FORM 2A

LISTING STATEMENT

This Listing Statement must be used for all initial applications for listing and for Issuers resulting from a fundamental change. CNSX requires prospectus level disclosure in the Listing Statement (other than certain financial disclosure and interim Management's Discussion and Analysis) and can require that the Issuer include additional disclosure.

General Instructions

(a) Please prepare this Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the applicant Issuer and any of its subsidiaries.

(c) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(d) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation.

(e) For Issuers that are re-qualifying for listing following a fundamental change, provide historic and current details on

(i) the Issuer

(ii) all other companies or businesses that are involved in the fundamental change (the "target"); and

(iii) the entity that will result from the fundamental change (the "Issuer").

Information concerning the Issuer that was contained in the most recent Listing Statement may be incorporated by reference, but this statement must indicate if any of the information in the prior statement has changed (e.g. describing a business that will no longer be undertaken by the Issuer). Information concerning assets or lines of business of the target that will not be part of the Issuer's business should not be included.

(f) This Listing Statement provides prospectus-level disclosure. It will be amended from time to time to reflect any changes to the prospectus disclosure requirements. If changed, the new form is to be used for the next Listing Statement the Issuer is required to file. The Issuer does not have to amend a Listing Statement currently on file to reflect any new disclosure requirements.

1. Table of Contents

2. Corporate Structure

2.1 The Issuer's full corporate name is Rift Valley Resources Corp. Its head office is located at 500-900 West Hastings St., Vancouver, BC, V6C 1E5 and its registered office is located at 2800-666 Burrard Street, Vancouver, BC V6C 2Z7.

2.2 The Issuer was formed pursuant to the *Business Corporations Act* (British Columbia) on March 20, 2013, as a result of an amalgamation between Avatar Ocean Technology Inc. ("Avatar"), which was incorporated under the *Business Corporations Act* (British Columbia) on October 11, 2011, and Rift Valley Resources Corp. ("Rift") which was incorporated under the *Business Corporations Act* (British Columbia) on December 14, 2009.

2.3 The Issuer has no subsidiaries.

2.4 On January 18, 2013 Avatar and Rift entered into an amalgamation agreement (the "Amalgamation Agreement") which provided for the amalgamation of Avatar and Rift. On February 19, 2013 the shareholders of Avatar ("Avatar Shareholders") and Rift ("Rift Shareholders") approved the Amalgamation Agreement. The amalgamation became effective on March 20, 2013 with the filing of the amalgamation application, articles of Amalgamation and completion of the following:

1) exchange of all Avatar shares ("Avatar Shares") for shares of the Issuer on a three and a half to one basis;
2) exchange of all Rift shares ("Rift Shares") for shares of the Issuer on a one to one basis;

The shares of the amalgamated company were issued on April 9, 2013.

Following the amalgamation, the Issuer's business became the business of Rift.

Based on the issued share capital of Rift and Avatar on the date of this Listing Statement the following table provides a summary of shares, options and warrants in the Issuer given effect to the amalgamation.

Shares, Options, Warrants	Preamalgamation Position	Position in the Issuer	Percentage in the Issuer
Avatar Shares	7,000,000	1,999,985	9.8
Rift Shares	18,391,667	18,391,652	90.2
Total Issuer shares*		**20,391,652**	**100**
Avatar options	Nil	Nil	Nil
Rift options	Nil	Nil	Nil
Total Issuer options		**Nil**	**Nil**
Avatar warrants	Nil	Nil	Nil
Rift Warrants (1)	Nil	Nil	Nil
Total Issuer warrants		**Nil**	**Nil**

***** On May 14, 2013 after the amalgamation, the Issuer issued 100,000 common shares pursuant to the CAT Mountain Option Agreement bringing the total number of issued and outstanding shares to **20,491,652**.

2.5 This section is not applicable as the Issuer resulted from the amalgamation under the *Business Corporations Act* (British Columbia).

3. General Development of the Business

3.1 The Issuer is an exploration company which resulted from the amalgamation between Avatar and Rift.

Avatar

Avatar was incorporated under the *Business Corporations Act* (British Columbia) on October 11, 2011 as a wholly-owned subsidiary of Greenfab Build Systems Inc. ("Greenfab") and was a reporting issuer in British Columbia, Alberta and Ontario.

Avatar was spun out of Greenfab Build Systems Inc. pursuant to a plan of arrangement that contemplated marketing of various technological innovations and processes applicable to a range of industrial areas but primarily in the use of zeolite in agriculture, and technology applicable to environmental cleanup of oil spills. Avatar has been inactive since its incorporation and since the plan of arrangement. Avatar was unable to proceed with the Egypt based technology it originally planned. Through its amalgamation with Rift, it will pursue opportunities in the resource exploration sector.

Avatar's registered and records office was located at 2000-1500 W Georgia Street, Vancouver British Columbia, Canada V6G 2Z6.

Rift

Rift was incorporated on December 14, 2009 under Business Corporations Act (British Columbia) under the name Metal Quest Capital Corp. On September 19, 2011 it changed its name to Rift Valley Resources Corp. Rift was a mineral exploration company and was not a reporting issuer prior to the amalgamation. Rift concentrates its efforts on the exploration of the CAT Mountain mineral property in British Columbia.

Rift's head office was located at 500 – 900 West Hastings St., Vancouver, BC V6C 1E5 and its registered and records office was located at 2800 – 666 Burrard Street, Vancouver, BC V6C 2Z7 prior to the amalgamation. The Issuer has the same head and registered office as Rift.

3.2 As approved by shareholders on February 19, 2013 and effective March 20, 2013, Avatar amalgamated with Rift, a private exploration company. The Issuer is continuing with Rift's main business which is the exploration of mineral properties.

The main asset of the Issuer is inherited from Rift and is the option agreement with the Cat Syndicate (a syndicate comprised of Donald K. Bragg, Donald K. Mustard, Peter Fox and Barry Price), dated November 30, 2011 and amended on January 9, 2013 (with a correction on April 30, 2013) to acquire interest in 20 mineral claims in the Omineca Mining Division. Rift Valley has the option to acquire a 75% interest in the mineral claims, a further 15% interest in the mineral claims and the final 10% interest in the mineral claims. The acquisition of the three option interests is set out in the following extract from the amended option agreement:

"4.0 ACQUISITION OF 75% OPTION AND 15% OPTION AND 10% OPTION

4.1 The Optionor and its Members hereby grant to the Optionee the sole and exclusive right and option, subject to the terms of this Agreement, to acquire up to a 100% interest in the Property free and clear of all charges, encumbrances and claims save and except for those set out herein.

4.2 The Optionor and its Members will grant the Optionee a 75% undivided interest in the Property (the "75% Option') upon the completion of all of the following:

*(a) **Exploration Expenditure** of a total of $1,500,000 on the Property in exploration and development expenses in the following aggregate amounts and by the times described and any amounts expended in any period in excess of the amount required to be expended shall be carried forward into the subsequent period or periods:*

(i) $350,000 on or before October 31, 2013;

(ii) $750,000 on or before October 31, 2015;

(iii) $1,500,000 on or before October 31, 2017.

*(b) **Cash Payments** to the Members in accordance with the percentages set out in the Syndicate Agreement in the following aggregate amounts and by the times described:*

(i) $50,000 on or before execution of this Agreement, the receipt of which is hereby acknowledged;
(ii) $100,000 on or before October 31, 2013;
(iv) $200,000 on or before October 31, 2014;
(v) $300,000 on or before October 31, 2015;
(vi) $400,000 on or before October 31, 2016; and
(vii) $500,000 on or before October 31, 2017.
*(c) **Issuance of voting common shares** (in the capital of Optionee) subject to Sections 4.5 and 4.6 ("Optionee Shares") to the Members in accordance with the percentages set out in the Syndicate Agreement in the following aggregate amounts and by the times described:*
(i) 500,000 shares on or before execution of this Agreement, the receipt of which is hereby acknowledged;
(ii) 600,000 shares on or before March 30, 2013;
(iii) 700,000 shares on or before March 30, 2014;
(iv) 800,000 shares on or before March 30, 2015;
(v) 900,000 shares on or before March 30, 2016;
(vi) 1,000,000 shares on or before March 30, 2017.

4.3 The Optionor and its Members will grant the Optionee an additional 15% undivided interest in the Property (the "15% Option") upon completing an additional $3,500,000 in expenditures on the Property within three years after the exercise of the 75% Option.

4.4 The Optionor and its Members will grant the Optionee an additional 10% undivided interest in the Property (the 1/10% Option") upon funding the Property to Commencement of Commercial Production.

4.5 In the event of a change in capitalization affecting the Shares, such as a subdivision, consolidation or reclassification of the Shares or other relevant changes in Shares, including any adjustment arising from a merger, acquisition or plan of arrangement, such proportionate adjustments, if any, appropriate to reflect such change shall be made by the Optionee with respect to the number of Shares to be issued to the Members.

4.6 The Shares issued under this Agreement shall be subject to resale restrictions which are required to be imposed on the Shares issued to the Members hereunder, pursuant to applicable securities laws, including Multilateral Instrument 45-102 of the Canadian Securities Administrators, the rules and policies of the TSX Venture Exchange and any applicable resale restrictions imposed by the U.S. Securities and Exchange Commission or under state securities laws.

4.7 All expenditures incurred hereunder, except for the costs of preparing this Agreement, shall be for the account of the Optionee. Any expenditures which have been incurred by the Optionee will entitle it to claim all tax benefits, credits, write offs and deductions with respect thereto.

4.8 The costs of preparing this Agreement shall be 50% payable by the Optionor and its Members, collectively, and 50% payable by the Optionee.

5.0 EXERCISE OF 75% OPTION AND 15% OPTION AND 10% OPTION

5.1 The Optionee may at any time after it has satisfied its obligations under Section 4.2 exercise the 75% Option by delivering a notice to the Optionor and its Members, provided always that nothing herein will at any time oblige the Optionee to give such notice.

5.2 The Optionee may at any time after it has exercised the 75% Option pursuant to Section 5.1 and satisfied its obligations under Section 4.3 and 4.4 exercise the 15% Option and 10% Option by delivering a notice to the Optionor and its Members, provided always that nothing herein will at anytime oblige the Optionee to give such notice.

5.3 If and when the 75% Option has been exercised, a 75% right, title and interest in and to the Property will vest in the Optionee free and clear of all charges, encumbrances and claims, save and except for the obligations of the Optionee under Section 11.0.

5.4 If and when the 15% Option and 10% Options have been exercised, a 100% right title and interest in and to the Property will vest in the Optionee free and clear of all charges, encumbrances and claims, save and except for the obligations of the Optionee under Sections 11.0.

6.0 JOINT VENTURE TERMS

6.1 Initial Interests

6.1.1 If the Optionee exercises the 75% Option pursuant to Section 5.1 and elects not to exercise the 15% Option pursuant to Section 5.2, the parties shall, at that time, form a joint venture (the "Joint Venture") and the percentage interests and deemed expenditures by each party will be as follows:

Percentage Interest	*Deemed Expenditure*
Optionee	*75%*
Optionor and its Members	*25%*

6.1.2 Subject to Section 6.8, each party shall bear a share of the Costs and liabilities incurred by the Joint Venture which is proportionate to its interest as that may be adjusted from time to time as contemplated in Section 6.4.

6.2 Management Committee

6.2.1 A management committee (the "Management Committee") will be formed to approve programs of exploration and development formulated by the Operator. The Management Committee will be comprised of two representatives and two alternate representatives of each party. Each party's representatives are collectively entitled to a vote which is proportionate to its party's interest. Management Committee decisions are to be made by simple majority.

6.3 Operator

6.3.1 The Optionee will be the initial Operator and, generally speaking, will remain operator so long as it maintains at least the largest single interest. The Operator is responsible for the daily direction of exploration, development and mining activities which it carries out on behalf of the joint venture.

6.4 Exploration Programs

6.4.1 After the exercise of the 75% Option, the Operator will propose draft exploration programs for Management Committee approval and carry out approved programs. Each party may elect to contribute its proportionate share of the Costs required to conduct the program. If a party elects not to contribute its share of Costs (and the other party elects to contribute the shortfall thereby created), the interests of the parties will be adjusted so that each party holds an interest proportionate to its contribution to total Costs. If a party's interest is so reduced to less than 10%, Section 6.8 shall apply. However, if any program is completed with less than 80% of the budgeted costs having been incurred, the non-contributing party may contribute its proportionate share of the actual costs incurred and thereby maintain its interest.

6.5 Mandatory Program

6.5.1 If, in any year there is no approved program and circumstances are such that the Operator must incur costs in order to maintain the Property, the Operator shall be entitled to propose a program (the "Mandatory Program") to incur those costs. The Mandatory Program

shall be deemed to be approved and each of the parties shall be obligated to contribute its proportionate share of Costs.

6.6 Feasibility Study

6.6.1 Any decision to place the Property into production is to be based on a feasibility study prepared by the Operator and approved by the Management Committee (the "Feasibility Study"). The Feasibility Study shall examine the following matters: a detailed statement of ore reserves; mining methods; metallurgy and processing (including metal recovery); environment, tailings and waste disposal; capital and operating cost estimates; manpower, social and community affairs; transportation methods and costs; marketing; project financing alternatives; a sensitivity analysis; and such other matters as it considers appropriate. The Feasibility Study is to be in a form and detail which the Operator considers suitable for each of the parties in arranging production financing for its respective share of mine costs.

6.7 Production Decision
6.7.1 The Management Committee may approve a Feasibility Study and the giving of a notice to each of the parties that a decision has been made to construct a mine on the property. Each party may commit to contribute its proportionate share, or some lesser share, of the costs required to construct and to operate the mine. Each party which elects to contribute will hold an interest equivalent to its committed percentage contribution.

6.8 Dilution
6.8.1 A party whose interest is diluted below 1% as contemplated in Section 6.4.1 will be deemed to have assigned and conveyed its interest to the other party.

6.9 Operating Plans
6.9.1 A mine shall be operated on the basis of annual operating plans approved by the Management Committee, provided that the Management Committee may temporarily suspend or permanently terminate operations pursuant to a suspension or closure plan approved by it.

6.10 Distribution of Production
6.10.1 A party contributing to Costs and mine construction costs is entitled to receive, in kind, its proportionate share of any minerals produced and to separately dispose of the same.

6.11 Payment of Costs
6.11.1 The Operator may invoice each party which has elected to contribute to Costs or mine construction costs incurred or to cash call reasonably in advance of requirements. If a party does not pay the amount invoiced within 30 days, the Operator may demand payment. If payment is not made within 30 days of demand the other party may elect to advance the amount of the defaulted payment and subject to an election not to contribute pursuant to Section 6.4.1 the defaulting party will be deemed to have forfeited all its rights and interest under this Agreement.

6.12 Right of First Offer
6.12.1 A party wishing to dispose of its interest will, by notice, first offer to sell it to the other party for a price and on terms which the disposing party establishes. If the other party does not accept the offer within 90 days the disposing party shall then have 180 days to dispose of its interest to a third party for the same or greater price and on the same terms or terms no more favourable to the third party. The right of first offer shall not apply to transfers to affiliated corporations."

Rift also agreed to pay, as consideration for deferment of the terms of the original option agreement, $10,000 in cash by January 31, 2013 which has been paid and to issue 100,000 shares to the member of CAT Syndicate on the initial date of trading of the shares of the Issuer on a stock exchange.

In addition, the option agreement provides for the Issuer to pay to the Optionor a 2% Net Smelter Return Royalty upon acquiring a 75% interest in the Cat Mountain properties. The Issuer has the option to buy

down one-half of the Net Smelter Royalty upon payment within three years of the exercise of the 75% option by payment of the sum of $2,000,000.

The Cat Mountain property option agreement is in good standing.

All the assets and liabilities of both Avatar and Rift are now those of the Issuer but there are no obligations or outstanding conditions respecting the amalgamation itself as it became effective March 20, 2013.

No independent valuation opinion was commissioned by the boards of the companies. The amalgamation was negotiated and concluded at arms-length.

The transaction is not with a Related Party.

The pro-forma consolidated financial statements of the Issuer after giving effect to the amalgamation as of September 30, 2012 are attached to this Listing Statement.

3.3 Other than as disclosed in this Listing Statement, the Issuer is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Issuer's business, financial condition or results of operations.

However, except for statements of historical fact contained herein, the information presented in this Listing Statement constitutes "forward–looking statements" or "information" (collectively "statements"). These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

In some cases, forward-looking statements can be identified by terminology such as "anticipate", "believe", "continue", "estimate", "expect", "forecast", "intend", "likely", "may", "outlook", "plan", "potential", "predict", "should", "will", or the negative of these terms or other comparable terminology. Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited, risks related to our limited operating history and history of no earnings; competition from other companies in the exploration business; changes to government regulations; dependence on key personnel; general economic conditions; local economic conditions, including the demand for natural resources; interest rates; availability of equity and debt financing; increased exploration costs, including costs of labour, equipment and environmental compliance; and other risks factors described from time to time in the documents filed by the Issuer with applicable securities regulators, including in this Listing Statement under the heading "Risk Factors".

Forward–looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Issuer undertakes no obligation to update any forward–looking statement if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

4. Narrative Description of the Business

4.1 (1) The Issuer has only one operating segment, the exploration of its mineral property.

(a) The Issuer expects to continue the phase I recommended program at a minimum to expend the $250,000 required to keep the Cat Mountain option agreement in good standing in the forthcoming 12-month period;

(b) The timing of significant milestones relate directly to the commitments in the option agreement with The Cat Syndicate described above requiring a cash payment of $50,000 and minimum expenditures of $250,000 by October 31 2013;

(c) The total funds available to the Issuer:

(i) the estimated consolidated working capital as of the most recent month end prior to filing the Listing Statement is $129,450 in cash or equivalents on hand, and

(ii) In addition to the current working capital, the Issuer intends to raise further funds in the approximate amount of $500,000 subsequent to listing to fund the planned use of proceeds outlined in (1) (d).

(d)

Use of Proceeds	Cost
CNSX listing and monthly fees	$16,000
Legal and Accounting Offering Expenses	$34,000
Option payment	$100,000
Property Expenditures	$250,000
Operating expenses:	$100,000
Management fees: $48,000	
Professional fees: $25,000	
Occupancy: $18,000	
Office: $9,000	
Unallocated working capital	$129,450
Total	$629,450

On March 4, 2013 and March 11, 2013 Rift raised a total of $120,000.05 by issuing 666,667 common shares at $0.15 and 100,000 common shares at $0.20. The Issuer intends to raise further funds after listing.

4.2 The Issuer has no asset backed securities.

4.3 The following is the disclosure regarding mineral property.

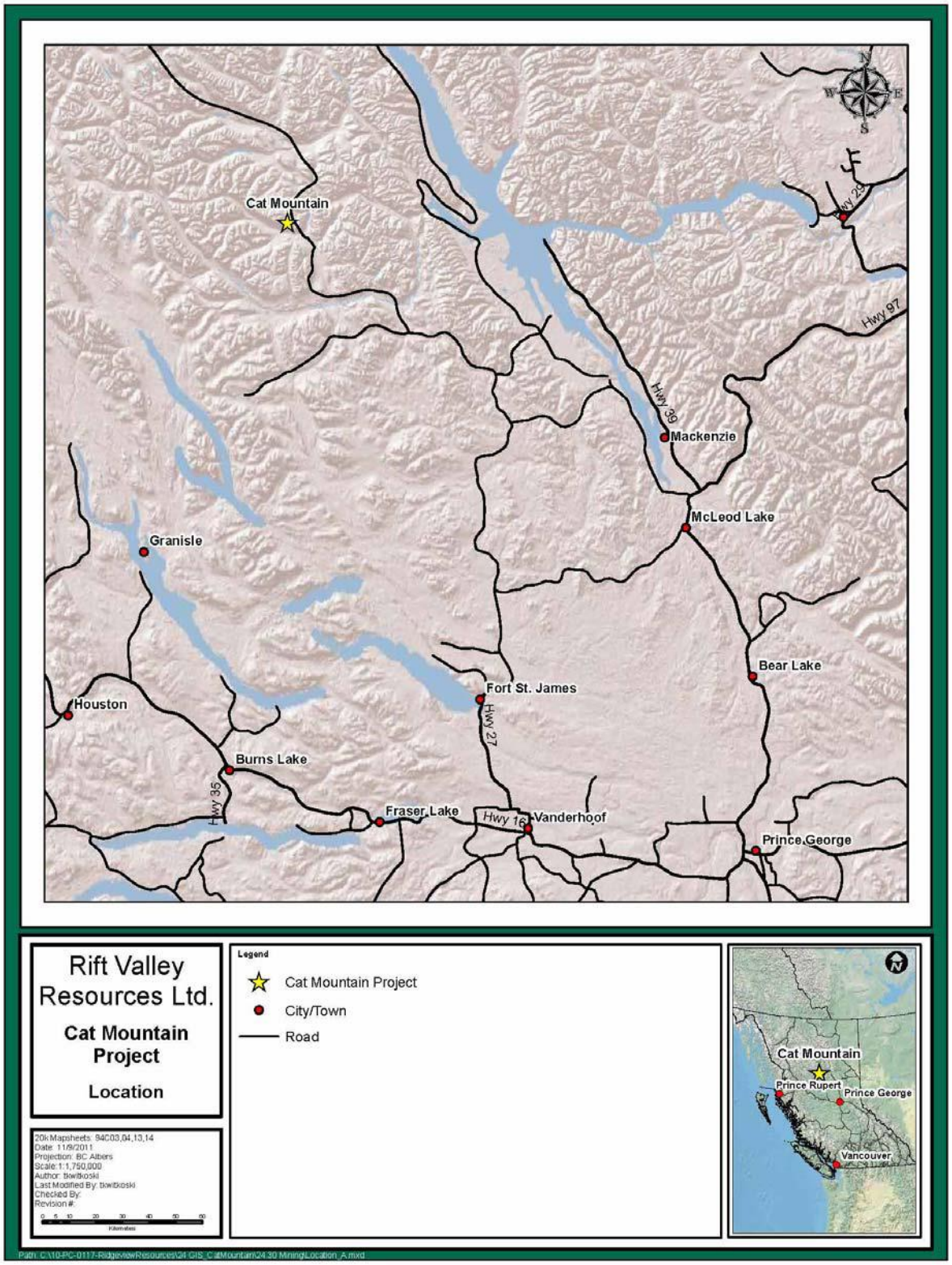
The issuer has an option to acquire the Cat Mountain Property. The following disclosure is based on Technical Report entitled "NI 43-101 Technical Report on the Cat Mountain Property" dated May 15th, 2012 and amended on May 7, 2013 prepared by Ken MacDonald, P. Geo. The report is included in the information joint information circular of Rift and Avatar dated January 21, 2013, which is available at www.sedar.com

(1) Property Description and Location

The Cat Mountain Property is located in the Omineca Mining Division of north central British Columbia, Canada. It is approximately 300 kilometres northwest of the City of Prince George. The property is almost exclusively confined to NTS map sheet 094C/03 (BCGS mapsheet: 94C.004) and is centered at Latitude 55.0614° N and Longitude 125.3702° W; or UTM Zone 10, 352505 East and 6215571 North (Figure 1).

The property is situated on the western side of the Swannell Range of the Omineca Mountains. The property is approximately 5 kilometres west of Uslika Lake. The southern property boundary straddles the Osilinka River at its confluence with Haha Creek. The northern property boundary terminates at Thane Creek.

Figure 1: Property Location Map



The property consists of 20 contiguous mineral claims covering approximately 5,985 hectares of unsurveyed crown land. The claims are 100% owned by Donald K. Bragg (Free Miner Certificate# 103083). Beneficial interest is held in the claims, after all expenses have been paid to Donald K. Bragg, by Donald K. Bragg (40%), Donald Mustard (20%), Peter Fox (20%) and Barry Price (20%).

Note: Subsequent to the Effective Date of the 43-101 Technical Report on the Cat Mountain Property a limited exploration program was conducted in 2012 consisting primarily of line cutting, road repairs, camp upgrading and limited geological mapping. That work was filed for assessment credit with MBC Mineral Titles Online, Event no. 5413926 and the Expiry Date for the claims shown in Table 1 below reflects this assessment credit.

Table 1: Cat Mountain Claims

Title	Name	Owner	Mapsheet	Staked	Expire	Area (Ha)
245694	BET 1	103083 (100%)	094C004	1972/nov/28	2017/oct/01	25
513881		103083 (100%)	094C	2005/jun/03	2014/oct/01	487.7
513883		103083 (100%)	094C	2005/jun/03	2014/oct/01	487.7
513888		103083 (100%)	094C	2005/jun/03	2014/oct/01	505.5
513889		103083 (100%)	094C	2005/jun/03	2014/oct/01	36.14
513890		103083 (100%)	094C	2005/jun/03	2014/oct/01	252.9
514837	KIM 7	103083 (100%)	094C	2005/jun/20	2014/oct/01	18.06
832453		103083 (100%)	094C	2010/aug/30	2014/oct/01	36.09
837063	ZIP 1	103083 (100%)	094C	2010/nov/01	2014/oct/01	433.6
837066	BAP6	103083 (100%)	094C	2010/nov/01	2014/oct/01	451.9
837068	BAP 7	103083 (100%)	094C	2010/nov/01	2014/oct/01	433.8
837074	ZIP 2	103083 (100%)	094C	2010/nov/01	2014/oct/01	433.1
837079	ZIP 3	103083 (100%)	094C	2010/nov/01	2014/oct/01	433.5
837080		103083 (100%)	094C	2010/nov/01	2014/oct/01	90.35
837082	ZIP 4	103083 (100%)	094C	2010/nov/01	2014/oct/01	433.3
837085	BAP 8	103083 (100%)	094C	2010/nov/01	2014/oct/01	433
837086	ZIP 5	103083 (100%)	094C	2010/nov/01	2014/oct/01	180.5
837087	BAP 9	103083 (100%)	094C	2010/nov/01	2014/oct/01	72.31
837088	BAP10	103083 (100%)	094C	2010/nov/01	2014/oct/01	396.9
837098	BAP 11	103083 (100%)	094C	2010/nov/01	2014/oct/01	343.4
					Total	5984.75

Option Agreement

Rift Valley entered into an agreement with the Cat Syndicate (a syndicate comprised of Donald K. Bragg, Donald K. Mustard, Peter Fox and Barry Price), dated November 30, 2011 and amended on January 9, 2013 to acquire interest in 20 mineral claims in the Omineca Mining Division. Rift Valley has the option to acquire a 75% interest in the mineral claims, a further 15% interest in the mineral claims and the final 10% interest in the mineral claims on completing specified levels of expenditures, cash payments and share issuances. To earn 75% requires expenditure of $1,500,000, cash payments of $500,000 in tranches on or before October 31, 2017 and share issuances totaling 1,000,000 in tranches on or before March 30, 2017. An additional 15% may be acquired by completing an additional $3,500,000 of exploration within 3 years after the exercise of the 75% Option and the final 10% may be acquired upon funding the Property to Commencement of Commercial Production.

Rift Valley also agreed to pay, as consideration for deferment of the terms of the original option agreement, $10,000 in cash and to issue 100,000 shares to the CAT Syndicate on the date of listing of Rift Valley shares on a stock exchange.

In addition, the option agreement provides for Rift Valley to pay to the Optionor a 2% Net Smelter Return Royalty upon acquiring a 75% interest in the Cat Mountain properties. Rift Valley has the option to buy down one-half of the Net Smelter Royalty upon payment within three years of the exercise of the 75% option by payment of the sum of $2,000,000.

Work Permits

The BC government (Ministry of Forests, Lands and Natural Resource Operations) is the authority responsible for issuing permit approval for mechanized exploration on mineral claims. Prior to conducting mechanized exploration, a Notice of Work, including a plan for reclamation, must be filed with and approved by, the local government office in Prince George. The Notice of Work describes the proposed exploration activities and any remedial reclamation. A reclamation bond must be posted with the agency, with the bond amount commensurate with the size of the proposed disturbance.

The Cat Syndicate (vendors) previously held a permit on the property that allowed diamond drilling, trail construction and excavator trenching. Rift Valley will be required to apply for a permit before conducting any additional mechanical surface disturbance, including IP survey, trail construction, trenching and diamond drilling. Rift Valley will also be required to post a reclamation bond prior to issuance of the permit. Rift Valley has commenced the application process for a permit to authorize planned 2012 exploration on the property. Low-impact exploration including mapping and geochemical sampling does not require a permit.

Tree cutting of merchantable timber will require approval from the Ministry of Forests, Lands and Natural Resource Operations. Depending on timber volumes, either a Free Use permit or a License to Cut will be required.

Environmental Liability

There are no known environmental liability issues related to mineral exploration so far identified on the property. Previous surface disturbance by historical operators is limited to construction of short exploration trails to access trench and drill sites. These trails are generally only accessible by tracked equipment or ATV and normally require some rehabilitation to re-open the trail, due to falling slough.

The author of the NI 43-101 technical report has examined the main exploration workings on Cat Mountain (drill sites and open trenches). Some drill pads and trenches at the main zone remain open and available for further sampling or drilling. The trenches are generally shallow or open with well-sloped trench walls; and the drill sites are stable. The author of the NI 43-101 technical report is of the belief that the sites are stable, non-erosive and present no significant health, safety or environmental issues. However, the can be no guarantee that environmental issues will not arise in the future.

Commercial logging has been done on parts of the property but the replanting requirements are the responsibility of the tenured forestry company

(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access

There are two main forestry road networks that connect to the southern part of the property - the Thutade FSR – Germansen North gravel road network that connects to the town of Fort St. James (200 km) or the Osilinka FSR - Finlay FSR gravel road network (250 km) that connects to the town of Mackenzie. Both networks meet just south of Uslika Lake and within a few kilometres of the Thane Creek road, which is the secondary road that leads directly onto the property. Local access to the claims and camp area is by a branch logging road that leaves the Thane Creek road at kilometre 7.

There are old excavator and cat tracks on the property that have been used over the years for trench and drill access but these trails are generally only passable by tracked equipment or ATV. Access to currently untracked areas would require helicopter, particularly in the northern part of the claims.

The main logging roads are generally all-weather, well-constructed logging roads that are normally maintained by logging companies that are working in the area. The roads are generally snow-free from May until October unless plowed for winter timber harvesting.

Commercial helicopter services are available in Prince George, Fort St. James and Mackenzie.

Helicopters are occasionally stationed in the local area if involved with forestry, environmental or mining exploration work.

Climate

The climate of the region is typical of the north central interior of BC, with long cold dry winters and short, warm, dry to moist summers. The lower claim elevations are snow free from May to November while at higher elevations snow may linger until June and occur again by September.

The average temperature recorded at Fort St. James is 3.1°C, with an average monthly temperature of 15.3 °C in July and an average monthly temperature of -11.3°C in January.

Precipitation is mainly in the form of snow with an average annual snowfall accumulation of 192 cm. Average annual rainfall at Fort St. James is 29.4 cm. Average annual monthly precipitation is 48.7 cm. The annual number of frost free days is approximately 54. Exploration is normally done between May and October.

Local Resources and Infrastructure

The area is somewhat isolated and there are no local resources for food, accommodation, fuel or propane. The Osilinka Forestry camp, formerly owned by Abitibi Bowater, is located 26 road kilometres east of the property but is presently closed and not expected to re-open in the near future. All supplies and services must be brought in from Prince George, Mackenzie or Fort St. James.

There is no exploration or mine infrastructure located on the property. There is a small exploration camp located on the property, in an old clear-cut, that consists of several log shelters and core racks.

Prince George is the regional economic centre and is a service and labour supply center for exploration including field supplies and diamond drilling services. There are active open-pit mining operations in the region, including Thompson Creek's Endako Mo mine (west of Prince George) and their Mt. Milligan Cu-Au mine located north of Fort St. James (presently under construction).

The Cat Mountain property is located approximately 17 km southwest of the Kemess power line, a private high capacity powerline that connects the idled Kemess South open-pit Cu-Au mine to the BC Hydro grid at the Kennedy substation, near Mackenzie, BC. The nearest active railhead to the property is also available at Mackenzie, and is approximately 295 road kilometres from the eastern edge of the property. There is sufficient water available in the immediate vicinity of the property to support both exploration and potential mining activities.

Physiography

The Cat Mountain property is located on the western side of the Swannell Range, a major northwest trending range of the Omineca Mountains. The property is characterized by Cat Mountain, a conical hill that sits in the approximate center of the property; and a second similar-sized unnamed mountain to the north (Figure 3). Cat Mountain ranges in elevation from 1,740 m above sea level (ASL) at the top dropping down to the Osilinka River valley at approximately 920 m ASL. The northern mountain rises to its summit at 1,620 ASL and drops down to 1,080 ASL at Thane Creek.

Slopes are generally shallow at the base, rising to precipitous at the peak of both mountains. Outcrop is well exposed on the high eastern edge of Cat Mountain. Talus development is extensive on the southern and western slopes of Cat Mountain, while the northern and mid-easterly slopes are commonly vegetated. The tree line is variable but in general can be found on mountain slopes at about 1,650 m ASL. A series of ridges on the western and southern sides of the top of Cat Mountain form an L-shaped cirque that encloses a small, boggy area.

The main valleys are occupied by the Osilinka River to the south, and Thane Creek to the north. The Osilinka River valley is broad and U-shaped. Thane Creek is more narrow and v-shaped. An air photo interpretive terrain analysis of the area was completed by BP Resources in 1990 using stereo-pairs (Humphreys et al, 1990). This work

identified that the last major movement of the Cordilleran ice sheet over the area was towards the northeast (030°-060° azimuth). The characteristic landforms of the area are, however, erosional forms produced by mountain glaciers moving down broad east and southeast trending trunk valleys that are interconnected through valleys and low passes. Surface glacial deposits are generally related to the later valley glaciers and have covered or reworked older deposits of the major ice sheet. Erosion and deposition by cirque glaciation has also modified north-facing slopes, whereas south-facing slopes were not subject to intense alpine glaciation and are more precipitous. Late-stage valley ice flow was eastward along the Osilinka Valley and southward out of the tributary through valleys bounding the ridge covered by the claims.

Glacial effects are widespread over the property. Local tills and colluvium predominate on the slopes of Cat Mountain. There is glacial till and fluvioglacial outwash that blankets the valley bottoms. Outcrop exposure is generally limited to ridge tops, mountain slopes above treeline and occasional creek gullies where fluvial processes have eroded the till blanket. Some mid-elevation slopes are extensively covered by talus which can make prospecting difficult. Soils are generally characterized by thin organic and A horizon soils, overlying well-developed B horizon soils that overlie weathered subcrop.

All tributary creeks and streams flow to the Osilinka River which itself flows eastward to the Omineca Arm of Williston Lake. Williston Lake drains through the east flowing Peace River, eventually reaching the Arctic watershed. First order streams are mainly ephemeral and are generally not expected to flow year round except for several that connect to second order tributaries.

Vegetation is dominated by sub-alpine spruce and balsam trees that form a thick carpet over much of the mid-elevation areas, giving over to spruce and Lodgepole Pine at lower elevations. Broadleaf deciduous trees and shrubs, such as alder, birch and aspen, are dominant at lower elevations, especially valley bottoms and along the banks of the Osilinka River. The understory is dominated by shrub, berries, lichen and mosses. Above tree-line the slopes can be covered with low shrub and small evergreen trees.

Wildlife in the area includes goats, mountain sheep, mountain caribou, wolf, grizzly bear, black bear, deer, moose, elk, beaver, lynx, bobcat, and several species of birds. Moose are common in the upland forest and deer are found in areas where adequate grazing exists. The Osilinka River and its tributaries support trout and kokanee fisheries.

(3) History

Exploration work dates back to 1957 when Croydon Mines, a subsidiary of Bralorne Mines, conducted trenching and drilled two short holes on gold-copper-silver-magnetite lodes exposed on the summit area of Cat Mountain. Croydon dropped their interest in 1963. The prospect was later staked in 1972 by geologist A. Gerun who located the Bet 1 claim over the most favorable mineralization. A modest 4-day program was completed in 1974, and included mapping and a small ground magnetometer survey.

Mapping identified 8 north-trending “mineralized fault” zones of chalcopyrite-dominated copper mineralization, ranging in length from 80’ to 230’, and widths between 1’ and 15’. Three mini-bulk samples taken from the “G” zone returned grades that averaged between 2.561 oz/ton Au and 3.714 oz/ton Au (Tegart, 1974). No assay certificates were provided in the 1972 assessment report to confirm the reported grades.

In 1974 BP Minerals Limited (BP) completed reconnaissance soil and stream sediment geochemistry as well as geological mapping at Cat Mountain. They subsequently staked two claims in 1975 to cover the prospect. The work in 1975 included 100 kilometres of line cutting, geological mapping, geochemical sampling, a ground magnetic survey and 6.5 line kilometres of IP survey. Geochemistry included talus, rock-chip, seepage and stream sediment sampling. An additional 48 line kilometres of grid was established using hip chain and compass. A low level airborne magnetic survey was also completed at this time, as part of a larger airborne survey, and covered 110 line kilometres on the CAT claims. A total of 620 samples were collected and submitted for copper, lead, zinc and molybdenum. Trace metal distributions identified 5 anomalous areas elongated along a northeastwardly trending zone (Mustard, 1976).

A number of small drilling campaigns were completed by BP: two BQ holes in 1977 totaling 315m and 7 EX holes totaling 214m in 1979. The 1977 drill campaign targeted the eastern side of the Bet shear zones and identified near

ubiquitous pyrite throughout most of the drill intervals, with chalcopyrite mineralization noted in several intervals of lapilli tuff to agglomerate. No results were provided in the report (Bates, 1977). Humphreys later reported that copper and gold values in both holes were “sparse: (Humphreys et al, 1990).

The 1979 drill campaign also included a small VLF-EM and magnetic survey and three cat trenches to test the aeromagnetic high in the southern part of the claims. The drilling was focused on the southern contact area of a syenite porphyry body and was intended to test for disseminated copper and fracturefill, magnetite-copper-gold mineralization. Secondary objectives included: test the continuity of the structure and grade of the “No. 1 Vein” (the main vein of interest to that point); and to expose and drill test the source lithology of a prominent ground and aeromagnetic anomaly trending northwest through the southern claim area which was suspected to reflect magnetite-Au-Ag-Cu values similar to "No. 1" vein.

The program focused 5 holes on the upper and lower trench areas but three holes were abandoned due to poor ground conditions. A geophysical EM and ground magnetometer survey on a 10.7 line km grid located a prominent magnetic linear in the southern claim area which was trenched and drilled. Drilling in the upper trench area intersected syenite porphyry with up to 6% pyrite with lesser chalcopyrite and returned low-level values in copper and gold. The contact volcanics adjacent to the porphyry were found to be weakly altered to chlorite and epidote and enriched in pyrite. The copper-gold-silver mineralization in the upper trench area was determined to be predominantly in an oxide phase in magnetite-quartz-tourmaline-specularite veins; whereas in the lower trench area copper-gold mineralization occurred with pyrite and pyrrhotite in a sulphide phase.

Two holes tested the magnetic linear which was explained by magnetic-pyrrhotite rich, biotite hornfelsed volcanic rock that marked the contact zone between a monzodiorite intrusion to the west and Takla Group volcanics to the east. The hornfels was found to be intimately intruded by k-feldspar veinlets and narrow granite dykes. It contained an average of 6% fine-grained disseminated, occasionally massive, pyrite-pyrrhotite-chalcopyrite; which returned low-level assays for copper and gold. The best result was from a chip sample in trench 3 that returned >10,000 ppm Cu, 5 ppm Ag and 1,060 ppb Au. IP surveys were recommended in the valley surrounding Cat Mountain in the hope of identifying a porphyry copper-gold source for the Cat Mountain mineralization (Bradley et al, 1980).

BP Resources acquired the property again in 1986 and formed a joint venture with Lysander Gold Corporation. Exploration resumed in 1989 looking for a Mount Milligan type, alkalic Au-Cu porphyry deposit. Alkalic porphyry potential was indicated by the local geology comprising syenite porphyry bodies of the Hogem Batholith, associated with potassic alteration, intruding propylitized pyroclastic andesite of the Takla Group volcanic assemblage.

Work included drilling, trenching, geochemical surveys and 47 line km of grid work and a ground magnetometer survey. Sampling of B-horizon soil (1262 samples) established six distinct Au-Cu anomalies in thin overburden in an area that measured 2.2 km by 0.5 km, with an anomaly threshold of 40 ppb Au and 150 ppm Cu. Excavator trenching recovered 221 samples from test pits and 325 samples from trenches. 114 samples were taken from 97 deep overburden pits. Seven NQ diamond drill holes were drilled for a total of 552 m of core and 220 samples. Six holes tested the Bet zone (holes 89-1 to 6) and one hole tested the south magnetic anomaly (89-7). No drill muds were used and drill recovery was considered poor. Anomalous Au-Cu in soil values were strongest in the a “V-shaped” zone that measured 700 m X 800 m overlying the west and south facing slopes of Cat Mountain. Diamond drilling confirmed anomalous trench results, including 0.18% Cu and 1.44 g/t Au across 35.7 m in hole A89-1 and 0.20% Cu and 0.51 g/t Au over 29.9 m in hole A89-4. Ground magnetic data revealed Au and/or Cu-rich zones can follow magnetic highs (south slope), magnetic lows (western mineralized zone), and can also lie adjacent to these features. Lithogeochemical Cu-Au trends identified Mo, Ag, W and Bi as important pathfinder elements at Cat Mountain. By contrast Pb and Zn were found to be distinctly peripheral to Cu-Au anomalies. A large exploration program was recommended for follow-up (Hoffman et al, 1990).

In 1990 BP completed a series of reconnaissance geochemical programs whose purpose was to identify alkalic porphyry copper-gold targets in areas outside of the known copper and gold showings. The 1990 sampling was a continuation of a program of soil geochemistry begun in 1989. A program on the northern claims consisted of geological mapping, soil/talus fine sampling, drainage sediment sampling and rock chip sampling. A total of 116 samples, comprised of 78 soils, 11 talus fines, 11 stream sediments, 5 seepage sediments and 13 rock chip samples, were collected at a nominal 100 m interval along four traverse routes; two in the hills in the north and one each

along opposite sides of Thane Creek. Several multi-element Cu, As and Au anomalies were identified and warranted follow-up (Bradley et al, 1991).

A soil survey consisting of 727 samples was done on the Cat 3, 4, 5, 16 and 17 claims. Samples were collected at 50 m intervals on grid lines spaced from 100 m to 400 m apart (Humphreys, 1991). A soil survey consisting of 889 samples was done on the Cat 2, 7, 8, 9, 10 and 12 claims. Samples were collected at 50 m intervals on grid lines spaced from 100 m to 400 m apart (Humphreys, 1991). A soil survey consisting of 91 soil samples on a semi-reconnaissance level was completed on the Cat 18 claim (Humphreys, 1991). The results tended to show that copper and gold soil anomalies exist away from the areas with known copper-gold bedrock showings and thus represent targets for future exploration. A program of infill soil sampling followed by trenching and diamond drilling was recommended to test the anomalies found in 1990.

BP mounted another program in 1990 on the property (Humphreys et, 1990). Work included geological mapping, 106 line km of cut grid; 20 km of flagged lines, 1908 soil samples, 125 chip samples, an IP/Resistivity survey, a ground magnetic survey, and drilling 14 holes for a total of 2164.8 m. Ten holes totaling 1,528.1 m tested the Bet zone and the remaining 4 holes tested geophysical targets in the southern grid area. A total of 480 m of cat trail was cut to provide access for trenching, which totaled 500 linear metres.

The 1990 soil survey identified three new geochemical targets and extended the size of the Cat Mountain zone defined in 1989. Magnetic and IP anomalies, however, could not be directly correlated with soil anomalies other than over the Cat Mountain summit area.

Core recoveries in the 1990 drill campaign were superior to earlier efforts and usually averaged >90%. Hole CD-90-1 cut a massive magnetite vein in strongly fractured and oxidized latite from 95m that returned 6.6 ppm Au and 0.07% Cu over 16m, including 1.4 m of 63.1 ppm Au and 0.60% Cu. An upper shear zone returned 3.3% Cu over 2m from 41m. High copper and gold values were assumed to be related to brittle, oxidized fault zones. Hole CD-90-3 cut two distinct mineralized zones. An upper zone of strongly fractured, altered and limonite-rich latite returned 26 m of 0.86 ppm Au and 0.07% Cu from 3m. A second deeper zone cut a strongly faulted and malachite-rich section of syeno-monzonite that assayed 26m of 0.06 ppm Au and 1.2% Cu from 51m. Although massive magnetite was not intersected in hole 3, it was considered the up-dip extension of the zone encountered in hole CD-90-1.

Drilling at the Bet zone showed the mineralization decreases rapidly along strike to the south. BP felt there was little likelihood of a buried porphyry copper-gold deposit directly beneath the Bet zone; and that the prospect for a sizeable high grade vein deposit at Bet was considered poor due to the irregular distribution of gold in the host shear/fault zones. Drilling in the southern area revealed porphyry-related alteration and considerable pyrite mineralization in latite fragmental rocks (hole CD-90-14) thatenhanced the potential of this area. BP postulated the Bet zone is analogous to a peripheral zone to a mineralized alkalic copper-gold porphyry system, comparable to the Creek and Esker zones at Mt. Milligan. Diamond drilling was recommended to test geochemical and geophysical targets around the "skirt" edge of Cat Mountain.

Drilling work continued into 1991 with BP completing a further 15 holes (91-15 to 29) comprising 2,122m of core drilling (results of this work were not available for review). A small program was conducted by BP in 1992 including a low level airborne magnetometer survey (results of this work were not available for review).

Lysander Minerals (Lysander) as sole owner carried out two drilling campaigns in 1994 and 1995 focused on the known quartz-magnetite veins at the Bet zone. Drilling included four holes totaling 465m in 1994 and three holes totaling 178m in 1995. The 1994 fall campaign drilled the Upper Copper zone. DDH C94- 1 was drilled to test the continuity of the gold intersections obtained in DDHs 90-1 and 90-3. It intersected the best interval of the program; 5.68m of 0.357 oz/ton from 69.28m. Hole C94-4 tested this interval to the north and cut 2.44m of 0.220 oz/ton from 39.04m (Richardson, 1994).

In 1995, three additional holes were drilled to extend northwards, and to depth, the favorable intersections from 1994. A heli-portable hydraulic drill was used but was unable to penetrate silicified rock. The program was unsuccessful in testing targets due to difficult drilling conditions. However, Richardson felt the Upper Copper Zone gold mineralization was still open at depth and results on Magnetite Vein #1 and #2 justified additional testing of the veins for grade and continuity (Richardson, 1995).

Lysander drilled the property in 2004 and successfully completed a total of 1,117 metres in holes 04-8 and 04-9 on the Bet zone, with combined NQ-2 and HQ equipment. The program consisted of rehabilitation of original access roads (for tracked machinery and ATV access) from the Thane Creek road to the drill area on the summit area of Cat Mountain. The purpose of the drill program was to confirm previous assay results obtained in past programs, assess the geometry of the Bet zone and to test the mineralization at depth. Hole 04-8 was collared at the site of hole 89-1 and was drilled to a depth of 544.7 metres. It intersected 39 metres of 0.14% Cu and 1,240 ppb Au from below the drill collar down to a depth of 42m. Hole 04-9 was collared 100 metres west at the site of hole 90-1 to determine the geometry of the zone along section 189+8ON. It cored to a depth of 672 metres and returned 27m of 0.23% Cu and 840 ppb Au from below the drill collar down to a depth of 30m. Steeply dipping pyritemagnetite structures were believed to be the chief controls on mineralization where gold grades increased above 1 g/t. These zones were often faults and shear zones and appeared to be largely restricted to the host volcanic strata, with the intervening host rock also mineralized but of low gold tenor. Further work was recommended to trace these mineralized structures northerly along the trace of the Bet zone (Fox, 2005).

The 2005 program continued exploration of the Bet zone where five holes were drilled on the westerly slopes of the mountain. Two holes were also drilled on the Hoffman zone some 200 metres east to test a copper-gold soil anomaly previously determined by BP Resources, and one hole was drilled on the North zone on the northerly slopes of Cat Mountain to test a chargeability anomaly outlined during the 2005 IP survey. In addition, 15 km of grid preparation, 10 km of 3D induced polarization work and 336 soil samples were completed on the North zone. Drilling recovered 1,447 m of NQ-2 core in eight holes (Fox, 2006).

The Bet zone was tested with five holes (05-11 to 15, 741 metres) collared over a strike distance of 500 metres between hole 04-8 and hole 05-11 at the north end of the zone. These holes cored variably altered and mineralized Witch Lake volcanics and narrow syenitic feldspar porphyry dikes. The chief mineralized structure was intersected by holes 05-11 and 05-13, the northerly extension of the structure exposed at 04-8 drill site. Hole 05-11 cut 12m of 1.01% Cu and 87 ppb Au from 8 m depth. Hole 05-13 cut 14 m of 1.01% Cu and 60 ppb Au from a downhole depth of 8m. Drilling at the Hoffman zone cored pyritic, intensely altered coarse volcaniclastic rocks and feldspar porphyry throughout. Pyrite and lesser amounts of finely disseminated chalcopyrite were dispersed throughout hole 05-17. The hole cut 46 m of 0.24% Cu and 81 ppb Au from a downhole depth of 24m, and bottomed in pyritic, highly altered, fractured and sheared feldspar porphyry. The hole drilled at the North zone was barren. Further work was recommended (Fox, 2006).

In 2007, Lysander completed 238 line kilometres of heliborne magnetic and electromagnetic surveys over the Cat Mountain area, including 24 line-km of tie lines. Flight lines were flown in an azimuthal direction of 90° with a line separation of 150 metres. The purpose of the survey was to assist in the search for Cu-Au porphyry deposits along the eastern extremity of the Hogem Batholith, where small satellite intrusions of this body intrude the Witch Lake Formation and where a number of showings of disseminations and fracture fillings of malachite, azurite, chalcopyrite, pyrite and chalcocite have been noted and explored in the past. The survey results clearly defined a prominent magnetite-rich circular resistive unit associated with Cat Mountain. Lying directly south of Cat Mountain is a northwest trending magnetite-bearing unit approximately 1.5 km in length. This feature is more conductive than Cat Mountain and does not have any topographic relief. It was recommended that a complete assessment and detailed evaluation of the survey results be carried out, in conjunction with all available geophysical, geological and geochemical information (Walcott, 2007).

Lysander proceeded to option the property to Cadillac Mining who drilled 7 NQ holes (1,290m) in late 2007. The drilling tested 300 metres of strike length of the northerly trending “Hoffman” copper-gold geochemical anomaly (07-18 through 07-24). All drill holes intersected copper mineralization. Semimassive sulphides carrying chalcopyrite, pyrite, pyrrhotite and magnetite were seen in ‘core zones’ controlled by shearing and bounded by disseminated pyrite - chalcopyrite margins extending for tens of metres away from the core zones. DDH 07-21 intersected 5.15 metres (from 45.2m) of semi-massive sulphides returning 5.7% Cu with coincident gold and silver values of 3.1 g/t and 4.6 g/t, respectively; including 1.5 m of 9.9% Cu and 5.8 g/t Au. The overall mineralized interval returned 1.11% copper over 29.7 metres of disseminated pyrite/chalcopyrite. Hole 07-24 returned 46.4 metres of 0.31% copper from a downhole depth of 29.3 m. The drill geology and results suggested to Cadillac the property may host potential for Iron-Oxide Copper-Gold (IOCG) deposits, both large low-grade and smaller high grade deposits. DDH 07-21 was believed to represent potential for a high-grade deposit composed of multiple

interrelated sub-zones that might support a modest underground operation if the size, grade and distribution of individual pods could prove to be sufficiently regular and predictable (Audet, 2008)

Cadillac Mining conducted a detailed ground magnetic survey on the summit and western flank of Cat Mountain in August 2008 to determine the size, direction and continuity of structurally controlled magnetite. A total of 46.5 line-kilometres were surveyed on 31 lines spaced at 50 metres. The survey identified a broad zone of parallel linear magnetic bands striking nearly north-south. Preliminary evaluation indicated that zones of high magnetic intensity covered an area measuring about 700 metres in length and 400 metres east-west (Mustard, 2009).

In 2009, Cadillac Mining failed to maintain the option payments and the claims reverted to Lysander. Donald Bragg assembled the present claim blocks in 2010 and 2011 with the assistance of the other beneficial owners In the fall of 2011 Bragg completed a short ground magnetometer program on the southern slope below the Cat Mountain summit. A total of 37.1 line kilometres were surveyed with 16 lines surveyed parallel to the UTM grid on a true north azimuth of 88°; 15 lines were surveyed on 100 metre spacing and a single 50m spaced in-fill line was run in the center of the grid.

(4) Geological Setting

Regional Geology

The Cat property is situated in the north-central portion of the Quesnel Terrane, a major accretionary tectonic-metallogenic volcanic belt that extends almost the full length of British Columbia.

The Quesnel Terrane in the vicinity of Cat Mountain is underlain by Upper Triassic and Lower Jurassic Takla Group volcanic and sedimentary lithologies that are intruded by granitic plutons and satellite stocks of the northwest-elongate Late Triassic to Early Cretaceous Hogem Plutonic Suite (aka Hogem Batholith) (Figure 9).

The Hogem Batholith is a large, differentiated, multistage intrusive complex that extends a distance of approximately 170 kilometres from the Nation Lakes northwest to the headwaters of Dortatelle Creek. The batholith measures up to 40 kilometres in width. The batholith comprises alkalic and calc-alkaline intrusive rocks of different lithologies; from granite to syenite to monzonite to ultramafic and gabbrioic varieties, in part coeval with, and in part intruding, the enveloping Takla Group volcanic rocks. Small satellite stocks, dykes and sills are abundant in the Takla Group and late Paleozoic rocks (of the Lay Range assemblage) surrounding the batholith.

Along the eastern margin of the batholith the Takla Group consists mainly of dark green tuff and volcanic breccias of andesitic to basaltic composition, interbedded with flow rocks and commonly cut by pyroxene and feldspar porphyry dykes. Moderate fracturing, mild hornfelsing, and local pyritization are common features along this contact zone (Garnet, 1978). Further east Takla Group rocks are characterized by mudstone and fine laminated clastic rocks.

Rocks on the west side of the batholith belong to the Cache Creek Terrane, a large complex of Late Paleozoic to Late Jurassic deformed, fine grained, clastic marine sedimentary rocks that are in fault contact with varying intervals of limestone, serpentinized ultramafics, and metamorphic greenstone. There are coeval gabbroic to dioritic intrusive rocks of the Rubyrock Igneous Complex that intrude the sedimentary package. Outbound to the west of the Cache Creek terrane are slivers of greenstone that belong to the Sitlika Assemblage, a metamorphic greenstone assemblage. Further west are Hazelton Group andesitic volcanics of the Stikine Terrane.

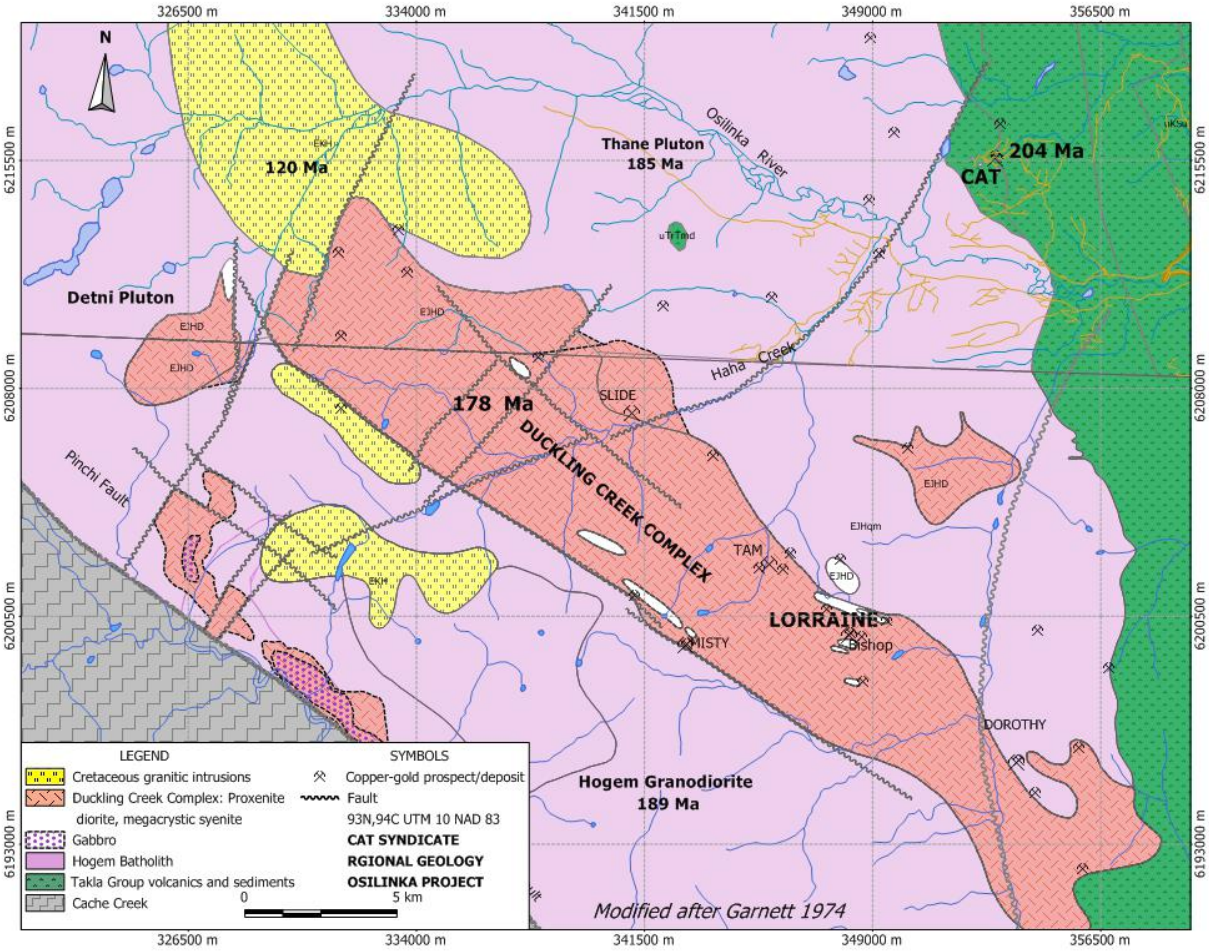
The older rocks in the region are locally overlapped by post-accretion Tertiary volcanic and sedimentary rocks.

The structural setting of the Hogem batholith and the intruded Takla Group volcanic rocks has been explained by vertical tectonics associated with graben development along major fault structures, including the Pinchi Fault and the Manson Fault (Garnet, 1978).

The Cat Mountain prospect straddles the east contact of the Hogem Batholith at the apex of a marked kink and a dramatic southward narrowing of the batholith. The deflection coincides with a narrowing of the Takla Group and a large flexure of the dominantly northwest trending Manson Fault system.

The Quesnel Terrane hosts several calc-alkalic porphyry copper-molybdenum and alkalic porphyry copper-gold-silver deposits throughout its length. Examples of alkalic past and present producing mines include Copper Mountain, Afton and Mt. Polley, as well as a number of deposits that have reached advanced stages of exploration such as Galore Creek. Deposits in the region that are likely also related, but are more of a calc-alkaline character, are represented by the Red-Chris deposit, the Kemess Mine deposits and the Mt. Milligan deposit. The Lorraine copper deposit lies 25 km to the south and the large Mt. Milligan Cu-Au deposit is situated 250km to the south just east of Nation Lakes.

Figure 9: Regional Geology Map



Property Geology

There are various descriptions and maps showing the local property geology that have derived over time from trenching, drilling, industry mapping and government survey mapping. Not all descriptions agree on the nomenclature of the main units. A generalized geology map of the main showing at the summit of Cat Mountain is shown below (Figure 10).

In general agreement is that the center of the property is underlain by an assemblage of Takla Group basaltic breccias and coarse pyroclastic rocks (Unit 1) that are intruded by small, syenitic intrusions of the informally named "Cat Mountain Intrusive Suite" (Unit 3). The latter comprises porphyritic syenite and monzonite and local megacrystic phases that form irregular dikes and small stocks in a roughly circular pattern (Fox, 2006). A large monzodiorite body of the Hogem Batholith (unit 2) in present in the southwest corner of the claims.

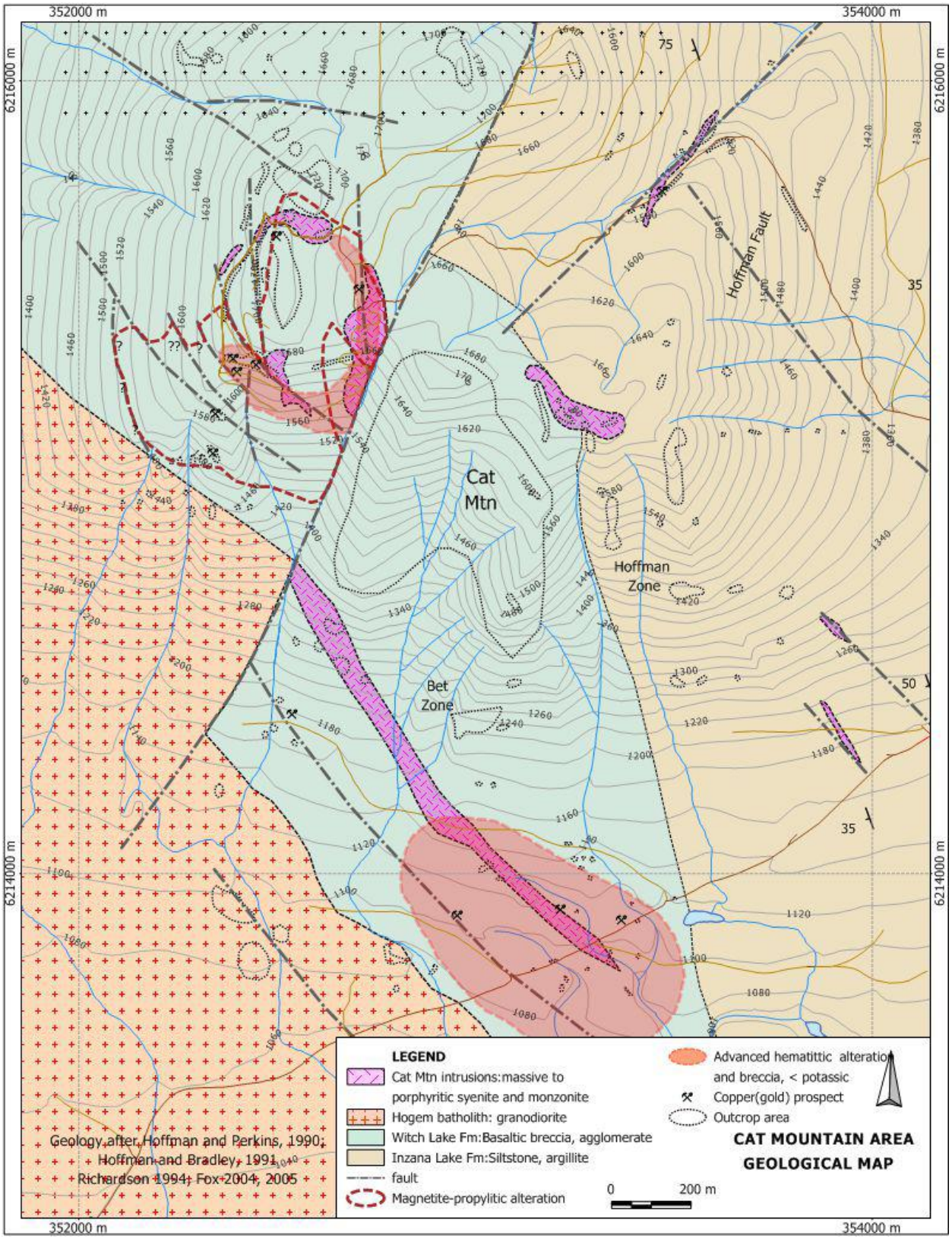
Volcanic rocks include augite basalt porphyry, and trachyandesite pyroclastics including ash and lapilli tuffs and epiclastics. The volcanic rocks have been variably assigned to the Upper Triassic Plughat Mountain Formation (Takla Group) and the Witch Lake Formation (Takla Group).

North, northeast and east-west directed shear and brittle fault zones transect all units and appear to have controlled emplacement of intrusions. A major northwest-striking fault that follows Anomaly Creek bisects the property and strikes 040° and dips 60° degrees NW. Other, less prominent faults and shear zones strike north, north-northeast and

northwest. Some of these faults appear to postdate alteration and mineralization (the Anomaly Creek fault) while others are mineralized. High-angle faulting, striking approximately north and northwest (015° to 315°) and dipping 75° to 90° east, may be the major control on quartz-calcite and quartz-magnetite veins that are known to carry copper and gold mineralization.

This suggests a complex faulting history which may involve reactivation of early and possibly synintrusive structures. North trending fracture zones appear to control Cu-Au mineralization and locally kfeldspar alteration. Weak propylitic alteration is widespread in the volcanics and locally overprints potassic alteration. The magnetite lode that attracted early prospectors is found along the footwall and hanging wall faults that are believed in part to bind the Bet zone. Several magnetite veins of varying width up to 0.5 metres carry chalcopyrite. Minor disseminated chalcopyrite, molybdenite, tourmaline and specular hematite are found in syenite porphyry exposed in the trenches.

Figure 10: Generalized Geology Map

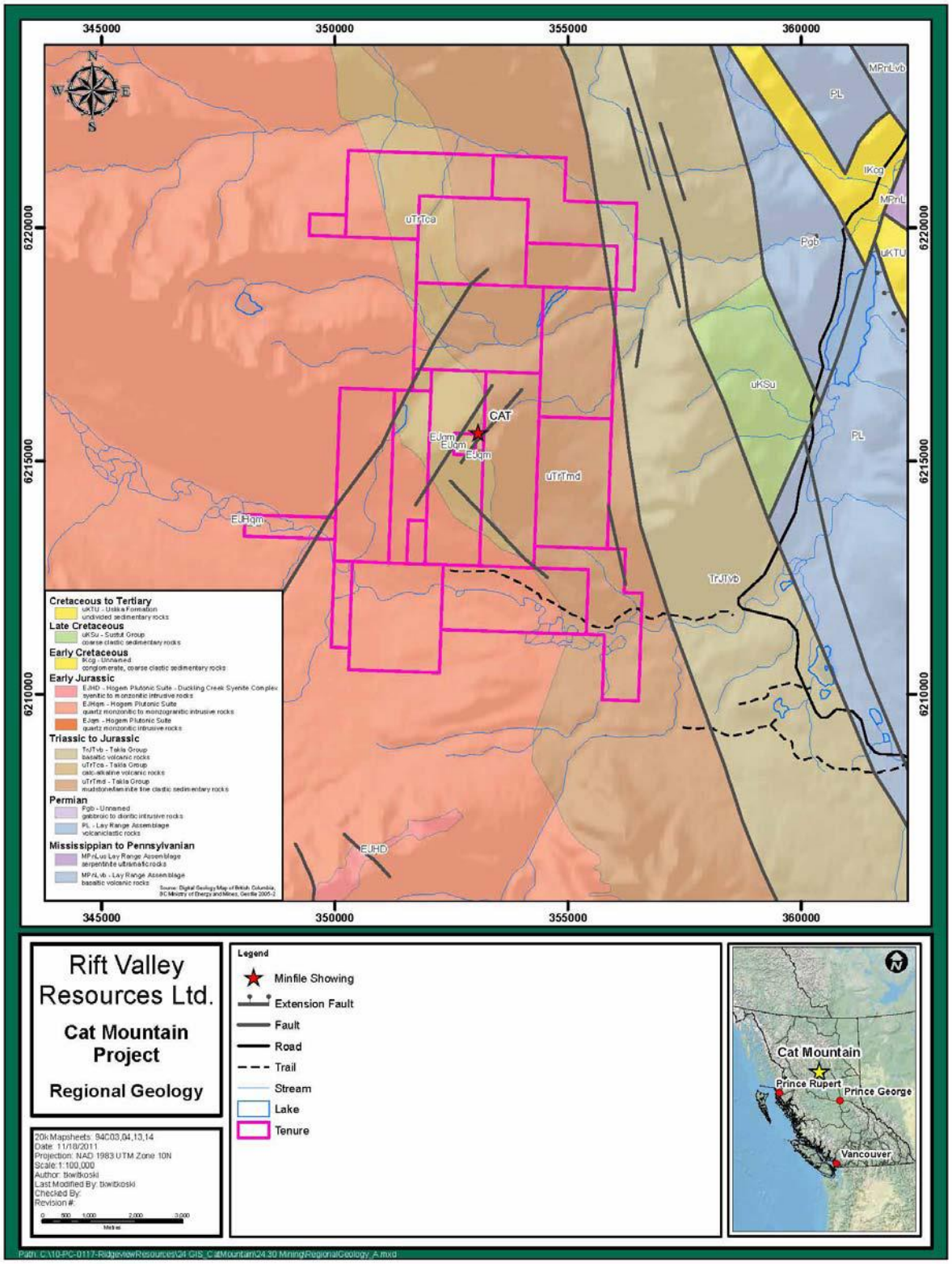


A more regionalized property map (Figure 11) shows the claims underlain to the west by a large lobe of Early Jurassic quartz diorite to monzonitic to monzogranitic intrusive rocks of the Hogem Batholith. In the center is an elongate north-trending assemblage of Triassic to Jurassic calc-alkaline fragmental basaltic volcanic rocks of the Witch Lake Formation of the Takla Group, intruded by small bodies and dykes of quartz monzonite porphyry that are satellite bodies of the Hogem Batholith.

The Witch Lake rocks are plagioclase-clinopyroxene/magnetite rocks commonly comprised of compact coarse breccias and local thin bedded tuff. To the immediate east is a northerly trending sliver of bedded and westerly dipping Triassic to Jurassic argillite, siltstone and laminated fine clastic sedimentary rocks of the Inzana Lake Formation of the Takla Group, that underlie the Witch Lake rocks, and are notably pyritic and locally graphitic.

Further to the east is a co-eval sequence of basaltic volcanic rocks of the Takla Group, bounded to the east by a sequence of coarse clastic sediments of the Late Cretaceous Sustut Group.

Figure 11: Regionalized Property Geology Map (BCGS data source)



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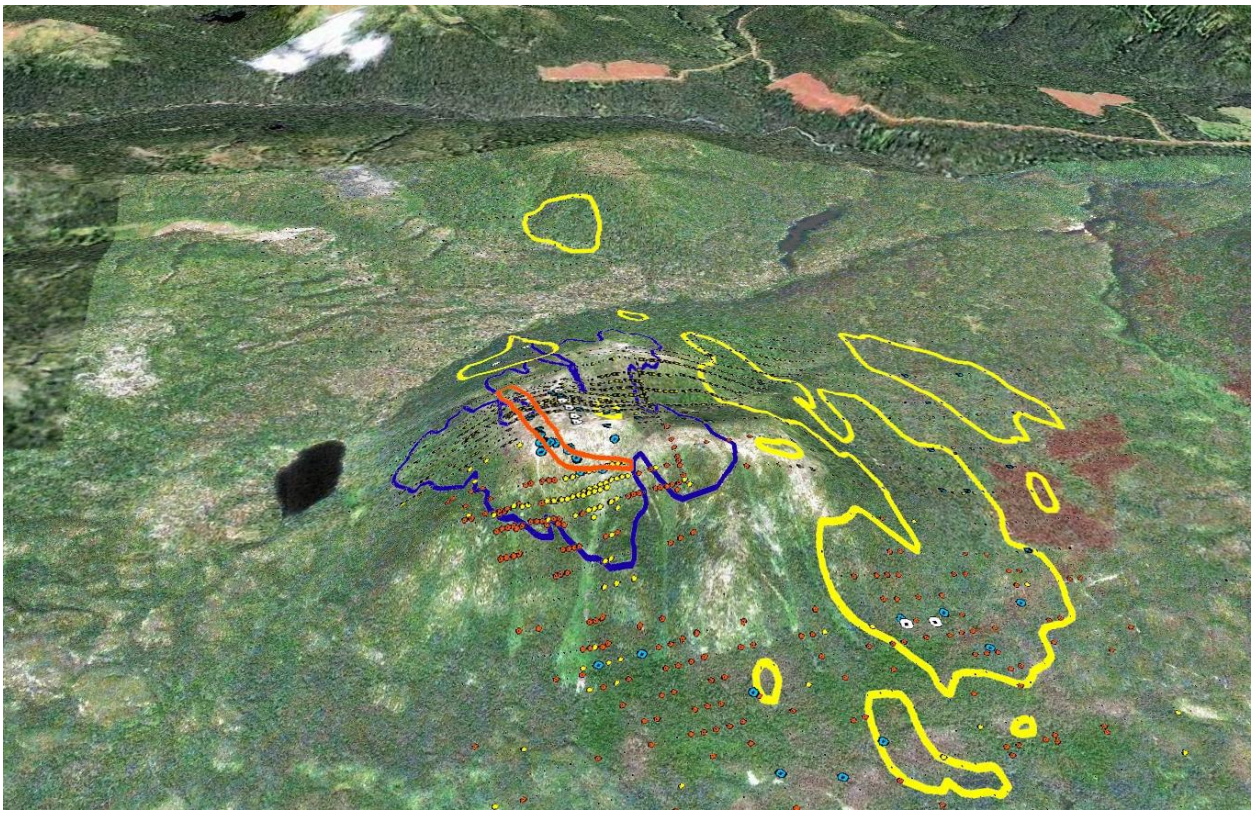
The major rock units and known zones of Cat Mountain are depicted on a satellite image below; overlain with magnetic and IP anomalies.

Figure 12: Cat Mountain Satellite Image



Mustard in his 1975 assessment report (Mustard, 1975) provided a detailed description of the rock units that outcrop (or were exposed in early trenching) on Cat Mountain; which is excerpted and provided below (with minor edit):

Description of Units:

Takla Volcanics (Upper Triassic)

Augite Andesite/Basalt Porphyry

This unit is found in the north and south central sections of the property. The porphyry is commonly recessive, moderately fractured and moderate to strongly magnetic. It varies from dark gray to very dark green in color, contains up to 15% feldspar "microlites" moderately altered to sericite and, occasionally amygdules infilled with calcite, zeolite and epidote. Augite porphyry is pervasively weak to moderately epidotized and chloritized. The unit is composed of 50% augite euhedra, weakly altered to chlorite, set in a very fine-grained matrix. Disseminated fine-grained pyrite averages 1% in the unit but can vary 3-5%. Pyrite is also found in vugs, as disseminated blebs and as fracture fill. In the trenches, augite porphyry is strongly fractured and healed with k-feldspar, quartz and calcite veinlets. It is pervasively strongly epidotized and chloritized and weakly silicified except adjacent to quartz magnetite veins, where it is strongly silicified and chloritized. Quartz veinlets are more numerous in the east of the trenches with k-feldspar veinlets most numerous in the west. Disseminated fine-grained pyrite varies 1-3% locally and fracture fill pyrite is occasionally found in concentrations of 2 mineralized fractures per square foot.

Andesite Ash tuff:

This unit is restricted to the eastern edge of the property, although non-pyritiferous ash tuff is occasionally found as minor intercalations in augite porphyry and as intercalations and fragments in andesite-basalt agglomerate. The ash

tuff is characteristically medium to dark green, strongly fractured, non-magnetic and very recessive. The matrix is fine-grained and pervasive, weakly altered to chlorite and epidote. In minor part, ash tuff contains weakly sericitized "microlites" and subrounded phenocrysts of feldspar. One outcrop is strongly silicified throughout and contains 1% fine-grained disseminated pyrite. In some outcrop the unit contains lapilli size subrounded fragments of augite porphyry and argillite. Ash tuff contains an average of 1% disseminated pyrite, variable 0-3%. In the southeast of the property the unit is weak to moderately limonitized and contains approximately 2% disseminated pyrite. A single outcrop in this area is strongly fractured and healed with quartz veins (~20/m), containing blebs of pyrite and possible admixed fine-grained chalcopyrite.

Andesitic Lapilli tuff:

Lapilli tuff is located in the south central and southwest of the property. It is moderately to strongly fractured, massive, weakly magnetic and dark gray to green in color. The tuff contains 60-70% subrounded fragments of augite porphyry and 10-20% fine-grained flow or ash tuff. The unit is pervasively weakly chloritized and epidotized, more strongly so where local to quartz and magnetite veins. Lapilli tuff is characteristically compact except in minor outcrop near the contact with syenite porphyry, where it is strongly altered, vuggy and contains amygdules infilled with zeolite, quartz and acicular tourmaline (?). Pyrite content averages 1% as irregular blebs and fine-grained disseminations. In the eastern contact zone with syenite porphyry, the tuff is cut by several quartz-magnetite veins, and locally contains 3% disseminated fine- and coarse-grained pyrite and is moderately limonitized throughout.

Andesite-Basalt Agglomerate:

The agglomerate unit is located in a northwest elongate zone in the south center of the property. It is characteristically dark green in color, massive and weakly to moderately magnetic. Agglomerate is moderately fractured throughout, shows well preserved joint faces and weathers to a medium gray, angular outcrop. The unit contains approximately 70% subrounded fragments of augite porphyry varying in size from 10 to 100 cm in diameter, and occasional fragments of ash tuff and altered diorite(?) porphyry less than 10 cm in diameter, set in a fine-grained matrix. The agglomerate is weakly chloritized and epidotized throughout. Agglomerate shows k-feldspar flooding local to k-feldspar veins and syenite (?) porphyry; and weak silicification adjacent to quartz veins. The unit contains minor disseminated pyrite throughout and approximately 5% disseminated fine- and coarse-grained pyrite local to zones of quartz, calcite and k-feldspar veining.

Intrusive Rocks:

Hogem Batholith (Jurassic or older)

Hornblende Diorite

Diorite occurs in the south and southwest sections of the property. The unit is poorly exposed in a northwest elongate zone which coincides with a northwest elongate 1750-4000 gamma magnetic "high". Diorite is massive, moderately fractured, moderately magnetic and dark gray-green in color. It is composed of 50% subhedral and anhedral hornblende phenocrysts, 5-10% fine- to medium-grained biotite and 30-40% interstitial plagioclase. The unit is moderately epidotized throughout; hornblende is moderately altered to chlorite and in part to biotite, and feldspar is moderately altered to epidote and sericite (?). In the south, diorite is frequently cut by k-feldspar veins in epidotized fractures, enveloped for several centimetres outwards by salmon pink colored diorite with green mafics. The pink coloration is due to secondary k-feldspar but in some samples the pink mineral is plagioclase. In the southwest, diorite has been intruded and strongly altered by granite. Mafics are strongly altered to chlorite and biotite, fine-grained, interstitial, secondary k-feldspar is abundant and magnetite content is reduced to 1%. The unit contains variable amounts of fine-grained and blebby pyrite up to 2%. Magnetite content is commonly 10%, occurring as blebs disseminated in hornblende phenocrysts; less commonly interstitial to mafics.

Syenite Porphyry:

This unit is found in the east intruding lapilli tuff and as small dykes scattered about the property. It is moderately fractured, non-magnetic, medium gray-green in color, massive and recessive weathering. Syenite porphyry contains

30-40% generally euhedral, medium-grained, lath and subrounded k-feldspar phenocrysts; 5% (variable up to 20%) euhedral plagioclase phenocrysts and 10-15% fine-grained, subhedral hornblende, in a matrix of very fine-grained feldspar. Feldspar phenocrysts are moderately altered to clay or sericite and hornblende is altered to chlorite. In minor outcrop this unit is pervasivelymoderately silicified and sericitized. Pyrite content in syenite porphyry is variable up to 1% as blebby and fine-grained disseminations.

Altered Syenite Porphyry:

This unit appears to be an altered version of the unit above and is restricted to the trench area of the property. The porphyry is very recessive, moderately to strongly fractured, massive, moderately magnetic and medium to dark gray pink in color. It contains 40-50% subhedral and anhedral, mediumgrained, stubby and subrounded k-feldspar phenocrysts, 5-15% anhedral hornblende and 1-10% finegrained quartz eyes in a matrix of very fine-grained gray k-feldspar. The k-feldspar phenocrysts are mainly salmon pink in color (lending an overall pink cast to the rock) and moderately altered to sericite. Hornblende is moderately to strongly altered to chlorite. It is possible that syenite porphyry was moderately metasomatized by a granite stock (?) exposed to the southwest of the trenches. The syenite porphyry is pyrite deficient but contains 1-5% blebby magnetite throughout. Fracture fill quartz veinlets were noted to carry hematite and magnetite

Granite:

A mass of granite is partially exposed in the southwest of the property. It intrudes and underlies hornblende diorite, large fragments of which are preserved in minor outcrop of intrusion breccia, in the contact zone. The granite is variable in composition to quartz monzonite and granodiorite in part, over narrow zones within the unit. It is massive, non-magnetic, weak to moderately fractured and jointed, medium pink in color and weathers to blocky talus and bold, angular outcrop. The unit is fine- to medium-grained equigranular and composed of 20% (varying 5-25%) medium-grained interstitial quartz, 5% euhedral to subhedral k-feldspar, 10% (varying 5-20%) generally euhedral plagioclase, 5% finegrained hornblende and minor fine-grained biotite. Hornblende is weakly altered to chlorite and plagioclase is moderately altered to sericite. The unit is deficient in sulphides but minor tourmaline was noted in 2 quartz veins.

Structure:

Regional structure in the Omineca Mountains follows a northwest trend but does not significantly control local tectonic "grain" on the CAT claims. A prominent fault (Anomaly Creek) marked by a creek gully in the northeast, strikes 40° and dips 60° northwest and appears to transect the property. This structure does not seem to have influenced emplacement of mineralization but may have controlled the intrusions. High angle faulting striking north (variable 15° east and west) and dipping 75°-90° east has provided strong control for quartz-calcite and quartz-magnetite veins carrying copper and gold mineralization. A high angle, northeast trending shear zone has localized quartz-calcite veins containing specular hematite and copper mineralization. Radial fracturing was noted in the vicinity. No significant structure was observed in the intrusive units. No bedding attitudes were exposed in volcanic units.

Alteration:

Pervasive, weak chlorite and very weak epidote alteration occurs throughout the Takla Group volcanic rocks. Moderate to strong chloritization of the volcanics occurs in shear zones. Local veinlets of chlorite are not uncommon. Large areas of limonite staining appear to be related to zones of fault-controlled ankerite carbonatization and/or pyritization, containing ankerite, carbonate and lesser quartzchalcedony veins. The alteration zones commonly are associated with, or cut by, syenite porphyry dykes. Pyrolusite veins and wad were noted within the ankerite zone. Syenite porphyry dykes are weakly to moderately altered to sericite, carbonate and chlorite. Augite porphyry basalt on Thane Creek has been pervasively weakly to moderately silicified, sericitized, pyritized and cut by quartz ± pyrite veins. An angular talus block of feldspar (hornblende) syenite porphyry is pervasively weakly to moderately epidotized. Epidote-carbonate veins occur with banded, drusy carbonate-ankerite veins, in a shear zone.

(5) Issuer Exploration Information

The Issuer has not completed any exploration on the Cat Mountain property since acquisition. Don Bragg (representing the vendors) completed a modest, one week ground magnetometer survey in October, 2011 on the southern slope of Cat Mountain. The work tied in to the 2008 ground magnetometer survey completed by Cadillac Mining

(6) Mineralization

Much of the exploration effort has been focused on the summit of Cat Mountain at or near the discovery zone of gold and copper bearing magnetite veins in 1957. Since that time a number of drill holes and trenches have tested a large area of variably mineralized rock that measures some 700 x 400 m and is associated with a ring dike complex of porphyritic monzonite and syenite.

The overall mineralized zone consists of brecciated volcanics of the Witch Lake unit variably altered to actinolite, chlorite, magnetite, biotite, prehnite, carbonate, pyrite and, proximal to the Cat Mountain intrusions, with variable amounts of reddish fine grained K feldspar forming a distinctly mottled green, gray and pink rock. Well-developed zones of potassic K feldspar/magnetite alteration form an arcuate zone in part coincident with bodies of monzonite and syenite of the Cat Mountain intrusions.

These zones comprise the Bet and Hoffman mineralized zones. Northwest-trending sulphide-rich veins cut mineralized rocks of the Bet zone and lie along the western slopes of Cat Mountain. The Hoffman fault truncates the mineralized units along the east edge of the Hoffman zone. Elsewhere northwest faults are common and disrupt and locally truncate mineralized rocks within the Bet zone.

Three types of potential economic mineralization have been noted on the Cat Mountain property:

- gold-silver-copper in quartz-magnetite veins
- disseminated copper mineralization
- fracture-fill gold-copper mineralization

a) Mineralized Veins

Massive magnetite and quartz-magnetite veins from 0.1 to 1.5 metres in width are exposed in the trenches in the west center of the property and at 3 locations in the east center of the property. All of these veins are iron stained and in part weathered to gossan and minor boxwork of limonite and quartz. The veins in the east appear to contain only minor amounts of blebby chalcopyrite, pyrite and malachite. Magnetite veins in the trenches carry irregular knots, blebs and fine-grained disseminations of chalcopyrite, pyrite and minor bornite. The veins trend north to northwest along brittle fracture zones in k-feldspathized augite porphyry basalt with epidote-quartz-magnetite selvages.

The "No. 1" and "No. 2" magnetite veins are located on a ridge northwest of the upper trench area. The veins are up to 0.6m wide. The "No. 1" vein strikes approximately 315° and dips 77° northeast. The vein is composed of magnetite-quartz with limonite boxwork and contains blebby visible, gold, chalcopyrite, tetrahedrite (?), and cuprite. The walls of the vein are strongly chloritized, grading outward into epidote veinlets containing chrysocolla and peripheral propylitically altered augite porphyry. The “No. 1” vein contains visible gold and has returned assays up to 548 g/t Au. More typical assays are 0.49% Cu and 11.7 g/t Au over 1.1 m and 0.58% Cu and 9.6 g/t Au over 2.3 m.

A one metre wide quartz-carbonate vein exposed 160 metres to the west contains massive chalcopyrite and pyrite, malachite, minor tetrahedrite (?) and some blebs of magnetite and specular hematite. Numerous fracture fill quartz-calcite veins and veinlets in a shear zone contain massive specular hematite with minor blebs of chalcopyrite, bornite and chalcocite (?), with malachite alteration.

b) Disseminated Mineralization

Minor amounts of disseminated fine-grained and blebby chalcopyrite, associated with disseminated magnetite and pyrite, is found in altered augite porphyry in several trenches. Vein type mineralization occurs nearby. Altered lapilli tuff contains up to 2% admixed fine-grained pyrite and chalcopyrite.

c) Fracture-Fill Mineralization

Fracture-fill chalcopyrite, sometimes with pyrite or magnetite-specular hematite, occurs in average concentrations of 3 mineralized fractures per square metre, local to and sub parallelling most vein type mineralization. Malachite-chalcopyrite-pyrite-bornite+magnetite veins, with associated k-feldspar and epidote alteration, commonly occupy north trending shear and fracture zones within augite porphyry basalt. The basalt is potassic altered and contains disseminated pyrite, chalcopyrite and bornite. Copper minerals include native copper, cuprite, chalcopyrite, tetrahedrite, bornite, chrysocolla, azurite and malachite. Extensive trenching on the summit of Cat Mountain has identified widespread copper zones; e.g. Tr 53 contained 0.65% Cu over 59 m and Tr 45 had 2.07% Cu and 1.37 g/t Au over 15 m. Drill hole 90-1 had an intercept of 0.12% Cu and 1.23 g/t Au over 74 m.

(7) Drilling

Rift Valley has not completed any drilling on the Cat Mountain property but anticipates drilling select targets in 2013; after completion of deep 3D IP geophysics. Historical drilling has been described in the "NI-43-101 Technical Report on the Cat Mountain Property" dated May 15th, 2012 by Ken MacDonald.

(8) Sampling and Analysis

As part of the site visit requirement for the 43-101 Technical Report, the author of the report K. MacDonald collected one sample from the No. 1 Magnetite Vein to verify the historic results. The sample was collected from surface from a well sampled and previously described old trench previously excavated on the vein system. The result confirms previous sampling on the same trench.

The author of "NI-43-101 Technical Report on the Cat Mountain Property" dated May 15th, 2012 is of the opinion that previous historical sampling (as described in numerous assessment reports identified in the Reference section below) was done to the standard of the day. More recent work by Lysander Minerals and Cadillac Mining (since 2004) included quality control measures introduced into the sample stream that are now standard protocol for exploration, including the use of blanks, commercially prepared standards, and duplicates; and proper chain of custody for sample handling.

The Issuer will have to prepare an internal Quality Control/Quality Assurance protocol for future exploration prior to any field sampling.

The most recent core drilling was done in 2007. Sampling was by standard half core sawing. Analysis was done by Acme Analytical Laboratory of Vancouver BC by standard analytical methods (IDX-15). Acme is a certified laboratory and neither the property vendors nor the principals of Cadillac had any relationship with the laboratory.

(9) Security of Sampling

The Issuer plans to ensure the security of sampling in accordance to the applicable standards.

(10) Mineral Resources and Mineral Reserves

The Issuer has not established mineral resources or mineral reserves on the CAT Mountain Property.

(11) Mining Operations – N/A

(12) Exploration and Development

Rift Valley Resource Corp completed a limited exploration program on the property in 2012. The work consisted of linecutting, road repairs to an existing road, camp improvements and limited geological mapping and rock sampling. The work commenced in late June, 2012 and was conducted intermittently until mid-October, 2012.

Two linecutting grids were proposed, the north and south grids, to evaluate for extensions of the magnetite-copper mineralization seen at the Bet Zone (No. 1 and No. 2 magnetite veins). After the work was started it was decided to merge the two grids into one larger grid. East-west trending lines were spaced at 100 metre intervals and picketed at 25 metre intervals; a total of 48.175 line-kilometres of grid were completed. The main access road to the top of Cat Mountain from the camp was repaired with the use of an excavator. Water erosion in the lower portions of the road created large ruts that precluded vehicle access so the road was cleaned up and the ditches and water bars were improved to reduce further damage.

To accommodate the linecutting crews improvements were made to the existing camp, which prior to their arrival comprised two old wooden bui8ldings, an office/kithe/sleeper and a storage shed. Tents were put up and a rental trailer was brought to site with kitchen, bathroom and sleeping quarters. Limited rock sampling was completed (27 samples) mostly from existing known surface mineralization. Cursory geologic mapping was also completed but consisted mainly of crews from Rift Valley examining and becoming familiar with the local geology and determining the locations of historic drill holes. All of this work was completed under the supervision of D. Bragg (representing the vendors) and W. Raven, P.Geo., representing Rift Valley.

None of the work done in 2012 would constitute a material change. The surveys were to prepare for more comprehensive exploration programs after Rift Valley receives its CDNX listing.

Upon receipt of listing Rift Valley plans to follow-up on many of the targets generated by past exploration. The company has a work permit that is valid until December 31, 2013 for the following activities:

-camp construction for approximately 10 buildings (tents or trailers);
-linecutting of 42 line-kilometres (already done in 2012);
-surface trenching and test pits to a total length of 500 metres of trenching;
-diamond drilling from 10 new sites. there are no restrictions on the number of holes that can be drilled from a given drill pad. In addition drilling can be completed from existing drill sites as long as there is no new land disturbance;
-exploration trail construction (drill roads) are permitted for up to 5km of new road/trail. This is only for new roads, Rift Valley can continue to use any existing roads on the property as long as there is no additional land disturbance.

4.4 The Issuer has no oil and gas properties.

5. Selected Consolidated Financial Information

5.1 Annual Information

	December 31 2012	**December 31 2011**	**December 31 2010**
Total Common Shares (Outstanding)	17,625,000	9,125,000	100
Operations			
Revenues	$Nil	$Nil	$Nil
Expenses	309,433	143,113	$Nil
Net Loss	(309,433)	(143,113)	$Nil
Loss per Share – basic and diluted	($.02)	($0.06)	-
Dividends per share	$Nil	$Nil	-
Balance Sheet			
Working Capital	$86,678	30,340	$Nil
Total Assets	605,996	184,787	$Nil

5.2 Quarterly Information —

Quarters ended	**31-Mar-13**	**31-Dec-12**	**30-Sep-12**	**30-Jun-12**	**31-Mar-12**	**31-Dec-11**	**30-Sep-11**
Revenue	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Operating Expenses	**525,227**	**115,992**	**115,544**	**54,512**	**23,386**	**30,614**	**-**
Stock Based Compensation	**-**		**-**	**-**	**-**	**-**	**112,500**
Loss and Comprehensive Loss for Period	**525,227**	**115,992**	**115,544**	**54,512**	**23,386**	**30,614**	**112,500**
Basic and diluted loss per share	**(0.03)**	**(0.01)**	**(0.01)**	**(0.01)**	**-**	**-**	**(0.10)**

QUARTERLY DATA (unaudited)

5.3 Dividends

There are no restrictions that could prevent the Issuer from paying dividends.

The Issuer does not have a dividend policy in place and does not anticipate paying any dividends in the near future.

5.4 Foreign GAAP —

The financials statements of Rift and Avatar were prepared in the International Financial Reporting Standards.

6. Management's Discussion and Analysis

The December 31, 2012 Annual MD&A is the initial MD&A of the acquiror company under the reverse takeover accounting rules and accordingly is formatted under the annual MD&A form and provided here.

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this interim report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of December 31, 2012. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1)

a downturn in general economic conditions, (2) inability to locate and identify potential business acquisitions, (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis ("2012 Q4MD&A") is dated as of April 29, 2013 and should be read in conjunction with the audited financial statements of Rift Valley Resources Corp. for the year ended December 31, 2012 ("December 31, 2012 Financial Statements"). Our discussion in this 2012 Q4MD&A is based on the December 31, 2012 Financial Statements. The December 31, 2012 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"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

1.2 – Overall Performance

Nature of Business

Rift Valley Resources Corp. (the "Company" or "Rift Valley"), formerly Metal Quest Capital Corp., was incorporated under the Laws of the Province of British Columbia on December 14, 2009. On September 19, 2011, the Company changed its name to Rift Valley Resources Corp. 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 registered and records office address is 800-885 West Georgia Street, Vancouver, British Columbia, Canada. The Company began operations on September 19, 2011 and its principal business activity is the acquisition, exploration and development of mineral properties in British Columbia, Canada. As of December 31, 2012 the Company was in the exploration stage.

At December 31, 2012, the Company had not yet achieved profitable operations, had accumulated a deficit of $452,547 had working capital of $86,677, which may not be sufficient to sustain operations over the next twelve months, and the Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. However, it is expected that these funds are sufficient to complete its business as discussed in "Financing" below. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and to identify, evaluate and negotiate potential business acquisitions or participation agreements.

Financing

During the year ended December 31, 2011, the Company closed private placements with subscriptions for 7,500,000 shares at $0.005, 625,000 shares at $0.02, 1,000,000 shares at $0.05 for total proceeds of $100,000. The Company also issued 500,000 shares for property acquisition. The total number of shares issued was 9,625,000.

During the year ended December 31, 2012 the Company closed private placements with subscriptions of 6,396,667 shares at $0.075 and 1,603,333 shares at $0.15 for total proceeds of $720,250 and total shares issued of 8,000,000.

Subsequent to the year ended December 31, 2012, the Company issued 666,667 common shares at $0.15 on March 4, 2013 and 100,000 common shares at $0.20 on March 11, 2013 for the total proceeds of $120,000.05. All proceeds raised were used as planned to fund exploration activities and general working capital.

On March 13, 2013, the Company received $37,000 from the founders which will be recorded as contributed surplus to the Company.

Cat Mountain Property, British Columbia

Property Acquisition Details

In September 2011, the Company entered into a memorandum of understanding with the Cat Mountain Syndicate to acquire an option to acquire an undivided 75% right, title and interest to twenty contiguous mineral claims (the "Cat Mountain Property") 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. 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 acquire the interest 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. Upon acquiring the 75% interest, the Company can acquire an additional 15% undivided interest upon completing an additional $3,500,000 in expenditures on the property within three years. The Company can acquire an additional 10% undivided interest upon funding the property until commercial production has begun.

On January 4, 2013, the share issuance, cash payment and exploration expenditure schedule was amended. The consideration for this amended agreement is a cash payment of $10,000 to be made by January 31, 2013 (paid) and the issuance of 100,000 common shares to the optionors on the date that the shares of the Company initially begin trading to be made on the stock exchange. The payments are due as follows:

	Share Issuance	Cash Payments	Exploration Expenditures
On signing memorandum of understanding (paid)	-	$ 50,000	-
On first day of execution of Agreement (issued)	500,000	-	-
On March 30, 2013	100,000	-	-
On October 31, 2013	-	$ 50,000	$ 350,000
On March 30, 2014	100,000	-	-
On October 31, 2014	-	$100,000	-
On March 30, 2015	100,000	-	-
On October 31, 2015	-	$100,000	$ 400,000
On March 30, 2016	100,000	-	-
On October 31, 2016	-	$100,000	-
On March 30, 2017	100,000	-	-
On October 31, 2017	-	$100,000	$ 750,000
Total	1,000,000	$500,000	$1,500,000

The Company was required to pay the vendor a $50,000 option fee and issue 500,000 shares on execution of the memorandum of understanding. The Company has made this payment and issued the shares in 2011.

Property Description

The Cat Mountain Property is a copper-gold prospect situated in the Quesnellia geological terrane, approximately 300 kilometres northwest of Prince George, British Columbia. The project area measures 5,985 hectares and consists of 20 contiguous MTO mineral claims that are held in good standing. The claims are registered to Donald Bragg and are under option to Rift valley Resources. There is road access to the southern and central area of the property and 4WD access to the main mineral showings. Excellent gravel Forest Service Roads originating from Mackenzie, BC provide access to the property.

The property lies along the east perimeter of the large, polyphase, Late Triassic to Early Cretaceous Hogem Batholith, where small satellite intrusions of this body intrude the Witch Lake Formation of the Upper Triassic Takla Group volcanic sequence. The Witch Lake rocks are comprised of thick, massive basaltic breccias and pyroclastic rocks overlying tuffs, argillite and lesser limestone of the Inzana Lake Formation, which underlies much of the east slopes of Cat Mountain and the low lying terrain farther east. The Hogem Batholith is an important metallogenic intrusive body known to host significant porphyry copper-gold deposits such as the Lorraine and the Kwanika deposits.

Gold was first discovered on the summit area of Cat Mountain in the 1940's in the form of narrow magnetite-rich veins and lodes, which were later tested by trenching and several short diamond drill holes. Mineralization at the discovery showing is comprised of a number of steeply dipping magnetite and magnetite quartz-calcite veins of variable thickness with chalcopyrite, pyrite, native gold, hematite, malachite and azurite present. The "No. 1" vein contains visible gold and has returned assays up to 548 g/t Au. More typical assays are 11.7 g/t Au and 0.49% Cu over 1.1 m and 9.6 g/t Au and 0.58% Cu over 2.3 m. The area comprising the No. 1 vein hosts smaller magnetite-copper-gold bearing veins as well as disseminated and fracture controlled mineralization and collectively the area is referred to as the Bet Zone. Initial work focused on the high-grade vein systems, with the dramatic rise in the price of gold the Bet Zone has been reconsidered for its potential to host a relatively high-grade alkali gold porphyry deposit, and remains largely untested along strike and at depth. Significant drill results, in this light, include Hole 90-1 which returned 122 metres of 1.1 g/t Au (apparent width) and hole 94-1 which intersected 100 metres (apparent width) of 1.36 g/t Au.

Prospecting and extensive trenching on the summit also identified widespread porphyry-related copper-gold zones to the west and south of the main discovery that comprised disseminations and facture-fillings of malachite, azurite, chalcopyrite, pyrite and chalcocite in intrusive syenitic rocks and coarse fragmental volcanic rocks of the Witch Lake Formation. These zones became known as the Upper and Lower Copper zones and the Hoffman zone. Historical trenching on these targets returned some significant results; including 0.65% Cu over 59 m in trench 53; and 2.07% Cu and 1.37 g/t Au over 15 m trench 45. Drill hole 90-1 had an intercept of 0.12% Cu and 1.23 g/t Au over 74 m. Significant drill results from the Hoffman zone include 46 metres (apparent width) of 0.24% Cu in hole 05-17, and 46 metres (apparent width) of 0.31% Cu in hole 07-24.

Property Description (continued)

Exploration programs have been conducted on the property from the 1980's to the present day; the last significant work program completed prior to Rift Valley optioning the property was in 2007. These different programs have included drilling, trenching, geophysical surveys (magnetic and electromagnetic) soil geochemistry and geological mapping. Different operators have focused on different showings and there is considerable data available to guide future exploration programs.

A detailed program of geological and geochemical compilation, field survey and 3D IP and diamond core drilling is recommended for the property in 2012. The total estimated cost of the Phase One program is approximately $940,000, including 10% contingency but net of sales tax (HST). A follow-up Phase Two program of more detailed IP and ground magnetometer survey and diamond drilling is recommended with an estimated cost of $1,775,000, including 10% contingency but net of HST.

Property Work to Date

The Company performed a $42,863 due diligence work program in 2011 in connection with the acquisition of the Cat Mountain Property option. The Company engaged Ridgeview Resources Ltd., with Ken McDonald PGeo, to complete a NI 43-101 compliant technical report of the Cat Mountain Property dated May 15, 2012. The Company

performed a $256,642 work program in the fall of 2012 ($101,898 incurred to Sept 30, 2012 and an additional $154,744 incurred to December 31, 2012). The exploration program completed by Rift Valley in 2012 consisted mainly of line-cutting and road improvements. Additional work was planned but not completed due to the lateness in receiving work permits and the onset of winter conditions.

An excavator was contracted to make improvements to the main access road leading to the summit of Cat Mountain. The road had deteriorated since 2007 and was only passable with an All-Terrain-Vehicle; the excavator widened some of the corners, improved switchbacks and cleaned loose debris allowing access for 4-wheel drive pickups. An old forestry road on the lower slopes of Cat Mountain was also rehabilitated to allow access to the line cutting grid on the lower, southern slopes of Cat Mtn. Two line cutting grids were proposed at the start of the program, the north grid covering the Bet Zone area and the south grid, covering potential porphyry targets and geophysical anomalies. There was some overlap with previous grids but the majority of the grids encompassed areas not previously surveyed. As the program developed, the two grids were merged into one. A total of 48 line-kilometres were cut and flagged, line spacing was 100 metres, stations were established along the grid lines at 25 metre intervals.

Rift Valley intends to complete the Geophysical work (IP survey) in 2013, make improvements to camp and drill test the Bet Zone along strike and at depth. Many past programs utilized small diameter core which resulted in considerable core loss in broken and fractured zones, often associated with mineralization. Future programs will use a minimum of NQ-size core and may start with HG at the top of the holes and reduce to NQ with depth.

1.3 – Selected Annual Information

As at	31-Dec-12	31-Dec-11
Current Assets	192,065	68,240
Mineral Assets	382,927	116,547
Other Assets	31,004	
Total Assets	605,996	184,787
Current Liabilities	105,388	37,900
Shareholders' Equity	953,155	290,000
Deficit	(452,547)	(143,113)
Total Liabilities and Shareholders' Equity	605,996	184,787

Years ended	31-Dec-12	31-Dec-11
Revenue	-	-
Operating Expenses	309,343	30,614
Stock Based Compensation	-	112,500
Loss and Comprehensive Loss for Period	309,343	143,114
Basic and diluted loss per share	(0.024)	(0.055)
Weighted average number of common shares outstanding	13,158,056	2,588,085

1.4 – Results of Operations

Operations during the year ended December 31, 2012 were primarily related to obtaining the necessary licensing and permits to begin the work program, planning and completing initial work programs as well as continuing the

identification and evaluation of mineral properties. There were no material contracts entered into during this period other than the Cat Mountain acquisition disclosed above. There were no investor relations arrangements entered into during this period. There were no legal proceedings, contingent liabilities, and defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period.

During the year ended December 31, 2012, the Company incurred $266,380 in mineral property exploration costs (2011 $91,547 including property acquisition costs of $50,000), and incurred operating expenses of $309,434 (2011 $143,113), consisting of consulting and salaries of $157,853 (2011 $20,080), professional fees of $47,404 (2011 $9,033), listing expense of $40,539 (2011 $nil), rent and occupancy of $28,708 (2011 $1,500), travel and promotion of $27,648 (2011 $nil), listing expense of $40,539 (2011 $nil), office and miscellaneous fees of $6,458 (2011 $11), amortization of $1,004 (2011 $nil) and stock based compensation of Nil (2011 $112,500). The expenses were higher in 2012 because 2011 was an abbreviated stub period. The stock based compensation lower in 2012 because it was a onetime adjustment in 2011.

1.4 – Results of Operations (continued)

During the three month period ended December 31, 2012, the Company incurred $134,604 in mineral property exploration costs (2011 $41,547), and incurred operating expenses of $115,992 (2011 $30,614), consisting of consulting and salaries of $23,092 (2011 $20,080), professional fees of $23,490 (2011 $9,023), listing expenses of $40,539 (2011 $nil), rent and occupancy of $10,500 (2011 $1,500), travel and promotion of $16,435 (2011 $nil), listing expense of $40,539 (2011 $nil) office and miscellaneous fees of $1,434 (2011 $11), amortization of $502 (2011 $nil) and stock based compensation of Nil (2011 $112,500). The expenses were higher in 2012 because 2011 was an abbreviated stub period. The stock based compensation lower in 2012 because it was a onetime adjustment in 2011.

1.5 – Summary of Quarterly Results (Unaudited)

As at	31-Dec-12	30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11	30-Jun-11	31-Mar-11	31-Dec-10
	$	$	$	$	$	$	$	$	$
Current Assets	222,065	425,203	189,340	192,404	68,240	50,000	-	-	-
Mineral Assets	383,930	212,925	122,715	121,170	116,547	50,000	-	-	-
Total Assets	605,995	638,128	312,055	313,574	184,787	100,000	-	-	-
Current Liabilities	105,388	19,281	30,816	38,323	37,900	-	-	-	-
Shareholders' Equity	953,155	955,402	502,250	441,750	290,000	212,500	-	-	-
Deficit	(452,547)	(336,555)	(221,011)	(166,499)	(143,113)	(112,500)	-	-	-
Total Liabilities and Shareholders' Equity	605,996	638,128	312,055	313,574	184,787	100,000	-	-	-

Quarters ended	31-Dec-12	30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11	30-Jun-11	31-Mar-11	31-Dec-10
Revenue	-	-	-	-	-	-	-	-	-
Operating Expenses	115,992	115,544	54,512	23,386	30,614	-	-	-	-
Stock Based Compensation	-	-	-	-	-	112,500	-	-	-
Loss and Comprehensive Loss for Period	115,992	115,544	54,512	23,386	30,614	112,500	-	-	-
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	-	-	(0.10)	-	-	-

Weighted average number of common shares outstanding	17,625,000	15,259,203	9,625,000	9,625,000	9,291,667	1,115,366	100	100	100

Note that the Company began operations on September 19, 2011, therefore the quarters ended June 30, 2011, March 31, 2011 and December 31, 2010 had no activity.

1.6 – Liquidity and Capital Resources

The Company is in the exploration stage and therefore has incurred losses and negative cash flows from operations. The Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placement.

1.6 – Liquidity and Capital Resources (continued)

The Company's ability to raise cash depends on capital market conditions, commodities price, and the results of ongoing exploration programs. There is no assurance that the Company will be able to obtain any additional financing on terms acceptable to the Company. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity.

The mining industry is capital intensive and there can be no certainty that the Company's existing cash balances or that the proceeds from the issuance of its common shares will provide sufficient funds for all of the Company's cash requirements. Should the need arise, the Company may pursue other financing options or rely on joint venture partners to supply some of funds required to explore and develop any acquisitions. There is no assurance that the Company will be successful in obtaining the funds it may require for its program or that the terms of any financing obtained will be acceptable.

On January 1, 2013, the Company extended an agreement regarding rent, phone, and equipment usage provided by a company controlled by the Company's officer. Rift Valley Resources Corp. will pay $3,500 per month to the company from January 1, 2013 to December 31, 2013 as rental for the use of the shared office premises.

On February 8, 2013, the Company entered into an Advisory Agreement with 0893624 BC Ltd. and Marcel Rada (collectively the "Advisor"). The Advisor will act as the company's non-exclusive corporate finance advisor, commencing on February 8, 2013 for one year. Corporate finance fee of $10,000 was to be paid upon signing of the agreement. The amount was fully paid in February 2013.

On March 21, 2012, the Company entered into a consulting agreement with DAG Consulting Corp. ('DAG"). DAG will act as corporate finance advisor and listing project manager in overseeing execution of a Reverse Takeover transaction between the Company and a listed CNSX company. The Company will pay $25,000 plus HST in the following installments:

(i) $5,000 on acceptance of agreement (paid)

(ii) $7,500 on final agreement with a reporting issuer (paid)

(iii) $12,500 on conditional acceptance of a listing application by the CNSX

(iv) Finders' fees to be negotiated for funds introduced by DAG

Other than the above mentioned agreements and the Option agreement for the Cat Mountain property, the Company has no other commitments for capital expenditures as at December 31, 2012.

1.6 – Liquidity and Capital Resources (continued)

As at December 31, 2012, the Company had cash and cash equivalents on hand of $155,317 (December 31, 2011 - $68,240). The increase of cash and cash on hand was due to more cash raised than was used in operating activities during the year ended December 31, 2012.

Cash used in operating activities for the year ended December 31, 2012 was $287,691 compared to a total of $7,287 cash inflow in 2011. More cash was used in operations was due to the increase of consulting, professional and administrative activities as 2011 was an abbreviated stub period.

In Q4 2012, cash used in operating activities was $(5,989) (Q4 2011 - cash inflow of $7,287). More cash used in operation was because the Company incurred more loss due to increase of consulting, professional and administrative activities as 2011 was an abbreviated stub period.

Cash provided from financing activities for the year ended December 31, 2012 was $663,155 compared to a total of $152,500 cash generated from financing activities in 2011. All cash from financing activities were raised through equity financing conducted during the years.

In Q4 2012, cash used by financing activities was $2,247 (Q4 2011 - $52,500) through equity financing.

Cash used in investing activities for the year ended December 31, 2012 was $288,387, compared to a total of $91,547 cash used in investing activities in the 2011. The increase of cash used in investing activities was mainly due to the increase of exploration activities during the year of 2012 as 2011 was an abbreviated stub period.

In Q4 2012, a total of $176,507 (Q4 2011 - $41,547) cash was used in investing activities as more exploration activities were carried in Q4 2012 as 2011 was an abbreviated stub period.

Shareholder's equity as at December 31, 2012 was $500,608 (2011 – $146,887). The Company will need to raise additional sources of funding to maintain operations at the currently level. Although the Company has been successful in the past in rising the necessary funding to continue operations, there can be no certainty it will be able to do so in the future.

1.7 – Capital Resources

The capital resources of the Company are primarily its cash and cash equivalents of $155,317. The Company will require additional financing to fund any anticipated exploration expenditures, operating expenses or future acquisitions. The Company anticipates funding future expenditures through additional equity subscriptions, such as private placements or through the exercise of warrants and options. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or for the amounts desired or that it can be obtained on terms acceptable to the Company and its shareholders. Accordingly, the Company is investigating various business opportunities that ideally will increase the Company's positive cash flow.

If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock.

1.8 – Off Balance Sheet Arrangements

As at December 31, 2012, there are no off-balance sheet arrangements to which the Company is committed.

1.9 – Transactions with Related Parties

The Company had the following balances and transactions with executive officers or companies controlled by these officers:

	December 31, 2012	December 31, 2011
Transactions:		
Rent and occupancy costs paid to a company by controlled by executive officers	$28,708	$ 1,500
Consulting Fees:		
Chief Executive Officer	$22,000	$ 4,500
Chief Financial Officer	$22,000	$ 4,500
Executive Vice President	$20,000	
Executive Vice President – Investor Relations	$24,750	$10,000
Balances:		
Accounts Payable:		
Company controlled by the same group of management	$21,149	$ 1,500

There were no other transactions with related parties except as noted in 1.2 above and 1.15 below.

1.10 – Fourth Quarter – N/A

1.11 – Proposed Transactions

The Company entered into an amalgamation agreement with Avatar Ocean Technology Inc. ("Avatar") on January 4, 2013. The amalgamation agreement contemplated a roll back of Avatar common shares to 2,000,000 common shares pre-amalgamation and an exchange of one common share of Avatar for each common share of Rift Valley. Avatar is currently a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario although its common shares are currently not listed on any stock exchange.

The amalgamation agreement has been circulated for shareholder approval on February 12, 2013 by both companies. The details of the Arrangement, pro-forma financial statements and all other relevant supporting documents are provided in an information circular prepared by Avatar and Rift Valley dated January 8, 2013, and available at www.sedar.com .

On March 20, 2013, in accordance with the Amalgamation Agreement dated January 18, 2013, the Company amalgamated with Avatar Ocean Technology Inc. ("Avatar"). The new company will continue under the name Rift Valley Resources Corp. (the "Amalgamated Company"). Avatar is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario although its common shares are currently not listed on any stock exchange. On April 9, 2013, pursuant to the Amalgamation Agreement, a total of 20,391,652 common shares were issued to the former shareholders of Avatar and Rift Valley Resources Corp. 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 a half (3.5) shares of Avatar. 18,391,667 common shares were issued to the shareholders of the Company.

The Company has not entered into any other proposed transactions during the year ended December 31, 2012, other than completing the Cat Mountain extension agreement disclosed above.

1.12 – Critical Accounting Estimates

Pursuant to the Cat Mountain Property acquisition agreement, as described in 1.2 above, the Company issued 500,000 common shares to the property vendor (the "Acquisition Shares"). The Company assigned a value of $.05 per common share for a total value of $25,000 to the Acquisition Shares. This value was included in Mineral Assets

on the balance sheet and in Share Capital. The Company determined the fair value of the Acquisition Shares based on the most recent private placement issue price.

The fair value of the 7,500,000 common seed shares at the time of issue was considered to be $0.02 per share or $150,000 in total based on the issuance of similar shares for cash in September 22, 2011. The Company recorded $112,500 representing the difference between the cash received and the value of the share as share-based compensation expense.

The Company has outlined the basis of its critical accounting estimates in Notes 2 and 3 of the December 31, 2012 audited financial statements.

1.13 – Changes in Accounting Policies – International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the date for publicly listed companies to use IFRS replacing Canadian Generally Accepted Accounting Principles for audited and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has completed its IFRS implementation plan and has adopted IFRS voluntarily. The financial statements for the year ended December 31, 2012 are prepared using IFRS. Accordingly, the Company has not restated its prior fiscal year ended December 31, 2011 or quarterly interim financial statements.

Future Changes in Accounting Policies

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 10, Consolidated Financial Statements ("IFRS 10"), IFRS 11, Joint Arrangements ("IFRS 11"), IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"), IAS 27, Separate Financial Statements ("IAS 27"), IFRS 13, Fair Value Measurement ("IFRS 13") and amended IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

1.13 – Changes in Accounting Policies – International Financial Reporting Standards ("IFRS")

Future Changes in Accounting Policies (continued)

IFRS 7 relates to the disclosure of financial instruments. In December 2011, the IASB issued an amendment to this standard, which 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.

IFRS 10 requires an entity to consolidate an investee when it 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. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11

supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRSs. 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 1, IAS 27 and IAS 28. IAS 27 addresses the presentation of other comprehensive income. 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 – 13.

1.14 – Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents amounting to $155,317 at December 31, 2012. As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible. Amounts recoverable as at December 31, 2012 include HST receivable of $20,293 due from the Canadian government and $16,456 in other receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet operating accounts payable requirements. The Company has maintained sufficient cash balances to meet these needs at December 31, 2012.

Foreign Exchange Risk

The Company has virtually no foreign exchange risk as all its activities are carried out in Canada and all its financial assets and liabilities are denominated in Canadian dollars.

Interest Rate Risk

The Company has been exposed to interest rate risk on its cash and cash equivalents. The majority of these deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases. Unrealized gains and losses are reported in other comprehensive income. At December 31, 2012, the Company maintained all of its cash balance either on deposit in a chequing account or in a GIC permitting early redemption with a major Canadian bank.

Price Risk

The Company is not exposed to price risk. The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to the short maturity of those instruments. There are no incomes, expenses, gains or losses associated with the financial instruments.

1.15 – Other MD&A Requirements

Share Capital

The total number of common shares issued and outstanding as at December 31, 2012 was 17,625,000 and remains at that as at the date of this report.

Disclosure of Outstanding Share Data

i) Authorized:
Unlimited common shares without par value

ii) Common Shares Issued:

	Issue Price	Number of Shares	Proceeds
Founders' Shares	$0.005	7,500,000	$ 37,500
Founders' Shares	$ 0.02	625,000	$ 12,500
Private Placement	$ 0.05	1,000,000	$ 50,000
Property Acquisition	$ 0.05	500,000	
Private Placement	$0.075	6,396,667	$479,750
Private Placement	$ 0.15	1,603,333	$240,500
Total		17,625,000	$820,250

As at the date of this report there were no stock options or warrants outstanding.

RISK FACTORS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in British Columbia, Canada. Due to the nature of the Company's business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

Going Concern and Financing Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

RISK FACTORS AND UNCERTAINTIES (continued)

Competition

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Dependence on Others and Key Personnel

The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

Dilution to the Company's Existing Shareholders

The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Insufficient Financial Resources

The Company does not presently have sufficient financial resources to meet obligations when they become due, undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

RISK FACTORS AND UNCERTAINTIES (continued)

Fluctuation of Metal Prices

Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

General Economic Conditions

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

Share Price Volatility

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Government Regulation

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to prospecting, development, production, environmental protection, mining taxes, labor standards, property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

RISK FACTORS AND UNCERTAINTIES (continued)

Limited Experience

The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

Mineral Interests

The agreements pursuant to which the Company has the right to acquire its properties provide that the Company must expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to complete all expenditure obligations under its property acquisition agreements over their full term. Failure by the Company to make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations there under, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Substantial expenditures are required to be made by the Company to establish ore reserves. The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and only few properties which are explored are ultimately developed into producing mines. Exploration of the Company's mineral exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to

carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays, or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

RISK FACTORS AND UNCERTAINTIES (continued)

Title Matters

Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

Speculative Business

Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no known resource, and there are no known reserves, on any of the Company's properties.

Uncertainty of Resource Estimates/Reserve

Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

The September 30, 2012 Financial Statements, Pro-forma financial statements, Amalgamation Agreement, Option Agreement and 43-101 are included in the January 8, 2013 Information Circular filed on SEDAR as noted in section 1.11 above.

The following is the Management Discussion and Analysis of the Issuer for the interim period ended March 31, 2013.

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this interim report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of March 31, 2013. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to locate and identify potential business acquisitions, (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis ("2013 Q1MD&A") is dated as of May 29, 2013 and should be read in conjunction with the unaudited condensed financial statements of Rift Valley Resources Corp. for the three months ended March 31, 2013 ("March 31, 2013 Financial Statements"). Our discussion in this 2013 Q1MD&A is based on the March 31, 2013 Financial Statements. The March 31, 2013 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. Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

1.2 – Overall Performance

Nature of Business

Rift Valley Resources Corp., formerly Metal Quest Capital Corp., was incorporated under the Laws of the Province of British Columbia on December 14, 2009. On September 19, 2011, the Company changed its name to Rift Valley Resources Corp. 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. 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 500-900 West Hastings Street, Vancouver, British Columbia, Canada. The Company's registered and records office address is 2800-666 Burrard Street, Vancouver, British Columbia, Canada. As of March 31, 2013 the Company was in the exploration stage.

At March 31, 2013, the Company had not yet achieved profitable operations, had accumulated a deficit of $977,774 had working capital of $105,090, which may not be sufficient to sustain operations over the next twelve months, and the Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. However, it is expected that these funds are sufficient to complete its business as discussed in "Financing" below. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and to identify, evaluate and negotiate potential business acquisitions or participation agreements.

Financing

During the year ended December 31, 2011, the Company closed private placements with subscriptions for 7,500,000 shares at $0.005, 625,000 shares at $0.02, and 1,000,000 shares at $0.05 for total proceeds of $100,000. The Company also issued 500,000 shares for property acquisition. The total number of shares issued was 9,625,000.

During the year ended December 31, 2012 the Company closed private placements with subscriptions of 6,396,667 shares at $0.075 and 1,603,333 shares at $0.15 for total proceeds of $720,250 and total shares issued of 8,000,000.

During the interim three month period ended March 31, 2013, the Company issued 666,667 common shares at $0.15 on March 4, 2013 and 100,000 common shares at $0.20 on March 11, 2013 for the total proceeds of $120,000. All proceeds raised are to be used to fund exploration activities and general working capital.

On March 13, 2013, the Company received $37,000 from the founders which was recorded as contributed surplus to the Company.

Cat Mountain Property, British Columbia

Property Acquisition Details

In September 2011, the Company entered into a memorandum of understanding with the Cat Mountain Syndicate to acquire an option to acquire an undivided 75% right, title and interest to twenty contiguous mineral claims (the "Cat Mountain Property") 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. 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 acquire the interest 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. Upon acquiring the 75% interest, the Company can acquire an additional 15% undivided interest upon completing an additional $3,500,000 in expenditures on the property within three years. The Company can acquire an additional 10% undivided interest upon funding the property until commercial production has begun.

On January 9, 2013 (with a correction on April 30, 2013), the share issuance, cash payment and exploration expenditure schedule was amended. The consideration for this amended agreement is a cash payment of $10,000 to be made by January 31, 2013 (paid) and the issuance of 100,000 common shares to the optionors on the date that the shares of the Company initially begin trading to be made on the stock exchange(issued on May 14, 2013) . The payments are due as follows:

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

The Company was required to pay the vendor a $50,000 option fee and issue 500,000 shares on execution of the memorandum of understanding. The Company has made this payment and issued the shares in 2011.

Property Description

The Cat Mountain Property is a copper-gold prospect situated in the Quesnellia geological terrane, approximately 300 kilometres northwest of Prince George, British Columbia. The project area measures 5,985 hectares and consists of 20 contiguous MTO mineral claims that are held in good standing. The claims are registered to Donald Bragg and are under option to Rift valley Resources. There is road access to the southern and central area of the property and 4WD access to the main mineral showings. Excellent gravel Forest Service Roads originating from Mackenzie, BC provide access to the property.

The property lies along the east perimeter of the large, polyphase, Late Triassic to Early Cretaceous Hogem Batholith, where small satellite intrusions of this body intrude the Witch Lake Formation of the Upper Triassic

Takla Group volcanic sequence. The Witch Lake rocks are comprised of thick, massive basaltic breccias and pyroclastic rocks overlying tuffs, argillite and lesser limestone of the Inzana Lake Formation, which underlies much of the east slopes of Cat Mountain and the low lying terrain farther east. The Hogem Batholith is an important metallogenic intrusive body known to host significant porphyry copper-gold deposits such as the Lorraine and the Kwanika deposits.

Gold was first discovered on the summit area of Cat Mountain in the 1940's in the form of narrow magnetite-rich veins and lodes, which were later tested by trenching and several short diamond drill holes. Mineralization at the discovery showing is comprised of a number of steeply dipping magnetite and magnetite quartz-calcite veins of variable thickness with chalcopyrite, pyrite, native gold, hematite, malachite and azurite present. The "No. 1" vein contains visible gold and has returned assays up to 548 g/t Au. More typical assays are 11.7 g/t Au and 0.49% Cu over 1.1 m and 9.6 g/t Au and 0.58% Cu over 2.3 m. The area comprising the No. 1 vein hosts smaller magnetite-copper-gold bearing veins as well as disseminated and fracture controlled mineralization and collectively the area is referred to as the Bet Zone. Initial work focused on the high-grade vein systems, with the dramatic rise in the price of gold the Bet Zone has been reconsidered for its potential to host a relatively high-grade alkali gold porphyry deposit, and remains largely untested along strike and at depth. Significant drill results, in this light, include Hole 90-1 which returned 122 metres of 1.1 g/t Au (apparent width) and hole 94-1 which intersected 100 metres (apparent width) of 1.36 g/t Au.

Prospecting and extensive trenching on the summit also identified widespread porphyry-related copper-gold zones to the west and south of the main discovery that comprised disseminations and facture-fillings of malachite, azurite, chalcopyrite, pyrite and chalcocite in intrusive syenitic rocks and coarse fragmental volcanic rocks of the Witch Lake Formation. These zones became known as the Upper and Lower Copper zones and the Hoffman zone. Historical trenching on these targets returned some significant results; including 0.65% Cu over 59 m in trench 53; and 2.07% Cu and 1.37 g/t Au over 15 m trench 45. Drill hole 90-1 had an intercept of 0.12% Cu and 1.23 g/t Au over 74 m. Significant drill results from the Hoffman zone include 46 metres (apparent width) of 0.24% Cu in hole 05-17, and 46 metres (apparent width) of 0.31% Cu in hole 07-24.

Property Description (continued)

Exploration programs have been conducted on the property from the 1980's to the present day; the last significant work program completed prior to Rift Valley optioning the property was in 2007. These different programs have included drilling, trenching, geophysical surveys (magnetic and electromagnetic) soil geochemistry and geological mapping. Different operators have focused on different showings and there is considerable data available to guide future exploration programs.

A detailed program of geological and geochemical compilation, field survey and 3D IP and diamond core drilling is recommended for the property in 2012. The total estimated cost of the Phase One program is approximately $940,000, including 10% contingency but net of sales tax (HST). A follow-up Phase Two program of more detailed IP and ground magnetometer survey and diamond drilling is recommended with an estimated cost of $1,775,000, including 10% contingency but net of HST.

Property Work to Date

The Company performed a $42,863 due diligence work program in 2011 in connection with the acquisition of the Cat Mountain Property option. The Company engaged Ridgeview Resources Ltd., with Ken McDonald PGeo, to complete a NI 43-101 compliant technical report of the Cat Mountain Property dated May 15, 2012. The Company performed a $256,642 work program in the fall of 2012 ($101,898 incurred to Sept 30, 2012 and an additional $154,744 incurred to December 31, 2012). The exploration program completed by Rift Valley in 2012 consisted

mainly of line-cutting and road improvements. Additional work was planned but not completed due to the lateness in receiving work permits and the onset of winter conditions.

An excavator was contracted to make improvements to the main access road leading to the summit of Cat Mountain. The road had deteriorated since 2007 and was only passable with an All-Terrain-Vehicle; the excavator widened some of the corners, improved switchbacks and cleaned loose debris allowing access for 4-wheel drive pickups. An old forestry road on the lower slopes of Cat Mountain was also rehabilitated to allow access to the line cutting grid on the lower, southern slopes of Cat Mtn. Two line cutting grids were proposed at the start of the program, the north grid covering the Bet Zone area and the south grid, covering potential porphyry targets and geophysical anomalies. There was some overlap with previous grids but the majority of the grids encompassed areas not previously surveyed. As the program developed, the two grids were merged into one. A total of 48 line-kilometres were cut and flagged, linespacing was 100 metres, stations were established along the grid lines at 25 metre intervals.

Rift Valley intends to complete the Geophysical work (IP survey) in 2013, make improvements to camp and drill test the Bet Zone along strike and at depth. Many past programs utilized small diameter core which resulted in considerable core loss in broken and fractured zones, often associated with mineralization. Future programs will use a minimum of NQ-size core and may start with HG at the top of the holes and reduce to NQ with depth. No additional work was incurred during the interim three month ended March 31, 2013.

1.3 – Selected Annual Information – N/A

1.4 – Results of Operations

Operations during the three months ended March 31, 2013 were primarily related to obtaining the necessary licensing and permits to begin the work program, planning and completing initial work programs as well as continuing the identification and evaluation of mineral properties.

On March 20, 2013, in accordance with the Amalgamation Agreement dated January 18, 2013, the Company amalgamated with Avatar Ocean Technology Inc. ("Avatar"). The new company will continue under the name Rift Valley Resources Corp. (the "Amalgamated Company"). Avatar is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario although its common shares are currently not listed on any stock exchange. On April 9, 2013, pursuant to the Amalgamation Agreement, a total of 20,391,652 common shares were issued to the former shareholders of Avatar and Rift Valley Resources Corp. 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 a half (3.5) shares of Avatar. 18,391,667 common shares were issued to the shareholders of the Company. The amalgamation agreement was circulated for shareholder approval on February 12, 2013 by both companies. The details of the Arrangement, pro-forma financial statements and all other relevant supporting documents are provided in an information circular prepared by Avatar and Rift Valley dated January 8, 2013, and available at www.sedar.com .

There were no investor relations arrangements entered into during this period. There were no legal proceedings, contingent liabilities, and defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period.

During the three months ended March 31, 2013, the Company incurred $13,609 in mineral property exploration costs (2012 $4,624), and incurred operating expenses of $84,740 (2012 $23,386), consisting of consulting and salaries of $63,020 (2012 $15,170), listing expenses of $440,487 (2012 $nil), rent and occupancy of $10,500 (2012 $4,200), professional fees of $6,469 (2012 $nil), travel and promotion of $2,488 (2012 $3,622), office and miscellaneous fees of $2,012 (2012 $394) and amortization of $251 (2012 $nil). The over-all expenses, primarily consulting, were higher in 2013 than 2012 due to increased exploration activity and the listing process in 2013.

1.5 – Summary of Quarterly Results (Unaudited)

As at	31-Mar-13	31-Dec-12	30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11	30-Jun-11	31-Ma 11
	$	$	$	$	$	$	$	$	$
Current Assets	155,741	192,066	425,203	179,340	192,404	68,240	50,000	-	
Other Assets	30,753	31,004	1,506	10,000	-	-	-	-	
Mineral Assets	396,535	382,927	212,925	122,715	121,170	116,547	50,000	-	
Total Assets	583,029	605,997	638,128	312,055	313,574	184,787	100,000	-	
Current Liabilities	50,651	105,388	19,280	30,816	38,323	37,900	-	-	
Shareholders' Equity	1,510,152	953,155	955,402	502,250	441,750	290,000	212,500	-	
Deficit	(977,774)	(452,546)	(336,554)	(221,011)	(166,499)	(143,113)	(112,500)	-	
Total Liabilities and Shareholders' Equity	583,029	605,997	638,128	312,055	313,574	184,787	100,000	-	

Quarters ended	31-Mar-13	31-Dec-12	30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11	30-Jun-11	31-Ma 11
Revenue	-	-	-	-	-	-	-	-	
Operating Expenses	525,227	115,992	115,544	54,512	23,386	30,614	-	-	
Stock Based Compensation	-	-	-	-	-	-	112,500	-	
Loss and Comprehensive Loss for Period	525,227	115,992	115,544	54,512	23,386	30,614	112,500	-	
Basic and diluted loss per share	(0.03)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.10)	(0.00)	(0.0
Weighted average number of common shares outstanding	19,847,207	17,625,000	15,259,203	9,625,000	9,625,000	9,291,667	1,115,366	100	1

Note that the Company began operations on September 19, 2011, therefore the prior quarters had no activity.

1.6 – Liquidity and Capital Resources

The Company is in the exploration stage and therefore has incurred losses and negative cash flows from operations. The Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placement.

The Company's ability to raise cash depends on capital market conditions, commodities price, and the results of ongoing exploration programs. There is no assurance that the Company will be able to obtain any additional financing on terms acceptable to the Company. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity.

1.6 – Liquidity and Capital Resources (continued)

The mining industry is capital intensive and there can be no certainty that the Company's existing cash balances or that the proceeds from the issuance of its common shares will provide sufficient funds for all of the Company's cash requirements. Should the need arise, the Company may pursue other financing options or rely on joint venture partners to supply some of funds required to explore and develop any acquisitions. There is no assurance that the Company will be successful in obtaining the funds it may require for its program or that the terms of any financing obtained will be acceptable.

On January 1, 2013, the Company extended an agreement regarding rent, phone, and equipment usage provided by a company controlled by the Company's officer. Rift Valley Resources Corp. will pay $3,500 per month to the company from January 1, 2013 to December 31, 2013 as rental for the use of the shared office premises.

On March 21, 2011, the Company entered into a consulting agreement with DAG Consulting Corp. ('DAG"). DAG will act as corporate finance advisor and listing project manager in overseeing execution of a Reverse Takeover transaction between the Company and a listed CNSX company. The Company will pay $25,000 plus HST in the following installments:

(i) $5,000 on acceptance of agreement (paid)
(ii) $7,500 on final agreement with a reporting issuer (paid)
(iii) $12,500 on conditional acceptance of a listing application by the CNSX
(iv) Finders' fees to be negotiated for funds introduced by DAG

Other than the above mentioned agreements and the Option agreement for the Cat Mountain property, the Company has no other commitments for capital expenditures as at March 31, 2013.

1.6 – Liquidity and Capital Resources (continued)

As at March 31, 2013, the Company had cash and cash equivalents on hand of $125,516 (2012 - $181,785). The decrease of cash and cash on hand was due to more cash used in operating activities than cash raised during the interim three month period ended March 31, 2013.

During the interim three month period ended March 31, 2013, cash used in operating activities was $173,192 (2012 - 33,582). More cash was used in operation because the Company incurred more loss due to increase of consulting, professional and administrative activities than 2012.

During the interim three month period ended March 31, 2013, a total of $13,609 (2012 - $4,624) cash was used in investing activities as more exploration activities were carried in Q1 2013 than 2012.

During the interim three month period ended March 31, 2013, cash increased by financing activities was $157,000 (2012 - $151,750) through equity financing.

1.6 – Liquidity and Capital Resources (continued)

Shareholder's equity as at March 31, 2013 was $532,378 (December 31, 2012 – $500,609). The Company will need to raise additional sources of funding to maintain operations at the currently level. Although the Company has been successful in the past in rising the necessary funding to continue operations, there can be no certainty it will be able to do so in the future.

1.7 – Capital Resources

The capital resources of the Company as at March 31, 2013 are primarily its cash and cash equivalents of $125,516. The Company will require additional financing to fund any anticipated exploration expenditures, operating expenses or future acquisitions. The Company anticipates funding future expenditures through additional equity subscriptions, such as private placements or through the exercise of warrants and options. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or for the amounts desired or that it can be obtained on terms acceptable to the Company and its shareholders. Accordingly, the Company is investigating various business opportunities that ideally will increase the Company's positive cash flow.

If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock.

1.8 – Off Balance Sheet Arrangements

As at March 31, 2013, there are no off-balance sheet arrangements to which the Company is committed.

1.9 – Transactions with Related Parties

The Company had the following balances and transactions with executive officers or companies controlled by these officers:

	March 31, 2013	March 31, 2012
Transactions:		
Rent and occupancy costs paid to a company by controlled by executive officers	$10,500	$ 4,200
Consulting Fees:		
Chief Executive Officer	$16,500	$ 4,500
Chief Financial Officer	$16,500	$ 4,500
Executive Vice President	$ 9,450	$ 6,500
Executive Vice President – Investor Relations	$ 7,500	$ 750
Balances:		
Accounts Payable:		
Company controlled by the same group of management	$ 5,882	$29,760

There were no other transactions with related parties except as noted in 1.2 above and 1.15 below.

1.10 – Fourth Quarter – N/A

1.11 – Proposed Transactions

The Company intends to submit a listing application with the Canadian National Securities Exchange in the near future.

1.12 – Critical Accounting Estimates

Pursuant to the Cat Mountain Property acquisition agreement, as described in 1.2 above, the Company issued 500,000 common shares to the property vendor on November 30, 2011 (the "Acquisition Shares"). The Company assigned a value of $.05 per common share for a total value of $25,000 to the Acquisition Shares. This value was included in Mineral Assets on the balance sheet and in Share Capital. The Company determined the fair value of the Acquisition Shares based on the most recent private placement issue price.

The fair value of the 7,500,000 common seed shares at the time of issue was considered to be $0.02 per share or $150,000 in total based on the issuance of similar shares for cash in September 22, 2011. The Company recorded $112,500 representing the difference between the cash received and the value of the share as share-based compensation expense. On March 13, 2013, the Company received $37,000 from the founders which was recorded as additional paid up capital for the 7,500,000 common seed shares.

1.12 – Critical Accounting Estimates (continued)

On March 20, 2013, the Company exchanged 6,999,947 common shares of Avatar for 1,999,985 common shares of the Company. The Company recorded these shares at $0.20 per share, for a total of $399,997, which was based on the value realized in a private placement on March 11, 2013.

The Company has outlined the basis of its critical accounting estimates in Note 3 of the March 31, 2013 Financial Statements.

1.13 – Changes in Accounting Policies – International Financial Reporting Standards ("IFRS")

The accounting policies applied in preparation of the March 31, 2013 Financial Statements are consistent with those applied and disclosed in the Company's financial statements for the year ended December 31, 2012. In addition, the Company adopted the following accounting policies effective January 1, 2013:

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.

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 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, 2013.

1.13 – Changes in Accounting Policies – International Financial Reporting Standards ("IFRS") (continued)

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.

Future Changes in Accounting Policies

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.

The following standard will be effective for annual periods beginning on or after January 1, 2014:

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it 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. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IAS 27 *Separate Financial Statements* - As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

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.

Future Changes in Accounting Policies (continued)

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

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.

1.14 – Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents amounting to $125,516 at March 31, 2013. As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible. Amounts recoverable as at March 31, 2013 include HST receivable of $30,225 due from the Canadian government.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet operating accounts payable requirements. The Company has maintained sufficient cash balances to meet these needs at March 31, 2013.

Foreign Exchange Risk

The Company has virtually no foreign exchange risk as all its activities are carried out in Canada and all its financial assets and liabilities are denominated in Canadian dollars.

Price Risk

The Company is not exposed to price risk. The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to the short maturity of those instruments. There are no incomes, expenses, gains or losses associated with the financial instruments.

1.14 – Financial Instruments and Other Instruments (continued)

Interest Rate Risk

The Company has been exposed to interest rate risk on its cash and cash equivalents. The majority of these deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases. Unrealized gains and losses are reported in other comprehensive income. At March 31, 2013, the Company maintained all of its cash balance either on deposit in a chequing account or in a GIC permitting early redemption with a major Canadian bank.

1.15 – Other MD&A Requirements

Share Capital

The total number of common shares issued and outstanding as at March 31, 2013 was 20,391,652. The Company issued the second tranche of 100,000 for the Cat Mountain option as described in 1.2 above.

Disclosure of Outstanding Share Data

i) Authorized: Unlimited common shares without par value

ii) Common Shares Issued:

	Issue Price	Number of Shares	Proceeds
Founders' Shares	$0.005	7,500,000	$ 37,500
Stock Based Compensation	-	-	$ 112,500
Founders' Shares	$0.020	625,000	$ 12,500
Private Placement	$0.050	1,000,000	$ 50,000
Property Acquisition	$0.050	500,000	$ 25,000
Private Placement	$0.075	6,396,667	$ 479,750
Private Placement	$0.150	1,603,333	$ 240,500
Private Placement	$0.150	666,667	$ 100,000
Private Placement	$0.200	100,000	$ 20,000
Shares cancelled on amalgamation	-	(18,391,667)	$ -
New shares issued on amalgamation	-	18,391,667	$ -
Issued for Avatar shares	$0.200	1,999,985	$ 399,997
Total		20,391,652	$1,477,747

As at the date of this report there were no stock options or warrants outstanding.

RISK FACTORS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in British Columbia, Canada. Due to the nature of the Company's business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

Going Concern and Financing Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Insufficient Financial Resources

The Company does not presently have sufficient financial resources to meet obligations when they become due, undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

General Economic Conditions

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

RISK FACTORS AND UNCERTAINTIES (continued)

Dependence on Others and Key Personnel

The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

Government Regulation

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to prospecting, development, production, environmental protection, mining taxes, labor standards, property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Competition

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Fluctuation of Metal Prices

Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

RISK FACTORS AND UNCERTAINTIES (continued)

Share Price Volatility

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays, or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Mineral Interests

The agreements pursuant to which the Company has the right to acquire its properties provide that the Company must expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to complete all expenditure obligations under its property acquisition agreements over their full term. Failure by the Company to make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations there under, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Substantial expenditures are required to be made by the Company to establish ore reserves. The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and only few properties which are explored are ultimately developed into producing mines. Exploration of the Company's mineral exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

RISK FACTORS AND UNCERTAINTIES (continued)

Title Matters

Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

Uncertainty of Resource Estimates/Reserve

Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable.

Limited Experience

The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

Dilution to the Company's Existing Shareholders

The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

RISK FACTORS AND UNCERTAINTIES (continued)

Speculative Business

Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no known resource, and there are no known reserves, on any of the Company's properties.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

7. Market for Securities

The Issuer's securities have never been listed and posted for trading on any exchange or quotation and trade reporting system.

8. Consolidated Capitalization

The Issuer is an amalgamated corporation resulting from the amalgamation of Rift Resources Corp. and Avatar Ocean Technology Inc., whose financial information and management discussion and analysis are included herein. The amalgamation was approved by shareholders of Rift and Avatar on February 19, 2013 and the amalgamation was formally effected by Certificate of Amalgamation on March 20, 2013.

The Issuer is authorized to issue an unlimited number of commons shares without par value. Issuer's shares have no special rights and restrictions attached. Each share carries one vote.

Pursuant to the Amalgamation Agreement every three and half Avatar Shares were exchanged for one share of the Issuer and each Rift Share was exchanged for one share of the Issuer.

Neither Avatar nor Rift had options or warrants issued or outstanding on the effective date of the Amalgamation.

As at the date of this Listing Statement the Issuer had 20,491,652 common shares and no options or warrants issued and outstanding.

The following table sets forth the capitalization of the Issuer as of the date of this Listing Statement:

Designation of Security	Authorized	Issued and Outstanding
Common Shares	Unlimited	20,491,652 Issuer Shares (1,999,985 shares held by former Avatar Shareholders, 18,391,667held by former Rift Shareholders and 100,000 shares issued pursuant to the CAT Mountain Property Option Agreement)

Options	2,039,165	Nil
Warrants		Nil
Indebtedness		Nil

9. Options to Purchase Securities

As of the date of this Listing Statement, there are no outstanding options to purchase securities of the Issuer. The Issuer's share option plan was approved together with the Amalgamation Agreement by the shareholders of Avatar and Rift on February 19, 2013. The maximum number of the Issuer reserved for issuance under that plan is ten (10%) percent of the issued and outstanding Issuer shares on a "rolling" basis.

10. Description of the Securities

10.1 *General* - As of the date of this Listing Statement there are 20,491,652 common shares issued and outstanding. The authorized capital of the Issuer consists of an unlimited number of common shares without par value having the following characteristics.

The shareholders of the common shares are entitled to receive notice and attend all meetings of shareholders of the Issuer and share equally the remaining property of the Issuer upon the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary.

The following table sets forth the capitalization of the Issuer as of the date of this Listing Statement.

Designation of Security	Authorized	Issued and Outstanding
Common Shares	Unlimited	20,491,652 Issuer Shares (1,999,985 shares held by former Avatar Shareholders, 18,391,667 held by former Rift Shareholders and 100,000 shares issued pursuant to the CAT Mountain Property Option Agreement after the amalgamation
Options	2,049,165	Nil
Warrants		Nil

10.2 *Debt Securities* - the Issuer has no debt securities listed.

10.3 Deleted

10.4 *Other Securities* - the Issuer has no other securities listed.

10.5 *Modification of Terms* - other than escrow provisions described in section 11, the rights of holders of the Issuer shares have not been modified.

10.6 *Other Attributes* - there are no other attributes associated with the rights of the Issuer shares which are not described elsewhere in this Listing Statement.

10.7 *Prior Sales* – The particulars of the securities to be listed that have been sold within the 12 months before the date of this Listing Statement by Rift are set forth below.

Date	Price per Share	Number of Rift Shares
July 24, 2012	$0.075	6,396,667
August 9, 2012	$0.15	1,603,333
March 4, 2013	$0.15	666,667
March 11, 2013	$0.20	100,000

From the date of its incorporation until the amalgamation, Avatar issued 6,038,667 shares pursuant to the plan of arrangement with Greenfab and on January 8, 2013 issued 961,333, common shares at a price of $0.02 per share pursuant to a debt settlement and prior to the reduction of share capital on a 3.5 to 1 basis on the amalgamation.

During the past 12 months before the date of this Listing Statement the issuer issued 20,391,652 common shares on April 9, 2013 pursuant to the amalgamation. In addition, the issuer issued 100,000 common shares at a deemed price of $0.20 per share on May 14, 2013 pursuant to the CAT Mountain Option Agreement.

10.8 Stock Exchange Price

The Issuer's securities were not and are not listed for trading or quoted on any exchange or quotation and trade reporting system.

Prior to the amalgamation, Rift Shares and Avatar Shares were never listed for trading or quoted on any exchange or quotation and trade reporting system.

11. Escrowed Securities

As part of the listing application to the CNSX, the Issuer has entered into an escrow agreement dated July 26, 2013 with Computershare Investor Services Inc. and certain shareholders of the Issuer who were either founders, directors, officers or shareholders who entered into the escrow agreement on a voluntary basis of the Issuer, Rift or Avatar where their shares were placed into escrow and are subject to the escrow agreement for a hold period of 36 months from the date the shares of the Issuer are listed on a stock exchange.

Pursuant to the escrow agreement, 10% of the escrowed shares will be released from escrow on the date the common shares are listed on the CNSX, and 15% every six months thereafter, subject to the acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings.

The following table sets out the number of Rift Shares that were placed in escrow pursuant to the escrow agreement dated July 26, 2013 among the Issuer, Computershare Investor Services Inc. and certain shareholders of the Issuer.

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common shares	11,949,604	58.3%

The following chart provides the details of all persons whose shares are being escrowed:

	Name of Shareholder	Number of Shares Subject to Escrow

1	William Grossholz	1,625,000
2	Craig Robson	1,625,000
3	Xian Min Peng	1,625,000
4	Donald K. Bragg	590,000
5	Wesley Raven	100,000
6	Beidou International Investments Inc.	4,000,000
7	Donald Gordon	359,604
8	Rolland Menard	1,625,000
9	Zheng Ming Luan	400,000
	Total	**11,949,604**

12. Principal Shareholders

As of the date of this Listing Statement, to best of the knowledge of the Issuer, the only persons who beneficially own on a fully diluted basis, directly or indirectly or exercise control or direction over, more than 10% of the voting rights attached to all of the outstanding shares of the Issuer are as follows:

Name and Municipality of Residence of Security holder	Designation of Class	Number of Common Shares and Share Options	Percentage of Common Shares Beneficially Owned
Beidou International Investments Inc., Vancouver, BC	Common	4,000,000	19.52%

13. Directors and Officers

As of the date of this Listing Statement, the board of directors of the Issuer consists of Craig Robson, William Grossholz, Donald Bragg, Xian Min (Sam) Peng, Yanshuang She and Donald Gordon. The officers of the Issuer are: President and CEO – Craig Robson, CFO and Secretary - William Grossholz, Vice President Exploration – Wesley Raven.

The name, municipality of residence, position held with Issuer, principal occupation during the last five years and the security holdings of Issuer of each of the proposed directors and officers of Issuer are as follows:

Name and Municipality of Residence	Positions Held in the Issuer	Principal Occupation of the Last Five Years [(1)]	Date Elected as Director	Number of Shares Beneficially Owned
Craig George Thomas Robson[(1) (4)] Richmond, BC	President, CEO and director	Director of Rift; self-employed business consultant for the last 5 years	March 20, 2013	1,625,000 Direct 7.93%
William John Grossholz[(1 (2))] West Vancouver, BC	CFO, Secretary and director	Self-employed chartered accountant for the last five years	March 20, 2013	1,625,000 Direct 7.93%
Xian Min (Sam) Peng[(1) (2)] Richmond, BC	Director	General Manager of Golden Mountain Capital Limited	March 20, 2013	1,625,000 Direct 7.93%
She Yanshuang [(1)]	Director	Researcher at the Post-doctoral	March 20,	Nil

Name and Municipality of Residence	Positions Held in the Issuer	Principal Occupation of the Last Five Years [1]	Date Elected as Director	Number of Shares Beneficially Owned
Beijing, China Director		Station of China Center for Industrial Security	2013	
Donald Gordon[1] [2] [3] North Vancouver, BC	Director	Self-employed business consultant for the last 13 years	March 20, 2013	359,604 Direct 1.75%
Donald Kenneth Bragg[1] Vancouver, BC	Director	Prospector	March 20, 2013	590,000 Direct 2.88%
Wesley Raven, P. Geo[1] Vancouver, BC	Vice President, Exploration	Geologist	N/A	100,000 Direct 0.48%
			Total	5,924,604 Direct 28.91%

Notes:

[1] The information as to principal occupation, business or employment, penalties, sanctions, cease trade orders, bankruptcies, the Issuer shares beneficially owned or controlled is not within the knowledge of the management of the Issuer and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

[2] Member of the Audit Committee.

[3] Mr. Gordon is a director of Tomco Developments Inc. which was subject to a cease trade order issued by the British Columbia Securities Commission on October 12, 2005, for failure to file required financial information in the prescribed time. The cease trade order was revoked on January 13, 2006. Tomco Developments Inc. was cease traded October 7, 2008 by the British Columbia Securities Commission and January 5, 2009 by the Alberta Securities Commission for failure to file the audited financial statements for the year ended May 31, 2008 and remains under the cease trade order as of the date of this Listing Statement.

[4] Craig Robson was a director and President of Ashlar Financial Services Corp (**"AFSC"**), a company listed on the Vancouver Stock Exchange, from July 2001 to September 2002. Prior to Mr. Robson's involvement, AFSC acquired a 100% interest in Ashlar Capital Corporation (**"ACC"**), a company whose business was the factoring of receivables. Shortly after Mr. Robson joined AFSC, AFSC was cease traded pending clarification of the acquisition of ACC. The cease trade order was based on prior financial irregularities and allegation of private placement documentation alterations by a former employee of a Vancouver based brokerage firm which had raised funding for AFSC. While working to understand and clear up the outstanding issues, Mr. Robson and other management of AFSC uncovered an ongoing fraud being conducted by the president of ACC. The fraud, which had not been detected by the auditors of AFSC or ACC involved the misrepresentation of the status of over $1,000,000 in accounts receivable. Upon discovery of this fraud by Mr. Robson and other management of AFSC, the regulatory authorities were notified and news releases were issued and a receiver was appointed for ACC to deal with the investors and debenture holders of ACC. By extension, AFSC became insolvent. The cease trade orders were never rescinded and AFSC was eventually delisted. Civil lawsuits were commenced against ACC, AFSC, the auditors for both companies and the president of ACC and were later settled out of court.

The term of office of all directors will expire at the next annual meeting of the shareholders of the Issuer, subject to re-election at that time. The officers and directors of the Issuer, as a group, will hold, directly or indirectly, or have control over an aggregate of 5,884,604 Issuer shares or 28.86 % of the outstanding shares. None of the officers or directors of the Issuer have signed non-competition agreements or non-disclosure agreements with the Issuer.

The following disclosure contains the profiles of the directors and officers and other members of management of the Issuer:

Craig George Thomas Robson
President, Chief Executive Officer, Director

Mr. Robson has over 35 years of management consulting experience in various aspects of the resource industry markets. Mr. Robson's background includes terms as an Investment Advisor as well as Director and Senior Vice President of Compliance and Risk Management for national brokerage firm C.M. Oliver and Company Ltd. In addition, Mr. Robson was employed as an investigator for the BC Superintendent Brokers Real Estate and Insurance (now the BC Securities Commission). For the last 12 years Craig has

been a founder, director, officer and or consultant to various private and publicly listed companies. Mr. Robson is 61 years old. He will devote 30% of his time to the Issuer.

William John Grossholz
Chief Financial Officer, Secretary, Director

Mr. Grossholz has been a Chartered Accountant for 32 years and has a strong financial, administration, accounting and tax background. He has been a founder and Chief Financial Officer for businesses in the construction, development, resource exploration and telecommunications sectors. Mr. Grossholz operated a successful Chartered Accountancy practice in Vancouver for 14 years and was a Senior Business Auditor for the Canada Revenue Agency. He is 56 years old and will devote 30% of his time to the Issuer.

Yanshuang She
Director

Mr. Yanshuang She holds a Ph.D. in Geological Resources and Geological Engineering from China University of Geosciences. He is performing post-doctoral research at China Center for Industrial Security Research. Mr. She has been the Vice President of Beidou Resources Investments Ltd. since December, 2012. He was an assistant of Chairman and General Manager at the Investment Department in China Mining United Fund (CMU Fund) from 2009 to 2012. Mr. She is 33 years old and will devote up to 20% of his time to the Issuer.

Xian Min (Sam) Peng
Director

Mr. Peng is the founder and President of Canada Chinese Investors and Entrepreneurs Association, a business network of Chinese investors in Canada, which connects investors and businesses together with a large network of investment professionals in Canada and China. Mr. Peng is currently the General Manager of BC based investment and consulting company, Golden Mountain Capital Limited. In addition he has over 15 years of experience working in the mining industry with Metallurgical Construction Corp. ("MCC"), a mining and heavy duty equipment R & D company, before moving to Canada in 2001. While employed with MCC, Mr. Peng was actively involved in the operation and leadership of MCC's production planning, mine construction and engineering. Mr. Peng holds a bachelor's degree in mining. He is 50 years old and will devote 10% of his time to the Issuer.

Donald Kenneth Bragg
Director

Mr. Bragg has over 50 years in field exploration experience including prospecting, property examinations, topographical and geological mapping, geochemistry and geophysics as well as exploration camp management. In addition he has taught field procedures for the Geochemical Explorations Section of the BC Ministry of Energy, Mines and Petroleum Resources. Mr. Bragg is also a Director of the Association for Mineral Exploration of British Columbia (AME BC, formerly the BC Yukon Chamber of Mines). He is 79 years old and will devote 30% of his time to the Issuer.

Donald A. Gordon
Director

Mr. Gordon a principal of DAG Consulting Corp., through which corporate finance consulting assignments are concluded. Mr. Gordon has been involved in the listing of numerous companies in the past 12 years as an independent consultant to issuers and investment dealers. Mr. Gordon is an independent contractor serving as senior advisor at the Canadian National Stock Exchange (the "CNSX") conducting business development for the CNSX. Mr. Gordon is a director of several public companies many of which he serves as director while reorganizing or reactivating issuers. Mr. Gordon has previously held management positions in corporate finance and marketing over a 17 year career with the Vancouver Stock Exchange/CDNX (now TSX Venture Exchange). Mr. Gordon is a past president of the Vancouver Society

of Financial Analysts. Mr. Gordon holds B.A. and MBA degrees from the University of British Columbia and is a CFA charter holder. He is 57 years old and will devote 10% of his time to the Issuer.

Wesley Raven, P. Geo
Vice President, Exploration

Mr. Raven is a professional geologist who graduated from the University of British Columbia in 1983 and has 25 years of exploration experience in Canada and internationally. Mr. Raven has worked for both senior and junior mining companies and has extensive experience in drill program management from small preliminary testing to expansive programs for ore reserve definition. Mr. Raven has experience in a variety of mineral deposit types, including porphyry copper-gold, magmatic nickel-copper, epithermal and mesothermal gold vein systems, volcanogenic massive sulphide deposits, skarn deposits and caronate-hosted base metals. Mr. Raven has managed exploration programs for precious and base metals throughout Canada, the United States, Mexico, Africa and South America. He is 51 years old and will devote 20% of his time to the Issuer.

Corporate Cease Trade Orders

Except as disclosed in note 3 of the table describing the directors and officers of the Issuer, to the management's knowledge, no director, officer, promoter or other member of management of the Issuer is, or within the ten years prior to the date of this Listing Statement has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Penalties or Sanctions

Except as disclosed in the notes of the table describing the directors and officers of the Issuer, to the management's knowledge, no director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to effect materially the control of the Issuer, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer for theft or fraud, or has been subject to any other penalties or sanctions imposed by a court or a regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Bankruptcy

To the management's knowledge, no director, officer or promoter of the Issuer has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold its assets.

Conflict of Interest

Certain of the Issuer's directors and officers are associated with other companies or entities, which may give rise to conflicts of interest. In accordance with the Business Corporations Act, directors who have a material interest in any person who is a party to a material contract or proposed material contract with the Issuer are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract. In addition, the directors are required to act honestly and in good faith with a view to the Issuer's best interests.

Other Reporting Issuer Experience

The following table sets out information for each proposed director or officer of the Issuer who is or, within the five years prior to the date of this Listing Statement, has been a director or officer of any other reporting issuer.

Name of Director or Officer	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position - From and To
Craig George Thomas Robson President, CEO, Director	CaiTerra International Energy Corp.	TSX Venture	Director and President from 2009 to present
	Pacific Cascade Minerals Corp.	TSX Venture	Director, Vice President from 2006 to 2011
	Saville Resources Inc.	TSX Venture	Director from 2011 to present
	Sunshine Agritech Inc.	TSX Venture	Director from 2010 to present
	Megal Capital Corporation	TSX Venture	Director from 2008 to present
	Metal Quest Minerals Inc.	TSX Venture	Director from 2005 to 2009
	West High Yield Resources Ltd.	TSX Venture	VP from 2006 to 2011
William John Grossholz CFO, Secretary, Director	Auracle Resources Ltd.	TSX Venture	Controller from 2011 to June 2012
	CaiTerra International Energy Corp.	TSX Venture	CFO and director from 2009 to present
	Lions Gate Lighting Corp.	OTCBB	CFO and director from 2005 to 2010
Yanshuang She Director	N/A	N/A	N/A
Xian Min (Sam) Peng Director	N/A.	N/A	N/A
Donald Kenneth Bragg Director	N/A	N/A	N/A
Don Gordon Director	Mahdia Gold Corp	CNSX	Director from December 2012 Interim CEO from January to March 2013
	AFG Flameguard Ltd. (formerly Orca Power Corp.)	CNSX	Director from April 2004 to present
	Abbastar Resources Corp.	TSXV	Director from 2007 and President from 2010 to December 2012
	Tomco Developments Inc.	Reporting Unlisted	Director from December 2003 to present
	Newlox Gold Ventures Corp.	CNSX	Director and CEO from August 2011 to present
	Avatar Ocean Technology Inc.	Now Rift Valley Resources Corp.	Director from October 2011 to March 20, 2013
	Tulox Resources Inc. (now Argentium Resources Inc.)	CNSX	Director from 2007 to August 11,2011
	Visual Vault Corporation	CNSX	Director from June 2010 to April 2011
	Whitewater Resources Ltd.	Reporting Unlisted	President and Director from 2011 to October 2012
	Canadian Data Preserve Inc.	CNSX	Director from June 2010 to August 2012

Name of Director or Officer	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position - From and To
	0922519 B.C. Ltd. (now Super Nova Minerals Corp.)	CNSX	Director from October 2011 to October 2012
	0922518 B.C. Ltd.	Reporting Unlisted	Director from October 2011 to present
	ARA Safety Inc.	Reporting Unlisted	Director from January 2008 to October 2008
	Organic Potash Corp	CNSX	Director from August 2011 to present
	Ole Remediation Ltd.	Reporting Unlisted	Director from October 2012 to present
Wesley Raven VP Exploration	Alliance Mining Corp.	TSX Venture	VP Exploration from March 2012 to present
	WPC Resources	TSX Venture	VP Exploration from December 2009 to present
	TTM Resources	TSX Venture	VP Exploration from December 2008 to present
	Goldmember Minerals	TSX Venture	VP Exploration from December 2007 to December 2008
	Grande Portage Resources Ltd.	TSX Venture	VP Exploration from September 2009 to December 2008

14. Capitalization

14.1 Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued	% of Issued (fully-diluted)
Public Float				
Total outstanding (A)	20,491,652	20,491,652	100.0%	100.0%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	11,949,604	11,949,604	58.3%	58.3%
Total Public Float (A-B)	8,542,048	8,542,048	42.7%	42.7%

Freely-Tradeable Float				
Number of the Issuer shares subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and the Issuer shares held by control block holders (C)	11,949,604	11,949,604	58.3%	58.3%
Total Tradeable Float (A-C)	8,542,048	8,542,048	42.7%	42.7%

Public Securityholders (Registered)

Size of Holding	Number of holders	Total number of Issuer shares
1 - 99 securities	Nil	Nil
100 - 499 securities	4	998
500 - 999 securities	36	18,057
1,000 -1,999 securities	5	5,000
2,000 - 2,999 securities	3	8,570
3,000 - 3,999 securities	1	3,000
4,000 - 4,999 securities	2	9,523
5,000 or more securities	43	8,496,900
Total	**94**	8,522,048

Public Securityholders (Beneficial)

Size of Holding	Number of holders	Total number of New Rift shares
1 - 99 securities	83	15,500
100 - 499 securities	24	8,355
500 - 999 securities	51	28,764
1,000 -1,999 securities	9	9,357
2,000 - 2,999 securities	10	20,000
3,000 - 3,999 securities	16	65,035
4,000 - 4,999 securities	2	9,523
5,000 or more securities	72	8,385,516
Total	267	8,522,048

Non-Public Securityholders (Registered)

Size of Holding	Number of holders	Total number of Issuer shares
1 - 99 securities	Nil	Nil
100 - 499 securities	Nil	Nil
500 - 999 securities	Nil	Nil
1,000 -1,999 securities	Nil	Nil
2,000 - 2,999 securities	Nil	Nil

3,000 - 3,999 securities	Nil	Nil
4,000 - 4,999 securities	Nil	Nil
5,000 or more securities	8	11,949,604
Total	8	11,949,604

14.2 Securities Convertible into Common Shares

As of date of this Listing Statement, there are no securities reserved for issuance.

15. Executive Compensation

The Issuer resulted from the amalgamation that became effective on March 20, 2013 and has not completed its first financial year. The following is the description of the executive compensation for Rift and Avatar just before the date of the amalgamation. The Issuer does not expect significant changes to the compensation levels disclosed below.

The executive compensation of the Issuer has not been determined going forward yet but it is planned to be discussed by board of the Issuer.

Rift Executive Compensation

Compensation Discussion and Analysis

Rift relies on the board of directors in determining executive compensation and option based awards to executive officers.

Craig Robson, President and Chief Executive, and William Grossholz, Chief Financial Officer, are "named executive officer" of Rift for the purposes of the following disclosure. The compensation paid to the NEO since the incorporation of Rift is as set out in the Summary Compensation Table.

The board of directors approves option based awards to executive officers. Previous grants of option-based awards are taken into account when considering new grants.

Summary Compensation Table

The following table reflects compensation of each NEO of Rift since its incorporation.

Name and principal position[3]	Year	Salary ($)	Share based awards ($)	Option based awards ($)	Non-Equity Incentive Plan compensation		Pension value ($)	All other compen-sation ($)	Total compen-sation ($)
					Annual Incentive Plans	Long term Incentive Plans			
Craig Robson, President [1] CEO	2012[4] 2011	22,000 4,500	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	22,000 4,500
William	2012[4]	22,000	Nil	Nil	Nil	Nil	Nil	Nil	22,000

Grossholz [2] CFO	2011	4,500	Nil	Nil	Nil	Nil	Nil	Nil	4,500

Note:

[1] Mr. Robson was appointed President and CEO in September 2011.

[2] Mr. Grossholz was appointed CFO in September 2011.

[3] Mr. Peng was the only director of Rift from its incorporation on December 14, 2009 until September 16, 2012. His compensation is disclosed under the Directors Compensation section.

[4] This represents the compensation received between January 1, 2012 and December 31, 2012.

Incentive Plan Awards

The following table provides for each NEO for all awards outstanding for the period ending September 30, 2012.

Name	Option – based awards Value vested during the year ($)	Share – based awards Value vested during the year ($)	Non-Equity Incentive Plan compensation Value earned during the year ($)
Craig Robson, President and CEO	Nil	Nil	Nil
William Grossholz	Nil	Nil	Nil

Pension Plan Benefits

Rift does not provide any pension plan benefits to its executive officers, directors or employees.

Termination and Change of Control Benefits

There are no written employment contracts between Rift and NEOs. There are no compensatory plan(s) or arrangements(s), with respect to the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of NEOs' responsibilities following a change in control. Rift has no termination or change of control benefits. In case of termination of NEOs common law and statutory law applies.

Director Compensation

The following are all amounts of compensation provided to the directors, who were not NEOs, of Rift.

Name	Year	Fees earned ($)	Share – based awards ($)	Option based awards ($)	Non-Equity Incentive Plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Xian Min (Sam) Peng	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	10,000	Nil	Nil	Nil	Nil	Nil	10,000
	2012	20,000	Nil	Nil	Nil	Nil	Nil	20,000
Zheng Ming (Michael) Luan	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil

[1] Mr. Luan was appointed director of Rift on July 1, 2012. He resigned on January 16, 2013.

The following table provides Incentive Plan Awards – value vested or earned during the year for directors of Rift, who were not NEOs.

Name	Option – based awards Value vested during the year ($)	Share – based awards Value vested during the year ($)	Non-Equity Incentive Plan compensation Value earned during the year ($)
Xian Min (Sam) Peng	Nil	Nil	Nil
Zheng Ming (Michael) Luan	Nil	Nil	Nil

There are no other arrangements from those disclosed above under which directors were compensated by Rift during the most recently completed financial year for their services in their capacity as directors or consultants.

Avatar Executive Compensation

The following table reflects compensation of each NEO of Avatar's three most recently completed financial years.

Compensation Discussion and Analysis

Avatar relies on the board of directors in determining executive compensation and option based awards to executive officers.

Donald Gordon, Chief Executive Officer and Chief Financial Officer is a "named executive officer" of Avatar for the purposes of the following disclosure. The compensation paid to the NEO during Avatar's three most recently completed financial years is as set out in the Summary Compensation Table.

The board of directors approves option based awards to executive officers. Previous grants of option-based awards are taken into account when considering new grants.

Summary Compensation Table

The following table reflects compensation of each NEO of Avatar's since incorporation.

Name and principal position	Year	Salary ($)	Share based awards ($)	Option based awards [2] ($)	Non-Equity Incentive Plan compensation		Pension value ($)	All other compen-sation ($)	Total compen-sation ($)
					Annual Incentive Plans	Long term Incentive Plans			
Donald Gordon, CEO and CFO	2012	Nil	Nil	Nil	Nil	Nil	Nil	$7,650[1]	$7,650
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

[1] This compensation represents management fees accrued to DAG Consulting Corp. from July 2012.

Incentive Plan Awards

The following table provides for each NEO for all awards outstanding at the end of the most recently completed financial year and includes awards granted before the most recently completed financial year.

Name	Option – based awards Value vested during the year ($)	Share – based awards Value vested during the year ($)	Non-Equity Incentive Plan compensation Value earned during the year ($)
Donald Gordon, President, CEO and CFO	Nil	Nil	Nil

Pension Plan Benefits

Avatar does not provide any pension plan benefits to its executive officers, directors or employees.

Termination and Change of Control Benefits

There are no written employment contracts between Avatar and NEOs. There are no compensatory plan(s) or arrangements (s), with respect to the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of NEOs' responsibilities following a change in control. Avatar has no termination or change of control benefits. In case of termination of NEOs common law and statutory law applies.

Director Compensation

The following are all amounts of compensation provided to the directors, who were not NEOs, for Avatar's most recent completed financial year.

Name	Fees earned ($)	Share – based awards ($)	Option based awards (1) ($)	Non-Equity Incentive Plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Brian Peterson	Nil	Nil	Nil	Nil	Nil	$3,750	$3,750

The following table provides Incentive Plan Awards – value vested or earned during the year for directors of Avatar, who were not NEOs

Name	Option – based awards Value vested during the year ($)	Share – based awards Value vested during the year ($)	Non-Equity Incentive Plan compensation Value earned during the year ($)
Brian Peterson	Nil	Nil	Nil

16. Indebtedness of Directors and Executive Officers

None of the executive officers or directors of the Issuer, or associates or affiliates of such persons:

a) are indebted to the Issuer or a subsidiary of the Issuer; or

b) are or where indebted to another entity at any time where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or a subsidiary of the Issuer.

17. Risk Factors

Any investment in the Issuer shares is speculative due to the Issuer's limited operating history and certain other factors. Shareholders and prospective investors of the Issuer should carefully consider that the Issuer may not realize the anticipated benefits of the implementation of its business plan.

Investments in the Issuer involve a high degree of risk and investors should not invest any funds in the Issuer unless they can afford to lose their entire investment. Investors should consult with their professional advisers to assess an investment in the Issuer shares.

No Ongoing Operations and No Production History. The Issuer has no producing operations or revenue. The ability of the Issuer to raise funds may be entirely dependent upon market conditions that are entirely beyond the control of the Issuer and as such, the Issuer may not be able to raise the funds to carry out all or any exploration activity on its mineral properties under option.

Development. The business of exploration companies involves a high degree of risk. Few exploration properties are ultimately developed into producing properties. All properties which the Issuer may or will acquire will be at the exploration stage.

Title to Properties. The Issuer, at present, does not own any mineral properties. Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although management of the Issuer believes that the Issuer has investigated titles to its property that it holds an option to acquire an interest in the property or for which it holds an option to acquire concessions or other mineral claims, leases or licenses, the Issuer cannot give assurance that title to the properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and mineral exploration properties often are subject to various aboriginal claims. One or more successful claims brought by others that the Issuer does not have title to the claims could cause it to lose its rights to any properties it may acquire, perhaps without compensation for any prior expenditures relating to the properties.

Any properties may now or in the future be the subject of first nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Issuer's ownership interests in any property or future properties cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the areas in which the properties are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Issuer's activities. Even in the absence of such recognition, the Issuer may at some point be required to negotiate with first nations in order to facilitate exploration and development work on their respective properties.

Because the Issuer's interest in the properties is acquired by way of option agreement only: (i) the Issuer does not own the properties, rather it has the right to acquire an interest in the property by issuing common shares, incurring the expenditures and meeting certain obligations; (ii) the exploration expenditures under the respective option and property agreements may be optional to the Issuer, such that if it determines the properties to be without sufficient merit at any time prior to exercising its options it is not obligated to incur any further expenditures; (iii) if the Issuer fails to incur expenditures in accordance with the option and purchase agreements, it will lose all of its interest in the properties; (iv) the companies are dependent on the respective optionor and vendor to perform their obligations under the respective option and purchase agreements and if the optionors fail to perform their obligations thereunder the Issuer's interest in any property may be lost. There is no guarantee that the Issuer will be able to raise sufficient funding in the future to incur all expenditures under the respective option and purchase agreements.

Requirement for Permits and Licenses. The Issuer will be applying for all necessary licenses and permits under applicable laws and regulations to carry on the business activities which they are currently planning

in respect of the assets or properties, and they believe they will comply in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to changes in regulations and in various operational circumstances. A substantial number of additional permits and licenses may be required should the Issuer proceed beyond exploration. There can be no guarantee that the Issuer will be able to obtain such licenses and permits.

Environmental Risks and other Regulatory Requirements. The current or future operations of the Issuer, including the exploration activities and commencement of production on any mineral properties it may acquire, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. There can be no assurance that all permits which the Issuer may require for their facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulations would not have a material adverse effect on any exploration and development project which the Issuer might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the operations and activities of mineral companies, or more stringent enforcement thereof, could have a material adverse impact on the Issuer if it acquires any mineral properties and cause increases in capital expenditure or exploration and development costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Uninsurable Risks. Exploration of mineral properties involves numerous risks, including unexpected or unusual geological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Issuer. The Issuer currently does not maintain insurance against environmental risks.

Competition. Significant and increasing competition exists for business opportunities in the Province of British Columbia. There are a number of large established companies with substantial capabilities and greater financial and technical resources than the Issuer. The Issuer may be unable to acquire business interests or acquire such assets on terms they consider acceptable. Accordingly, there can be no assurance that the Issuer's current business activities or programs will yield any results in any commercial operations.

Conflicts of Interest. Directors of the Issuer may, from time to time, serve as directors of, or participate in ventures with other companies involved in natural resource development. As a result, there may be situations that involve a conflict of interest for such directors. Each director will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts in accordance with the Business Corporations Act (British Columbia) and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

No History of Earnings or Dividends. As a newly formed company, the Issuer has no history of earnings, and there is no assurance that any properties it may acquire or any other property that may be acquired by it and any agreements that may be signed by the Issuer, or any other agreement that may be entered into by the Issuer, or any other property that may be acquired by the Issuer, will generate earnings, operate profitably or provide a return on investment in the future. The issuer has no plans to pay dividends for the foreseeable future.

Litigation. The Issuer and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. Management of the Issuer does not know of any such pending or actual material legal proceedings as of the date of this Listing Statement.

Dependency on a Small Number of Management Personnel. The Issuer is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Issuer and its business operations.

Ore Reserves and Reserve Estimates. The Issuer's business currently relies or will rely upon the ability to determine whether a given property has commercial quantities of recoverable minerals. No assurance can be given that any discovered mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience.

18. Promoters

As of the date of this Listing Statement, the Issuer has no promoters.

19. Legal Proceedings

The Issuer is not a party to or subject to any legal proceedings material to the Issuer to which the Issuer is a party or of which any of its respective properties is the subject matter. The Issuer is not aware of any proceedings to be contemplated against it.

20. Interest of Management and Others in Material Transactions

Except as otherwise disclosed herein, no informed person of Issuer or Avatar or Rift, director of the Issuer or any associate or affiliate of an informed person or proposed director, has any material interest, direct or indirect, in any transaction with the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer.

The director of the Issuer, Donald K. Bragg is one of the four members of CAT Syndicate, which is the optionor pursuant to CAT Mountain Property Option Agreement among Rift Valley Resources Corp., and CAT Syndicate, Donald K. Bragg, Donald K. Mustard, Peter Fox and Barry Price dated November 30, 2011 and amended on January 9, 2013. Mr. Bragg was not a director of Avatar or Rift prior to the amalgamation.

21. Auditors, Transfer Agents and Registrars

Manning Elliot Chartered Accountants LLP of 11th Floor 1050 West Pender Street Vancouver, British Columbia, V6E 3S7 are the auditors of the Issuer.

Computershare Investor Services Inc. of 510 Burrard Street, 3rd Floor, Vancouver, B.C. V6C 3B9 is the transfer agent and registrar for the Issuer's Shares.

22. Material Contracts

As a result of the amalgamation the material contracts of Avatar and Rift became the material contracts of the Issuer. The following table summarizes material contracts of the Issuer entered into within two years before the date of this Listing Statement.

Name of Contract	Parties	Date	Nature of Contract and

			Consideration
Amalgamation Agreement	Avatar Ocean Technology Inc. and Rift Valley Resources Corp.	January 18 2013	Amalgamation Agreement. A copy of the agreement is available on www.sedar.com under the profile of the Issuer.
Cat Mountain Property Option Agreement and the First Amendment thereof; the correction of the First Amendment to Cat Mountain Property Option Agreement	Rift Valley Resources Corp. and Cat Syndicate consisting of Donald K. Brag, Donald K. Mustard, Peter Fox and Barry Price	November 30, 2011 January 9, 2013 April 30.2013	Mineral property option agreement. A copy of the agreement is attached to the joint information circular of Avatar and Rift dated January 21, 2013, which is available on www.sedar.com under the profile of the Issuer. The correction of the First Amendment corrects the due cash payment date from March 30, 2013 to October 31, 2013.
Arrangement Agreement	Greenfab Build Systems Inc., Avatar Ocean Technology Inc., 0922518 B.C. Ltd. dba Ambulance Management Group and 0922519 B.C. Ltd. dba Artprint Publications	October 12, 2011	Arrangement Agreement. The Arrangement Agreement and the Plan of Arrangement are attached as Schedule B to the information circular of Greenfab Build Systems Inc. dated October 13, 2011, which is available at www.sedar.com under the profile of the Issuer.

23. Interest of Experts

Except as disclosed in sections 13 and 20 of this Listing Statement, there are no direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement.

24. Other Material Facts

To the Issuer's knowledge, there are no material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

25. Financial Statements

Attached are:

a) audited financial statements of Rift Valley Resources Corp. for the years ended December 31, 2012, December 31, 2011 and December 31, 2010;

b) audited consolidated financial statements of Avatar Ocean Technology Inc. from incorporation to September 30, 2012 and unaudited financial statements for the period ending December 31, 2012.

c) unaudited financial statements of the Issuer for the periods ending March 31, 2013

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Rift Valley Resources Corp. hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to Rift Valley Resources Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver

this 1 day of August, 2013.

"Craig Robson"	*"William Grossholz"*
Craig Robson, Chief Executive Officer, Director	William Grossholz, Chief Financial Officer, Director
"Donald Bragg'	*"Donald Gordon"*
Donald Bragg, Director	Donald Gordon, Director
"Yanshuang She"	*"Xian Min (Sam) Peng"*
Yanshuang She, Director	Xian Min (Sam) Peng, Director

RIFT VALLEY RESOURCES CORP.

(formerly “Metal Quest Capital Corp.”)
(An Exploration Stage Company)

FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

MANNING ELLIOTT
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7
Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Directors of
Rift Valley Resources Corp. (formerly "Metal Quest Capital Corp.")

We have audited the accompanying financial statements of Rift Valley Resources Corp. (formerly "Metal Quest Capital Corp.") which comprise the statements of financial position as at December 31, 2012 and 2011 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, 2012 and 2011, 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 26, 2013

RIFT VALLEY RESOURCES CORP. (formerly "Metal Quest Capital Corp.")
(An Exploration Stage Company)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012 AND 2011
(Expressed in Canadian Dollars)

	Note	2012	2011
		$	$
ASSETS			
Current Assets			
Cash		155,317	68,240
Amounts receivable		36,749	–
		192,066	68,240
Deposits	4	30,000	–
Mineral property interests	5	382,927	116,547
Office Equipment, net	6	1,004	–
		605,997	184,787
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	7	105,388	37,900
SHAREHOLDERS' EQUITY			
Share capital	8	953,155	237,500
Share subscriptions received	8	–	52,500
Deficit		(452,546)	(143,113)
		500,609	146,887
		605,997	184,787

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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. (formerly "Metal Quest Capital Corp.")
(An Exploration Stage Company)
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Canadian Dollars)

	Note	2012	2011
		$	$
Expenses			
Consulting fees	7	157,853	20,080
Professional fees		47,404	9,033
Listing expense		40,539	–
Rent	7	28,708	1,500
Travel and promotion		27,468	–
Office and miscellaneous		6,458	–
Depreciation		1,003	–
Share-based compensation	8	–	112,500
Net loss and comprehensive loss		(309,433)	(143,113)
Loss per share, Basic and Diluted		(0.02)	(0.06)
Weighted average common shares outstanding		13,052,177	2,588,085

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

RIFT VALLEY RESOURCES CORP. (formerly "Metal Quest Capital Corp.")
(An Exploration Stage Company)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Canadian Dollars)

	Amount	Share Subscriptions Received	Accumulated Deficit	Total
	$	$	$	$
Balances, December 31, 2010	1	-	-	1
Share redeemed	(1)	-	-	(1)
Shares issued for cash	100,000	-	-	100,000
Share-based compensation	112,500	-	-	112,500
Shares issued for mineral property	25,000	-	-	25,000
Share subscriptions received - cash	-	52,500	-	52,500
Comprehensive loss	-	-	(143,113)	(143,113)
Balance, December 31, 2011	237,500	52,500	(143,113)	146,887
Shares issued for cash	720,250	(52,500)	-	667,750
Share issue costs	(4,595)	-	-	(4,595)
Comprehensive loss	-	-	(309,433)	(309,433)
Balance, December 31, 2012	953,155	-	(452,546)	500,609

RIFT VALLEY RESOURCES CORP. (formerly "Metal Quest Capital Corp.")
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Canadian Dollars)

	Note	2012	2011
		$	$
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss		(309,433)	(143,113)
Items not affecting cash			
Amortization		1,003	–
Share-based compensation		–	112,500
		(308,430)	(30,613)
Changes in non-cash working capital balances and rental security deposit:			
Amounts recoverable		(36,749)	–
Rental deposit		(10,000)	–
Accounts payable and accrued liabilities		67,488	37,900
Cash provided by (used in) operating activities		(287,691)	7,287
INVESTING ACTIVITIES			
Office Equipment		(2,007)	–
Mineral property security deposits		(20,000)	–
Mineral property interests		(266,380)	(91,547)
Cash used in investing activities		(288,387)	(91,547)
FINANCING ACTIVITIES			
Shares subscribed for cash		–	52,500
Shares issued for cash, net		663,155	100,000
Cash provided by financing activities		663,155	152,500
Increase in cash		87,077	68,240
Cash, beginning		68,240	–
Cash, ending		155,317	68,240

Supplemental disclosures		
Cash paid for interest	–	–
Cash paid for income taxes	–	–

For the supplemental disclosures for non-cash investing and financing transactions, see Notes 6 and 8.

1. NATURE AND CONTINUANCE OF OPERATIONS

Rift Valley Resources Corp. (the "Company" or "Rift Valley"), formerly Metal Quest Capital Corp., was incorporated under the Laws of the Province of British Columbia on December 14, 2009. On September 19, 2011, the Company changed its name to Rift Valley Resources Corp. The address of the Company's corporate office and its principal place of business is 500-900 West Hastings Street, Vancouver, British Columbia, Canada.

The Company began operations on September 19, 2011 and its principal business activity is the acquisition, exploration and development of mineral properties in British Columbia, Canada. As of December 31, 2012 the Company was in the exploration stage.

For the year ended December 31, 2012, the Company incurred a loss of $309,433 (2011 - $143,113) and has an accumulated deficit of $452,546 and $143,113 at December 31, 2012 and December 31, 2011, respectively. The Company has never generated revenue on cash flows from operations. 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.

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 26, 2013.

b) Going concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 amortization of capital assets, impairment of mineral properties, decommissioning liabilities, deferred income tax assets and liabilities, and assumptions used in valuing options in share-based payment calculations. 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.

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.

(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 expenditure is capitalized suggesting that the recovery of expenditure is unlikely, the amount capitalized as mineral property interests is written off in the profit or loss in the period the new information becomes available.

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 lawyer trust accounts and are available on demand by the Company for its programs, and are not invested in any asset backed deposits/investments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

f) Amortization

Equipment is recorded at cost less accumulated amortization and impairment. Amortization is calculated at the following annual rates:

Office equipment	50% declining-balance

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 property interests

All expenditures related to the cost of exploration and evaluation of mineral resource claim 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 or for which the Company does not have a claim 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 or other suitable 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 the carrying amount is unlikely to be recovered in full through development or sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Mineral properties (continued)

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.

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 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. As at December 31, 2012, 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 certain exploration expenditures incurred in B.C., if applicable, are treated as a reduction of the exploration and development costs of the respective mineral property. The Company will record any recovered tax credits at the time of receipt unless certainty of receipt can be established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 share-based compensation 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 vesting 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.

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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 maybe 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.

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, 2012 and December 31, 2011, the Company classified amounts receivables 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC 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.

New accounting standards effective January 1, 2013 unless otherwise noted

IFRS 1 – First time adoption of IFRS - In March 2012, the IASB issued an amendment to this standard, which a new exception was included in respect of government loans. Measurement of below-market rate government loans is allowed to be applied prospectively at date of transition. In addition, if the entity had obtained the information to measure the loan at its fair value at the inception of the loan, it could re-measure the loan on transition. This exception is to be applied on a loan-by-loan basis.

IFRS 7 - Financial Instruments: Disclosures - In December 2011, the IASB issued an amendment to this standard, which 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.

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it 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. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 11 *Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 *Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IAS 1 – Presentation of Financial Statements - In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

IAS 19 – Employee Future Benefits - In June 2011, the IASB issued an amendment to IAS 19, which changes the recognition, measurement and presentation of defined benefit pension expense and provides for additional disclosures for all employee benefits.

IAS 27 – Separate Financial Statements - As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 – Investments in Associates and Joint Ventures - As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provided the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

The following standard will be effective for annual periods beginning 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.

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

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.

4. DEPOSITS

	2012 $	2011 $
Mineral property reclamation bonds	20,000	-
Rental deposit	10,000	-
	30,000	-

5. MINERAL PROPERTY INTERESTS

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

	2012 $	2011 $
Opening balance, January 1	75,000	-
Mineral property interests acquired for shares	-	25,000
Option payment made	-	50,000
Balance, December 31	75,000	75,000
Opening balance, January 1	41,547	-
Geological and geophysical	217,334	41,547
Line Cutting	61,510	-
Mining Exploration Tax Credit	(12,464)	-
Balance, December 31	307,927	41,547
Total	382,927	116,547

The impairment assessment of exploration and evaluation assets did not result in any impairment provisions on 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 for the purpose of deferral of the terms of cash payments and share issuances. The consideration for this amended agreement is a cash payment of $10,000 to be made by January 31, 2013 and the issuance of 100,000 common shares to the optionors on the date that the shares of the Company initially begin trading to be made on the stock exchange (see also Note 13(g)).

5. MINERAL PROPERTY INTERESTS (continued)

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

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

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

6. OFFICE EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value December 31, 2012	Net Book Value December 31, 2011
	$	$	$	$
Office Equipment	2,007	1,003	1,004	-
Total	2,007	1,003	1,004	-

7. RELATED PARTY TRANSACTIONS AND BALANCES

During the year ended December 31, 2012, the Company incurred the following related party transactions:

(a) $28,708 (2011 - $1,500) in rent fees to companies controlled by the President and CFO.

(b) 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, 2012. Short-term key management compensation paid to directors and senior officers or companies controlled by them consists of the following for the years ended December 31, 2012 and 2011:

	2012	2011
	$	$
Consulting fees	88,750	20,080

(c) As at December 31, 2012, included in accounts payable is $21,149 (2011 - $1,500) to the companies controlled by the officers and a company controlled by the same group of management.

8. SHARE CAPITAL

(a) Authorized Share Capital

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

(b) Issued and Outstanding Common Shares

	Number of Common Shares	Amount
		$
Balances, December 31, 2010	100	-
Shares repurchased at $0.01 per share	(100)	-
Issued for cash at $0.005 per share	7,500,000	37,500
Share-based payments	-	112,500
Issued for cash at $0.02 per share	625,000	12,500
Issued for cash at $0.05 per share	1,000,000	50,000
Shares issued for mineral property interest in Cat Mountain Claims	500,000	25,000
Balance, December 31, 2011	9,625,000	237,500
Issued for cash at $0.075 per share	6,396,667	479,750
Issued for cash at $0.15 per share	1,603,333	240,500
Share issue costs	-	(4,595)
Balance, December 31, 2012	17,625,000	953,155

On December 14, 2009 and September 20, 2011, the Company issued and redeemed 100 common shares at $0.01 per share for a total of $1 respectively.

8. SHARE CAPITAL (continued)

(b) Issued and Outstanding Common Shares (continued)

The Company issued 7,500,000 common seed shares on September 20, 2011 at $0.005 per share for a total of $37,500 and issued 625,000 common seed shares on September 22, 2011 at $0.02 per share for a total of $12,500. The fair value of the 7,500,000 common seed shares at the time of issue was considered to be $0.02 per share or $150,000 in total based on the issuance of similar shares for cash in September 22, 2011. The Company recorded $112,500 representing the difference between the cash received and the value of the share as share-based compensation expense.

On December 31, 2011, the Company issued 1,000,000 common seed shares at $0.05 per share for a total of $50,000.

In November 2011, pursuant to an Option Agreement, the Company issued 500,000 common shares valued at $0.05 per share for a total of $25,000.

On July 24, 2012, the Company issued 6,396,667 common seed shares at $0.075 per share for a total of $479,750, of which $52,500 was received prior to December 31, 2011.

On August 9, 2012, the Company issued 1,603,333 common seed shares at $0.15 per share for a total of $240,500.

During the year ended December 31, 2012, the Company incurred share issue costs of $4,595 (2011 - $nil).

(c) Stock Options

As at December 31, 2012 and 2011, the Company had not issued any stock options.

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:

	2012	2011
	$	$
Combined statutory rate	25.5%	28.5%
Expected income tax recovery	(77,358)	(40,787)
Net adjustment for deductible and non-deductible amounts	(700)	32,063
Change of income tax rates	-	1,071
Deferred tax asset not recognized	78,058	7,653
	-	-

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

	2012	2011
	$	$
Future income tax rates	25%	25%
Future income tax assets:		
Non-capital loss	84,792	7,653
Share issue costs	919	-
Deferred tax assets not recognized	85,711	7,653

9. INCOME TAXES (continued)

As at December 31, 2012, the Company has available for deduction against future taxable income non-capital losses of approximately $339,000 (2011 - $31,000) and resource-related expenditures of approximately $383,000 (2011 - $117,000) available for deduction against future Canadian taxable income. Non-capital losses, if not utilized will expire as follows:

2031	31,000
2032	308,000
	$ 339,000

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, 2012, 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, amounts receivable 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 values of these financial instruments approximates their carrying values because of the current nature.

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

	2012	2011
	$	$
FVTPL (i)	155,317	68,240
Loans and receivables (ii)	16,456	-
Other financial liabilities (iii)	105,388	37,900

(i) Cash
(ii) Amounts receivable
(iii) 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, 2012:				
Cash	155,317	-	-	155,317
As at December 31, 2011:				
Cash	68,240	-	-	68,240

Financial risk management objectives and policies

The Company's financial instruments include cash, amounts receivable 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. COMMITMENTS

a) Pursuant to the option agreement entered on November 30, 2011 and amended on January 9, 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.

b) On March 21, 2012, the Company entered into a consulting agreement with DAG Consulting Corp. ('DAG") under which DAG will act as corporate finance advisor and listing project manager in overseeing execution of a Reverse Takeover transaction between the Company and a listed CNSX company. The Company is committed to pay $25,000 plus HST in the following installments:
   (i) $5,000 on acceptance of agreement (paid)
   (ii) $7,500 on final agreement with a reporting issuer (paid)
   (iii) $12,500 on conditional acceptance of a listing application by the CNSX
   (iv) Finders' fees to be negotiated for funds introduced by DAG

13. SUBSEQUENT EVENTS

a) On January 1, 2013, the Company extended an agreement regarding rent, phone, and equipment usage provided by a company controlled by the Company's officer. Rift Valley Resources Corp. will pay $3,500 per month to this company from January 1, 2013 to December 31, 2013 as rental for the use of the shared office premises.

b) On January 9, 2013, the Agreement for the Cat Mountain Claims was amended (see Note 5). The Company agreed to pay the vendor $10,000 cash by January 31, 2013 and issue 100,000 common shares to the vendor at the time the shares of the Company begin trading on the stock exchange as an extension fee to extend the dates to complete the exploration expenditures by one year. On January 24, 2013, the Company made the cash payment.

c) On February 8, 2013, the Company entered into an Advisory Agreement with 0893624 BC Ltd. and Marcel Rada (collectively the "Advisor"). The Advisor will act as the company's non-exclusive corporate finance advisor, commencing on February 8, 2013 for one year. A corporate finance fee of $10,000 was paid upon signing of the agreement.

d) On March 4, 2013 and March 11, 2013, the Company issued 666,667 shares at $0.15 per share for proceeds of $100,000 and 100,000 shares at $0.20 per share for proceeds of $20,000 respectively.

e) On March 13, 2013, the Company received $37,000 from the founders which will be recorded as contributed surplus to the Company.

f) On March 20, 2013, in accordance with the Amalgamation Agreement dated January 18, 2013, the Company amalgamated with Avatar Ocean Technology Inc. ("Avatar"). The new company will continue under the name Rift Valley Resources Corp. (the "Amalgamated Company"). Avatar is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario although its common shares are currently not listed on any stock exchange. On April 9, 2013, pursuant to the Amalgamation Agreement, a total of 20,391,652 common shares were issued to the former shareholders of Avatar and Rift Valley Resources Corp. 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 a half (3.5) shares of Avatar. 18,391,667 common shares were issued to the shareholders of the Company.

Avatar Ocean Technology Inc.

Financial Statements

For the period from incorporation on October 11, 2011 to September 30, 2012

(Expressed in Canadian dollars)

MANNING ELLIOTT
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Avatar Ocean Technology Inc.

We have audited the accompanying financial statements of Avatar Ocean Technology Inc. which comprise the statements of financial position as at September 30, 2012, and the statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on October 11, 2011 to September 30, 2012 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 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 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 Avatar Ocean Technology Inc. as at September 30, 2012, and its financial performance and cash flows for the period from incorporation on October 11, 2011 to September 30, 2012 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 Avatar Ocean Technology Inc. to continue as a going concern

Manning Elliott LLP

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
January 16, 2013

Avatar Ocean Technology Inc.
Statement of Financial Position
As at September 30, 2012
(Expressed in Canadian dollars)

	Note	$
ASSETS		
Current Assets		
Taxes Recoverable		1,500
		1,500
LIABILITIES		
Current Liabilities		
Accrued liabilities and accounts payable		12,173
Due to Related Parties	9	14,645
		26,818
SHAREHOLDERS' EQUITY		
Capital stock	5	2,500
Deficit		(27,818)
		(25,318)
		1,500

Nature and Continuance of Operations	1
Corporate Restructuring and Commitment	4
Subsequent Events	11

Approved and authorized for issue by the Board of Directors on January 16, 2013:

"Don Gordon"

Don Gordon, Director

The accompanying notes are an integral part of these Financial Statements

Avatar Ocean Technology Inc.
Statement of Comprehensive Loss
For the period from incorporation on October 11, 2011 to September 30, 2012
(Expressed in Canadian dollars)

	$
Expenses	
Management Fees	11,400
Professional Fees	11,550
Regulatory and Transfer Agency Fees	4,868
Net loss and comprehensive loss	**27,818**
Basic and diluted loss per common share	(0.01)
Weighted average number of common shares outstanding	5,001,037

The accompanying notes are an integral part of these Financial Statements

Avatar Ocean Technology Inc.
Statement of Changes in Equity
For the period from incorporation on October 11, 2011 to September 30, 2012
(Expressed in Canadian dollars)

	Note	**Number of Outstanding Shares**	**Share Capital** $	**Deficit** $	**Total** $
Share issued for cash on incorporation, October 11, 2011		1	1	–	1
Shares Issued on Plan of Arrangement, December 12, 2011	4	6,038,667	2,500	–	2,500
Cancel Incorporation Share		(1)	(1)	–	(1)
Comprehensive loss		–	–	(27,818)	(27,818)
Balance, September 30, 2012		**6,038,667**	**2,500**	**(27,818)**	**(25,318)**

The accompanying notes are an integral part of these Financial Statements

Avatar Ocean Technology Inc.
Statement of Cash Flows
For the period from incorporation on October 11, 2011 to September 30, 2012
(Expressed in Canadian dollars)

	$
Cash (used in) provided by:	
Operating activities	
Net loss for the period	(27,818)
Change in non-cash working capital components	
HST receivable	(1,500)
Accrued liabilities and accounts payable	12,173
Due to related party	14,645
Net cash used in operating activities	**(2,500)**
Financing activities	
Share issuance	2,500
Net cash provided by financing activities	**2,500**
Change in cash	-
Cash , beginning of the period	-
Cash, end of the period	**-**

The accompanying notes are an integral part of these Financial Statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Avatar Ocean Technology Inc. (the "Company") was incorporated on October 11, 2011 and, pursuant to a Plan of Arrangement between the Company and Greenfab Build Systems Inc. ("Greenfab") dated October 12, 2011. Greenfab assigned the Canadian License Marketing Agreement dated September 23, 2011 with Avatar Mgmt LLC and $2,500 to form the principal business of the Company under the Arrangement agreement. As consideration for this asset, the Company issued 6,038,667 common shares, multiplied by the Conversion Factor, as defined in the Plan of Arrangement, which shares were distributed to the Greenfab Shareholders who held Greenfab Shares on the Share Distribution Record Date. Greenfab completed the Plan of Arrangement registration filing on November 15, 2011 and transferred $2,500 cash and assigned the Canadian License Marketing Agreement prior to the final court approval on November 15, 2011. The Company completed the share distribution on December 12, 2011 and issued 6,038,667 common shares to Greenfab, which were then re-distributed to the shareholders of Greenfab as of record date of December 12, 2011. The principal business of the Company was intended be the development of the Canadian License Marketing Agreement with Avatar Mgmt LLC. by marketing various technological innovations and processes applicable to a range of industrial areas but primarily in the use of zeolite in agriculture, and technology applicable to environmental cleanup of oil spills. The address of the Company's corporate office and principal place of business is 2000 – 1500 West Georgia Street, Vancouver, British Columbia, Canada.

These audited financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success is dependent upon the extent to which it can successfully market and sell the technology and other products under the Canadian License Marketing Agreement and the economic viability of acquiring or developing any such additional opportunities. In addition, the Company's future success is dependent on its ability to raise sufficient financing to carry out its plan.

The success of Avatar is largely dependent upon factors beyond Avatar's control, such as the market acceptance of the oil spill technology developed by Avatar Mgmt LLC, competitive pricing by rival producers of other Zeolite products, the availability of suitable financing and general economic conditions. The Company may be required to make capital expenditures for its marketing services business in order to remain competitive. Capital expenditure requirements will primarily relate to costs of sales and marketing, production and related administrative functions. If the Company is unable to fund any such investment or otherwise fails to invest in marketing or obtain adequate sales, its business, financial condition or results of operations could be materially and adversely affected.

For the period from incorporation on October 11, 2011 to September 30, 2012, the Company incurred a loss of $27,818. This raises uncertainty about the Company's ability to continue as a going concern. The Company's ability to continue its operations as intended is dependent on its ability to obtain necessary financing and raise capital sufficient to cover its marketing and other costs.

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

These audited financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

In 2010, the Canadian Institute of Chartered Accountants ("CICA") Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, these financials are prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

<u>Fair value of financial instruments</u>

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Significant accounting judgments and estimates (continued)

In applying the valuation techniques management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. Such estimates include liquidity risk, credit risk and volatility may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

b. Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at September 30, 2012, there was $NIL included as cash and cash equivalents.

c. 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 issuance 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.

d. Shared-based payments

Pursuant to the Company's option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is not recognized. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

f. 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. As at September 30, 2012, no provision has been recorded in the Company.

g. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

h. Financial instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss (“FVTPL”), available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available-for-sale, FVTPL liabilities or other liabilities.

Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Accounts payable and accrued liabilities	Other liabilities
Due to related parties	Other liabilities

The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or models inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

i. Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Impairment (continued)

i) Non-financial assets (continued)

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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 asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

j. Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception.

k. Segment reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the Canadian Agency and Licensing business.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Future changes in accounting policies

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2012, and have not been applied in preparing these financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees effective for annual periods beginning on or after January 1, 2013:

IFRS 1 – First time adoption of IFRS
In March 2012, the IASB issued an amendment to this standard, which a new exception was included in respect of government loans. Measurement of below-market rate government loans is allowed to be applied prospectively at date of transition. In addition, if the entity had obtained the information to measure the loan at its fair value at the inception of the loan, it could re-measure the loan on transition. This exception is to be applied on a loan-by loan basis. This amendment is not expected to affect the Company.

IFRS 7 - Financial Instruments: Disclosures
In December 2011, the IASB issued an amendment to this standard, which 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. This amendment is not expected to affect the Company.

IFRS 10 – Consolidated Financial Statements
IFRS 10 establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 changed the definition of control such that the same criteria are applied to all entities to determine control. IFRS 10 supersedes all of the guidance in IAS 27, *Consolidated and Separate Financial Statements* and SIC 12, *Consolidation – Special Purpose Entities.*

IFRS 11 – Joint Arrangements
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures,* and SIC 13, *Jointly Controlled Entities – Non-monetary*

IFRS 12 – Disclosure of Interests in Other Entities Contributions.
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Future changes in accounting policies (continued)

IFRS 13 – Fair Value Measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value that is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 1 – Presentation of Financial Statements
In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

IAS 19 – Employee Future Benefits
In June 2011, the IASB issued an amendment to IAS 19, which changes the recognition, measurement and presentation of defined benefit pension expense and provides for additional disclosures for all employee benefits.

IAS 27 – Separate Financial Statements
As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 – Investments in Associates and Joint Ventures
As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provided the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

IFRIC 20 – Production Stripping Costs
In October 2011, the IASB issued IFRIC 20 Stripping Costs, which requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Future changes in accounting policies

The following standard will be effective for annual periods beginning 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.

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

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.

4. CORPORATE RESTRUCTURING AND COMMITMENT

The Company and Greenfab entered into the Arrangement Agreement on October 12, 2011 to conduct a corporate restructuring by way of a statutory plan of arrangement (the "Plan of Arrangement") to transfer Greenfab's interest in the Canadian License Marketing Agreement and $2,500 cash to the Company (the "Transfer") which were completed on November 15, 2011. As consideration for the Transfer, the Company issued 6,038,667 common shares to shareholders of Greenfab ("Distributed Shares') on December 12, 2011. The Arrangement Agreement was approved by the Supreme Court of British Columbia on November 15, 2011 and by Greenfab's shareholders on November 10, 2011.

As a result, the Transfer was executed and the Company issued the Distributed Shares to shareholders of Greenfab as of record date of December 12, 2011 and the Company was spun out from Greenfab.

Pursuant to the Plan of Arrangement, Greenfab's outstanding share purchase warrants and stock options at the Effective Date of the Arrangement (December 12, 2011), will entitle their holders to acquire common shares of the Company based on the exchange factor, being the number arrived at by dividing 6,038,667 by the number of issued common shares of Greenfab as of the Share Distribution Record Date (defined by the Arrangement Agreement). Greenfab will be required to remit to the Company a portion of the funds received by Greenfab in accordance with the formula set out in the Arrangement Agreement. Prior to the Effective Date of the Arrangement, holders of these Greenfab Share Commitments as of December 12, 2011 had agreed to waive their rights to receive their shares of the Company should they exercise their Greenfab's stock options.

5. CAPITAL STOCK

a. Authorized: unlimited Common shares without par value
b. Issued and Outstanding:

	Number of Shares	Amount ($)
Shares issued at inception on October 11, 2011	1	1
Common shares issued for cash under the Plan of Arrangement (Note 4)	6,038,667	2,500
Shares repurchased	(1)	(1)
Balance, September 30, 2012	**6,038,667**	**2,500**

On October 11, 2011 and December 12, 2011, the Company issued and redeemed 1 common share at $1 respectively.

On December 12, 2011, the Company issued 6,038,667 common shares to Greenfab and Greenfab re-distributed these shares to its shareholders by Plan of Arrangement as of record date of December 12, 2011 (Note 4).

Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. As at the period ended September 30, 2012, no options were granted or outstanding.

6. AGENCY AND LICENSE AGREEMENT

Pursuant to a licensing agreement dated September 23, 2011 with Avatar Mgmt LLC, Greenfab or its assignee has agreed to market, sell and distribute in Canada the proprietary technology developed by Avatar Mgmt LLC. In return, Greenfab will be entitled to a sales fee of 40% of revenue and sales in Canada, subject to meeting annual pre-determined criteria comprised of achieving minimum gross annual revenue as follows:

Performance Date	Gross Sales Volume	
September 15, 2012	$500,000	(No Sales)
September 15, 2013	$1,500,000	
September 15, 2014	$2,500,000	
September 15, 2015	$3,500,000	

The value of the assigned agreement is not determinable and accordingly no value has been recognized and recorded in respect of the assignment of the right under the agreement to the Company.

7. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern (Note 1), so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of accounts payable and amounts due to related parties; the fair values of which are considered to approximate their carrying value due to their short-term maturities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company currently has minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2012, the Company had no cash, amounts due to related parties of $14,645 and other current liabilities of $12,173. All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

9. RELATED PARTY TRANSACTIONS

a. Transactions with management and directors

During the period from inception on October 11, 2011 to September 30, 2012, the Company incurred $11,400 in management fees from 2 Directors including a company owned and controlled by its President. At September 30, 2012, the Company owes $10,895 to the president and his company for management fees and other expenses, which have been included in the balance of due to related parties. At September 30, 2012, the Company also owes $3,750 to a director of the Company for management fees incurred during the year, which have been included in the balance of due to related parties.

b. Transactions with other related parties:

i) The Company and Greenfab its former parent company, entered into the Arrangement Agreement described in Note 4. The Arrangement Agreement provides for the transfer of the Canadian License Marketing Agreement from Greenfab to the Company and the immediate distribution of a controlling interest in the common shares of the Company to the current shareholders of Greenfab. The shareholders of Greenfab at the completion of the Arrangement Agreement will continue to collectively own the Investment, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of the purchase agreement at the time that it is transferred to the Company, the transfer will be recorded under IFRS using the historical carrying values of the purchase agreement in the accounts of Greenfab at the time of the transfer.

ii) The Company and Greenfab entered into the Arrangement Agreement described in Note 4. The Arrangement Agreement provides for the transfer of the Canadian License Marketing Agreement from Greenfab to the Company, as a wholly-owned subsidiary, and the immediate distribution of a controlling interest in the common shares of the Company to the current shareholders of Greenfab.

10. SEGMENTED INFORMATION

During the period ended September 30, 2012, the Company had one reportable operating segment, being the Canadian License Marketing Agreement located in one geographical segment, Canada.

11. SUBSEQUENT EVENTS

a. The Company has entered into a letter of intent with Rift Valley Resources Corp dated October 3, 2012 for which terms are proposed to enter into an Amalgamation Agreement where the Amalgamation shall become effective on the date that parties file an Amalgamation Application with the British Columbia Corporate Registrar.

11. SUBSEQUENT EVENTS (continued)

If the amalgamation agreement is approved by the shareholders of the Company and the shareholders of Rift Valley Resources Corp. by special resolutions and there are no dissenting shareholders, 2,000,000 New Rift Valley shares will be issued to the current shareholders of the Company in exchange for the 7,000,000 Avatar Shares currently held, and 17,625,000 New Rift Valley shares will be issued to current shareholders of Rift Valley in exchange for the 17,625,000 Rift Valley Shares currently held. Immediately following the completion of the Amalgamation, there will be approximately 19,625,000 New Rift Valley shares issued and outstanding. Former Avatar Shareholders will hold approximately 10.2% of the New Rift Valley shares, and former Rift Valley Shareholders will hold approximately 89.8% of the New Rift Valley shares following the Amalgamation.

b. On January 8, 2013, 961,333 shares were issued at $0.02 per share for the settlement of payables due to related parties.

Avatar Ocean Technology Inc.

Unaudited Condensed Interim Financial Statements

For the Three Months Period from October 1, 2012 to December 31, 2012

(Expressed in Canadian dollars)

Avatar Ocean Technology Inc.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed financial statements; the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

Management has prepared the information and representations in this interim report. The condensed financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgment. The financial information presented throughout this report is consistent with the data presented in the condensed financial statements.

The company maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

"Don Gordon"
Director and Chief Executive Officer

February 28, 2013

Avatar Ocean Technology Inc.
Unaudited Statement of Financial Position
(Expressed in Canadian dollars)

	December 31, 2012 $	September 30, 2012 $
Assets		
Current		
Cash	-	-
Taxes Recoverable	3,071	1,500
Total Assets	**3,071**	**1,500**
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accrued liabilities and accounts payable	18,144	12,173
Due to Related Party (Note 9)	19,227	14,645
	37,371	26,818
Shareholders' (Deficiency) Equity:		
Capital stock (Note 5)	2,500	2,500
Deficit	(36,800)	(27,818)
	(34,300)	(25,318)
Total Liabilities and Shareholders' (Deficiency) Equity	**3,071**	**1,500**

Nature and Continuance of Operations (Note 1)
Corporate Restructuring and Commitment (Note 4)
Subsequent Events (Note 11)

Approved and authorized for issue by the Board of Directors on February 28, 2013:

"Don Gordon"
Don Gordon, Director

The accompanying notes are an integral part of these Unaudited Condensed Financial Statements

Avatar Ocean Technology Inc.
Unaudited Statement of Comprehensive Loss
For the Three Months Ended December 31, 2012
(Expressed in Canadian dollars)

	For the Three Months Ended December 31, 2012	From October 11, 2011, date of Incorporation to September 30, 2012	For the Three Months Ended December 31, 2011
	$	$	$
Expenses			
Management Fees	5,814	11,400	-
Professional Fees	2,225	11,550	-
Regulatory and Transfer Agency Fees	943	4,868	-
Net loss and total comprehensive loss for the period	**8,982**	**27,818**	**-**
Basic and diluted loss per common share	-	0.005	-
Weighted average number of common shares outstanding	**6,038,667**	**6,038,667**	**6,038,667**

The accompanying notes are an integral part of these Unaudited Condensed Financial Statements

Avatar Ocean Technology Inc.
Unaudited Statement of Changes in Equity
(Expressed in Canadian dollars except the number of shares)

	Number of Outstanding Shares	Share Capital	Reserves	Deficit	Total Shareholders' (Deficiency) Equity
		$	$	$	$
Share issued for cash on incorporation, October 11, 2011	1	1	–	–	1
Shares Issued on Plan of Arrangement, December 12, 2011	6,038,667	2,500	–	–	2,500
Cancel Incorporation Share	(1)	(1)	–	–	(1)
Net loss for the year ended September 30, 2012	–	–	–	(27,818)	(27,818)
Balance, September 30, 2012	6,038,667	2,500	0	(27,818)	(25,318)
Net Loss for the Three Month Ended December 31, 2012	-	-	-	(8,982)	(8,982)
Balance, December 31, 2012	6,038,667	2,500	0	(36,800)	(34,300)

The accompanying notes are an integral part of these Unaudited Condensed Financial Statements

Avatar Ocean Technology Inc.
Unaudited Statement of Cash Flows
For the Three Months Ended December 31, 2012
(Expressed in Canadian dollars)

	For the Three Months Ended December 31, 2012	From October 11, 2011, date of Incorporation to September 30, 2012	For the Three Months Ended December 31, 2012
	$		$
Cash (used in) /provided by:			
Operating activities			
Net loss for the period	(8,982)	(27,818)	-
Change in non-cash working capital components			
Accrued liabilities and accounts payable	5,971	12,173	-
Due to related party	4,582	14,645	-
Net cash provided by (used in) operating activities	**1,571**	**(1,000)**	**-**
Financing activities			
Share issuance	-	2,500	1
Net cash provided by financing activities	-	2,500	1
Investing activity	(1,571)	(1,500)	-
Net cash used in investing activities	**(1,571)**	**(1,500)**	**-**
Change in cash	-	-	1
Cash , beginning of the period	-	-	-
Cash, end of the period	**-**	**-**	**1**

The accompanying notes are an integral part of these Unaudited Condensed Financial Statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Avatar Ocean Technology Inc. (the "Company") was incorporated on October 11, 2011 and, pursuant to a Plan of Arrangement between the Company and Greenfab Build Systems Inc. ("Greenfab") dated October 12, 2011. Greenfab assigned the Canadian License Marketing Agreement dated September 23, 2011 with Avatar Mgmt LLC and $2,500 to form the principal business of the Company under the Arrangement agreement. The $2,500 coming from Greenfab as part of the Arrangement should provide the Company with setup expenses necessary to fulfill its short-term needs. As consideration for this asset, the Company will issue 6,038,667 common shares, multiplied by the Conversion Factor, as defined in the Plan of Arrangement, which shares were distributed to the Greenfab Shareholders who held Greenfab Shares on the Share Distribution Record Date. Greenfab completed the Plan of Arrangement registration filing on November 15, 2011 and arranged for the transfer of $2,500 cash and assigned the Canadian License Marketing Agreement prior to the final court approval on November 15, 2011. The Company completed the share distribution on December 12, 2011 and issued 6,038,667 common shares to Greenfab, which were then re-distributed to the shareholders of Greenfab as of record date of December 12, 2011. The principal business of the Company will be the development of the Canadian License Marketing Agreement with Avatar Mgmt LLC. by marketing of various technological innovations and processes applicable to a range of industrial areas but primarily in the use of zeolite in agriculture, and technology applicable to environmental cleanup of oil spills.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully market and sell the technology and other products under the Canadian License Marketing Agreement and the economic viability of acquiring or developing any such additional opportunities. The success of Avatar is largely dependent upon factors beyond Avatar's control, such as the market acceptance of the oil spill technology developed by Avatar Mgmt LLC, competitive pricing by rival producers of other Zeolite products and general economic conditions.

The success of the Company is dependent upon certain factors that may be beyond management's control. For example, should it be required to make capital expenditures for its marketing services business in order to remain competitive. Capital expenditure requirements will primarily relate to costs of sales and marketing, production and related administrative functions. If the Company is unable to fund any such investment or otherwise fails to invest in marketing or obtain adequate sales, its business, financial condition or results of operations could be materially and adversely affected.

These unaudited condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

In 2010, the Canadian Institute of Chartered Accountants ("CICA") Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, these financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), and as such do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2012 as they follow the same accounting policies, unless otherwise indicated.

These interim financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These interim financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL") as described at Note 3, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

<u>Impairment</u>

<u>Fair value of financial instruments</u>

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Significant accounting judgments and estimates (continued)

In applying the valuation techniques management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. Such estimates include liquidity risk, credit risk and volatility may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

b. Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at December 31, 2012, there is $nil included as cash and cash equivalents.

c. Shared-based payments

Pursuant to the Company's option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

d. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

f. Financial instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.
All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial instruments (continued)

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Accrued liabilities	Other liabilities

The Company's financial instruments measured at fair value on the balance sheet consist of cash which is measured at level 1 of the fair hierarchy. The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or models inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

g. Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").
An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Impairment (continued)

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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 asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

h. Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception and accordingly, a statement of comprehensive income has not been presented.

i. Marketing and Development

The Company is in the development stage with respect to its investment in marketing the AMG software systems however it expects revenue in reasonable time from these expenditures and these costs will be charged to operations as incurred.

j. Segment reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the Canadian Agency and Licensing business.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Future changes in accounting policies

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 10, Consolidated Financial Statements ("IFRS 10"), IFRS 11, Joint Arrangements ("IFRS 11"), IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"), IAS 27, Separate Financial Statements ("IAS 27"), IFRS 13, Fair Value Measurement ("IFRS 13") and amended IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

IFRS 10 requires an entity to consolidate an investee when it 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. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

And amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

IFRS 10 requires an entity to consolidate an investee when it 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. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Future changes in accounting policies (continued)

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRSs. 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. 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 – 13.

4. CORPORATE RESTRUCTING AND COMMITMENT

The Company and Greenfab entered into the Arrangement Agreement on October 12, 2011 to conduct a corporate restructuring by way of a statutory plan of arrangement (the "Plan of Arrangement") to transfer Greenfab's interest in the Canadian License Marketing Agreement and $2,500 cash to the Company (the "Transfer") which were completed on November 15, 2011. As consideration for the Transfer, the Company issued 6,038,667 common shares to shareholders of Greenfab ("Distributed Shares') on December 12, 2011. The Arrangement Agreement was approved by the Supreme Court of British Columbia on November 15, 2011 and by Greenfab's shareholders on November 10, 2011.

As a result, the Transfer was executed and the Company issued the Distributed Shares to shareholders of Greenfab as of record date of December 12, 2011 and the Company was spun out from Greenfab.

Pursuant to the Plan of Arrangement, Greenfab's outstanding share purchase warrants and stock options at the Effective Date of the Arrangement (December 12, 2011), will entitle their holders to acquire common shares of the Company based on the exchange factor, being the number arrived at by dividing 6,038,667 by the number of issued common shares of Greenfab as of the Share Distribution Record Date (defined by the Arrangement Agreement). Greenfab will be required to remit to the Company a portion of the funds received by Greenfab in accordance with the formula set out in the Arrangement Agreement. Prior to the Effective Date of the Arrangement, holders of these Greenfab Share Commitments as of December 12, 2011 had agreed to waive their rights to receive their shares of the Company should they exercise their Greenfab's stock options.

5. CAPITAL STOCK

a. Authorized: unlimited Common shares without par value

b. Issued and Outstanding:

	Number of Shares	Amount ($)
Common shares issued for cash	6,038,667	2,500
Balance as at December 31, 2012	**6,038,667**	**2,500**

As discussed in Note 4, on December 12, 2011, the Company issued 6,038,667 common shares to Greenfab and Greenfab re-distributed these shares to its shareholders by Plan of Arrangement as of record date of December 12, 2011.

Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. As at the year end December 31, 2012, no options were granted or outstanding.

6. AGENCY AND LICENSE AGREEMENT

Pursuant to a licensing agreement dated September 23, 2011 with Avatar Mgmt LLC, Greenfab or its assignee has agreed to market, sell and distribute in Canada the proprietary technology developed by Avatar Mgmt LLC. In return, Greenfab will be entitled to a sales fee of 40% of revenue and sales in Canada, subject to meeting annual pre-determined criteria comprised of achieving minimum gross annual revenue as follows:

Performance Date	Gross Sales Volume	
September 15, 2012	$500,000	(No Sales)
September 15, 2013	$1,500,000	
September 15, 2014	$2,500,000	
September 15, 2015	$3,500,000	

The value of the assigned agreement is not determinable and accordingly no asset is recorded in respect of the assignment. During the period no activity was undertaken to carry out business pursuant to the licensing agreement and the Company is in default of the performance criteria. Failure to amend the agreement and begin activity under the license has resulted in the license becoming nullified.

7. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and accrued liabilities; the fair values of which are considered to approximate their carrying value due to their short-term maturities or ability of prompt liquidation.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to carry out sales under its Agency and license agreement and the economic viability of achieving a level of sufficient sales and/or to raise sufficient equity and/or debt financing in financing the market development. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2012, the Company had cash balance of $nil and current liabilities of $37,371. All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.

8. FINANCIAL INSTRUMENTS (Continued)

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

9. RELATED PARTY TRANSACTIONS

a. Transactions with management and directors: During the three months ended December 31, 2012, the Company incurred $5,814 in management fees from Director including a company owned and controlled by its President and at December 31, 2012, the Company owes the president and his company for management fees and other expenses $19,227, which have been included in due to related party.

b. Transactions with other related parties:

i) The Company and Greenfab, its parent company, entered into the Arrangement Agreement described in Note 4. The Arrangement Agreement provides for the transfer of the Canadian License Marketing Agreement from Greenfab to the Company, as a wholly-owned subsidiary, and the immediate distribution of a controlling interest in the common shares of the Company to the current shareholders of Greenfab. The shareholders of Greenfab at the completion of the Arrangement Agreement will continue to collectively own the Investment, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of the purchase agreement at the time that it is transferred to the Company, the transfer will be recorded under IFRS using the historical carrying values of the purchase agreement in the accounts of Greenfab at the time of the transfer.

ii) The Company and Greenfab, its parent company, entered into the Arrangement Agreement described in Note 4. The Arrangement Agreement provides for the transfer of the Canadian License Marketing Agreement from Greenfab to the Company, as a wholly-owned subsidiary, and the immediate distribution of a controlling interest in the common shares of the Company to the current shareholders of Greenfab.

10. SEGMENTED INFORMATION

During the quarter ended December 31, 2012, the Company had one reportable operating segment, being the Canadian License Marketing Agreement located in one geographical segment, Canada.

11. SUBSEQUENT EVENTS

The Company's have approved the amalgamation with Rift Valley Resources Corp on February 25, 2013. The amalgamation will be come effective on the date of filing with the British Columbia Corporate Registrar.

There are currently 7,000,000 Avatar Shares. There are no stock options or warrants outstanding.

There are currently 17,625,000 Rift Valley Shares. There are no stock options or warrants outstanding.

The shareholders have approved 2,000,000 New Rift Valley shares will be issued in exchange for 7,000,000 Avatar Shares pursuant to the Amalgamation, and 17,625,000 New Rift Valley shares will be issued in exchange for 17,625,000 Rift Valley Shares pursuant to the Amalgamation Immediately following the completion of the Amalgamation, there will be approximately 19,625,000 New Rift Valley shares issued and outstanding. Former Avatar Shareholders will hold approximately 10.2% of the New Rift Valley shares, and Rift Valley Shareholders will hold approximately 89.8% of the New Rift Valley shares following the Amalgamation.

RIFT VALLEY RESOURCES CORP.

(An Exploration Stage Company)

CONDENSED FINANCIAL STATEMENTS

For the Three Months Ended

March 31, 2013 and 2012

UNAUDITED CONDENSED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed financial statements for the three months ended March 31, 2013.

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

RIFT VALLEY RESOURCES CORP.
(An Exploration Stage Company)
CONDENSED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	Note	March 31, 2013	December 31, 2012
		$	$
ASSETS			
Current Assets			
Cash		125,516	155,317
Amounts receivable		30,225	36,749
		155,741	192,066
Deposits	4	30,000	30,000
Mineral property interests	5	396,535	382,927
Office Equipment, net	6	753	1,004
		583,029	605,997
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	7	50,651	105,388
SHAREHOLDERS' EQUITY			
Share capital	8	1,473,152	953,155
Contributed Surplus	9	37,000	-
Deficit		(977,774)	(452,546)
		532,378	500,609
		583,029	605,997

NATURE AND CONTINUANCE OF OPERATIONS	1
COMMITMENTS	5, 13
SUBSEQUENT EVENTS	14

Approved on behalf of the Board:

"Craig Robson"
Craig Robson, CEO, Director

"Bill Grossholz"
Bill Grossholz, CFO, Director

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

RIFT VALLEY RESOURCES CORP.
(An Exploration Stage Company)
CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
		$	$
Expenses			
Listing expense	2(b)	440,487	–
Consulting fees	7	63,020	15,170
Rent	7	10,500	4,200
Professional fees		6,469	–
Travel and promotion		2,488	3,622
Office and miscellaneous		2,012	394
Depreciation		251	–
Net loss and comprehensive loss for the period		(525,227)	(23,386)
Loss per share, Basic and Diluted		(0.03)	(0.00)
Weighted average common shares outstanding		19,847,207	9,625,000

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

RIFT VALLEY RESOURCES CORP.
(An Exploration Stage Company)
CONDENSED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Amount	Share Subscriptions Received	Contributed Surplus	Accumulated Deficit	Total
	$	$	$	$	$
Balance, December 31, 2011	237,500	52,500	-	(143,113)	146,887
Comprehensive loss	-	-	-	(23,386)	(23,386)
Balance, December 31, 2011	237,500	52,500	-	(166,499)	123,501
Shares issued for cash	720,250	(52,500)	-	-	667,750
Share issue costs	(4,595)	-	-	-	
Comprehensive loss	-	-	-	(286,047)	(286,047)
Balance, December 31, 2012	953,155	-	-	(452,546)	500,609
Shares issued for cash	120,000	-	-	-	120,000
Contribution from founders	-	-	37,000	-	37,000
Allotted shares issued for amalgamation	399,997	-	-	(399,997)	-
Comprehensive loss	-	-	-	(125,231)	(125,231)
Balance, March 31, 2013	1,473,152	-	37,000	(977,774)	532,378

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

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

	Note	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
		$	$
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss for the period		(525,227)	(23,386)
Items not affecting cash			
Amortization		251	–
Listing Expense	2(b)	399,997	–
		(124,979)	(23,386)
Changes in non-cash working capital balances:			
Amounts recoverable		(6,524)	(3,619)
Rental deposit		–	(7,000)
Accounts payable and accrued liabilities		(54,737)	423
Cash used in operating activities		(173,192)	(33,582)
INVESTING ACTIVITIES			
Mineral property interests			
Acquisition costs		(13,609)	–
Mineral property interests		–	(4,624)
Cash used in investing activities		(13,609)	(4,624)
FINANCING ACTIVITIES			
Cash contribution from founders		37,000	–
Shares issued for cash, net		120,000	151,750
Cash provided by financing activities		157,000	151,750
(Decrease) Increase in cash		(29,800)	113,545
Cash, beginning		155,317	68,240
Cash, ending		125,516	181,785
Supplemental disclosures			
Cash paid for interest	–	–	–
Cash paid for income taxes	–	–	–

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Rift Valley Resources Corp., formerly Metal Quest Capital Corp., was incorporated under the Laws of the Province of British Columbia on December 14, 2009. On September 19, 2011, the Company changed its name to Rift Valley Resources Corp. On March 20, 2013, Rift Valley amalgamated with Avatar Ocean Technology Inc. ("Avatar"), a reporting issuer and continues under the name Rift Valley Resources Corp. (the "Company" or "Rift Valley") (see Note 2(b)). The address of the Company's corporate office and its principal place of business is 500-900 West Hastings Street, Vancouver, British Columbia, Canada.

The Company began operations on September 19, 2011 and its principal business activity is the acquisition, exploration and development of mineral properties in British Columbia, Canada. As of March 31, 2013 the Company was in the exploration stage.

For the three months ended March 31, 2013, the Company reported a net loss of $525,227, negative cash flow from operating activities of $173,192 and an accumulated deficit of $977,774. This raises uncertainty about the Company's ability to continue as a going concern. The Company's ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its exploration and operating costs.

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

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2012.

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 29, 2013.

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 $40,490 for this amalgamation. As at March 20, 2013, Avatar did not have any identifiable assets or liabilities, as a result, the total amount of the consideration of $440,487 given was recorded as listing expense in the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (o) and (p). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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 amortization of capital assets, impairment of mineral properties and financial instruments, decommissioning liabilities, deferred income tax assets and liabilities, and assumptions used in valuing options in share-based payment calculations. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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 is calculated at the following annual rates:

Office equipment	50% declining-balance

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Mineral properties (continued)

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.

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 March 31, 2013, 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 certain 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 maybe 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.

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 March 31, 2013 and December 31, 2012, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 accounting policies applied in preparation of these interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended December 31, 2012. In addition, the Company adopted the following accounting policies effective January 1, 2013:

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.

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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Change in accounting policies (continued)

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, 2013.

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.

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.

The following standard will be effective for annual periods beginning on or after January 1, 2014:

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it 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. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IAS 27 *Separate Financial Statements* - As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

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.

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:

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.

4. DEPOSITS

	2013	2012
	$	$
Mineral property security deposits	20,000	20,000
Rental deposit	10,000	10,000
	30,000	7,000

5. MINERAL PROPERTY INTERESTS

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

		March 31, 2013	December 31, 2012
		$	$
Opening balance		75,000	75,000
Option payment made		10,000	-
Ending balance		85,000	75,000
Opening balance		307,927	41,547
Geological and geophysical		3,609	217,334
Line Cutting	-	-	61,510
Mining Tax Credit	-	-	(12,464)
Ending balance		311,535	307,927
Total		396,535	382,927

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

5. MINERAL PROPERTY INTERESTS (continued)

Cat Mountain Claims, British Columbia

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

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

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

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

6. OFFICE EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value March 31, 2013	Net Book Value December 31, 2012
	$	$	$	$
Office Equipment	2,007	1,255	752	1,004
Total	2,007	1,255	752	1,004

7. RELATED PARTY TRANSACTIONS AND BALANCES

During the three month periods March 31, 2013, the Company incurred the following related party transactions:

(a) $10,500 (March 31, 2012 - $4,200) in rent fees to companies controlled by the President and CFO.

(b) $500 (March 31, 2012 - $600) in exploration costs to a company controlled by the same group of management.

(c) The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the three months ended March 31, 2013. Short-term key management compensation paid to directors and senior officers or companies controlled by them consists of the following for the three months ended March 31, 2013 and 2012:

	2013	2012
	$	$
Consulting fees	49,950	16,250

(e) As at March 31, 2013, included in accounts payable is $5,882 (December 31, 2012 - $21,149) to the companies controlled by the officers and a company controlled by the same group of management.

8. SHARE CAPITAL

(a) Authorized Share Capital

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

(b) Issued and Outstanding Common Shares

	Number of Common Shares	Amount
		$
Balance, December 31, 2011	9,625,000	237,500
Issued for cash at $0.075 per share	6,396,667	479,750
Issued for cash at $0.15 per share	1,603,333	240,500
Share issue costs	-	(4,595)
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
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
Balance, March 31, 2013	20,391,652	1,473,152

8. SHARE CAPITAL (continued)

(b) Issued and Outstanding Common Shares (continued)

On July 24, 2012, the Company issued 6,396,667 common seed shares at $0.075 per share for a total of $479,750, of which $52,500 was received prior to December 31, 2011.

On August 9, 2012, the Company issued 1,603,333 common seed shares at $0.15 per share for a total of $240,500.

During the year ended December 31, 2012, the Company incurred share issue costs of $4,595 (2011 - $nil).

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.

(c) Stock Options

As at March 31, 2013, December 31, 2012 and 2011, the Company had not issued any stock options.

9. CONTRIBUTED SURPLUS

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

10. INCOME TAXES

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.

11. MANAGEMENT OF CAPITAL

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

As at March 31, 2013, the Company had capital resources consisting of all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares.

12. FINANCIAL INSTRUMENTS

Fair values

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

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

	March 31, 2013	December 31, 2012
	$	$
FVTPL (i)	125,516	155,317
Other financial liabilities (ii)	50,651	105,388

(i) Cash
(ii) Accounts payable

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market data

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

	Level 1	Level 2	Level 3	Total
	$	$	$	$
As at March 31, 2013:				
Cash	125,516	-	-	125,516
As at December 31, 2012:				
Cash	155,317	-	-	155,317

12. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

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

(i) *Currency risk*

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

(ii) *Interest rate risk*

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

(iii) *Credit risk*

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

(iv) *Liquidity risk*

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

13. COMMITMENTS

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

b) On March 21, 2012, the Company entered into a consulting agreement with DAG Consulting Corp. ('DAG"). DAG will act as corporate finance advisor and listing project manager in overseeing execution of a Reverse Takeover transaction between the Company and a listed CNSX company. The Company will pay $25,000 plus HST in the following installments:
   i. $5,000 on acceptance of agreement (paid)
   ii. $7,500 on final agreement with a reporting issuer (paid)
   iii. $12,500 on conditional acceptance of a listing application by the CNSX
   iv. Finders' fees to be negotiated for funds introduced by DAG

13. SUBSEQUENT EVENTS

On May 14, 2013, pursuant to the Cat Mountain property purchase Option Agreement (see Note 5), the Company issued 100,000 common shares at $0.20 per share for a total of $20,000.