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**RIFT VALLEY RESOURCES CORP.**

(An Exploration Stage Company)

**CONDENSED FINANCIAL STATEMENTS**

For the Interim Three Months Ended

March 31, 2014 and 2013

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## **UNAUDITED CONDENSED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed financial statements for the three months ended March 31, 2014.

The accompanying unaudited condensed financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***CONDENSED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(Unaudited)

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	Note	March 31, 2014	December 31, 2013
		\$	\$
<b>ASSETS</b>			
Current Assets			
Cash		83,696	93,532
Deposits		3,333	3,333
Amounts receivable		398	696
		87,427	97,561
Deposits	4	26,667	26,667
Mineral property interests	5	341,066	341,066
		455,160	465,294
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities	7	33,129	36,984
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	1,490,882	1,490,882
Contributed Surplus	9	37,000	37,000
Deficit		(1,105,851)	(1,099,572)
		422,031	428,310
		455,160	465,294
NATURE AND CONTINUANCE OF OPERATIONS	1		
COMMITMENTS	5, 13		
SUBSEQUENT EVENTS	14		

Approved on behalf of the Board:

*"Craig Robson"*\_\_\_\_\_  
Craig Robson, CEO, Director*"Bill Grossholz"*\_\_\_\_\_  
Bill Grossholz, CFO, Director

The accompanying notes are an integral part of these condensed financial statements.

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***CONDENSED STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

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	Note	Three Months Ended	
		March 31, 2014	March 31, 2013
		\$	\$
Expenses			
Listing expense	2(b)	–	474,435
Consulting fees	7	–	105,908
Rent	7	3,000	26,950
Professional fees		–	23,616
Travel and promotion		–	6,734
Transfer agent		1,699	3,890
Office and miscellaneous		80	2,418
Exchange fees		1,500	2,071
Depreciation		–	1,004
<b>Net loss and comprehensive loss for the period</b>		<b>(6,279)</b>	<b>(647,026)</b>
<b>Loss per share, Basic and Diluted</b>		<b>(0.00)</b>	<b>(0.03)</b>
<b>Weighted average common shares outstanding</b>		<b>20,491,652</b>	<b>19,833,025</b>

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The accompanying notes are an integral part of these condensed financial statements.

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***CONDENSED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

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	Amount	Contributed Surplus	Accumulated Deficit	Total
	\$	\$	\$	\$
Balance, December 31, 2012	953,155	-	(452,546)	500,609
Shares issued for cash	120,000	-	-	120,000
Contribution from founders	-	37,000	-	37,000
Allotted shares issued for amalgamation	399,997	-	(399,997)	-
Comprehensive loss	-	-	(125,231)	(125,231)
Balance, March 31, 2013	1,473,152	37,000	(977,774)	532,378
Shares issued for cash	20,000	-	-	20,000
Share issue costs	(2,270)	-	-	(2,270)
Comprehensive loss	-	-	(121,798)	(121,798)
Balance, December 31, 2013	1,490,882	37,000	(1,099,572)	428,310
Comprehensive loss	-	-	(6,279)	(6,279)
Balance, March 31, 2013	1,490,882	37,000	(1,105,851)	422,031

The accompanying notes are an integral part of these condensed financial statements.

**RIFT VALLEY RESOURCES CORP.**  
*(An Exploration Stage Company)*  
**CONDENSED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Note	Three Months Ended	
		March 31, 2013	March 31, 2012
		\$	\$
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		(6,279)	(525,227)
Items not affecting cash			
Amortization		–	251
Listing Expense	2(b)	–	399,997
		(6,279)	(124,979)
Changes in non-cash working capital balances:			
Amounts recoverable		298	(6,524)
Rental deposit		–	–
Accounts payable and accrued liabilities		(3,855)	(54,737)
Cash used in operating activities		(9,836)	(173,192)
<b>INVESTING ACTIVITIES</b>			
Mineral property interests			
Acquisition costs		–	(13,609)
Mineral property interests		–	–
Cash used in investing activities		–	(13,609)
<b>FINANCING ACTIVITIES</b>			
Cash contribution from founders		–	37,000
Shares issued for cash, net		–	120,000
Cash provided by financing activities		–	157,000
(Decrease) Increase in cash		(9,836)	(29,800)
Cash, beginning		93,532	155,317
Cash, ending		83,696	125,516
<b>SUPPLEMENTAL DISCLOSURES:</b>			
Cash paid for interest		–	–
Cash paid for income taxes		–	–
<b>NON CASH FLOW INFORMATION:</b>			
Shares issued for listing expense	8	–	399,997

For the supplemental disclosures for non-cash investing and financing transactions, see Notes 2(b) and 6.

The accompanying notes are an integral part of these condensed financial statements.

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# RIFT VALLEY RESOURCES CORP.

(An Exploration Stage Company)

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. NATURE AND CONTINUANCE OF OPERATIONS

Rift Valley Resources Corp. was incorporated under the Laws of the Province of British Columbia on December 14, 2009. On March 20, 2013, Rift Valley amalgamated with Avatar Ocean Technology Inc. ("Avatar"), a reporting issuer and continues under the name Rift Valley Resources Corp. (the "Company" or "Rift Valley") (see Note 2(b)). The address of the Company's corporate office and its principal place of business is 500-900 West Hastings Street, Vancouver, British Columbia, Canada.

The Company began operations on September 19, 2011 and its principal business activity is the acquisition, exploration and development of mineral properties in British Columbia, Canada. As of March 31, 2014 the Company was in the exploration stage.

For the three months ended March 31, 2014, the Company reported a net loss of \$6,279, negative cash flow from operating activities of \$9,836 and an accumulated deficit of \$1,105,851. This raises uncertainty about the Company's ability to continue as a going concern. The Company's ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its exploration and operating costs.

These condensed financial statements ("financial statements") do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

### 2. BASIS OF PRESENTATION

#### a) Statement of compliance

These financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2013.

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 29, 2014.

#### b) Amalgamation of Rift Valley Resources Corp. and Avatar

On March 20, 2013, Rift Valley amalgamated with Avatar, a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario. Effective on that date, a total of 20,391,652 common shares were allotted to the former shareholders of Avatar and Rift Valley pursuant to the Amalgamation Agreement. 1,999,985 common shares were issued to the former shareholders of Avatar who received one (1) share of the Company for every three and one-half (3.5) shares of Avatar, and 18,391,667 common shares were issued to the shareholders of the Company. The Company continued under the name of Rift Valley Resources Corp. following the amalgamation.

This transaction is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since Avatar does not meet the requirement of a business under IFRS 3. For accounting purposes, the transaction is accounted for in accordance with IFRS 2 *Share-based Payment* whereby Rift Valley is deemed to have issued shares in exchange for obtaining the reporting issuer status of Avatar and ultimately, a listing on a stock exchange.

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013**

(Expressed in Canadian Dollars)

(Unaudited)

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**2. BASIS OF PRESENTATION (continued)****b) Amalgamation of Rift Valley Resources Corp. and Avatar (continued)**

The fair value of the 1,999,985 shares issued to the former shareholders of Avatar was determined to be \$399,997, based on a value of \$0.20 per share realized by the Company in a private placement issued on March 11, 2013. In addition, the Company also incurred listing expenses of \$40,490 for this amalgamation. As at March 20, 2013, Avatar did not have any identifiable assets or liabilities, as a result, the total amount of the consideration of \$440,487 given was recorded as listing expense in the financial statements.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of May 29, 2014, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2013. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2014 could result in restatement of these unaudited condensed interim consolidated financial statements.

**4. DEPOSITS**

	2014	2013
	\$	\$
Mineral property security deposits	20,000	20,000
Rental deposit (current)	3,333	-
Rental deposit (long-term)	6,667	10,000
	<u>30,000</u>	<u>7,000</u>

**5. MINERAL PROPERTY INTERESTS**

Expenditures on interests in mineral properties are considered exploration and evaluation assets.

	March 31, 2013	December 31, 2012
	\$	\$
Opening balance	105,000	75,000
Option payment made	-	10,000
Option payment made by shares (see Note 8)	-	20,000
Ending balance	<u>105,000</u>	<u>105,000</u>
Opening balance	236,066	307,927
Geological and geophysical	-	14,887
Mining Tax Credit	-	(86,748)
Ending balance	<u>236,066</u>	<u>236,066</u>
Total	<u>341,066</u>	<u>341,066</u>

The impairment assessment of exploration and evaluation assets did not result in any impairment provisions on Company's properties.



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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013**

(Expressed in Canadian Dollars)

(Unaudited)

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## 5. MINERAL PROPERTY INTERESTS (continued)

**Cat Mountain Claims, British Columbia**

In September 2011, the Company entered into a memorandum of understanding to acquire an option to acquire an undivided 75% right, title and interest to twenty contiguous mineral claims located in west central British Columbia, except for a 2% net smelter royalty (the "NSR"), comprised of approximately 5,984 hectares. The memorandum of understanding was extended into an Option Agreement (the "Agreement") on November 30, 2011. The agreement was amended on January 9, 2013 (with a correction on April 30, 2013), for the purpose of deferral of the terms of cash payments and share issuances. The consideration for this amended agreement is a cash payment of \$10,000 to be made by January 31, 2013 and the issuance of 100,000 common shares to the optionors on the date that the shares of the Company initially begin trading to be made on the stock exchange. On January 24, 2013, the Company made the \$10,000 cash payment. On May 14, 2013, the 100,000 common shares were issued (see Note 14).

Pursuant to the agreement, the Company may purchase 1% of the two percent 2% NSR at any time for \$2,000,000. The Company can maintain its option to acquire the interest in the claims by issuing an aggregate of 1,000,000 common shares of Rift Valley, paying \$500,000 in cash and incurring \$1,500,000 in expenditures on the property within five years. The payments are due as follows:

	Share Issuance	Cash Payment	Exploration Expenditures
		\$	\$
On signing memorandum of understanding (paid)		50,000	-
On first day of execution of Agreement (issued)	500,000	-	-
On or before March 30, 2013 (issued on May 14, 2013)	100,000	-	-
On or before March 30, 2014	100,000	-	-
On or before October 31, 2014	-	50,000	350,000
On or before March 30, 2015	100,000	-	-
On or before October 31, 2015	-	100,000	400,000
On or before March 30, 2016	100,000	-	-
On or before October 31, 2016	-	100,000	-
On or before March 30, 2017	100,000	-	-
On or before October 31, 2017	-	100,000	750,000
On or before October 31, 2018	-	100,000	-
	1,000,000	500,000	1,500,000

Upon acquiring the 75% interest, the Company can acquire an additional 15% undivided interest upon completing an additional \$3,500,000 in expenditures on the property within three years. The Company can acquire an additional 10% undivided interest upon funding the property until commercial production has begun.

## 6. OFFICE EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value March 31, 2014	Net Book Value December 31, 2013
	\$	\$	\$	\$
Office Equipment	2,007	2,007	-	752
Total	2,007	2,007	-	752

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013**

(Expressed in Canadian Dollars)

(Unaudited)

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**7. RELATED PARTY TRANSACTIONS AND BALANCES**

During the three month periods March 31, 2014, the Company incurred the following related party transactions:

- (a) \$3,000 (March 31, 2013 - \$10,500) in rent fees to companies controlled by the President and CFO.
- (b) \$Nil (March 31, 2013 - \$500) in exploration costs to a company controlled by the same group of management.
- (c) The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the three months ended March 31, 2014. Short-term key management compensation paid to directors and senior officers or companies controlled by them consists of the following for the three months ended March 31, 2014 and 2013:

	2014	2013
	\$	\$
Consulting fees	Nil	49,950

- (e) As at March 31, 2013, included in accounts payable is \$27 (December 31, 2013 - \$27) to the companies controlled by the officers and a company controlled by the same group of management.

**8. SHARE CAPITAL****(a) Authorized Share Capital**

The Company is authorized to issue unlimited number of common shares without par value

**(b) Issued and Outstanding Common Shares**

	Number of Common Shares	Amount \$
Balance, December 31, 2012	17,625,000	953,155
Issued for cash at \$0.15 per share	666,667	100,000
Issued for cash at \$0.20 per share	100,000	20,000
Share issue costs	-	(2,270)
Shares cancelled on amalgamation	(18,391,667)	-
New shares issued on amalgamation	18,391,667	-
Issued on amalgamation with Avatar	1,999,985	399,997
Shares issued for Cat Mountain Claims	100,000	20,000
<b>Balance, March 31, 2014 and December 31, 2013</b>	<b>20,491,652</b>	<b>1,490,882</b>

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**RIFT VALLEY RESOURCES CORP.**

*(An Exploration Stage Company)*

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013**

(Expressed in Canadian Dollars)

(Unaudited)

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**8. SHARE CAPITAL (continued)****(b) Issued and Outstanding Common Shares (continued)**

On March 4, 2013, the Company issued 666,667 common seed shares at \$0.15 per share for a total of \$100,000.

On March 11, 2013, the Company issued 100,000 common seed shares at \$0.20 per share for a total of \$20,000.

On March 20, 2013, the Company issued 1,999,985 common shares valued at \$0.20 per share for a total of \$399,997 upon amalgamation with Avatar. In addition, the Company exchanged the original 18,391,667 common shares outstanding under the predecessor, Rift Valley for 18,391,667 common shares of Rift Valley, the amalgamated Company.

On May 14, 2013, pursuant to the Cat Mountain property purchase Option Agreement (Note 5), the Company issued 100,000 common shares at \$0.20 each for the \$20,000 option obligation.

During the year ended December 31, 2013, the Company incurred share issue costs of \$2,270 (2012 - \$4,595).

**(c) Stock Options**

As at March 31, 2014, December 31, 2013 and 2012, the Company had not issued any stock options.

**(d) Shares held in escrow**

As at March 31, 2014, the company has 10,754,643 common shares held in escrow (2013 – 12,905,752). These escrow shares are subject to escrow trading restrictions pursuant to the Escrow agreement and are released on a straight basis, with one quarter released on the date the Company's securities are listed on a Canadian exchange (listing date), 1/3 of remaining escrow securities released 6 months after the listing date, one half of remaining escrow securities released 12 months after the listing date and remainder released 18 months after the listing date.

**9. CONTRIBUTED SURPLUS**

On March 13, 2013, the founders contributed an additional \$37,000 to increase the cash paid for 2,466,667 of the 7,500,000 common seed shares issued on September 20, 2011 from \$0.005 to \$0.02 per share. The contribution has been recorded as contributed surplus.

**10. INCOME TAXES**

Future tax benefits which may arise as a result of these non-capital losses and other income tax pools have not been recognized in these financial statements and have been offset by a valuation allowance.

No deferred income tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is unpredictable. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013**

(Expressed in Canadian Dollars)

(Unaudited)

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**11. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

As at March 31, 2014, the Company had capital resources consisting of all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares.

**12. FINANCIAL INSTRUMENTS**

Fair values

The Company's financial instruments include cash and accounts payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. The fair value of these financial instruments approximates their carrying value because of the current nature.

The following table summarizes the carrying values of the Company's financial instruments:

	March 31, 2014	December 31, 2013
	\$	\$
FVTPL (i)	83,696	93,532
Other financial liabilities (ii)	33,128	36,984

(i) Cash

(ii) Accounts payable

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at March 31, 2014:				
Cash	83,696	-	-	83,696
As at December 31, 2013:				
Cash	93,532	-	-	93,532

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**RIFT VALLEY RESOURCES CORP.**

*(An Exploration Stage Company)*

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013**

(Expressed in Canadian Dollars)

(Unaudited)

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**12. FINANCIAL INSTRUMENTS (continued)**

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and exploration activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

**13. COMMITMENTS**

Pursuant to the option agreement entered on November 30, 2011 and amended on January 9, 2013, (with a correction on April 30, 2013), the Company is committed to the payments, share issuance and exploration expenditure required to maintain the option to acquire the 75% undivided interest on the Cat Mountain properties as described in Note 5.

**14. SUBSEQUENT EVENTS**

On May 14, 2014, pursuant to the Cat Mountain property purchase Option Agreement (see Note 5), the Company issued 100,000 common shares at \$0.20 per share for a total of \$20,000.