



(FORMERLY MAYEN MINERALS LTD.)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(UNAUDITED - PREPARED BY MANAGEMENT)

**THREE AND SIX MONTHS ENDED OCTOBER 31, 2013 AND 2012**

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## **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 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)

	<b>Notes</b>	<b>October 31, 2013</b>	<b>April 30, 2013</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<i>(Audited)</i>			
<b>Current</b>			
Cash and cash equivalents		38,417	127,725
Accounts receivable		44,766	28,255
Due from related parties	4, 8	26,726	68,501
Refundable deposit	5	99,214	99,214
Prepaid Expenses		51,262	8,988
		<u>260,385</u>	<u>332,683</u>
Equipment	6	7,543	3,123
		<u>267,928</u>	<u>335,806</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		251,768	359,885
Deposit payable		52,500	-
		<u>304,268</u>	<u>359,885</u>
<b>Shareholders' deficiency</b>			
Share capital	7	3,414,533	2,956,691
Contributed surplus		590,361	554,565
Deficit		<u>(4,041,234)</u>	<u>(3,535,335)</u>
		<u>(36,340)</u>	<u>(24,079)</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<u>267,928</u>	<u>335,806</u>

**Nature and Continuance of operations (Note 1)****Subsequent events (Note 13)****Approved on behalf of the Board on December 30, 2013:**

Signed

Signed

"Wayne M. Koshman"

Director

"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		For the six months ended	
		2013	October 31, 2012	2013	October 31, 2012
		\$	\$	\$	\$
<b>General and Administrative expenses</b>					
Advertising and promotion		10,845	-	12,512	-
Consulting fees		15,000	-	17,000	-
Depreciation	6	540	-	931	-
Insurance		2,740	-	5,480	-
Interest and bank charges		923	6,230	2,172	6,287
Investor relations		-	1,235	-	1,462
Management fees	8	97,500	76,000	195,167	126,000
Office, rent and miscellaneous		10,133	6,166	24,463	8,504
Professional fees		26,431	90,836	29,975	113,846
Share based compensation		9,060	141,928	35,796	141,928
Telephone		2,485	-	9,940	-
Travel and business development		7,112	-	15,449	-
Transfer agent and filing fees		6,464	32,792	10,808	34,264
		189,233	355,187	359,693	432,291
<b>Overseas project development</b>					
Professional fees		13,551	-	41,205	-
Project investigation fees		-	112,573	-	164,362
Travel expenses		60,529	-	99,966	-
		74,080	112,573	141,171	164,362
<b>Net loss before other items</b>		(263,313)	(467,760)	(500,864)	(596,653)
<b>Other items</b>					
Foreign exchange loss		(2,608)	-	(5,035)	(309)
Write down accounts payable		-	52,296	-	84,957
		(2,608)	52,296	(5,035)	84,648
<b>Loss and comprehensive loss for the year</b>		(265,921)	(415,464)	(505,899)	(512,005)
<b>Basic net loss per share</b>		(0.01)	(0.01)	(0.01)	(0.01)
<b>Fully diluted loss per share</b>		(0.01)	(0.01)	(0.01)	(0.01)
<b>Weighted average number of shares outstanding</b>		51,716,896	41,233,200	50,544,613	41,233,202

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 six months ended October 31, 2013 and 2012

	<u>Common shares</u>		<u>Contributed</u>		<u>Total</u>
	<u>Number</u>	<u>Amount</u>	<u>Surplus</u>	<u>Deficit</u>	
		\$	\$	\$	\$
<b>Balance, May 1, 2012</b>	21,803,200	1,241,683	358,297	(1,828,568)	(228,588)
Share issued for cash	19,430,000	971,500	-	-	971,500
Share based compensation	-	-	141,928	-	141,928
Comprehensive loss for the period	-	-	-	(512,005)	(512,005)
<b>Balance, October 31, 2012</b>	<b>41,233,200</b>	<b>2,213,183</b>	<b>500,225</b>	<b>(2,340,573)</b>	<b>372,835</b>
Share issued for cash	7,650,000	765,000	-	-	765,000
Share issuance costs	-	(21,492)	-	-	(21,492)
Share based compensation	-	-	54,340	-	54,340
Comprehensive loss for the year	-	-	-	(1,194,762)	(1,194,762)
<b>Balance, May 1, 2013</b>	<b>48,883,200</b>	<b>2,956,691</b>	<b>554,565</b>	<b>(3,535,335)</b>	<b>(24,079)</b>
Shares issued for cash	8,175,000	465,000	-	-	465,000
Share issuance costs	-	(7,158)	-	-	(7,158)
Share based compensation	-	-	35,796	-	35,796
Comprehensive loss for the period	-	-	-	(505,899)	(505,899)
<b>Balance, October 31, 2013</b>	<b>57,058,200</b>	<b>3,414,533</b>	<b>590,361</b>	<b>(4,041,234)</b>	<b>(36,340)</b>

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 six months ended October 31, 2013 and 2012

	For the three months ended		For the six months ended	
	October 31,		October 31,	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Loss for the period	(265,921)	(415,464)	(505,899)	(512,005)
Adjustment for non-cash items:				
Depreciation	540	-	931	-
Share based compensation	9,060	141,928	35,796	141,928
Write-down of accounts payable	-	(52,296)	-	(84,957)
	(256,321)	(325,832)	(469,172)	(455,034)
Working capital adjustments				
Accounts receivable	(11,054)	(23,531)	(16,511)	(33,971)
Due from related parties	3,417	(5,253)	41,775	(5,253)
Prepaid expenses	(8,080)	(7,482)	(42,274)	(50,780)
Trade payable and accrued liabilities	(62,351)	(99,088)	(108,117)	(15,557)
	(334,389)	(461,186)	(594,299)	(560,595)
<b>INVESTING ACTIVITIES</b>				
Equipment purchase	(3,852)	-	(5,351)	-
<b>FINANCING ACTIVITIES</b>				
Deposit payable	52,500	(135,903)	52,500	(35,000)
Proceeds from share issuance	315,000	729,500	465,000	971,500
Share issuance costs	(4,302)	-	(7,158)	-
	363,198	593,597	510,342	936,500
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	24,957	132,411	(89,308)	375,905
<b>Cash and cash equivalents, beginning of period</b>	13,460	260,894	127,725	17,400
<b>Cash and cash equivalents, end of period</b>	<b>38,417</b>	<b>393,305</b>	<b>38,417</b>	<b>393,305</b>

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

# **RIFT BASIN RESOURCES CORP.**

(Formerly Mayen Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended October 31, 2013

(Expressed in Canadian dollars-Unaudited)

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## **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 condensed interim consolidated financial statements were prepared on a going concern basis in accordance with International Financial Accounting Standards (“IFRS”), with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation.

The Company has incurred losses since its inception and had an accumulated deficit of \$4,041,383 as at October 31, 2013. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Management of the Company does not expect that cash flows for the Company’s operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

The condensed interim consolidated financial statements of the Company For the six months ended October 31, 2013 were authorized for issue by the Board of Directors on December 30, 2013.

## **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”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

### **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.

## **RIFT BASIN RESOURCES CORP.**

(Formerly Mayen Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended October 31, 2013

(Expressed in Canadian dollars-Unaudited)

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### **2. BASIS OF PREPARATION-continued**

#### **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.

#### **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



## RIFT BASIN RESOURCES CORP.

(Formerly Mayen Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended October 31, 2013

(Expressed in Canadian dollars-Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES-continued

#### Functional and presentation currency-continued

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:

	October 31, 2013	April 30, 2013
Cash	\$ 32,667	\$ 79,225
Term deposits	5,750	57,500
Total	\$ 38,417	\$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.

*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.

## **RIFT BASIN RESOURCES CORP.**

(Formerly Mayen Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended October 31, 2013

(Expressed in Canadian dollars-Unaudited)

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### **3. SIGNIFICANT ACCOUNTING POLICIES-continued**

#### **Financial instruments-continued**

##### 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.

#### **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;

## **RIFT BASIN RESOURCES CORP.**

(Formerly Mayen Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended October 31, 2013

(Expressed in Canadian dollars-Unaudited)

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### **3. SIGNIFICANT ACCOUNTING POLICIES-continued**

#### **Exploration and evaluation assets-continued**

- 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.

#### **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.

## **RIFT BASIN RESOURCES CORP.**

(Formerly Mayen Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended October 31, 2013

(Expressed in Canadian dollars-Unaudited)

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### **3. SIGNIFICANT ACCOUNTING POLICIES-continued**

#### **Provisions-continued**

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 October 31, 2013 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.

#### **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

## **RIFT BASIN RESOURCES CORP.**

(Formerly Mayen Minerals Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended October 31, 2013

(Expressed in Canadian dollars-Unaudited)

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### **3. SIGNIFICANT ACCOUNTING POLICIES-continued**

#### **Income taxes-continued**

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.

#### **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 October 31, 2013, nor for the year ended April 30, 2013, 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, 2014 or later:

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.

IAS 27 – Separate Financial Statement addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. This amendment is effective for annual periods beginning on or after January 1, 2013. This policy is not expected to have an effect on the Company's reported financial position or results of operations.

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.

**RIFT BASIN RESOURCES CORP.**

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Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended October 31, 2013

(Expressed in Canadian dollars-Unaudited)

**4. DUE FROM RELATED PARTIES**

Amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment. As at October 31, 2013 there is a net balance outstanding of \$26,726 (April 30, 2013 - \$68,501) due from current management.

**5. REFUNDABLE DEPOSIT**

On December 21, 2012 the Company announced that its wholly-owned subsidiary Rift Basin International Corp. entered into a definitive Farmin Agreement (the "FIA") with Alpine Oil & Gas Pty Ltd., a wholly-owned subsidiary of Australian-based ADX Energy Ltd., further to the letter of intent (the "LOI") announced on November 23, 2012. Alpine is an arm's length party to the Company. Pursuant to the terms of the FIA, the Company, through Rift Basin International, would earn an undivided 15% working interest in the Chorbane exploration permit, located onshore Tunisia in the Pelagian Shelf of the Pelagian Basin near the port city of Sfax. In accordance with the terms of the LOI and subsequent Farmin Agreement the Company advanced a refundable US\$100,000 towards its obligations, and received conditional approval from the TSX-V in February 2013 for the acquisition. Due to the state of the capital markets, the continued instability within the MENA region, and lack of receptivity towards exploration opportunities, the Company was unable to obtain TSX-V approval and complete the requirements necessary to close the Transaction. The Company terminated the Farmin Agreement effective July 31, 2013 and requested the return of its refundable US\$100,000 deposit, and has accordingly accounted for the US\$100,000 as a refundable deposit.

**6. EQUIPMENT**

	<b>Equipment</b>
<b>Cost:</b>	
At April 30, 2013	\$ 3,874
Additions	5,351
At October 31, 2013	\$ 9,225
<b>Depreciation:</b>	
At April 30, 2013	\$ 751
Charge for the period	931
At October 31, 2013	\$ 1,682
<b>Net book value:</b>	
At April 30, 2013	\$ 3,123
At October 31, 2013	\$ 7,543

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**6. EQUIPMENT-continued**

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

**7. 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, subject to acceleration conditions.
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 closed 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 closed 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.

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**7. SHARE CAPITAL AND CONTRIBUTED SURPLUS-continued****Warrants**

The Company's warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, April 30, 2013	23,255,000	0.12
Issued during the period	4,087,500	0.20
Balance, end of period	27,342,500	0.13

The following table summarizes the warrants outstanding as at October 31, 2013:

Warrants outstanding	Exercise price \$	Expiry date
19,430,000	0.10	September 5, 2014
1,925,000	0.20	January 30, 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.



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**7. 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	-	-
Granted	2,900,000	0.10
Balance, October 31, 2013	2,900,000	0.10
Options exercisable, end of period	2,900,000	0.10

The following table summarizes the options outstanding as at October 31, 2013:

Options outstanding	Exercise price \$	Expiry date
2,900,000	0.10	September 26, 2017

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

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

For the period ended October 31, 2013, the Company recorded share-based compensation expense with an offsetting increase to contributed surplus of \$35,796 (year ended April 30, 2013 - \$196,268).

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**8. RELATED PARTY TRANSACTIONS**

During the six months ended October 31, 2013 the Company entered into transactions with parties that became related and/or associated corporations following the August 27, 2012 closing of the private placement funding and change of management and directors. The Company paid or accrued consulting fees to companies controlled by directors and officers. These transactions were undertaken in the normal course of operations and were measured at the exchange amount as follows:

	<b>For the six months ended October 31</b>	
	<b>2013</b>	<b>2012</b>
Share-based compensation*	\$ 35,796	\$ 141,928
Consulting, management and directors' fees	\$ 195,167	\$ 126,000
Management fees, North African operations	\$ nil	\$ 30,000
Advances to management	\$ (26,726)	\$ (50,780)
Rent	\$ 14,500	\$ -

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

**9. 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 mineral 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.

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**10. 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

	Financial assets at fair value			April 30, 2013
	Level 1	Level 2	Level 3	
Fair value through profit and loss financial asset				
Cash and cash equivalents	\$ 127,725	-	-	\$ 127,725
Total financial assets at fair value	\$ 127,725	-	-	\$ 127,725

	Financial assets at fair value			October 31, 2013
	Level 1	Level 2	Level 3	
Fair value through profit and loss financial asset				
Cash and cash equivalents	\$ 38,417	-	-	\$ 38,417
Total financial assets at fair value	\$ 38,417	-	-	\$ 38,417

The fair values of the Company's accounts receivable, due from related parties, accounts payable and accrued liabilities and loans payable approximate their carrying values due to their short term nature.

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

**Credit risk**

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company 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.

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### 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT-*Continued*

#### 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.

### 11. SUBSEQUENT EVENTS

On November 26, 2013 the Company announced that it has entered into a shares-for-debt agreement with an arm's length creditor. Pursuant to the Shares for Debt Agreement the Company will settle \$45,717.96 of debt by issuing the Creditor 914,359 common shares at a deemed price of \$0.05 per common share. In addition to the foregoing, upon issuance of the Shares to the Company, the Creditor will also write-off a further \$18,872.67 of debt owed by the Company to the Creditor. The Shares will be subject to a statutory hold period of four months and a day from the date of issuance.

On November 28, 2013 the Company announced that the parties are proceeding with Rift Basin's proposed acquisition of a 70% interest in PT Sinergi Wijaya Kusumah, as contemplated in the Memorandum of Understanding announced June 5, 2013, following receipt of field data and a legal opinion supporting the validity and enforceability of the underlying contracts, the related rights over petroleum production, and the proposed ownership structure between the parties.

On November 29, 2013 the Company announced a non-brokered private placement of up to 10,000,000 units at a price of \$0.05 per unit, for gross proceeds of up to \$500,000 for which \$238,500 in subscriptions have been received. Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.20 for one year, provided however that the company is 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-V has been equal or greater than \$0.30 for any 10 consecutive trading days after the statutory hold period.

### 12. 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	33,869
Payable later than one year and no later than five years	64,512
Payable more than five years	-
Total	98,381