

RIVERSTONE RESOURCES INC.

INTERIM FINANCIAL STATEMENTS

30 April 2004

Unaudited

NOTICE TO READER

These interim financial statements for the six months ended 30 April 2004 of Riverstone Resources Inc. have been prepared by management and have not been subject to review by the Company's auditors.

Interim Balance Sheet

Canadian Funds

Unaudited

ASSETS	As at 30 April 2004	As at 31 October 2003
Current		
Cash and term deposits	\$ 1,846,700	\$ 155,979
GST receivable	9,869	13,351
Prepaid expenses	65,117	-
	1,921,686	169,330
Resource Property Costs – Schedule (Note 4)	503,930	29,790
	\$ 2,425,616	\$ 199,120
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
- trade	\$ 191,023	\$ 68,043
- related parties	24,836	2,889
	215,859	70,932
SHAREHOLDERS' EQUITY		
Share Capital (Note 5)	3,563,615	1,104,086
Deficit - Statement 2	(1,353,858)	(975,898)
	2,209,757	128,188
	\$ 2,425,616	\$ 199,120

ON BEHALF OF THE BOARD:

"Michael D. McInnis", Director"James Robertson", Director

Interim Statement of Loss and Deficit

Canadian Funds

Unaudited

	For the Three Months Ended 30 April		For the Six Months Ended 30 April	
	2004	2003	2004	2003
Indirect and Administrative				
Administration fees	\$ 7,500	\$ 7,500	\$ 15,000	\$ 15,000
Professional	8,656	1,075	42,765	4,612
Filing fees	9,643	4,200	24,302	4,200
Shareholder information	2,236	1,711	3,337	2,211
Transfer agent	752	1,747	4,914	2,172
Office and general	8,250	888	3,314	1,570
Consulting	-	-	11,000	-
Foreign exchange gain	-	-	(1,832)	-
Stock-based compensation	-	-	288,978	-
Travel and promotion	1,202	-	1,202	-
Loss Before the Under-noted	40,335	17,121	392,980	29,765
Interest income	(9,872)	-	(15,020)	-
Gain on forgiveness of debt	-	(12,133)	-	(12,133)
Loss for the Period	30,463	4,988	377,960	17,632
Deficit - beginning of period	1,323,395	911,301	975,878	898,657
Deficit – End of Period	\$ 1,353,858	\$ 916,289	\$ 1,353,858	\$ 916,289
Loss Per Share - Basic and Diluted	\$ 0.00	\$ 0.00	\$ 0.04	\$ 0.00
Weighted-Average Shares Outstanding	9,357,458	3,295,001	9,356,577	3,295,001

- See Accompanying Notes -

Interim Statement of Cash Flows

Canadian Funds

Unaudited

Cash Resources Provided By (Used In)	For the Three Months Ended 30 April		For the Six Months Ended 30 April	
	2004	2003	2004	2003
Operating Activities				
Loss for the period	\$ (30,463)	\$ (4,988)	\$ (377,960)	\$ (17,632)
Items not affecting cash				
Stock-based compensation	-	-	288,978	-
Gain on forgiveness of debt	-	(12,133)	-	(12,133)
Net change in non-cash working capital				
GST receivable	8,446	(533)	3,482	(601)
Prepaid expenses	(10,514)	-	(65,117)	-
Accounts payable and accrued liabilities				
- trade	96,229	2,840	122,980	6,126
- related	22,161	9,445	21,947	17,545
	85,859	(5,369)	(5,690)	(6,695)
Investing Activities				
Resource property costs	(327,764)	-	(432,890)	-
Financing Activities				
Shares issued for cash	14,700	-	2,129,301	-
Net Increase (Decrease) in Cash	(227,205)	(5,369)	1,690,721	(6,695)
Cash position - Beginning of period	2,073,905	4,266	155,979	5,592
Cash Position - End of Period	\$ 1,846,700	\$ (1,103)	\$ 1,846,700	\$ (1,103)
Cash Position Consists of:				
Cash and term deposits	\$ 1,846,700	\$ -	\$ 1,846,700	\$ -
Bank overdraft	-	(1,103)	-	(1,103)
	\$ 1,846,700	\$ (1,103)	\$ 1,846,700	\$ (1,103)
Schedule of Non-Cash Investing and Financing Transactions				
Shares issued for resource property	\$ -	\$ -	\$ 27,500	\$ -
Shares issued for finder's fee	\$ -	\$ -	\$ 13,750	\$ -
Stock-based compensation	\$ -	\$ -	\$ 288,978	\$ -

Interim Schedule of Resource Property Costs

Canadian Funds

Unaudited

	For the Three Months Ended 30 April		For the Six Months Ended 30 April	
	2004	2003	2004	2003
Direct - Mineral				
Rambo Property, Burkina Faso, West Africa				
Acquisition and option payments (Note 4)	\$ -	\$ -	\$ 94,017	\$ -
Geological	79,766	-	103,451	-
Drilling	117,664	-	137,012	-
Camp and general	27,608	-	31,188	-
Transportation	30,099	-	33,128	-
Lease, licenses and taxes	2,016	-	2,016	-
Local labour	-	-	12,368	-
Report preparation	1,920	-	4,637	-
Assay	56,323	-	56,323	-
Costs for the Period	327,764	-	474,140	-
Balance - Beginning of period	176,166	-	29,790	-
Balance - End of Period	\$ 503,930	\$ -	\$ 503,930	\$ -

- See Accompanying Notes -

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2004

Canadian Funds

Unaudited

1. Interim Financial Statements Adjustments

The accompanying unaudited interim consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. However, they do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's consolidated financial statements including the notes thereto for the year ended 31 October 2003. All financial information presented herein is 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

30 April 2004

Canadian Funds

Unaudited

4. Mineral Properties

The Company has an option 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. The Company may acquire its interest by making cash payments and share issuances to the optionors and completing 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	30 April 2004	31 October 2003
Rambo project, West Africa	<u>\$ 96,033</u>	<u>\$ 407,897</u>	<u>\$ 503,960</u>	<u>\$ 29,790</u>

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2004

Canadian Funds

Unaudited

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:

	30 April 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 on exercise of warrants	19,600	14,700	-	-
Shares issued for debt	-	-	250,000	25,000
Balance - End of period	10,539,601	\$ 3,563,615	6,445,001	\$ 1,104,086

b) As at 30 April 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 30 April 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
205,850	\$ 0.75	23 December 2004
<u>2,655,850</u>		

d) At 30 April 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 30 April 2004 all options had vested. The outstanding options have a weighted average exercise price of \$0.54 and a weighted-average remaining life of 4.48 years.

Notes to Interim Financial Statements

30 April 2004

Canadian Funds

Unaudited

5. Share Capital - continued

e) Stock-Based Compensation

During the period, the Company issued 440,000 stock options at an exercise price of \$1.10 per share, 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
	<u>\$ 439,000</u>

- 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.

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2004

Canadian Funds

Unaudited

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 - \$15,000 (2003 - \$15,000).
- b) Office rent paid to a company controlled by a director - \$1,400 (2003 - \$1,200).

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.

	30 April 2004		
	Canada	Burkina Faso	Total
Assets	\$ 1,921,686	\$ 503,930	\$ 2,425,616

	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 interim financial statements for details.

2. RELATED PARTY TRANSACTIONS

See Note 7 to interim 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 April 2004	Common	Exercise of warrants	19,600	\$ 0.75	\$ 14,700	Cash	NIL
			19,600		\$ 14,700		

b) Options granted:

Date Granted	Type of Security	Number	Exercise Price	Expiry Date
N/A				

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
10,539,601	\$3,563,615

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	205,850	\$ 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

RIVERSTONE RESOURCES INC.
Report to Shareholders and
Management Discussion and Analysis
Of the Financial Position and Results of Operations
For the Second Quarter Ended April 30, 2004
Schedule "C"

The under-noted should be read in conjunction with the unaudited financial statements for the period ended April 30, 2004, 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 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

The Company held its Annual General Meeting of shareholders on April 15, 2004. At the AGM, the shareholders approved, among other matters, the adoption of a new stock option plan reserving 2,104,000 common shares for grant of options to directors, employees and consultants. A new form of escrow agreement, as prescribed by the TSX Venture Exchange, was also adopted, replacing the agreement under which escrowed shares were originally held. The plan and escrow agreement were subsequently approved by the TSX Venture Exchange.

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.

During the period, the Company commenced an exploration program 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. Three distinct anomalies were delineated by the results of the survey. The first is a generally east-west trending anomaly extending 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, possibly reflecting an 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.

At the end of the period, the Company commenced a program of reverse circulation drilling and, subsequent to the period, announced encouraging gold results. A total of sixteen holes were drilled of which fifteen holes encountered gold mineralisation, including seven holes in which significant gold values resulted. Early results warranted the expansion of the initial programme and drilling confirmed the general east-west nature of a mineralised zone. Further work is planned for the property.

Reporting Period

At the end of the second quarter under review, the Company had working capital of \$1,705,827 compared to \$2,049,354 at the end of the previous quarter and a working capital deficiency of \$175,042 at the end of the second quarter 2003. The difference during the quarter reflects primarily mineral exploration expenditures on the Rambo property, together with indirect and administrative costs. The improvement in working capital over the previous year results from previous equity financing activities.

The loss for the period was \$30,463 including costs of \$15,250 for administration, office and general, professional fees of \$8,656, and filing fees of \$9,643. The loss for the quarter was reduced as a result of receipt of interest income amounting to \$9,872.

The Company incurred resource property costs of \$327,764 during the period as a result of exploration on the Rambo gold property. Costs included \$173,987 for reverse circulation drilling and assaying charges and \$79,766 for surface geological work including trenching and geochemical surveys.

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 (Q2 2003 - \$7,500) and rent of \$800 (Q2 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 hold any contracts with outside public relations firms.

Respectfully submitted
on behalf of the Board of Directors

"Michael D. McInnis"

Michael D. McInnis
President