RIFT BASIN resources corp.

(FORMERLY MAYEN MINERALS LTD.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - PREPARED BY MANAGEMENT)

JANUARY 31, 2013

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.
Condensed Interim Consolidated Statement of Financial Position
(Unaudited)

	Notes	January 31, 2013 $	April 30, 2012 $
ASSETS			
Current			
Cash and cash equivalents		16,057	17,400
Subscriptions receivable		55,000	-
HST receivables	4	64,487	2,597
Prepaid Expenses		89,801	-
Refundable deposit		99,243	-
		324,588	19,997
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	5	155,396	213,585
Loans payable	6	-	35,000
		155,396	248,585
Shareholders' equity			
Share capital	7	2,598,183	1,241,683
Contributed surplus	7	500,225	358,297
Deficit		(2,929,216)	(1,828,568)
		169,192	(228,588)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		324,588	19,997

Approved on behalf of the Board on March 22, 2013:

Signed

"Wayne M. Koshman"
Director

Signed

"Robert van Santen"
Director

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

RIFT BASIN RESOURCES CORP.

Condensed Interim Consolidated Statement of Comprehensive Loss

(Unaudited)

	For the three months ended January 31,		For the nine months ended January 31,	
	2013	2012	2013	2012
	$	$	$	$
General and Administrative expenses				
Accounting and audit	3,010	-	25,088	14,820
Advertising and promotion	3,855	-	5,317	-
Consulting, management and directors' fees	85,528	-	211,528	-
Consultants – outside	52,567	2,999	62,167	-
Filing and regulatory	13,373	2,312	47,637	4,222
Insurance	1,827	-	1,827	-
Interest, fees and bank charges	1,220	78	7,507	845
Legal	42,233	-	124,401	17,213
Office, rent and miscellaneous (recovery)	24,321	(129)	33,152	44
Share-based compensation	-	-	141,928	-
Travel and business development	75,952	-	165,135	-
	303,886	5,260	825,687	37,144
Project development – North Africa				
Management fees	53,217	-	84,800	-
Office, rent and miscellaneous	1,642	-	14,084	-
Professional fees - outside	94,722	-	111,883	-
Project investigation costs	132,576	-	146,568	7,329
	282,157	-	357,335	7,329
Other items				
Foreign exchange (loss) income	(3,609)	-	(3,918)	475
Interest income	1,008	-	1,335	423
Write down accounts payable	-	-	84,957	-
	2,601	-	82,374	898
Net and comprehensive loss for the period	(588,644)	(5,260)	(1,100,648)	(43,575)
Basic net loss per share	(0.01)	0.00	(0.03)	0.00
Fully diluted loss per share	(0.01)	0.00	(0.02)	0.00
Weighted average number of shares outstanding	43,158,200	10,901,600	30,224,542	10,901,600

RIFT BASIN RESOURCES CORP.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
(Unaudited)

	Common shares		Contributed		
	Number	Amount	Surplus	Deficit	Total
		$	$	$	$
Balance, April 30, 2011	10,901,600	1,241,683	358,297	(1,738,092)	(138,112)
Comprehensive loss for the period	-	-	-	(43,575)	(43,575)
Balance, January 31, 2012	10,901,600	1,241,683	358,297	(1,781,667)	(181,687)
Comprehensive loss for the period	-	-	-	(46,901)	(46,901)
Balance, April 30, 2012	10,901,600	1,241,683	358,297	(1,828,568)	(228,588)
Two for one stock split	10,901,600	-	-	-	-
Shares issued for cash	19,430,000	971,500	-	-	971,500
Stock based compensation	-	-	141,928	-	141,928
Shares issued for cash	3,850,000	385,000	-	-	385,000
Comprehensive loss for the period	-	-	-	(1,100,648)	(1,100,648)
Balance, January 31, 2013	**45,083,200**	**2,598,183**	**500,225**	**(2,929,216)**	**169,192**

RIFT BASIN RESOURCES CORP.
Condensed Interim Consolidated Statement of Cash Flows
(Unaudited)

	For the three months ended January 31,		For the nine months ended January 31,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
OPERATING ACTIVITIES				
Net loss for the period	(588,644)	(5,260)	(1,100,648)	(43,575)
Adjustment for non-cash items:				
Write-down of accounts payable	-	-	(84,957)	-
Stock-based compensation	-	-	141,928	-
	(588,644)	(5,260)	(1,043,677)	(43,575)
Working capital adjustments				
Subscriptions receivable	(55,000)	-	(55,000)	-
HST receivables	(27,917)	(165)	(61,890)	(5,039)
Prepaid expenses	(39,022)	-	(89,802)	-
Refundable deposit	(99,243)	-	(99,243)	-
Advances to subsidiary	5,253	-	-	-
Trades payable and accrued liabilities	42,325	1,235	26,769	19,107
	(762,248)	(4,190)	(1,322,843)	(29,507)
FINANCING ACTIVITIES				
Loans payable	-	-	(35,000)	-
Proceeds from share issuance	385,000	-	1,356,500	-
	385,000	-	1,321,500	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(377,248)	(4,190)	(1,343)	(29,507)
Cash and cash equivalents, beginning of period	393,305	30,580	17,400	55,897
Cash and cash equivalents, end of period	**16,057**	**26,390**	**16,057**	**26,390**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

The address of the Company’s registered and record office and principal place of business is Suite 1205, 1095 West Pender Street, Vancouver, British Columbia, Canada V6E 2M6.

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 $2,929,216 as at January 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 nine months ended January 31, 2013 were authorized for issue by the Board of Directors on March 22, 2013

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance to IAS 34 Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The preparation of these financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian Generally Accepted Accounting Principles (“GAAP”). The accounting policies set out below have been applied consistently to all years presented in these interim consolidated financial statements.

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.

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 carrying value and the recoverability of exploration and evaluation assets, which are included in the interim consolidated statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggests the carrying amount exceeds the recoverable amount.

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

iii) 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.

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 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Functional and presentation currency-*continued*

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.

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.

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 as loans and receivables and its accounts payable and accrued liabilities and loans payable as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Exploration and evaluation assets

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Provisions

i. Environmental rehabilitation provision

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

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the profit and loss statement. The Company had no rehabilitation obligations as at January 31, 2013 or April 30, 2012.

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

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options, or immediately where the vesting period is one year or less. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

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

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Income taxes

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

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

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

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

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

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

Loss per share

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

Related party transactions

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

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Accounting pronouncements not yet adopted

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

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

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

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

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

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

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

4. HST RECEIVABLES

HST receivables of $64,487 as at January 31, 2013 (April 30, 2012-$2,597) represent input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

5. TRADE AND OTHER PAYABLES

	January 31, 2013	April 30, 2012
Accounts payable	$ 147,396	$ 195,631
Accrued liabilities	8,000	17,954
Total	$ 155,396	$ 213,585

6. LOANS PAYABLE

The loan payable of $35,000 as at April 30, 2012 was to the former president and director of the Company. In addition, $75,000 was advanced to the Company during this fiscal year, arranged by parties that subsequently became related as officers and/or directors. These loans were repaid in full along with an arrangement fee incurred on one of the loans advanced.

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*:*

	Note	Number of Shares	Issue Price	Amount
Balance, April 30, 2012		10,901,600	-	$ 1,241,683
Share issue	1	9,715,000	$0.10	971,500
Two for one stock split	2	20,616,600	-	-
Share issue	1	3,850,000	$0.10	385,000
Balance, January 31, 2013		45,083,200		$ 2,598,183

1. On August 27, 2012, the Company completed a non-brokered private placement of 9.715 million units at the price of $0.10 per unit (pre-split), for net proceeds of $971,500. Each unit consisted of one common share and one share purchase warrant, entitling the holder to purchase another common share of the Company for $0.20 per share (pre-split) up to September 5, 2014, subject to acceleration conditions.

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

3. On January 31, 2013, the Company completed the first tranche of a non-brokered private placement of 3.85 million 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.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS-*continued*

Warrants

The Company's warrant transactions are summarized as follows:

	January 31, 2013		April 30, 2012	
	Number of Warrants	Weighted Average Exercise Price $	Number of Warrants	Weighted Average Exercise Price $
Balance, beginning of period	-	-	-	-
Issued	21,355,000	0.11	-	-
Balance, end of period	21,355,000	0.11	-	-

a) In August 2012, the Company issued 9,715,000 warrants with an exercise price of $0.20 per share for the period of two years through its private placement which closed on August 27, 2012 as described above.

b) In September 2012, the Company completed a two-for-one stock split. Outstanding warrants and exercise prices were also adjusted by the stock split.

c) In January 2013, the Company issued 1,925,000 warrants with an exercise price of $0.20 per share for the period of one year through its private placement which closed on January 31, 2013 as described above.

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

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

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS-*continued*

Stock options-*continued*

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

	January 31, 2013		April 30, 2012	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance, beginning of the period	-	-	950,000	0.51
Granted	2,900,000	0.10	-	-
Expired/cancelled	-	-	(950,000)	0.51
Balance, end of period	2,900,000	0.10	-	-
Options exercisable, end of period	2,900,000	0.10	-	-

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

	January 31, 2013	April 30, 2012
Average dividend per share	-	-
Average forecasted volatility	100%	-
Average risk-free interest rate	1.08%	-
Average expected life	2 years	-
Fair value – weighted average of options issued	$ 0.05	-

For the nine-month period ended January 31, 2013, the Company recorded share-based compensation expense with an offsetting increase to contributed surplus of $141,928 (April 30, 2012 – $NIL).

Contributed surplus

The following table summarizes the changes in contributed surplus:

	Share-based compensation $
Balance, April 30, 2012	358,297
Share options	141,928
Balance January 31, 2013	500,225

8. RELATED PARTY TRANSACTIONS

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

	January 31, 2013	April 30, 2012
Prepaid expenses	$ 68,841	$ nil
Share-based compensation*	$141,928	$ nil
Consulting, management and directors' fees	$212,000	$ nil
Management fees, North African operations	$ 84,800	$ nil
Rent	$ 5,000	$ nil

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

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

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

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT-*continued*

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

	Financial assets at fair value			
	Level 1	**Level 2**	**Level 3**	**January 31, 2013**
Held-for-trading financial asset				
Cash and cash equivalents	$ 16,057	-	-	$ 16,057
Total financial assets at fair value	$ 16,057	-	-	$ 16,057

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

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

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company currently does not have sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in bank accounts which are available on demand.

Market risk

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

Foreign currency risk

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

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT-continued

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 February 4, 2013 the TSX Venture Exchange accepted for filing documentation with respect to the first tranche of a non-brokered private placement announced November 2, 2012, and December 21, 2012, that the Company closed on January 31, 2013. Shares totaling 3.85 million priced at $0.10 were issued, along with 1,925,000 share purchase warrants to purchase 1,925,000 shares at $0.20 for a one-year period. The Company may accelerate the expiry date of the warrants to the date that is 30 days following of the date a news release announcing that the closing price of the common shares on the exchange has been equal or greater than $0.30 for any 10 consecutive trading days, after the expiry of the hold period.

On March 12, 2013 the Company closed the second and final tranche of the non-brokered private placement of units previously announced in its news release of December 21, 2012. The final tranche closing 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 until March 12, 2014, 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. The company paid $8,000 in cash commission to an arm's-length finder. The net proceeds of the final tranche of the private placement will be used for general working capital.