

RIVERSTONE RESOURCES INC.

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INTERIM FINANCIAL STATEMENTS

30 April 2005

Unaudited

MANAGEMENT COMMENT

These interim financial statements of Riverstone Resources Inc. for the six months ended 30 April 2005 have been prepared by management and have not been subject to review by the Company's auditors.

Interim Balance Sheets

Canadian Funds

Unaudited

ASSETS	As at 30 April 2005	As at 31 October 2004
Current		
Cash and term deposits	\$ 131,163	\$ 885,334
GST receivable	19,390	27,509
Prepaid expenses	21,099	11,993
	171,652	924,836
Resource Property Costs – Schedule (Note 4)	2,444,279	1,525,274
	\$ 2,615,931	\$ 2,450,110
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
- trade	\$ 367,350	\$ 309,318
- related parties	19,945	-
	387,295	309,318
Continued Operations (Note 1)		
Commitments (Note 8)		
SHAREHOLDERS' EQUITY		
Share Capital (Note 5a)	3,550,648	3,291,998
Contributed Surplus (Note 5b)	562,228	441,521
Deficit - Statement 2	(1,884,240)	(1,592,727)
	2,228,636	2,140,792
	\$ 2,615,931	\$ 2,450,110

ON BEHALF OF THE BOARD:

"Michael D. McInnis"

_____, Director

"James Robertson"

_____, Director

- See Accompanying Notes -

Interim Statements of Loss and Deficit

Canadian Funds

Unaudited

	For the Three Months Ended 30 April		For the Six Months Ended 30 April	
	2005	2004	2005	2004
Indirect and Administrative				
Administration and management	\$ 31,500	\$ 7,500	\$ 63,000	\$ 15,000
Consulting	8,469	11,000	18,124	11,000
Foreign exchange loss (gain)	(507)	-	1,720	(1,832)
General exploration	-	-	335	-
Office and general	9,017	2,096	11,537	3,314
Professional	19,023	8,656	35,392	42,765
Rent and office services	12,000	-	24,000	-
Shareholder information	4,293	(514)	8,602	3,337
Stock-based compensation (Note 5f)	72,621	-	106,929	288,978
Stock exchange and filing fees	5,194	9,643	6,692	24,302
Transfer agent	2,704	752	4,396	4,914
Travel and promotion	8,931	1,202	13,431	1,202
Loss Before the Under-noted	173,245	40,335	294,158	392,980
Interest income	(899)	(9,872)	(2,645)	(15,020)
Loss for the Period	172,346	30,463	291,513	377,960
Deficit - beginning of period	1,711,894	1,323,395	1,592,727	975,878
Deficit – End of Period	\$ 1,884,240	\$ 1,353,858	\$ 1,884,240	\$ 1,353,858
Loss Per Share - Basic and Diluted	\$ 0.01	\$ 0.00	\$ 0.03	\$ 0.04
Weighted-Average Shares Outstanding	11,830,382	9,357,458	11,248,203	9,356,577

- See Accompanying Notes -

Interim Statements 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	
	2005	2004	2005	2004
Operating Activities				
Loss for the period	\$ (172,346)	\$ (30,463)	\$ (291,513)	\$ (377,960)
Item not affecting cash				
Stock-based compensation	72,621	-	106,929	288,978
	(99,725)	(30,463)	(184,584)	(88,982)
Net change in non-cash working capital				
GST receivable	16,763	8,446	8,119	3,482
Prepaid expenses	15,473	(10,514)	(9,106)	(65,117)
Accounts payable and accrued liabilities				
- trade	56,665	96,229	58,032	122,980
- related	8,442	22,161	19,945	21,947
	(2,382)	85,859	(107,594)	(5,690)
Investing Activities				
Resource property costs	(445,990)	(327,764)	(877,727)	(432,890)
Financing Activities				
Shares issued for cash	231,150	14,700	231,150	2,129,301
Net Increase (Decrease) in Cash	(217,222)	(227,205)	(754,171)	1,690,721
Cash position - beginning of period	348,385	2,073,905	885,334	155,979
Cash Position - End of Period	\$ 131,163	\$ 1,846,700	\$ 131,163	\$ 1,846,700

Schedule of Non-Cash Investing and
Financing Transactions

Shares issued for resource properties	\$ -	\$ -	\$ 27,500	\$ 27,500
Shares issued for finder's fee	\$ -	\$ -	\$ -	\$ 13,750
Stock-based compensation				
- contributed surplus	\$ 72,621	\$ -	\$ 106,929	\$ 288,978
Stock-based compensation recorded for resource properties	\$ 10,532	\$ -	\$ 13,778	\$ -

- See Accompanying Notes -

Interim Schedules of Resource Property Costs

Canadian Funds

Unaudited

	For the Three Months Ended 30 April		For the Six Months Ended 30 April	
	2005	2004	2005	2004
Direct – Mineral				
Burkina Faso, West Africa				
Rambo Property				
Acquisition and option payments (Note 4a)	\$ -	\$ -	\$ 89,090	\$ 94,017
Camp and general	53,362	27,608	79,278	31,188
Consulting	937	-	2,437	-
Drilling	1,214	117,664	1,214	137,012
Geochemical and assay	-	56,323	27	56,323
Geological	14,951	79,766	38,278	103,451
Lease, licenses and taxes	-	2,016	-	2,016
Local labour	(735)	12,368	10,117	12,368
Project management	879	-	5,014	-
Report preparation	556	1,920	1,139	4,637
Stock-based compensation (Note 5f)	10,532	-	13,778	-
Transportation	5,705	30,099	6,557	33,128
	87,401	327,764	246,929	474,140
Liquidi Malguem Property				
Acquisition and option payments (Note 4b)	12,663	-	66,779	-
Camp and general	103,155	-	137,810	-
Consulting	3,469	-	7,965	-
Geochemical and assay	40,228	-	116,597	-
Geological	51,432	-	90,472	-
Lease, licenses and taxes	1,398	-	1,398	-
Local labour	14,788	-	25,614	-
Project management	2,669	-	7,584	-
Report preparation	84	-	280	-
Transportation	21,102	-	23,294	-
	250,988	-	477,793	-
Solna Property				
Camp and general	43,789	-	60,571	-
Consulting	3,281	-	5,717	-
Geochemical and assay	9,331	-	17,972	-
Geological	31,378	-	53,774	-
Lease, licenses and taxes	-	-	2,414	-
Local labour	8,233	-	19,059	-
Project management	1,735	-	5,067	-
Report preparation	-	-	133	-
Transportation	18,309	-	19,221	-
	116,056	-	183,928	-
Balances Carried Forward	\$ 454,445	\$ 327,764	\$ 908,650	\$ 474,140

- See Accompanying Notes -

Interim Schedules of Resource Property Costs

Canadian Funds

Unaudited

	For the Three Months Ended 30 April		For the Six Months Ended 30 April	
	2005	2004	2005	2004
Balances Brought Forward	\$ 454,445	\$ 327,764	\$ 908,650	\$ 474,140
Direct – Mineral				
Burkina Faso, West Africa				
Other Properties				
Camp and general	1,796	-	2,597	-
Geochemical and assay	41	-	41	-
Geological	240	-	2,165	-
Lease, licenses and taxes	-	-	5,552	-
	2,077	-	10,355	-
Costs for the Period	456,522	327,764	919,005	474,140
Balance - beginning of period	1,987,757	176,166	1,525,274	29,790
Balance - End of Period	\$ 2,444,279	\$ 503,930	\$ 2,444,279	\$ 503,930

- See Accompanying Notes -

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2005

Canadian Funds

Unaudited

1. Continued Operations

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The ability to continue as a going concern is dependent upon its ability to generate profitable operations in the future and/or obtain additional financing. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

2. Significant Accounting Policies and Basis of Presentation

These unaudited interim 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 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 audited financial statements including the notes thereto for the year ended 31 October 2004. All financial information presented herein is unaudited.

Certain of the comparative figures have been reclassified to conform to the current period's presentation.

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 value. The Company maintains only small balances of cash in foreign currencies, which it uses to fund its foreign projects. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

Notes to Interim Financial Statements

30 April 2005

Canadian Funds

Unaudited

4. Resource Properties

a) Rambo Property, Burkina Faso, West Africa

The Company has signed an agreement 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	-
	\$ 240,000	250,000	\$ 500,000

The Company has made all cash payments and share issuances as required to 31 December 2004. In addition, the Company has satisfied all exploration expenditure requirements under the agreement. As part of the acquisition, the company issued 25,000 shares as a finder's fee.

b) Liquidi Malguem Property, Burkina Faso, West Africa

During the period, the Company signed an agreement to acquire an 80% interest in the Liquidi Malguem property located in Burkina Faso, West Africa. At its option, the Company may earn its interest by completing cash payments to the optionors and approximate minimum exploration expenditures as follows:

	Cash Payment U.S. Funds	Exploration Expenditures U.S. Funds
Upon signing of the agreement (<i>paid</i>)	\$ 45,000	\$ -
On or before 31 December 2004 (<i>completed</i>)	-	85,000
On or before 1 November 2005 (<i>\$10,000 paid</i>)	20,000	-
On or before 31 December 2005	-	125,000
On or before 1 November 2006	30,000	-
	\$ 95,000	\$ 210,000

Upon earning its interest, the Company and the optionor will form a joint venture, which will include standard dilution clauses. If either party is reduced to a 10% interest, the interest will revert to a 2% net smelter return royalty. The property is subject to a standard government 10% carried production interest.

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2005

Canadian Funds

Unaudited

4. Resource Properties - continued

c) Solna Property, Burkina Faso, West Africa

During the period, the Company acquired a government exploration permit granting the Company a 100% interest in the Solna property located in Burkina Faso, West Africa. The property is subject to a standard government 10% carried production interest.

d) Details of cumulative expenditures are as follows:

	Acquisition	Exploration	30 April 2005	31 October 2004
Rambo	\$ 185,123	\$ 1,580,851	\$ 1,765,974	\$ 1,519,045
Liquidi Malguem	67,996	411,014	479,010	1,217
Solna	-	188,940	188,940	5,012
Other properties	-	10,355	10,355	-
	\$ 253,119	\$ 2,191,160	\$ 2,444,279	\$ 1,525,274

5. Share Capital

During the period, the Company passed a special resolution to increase its authorized share capital from 100,000,000 common shares without par value to an unlimited number of common shares without par value.

a) Share issuance details are as follows:

	30 April 2005		31 October 2004	
	Shares	Amount	Shares	Amount
Balance - beginning of period	10,679,601	\$ 3,291,998	6,445,001	\$ 1,096,247
Private placement	-	-	4,000,000	2,200,000
Share issuance costs	-	-	-	(85,399)
Shares issued for property (Note 4a)	50,000	27,500	50,000	27,500
Shares issued for finder's fee (Note 4a)	-	-	25,000	13,750
Shares issued on exercise of options	105,000	14,700	-	-
Shares issued on exercise of warrants	1,747,500	216,450	159,600	39,900
Balance - end of period	12,582,101	\$ 3,550,648	10,679,601	\$ 3,291,998

b) Contributed Surplus

Details are as follows:

	30 April 2005	31 October 2004
Balance - beginning of period	\$ 441,521	\$ 7,839
Stock-based compensation (Note 5f)	120,707	433,682
Balance - end of period	\$ 562,228	\$ 441,521

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2005

Canadian Funds

Unaudited

5. Share Capital - continued

- c) As at 30 April 2005, there were 369,811 (2004 – 616,350) shares held in escrow, which are being released over time according to TSX Venture Exchange policy.
- d) As at 30 April 2005, the Company had share purchase warrants outstanding entitling the holder to purchase the following:

Shares	Exercise Price	Expiry Date
477,500	\$ 0.12	31 July 2005
75,000	\$ 0.15	15 August 2005
<u>205,850</u>	<u>\$ 0.75</u>	<u>23 June 2005</u>
<u>758,350</u>		

- e) As at 30 April 2005, the Company had stock options outstanding as follows:

Grant Date	Number	Exercise Price	Expiry Date
19 August 2003	505,000	\$ 0.14	19 August 2008
12 January 2004	440,000	\$ 0.40	12 January 2009
5 May 2004	805,000	\$ 0.38	5 May 2009
1 September 2004	100,000	\$ 0.32	1 September 2009
13 April 2005	<u>180,000</u>	<u>\$ 0.40</u>	<u>13 April 2009</u>
	<u>2,030,000</u>		

The outstanding options have a weighted-average exercise price of \$0.32 and a weighted-average remaining life of 3.79 years. As at 30 April 2005, 1,648,125 of these options had vested.

f) Stock-Based Compensation

For the periods ended 30 April, the Company granted stock options to its directors, officers and employees and estimated stock-based compensation as follows:

	2005	2004
Total options granted	<u>180,000</u>	<u>440,000</u>
Average exercise price	\$ 0.40	\$ 1.10
Estimated fair value of compensation	\$ 49,999	\$ 288,978
Estimated fair value per option	\$ 0.28	\$ 0.66

During the period, the Company re-priced 440,000 options from an exercise price of \$1.10 per share to an exercise price of \$0.40 per share. All other terms of the grant remain unchanged. Incremental stock-based compensation relating to these options has been estimated at \$32,058.

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2005

Canadian Funds

Unaudited

5. Share Capital - continued

f) Stock-Based Compensation - continued

The fair value of the stock-based compensation to be recognized in the accounts has been estimated using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions:

	2005	2004
Risk-free interest rate	3.50%	3.80%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	95.04%	74.85%
Expected option life in years	4.11	5.00

The Company has recorded stock-based compensation for options that vested during the period as follows:

	2005	2004
Number of options vested in period	711,250	440,000
Stock-based compensation expense	\$ 106,929	\$ 288,978
Capitalized to mineral properties	13,778	-
Total compensation recognized for the period	120,707	288,978
Transfer to share capital – options exercised	-	-
Net addition to contributed surplus for the period	\$ 120,707	\$ 288,978

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimated, and therefore it is management's view that the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock option grants.

6. 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 companies controlled by directors - \$63,000 (2004 - \$15,000);
 - b) Rent and office services fees paid to a company with directors in common - \$24,000 (2004 - \$Nil);
 - c) Graphic design and drafting fees paid to parties related to directors - \$3,875 (2004 - \$Nil).
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Notes to Interim Financial Statements

30 April 2005

Canadian Funds

Unaudited

7. Income Taxes

- a) The Company has incurred losses for income tax purposes of approximately \$592,000 that 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	229,000
	\$ 592,000

- b) The Company has approximately \$1,913,000 of resource related expenditures that 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.

8. Commitments

The Company has management services agreements with two of its directors that call for an aggregate of \$8,000 per month. The contracts are for rolling two-year terms that renew automatically each year, unless otherwise terminated or altered by mutual consent. Should the Company terminate these contracts without cause, it would become liable for the total amounts payable under the contracts for the remaining terms.

9. 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.

	30 April 2005		
	Canada	Burkina Faso	Total
Assets	\$ 138,951	\$ 2,476,980	\$ 2,615,931

	31 October 2004		
	Canada	Burkina Faso	Total
Assets	\$ 924,836	\$ 1,525,274	\$ 2,450,110

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2005

Canadian Funds

Unaudited

10. Subsequent Events

Subsequent to 30 April 2005, the Company:

- a) arranged a brokered private placement of up to 4,000,000 units of the Company at a price of \$0.30 per unit for gross proceeds of up to \$1,200,000. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company for a price of \$0.36 per share for up to twelve months following the closing of the offering. The agent will receive a cash commission of 6.5% and broker options equal to 8% of the number of units sold. Each broker option will entitle the agent to purchase one unit under the same terms as the offered units for a period of twelve months following completion of the offering.

The Company closed the first tranche of the private placement and issued 3,356,669 units for gross proceeds of \$1,007,000. The agreement was subsequently terminated;

- b) announced a non-brokered private placement of up to 500,000 units of the Company at a price of \$0.30 per unit for gross proceeds of up to \$150,000. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company for a price of \$0.36 per share for up to twelve months following the closing of the offering.
-