RIFT BASIN RESOURCES CORP.

(FORMERLY MAYEN MINERALS LTD.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SIX MONTH PERIOD ENDED OCTOBER 31, 2012

(UNAUDITED - PREPARED BY MANAGEMENT)

NOTICE OF NO AUDITOR REVIEW OF INTERIM 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of Rift Basin Resources Corp. for the period ended October 31, 2012 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

December 17, 2012

RIFT BASIN RESOURCES CORP.
Condensed Consolidated Interim Statement of Financial Position
(Unaudited)

	Notes	October 31, 2012 $	April 30, 2012 $	April 30, 2011 $
			Note 18	Note 18
ASSETS				
Current assets				
Cash and cash equivalents	5	393,305	17,400	55,897
Trades and other receivables	6	36,569	2,597	17,570
Prepaid Expenses	11	50,780	-	-
Total current assets		480,654	19,997	73,467
Non-current assets				
Advances to subsidiary	19	5,253	-	-
Total non-current assets		5,253	-	-
Total assets		485,907	19,997	73,467
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	7	113,072	213,585	178,080
Loans payable	8	-	35,000	33,499
Total current liabilities		113,072	248,585	211,579
Shareholders' Equity				
Share capital	9	2,213,183	1,241,683	1,241,683
Contributed surplus	10	500,225	358,297	358,297
Deficit		(2,340,573)	(1,828,568)	(1,738,092)
Total equity (deficit)		372,835	(228,588)	(138,112)
Total liabilities and shareholders' equity		485,907	19,997	73,467

Approved on behalf of the Board on December 17, 2012:

Signed

*"Wayne M. Koshman"*_________
Director

Signed

*"Robert van Santen"*____________
Director

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

RIFT BASIN RESOURCES CORP.
Condensed Consolidated Interim Statement of Comprehensive Loss
For the Six Months Ended October 31, 2012
(Unaudited)

	Three Months Ended October 31, 2012	Three Months Ended October 31, 2011	Six Months Ended October 31, 2012	Six Months Ended October 31, 2011
	$	$	$	$
				Note 19
General and administrative expenses				
Filing and regulatory	32,792	5,034	34,264	1,399
Interest, fees and bank charges	6,230	242	6,287	767
Investor relations	1,235	511	1,462	511
Management, consulting and directors' fees	76,000	-	126,000	-
Office and miscellaneous	6,493	173	8,831	173
Professional fees	90,836	11,369	113,846	29,034
Share-based compensation	141,928	-	141,928	-
	(355,514)	(17,329)	(432,618)	(31,884)
Corporate development				
Project investigation costs	(112,573)	(7,329)	(164,362)	(7,329)
Other items				
Foreign exchange	-	475	(309)	475
Interest income	327	-	327	423
Write down accounts payable	52,296	-	84,957	-
Total loss and comprehensive loss for the period	(415,464)	(24,183)	(512,005)	(38,315)
Basic loss per share	(0.01)	0.00	(0.01)	(0.00)
Fully diluted loss per share	(0.00)	0.00	(0.00)	(0.00)
Weighted average number of shares outstanding	41,233,200	10,901,600	41,233,200	10,901,600

RIFT BASIN RESOURCES CORP.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)
For the Six Months Ended October 31, 2012
(Unaudited)

	Common shares		Contributed		Total
	Number	Amount	Surplus	Deficit	Equity
		$	$	$	$
Balance, May 1, 2011	10,901,600	1,241,683	358,297	(1,738,092)	(138,112)
Loss for the period	-	-	-	(38,315)	(38,315)
Balance, October 31, 2011	10,901,600	1,241,683	358,297	(1,776,407)	(176,427)
Balance, May 1, 2012	10,901,600	1,241,683	358,297	(1,828,568)	(228,588)
2 for 1 Stock Split	10,901,600	-	-	-	-
Private Placement Share Capital Issued	19,430,000	971,500	-	-	971,500
Stock-based compensation	-	-	141,928	-	141,928
Loss for the period	-	-	-	(512,005)	(512,005)
Balance, October 31, 2012	41,233,200	2,213,183	500,225	(2,340,573)	372,835

RIFT BASIN RESOURCES CORP.
Condensed Consolidated Interim Statement of Cash Flows
For the Six Months Ended October 31, 2012
(Unaudited)

	Three Months Period Ended October 31, 2012 $	Three Months Period Ended October 31, 2011 $	Six Months Period Ended October 31, 2012 $	Six Months Period Ended October 31, 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	(415,464)	(24,183)	(512,005)	(38,315)
Adjustment to add (deduct) non-cash items:				
Write-down of accounts payable	(52,296)	-	(84,957)	-
Stock-based compensation	141,928	-	141,928	-
Working capital adjustments				
Trade and other receivables	(23,531)	(2,718)	(33,971)	(4,874)
Prepaid expenses	(7,482)	-	(50,780)	-
Advances to subsidiary	(5,253)	-	(5,253)	-
Trades payable and accrued liabilities	(99,088)	14,770	(15,557)	17,872
Net cash used in operating activities	(461,186)	(12,131)	(560,595)	(25,317)
CASH FLOWS FROM FINANCING ACTIVITY				
Loans payable	(135,903)	-	(35,000)	-
Proceeds from share issuance	729,500	-	971,500	-
Net cash provided by financing activities	593,597	-	936,500	-
CASH FLOWS FROM INVESTING ACTIVITY				
Mineral property acquisitions exploration expenditures	-	-	-	-
Net cash used in investing activity	-	-	-	-
Increase/(decrease) in cash and cash equivalents	132,411	(12,131)	375,905	(25,317)
Cash and cash equivalents, beginning of period	260,894	42,711	17,400	55,897
Cash and cash equivalents, end of period	393,305	30,580	393,305	30,580
Cash and cash equivalents consist of:				
Cash	805	7,593	805	7,593
Term deposit	392,500	22,987	392,500	22,987
	393,305	30,580	393,305	30,580

1. GENERAL BUSINESS DESCRIPTION

Rift Basin Resources Corp. (collectively with its subsidiary, the "Company") was incorporated as "Mayen Minerals Ltd." under the laws of British Columbia on January 14, 1981. On Sept. 25, 2012 the Company changed its name to "Rift Basin Resources Corp." and commenced trading on the TSX Venture Exchange under the symbol RIF-V as a Tier II mining issuer, in transition to become an oil and gas issuer. The Company is an exploration stage enterprise engaged in acquiring, exploring and developing resource properties.

The address of the Company's corporate office and principal place of business is 1205-1095 West Pender Street, Vancouver, British Columbia, Canada V6E 2M6.

2. BASIS OF PREPARATION

The condensed Consolidated Interim financial statements have been prepared in accordance to IAS 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed Consolidated Interim financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

The condensed Consolidated Interim financial statements were prepared on a going concern basis, under the historical cost convention. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Management of the Company does not expect that cash flows for the Company's operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its development projects.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below:

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS, continued

Impairment of assets

The Company assesses each cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

4. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the condensed Consolidated Interim financial statements in accordance with IAS 34 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed Consolidated Interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at May 1, 2010 for the purposes of the transition to IFRSs, as required by IFRS 1. The impact of the transition from Canadian GAAP to IFRSs is explained in Note 18.

The accounting policies have been applied consistently throughout the Company for purposes of these condensed Consolidated Interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of consolidation

These condensed Consolidated Interim financial statements include the financial statements of the Company and its wholly-owned subsidiary, Rift Basin International Corp. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations

In the financial statements, acquisition of subsidiaries is accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognized in the Company's profit or loss.

Acquisition of subsidiaries

When the Company acquires a subsidiary where the underlying assets are not integrated in forming a business to generate revenues, the transaction is accounted for as a purchase of net assets. The cost of the acquisition is allocated to the identifiable assets and liabilities acquired based on their relative fair values at the date of acquisition and no goodwill is recognized.

Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

Interest income

Interest income is recognized as earned on an accrual basis using the effective interest method in the income statement.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position are comprised of cash and short-term deposits held at major financial institutions 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 in business and savings accounts which are available on demand by the Company for its operations.

Exploration and Evaluation Assets

The Company's evaluation, pre-exploration and exploration costs incurred prior to obtaining title are expensed as incurred.

No amortization charge is recognized in respect of capitalized exploration and evaluation assets. These assets are transferred to development assets in property, plant and equipment upon the commencement of development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized as intangible assets and are initially recorded at cost less impairment.

Exploration and evaluation expenditure also includes the costs incurred in acquiring exploitation rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

All capitalized exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

i. Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

ii. Available-for-sale investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment) the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

iii. Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized a fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Instruments, continued

iv. Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding accounts receivable, is directly reduced by the impairment loss. The carrying amount of trade receivable is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

v. Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Instruments, continued

vi. Financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within days of recognition.

Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

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 of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Share-Based Payment

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to the weighted average price of the common shares for the five days on which they were funded immediately preceding the date the options were granted.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options, or immediately where the vesting period is one year or less. 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.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries, and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Earnings (Loss) Per Share

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

4. SIGNIFICANT ACCOUNTING POLICIES, continued

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

5. CASH AND CASH EQUIVALENTS

	October 31, 2012	April 30, 2012	April 30, 2011
Cash at banks and on hand	$ 393,305	$ 17,400	$ 55,897
Total	$ 393,305	$ 17,400	$ 55,897

Cash at banks earn interests at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate requirements of the Company, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits equals book value.

6. TRADE AND OTHER RECEIVABLES

	October 31, 2012	April 30, 2012	April 30, 2011
HST receivable	$ 36,569	$ 2,597	$ 17,570
Total	$ 36,569	$ 2,597	$ 17,570

HST receivables represent input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

Trade receivables are non-interest bearing terms. The book values of trade and other receivables approximate their fair values.

7. TRADE AND OTHER PAYABLES

	October 31, 2012	April 30, 2012	April 30, 2011
Accounts payable and accrued liabilities	$ 113,072	$ 213,585	$ 178,080
Total	$ 113,072	$ 213,585	$ 178,080

Included in accounts payable and accrued liabilities is $2,249 due to officers and/or directors, and/or parties subject to their control (associated corporations).

8. LOANS PAYABLE

	July 31, 2012	April 30, 2012	April 30, 2011
Loans payable	$ -	$ 35,000	$ 33,499
Total	$ -	$ 35,000	$ 33,499

A $35,000 loan was payable to the former president and director of the Company. In addition, $75,000 was advanced to the Company during the period, arranged by parties that subsequently became related as officers and/or directors. These loans were repaid in full during the period along with an arrangement fee incurred on one of the loans advanced.

9. ISSUED SHARE CAPITAL

Authorized, issued and outstanding common shares

a) The Company is authorized to issue an unlimited number of common and preferred shares with no par value.

b) Issued:

	Note	Number of Shares	Issue Price	Amount
Balance, May 1, 2011		10,901,600		$ 1,241,683
Private Placement	1	9,715,000	$0.10	971,500
2 for 1 Stock Split	2	20,616,600	-	-
Balance, October 31, 2012		41,233,200		$ 2,213,183

1. On August 27, 2012, the Company completed a non-brokered private placement of 971,500 units at the price of $0.10 per unit (pre-split), for net proceeds of $971,500. Each unit consisted of one common share and one share purchase warrant, entitling the holder to purchase another common share of the Company for $0.10 per share for a period of two years from closing, subject to acceleration conditions.

2. On September 25, 2012, the Company completed a two-for-one stock split. Outstanding stock options and share purchase warrants were also be adjusted by the stock split and their respective exercise prices adjusted accordingly.

10. CONTRIBUTED SURPLUS

The following is a summary of changes in contributed surplus from May 1, 2011 to October 31, 2012.

	Share-based compensation
Balance, May 1, 2011	$ 358,297
Share options	141,928
Balance April 30, 2012 and October 31, 2012	$ 500,225

11. RELATED PARTY TRANSACTIONS

During the period the Company entered into transactions with parties that became related and/or associated corporations following the August 27, 2012 closing of the private placement funding and change of management and directors. The Company paid or accrued consulting fees to companies controlled by directors, executive officers and officers. These transactions were undertaken in the normal course of operations and were measured at the exchange amount as follows:

	October 31, 2012	April 30, 2012	April 30, 2011
Prepaid expenses	$ 50,780	$ nil	$ nil
Share-based compensation*	$141,928	$ nil	$ nil
Consulting and directors' fees	$126,000	$ nil	$ nil
Consulting fees, Tunisian operations	$ 30,000	$ nil	$ nil

** The estimated fair value of the stock options granted during the period was determined using the Black-Scholes option pricing model.*

The Company has advanced funds, recorded as Prepaid Expenses, which are being applied towards ongoing due diligence costs, including third-party professional fees, travel and related expenses. A portion of these expenses were incurred by a former arms-length Tunisian consultant who subsequently became President of the Company's wholly-owned subsidiary, organized to administer the Company's search for and acquisition of an initial oil and gas asset. As approved invoices are provided that detail incurred expenses, the corresponding prepaid expenses are reallocated to corporate development expense accounts.

12. SHARE-BASED PAYMENT TRANSACTION

The Company has an incentive stock option plan which permits the Board of Directors of the Company to grant options to directors, employees and non-employees to acquire common shares of the Company at the fair market value on the date of approval by the Board of Directors. A portion of the stock options vests immediately on the grant date and the balance vests over a period of up to five years from grant date.

The stock options have a life of up to five years from grant date. The fair market value of the exercise price is the weighted average price of the common shares for the five days on which they were traded immediately preceding the date of approval by the Board of Directors. The Board of Directors makes recommendations as to the recipients of, and nature and size of, share compensation awards in compliance with applicable securities law, stock exchange and other regulatory requirements. The Company is authorized to issue options to a maximum of 10% of the issued and outstanding common shares pursuant to the stock option plan.

The following table summarizes the changes in the outstanding stock options:

	Number of Options	Weighted Average Exercise Price
Balance, May 1, 2012	-	$ -
Options granted	2,900,000	0.10
Balance, April 30, 2012	2,900,000	
Number of options currently exercisable and outstanding	2,900,000	$ 0.10

The fair value of options granted is estimated using the Black-Scholes option pricing model with the following assumptions:

Six-month period ended	October 31, 2012	October 31, 2011
Average dividend per share	-	-
Average forecasted volatility	100%	-
Average risk-free interest rate	1.08%	-
Average expected life	2 years	-
Fair value – weighted average of options issued	$ 0.05	-

For the six-month period ended October 31, 2012, the Company recorded share-based compensation expense with an offsetting increase to contributed surplus of $141,928 (October 31, 2011 – NIL)..

13. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The calculation of basic loss per share for the period ended October 31, 2012 was based on the loss attributable to common shareholders of $512,005 (2011 - $38,315) and the weighted average number of common shares outstanding of 41,233,200 (2011 – 10,901,600) respectively.

For the fully diluted loss per share calculation as of October 31, 2012, 22,330,000 (2011 – NIL) shares were added to the weighted average number of common shares outstanding during the year for the dilutive effects of exercisable stock options and warrants.

14. INCOME TAXES

a. Current tax

Current tax expense for the interim periods presented is the expected tax payable on the taxable income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

b. Deferred tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the estimated average annual effective income tax rate for the interim periods presented.

The primary components of the entity's recognised deferred tax assets include temporary differences related to provisions and other items, and the value of tax loss carry-forwards recognised.

The primary components of the entity's deferred tax liabilities include temporary differences related to property, plant and equipment, intangible assets, investment property and other investments.

Deferred tax expense arises from the origination and reversal of temporary differences, the effects of changes in tax rates and the benefit of tax losses recognised. The primary component of deferred tax expense for the three months ended July 31, 2012 is related to an increase in deferred tax liabilities, relating primarily to property, plant and equipment, intangible assets and other investments.

Total deferred tax recognised directly in equity was $Nil for the three months ended July 31, 2012 (three months ended July 31, 2011: nil).

15. SEGMENT REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

16. CAPITAL RISK MANAGEMENT

The Company manages its common shares, stock options, and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to operate, pursue the acquisition and development of its resource properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of operating results, 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 new shares, warrants or options, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including operating results, successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

a. Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
b. Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
c. Level 3 – inputs that are not based on observable market data.

	Financial assets at fair value			
	Level 1	**Level 2**	**Level 3**	**October 31, 2012**
Held-for-trading financial asset				
Cash and cash equivalents	$ 393,305			$ 393,305
Total financial assets at fair value	$ 393,305			$ 393,305

	Financial assets at fair value			
	Level 1	**Level 2**	**Level 3**	**April 30, 2012**
Held-for-trading financial asset				
Cash and cash equivalents	$ 17,400			$ 17,400
Total financial assets at fair value	$ 17,400			$ 17,400

The fair values of the Company's cash and cash equivalents, prepaid expenses, accounts receivable, advances to subsidiary, accounts payable and accrued expenses approximate their carrying values due to their short term nature.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's believes it has no significant credit risk.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, continued

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 currently does not have sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in bank accounts which are available on demand.

Market risk

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in Canadian Dollars (CDN), and US Dollars (USD)

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of raw materials, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

18. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Company's audited financial statements for the year-ending April 30, 2012 are the first annual financial statements prepared in accordance with IFRS. The accounting policies in Note 4 have been applied in preparing the consolidated financial statements for the years ended April 30, 2012 and April 30, 2011, and the opening IFRS consolidated statement of financial position as May 1, 2010 (the "Transition Date").

Stock-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 Share-based Payment to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date. The Company did not have any unvested equity instruments as of the Transition Date.

Compound Financial Instruments

The Company has elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the date of transition to IFRS.

Estimates

The estimates previously made by the Company under GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result, the Company has not used hindsight to revise estimates. The Company's IFRS estimates as at May 1, 2010 are consistent with its GAAP estimates for the same date.

Reconciliations of GAAP to IFRS

Management has determined that adoption of IFRS has not resulted in changes to the Company's consolidated statement of financial position as at April 30, 2011 or May 1, 2010, or the consolidated statement of loss and comprehensive loss, consolidated statement of changes in shareholders' equity (deficiency), and consolidated statement of cash flows for the year ended April 30, 2011. Therefore, reconciliation adjustment schedules to transition GAAP to IFRS are not required.

19. ADVANCES TO SUBSIDIARY

On September 14, 2012 Rift Basin Resources Corp. established a wholly owned subsidiary, Rift Basin International Corp., incorporated in the British Virgin Islands.

20. SUBSEQUENT EVENTS

On November 2, 2012, the Company announced a non-brokered private placement of 10-million units at the price of $0.10 per unit, for gross proceeds of $1,000,000. Each unit consists of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase another common share of the Company for $0.20 per share for a period of 12 months from closing, subject to acceleration conditions.

On November 16, 2012, the Company announced a strategic alliance with Gulfsands Petroleum plc to facilitate the pursuit and acquisition of petroleum projects in Tunisia, and elsewhere in the Middle East and North Africa region, for mutual benefit. The Company's wholly owned subsidiary, Rift Basin International Corp., entered into a letter of intent to farm in on and have the right to earn a 15-per-cent participating interest in the Chorbane exploration permit located in Tunisia. Gulfsands Petroleum PLC, Rift Basin's strategic partner, will ultimately hold a 70-per-cent participating interest and be the operator.

On December 7, 2012, the Company announced receipt of an independent engineering and economic evaluation on the Chorbane exploration permit. The report was commissioned by Rift Basin for both due diligence and regulatory filing purposes. The geological report was prefiled with the TSX Venture Exchange for their review, and was approved on December 14, 2012, in anticipation of the Company entering into a definitive farm-in agreement.