

RIVERSTONE RESOURCES INC.

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INTERIM FINANCIAL STATEMENTS

31 JANUARY 2006

Unaudited

MANAGEMENT COMMENT

These interim financial statements of Riverstone Resources Inc. for the three months ended 31 January 2006 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 31 January 2006	As at 31 October 2005
Current		
Cash and term deposits	\$ 352,283	\$ 97,036
GST receivable	43,220	37,734
Prepaid expenses	12,239	11,932
	407,742	146,702
Resource Property Costs – Schedule (Note 4)	3,546,066	3,304,973
Plant and Equipment (Note 5)	8,287	8,959
	\$ 3,962,095	\$ 3,460,634
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
- trade and other	\$ 261,110	\$ 230,533
- related parties	79,681	53,898
Share subscriptions received (Note 6a)	395,000	-
Loan payable (Note 10)	90,000	-
	825,791	284,431
Continued Operations (Note 1)		
Commitments (Note 9)		
SHAREHOLDERS' EQUITY		
Share Capital (Note 6a)	4,705,754	4,660,254
Contributed Surplus (Note 6b)	691,829	654,300
Deficit - Statement 2	(2,261,279)	(2,138,351)
	3,136,304	3,176,203
	\$ 3,962,095	\$ 3,460,634

ON BEHALF OF THE BOARD:

"Michael D. McInnis"

_____, Director

"James Robertson"

_____, Director

- See Accompanying Notes -

Interim Statements of Loss and Deficit

For the Three Months Ended 31 January

Canadian Funds

Unaudited

	2006	2005
General and Administrative		
Administration and management fees	\$ 24,000	\$ 31,500
Amortization	672	-
Consulting fees	8,425	9,655
Foreign exchange loss	387	2,227
Interest and financing (Note 10)	18,651	-
General exploration	-	335
Office and general	1,831	2,520
Professional	7,500	16,369
Rent and office services	12,000	12,000
Shareholder information	193	4,309
Stock-based compensation (Note 6f)	37,353	34,308
Stock exchange and filing fees	3,915	1,498
Transfer agent	2,197	1,692
Travel and promotion	5,804	4,500
	<u>122,928</u>	<u>120,913</u>
Loss for the Period Before the Under-Noted		
Interest income	-	(1,746)
	<u>122,928</u>	<u>119,167</u>
Loss for the Period	122,928	119,167
Deficit - beginning of period	<u>2,138,351</u>	<u>1,592,727</u>
Deficit - End of Period	\$ 2,261,279	\$ 1,711,894
Loss Per Share – Basic and Diluted	\$ 0.01	\$ 0.01
Weighted-Average Number of Shares Outstanding	17,024,205	10,705,144

- See Accompanying Notes -

Interim Statements of Cash Flows

For the Three Months Ended 31 January

Canadian Funds

Unaudited

Cash Resources Provided By (Used In)	2006	2005
Operating Activities		
Loss for the period	\$ (122,928)	\$ (119,167)
Items not affecting cash		
Amortization	672	-
Shares issued for loan bonus	18,000	-
Stock-based compensation	37,353	34,308
	<u>(66,903)</u>	<u>(84,859)</u>
Net change in non-cash working capital		
GST receivable	(5,486)	(8,644)
Prepaid expenses	(307)	(24,579)
Accounts payable and accrued liabilities		
- trade	(26,491)	1,367
- related	25,783	11,503
	<u>(73,404)</u>	<u>(105,212)</u>
Investing Activities		
Resource property costs	<u>(156,349)</u>	<u>(431,737)</u>
Financing Activities		
Share subscription received	395,000	-
Loan payable proceeds	90,000	-
	<u>485,000</u>	<u>-</u>
Net Increase (Decrease) in Cash	<u>255,247</u>	<u>(536,949)</u>
Cash position - beginning of period	97,036	885,334
Cash Position - End of Period	<u>\$ 352,283</u>	<u>\$ 348,385</u>

Supplemental Schedule of Non-Cash Investing and Financing Transactions

Shares issued for resource property	\$ 27,500	\$ 27,500
Stock-based compensation recorded for resource properties	\$ 176	\$ 3,246
Change in accounts payable – resource property costs	\$ 57,068	\$ -

- See Accompanying Notes -

Interim Schedules of Resource Property Costs

For the Three Months Ended 31 January

Canadian Funds

Unaudited

	2006		2005
Burkina Faso, West Africa			
Rambo Property			
Acquisition and option payments	\$ 27,500	\$	89,090
Assay and geochemical	-		27
Camp and general	27,153		25,916
Consulting	-		1,500
Geological	38,090		23,327
Local labour	-		10,852
Project management	2,501		4,135
Report preparation	-		583
Stock-based compensation (Note 6f)	176		3,246
Transportation	3,140		852
	98,560		159,528
Liquidi Malguem Property			
Acquisition and option payments	-		54,116
Assay and geochemical	-		76,369
Camp and general	14,246		34,655
Consulting	-		4,496
Geological	17,899		39,040
Local labour	-		10,826
Project management	1,391		4,915
Report preparation	-		196
Transportation	923		2,192
	34,459		226,805
Solna Property			
Assay and geochemical	-		8,641
Camp and general	19,489		16,782
Consulting	-		2,436
Geological	29,509		22,396
Lease, licenses and taxes	-		2,414
Local labour	-		10,826
Project management	1,552		3,332
Report preparation	-		133
Transportation	151		912
	50,701		67,872
Balances Carried Forward	\$ 183,720	\$	454,205

- See Accompanying Notes -

Interim Schedules of Resource Property Costs

For the Three Months Ended 31 January

Canadian Funds

Unaudited

	2006	2005
Balances Brought Forward	\$ 183,720	\$ 454,205
Burkina Faso, West Africa - Continued		
Kao Property, Burkina Faso		
Camp and general	9,771	-
Geological	12,630	-
Project management	1,188	-
Transportation	258	-
	<u>23,847</u>	-
Yaramoko Property		
Camp and general	7,010	-
Geological	11,840	-
Project management	236	-
Transportation	293	-
	<u>19,379</u>	-
Other Properties		
Camp and general	5,031	801
Geological	-	1,925
Lease, licenses and taxes	9,116	5,552
	<u>14,147</u>	8,278
Costs for the Period	241,093	462,483
Balance - beginning of period	<u>3,304,973</u>	<u>1,525,274</u>
Balance - End of Period	\$ 3,546,066	\$ 1,987,757

Riverstone Resources Inc.

Notes to Interim Financial Statements

31 January 2006

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.

Several adverse conditions cast doubt upon the validity of this assumption. The Company has incurred significant operating losses over the past several fiscal years, is currently unable to self-finance operations, has a working capital deficiency of \$418,049, and an accumulated deficit of \$2,261,279. 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 (*Note 12a*).

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 2005. All financial information presented herein is unaudited.

3. Financial Instruments

The fair values of the Company's cash and term deposits, GST receivable, accounts payable, subscriptions received, and loan payable are estimated to approximate their carrying values due to their short-term maturity or capacity of prompt liquidation. 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

31 January 2006

Canadian Funds

Unaudited

4. Mineral Properties

a) 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 (<i>paid</i>)	\$ 5,000	-	\$ -
Upon regulatory approval (<i>paid, issued</i>)	35,000	50,000	-
On or before 15 December 2004 (<i>paid, issued</i>)	50,000	50,000	150,000
On or before 15 December 2005 (<i>i</i>)	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>

(i) The Company has made all share issuances as required to 15 December 2005 and has paid US\$15,000 of the US\$50,000 due by 15 December 2005. The optionor has agreed to defer payment of the balance of US\$35,000 amount until a later date. In addition, the Company has satisfied all exploration expenditure requirements under the agreement.

b) Liquidi Malguem Property, Burkina Faso, West Africa

During the year, 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>paid</i>)	20,000	-
On or before 31 December 2005 (<i>completed</i>)	-	125,000
On or before 1 November 2006	30,000	-
	<u>\$ 95,000</u>	<u>\$ 210,000</u>

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

31 January 2006

Canadian Funds

Unaudited

4. Mineral Properties - continued

c) **Other Properties, West Africa**

The Company has acquired government exploration permits granting the Company, through a third party, a 100% interest in the Solna, Kao, and Yaramoko properties located in Burkina Faso, West Africa. The permits are held in trust for the Company by a Burkina Faso resident associated with the Company. The properties are subject to a standard government 10% carried production interest. The Company has also incurred costs on exploring additional properties in West Africa including the Yantara and Teyango permits. These costs are being carried as Other Properties until such time as significant costs are expended on a specific property and a definitive acquisition agreement is established.

d) Details of cumulative expenditures are as follows:

	Acquisition	Exploration	31 January 2006	31 October 2005
Rambo	\$ 210,676	\$ 1,909,853	\$ 2,120,529	\$ 2,021,969
Liquidi Malguem	79,989	683,949	763,938	729,479
Solna	-	276,851	276,851	226,150
Kao	-	199,038	199,038	175,191
Yaramoko	-	161,927	161,927	142,548
Other properties	-	23,783	23,783	9,636
	<u>\$ 290,665</u>	<u>\$ 3,255,401</u>	<u>\$ 3,546,066</u>	<u>\$ 3,304,973</u>

5. Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization	31 January 2006	31 October 2005
Computer equipment	\$ 9,784	\$ 1,497	\$ 8,287	\$ 8,959

6. Share Capital

The authorized share capital of the company consists of an unlimited number of common shares without par value.

a) Share issuance details are as follows:

	2006		2005	
	Shares	Amount	Shares	Amount
Balance - beginning of period	16,991,270	\$ 4,660,254	10,679,601	\$ 3,291,998
Shares issued for property (Note 4a)	50,000	27,500	50,000	27,500
Shares issued for loan bonus (Note 10)	90,000	18,000	-	-
Balance - end of period	<u>17,131,270</u>	<u>\$ 4,705,754</u>	<u>10,729,601</u>	<u>\$ 3,319,498</u>

Riverstone Resources Inc.

Notes to Interim Financial Statements

31 January 2006

Canadian Funds

Unaudited

6. Share Capital - Continued

a) *Continued*

During the period, the Company announced its intention to raise \$465,000 through a private placement, for which subscriptions totalling \$395,000 were received prior to 31 January 2006. This amount has been presented in these financial statements as a current liability, and will be reclassified to share capital upon completion of the private placement (Note 12a).

b) **Contributed Surplus**

Details are as follows:

	2006		2005
Balance - beginning of period	\$ 654,300	\$	441,521
Stock-based compensation (Note 6f)	37,529		37,554
Balance - end of period	\$ 691,829	\$	479,075

c) As at 31 January 2006, there were 277,359 (2005 – 462,263) shares held in escrow, which are being released over time according to TSX Venture Exchange policy.

d) As at 31 January 2006, the Company had share purchase warrants outstanding entitling the holder to purchase the following:

Shares	Exercise Price	Expiry Date
1,812,603	\$ 0.36	9 June 2006
268,534	\$ 0.30	9 June 2006
250,000	\$ 0.36	12 July 2006
<u>2,331,137</u>		

e) As at 31 January 2006, 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	180,000	\$ 0.40	13 April 2010
28 Sept 2005	60,000	\$ 0.35	28 September 2010
26 Jan 2006	500,000	\$ 0.26	26 January 2011
	<u>2,590,000</u>		

The outstanding options have a weighted-average exercise price of \$0.31 and a weighted-average remaining life of 3.51 years. As at 31 January 2006, 2,097,500 of these options had vested.

Notes to Interim Financial Statements

31 January 2006

Canadian Funds

Unaudited

6. Share Capital - continued

f) Stock-Based Compensation

For the periods ended 31 January, the Company issued stock options to its directors, officers and employees and estimated stock-based compensation as follows:

	<u>2006</u>		<u>2005</u>
Total options granted	500,000		-
Average exercise price	\$ 0.26	\$	-
Estimated fair value of compensation	\$ 96,478	\$	-
Estimated fair value per option	\$ 0.19	\$	-

During the period, the Company announced its intention to re-price 345,000 options from \$0.40 to \$0.26 per share, which is subject to shareholder approval (*Note 12b*).

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:

	<u>2006</u>		<u>2005</u>
Risk-free interest rate	4.01%		-
Expected dividend yield	0.00%		-
Expected stock price volatility	95.54%		-
Expected option life in years	5.00		-

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

	<u>2006</u>		<u>2005</u>
Number of options vested in period	268,125		113,125
Stock-based compensation expense	\$ 37,353	\$	34,308
Capitalized to mineral properties	176		3,246
Total compensation recognized for the period	37,529		37,554
Transfer to share capital – options exercised	-		-
Net addition to contributed surplus for the period	\$ 37,529	\$	37,554

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.

Riverstone Resources Inc.

Notes to Interim Financial Statements

31 January 2006

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 companies controlled by directors - \$24,000 (2005 - \$31,500);
- b) rent and office services fees paid to a company with directors in common - \$12,000 (2005 - \$12,000);
- c) graphic design and drafting fees paid to parties related to directors \$300 (2005 - \$2,750).

8. Income Taxes

- a) The Company has incurred non-capital losses for income tax purposes of approximately \$913,000 that may be used to reduce future taxable income and expire as follows:

Year of Expiry	Amount
2006	\$ 11,000
2007	13,000
2008	94,000
2009	118,000
2010	116,000
2014	229,000
2015	332,000
	<hr/>
	\$ 913,000

- b) The Company has approximately \$3,673,000 of resource related expenditures that may be carried forward indefinitely and used to reduce prescribed taxable income in future years.
- c) The Company has taken a full valuation allowance against these losses and expenditures and, therefore, the potential future tax benefits arising therefrom have not been recognized in these financial statements.

9. 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.

Riverstone Resources Inc.

Notes to Interim Financial Statements

31 January 2006

Canadian Funds

Unaudited

10. Loan Payable

During the period, the Company arranged a \$90,000 bridge financing loan from a director and parties related to directors to fund short-term working capital needs. The loan bears interest at 6% per annum and is due 15 December 2006. The Company also issued 90,000 bonus shares at a deemed value of \$0.20 per share in consideration of the loan (*Note 6*).

11. 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.

	2006		
	Canada	Burkina Faso	Total
Assets	\$ 391,253	\$ 3,570,842	\$ 3,962,095

	2005		
	Canada	Burkina Faso	Total
Assets	\$ 421,110	\$ 1,987,757	\$ 2,408,867

12. Subsequent Events

Subsequent to 31 January 2006, the Company:

- completed a non-brokered private placement of 2,325,000 units at a price of \$0.20 for gross proceeds of \$465,000. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.30 until 2 February 2007;
 - received shareholder approval to reduce the exercise price of 345,000 director and consultant stock options from \$0.40 to \$0.26 with all other terms of the grant remaining unchanged; and
 - granted 250,000 five-year stock options at an exercise price of \$0.34 per share to an investor relations consultant;
 - entered into an option agreement to acquire a 90% interest in the Tangapella and Sabila properties in Burkina Faso. The agreement calls for cash payments totalling US\$140,000 over three years and requires the Company to incur exploration expenditures of approximately \$250,000 per year for three years.
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RIVERSTONE RESOURCES INC.
Report to Shareholders and
Management Discussion and Analysis
of the Financial Position and Results of Operations
for the First Quarter Ended January 31, 2006

March 28, 2006

TO OUR SHAREHOLDERS:

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited financial statements of the Company and the notes thereto for the three months ended January 31, 2006. 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 January 31, 2006 unaudited financial statements and the audited annual financial statements for the year ended October 31, 2005 and related notes therein, which have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied.

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 13 mineral permits in Burkina Faso, West Africa. Four of the Company's properties are subject to option agreements and net smelter return royalties, while other properties are held in the form of government exploration permits in trust for the Company. All of the properties are subject to a standard Government 10% carried production interest. All property transactions have been conducted on an arm's length basis between the Company and the vendors.

The Rambo, Liquidi Malguem, Solna, Kao, and Yaramoko gold properties are the primary exploration properties held by the Company. In addition, the Company has recently acquired interests in a further eight permits and is actively seeking additional properties for acquisition and exploration and development – see *Subsequent Events*.

SIGNIFICANT EVENTS AND TRANSACTIONS

The Company announced the resignation of one director and the appointment of two new directors, Gregory Isenor P. Geo., past president of Jilbey Gold Exploration prior to its merger with High River Gold Mines, and Alvin Jackson, P. Geo., previously President and Chief Operating Officer with EuroZinc Mining Corporation.

In addition, on January 26, 2006, the Company granted directors a total of 500,000 five-year incentive stock options at an exercise price of \$0.26 per share.

MINERAL EXPLORATION

Rambo Permit

The Rambo permit is located in the north-eastern part of Burkina Faso and is contiguous with Golden Star Resource's Goulagou project. The permit comprises 150 square kilometres in area and covers six known areas of artisanal workings. The main Rambo artisanal pit consists of a 60 metre by 40 metre oval pit, which is about 15 metres deep. Diamond drilling by a former operator near the pit returned values

including 20.03 grams per tonne ("g/t") gold over 15.79 metres, 4.29 g/t over 18.0 metres and 2.89 g/t over 15.0 metres.

Previous drilling by the Company has identified a gold-bearing shoot within a sulphide-bearing structure. The shoot has an approximate strike length of 150 metres, has an average true thickness of about 11 metres and has been traced by drilling to a depth of 120 metres. Highlights of previous work by the Company include 12.0 metres grading 7.0 g/t; 6.0 metres grading 16.4 g/t; 7.5 metres grading 4.2 g/t; and 16.5 metres grading 4.5 g/t, 5.05 metres grading 2.16 g/t, and 8.77 metres grading 1.26 g/t (including 3.00 metres grading 2.85 g/t). The holes were drilled on fences spaced 50 metres apart over a strike length of 350 metres. The mineralized structure strikes generally east-west and is open in both directions and to depth.

Work completed to date has also included prospecting and rock sampling in several new artisanal sites. Rock sampling at the Bonguirga site, a new artisanal site located about 500 metres northeast of the Rambo mineralized zone, returned impressive gold values in rock samples. Two selected samples of quartz vein material from the site assayed 394.8 g/t gold and 66.8 g/t gold.

There was very little field work conducted in the current quarter, however, further work is planned for 2006.

Liguidi Malguem Permit

The Company has entered into an agreement to acquire an 80% interest in the Liguidi Malguem mineral permit in Burkina Faso. The permit covers an area of 225 square kilometres and is located 125 kilometres southeast of Ouagadougou, the capital of Burkina Faso, and 50 kilometres southeast of the Bombore property presently being explored by Orezone Resources Inc. The Company has completed a geochemical survey over most of the property together with a program of geological mapping and rock sampling which has confirmed an extensive area with gold values in soils generally over 15 parts per billion ("ppb"), covering an area approximately 13 kilometres in length and 3 kilometres in width.

Within this area are several anomalous zones where soil gold values are generally over 50 ppb and as high as 2,600 ppb. The largest of these covers an area approximately 4 kilometres in length and up to 2 kilometres in width. Several other anomalous zones are at least 1 kilometre long and up to 1 kilometre in width. Assay results of the first 79 rock samples taken in the larger grid area showed 26 samples with higher values of between 100 ppb and 500 ppb and a further 8 samples between 1.3 g/t and 12.0 g/t gold.

While limited exploration work has been completed in the current quarter, previous work has identified three specific target areas - the Three Hills area near the centre of the permit, the Wayalguin area to the north-east and the Dassoui area to the south-west. The existence of artisanal gold workings is widespread in the area.

At Three Hills, an exposed area of schist with disseminated sulphide minerals and sulphide-bearing quartz veinlets appears similar to the gold-bearing schist horizon at Jilbey Gold's (now High River Gold) Bissa deposit. Previous trenching across one of the anomalies returned two zones of significant gold mineralization. Zone 1 showed 18 metres grading 1.45 g/t gold, including 10.5 metres at 2.01 g/t gold and Zone 2 showed a further 18 metres grading 1.53 g/t gold and including 7.5 metres at 2.26 g/t gold. Previous reverse circulation drilling at two of the four known gold anomalies at Three Hills returned significant results including 16.50 metres grading 1.25 g/t gold. The drilling has validated the initial geochemical work, and further exploration work is warranted.

Wayalguin is located approximately two kilometres east of the Three Hills prospect, and previous work on this permit has focused on the area surrounding two artisanal workings. The zone is underlain by Tarkwaian metasediments, which locally bear sulphide minerals. Trench sampling has indicated at least one broader interval of approximately 6 metres with an average grade of 2 g/t gold, which included samples of 8.3 g/t gold over 0.7 metres and 3.5 g/t gold over 1.5 metres. This mineralization is related to an east-west trending, moderately north dipping structure. Previous drilling across the eastern portion of

an 800 metre long geochemical anomaly encountered 2.22 g/t gold over 6.0 metres and 1.86 g/t gold over 4.5 metres. Two holes intersected several narrow intervals (1.5 metres) grading about 1.0 g/t gold.

The main Dassoui zone covers a 4 kilometre by 1 kilometre area surrounding four artisanal sites where gold has been recovered from quartz veins and stockwork veinlets. The soil geochemical survey identified multiple zones anomalous in gold and up to 2 kilometres in length trending generally in a south west-north east direction. The Dassoui area has not yet been tested by drilling.

Kao Permit

The Kao permit is contiguous with the south side of the Rambo permit. Previous work completed on this permit is comprised of grid soil sampling, rock sampling and prospecting. Soil sampling in areas of new artisanal workings has outlined one very strong gold anomaly, with dimensions of about 1 kilometre by 2 kilometres within the +10 ppb gold contour. Peak soil values range from 270 to 1,460 ppb gold. Two other slightly smaller anomalies have been delineated elsewhere on the permit. Several rock samples collected from scattered areas of artisanal workings returned very encouraging gold values. Among these are numerous samples grading greater than 0.5 g/t gold, with two notable samples, from different areas, grading 10.1 g/t and 13.1 g/t gold. Limited work was completed in the current quarter, however, further exploration is planned for 2006.

Yaramoko Permit

This permit is located approximately 200 kilometres west-southwest of Ouagadougou. Previous work on this property has been concentrated on mapping, soil sampling, prospecting and rock sampling. Several rock samples from scattered areas on the permit have returned significant results, including 16 samples with values ranging from 1.0 g/t 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 wide by 3.5 kilometres long and covers an area with numerous active workings. This and several smaller anomalous areas require follow-up in the coming year.

Solna Permit

The Solna Permit, covering approximately 160 square kilometres, is located in eastern Burkina Faso about 250 kilometres north-east of Ouagadougou. Gold mineralization is hosted in a zone of numerous quartz and quartz-tourmaline veins cutting foliated and sheared rocks of the Sebba greenstone belt, which is part of the lower Proterozoic Birimian greenstone sequence that hosts most of the major gold deposits in West Africa. Solna is approximately 75 kilometres west of the Samira Hill gold mine of Etruscan Resources where a resource of 2 million ounces of gold has been announced. It has been reported that Samira Hill expected to produce 120,000 ounces of gold in 2005.

Minimal work at Solna was completed in the current quarter, however, previous exploration confirms a significant area that is anomalous in gold values in both soil and rock chip samples. The main soils anomaly identified to date extends at least 2 kilometres in length and averages approximately 250 metres in width, with gold values in soils in excess of 100 ppb and ranging up to approximately 1.3 g/t gold. In addition, a parallel secondary mineralized corridor lies outside this main anomalous zone.

Within these areas, rock chip samples ranged from several parts per billion gold to as high as 8.3 g/t gold, including values of 6.7 g/t, 6.8 g/t and 7.8 g/t gold. A total of 143 rock samples have been taken at Solna, of which over 20% showed gold values of greater than 1.0 g/t gold, including 17% greater than 2.0 g/t gold. Artisanal gold workings are also evident within the areas.

Two trenches spaced about 150 metres apart within the geochemical anomaly returned significant gold values including 15 metres grading 4.5 g/t gold (including 7.5 metres grading 7.3 g/t gold), 2.84 g/t gold, a further 6 metres grading 1.18 g/t gold, and a further 3 metres grading 1.44 g/t gold. Further work is planned in 2006.

RESULTS OF OPERATIONS

The loss for the three-month period was \$122,928, which is consistent with the loss of \$119,167 for the same quarter of the previous year. Significant items comprising the current loss include \$24,000 in administration and management fees, \$18,651 for interest and financing, \$12,000 for rent and office services, and \$37,353 in stock-based compensation, a non-cash item. Cash flows used in operations, before changes in non-cash working capital items, totalled \$66,903 compared to cash of \$84,859 used in operations in the prior period's quarter.

Compared to the same quarter of the prior year, general and administrative costs were relatively consistent. Savings in management fees, professional fees, and shareholder information costs were offset by \$18,651 in interest and financing costs, which are a new item this quarter. To span a period of cash shortage, the Company arranged a \$90,000 bridge financing loan from a director and certain parties related to directors. Pursuant to the loan agreements, the Company issued 90,000 shares, as a bonus to the lenders, at a deemed price of \$0.20 per share for a total financing cost of \$18,000. Accrued interest for the period amounted to \$651.

The Company incurred resource property costs of \$241,093 during the quarter as a result of exploration work completed on its Burkina Faso properties. This compares to \$462,483 incurred in the same quarter of the prior year when the Company was more active in the field.

SUMMARY OF QUARTERLY RESULTS

Financial Data for the Last Eight Quarters

Three Months Ended	Jan-06	Oct-05	Jul-05	Apr-05	Jan-05	Oct-04	Jul-04	Apr-04
Total Revenues	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Loss before stock-based compensation	\$85,575	\$71,722	\$96,809	\$99,725	\$84,859	\$109,792	\$62,858	\$30,463
Loss for the period	\$122,928	\$116,744	\$137,367	\$172,346	\$119,167	\$73,383	\$165,486	\$30,463
Loss per share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.02	\$0.00

The quarterly losses presented (before stock-based compensation) are fairly consistent, with the exception of the quarter ended April 30, 2004. During this quarter, the Company was still relatively inactive, with only the Rambo property under exploration, and with less administrative overhead.

Cash flows used in operations, before changes in non-cash working capital items, were fairly consistent over the four most recent quarters averaging approximately \$83,000 per quarter.

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.

At January 31, 2006, the Company had cash on hand of \$352,283 compared to \$97,036 at October 31, 2005. The Company had a working capital deficiency of \$418,049 compared to working capital deficiency of \$137,729 as at October 31, 2005.

On December 16, 2005, the Company arranged a \$90,000 bridge-financing loan to fund the Company's continuing operations. On February 2, 2006 the Company raised \$465,000 under a private placement (See *Subsequent Events*), \$395,000 of which had been received by January 31, 2006. At the closing of the private placement on February 2, 2006, the Company's working capital position improved to a positive balance of approximately \$46,951. The Company's current working capital position is insufficient to meet its ongoing operations.

CAPITAL RESOURCES AND COMMITMENTS

The Company has cash payment, share issuance and mineral expenditure requirements under its Rambo property agreement. Terms of the agreement require cash payments totalling US\$240,000 and the issuance to the vendors of a total of 250,000 common shares of the Company over a period of four years, with a work commitment totalling US\$500,000 over a period of three years. As at the date hereof, the Company has satisfied the entire exploration expense requirement on the property. To earn its interest in the property, the Company must make the remaining scheduled cash payments of US\$135,000 and issue 100,000 shares before December 15, 2007.

The Company has cash payment and mineral expenditure requirements under its Liguidi Malguem property agreement. This agreement calls for cash payments totalling US\$95,000 and requires the Company to incur exploration expenditures of approximately \$210,000. As at the date hereof, the Company has satisfied the entire exploration expense requirement on the property and must make the remaining cash payment of US\$30,000 on or before November 1, 2006 to earn its interest in the property

The Company has cash payment and mineral expenditure requirements under its Tangapella/Sabila property agreement. This agreement calls for cash payments totalling US\$140,000 and requires the Company to incur exploration expenditures of approximately \$250,000 per year for three years.

The Company has business services agreements, with two of its directors, which call for monthly payments of \$4,000 each with a term of two years, renewable upon mutual consent. The Company also has a month-to-month agreement, with a company related by certain directors it has in common, for office rent and administrative support services. The Company pays \$4,000 per month and the agreement can be cancelled at any time.

The Company has a loan payable of \$90,000 due to a director and parties related to directors. The loan bears interest at 6% per annum and is due December 15, 2006.

As at January 31, 2006, the Company had insufficient capital to complete the terms of its property agreements and meet its overhead requirements for the ensuing year. On February 2, 2006, the Company raised an additional \$465,000 under a private placement – See *Subsequent Events*. It will be necessary for the Company to arrange for additional financing during the coming year to meet its ongoing exploration and overhead requirements.

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, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at 31 January 2006 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 for the quarter of \$24,000 (2005 - \$31,500) and rent and office services of \$12,000 (2005 - \$12,000) paid to a company with which the company shares directors in common. The decrease in management fees is due to the resignation of one of the Company's paid directors.

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies in the quarter under review.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and term deposits, GST receivable, accounts payable, subscriptions receivable, and loan payable. The Company maintains most of its cash in Canadian dollars; however, from time to time a small amount of cash is maintained in foreign currencies and is therefore subject to changes in fair value due to fluctuations in exchange rates. The loan payable is at a fixed interest rate. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

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 January 31, 2006 unaudited financial statements provide a breakdown of the general and administrative expenses for the quarter under review (Statement 2) and an analysis of the capitalized and expensed exploration and development costs incurred on its mineral properties (Schedule and Note 4d).

OUTSTANDING SHARES

As at January 31, 2006, the Company had 17,131,270 (diluted – 22,052,407 common shares issued and outstanding versus 16,991,270 (diluted – 21,412,407) at October 31, 2005. The increase over 2005 is due to the issuance of 50,000 shares under the Rambo option agreement (see *Mineral Exploration*) and 90,000 shares as a loan bonus (see *Results of Operations*). In addition, the increase in the number of diluted shares since October 31, 2005 reflects the granting of 500,000 options to directors during the quarter.

Issued and diluted shares outstanding as at the date hereof are 19,456,270 and 25,789,907 respectively. The increases from January 31, 2006 reflects the subsequent issuance of 2,325,000 units under a private placement and the granting of 250,000 options – see *Subsequent Events*.

INVESTOR RELATIONS ACTIVITIES

With respect to public relations, the Company's provides information from its corporate offices to investors and brokers directly through its association with Mr. Richard Roy. In addition, during the quarter, the Company signed a six-month investor relations agreement with Mr. Ron Cooper.

MANAGEMENT

Riverstone is very 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.

SUBSEQUENT EVENTS

Subsequent to the end of the quarter, the Company completed a non-brokered private placement of 2,325,000 units at a price of \$0.20 per unit for proceeds of \$465,000. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.30 until 2 February 2007.

In addition, the Company re-priced 345,000 options from an exercise price of \$0.40 per share to \$0.26 per share and granted 250,000 five-year options at an exercise price of \$0.34 to an investor relations consultant.

The Company recently acquired government exploration permits granting the Company a 100% interest in each of the Biliga, Malgtaba, Bissiga and Pella properties located in the Bissa Gonglou corridor in Burkina Faso, West Africa. In addition, on March 22, 2006 the Company announced that it had entered

into an option agreement to acquire a 90% interest in the Tangapella and Sabila properties in Burkina Faso, also in the Bissa Gonglou corridor. This agreement calls for scheduled cash payments totalling US\$140,000 over three years and requires the Company to incur exploration expenditures of approximately \$250,000 per year for three years.

DISCLOSURE CONTROLS AND PROCEDURES

The Company continues to refine its disclosure controls and procedures from time to time, and the CEO and CFO have concluded that, during the period, the process effectively ensured that material information was accumulated and communicated to management in sufficient time for management to make decisions regarding the Company's disclosure required by securities legislation.

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 Interim Management Discussion and Analysis.

Respectfully submitted
On Behalf of the Board of Directors

“Michael D. McInnis”

Michael D. McInnis, P. Eng., President