



## **RIFT BASIN RESOURCES CORP.**

**(FORMERLY MAYEN MINERALS LTD.)**

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

**For the Period Ended October 31, 2013**

The purpose of this Management Discussion and Analysis (MD&A) is to explain management's point of view regarding the past performance and future outlook of Rift Basin Resources Corp. ("Rift Basin" or the "Company"). All financial information contained in this MD&A is current as of December 30, 2013 unless otherwise stated.

This report intends to complement and supplement the condensed financial statements for the six months ended October 31, 2013 and the related notes thereon (the "financial statements") as well as important trends and risk affecting the Company's financial performance, and should be read in conjunction with the financial statements and the accompanying notes for the three and nine months ended October 31, 2013 and annual audited consolidated financial statements for the year ended April 30, 2013. The financial statements of subsidiaries are included in the condensed financial statements from the date that control commences until the date that control ceases.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars, unless otherwise specified.

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com), and the Company's website [www.riftbasinresources.com](http://www.riftbasinresources.com). The date of this MD&A is December 30, 2013.

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

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

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the Company receives regulatory and governmental approvals as are necessary on a timely basis; that the Company is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Company's activity costs; that the Company is able to continue to secure adequate transportation as necessary for its exploration activities; that the

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

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

## **DESCRIPTION OF BUSINESS & OUTLOOK**

Rift Basin Resources Corp. (the "Company") was incorporated under the laws of British Columbia as Mayen Minerals Ltd. on January 14, 1981. In connection with the transition from a mining issuer to oil and gas issuer, the Company completed the corporate name change effective September 25, 2012, 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 under the trading symbol "RIF.H". NEX is a separate board of the TSX-V designed to provide a forum for the trading of publicly listed shell companies not carrying on an active business. The Company is considered an exploration stage enterprise engaged in acquiring, exploring and developing resource properties. The Company is seeking to complete a definitive transaction through which to become an oil and gas issuer and thereby re-qualify for the Tier 2 board.

The Company's strategic focus is to build a substantial junior, independent, international oil and gas exploration and development company focused on oil field redevelopment opportunities and advanced-stage exploration and near-production opportunities in Southeast Asia.

Rift's objective is to leverage management's operational experience and contacts to establish a strategic foothold in the oil sector. Focus is on the review of historic data and local expertise to secure projects with near term cash flow potential, and acquire larger interests in earlier-stage projects where modest work programs could attract farm-outs in return for carried interests through exploration.

Indonesia and Malaysia in particular represent excellent oil and gas exploration jurisdictions, with established exploration and production activity, reasonable fiscal terms, and relative ease of doing business, where discoveries may be rapidly commercialized.

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

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

On September 25, 2012, the Company completed a two-for-one stock split. Following the stock split the Company had 41,233,200 post-Stock Split common shares issued and outstanding. Outstanding stock options and share purchase warrants and their respective exercise prices are also adjusted by the stock split.

The Company's name was changed from "Mayen Minerals Ltd." to "Rift Basin Resources Corp." and the Company's trading symbol changed from "MYM" to "RIF" under new CUSIP number 766543102 and new ISIN CA7665431028. The Company considers it appropriate to switch from being a mining issuer to an oil and gas issuer.

### **Formation of Strategic Alliance**

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

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

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

### **Independent Geological Report**

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

### **Farm-in on the Chorbane Exploration Permit**

On December 21, 2012 the Company announced that its wholly-owned subsidiary Rift Basin International Corp. entered into a definitive farm-in agreement with Alpine Oil & Gas Pty Ltd. to farm-in on and have the right to earn a 15% participating interest in the Chorbane exploration permit located in Tunisia. The Company, through Rift Basin International, will earn an undivided 15-per-cent working interest in the permit upon completion of a payment schedule and receipt of regulatory approvals. As a result of difficult market conditions, use of funds limitations mandated by the TSX Venture Exchange, and the recent Tunisian political assassinations, the Company has maintained a wait and see posture with respect to completing the earn-in terms and conditions, hoping to renegotiate the farm-in agreement on more practical terms. ETAP, the Tunisia state-owned entity responsible for the petroleum sector and the state’s partnerships with foreign exploration and production operators, approved the transaction in late December.

### **Non-brokered Private Placements**

On August 27, 2012, the Company underwent a complete change of management. Also, the Company completed a non-brokered private placement of 9,715,000 units at the price of \$0.10 per unit, for net proceeds of \$971,500. Each unit consisted of one common share and one share purchase warrant, entitling the holder to purchase another common share of the Company for \$0.20 per share for a period of two years from closing, subject to acceleration conditions.

On January 31, 2013 the Company closed the first tranche of the November 2, 2012-announced non-brokered private placement consisting of 3.85 million units priced at \$0.10 for gross proceeds of \$385,000.

On March 12, 2013 the Company closed the second and final tranche of the non-brokered private placement of units. The final tranche consisted of 3.8 million units at a price of \$0.10 per unit for gross proceeds of \$380,000. 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 a one year period.

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.

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.

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 Venture Exchange has been equal or greater than 30 cents for any 10 consecutive trading days after the statutory hold period.

The company paid \$8,000 in cash commission to an arm's-length finder for the year ended April 30, 2013.

The period ended April 30, 2013 saw significant activity with extensive data collection and project assessment efforts by our Tunisian working team, centered on opportunities in Libya, Gabon, Congo, Egypt, Tunisia, Mauritania, Jordan and Chad. Our partnership with Gulfsands Petroleum plc provides Rift Basin Resources with an established operating partner with a robust balance sheet, enabling a strong negotiating position when it comes to executing production sharing and farm-in agreements in the Middle East and North Africa area. Rift Basin's management and technical team's expertise is sought after by senior and emerging producers alike. The Company sought to create an extensive inventory of drill ready prospects to either acquire or farm-in on, to leverage into some high impact projects.

Due to the state of the capital markets and declining receptivity towards exploration opportunities, the Company was not able to complete the requirements necessary to close the acquisition of an undivided 15% working interest in the Chorbane exploration permit pursuant to the Farmin Agreement (which was subsequently terminated – see July 31, 2013 below).

By early March 2013, the Company's management determined that a shift in geographic focus was necessary to identify and, in conjunction with a strategic partner, acquire proven undeveloped and marginal field opportunities that can be brought online quickly. Management is of the belief that carefully selected high impact exploration prospects have the best chance of attracting financing despite continued difficult market conditions.

On May 3, 2013 the Company announced entering into a Memorandum of Understanding to evaluate and redevelop an onshore multi-reservoir oil field located in Bojonegoro, East Java, Indonesia known as the Dandangilo & Beji Block, containing 110 existing wells within an 80 sq.km. area. The block is located 15km from ExxonMobil's 600MMbbl Cepu discovery, and between Cepu and CNOOC (Block Tuban, PT Petrochina) which is planning to drill the same horizon. The Company also announced a non-brokered private placement of up to \$500,000 at a price of \$0.10 per unit to fund the due diligence and prospect evaluation. 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 Venture Exchange has been equal or greater than \$0.30 for any 10 consecutive trading days after the statutory hold period.

On May 14, 2013 the Company announced the re-pricing of the May 3<sup>rd</sup>-announced private placement price from \$0.10 to \$0.08. The terms of the warrants continue as described in the May 3, 2013 news release.

On June 5, 2013 the Company announced the execution of a Memorandum of Understanding with PT Sinergi Wijaya Kusumah ("PT Sinergi") which supersedes the trilateral arrangements previously announced in its news release of May 3, 2013. Following the recent site reconnaissance visit by Rift Basin's technical team, and assessment of the technical, economic, legal and regulatory requirements associated with the exploitation of the Field, the new MOU seeks to formalize the renegotiated agreement whereby Rift Basin can now earn up to 70% interest in PT Sinergi by funding initial service and enhancement work. The renewal period underlying the Agreement will change to a specific term of 5 years for each period, for a total of 20 years, and provision is being made to segregate the obligations such that the Company is shielded from any direct or indirect environmental or human related liabilities associated the district-level cooperative's exploitation activities. In addition, the work commitment schedule will be modified in accordance with an independent third-party technical assessment and resulting recommendations, to be reviewed and mutually agreed upon between the Company and PT Sinergi.

On July 8, 2013 the Company closed the non-brokered private placement of units announced in its news release of May 14, 2013. The tranche consisted of 1.875 million units at a price of \$0.08 per unit for gross proceeds of \$150,000.

On July 31, 2013 the Company Rift Basin terminated the Chorbane Farmin Agreement between the Company's wholly-owned subsidiary, Rift Basin International Corp., and Alpine Oil & Gas Pty Ltd. The Company requested the return of its refundable US\$100,000 deposit. 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 complete the requirements necessary to close the Transaction. The Company has determined that opportunities in East Asia and Indonesia in particular offer better alternatives on which to focus limited resources.

**Recent Activities** On August 12, 2013 the common shares of the Company were delisted from Tier 2 of the TSX Venture Exchange and commenced trading on the NEX board. The trading symbol for the Company was changed from RIF to RIF.H. There was no change in the Company's name, no change to the Company's CUSIP number and no consolidation of capital. NEX is a separate board of the TSX Venture Exchange designed to provide a forum for the trading of publicly listed companies not carrying on an active business as defined under TSX Venture Exchange guidelines. The Company continues to seek and undertake a definitive transaction through which to become an oil and gas issuer and thereby qualify as a Tier 2 issuer.

On August 13, 2013 the Company announced it is proceeding to acquire and evaluate a substantial volume of legacy seismic, technical and geological data with respect to the Dandangilo & Beji oil field. This appraisal process will proceed with the technical support of an intermediate oil and gas production company that will assist the Company to evaluate the economic potential for secondary shallow-oil recovery, as well as the deeper target potential in the basin. As part of the technical support agreement, \$100,000 was advanced to the Company, with a further \$100,000 to follow upon receipt of acceptable technical data. These funds formed part of a non-brokered private placement of 6.3 million units at a price of \$0.05 per Unit, for gross proceeds to the Company of \$315,000 which closed October 18, 2013. 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 Venture Exchange has been equal or greater than \$0.30 for any 10 consecutive trading days after the statutory hold period.

On September 17, 2013 the Company announced a letter of intent and receipt of US\$50,000 from a Lebanon-based funder towards their advancement of operating capital of up to US\$700,000 to fund technical assessment, equipment acquisition, mobilization, service and enhancement work, and administrative support as required for the first five wells on the Dandangilo & Beji oil field, in compliance with the Company's obligations under the MOU. Upon commencement of commercial oil production, the funder will be entitled to priority recovery of its initial operating capital advanced, on a 70:30 split of profit basis, until full recovery. Upon achieving full recovery, Rift Basin will be entitled to 70% of company profit until it has in turn recovered US\$700,000, in full recognition of its own past costs and the introduction of the opportunity to the funder. Subsequent to the complete satisfaction of these recoupment conditions, the parties will proceed to jointly commercialize the field on a 50:50 basis. The funding and participation arrangement with the Lebanese group precludes the deeper target potential in the basin, and any rights to additional fields that may be acquired by the Company.

During the period the Company entered into a 36-month operating lease commencing October 1, 2013 in connection with rented office premises.

## **RESULTS OF OPERATIONS**

For the six months ended October 31, 2013, the Company reported a loss of \$505,899 (\$0.01 per share), compared to \$512,005 (\$0.01 per share) for the comparable period in 2012. The decrease in the loss reported is due to decrease in overseas travel, a decrease in stock based compensation and decrease in professional fees.

**SELECTED FINANCIAL INFORMATION**

All financial information in this MD&A has been prepared in accordance with IFRS.

The following financial data is derived from the Company's annual audited consolidated financial statements for the years ended April 30, 2013, 2012 and 2011:

	2013	2012	2011
	\$	\$	\$
General and administrative expenses	1,188,754	91,808	331,308
Project development expenses	630,889	-	602,112
Loss and comprehensive loss	(1,706,767)	(90,476)	(933,420)
Basic loss per common share	(0.05)	(0.00)	(0.04)
Diluted loss per common share	(0.05)	(0.00)	(0.04)
Working capital (deficiency)	(27,202)	(228,588)	(138,112)
Total assets	335,806	19,997	73,467
Total liabilities	359,885	248,585	211,579

All of the Company's projects are at the exploration stage, and to date the Company has not generated any revenues.

See the Company's SEDAR-filed MD&As for a discussion of the contributing factors to variations in the financial position of the completed financial statements for the years ended 2013, 2012 and 2011.

**SUMMARY OF QUARTERLY REPORTS**

The following quarterly consolidated financial information is derived from the financial statements of the Company:

	Three Months Ended			
	October 31,	July 31,	April 30,	January 31,
	2013	2013	2013	2013
	\$	\$	\$	\$
Interest income	-	-	-	1,008
Net loss	(265,921)	(239,978)	(606,119)	(588,644)
Basic and diluted loss per share	(0.01)	(0.00)	(0.02)	(0.01)

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

Quarterly results will vary in accordance with the Company's acquisition, exploration and financing activities. Variances quarter over quarter can be explained as follows:

Due to an increase in acquisition, legal and due diligence activities of the Company, there was an increase in general and administrative expenses from \$5,260 in the quarter ended January 31, 2012 to \$189,233 in the quarter ended October 31, 2013.

- General and administrative expenses increased primarily due to the following:
  - increased travel due to site visits and fund raising efforts
  - increased consulting fees to consultants and professionals
  - increased management fees to management, executives and directors
- In the quarters ended October 31, 2012, April 30, 2013, July 31, 2013 and October 31, 2013 stock options were granted to various parties. These grants resulted in share-based compensation expenses of \$141,928, \$54,340, \$26,736 and \$9,060 respectively, which has contributed to higher losses in these quarters compared to quarters in which no stock options granted.
- In the quarters ended July 31, 2012, October 31, 2012 and April 30, 2013 there were writedowns of accounts payable of \$32,661, \$52,296 and \$37,644 respectively.

### General and Administrative

The operating and administrative expenses for the period ended October 31, 2013 totaled \$189,233 (October 31, 2012: \$355,187), including share-based compensation issued during the year valued at \$9,060 (October 31, 2012: \$141,928) calculated using the Black Scholes option pricing model. Comparatively, the major expenses for the period ended October 31, 2013 were management fees of \$97,500 (October 31, 2012 - \$76,000), consulting fees of \$15,000 (October 31, 2012 - \$Nil), professional fees of \$26,431 (October 31, 2012 - \$90,836), insurance expense of \$2,740 (October 31, 2012 \$Nil), office expenses of \$10,133 (October 31, 2012 - \$6,166), transfer agent and filing fees of \$6,464 (October 31, 2012 - \$32,792), telephone of \$2,485 (October 31, 2012 - \$NIL), and travel and related costs of \$7,112 (October 31, 2012 - \$Nil).

The table below details the changes in major expenditures for the three months ended October 31, 2013 as compared to the corresponding period ended October 31, 2012:

Expenses	Increase in Expenses	Explanation for Change
Management fees	Increase of \$21,500	Increase in management's compensation and directors' fees. Effective June 1, 2012, management fees were paid to companies controlled by officers and directors of the company under Executive Service Agreements.
Consulting fees	Increase of \$15,000	Increase due to the increased activities of the Company and part-time consulting staff.
Professional fees	Decrease of \$64,405	Decrease due to less acquisition-related activities and a re-evaluation of strategic direction. Comparative period saw financings, change of management, and acquisition-related legal costs.
Insurance expense	Increase of \$2,740	Increase due to commencement of active management and operations.
Office expense	Increase of \$3,967	Increased due to increase in office expenses, supplies and rent.
Transfer agent and filing fees	Decrease of \$26,328	Decreased due to decrease of corporate financing and reorganization activities.
Telephone expense	Increase of \$2,485	Increased due to efforts to acquire and finance a suitable project and dealing with overseas parties.
Travel and related expense	Increase of \$7,112	Increased level of travel as a result of curtailment of Tunisian operations and refocus of corporate direction towards Indonesia.
Share-based compensation	Decrease of \$132,868	Decreased due to decrease in granting of stock options.

**Project development**

The Company incurred project development expenses of wholly-owned subsidiary Rift Basin International Corporation’s business development, project investigation and acquisition costs after July 31, 2012, primarily in Tunisia, Austria and London. During the quarter ended October 31, 2013 the Company incurred project due diligence and acquisition expenses of \$74,080 (October 31, 2012-\$112,573) in Indonesia that includes travel and initial data acquisition costs.

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

**FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

The Company has no known mineral or oil and gas resources or reserves and is not in commercial production and accordingly, the Company does not generate cash from operations. The Company finances its exploration activities by raising capital from equity markets from time to time.

As at October 31, 2013, the Company’s liquidity and capital resources are as follows:

	October 31, 2013	April 30, 2013
	\$	\$
Cash and cash equivalents	38,417	127,725
Receivables	44,766	28,255
Due from related parties	26,726	68,501
Refundable deposit	99,214	99,214
Prepaid expenses	51,262	8,988
<b>Total current assets</b>	<b>260,385</b>	<b>332,683</b>
Payables and accrued liabilities	251,768	359,885
Deposit payable	52,500	-
<b>Total current liabilities</b>	<b>304,268</b>	<b>359,885</b>
<b>Working capital (deficiency)</b>	<b>(43,883)</b>	<b>(27,202)</b>
<b>Deficit</b>	<b>(4,041,234)</b>	<b>(3,535,335)</b>

As of October 31, 2013, the Company had cash and cash equivalents of \$38,417. Subsequent to the quarter, the Company completed a shares-for-debt arrangement and raised additional funds as detailed under Recent Activities and Subsequent Events. The Company’s continued existence as a going concern is dependent upon the continued support of management, related parties, and its ability to attract funding through various strategic relationships.

**TRANSACTIONS WITH RELATED PARTIES**

During the period ended October 31, 2013 the Company engaged in the following transactions with related parties, not disclosed elsewhere in this MD&A:

- i. Incurred administrative management fees of \$48,750 (October 31, 2012 - \$30,000 ) and reimbursed rent expense of \$3,000 (October 31, 2012 - \$Nil) to companies controlled by the family of Wayne Koshman, a director and Chief Executive Officer of the Company. As at October 31, 2013 an advance of \$6,136 (October 31, 2012 - \$Nil) was included in due from related parties.
- ii. Incurred administrative management fees of \$48,750 (October 31, 2012 - \$30,000 ) to a company controlled by Robert van Santen, a director, Chief Financial Officer and Secretary of the Company, and reimbursed rent expense of \$3,000 (October 30, 2012 - \$Nil) to a company controlled by a family member. As at October 31, 2013 \$20,590 (October 31, 2012 - \$Nil) was owing to Agilis Capital Corporation, included as a credit in due from related parties.



- iii. Incurred financial management and director's fees of \$11,000 (October 31, 2012 - \$Nil) and reimbursement of rent of \$2,500 (October 31, 2012 - \$Nil) to companies controlled by Paul Lathigee, a previous director of the Company. As at October 31, 2013 \$898 (April 30, 2012 - \$Nil) was owing to Vanguard Shareholder Solutions Inc., included as a credit in due from related parties.
- iv. As at October 31, 2013, an advance of \$36,494 (October 30, 2013 - \$Nil) paid to Mongi Haffouz, president of the Company's former Tunisian subsidiary, was included in due from related parties. This amount was unsecured, non-interest bearing and had no fixed terms of repayment. The subsidiary and the services of its president were subsequently discontinued and a settlement of this receivable and several related accounts payable will be undertaken in due course.
- v. Incurred share-based compensation of \$9,060 (October 31 30, 2012-\$141,928) to consultants, directors and officers of the Company.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including directors (executive and non-executive) of the Company.

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

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

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

The details of Rift Basin's accounting policies are presented in Notes 2 and 3 of the consolidated financial statements for the period ended October 31, 2013. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

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

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended April 31, 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 31, 2014 or later:

- a) 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.
- c) IAS 27 – Separate Financial Statements amendment provides clarification on investment entities. 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.
- d) 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

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

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

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

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

### **Credit risk**

Credit risk is the risk of loss associated with counterparty's inability to fulfill its contractual obligations. The Company believes it has no significant credit risk. The Company's cash and cash equivalents are held at large Canadian financial institutions in interest bearing accounts. Accounts receivable consist of HST receivable obligations due from the government of Canada.

### **Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at October 31, 2013 the Company had cash and cash equivalents of \$38,417 (October 31, 2012 - \$393,305) to settle current liabilities of \$304,268 (October 31, 2012 - \$113,072). To maintain liquidity, subsequent to the period ended October 31, 2013, the Company announced a \$500,000 non-brokered private placement financing, of which \$238,500 was received to date, with commitments for the balance. Current market conditions continue to make the present environment for raising additional equity financing difficult and there can be no assurance ongoing efforts will be successful. All of the Company's financial liabilities are subject to normal trade terms.

### **Market risk**

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

#### **i. Interest rate risk**

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

#### **ii. Foreign currency risk**

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

#### **iii. Price risk**

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

## **CAPITAL MANAGEMENT**

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

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

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

## **SUBSEQUENT EVENTS**

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.

## **RISKS AND UNCERTAINTIES**

### **Early Stage – Need for Additional Funds**

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

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

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

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

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

### **Foreign Country and Political Risk**

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

### **Title Risks**

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

### **Environmental Regulations, Permits and Licenses**

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

governmental regulations has the potential to reduce the profitability for the Company and its directors, officers and employees. The Company intends to fully comply with all environmental regulations.

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

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

#### **Competition and Agreements with Other Parties**

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

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

#### **Price Volatility of Public Stock**

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

#### **Economic Conditions**

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

#### **Dependence on Management**

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

#### **Conflicts of Interest**

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

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

Additional disclosure concerning Rift Basin's general and administrative expenses and exploration and evaluation costs is provided in the Company's condensed Consolidated Interim statement of comprehensive loss and note disclosures contained in its condensed Consolidated Interim financial statements for the period ended October 31, 2013. These statements are available on Rift Basin's website at [www.riftbasinresources.com](http://www.riftbasinresources.com) or on its SEDAR page site accessed through [www.sedar.com](http://www.sedar.com).

### **Dividends**

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

### **Management's Responsibility for Financial Statements**

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

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

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

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

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

### **Nature of the Securities**

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

### **Proposed Transactions**

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

### **Approval**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of

the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

### **Forward Looking Information**

This MD&A together with the Company's financial statements for the period ended October 31, 2013 contain certain statements that may be deemed "forward-looking statements". Forward looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "continues", "intends", "estimates", "projects", "potential", and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

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

### **Additional Information**

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

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

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

## **CONTINGENCY**

The Company is not involved in any outstanding litigation.

## **OUTSTANDING SHARES**

The Company has one class of common shares. Below are a summary of the common shares issued and outstanding as at October 31, 2013 and the date of this report:

	<b>As at October 31, 2013</b>	<b>As at December 30, 2013</b>
Common shares	57,058,200	57,972,559
Stock options	2,900,000	2,900,000
Warrants	27,342,500	27,342,500

### **Stock options**

The Company has issued incentive options to certain directors, employees, officers, and consultants of the Company. As of the date of this report the Company has 2,900,000 options exercisable at \$0.10 which expire on September 26, 2017.

### **Warrants**

<b>Warrants issue date</b>	<b>Number of warrants outstanding</b>	<b>Exercise price \$</b>	<b>Expiry date</b>
September 25, 2012	19,430,000	0.10	September 5, 2014
January 31, 2013	1,925,000	0.20	January 30, 2014
March 12, 2013	1,900,000	0.20	March 12, 2014
July 8, 2013	937,500	0.20	July 8, 2014
October 18, 2013	3,150,000	0.20	February 19, 2014

## **DIRECTORS AND OFFICERS**

Wayne Koshman - *Chief Executive Officer and Director*

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

Christopher Cooper – *Director*

## **OTHER REQUIREMENTS**

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

On Behalf of the Board,

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

*“Wayne Koshman”*

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Wayne Koshman  
Chief Executive Officer

*“Robert van Santen”*

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Robert van Santen  
Chief Financial Officer