

B.C. FORM 51-901F

QUARTERLY AND YEAR END REPORT

Incorporated as part of:

| | |
|------------------------------|-----------------|
| <u> X </u> | Schedule A |
| <u> X </u> | Schedules B & C |

ISSUER DETAILS:

Name of Issuer: Riverstone Resources Inc.
Issuer Address: 306 - 850 West Hastings Street, Vancouver, B.C. V6C 1E1
Issuer Fax No.: 604-669-2744
Issuer Telephone No.: 604-669-8988
Contact Name: James Robertson
Contact Position: Director
Contact Telephone Number: 604-669-8988
Contact Email Address: N/A
Web Site Address: N/A
For Quarter Ended: 2004/01/31
Date of Report: 2004/03/29

CERTIFICATE:

THE THREE SCHEDULES REQUIRED TO COMPLETE THIS REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT. PLEASE NOTE, THIS FORM IS INCORPORATED AS PART OF BOTH THE REQUIRED FILING OF SCHEDULE A AND SCHEDULES B & C.

| | | |
|-----------------------------|--------------------|------------|
| <u>"Michael D. McInnis"</u> | Michael D. McInnis | 2004/03/30 |
| <u>"James Robertson"</u> | James Robertson | 2004/03/30 |

RIVERSTONE RESOURCES INC.

INTERIM FINANCIAL STATEMENTS

31 JANUARY 2004

Unaudited - See Notice to Reader

NOTICE TO READER

We have compiled the interim balance sheet of Riverstone Resources Inc. as at 31 January 2004 and the interim statements of loss and deficit and cash flows for the three months then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

“Staley, Okada & Partners”

Vancouver, B.C.
29 March 2004

STALEY, OKADA & PARTNERS
CHARTERED ACCOUNTANTS

Interim Balance Sheet

Canadian Funds

Unaudited - See Notice to Reader

| ASSETS | As at 31 January 2004 | As at 31 October 2003 |
|----------------------------------------------------|--------------------------------------|--------------------------------------|
| Current | | |
| Cash and term deposits | \$ 2,073,905 | \$ 155,979 |
| GST receivable | 18,315 | 13,351 |
| Prepaid expenses | 54,603 | - |
| | <u>2,146,823</u> | 169,330 |
| Resource Property Costs – Schedule (Note 4) | 176,166 | 29,790 |
| | <u>\$ 2,322,989</u> | <u>\$ 199,120</u> |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | | |
| - trade | \$ 94,794 | \$ 68,043 |
| - related parties | 2,675 | 2,889 |
| | <u>97,469</u> | <u>70,932</u> |
| SHAREHOLDERS' EQUITY | | |
| Share Capital (Note 5) | 3,548,915 | 1,104,086 |
| Deficit - Statement 2 | <u>(1,323,395)</u> | <u>(975,898)</u> |
| | <u>2,225,520</u> | 128,188 |
| | <u>\$ 2,322,989</u> | <u>\$ 199,120</u> |

ON BEHALF OF THE BOARD:

“Michael D. McInnis”, Director**“James Robertson”**, Director

Interim Statement of Loss and Deficit

For the Three Months Ended 31 January

Canadian Funds

Unaudited - See Notice to Reader

| | 2004 | 2003 |
|------------------------------------------------------|---------------------|-------------------|
| Indirect and Administrative | | |
| Administration fees | \$ 7,500 | \$ 7,500 |
| Filing fees | 14,659 | - |
| Foreign exchange gain | (1,832) | - |
| Office and general | 1,218 | 682 |
| Professional | 34,109 | 3,537 |
| Shareholder information | 3,851 | 500 |
| Stock compensation (Note 5e) | 288,978 | - |
| Transfer agent | 4,162 | 425 |
| | <u>352,645</u> | <u>12,644</u> |
| Loss for the period before the undernoted | | |
| Interest income | <u>(5,148)</u> | - |
| Loss for the Period | 347,497 | 12,644 |
| Deficit - Beginning of period | <u>975,898</u> | <u>898,657</u> |
| Deficit - End of Period | \$ 1,323,395 | \$ 911,301 |
| | | |
| Loss Per Share | \$ 0.04 | \$ 0.00 |
| | | |
| Weighted Average Number of Shares Outstanding | 8,216,740 | 3,295,001 |

Interim Statement of Cash Flows

For the Three Months Ended 31 January

Canadian Funds

Unaudited - See Notice to Reader

| Cash Resources Provided By (Used In) | 2004 | 2003 |
|-------------------------------------------------------------------------------|---------------------|-----------------|
| Operating Activities | | |
| Loss for the period | \$ (347,497) | \$ (12,644) |
| Item not affecting cash | | |
| Stock compensation | 288,978 | - |
| Net change in non-cash working capital | | |
| GST receivable | (4,964) | (68) |
| Prepaid expenses | (54,603) | - |
| Accounts payable and accrued liabilities | | |
| - trade | 26,751 | 3,286 |
| - related | (214) | 8,100 |
| | <u>(91,549)</u> | <u>(1,326)</u> |
| Investing Activities | | |
| Resource property costs | <u>(105,126)</u> | - |
| Financing Activities | | |
| Shares issued for cash | <u>2,114,601</u> | - |
| Net Increase (Decrease) in Cash | 1,917,926 | (1,326) |
| Cash position - Beginning of period | <u>155,979</u> | <u>5,592</u> |
| Cash Position - End of Period | \$ 2,073,905 | \$ 4,266 |
| Cash position consists of: | | |
| Cash | \$ 168,757 | \$ 4,266 |
| Term deposit | <u>1,905,148</u> | <u>-</u> |
| | \$ 2,073,905 | \$ 4,266 |
| Supplemental Schedule of Non-Cash Investing and Financing Transactions | | |
| Shares issued for resource property | \$ 27,500 | \$ - |
| Shares issued for finder's fee | 13,750 | - |
| Stock compensation | <u>288,978</u> | <u>-</u> |

Interim Schedule of Resource Property Costs

Canadian Funds

Unaudited – See Notice to Reader

| | As at 31 January 2004 | | As at 31 October 2003 |
|-------------------------------------------------|-----------------------------|-----------|-----------------------------|
| Direct - Mineral | | | |
| Rambo Property, Burkina Faso, West Africa | | | |
| Acquisition and option payments <i>(Note 4)</i> | \$ 94,017 | \$ | - |
| Geological | 23,685 | | 20,300 |
| Drilling | 19,348 | | - |
| Camp and general | 3,580 | | 1,150 |
| Transportation | 3,029 | | 2,066 |
| Report preparation | 2,717 | | 6,120 |
| Assay | - | | 154 |
| | <hr/> | | |
| Costs for the Period | 146,376 | | 29,790 |
| Balance - Beginning of period | 29,790 | | - |
| | <hr/> | | |
| Balance - End of Period | \$ 176,166 | \$ | 29,790 |

Riverstone Resources Inc.

Notes to Interim Financial Statements

31 January 2004

Canadian Funds

Unaudited - See Notice to Reader

1. Interim Financial Statements Adjustments

The financial information presented in the accompanying unaudited interim financial statements reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods reported. All such adjustments are of a normal recurring nature. All financial statements presented herein are unaudited.

2. Significant Accounting Policies

Except as described below, these interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements. These financial statements should be read in conjunction with the audited financial statements as at 31 October 2003.

Stock-Based Compensation

The Company has adopted the new recommendations of CICA Handbook Section 3870, stock-based compensation and other stock-based payments, which applies to all awards granted on or after 1 November 2002. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services.

As encouraged by Section 3870, the Company has enacted prospectively early adoption of the fair value based method of accounting for awards issued to employees for the fiscal year beginning 1 November 2003.

The new standard requires that all stock-based awards made to employees and non-employees be measured and recognized using a fair value based method. In prior years, stock-based compensation expense was recognized only when stock-based compensation awards were made to non-employees, while pro-forma disclosure was acceptable for awards made to employees.

3. Financial Instruments

The fair value of the Company's cash and term deposits, GST receivable, and accounts payable is estimated to approximate their carrying values. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

Riverstone Resources Inc.

Notes to Interim Financial Statements

31 January 2004

Canadian Funds

Unaudited - See Notice to Reader

4. Mineral Properties

The Company has signed an agreement, effective 28 October 2003, to acquire a 100% interest in the Rambo property located in Burkina Faso, West Africa. The property is subject to a 3% net smelter return royalty and a standard government 10% carried production interest. At its option, the Company may acquire its interest by completing cash payments and share issuances to the optionors and minimum exploration expenditures as follows:

| | Cash Payment U.S. Funds | Shares | Exploration Expenditures U.S. Funds |
|------------------------------------------|-------------------------------|----------------|-------------------------------------------|
| Upon signing of the formal agreement (*) | \$ 5,000 | - | \$ - |
| Upon regulatory approval (*) | 35,000 | 50,000 | - |
| On or before 15 December 2004 | 50,000 | 50,000 | 150,000 |
| On or before 15 December 2005 | 50,000 | 50,000 | 150,000 |
| On or before 15 December 2006 | 50,000 | 50,000 | 200,000 |
| On or before 15 December 2007 | 50,000 | 50,000 | - |
| | <u>\$ 240,000</u> | <u>250,000</u> | <u>\$ 500,000</u> |

The first U.S. \$150,000 of the exploration expenditures required under the agreement is a firm commitment and the Company must incur these costs on or before 15 December 2004.

(*) During the current period, the Company received regulatory approval and made the required cash payments and share issuances. The company also issued 25,000 shares as a finder's fee.

Details of cumulative expenditures are as follows:

| | Acquisition | Exploration | 31 January 2004 | 31 October 2003 |
|---------------|------------------|------------------|--------------------|--------------------|
| Rambo project | <u>\$ 94,017</u> | <u>\$ 82,149</u> | <u>\$ 176,166</u> | <u>\$ 29,790</u> |

Notes to Interim Financial Statements

31 January 2004

Canadian Funds

Unaudited - See Notice to Reader

5. Share Capital

The authorized share capital of the company consists of 100,000,000 common shares without par value.

a) Share issuance details are as follows:

| | 31 January 2004 | | 31 October 2003 | |
|-----------------------------------------|-----------------|--------------|-----------------|--------------|
| | Shares | Amount | Shares | Amount |
| Balance - Beginning of period | 6,445,001 | \$ 1,104,086 | 3,295,001 | \$ 741,247 |
| Private placement | 4,000,000 | 2,200,000 | 2,000,000 | 200,000 |
| Private placement | - | - | 600,000 | 90,000 |
| Private placement | - | - | 300,000 | 45,000 |
| Share issuance costs | - | (85,399) | - | (5,000) |
| Stock compensation | - | 288,978 | - | 7,839 |
| Shares issued for property (Note 4) | 50,000 | 27,500 | - | - |
| Shares issued for finder's fee (Note 4) | 25,000 | 13,750 | - | - |
| Shares issued for debt | - | - | 250,000 | 25,000 |
| Balance - End of period | 10,520,001 | \$ 3,548,915 | 6,445,001 | \$ 1,104,086 |

b) As at 31 January 2004, there were 616,350 performance shares held in escrow, which may be released only with the consent of the governing regulatory bodies.

c) At 31 January 2004, the Company had share purchase warrants outstanding entitling the holder to purchase the following:

| Shares | Exercise Price | Expiry Date |
|------------------|----------------|-------------------|
| 2,000,000 | \$ 0.12 | 31 July 2005 |
| 300,000 | \$ 0.15 | 15 August 2005 |
| 150,000 | \$ 0.18 | 24 September 2004 |
| 225,450 | \$ 0.75 | 23 December 2004 |
| <u>2,675,450</u> | | |

d) At 31 January 2004, the Company had stock options outstanding as follows:

| Grant Date | Number | Exercise Price | Expiry Date |
|-----------------|------------------|----------------|-----------------|
| 19 August 2003 | 610,000 | \$ 0.14 | 19 August 2008 |
| 12 January 2004 | 440,000 | \$ 1.10 | 12 January 2009 |
| | <u>1,050,000</u> | | |

As at 31 January 2004 all options had vested. The outstanding options have a weighted average exercise price of \$0.54 and an weighted average remaining life of 4.72 years.

Notes to Interim Financial Statements

31 January 2004

Canadian Funds

Unaudited - See Notice to Reader

5. Share Capital - continued

e) Stock-Based Compensation

During the period, the Company issued 440,000 stock options, which vested immediately, to its directors, officers, employees and consultants. The Company estimated the fair value of each option on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

| | |
|---------------------------------|---------|
| Expected dividend yield | 0.00 |
| Expected stock price volatility | 74.85% |
| Risk-free interest rate | 3.80% |
| Expected life of options | 5 years |

The Company has recognized stock compensation expense for options granted in the period as follows:

| Number of Options Granted | Number of Options Vested | Weighted Average Fair Value per Option | Total Estimated Compensation |
|------------------------------|-----------------------------|-------------------------------------------|---------------------------------|
| 440,000 | 440,000 | \$0.66 | \$288,978 |

6. Income Taxes

- a) The Company has incurred losses for income tax purposes of approximately \$439,000 which may be used to reduce future taxable income. The income tax benefits, if any, of these losses have not been recorded in these financial statements and expire as follows:

| Year of Expiry | Amount |
|----------------|------------|
| 2005 | \$ 11,000 |
| 2006 | 11,000 |
| 2007 | 13,000 |
| 2008 | 94,000 |
| 2009 | 118,000 |
| 2010 | 116,000 |
| 2011 | 76,000 |
| | <hr/> |
| | \$ 439,000 |

- b) The Company has approximately \$601,000 of resource related expenditures which may be carried forward indefinitely and used to reduce prescribed taxable income in future years. The potential future tax benefits of these expenditures have not been recognized in the accounts of the Company.
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Riverstone Resources Inc.

Notes to Interim Financial Statements

31 January 2004

Canadian Funds

Unaudited - See Notice to Reader

7. Related Party Transactions

Related party transactions not disclosed elsewhere in these financial statements are as follows:

- a) Administration fees paid to a company controlled by a director - \$7,500 (2003 - \$7,500).
- b) Office rent paid to a company controlled by a director - \$600 (2003 - \$600).

8. Segmented Information

The company currently operates in only one segment, that being the mining exploration industry. Details of the segmented operations are reflected only in the balance sheet.

| | 31 January 2004 | | |
|--------|-----------------|--------------|--------------|
| | Canada | Burkina Faso | Total |
| Assets | \$ 2,146,823 | \$ 176,166 | \$ 2,322,989 |

| | 31 October 2003 | | |
|--------|-----------------|--------------|------------|
| | Canada | Burkina Faso | Total |
| Assets | \$ 169,330 | \$ 29,790 | \$ 199,120 |

SCHEDULE B

1. ANALYSIS OF EXPENSES AND DEFERRED COSTS

See Schedule and Note 4 to audited financial statements for details.

2. RELATED PARTY TRANSACTIONS

See Note 7 to audited financial statements for details.

3. SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE PERIOD

a) Securities issued:

| Date of Issue | Type of Security | Type of Issue | Number | Price | Total Proceeds | Type of Consideration | Commission Paid |
|------------------|------------------|-------------------|-----------|---------|----------------|-----------------------|-----------------|
| 23 December 2004 | Common | Private placement | 4,000,000 | \$ 0.55 | \$ 2,200,000 | Cash | \$85,399 |
| 23 December 2004 | Common | Property payment | 50,000 | \$ 0.55 | \$ 27,500 | For resource property | NIL |
| 23 December 2004 | Common | Finder's fee | 25,000 | \$ 0.55 | \$ 13,750 | Property finder's fee | NIL |
| | | | 4,075,000 | | \$ 2,241,250 | | |

b) Options granted:

| Date Granted | Type of Security | Number | Exercise Price | Expiry Date |
|-----------------|------------------|---------|----------------|-----------------|
| 12 January 2004 | Common | 440,000 | \$0.10 | 12 January 2009 |

4. SUMMARY OF SECURITIES AS AT THE END OF THE REPORTING PERIOD

a) Authorized share capital:

| Number | Class of Shares |
|-------------|-----------------|
| 100,000,000 | Common |

b) Shares issued and outstanding:

| Number | Amount |
|------------|--------------|
| 10,520,001 | \$ 3,548,915 |

c) Options, warrants and convertible securities outstanding:

| Type | Number or Amount | Exercise or Conversion Price | Expiry Date |
|----------|------------------|------------------------------|-------------------|
| Warrants | 2,000,000 | \$ 0.12 | 31 July 2005 |
| Warrants | 300,000 | \$ 0.15 | 15 August 2005 |
| Warrants | 150,000 | \$ 0.18 | 24 September 2004 |
| Warrants | 225,450 | \$ 0.75 | 23 December 2004 |
| Options | 610,000 | \$ 0.14 | 19 August 2008 |
| Options | 440,000 | \$ 1.10 | 12 January 2009 |

d) Shares subject to escrow or pooling agreements:

| Number | Class of Shares |
|---------|-----------------|
| 616,350 | Common |

5. NAMES OF DIRECTORS AND OFFICERS AS AT THE DATE THIS REPORT IS SIGNED AND FILED

Michael D. McInnis - Director and President
 Richard J. Bailes - Director
 James Robertson - Director
 Archie Nesbitt - Director
 Michael L. DuMoulin - Secretary and Chief Financial Officer

**Report to Shareholders and
Management Discussion and Analysis
Of the Financial position and Results of Operations
For the First Quarter Ended January 31, 2004
Schedule "C"**

The under-noted should be read in conjunction with the unaudited financial statements for the quarter ended January 31, 2004 and the audited financial statements for the year ended October 31, 2003

To Our Shareholders:

General

Riverstone Resources Inc. ("Riverstone" or the "Company") is a mineral exploration company that has been seeking to re-activate its business in the resource industry. Immediately prior to this first quarter, the Company entered into an agreement to acquire a 100% interest in the Rambo gold property in Burkina Faso, West Africa, subject to a 3% net smelter return royalty and a standard Government 10% carried production interest. The transaction was on an arm's length basis between the Company and the vendors. Terms of the agreement included the issue to the vendors of a total of 250,000 common shares of the Company and cash payments totalling US\$240,000 over a period of four years, with a work commitment totalling US\$500,000 over a period of three years. During the first year, the Company is committed to pay the vendors US\$40,000 in cash (paid), issue 50,000 common shares (issued), and undertake a minimum of US\$150,000 in exploration expense on the property.

The Rambo gold property is at present the only mineral property held by the Company. However, the Company is actively seeking additional properties for acquisition and exploration and development.

Significant Events and Transactions

At the commencement of the first quarter, the Company was listed on the NEX Board of the TSX Venture Exchange and was in the process of re-activation. Following its agreement for the Rambo gold property, the Company announced a non-brokered private placement of common shares at \$0.55 per share to raise \$2.2 million, which closed on December 23, 2003. The shares are subject to a hold period until April 24, 2004. A total of 225,450 warrants were also issued in partial settlement of finders' fees pursuant to the placement, each warrant exercisable for one year to purchase one common share at a price of \$0.75 per share. The TSX Venture Exchange approved the financing, the Rambo acquisition agreement and the re-organisation plan of the Company, and the listing of the Company's shares was transferred from the NEX Board to the full board of the TSX Venture Exchange as a Tier 2 issuer on December 23, 2003. As part of the re-organisation process, Claude Aussant, P. Geol., a Qualified Person under National Instrument 43-101, of Taiga Consultants Ltd. of Calgary prepared a Technical Report in accordance with National Instrument 43-101. An Annual Information Form was also completed for the Company and both documents were filed and are available for viewing on SEDAR under the Company's profile.

On January 12, 2004, the Company issued 440,000 incentive stock options to Directors, Consultants and Employees exercisable at a price of \$1.10 per share for a period of five years in accordance with the terms of its Stock Option Plan.

The recommended Phase 1 exploration program for the Rambo property commenced at the end of January 2004 and is currently underway at an estimated cost of \$297,000. Drilling is expected to commence by early April and results will be announced as they become available.

Rambo Gold Property, Burkina Faso

The Rambo permit is located in the north-eastern part of Burkina Faso and is contiguous with St. Jude's Goulagou project. The permit comprises 150 square kilometres in area and covers six artisanal workings. The main Rambo artisanal pit consists of a 60 x 40 metre oval pit which is about 15 metres deep. Diamond drilling by a former operator near the pit returned values including 20.03 g/t gold over 15.79 metres, 4.29 g/t over 18.0 metres and 2.89 g/t over 15.0 metres. The gold mineralization appears to be related to a generally east-west trending, south dipping shear zone about 18 metres in apparent width.

The Company commenced an exploration program in January 2004 which comprised grid emplacement, soil sampling and geological mapping. Five geochemical grids were established; one over the Rambo artisanal pit, one over the Idriss artisanal pit and three reconnaissance grids on other targets on the property.

The Rambo grid is 2.5 kilometres by 1.5 kilometres in area. Lines are oriented north-south and are 100 metres apart. Samples were taken every 25 metres along the lines. Three distinct anomalies were delineated by the results of the survey. A generally east-west trending anomaly extends approximately 800 metres to the west of the Rambo pit and at least 200 metres to the east of the pit. This direction corresponds to the direction of the gold-bearing shear zone in the pit and possibly reflects the extension of the shear zone to the west and east of the pit.

A second anomaly of about 700 metres in length occurs about 250 metres north of the Rambo pit and is parallel to the Rambo anomaly. A third anomaly is defined about 1.5 kilometres to the west of the Rambo pit and is about 250 metres in length. The relationship of these anomalies to gold mineralization is not known at this time and will be investigated by trenching. Results from the Idriss target and other reconnaissance grid sampling results have not been received at this time.

The Company will be commencing exploration drilling on the property early in April.

Reporting Period

At the end of the first quarter under review, the Company had working capital of \$2,049,354 compared to \$98,398 at the end of the previous quarter and a working capital deficiency of \$170,054 at the end of the first quarter 2003. Although additional costs were incurred during the intervening periods for administrative costs, and legal and accounting activities, the improvement in the working capital position reflects the funds received from financing activities and from renegotiation of trade debts.

The loss for the period was \$347,497 (Q1 2003 – loss of \$12,644). The difference reflects the level of re-activation of the Company and its increased activities, increased costs of filing, professional and transfer agent fees and, in particular, the cost of stock compensation, which is a non-cash item.

The Company incurred resource property costs of \$146,376 during the period (Q4 2003 - \$29,790) as a result of its acquisition, report preparation and exploration advances for the newly acquired Rambo gold property.

Legal Proceedings

There are no legal proceedings under way to which the Company is a party.

Related Party Transactions

Transactions with related parties are disclosed in the financial statements and include administration fees for the period of \$7,500 (Q1 2003 - \$7,500) and rent of \$600 (Q4 2003 - \$600) paid to a company controlled by a director of the Company.

Investor Relations Activities

With respect to public relations, the Company's policy is to provide information from its corporate offices to investors and brokers directly. It does not currently hold any contracts with outside public relations firms.

Respectfully submitted
on behalf of the Board of Directors

"Michael D. McInnis"

Michael D. McInnis
President