

RIVERSTONE RESOURCES INC.

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INTERIM FINANCIAL STATEMENTS

30 April 2006

Unaudited

MANAGEMENT COMMENT

These interim financial statements of Riverstone Resources Inc. for the six months ended 30 April 2006 have been prepared by management and have not been subject to review by the Company's auditors.

Interim Balance Sheets

Canadian Funds
Unaudited

	As at 30 April 2006	As at 31 October 2005
ASSETS		
Current		
Cash	\$ 62,406	\$ 97,036
GST receivable	19,497	37,734
Prepaid expenses (Note 6a)	70,540	11,932
	<u>152,443</u>	146,702
Resource Property Costs – Schedule (Note 4)	3,780,415	3,304,973
Plant and Equipment (Note 5)	10,685	8,959
	<u>\$ 3,943,543</u>	<u>\$ 3,460,634</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
- trade	\$ 233,643	\$ 230,533
- related parties	119,877	53,898
Loan payable (Note 10)	90,000	-
	<u>443,520</u>	284,431
Continued Operations (Note 1)		
Commitments (Note 9)		
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	5,170,754	4,660,254
Contributed Surplus (Note 6b)	749,082	654,300
Deficit - Statement 2	(2,419,813)	(2,138,351)
	<u>3,500,023</u>	3,176,203
	<u>\$ 3,943,543</u>	<u>\$ 3,460,634</u>

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	
	2006	2005	2006	2005
Indirect and Administrative				
Administration and management	\$ 24,000	\$ 31,500	\$ 48,000	\$ 63,000
Amortization	750	-	1,422	-
Consulting	8,250	8,469	16,675	18,124
Foreign exchange loss (gain)	(5,255)	(507)	(4,868)	1,720
General exploration	-	-	-	335
Interest and financing (Note 10)	1,361	-	20,012	-
Office and general	3,538	9,017	5,369	11,537
Professional	23,739	19,023	31,239	35,392
Rent and office services	12,000	12,000	24,000	24,000
Shareholder information	3,252	4,293	3,445	8,602
Stock-based compensation (Note 6f)	57,253	72,621	94,606	106,929
Stock exchange and filing fees	11,202	5,194	15,117	6,692
Transfer agent	5,255	2,704	7,452	4,396
Travel and promotion	13,189	8,931	18,993	13,431
Loss Before the Under-noted	158,534	173,245	281,462	294,158
Interest income	-	(899)	-	(2,645)
Loss for the Period	158,534	172,346	281,462	291,513
Deficit - beginning of period	2,261,279	1,711,894	2,138,351	1,592,727
Deficit – End of Period	\$ 2,419,813	\$ 1,884,240	\$ 2,419,813	\$ 1,884,240
Loss Per Share - Basic and Diluted	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.03
Weighted-Average Shares Outstanding	19,430,146	11,830,382	18,207,237	11,248,203

- 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	
	2006	2005	2006	2005
Operating Activities				
Loss for the period	\$ (158,534)	\$ (172,346)	\$ (281,462)	\$ (291,513)
Items not affecting cash				
Amortization	750	-	1,422	-
Shares issued for loan bonus	-	-	18,000	-
Stock-based compensation	57,253	72,621	94,606	106,929
	(100,531)	(99,725)	(167,434)	(184,584)
Net change in non-cash working capital				
GST receivable	23,723	16,763	18,237	8,119
Prepaid expenses	(2,639)	15,473	(2,946)	(9,106)
Accounts payable and accrued liabilities				
- trade	71,313	(246)	44,822	1,121
- related	40,196	8,442	65,979	19,945
	32,062	(59,293)	(41,342)	(164,505)
Investing Activities				
Plant and equipment	(3,148)	-	(3,148)	-
Resource property costs	(333,129)	(389,079)	(489,478)	(820,816)
	(336,277)	(389,079)	(492,626)	(820,816)
Financing Activities				
Shares issued for cash	465,000	231,150	465,000	231,150
Share subscriptions received	(395,000)	-	-	-
Deferred share issuance costs	(55,662)	-	(55,662)	-
Loan payable proceeds	-	-	90,000	-
	14,338	231,150	499,338	231,150
Net Increase (Decrease) in Cash	289,877	(217,222)	(34,630)	(754,171)
Cash position - beginning of period	352,283	348,385	97,036	885,334
Cash Position - End of Period	\$ 62,406	\$ 131,163	\$ 62,406	\$ 131,163
Schedule of Non-Cash Investing and Financing Transactions				
Shares issued for resource properties	\$ -	\$ -	\$ 27,500	\$ 27,500
Increase (decrease) in resource property accounts payable	\$ (98,780)	\$ 56,911	\$ (41,712)	\$ 56,911
Stock-based compensation recorded for resource properties	\$ -	\$ 10,532	\$ 176	\$ 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	
	2006	2005	2006	2005
Direct – Mineral				
Burkina Faso, West Africa				
Rambo Property				
Acquisition and option payments (Note 4a)	\$ 17,452	\$ -	\$ 44,952	\$ 89,090
Camp and general	11,681	53,362	38,834	79,278
Consulting	750	937	750	2,437
Drilling	-	1,214	-	1,214
Geochemical and assay	-	-	-	27
Geological	22,009	14,951	60,099	38,278
Local labour	-	(735)	-	10,117
Project management	6,084	879	8,585	5,014
Report preparation	-	556	-	1,139
Stock-based compensation (Note 6f)	-	10,532	176	13,778
Transportation	739	5,705	3,879	6,557
	58,715	87,401	157,275	246,929
Liquidi Malguem Property				
Acquisition and option payments (Note 4b)	-	12,663	-	66,779
Camp and general	9,462	103,155	23,708	137,810
Consulting	-	3,469	-	7,965
Geochemical and assay	-	40,228	-	116,597
Geological	13,981	51,432	31,880	90,472
Lease, licenses and taxes	-	1,398	-	1,398
Local labour	-	14,788	-	25,614
Project management	5,651	2,669	7,042	7,584
Report preparation	-	84	-	280
Transportation	1,145	21,102	2,068	23,294
	30,239	250,988	64,698	477,793
Solna Property				
Camp and general	10,489	43,789	29,978	60,571
Consulting	-	3,281	-	5,717
Geochemical and assay	-	9,331	-	17,972
Geological	18,422	31,378	47,931	53,774
Lease, licenses and taxes	-	-	-	2,414
Local labour	-	8,233	-	19,059
Project management	5,485	1,735	7,037	5,067
Report preparation	-	-	-	133
Transportation	736	18,309	887	19,221
	35,132	116,056	85,833	183,928
Balances Carried Forward	\$ 124,086	\$ 454,445	\$ 307,806	\$ 908,650

- 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	
	2006	2005	2006	2005
Balances Brought Forward	\$ 124,086	\$ 454,445	\$ 307,806	\$ 908,650
Direct – Mineral				
Burkina Faso, West Africa				
Kao Property				
Camp and general	8,551	-	18,322	-
Geological	9,745	-	22,375	-
Lease, licenses and taxes	1,117	-	1,117	-
Project management	5,088	-	6,276	-
Transportation	736	-	994	-
	25,237	-	49,084	-
Yaramoko Property				
Camp and general	7,557	-	14,567	-
Geological	9,746	-	21,586	-
Project management	5,087	-	5,323	-
Transportation	735	-	1,028	-
	23,125	-	42,504	-
Other Properties				
Acquisition and option payments (Note 4c)	60,033	-	60,033	-
Camp and general	812	1,796	5,843	2,597
Geochemical and assay	-	41	-	41
Geological	-	240	-	2,165
Lease, licenses and taxes	1,056	-	10,172	5,552
	61,901	2,077	76,048	10,355
Costs for the Period	234,349	456,522	475,442	919,005
Balance - beginning of period	3,546,066	1,987,757	3,304,973	1,525,274
Balance - End of Period	\$ 3,780,415	\$ 2,444,279	\$ 3,780,415	\$ 2,444,279

- See Accompanying Notes -

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 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.

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 2005. All financial information presented herein is unaudited.

3. Financial Instruments

The fair value of the Company's cash, GST receivable, accounts payable, and loan payable is estimated to approximate their carrying value 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.

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2006

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 (<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	-
	\$ 240,000	250,000	\$ 500,000

(i) The Company has made all share issuances and cash payments to date (US\$35,000 of this payment was made subsequent to 30 April 2006). In addition, the Company has satisfied all exploration expenditure requirements under the agreement.

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. 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	-
	\$ 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.

Notes to Interim Financial Statements

30 April 2006

Canadian Funds

Unaudited

4. Resource 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. The permits are held in trust for the Company by a Burkina Faso resident associated with the Company. An application has been made to the government to have these permits transferred to the Company.

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.

During the period, the Company entered into an option agreement to acquire a 90% interest in the Tangapella and Sebila 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 \$290,000 in the first year.

In addition, the Company signed an option agreement to acquire a 90% interest in the Tao property in Burkina Faso. The agreement calls for cash payments totalling US\$132,000 over three years and requires the Company to incur exploration expenditures of approximately \$110,000 in the first year. As at 30 April 2006, the Company has made cash payments of US\$42,000.

d) Details of cumulative expenditures are as follows:

	Acquisition	Exploration	30 April 2006	31 October 2005
Rambo	\$ 228,128	\$ 1,951,116	\$ 2,179,244	\$ 2,021,969
Liquidi Malguem	79,989	714,188	794,177	729,479
Solna	-	311,983	311,983	226,150
Kao	-	224,275	224,275	175,191
Yaramoko	-	185,052	185,052	142,548
Other properties	60,033	25,651	85,684	9,636
	\$ 368,150	\$ 3,412,265	\$ 3,780,415	\$ 3,304,973

All Burkina Faso properties are subject to a standard government 10% carried production interest.

5. Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization	30 April 2006	31 October 2005
Computer equipment	\$ 12,932	\$ 2,247	\$ 10,685	\$ 8,959

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2006

Canadian Funds

Unaudited

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
Private placement (i)	2,325,000	465,000	-	-
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	-	-
Shares issued on exercise of options	-	-	105,000	14,700
Shares issued on exercise of warrants	-	-	1,747,500	216,450
Balance - end of period	19,456,270	\$ 5,170,754	12,582,101	\$ 3,550,648

(i) During the period, 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.

In addition, during the period the Company paid legal and other costs totalling \$55,662 that relate to a brokered private placement that completed subsequent to 30 April 2006 (Note 12). These costs have been classified in these financial statements as prepaid expenses.

b) Contributed Surplus

Details are as follows:

	2006	2005
Balance - beginning of period	\$ 654,300	\$ 441,521
Stock-based compensation (Note 6f)	94,782	120,707
Balance - end of period	\$ 749,082	\$ 562,228

c) As at 30 April 2006, there were 184,906 (2005 – 369,811) shares held in escrow, which are being released over time according to TSX Venture Exchange policy.

d) As at 30 April 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
1,162,500	\$ 0.30	2 February 2007
<u>3,493,637</u>		

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2006

Canadian Funds

Unaudited

6. Share Capital – continued

e) As at 30 April 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	345,000	\$ 0.26	12 January 2009
5 May 2004	605,000	\$ 0.38	5 May 2009
1 September 2004	100,000	\$ 0.32	1 September 2009
13 April 2005	75,000	\$ 0.40	13 April 2009
28 September 2005	60,000	\$ 0.35	28 September 2010
26 January 2006	500,000	\$ 0.26	26 January 2011
27 February 2006	250,000	\$ 0.34	27 February 2011
18 April 2006	200,000	\$ 0.42	18 April 2011
	2,640,000		

The outstanding options have a weighted-average exercise price of \$0.31 and a weighted-average remaining life of 3.56 years. As at 30 April 2006, 1,941,250 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:

	2006	2005
Total options granted	950,000	180,000
Average exercise price	\$ 0.31	\$ 0.40
Estimated fair value of compensation	\$ 207,795	\$ 49,999
Estimated fair value per option	\$ 0.22	\$ 0.28

In addition, 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. The Company subsequently re-priced 345,000 of these options to an exercise price of \$0.26 per share. All other terms of the grant remain unchanged. Incremental stock-based compensation relating to these options has been estimated at \$38,774.

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:

	2006	2005
Risk-free interest rate	4.03%	3.50%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	100.00%	95.04%
Expected option life in years	4.47	4.11

Riverstone Resources Inc.

Notes to Interim Financial Statements

30 April 2006

Canadian Funds

Unaudited

6. Share Capital – continued

f) Stock-Based Compensation - continued

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

	2006		2005
Number of options vested in period	817,500		711,250
Stock-based compensation expense	\$ 94,606	\$	106,929
Capitalized to mineral properties	176		13,778
Total compensation recognized for the period	94,782		120,707
Transfer to share capital – options exercised	-		-
Net addition to contributed surplus for the period	\$ 94,782	\$	120,707

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.

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 - \$48,000 (2005 - \$63,000);
- b) Rent and office services fees paid to a company with directors in common - \$24,000 (2005 - \$24,000);
- c) Graphic design and drafting fees paid to parties related to directors - \$750 (2005 - \$3,875).

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
	\$ 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.

Notes to Interim Financial Statements

30 April 2006

Canadian Funds

Unaudited

8. Income Taxes – *continued*

- 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.

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*). The loan was repaid in full subsequent to 30 April 2006.

11. 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.

	2006		
	Canada	Burkina Faso	Total
Assets	\$ 129,102	\$ 3,814,441	\$ 3,943,543

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

12. Subsequent Events

Subsequent to 30 April 2006, the Company completed a brokered private placement of 8,212,500 units of the Company at a price of \$0.40 per unit for gross proceeds of \$3,285,000. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company for a price of \$0.55 per share until November 4, 2007. The agent received a cash commission of 6.5% and compensation warrants equal to 7% of the number of units sold. Each compensation warrant entitles the agent to purchase one common share of the Company at a price of \$0.40 until November 4, 2007.

In addition, the Company received cash proceeds of \$292,097 upon the exercise of 856,135 share purchase warrants.

RIVERSTONE RESOURCES INC.
Report to Shareholders and
Management Discussion and Analysis
of the Financial Position and Results of Operations
for the Six Months Ended April 30, 2006

June 27, 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 six months ended April 30, 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 April 30, 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 12 mineral permits in Burkina Faso, West Africa. Five of the Company's permits are subject to option agreements, two of which have net smelter return royalties. 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, Liguidi 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 seven permits and is actively seeking additional properties for acquisition, exploration and development.

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.

During the six-month period, the Company granted 500,000 five-year incentive stock options at an exercise price of \$0.26 per share, 250,000 five-year options at an exercise price of \$0.34 and 200,000 five-year options at an exercise price of \$0.42. In addition, the Company re-priced 345,000 options from an exercise price of \$0.40 per share to \$0.26 per share.

On February 2, 2006, 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 February 2, 2007.

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, the Company entered into an option agreement to acquire a 90% interest in the Tangapella and Sebila properties, 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 \$290,000 in the first year. An additional option agreement was executed on the Tao permit whereby the Company can earn a 90% interest in the property, located in the north-eastern part of the country. This agreement calls for scheduled cash payments totalling US\$132,000 over three years and requires the Company to incur exploration expenditures of approximately \$110,000 in the first year.

MINERAL EXPLORATION

Rambo Permit

The Rambo permit is located in the north-central 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.

Drilling by the Company in 2003 and 2004 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 this 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, 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.

Other 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 period, however, further work is planned for the latter half of 2006 comprising mainly RAB drilling.

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.

Previous work has identified three specific target areas - the Three Hills area near the centre of the permit, the Wayalquin 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. Reverse circulation drilling by the Company 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 Wayalguin 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 northeast direction. The Dassoui area has not yet been tested by drilling.

The 2006 program consists of extensive rock sampling within the areas of geochemical soil anomalies followed by 5,000 meters of RAB drilling.

Bissa Area Permits

The Company holds six permits in the active Bissa area located in north-central Burkina Faso. The Company's permits are adjacent to High River Gold's Bissa project. High River recently announced an independent resource estimate for the Bissa project of 81,980 ounces of gold in the measured category, 580,270 ounces in the indicated category and 679,470 ounces in the inferred category.

The Bissa deposit is located within the Sabcé Shear Zone, which extends north-easterly from High River's property onto Riverstone's Tangapella permit. The Bissa deposit is approximately 6 kilometres from the boundary of the Tangapella permit. The Sebila permit is also located on the eastern boundary of High River's property and overlies a 15 kilometre portion of a shear zone which parallels the Sabcé Shear Zone.

The Tangapella permit in particular appears to be highly prospective. The permit is transected by about 20 kilometres of the Sabcé Shear Zone. Geochemical soil anomalies outlined by previous operators suggest the presence of gold mineralization. Structural folds are present and provide excellent sites for gold emplacement.

A geochemical soil-sampling program covering a grid measuring 10 kilometres in length and 7 kilometres in width and a follow-up RAB drilling program comprising approximately 5,000 metres is planned for the first half of 2006.

Tao Permit

The Tao permit adjoins the Essakane project on its southern boundary. The Essakane project is a joint venture between Orezone Resources Inc. and Gold Fields Limited. Orezone recently announced that Gold Fields has approved a US\$9.3 million budget to complete a pre-feasibility study.

Geochemical soil sampling on the TAO permit by a previous operator outlined several large gold anomalies that aggregate greater than 10 kilometres in length. Trenching and RC drilling completed by a

former operator on one of the geochemical anomalies outlined a mineralized zone approximately one kilometre in length. Nine RC Holes were drilled and returned grades ranging from 0.95 g/t gold to 5.0 g/t over widths ranging from 1.5 metres to 13.5 metres.

Riverstone staff is compiling all of the previous data and will be initiating a 5,000 metre RAB drilling program commencing around mid-July, 2006.

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 period, however, further exploration is planned for later in 2006 comprising RAB drilling of anomalies.

Yaramoko Permit

This permit is located approximately 200 kilometres west-southwest of Ouagadougou. The permit's northern boundary adjoins SEMAFO's Mana permit where a production decision has recently been announced. 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 will be evaluated in 2006 with RC drilling.

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 period, however, previous exploration confirms a significant area that is anomalous in gold values in both soil and rock chip samples. The main soil 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 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), 3 metres of

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 for later in 2006 comprising RC drilling of the geochemical anomaly.

RESULTS OF OPERATIONS

The loss for the six-month period was \$281,462, which is consistent with the loss of \$291,513 for the same period of the previous year. Significant items comprising the current loss include \$48,000 in administration and management fees, \$20,012 for interest and financing, \$24,000 for rent and office services, and \$94,606 in stock-based compensation, a non-cash item. Cash flows used in operations, before changes in non-cash working capital items, totalled \$167,434 compared to cash of \$184,584 used in operations in the same period of the prior year.

Compared to the same period of the prior year, general and administrative costs were relatively consistent. Savings in management fees, office and shareholder information costs were offset by slight increases in filing fees and travel costs, as well as \$20,012 in interest and financing costs, which is a new item this period. 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 non-cash financing cost of \$18,000. Accrued interest for the period amounted to \$2,012. The reduction in management fees is due to the resignation of one of the paid directors in November 2005.

The Company incurred resource property costs of \$475,442 during the period as a result of exploration work completed on its Burkina Faso properties. This compares to \$919,005 incurred in the same period 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	Apr-06	Jan-06	Oct-05	Jul-05	Apr-05	Jan-05	Oct-04	Jul-04
Total Revenues	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Loss before stock-based compensation	\$101,281	\$85,575	\$71,722	\$96,809	\$99,725	\$84,859	\$109,792	\$62,858
Loss for the period	\$158,534	\$122,928	\$116,744	\$137,367	\$172,346	\$119,167	\$73,383	\$165,486
Loss per share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.02

The quarterly losses presented (before stock-based compensation) are fairly consistent. Stock-based compensation is recognized as stock options vest, which varies due to the timing of the vesting provisions of the various stock option grants that the Company has made.

Cash flows used in operations, before changes in non-cash working capital items, were reasonably consistent over the four most recent quarters averaging approximately \$84,000 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 April 30, 2006, the Company had cash on hand of \$62,406 compared to \$97,036 at October 31, 2005. The Company had a working capital deficiency of \$291,077 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 non-brokered private placement. On May 4, 2006, the Company raised additional net proceeds of \$3,071,475 upon completing a brokered private placement (see *Subsequent Events*), at which point the Company's working capital

position improved to a positive balance of approximately \$2,700,000. The Company's current working capital position is considered sufficient to meet its ongoing operations for the ensuing year.

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\$100,000 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/Sebila property agreement. This agreement calls for cash payments totalling US\$140,000 and requires the Company to incur exploration expenditures of approximately \$290,000 in the first year. The Company had completed US\$10,000 of the cash payments by April 30, 2006.

Similarly, the Company has cash payment and mineral expenditure requirements under its Tao property agreement. This agreement calls for cash payments totalling US\$132,000 and requires the Company to incur exploration expenditures of approximately \$110,000 in the first year. The Company had completed US\$42,000 of the cash payments by April 30, 2006.

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.

As at April 30, 2006, the Company had 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. This loan was repaid in full subsequent to the period end.

As at April 30, 2006, the Company had insufficient capital to complete the terms of its property agreements and meet its overhead requirements for the ensuing year. However, on May 4, 2006, the Company raised additional net proceeds of \$3,071,475 under a private placement, which is considered sufficient to meet its ongoing exploration and overhead requirements for the ensuing year.

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 30 April 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 \$48,000 (2005 - \$63,000) paid to directors and rent and office services of \$24,000 (2005 - \$24,000) 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 period under review.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, GST receivable, accounts payable, 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 April 30, 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 April 30, 2006, the Company had 19,456,270 (diluted – 25,589,907 common shares issued and outstanding versus 16,991,270 (diluted – 21,412,407) at October 31, 2005. The increase for the period 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 Company issued 2,325,000 shares under a private placement during the period. The increase in the number of diluted shares since October 31, 2005 also includes the issuance of 1,162,500 warrants under the private placement, the granting of 500,000 options to directors and 450,000 to employees and consultants, and the forfeiture of 400,000 options during the period.

Issued and diluted shares outstanding as at the date hereof are 28,524,905 and 38,483,532 respectively. The increases from April 30, 2006 reflect the subsequent issuance of 8,212,500 units and 574,875 broker compensation warrants under a private placement and the exercise of 856,135 warrants (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 period, the Company completed a brokered private placement of 8,212,500 units at a price of \$0.40 per unit for gross proceeds of \$3,285,000. 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 \$0.55 until November 4, 2007. The Company paid a cash commission of 6.5% and issued 574,875 compensation warrants to the agent. Each compensation warrant entitles the agent to purchase one common share of the Company at a price of \$0.40 until November 4, 2007.

In addition, the Company received cash proceeds of \$292,097 upon the exercise of 856,135 share purchase warrants and paid a total of \$92,293 in settlement of the loan payable.

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