RIFT BASIN
resources corp.

(FORMERLY MAYEN MINERALS LTD.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - PREPARED BY MANAGEMENT)

FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2014

RIFT BASIN RESOURCES CORP.

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

The accompanying unaudited condensed interim consolidated financial statements of Rift Basin Resources Corp. ("the Company") 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 condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

RIFT BASIN RESOURCES CORP.
(Formerly Mayen Minerals Ltd.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars-Unaudited)

	Notes	January 31, 2014 $	April 30, 2013 $
ASSETS			
			(Audited)
Current			
Cash and cash equivalents		79,513	127,725
Accounts receivable		111,105	28,255
Due from related parties	6	14,841	68,501
Refundable deposit		99,214	99,214
Prepaid Expenses		125,947	8,988
		430,620	332,683
Equipment	4	6,853	3,123
		437,473	335,806
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Accounts payable and accrued liabilities		424,936	359,885
Deposit payable		52,500	-
		477,436	359,885
Shareholders' deficiency			
Share capital	5	3,460,251	2,956,691
Contributed surplus		748,446	554,565
Share subscription		436,100	-
Deficit		(4,684,760)	(3,535,335)
		(39,963)	(24,079)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		437,473	335,806

Nature and Continuance of operations (Note 1)

Subsequent events (Note 9)

Approved on behalf of the Board on March 28, 2014:

Signed

"Wayne M. Koshman"
Director

Signed

"Robert van Santen"
Director

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

RIFT BASIN RESOURCES CORP.
(Formerly Mayen Minerals Ltd.)
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars-Unaudited)

	Note	For the three months ended January 31, 2014 $	2013 $	For the nine months ended January 31, 2014 $	2013 $
General and Administrative expenses					
Advertising and promotion		23,474	3,855	34,319	5,317
Consulting fees		71,710	52,567	86,710	62,167
Depreciation	4	1,080	-	1,620	-
Insurance		5,480	1,827	8,220	1,827
Interest and bank charges		3,380	1,220	4,303	7,507
Management fees	6	195,167	85,528	292,667	211,528
Office, rent and miscellaneous		32,742	23,313	42,875	31,817
Professional fees		25,618	45,243	52,049	149,489
Share based compensation		158,086	-	193,881	141,928
Telephone		12,984	-	15,469	-
Travel and business development		18,189	75,952	25,301	165,135
Transfer agent and filing fees		9,107	13,373	15,572	47,637
		557,017	302,878	772,986	824,352
Overseas project development					
Consulting fees		72,313	94,722	72,313	111,883
Management fees	6	127,800	53,217	127,800	84,800
Office, rent and miscellaneous		-	1,642	-	14,084
Professional fees		16,395	-	29,946	-
Project investigation fees		51,817	132,576	51,817	146,568
Travel expenses		63,038	-	123,567	-
		331,363	282,157	405,443	357,335
Net loss before other items		(880,380)	(585,035)	(1,178,429)	(1,181,687)
Other items					
Foreign exchange gain (loss)		11,164	(3,609)	8,556	(3,918)
Write down accounts payable		20,448	-	20,448	84,957
		31,612	(3,609)	29,004	81,039
Loss and comprehensive loss for the year		(856,768)	(588,644)	(1,149,425)	(1,100,648)
Basic net loss per share		(0.01)	(0.01)	(0.02)	(0.04)
Fully diluted loss per share		(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding		57,724,092	43,158,200	52,733,968	30,224,542

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

RIFT BASIN RESOURCES CORP.
(Formerly Mayen Minerals Ltd.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars-Unaudited)
For the nine months ended January 31, 2014 and 2013

	Common shares					
	Number	**Amount**	**Contributed Surplus**	**Share Subscription**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**
Balance, April 30, 2012	21,803,200	1,241,683	358,297	-	(1,828,568)	(228,588)
Share issued for cash	23,280,000	1,356,500	-	-	-	1,356,500
Share based compensation	-	-	141,928	-	-	141,928
Comprehensive loss for the period	-	-	-	-	(1,100,648)	(1,100,648)
Balance, January 31, 2013	**45,083,200**	**2,598,183**	**500,225**	**-**	**(2,929,216)**	**169,192**
Share issued for cash	3,800,000	380,000	-	-	-	380,000
Share issuance costs	-	(21,492)	-	-	-	(21,492)
Share based compensation	-	-	54,340	-	-	54,340
Comprehensive loss for the year	-	-	-	-	(606,119)	(606,119)
Balance, April 30, 2013	**48,883,200**	**2,956,691**	**554,565**	**-**	**(3,535,335)**	**(24,079)**
Shares issued for cash	8,175,000	465,000	-	-	-	465,000
Share issued to settle debt	914,359	45,718	-	-	-	45,718
Subscriptions received	-	-	-	436,100	-	436,100
Share issuance costs	-	(7,158)	-	-	-	(7,158)
Share based compensation	-	-	193,881	-	-	193,881
Comprehensive loss for the period	-	-	-	-	(1,149,425)	(1,149,425)
Balance, January 31, 2014	**57,972,559**	**3,460,251**	**748,446**	**436,100**	**(4,684,760)**	**(39,963)**

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

RIFT BASIN RESOURCES CORP.
(Formerly Mayen Minerals Ltd.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the nine months ended January 31, 2014 and 2013

	For the nine months ended January 31, 2014 $	2013 $
OPERATING ACTIVITIES		
Loss for the period	(1,149,425)	(1,100,648)
Adjustment for non-cash items:		
Depreciation	1,620	-
Share based compensation	193,881	141,928
Share issued for debt	45,718	-
Write-down of accounts payable	(20,448)	(84,957)
	(928,654)	(1,043,677)
Working capital adjustments		
Accounts receivable	(82,850)	(116,890)
Due from related parties	53,660	-
Refundable deposit	-	(99,243)
Prepaid expenses	(116,959)	(89,802)
Trade payable and accrued liabilities	85,500	26,769
	(989,303)	(1,322,843)
INVESTING ACTIVITIES		
Equipment purchase	(5,351)	-
FINANCING ACTIVITIES		
Deposit payable	52,500	(35,000)
Share subscription	436,100	-
Proceeds from share issuance	465,000	1,356,500
Share issuance costs	(7,158)	-
	946,442	1,321,500
NET CHANGE IN CASH AND CASH EQUIVALENTS	(48,212)	(1,343)
Cash and cash equivalents, beginning of period	127,725	17,400
Cash and cash equivalents, end of period	**79,513**	**16,057**

Non-cash transactions:

Shares issued for debt settlement	45,718	-
Write down of accounts payable	20,448	84,957

1. NATURE AND CONTINUANCE OF OPERATIONS

Rift Basin Resources Corp. (formerly Mayen Minerals Ltd.) (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 its common shares commenced trading on the TSX Venture Exchange ("TSX-V") under the trading symbol "RIF" as a Tier 2 mining issuer. On August 12, 2013 the common shares of the Company were delisted from Tier 2 of the TSX-V and commenced trading on the NEX board, in transition to become an oil and gas issuer. The trading symbol for the Company was changed from RIF to RIF.H. The Company is an exploration stage enterprise engaged in acquiring, exploring and developing resource properties.

The address of the Company's registered and record office is Fifteenth Floor, 1055 West Georgia Street Vancouver, British Columbia, Canada V6E 4N7, and the head office address is Suite 400, 409 Granville Street, Vancouver, British Columbia, Canada V6C 1T2

The Company has incurred losses since its inception and had an accumulated deficit of $4,684,760 as at January 31, 2014. 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 flow from 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. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at January 31, 2014, the Company is not able to finance day to day activities through operations. The Company's continuation as a going concern depends upon the successful results from its project development activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with current cash on hand, proceeds from the exercise of stock options and/or warrants, and future private placements.

The condensed interim consolidated financial statements of the Company For the nine months ended January 31, 2014 were authorized for issue by the Board of Directors on March 28, 2014.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS) 34 :Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

This condensed interim financial report does not include all of the information required of a full financial report and intend to provide users with an update in relation to events and transactions are significant to and understanding of the changes in financial position and performance of the Company since the end of last condensed interim consolidated financial statements of the Company for the period ended January 31, 2014.

The accounting policies applied in preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended April 30, 2013.

2. BASIS OF PREPARATION-*continued*

Basis of preparation

These condensed interim consolidated financial statements have been prepared on the accrual basis of accounting except for cash flow information, and on an historical cost basis except for certain financial assets measured at fair value. The financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

Critical accounting estimates

The preparation of these condensed interim consolidated financial statements in conformity with 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The inputs used in calculating the fair value for share-based compensation expense included in profit or loss.

ii) The valuation of shares issued in non-cash transactions, including the settlement of debt. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

iii) The treatment of accounts payable and accrued liabilities previously written off through the statements of comprehensive loss requires certain management judgments. With the change of business and management during fiscal 2013 to a focus primarily on oil & gas interests, the new management believes that the related vendors will not pursue payment from the Company or any of its subsidiaries. Further, these accounts payable relate to operations in a geographical segment the Company is no longer active in and therefore management has no current intention to pay these amounts.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These condensed interim consolidated 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 condensed interim 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.

(Expressed in Canadian dollars-Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Functional and presentation currency

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

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.

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, which are readily convertible into known amounts 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.

Cash and cash equivalents consist of:

	January 31, 2014	April 30, 2013
Cash	$ 73,763	$ 70,225
Term deposits	5,750	57,500
Total	$ 79,513	$127,725

Financial instruments

i. Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Financial instruments-*continued*

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after 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.

ii. Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method.

The Company has classified its cash and cash equivalents as fair value through profit and loss, its accounts receivable and due from related parties as loans and receivables and its accounts payable and accrued liabilities and loans payable as other financial liabilities.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rates applicable to each category of property and equipment are as follows:

Computer equipment	55% Declining balance
Equipment	20% Declining balance

One-half the normal rate of amortization is recorded in the year of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Exploration and evaluation assets

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Provisions

i. Environmental rehabilitation provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated.

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the profit and loss statement. The Company had no rehabilitation obligations as at January 31, 2014 or April 30, 2013.

ii. Other provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of the options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. The fair value is recognized as an expense with a corresponding increase in contributed surplus. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to share capital.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

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 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.

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.

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.

(Expressed in Canadian dollars-Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the period ended January 31, 2014, nor for the year ended April 30, 2014, and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending April 30, 2015 or later:

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. The Company does not expect any effect on the Company's financial statements.

IFRS 10 – Consolidated Financial Statements amendment provides clarification on investment entitles. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on the Company's financial statements.

IAS 27 – Separate Financial Statements amendment provides clarification on investment entitles. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on the Company's financial statements.

IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on the Company's financial statements.

4. EQUIPMENT

	Equipment
Cost:	
At April 30, 2013	$ 3,874
Additions	5,350
At January 31, 2014	$ 9,224
Depreciation:	
At April 30, 2013	$ 751
Charge for the period	1,620
At January 31, 2014	$ 2,371
Net book value:	
At April 30, 2013	$ 3,123
At January 31, 2014	$ 6,853

(Expressed in Canadian dollars-Unaudited)

4. EQUIPMENT-*continued*

	Equipment
Cost:	
At April 30, 2012	$ -
Additions	3,874
At April 30, 2013	$ 3,874
Depreciation:	
At April 30, 2012	$ -
Charge for the period	751
At April 30, 2013	$ 751
Net book value:	
At April 30, 2012	$ -
At April 30, 2013	$ 3,123

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized share capital

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

Issued shares*:*

1. On August 27, 2012, the Company completed a non-brokered private placement of 19,430,000 units at the price of $0.05 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 $0.10 per share up to September 5, 2014.

2. On January 30, 2013, the Company completed a non-brokered private placement of 3,850,000 units at the price of $0.10 per unit, for net proceeds of $385,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the company for $0.20 up to January 30, 2014, subject to acceleration conditions.

3. On March 12, 2013, the Company completed a non-brokered private placement of 3,800,000 units at the price of $0.10 per unit, for net proceeds of $380,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the company for $0.20 up to March 12, 2014, subject to acceleration conditions.

4. On July 8, 2013 the Company completed a non-brokered private placement of 1,875,000 units at a price of $0.08 per unit for gross proceeds of $150,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the company for $0.20 up to July 8, 2014, subject to acceleration conditions.

5. On October 18, 2013 the Company completed a non-brokered private placement of 6,300,000 units at a price of $0.05 per unit for gross proceeds of $315,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the company for $0.20 up to October 18, 2014, subject to acceleration conditions.

(Expressed in Canadian dollars-Unaudited)

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS-*continued*

Issued shares-*continued*

6. On November 26, 2013 the Company entered into a shares-for-debt agreement with an arm's length creditor. The Company issued 914,359 shares at a price of $.05 per unit settling $45,718 of Company payables. The creditor also wrote-off a further $18,872.67 of debt owed by the Company to the Creditor.

Warrants

The Company's warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price $
Balance, April 30, 2013	23,255,000	0.10
Issued during the period	4,087,500	0.20
Expired during the period	(1,925,000)	0.20
Balance, end of period	25,417,500	0.12

The following table summarizes the warrants outstanding as at January 31, 2014:

Warrants outstanding	Exercise price $	Expiry date
19,430,000	0.10	September 5, 2014
1,900,000	0.20	March 12, 2014
937,500	0.20	July 8, 2014
3,150,000	0.20	October 18, 2014

Stock options

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 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.

(Expressed in Canadian dollars-Unaudited)

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS-*continued*

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

	Number of Options	**Weighted Average Exercise Price $**
Balance, April 30, 2013	2,900,000	0.10
Granted	4,000,000	0.10
Cancelled	(1,200,000)	0.10
Balance, January 31, 2014	5,700,000	0.10
Options exercisable, end of period	2,700,000	0.10

The following table summarizes the options outstanding as at January 31, 2014:

Options outstanding	**Options exercisable**	**Exercise price $**	**Expiry date**
1,700,000	1,700,000	0.10	September 26, 2017
4,000,000	1,000,000	0.10	November 28, 2018
5,700,000	2,700,000		

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

	January 31, 2014	**April 30, 2013**
Average dividend per share	-	-
Average forecasted volatility	144.19%	113%
Average risk-free interest rate	1.39%	1.31%
Average expected life	5 years	5 years
Fair value – weighted average of options issued	$ 0.09	$ 0.08

For the period ended January 31, 2014, the Company recorded share-based compensation expense with an offsetting increase to contributed surplus of $193,881 (year ended April 30, 2013 - $196,268).

(Expressed in Canadian dollars-Unaudited)

6. RELATED PARTY TRANSACTIONS

During the nine months ended January 31, 2014, the Company entered into the following transactions with related parties, not disclosed elsewhere in these financial statements:

i. As at January 31, 2014 $134,583 (April 30, 2013 - $378) was included in accounts payable and accrued liabilities owing to companies controlled directly or indirectly by directors and officers of the Company.

ii. As at January 31, 2014 $105,420 (April 30, 2013 -$583) was included in prepaid expenses advanced to a company controlled by a director and officer of the Company during extended overseas project development.

iii. As at January 31, 2014 $14,841 (April 30, 2013 -$68,501) was due from related parties. The amounts due from related parties are unsecured, non-interest bearing and have no fixed terms for repayment.

iv. As at January 31, 2014 $20,000 (April 30, 2013- $nil) rent was paid to companies controlled by family members of directors and officers of the Company.

v. As at January 31, 2014 $25,000 (April 30, 2013-$nil) bonus was approved by the Board for services performed by a company controlled by a family member of a director of the Company.

Summary of key management personnel compensation as follows:

	For the nine months ended January 31	
	2014	**2013**
Share-based compensation*	$ 110,887	$ 141,928
Consulting, management and directors' fees	$ 292,667	$ 126,000
Overseas management, consulting and bonuses	$ 102,800	$ 30,000

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

7. CAPITAL RISK 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 (deficiency).

The Company has historically relied on the equity markets to fund its activities. Current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital. The Company will continue to assess new properties and seek to acquire an interest in oil and gas properties 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 on-going 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 in the Company's approach to capital management.

8. 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:

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

The Company's financial instruments consist of cash and cash equivalent, receivables and accounts payable and accrued liabilities.

The fair values of these financial instruments, other than cash and cash equivalent approximate their carrying values 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 payment obligations. The Company believes it has no significant credit risk.

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.

(Expressed in Canadian dollars-Unaudited)

9. SUBSEQUENT EVENTS

On February 18, 2014 the Company closed a non-brokered private placement of 10,000,000 units at a price of $0.05 per unit for gross proceeds of $500,000. Each unit consists of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the company for $0.20 up to February 18, 2015, subject to acceleration conditions.

The Company is currently proceeding with the private placement of 11,416,666 Units at $0.06 per Unit, for gross proceeds of up to $685,000 as announced in its news release of February 3, 2014, and expects to close this funding by mid-April. Each unit consists of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the company for $0.20 for one year, subject to acceleration conditions. The Company is entitled to accelerate the expiry date of all the outstanding $0.20 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 30 cents for any 10 consecutive trading days after the statutory hold period.

On March 5, 2014 Alpine Oil & Gas Pty Ltd. agreed to return US$100,000 to the Company to settle the outstanding issues from the December 21, 2012 Chorbane Farmin Agreement, whereby the Company was to farm-in on and have the right to earn a 15% participating interest in the Chorbane exploration permit located in Tunisia. A Deed of Release was finalized on March 20, 2014. The Company received the US$100,000 as a settlement on March 25, 2014.

10. COMMITMENTS

The Corporation is subject to a 36-month operating lease commitment commencing October 1, 2013 in connection with rented office premises:

	$
Payable no later than one year	41,507
Payable later than one year and no later than five years	74,238
Payable more than five years	-
Total	115,745