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RIFT VALLEY RESOURCES CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

For the Years Ended

December 31, 2017 and 2016

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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 statement of financial position as at December 31, 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and 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, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 the auditors' 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, the auditor considers 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, these financial statements present fairly, in all material respects, the financial position of Rift Valley Resources Corp. as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Rift Valley Resources Corp.'s ability to continue as a going concern.

***Other Matters***

The financial statements of Rift Valley Resources Corp. for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on April 27, 2017.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

April 30, 2018

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***STATEMENTS OF FINANCIAL POSITION****AS AT DECEMBER 31, 2017 AND 2016***(Expressed in Canadian Dollars)*

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	Note	2017	2016
		\$	\$
<b>ASSETS</b>			
Current Assets			
Cash		21,517	1,924
Advances receivable	12	477,027	–
Subscriptions receivable		10,125	–
Amounts receivable		4,011	360
		512,680	2,284
Deposits	4	20,625	20,301
		533,305	22,585
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities	5	8,664	32,782
Decommissioning Liabilities	4	20,625	20,301
		29,289	53,083
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	2,331,208	1,609,383
Subscriptions received in advance		3,375	–
Contributed surplus	7	167,000	37,000
Deficit		(1,997,567)	(1,676,881)
		504,016	(30,498)
		533,305	22,585
NATURE AND CONTINUANCE OF OPERATIONS	1		
COMMITMENTS	11		
SUBSEQUENT EVENTS	13		

Approved on behalf of the Board:

*"Craig Robson"*\_\_\_\_\_  
Craig Robson, CEO, Director*"Donald Gordon"*\_\_\_\_\_  
Donald Gordon, CFO, Director

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

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016***(Expressed in Canadian Dollars)*

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	Note	2017	2016
		\$	\$
Expenses			
Consulting fees	5	136,610	10,500
Stock based compensation	6, 7	130,000	–
Professional fees		23,922	7,378
Transfer agent		7,070	4,602
Travel and promotion		7,056	–
Exchange fees		6,950	6,850
Office and miscellaneous		5,018	185
Filing Fees		4,060	5,292
Loss before other income		(320,686)	(34,807)
Other income			
Gain on forgiveness of accounts payable	5	–	2,625
Net loss and comprehensive loss		(320,686)	(32,182)
Net loss per share, basic and diluted		(0.03)	(0.01)
Weighted average number of common shares outstanding		9,912,796	4,918,330

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

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016***(Expressed in Canadian Dollars)*

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	Note	Amount	Subscriptions Received in Advance	Contributed Surplus	Accumulated Deficit	Total
		\$	\$	\$	\$	\$
Balance, December 31, 2015		1,609,383	–	37,000	(1,644,699)	1,684
Net loss		–	–	–	(32,182)	(32,182)
Balance, December 31, 2016		1,609,383	–	37,000	(1,676,881)	(30,498)
Shares issued for cash	6	734,625	–	–	–	734,625
Share issue costs	6	(12,800)	–	–	–	(12,800)
Subscriptions received in advance		–	3,375	–	–	3,375
Stock based compensation	6, 7	–	–	130,000	–	130,000
Net loss		–	–	–	(320,686)	(320,686)
Balance, December 31, 2017		2,331,208	3,375	167,000	(1,997,567)	504,016

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

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016***(Expressed in Canadian Dollars)*

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	Note	2017	2016
		\$	\$
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss		(320,686)	(32,182)
Adjustments to Reconcile Net Loss to Net Cash used in Operations:			
Stock based compensation	6, 7	130,000	–
Gain on loan forgiveness		–	(2,625)
Changes in non-cash working capital balances:			
Amounts receivable		(3,651)	156
Accounts payable and accrued liabilities	5	(24,118)	23,133
Cash used in operating activities		(218,455)	(11,518)
<b>INVESTING ACTIVITIES</b>			
Advances receivable		(477,027)	–
Cash used in investing activities		(477,027)	–
<b>FINANCING ACTIVITIES</b>			
Share capital received	6	724,500	–
Share issue costs		(12,800)	–
Subscriptions received in advance	13	3,375	–
Cash provided by financing activities		715,075	–
Increase (Decrease) in cash		19,593	(11,518)
Cash, beginning of year		1,924	13,442
Cash, end of year		21,517	1,924
<b>SUPPLEMENTAL DISCLOSURES:</b>			
Cash paid for interest		–	–
Cash paid for income taxes		–	–
<b>NON CASH FLOW TRANSACTION INFORMATION:</b>			
Stock based compensation	6, 7	130,000	–
Subscriptions receivable		(10,125)	–

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

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# RIFT VALLEY RESOURCES CORP.

*(An Exploration Stage Company)*

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

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### 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"). The address of the Company's corporate office and its principal place of business is 6511 Housman Place, Richmond, British Columbia, Canada. The Company's shares were listed on the Canadian Securities Exchange (the "Exchange") on August 27, 2013.

The Company began operations on September 19, 2011 and its principal business activity was the acquisition, exploration and development of mineral properties in British Columbia, Canada. The Company impaired its mineral property during the year ended December 31, 2015. As of December 31, 2017 the Company's principal business activity was the evaluation of a wireless service business and other business opportunities.

On April 13, 2017, the Company completed a share consolidation on the basis of five pre-consolidation common shares for each post consolidation common share. As a result, all share amounts presented in these financial statements have been retroactively restated.

The Company has never generated revenue or positive cash flows from operations. For the year ended December 31, 2017, the Company reported a net loss of \$320,686, negative cash flow from operating activities of \$218,455 and an accumulated deficit of \$1,997,567. 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 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, 2018.

#### b) 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 (m) and (n). 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.



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**RIFT VALLEY RESOURCES CORP.**

*(An Exploration Stage Company)*

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian Dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a) 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, determining the fair value of share based compensation, 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 periods.

**b) 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.

**(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 expenditures are capitalized suggesting that the recovery of the expenditures are unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

**c) 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 is available on demand by the Company for its programs.

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**RIFT VALLEY RESOURCES CORP.**

*(An Exploration Stage Company)*

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian Dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****d) 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.

**e) 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 offset for impairment and reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over the estimated recoverable reserves. Impairment is assessed at the level of the 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 expenditures on a development are unlikely to be recovered.

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. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

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.

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**RIFT VALLEY RESOURCES CORP.**

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**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian Dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****e) Mineral properties (continued)**

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

**f) Decommissioning liabilities**

These provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

**g) Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable 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.

**h) 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 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 of options granted to employees and others providing similar services are 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.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

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**RIFT VALLEY RESOURCES CORP.**

*(An Exploration Stage Company)*

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian Dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****i) 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.

**j) 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 statements of financial position 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 are expected to reverse using tax rates and laws enacted or substantively enacted 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.

**k) 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. The Company's advances receivable is classified as loans and receivables.

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.

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**RIFT VALLEY RESOURCES CORP.**

*(An Exploration Stage Company)*

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian Dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****l) Impairment of financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset could be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss

**m) 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 cost 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 and accrued liabilities are 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 recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings.

**n) Change in accounting policies**

The Company did not adopt any new or amended accounting standards during the year ended December 31, 2017 which had a significant impact on the Financial Statements.

**p) 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.

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**RIFT VALLEY RESOURCES CORP.**

(An Exploration Stage Company)

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian Dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****p) New accounting standards issued but not yet effective (continued)**

Standard 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 IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9, 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. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amend the classification and measurement model for financial assets by adding a new fair value through other comprehensive income ("FVOTCI") category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

**IFRS 15 - *Revenue from Contracts with Customers*** - On May 28, 2014 the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 will replace IAS 11, "Construction contracts", IAS 18, "Revenue", IFRIC 13, "Customer loyalty programmes", IFRIC 15, "Agreements for the construction of real estate", IFRIC 18, "Transfers of assets from customers" and SIC 31, "Revenue – barter transactions involving advertising services". The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time; or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

Standard effective for annual periods beginning on or after January 1, 2019

**IFRS 16 – *Leases*** - On January 13, 2016 the IASB issued IFRS 16, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, "Revenue from contracts with customers" at or before the date of initial adoption of IFRS 16.

The Company has initially assessed that there will be no material reporting changes as a result of adopting the new standards, however, there may be enhanced disclosure requirements.

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**(Expressed in Canadian Dollars)

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**4. DEPOSITS**

	December 31, 2017	December 31, 2016
	\$	\$
Mineral property security deposits	20,625	20,301
	20,625	20,301

The mineral property security deposits are held in safekeeping as security for the decommissioning liability on the Company's former mineral property. The Company has estimated that the decommissioning liability will be \$20,625.

**5. RELATED PARTY TRANSACTIONS AND BALANCES**

During the year ended December 31, 2017, the Company incurred the following related party transactions:

- (a) The Company has identified its directors and executive officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the years ended December 31, 2017 and December 31, 2016.
- (b) The Company incurred consulting fees to officers and directors in the amount of \$78,450 (2016 - \$2,500).
- (c) The Company incurred stock based compensation costs to executive officers and directors in the amount of \$105,000 (2016 - \$nil).
- (d) During the year ended December 31, 2017, \$nil (2016 - \$2,625) was recorded as a gain on forgiveness of accounts payable due to an officer.

As at December 31, 2017, included in accounts payable is \$598 (2016 - \$nil) due to officers and director of the Company.

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

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

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

	Number of Common Shares	Amount \$
Balance, December 31, 2016 and 2015	4,918,330	1,609,382
Issued for cash at \$0.05 per share	8,220,000	411,000
Issued for cash at \$0.075 per share	4,314,999	323,625
Share issue costs	–	(12,800)
Balance, December 31, 2017	17,453,329	2,331,208

On May 30, 2017, the Company completed a private placement and issued 8,220,000 common shares for total proceeds of \$411,000.

On December 6, 2017, the Company completed a private placement and issued 300,000 common shares for total proceeds of \$22,500.

On December 19, 2017, the Company completed a private placement and issued 4,014,999 common shares for total proceeds of \$301,125.

During the year ended December 31, 2017, the Company incurred share issue costs of \$12,800 (2016 - \$nil) related to the above private placements.

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**(Expressed in Canadian Dollars)

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## 6. SHARE CAPITAL (continued)

## (b) Issued and Outstanding Common Shares

The Company did not issue any common shares during the year ended December 31, 2016.

As at December 31, 2017, \$10,125 in subscriptions from the December 19, 2017 private placement is receivable.

## (c) Stock Options

On September 1, 2017, the Company granted an aggregate of 1,300,000 stock options to its officers, directors and consultants for the purchase of up to 1,300,000 common shares. Each stock option is exercisable for a period of five years at a price of \$0.10 per common share. All stock options are vested and exercisable upon grant. The fair value of the options granted was \$130,000 and was recorded as stock based compensation.

Options outstanding and exercisable	Number of options	Exercise Price	Expiry Date
December 31, 2016 and 2015	–	–	–
Granted September 1, 2017	1,300,000	\$0.10	September 1, 2022
December 31, 2017	1,300,000		

As at December 31, 2017, the options have a weighted average remaining contractual life of 4.67 years. The fair value of each option granted during the year was \$0.10 based on an application of the Black-Scholes option pricing model using the following weighted average assumptions:

Share price on grant date	\$0.10
Expected life (years)	5
Interest rate	1.97%
Volatility	318%
Dividend yield	0.00%

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan which complies with the rules and policies of the Exchange.

The Company did not grant any stock options during the year ended December 31, 2016.

## (d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise price
Outstanding, December 31, 2016 and 2015	780,000	\$0.25
Expired during the year	(780,000)	–
Outstanding, December 31, 2017	–	\$0.25

As at December 31, 2017 there were no warrants outstanding.

## (e) Shares held in escrow

As at December 31, 2017 there were no shares held in escrow (2016 – nil).



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**7. CONTRIBUTED SURPLUS**

	\$
Balance, December 31, 2016 and 2015	37,000
Options granted to directors, management and consultants in 2017 (see Note 6 (c))	130,000
<b>Balance, December 31, 2017</b>	<b>167,000</b>

**8. 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:

	2017	2016
	\$	\$
Combined statutory rate	27%	26%
Expected income tax recovery	(83,000)	(8,367)
Change in statutory tax rates and other	(20,000)	-
Permanent differences	35,000	-
Share issue costs	(3,000)	-
Adjustment to prior years return versus statutory returns	(76,000)	-
Change in unrecognized deductible temporary differences	147,000	8,367
	-	-

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

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

	2017	2016
	\$	\$
Future income tax rates	26%	26%
Future income tax assets:		
Mineral property interests	112,000	150,281
Non-capital loss	485,000	302,142
Share issue costs	3,000	118
<b>Deferred tax assets not recognized</b>	<b>600,000</b>	<b>452,541</b>

As at December 31, 2017, the Company has available non-capital losses of approximately \$1,798,000 (2016 – \$1,129,000) for deduction against future taxable income, and resource-related expenditures of approximately \$414,000 (2016 - \$433,000) available for deduction against future Canadian taxable income. Non-capital losses, if not utilized will expire as follows:

2031	\$ 31,000
2032	308,000
2033	687,000
2034	67,000
2035	481,000
2036	34,000
2037	190,000
	<u>\$ 1,798,000</u>

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**8. INCOME TAXES (continued)**

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.

**9. 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, 2017, 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.

**10. FINANCIAL INSTRUMENTS**

Fair values

The Company's financial instruments include cash, advances receivable and accounts payable and accrued liabilities. 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:

	2017	2016
	\$	\$
FVTPL (i)	21,517	1,924
Loans and receivables (ii)	477,027	–
Other financial liabilities (iii)	8,664	32,782

- (i) Cash
- (ii) Advances receivable
- (iii) Accounts payable and accrued liabilities

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies 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, 2017:				
Cash	21,517	–	–	21,517
As at December 31, 2016:				
Cash	1,924	–	–	1,924

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**10. FINANCIAL INSTRUMENTS (continued)****Financial risk management objectives and policies**

The Company's financial instruments include cash, advances receivable and accounts payable and accrued liabilities. 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, 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.

**11. COMMITMENTS**

On June 12, 2017, the Company executed a consulting agreement with the CEO. The agreement provides for a consulting fee of \$3,500 per month for a fixed five (5) year period, commencing June 12, 2017.

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**12. ADVANCES RECEIVABLE**

On March 22, 2017, the Company entered into a non-binding letter of intent to acquire 100% of the issued and outstanding common shares of Metrolink Solutions Inc. ("Metrolink") in exchange for 58,109,592 common shares of the Company.

On March 20, 2018, the Company and Metrolink agreed to revise the LOI such that the Company will acquire an undivided 100% interest in 1154525 B.C. Ltd. ("Metrolink Sub"), a wholly owned subsidiary of Metrolink in exchange for 10,000,000 shares of Rift Valley, cancellation of up to \$500,000 in advances from Rift Valley to Metrolink and a 10% royalty on Gross Sales. As at December 31, 2017, the Company had advanced \$477,027 to Metrolink. Subject to a definitive agreement and regulatory approval(s), the acquisition of the Metrolink Sub will grant Rift Valley the exclusive rights to manufacture, market, sell and distribute QwikCom mobile communication units within the geographical areas of the United States, Caribbean islands and nations and the adjacent Atlantic islands and nations.

**13. SUBSEQUENT EVENTS**

On November 10, 2017, the Company authorized and approved the creation and issuance of up to 8,000,000 common shares at a price of \$0.075 per share. Subsequent to December 31, 2017, the Company completed a private placement and issued 1,235,000 common shares for total proceeds of \$92,625.

In January 2018, the Company granted 425,000 options to consultants of the Company. Each stock option is exercisable for a period of five years at a price of \$0.10 per common share. All options vest upon grant.