),
 - (ix) additional directors, to be determined on the basis of skills and qualifications,

and after appointment the directors above will be subject to BUT's normal rotation requirements set out in the BUT company constitution.

- (i) **(Change of Name)**: as soon as practicable following the making of Court orders approving the Scheme under section 411(4) of the Corporations Act, convene a BUT shareholders meeting for BUT shareholders to consider a change of the BUT company name of BUT to "Rift Valley Resources Limited" and do all things incidental to that change of name. Such shareholders meeting to be held no later than 3 months after the Implementation Date;
- (j) **(Tranche 3 Options)**: as soon as practicable after the date of this document, make an offer to issue BUT Options to the RVR Optionholders who hold Tranche 3 Options, conditional upon:
 - (i) the Scheme becoming Effective; and
 - (ii) if required, the grant of the waiver referred to in clause 3.2(s),

and

the BUT Options offered pursuant to this clause 7(j) are to have the following terms;

- (iii) BUT will issue 1.25 BUT Options for each of the Tranche 3 Options , subject to clause 2.3;
- (iv) the terms of the new BUT Options will be substantially the same in material respects as the terms of the Tranche 3 Options;
- (v) the exercise price of the new BUT Option will be the exercise price payable in respect of the Tranche 3 Options;
- (vi) the exercise period, vesting events or conditions, exercise events or conditions and lapsing events for the new BUT Option will be the exercise price payable, exercise period, vesting events or conditions, exercise events or conditions and lapsing events in respect of the Tranche 3 Options; and
- (vii) RVR will cancel all of the Tranche 3 Options on the Effective Date.

8. ACCESS TO INFORMATION

8.1 RVR to give access to information

From the date of this document and up to and including the Implementation Date, RVR must give BUT reasonable access to its records, documentation (subject to any existing confidentiality obligations owed to third parties), premises and personnel, and reasonable co-operation for the purpose of:

- (a) understanding the financial and corporate position of RVR including its existing and forecast cash flow and working capital position;
- (b) understanding the mineral resources and potential mineral resources of its exploration areas;
- (c) facilitating Implementation. This obligation does not require RVR to provide information to BUT concerning the consideration of the Scheme by RVR directors and management;
- (d) BUT understanding the operation of the RVR Business in order to allow and facilitate the smooth implementation of the plans of BUT for the RVR Business following the Implementation Date; and
- (e) any other purpose which is agreed in writing between the parties.

8.2 BUT to give access to information

From the date of this document and up to and including the Implementation Date, BUT must give RVR reasonable access to its records, documentation (subject to any existing confidentiality obligations owed to third parties), premises and personnel, and reasonable co-operation for the purpose of:

- (a) understanding the financial and corporate position of BUT including its existing and forecast cash flow and working capital position;
- (b) understanding the mineral resources and potential mineral resources of its mining and exploration areas;
- (c) facilitating Implementation. This obligation does not require BUT to provide information to RVR concerning the consideration of the Scheme by BUT directors and management;
- (d) RVR understanding the operation of the BUT Business in order to allow and facilitate the smooth implementation of the RVR Business into the BUT Business following the Implementation Date; and
- (e) any other purpose which is agreed in writing between the parties.

8.3 RVR and BUT to give information on representations and warranties

From the date of this document and up to and including the Implementation Date:

- (a) RVR must promptly give to BUT details of any matter or occurrence which might reasonably make any representations and warranties given by RVR under this document inaccurate in a material respect; and
- (b) BUT must promptly give to RVR details of any matter or occurrence which might reasonably make any representations and warranties given by BUT, under this document inaccurate in a material respect.

9. DUE DILIGENCE

9.1 BUT Due Diligence Investigations – RVR Business and assets

RVR agrees that BUT may conduct the BUT Due Diligence Investigations in order to augment its technical, corporate and economic understanding of RVR's Business and assets, and RVR agrees to provide access to information reasonably required by BUT in this regard which may comprise reasonable and customary enquiries, including management interviews, written management questionnaires and the review of management papers and documents, as may reasonably be expected to be undertaken in relation to those matters by a prudent acquirer of businesses of the type conducted by RVR or companies similar to RVR.

9.2 RVR Due Diligence Investigations – BUT Business and assets

BUT agrees that RVR may conduct the RVR Due Diligence Investigations in order to augment its technical, corporate and economic understanding of BUT's Business and assets, and BUT agrees to provide access to information reasonably required by RVR in this regard which may comprise reasonable and customary enquiries, including management interviews, written management questionnaires and the review of management papers and documents, as may reasonably be expected to be undertaken in relation to those matters by a prudent acquirer of businesses of the type conducted by BUT or companies similar to BUT.

9.3 Availability of information

Subject to clauses 9.1 and 9.2, RVR and BUT will, during the period of due diligence and in respect of any further enquiries made, make available promptly to the other party all information reasonably requested in order that BUT or RVR (as the case may be) can conduct the due diligence and those further enquiries and will provide access to the other party and its advisors who reasonably require access to that information for the purposes of the due diligence and those further enquiries and the implementation of the Scheme.

9.4 Interviews

Subject to receipt of reasonable notice, a party will permit the other party to interview any of its directors, executive officers or external auditors or advisors during the Due Diligence Investigations.

10. NO SOLICITATION

10.1 No solicitation, no shop restriction

To the extent permitted by law, from the date of this document until the earlier of termination of this document, the date on which the Scheme is approved by the Court under section 411(4)(b) of the Corporations Act, or 6 months from the date of this document, each of RVR and BUT must ensure that it and its employees, officers and, to the extent it is reasonably able to influence them, its associates and its advisers:

- (a) do not, except with the prior written consent of the other party, directly or indirectly solicit or invite any negotiations or discussions or communicate any intention to do any of these things with any person other than each other with respect to a Takeover Proposal for RVR or a Takeover Proposal for BUT (as the case may be).

10.2 No talk, no due diligence restriction

Subject to the carve out in Clause 11 below and to the extent permitted by law, from the date of this document until the earlier of termination of this document, the date on which the Scheme is approved by the Court under section 411(4)(b) of the Corporations Act, or 6 months from the date of this document, each of RVR and BUT must ensure that it and its employees, officers and, to the extent it is reasonably able to influence them, its associates and its advisers:

- (b) do not, except with the prior written consent of the other party, directly or indirectly participate in or conduct any negotiations or discussions or communicate any intention to do any of these things with any person other than each other with respect to a Takeover Proposal for RVR or a Takeover Proposal for BUT (as the case may be); and
- (c) do not provide information to facilitate consideration by any person, other than each other, whether to submit a Takeover Proposal for RVR or a Takeover Proposal for BUT (as the case may be).

10.3 Notification of Takeover Proposal

From the date of this document until the earlier of termination of this document, the date on which the Scheme is approved by the Court under section 411(4)(b) of the Corporations Act, or 6 months from the date of this document, RVR must notify BUT immediately if it receives or becomes aware of a Takeover Proposal for RVR and BUT must notify RVR immediately if it receives or becomes aware of a Takeover Proposal for BUT.

10.4 Notification of Third Party Proposal and Matching Rights Granted to BUT

From the date of this document until the earlier of termination of this document, the date on which the Scheme is approved by the Court under section 411(4)(b) of the Corporations Act, or 6 months from the date of this document, RVR must notify BUT immediately if RVR receives or becomes aware of a Third Party Proposal for RVR.

Before the Board of RVR, or any director of RVR, approves or recommends the Third Party Proposal, RVR must first give written notice to BUT of that intention, and BUT has the right (but not the obligation) at any time during the period of 3 Business Days after receipt of the notice to make an offer to RVR that delivers (or will deliver) a benefit to RVR Shareholders that is at least equal to, or better than, the Third Party Proposal (the "BUT Counterproposal").

If BUT makes a BUT Counterproposal then RVR and the RVR Board must consider it in good faith. If the RVR Board, acting reasonably, considers that the BUT Counterproposal would provide a benefit to RVR Shareholders that is at least equal to, or better than, the Third Party Proposal, then RVR and BUT must use best endeavours to agree the amendments to the documentation for the Scheme that are necessary to reflect the BUT Counterproposal, enter into agreements to give effect to those amendments and subject to Clause 11 below, implement the BUT Counterproposal.

10.5 Break Fee

RVR and BUT each acknowledge that:

- (a) RVR and BUT have incurred and will each incur costs as a result of pursuing the Scheme and will incur further costs if the Scheme is not successful; and
- (b) the Break Fee is a genuine and reasonable pre-estimate of the cost and loss that would actually be suffered by RVR or BUT if the Scheme is not implemented (or at least the cost and loss as a minimum amount).

Subject to clause 10.6 below, RVR must pay to BUT the Break Fee if any of the following events occur:

- (1) at any time before the Scheme Meetings, a majority of directors of RVR fail to recommend the Scheme as required by Clause 3.2(c) of this document or withdraw their recommendation, other than where the Independent Experts Report gives an opinion in its final report that the Scheme is not in the best interests of the RVR shareholders; or
- (2) as a result of a material failure by RVR to comply with a material obligation of RVR under this document, or a material condition in Clause

3.2 which is 100% within the control of RVR is not satisfied, the Court fails to approve the Scheme or the Effective Date of the Scheme has not occurred prior to the Sunset Date.

Subject to clause 10.6 below, BUT must pay to RVR the Break Fee if any of the following events occur:

- (1) as a result of a material failure by BUT to comply with a material obligation of BUT under this document, the Court fails to approve the Scheme or the Effective Date of the Scheme has not occurred prior to the Sunset Date.

RVR or BUT (as the case requires) must pay the Break Fee within 5 Business Days after receipt of a written demand for payment from the other.

10.6 Break Fee and Takeovers Panel

If it is finally determined by the Takeovers Panel that all or part of the Break Fee (the "Impugned Amount") is unenforceable or constitutes unacceptable circumstances then the requirement to pay the Break Fee does not apply to the extent of the Impugned Amount.

11. DIRECTORS' DUTIES

Clause 10.2 (no talk, no due diligence) and Clause 10.4 (notification of third party proposal) above each do not impose obligations on either party to the extent that compliance with those clauses would involve a breach of fiduciary duties by directors of that party or not be in the best interests of RVR Shareholders and RVR Optionholders or be otherwise unlawful, provided that the party must give prior written notice to the other party before taking any action in respect of which it relies on this clause and must, to the extent permitted by law and as expeditiously as practicable, provide full particulars to the other party, and consult with the other party in good faith, with respect to the relevant action but nothing shall require the disclosing party to disclose the identity of the third party that may be seeking information from the disclosing party.

12. ANNOUNCEMENT

12.1 No Announcement

Neither party may make an Announcement relating to the subject matter of this document or its termination or make public this document (or any of its terms) unless the Announcement or publication:

- (a) is required by this document;
- (b) has the prior approval of the other party, that approval not to be unreasonably withheld; or
- (c) is required to be made by any applicable law including under the Listing Rules.

12.2 Notice of Announcement

If a party proposes to make an Announcement, it must, to the extent practicable without that party breaching any applicable law, give to the other party:

- (a) such notice as is reasonable in the circumstances of its intention to make the Announcement; and
- (b) a draft of the Announcement and an opportunity, which is reasonable in the circumstances, to comment on the contents of the draft Announcement.

13. TERMINATION

13.1 When a party may terminate

Without limiting clause 3, this document may be terminated:

- (a) **(Before Relevant Date if Condition cannot be satisfied):** by either party, if before the Relevant Date, if a Condition solely or jointly for its benefit cannot be satisfied by the time required in this document for it to be satisfied;
- (b) **(After Relevant Date if Condition has not been satisfied):** by either party if, after the Relevant Date applicable to a Condition solely or jointly for its benefit, if that Condition has not been satisfied or waived at that time;
- (c) **(Effective Date has not occurred before Sunset Date):** subject to clause 3.8, by either party if the Effective Date has not occurred before the Sunset Date;
- (d) **(No recommendation):** by BUT, if the RVR Board fails to recommend the Scheme or, having recommended the Scheme, changes its recommendation adversely to the Scheme or withdraws its recommendation with respect to the Scheme;
- (e) **(Termination for breach):** before the Second Court Date, if a party is in breach of this document (including a breach of a representation or warranty under clause 14) and that breach is material and is not remedied by that party within 5 Business Days (or such shorter period ending on the Second Court Date) of it receiving notice of the details of the breach and its intention to terminate from the party not in breach, by the party not in breach giving notice in writing to the other party;
- (f) **(Independent Expert opinion):** by either party, if before the Second Court Date the Independent Expert concludes that the Scheme is not in the best interests of the RVR Shareholders or the RVR Optionholders (other than the holder of the Tranche 3 Option); or
- (g) **(Third Party Proposal for RVR):** by BUT, if before the Second Court Date a Third Party Proposal for RVR is made and is recommended or accepted by the Board of RVR (or a majority of RVR directors).

13.2 Obligations on termination

- (a) If a party terminates this document, all obligations of the parties under this document, other than this clause, 13 (Announcements), 14 (Representations and Warranties), 15 (Indemnities), 16 (Release), 18 (GST), 19 (Notices), 20 (Amendment and Assignment) and 21 (General), immediately cease to be of further force or effect.
- (b) The termination of this document does not affect any Claim arising before this document is terminated, that a party may have against another party.

14. REPRESENTATIONS AND WARRANTIES

14.1 Mutual representations and warranties

Each party represents and warrants to the other party that (subject to obtaining any relevant Regulatory Approvals):

- (a) **(Status):** it is a company limited by shares under the Corporations Act;
- (b) **(Power):** it has full legal capacity and power to:
 - (i) own its property and to carry on its business; and
 - (ii) enter into this document and subject to the satisfaction of the Conditions to carry out the transactions that this document contemplates;
- (c) **(Corporate authority):** it has taken all corporate action that is necessary or desirable to authorise its entry into this document and subject to the satisfaction of the Conditions to carry out the transactions that this document contemplates;
- (d) **(Authorisations):** it holds each Authorisation that is necessary or desirable to:
 - (i) enable it to properly execute this document and subject to the satisfaction of the Conditions to carry out the transactions that this document contemplates;
 - (ii) ensure that this document is legal, valid, binding and admissible in evidence; and
 - (iii) enable it to properly carry on its business,
 - (iv) and it is complying with any conditions to which any Authorisation is subject;
- (e) **(Document effective):** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (f) **(No contravention):** neither its execution of this document nor the carrying out by it of the transactions that it contemplates, does or will:
 - (i) contravene any law to which it or any of its property is subject

or any order of any Government Agency that is binding on it or any of its property;

- (ii) contravene any Authorisation;
- (iii) contravene any undertaking or instrument binding on it or any of its property; or
- (iv) contravene its constitution;
- (g) **(No litigation)**: otherwise than as disclosed in writing to each other prior to the date of this Agreement, no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could have a Material Adverse Change on that party;
- (h) **(No Insolvency Event)**: it is not affected by an Insolvency Event;
- (i) **(Not representative)**: it is not entering into this document in a representative capacity;
- (j) **(Subsidiaries)**: all of the shares in each subsidiary of a party are legally and beneficially owned by the party and those shares have been validly issued and are fully paid up;
- (k) **(No undisclosed success fee)**: a party has no agreement or arrangement with any corporate adviser or financial adviser to pay a fee or benefit to that adviser totalling \$500,000 or greater in relation to or resulting from the Scheme which has not been disclosed in writing to the other party prior to the date of this document.

14.2 RVR representations and warranties

RVR represents and warrants to BUT that:

- (a) **(No other approvals necessary)**: it is not aware of any consents, approvals or other acts by a Government Agency that are necessary to effect Implementation other than those identified in paragraphs 3.2(h) and 3.2(i);
- (b) **(Due Diligence Information not false or misleading)**: the RVR Due Diligence Information will be, to RVR's knowledge, true and accurate in all material respects as at the date at which it was provided to BUT and subject to clause 9.1, RVR will not knowingly or recklessly:
 - (i) omit to disclose information to BUT, the disclosure of which might reasonably be expected to have resulted in BUT not entering into this document, or entering into it on materially different terms;
 - (ii) omit anything from the RVR Due Diligence Information such as to make any part of that information materially false or misleading;
 - (iii) include anything materially false or misleading in the RVR Due Diligence Information; or

- (iv) deny access to requested information with the intention of misleading BUT;
- (c) **(Scheme Booklet not false or misleading):** to RVR's knowledge, as at the date of dispatch of the Scheme Booklet, the Scheme Booklet (other than the BUT Material) will not contain any material statement which is false or misleading (including because of any material omission);
- (d) **(Obligations regarding securities):** otherwise than as disclosed in writing to BUT prior to the date of this Agreement, it is not subject to any actual or contingent obligation to issue or convert securities except as required or contemplated by this document or in accordance with the terms of any existing option or convertible security which is on issue as at the date of this document;
- (e) **(Complied with applicable law):** other than as fairly disclosed in the RVR Disclosure Material RVR complied with all applicable laws to the extent that any instance of non-compliance:
 - (i) individually or in aggregate, could not reasonably be expected to be a Material Adverse Change with respect to RVR; or
 - (ii) does not involve a breach of RVR's continuous disclosure obligations under the Listing Rules;
- (f) **(Material correspondence to be promptly disclosed):** all material correspondence between RVR and any Government Agency received following execution of this document until the Effective Date will be promptly disclosed in writing to BUT;
- (g) **(No default):** other than as fairly disclosed in the RVR Disclosure Material RVR is not in default under any document or agreement binding on it or its assets and nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement, which individually or in aggregate could reasonably be expected to be a Material Adverse Change with respect to RVR; and
- (h) **(Schedule accurately details RVR capital):** Schedule 2 accurately records the total number and details of RVR Shares, securities convertible into RVR Shares, RVR Options, notes, performance rights (or zero exercise price options) or all other securities offered or issued by RVR at the date of this document and, other than as disclosed in writing to BUT at the Cut-off Date, RVR is not under any actual or contingent obligation to issue, convert or cancel or transfer any securities, and there is no charge, mortgage or other encumbrance, right of pre-emption, right of first refusal, right of last refusal or other such third party right over any of the RVR Shares;
- (i) **(No downstream takeover by BUT):** RVR or its subsidiaries do not have a relevant interest of 20% or more in any listed entity or in any unlisted entity with 50 members or more; and
- (j) **(No foreign holder):** RVR does not have a foreign resident which is the registered holder of 15% or more of RVR shares, or foreign residents

who together hold a total of 40% or more of RVR shares;

- (k) **(RVR cash holdings):** the total cash holdings of RVR and its subsidiaries combined is A\$10 million or more.

14.3 BUT representations and warranties

BUT represents and warrants to RVR that:

- (a) **(BUT Material not false or misleading):** the BUT Material to BUT's knowledge as at the date of dispatch of the Scheme Booklet will not contain any material statement which is false or misleading (including because of any material omission);
- (b) **(No other approvals necessary):** it is not aware of any consents, approvals or other acts by a Government Agency that are necessary to effect Implementation other than those identified in paragraphs, 3.2 (h) and 3.2(i);
- (c) **(Due Diligence Information not false or misleading):** the BUT Due Diligence Information will be, to BUT's knowledge, true and accurate in all material respects as at the date at which it was provided to RVR and BUT will not knowingly or recklessly:
- (i) omit to disclose information to RVR, the disclosure of which might reasonably be expected to have resulted in RVR not entering into this document, or entering into it on materially different terms;
 - (ii) omit anything from the BUT Due Diligence Information such as to make any part of that information materially false or misleading;
 - (iii) include anything materially false or misleading in the BUT Due Diligence Information; or
 - (iv) deny access to requested information with the intention of misleading RVR;
- (d) **(Obligations regarding securities):** it is not subject to any actual or contingent obligation to issue or convert securities except as required or contemplated by this document or in accordance with the terms of any existing option or convertible security which is on issue as at the date of this document;
- (e) **(Complied with applicable law):** other than as fairly disclosed in the BUT Disclosure Material BUT complied with all applicable laws to the extent that any instance of non-compliance:
- (i) individually or in aggregate, could not reasonably be expected to be a Material Adverse Change with respect to BUT; or
 - (ii) does not involve a breach of BUT's continuous disclosure obligations under the Listing Rules;
- (f) **(Material correspondence to be promptly disclosed):** all material

correspondence between BUT and any Government Agency received following execution of this document until the Effective Date will be promptly disclosed in writing to RVR;

- (g) **(No default):** other than as fairly disclosed in the BUT Disclosure Material BUT is not in default under any document or agreement binding on it or its assets and nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement, which individually or in aggregate could reasonably be expected to be a Material Adverse Change with respect to BUT; and
- (h) **(Schedule accurately details BUT capital):** Schedule 3 accurately records the total number and details of BUT Shares, securities convertible into BUT Shares, BUT Options, notes or other securities issued by BUT at the date of this document and other than as disclosed in writing to RVR at the Cut-off Date, BUT is not under any actual or contingent obligation to issue, convert or cancel any securities.

14.4 Reliance on representations and warranties

Each party acknowledges that the other party has executed this document and agreed to take part in the transactions that this document contemplates in reliance on the representations and warranties that are made in clause 14.1.

14.5 When warranties are given

Each representation and warranty given or made under clauses 14.1, 14.2 and 14.3 is given:

- (a) as at the date of this document other than under clauses 14.2(b) and (c) and 14.3(a) and (c); and
- (b) as at 8.00 am on the Second Court Date; and
- (c) at any other date at which the representation or warranty is expressed to be given.

15. INDEMNITIES

15.1 Indemnities by RVR

RVR indemnifies BUT, its directors, officers and employees against any Loss or Claim arising from or in connection with a breach of the representation and warranty in clauses 14.1 and 14.2.

15.2 Indemnities by BUT

BUT indemnifies RVR, its directors, officers and employees against any Loss or Claim arising from or in connection with a breach of the representation and warranty in clauses 14.1 and 14.3.

16. RELEASE

- (a) **(Officers not liable):** Subject to section 199A of the Corporations Act and clause 16(b) of this Agreement, no officer or employee of a party is

liable for anything done or purported to be done in connection with Implementation.

- (b) **(Except wilful misconduct):** Clause 16(a) does not exclude an officer or employee from any liability which may arise from wilful misconduct or a negligent act or omission or fraud on the part of the person.
- (c) **(Benefit held for officers and employees):** Each party receives and holds the benefit of this release, to the extent that it relates to its officers and employees as agent for them.

17. PREPARATION FOR CONDUCT OF BUSINESS AFTER IMPLEMENTATION DATE

17.1 Assist with integration

The parties must work together in good faith to facilitate the efficient implementation of the plans for the RVR Business and the BUT Business following the Implementation Date, subject to compliance with their respective obligations, powers and duties under this document, their constituent documents and all applicable law and the proper performance by the BUT directors and RVR directors of their fiduciary duties.

17.2 Integration committee

As soon as practicable after the date of this Agreement, the parties must constitute a committee.

17.3 Role of integration committee

The role of the committee established under clause 17.2 is to act as a forum for consideration and planning between the parties in relation to the conduct of the business of the parties after the Implementation Date.

17.4 Access for purpose of integration

RVR and BUT must provide to the committee established under clause 17.2 and its representatives reasonable access to such officers, documents and other information which the committee reasonably requires for the purpose of preparing for carrying on the business of the parties after the Implementation Date, on the basis that such access does not place an unreasonable burden on either BUT's or RVR's ability to operate their respective businesses.

18. GST

18.1 GST payable in addition to consideration for taxable supplies

A recipient of a taxable supply made under or in connection with this document must:

- (a) pay to the supplier, in addition to the consideration for the taxable supply, an amount equal to any GST paid or payable by the supplier in respect of the taxable supply, without deduction or set-off of any other amount; and
- (b) make the payment either when the consideration for the taxable supply

is payable, or upon demand.

18.2 Tax Invoice

The supplier must issue a tax invoice to the recipient for any supply for which the supplier may recover GST from the recipient under or in connection with this document.

18.3 Consideration exclusive of GST

Any consideration or payment obligation in this document is exclusive of GST unless stated otherwise.

19. NOTICES

19.1 How to give a notice

A notice, consent or other communication under this document is only effective if it is:

- (a) in writing, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and

either:

- (a) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or
- (b) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full.

19.2 When a notice is given

A notice, consent or other communication that complies with this clause is regarded as given and received:

19.3 if it is delivered or sent by fax:

- (a) by 5.00 pm (local time in the place of receipt) on a Business Day - on that day; or
- (b) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day - on the next Business Day; and

19.4 if it is sent by mail:

- (a) within Australia - 3 Business Days after posting; or .
- (b) to or from a place outside Australia - 7 Business Days after posting.

19.5 Address for notices

A person's address and fax number are those set out below, or as the person notifies the sender;

BUT

Address: Unit 1, 1 Naim Street, Fremantle, WA 6160

Fax number: +61 8 9430 9965

Attention: Managing Director

RVR

Address: Level 2, 23 Barrack Street, Perth, WA 6000

Fax number: +61 8 9200 4413

Attention: Managing Director

20. AMENDMENT AND ASSIGNMENT

20.1 Amendment

This document can only be amended, supplemented, replaced or novated by another document signed by the parties.

20.2 Assignment

A party may not dispose of, declare a trust over or otherwise create an interest in its rights under this document.

A party may not assign or transfer a party's right, interest or benefit under this document without the prior consent of the other party.

21. GENERAL

21.1 Governing law

- (a) This document is governed by the law in force in Western Australia.
- (b) Each party submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waives any right it might have to claim that those courts are an inconvenient forum.

21.2 Liability for expenses

- (a) BUT and RVR must each pay half of all stamp duty payable on this document or any instrument or transaction contemplated in or necessary to give effect to this document.
- (b) Subject to clause 15, each party must pay its own expenses incurred in negotiating, preparing, executing and registering this document. RVR must pay the fees and disbursements of the independent expert report.

21.3 Giving effect to this document

- (a) Subject to clause 21.3(b) each party must do anything within its power (including execute any document and sign, pass, or vote in favour, of all resolutions (including conditional resolutions) necessary), and must use its best endeavours to procure that each of its employees and agents and each director it nominated to the board of a company (subject to the

fiduciary obligations owed by that director to the relevant company) does anything (including execute any document and sign, pass or vote in favour of all resolutions (including conditional resolutions) necessary) that any other party may reasonably require to give full effect to this document.

- (b) The requirement in clause 21.3(a) to use best endeavours does not require a party to pay any money, other than nominal amounts.

21.4 Waiver of rights

A right may only be waived in writing, signed by the party giving the waiver, and:

- (a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;
- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and
- (c) the exercise of a right does not prevent any further exercise of that right or of any other right.

21.5 No partnership or agency

Nothing in this document is to be treated as creating a partnership and, except as specifically provided in this document, no party may act as agent of or in any way bind another party to any obligation.

21.6 Operation of this document

- (a) This document contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document and has no further effect.
- (b) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (c) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

21.7 Operation of indemnities

- (a) Each indemnity in this document survives the expiry or termination of this document.
- (b) A party may recover a payment under an indemnity in this document before it makes the payment in respect of which the indemnity is given.

21.8 Consents

Where this document contemplates that a party may agree or consent to something (however it is described), the party may:

(a) agree or consent, or not agree or consent, in its sole and absolute discretion; and

(b) agree or consent subject to conditions,

unless this document expressly contemplates otherwise.

21.9 No merger

No provisions of this document merge on Implementation.

21.10 Inconsistency with other documents

If this document is inconsistent with any other document or agreement between the parties, this document prevails to the extent of the inconsistency.

21.11 Counterparts

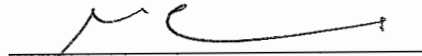
This document may be executed in counterparts, including by facsimile.

21.12 Attorneys

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

EXECUTED AS A DEED


Signed, Sealed and Delivered by
Brightstar Resources Limited
in accordance with
s.127 of the Corporations Act 2001:



Director/Secretary (please delete one)

G. M. GILMORE

Name (please print)



Director/Secretary (please delete one)

G. M. GILMORE

Name (please print)

Signed, Sealed and Delivered by
Rift Valley Resources Limited
in accordance with
s.127 of the Corporations Act 2001:

Director/Secretary (please delete one)

Name (please print)

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Name (please print)


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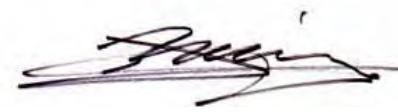
Director/~~Secretary~~ (please delete one)

MICHAEL McKEVITT

Name (please print)

Director/Secretary (please delete one)

Name (please print)



Director/Secretary (please delete one)

DIDIER MURCIA

Name (please print)



APPENDIX 4

DEED POLL

SCHEDULE 1

**RIFT VALLEY RESOURCES LIMITED
(ACN 147 483 341)**

("RVR")

AND

**BRIGHTSTAR RESOURCES LIMITED~
(ACN 121 985 395)**

("BUT")

DEED POLL

Ref: [DG:3828-009:002]

 **Murcia Pestell Hillard**
MPH | LAWYERS

MPH Building 23 Barrack Street Perth WA 6000 Australia
T +61 8 9221 0033 F +61 8 9221 0133 www.murcls.com.au
Murcia Pestell Hillard Pty Ltd (ACN 082 607 921)

Ref:DG:3828-009:003

THIS DEED POLL made the **22** day of **January 2012**

Between:

Rift Valley Resources Limited (ACN 147 483 341) of Level 2, Barrack Street, Perth, Western Australia

and

Brightstar Resources Limited (ACN 121 985 395) of Unit 1, 1 Nairn Street, Fremantle, Western Australia

RECITALS:

- A. BUT and RVR have entered into a merger implementation agreement for the implementation of the Scheme on [insert] January 2012 ("**Merger Implementation Agreement**").
- B. Pursuant to the Merger Implementation Agreement, RVR has agreed to propose a restructure of RVR by way of the Scheme under Part 5.1 of the Corporations Act, the effect of which will be to make RVR a wholly owned subsidiary of BUT.
- C. BUT has agreed to do all things and execute all deeds, agreements and other documents which may be necessary or expedient on its part to implement the Scheme including, without limitation, but subject to the satisfaction of the conditions precedent referred to in clause 3.2 of the Merger Implementation Agreement.
- D. BUT is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform its obligations under the Merger Implementation Agreement.

OPERATIVE PART:

The parties agree:

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

Terms defined in the Merger Implementation Agreement have the same meaning when used in this Deed Poll.

1.2 Interpretation

In this Deed Poll:

- (a) headings are for convenience only and do not affect interpretation; and unless the context indicates a contrary intention:
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more parties binds or benefits all of them jointly and each of them severally;
- (c) the expression "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;

- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (e) a reference to any document (including this Deed Poll) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (h) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Deed Poll, and a reference to this Deed Poll includes any schedule, exhibit or annexure to this Deed Poll;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) the word "includes" in any form is not a word of limitation;
- (k) a reference to "\$" or "dollar" is to Australian currency;
- (l) references to payments to any party to this Deed Poll will be construed to include payments to another person upon the direction of such party;
- (m) all payments to be made under this Deed Poll must be made by unendorsed bank cheque or other immediately available funds;
- (n) if any day appointed or specified by this Deed Poll for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day; and
- (o) terms defined in the Corporations Act shall bear the defined meaning where used in this Deed Poll.

2. NATURE OF DEED POLL

BUT acknowledges that this Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it.

3. CONDITIONS PRECEDENT

3.1 Conditional obligations

BUT's obligations under clause 5 of this Deed Poll are subject to satisfaction or waiver of each condition precedent in clause 3.2 of the Merger Implementation Agreement.

3.2 Deadline for satisfaction and termination of Deed Poll

If the conditions precedent in clause 3.2 of the Merger Implementation Agreement are not satisfied or waived on or before the Relevant Date, or the Effective Date has not occurred by the Sunset Date, the obligations of BUT under this Deed Poll do not commence and this Deed Poll will automatically terminate unless BUT and RVR otherwise agree.

3.3 Release upon termination

If this Deed Poll is terminated under this clause 3 then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) BUT is released from its obligations to further perform this Deed Poll except those obligations contained in clause 8 and any other obligations which by their nature survive termination; and
- (b) Scheme Participants retain the rights they have against BUT in respect of any breach by BUT which occurred before this Deed Poll is terminated.

4. SCHEME OBLIGATIONS

BUT will comply with its obligations under the Merger Implementation Agreement and do all things necessary or expedient on its part to implement the Scheme.

5. PROVISION BY BUT OF SCHEME CONSIDERATION

Without limiting the generality of clause 4, but subject to clause 3 of this Deed Poll, in consideration of the transfer of all of the RVR Shares held by the RVR Shareholders to BUT and the cancellation of all of the RVR Options (other than the Tranche 3 Options) held by RVR Optionholders, on issue as at the Record Date, BUT will provide the Scheme Consideration to the Scheme Participants in accordance with clause 2.2 of the Merger Implementation Agreement.

6. WARRANTIES

BUT represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll; and
- (d) this Deed Poll is valid and binding upon it.

7. CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until BUT has completely performed its obligations under this Deed Poll or the earlier termination of this Deed Poll under clause 3.

8. STAMP DUTY

BUT must pay all stamp duty imposed on this Deed Poll and on any instrument or other document executed to give effect to this Deed Poll.

9. GENERAL

9.1 Cumulative rights

The rights, powers and remedies of BUT and the Scheme Participants under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

9.2 Further acts and documents

BUT must promptly do all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to RVR) required by law or reasonably requested by RVR to give effect to this Deed Poll.

9.3 Waiver and variation

- (a) A provision or a right under this Deed Poll may not be waived except in writing signed by the person granting the waiver.
- (b) A provision of this Deed Poll may not be varied unless the variation is agreed to by RVR in which event BUT will enter into a further Deed Poll in favour of the Scheme Participants giving effect to such amendment.

10. GOVERNING LAW AND JURISDICTION

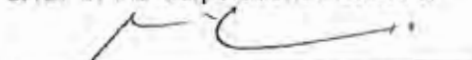
This Deed Poll is governed by the laws of Western Australia. BUT irrevocably submits to the non-exclusive jurisdiction of the Courts of Western Australia.

11. ASSIGNMENT

The rights and obligations of a person under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with, and no person shall attempt or purport to do so.


Executed as a Deed

Signed, Sealed and Delivered by
Brightstar Resources Limited
in accordance with
s.127 of the Corporations Act 2001;



Director/Secretary (please delete one)

W. J. GILMORE

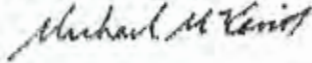


Director/Secretary (please delete one)

G. M. GILMORE

Name (please print)

Signed, Sealed and Delivered by
Rift Valley Resources Limited
in accordance with
s. 127 of the Corporations Act 2001:



Director/Secretary (please delete one)

MICHAEL McKEVITT

Name (please print)

Name (please print)



Director/Secretary (please delete one)

DIDIER MURCIA

Name (please print)

Ref:DG:3828-009:003

**SCHEDULE 2
RVR'S CAPITAL**

12. SHARES

RVR has 83,500,000 fully paid ordinary shares on issue.

13. OPTIONS

RVR has on issue the following options to subscribe for fully paid RVR shares:

Option Class	Expiry Date	Exercise Price	Balance
Tranche 1	15 February 2014	\$0.20	5,875,000
Tranche 2	15 February 2014	\$0.25	5,875,000
Tranche 3	3 November 2017	\$0.001	11,500,000
		Total	23,150,000

**SCHEDULE 3
BUT'S CAPITAL**

1. SHARES

BUT has 182,095,171 fully paid ordinary shares on issue.

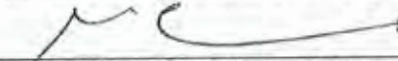
2. OPTIONS

BUT has on issue the following options to subscribe for fully paid BUT shares:

Option Class	Expiry Date	Exercise Price	Balance
Tranche 1	31 May 2015	\$0.27	2,500,000
Tranche 2	7 October 2012	\$0.10	21,700,000
Tranche 3	18 March 2015	\$0.27	5,000,000
Tranche 4	4 October 2014	\$0.10	12,000,000
Tranche 5	22 March 2014	\$0.10	8,000,000
Tranche 6	24 September 2012	\$0.30	2,850,000
		Total	52,350,000

EXECUTED AS A DEED

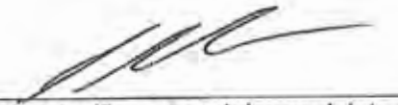
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s.127 of the Corporations Act 2001:



Director/Secretary (please delete one)

G. M. GILMOUR

Name (please print)



Director/Secretary (please delete one)

G. M. GILMOUR

Name (please print)

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in accordance with
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Director/Secretary (please delete one)

Name (please print)

Director/Secretary (please delete one)

Name (please print)

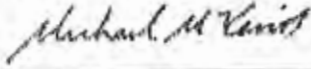
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Name (please print)

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Rift Valley Resources Limited
in accordance with
s.127 of the Corporations Act 2001:




Director/Secretary (please delete one)

MICHAEL McKEVITT

Name (please print)

Director/Secretary (please delete one)

Name (please print)



Director/Secretary (please delete one)

DIDIER MURCIA

Name (please print)



APPENDIX 5
TAX OPINION



6 March 2012

The Directors
Rift Valley Resources Limited
Level 2
23 Barrack Street
PERTH WA 6000

Dear Directors

Independent Income Tax Opinion

We have been requested by the Directors of Rift Valley Resources Limited (Rift Valley) to prepare this Independent Tax Opinion (Opinion) for inclusion in the Scheme Booklet in relation to the Australian income tax consequences for Rift Valley Shareholders, RFV \$0.20 Optionholders and RFV \$0.25 Optionholders (Securityholder) arising from the disposal of their Rift Valley Shares under the Share Scheme and their RFV \$0.20 Options and RFV \$0.25 Options under the RFV \$0.20 Options Scheme and the RFV \$0.25 Options Scheme, respectively.

In preparing this Opinion, we have acted in accordance with the instructions and Information provided to us by Rift Valley.

In this Opinion, terms have the meaning set out in the glossary to the Scheme Booklet, except where otherwise indicated.

Scope of Opinion

Our Opinion is general in nature and the individual circumstances of each Rift Valley Securityholder may affect the taxation implications of the Schemes to that Securityholder. This Opinion and the information contained in it, is not, and is not intended to be, taxation advice to any particular Securityholder. Securityholders should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances. We disclaim all liability to any Securityholder or other party for all costs, loss, damage and liability that the Securityholder or other party may suffer or incur arising from or relating to or in any way connected with (a) the contents of our Opinion or (b) the provision of our Opinion to the Securityholder or other party or (c) the reliance on our Opinion by the Securityholder or other party.

We provide our Opinion on the basis that the underlying assumptions are fair and reasonable and the representations made to us by the Directors of Rift Valley are correct.

The Opinion set out below is primarily intended for Securityholders investing on capital account that do not hold their Securities as trading stock or otherwise as revenue assets for Australian income tax purposes. Different outcomes will potentially arise for Securityholders who are investing on revenue account. We recommend that those Securityholders seek professional taxation advice in relation to the Schemes.

office
Level 2000
100 St Georges Terrace
Perth WA 6000
Phone +61 8 9442 1000
Fax +61 8 9442 1001
Email perth@plexusglobal.com.au
www.plexusglobal.com.au



The summary of the Australian income tax implications set out below is based on established judicial and administrative interpretations of the Income Tax Assessment Act 1997 (Cth) (the 1997 Act), the Income Tax Assessment Act 1936 (Cth) (the 1936 Act) and the Taxation Administration Act 1953 (Cth) (the Administration Act) as at the date of this Opinion. Whilst we have had regard to proposed changes to tax law to the extent possible in the preparation of this Opinion, we do not undertake to update our Opinion in respect of any future changes to the tax law.

Our Opinion does not take into account tax legislation of countries apart from Australia. Securityholders who are not resident in Australia for tax purposes should also take into account the tax implications of the Schemes under the tax law of their country of residence, as well as under Australian tax law.

Taxation is only one of the matters that must be considered when making a decision on a financial product. Plexus Global Consultants is not licensed to provide financial product advice under the Corporations Act. Under the Corporations Act, this advice is not required to be provided to you by the holder of an Australian Financial Services License. You should consider taking advice from the holder of an Australian Financial Services License before making a decision on a financial product.

The Schemes

The terms of the Schemes are set out in the Scheme Booklet.

The Schemes apply to Rift Valley Shareholders, RFV \$0.20 Optionholders and RFV \$0.25 Optionholders only.

For a Securityholder at the date of this Opinion, the schemes comprise a transfer of all Rift Valley Shares to BrightStar and cancellation of RFV \$0.20 Options and RFV \$0.25 Options and, in the case of all Securityholders other than Ineligible Foreign Securityholders, entitlements as follows:

- Rift Valley Shareholders will receive 1.25 BrightStar Shares for every 1 Rift Valley Share held;
- RFV \$0.20 Optionholders will receive 1.25 BrightStar \$0.20 Options for every 1 RFV \$0.20 Option held; and
- RFV \$0.25 Optionholders will receive 1.25 BrightStar \$0.25 Options for every 1 RFV \$0.25 Option held.

The Australian tax implications of entering into each of the Schemes are discussed below.

Capital Gains Tax on Disposal of Rift Valley Shares

1. Australian Tax Resident Rift Valley Shareholders

CGT on Disposal of Rift Valley Shares

Under the scheme, Rift Valley Shareholders will receive BrightStar Shares as consideration for their disposal of Rift Valley Shares. The Scheme will trigger a Capital Gains Tax (CGT) event for Rift Valley Shareholders who are Australian tax residents and who hold their shares on capital account.



Rift Valley Shareholders will derive a capital gain on the disposal of their Rift Valley Shares to the extent the market value of BrightStar Shares received exceeds the CGT cost base of their Rift Valley Shares. Conversely, Rift Valley Shareholders will incur a capital loss on the disposal of their Rift Valley Shares to the extent the CGT reduced cost base of their Rift Valley Shares exceeds the market value of BrightStar Shares received.

The market value of the BrightStar Shares will be determined as of the Implementation Date. Further, the CGT cost base of a Rift Valley Share will generally include the consideration paid to acquire the share plus any incidental costs such as brokerage fees and stamp duty.

Rift Valley Shareholders who incur a capital loss may be able to offset that capital loss against other capital gains made in the same financial year or carry forward that loss to offset capital gains arising for them in subsequent years.

Rift Valley Shareholders who make a capital gain on the disposal of their Rift Valley Shares and are unable to obtain CGT rollover relief or do not choose for CGT rollover relief to apply (refer below), will be subject to tax at the tax rate applicable to the Rift Valley Shareholder. Certain Rift Valley Shareholders who have held their Rift Valley Shares for at least 12 months should be eligible to apply the CGT discount rules to reduce their capital gain by the relevant discount percentage. The discount percentage is 50% for individuals and trusts and 33.33% for complying superannuation funds. There is no CGT discount available for companies.

CGT Rollover Relief on Disposal of Rift Valley Shares Applies

Rift Valley Shareholders who make a capital gain on the disposal of their Rift Valley Shares may be eligible to apply CGT rollover relief under subdivision 124-M of the Tax Act.

If a Rift Valley Shareholder is eligible and chooses to apply CGT rollover relief, the capital gain derived from the disposal of their Rift Valley Shares under the Scheme is disregarded. Furthermore, the CGT history of their Rift Valley Shares will transfer to their BrightStar Shares, i.e. CGT cost base and acquisition date/(s).

CGT rollover relief will be available to Rift Valley Shareholders in respect of the exchange of their Rift Valley Shares for replacement shares in BrightStar under the Scheme if:

- the exchange is considered to be made in consequence of a single arrangement;
- the Rift Valley Shareholder would otherwise make a capital gain on the transfer of its Rift Valley Shares to BrightStar; and
- BrightStar obtains a holding of 80% of the voting shares in Rift Valley as a result of the arrangement.

We have determined that the conditions under subdivision 124-M of the Tax Act will be satisfied and Rift Valley Shareholders who derive a capital gain on the disposal of their Rift Valley Shares will be eligible to apply CGT rollover relief subject to BrightStar obtaining a holding of 80% of the Rift Valley Shares under the Share Scheme.

Once eligible to obtain CGT rollover relief, a Rift Valley Shareholder will need to make a choice prior to lodging their income tax return for the year in which the capital gain arises. The manner in which a Rift Valley Shareholder prepares their Australian income tax return is sufficient evidence of the making of this choice.

CGT Rollover Relief on Disposal of Rift Valley Shares Not Applicable or Not Chosen

If a Rift Valley Shareholder is unable to obtain CGT rollover relief or does not choose for CGT rollover relief to apply, the capital gain derived from the disposal of their Rift Valley Shares is not disregarded and is therefore assessable subject to the recoupment of any current and/or prior year capital losses, and the application of any applicable CGT discounts (eg the 50% CGT discount generally applies where an individual has held their Rift Valley Shares for at least 12 months).

Furthermore, the BrightStar Shares will be taken to have been acquired for an amount equal to the market value of the Rift Valley Shares exchanged on the Implementation Date. This will be relevant for any future application of CGT to the BrightStar Shares.

CGT on Future Disposal of BrightStar Shares

If an Australian resident Rift Valley Shareholder sells their BrightStar Shares after the Implementation Date, any gain or loss will be subject to CGT on the basis the BrightStar Shares have been held on capital account. However, if an Australian resident Rift Valley Shareholder is a company and it holds an interest of 10% or more in BrightStar Shares, it may be able to disregard the capital gain or loss made on the disposal of its shares in certain circumstances.

Other Tax Implications

No Goods and Services Tax or Stamp Duty should be payable in Australia by Rift Valley Shareholders in relation to the Rift Valley Shares or on the receipt of BrightStar Shares.

2. Non-Australian Tax Resident Rift Valley Shareholders

CGT on Disposal of Rift Valley Shares

If the Rift Valley Shares are not considered to be Taxable Australian Property (TAP) when disposed, non-Australian tax resident shareholders should not be subject to CGT in relation to any gains or losses arising from the disposal of their Rift Valley Shares under the Scheme.

Broadly, Rift Valley Shares may be TAP if a shareholder, together with its associates, holds 10% or more of the shares in Rift Valley at the time of disposal or throughout a 12 month period during the two years before the disposal, and the majority of Rift Valley's underlying assets consist of real property situated in Australia.

Subsequent Disposal of BrightStar Shares

Non-Australian resident Rift Valley Shareholders should not be subject to CGT in relation to any gains (or losses) from the future disposal of BrightStar Shares unless the BrightStar Shares are effectively connected with a permanent establishment or fixed base which the non-Australian resident has in Australia.

Taxation Implications on Disposal of Rift Valley Options

1. Australian Tax Resident RFV \$0.20 Optionholders and RFV \$0.25 Optionholders

Our Opinion provides guidance on the potential Australian income tax consequences for RFV \$0.20 Optionholders and RFV \$0.25 Optionholders on the cancellation of their Rift Valley Options under the Option Schemes. The potential Australian income tax consequences for RFV \$0.20 Optionholders and RFV \$0.25 Optionholders are identical.



Our Opinion is relevant only to RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who are:

- considered to be within the Employee Share Scheme (ESS) provisions of the Tax Act (refer to (a) below); and
- investing on capital account and do not hold their Rift Valley Options as trading stock or otherwise as revenue assets for Australian income tax purposes (refer to (b) below).

We recommend that RFV \$0.20 Optionholders and RFV \$0.25 Optionholders seek professional taxation advice in relation to the Option Schemes.

(a) Rift Valley Options Acquired within ESS Provisions

Division 83A of the Tax Act contains specific provisions which govern the taxation consequences arising for participants in the Rift Valley ESS.

Division 83A of the Tax Act was enacted on 14 December 2009 and applies to 'ESS interests' (beneficial interests in shares or beneficial interests in rights to acquire beneficial interests in shares, acquired at a discount in respect of employment) provided under an ESS since 1 July 2009, and under transitional measures, to certain ESS interests provided before this date.

Division 83A of the Tax Act replaced the former ESS tax laws contained in Division 13A of the Tax Act and operates to treat any discount on ESS interests as assessable income of an employee (whether the options are held by the employee or an associate of the employee).

Broadly, the ESS provisions in Division 83A of the Tax Act are applicable only to the extent that the RFV \$0.20 Optionholders and RFV \$0.25 Optionholders have acquired their Rift Valley Options at a 'discount' (i.e. the consideration the RFV \$0.20 Optionholders and RFV \$0.25 Optionholders have paid for the grant of their Rift Valley Options was less than the market value of those options at the time of grant or, if no consideration was paid for the grant of the options, the market value of the options at the time of grant was zero).

We understand that RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who are considered to be within the ESS provisions of the Tax Act have not acquired their Rift Valley Options at a discount in accordance with Division 83A of the Tax Act.

As a result, the Option Schemes will trigger a Capital Gains Tax (CGT) event for RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who are Australian tax residents and who hold their Rift Valley Options on capital account. A CGT event will occur for RFV \$0.20 Optionholders and RFV \$0.25 Optionholders upon cancellation of their Rift Valley Options under the Option Schemes.

RFV \$0.20 Optionholders and RFV \$0.25 Optionholders will derive a capital gain on the disposal of their Rift Valley Options to the extent the market value of the BrightStar Options received exceeds the CGT cost base of their Rift Valley Options. Conversely, RFV \$0.20 Optionholders and RFV \$0.25 Optionholders will incur a capital loss on the disposal of their Rift Valley Options to the extent the CGT reduced cost base of their Rift Valley Options exceeds the market value of the BrightStar Options received.

RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who incur a capital loss may be able to offset that capital loss against other capital gains made in the same financial year or carry forward that loss to offset capital gains arising for them in subsequent years.

RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who make a capital gain on the disposal of their Rift Valley Options may be eligible to apply CGT rollover relief under subdivision 124-M of the Tax Act. We have determined that the conditions under subdivision 124-M of the Tax Act will be satisfied and RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who derive a capital gain on the disposal of their Rift Valley Options will be eligible to apply CGT rollover relief subject to BrightStar obtaining a holding of 80% of the Rift Valley Shares under the Share Scheme.

RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who make a capital gain on the disposal of their Rift Valley Options and are unable to obtain CGT rollover relief or do not choose for CGT rollover relief to apply and who have held their Rift Valley Options for at least 12 months, should be eligible to apply the CGT discount rules to reduce their capital gain by the relevant discount percentage. The discount percentage is 50% for individuals and trusts and 33.33% for complying superannuation funds. There is no CGT discount available for companies.

(b) Rift Valley Options Acquired on Capital Account

The cancellation of the Rift Valley Options under the Option Schemes will trigger a Capital Gains Tax (CGT) event for RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who hold their Rift Valley Options on capital account and do not hold their Rift Valley Options as trading stock or otherwise as revenue assets for Australian income tax purposes. A CGT event will occur for RFV \$0.20 Optionholders and RFV \$0.25 Optionholders upon cancellation of their Rift Valley Options under the Option Schemes.

RFV \$0.20 Optionholders and RFV \$0.25 Optionholders will derive a capital gain on the disposal of their Rift Valley Options to the extent the market value of the BrightStar Options received exceeds the CGT cost base of their Rift Valley Options. Conversely, RFV \$0.20 Optionholders and RFV \$0.25 Optionholders will incur a capital loss on the disposal of their Rift Valley Options to the extent the CGT reduced cost base of their Rift Valley Options exceeds the market value of the BrightStar Options received.

RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who incur a capital loss may be able to offset that capital loss against other capital gains made in the same financial year or carry forward that loss to offset capital gains arising for them in subsequent years.

RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who make a capital gain on the disposal of their Rift Valley Options may be eligible to apply CGT rollover relief under subdivision 124-M of the Tax Act. We have determined that the conditions under subdivision 124-M of the Tax Act will be satisfied and RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who derive a capital gain on the disposal of their Rift Valley Options will be eligible to apply CGT rollover relief subject to BrightStar obtaining a holding of 80% of the Rift Valley Shares under the Share Scheme.

RFV \$0.20 Optionholders and RFV \$0.25 Optionholders who make a capital gain on the disposal of their Rift Valley Options and are unable to obtain CGT rollover relief or do not choose for CGT rollover relief to apply and who have held their Rift Valley Options for at least 12 months, should be eligible to apply the CGT discount rules to reduce their capital gain by the relevant discount percentage. The discount percentage is 50% for individuals and trusts and 33.33% for complying superannuation funds. There is no CGT discount available for companies.



2. Non-Australian Tax Resident RFV \$0.20 Optionholders and RFV \$0.25 Optionholders

CGT on Disposal of RFV \$0.20 Options and RFV \$0.25 Options

If the RFV \$0.20 Options and RFV \$0.25 Options are not considered to be Taxable Australian Property (TAP) when disposed, non-Australian tax resident RFV \$0.20 Optionholders and RFV \$0.25 Optionholders should not be subject to CGT in relation to any gains or losses arising from the disposal of their RFV \$0.20 Options and RFV \$0.25 Options under the RFV \$0.20 Options Scheme and the RFV \$0.25 Options Scheme, respectively.

Broadly, RFV \$0.20 Options and RFV \$0.25 Options may be TAP if a RFV \$0.20 Optionholder and RFV \$0.25 Optionholder, together with its associates, holds 10% or more of the Options in Rift Valley at the time of disposal or throughout a 12 month period during the two years before the disposal, and the majority of Rift Valley's underlying assets consist of real property situated in Australia.

Subsequent Disposal of BrightStar \$0.20 Options and BrightStar \$0.25 Options

Non-Australian resident RFV \$0.20 Optionholders and RFV \$0.25 Optionholders should not be subject to CGT in relation to any gains (or losses) from the future disposal of BrightStar \$0.20 Options and BrightStar \$0.25 Options unless the BrightStar \$0.20 Options and BrightStar \$0.25 Options are effectively connected with a permanent establishment or fixed base which the non-Australian resident has in Australia.

Other Tax Implications

No Goods and Services Tax or Stamp Duty should be payable in Australia by RFV \$0.20 Optionholders and RFV \$0.25 Optionholders in relation to the Rift Valley Options or on the receipt of BrightStar Options.

* * *

Yours sincerely
Plexus Global Consultants

Mario Di Vincenzo
Principal



APPENDIX 6
TERMS OF SCHEMES OF ARRANGEMENT

THIS RFV SHARE SCHEME OF ARRANGEMENT is made under Section 411 of the Corporations Act 2001 (Cth).

BETWEEN:

Rift Valley Resources Limited (ACN 147 483 341) of Level 2, Barrack Street, Perth, Western Australia

(RFV)

and

Each Scheme Shareholder

BACKGROUND

- A. RFV is a public company registered in Western Australia and is a company limited by shares. RFV Shares are quoted on the ASX.
- B. BrightStar is a company registered in Victoria and is a company limited by shares. BrightStar Shares are quoted on the ASX.
- C. By executing the Merger Implementation Agreement RFV and BrightStar have agreed to implement the Scheme, subject to the terms and conditions of the Merger Implementation Agreement and this document.
- D. By executing the Deed Poll BrightStar has agreed to comply with its obligations under the Merger Implementation Agreement, including the obligation to provide the Scheme Consideration to the Scheme Shareholders in accordance with the Merger Implementation Agreement.

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

“**ASIC**” means the Australian Securities and Investments Commission;

“**ASX**” means ASX Limited and where the context permits the Australia Securities Exchange operated by ASX Limited;

“**Business Day**” means a weekday on which trading banks are open for business in Perth excluding a Saturday, Sunday or public holiday in that city;

“**BrightStar**” means Bright Star Resources Limited (ACN 121 985 395) of Unit 1, 1 Nairn Street, Fremantle, Western Australia;

“**BrightStar Shares**” means fully paid ordinary shares in BrightStar;

“**BrightStar Option**” means an option to subscribe for an unissued BrightStar Share;

“**CHESS**” means the clearing house electronic sub-register system of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd;

“**Condition**” means a condition precedent in clause 3.21;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Court**” means the Federal Court of Australia located in Perth, Western Australia;

“**Deed Poll**” means the deed poll dated 22 January 2012 executed by BrightStar under which BrightStar covenants in favour of the Scheme Shareholders to perform its obligations under the Merger Implementation Agreement;

“**Effective**” means the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) in relation to the Scheme;

“**Effective Date**” means the date on which the Scheme becomes Effective;

“**End Date**” means 5:00pm (Perth time) on 20 July 2012, subject to any extension to a later date agreed between RFV and BrightStar;

“**Government Agency**” means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia, Tanzania, or elsewhere, including ASIC, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX;

“**Implementation**” means the implementation of this Scheme upon it becoming Effective;

“**Implementation Date**” means the third Business Date after the Record Date or such later date agreed between BrightStar and RFV;

“**Independent Expert’s Report**” means the independent expert’s report prepared by an expert who is not an associate of RFV or BrightStar, stating whether or not in his or her opinion, the Scheme is in the best interests of the RFV Shareholders, and setting out his or her reasons for that opinion;

“**Ineligible Foreign Holder**” means a Scheme Shareholder:

- (a) whose address in the Register as at the Record Date is a place outside Australia or New Zealand and the respective external territories; or
- (b) who BrightStar is actually aware is (or is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories,

unless BrightStar is satisfied prior to the Record Date that the laws of the place of such Registered Address permit the allotment and issue of BrightStar Shares to that Scheme Shareholder either unconditionally or after compliance with conditions which BrightStar, acting reasonably, regards as acceptable and not unduly onerous;

“**Insolvency Event**” means, with respect to a party, being in liquidation or provisional liquidation or under administration, having a receiver, receiver and manager, controller or analogous person appointed to it or any of its property, being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand, being unable to pay its debts or otherwise insolvent, ceasing to be of full legal capacity or otherwise becoming incapable of managing its own affairs for any reason, becoming an insolvent under administration (as defined in section 9 of the Corporations Act), entering into a compromise or

arrangement with, or assignment for the benefit of, any of its shareholders (other than the Scheme) or creditors or any analogous event;

“Material Adverse Change” means, with respect to a party, a change, effect, occurrence or state of facts (or any development, occurrence or state of facts involving a prospective change) which has had or is likely to have an adverse financial effect on the consolidated net assets of the party and its subsidiaries of \$500,000 or more, excluding any impact of merger related costs;

“Material Contract” means any contract which is or may reasonably be expected to be material to the assets, liabilities, financial position, profits, losses or operation of the entity which is a party to it;

“Merger Implementation Agreement” means the merger implementation agreement dated 22 January 2012 between RFV and BrightStar (as varied);

“Prescribed Occurrence” means, with respect to BrightStar or RFV, except as required by the Merger Implementation Agreement or the Scheme, or as publicly announced by that party prior to the date of the Merger Implementation Agreement, any of the following occurring, without the prior written consent of the other party:

- (a) the party converts all or any of its Shares into a larger or smaller number of Shares;
- (b) the party or a subsidiary of the party resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its Shares;
- (c) the party or a subsidiary of the party:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) the Corporations Act;

(d) otherwise than as disclosed in writing to the other party prior to the date of the Merger Implementation Agreement, the party or a subsidiary of the party issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option, excluding:

- (i) any issue or grant contemplated by the Scheme; and
- (ii) any Shares issued by the party as a result of the exercise of existing options or existing securities or other instruments convertible into Shares; and
- (iii) any issue of options which the party is required to make under the terms of an agreement entered into prior to the date of this agreement;

(e) the party or a subsidiary of the party issues, or agrees to issue, securities or other instruments convertible into Shares;

(f) the party declares any dividend or pays, makes or incurs any liability to pay or make any distribution whether by way of dividend, capital distribution, bonus or other share of its profits or assets;

(g) the party or a subsidiary of the party creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole or a substantial part of the business or property of the party;

(h) an Insolvency Event occurring in relation to the party or a subsidiary of the party;

(i) the party makes any material change or amendment to its constitution (excluding any changes relating to the Scheme or as otherwise approved by the other party);

(j) other than as disclosed in writing to each other prior to the date of this Agreement, proceedings brought against the party or a subsidiary of the party which are likely to result in damages or compensation payable by

the party or a subsidiary of the party which constitutes a Material Adverse Change and which are unlikely to be recoverable under any insurance arrangements;

(k) the party making any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the Income Tax Assessment Act 1997 (Cth);

(l) the party or any subsidiary enters into any contract or commitment in excess of \$500,000, including a hedging arrangement or a guarantee;

(m) the party or any subsidiary of the party without the consent of the other party which consent shall not be unreasonably withheld:

(i) pays any bonus to, or increases the compensation of, any executive officer, director, employees or consultants of the party or any subsidiary of the party, other than cash bonuses or housing allowances to executives as a consequence of performance and remuneration reviews; or

(ii) grants to any employee of the party or any subsidiary of the party (other than an executive officer or director of the party) any increase of severance or termination pay or superannuation entitlements;

(iii) establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any rights or benefits due under), any enterprise bargaining agreement, Australian workplace agreement, employee benefit plan or superannuation scheme of the party or relating to the employees of the party (other than any executive officer or director of the party);

APPENDIX 6 TERMS OF SCHEMES OF ARRANGEMENT

- (n) the party grants to any executive officer or director of the party an increase in severance or termination pay or superannuation entitlements or establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any rights or benefits due under) any employee benefit plan or superannuation scheme of the party or relating to the executive officers or directors of the party other than as agreed in writing between the parties;
- (o) the party or any subsidiary of the party makes capital expenditure in excess of \$500,000;
- (p) the party or any subsidiary of the party:
- (i) acquires, leases or disposes of;
 - (ii) agrees to acquire, lease or dispose of; or
 - (iii) offers, proposes, announces a bid or tenders for,
- any business, assets, entity or undertaking other than in the ordinary course of business, provided that the party may not without the prior written consent of the other party take any of the actions described above in the ordinary course of business if taking such action which would result in a Material Adverse Change or if the asset or undertaking in question is valued at, or transferred for, an amount equal to \$500,000 or more;
- (q) the party or any subsidiary of the party:
- (i) changes the terms of any Material Contract;
 - (ii) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than the payment, discharge or satisfaction consistent with past practice and in accordance with their terms; or
 - (iii) waives any material rights under or waives the benefit of any provisions of any Material Contract,
- other than in the ordinary course of business, provided that the party may not without the prior written consent of the other party take any of the actions described above in the ordinary course of business if taking such action which would result in a Material Adverse Change;
- “Record Date”** means 5:00pm (Perth time) on the second Business Day after the Effective Date, or any other date agreed by the parties to be the record date to determine entitlements to receive Scheme Consideration;
- “Register”** means the register of members of RFV;
- “Registered Address”** means in relation to a Scheme Shareholder, the address of the shareholder shown in the Register;
- “Registrar”** means Security Transfer Registers Pty Ltd, of 770 Canning Highway, Applecross, Western Australia;
- “Regulatory Approvals”** means the consents, approvals, clearances, decisions, determinations, waivers or other acts by a Government Agency necessary to effect Implementation, including:
- (a) the conditions set out in clauses 3.1(h) and 3.1(i); and
 - (b) all other approvals of a Government Agency, which RFV and BrightStar agree are necessary for Implementation;
- “RFV Business”** means the business carried on by RFV as at 22 January 2012;
- “RFV Options”** means an option to subscribe for an unissued RFV Share;
- “RFV Optionholders”** means each person entered in the options register as a holder of RFV Options;
- “RFV \$0.20 Option”** means an option currently on issue that gives the holder the right to subscribe for one RFV Share at an exercise price of \$0.20;
- “RFV \$0.25 Option”** means an option currently on issue that gives the holder the right to subscribe for one RFV Share at an exercise price of \$0.25;
- “RFV \$0.20 Option Scheme”** means a scheme of arrangement between RFV and the holders of options over ordinary shares in RFV that have an exercise price of \$0.20, as contemplated by the Merger Implementation Agreement;
- “RFV \$0.25 Option Scheme”** means a scheme of arrangement between RFV and the holders of options over ordinary shares in RFV that have an exercise price of \$0.25, as contemplated by the Merger Implementation Agreement.
- “RFV Share”** means a fully paid ordinary share in RFV;
- “RFV Shareholder Approval”** means a resolution in favour of the Scheme passed by the required majority of RFV Shareholders under section 411(4)(a)(ii) of the Corporations Act.
- “RFV Shareholders”** means each person recorded in the Register as the holder of RFV Shares at the relevant time;
- “Shares”** means the BrightStar Shares or the RFV Shares, as the context requires;
- “Scheme”** means this scheme of arrangement subject to any alteration or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by RFV and BrightStar;
- “Scheme Consideration”** means 1.25 BrightStar Shares for each Scheme Share held by Scheme Shareholders as at the Record Date (subject to clause 4.5 and clause 4.6);
- “Scheme Meeting”** means the meeting of RFV Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act;
- “Schemes”** means this scheme of arrangement, the RFV \$0.20 Option Scheme, and the \$0.25 Option Scheme, collectively;
- “Scheme Shareholder”** means each person recorded in the Register as the holder of RFV Shares as at 5:00pm (Perth

time) on the Record Date (taking into account registration of all registrable transfers and transmission applications received by the Registrar by the Record Date);

“**Scheme Shares**” means each of the RFV Shares referred to in clause 4.2(a);

“**Scheme Transfer**” means a duly completed instrument of transfer of the RFV Shares, executed by RFV on behalf of each Scheme Shareholder, for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all the RFV Shares;

“**Second Court Date**” means the first day on which an application made to the Court for an order under section 411(4) of the Corporations Act approving the Scheme is heard;

“**Takeover Proposal**” means, excluding the Schemes:

- (a) any proposal for a takeover bid, scheme of arrangement, capital reconstruction, buy-back, merger, amalgamation, consolidation, purchase of assets or other business combination involving the RFV Business, RFV or any of its subsidiaries; or
- (b) any proposal for the acquisition of an economic interest in all or a substantial part of the RFV Business, RFV or any of its subsidiaries; or
- (c) any proposal which could result in a person who does not already have voting power of 20% in RFV, having voting power of more than 20% in RFV;

“**Takeovers Panel**” means the Takeovers Panel constituted under the Australian Securities and Investments Commission Act 2001 (Cth);

“**Third Party Consent**” means any consent, agreement, waiver, licence or approval from or by a party in respect of a contract involving RFV or a subsidiary, which is agreed by the parties to this document, on or before the date of this document;

“**Tranche 3 Options**” means the RFV Options with an exercise price of \$0.0001 (being one hundredth of a cent) and an expiry date of 3 November 2017.

1.2 Interpretation

In this Scheme:

- (a) The singular includes the plural and the plural includes the singular;
- (b) Other grammatical forms of a word or phrase defined in this Scheme have the meaning corresponding to the definition of the word or phrase;
- (c) A reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Governmental Agency as well as an individual;
- (d) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (e) A reference to “\$” or “dollar” is to Australian currency;
- (f) A reference to any time is a reference to that time in Perth.
- (g) A term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
- (h) A reference to a party to a document includes that party’s successors and permitted assignees.

1.3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words “include”, “includes”, or “for example” or similar expressions does not limit the interpretation of the relevant provision.

1.4 Business Day

Where the day on or by which anything is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2. PRELIMINARY MATTERS

- (a) By executing the Merger Implementation Agreement RFV and

BrightStar have agreed to implement this Scheme.

- (b) The terms of this Scheme prevail to the extent of any inconsistency with the constitution of RFV.

3. CONDITIONS TO THE SCHEME

3.1 Conditions

This Scheme is conditional on:

- (a) RFV obtaining approval from RFV Shareholders to all amendments to its constitution necessary to effect the Merger Implementation Agreement and this Scheme, the RFV \$0.20 Option Scheme and the RFV \$0.25 Option Scheme;
- (b) the Independent Expert’s Report concluding that this Scheme is in the best interests of RFV Shareholders, the RFV \$0.20 Option Scheme is in the best interests of the holders of the RFV \$0.20 Options and the RFV \$0.25 Option Scheme is in the best interests of the holders of the RFV \$0.25 Options;
- (c) before the date on which this Scheme is approved by the Scheme Shareholders, the RFV \$0.20 Option Scheme is approved by the holders of the RFV \$0.20 Options and the RFV \$0.25 Option Scheme is approved by the holders of the RFV \$0.25 Options and subject to:
 - (i) the RFV board receiving the Independent Expert’s Report which concludes that this Scheme is in the best interests of the RFV Shareholders, the RFV \$0.20 Option Scheme is in the best interests of the holders of the RFV \$0.20 Options and the RFV \$0.25 Option Scheme is in the best interests of the holders of the RFV \$0.25 Options; and
 - (ii) no Takeover Proposal where the consideration provided or proposed to be provided to RFV Shareholders is superior to the Scheme Consideration

for this Scheme and to RFV Optionholders is superior to the consideration to be provided to RFV Optionholders as set out in clauses 2.2(b)(ii) of the Merger Implementation Agreement, is announced or made by a person other than BrightStar,

the majority of the RFV board recommending, and not changing or withdrawing its recommendation, that RFV Shareholders vote in favour of this Scheme and all resolutions (if any) incidental to this Scheme, that RFV \$0.20 Optionholders vote in favour of the RFV \$0.20 Option Scheme and all resolutions (if any) incidental to that scheme, and that that RFV \$0.25 Optionholders vote in favour of the RFV \$0.25 Option Scheme and all resolutions (if any) incidental to that scheme;

- (d) the Court ordering the convening of the Scheme Meeting for this Scheme and the meetings for RFV Optionholders, under section 411(1) of the Corporations Act;
- (e) RFV Shareholder Approval being obtained, a resolution in favour of the RFV \$0.20 Option Scheme is passed by the required majority of holders of RFV \$0.20 Options, and a resolution in favour of the RFV \$0.25 Option Scheme is passed by the required majority of holders of RFV \$0.25 Options;
- (f) the Court making orders under section 411(4)(b) of the Corporations Act approving this Scheme, the RFV \$0.20 Option Scheme and the RFV \$0.25 Option Scheme;
- (g) an office copy of the Court orders approving this Scheme, the RFV \$0.20 Option Scheme and the RFV \$0.25 Option Scheme being lodged with ASIC under section 411(4)(b) of the Corporations Act;
- (h) all consents, clearances, decisions, determinations or other act by ASIC in relation to BrightStar, RFV, or both,

necessary to effect Implementation being obtained;

- (i) all other Regulatory Approvals necessary for this Scheme, the RFV \$0.20 Option Scheme and the RFV \$0.25 Option Scheme being obtained, including without limitation ASX Listing Rule Chapter 11 approval for BrightStar if required by the ASX in order to implement the Scheme and Tanzanian government approval for a change in control of RFV or any RFV subsidiary;
- (j) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of Implementation is in effect at 8.00 am on the Second Court Date;
- (k) No Prescribed Occurrence occurring with respect to BrightStar or RFV before 8.00 am on the Second Court Date;
- (l) all Third Party Consents being granted or obtained in respect of the Implementation and those consents, agreements, waivers, licences or approvals not being withdrawn, cancelled or revoked;
- (m) on or by 12 April 2012, BrightStar completing and being satisfied with its due diligence investigations into RFV in accordance with clause 9.1 of the Merger Implementation Agreement;
- (n) on or by 23 February 2012, RFV completing and being satisfied with its due diligence investigations into BrightStar in accordance with clause 9.2 of the Merger Implementation Agreement;
- (o) the representations and warranties of RFV set out in clause 14.2 of the Merger Implementation Agreement being true and correct as at 22 January 2012 and as at 8.00 am on the Second Court Date;
- (p) the representations and warranties of BrightStar set out in clause 14.3 of the Merger Implementation Agreement

being true and correct as at 22 January 2012 and as at 8.00 am on the Second Court Date;

- (q) there being no Material Adverse Changes relating to BrightStar or RFV before 8.00 am on the Second Court Date;
- (r) all holders of Tranche 3 Options accepting an offer to be made to them by BrightStar pursuant to clause 7(j) of the Merger Implementation Agreement, irrevocably agreeing to cancel all of their options with effect from the Effective Date;
- (s) RFV obtaining from ASX a waiver of any requirement under ASX Listing Rule 6.23.2 to obtain the RFV Shareholders approval of the cancellation of the RFV Options that are to be cancelled, or RFV Shareholder approval otherwise being obtained;
- (t) RFV obtaining the consent of ASX pursuant to ASX Listing Rule 9.17 with respect to those RFV Shares and RFV Options that are restricted securities for the purposes of the ASX Listing Rules and all other consents and approvals necessary to allow those shares and options to be transferred for the purposes of implementing the Scheme and, if that consent is conditional, all such conditions have been satisfied or waived by ASX Limited or by the relevant entity concerned.

3.2 Regulatory Approval Conditions

For the purposes of clauses 3.1(h) to 3.1(i) inclusive, where a Regulatory Approval is conditional, it will be regarded as having been obtained if the relevant conditions cannot reasonably be considered to have a material adverse change on the value that each party considered it would derive from Implementation.

4. THE SCHEME

4.1 Lodgement of Court orders

RFV will lodge with ASIC office copies of the Court orders under section 411 of the Corporations Act approving the Scheme by

5:00pm (Perth time) on the first Business Day after the day on which the Court approves the Scheme, or by 5:00pm (Perth time) on the first Business Day following the date on which the Court orders are entered, whichever is later.

4.2 Scheme Becomes Effective and Transfer of RFV Shares

If this Scheme becomes Effective, then on the Implementation Date:

- (a) the RFV Shares, together with all rights and entitlements attaching to them as at the Implementation Date (Scheme Shares), will be transferred to BrightStar by:
 - (i) RFV delivering to BrightStar the Scheme Transfer to transfer all Scheme Shares to BrightStar, without the need for any further act by any Scheme Shareholders; and
 - (ii) BrightStar duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to RFV for registration;
- (b) in consideration of the transfer of the Scheme Shares to BrightStar, BrightStar will provide the Scheme Consideration to each Scheme Shareholder in accordance with clause 4.3; and
- (c) immediately after RFV's receipt of the Scheme Transfer executed by BrightStar in accordance with this clause 4.2 RFV will enter the name of BrightStar in the Register in respect of the Scheme Shares subject to the Scheme Transfer.

4.3 Provision of Scheme Consideration

- (a) Subject to clauses 4.3(b), 4.5 and 4.6, the obligation of BrightStar to provide or procure the provision of the Scheme Consideration will be satisfied by BrightStar:
 - (i) On the Implementation Date, entering in the register of members of BrightStar the name of each Scheme Shareholder, in

relation to all the BrightStar Shares issued to each Scheme Shareholder as Scheme Consideration in accordance with the Scheme; and

- (ii) Within 5 Business Days after the Implementation Date, dispatching to each Scheme Shareholder by pre-paid post to his or her Registered Address at the Record Date, holding statements or equivalent documentation in the name of that Scheme Shareholder representing the total number of BrightStar Shares issued to that Scheme Shareholder pursuant to the Scheme.
- (b) In the case of joint holders of Scheme Shares, any holding statements or equivalent documentation for BrightStar Shares to be issued to those Scheme Shareholders will be issued in the names of the joint holders and forwarded to the holder whose name appears first in the Register at the Record Date.

4.4 Agree to become a member

Each Scheme Shareholder who is issued BrightStar Shares agrees to become a member of BrightStar and be bound by the Constitution of BrightStar.

4.5 Ineligible Foreign Holders

- (a) Where a Scheme Shareholder is an Ineligible Foreign Holder, the number of BrightStar Shares to which that Scheme Shareholder would otherwise be entitled will instead be allotted to a nominee approved by RFV who will:
 - (i) sell those BrightStar Shares as soon as practicable and in any event not more than 60 days after the Implementation Date (at the risk of that Scheme Shareholder); and
 - (ii) pay the proceeds received, after deducting any applicable brokerages, stamp duty and other taxes and charges (on an averaged basis so that all Ineligible Foreign Holders receive the same price per BrightStar Share, subject to rounding the nearest whole cent,

with 0.5 of a share being rounded up), to that Scheme Shareholder in full satisfaction of that Scheme Shareholder's rights under the Scheme.

- (b) Ineligible Foreign Holders agree that the amount referred to in clause 4.5(a) (ii) may be paid by the nominee doing any of the following at the nominee's election:
 - (i) sending by pre-paid post (or pre-paid airmail if the address is outside Australia) the proceeds to the Ineligible Foreign Holder's Registered Address; or
 - (ii) depositing or procuring the Registrar to deposit it into an account with any Australia bank notified to RFV (or RFV's agent who manages the Register) by an appropriate authority from the Ineligible Foreign Holder; or
 - (iii) in the event that an Ineligible Foreign Holder does not have a Registered Address or the nominee believes an Ineligible Foreign Holder is not known at its Registered Address, and no account has been notified in accordance with sub-paragraph (ii) above or a deposit into such an account is rejected or refunded, the nominee may credit the amount payable to that Ineligible Foreign Holder to a separate bank account of RFV to be held until the Ineligible Foreign Holder claims the amount or the amount is dealt with in accordance with unclaimed money legislation. RFV must hold the amount on trust, but any benefit accruing from the amount will be to the benefit of RFV. An amount credited to the account is to be treated as having been paid to the Ineligible Foreign Holder. RFV must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.
- (c) Payment by the nominee to an Ineligible Foreign Holder in accordance

with this clause 4.5 satisfies in full the Ineligible Foreign Holder's right to Scheme Consideration.

- (d) Each Ineligible Foreign Holder appoints RFV as its agent to receive on its behalf any financial services guide or other notices which may be given by the nominee approved by RFV to that Ineligible Foreign Holder.
- (e) If any tax is required by law to be withheld from a payment to an Ineligible Foreign Holder under this clause, then the tax will be withheld and will be remitted to the relevant taxation authority. Payment to an Ineligible Foreign Holder of the reduced amount after deduction of the withholding in accordance with this clause 4.5 satisfies in full the Ineligible Foreign Holder's right to Scheme Consideration.
- (f) If a cheque is issued under paragraph (b) above but is returned or has not been presented for payment within 6 months after the date on which the cheque was sent, the cheque may be cancelled and the amount will be dealt with in accordance with unclaimed money legislation.

4.6 Fractional entitlements and splitting

- (a) Subject to clause 4.6(b), where the calculation of the number of BrightStar Shares to be issued to a particular Scheme Shareholder would result in the issue of a fraction of a BrightStar Share, the fractional entitlement will be rounded to the nearest whole number of BrightStar Shares, with 0.5 of a share being rounded up, after aggregating all holdings of the Scheme Shareholder and in a manner which avoids manipulation of a Scheme Shareholder's holdings to take advantage of the rounding entitlement.
- (b) If BrightStar reasonably forms the opinion that 2 or more Scheme Shareholders, each of whom holds a number of Scheme Shares which result in rounding in accordance with clause 4.6(a), have, before the Record

Date, been party to shareholding splitting or division in an attempt to obtain advantage by reference to such rounding, BrightStar may send a notice to those Scheme Shareholders stating that opinion and attributing to one of them specifically identified in the notice (the Deemed Holder) all of the Scheme Shares held by all of them, upon which, for the purposes of the Scheme:

- (i) The Deemed Holder will be taken to hold all the Scheme Shares referred to in the notice; and
- (ii) Each of the other Scheme Shareholders whose names are set out in the notice, will be taken not to hold any of the Scheme Shares,

and by complying with this clause 4.6(b), BrightStar will be taken to have satisfied and discharged its obligations under the terms of the Scheme to all the Scheme Shareholders named in the notice.

5. DEALINGS IN RFV SHARES

- (a) To establish the identity of the Scheme Shareholders, dealings in RFV Shares will only be recognised if:
 - (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant RFV Shares by the Record Date; and
 - (ii) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the place where the Register is kept.
- (b) RFV must register registrable transmission applications or transfers of the kind referred to in clause 5(a)(ii) on or before the Record Date.
- (c) If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date.
- (d) RFV will not accept for registration or recognise for any purpose any transmission application or transfer in

respect of RFV Shares received after the Record Date.

- (e) For the purpose of determining entitlements to the Scheme Consideration, RFV must maintain the Register in accordance with the provision of this clause 5 until the Scheme Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.
- (f) All statements of holdings for RFV Shares will cease to have effect from the Record Date as documents of title in respect of those shares and, as from that date, each entry current at the date on the Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the RFV Shares relating to that entry.
- (g) As soon as possible on or after the Record Date, RFV will ensure that details of the names, Registered Addresses and holdings of RFV Shares for each Scheme Shareholder are available to BrightStar in the form BrightStar reasonably requires.

6. QUOTATION OF RFV SHARES

- (a) RFV will apply to ASX to suspend trading on the ASX in RFV Shares from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by BrightStar, RFV will apply:
 - (i) for termination of the official quotation of RFV Shares on the ASX; and
 - (ii) to have itself removed from the official list of the ASX.

7. GENERAL SCHEME PROVISIONS

7.1 Consent to Scheme amendments

If the Court proposes to approve this Scheme subject to any alterations or conditions, RFV may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which

BrightStar has consented.

7.2 Scheme Shareholders' agreements and representations

- (a) The Scheme Shareholders agree to the transfer of their RFV Shares in accordance with the Scheme.
- (b) The Scheme Shareholders are taken to have warranted to BrightStar and RFV that all their RFV Shares (including any rights attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their RFV Shares together with any rights attaching to those shares.
- (c) Each Scheme Shareholder acknowledges that if the Scheme becomes Effective then the Scheme binds RFV and all Scheme Shareholders including those who do not attend the Scheme Meeting and those who voted against the Scheme.

7.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the RFV Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) BrightStar is beneficially entitled to the RFV Shares transferred to it under the Scheme pending RFV's registration of BrightStar in the Register as the holder of the RFV Shares.

7.4 Appointment of BrightStar as sole proxy

Upon this Scheme becoming Effective, and until RFV registers BrightStar as the holder of all Scheme Shares in the Register, each Scheme Shareholder:

- (a) is deemed to have appointed BrightStar as attorney and agent (and directed BrightStar in such capacity) to appoint the chairman of BrightStar as their sole proxy, attorney and, where applicable, corporate representative to attend shareholders' meetings exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution, and no Scheme Shareholder may attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 7.4(a)); and
- (b) must take all other actions in the capacity of a registered holder of the Scheme Shares as BrightStar reasonably directs.

8. POWER OF ATTORNEY

Upon this Scheme becoming Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints RFV and each and all of its directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any document or documents necessary to give effect to this Scheme including a proper instrument of transfer of their RFV Shares for the purposes of section 1071B of the Corporation Act, which may be a master transfer of all the RFV Shares.

9. GENERAL

9.1 Consent and Authority

The Scheme Shareholders consent to RFV doing, and authorise RFV to do, all acts and things which are necessary or incidental to the implementation of this Scheme.

9.2 Notices

If a notice, transfer, transmission, application, direction or other communication referred to in the Scheme is sent by post to RFV, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) or which it is actually received at RFV's registered office or at the

office of the Registrar.

9.3 Governing law

- (a) This Scheme is governed by the laws in force in Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.4 Further action to be taken at RFV expense

RFV must, at its own expense, do all things and execute all documents necessary to achieve the full effect of this Scheme and the transactions contemplated by it.

THIS RFV \$0.20 OPTION SCHEME OF ARRANGEMENT

is made under Section 411 of the Corporations Act 2001 (Cth).

BETWEEN:

Rift Valley Resources Limited (ACN 147 483 341) of Level 2, Barrack Street, Perth, Western Australia

(RFV)

and

Each Scheme Optionholder

BACKGROUND

- A. RFV is a public company registered in Western Australia and is a company limited by shares. RFV Shares are quoted on the ASX.
- B. RFV has issued a number of RFV \$0.20 Options.
- C. BrightStar is a company registered in Victoria and is a company limited by shares. BrightStar Shares are quoted on the ASX.
- D. By executing the Merger Implementation Agreement RFV and BrightStar have agreed to implement the Scheme, subject to the terms and conditions of the Merger Implementation Agreement and this document.
- E. By executing the Deed Poll BrightStar has agreed to comply with its obligations under the Merger Implementation Agreement, including the obligation to provide the Scheme Consideration to the Scheme Optionholders in accordance with the Merger Implementation Agreement.

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

“ASIC” means the Australian Securities and Investments Commission;

“ASX” means ASX Limited and where the context permits the Australia Securities Exchange operated by ASX Limited;

“Business Day” means a weekday on which trading banks are open for business in Perth excluding a Saturday, Sunday or public holiday in that city;

“BrightStar” means Bright Star Resources Limited (ACN 121 985 395) of Unit 1, 1 Nairn Street, Fremantle, Western Australia;

“BrightStar \$0.20 Options” means options over BrightStar Shares that have the same terms of issue as the RFV \$0.20 Options including exercise price and expiry date, the full terms of which are set out in Schedule 1;

“BrightStar Shares” means fully paid ordinary shares in BrightStar;

“Condition” means a condition precedent in clause 3.1;

“Corporations Act” means the Corporations Act 2001 (Cth);

“Court” means the Federal Court of Australia located in Perth, Western Australia;

“Deed Poll” means the deed poll dated 22 January 2012 executed by BrightStar under which BrightStar covenants in favour of the Scheme Optionholders to perform its obligations under the Merger Implementation Agreement;

“Effective” means the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) in relation to the Scheme;

“Effective Date” means the date on which the Scheme becomes Effective;

“End Date” means 5:00pm (Perth time) on 20 July 2012, subject to any extension to a later date agreed between RFV and BrightStar;

“Government Agency” means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia, Tanzania, or elsewhere, including ASIC, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX;

“Implementation” means the implementation of this Scheme upon it becoming Effective;

“Implementation Date” means the third Business Date after the Record Date or such later date agreed between BrightStar and RFV;

“Independent Expert’s Report” means the independent expert’s report prepared by an expert who is not an associate of RFV or BrightStar, stating whether or not in his or her opinion, the Scheme is in the best interests of the RFV \$0.20 Optionholders, and setting out his or her reasons for that opinion;

“Ineligible Foreign Holder” means a Scheme Optionholder:

- (a) whose address in the Register as at the Record Date is a place outside Australia or New Zealand and the respective external territories; or
- (b) who BrightStar is actually aware is (or is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories,

unless BrightStar is satisfied prior to the Record Date that the laws of the place of such Registered Address permit the issue of BrightStar \$0.20 Options to that Scheme Optionholder either unconditionally or after compliance with conditions which BrightStar, acting reasonably, regards as acceptable and not unduly onerous;

“Insolvency Event” means, with respect to a party, being in liquidation or provisional liquidation or under administration, having a receiver, receiver and manager, controller or analogous person appointed to it or any of its property, being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand, being unable to pay its debts or otherwise insolvent, ceasing to be of full legal capacity or otherwise becoming incapable of managing its own affairs for any reason, becoming an insolvent under administration (as defined in section 9 of the Corporations Act), entering into a compromise or

arrangement with, or assignment for the benefit of, any of its shareholders (other than the Scheme) or creditors or any analogous event;

“Material Adverse Change” means, with respect to a party, a change, effect, occurrence or state of facts (or any development, occurrence or state of facts involving a prospective change) which has had or is likely to have an adverse financial effect on the consolidated net assets of the party and its subsidiaries of \$500,000 or more, excluding any impact of merger related costs;

“Material Contract” means any contract which is or may reasonably be expected to be material to the assets, liabilities, financial position, profits, losses or operation of the entity which is a party to it;

“Merger Implementation Agreement” means the merger implementation agreement between RFV and BrightStar dated 22 January 2012 (as varied);

“Prescribed Occurrence” means, with respect to BrightStar or RFV, except as required by the Merger Implementation Agreement or the Scheme, or as publicly announced by that party prior to the date of the Merger Implementation Agreement, any of the following occurring, without the prior written consent of the other party:

- (a) the party converts all or any of its Shares into a larger or smaller number of Shares;
- (b) the party or a subsidiary of the party resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its Shares;
- (c) the party or a subsidiary of the party:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) the Corporations Act;

(d) otherwise than as disclosed in writing to the other party prior to the date of the Merger Implementation Agreement, the party or a subsidiary of the party issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option, excluding:

- (i) any issue or grant contemplated by the Scheme; and
- (ii) any Shares issued by the party as a result of the exercise of existing options or existing securities or other instruments convertible into Shares; and
- (iii) any issue of options which the party is required to make under the terms of an agreement entered into prior to the date of this agreement;

(e) the party or a subsidiary of the party issues, or agrees to issue, securities or other instruments convertible into Shares;

(f) the party declares any dividend or pays, makes or incurs any liability to pay or make any distribution whether by way of dividend, capital distribution, bonus or other share of its profits or assets;

(g) the party or a subsidiary of the party creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole or a substantial part of the business or property of the party;

(h) an Insolvency Event occurring in relation to the party or a subsidiary of the party;

(i) the party makes any material change or amendment to its constitution (excluding any changes relating to the Scheme or as otherwise approved by the other party);

(j) other than as disclosed in writing to each other prior to the date of this Agreement, proceedings brought against the party or a subsidiary of the party which are likely to result in

damages or compensation payable by the party or a subsidiary of the party which constitutes a Material Adverse Change and which are unlikely to be recoverable under any insurance arrangements;

(k) the party making any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the Income Tax Assessment Act 1997 (Cth);

(l) the party or any subsidiary enters into any contract or commitment in excess of \$500,000, including a hedging arrangement or a guarantee;

(m) the party or any subsidiary of the party without the consent of the other party which consent shall not be unreasonably withheld:

(i) pays any bonus to, or increases the compensation of, any executive officer, director, employees or consultants of the party or any subsidiary of the party, other than cash bonuses or housing allowances to executives as a consequence of performance and remuneration reviews; or

(ii) grants to any employee of the party or any subsidiary of the party (other than an executive officer or director of the party) any increase of severance or termination pay or superannuation entitlements;

(iii) establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any rights or benefits due under), any enterprise bargaining agreement, Australian workplace agreement, employee benefit plan or superannuation scheme of the party or relating to the employees of the party (other than any executive officer or director of the party);

APPENDIX 6 TERMS OF SCHEMES OF ARRANGEMENT

- (n) the party grants to any executive officer or director of the party an increase in severance or termination pay or superannuation entitlements or establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any rights or benefits due under) any employee benefit plan or superannuation scheme of the party or relating to the executive officers or directors of the party other than as agreed in writing between the parties;
- (o) the party or any subsidiary of the party makes capital expenditure in excess of \$500,000;
- (p) the party or any subsidiary of the party:
- (i) acquires, leases or disposes of;
 - (ii) agrees to acquire, lease or dispose of; or
 - (iii) offers, proposes, announces a bid or tenders for,
- any business, assets, entity or undertaking other than in the ordinary course of business, provided that the party may not without the prior written consent of the other party take any of the actions described above in the ordinary course of business if taking such action which would result in a Material Adverse Change or if the asset or undertaking in question is valued at, or transferred for, an amount equal to \$500,000 or more;
- (q) the party or any subsidiary of the party:
- (i) changes the terms of any Material Contract;
 - (ii) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than the payment, discharge or satisfaction consistent with past practice and in accordance with their terms; or
- (iii) waives any material rights under or waives the benefit of any provisions of any Material Contract,
- other than in the ordinary course of business, provided that the party may not without the prior written consent of the other party take any of the actions described above in the ordinary course of business if taking such action which would result in a Material Adverse Change;
- “Record Date”** means 5:00pm (Perth time) on the second Business Day after the Effective Date, or any other date agreed by the parties to be the record date to determine entitlements to receive Scheme Consideration;
- “Register”** means the register of holders of RFV \$0.20 Options;
- “Registered Address”** means in relation to a Scheme Optionholder, the address of the holder shown in the Register;
- “Registrar”** means Security Transfer Registers Pty Ltd, of 770 Canning Highway, Applecross, Western Australia;
- “Regulatory Approvals”** means the consents, approvals, clearances, decisions, determinations, waivers or other acts by a Government Agency necessary to effect Implementation, including:
- (c) the conditions set out in clauses 3.1(h) and 3.1(i); and
 - (d) all other approvals of a Government Agency, which RFV and BrightStar agree are necessary for Implementation;
- “RFV Business”** means the business carried on by RFV as at 22 January 2012;
- “RFV \$0.20 Option”** means an option currently on issue that gives the holder the right to subscribe for one unissued RFV Share at an exercise price of \$0.20;
- “RFV \$0.25 Option”** means an option currently on issue that gives the holder the right to subscribe for one unissued RFV Share at an exercise price of \$0.25;
- “RFV Share”** means a fully paid ordinary share in RFV;
- “RFV Share Scheme”** means a scheme of arrangement between RFVBrightStar and the holders of ordinary shares in RFV, as contemplated by the Merger Implementation Agreement;
- “RFV Share Scheme Record Date”** means the “Record Date” for the purposes of the RFV Share Scheme;
- “RFV \$0.20 Optionholder Approval”** means a resolution in favour of the Scheme passed by the required majority of RFV \$0.20 Optionholders under section 411(4)(a)(i) of the Corporations Act;
- “RFV \$0.20 Optionholders”** means each person recorded in the Register as the holder of RFV \$0.20 Options at the relevant time;
- “RFV \$0.25 Option Scheme”** means a scheme of arrangement between RFV and the holders of options over RFV Shares, that have an exercise price of \$0.25, as contemplated by the Merger Implementation Agreement;
- “Shares”** means the BrightStar Shares or the RFV Shares, as the context requires;
- “Scheme”** means this scheme of arrangement subject to any alteration or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by RFV and BrightStar;
- “Scheme Consideration”** means 1.25 BrightStar \$0.20 Options for each Scheme Option held by Scheme Optionholders as at the Record Date (subject to clause 4.5 and clause 4.6);
- “Scheme Meeting”** means the meeting of RFV \$0.20 Optionholders ordered by the Court to be convened under section 411(1) of the Corporations Act;
- “Scheme Option”** means each of the RFV \$0.20 Options referred to in clause 4.2(a);
- “Scheme Optionholder”** means each person recorded in the Register as the holder of RFV \$0.20 Options as at 5:00pm (Perth time) on the Record Date (taking into account registration of all registrable transfers and transmission applications received by the Registrar by the Record Date);

“Schemes” means this scheme of arrangement, the RFV Share Scheme, and the RFV \$0.25 Option Scheme, collectively;

“Second Court Date” means the first day on which an application made to the Court for an order under section 411(4) of the Corporations Act approving the Scheme is heard;

“Takeover Proposal” means, excluding the Schemes:

- (d) any proposal for a takeover bid, scheme of arrangement, capital reconstruction, buy-back, merger, amalgamation, consolidation, purchase of assets or other business combination involving the RFV Business, RFV or any of its subsidiaries; or
- (e) any proposal for the acquisition of an economic interest in all or a substantial part of the RFV Business, RFV or any of its subsidiaries; or
- (f) any proposal which could result in a person who does not already have voting power of 20% in RFV, having voting power of more than 20% in RFV;

“Takeovers Panel” means the Takeovers Panel constituted under the Australian Securities and Investments Commission Act 2001 (Cth);

“Third Party Consent” means any consent, agreement, waiver, licence or approval from or by a party in respect of a contract involving RFV or a subsidiary, which is agreed by the parties to this document, on or before the date of this document;

“Tranche 3 Options” means the options to subscribe for unissued RFV Shares with an exercise price of \$0.0001 (being one hundredth of a cent) and an expiry date of 3 November 2017.

1.2 Interpretation

In this Scheme:

- (a) The singular includes the plural and the plural includes the singular;

- (b) Other grammatical forms of a word or phrase defined in this Scheme have the meaning corresponding to the definition of the word or phrase;
- (c) A reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Governmental Agency as well as an individual;
- (d) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (e) A reference to “\$” or “dollar” is to Australian currency;
- (f) A reference to any time is a reference to that time in Perth.
- (g) A term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
- (h) A reference to a party to a document includes that party’s successors and permitted assignees.

1.3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words “include”, “includes”, or “for example” or similar expressions does not limit the interpretation of the relevant provision.

1.4 Business Day

Where the day on or by which anything is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2. PRELIMINARY MATTERS

- (a) By executing the Merger Implementation Agreement RFV and BrightStar have agreed to implement this Scheme.
- (b) The terms of this Scheme prevail to the extent of any inconsistency with the constitution of RFV.

3. SCHEME CONDITIONS

3.1 Conditions

This Scheme is conditional on:

- (a) RFV obtaining approval from RFV Shareholders to all amendments to its constitution necessary to effect the Merger Implementation Agreement and this Scheme, the RFV Share Scheme and the RFV \$0.25 Option Scheme;
- (b) the Independent Expert’s Report concluding that this Scheme is in the best interests of RFV \$0.20 Optionholders, the RFV Share Scheme is in the best interests of the holders of the RFV Shares and the RFV \$0.25 Option Scheme is in the best interests of the holders of the RFV \$0.25 Options;
- (c) before or on the date on which this Scheme is approved by the RFV \$0.20 Optionholders, the RFV Share Scheme is approved by the holders of the RFV Shares and the RFV \$0.25 Option Scheme is approved by the holders of the RFV \$0.25 Options and subject to:
 - (i) the RFV board receiving the Independent Expert’s Report which concludes that this Scheme is in the best interests of the RFV \$0.20 Optionholders, the RFV Share Scheme is in the best interests of the holders of the RFV Shares and the RFV \$0.25 Option Scheme is in the best interests of the holders of the RFV \$0.25 Options; and
 - (ii) no Takeover Proposal where the consideration provided or proposed to be provided to RFV \$0.20 Optionholders is superior to the Scheme Consideration for this Scheme and to RFV Shareholders is superior to the consideration to be provided to RFV Shareholders as set out in clause 2.2(b)(i) of the Merger Implementation Agreement and to RFV \$0.25 Optionholders is superior to the consideration

to be provided to RFV \$0.25 Optionholders as set out in clause 2.2(b)(ii) of the Merger Implementation Agreement is announced or made by a person other than BrightStar,

the majority of the RFV board recommending, and not changing or withdrawing its recommendation, that RFV \$0.20 Optionholders vote in favour of this Scheme and all resolutions (if any) incidental to this Scheme, that RFV Shareholders vote in favour of the RFV Share Scheme and all resolutions (if any) incidental to that scheme, and that RFV \$0.25 Optionholders vote in favour of the RFV \$0.25 Option Scheme and all resolutions (if any) incidental to that scheme;

- (d) the Court ordering the convening of the Scheme Meeting for this Scheme, the meeting for the RFV Share Scheme and the meeting of the RFV \$0.25 Option Scheme, under section 411(1) of the Corporations Act;
- (e) RFV \$0.20 Optionholder Approval being obtained, a resolution in favour of the RFV Share Scheme is passed by the required majority of holders of RFV Shares, and a resolution in favour of the RFV \$0.25 Option Scheme is passed by the required majority of holders of RFV \$0.25 Options;
- (f) the Court making orders under section 411(4)(b) of the Corporations Act approving this Scheme, the RFV Share Scheme and the RFV \$0.25 Option Scheme;
- (g) an office copy of the Court orders approving this Scheme, the RFV Share Scheme and the RFV \$0.25 Option Scheme being lodged with ASIC under section 411(4)(b) of the Corporations Act;
- (h) all consents, clearances, decisions, determinations or other act by ASIC in relation to BrightStar, RFV or both necessary to effect Implementation being obtained;
- (i) all other Regulatory Approvals necessary for this Scheme, the RFV Share Scheme and the RFV \$0.25 Option Scheme being obtained, including without limitation ASX Listing Rule Chapter 11 approval for BrightStar if required by the ASX in order to implement the Scheme and Tanzanian government approval for a change in control of RFV or any RFV subsidiary;
- (j) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of Implementation is in effect at 8.00 am on the Second Court Date;
- (k) No Prescribed Occurrence occurring with respect to BrightStar or RFV before 8.00 am on the Second Court Date;
- (l) all Third Party Consents being granted or obtained in respect of the Implementation and those consents, agreements, waivers, licences or approvals not being withdrawn, cancelled or revoked;
- (m) on or by 12 April 2012, BrightStar completing and being satisfied with its due diligence investigations into RFV in accordance with clause 9.1 of the Merger Implementation Agreement;
- (n) on or by 23 February 2012, RFV completing and being satisfied with its due diligence investigations into BrightStar in accordance with clause 9.2 of the Merger Implementation Agreement;
- (o) the representations and warranties of RFV set out in clause 14.2 of the Merger Implementation Agreement being true and correct as at 22 January 2012 and as at 8.00 am on the Second Court Date;
- (p) the representations and warranties of BrightStar set out in clause 14.3 of the Merger Implementation Agreement being true and correct as at 22 January 2012 and as at 8.00 am on the Second Court Date;
- (q) there being no Material Adverse Changes relating to BrightStar or RFV before 8.00 am on the Second Court Date;
- (r) all holders of Tranche 3 Options accepting an offer to be made to them by BrightStar pursuant to clause 7(j) of the Merger Implementation Agreement, irrevocably agreeing to cancel all of their Tranche 3 options with effect from the Effective Date;
- (s) RFV obtaining from ASX a waiver of any requirement under ASX Listing Rule 6.23.2 to obtain the RFV Shareholders approval of the cancellation of the RFV Options that are to be cancelled, or RFV Shareholder approval otherwise being obtained;
- (t) RFV obtaining the consent of ASX pursuant to ASX Listing Rule 9.17 with respect to those RFV \$0.20 Options that are restricted securities for the purposes of the ASX Listing Rules and all other consents and approvals necessary to allow those shares and options to be transferred for the purposes of implementing the Scheme and, if that consent is conditional, all such conditions have been satisfied or waived by ASX Limited or by the relevant entity concerned.

3.2 Regulatory Approval Conditions

For the purposes of clauses 3.1(h) to 3.1(i) inclusive, where a Regulatory Approval is conditional, it will be regarded as having been obtained if the relevant conditions cannot reasonably be considered to have a material adverse change on the value that each party considered it would derive from Implementation.

4. THE SCHEME

4.1 Lodgement of Court orders

RFV will lodge with ASIC office copies of the Court orders under section 411 of the Corporations Act approving the Scheme by 5:00pm (Perth time) on the first Business Day after the day on which the Court approves the Scheme, or by 5:00pm (Perth time) on the first Business Day following the date on which the Court orders are entered, whichever is later.

4.2 Scheme Becomes Effective and Cancellation of RFV \$0.20 Options

If this Scheme becomes Effective, then on the Implementation Date:

- (a) the RFV \$0.20 Options, together with all rights and entitlements attaching to them as at the Implementation Date (Scheme Options), will be cancelled by RFV; and
- (b) in consideration of the cancellation of the Scheme Options, BrightStar will provide the Scheme Consideration to each Scheme Optionholder in accordance with clause 4.3.

4.3 Provision of Scheme Consideration

- (a) Subject to clauses 4.3(b), 4.5 and 4.6, the obligation of BrightStar to provide or procure the provision of the Scheme Consideration will be satisfied by BrightStar:
 - (i) On the Implementation Date, entering in the register of members of BrightStar the name of each Scheme Optionholder, in relation to all the BrightStar \$0.20 Options issued to each Scheme Optionholder as Scheme Consideration in accordance with the Scheme; and
 - (ii) Within 5 Business Days after the Implementation Date, dispatching to each Scheme Optionholder by pre-paid post to his or her Registered Address at the Record Date, option certificates or equivalent documentation in the name of that Scheme Optionholder representing the total number of BrightStar \$0.20 Options issued to that Scheme Optionholder pursuant to the Scheme.
- (b) In the case of joint holders of Scheme Options, any option certificates or equivalent documentation for BrightStar \$0.20 Options to be issued to those Scheme Optionholders will be issued in the names of the joint holders and forwarded to the holder whose name appears first in the Register at the Record Date.

4.4 Agree to be bound by Option terms

Each Scheme Optionholder who is granted BrightStar \$0.20 Options agrees to be bound by the terms of issue of the BrightStar \$0.20 Options and, to the extent necessary to ensure the BrightStar \$0.20 Options are binding on the Scheme Optionholder, the Constitution of BrightStar.

4.5 Ineligible Foreign Holders

- (a) Where a Scheme Optionholder is an Ineligible Foreign Holder, the number of BrightStar \$0.20 Options to which that Scheme Optionholder would otherwise be entitled will instead be allotted to a nominee approved by RFV who will:
 - (i) sell those BrightStar \$0.20 Options as soon as practicable and in any event not more than 60 days after the Implementation Date (at the risk of that Scheme Optionholder); and
 - (ii) pay the proceeds received, after deducting any applicable brokerages, stamp duty and other taxes and charges (on an averaged basis so that all Ineligible Foreign Holders receive the same price per BrightStar \$0.20 Options, subject to rounding the nearest whole cent, with 0.5 of an option being rounded up), to that Scheme Optionholder in full satisfaction of that Scheme Optionholder's rights under the Scheme.
- (b) Ineligible Foreign Holders agree that the amount referred to in clause 4.5(a) (ii) may be paid by the nominee doing any of the following at the nominee's election:
 - (i) sending by pre-paid post (or pre-paid airmail if the address is outside Australia) the proceeds to the Ineligible Foreign Holder's Registered Address; or
 - (ii) depositing or procuring the Registrar to deposit it into an account with any Australia bank notified to RFV (or RFV's agent who manages the Register) by an appropriate authority from the Ineligible Foreign Holder; or

- (iii) in the event that an Ineligible Foreign Holder does not have a Registered Address or the nominee believes an Ineligible Foreign Holder is not known at its Registered Address, and no account has been notified in accordance with sub-paragraph (ii) above or a deposit into such an account is rejected or refunded, the nominee may credit the amount payable to that Ineligible Foreign Holder to a separate bank account of RFV to be held until the Ineligible Foreign Holder claims the amount or the amount is dealt with in accordance with unclaimed money legislation. RFV must hold the amount on trust, but any benefit accruing from the amount will be to the benefit of RFV. An amount credited to the account is to be treated as having been paid to the Ineligible Foreign Holder. RFV must maintain records of the amounts paid, the people who are entitled to the amounts, and any transfers of the amounts.
- (c) Payment by the nominee to an Ineligible Foreign Holder in accordance with this clause 4.5 satisfies in full the Ineligible Foreign Holder's right to Scheme Consideration.
- (d) Each Ineligible Foreign Holder appoints RFV as its agent to receive on its behalf any financial services guide or other notices which may be given by the nominee approved by RFV to that Ineligible Foreign Holder.
- (e) If any tax is required by law to be withheld from a payment to an Ineligible Foreign Holder under this clause, then the tax will be withheld and will be remitted to the relevant taxation authority. Payment to an Ineligible Foreign Holder of the reduced amount after deduction of the withholding in accordance with this clause 4.5 satisfies in full the Ineligible Foreign Holder's right to Scheme Consideration.

- (f) If a cheque is issued under paragraph (b) above but is returned or has not been presented for payment within 6 months after the date on which the cheque was sent, the cheque may be cancelled and the amount will be dealt with in accordance with unclaimed money legislation.

4.6 Fractional entitlements and splitting

- (a) Subject to clause 4.6(b), where the calculation of the number of BrightStar \$0.20 Options to be issued to a particular Scheme Optionholder would result in the issue of a fraction of a BrightStar \$0.20 Options, the fractional entitlement will be rounded to the nearest whole number of BrightStar \$0.20 Options, with 0.5 of an option being rounded up, after aggregating all holdings of the Scheme Optionholder and in a manner which avoids manipulation of a Scheme Optionholder's holdings to take advantage of the rounding entitlement.
- (b) If BrightStar reasonably forms the opinion that 2 or more Scheme Optionholders, each of whom holds a number of Scheme Options which result in rounding in accordance with clause 4.6(a), have, before the Record Date, been party to splitting or division in an attempt to obtain advantage by reference to such rounding, BrightStar may send a notice to those Scheme Optionholders stating that opinion and attributing to one of them specifically identified in the notice (the Deemed Holder) all of the Scheme Options held by all of them, upon which, for the purposes of the Scheme:
- (i) The Deemed Holder will be taken to hold all the Scheme Options referred to in the notice; and
- (ii) Each of the other Scheme Optionholders whose names are set out in the notice, will be taken not to hold any of the Scheme Options,

and by complying with this clause 4.6(b), BrightStar will be taken to have satisfied and discharged its obligations under the terms of the Scheme to all the Scheme Optionholders named in the notice.

5. DEALINGS IN RFV \$0.20 OPTIONS

- (a) To establish the identity of the Scheme Optionholders:
- (i) RFV will not accept for registration or recognise for any purpose or process any transmission application or transfer in respect of RFV \$0.20 Options received after the Record Date; and
- (ii) RFV will not accept as valid, nor recognise for any purpose, or process, any notice of exercise of an RFV \$0.20 Option registered in the name of a Scheme Optionholder:
1. (if the RFV Share Scheme Record Date is a date before, or is the same date as, the Record Date) received after 5:00pm (Perth time) on the day which is the Business Day immediately before the Share Scheme Record Date; or
 2. (if the RFV Share Scheme Record Date is a date after the Record Date) received after 5:00pm (Perth time) on the day which is the Business Day immediately before the Record Date; or
 3. which is not in accordance with the terms of grant of the RFV \$0.20 Options.
- (b) RFV must register registrable transmission applications or transfers of the kind referred to in clause 5(a)(i) on or before the Record Date.
- (c) RFV must register, on or before the RFV Share Scheme Record Date, the Scheme Optionholder as the holder of an RFV Share (and must issue such share) in respect of the exercise of each RFV \$0.20 Option registered in the name of that Scheme Optionholder pursuant to any notice of exercise given

in accordance with the terms of grant of those RFV \$0.20 Options and which is given on or before 5:00pm (Perth time) on the day contemplated by clauses 5(a)(ii)(1) or (2) as applicable, and must remove those RFV \$0.20 Options from the Register prior to the Record Date.

- (d) The Scheme Optionholder referred to in clause 5(c) acknowledges and agrees that, if the RFV Share Scheme becomes Effective, that Scheme Optionholder will be bound by the terms of the RFV Share Scheme in respect of each RFV Share referred to in clause 5(c) and, accordingly, each such RFV Share will be transferred to BrightStar in accordance with the RFV Share Scheme.
- (e) If the Scheme becomes Effective, a holder of Scheme Options (and any person claiming through that holder) must not:
1. dispose of or purport or agree to dispose of any Scheme Options or any interest in them after the Record Date; or
 2. exercise or purport to exercise any Scheme Options on or after the RFV Share Scheme Record Date (if the RFV Share Scheme Record Date is a date before, or is the same date as, the Record Date) or the Record Date (if the RFV Share Scheme Record Date is a date after the Record Date).
- (f) For the purpose of determining entitlements to the Scheme Consideration, RFV must maintain the Register in accordance with the provision of this clause 5 until the Scheme Consideration has been paid to the Scheme Optionholders. The Register in this form will solely determine entitlements to the Scheme Consideration.
- (g) All option certificates and other statements of holdings for RFV \$0.20 Options will cease to have effect from the Record Date as documents of title in respect of those shares and, as from that date, each entry current at

the date on the Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the RFV \$0.20 Options relating to that entry.

- (h) As soon as possible on or after the Record Date, RFV will ensure that details of the names, Registered Addresses and holdings of RFV \$0.20 Options for each Scheme Optionholder are available to BrightStar in the form BrightStar reasonably requires.

6. GENERAL SCHEME PROVISIONS

6.1 Consent to Scheme amendments

If the Court proposes to approve the Scheme subject to any alterations or conditions, RFV may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which BrightStar has consented.

6.2 Scheme Optionholders' agreements and representations

- (a) The Scheme Optionholders agree to the cancellation of their RFV \$0.20 Options in accordance with the Scheme.
- (b) Each RFV \$0.20 Optionholder acknowledges that if the Scheme becomes Effective then the Scheme binds RFV and all RFV \$0.20 Optionholders including those who do not attend the Scheme Meeting and those who voted against the Scheme.

6.3 Appointment of BrightStar as sole proxy

Upon this Scheme becoming Effective, and until the RFV \$0.20 Options are cancelled, each Scheme Optionholder:

- (a) is deemed to have appointed BrightStar as attorney and agent (and directed BrightStar in such capacity) to appoint the chairman of BrightStar as their sole proxy, attorney and, where applicable, corporate representative to attend

meetings of RFV \$0.20 Optionholders, exercise the votes attaching to the RFV \$0.20 Options registered in their name (if any), and sign any RFV \$0.20 Optionholders' resolution, and no Scheme Optionholder may attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 6.3(a)); and

- (b) must take all other actions in the capacity of a registered holder of the Scheme Options as BrightStar reasonably directs.

7. POWER OF ATTORNEY

Upon this Scheme becoming Effective, each Scheme Optionholder, without the need for any further act, irrevocably appoints RFV and each and all of its directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any document or documents necessary to give effect to this Scheme.

8. GENERAL

8.1 Consent and authority

The Scheme Optionholders consent to RFV doing, and authorise RFV to do, all acts and things which are necessary or incidental to the implementation of this Scheme.

8.2 Notices

If a notice, transfer, transmission, application, direction or other communication referred to in the Scheme is sent by post to RFV, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) or which it is actually received at RFV's registered office or at the office of the Registrar.

8.3 Governing law

- (a) The Scheme is governed by the laws in force in Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings

arising out of or in connection with this Scheme. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

8.4 Further action to be taken at RFV expense

RFV must, at its own expense, do all things and execute all documents necessary to achieve the full effect of this Scheme and the transactions contemplated by it.

Schedule 1 – Terms of Issue of the BrightStar \$0.20 Options

The options are issued on the following terms:

- (a) Each option entitles the holder to acquire one ordinary share in BrightStar upon exercise of that option.
- (b) The exercise price payable on exercise of the options is \$0.20.
- (c) Subject to paragraph (f) the options will expire on 15 February 2014.
- (d) options may be issued to a Permitted Nominee. A Permitted Nominee is a third party nominated by the party to whom options would otherwise be issued and approved by BrightStar's board in its absolute discretion.
- (e) options may be exercised at any time prior to expiry by completing an option exercise form and delivering it to the registered office of BrightStar together with the exercise price payment for the number of options exercised.
- (f) All ordinary shares issued upon exercise of the options will, from the date they are issued, rank *pari passu* in all respects with BrightStar's then issued ordinary shares. BrightStar will apply for official quotation by ASX of all shares issued upon exercise of the options.
- (g) The optionholder will be entitled to participate in any new issue of

securities to existing holders of ordinary shares in BrightStar to the extent that the optionholder has exercised their options prior to the record date for determining entitlements.

- (h) The options do not confer on the holder any right to participate in dividends until ordinary shares are allotted pursuant to the exercise of the options.
- (i) Subject to paragraph (j), if BrightStar makes a bonus share issue, a rights issue or any other similar issue of rights or entitlements, there will be no adjustment to the exercise price, the number of ordinary shares per option or any other terms of the options.
- (j) On a reorganisation of BrightStar's capital, the rights of optionholders (including the number of options and the exercise price) will be changed to the extent necessary to comply with the Listing Rules of the ASX.
- (k) Subject to the Corporations Act, the ASX Listing Rules and BrightStar's Constitution, the options are transferable at the discretion of BrightStar's board. The options will not be listed for quotation on the ASX.

THIS RFV \$0.25 OPTION SCHEME OF ARRANGEMENT is made under Section 411 of the Corporations Act 2001 (Cth).

BETWEEN:

Rift Valley Resources Limited (ACN 147 483 341) of Level 2, Barrack Street, Perth, Western Australia

(RFV)

and

Each Scheme Optionholder

BACKGROUND

- A. RFV is a public company registered in Western Australia and is a company limited by shares. RFV Shares are quoted on the ASX.
- B. RFV has issued a number of RFV \$0.25 Options.
- C. BrightStar is a company registered in Victoria and is a company limited by shares. BrightStar Shares are quoted on the ASX.
- D. By executing the Merger Implementation Agreement RFV and BrightStar have agreed to implement the Scheme, subject to the terms and conditions of the Merger Implementation Agreement and this document.
- E. By executing the Deed Poll BrightStar has agreed to comply with its obligations under the Merger Implementation Agreement, including the obligation to provide the Scheme Consideration to the Scheme Optionholders in accordance with the Merger Implementation Agreement.

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

"ASIC" means the Australian Securities and Investments Commission;

"ASX" means ASX Limited and where the

context permits the Australia Securities Exchange operated by ASX Limited;

"Business Day" means a weekday on which trading banks are open for business in Perth excluding a Saturday, Sunday or public holiday in that city;

BrightStar means Bright Star Resources Limited (ACN 121 985 395) of Unit 1, 1 Nairn Street, Fremantle, Western Australia;

"BrightStar \$0.25 Options" means options over unissued BrightStar Shares that have the same terms of issue as the RFV \$0.25 Options, including exercise price and expiry date, the full terms of which are set out in Schedule 1;

"BrightStar Shares" means fully paid ordinary shares in BrightStar;

"Condition" means a condition precedent in clause 3.1;

"Corporations Act" means the Corporations Act 2001 (Cth);

"Court" means the Federal Court of Australia located in Perth, Western Australia;

"Deed Poll" means the deed poll dated 22 January 2012 executed by BrightStar under which BrightStar covenants in favour of the Scheme Optionholders to perform its obligations under the Merger Implementation Agreement;

"Effective" means the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) in relation to the Scheme;

"Effective Date" means the date on which the Scheme becomes Effective;

"End Date" means 5:00pm (Perth time) on 20 July 2012, subject to any extension to a later date agreed between RFV and BrightStar;

"Government Agency" means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged

with the administration of a law or agency, whether in Australia, Tanzania, or elsewhere, including ASIC, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX;

“Implementation” means the implementation of this Scheme upon it becoming Effective;

“Implementation Date” means the third Business Date after the Record Date or such later date agreed between BrightStar and RFV;

“Independent Expert’s Report” means the independent expert’s report prepared by an expert who is not an associate of RFV or BrightStar, stating whether or not in his or her opinion, the Scheme is in the best interests of the RFV \$0.25 Optionholders, and setting out his or her reasons for that opinion;

“Ineligible Foreign Holder” means a Scheme Optionholder:

- (a) whose address in the Register as at the Record Date is a place outside Australia or New Zealand and the respective external territories; or
- (b) who BrightStar is actually aware is (or is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories,

unless BrightStar is satisfied prior to the Record Date that the laws of the place of such Registered Address permit the issue of BrightStar \$0.25 Options to that Scheme Optionholder either unconditionally or after compliance with conditions which BrightStar, acting reasonably, regards as acceptable and not unduly onerous;

“Insolvency Event” means, with respect to a party, being in liquidation or provisional liquidation or under administration, having a receiver, receiver and manager, controller or analogous person appointed to it or any of its property, being taken under section 459F(1) of the Corporations Act

to have failed to comply with a statutory demand, being unable to pay its debts or otherwise insolvent, ceasing to be of full legal capacity or otherwise becoming incapable of managing its own affairs for any reason, becoming an insolvent under administration (as defined in section 9 of the Corporations Act), entering into a compromise or arrangement with, or assignment for the benefit of, any of its shareholders (other than the Scheme) or creditors or any analogous event;

“Local Partner Agreement” means an agreement with a Tanzanian resident person or company, which is more fully described in Section 11.12.1;

“Material Adverse Change” means, with respect to a party, a change, effect, occurrence or state of facts (or any development, occurrence or state of facts involving a prospective change) which has had or is likely to have an adverse financial effect on the consolidated net assets of the party and its subsidiaries of \$500,000 or more, excluding any impact of merger related costs;

“Material Contract” means any contract which is or may reasonably be expected to be material to the assets, liabilities, financial position, profits, losses or operation of the entity which is a party to it;

“Merger Implementation Agreement” means the merger implementation agreement between RFV and BrightStar dated 22 January 2012 (as varied);

“Prescribed Occurrence” means, with respect to BrightStar or RFV, except as required by the Merger Implementation Agreement or the Scheme, or as publicly announced by that party prior to the date of the Merger Implementation Agreement, any of the following occurring, without the prior written consent of the other party:

- (a) the party converts all or any of its Shares into a larger or smaller number of Shares;
- (b) the party or a subsidiary of the party resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing

directly or indirectly any of its Shares;

(c) the party or a subsidiary of the party:

- (i) enters into a buy-back agreement; or
- (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) the Corporations Act;

(d) otherwise than as disclosed in writing to the other party prior to the date of the Merger Implementation Agreement, the party or a subsidiary of the party issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option, excluding:

- (i) any issue or grant contemplated by the Scheme; and
- (ii) any Shares issued by the party as a result of the exercise of existing options or existing securities or other instruments convertible into Shares; and
- (iii) any issue of options which the party is required to make under the terms of an agreement entered into prior to the date of this agreement;

(e) the party or a subsidiary of the party issues, or agrees to issue, securities or other instruments convertible into Shares;

(f) the party declares any dividend or pays, makes or incurs any liability to pay or make any distribution whether by way of dividend, capital distribution, bonus or other share of its profits or assets;

(g) the party or a subsidiary of the party creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole or a substantial part of the business or property of the party;

(h) an Insolvency Event occurring in relation to the party or a subsidiary of the party;

APPENDIX 6 TERMS OF SCHEMES OF ARRANGEMENT

- (i) the party makes any material change or amendment to its constitution (excluding any changes relating to the Scheme or as otherwise approved by the other party);
- (j) other than as disclosed in writing to each other prior to the date of this Agreement, proceedings brought against the party or a subsidiary of the party which are likely to result in damages or compensation payable by the party or a subsidiary of the party which constitutes a Material Adverse Change and which are unlikely to be recoverable under any insurance arrangements;
- (k) the party making any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the Income Tax Assessment Act 1997 (Cth);
- (l) the party or any subsidiary enters into any contract or commitment in excess of \$500,000, including a hedging arrangement or a guarantee;
- (m) the party or any subsidiary of the party without the consent of the other party which consent shall not be unreasonably withheld:
- (i) pays any bonus to, or increases the compensation of, any executive officer, director, employees or consultants of the party or any subsidiary of the party, other than cash bonuses or housing allowances to executives as a consequence of performance and remuneration reviews; or
- (ii) grants to any employee of the party or any subsidiary of the party (other than an executive officer or director of the party) any increase of severance or termination pay or superannuation entitlements;
- (iii) establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any rights or benefits due under), any enterprise bargaining agreement, Australian workplace agreement, employee benefit plan or superannuation scheme of the party or relating to the employees of the party (other than any executive officer or director of the party);
- (n) the party grants to any executive officer or director of the party an increase in severance or termination pay or superannuation entitlements or establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any rights or benefits due under) any employee benefit plan or superannuation scheme of the party or relating to the executive officers or directors of the party other than as agreed in writing between the parties;
- (o) the party or any subsidiary of the party makes capital expenditure in excess of \$500,000;
- (p) the party or any subsidiary of the party:
- (i) acquires, leases or disposes of;
- (ii) agrees to acquire, lease or dispose of; or
- (iii) offers, proposes, announces a bid or tenders for, any business, assets, entity or undertaking other than in the ordinary course of business, provided that the party may not without the prior written consent of the other party take any of the actions described above in the ordinary course of business if taking such action which would result in a Material Adverse Change or if the asset or undertaking in question is valued at, or transferred for, an amount equal to \$500,000 or more;
- (q) the party or any subsidiary of the party:
- (i) changes the terms of any Material Contract;
- (ii) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than the payment, discharge or satisfaction consistent with past practice and in accordance with their terms; or
- (iii) waives any material rights under or waives the benefit of any provisions of any Material Contract,
- other than in the ordinary course of business, provided that the party may not without the prior written consent of the other party take any of the actions described above in the ordinary course of business if taking such action which would result in a Material Adverse Change;
- “Record Date”** means 5:00pm (Perth time) on the second Business Day after the Effective Date, or any other date agreed by the parties to be the record date to determine entitlements to receive Scheme Consideration;
- “Register”** means the register of holders of RFV \$0.25 Options;
- “Registered Address”** means in relation to a Scheme Optionholder, the address of the holder shown in the Register;
- “Registrar”** means Security Transfer Registers Pty Ltd, of 770 Canning Highway, Applecross, Western Australia;
- “Regulatory Approvals”** means the consents, approvals, clearances, decisions, determinations, waivers or other acts by a Government Agency necessary to effect Implementation, including:
- (a) the conditions set out in clauses 3.1(h) and 3.1(i); and
- (b) all other approvals of a Government Agency, which RFV and BrightStar agree are necessary for Implementation;

“RFV Business” means the business carried on by RFV as at 22 January 2012;

“RFV \$0.25 Option” means an option currently on issue that gives the holder the right to subscribe for one unissued RFV Share at an exercise price of \$0.25;

“RFV \$0.20 Option” means an option currently on issue that gives the holder the right to subscribe for one unissued RFV Share at an exercise price of \$0.20;

“RFV Share” means a fully paid ordinary share in RFV;

“RFV Share Scheme” means a scheme of arrangement between RFV and the holders of ordinary shares in RFV, as contemplated by the Merger Implementation Agreement;

“RFV Share Scheme Record Date” means the “Record Date” for the purposes of the RFV Share Scheme;

“RFV \$0.25 Optionholder Approval” means a resolution in favour of the Scheme passed by the required majority of RFV \$0.25 Optionholders under section 411(a)(i) of the Corporations Act;

“RFV \$0.25 Optionholders” means each person recorded in the Register as the holder of RFV \$0.25 Options at the relevant time;

“RFV \$0.20 Option Scheme” means a scheme of arrangement between RFV and the holders of options over RFV Shares that have an exercise price of \$0.20, as contemplated by the Merger Implementation Agreement.

“Shares” means the BrightStar Shares or the RFV Shares, as the context requires;

“Scheme” means this scheme of arrangement subject to any alteration or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by RFV and BrightStar;

“Scheme Consideration” means 1.25 BrightStar \$0.25 Options for each Scheme Option held by Scheme Optionholders as at the Record Date (subject to clause 4.5 and clause 4.6);

“Scheme Meeting” means the meeting of RFV \$0.25 Optionholders ordered by the Court to be convened under section 411(1) of the Corporations Act;

“Scheme Option” means each of the RFV \$0.25 Options referred to in clause 4.2(a);

“Scheme Optionholder” means each person recorded in the Register as the holder of RFV \$0.25 Options as at 5:00pm (Perth time) on the Record Date (taking into account registration of all registrable transfers and transmission applications received by the Registrar by the Record Date);

“Schemes” means this scheme of arrangement, the RFV Share Scheme, and the \$0.20 Option Scheme, collectively;

“Second Court Date” means the first day on which an application made to the Court for an order under section 411(4) of the Corporations Act approving the Scheme is heard;

“Takeover Proposal” means, excluding the Schemes:

- (g) any proposal for a takeover bid, scheme of arrangement, capital reconstruction, buy-back, merger, amalgamation, consolidation, purchase of assets or other business combination involving the RFV Business, RFV or any of its subsidiaries; or
- (h) any proposal for the acquisition of an economic interest in all or a substantial part of the RFV Business, RFV or any of its subsidiaries; or
- (i) any proposal which could result in a person who does not already have voting power of 20% in RFV, having voting power of more than 20% in RFV;

“Takeovers Panel” means the Takeovers Panel constituted under the Australian Securities and Investments Commission Act 2001 (Cth);

“Third Party Consent” means any consent, agreement, waiver, licence or approval from or by a party in respect of a contract involving RFV or a subsidiary, which is agreed by the parties to this document, on or before the date of this document;

“Tranche 3 Options” means the options to subscribe for RFV Shares with an exercise price of \$0.0001 (being one hundredth of a cent) and with an expiry date of 3 November 2017

“Twigg” means Twigg Gold Limited.

1.2 Interpretation

In this Scheme:

- (a) The singular includes the plural and the plural includes the singular;
- (b) Other grammatical forms of a word or phrase defined in this Scheme have the meaning corresponding to the definition of the word or phrase;
- (c) A reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Governmental Agency as well as an individual;
- (d) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (e) A reference to “\$” or “dollar” is to Australian currency;
- (f) A reference to any time is a reference to that time in Perth.
- (g) A term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
- (h) A reference to a party to a document includes that party’s successors and permitted assignees.

1.3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words “include”, “includes”, or “for example” or similar expressions does not limit the interpretation of the relevant provision.

1.4 Business Day

Where the day on or by which anything is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2. PRELIMINARY MATTERS

(a) By executing the Merger Implementation Agreement RFV and BrightStar have agreed to implement this Scheme.

(b) The terms of this Scheme prevail to the extent of any inconsistency with the constitution of RFV.

3. SCHEME CONDITIONS

3.1 Conditions

This Scheme is conditional on:

- (a) RFV obtaining approval from RFV Shareholders to all amendments to its constitution necessary to effect the Merger Implementation Agreement and this Scheme, the RFV Share Scheme and the RFV \$0.20 Option Scheme;
- (b) the Independent Expert's Report concluding that this Scheme is in the best interests of RFV \$0.25 Optionholders, the RFV Share Scheme is in the best interests of the holders of the RFV Shares and the RFV \$0.20 Option Scheme is in the best interests of the holders of the RFV \$0.20 Options;
- (c) before or on the date on which this Scheme is approved by the RFV \$0.25 Optionholders, the RFV Share Scheme is approved by the holders of the RFV Shares and the RFV \$0.20 Option Scheme is approved by the holders of the RFV \$0.20 Options and subject to:
 - (i) the RFV board receiving the Independent Expert's Report which concludes that this Scheme is in the best interests of the RFV \$0.25 Optionholders, the RFV Share Scheme is in the best interests of the holders of the RFV Shares and the RFV \$0.20 Option Scheme is in the best interests of the holders of the RFV \$0.20 Options; and
 - (ii) no Takeover Proposal where the consideration provided or proposed to be provided to RFV \$0.25 Optionholders is superior to
 - the Scheme Consideration for this Scheme and to RFV Shareholders is superior to the consideration to be provided to RFV Shareholders as set out in clause 2.2(b)(i) of the Merger Implementation Agreement and to RFV \$0.20 Optionholders is superior to the consideration to be provided to RFV \$0.20 Optionholders as set out in clause 2.2(b)(ii) of the Merger Implementation Agreement is announced or made by a person other than BrightStar,
 - the majority of the RFV board recommending, and not changing or withdrawing its recommendation, that RFV \$0.25 Optionholders vote in favour of this Scheme and all resolutions (if any) incidental to the Scheme, that RFV Shareholders vote in favour of the RFV Share Scheme and all resolutions (if any) incidental to that scheme, and that that RFV \$0.20 Optionholders vote in favour of the RFV \$0.20 Option Scheme and all resolutions (if any) incidental to that scheme;
- (d) the Court ordering the convening of the Scheme Meeting for this Scheme, the meeting for the RFV Share Scheme and the meeting of the RFV \$0.20 Option Scheme, under section 411(1) of the Corporations Act;
- (e) RFV \$0.25 Optionholder Approval being obtained, a resolution in favour of the RFV Share Scheme is passed by the required majority of holders of RFV Shares, and a resolution in favour of the RFV \$0.20 Option Scheme is passed by the required majority of holders of RFV \$0.20 Options;
- (f) the Court making orders under section 411(4)(b) of the Corporations Act approving this Scheme, the RFV Share Scheme and the RFV \$0.25 Option Scheme;
- (g) an office copy of the Court orders approving this Scheme, the RFV Share Scheme and the RFV \$0.25 Option Scheme being lodged with ASIC under section 411(4)(b) of the Corporations Act;
- (h) all consents, clearances, decisions, determinations or other act by ASIC in relation to BrightStar, RFV or both necessary to effect Implementation being obtained;
- (i) all other Regulatory Approvals necessary for this Scheme, the RFV Share Scheme and the RFV \$0.25 Option Scheme being obtained, including without limitation ASX Listing Rule Chapter 11 approval for BrightStar if required by the ASX in order to implement the Scheme and Tanzanian government approval for a change in control of RFV or any RFV subsidiary;
- (j) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of Implementation is in effect at 8.00 am on the Second Court Date;
- (k) No Prescribed Occurrence occurring with respect to BrightStar or RFV before 8.00 am on the Second Court Date;
- (l) all Third Party Consents being granted or obtained in respect of the Implementation and those consents, agreements, waivers, licences or approvals not being withdrawn, cancelled or revoked;
- (m) on or by 12 April 2012, BrightStar completing and being satisfied with its due diligence investigations into RFV in accordance with clause 9.1 of the Merger Implementation Agreement;
- (n) on or by 12 April 2012, RFV completing and being satisfied with its due diligence investigations into BrightStar in accordance with clause 9.2 of the Merger Implementation Agreement;
- (o) the representations and warranties of RFV set out in clause 14.2 of the Merger Implementation Agreement being true and correct as at 22 January 2012 and as at 8.00 am on the Second Court Date;

- (p) the representations and warranties of BrightStar set out in clause 14.3 of the Merger Implementation Agreement being true and correct as at 22 January 2012 and as at 8.00 am on the Second Court Date;
- (q) there being no Material Adverse Changes relating to BrightStar or RFV before 8.00 am on the Second Court Date;
- (r) all holders of Tranche 3 Options accepting an offer to be made to them by BrightStar pursuant to clause 7(j) of the Merger Implementation Agreement, irrevocably agreeing to cancel all of their Tranche 3 Options with effect from the Effective Date;
- (s) RFV obtaining from ASX a waiver of any requirement under ASX Listing Rule 6.23.2 to obtain the RFV Shareholders approval of the cancellation of the RFV Options that are to be cancelled, or RFV Shareholder approval otherwise being obtained;
- (t) RFV obtaining the consent of ASX pursuant to ASX Listing Rule 9.17 with respect to those RFV \$0.25 Options that are restricted securities for the purposes of the ASX Listing Rules and all other consents and approvals necessary to allow those shares and options to be transferred for the purposes of implementing the Scheme and, if that consent is conditional, all such conditions have been satisfied or waived by ASX Limited or by the relevant entity concerned.

3.2 Regulatory Approval Conditions

For the purposes of clauses 3.1(h) to 3.1(i) inclusive, where a Regulatory Approval is conditional, it will be regarded as having been obtained if the relevant conditions cannot reasonably be considered to have a material adverse change on the value that each party considered it would derive from Implementation.

4. THE SCHEME

4.1 Lodgement of Court orders

RFV will lodge with ASIC office copies of the Court orders under section 411 of the Corporations Act approving the Scheme by 5:00pm (Perth time) on the first Business Day after the day on which the Court approves the Scheme, or by 5:00pm (Perth time) on the first Business Day following the date on which the Court orders are entered, whichever is later.

4.2 Scheme Becomes Effective and Cancellation of RFV \$0.25 Options

If this Scheme becomes Effective, then on the Implementation Date:

- (a) the RFV \$0.25 Options, together with all rights and entitlements attaching to them as at the Implementation Date (Scheme Options), will be cancelled by RFV; and
- (b) in consideration of the cancellation of the Scheme Options, BrightStar will provide the Scheme Consideration to each Scheme Optionholder in accordance with clause 4.3.

4.3 Provision of Scheme Consideration

- (a) Subject to clauses 4.3(b), 4.5 and 4.6, the obligation of BrightStar to provide or procure the provision of the Scheme Consideration will be satisfied by BrightStar:
 - (i) On the Implementation Date, entering in the register of members of BrightStar the name of each Scheme Optionholder, in relation to all the BrightStar \$0.25 Options issued to each Scheme Optionholder as Scheme Consideration in accordance with the Scheme; and
 - (ii) Within 5 Business Days after the Implementation Date, dispatching to each Scheme Optionholder by pre-paid post to his or her Registered Address at the Record Date, , option certificates or equivalent documentation in the name of that Scheme Optionholder representing the total number of

BrightStar \$0.25 Options issued to that Scheme Optionholder pursuant to the Scheme.

- (b) In the case of joint holders of Scheme Options, any option certificates or equivalent documentation for BrightStar \$0.25 Options to be issued to those Scheme Optionholders will be issued in the names of the joint holders and forwarded to the holder whose name appears first in the Register at the Record Date.

4.4 Agree to be bound by Option terms

Each Scheme Optionholder who is granted BrightStar \$0.25 Options agrees to be bound by the terms of issue of the BrightStar \$0.25 Options and, to the extent necessary to ensure the BrightStar \$0.25 Options are binding on the Scheme Optionholder, the Constitution of BrightStar.

4.5 Ineligible Foreign Holders

- (a) Where a Scheme Optionholder is an Ineligible Foreign Holder, the number of BrightStar \$0.25 Options to which that Scheme Optionholder would otherwise be entitled will instead be allotted to a nominee approved by RFV who will:
 - (i) sell those BrightStar \$0.25 Options as soon as practicable and in any event not more than 60 days after the Implementation Date (at the risk of that Scheme Optionholder); and
 - (ii) pay the proceeds received, after deducting any applicable brokerages, stamp duty and other taxes and charges (on an averaged basis so that all Ineligible Foreign Holders receive the same price per BrightStar \$0.25 Options, subject to rounding the nearest whole cent, with 0.5 of an option being rounded up), to that Scheme Optionholder in full satisfaction of that Scheme Optionholder's rights under the Scheme.

- (b) Ineligible Foreign Holders agree that the amount referred to in clause 4.5(a)(ii) may be paid by the nominee doing any of the following at the nominee's election:
- (i) sending by pre-paid post (or pre-paid airmail if the address is outside Australia) the proceeds to the Ineligible Foreign Holder's Registered Address; or
 - (ii) depositing or procuring the Registrar to deposit it into an account with any Australia bank notified to RFV (or RFV's agent who manages the Register) by an appropriate authority from the Ineligible Foreign Holder; or
 - (iii) in the event that an Ineligible Foreign Holder does not have a Registered Address or the nominee believes an Ineligible Foreign Holder is not known at its Registered Address, and no account has been notified in accordance with sub-paragraph (ii) above or a deposit into such an account is rejected or refunded, the nominee may credit the amount payable to that Ineligible Foreign Holder to a separate bank account of RFV to be held until the Ineligible Foreign Holder claims the amount or the amount is dealt with in accordance with unclaimed money legislation. RFV must hold the amount on trust, but any benefit accruing from the amount will be to the benefit of RFV. An amount credited to the account is to be treated as having been paid to the Ineligible Foreign Holder. RFV must maintain records of the amounts paid, the people who are entitled to the amounts, and any transfers of the amounts.
- (c) Payment by the nominee to an Ineligible Foreign Holder in accordance with this clause 4.5 satisfies in full the Ineligible Foreign Holder's right to Scheme

Consideration.

- (d) Each Ineligible Foreign Holder appoints RFV as its agent to receive on its behalf any financial services guide or other notices which may be given by the nominee approved by RFV to that Ineligible Foreign Holder.
- (e) If any tax is required by law to be withheld from a payment to an Ineligible Foreign Holder under this clause, then the tax will be withheld and will be remitted to the relevant taxation authority. Payment to an Ineligible Foreign Holder of the reduced amount after deduction of the withholding in accordance with this clause 4.5 satisfies in full the Ineligible Foreign Holder's right to Scheme Consideration.
- (f) If a cheque is issued under paragraph (b) above but is returned or has not been presented for payment within 6 months after the date on which the cheque was sent, the cheque may be cancelled and the amount will be dealt with in accordance with unclaimed money legislation.

4.6 Fractional entitlements and splitting

- (a) Subject to clause 4.6(b), where the calculation of the number of BrightStar \$0.25 Options to be issued to a particular Scheme Optionholder would result in the issue of a fraction of a BrightStar \$0.25 Options, the fractional entitlement will be rounded to the nearest whole number of BrightStar \$0.25 Options, with 0.5 of an option being rounded up, after aggregating all holdings of the Scheme Optionholder and in a manner which avoids manipulation of a Scheme Optionholder's holdings to take advantage of the rounding entitlement.
- (b) If BrightStar reasonably forms the opinion that 2 or more Scheme Optionholders, each of whom holds a number of Scheme Options which result in rounding in accordance with clause 4.6(a), have, before the Record Date, been party to splitting or division in an attempt to obtain advantage by

reference to such rounding, BrightStar may send a notice to those Scheme Optionholders stating that opinion and attributing to one of them specifically identified in the notice (the Deemed Holder) all of the Scheme Options held by all of them, upon which, for the purposes of the Scheme:

- (i) The Deemed Holder will be taken to hold all the Scheme Options referred to in the notice; and
 - (ii) Each of the other Scheme Optionholders whose names are set out in the notice, will be taken not to hold any of the Scheme Options,
- and by complying with this clause 4.6(b), BrightStar will be taken to have satisfied and discharged its obligations under the terms of the Scheme to all the Scheme Optionholders named in the notice.

5. DEALINGS IN RFV \$0.25 OPTIONS

- (a) To establish the identity of the Scheme Optionholders:
 - (i) RFV will not accept for registration or recognise for any purpose or process any transmission application or transfer in respect of RFV \$0.25 Options received after the Record Date; and
 - (ii) RFV will not accept as valid, nor recognise for any purpose, or process, any notice of exercise of an RFV \$0.25 Option registered in the name of a Scheme Optionholder:
 1. (if the RFV Share Scheme Record Date is a date before, or is the same date as, the Record Date) received after 5:00pm (Perth time) on the day which is the Business Day immediately before the Share Scheme Record Date;
 2. (if the RFV Share Scheme Record Date is a date after the Record Date) received after 5:00pm (Perth time) on the day which is the Business Day immediately before the Record Date; or

3. which is not in accordance with the terms of grant of the RFV \$0.25 Options.
- (b) RFV must register registrable transmission applications or transfers of the kind referred to in clause 5(a)(i) on or before the Record Date.
- (c) RFV must register, on or before the RFV Share Scheme Record Date, the Scheme Optionholder as the holder of an RFV Share (and must issue such share) in respect of the exercise of each RFV \$0.25 Option registered in the name of that Scheme Optionholder pursuant to any notice of exercise given in accordance with the terms of grant of those RFV \$0.25 Options and which is given on or before 5:00pm (Perth time) on the day contemplated by clauses 5(a)(ii)(1) or (2) as applicable, and must remove those RFV \$0.25 Options from the Register prior to the Record Date.
- (d) The Scheme Optionholder referred to in clause 5(c) acknowledges and agrees that, if the RFV Share Scheme becomes Effective, that Scheme Optionholder will be bound by the terms of the RFV Share Scheme in respect of each RFV Share referred to in clause 5(c) and, accordingly, each such RFV Share will be transferred to BrightStar in accordance with the RFV Share Scheme.
- (e) If the Scheme becomes Effective, a holder of Scheme Options (and any person claiming through that holder) must not:
1. dispose of or purport or agree to dispose of any Scheme Options or any interest in them after the Record Date; or
 2. exercise or purport to exercise any Scheme Options on or after the RFV Share Scheme Record Date (if the RFV Share Scheme Record Date is a date before, or is the same date as, the Record Date) or the Record Date (if the RFV Share Scheme Record Date is a date after the Record Date)..
- (f) For the purpose of determining entitlements to the Scheme Consideration, RFV must maintain the Register in accordance with the provision of this clause 5 until the Scheme Consideration has been paid to the Scheme Optionholders. The Register in this form will solely determine entitlements to the Scheme Consideration.
- (g) All option certificates and other statements of holdings for RFV \$0.25 Options will cease to have effect from the Record Date as documents of title in respect of those shares and, as from that date, each entry current at the date on the Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the RFV \$0.25 Options relating to that entry.
- (h) As soon as possible on or after the Record Date, RFV will ensure that details of the names, Registered Addresses and holdings of RFV \$0.25 Options for each Scheme Optionholder are available to BrightStar in the form BrightStar reasonably requires.

6. GENERAL SCHEME PROVISIONS

6.1 Consent to Scheme amendments

If the Court proposes to approve the Scheme subject to any alterations or conditions, RFV may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which BrightStar has consented.

6.2 Scheme Optionholders' agreements and representations

- (a) The Scheme Optionholders agree to the cancellation of their RFV \$0.25 Options in accordance with the Scheme.
- (b) Each RFV \$0.25 Optionholder acknowledges that if the Scheme becomes Effective then the Scheme binds RFV and all RFV \$0.25 Optionholders including those who do not attend the Scheme Meeting and those who voted against the Scheme.

6.3 Appointment of BrightStar as sole proxy

Upon the Scheme becoming Effective, and until the RFV \$0.25 Options are cancelled, each Scheme Optionholder:

- (a) is deemed to have appointed BrightStar as attorney and agent (and directed BrightStar in such capacity) to appoint the chairman of BrightStar as their sole proxy, attorney and, where applicable, corporate representative to attend meetings of RFV \$0.25 Optionholders, exercise the votes attaching to the RFV \$0.25 Options registered in their name (if any), and sign any RFV \$0.25 Optionholders' resolution, and no Scheme Optionholder may attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 6.3(a)); and
- (b) must take all other actions in the capacity of a registered holder of the Scheme Options as BrightStar reasonably directs.

7. POWER OF ATTORNEY

Upon this Scheme becoming Effective, each Scheme Optionholder, without the need for any further act, irrevocably appoints RFV and each and all of its directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any document or documents necessary to give effect to this Scheme.

8. GENERAL

8.1 Consent and authority

The Scheme Optionholders consent to RFV doing, and authorise RFV to do, all acts and things which are necessary or incidental to the implementation of this Scheme.

8.2 Notices

If a notice, transfer, transmission, application, direction or other

communication referred to in the Scheme is sent by post to RFV, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) or which it is actually received at RFV's registered office or at the office of the Registrar.

8.3 Governing law

- (a) The Scheme is governed by the laws in force in Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

8.4 Further action to be taken at RFV expense

RFV must, at its own expense, do all things and execute all documents necessary to achieve the full effect of this Scheme and the transactions contemplated by it.

Schedule 1 – Terms of Issue Of The Brightstar \$0.25 Options

The options are issued on the following terms:

- (a) Each option entitles the holder to acquire one ordinary share in BrightStar upon exercise of that option.
- (b) The exercise price payable on exercise of the options is \$0.25.
- (c) Subject to paragraph (f) the options will expire on 15 February 2014.
- (d) options may be issued to a Permitted Nominee. A Permitted Nominee is a third party nominated by the party to whom options would otherwise be issued and approved by BrightStar's board in its absolute discretion.
- (e) options may be exercised at any time prior to expiry by completing an option exercise form and delivering it to the registered office of BrightStar together with the exercise price payment for the number of options exercised.
- (f) All ordinary shares issued upon exercise of the options will, from the date they are issued, rank *pari passu* in all respects with BrightStar's then issued ordinary shares. BrightStar will apply for official quotation by ASX of all shares issued upon exercise of the options.
- (g) The optionholder will be entitled to participate in any new issue of securities to existing holders of ordinary shares in BrightStar to the extent that the optionholder has exercised their options prior to the record date for determining entitlements.
- (h) The options do not confer on the holder any right to participate in dividends until ordinary shares are allotted pursuant to the exercise of the options.
- (i) Subject to paragraph (j), if BrightStar makes a bonus share issue, a rights issue or any other similar issue of rights or entitlements, there will be no adjustment to the exercise price, the number of ordinary shares per option or any other terms of the options.
- (j) On a reorganisation of BrightStar's capital, the rights of optionholders (including the number of options and the exercise price) will be changed to the extent necessary to comply with the Listing Rules of the ASX.
- (k) Subject to the Corporations Act, the ASX Listing Rules and BrightStar's Constitution, the options are transferable at the discretion of BrightStar's board. The options will not be listed for quotation on the ASX.



APPENDIX 7
NOTICES OF MEETINGS

Notice of Share Scheme Meeting

NOTICE OF COURT ORDERED MEETING OF HOLDERS OF ORDINARY SHARES IN RIFT VALLEY RESOURCES LIMITED ACN 147 483 341

NOTICE IS HEREBY GIVEN that, by an order of the Federal Court of Australia (Court) made on 14 May 2012 pursuant to section 411(1) of the Corporations Act, a meeting of the holders of fully paid ordinary shares (RFV Shareholders) in Rift Valley Resources Limited ACN 147 483 341 (RFV) will be held at:

The Celtic Club, 48 Ord Street, West Perth, Western Australia

on

Monday, 18 June 2012

commencing at 10:00am (Perth time)

The Court has also directed that Mr Didier Murcia act as Chairman of the meeting, or failing him, Mr Michael McKevitt, and has directed the Chairman to report the result of the meeting to the Court.

Purpose of this meeting

The purpose of this meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modification as approved by the Court) proposed to be made between RFV and the RFV Shareholders (**Share Scheme**).

A copy of the Share Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Share Scheme are contained in the Scheme Booklet accompanying this notice of meeting.

Resolution

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

“That pursuant to and in accordance with section 411 of the Corporations Act, the share scheme of arrangement proposed to be entered into between Rift Valley Resources Limited and the shareholders of Rift Valley Resources Limited, as more particularly set out in the Scheme Booklet accompanying this notice of meeting, is agreed to (with or without modification as approved by the Court).”

By order of the Board of

Rift Valley Resources Limited



Rowan Caren
Company Secretary

14 May 2012

Notice of Share Scheme Meeting

Explanatory Notes

(1) **General:** Capitalised terms used in this notice of meeting (and not otherwise defined in it) have the meanings set out in the Glossary contained in the Scheme Booklet accompanying this notice of meeting.

This notice of meeting should be read in conjunction with the entire Scheme Booklet accompanying this notice of meeting. The Scheme Booklet contains important information to assist RFV Shareholders in determining how to vote on the proposed resolution.

(2) **Required majorities:** In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution to approve the Share Scheme must be approved by:

- unless the Court orders otherwise, a majority (i.e. more than 50%) in number of RFV Shareholders voting on the resolution (whether in person or by proxy, attorney or corporate representative); and
- at least 75% of the total number of votes cast by RFV Shareholders on the resolution (whether in person or by proxy, attorney or corporate representative).

(3) **Court Approval:** The Share Scheme is conditional (among other things) on approval by order of the Court. If the resolution set out in this notice of meeting is passed (with or without modification) in accordance with the requisite majorities set out above and the conditions precedent to the Share Scheme – set out in clause 3.1 of the Share Scheme terms contained in Appendix 6 of the Scheme Booklet – are satisfied or, where applicable, waived, RFV intends to apply to the Court for the necessary orders to give effect to the Share Scheme. The

Court has a discretion to approve the Share Scheme where it is approved by at least 75% of all votes cast on the Share Resolution but not by a majority in number of RFV Shareholders voting on the Share Scheme Resolution: refer to section 411(4)(a)(ii)(A) of the Corporations Act.

(4) **Voting entitlement:** Each person who is recorded in the RFV Share Register as the holder of RFV Shares as at 10:00am (Perth time) on Saturday, 16 June 2012 is entitled to attend and vote at the Share Scheme Meeting.

(5) **How to vote:** Voting at the Share Scheme Meeting will occur by poll. RFV Shareholders entitled to vote at the Share Scheme Meeting may vote in one of the following ways:

- by attending the Share Scheme Meeting and voting in person;
- by appointing a proxy to attend the Share Scheme Meeting and vote on their behalf, using the proxy form accompanying the Scheme Booklet;
- by appointing an attorney to attend the Share Scheme Meeting and vote on their behalf; or
- in the case of bodies corporate, by appointing an authorised corporate representative pursuant to section 250D of the Corporations Act to attend the Share Scheme Meeting and vote on their behalf.

(6) **Attending the Share Scheme Meeting:** RFV Shareholders or their representatives who plan to attend the Share Scheme Meeting are asked to arrive at the venue at least 30 minutes prior to the time the Share Scheme Meeting is to commence, so that their shareholding may be checked against the RFV Share Register, their power of attorney or appointment as proxy or corporate representative can be verified (as the case may be) and their attendance noted.

(7) **Jointly held shares:** If the RFV Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held RFV Shares, only the vote of the shareholder whose name appears first on the RFV Share Register will be counted.

(8) **Voting in person:** To vote in person at the Share Scheme Meeting, RFV Shareholders must attend the Share Scheme Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Monday, 18 June 2012. The meeting will commence at 10:00am (Perth time).

(9) **Voting by proxy:** A RFV Shareholder entitled to attend and vote may appoint a proxy to attend the Share Scheme Meeting and vote in their place. A proxy need not be an RFV Shareholder. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. If proportions or numbers are not specified, each proxy may exercise half the RFV Shareholder's votes. Fractions of votes will be disregarded. Appointing a proxy will not preclude an RFV Shareholder from attending the Share Scheme Meeting in person and voting at the meeting instead of their proxy.

To appoint a proxy, RFV Shareholders should complete the relevant section of the Proxy Form accompanying the Scheme Booklet. A proxy form can also be requested by contacting Security Transfer Registrars Pty Limited.

For the appointment of a proxy to be effective, the completed Proxy Form (together with any power of attorney or other authority under which the Proxy Form is signed or a certified copy of that power of attorney or authority) must be completed and received by no later than 10:00am (Perth time) on Saturday, 16 June 2012.

A proxy of an RFV Shareholder must bring a copy of the completed Proxy Form (together with any power of attorney or other authority under which the Proxy Form is signed or a certified copy of that power of attorney or authority) to the Share Scheme Meeting to assist with admission to the Share Scheme Meeting.

(10) **Lodgment of Proxy Forms:** A completed Proxy Form must be:

- posted to Security Transfer Registrars Pty Limited in the reply paid envelope provided or, if you are outside of Australia or do not otherwise use the reply paid envelope, to Security Transfer Registrars Pty Limited at:

Share Registry – Security Transfer Registrars Pty Limited

770 Canning Highway, Applecross, WA, 6153, Australia;

or

- delivered in person to Security Transfer Registrars Pty Limited at:

Share Registry – Security Transfer Registrars Pty Limited

770 Canning Highway, Applecross, WA, 6153;

or

- successfully transmitted by facsimile to Security Transfer Registrars Pty Limited on +61 8 9315 2233; or
- posted, delivered or successfully transmitted by facsimile to the registered office of RFV,

so that it is received by no later than 10:00am (Perth time) on Saturday, 16 June 2012.

(11) **Voting by attorney:** An RFV Shareholder entitled to attend and vote may appoint an attorney to attend the Share Scheme Meeting and vote on their behalf. An attorney need not be an RFV Shareholder.

The power of attorney, or a certified copy of the power of attorney, must be lodged with Security Transfer Registrars Pty Limited before the Share Scheme Meeting or brought to the Share Scheme Meeting.

(12) **Corporate representative:** To vote at the Share Scheme Meeting (other than by proxy or attorney), a RFV Shareholder that is a corporation must appoint a person to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that RFV will require a certificate of appointment of the representative (or such other document as the Chairman of the Share Scheme Meeting considers sufficient, together with any power of attorney or other authority under which the certificate or other document is signed or a certified copy of that power of attorney or authority).

A form of certificate of appointment can be obtained from Security Transfer Registrars Pty Limited.

The certificate of appointment (together with any power of attorney or other authority under which the certificate is signed or a certified copy of that power of attorney or authority) must be lodged with Security Transfer Registrars Pty Limited prior to the Share Scheme Meeting or brought to the Share Scheme Meeting.

Notice of RFV \$0.20 Option Scheme Meeting

NOTICE OF COURT ORDERED MEETING OF HOLDERS OF RFV \$0.20 OPTIONS TO SUBSCRIBE FOR FULLY PAID ORDINARY SHARES IN RIFT VALLEY RESOURCES LIMITED ACN 147 483 341 (RFV)

NOTICE IS HEREBY GIVEN that, by an order of the Federal Court of Australia (Court) made on 11 May 2012 pursuant to section 411(1) of the Corporations Act, a meeting of the holders of options to subscribe for fully paid ordinary shares in Rift Valley Resources Limited ACN 147 483 341 at an exercise price of \$0.20 and an expiry date of 15 February 2014 (RFV \$0.20 Optionholders) will be held at:

The Celtic Club, 48 Ord Street, West Perth, Western Australia

on

Monday, 18 June 2012

commencing at 10:30am (Perth time)

or as soon thereafter as the Share Scheme Meeting to be held on the same date is concluded.

The Court has also directed that Mr Didier Murcia act as Chairman of the meeting, or failing him, Mr Michael McKeivitt, and has directed the Chairman to report the result of the meeting to the Court.

Purpose of this meeting

The purpose of this meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modification approved by the Court) proposed to be made between RFV and the RFV \$0.20 Optionholders (**RFV \$0.20 Option Scheme**).

A copy of the RFV \$0.20 Option Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the RFV \$0.20 Option Scheme are contained in the Scheme Booklet accompanying this notice of meeting.

Resolution

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(i) of the Corporations Act:

“That pursuant to and in accordance with section 411 of the Corporations Act, the RFV \$0.20 Option scheme of arrangement proposed to be entered into between Rift Valley Resources Limited and the RFV \$0.20 Optionholders (being holders of options to subscribe for ordinary shares in Rift Valley Resources Limited at an exercise price of \$0.20), as more particularly set out in the Scheme Booklet accompanying this notice of meeting, is agreed to (with or without modification as approved by the Court).”

By order of the Board of

Rift Valley Resources Limited



Rowan Caren
Company Secretary

14 May 2012

Notice of RFV \$0.20 Option Scheme Meeting

Explanatory Notes

(1) **General:** Capitalised terms used in this notice of meeting (and not otherwise defined in it) have the meanings set out in the Glossary contained in the Scheme Booklet accompanying this notice of meeting.

This notice of meeting should be read in conjunction with the entire Scheme Booklet accompanying this notice of meeting. The Scheme Booklet contains important information to assist RFV \$0.20 Optionholders in determining how to vote on the proposed resolution.

(2) **Required majorities:** In accordance with section 411(4)(a)(i) of the Corporations Act, the resolution to approve the RFV \$0.20 Option Scheme must be approved by a majority (i.e. more than 50%) in number of RFV \$0.20 Optionholders voting on the resolution (whether in person or by proxy or attorney or corporate representative) whose RFV \$0.20 Options in aggregate are at least 75% (by value) of the total of all RFV \$0.20 Options voted on the resolutions.

For this purpose, the value of a RFV \$0.20 Optionholder's options will be equal to the value of the Option Scheme Consideration applicable to the RFV \$0.20 Option Scheme that would be payable to them under the RFV \$0.20 Option Scheme in respect of their RFV \$0.20 Options.

(3) **Court Approval:** The RFV \$0.20 Option Scheme is conditional (among other things) on approval by order of the Court. If the resolution set out in this notice of meeting is passed (with or without modification) in accordance with the requisite majorities set out above and the conditions precedent to the RFV \$0.20 Option Scheme – set out in clause 3.1 of the RFV \$0.20 Option

Scheme terms contained in Appendix 6 of the Scheme Booklet - are satisfied or, where applicable, waived, RFV intends to apply to the Court for the necessary orders to give effect to the RFV \$0.20 Option Scheme.

(4) **Voting entitlement:** Each person who is recorded in the Register as the holder of RFV \$0.20 Options as at 10:00am (Perth time) on Saturday, 16 June 2012 is entitled to attend and vote at the RFV \$0.20 Option Scheme Meeting.

(5) **How to vote:** Voting at the RFV \$0.20 Option Scheme Meeting will occur by poll. RFV \$0.20 Optionholders entitled to vote at the RFV \$0.20 Option Scheme Meeting may vote in one of the following ways:

- by attending the RFV \$0.20 Option Scheme Meeting and voting in person;
- by appointing a proxy to attend the RFV \$0.20 Option Scheme Meeting and vote on their behalf, using the proxy form accompanying the Scheme Booklet;
- by appointing an attorney to attend the RFV \$0.20 Option Scheme Meeting and vote on their behalf; or
- in the case of bodies corporate, by appointing an authorised corporate representative pursuant to section 250D of the Corporations Act to attend the RFV \$0.20 Option Scheme Meeting and vote on their behalf.

(6) **Attending the RFV \$0.20 Option Scheme Meeting:** RFV \$0.20 Optionholders or their representatives who plan to attend the RFV \$0.20 Option Scheme Meeting are asked to arrive at the venue at least 30 minutes prior to the time the RFV \$0.20 Option Scheme Meeting is to commence, so that their optionholding may be checked against the Register, their power of attorney or appointment as proxy or corporate representative can be verified (as the case may be) and their attendance noted.

(7) **Voting in person:** To vote in person at the RFV \$0.20 Option Scheme Meeting, RFV \$0.20 Optionholders must attend the RFV \$0.20 Option Scheme Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Monday, 18 June 2012. The meeting will commence at 10:30am (Perth time) or as soon thereafter as the Share Scheme Meeting to be held on the same date is concluded.

(8) **Voting by proxy:** A RFV \$0.20 Optionholder entitled to attend and vote may appoint a proxy to attend the RFV \$0.20 Option Scheme Meeting and vote in their place. A proxy need not be an RFV Shareholder or RFV Optionholder. An RFV \$0.20 Optionholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. If proportions or numbers are not specified, each proxy may exercise half the RFV \$0.20 Optionholder's votes. Fractions of votes will be disregarded. Appointing a proxy will not preclude a RFV \$0.20 Optionholder from attending the RFV \$0.20 Option Scheme Meeting in person and voting at the meeting instead of their proxy.

To appoint a proxy, RFV \$0.20 Optionholders should complete the relevant section of the Proxy Form accompanying the Scheme Booklet. A Proxy Form can also be requested by contacting Security Transfer Registrars Pty Limited.

For the appointment of a proxy to be effective, the completed Proxy Form (together with any power of attorney or other authority under which the Proxy Form is signed or a certified copy of that power of attorney or authority) must be completed and received by no later than 10:00am (Perth time) on Saturday, 16 June 2012.

A proxy of an RFV \$0.20 Optionholder must bring a copy of the completed Proxy Form (together with any power of attorney or other authority under which the Proxy Form is signed or a certified copy of that power of attorney or authority) to the RFV \$0.20 Option Scheme Meeting to assist with admission to the RFV \$0.20 Option Scheme Meeting.

(9) Lodgment of Proxy Forms: A completed Proxy Form must be:

- posted to Security Transfer Registrars Pty Limited in the reply paid envelope provided or, if you are outside of Australia or do not otherwise use the reply paid envelope, to Security Transfer Registrars Pty Limited at:

Share Registry – Security Transfer Registrars Pty Limited

**770 Canning Highway, Applecross,
WA, 6153, Australia;**

or

- delivered in person to Security Transfer Registrars Pty Limited at:

Share Registry – Security Transfer Registrars Pty Limited

**770 Canning Highway, Applecross,
WA, 6153;**

or

- successfully transmitted by facsimile to Security Transfer Registrars Pty Limited on +61 8 9315 2233; or
- posted, delivered or successfully transmitted by facsimile to the registered office of RFV,

so that it is received by no later than 10:00am (Perth time) on Saturday, 16 June 2012.

(10) **Voting by attorney:** An RFV \$0.20 Optionholder entitled to attend and vote may appoint an attorney to attend the RFV \$0.20 Option Scheme Meeting and vote on their behalf. An attorney need not be a RFV Shareholder or RFV Optionholder.

The power of attorney, or a certified copy of the power of attorney, must be lodged with Security Transfer Registrars Pty Limited before the RFV \$0.20 Option Scheme Meeting or brought to the RFV \$0.20 Option Scheme Meeting.

(11) **Corporate representative:** To vote at the RFV \$0.20 Option Scheme Meeting (other than by proxy or attorney), an RFV \$0.20 Optionholder that is a corporation must appoint a person to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that RFV will require a certificate of appointment of the representative (or such other document as the Chairman of the RFV \$0.20 Option Scheme Meeting considers sufficient, together with any power of attorney or other authority under which the certificate or other document is signed or a certified copy of that power of attorney or authority).

A form of certificate of appointment can be obtained from Security Transfer Registrars Pty Limited.

The certificate of appointment (together with any power of attorney or other authority under which the certificate is signed or a certified copy of that power of attorney or authority) must be lodged with Security Transfer Registrars Pty Limited prior to the RFV \$0.20 Option Scheme Meeting or brought to the RFV \$0.20 Option Scheme Meeting.

Notice of RFV \$0.25 Option Scheme Meeting

NOTICE OF COURT ORDERED MEETING OF HOLDERS OF RFV \$0.25 OPTIONS TO SUBSCRIBE FOR FULLY PAID ORDINARY SHARES IN RIFT VALLEY RESOURCES LIMITED ACN 147 483 341 (RFV)

NOTICE IS HEREBY GIVEN that, by an order of the Federal Court of Australia (Court) made on 11 May 2012 pursuant to section 411(1) of the Corporations Act, a meeting of the holders of options to subscribe for fully paid ordinary shares in Rift Valley Resources Limited ACN 147 483 341 at an exercise price of \$0.25 and an expiry date of 15 February 2014 (RFV \$0.25 Optionholders) will be held at:

The Celtic Club, 48 Ord Street, West Perth, Western Australia

on

Monday, 18 June 2012

commencing at 10:45am (Perth time) or as soon thereafter as the RFV \$0.20 Option Scheme Meeting to be held on the same date is concluded.

The Court has also directed that Mr Didier Murcia act as Chairman of the meeting, or failing him, Mr Michael McKeivitt, and has directed the Chairman to report the result of the meeting to the Court.

Purpose of this meeting

The purpose of this meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modification approved by the Court) proposed to be made between RFV and the RFV \$0.25 Optionholders (**RFV \$0.25 Option Scheme**).

A copy of the RFV \$0.25 Option Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in

Resolution

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(i) of the Corporations Act:

"That pursuant to and in accordance with section 411 of the Corporations Act, the RFV \$0.25 Option scheme of arrangement proposed to be entered into between Rift Valley Resources Limited and the RFV \$0.25 Optionholders (being holders of options to subscribe for ordinary shares in Rift Valley Resources Limited at an exercise price of \$0.25), as more particularly set out in the Scheme Booklet accompanying this notice of meeting, is agreed to (with or without modification as approved by the Court)."

By order of the Board of

Rift Valley Resources Limited



Rowan Caren
Company Secretary

14 May 2012

Notice of RFV \$0.25 Option Scheme Meeting

Explanatory Notes

- (1) **General:** Capitalised terms used in this notice of meeting (and not otherwise defined in it) have the meanings set out in the Glossary contained in the Scheme Booklet accompanying this notice of meeting.

This notice of meeting should be read in conjunction with the entire Scheme Booklet accompanying this notice of meeting. The Scheme Booklet contains important information to assist RFV \$0.25 Optionholders in determining how to vote on the proposed resolution.

- (2) **Required majorities:** In accordance with section 411(4)(a)(i) of the Corporations Act, the resolution to approve the RFV \$0.25 Option Scheme must be approved by a majority (i.e. more than 50%) in number of RFV \$0.25 Optionholders voting on the resolution (whether in person or by proxy or attorney or corporate representative) whose RFV \$0.25 Options in aggregate are at least 75% (by value) of the total of all RFV \$0.25 Options voted on the resolutions.

For this purpose, the value of a RFV \$0.25 Optionholder's options will be equal to the value of the Option Scheme Consideration applicable to the RFV \$0.25 Option Scheme that would be payable to them under the RFV \$0.20 Option Scheme in respect of their RFV \$0.25 Options.

- (3) **Court Approval:** The RFV \$0.25 Option Scheme is conditional (among other things) on approval by order of the Court. If the resolution set out in this notice of meeting is passed (with or without modification) in accordance with the requisite majorities set out above and the conditions precedent to the RFV \$0.25 Option Scheme – set out in

clause 3.1 of the RFV \$0.25 Option Scheme terms contained in Appendix 6 of the Scheme Booklet - are satisfied or, where applicable, waived, RFV intends to apply to the Court for the necessary orders to give effect to the RFV \$0.25 Option Scheme.

- (4) **Voting entitlement:** Each person who is recorded in the Register as the holder of RFV \$0.25 Options as at 10:00am (Perth time) on Saturday, 16 June 2012 is entitled to attend and vote at the RFV \$0.25 Option Scheme Meeting.

- (5) **How to vote:** Voting at the RFV \$0.25 Option Scheme Meeting will occur by poll. RFV \$0.25 Optionholders entitled to vote at the RFV \$0.25 Option Scheme Meeting may vote in one of the following ways:

- by attending the RFV \$0.25 Option Scheme Meeting and voting in person;
- by appointing a proxy to attend the RFV \$0.25 Option Scheme Meeting and vote on their behalf, using the proxy form accompanying the Scheme Booklet;
- by appointing an attorney to attend the RFV \$0.25 Option Scheme Meeting and vote on their behalf; or
- in the case of bodies corporate, by appointing an authorised corporate representative pursuant to section 250D of the Corporations Act to attend the RFV \$0.25 Option Scheme Meeting and vote on their behalf.

- (6) **Attending the RFV \$0.25 Option Scheme Meeting:** RFV \$0.25 Optionholders or their representatives who plan to attend the RFV \$0.25 Option Scheme Meeting are asked to arrive at the venue at least 30 minutes prior to the time the RFV \$0.25 Option Scheme Meeting is to commence, so that their optionholding may be checked against the Register, their power of attorney or appointment as proxy or corporate representative can be verified (as the case may be) and their attendance noted.

- (7) **Voting in person:** To vote in person at the RFV \$0.25 Option Scheme Meeting, RFV \$0.25 Optionholders must attend the RFV \$0.25 Option Scheme Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Monday, 18 June 2012. The meeting will commence at 10:45am (Perth time) or as soon thereafter as the RFV \$0.20 Option Scheme Meeting to be held on the same date is concluded.

- (8) **Voting by proxy:** An RFV \$0.25 Optionholder entitled to attend and vote may appoint a proxy to attend the RFV \$0.25 Option Scheme Meeting and vote in their place. A proxy need not be a RFV Shareholder or RFV Optionholder. An RFV \$0.25 Optionholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. If proportions or numbers are not specified, each proxy may exercise half the RFV \$0.25 Optionholder's votes. Fractions of votes will be disregarded. Appointing a proxy will not preclude a RFV \$0.25 Optionholder from attending the RFV \$0.25 Option Scheme Meeting in person and voting at the meeting instead of their proxy.

To appoint a proxy, RFV \$0.25 Optionholders should complete the relevant section of the Proxy Form accompanying the Scheme Booklet. A Proxy Form can also be requested by contacting Security Transfer Registrars Pty Limited.

For the appointment of a proxy to be effective, the completed Proxy Form (together with any power of attorney or other authority under which the Proxy Form is signed or a certified copy of that power of attorney or authority) must be completed and received by no later than 10:00am (Perth time) on Saturday, 16 June 2012.

A proxy of an RFV \$0.25 Optionholder must bring a copy of the completed Proxy Form (together with any power of attorney or other authority under which the Proxy Form is signed or a certified copy of that power of attorney or authority) to the RFV \$0.25 Option Scheme Meeting to assist with admission to the RFV \$0.25 Option Scheme Meeting.

- (9) **Lodgment of Proxy Forms:** A completed Proxy Form must be:
- posted to Security Transfer Registrars Pty Limited in the reply paid envelope provided or, if you are outside of Australia or do not otherwise use the reply paid envelope, to Security Transfer Registrars Pty Limited at:

Share Registry – Security Transfer Registrars Pty Limited
770 Canning Highway, Applecross, WA, 6153, Australia;

or
 - delivered in person to Security Transfer Registrars Pty Limited at:

Share Registry – Security Transfer Registrars Pty Limited
770 Canning Highway, Applecross, WA, 6153;

or
 - successfully transmitted by facsimile to Security Transfer Registrars Pty Limited on +61 8 9315 2233; or
 - posted, delivered or successfully transmitted by facsimile to the registered office of RFV,
- so that it is received by no later than 10:00am (Perth time) on Saturday, 16 June 2012.

- (10) **Voting by attorney:** An RFV \$0.25 Optionholder entitled to attend and vote may appoint an attorney to attend the RFV \$0.25 Option Scheme Meeting and vote on their behalf. An attorney need not be an RFV Shareholder or RFV Optionholder.

The power of attorney, or a certified copy of the power of attorney, must be lodged with Security Transfer Registrars Pty Limited before the RFV \$0.25 Option Scheme Meeting or brought to the RFV \$0.25 Option Scheme Meeting.

- (11) **Corporate representative:** To vote at the RFV \$0.25 Option Scheme Meeting (other than by proxy or attorney), an RFV \$0.25 Optionholder that is a corporation must appoint a person to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that RFV will require a certificate of appointment of the representative (or such other document as the Chairman of the RFV \$0.25 Option Scheme Meeting considers sufficient, together with any power of attorney or other authority under which the certificate or other document is signed or a certified copy of that power of attorney or authority).

A form of certificate of appointment can be obtained from Security Transfer Registrars Pty Limited.

The certificate of appointment (together with any power of attorney or other authority under which the certificate is signed or a certified copy of that power of attorney or authority) must be lodged with Security Transfer Registrars Pty Limited prior to the RFV \$0.25 Option Scheme Meeting or brought to the RFV \$0.25 Option Scheme Meeting.

