RIFT VALLEY RESOURCES CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

For the Years Ended

December 31, 2014 and 2013

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Rift Valley Resources Corp.

We have audited the accompanying financial statements of Rift Valley Resources Corp. which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Rift Valley Resources Corp. as at December 31, 2014 and 2013, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Rift Valley Resources Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
April 30, 2015

RIFT VALLEY RESOURCES CORP.
(An Exploration Stage Company)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014 AND 2013
(Expressed in Canadian Dollars)

	Note	2014	2013
		$	$
ASSETS			
Current Assets			
Cash		61,268	93,532
Deposits		-	3,333
Amounts receivable		1,503	696
		62,771	97,561
Deposits	4	26,968	26,667
Mineral property interests	5	433,028	341,066
		522,767	465,294
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	6	42,213	36,984
SHAREHOLDERS' EQUITY			
Share capital	7	1,491,882	1,490,882
Shares subscriptions received	13	117,000	-
Contributed surplus	8	37,000	37,000
Deficit		(1,165,328)	(1,099,572)
		480,554	428,310
		522,767	465,294

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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 financial statements.

RIFT VALLEY RESOURCES CORP.
(An Exploration Stage Company)
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Expressed in Canadian Dollars)

	Note	2014	2013
		$	$
Expenses			
Professional fees		20,474	23,616
Rent	6	13,625	26,950
Exchange fees		9,268	2,071
Transfer agent		9,079	3,890
Consulting fees	6	5,070	105,908
Travel and promotion		4,626	6,734
Office and miscellaneous		3,614	2,418
Listing expense	2(b)	–	474,435
Depreciation		–	1,004
Net loss and comprehensive loss		(65,756)	(647,026)
Loss per share, basic and diluted		(0.00)	(0.03)
Weighted average common shares outstanding		20,554,940	19,833,025

RIFT VALLEY RESOURCES CORP.
(An Exploration Stage Company)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Expressed in Canadian Dollars)

	Note	Amount	Shares Subscriptions Received	Contributed Surplus	Accumulated Deficit	Total
		$	$	$	$	$
Balance, December 31, 2012		953,155	-	-	(452,546)	500,609
Shares issued for cash	7	120,000	-	-	-	120,000
Share issue costs	7	(2,270)	-	-	-	(2,270)
Shares issued for property	7	20,000		-	-	20,000
Contribution from founders		-	-	37,000	-	37,000
Allotted shares issued for amalgamation	2 (b)	399,997	-	-	-	399,997
Comprehensive loss		-	-	-	(647,026)	(647,026)
Balance, December 31, 2013		1,490,882	-	37,000	(1,099,572)	428,310
Shares issued for property	7	1,000	-	-	-	1,000
Shares subscriptions received	13(a)	-	117,000	-	-	117,000
Comprehensive loss		-	-	-	(65,756)	(65,756)
Balance, December 31, 2014		1,491,882	117,000	37,000	(1,165,328)	480,554

RIFT VALLEY RESOURCES CORP.
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Expressed in Canadian Dollars)

	Note	2014	2013
		$	$
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss		(65,756)	(647,026)
Items not affecting cash			
Amortization		–	1,004
Listing Expense	2(b)	–	399,997
		(54,561)	(246,025)
Changes in non-cash working capital balances:			
Amounts recoverable		(807)	36,053
Deposits		3,032	-
Accounts payable and accrued liabilities		5,229	(68,404)
Cash used in operating activities		(58,302)	(278,376)
INVESTING ACTIVITIES			
B.C. mining exploration tax credits		4,478	86,748
Exploration costs and option payment		(95,440)	(24,887)
Cash provided by (used in) investing activities		(90,962)	61,861
FINANCING ACTIVITIES			
Cash contribution from founders		–	37,000
Shares subscriptions received		117,000	–
Shares issued for cash, net		–	117,730
Cash provided by financing activities		117,000	154,730
Decrease in cash		(32,264)	(61,785)
Cash, beginning		93,532	155,317
Cash, ending		61,268	93,532

SUPPLEMENTAL DISCLOSURES:			
Cash paid for interest		–	–
Cash paid for income taxes		–	–
NON CASH FLOW SHARE TRANSACTION INFORMATION			
Shares issued for asset acquisition	5	1,000	20,000
Shares Issued for listing expense	7	-	399,997

For the supplemental disclosures for non-cash investing and financing transactions, see Notes 2(b), 5, and 7.

1. NATURE AND CONTINUANCE OF OPERATIONS

Rift Valley Resources Corp. (the "Company" or "Rift Valley") 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's shares were listed on the Canadian Securities Exchange on August 27, 2013.

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 December 31, 2014 the Company was in the exploration stage.

The Company has never generated revenue or positive cash flows from operations. For the year ended December 31, 2014, the Company reported a net loss of $65,756, negative cash flow from operating activities of $58,302 and an accumulated deficit of $1,165,328. This raises significant doubt 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 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

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 30, 2015.

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.

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 $74,438 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 $474,435 given was recorded as listing expense in the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Measurement basis

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in paragraphs (n) and (o). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional and presentation currency of the Company is the Canadian dollar.

b) Use of estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant areas requiring the use of management estimates include the determination of impairment of mineral properties and financial instruments, potential decommissioning liabilities and deferred income tax assets and liabilities. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future period.

c) Use of judgments

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgments or assessments with a significant risk of material adjustment in the next year. The more significant areas where management judgement has been applied are:

(i) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. The directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Use of judgments (continued)

(ii) Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If information becomes available after expenditure is capitalized suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

(iii) Amalgamation date

The determination of the date on which the Company amalgamated with Avatar involves judgement about the date at which management obtained control of the amalgamated company and requires management to consider various factors determining control. Management has determined that the amalgamation date was on March 20, 2013 (See Note 2(b)).

(iv) Determination of the treatment and allocation of value of shares issued on amalgamation

The determination of the value of shares issued to the former shareholders of Avatar requires both management judgement and estimation. In addition, in management judgement, Avatar was not considered as a business and did not meet the conditions for a business combination. The fair value of the shares issued to the former shareholders of Avatar and the related costs has been disclosed as listing expenses.

d) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and held in trust by the lawyers and are available on demand by the Company for its programs, and are not invested in any asset backed deposits/investments.

e) Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Amortization

Equipment is recorded at cost less accumulated amortization and impairment. Amortization of office equipment is calculated at 50% straight line method.

Useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of loss.

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. Subsequent costs to replace parts of an item of equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably.

g) Mineral properties

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as mineral property interests and are classified as intangible assets. General exploration costs not related to specific mineral properties are expensed as incurred. When shares are issued as part of mineral property exploration costs, they are valued at the closing share price on the date of issuance unless the fair value of goods or services received is determinable.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full be development or sale.

The recoverability of mineral property interests and capitalized exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Mineral properties (continued)

Mineral properties are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amounts of properties may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized, however, for corporate income tax purposes; the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis.

h) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As at December 31, 2014, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

i) Government assistance

B.C. mining exploration tax credits for exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective mineral property. Until such time that there is significant uncertainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

j) Share-based payments

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

l) Income tax

Income tax expense comprises current and deferred income tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly into equity, in which case the related tax effect is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax expense is calculated using tax rates, laws and government policies that were enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities and are expected to reverse using tax rates and laws enacted or substantively enacted at the balance sheet date which are expected to apply in the period of reversal.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction.

m) Flow-through shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. At the time flow-through shares are issued, there may be a potential premium paid on the flow-through shares calculated based on the share issuance price and the market price at the time of closing. A liability is recognized for the premium on the flow-through shares and is subsequently reversed and recorded as other income or deferred tax expense as the Company incurs qualifying Canadian exploration expenses.

In instances where the Company has issued flow-through shares by way of a unit offering, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve first based on the fair value of the warrant component on grant date using the Black-Scholes option pricing model. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At December 31, 2014 and 2013, the Company has not classified any financial assets as loans and receivables or available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

o) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s accounts payable is classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings.

p) Change in accounting policies

The Company adopted the following accounting policies effective January 1, 2014:

IFRS 7, *Financial Instruments: Disclosures* - requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. The adoption of this IFRS did not impact the Company’s financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Change in accounting policies (continued)

IFRS 10, *Consolidated Financial Statements*, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaced SIC-12, Consolidation-Special Purpose Entities, and parts of IAS 27, Consolidated and Separate Financial Statements. The adoption of this IFRS did not impact the Company's financial statements.

IFRS 11 – *Joint Arrangements*, reduces the types of joint arrangements to either joint ventures or joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing choice of proportionate consolidation for jointly controlled entities. Joint operations are arrangements where the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The adoption of this IFRS did not impact the Company's financial statements.

IFRS 12, *Disclosure of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities. The adoption of this IFRS did not impact the Company's financial statements.

IFRS 13, *Fair Value Measurement*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The adoption of this IFRS did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2014.

IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be recycled to net income in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately including prior year comparatives. The adoption of this IFRS did not impact the Company's financial statements.

Amendments to other standards
In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

q) New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) New accounting standards issued but not yet effective (continued)

The following standard will be effective for annual periods beginning on or after January 1, 2015:

IFRIC 21 *Levies* - In May 2013, the IASB issued IFRIC 21, an interpretation of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

IAS 32 - *Financial Instruments: Presentation* - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

IAS 36 *Impairment of Assets* - In May 2013, the IASB issued amendments to IAS 36 which restricts the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal.

New accounting standards effective for annual periods on or after January 1, 2017:

IAS 1 – *Presentation of Financial Statements*
In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangible Assets*
In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 9 *Financial Instruments* - In November 2009, as part of the IASB project to replace IIAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments*, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

(Expressed in Canadian Dollars)

4. DEPOSITS

	2014	2013
	$	$
Mineral property security deposits	20,301	20,000
Rental deposit (long-term)	6,667	6,667
Rental deposit (current)	-	3,333
	26,968	30,000

5. MINERAL PROPERTY INTERESTS

Expenditures on interests in mineral properties are considered exploration and evaluation ("E&E") assets.

	2014	2013
	$	$
Mineral Properties or Rights		
Opening balance	105,000	75,000
Option payment made	5,000	10,000
Option payment made by shares (see Note 7)	1,000	20,000
Ending balance	111,000	105,000
E&E Expenditures		
Opening balance	236,066	307,927
Geological and geophysical	90,440	14,887
Mining Tax Credit	(4,478)	(86,748)
Ending balance	322,028	236,066
Total	433,028	341,066

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

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 and an extension on November 25, 2013), for the purpose of deferral of the terms of cash payments and share issuances. The consideration for the amendment was a cash payment of $10,000 (paid) to the optionors. The agreement was further amended for another extension on November 19, 2014 for no consideration.

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 75% 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:

(Expressed in Canadian Dollars)

5. MINERAL PROPERTY INTERESTS (continued)

Cat Mountain Claims, British Columbia (continued)

	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)	100,000	-	-
On or before March 30, 2014 (issued)	100,000	-	-
On or before October 31, 2014 (paid)	-	-	350,000
On or before November 21, 2014 (paid)	-	5,000	-
On or before March 30, 2015	100,000	-	-
On or before October 31, 2015	-	145,000	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

After acquiring the 75% interest in the property, 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 the final 10% undivided interest upon funding the property until commercial production has begun.

6. RELATED PARTY TRANSACTIONS AND BALANCES

During the year December 31, 2014, the Company incurred the following related party transactions:

(a) $13,625 (2013 - $26,950) in rent fees to companies controlled by the Chief Financial Officer.

(b) $2,500 (2013 - $5,000) in exploration costs to a director and officers of the Company.

(c) The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the year ended December 31, 2014. Short-term key management compensation paid to directors and senior officers or companies controlled by them consisted of consulting fees in the amount of $4,000 ($84,950).

(d) As at December 31, 2014, included in accounts payable is $7,758 (2013 - $27) due to officers and directors of the Company.

(Expressed in Canadian Dollars)

7. 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
Balance, December 31, 2013	20,491,652	1,490,882
Shares issued for Cat Mountain Claims	100,000	1,000
Balance, December 31, 2014	20,591,652	1,491,882

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.

On May 14, 2014, pursuant to the Cat Mountain property purchase Option Agreement (Note 5), the Company issued 100,000 common shares at $0.01 each for the $1,000 option obligation.

(c) Stock Options

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

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(d) Shares held in escrow

As at December 31, 2014, the Company has 7,169,761 common shares held in escrow (2013 – 10,754,643 common shares). These escrow shares are subject to escrow trading restrictions pursuant to the Escrow agreement and are released on a straight line basis, with one tenth released on the date the Company's securities are listed on a Canadian exchange (listing date - released), one sixth of remaining escrow securities released 6 months after the listing date (released), one fifth of remaining escrow securities released 12 months after the listing date (released), one fourth of remaining escrow securities released 18 months after the listing date, one third of remaining escrow securities released 24 months after the listing date, one half of remaining escrow securities released 30 months after the listing date and remainder released 36 months after the listing date.

8. 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.

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2014	2013
	$	$
Combined statutory rate	26%	25.75%
Expected income tax recovery	(17,097)	(166,609)
Net adjustment for deductible and non-deductible amounts	(188)	(758)
Other adjustment	(17,641)	-
Change of income tax rates	-	(5,332)
Deferred tax asset not recognized	34,927	172,698
	-	-

Significant components of the Company's deferred income tax assets are as follows:

	2014	2013
	$	$
Future income tax rates	26%	26%
Future income tax assets:		
Mineral property interests	17,642	-
Non-capital loss	281,817	264,175
Share issue costs	832	1,189
Deferred tax assets not recognized	300,291	265,364

(Expressed in Canadian Dollars)

9. INCOME TAXES (continued)

As at December 31, 2014, the Company has available non-capital losses of approximately $1,084,000 (2013 - $1,016,000) for deduction against future taxable income, and resource-related expenditures of approximately $433,000 (2013 - $341,000) available for deduction against future Canadian taxable income. Non-capital losses, if not utilized will expire as follows:

2031	31,000
2032	336,000
2033	649,000
2033	68,000
	$ 1,084,000

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.

10. 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 December 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.

11. 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:

	2014	2013
	$	$
FVTPL (i)	61,268	93,532
Other financial liabilities (ii)	42,213	36,984

(i) Cash
(ii) Accounts payable

11. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

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 December 31, 2014:				
Cash	61,268	-	-	61,268
As at December 31, 2013:				
Cash	93,532	-	-	93,532

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.

12. COMMITMENT

Pursuant to the option agreement entered on November 30, 2011 and amended on January 9, 2013, November 23, 2013 and November 19, 2014, (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.

13. SUBSEQUENT EVENTS

(a) Subsequent to the year end, the Company closed a private placement of 3,900,000 shares at $0.03 per share for total proceeds of $117,000, which was received and recorded as subscriptions prior to December 31, 2014 on the Statement of Changes in Equity.

(b) On March 5, 2015, 1,792,441 common shares were released from escrow.