

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: 906 – 595 Howe Street, Vancouver, B.C. V6C 2T5
Issuer Fax No.: 604-801-6075
Issuer Telephone No.: 604-801-5020
Contact Name: James Robertson
Contact Position: Director
Contact Telephone Number: 604-801-5020
Contact Email Address: jrobertson@riverstoneresources.com
Web Site Address: N/A
For Quarter Ended: 2004/07/31
Date of Report: 2004/09/23

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	<u>September 27, 2004</u>
<u>“James Robertson”</u>	James Robertson	<u>September 27, 2004</u>

RIVERSTONE RESOURCES INC.

**Suite 906 – 595 Howe Street
Vancouver, BC, V6C 2T5
Tel: 604.801.6040
Fax: 604.801.6075**

INTERIM FINANCIAL STATEMENTS

31 July 2004

Unaudited

MANAGEMENT COMMENT

These interim financial statements of Riverstone Resources Inc. for the nine months ended 31 July 2004 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 31 July 2004	As at 31 October 2003
Current		
Cash and term deposits	\$ 1,430,901	\$ 155,979
GST receivable	19,157	13,351
	1,450,058	169,330
Resource Property Costs – Schedule (Note 4)	939,508	29,790
	\$ 2,389,566	\$ 199,120
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
- trade	\$ 234,387	\$ 68,043
- related parties	8,280	2,889
	242,667	70,932
SHAREHOLDERS' EQUITY		
Share Capital (Note 5)	3,666,243	1,104,086
Deficit - Statement 2	(1,519,344)	(975,898)
	2,146,899	128,188
	\$ 2,389,566	\$ 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 31 July		For the Nine Months Ended 31 July	
	2004	2003	2004	2003
Indirect and Administrative				
Administration and management fees	\$ 21,730	\$ 7,500	\$ 36,730	\$ 22,500
Consulting	13,050	-	24,050	-
Foreign exchange gain	-	-	(1,832)	-
Office and general	4,105	1,398	7,419	2,968
Professional	500	277	43,265	4,889
Rent and office services	12,550	-	12,550	-
Shareholder information	3,555	777	6,892	2,988
Stock exchange and filing fees	770	2,875	25,072	7,075
Stock-based compensation	102,628	-	391,606	-
Transfer agent	2,488	1,562	7,402	3,734
Travel and promotion	8,435	-	9,637	-
Loss Before the Under-noted	169,811	14,389	562,791	44,154
Interest income	(4,325)	-	(19,345)	-
Gain on forgiveness of debt	-	-	-	(12,133)
Loss for the Period	165,486	14,389	543,446	32,021
Deficit - beginning of period	1,353,858	916,289	975,898	898,657
Deficit – End of Period	\$ 1,519,344	\$ 930,678	\$ 1,519,344	\$ 930,678
Loss Per Share - Basic and Diluted	\$ 0.02	\$ 0.00	\$ 0.06	\$ 0.01
Weighted-Average Shares Outstanding	10,539,601	3,295,001	9,750,918	3,295,001

Interim Statement of Cash Flows

Canadian Funds

Unaudited

Cash Resources Provided By (Used In)	For the Three Months Ended 31 July		For the Nine Months Ended 31 July	
	2004	2003	2004	2003
Operating Activities				
Loss for the period	\$ (165,486)	\$ (14,389)	\$ (543,446)	\$ (32,021)
Items not affecting cash				
Stock-based compensation	102,628	-	391,606	-
Gain on forgiveness of debt	-	-	-	(12,133)
Net change in non-cash working capital				
GST receivable	(9,288)	(549)	(5,806)	(1,150)
Prepaid expenses	65,117	-	-	-
Accounts payable and accrued liabilities				
- trade	43,364	(1,020)	166,344	5,106
- related	(16,556)	11,466	5,391	29,011
	19,779	(4,492)	14,089	(11,187)
Investing Activities				
Resource property costs	(435,578)	-	(868,468)	-
Financing Activities				
Share subscriptions received	-	127,250	-	127,250
Shares issued for cash	-	-	2,129,301	-
	-	127,250	2,129,301	127,250
Net Increase (Decrease) in Cash	(415,799)	122,758	1,274,922	116,063
Cash position - Beginning of period	1,846,700	(1,103)	155,979	5,592
Cash Position - End of Period	\$ 1,430,901	\$ 121,655	\$ 1,430,901	\$ 121,655

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	\$ 102,628	\$ -	\$ 391,606	\$ -

- See Accompanying Notes -

Interim Schedule of Resource Property Costs

Canadian Funds

Unaudited

	For the Three Months Ended 31 July		For the Nine Months Ended 31 July	
	2004	2003	2004	2003
Direct - Mineral				
Rambo Property, Burkina Faso, West Africa				
Acquisition and option payments (Note 4)	\$ -	\$ -	\$ 94,017	\$ -
Assay	56,934	-	113,257	-
Camp and general	101,503	-	132,691	-
Consulting	5,063	-	5,063	-
Drilling	51,000	-	188,012	-
Geological	107,387	-	210,838	-
Lease, licenses and taxes	-	-	2,016	-
Local labour	36,225	-	48,593	-
Project management	2,063	-	2,063	-
Report preparation	20,993	-	25,630	-
Transportation	18,171	-	51,299	-
	399,339	-	873,479	-
Other Properties, West Africa				
Camp and general	1,613	-	1,613	-
Consulting and data acquisition	28,273	-	28,273	-
Geological	6,353	-	6,353	-
	36,239	-	36,239	-
Costs for the Period	435,578	-	909,718	-
Balance - Beginning of period	503,930	-	29,790	-
Balance - End of Period	\$ 939,508	\$ -	\$ 939,508	\$ -

Riverstone Resources Inc.

Notes to Interim Financial Statements

31 July 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

31 July 2004

Canadian Funds

Unaudited

4. Mineral Properties

Rambo Property, Burkina Faso, West Africa

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 (incurred).

(*) 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.

Other Properties, West Africa

During the period, the Company incurred costs on exploring additional properties in West Africa. These costs are being carried as other properties until such time as significant costs are expended on a specific property or a definitive project is established.

Details of cumulative expenditures are as follows:

	Acquisition	Exploration	31 July 2004	31 October 2003
Rambo property, West Africa	\$ 96,033	\$ 807,236	\$ 903,269	\$ 29,790
Other properties, West Africa	-	36,239	36,239	-
	<u>\$ 96,033</u>	<u>\$ 843,475</u>	<u>\$ 939,508</u>	<u>\$ 29,790</u>

Riverstone Resources Inc.

Notes to Interim Financial Statements

31 July 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:

	31 July 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	-	391,606	-	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	\$ 3,666,243	6,445,001	\$ 1,104,086

b) As at 31 July 2004, there were 554,715 (2003 - 616,350) performance shares held in escrow, which are being released over time according to TSX Venture Exchange policy.

c) At 31 July 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 31 July 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
5 May 2004	805,000	\$ 0.38	5 May 2009
	<u>1,855,000</u>		

The outstanding options have a weighted average exercise price of \$0.47 and a weighted-average remaining life of 4.45 years. As at 31 July 2004, 1,251,250 options had vested.

Notes to Interim Financial Statements

31 July 2004

Canadian Funds

Unaudited

5. Share Capital - continued

e) Stock-Based Compensation

During the period, the Company issued to its directors, officers, employees and consultants 440,000 stock options at an exercise price of \$1.10 per share, which vested immediately, and 805,000 stock options at an exercise price of \$0.38 per share, which vest over a period of 18 months. 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	75.85%
Risk-free interest rate	3.72%
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
1,245,000	641,250	\$0.46	\$391,606

6. Income Taxes

- a) The Company has incurred losses for income tax purposes of approximately \$924,000 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	561,000
	<u>\$ 924,000</u>

- b) The Company has approximately \$1,364,000 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

31 July 2004

Canadian Funds

Unaudited

7. Related Party Transactions

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

- a) Administration and management fees paid to directors and a company controlled by a director - \$39,230 (2003 - \$22,500).
- b) Office rent paid to a company controlled by a director - \$1,400 (2003 - \$1,800).
- c) Fees for office rent and services paid to a company with directors in common - \$12,000 (2003 - \$Nil).
- d) Geological consulting fees paid to a director - \$15,220 (2003 - \$Nil).

8. Segmented Information

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

	31 July 2004		
	Canada	Burkina Faso	Total
Assets	\$ 1,450,058	\$ 939,508	\$ 2,389,566

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

9. Subsequent Events

Subsequent to 31 July 2004, the Company:

- a) Granted 100,000 five-year employee stock options at an exercise price of \$0.32 per share;
 - b) Received cash proceeds of \$25,200 on the exercise of 140,000 share purchase warrants.
-

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
N/A							

b) Options granted:

Date Granted	Type of Security	Number	Exercise Price	Expiry Date
5 May 2004	Common	805,000	\$0.38	5 May 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
10,539,601	\$3,666,243

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
Options	805,000	\$ 0.38	5 May 2009

d) Shares subject to escrow or pooling agreements:

Number	Class of Shares
554,715	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

RIVERSTONE RESOURCES INC.
Report to Shareholders and
Management Discussion and Analysis
Of the Financial Position and Results of Operations
For the Third Quarter Ended July 31, 2004
Schedule "C"

The under-noted should be read in conjunction with the unaudited financial statements for the period ended July 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 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 (which has now been incurred) on the property.

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

Significant Events and Transactions

Effective May 1, 2004, the Company moved its offices to a new address, which it occupies on a month-to-month basis.

During the period, the Company granted a total of 805,000 incentive stock options to directors, consultants and employees pursuant to the Company's Stock Option Plan. The options are exercisable for a five year period at a price of \$0.38 and are subject to vesting provisions over the first eighteen months.

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 completed a drilling program on the Rambo property. Sixteen reverse circulation holes were drilled to test the east-west trending structural zone that passes through the Rambo pit. Fifteen of the holes encountered gold mineralization; eight holes had minor mineralization while seven of the holes encountered significant gold intercepts. Highlights include 12.0 metres grading 7.0 g/t in Hole RA-04-05, 6.0 metres grading 16.4 g/t in Hole RA-04-07, 7.5 metres grading 4.2 g/t in Hole RA-04-04 and 16.5 metres grading 4.5 g/t in Hole RA-04-01.

Significant intersections are presented in the table below.

HOLE NO.	FROM (metres)	TO (metres)	INTERVAL (metres)	ASSAY (g/t)
RA-04-01	48.0	64.5	16.5	4.5
	<i>incl.</i> 60.0	63.0	3.0	11.1
	<i>and</i> 73.5	75.0	1.5	13.9
RA04-02	63.0	84.0	21.0	1.2
	<i>and</i> 99.0	114.0	15.0	1.0
RA-04-04	63.0	70.5	7.5	4.2
	<i>incl.</i> 67.5	70.5	3.0	7.7
RA-04-05	87.0	99.0	12.0	7.0
	<i>incl.</i> 87.0	93.0	6.0	13.3
	<i>and</i> 123.0	132.0	9.0	1.7
RA-04-06	13.5	18.0	4.5	1.2
	36.0	37.5	1.5	1.0
RA-04-07	73.5	79.5	6.0	16.4
	<i>incl.</i> 73.5	75.0	1.5	62.3
RA-04-08	46.5	48.0	1.5	7.1

The sixteen holes were drilled on fences spaced 50 metres apart over a strike length of 350 metres. All of the holes encountered a sulphide-bearing structure characterized by abundant arsenopyrite and pyrite. The structure strikes generally east-west and is open in both directions. Drilling also defined a gold-bearing shoot within the sulphide-bearing structure. The shoot has an approximate strike length of 150 metres, an average width of about 11 metres and has been traced by drilling to a depth of 120 metres. The shoot is open for extension to the east and to depth.

At the end of the period, the Company commenced a diamond drilling program to further delineate the extent of the gold mineralization. The program has been completed and samples have been submitted for assay.

During the period, the Company continued to review and assess other mineral opportunities in West Africa.

Reporting Period

At the end of the third quarter under review, the Company had working capital of \$1,207,391 compared to \$1,705,827 at the end of the previous quarter and a working capital deficiency of \$175,042 at the end of the second quarter 2003. The change 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 \$165,486, which is comprised of \$21,730 for administration and management fees, \$16,655 for office and general, \$13,550 for professional and consulting fees, \$6,813 for filing and shareholder related costs, and \$8,435 for travel and promotional costs. The loss for the quarter was reduced as a result of receipt of interest income amounting to \$4,325 and increased by stock-based compensation of \$102,628.

Compared to the prior quarter ended April 30, 2004 and to the previous year's quarter ended July 31, 2003, general and administrative costs increased significantly. The majority of the increase is due to the recording of stock-based compensation relating to the granting of stock options, however, administration and management fees increased due to the increased level of exploration activity and work required to comply with regulatory matters relating to its recent financings, stock options, and escrow agreements. In addition, office rent and services increased as the Company moved its offices to a new location where it now receives office support services. Travel and promotion costs increased over the prior quarters due to the Company's attendance at two precious metals conferences.

The Company incurred resource property costs of \$435,578 during the third quarter as a result of exploration work on the Rambo gold property. This compares to \$327,764 incurred in the prior quarter. Current costs included \$107,934 for reverse circulation drilling and assaying charges and \$107,387 for surface geological work including trenching and geochemical surveys. Camp and general costs, including local labour costs, totaled \$139,791, reflecting the cost of operating in West Africa. Total costs for the quarter also include \$36,239 incurred on reconnaissance and data collection on other prospective properties in the West Africa region. The Company expects to be able to determine by the end of the fourth quarter whether or not it will pursue these properties further, or write off the related costs.

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 and management fees for the nine-month period of \$39,230 (Q3 2003 - \$22,500) and rent of \$1,400 (Q3 2003 - \$1,800) paid to a company controlled by a director of the Company. A new related party transaction for the current quarter includes fees for rent and office services of \$12,000 paid to a company with which the company shares directors in common. In addition, during the quarter, the Company paid consulting fees of \$15,220 to a director for geological work on the Rambo property. The increase in related party transactions over prior quarters is due to the fact that the Company relies on its directors and officers to provide much of the Company's professional and administrative support, therefore, with the increased activity of the Company during the period, such related party transactions have increased accordingly.

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. During the period, the Company entered into an agreement with Richard Roy, through his private company RR Communications, to assist in providing such information from the Company's offices.

Subsequent Events

Subsequent to the end of the period, the Company received \$25,200 from the exercise of 140,000 share purchase warrants.

Respectfully submitted
on behalf of the Board of Directors

"Michael D. McInnis"

Michael D. McInnis
President

September 27, 2004