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RIFT VALLEY RESOURCES CORP.

(An Exploration Stage Company)

CONDENSED FINANCIAL STATEMENTS

For the Interim Nine Months Ended September 30, 2018 and 2017

(Unaudited)

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### **UNAUDITED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that auditors have not reviewed the unaudited financial statements for the period ended September 30, 2018.

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

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

(Expressed in Canadian Dollars)

(Unaudited)

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	Note	September 30, 2018	December 31, 2017
		\$	\$
<b>ASSETS</b>			
Current Assets			
Cash		7,830	21,517
Advances receivable	12	867,487	477,027
Subscriptions receivable		–	10,125
Prepaid deposits			
Amounts receivable		5,500	4,011
		880,817	512,680
Deposits	4	20,850	20,625
		901,667	533,305
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities	5	25,772	8,664
Decommissioning Liabilities	4	20,850	20,625
		46,622	29,289
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	2,886,183	2,331,208
Subscriptions received in advance	13(b)	20,000	3,375
Contributed surplus	7	209,500	167,000
Deficit		(2,260,638)	(1,997,567)
		855,045	504,016
		901,667	533,305
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Approved on behalf of the Board:

*"Griffin Jones"*

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Griffin Jones, CEO, Director*"Donald Gordon"*

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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)***CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

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		<u>Nine Months Ended</u>		<u>Three Months Ended</u>	
	Note	September	September	September	September
		30, 2018	30, 2017	30, 2018	30, 2017
				\$	\$
Expenses					
Consulting fees	5	177,320	88,336	83,822	36,336
Stock based compensation	6(c), 7	42,500	130,000	–	130,000
Professional fees		18,763	20,922	–	1,990
Office and miscellaneous		7,385	7,145	4,801	819
Exchange fees		6,646	5,000	2,745	1,500
Rent		4,000	–	4,000	–
Travel and promotion		3,111	4,263	–	1,583
Filing Fees		2,768	2,768	–	–
Transfer agent		578	6,520	–	925
Net loss and comprehensive loss for the period		(263,071)	(264,954)	(95,368)	(173,153)
Loss per share, Basic and Diluted		(0.01)	(0.03)	(0.00)	(0.01)
Weighted average common shares outstanding		19,184,171	8,591,737	21,282,402	13,138,330

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\* Denotes a loss of less than \$(0.01) per share.

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

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

(Expressed in Canadian Dollars)

(Unaudited)

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	Note	Amount	Subscriptions Received in Advance	Contributed Surplus	Accumulated Deficit	Total
		\$	\$	\$	\$	\$
Balance, December 31, 2016		1,609,382	–	37,000	(1,676,880)	(30,498)
Shares issued for cash	6(b)	411,000	–	–	–	411,000
Share issue costs	6(b)	(11,000)	–	–	–	(11,000)
Subscriptions received		–	126,000	–	–	126,000
Stock based compensation	7	–	–	130,000	–	130,000
Comprehensive loss		–	–	–	(264,954)	(264,954)
Balance, September 30, 2017		2,009,382	126,000	167,000	(1,941,834)	360,548
Shares issued for cash	6(b)	323,626	–	–	–	323,626
Share issue costs	6(b)	(1,800)	–	–	–	(1,800)
Subscriptions received		–	(122,625)	–	–	(122,625)
Comprehensive loss		–	–	–	(55,733)	(55,733)
Balance, December 31, 2017		2,331,208	3,375	167,000	(1,997,567)	504,016
Shares issued for cash	6(b)	554,975	–	–	–	554,975
Subscriptions received		–	16,625	–	–	16,625
Stock based compensation	6(c), 7	–	–	42,500	–	42,500
Comprehensive loss		–	–	–	(263,071)	(263,071)
Balance, September 30, 2018		2,886,183	20,000	209,500	(2,260,638)	855,045

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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)***CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

(Unaudited)

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		Nine Months Ended	
	Note	September 30, 2018	September 30, 2017
		\$	\$
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss		(263,071)	(264,954)
Adjustments to Reconcile Net Loss to Net Cash used in Operations:			
Stock based compensation	6(b), 7	42,500	130,000
Changes in non-cash working capital balances:			
Amounts receivable		(1,488)	(1,298)
Accounts payable and accrued liabilities	5	17,107	(27,865)
Cash used in operating activities		(204,952)	(164,117)
<b>INVESTING ACTIVITIES</b>			
Advances receivable	12	(390,460)	(296,373)
Cash provided by (used in) investing activities		(390,460)	(296,373)
<b>FINANCING ACTIVITIES</b>			
Share capital received	6(b)	565,100	400,000
Subscriptions received in advance	13	16,625	126,000
Cash provided by financing activities		581,725	526,000
Decrease in cash		(13,687)	65,510
Cash, beginning		21,517	1,924
Cash, ending		7,830	67,434
<b>SUPPLEMENTAL DISCLOSURES:</b>			
Cash paid for interest		—	—
Cash paid for income taxes		—	—
<b>NON CASH FLOW TRANSACTION INFORMATION:</b>			
Stock based compensation	6(b), 7	42,500	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 CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

(Expressed in Canadian Dollars) (Unaudited)

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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") (see Note 2(b)). The address of the Company's corporate office and its principal place of business is 501-525 Seymour 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 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 September 30, 2018 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 nine months ended September 30, 2018, the Company reported a net loss of \$263,071 (2017 – \$264,954), negative cash flow from operating activities of \$204,952 (2017 – \$164,117) and an accumulated deficit of \$2,165,269. 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 condensed financial statements ("financial statements") do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

### **2. BASIS OF PRESENTATION**

#### **a) Statement of compliance**

These financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2017.

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 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 Note 3 paragraphs (m) and (n) to the Company's financial statements for the year ended December 31, 2017. 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 CONDENSED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017***(Expressed in Canadian Dollars) (Unaudited)*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of November 29, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

**4. DEPOSITS**

	September 30, 2018	December 31, 2017
	\$	\$
Mineral property security deposits	20,850	20,625
	20,850	20,625

**5. RELATED PARTY TRANSACTIONS AND BALANCES**

During the nine month period ended September 30, 2018, the Company incurred the following related party transactions:

- (a) The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the periods ended September 30, 2018 and December 31, 2017.
- (b) The Company incurred consulting fees to officers and directors in the amount of \$81,850 (2017 - \$57,950).
- (c) The Company incurred stock based compensation costs to executive officers and directors in the amount of \$nil (2017 - \$105,000).

As at September 30, 2018, included in accounts payable is \$1,750 (2017 - \$350) due to an officer and director of the Company.

**6. 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, 2017	17,453,329	2,331,208
Issued for cash at \$0.075 per share	7,399,667	554,975
Balance, September 30, 2018	24,852,996	2,886,183

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.



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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017***(Expressed in Canadian Dollars) (Unaudited)*

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

On March 29, 2018, the Company issued 1,235,000 common shares for total proceeds of \$92,625.

On August 1, 2018, the Company issued 3,666,667 units for total proceeds of \$275,000. Each unit is comprised of one common share one half common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one common share at a price of \$0.15 per common share until common share. Warrants expire two years from date of issuance.

On September 25, 2018, the Company issued 2,498,000 units for total proceeds of \$187,350. Each unit is comprised of one common share one half common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one common share at a price of \$0.15 per common share until common share. Warrants expire two years from date of issuance.

During the nine month period ended September 30, 2018, the Company incurred share issue costs of \$nil (2016 – \$12,800).

**(c) Stock Options**

On January 17, 2018, the Company granted an aggregate of 425,000 stock options to its officers, directors and consultants for the purchase of up to 425,000 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 \$42,500 and was recorded as stock based compensation.

Options outstanding and exercisable	Number of options	Exercise Price	Expiry Date
December 31, 2017	1,300,000	\$0.10	September 1, 2022
Granted January 17, 2018	425,000	\$0.10	January 17, 2023
December 31, 2017	1,725,000		

As at September 30, 2018, the options have a weighted average remaining contractual life of 4.02 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.

**(d) Warrants**

Each warrant is exercisable for a period of two years at a price of \$0.15 per common share. As at September 30, 2018, there were 3,082,333 warrants outstanding with a weighted average remaining contractual life of 1.89 years.

**(e) Shares held in escrow**

As at September 30, 2018 and December 31, 2017, there were no shares held in escrow.

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**RIFT VALLEY RESOURCES CORP.***(An Exploration Stage Company)***NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017***(Expressed in Canadian Dollars) (Unaudited)*

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**7. CONTRIBUTED SURPLUS**

	\$
Balance, December 31, 2016	37,000
Options granted to directors, management and consultants in 2017	130,000
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Balance, December 31, 2017	167,000
Options granted to directors, management and consultants in 2018 (see Note 6 (c))	42,500
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Balance, September 30, 2018	209,500

**8. INCOME TAXES**

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

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

**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 September 30, 2018, 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 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:

	September 30, 2018	December 31, 2017
	\$	\$
FVTPL (i)	7,831	21,517
Loans and receivables (ii)	867,487	477,027
Other financial liabilities (iii)	25,772	8,664

- (i) Cash  
(ii) Advances receivable (see Note 12)  
(iii) Accounts payable and accrued liabilities

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**RIFT VALLEY RESOURCES CORP.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

(Expressed in Canadian Dollars) (Unaudited)

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**10. FINANCIAL INSTRUMENTS (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 September 30, 2016:				
Cash	7,831	–	–	7,831
As at December 31, 2015:				
Cash	21,517	–	–	21,517

**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.

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**RIFT VALLEY RESOURCES CORP.**

*(An Exploration Stage Company)*

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

(Expressed in Canadian Dollars) (Unaudited)

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**11. COMMITMENTS**

- (a) 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. in exchange for common shares of the Company. On March 29, 2018, the March 22, 2017 letter of intent was revised to be limited to distribution rights to certain technologies. On July 27, 2018, the Company and Metrolink entered into another revised letter of intent (the "LOI") that replaces all previous letters of intent between them. The LOI is for the Company to acquire 100% of the issued and outstanding common shares of Metrolink Solutions Inc. in exchange for 57,490,592 common shares of the Company. The LOI allows for the share exchange to be determined by a valuation report or fairness opinion acceptable to the Canadian Securities Exchange. The LOI allows for a finder's fee of 10%.
- (b) 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.

**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"), revised March 29, 2018 and July 27, 2018 (see Note 11(a)).

As at September 30, 2018, the Company had advanced \$867,487 to Metrolink (December 31, 2017 \$477,027).

**13. SUBSEQUENT EVENTS**

- (a) On October 2, 2018, the Company authorized and approved the creation and issuance of up to 15,000,000 units at a price of \$0.075 per share. Each unit is comprised of one common share one half common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one common share at a price of \$0.15 per common share until common share.
- (b) As at November 29, 2018, the Company had received \$114,360 in subscription proceeds pursuant to this financing.