



## **RIFT BASIN RESOURCES CORP.**

**(FORMERLY MAYEN MINERALS LTD.)**

### **MANAGEMENT'S DISCUSSION & ANALYSIS**

**For the Period Ended October 31, 2012**

December 17, 2012

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended October 31, 2012, compared to the corresponding period last year. This report prepared as at December 17, 2012 intends to complement and supplement our condensed Consolidated Interim financial statements (unaudited) (the "financial statements") as at October 31, 2012 and should be read in conjunction with the financial statements and the accompanying notes. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "Rift Basin", we mean Rift Basin Resources Corp. and/or its subsidiary, as it may apply.

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **FORWARD-LOOKING INFORMATION**

Inherent in forward-looking statements involve known and unknown risks, and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic condition, general business conditions, limited time being devoted to business by directors, escalating professional fees, escalating transaction costs, competition, fluctuation in foreign exchange rates, competition, stock market volatility, unanticipated operating events and liabilities inherent in industry. Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the

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Company receives regulatory and governmental approvals as are necessary on a timely basis; that the Company is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Company's activity costs; that the Company is able to continue to secure adequate transportation as necessary for its exploration activities; that the Company is able to procure equipment and supplies, as necessary, in sufficient quantities and on a timely basis; that exploration activity timetables and capital costs for the Company's planned projects are not incorrectly estimated or affected by unforeseen circumstances; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that the Company's estimates in relation to its natural resource interests are within reasonable bounds of accuracy and that the geological, operational and price assumptions on which these are based are reasonable; that no environmental and other proceedings or disputes arise; and that the Company maintains its ongoing relations with its employees, consultants and advisors.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

## **DESCRIPTION OF BUSINESS**

Rift Basin Resources Corp. (collectively with its subsidiary, the "Company") is incorporated pursuant to the Business Corporation Act under the laws of British Columbia. The Company is a "reporting" company in the provinces of British Columbia, Alberta and Ontario. Its common shares are listed on the TSX Venture Exchange as a Tier II issuer, under the trading symbol "**RIF.V**".

The Company is considered an exploration stage enterprise engaged in acquiring, exploring and developing resource properties. The Company's strategic focus is to build a substantial junior, independent, international oil and gas exploration and development company focused on advanced-stage exploration and near-production opportunities in Africa and the Middle East.

Rift's objective is to leverage management's extensive operational experience and contacts in Africa to establish a strategic foothold in the oil sector. The recent focus is on reviewing historic data and applying local expertise to secure strategic projects with 100+ million barrel potential, and larger interests in earlier-stage projects where modest work programs could attract farm-outs in return for carried interests through exploration.

Tunisia in particular represents an excellent oil and gas exploration jurisdiction with good prospectivity, established exploration and production activity, reasonable fiscal terms, and relative ease of doing business, where discoveries can be rapidly commercialized.

## **SIGNIFICANT EVENTS, TRANSACTIONS AND ACTIVITIES**

### **Non-brokered Private Placement**

On August 27, 2012, the Company underwent a complete change of management and completed a non-brokered private placement of 9,715,000 units at the price of \$0.10 per unit, 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 \$0.20 per share for a period of two years from closing, subject to acceleration conditions.

### **Stock split, name change, and change of business**

On September 25, 2012, the Company completed a two-for-one stock split. Following the stock split the Company has 41,233,200 post-Stock Split common shares issued and outstanding. Outstanding stock options and share purchase warrants and their respective exercise prices are also adjusted by the stock split. In addition, the Company's name was changed from "Mayen Minerals Ltd." to "Rift Basin Resources Corp." and the Company's trading symbol changed from "MYM" to "RIF" under new CUSIP number 766543102 and new ISIN CA7665431028. The Company considers it appropriate to switch from being a mining issuer to an oil and gas issuer.

**Non-brokered Private Placement**

Subsequent to October 31, 2012, on November 2, 2012 the Company announced its intention to proceed with a non-brokered private placement of up to 10,000,000 units at a price of \$0.10 per Unit for gross proceeds of up to \$1,000,000. Each Unit will consist of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at a price of \$0.20 for a period of 12 months from the closing of the Offering, subject to the acceleration provision. The Company will be entitled to accelerate the expiry date of the warrants to the date that is 30 days following the date the Company issues a news release announcing that the published closing price of the Common Shares on the TSX Venture Exchange has been equal or greater than \$0.30 for any ten consecutive trading days following the hold period on the Common Shares has expired.

**Formation of Strategic Alliance**

Subsequent to October 31, 2012, on November 16, 2012 the Company announced that it has established a strategic alliance with Gulfsands Petroleum plc, a London Stock Exchange-listed (AIM:GPX) issuer. The intention of this alliance is to facilitate the pursuit and acquisition of petroleum projects in Tunisia and elsewhere in the Middle East and North Africa region for mutual benefit.

**Letter of Intent to Farm-in on the Chorbane Exploration Permit**

Subsequent to October 31, 2012, on November 23, 2012 the Company announced that its wholly-owned subsidiary Rift Basin International Corp. entered into a letter of intent with Alpine Oil & Gas Pty Ltd. to farm-in on and have the right to earn a 15% participating interest in the Chorbane exploration permit located in Tunisia, and that strategic partner Gulfsands Petroleum was concurrently acquiring an additional interest to hold a 70% participating interest in the Chorbane exploration permit and become the operator.

**Independent Geologic Report**

Subsequent to October 31, 2012, on December 7, 2012 the Company announced receipt of an independent engineering and economic evaluation (the “**Geological Report**”) on the Chorbane exploration permit from Petrotech Engineering Ltd. of Burnaby, British Columbia. Petrotech was commissioned by Rift Basin to prepare the Geological Report in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities - for both due diligence and regulatory filing purposes. The Geological Report was pre-filed with the TSX Venture Exchange for their review, and was accepted by the Exchange on December 13. Alpine Oil & Gas Pty Ltd. filed an official letter with ETAP (L'Entreprise Tunisienne d'Activités Pétrolières) on December 5, 2012 requesting approval for the transfer of a 15% working interest in the Permit from Alpine to Rift Basin.

**RESULTS OF OPERATIONS**

For the period ended October 31, 2012, the Company reported a loss of \$512,005 or a \$0.01 share loss, compared to \$38,315 or a \$0.00 per loss for the prior year. The increase in the loss reported is due to a significant increase in corporate activity as the Company commenced operations with a new management team to actively identify, evaluate and negotiate oil and gas opportunities in North Africa and the Middle East.

**General and Administrative**

Professional fees of \$113,846 (2011 – \$29,034) paid for accounting, audit and legal fees, increased in 2012 primarily due to higher legal costs associated with the increased activity, including a financing, change of management, and acquisition-related legal work.

Management, consulting and directors' fees of \$126,000 (2011 – Nil) increased as a result of commencement of operations under a new management and advisory group. Certain current period consulting fees were paid to companies controlled by officers and directors of the Company under Executive Services Agreements.

The Company uses the fair value based method of accounting for all stock-based compensation. The Company recorded \$141,928 (2011 – Nil) of non-cash compensation cost due to the granting of 2.9 million (2011 – Nil) stock options during 2012, of which 200,000 stock options are considered attributable to non-employees.

Filing and regulatory costs of \$34,264 (2011 - \$1,399) increased due to increased activity, including a financing and stock split, change of management, and other acquisition-related filings.

Office and miscellaneous expenses of \$8,831 (2011 - \$173) increased as a result of commencement of operations, to transition the company from shell status to a funded oil and gas exploration and development issuer. Expenses include rent, telephone, printing and office supplies, courier, postage and subscriptions.

Interest, fees and bank charges of \$6,287 (2011 - \$767) increased as a result of overdue interest charges on accounts payable accrued prior to the change of management, loan arrangement costs incurred to carry corporate expenses prior to the August 2012 non-brokered private placement completion, and bank charges incurred as a result of a significant increase in banking activity to support North Africa oil and gas acquisition initiatives.

Investor relations expenses of \$1,462 (2011 - \$511) increased as a result of the creation of a corporate website, related hosting charges, and Marketwire news release distribution charges.

### Corporate development

Corporate development covers business development, project investigation and acquisition costs and expenses totalling \$164,362 (2011 – \$7,329) which summarizes the direct project-acquisition-related expenses incurred primarily in Tunisia, and related meetings held in Austria and London. Included are consulting fees of \$31,583 paid to a consultant who subsequently became the president and a director of the Company's wholly-owned subsidiary Rift Basin International Corp., office rent of \$7,507, meals and entertainment of \$10,705, travel and hotel expenses of \$78,409, outside professional consultants totalling \$17,008, per diem travel allowances totalling \$11,700, and sundry telephone, communications, automobile, bank charges, supplies, printing, and legal expenses incurred.

### Write down of accounts payable

The Company's accounts payable were written down (a recovery of prior accrued expenses) by \$84,9571 (2011 – Nil) due to several negotiated settlements and an internal review and reassessment of the merits of third party billings incurred during the tenure of previous management.

### SUMMARY OF QUARTERLY REPORTS

Results for the most recent quarters ending with the last quarter for the period ended October 31, 2012; all prepared using accounting principles consistent with IFRS:

	Three Months Ended			
	October 31, 2012 \$	July 31, 2012 \$	April 30, 2012 \$	January 31, 2012 \$
Interest income	327	-	-	23
Net earnings (loss)	(415,464)	(96,541)	(46,901)	(5,260)
Basic and diluted per share	(0.01)	(0.01)	(0.00)	(0.00)

	Three Months Ended			
	October 31, 2011 \$	July 31, 2011 \$	April 30, 2011 \$	January 31, 2011 \$
Interest income	-	221	438	-
Net earnings (loss)	(24,183)	(14,132)	(683,160)	(63,255)
Basic and diluted per share	(0.00)	(0.00)	(0.06)	(0.01)

The above table includes adjustments to net income (loss) totals and per share values after implementation of IFRS adjustments. The following schedule reconciles net income (loss) and per share income (loss) for the four quarters ended April 30, 2011. No adjustments were made to fiscal 2010 and prior figures.

	As originally Reported \$	IFRS adjustment \$	Balance under IFRS \$	Per share Under IFRS
April 30, 2011	(683,160)	-	(683,160)	(0.06)
January 31, 2011	(63,255)	-	(63,255)	(0.01)
October 31, 2010	(66,424)	-	(66,424)	(0.01)
July 31, 2010	(120,581)	-	(120,581)	(0.01)

Quarterly results will vary in accordance with the Company's exploration and financing activities.

The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure equity financing with favorable terms, the Company's activity levels and the size and scope of acquisitions and planned activities will typically increase.

### **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon the continuing financial support of creditors and stockholders, refinancing debts payable, obtaining additional long term debt or equity financing, as well as achieving and maintaining a profitable level of operations. As the outcome of these matters cannot be predicted at this time, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

	<u>October 31, 2012</u>	<u>April 30, 2012</u>
Working capital	367,582	228,588
Deficit	(2,340,573)	(1,828,568)

As of October 31, 2012, the Company had cash and cash equivalents of \$393,305. The Company's continued existence as a going concern is dependent upon the continued support of related parties, incoming management, and its ability to raise adequate long-term financing.

### **TRANSACTIONS WITH RELATED PARTIES**

During the period ended October 31, 2012, the Company entered into transactions with parties that became related and/or associated corporations following the announced August 27, 2012 closing of a \$971,500 private placement funding and change of management and directors. These transactions were undertaken in the normal course of operations and were measured at the exchange amount as follows: Consulting and directors' fees of \$126,000; advances and loans to the company of \$75,000, subsequently repaid in full; consulting fees of \$31,583 paid to a consultant who subsequently became the president and a director of the Company's wholly-owned subsidiary Rift Basin International Corp., organized to administer the Company's search for and acquisition of oil and gas assets.

### **OFF-BALANCE SHEET AGREEMENTS**

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit

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risk support to the Company or engages in leasing or hedging services with the Company.

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The details of Rift Basin's accounting policies are presented in Notes 2, 3 and 4 of the condensed Consolidated Interim financial statements for the period ended October 31, 2012. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

### **NEW ACCOUNTING STANDARDS NOT YET ADOPTED**

IFRS 9 – Financial Instruments, as issued in November 2009 and revised in October 2010 is required to be adopted by 2013, subject to confirmation by the International Accounting Standards Board. The standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 and divides all financial assets that are currently in the scope of IAS 39 into two classifications; amortized cost and those measured at fair value.

IFRS 10 – Consolidated Financial Statements builds on existing principles and standards and identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Corporation.

IFRS 11 – Joint Arrangements establishes the principles for financial reporting by entities when they have an interest in arrangements that are jointly controlled.

IFRS 12 – Disclosure of Interest in Other Entities provides the disclosure requirements for interests held in other entities including joint arrangements, associates, special purpose entities and other off balance sheet entities.

IFRS 13 – Fair Value Measurement defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

IAS 28 – Investments in Associate and Joint Ventures revised the existing standard and prescribes the accounting for investments and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

Each of the new standards or amendments is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, except for IFRS 9, Financial Instruments, which is effective for annual periods beginning on or after January 1, 2015. The Corporation has not yet completed its evaluation of the effect of adopting these standards on its consolidated financial statements.

### **FIRST-TIME ADOPTION OF IFRS**

As stated in Note 4, the audited consolidated financial statements dated April 30, 2012 are the Company's first annual financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the condensed Consolidated Interim financial statements for the period ended October 31, 2012, 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").

In preparing the opening IFRS consolidated statement of financial position and the consolidated financial statements for the year ended April 30, 2011, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position is set out below. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS.

### **Business combinations**

The Company elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have

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occurred prior to its Transition Date and such business combinations have not been restated.

**Stock-based compensation**

The Company 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 provision of IFRS 2 only to 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.

**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.

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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:

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 or indirectly; and

Level 3 – inputs that are not based on observable market data.

The fair values of the Company's accounts receivable, accounts payable and accrued liabilities and loans payable approximate their carry amounts, due to their short-term nature. Cash and cash equivalents are measured at fair value using Level 1 inputs.

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 contractual obligations. The Company believes it has no significant credit risk. The Company's cash and cash equivalents are held at large Canadian financial institutions in interest bearing accounts. Accounts receivable consist of HST receivable obligations due from the government of Canada.

**Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at October 31, 2012, the Company had a cash and cash equivalents balance of \$393,305 (October 31, 2011 - \$30,580; April 30, 2012 - \$17,400) to settle current liabilities of \$113,072 (October 31, 2011 - \$229,451; April 30, 2012 - \$248,585). To maintain liquidity, the Company is currently engaged in a non-brokered private placement financing and the acquisition of a potential oil and gas project. Current market conditions continue to make the present environment for raising additional equity financing difficult and there can be no assurance ongoing efforts will be successful. All of the Company's financial liabilities are subject to normal trade terms.

**Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and

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commodity and equity prices.

i. Interest rate risk

The Company has cash balances held with financial institutions. The Company believes it has no significant interest rate risk.

ii. Foreign currency risk

The Company does not have any significant balances denominated in a foreign currency and believes it has no significant foreign currency risk.

iii. 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. Fluctuations in pricing may be significant.

## **CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity (deficit).

The Company has historically relied on the equity markets to fund its activities. Current financial markets continue to be difficult and there is no certainty with respect to the Company's ability to raise capital. The Company will continue to assess new opportunities and seek to acquire an interest in oil and gas assets if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company currently is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management.

## **SUBSEQUENT EVENTS**

### **Non-brokered Private Placement**

On November 2, 2012 the Company announced its intention to proceed with a non-brokered private placement of up to 10,000,000 units at a price of \$0.10 per Unit for gross proceeds of up to \$1,000,000. Each Unit will consist of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at a price of \$0.20 for a period of 12 months from the closing of the Offering, subject to the acceleration provision. The Company will be entitled to accelerate the expiry date of the warrants to the date that is 30 days following the date the Company issues a news release announcing that the published closing price of the Common Shares on the TSX Venture Exchange has been equal or greater than \$0.30 for any ten consecutive trading days providing the hold period on the Common Shares has expired.

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**Independent Geologic Report**

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**RISKS AND UNCERTAINTIES****Early Stage – Need for Additional Funds**

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders’ investments and the likelihood of success must be considered in light of its early stage of operations. The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable, especially in today’s volatile and uncertain financial markets. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

**Exploration, Development and Operating Hazards and Risks**

In the normal course of business the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality.

The Company is exposed to considerable risks and uncertainties including, but not limited to;

- finding oil and natural gas reserves on an economical basis;
- uncertainties related to estimating the Company’s reserves;
- financial risks including access to debt or equity markets which the Company is dependent upon in order to meet obligation and liabilities as they fall due;
- technical problems which could lead to unsuccessful wells, well blowouts and environmental damage;
- obtaining timely regulatory approvals;
- third party related operational risks including the ability to obtain access to wells, access to third party gathering and processing facilities, access to pipeline, railway and other transportation infrastructure;
- fluctuations in commodity prices;
- adverse factors including climate, geographical and weather conditions and labour disputes;
- timing of future debt and other obligations;
- regulatory legislation and policies, including the fulfillment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;

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- changes to taxation policies, laws and interpretations thereof; and
  - obtaining comprehensive and appropriate insurance coverage at reasonable rates;

**Foreign Country and Political Risk**

The Company is actively pursuing oil and gas interests located in Tunisia, North Africa and the Middle East. The Company is subject to certain risks, including currency fluctuations and possible political or economic instability in the region, which may result in the impairment or loss of any rights to oil and gas concessions. Exploration and development activities may be affected in varying degrees by political instability and government regulations relating to the oil and gas industry. Any changes in regulations or shifts in political attitudes may also adversely affect the Company's business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and site safety. To mitigate such risk, the Company funds its foreign operations on an as-needed basis. The Company does not presently maintain political risk insurance for its foreign exploration projects.

**Title Risks**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain rights and interests, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of certain concessions. The Company has investigated title to all of its prospective interests and, to the best of its knowledge, title to all prospective working and economic interests are in good standing.

**Environmental Regulations, Permits and Licenses**

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health and safety, waste disposal, and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain oil and gas industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in impositions of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a direction of stricter standards, and enforcement, and higher fines and penalties for non-responsibility for companies including its directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability for the Company and its directors, officers and employees. The Company intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, 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 oil and gas operations may be required to compensate those suffering loss or damage by reason of development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of oil and gas companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties, or requirement abandonment, or delays in development of new oil and gas properties.

**Competition and Agreements with Other Parties**

The oil and gas industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

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**Price Volatility of Public Stock**

In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on a stock exchange may be affected by such volatility.

**Economic Conditions**

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

**Dependence on Management**

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

**Conflicts of Interest**

The Company's directors and officers may serve as directors and officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act, British Columbia ("Corporations Act") in dealing with conflicts of interest. These provisions state, where a director/officer has such a conflict, that the director/officer must at a meeting of the board, disclose his interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning Rift Basin's general and administrative expenses and exploration and evaluation costs is provided in the Company's condensed Consolidated Interim statement of comprehensive loss and note disclosures contained in its condensed Consolidated Interim financial statements for the period ended October 31, 2012. These statements are available on Rift Basin's website at [www.riftbasinresources.com](http://www.riftbasinresources.com) or on its SEDAR page site accessed through [www.sedar.com](http://www.sedar.com).

**Dividends**

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for oil and gas exploration and development. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant

**Management's Responsibility for Financial Statements**

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

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(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Nature of the Securities**

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

### **Proposed Transactions**

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of certain properties.

### **Approval**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

### **Forward Looking Information**

This MD&A together with the Company's financial statements for the period ended October 31, 2012 contain certain statements that may be deemed "forward-looking statements". Forward looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "continues", "intends", "estimates", "projects", "potential", and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Inherent in forward-looking statements involve known and unknown risks, and factors may include, but are not limited to: fluctuating commodity prices, unavailability of financing, changes in government regulations and administrations, general economic conditions, general business conditions, limited time being devoted to business by directors, escalating professional fees, escalating transaction costs, competition, fluctuation in foreign exchange rates, competition, stock market volatility, unanticipated operating events and liabilities inherent in industry. Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

### **Additional Information**

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Additional information related to Rift Basin Resources Corp. (the “Company” or “Rift Basin”) is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

### **MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCING REPORTING**

In connection with National Instrument (“NI”) 52-109 (Certification of Disclosure in Issuer’s Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

### **CONTINGENCY**

The Company is not involved in any outstanding litigation.

### **OUTSTANDING SHARES**

As at December 17, 2012, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	41,233,200	n/a	n/a
Warrants	19,430,000	\$0.10	August 29, 2014

### **DIRECTORS AND OFFICERS**

Wayne Koshman - *Chief Executive Officer and Director*

Robert van Santen - *Chief Financial Officer, Corporate Secretary and Director*

Christopher Cooper – *Director*

Paul Lathigee – *Director*

### **OTHER REQUIREMENTS**

Additional disclosure of the Company’s technical reports, material change reports, news release and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

On Behalf of the Board,

### **RIFT BASIN RESOURCES CORP.**

“Wayne Koshman”

Wayne Koshman  
Chief Executive Officer

“Robert van Santen”

Robert van Santen  
Chief Financial Officer