RIVERSTONE RESOURCES INC.
Report to Shareholders and
Management Discussion and Analysis
of the Financial Position and Results of Operations
For the Year Ended October 31, 2009

February 25, 2010

TO OUR SHAREHOLDERS:

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the audited financial statements of the Company and the notes thereto for the year ended October 31, 2009. Consequently, the following discussion and analysis of the financial condition and results of operations for Riverstone Resources Inc. ("Riverstone" or the "Company"), should be read in conjunction with the audited annual consolidated financial statements for the year ended October 31, 2009 and related notes therein, which have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied. Unless otherwise stated, all amounts herein are expressed in Canadian dollars.

Discussion of the Company, its operations and associated risks is further described in the Company's filings, available for viewing at www.sedar.com. A copy of this MD&A will be provided to any applicant upon request.

GENERAL

Riverstone is a mineral exploration company that has interests in 12 mineral permits in Burkina Faso, West Africa. Three of the Company's permits are subject to option agreements, one is subject to a joint venture agreement, and four properties are subject to net smelter return royalties. All property transactions have been conducted on an arm's length basis between the Company and the vendors. All of the properties are subject to a standard government 10% carried production interest. These properties are located in Proterozoic Birimian greenstone sequences that host most of the major gold deposits in West Africa. In addition, the Company is actively seeking additional properties for acquisition, exploration and development.

SIGNIFICANT EVENTS AND TRANSACTIONS

During the year, the Company undertook further work in assessing results from exploration of its gold properties in Burkina Faso in preparation for further field activities and an exploration drilling program on the Company's Karma project commenced at the end of the period. An independent resource estimate was finalized for the Karma project.

The Company completed an equity financing of 14,000,000 units for gross cash proceeds of $2,100,000 (see *Outstanding Shares*). Subsequent to the end of the period, the Company completed an additional equity financing of 6,000,000 units for gross cash proceeds of $1,800,000.

Drilling results subsequent to the end of the period defined extensions to mineralization on the Company's Karma project and sampling of a major new gold artisanal site at Nami has identified high grade gold mineralization. The new site is located within 4 kilometres of the Company's Rambo gold deposit on the Company's Karma project. Results warrant further work including drilling, which will commence in March, 2010.

MINERAL EXPLORATION

Karma Project

The Karma project is located in the north-central part of Burkina Faso and comprises four contiguous permits, Goulagou, Rounga, Kao and Rambo, where four gold deposits have been extensively explored by the Company. An independent resource estimate compliant with NI 43-101 has been completed by Wardrop Engineering for the four deposits and was released on May 11, 2009 *(see news release for details)*. It defined a total resource of 820,500 ounces of gold in the indicated category, and a further 320,300 ounces of gold in the inferred category. Results are shown in the following table.

Table 1 - Summary of Karma Resource[1]

Category	**Tonnage (million tonnes)**	**Grade (g/t Au)**	**Contained Gold (ounces)**
Indicated	**21.4**	**1.20**	**820,500**
Inferred	**12.2**	**0.82**	**320,300**

[1] Resources are reported at a cut-off of 0.3g/t for oxide and 0.5 g/t for fresh rock Ounces are calculated assuming 100% recoveries.

At the end of the period, the Company completed approximately 6,000 metres of Rotary Air Blast ("RAB") and Reverse Circulation ("RC") drilling on the Goulagou, Rambo and Kao permits to test for new mineralized zones adjacent to the known deposits.

Goulagou/Rounga Permits

On October 10, 2007, the Company entered into an option agreement to acquire a 90% interest in the Goulagou and Rounga permits from Golden Star – see *Capital Resources and Commitments*. The property is contiguous with the Company's Rambo and Kao properties. A drill program comprising about 3,000 metres of RC drilling was carried out in early 2008 with positive results and a follow-up RC drilling program of 1,285 metres was undertaken in July of 2008. Additional drilling was undertaken in September and October 2009.

In October of 2008, Golden Star was required to reduce the size of the Goulagou permit by 25%, according to the Burkina Faso mining code. The area removed from the Goulagou permit, containing several artisanal gold sites, was reacquired by Golden Star as a new permit called Youba and the area is included under the existing option agreement. No work to date has been undertaken on this permit.

On May 11, 2008, Riverstone reported a NI 43-101 compliant resource of 390,500 ounces of gold in the indicated category and 48,600 ounces of gold in the inferred category at Goulagou GG2, and a further 140,400 ounces of gold in the inferred category at Goulagou GG1.

RAB drilling completed in October of 2009 established a new 700-metre-long gold zone extending to the west of the GG1 deposit. Limited RAB drilling of the GG2 deposit potentially extended the deposit 200 metres to the west.

Table 2 - Summary of GG2 Resource[1]

Category	**Tonnage (million tonnes)**	**Grade (g/t Au)**	**Contained Gold (ounces)**
Indicated	**6.7**	**1.83**	**390,500**
Inferred	**1.4**	**1.10**	**48,600**

[1] Resources are reported at a cut-off of 0.3g/t for oxide and 0.5 g/t for fresh rock Ounces are calculated assuming 100% recoveries.

Table 3 - Summary of GG1 Resource[1]

Category	**Tonnage (million tonnes)**	**Grade (g/t Au)**	**Contained Gold (ounces)**
Inferred	**6.9**	**0.63**	**140,400**

[1] Resources are reported at a cut-off of 0.3g/t for oxide and 0.5 g/t for fresh rock Ounces are calculated assuming 100% recoveries.

Kao Permit

The Kao permit is contiguous with the south side of the Rambo permit and the southeast corner of the Goulagou permit. Work completed in 2006 on this permit comprised grid soil sampling, rock sampling and RAB drilling. Soil sampling in areas of new artisanal workings outlined one very strong gold anomaly, with dimensions of about 1 kilometre by 2 kilometres. Two other slightly smaller anomalies were delineated elsewhere on the permit. Several rock samples collected from scattered areas of artisanal workings returned very encouraging gold values.

Over 18,000 metres of drilling has confirmed the presence of a large, shallow, flat-lying gold zone that has been traced over almost 800 metres by 400 metres, and remains open in several directions.

A NI 43-101 compliant resource estimate released on May 11, 2009, defined 430,000 ounces of gold in the indicated category and 76,400 ounces of gold in the inferred category. The deposit remains open, and further work is planned to expand the resource in Q4 2009.

RC drilling completed at the end of 2009 delineated a new northeasterly trending gold zone starting approximately 500 metres north of the Kao Main Zone.

Table 4 - Summary of Kao Resource[1]

Category	Tonnage (million tonnes	Grade (g/t Au)	Contained Gold (ounces)
Indicated	14.7	0.91	430,000
Inferred	3.7	0.65	76,400

[1] Resources are reported at a cut-off of 0.3g/t for oxide and 0.5 g/t for fresh rock Ounces are calculated assuming 100% recoveries.

Rambo Permit

The Rambo permit is contiguous with the Goulagou permit and the Company's Kao permit. The original permit comprised 150 square kilometres covering six known areas of artisanal gold workings, but was reduced in size by approximately 25% in April of 2009, as required by the Burkina Faso mining code. The main Rambo artisanal workings consist of a 60-metre by 40-metre oval pit, which is about 15 metres deep.

Drilling by the Company in 2003 and 2004 identified a gold-bearing shoot within a sulphide-bearing structure. Other work completed on the Rambo permit includes prospecting and rock sampling in several new artisanal sites.

RAB drilling carried out in 2008 identified several anomalous areas. Follow-up RC drilling consisted of a single 106-metre drill hole, which returned positive results. A NI43-101 compliant resource estimate released in May of 2009, identified 56,900 ounces of gold in the inferred category.

RAB drilling completed in October 2009 established a new gold target approximately 200 metres west of the known deposit.

Table 5 - Summary of Rambo Resource[2]

Category	Tonnage (million tonnes)	Grade (g/t Au)	Contained Gold (ounces)
Inferred	0.3	7.02	56,900

[2] Resources are reported at a cut-off of 2g/t. Ounces are calculated assuming 100% recoveries.

Subsequent to the period, sampling of a major new gold artisanal site identified high-grade gold mineralization. The new site, named Namissigma or "Nami", is located on the Company's Karma project 4 kilometres to the north of the Company's Rambo gold deposit. Because of the nature and extent of activities by artisanal workers and at the request of the Burkina Faso Government, the Company has agreed that a third party Burkinabé company will take interim responsibility for environmental control, security and policing activities by the illegal miners at the site, which covers an area of one square kilometre. Riverstone retains full mineral rights to the site.

Results of initial sampling undertaken by the Company to date are highly encouraging and warrant further work including drilling, which will commence following additional sampling and mapping early in 2010.

Liguidi Malguem Project

In fiscal 2007, the Company completed the acquisition of an 80% interest in the Liguidi Malguem mineral permit in central Burkina Faso under the terms of an option agreement. The permit covers an area of 225 square kilometres and is located 125 kilometres southeast of Ouagadougou and 50 kilometres southeast of the Bomboré property, presently being explored by Orezone Gold Corporation. Geochemical surveying over most of the property together with a program of geological mapping and rock sampling has confirmed an extensive area, approximately 13 by 3 kilometres, with gold values in soils generally over 15 ppb.

The 2006 program consisted of rock sampling and geological mapping. An extensive rock-sampling program was undertaken over a 1.5 kilometre by 200-metre area within a quartz boulder field within one of the geochemical soil anomalies. An additional 340 samples were taken elsewhere on the property, both from surface outcrop and trenches. The assay results from this program were encouraging and in the fourth quarter of 2007, additional mapping, rock sampling and an IP survey were completed. Further mapping and sampling, as well as a program of 4,472 metres of RAB and 900 metres of RC drilling, was also undertaken.

During the prior year, the Company entered into a Memorandum of Understanding (“MOU”) with Teck Cominco Limited (“Teck”) in respect of the Liguidi Malguem property. As a result, Teck subscribed for 1.75 million units of the Company on a private placement basis at a price of $0.60 per unit – see *Outstanding Shares*. This represented the first tranche of a total 3.5 million unit private placement. Each unit consists of one share and one share purchase warrant exercisable for a period of two years from the date of issue to acquire one additional common share at a price of $1.20. The Company was obliged to spend a minimum of 25% of the total private placement proceeds on an initial work program on the Liguidi Malguem property within 12 months of the funding of the initial tranche. The Company fulfilled this requirement.

The second tranche of 1.75 million units was to be completed upon transfer no later than December 7, 2008 of the Liguidi Malguem licence into the Liguidi Malguem Joint Venture Sarl (“LM-Sarl”), which is 80% owned by the Company and 20% by Orex Resources Sarl (“Orex”), the permit holder. LM-Sarl was incorporated with the intention to hold the Liguidi Malguem permit following transfer from Orex. The permit was not transferred by the due date because of a legal dispute with Orex. Therefore, Teck is no longer obligated to fund the second tranche of the private placement, or continue with the option agreement. However, the Company continues its efforts to effect the transfer. Due to the legal dispute, no exploration has been conducted on this permit in 2009.

Orex has not complied with the terms of the joint venture agreement to date and has not effected the transfer of the Liguidi Malguem permit to LM-Sarl. In October 2008, Orex began legal proceedings to withdraw from the joint venture and to block the Company’s efforts to have the permit transferred. The Burkina Faso court heard the dispute in January 2009 and a decision was rendered in favour of the Company. Orex filed an appeal of the decision and in June 2009, the appeal court reversed the January 2009 decision.

In late 2009, the Company filed a suit with the court requesting that the court determine that the permit belongs to LM-Sarl, and to order the JV Partner to immediately transfer the permit to LM-Sarl. The case was heard by the court in December 2009 and in January 2010, the court ruled in favour of the Company, that the permit belongs to LM-Sarl, that the JV Partner had no grounds to withdraw from LM-Sarl, and ordered the JV Partner to immediately transfer the permit to LM-Sarl and to pay a fine of CFA 100,000 for each day that the transfer of the permit was delayed. To date, the permit has not been transferred to LM-Sarl and the JV Partner has filed a further appeal.

Yaramoko Project

This permit is located approximately 200 kilometres west-southwest of Ouagadougou, the capital of Burkina Faso. The permit's northern boundary adjoins SEMAFO's Mana permit where a mine commenced production in February of 2008 on a gold reserve of one million ounces. Previous work on Yaramoko has included mapping, soil sampling, prospecting and rock sampling. Several rock samples from scattered areas on the permit returned significant results, including 16 samples with values ranging from 1.0 to 11.9 g/t gold. Soil sampling in the area of recent artisanal workings has outlined several gold-in-soil anomalies, with many values exceeding 100 ppb gold. The largest of these anomalous areas measures about 500 metres by 3.5 kilometres and covers an area with numerous active artisanal workings. The Company completed additional mapping and rock sampling in the third quarter of 2007. A 2,000-metre RC drill program was undertaken in the fourth quarter, with positive results. Additional drilling is warranted to evaluate the mineralized zone.

Bissa Area Projects

The Company holds three permits in the active Bissa area located in north-central Burkina Faso, which is a reduction from seven permits that were acquired in the early part of 2006. Two of the Company's permits are adjacent to High River Gold's Bissa project. High River announced an independent resource estimate in 2009 for the Bissa project of 924,000 ounces of gold in the measured and indicated categories and 799,000 ounces in the inferred category (see High River news release June 19, 2009).
High River's Bissa deposits are located within the Sabcé Shear Zone, which trends north-easterly through their property. The Company's Bissa East permits (Tangapella and Biliga) cover portions of the north-easterly trending Sabcé Shear Zone, plus two parallel shear zones to the north and south of the Sabcé Shear Zone. A work program comprising regional and detailed soil sampling, reconnaissance mapping and 3,071 metres of RAB drilling was completed on the Bissa East permits during 2006. Numerous gold-in-soil anomalies were defined and several significant gold intervals were intersected in the RAB drilling. During the first quarter of 2007, 3,714 additional metres of RAB drilling and 1,884 metres of RC drilling were completed on the Bissa East permits. The drilling has defined two gold-bearing structures on each of the Tangapella and Biliga permits. Further mapping and sampling was undertaken on Tangapella and Sebila in the 3rd and 4th quarters of 2007 to evaluate the remaining gold-in-soil anomalies. In March of 2009, two of the permits (Sebila and Malgtaba) were not renewed due to a lack of encouraging results.

The Company's Bissa West permit, Bouboulou, is located to the southwest of High River's Bissa project. A work program comprising regional soil sampling was carried out on the 3 permits of the original project area in 2006. Several gold-in-soil anomalies were defined which were followed up in 2007 with further sampling and mapping. Geological mapping, rock sampling and 5,600 metres of RAB drilling were carried out during the first quarter. An IP survey was carried out over a small portion of the Bouboulou permit in October of 2007. Several gold-bearing zones have been identified, and further evaluation is warranted. In March of 2009, two of the original permits (Pella and Bissiga), were allowed to lapse due to lack of encouraging results.

Tao Project

The Tao permit adjoins the Essakane project on its southern boundary. The Essakane project was owned by Orezone Resources Inc., which was acquired by IAMGOLD Corporation in February 2009. The Burkina Faso government has awarded a mining permit to the project and construction has commenced.

Riverstone completed a 4,358-metre RAB drilling program over two separate geochemical soil anomalies during July of 2006, plus limited mapping and rock sampling. During January of 2008, mapping and sampling were completed around a prominent artisanal gold site. In April of 2009, Riverstone elected to not pay the final option payment to the property owner and to terminate the option.

Solna Project

The Solna permit, covering approximately 160 square kilometres, is located in eastern Burkina Faso about 250 kilometres northeast of Ouagadougou. Gold mineralization is hosted in a zone of quartz and quartz-tourmaline veins cutting foliated and sheared rocks of the Sebba greenstone belt. Solna is approximately 75 kilometres west of the producing Samira Hill gold mine of Etruscan Resources where a resource of 2 million ounces of gold has been announced. No significant work at Solna was completed in the current year.

Two additional permits – Teyango and Yantera – adjoin Solna to the northeast. The Company completed regional soil geochemistry and mapping programs on these permits in 2007. Additional surface work was undertaken in 2008 with encouraging assay results.

SELECTED ANNUAL INFORMATION

All of the financial information referenced below has been prepared in accordance with Canadian generally accepted accounting principles, applied on a consistent basis.

Financial Data for Last Three Fiscal Years			
Fiscal Year Ended	October 2009	October 2008	October 2007
Total revenues	$Nil	$Nil	$Nil
Loss before the under-noted	$878,006	$881,852	$695,573
Stock-based compensation	$450,580	$348,777	$285,047
Write-down of resource property costs	$1,496,677	$Nil	$Nil
Future income tax recovery	$Nil	$138,288	$Nil
Net (earnings) loss	$2,825,263	$1,092,341	$980,620
Weighted average number of shares outstanding	54,355,642	44,025,774	32,887,532
Loss per share	$0.05	$0.02	$0.03
Cash	$712,030	$187,564	$1,240,443
Current assets	$769,727	$343,919	$1,400,551
Non-current assets	$11,533,864	$12,044,952	$7,639,489
Total assets	$12,303,591	$12,388,871	$9,040,040
Current liabilities	$409,344	$254,219	$275,522
Total long-term financial liabilities	$Nil	$Nil	$Nil
Non-controlling interest	$288,758	$288,758	$Nil
Total shareholders’ equity	$11,605,489	$11,845,894	$8,764,518
Cash dividends declared per share	$Nil	$Nil	$Nil

RESULTS OF OPERATIONS

The loss for the year was $2,825,263, which compares to a loss of $1,092,341 for the previous year. Significant items comprising the current loss include $301,564 for professional fees; $450,580 in stock-based compensation, a non-cash item; and a write-down of $1,496,677 taken on certain resource properties abandoned during the current year. The Company also incurred $43,637 in interest and financing costs relating to a loan obtained during the year; $36,736 of this cost relates to shares issued (see *Financial Position and Liquidity*). Cash flows used in operations, before changes in non-cash working capital items, totalled $833,860 compared to cash of $872,530 used in operations in the prior year.

Compared to the prior year, general and administrative costs increased to $1,321,697 from $1,255,243. In the current year, professional fees increased by $114,213 primarily as a result of legal work relating to the Liguidi Malguem joint venture; promotion and public relations decreased by $163,393; and travel and accommodation decreased by $57,190 due to cost-cutting measures. Salaries and wages increased by $78,249 due to the change of a director from consultant to employee, and to the hiring of an employee whose services were formerly provided under an office services contract with a related company.

During the year, the Company incurred direct resource property costs of $989,872 as a result of acquisition costs and exploration work completed on its Burkina Faso properties. This compares to

$4,404,361 in direct costs incurred in the prior year, which included acquisition costs of $692,307 relating to the Goulagou and Rounga option agreement with Golden Star. The Company was relatively inactive during the current year due to market conditions and the resulting effort to conserve cash.

SUMMARY OF QUARTERLY RESULTS

Financial Data for the Last Eight Quarters

Three Months Ended	Oct-09	Jul-09	Apr-09	Jan-09	Oct-08	Jul-08	Apr-08	Jan-08
Total Revenues	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Loss before stock-based compensation and taxes	$238,038	$180,809	$208,651	$250,508	$183,950	$238,196	$248,959	$210,747
Stock-based compensation	$184,573	$46,835	$130,792	$88,380	$68,772	$68,772	$149,382	$61,851
Property write-down	$Nil	$16,393	$1,480,284	$Nil	$Nil	$Nil	$Nil	$Nil
Future income tax recovery	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$138,288
Loss for the period	$422,611	$244,037	$1,819,727	$338,888	$252,722	$306,968	$398,341	$134,310
Loss per share	$0.01	$0.00	$0.04	$0.01	$0.01	$0.01	$0.01	$0.00

The Company's administrative expenses have increased as a result of increased exploration activities since mid 2006 when the Company began major exploration programs in Burkina Faso and hired a full-time exploration manager. Since mid 2008, the Company has taken measures to reduce its exploration and administrative activities in an effort to conserve cash due to deteriorating market conditions. The quarterly losses presented (before stock-based compensation, property write-downs, and taxes) reflect this activity. During the quarter ended 30 April 2009, the Company abandoned various non-core properties and recorded a write-off of $1,480,284. The Company experienced a large increase in professional fees during the quarters ended January 31, 2009 and October 31, 2009, which relate to its Liguidi Malguem joint venture. Stock-based compensation is recognized as stock options vest, which varies due to the timing of the vesting provisions of the various stock option grants that the Company has made. The loss for the quarter ended January 31, 2008 includes a future income tax recovery of $138,288 relating to the recognition of tax loss carry-forwards previously subject to a valuation allowance.

Cash flows used in operations, before changes in non-cash working capital items also reflect the increase and subsequent decrease in the cost of managing the Company's many projects in Burkina Faso, averaging approximately $169,000 per quarter for fiscal 2007, and approximately $218,000 for fiscal 2008. Cash flows used in the in fiscal 2009 averaged out to approximately $208,000 and reflect a large increase in professional fees relating to the Liguidi Malguem joint venture, offset by a reduction in general administrative costs.

FINANCIAL POSITION AND LIQUIDITY

Riverstone has no history of profitable operations and its mineral projects are at an early stage. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues. Given the recent downturn in the financial and metals markets, the Company has identified certain conditions that cast considerable doubt upon its ability to continue as a going concern (see note 1 to the October 31, 2009 audited consolidated financial statements). However, management believes that the Company will be able to continue as a going concern through a combination of raising additional equity funds (see *Subsequent Events*), reducing general and administrative expenses, and managing the rate of exploration on its mineral properties.

In March 2009, the Company received cash proceeds of $164,000 through a loan from directors, officers, and consultants of the company. The loan had a term of one year with interest at the rate of 12% per annum and was repaid during the year. The Company issued 262,400 shares from treasury to the lenders at a price of $0.14 per share as a bonus for advancing the loan.

During the year, the Company settled $76,936 in accounts payable through the issuance of 404,929 shares.

At the end of the year under review, the Company had working capital of $360,383 compared to working capital of $89,700 at the end of the previous fiscal year. The increase in working capital over the previous year-end balance results primarily from the equity capital raised exceeding the cash used in operating activities and for minimum resource property costs during the year.

At October 31, 2009, the Company had cash on hand of $712,030 compared to $187,564 at October 31, 2008. The Company has insufficient working capital to meet its ongoing overhead and exploration requirements for the next twelve months (see *Capital Resources and Commitments)*, therefore, the Company will have to raise additional equity financing in the ensuing year. The Company raised a further $1.8 million of equity financing in February 2010 *(*see *Subsequent Events).*

CAPITAL RESOURCES AND COMMITMENTS

The Company has entered into an agreement with Golden Star, which grants the Company the option to acquire a 90% interest in the Goulagou and Rounga properties. To maintain and exercise its option, the Company must issue 2,000,000 warrants, 2,000,000 shares, incur $4,000,000 in exploration expenditures, and pay US$18,600,000 in cash, shares, or a combination thereof, at the Company's option, within four years. As at October 31, 2009, the Company had completed the issuance of the 2,000,000 warrants and issued a total of 700,000 shares in accordance with the agreement. The Company issued a further 600,000 shares under the agreement subsequent to October 31, 2009 (see *Subsequent Events*). The Company is required to complete $1,250,000 in exploration expenditures by January 10, 2010. As at October 31, 2009, the Company had completed approximately $1,100,000 in such expenditures.

Golden Star retains an NSR of between 0% and 2% depending on the quantity of gold produced. The Company can increase its interest in the properties to 100% by paying a third party US$1,000,000 on or before 12 months after the first production of gold from the properties. Thereafter, the third party will retain a 5% net profits interest, which can be purchased by the Company for US$500,000. The Company paid $45,000 and issued 150,000 shares to an arm's length party as a finder's fee.

The Company has a management services agreement with one of its directors that calls for payment of $4,000 per month. The contract is for a rolling two-year term that renews automatically each year, unless otherwise terminated or altered by mutual consent. Should the Company terminate this contract without cause, it would become liable for the total amount payable under the contract for the remaining term. Subject to certain conditions, the monthly payment has been reduced to $2,400 for the period from 1 July 2009 to 31 March 2010.

The Company has an employment agreement with one of its directors that calls for payment of $15,000 per month. The contract provides for severance of twelve months should the contract be terminated without cause. The contract also contains additional severance provisions in the event of a change of control or take-over of the Company. Subject to certain conditions, the monthly payment has been reduced to $9,000 for the period from 1 July 2009 to 31 March 2010.

The Company has leased office premises until 31 March 2012 that require future minimum lease payments (based on 2009 operating costs) as follows:

Fiscal year		Amount
2010	$	42,725
2011		51,743
2012		22,842
	$	117,310

The lease contains early termination provisions in the event of a take-over of the Company.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Historically the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, the recent downturn in the financial and metals markets has made raising equity capital more difficult and therefore, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Subsequent to the year-end, the Company raised $1.8 in equity capital *(See Subsequent Events)*

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at October 31, 2009 or as at the date hereof.

RELATED PARTY TRANSACTIONS

Transactions with related parties are disclosed in the financial statements and include administration and management fees and salaries of $111,200 (2008 - $96,000) and investor relations fees of $36,000 (2008 - $36,000) paid for the year to directors or companies controlled by directors. The Company also paid rent and office services of $40,000 (2008 - $78,000) to a company with which the Company shares directors in common.

Directors and parties related to the directors of the Company advanced at total of $125,000 under a loan provided to the Company during the year (see *Financial Position and Liquidity*). Interest paid to these parties during the year totalled $5,260.

CHANGES IN ACCOUNTING POLICIES

There were no changes in existing accounting policies or adoptions of new standards in the year under review.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

On February 13, 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards will replace Canada's current generally accepted accounting principles for publicly accountable profit-orientated enterprises for interim and annual financial statements effective January 1, 2011. Accordingly, the Company will prepare its financial statements for fiscal 2011 using Canadian GAAP. In 2012, the Company will present its fiscal 2012 financial statements, with comparatives for fiscal 2011, using IFRS.

The company is currently in the initial assessment and scoping phase of its IFRS change-over process. In this phase, the Company is identifying significant differences between existing Canadian GAAP and IFRS; identifying policy choices and changes required to the Company's current accounting policies; and assessing the impact of such choices and changes, including the impact of adopting IFRS 1 – *First Time Adoption of IFRS*. At the end of this phase, the Company will make specific accounting policy changes. Such choices will be made in consultation with the audit committee and will be based on improving the overall usefulness of our financial statements and comparability with our industry peers.

Upon completion of this phase, the Company will move into the implementation phase, in which it will update its significant accounting policies, adjust its accounting systems, and design tools and processes for the preparation of IFRS information, including comparative and opening balance sheet information. The Company will also design model IFRS financial statements. These tools and the model IFRS financial statements will be tested and run parallel during 2011 to ensure a smooth and accurate change-over in 2012.

The Company expects to complete the initial assessment and scoping phase during early 2010. Although its impact assessment activities are underway, continued analysis and discussion is required before the Company can prudently disclose changeover accounting policy differences. Due to the small and simple organizational, administrative and accounting structure of the Company, management is confident that once the policy choices are finalized, the implementation phase could be completed by mid-2010.

CRITICAL ACCOUNTING ESTIMATES

Mineral Property Costs

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition, exploration and development are capitalized by project. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold. The amounts shown for mineral interests represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects, and on future profitable production or proceeds from the disposition thereof.

Management of the Company regularly reviews the carrying value of each mineral property. Where information and conditions suggest that there has been impairment in their carrying value, management reviews the project for impairment and a write-down to the estimated fair value is recorded in the statement of operations. Management has carefully considered many of the conditions surrounding the recent downturn in the financial and metals markets, and has concluded that there have been no triggering events that would require management to test its mineral properties for impairment as at October 31, 2009.

During the year, management moved to reduce the Company's inventory of properties and recorded a write-down on the abandonment of non-core properties of $1,496,677. Management is satisfied that all of the Company's remaining properties are of merit and warrant further exploration. Management is confident that despite the ability for junior exploration companies to raise equity financing having been diminished in the current markets, the Company will be able to raise sufficient funds to advance the properties in due course.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Cash is classified as Assets Held-For-Trading and carried at fair value. All of the Company's other financial instruments are carried at amortized cost. The Company has no speculative financial instruments, derivatives, forward contracts, or hedges.

The Company's Canadian cash is held in an interest bearing account at a major Canadian bank and such balances earn interest at market rates. The Company also maintains cash in the currency of West Africa ("CFA"), which it uses to fund its foreign projects. The cash balances and payables that are denominated in CFA are subject to currency risk due to fluctuations in the exchange rate between the Canadian dollar and the CFA. To manage this currency risk, the Company maintains only the minimum amount of foreign cash necessary to fund its ongoing exploration expenditures. As at October 31, 2009, the Company had the equivalent of $11,554 in CFA; accounts payable denominated in CFA totalled $305,934. In most cases, accounts payable are settled in a timely manner.

Considering the magnitude of and the timing of changes in the Company's financial instruments, it is management's opinion that the Company is not exposed to any significant credit, interest rate, liquidity or market risks in respect of these financial instruments. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the current year.

DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Consistent with other companies in the mineral exploration industry, Riverstone has no source of operating revenue. The Company's October 31, 2009 audited consolidated financial statements provide a breakdown of the general and administrative expenses for the year under review (Statement 2) and an analysis of the capitalized and expensed exploration and development costs incurred on its resource properties (Note 4).

OUTSTANDING SHARES

As at October 31, 2009, the Company had 63,783,350 (diluted – 85,245,851) common shares issued and outstanding versus 48,563,341 (diluted – 60,167,546) at October 31, 2008. The increase in the number of shares outstanding for the year is due to the second tranche of 400,000 shares issued under the Golden Star agreement (see *Capital Resources and Commitments);* the issuance of 262,400 shares under the loan agreement (see *Financial Position and Liquidity*); the issuance of 404,929 shares in settlement of accounts payable; the issuance of 150,000 shares under the terms of the Goulagou/Rounga finder's fee agreement; the issuance of 2,680 shares upon the exercise of warrants; and the issuance of 14,000,000 shares under a private placement. During the year, the Company completed a private placement of 14,000,000 units ("Units") at a price of $0.15 per Unit for gross proceeds of $2,100,000. Each Unit consisted of one common share and one-half of one warrant, each whole warrant entitling the holder to purchase one additional common share at a price of $0.20 per share until 17 June 2011. The Company paid finders' fees of approximately $126,000 and issued 845,976 compensation warrants having the same terms and conditions as the warrants issued under the private placement

The increase in the number of diluted shares since October 31, 2008 includes 7,000,000 warrants and 845,976 compensation warrants issued as part of the private placement, as well as the granting of 3,190,000 incentive stock options and the expiry of 1,175,000 options during the year.

As at February 24, 2010, the Company had 72,895,090 (diluted – 96,801,646) common shares issued and outstanding. The increases since October 31, 2009 are due to the issuance of 6,400,000 units and 400,000 warrants under a private placement, the issuance of the third tranche of 600,000 shares under the Golden Star agreement, the issuance of 2,111,740 shares upon the exercise of warrants, the granting of 150,000 stock options, and the expiry of 2,214,205 warrants and 180,000 options (see *Subsequent Events*).

SUBSEQUENT EVENTS

Subsequent to October 31, 2009 the Company:

- issued 150,000 special warrants to the president of the Company, as a bonus. Subject to shareholder approval, the special warrants are convertible into 150,000 shares of the Company for no cash consideration;
- granted 150,000 five-year incentive stock options at an exercise price of $0.205 per share to a consultant of the Company. A total of 180,000 previously issued options expired unexercised subsequent to October 31, 2009;
- issued the third tranche of 600,000 shares to Golden Star under the Goulagou/Rounga option agreement *(Note 4d)*;
- issued 2,111,740 shares upon the exercise of warrants for cash proceeds of $422,348. A total of 2,214,205 warrants expired unexercised subsequent to October 31, 2009;
- completed a private placement of 6,000,000 units ("Units") at a price of $0.30 per Unit for gross proceeds of $1,800,000. Each Unit consisted of one common share and one warrant with each warrant entitling the holder to purchase one additional common share at a price of $0.40 per share until 8 February 2011 and thereafter at a price of $0.60 per share until 8 February 2012. The Company issued 400,000 Units and 400,000 warrants as a finder's fee; each Unit has the same terms and conditions as the Units issued under the private placement and each warrant entitles the holder to purchase one additional share at a price of $0.40 per share until 8 February 2011 and thereafter at a price of $0.60 per share until 8 February 2012

INVESTOR RELATIONS ACTIVITIES

With respect to public relations, the Company's provides information from its corporate offices to investors and brokers directly. In addition, Mr. Ron Cooper provides the Company with investor relations services on a month-to-month basis. The company also holds a month-to-month agreement for investor relations services from Ascenta Capital Partners Inc. in Vancouver, BC**.**

MANAGEMENT

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

RISK FACTORS

Companies operating in the mining industry face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company:

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

At present the principal activity of the Company is the exploration and development of gold resource properties. The feasible development of such properties is highly dependent upon the price of gold. A sustained and substantial decline in commodity gold prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors that could affect gold commodity prices in order to assess the feasibility of its resource projects.

Exploration and development projects are subject to the environmental laws and regulations of the country within which the Company is conducting its operations. As such laws are subject to change, the Company carefully monitors proposed and potential changes, and ensures that it is and will be in strict compliance. Various non-governmental organizations dedicated to environmental protection monitor, amongst others, the mining industry. These organizations have in the past commenced actions with the regulatory agencies or the courts to prevent or delay mining activities.

FORWARD-LOOKING STATEMENTS

Certain statements made and information contained in this MD&A and elsewhere constitute "forward-looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development results will not be consistent with the Company's expectations, accidents, equipment breakdowns, title matters and surface access, labour disputes, the potential for delays in exploration activities, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis and other risks and uncertainties, including those described under Risk Factors in each management discussion and analysis. In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of gold, that the Company will receive required permits and access to surface rights, that the Company can access financing, appropriate equipment and sufficient labour and that the political environment within Burkina Faso will continue to support the development of environmentally safe mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this Annual Management Discussion and Analysis.

Respectfully submitted
On Behalf of the Board of Directors

"Michael D. McInnis"

Michael D. McInnis, P. Eng., President & CEO