

**RIVERSTONE RESOURCES INC.**

**#1125-595 Howe Street,  
Vancouver, B.C. V6C 2T5  
Tel: 604-801-5020**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 JANUARY 2009**

**Interim Consolidated Balance Sheets**

Canadian Funds

Unaudited

<b>ASSETS</b>	<b>As at 31 January 2009</b>	<b>As at 31 October 2008</b>
<b>Current</b>		
Cash	\$ 21,268	\$ 187,564
Accounts receivable	55,743	47,548
Prepaid expenses	108,695	108,807
	<u>185,706</u>	<u>343,919</u>
<b>Resource Properties</b> (Note 4)	12,254,056	12,021,464
<b>Equipment</b> (Note 5)	22,701	23,488
	<u>\$ 12,462,463</u>	<u>\$ 12,388,871</u>
 <b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities		
- trade and other	\$ 511,428	\$ 254,219
- related parties	18,891	-
	<u>530,319</u>	<u>254,219</u>
<b>Non-Controlling Interest</b> (Note 11)	288,758	288,758
 <b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 6a)	14,996,073	14,948,073
<b>Contributed Surplus</b> (Note 6b)	1,871,040	1,782,660
<b>Deficit</b> - Statement 2	(5,223,727)	(4,884,839)
	<u>11,643,386</u>	<u>11,845,894</u>
	<u>\$ 12,462,463</u>	<u>\$ 12,388,871</u>

Going Concern (Note 1)

Commitments (Note 9)

Subsequent Events (Note 13)

ON BEHALF OF THE BOARD:

"Michael D. McInnis"

\_\_\_\_\_, Director

"James Robertson"

\_\_\_\_\_, Director

## Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit

For the Three Months Ended 31 January

Canadian Funds

Unaudited

	2009	2008
<b>Indirect and Administrative</b>		
Administration and management fees (Note 7a)	\$ 24,000	\$ 24,000
Amortization	1,787	1,940
Consulting fees	16,670	10,696
Office and general	2,852	3,241
Professional	124,981	22,556
Promotion and public relations	14,209	79,528
Rent and office services (Note 7b)	27,000	12,000
Salaries and wages	34,953	29,518
Shareholder information	556	2,365
Stock-based compensation (Note 6e)	88,380	61,851
Stock exchange and filing fees	600	4,215
Transfer agent	1,071	1,880
Travel and accommodation	5,044	36,478
<b>Loss for the Period Before the Under-Noted</b>	<b>342,103</b>	290,268
Interest income	(78)	(9,831)
Foreign exchange loss	(3,137)	(7,839)
<b>Loss for the Period before Income Taxes</b>	<b>338,888</b>	272,598
Future income tax recovery (Note 8)	-	(138,288)
<b>Loss and Comprehensive Loss for the Period</b>	<b>338,888</b>	134,310
Deficit - beginning of period	4,884,839	3,792,498
<b>Deficit - End of Period</b>	<b>\$ 5,223,727</b>	\$ 3,926,808
<b>Loss per Share - Basic and Diluted</b>	<b>\$ 0.01</b>	\$ 0.00
<b>Weighted-Average Number of Shares</b>	<b>48,619,863</b>	41,342,215

**Interim Consolidated Statements of Cash Flows**

For the Three Months Ended 31 January

Canadian Funds

Unaudited

<b>Cash Resources Provided By (Used In)</b>	<b>2009</b>	<b>2008</b>
<b>Operating Activities</b>		
Loss for the period	\$ (338,888)	\$ (134,310)
Items not affecting cash		
Amortization	1,787	1,940
Stock-based compensation	88,380	61,851
Future income tax recovery	-	(138,288)
	<u>(248,721)</u>	<u>(208,807)</u>
Net change in non-cash working capital		
Accounts receivable	(8,195)	(8,123)
Prepaid expenses	112	43,422
Accounts payable and accrued liabilities		
- trade and other	61,418	(40,886)
- related parties	18,891	200
	<u>(176,495)</u>	<u>(214,194)</u>
<b>Investing Activities</b>		
Resource property costs	11,199	(1,057,919)
Equipment	(1,000)	(10,424)
	<u>10,199</u>	<u>(1,068,343)</u>
<b>Financing Activities</b>		
Shares issued for cash	-	559,250
	-	559,250
	<u>(166,296)</u>	<u>(723,287)</u>
<b>Net Decrease in Cash</b>	<b>(166,296)</b>	<b>(723,287)</b>
Cash position - beginning of period	187,564	1,240,443
<b>Cash Position - End of Period</b>	<b>\$ 21,268</b>	<b>\$ 517,156</b>

**Supplemental Schedule of Non-Cash Investing and Financing Transactions**

Shares issued for resource properties	\$ 48,000	\$ 135,000
Future income taxes capitalized to resource properties	\$ -	\$ 138,288
Fair value of warrants issued for resource properties	\$ -	\$ 300,721
Increase (decrease) in resource property accounts payable	\$ 195,791	\$ (107,440)

## Notes to Interim Consolidated Financial Statements

31 January 2009

Canadian Funds

Unaudited

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### 1. Going Concern

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 significant doubt upon the validity of this assumption. Consistent with other companies in the mineral exploration industry, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and maintain its mineral interests. The Company's ability to continue as a going concern is dependent upon its ability to continue to obtain additional financing to maintain operations. 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 to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used, and such adjustments would be material.

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### 2. Significant Accounting Policies and Basis of Presentation

#### a) Basis of Presentation

These unaudited interim consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. However, they do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

These interim 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 2008. All financial information presented herein is unaudited.

#### b) Consolidation

These consolidated financial statements include the accounts of the Company, its two wholly owned Burkina Faso subsidiaries, Riverstone Resources Burkina sarl and West African Energy sarl, and its 80%-owned subsidiary, Liquidi Malguem Joint Venture-Sarl ("LM-Sarl"), a Burkina Faso corporation formed pursuant to the Company earning its 80% interest in the Liquidi Malguem property (*Note 4b*). LM-Sarl has been accounted for under the purchase method from 15 February 2008, the date that the Company gained control of LM-Sarl. All significant inter-company transactions and balances have been eliminated.

## Notes to Interim Consolidated Financial Statements

31 January 2009

Canadian Funds

Unaudited

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### 2. Significant Accounting Policies and Basis of Presentation - *Continued*

#### c) Non-Controlling Interest

A non-controlling interest exists in a subsidiary of the Company and represents the outside interest's share of the carrying value of the subsidiary.

#### d) Recent accounting pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of November 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for the year ended October 31, 2011. The Company has begun assessing the adoption of IFRS for 2011, but has not yet determined the impact the transition to IFRS will have on the Company's financial statements.

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### 3. Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Cash and cash equivalents are classified as Assets Held-For-Trading and carried at fair value. All of the Company's other financial instruments are carried at amortized cost. The Company has no speculative financial instruments, derivatives, forward contracts, or hedges.

All of the Company's Canadian cash is held in an interest bearing account at a major Canadian bank and such balances earn interest at market rates. The Company also maintains cash in the currency of Francophone West Africa ("CFA"), which it uses to fund its foreign projects. The cash balances and payables that are denominated in CFA are subject to currency risk due to fluctuations in the exchange rate between the Canadian dollar and the CFA. To manage this currency risk, the Company maintains only the minimum amount of foreign cash necessary to fund its ongoing exploration expenditures. As at January 31, 2009, the Company had the equivalent of \$415 in CFA; accounts payable denominated in CFA totalled \$341,296.

It is management's opinion that the Company is not exposed to any significant credit, interest rate, liquidity or market risks in respect of these financial instruments. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the current period.

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## Notes to Interim Consolidated Financial Statements

31 January 2009

Canadian Funds

Unaudited

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### 4. Resource Properties

a) **Rambo Property, Burkina Faso, West Africa**

During fiscal 2008, the Company acquired a 100% interest in the Rambo property located in Burkina Faso, West Africa. The property is subject to a 3% net smelter return royalty ("NSR"). The Company acquired its interest by completing cash payments of US\$240,000 and issuing 250,000 shares to the optionors, and incurring minimum exploration expenditures of US\$500,000.

b) **Liguidi Malguem Property, Burkina Faso, West Africa**

During fiscal 2007, the Company acquired an 80% interest in the Liguidi Malguem property located in Burkina Faso, West Africa by completing cash payments of US\$95,000 to the optionor and incurring minimum exploration expenditures of US\$210,000. During fiscal 2008, the Company and the optionor executed a joint venture agreement, with dilution provisions, as provided for in the option agreement, and will continue to develop the property through LM-Sarl, a Burkinabé subsidiary controlled by the Company (*Note 11*). As at 31 January 2009, LM-Sarl had no operations or liabilities, and its only significant asset is the Liguidi Malguem property.

During fiscal 2008, the Company entered into a Memorandum of Understanding with Teck Cominco Limited ("Teck") in respect of the Liguidi Malguem property. As a result, Teck subscribed for 1.75 million units of the Company on a private placement basis at a price of \$0.60 per unit (*Note 6a*), representing the first tranche of a total 3.5 million unit private placement.

The agreement required that the Company cause the optionor to transfer the Liguidi Malguem permit into the name of LM-Sarl by the 7 December 2008. The optionor did not effect the transfer by the deadline, therefore, Teck is no longer obligated to fund the second tranche of 1.75 million units at a price of \$0.60 per unit or continue with the option agreement.

## Notes to Interim Consolidated Financial Statements

31 January 2009

Canadian Funds

Unaudited

### 4. Resource Properties - Continued

#### c) Bissa Area Properties, Burkina Faso, West Africa

Bissa East: The Company has entered into an option agreement to acquire a 90% interest in the Tangapella and Sebila properties in the Bissa area of Burkina Faso. The agreement calls for cash payments and exploration expenditures as follows:

	Cash Payment U.S. Funds	Exploration Expenditures
Upon signing of the agreement ( <i>paid</i> )	\$ 50,000	\$ -
On or before 5 June 2007 ( <i>completed</i> )	-	290,000
On or before 9 March 2007 ( <i>paid</i> )	30,000	-
On or before 9 March 2008 ( <i>paid</i> )	30,000	-
On or before 9 March 2009 ( <i>i</i> )	30,000	-
	\$ 140,000	\$ 290,000

(i) The timing of this payment is being renegotiated by the Company and the optionor.

The Company has also acquired government exploration permits for the Biliga and Malgtaba properties located adjacent to the Tangapella and Sebila properties.

Bissa West: The Company has acquired government exploration permits for the Bissiga and Pella properties and has entered into an option agreement to acquire a 90% interest in the Bouboulou property, which is located adjacent to the Bissiga property. The Bouboulou agreement calls for the Company to incur exploration expenditures of \$125,000 by 28 July 2009.

#### d) Goulagou and Rounga Properties, Burkina Faso, West Africa

During fiscal 2007, the Company entered into an agreement with Golden Star Resources Ltd. ("Golden Star"), which grants the Company the option to acquire a 90% interest in the Goulagou and Rounga properties located adjacent to the Company's Rambo and Kao properties. To maintain and exercise its option, the Company must issue 2,000,000 warrants, 2,000,000 shares, incur \$4,000,000 in exploration expenditures, and pay US\$18,600,000 in cash, shares, or a combination thereof, at the Company's option, on or before 10 January 2012.

The 2,000,000 warrants were issued on 10 January 2008 and are exercisable at any time for up to four years at a price of \$0.30 in the first year, \$0.35 in the second year, \$0.40 in the third year, and \$0.45 in the fourth year. The warrants were assigned a fair value of \$300,721 using the Black-Scholes Option-Pricing Model with the following assumptions: risk-free interest rate of 3.34%, expected dividend yield of 0.00%, estimated stock price volatility of 78.9%, and expected option life of 3.00 years. In addition, the Company has capitalized the estimated future income tax related to the warrants of \$138,288 (Note 8).

## Notes to Interim Consolidated Financial Statements

31 January 2009

Canadian Funds

Unaudited

### 4. Resource Properties - Continued

#### d) Goulagou and Rounga Properties, Burkina Faso, West Africa - Continued

The share issuances and exploration expenditures to maintain the option are as follows:

	Shares		Exploration Expenditures
Upon signing of the agreement ( <i>issued</i> )	300,000	\$	-
On or before 10 January 2009 ( <i>issued, completed</i> )	400,000		500,000
On or before 10 January 2010	600,000		750,000
On or before 10 January 2011	700,000		1,250,000
On or before 10 January 2012	-		1,500,000
	2,000,000	\$	4,000,000

Golden Star retains an NSR of between 0% and 2% depending on the quantity of gold produced.

The Company can increase its interest to 100% by paying a third party US\$1,000,000 on or before 12 months after the first production of gold from the properties. Thereafter, the third party will retain a 5% net profits interest, which can be purchased by the Company for US\$500,000.

A finder's fee to an arm's length party is payable with respect to the transaction. Accordingly, the Company has accrued \$45,000 and will issue 150,000 shares.

#### e) Other Properties, Burkina Faso, West Africa

The Company has acquired government exploration permits granting the Company a 100% interest in the Solna, Kao, Yaramoko, Yantara, and Teyango properties located in Burkina Faso.

In addition, the Company has signed an option agreement to acquire a 90% interest in the Tao property. The agreement calls for cash payments and exploration expenditures as follows:

	Cash Payment U.S. Funds		Exploration Expenditures
Upon signing of the agreement ( <i>paid</i> )	\$ 42,000	\$	-
On or before 19 October 2007 ( <i>completed</i> )	-		110,000
On or before 9 April 2007 ( <i>paid</i> )	30,000		-
On or before 9 April 2008 ( <i>paid</i> )	30,000		-
On or before 9 April 2009	30,000		-
	\$ 132,000	\$	110,000

## Notes to Interim Consolidated Financial Statements

31 January 2009

Canadian Funds

Unaudited

## 4. Resource Properties - Continued

f) Additions and cumulative expenditures are as follows:

31 January 2009	Acquisition	Exploration	Total Additions	Cumulative Expenditures
Rambo	\$ -	\$ 15,771	\$ 15,771	\$ 2,622,007
Liguidi Malguem	-	16,671	16,671	1,863,875
Solna	-	7,268	7,268	380,542
Kao	-	32,296	32,296	2,423,121
Yaramoko	-	2,189	2,189	509,189
Tao	-	6,142	6,142	434,210
Yantara	-	8,509	8,509	64,488
Teyango	-	8,363	8,363	73,053
Bissa East	-	35,660	35,660	1,771,924
Bissa West	-	9,990	9,990	523,732
Goulagou	48,000	34,377	82,377	1,503,774
Rounga	-	7,356	7,356	84,141
	\$ 48,000	\$ 184,592	\$ 232,592	\$ 12,254,056

31 October 2008	Acquisition	Exploration	Total Additions	Cumulative Expenditures
Rambo	\$ 65,470	\$ 202,394	\$ 267,864	\$ 2,606,236
Liguidi Malguem	288,758	561,813	850,571	1,847,204
Solna	-	51,663	51,663	373,274
Kao	-	1,165,416	1,165,416	2,390,825
Yaramoko	-	214,903	214,903	507,000
Tao	30,000	54,032	84,032	428,068
Yantara	-	9,653	9,653	55,979
Teyango	-	16,149	16,149	64,690
Bissa East	30,916	201,442	232,358	1,736,264
Bissa West	-	42,222	42,222	513,742
Goulagou	692,307	700,438	1,392,745	1,421,397
Rounga	-	76,785	76,785	76,785
	\$ 1,107,451	\$ 3,296,910	\$ 4,404,361	\$ 12,021,464

All Burkina Faso properties are subject to a standard government 10% carried interest upon commencing production. To the best of the Company's knowledge, ownership of its mineral interests is in good standing as at 31 January 2009.

Riverstone Resources Inc.

Notes to Interim Consolidated Financial Statements

31 January 2009

Canadian Funds

Unaudited

5. Equipment

Details are as follows:

31 January 2009	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 43,366	\$ 20,665	\$ 22,701
31 October 2008	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 42,366	\$ 18,878	\$ 23,488

6. Share Capital

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

a) Details are as follows:

	Shares	Amount
Balance – 31 October 2007	40,243,030	\$ 11,427,736
Private placement (i)	4,165,311	1,582,818
Private placement (ii)	1,750,000	1,050,000
Share issuance costs	-	(73,220)
Shares issued for property (Note 4a)	50,000	15,000
Shares issued for property (Note 4d)	300,000	120,000
Shares issued on exercise of warrants	1,570,000	750,000
Shares issued on exercise of options	485,000	67,900
Fair value of options exercised (Note 6b)	-	7,839
Balance – 31 October 2008	48,563,341	14,948,073
Shares issued for property (Note 4d)	400,000	48,000
Balance – 31 January 2009	48,963,341	\$ 14,996,073

(i) During fiscal 2008, the Company completed a private placement of 4,165,311 units at a price of \$0.38 per unit for gross proceeds of \$1,582,818. Each Unit consisted of one common share and one-half of one warrant, each whole warrant entitling the holder to purchase one additional common share at a price of \$0.60 per share until 12 December 2009. The Company paid finders' fees of \$33,330 and issued 87,701 compensation options exercisable to acquire a unit at \$0.38 per unit with each unit having the same terms and conditions as the private placement units. The fair value of the 87,701 compensation options was estimated at \$11,721 using the Black-Scholes Option-Pricing Model with the following assumptions: risk-free interest rate of 3.40%, expected dividend yield of 0.00%, estimated stock price volatility of 66.43%, and expected option life of 1.50 years.

(ii) During fiscal 2008, the Company completed the first tranche of a private placement with Teck in respect of its option agreement on the Liguidi property (Note 4b). The Company issued 1.75 million units at a price of \$0.60 per unit for cash proceeds of \$1,050,000 in accordance with the agreement. Each unit consisted of one common share and one warrant entitling Teck to purchase one additional common share at a price of \$1.20 per share until 16 June 2010.

Riverstone Resources Inc.

**Notes to Interim Consolidated Financial Statements**

31 January 2009

Canadian Funds

Unaudited

**6. Share Capital – Continued**

b) Contributed Surplus

Details are as follows:

Balance – 31 October 2007	\$ 1,129,280
Stock-based compensation (Note 6e)	348,777
Fair value of warrants issued (Note 6a)	300,721
Fair value of compensation options (Note 6a)	11,721
Fair value relating to 485,000 stock options exercised (Note 6a)	<u>(7,839)</u>
Balance – 31 October 2008	1,782,660
Stock-based compensation (Note 6e)	<u>88,380</u>
Balance – 31 January 2009	\$ 1,871,040

c) Share purchase warrants

Details are as follows:

Balance – 31 October 2007	10,421,125
Issued	5,964,205
Exercised	(1,570,000)
Expired	<u>(8,851,125)</u>
Balance – 31 October 2008 and 31 January 2009	5,964,205

The Company had share purchase warrants outstanding entitling the holder to purchase common shares of the Company as follows:

31 January 2008	31 October 2008	Exercise Price	Expiry Date
2,000,000	2,000,000	\$ 0.35*	10 January 2012
2,082,654	2,082,654	\$ 0.60	12 December 2009
131,551	131,551	\$ 0.60	12 December 2009
1,750,000	1,750,000	\$ 1.20	16 June 2010
<u>5,964,205</u>	<u>5,964,205</u>		

\* Warrants are exercisable \$0.35 to 10 January 2010, \$0.40 to 10 January 2011, and \$0.45 to 10 January 2012.

## Notes to Interim Consolidated Financial Statements

31 January 2009

Canadian Funds

Unaudited

## 6. Share Capital – Continued

- d) The Company has a fixed stock option plan that provides for the issuance of up to 20% of the issued and outstanding shares of the Company. The board of directors is authorized to set the exercise price, expiry date, and vesting provisions for each grant, subject to the policies of the TSX Venture Exchange. The plan provides for a maximum grant period of five years, and minimum vesting provisions which extend over 18 months. Details of are as follows:

	Number	Weighted Average Exercise Price
Balance – 31 October 2007	4,785,000	\$ 0.29
Granted	1,340,000	\$ 0.33
Exercised	(485,000)	\$ 0.14
Balance – 31 October 2008	5,640,000	\$ 0.30
Granted	730,000	\$ 0.205
Expired	(345,000)	\$ 0.26
Balance – 31 January 2009	6,025,000	\$ 0.29

The Company had stock options outstanding entitling the holder to purchase common shares of the Company as follows:

Grant Date	31 January 2009	31 October 2008	Exercise Price	Expiry Date
12 January 2004	-	345,000	\$ 0.40 (i)	12 January 2009
5 May 2004	580,000	580,000	\$ 0.38 (i)	5 May 2009
1 September 2004	50,000	50,000	\$ 0.32 (i)	1 September 2009
13 April 2005	75,000	75,000	\$ 0.40 (i)	13 April 2010
28 September 2005	60,000	60,000	\$ 0.35 (i)	28 September 2010
26 January 2006	500,000	500,000	\$ 0.26 (i)	26 January 2011
27 February 2006	250,000	250,000	\$ 0.34 (i)	27 February 2011
18 April 2006	200,000	200,000	\$ 0.42 (i)	18 April 2011
13 October 2006	885,000	885,000	\$ 0.25 (i)	13 October 2011
1 July 2007	150,000	150,000	\$ 0.275 (i)	30 June 2012
9 July 2007	1,205,000	1,205,000	\$ 0.28 (i)	8 July 2012
18 October 2007	150,000	150,000	\$ 0.375 (i)	18 October 2009
3 December 2007	180,000	180,000	\$ 0.33 (i)	3 December 2009
6 February 2008	1,010,000	1,010,000	\$ 0.32 (i)	6 February 2013
28 January 2009	730,000	-	\$ 0.205	28 January 2014
	6,025,000	5,640,000		

The options outstanding at 31 January 2009 have a weighted average remaining life of 2.88 years (31 October 2008 – 2.67 years). As at 31 January 2009, 5,035,000 (31 October 2008 – 4,860,625) of these options have vested and are exercisable and have a weighted-average exercise price of \$0.30 (2007 - \$0.30).

(i) On 28 January 2009, the Company re-priced these options to a new exercise price of \$0.205 per share. All other terms of the grants remain unchanged. The re-pricing is subject to regulatory approval and, in the case of insiders, subject to shareholder approval (Note 13).

## Notes to Interim Consolidated Financial Statements

31 January 2009

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### 6. Share Capital – Continued

#### e) Stock-Based Compensation

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

	2009	2008
Total options granted	730,000	330,000
Average exercise price	\$ 0.205	\$ 0.35
Estimated fair value of compensation	\$ 111,774	\$ 37,042
Estimated fair value per option	\$ 0.15	\$ 0.11

For new grants of options made during the period, 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:

	2009	2008
Risk-free interest rate	2.03%	3.85%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	99.42%	66.09%
Expected option life in years	5.00	2.00

The Company's stock options vest as to 25% on the date of the grant and 12.5% each quarter thereafter. The Company has recorded stock-based compensation for options that vested during the period as follows:

	2009	2008
Number of options vested in the period	519,375	325,000
Stock-based compensation expense	\$ 88,380	\$ 61,851

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 companies controlled by directors - \$24,000 (2008 - \$24,000);
- b) Rent and office services fees paid to a company with directors in common - \$27,000 (2008 - \$12,000);
- c) Graphic design and drafting fees paid to parties related to directors \$nil (2008 - \$1,970);

The above transactions were conducted in the normal course of operations and were measured at the exchange amount, which is the amount of consideration agreed upon between the Company and the related parties.

## Notes to Interim Consolidated Financial Statements

31 January 2009

Canadian Funds

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### 8. Income Taxes

During the prior period, the Company recognized non-capital tax loss carry-forwards, which had been subject to a full valuation allowance in previous years, producing a future income tax recovery and future income tax asset of \$138,288. This future income tax asset has been offset against the future income tax liability created upon the capitalization of 2,000,000 warrants issued in the period pursuant to the Goulagou property agreement (*Note 4d*).

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### 9. Commitments

The Company has management services agreements with two of its directors that call for payment of 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.

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### 10. Capital Disclosures

The Company is in the business of mineral exploration and has no source of operating revenue. The Company has no short- or long-term debt and finances its operations through the issuance of capital stock. Capital raised is held in cash in an interest bearing bank account until such time as it is required to pay operating expenses or resource property costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities. The Company's objectives have not changed during the period.

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### 11. Non-Controlling Interest

On 15 February 2008, by virtue of its 80% voting interest, the Company gained control of LM-Sarl (*Note 4b*). LM-Sarl's only function is to hold title to and explore the Liguidi Malguem property. The non-controlling interest is recorded at the carrying value and adjusted by the non-controlling interest's portion of any subsequent income or loss. The non-controlling interest's share of the carrying value of the Liguidi Malguem property is \$288,758. LM-Sarl has no other significant assets or liabilities and had no results of operations for the period from inception to 31 January 2009.

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## Notes to Interim Consolidated Financial Statements

31 January 2009

Canadian Funds

Unaudited

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### 12. Segmented Information

The company currently operates in only one operating segment, that being the mining exploration industry. The Company operates in the following geographical segments:

31 January 2009		Canada		Africa		Total
Resource properties	\$	-	\$	12,254,056	\$	12,254,056
Equipment	\$	22,701	\$	-	\$	22,701

  

31 October 2008		Canada		Africa		Total
Resource properties	\$	-	\$	12,021,464	\$	12,021,464
Equipment	\$	23,488	\$	-	\$	23,488

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### 13. Subsequent Events

Subsequent to 31 January 2009, the Company:

- received cash proceeds of \$164,000 through a loan from directors, officers, and consultants of the company. The loan has a term of one year and bears interest at the rate of 12% per annum. Subject to regulatory approval, the Company will issue 262,400 shares from treasury to the lenders as a bonus for advancing the loan;
  - received regulatory and shareholder approval for the re-pricing of 5,295,000 previously granted stock options at prices ranging from \$0.40 to \$0.26 per share to a new exercise price of \$0.205 per share. All other terms of the grants remain unchanged.
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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 Three Months Ended January 31, 2009**

**March 31, 2009**

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**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 2009. 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 2009 unaudited financial statements and the audited annual financial statements for the year ended October 31, 2008 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](http://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 17 mineral permits in Burkina Faso, West Africa. Eight of the Company's permits are subject to option agreements, four of which have net smelter return royalties. All property transactions have been conducted on an arm's length basis between the Company and the vendors. All of the properties are subject to a standard government 10% carried production interest. These properties are located in Proterozoic Birimian greenstone sequences that host most of the major gold deposits in West Africa. In addition, the Company is actively seeking additional properties for acquisition, exploration and development.

**SIGNIFICANT EVENTS AND TRANSACTIONS**

During the period, the Company undertook further work in assessing results from exploration of its gold properties in Burkina Faso in preparation for field activities in 2009 and for finalising an independent resource estimate for the Karma project. Limited field work was undertaken during the period.

**MINERAL EXPLORATION**

***Karma Project***

The Karma project comprises four contiguous permits, the Goulagou, Rounga, Kao and Rambo permits, where three gold deposits have been extensively explored by the Company. An independent resource estimate compliant with NI 43-101 has been contracted to Wardrop Engineering for the three deposits and is expected to be completed by the second quarter of 2009.

- *Goulagou/Rounga Permits*

On October 10, 2007, the Company entered into an option agreement to acquire a 90% interest in the Goulagou and Rounga permits from Golden Star – see *Capital Resources and Commitments*. The property is contiguous with the Company's Rambo and Kao properties. The Goulagou property contains

indicated gold resources of 280,000 ounces at a grade of 1.70 g/t gold and additional inferred resources of 270,000 ounces at a grade of 1.49 g/t gold compliant with NI 43-101 as disclosed in a Company news release dated October 11, 2007. A drill program comprising about 3,000 metres of RC drilling was carried out in early 2008 with positive results. A follow-up RC drilling program of 1,285 metres was undertaken in July of 2008. Additional RC drilling is planned in 2009. An updated resource estimation will also be completed in the second quarter of 2009. In October of 2008, Golden Star was required to reduce the size of the Goulagou permit by 25%, according to the Burkina Faso mining code. The reduced ground, which contains several artisanal gold sites, was reacquired as a new permit called Yoaba. No work to date has been undertaken on this permit.

- *Kao Permit*

The Kao permit is contiguous with the south side of the Rambo permit. Work completed in 2006 on this permit comprised grid soil sampling, rock sampling and rotary air blast (“RAB”) drilling. Soil sampling in areas of new artisanal workings outlined one very strong gold anomaly, with dimensions of about 1 kilometre by 2 kilometres. Two other slightly smaller anomalies were delineated elsewhere on the permit. Several rock samples collected from scattered areas of artisanal workings returned very encouraging gold values.

These zones have been tested by 17,741 metres of reverse circulation drilling in six drill campaigns; 2,168 metres in March of 2007, 2,096 metres in July of 2007, 5,703 metres in October of 2007, 5,050 metres in January of 2008, 2,064 metres in June of 2008 and 660 metres in August of 2008. The drilling has confirmed the presence of a shallow, flat-lying gold zone that has been traced over almost 800 metres by 400 metres, and remains open in several directions. A NI 43-101 resource estimate is underway and is expected to be completed by the second quarter of 2009.

- *Rambo Permit*

The Rambo permit is located in the north-central part of Burkina Faso and is contiguous with the Goulagou permit, and the Company’s Kao permit. The permit comprises 150 square kilometres 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.

Drilling by the Company in 2003 and 2004 identified a gold-bearing shoot within a sulphide-bearing structure. Other work completed on the Rambo permit includes prospecting and rock sampling in several new artisanal sites.

RAB which drilling was carried out during the current period, identified several anomalous areas. Follow-up RC drilling comprised a single 106 metre drill hole, which returned positive results. Further RC drilling is planned in 2009, and a resource estimation is underway.

### *Liguidi Malguem Project*

In fiscal 2007, the Company acquired 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 and 50 kilometres southeast of the Bomboré property, presently being explored by Orezone Resources Inc. Geochemical surveying over most of the property together with a program of geological mapping and rock sampling has confirmed an extensive area with gold values in soils generally over 15 ppb, covering an area approximately 13 kilometres by 3 kilometres.

The 2006 program consisted of rock sampling and geological mapping. An extensive rock sampling program was undertaken over a 1.5 kilometre by 200 metre area within a quartz boulder field within one of the geochemical soil anomalies. An additional 340 samples were taken elsewhere on the property, both from surface outcrop and trenches. The assay results from this program are encouraging. In the fourth quarter of 2007, additional mapping, rock sampling and an IP survey were completed. Further

mapping and sampling, as well as a program of 4,472 metres of RAB and 900 metres of RC drilling, was undertaken. Additional work is planned in 2009.

During the year, the Company entered into a Memorandum of Understanding (“MOU”) with Teck Cominco Limited (“Teck”) in respect of the Liguidi Malguem property. As a result, Teck subscribed for 1.75 million units of the Company on a private placement basis at a price of \$0.60 per unit – see *Outstanding Shares*. This represented the first tranche of a total 3.5 million unit private placement. Each unit consists of one share and one share purchase warrant exercisable for a period of two years from the date of issue to acquire one additional common share at a price of \$1.20. The Company was obliged to spend a minimum of 25% of the total private placement proceeds on an initial work program on the Liguidi Malguem property within 12 months of the funding of the initial tranche. The Company has fulfilled this requirement.

The second tranche of 1.75 million units was to be completed upon transfer no later than December 7, 2008 of the Liguidi Malguem licence into the Liguidi Malguem Joint Venture Sarl, which is 80% owned by the Company and 20% by Orex Resources Sarl. The permit was not transferred by the due date because of a legal dispute with Orex. Therefore, Teck is no longer obligated to fund the second tranche of the private placement, or continue with the option agreement. However, the Company continues its efforts to effect the transfer, and intends to negotiate further with Teck upon successful completion of the transfer.

### ***Yaramoko Project***

This permit is located approximately 200 kilometres west-southwest of Ouagadougou, the capital of Burkina Faso. The permit's northern boundary adjoins SEMAFO's Mana permit where a mine commenced production in February of 2008 on a gold reserve of one million ounces. Previous work on Yaramoko has included mapping, soil sampling, prospecting and rock sampling. Several rock samples from scattered areas on the permit 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 by 3.5 kilometres and covers an area with numerous active workings. The Company completed additional mapping and rock sampling in the third quarter of 2007. A 2,000 metre RC drill program was undertaken in the fourth quarter, with positive results. Additional drilling is planned to evaluate the mineralized zone.

### ***Bissa Area Projects***

The Company holds seven permits in the active Bissa area located in north-central Burkina Faso. All seven permits were acquired in the early part of 2006. Four of the Company's permits are adjacent to High River Gold's Bissa project. High River has announced an independent resource estimate for the Bissa project of 662,250 ounces of gold in the measured and indicated categories and 679,470 ounces in the inferred category (see High River news release May 23, 2006).

High River's Bissa deposits are located within the Sabcé Shear Zone, which trends north-easterly through their property. The Company's Bissa East permits (Tangapella, Sebila, Malgtaba and Biliga) cover portions of the north-easterly trending Sabcé Shear Zone, plus two parallel shear zones to the north and south of the Sabcé Shear Zone. A work program comprising regional and detailed soil sampling, reconnaissance mapping and 3,071 metres of RAB drilling was completed on the Bissa East permits during 2006. Numerous gold-in-soil anomalies were defined and several significant gold intervals were intersected in the RAB drilling. During the first quarter of 2007, 3,714 additional metres of RAB drilling and 1,884 metres of RC drilling were completed on the Bissa East permits. The drilling has defined two gold-bearing structures on each of the Tangapella and Biliga permits. Further mapping and sampling was undertaken on Tangapella and Sebila in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2007 to evaluate the remaining gold-in-soil anomalies. Results from these programs were encouraging and further evaluation is warranted.

The Company's Bissa West permits (Bissiga, Pella and Bouboulou) are located to the southwest of High River's Bissa project. A work program comprising regional soil sampling was carried out on the project

area in 2006. Several gold-in-soil anomalies were defined which were followed up in 2007 with further sampling and mapping. Geological mapping, rock sampling and 5,600 metres of RAB drilling were carried out during the first quarter. An IP survey was carried out over a small portion of the Bouboulou permit in October of 2007. Several gold-bearing zones have been identified, and further evaluation is warranted.

### ***Tao Project***

The Tao permit adjoins the Essakane project on its southern boundary. The Essakane project is owned by Orezone Resources Inc., which was recently acquired by IAMGOLD. The Burkina Faso government has awarded a mining permit to the project and construction has commenced.

Riverstone completed a 4,358 metre RAB drilling program over two separate geochemical soil anomalies during July of 2006, plus limited mapping and rock sampling. During January of 2008, mapping and sampling were completed around a prominent artisanal gold site, and assay results are encouraging.

### ***Solna Project***

The Solna permit, covering approximately 160 square kilometres, is located in eastern Burkina Faso about 250 kilometres northeast of Ouagadougou. Gold mineralization is hosted in a zone of quartz and quartz-tourmaline veins cutting foliated and sheared rocks of the Sebba greenstone belt. Solna is approximately 75 kilometres west of the producing Samira Hill gold mine of Etruscan Resources where a resource of 2 million ounces of gold has been announced. No significant work at Solna was completed in the current year.

Two additional permits – Teyango and Yantera – adjoin Solna to the northeast. The Company completed regional soil geochemistry and mapping programs on these permits in 2007. Additional surface work was undertaken in 2008 and assay results are encouraging.

## **RESULTS OF OPERATIONS**

The loss for the three months was \$338,888, which compares to a loss of \$134,310 for the previous period. Significant items comprising the current loss include \$124,981 for professional fees and \$88,380 in stock-based compensation, a non-cash item. Cash flows used in operations, before changes in non-cash working capital items, totalled \$248,721 compared to cash of \$208,807 used in operations in the prior period.

Compared to the prior year's quarter, general and administrative costs increased to \$342,103 from \$290,268. In the current quarter, professional fees increased by \$102,425 as a result of legal work relating to the Liquidi Malguem joint venture; stock-based compensation increased by \$26,529 over the prior quarter expense.

During the period, the Company incurred direct resource property costs of \$232,592 as a result of exploration work completed on its Burkina Faso properties. This compares to \$1,524,488 of direct costs incurred in the prior year's quarter, which included acquisition costs of \$687,830 relating to the Goulagou and Rounga option agreement with Golden Star.

## **SUMMARY OF QUARTERLY RESULTS**

### **Financial Data for the Last Eight Quarters**

Three Months Ended	Jan-09	Oct-08	Jul-08	Apr-08	Jan-08	Oct-07	Jul-07	Apr-07
Total Revenues	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Loss before stock-based compensation and taxes	\$250,508	\$183,950	\$238,196	\$248,959	\$210,747	\$182,887	\$169,117	\$177,323
Stock-based compensation	\$88,380	\$68,772	\$68,772	\$149,382	\$61,851	\$64,053	\$124,100	\$47,889
Future income tax recovery	\$Nil	\$Nil	\$Nil	\$Nil	\$138,288	\$Nil	\$Nil	\$Nil
Loss for the period	\$338,888	\$252,722	\$306,968	\$398,341	\$134,310	\$246,940	\$293,217	\$225,212
Loss per share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01	\$0.01

The Company's administrative expenses increased as a result of increased exploration activities since mid-2006 when the Company began major exploration programs in Burkina Faso and hired a full-time exploration manager. Since mid-2008, the Company has taken measures to reduce its exploration and administrative activities in an effort to conserve cash due to deteriorating market conditions. The quarterly losses presented (before stock-based compensation and taxes) reflect this activity. The Company experienced a large increase in professional fees during the quarter ended January 31, 2009, which relate to its Liguidi Malguem joint venture. 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. The loss for the quarter ended January 31, 2008 includes a future income tax recovery of \$138,288 relating to the recognition of tax loss carry-forwards previously subject to a valuation allowance.

Cash flows used in operations, before changes in non-cash working capital items also reflect the increase and subsequent decrease in the cost of managing the Company's many projects in Burkina Faso, averaging approximately \$169,000 per quarter for fiscal 2007, and approximately \$218,000 for fiscal 2008. Cash flows of \$248,721 used in the first quarter of 2009 reflect a large increase in professional fees relating to the Liguidi Malguem joint venture offset by a reduction in general administrative costs.

## **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. Given the recent downturn in the financial and metals markets, the Company has identified certain conditions that cast considerable doubt upon its ability to continue as a going concern (see note 1 to the January 31, 2009 interim consolidated financial statements). However, management believes that the Company will be able to continue as a going concern through a combination of raising additional equity funds, reducing general and administrative expenses, and slowing the rate of exploration on its mineral properties.

At the end of the period under review, the Company had a working capital deficiency of \$344,613 compared to working capital of \$89,700 at the end of the previous year. The decrease in working capital over the previous year results primarily from cash used in operating activities as the Company did not raise any equity during the period.

At January 31, 2009, the Company had cash on hand of \$21,268 compared to \$187,564 at October 31, 2008. The Company has insufficient working capital to meet its ongoing overhead and exploration requirements (see *Capital Resources and Commitments*), therefore, the Company will have to raise additional equity financing in the ensuing year.

## **CAPITAL RESOURCES AND COMMITMENTS**

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, of which the

Company had completed US\$110,000 by January 31, 2009. The remaining US\$30,000 payment due by March 9, 2009 has been delayed and is currently under re-negotiation.

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, of which the Company had completed US\$102,000 by January 31, 2009. The remaining US\$30,000 payment is due by April 9, 2009.

The Company has entered into an agreement with Golden Star, which grants the Company the option to acquire a 90% interest in the Goulagou and Rounga properties. To maintain and exercise its option, the Company must issue 2,000,000 warrants, 2,000,000 shares, incur \$4,000,000 in exploration expenditures, and pay US\$18,600,000 in cash, shares, or a combination thereof, at the Company's option, within four years. As at January 31, 2009, the Company had completed the issuance of the 2,000,000 warrants and 700,000 shares as required by the agreement.

Golden Star retains an NSR of between 0% and 2% depending on the quantity of gold produced. The Company can increase its interest in the properties to 100% by paying a third party US\$1,000,000 on or before 12 months after the first production of gold from the properties. Thereafter, the third party will retain a 5% net profits interest, which can be purchased by the Company for US\$500,000. The Company has accrued \$45,000 and will issue 150,000 shares to an arm's length party as a finder's fee.

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 \$9,000 per month and the agreement can be cancelled at any time.

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, the recent downturn in the financial and metals markets has made raising equity capital more difficult and therefore, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company had no off-balance sheet arrangements as at January 31, 2009 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 year of \$24,000 (2008 - \$24,000) and rent and office services of \$27,000 (2008 - \$12,000) paid to a company with which the company shares directors in common.

#### **CHANGES IN ACCOUNTING POLICIES**

There were no changes in existing accounting policies or adoptions of new standards in the period under review.

#### **CRITICAL ACCOUNTING ESTIMATES**

##### **Mineral Property Costs**

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition, exploration and development are capitalized by project. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold. The amounts shown for mineral interests represent costs incurred to date, less recoveries, and do not necessarily

reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects, and on future profitable production or proceeds from the disposition thereof.

Management of the Company regularly reviews the carrying value of each mineral property. Where information and conditions suggest that there has been impairment in their carrying value, management reviews the project for impairment and a write-down to the estimated fair value is recorded in the statement of operations. Management has carefully considered many of the conditions surrounding the recent downturn in the financial and metals markets, and has concluded that there have been no triggering events that would require management to test its mineral properties for impairment as at January 31, 2009. Management is satisfied that all of the Company's properties are of merit and warrant further exploration. Management is confident that despite the ability for junior exploration companies to raise equity financing having been diminished in the current markets, the Company will be able to raise sufficient funds to advance the properties in due course. No impairment charges have been taken on the Company's properties in the current period.

### **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Cash and cash equivalents are classified as Assets Held-For-Trading and carried at fair value. All of the Company's other financial instruments are carried at amortized cost. The Company has no speculative financial instruments, derivatives, forward contracts, or hedges.

All of the Company's Canadian cash is held in an interest bearing account at a major Canadian bank and such balances earn interest at market rates. The Company also maintains cash in the currency of Francophone West Africa ("CFA"), which it uses to fund its foreign projects. The cash balances and payables that are denominated in CFA are subject to currency risk due to fluctuations in the exchange rate between the Canadian dollar and the CFA. To manage this currency risk, the Company maintains only the minimum amount of foreign cash necessary to fund its ongoing exploration expenditures. As at January 31, 2009, the Company had the equivalent of \$415 in CFA; accounts payable denominated in CFA totalled \$341,296.

It is management's opinion that the Company is not exposed to any significant credit, interest rate, liquidity or market risks in respect of these financial instruments. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the current period.

### **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, 2009 unaudited financial statements provide a breakdown of the general and administrative expenses for the year under review (Statement 2) and an analysis of the capitalized and expensed exploration and development costs incurred on its mineral properties (Note 4).

### **OUTSTANDING SHARES**

As at January 31, 2009 and the date hereof, the Company had 48,963,341 (diluted – 60,952,546) common shares issued and outstanding versus 48,563,341 (diluted – 60,167,546) at October 31, 2008. The increase in the number of shares outstanding for the period is due to the second tranche of 400,000 shares issued under the Golden Star agreement (see *Capital Resources and Commitments*). The increase in the number of diluted shares since October 31, 2008 also includes the granting of 730,000 incentive stock options and the expiry of 345,000 options during the period.

## **SUBSEQUENT EVENTS**

Subsequent to 31 January 2000, the Company received the proceeds of a bridge loan of \$164,000 from directors, officers, and others of the company bearing interest at the rate of 12% per annum. The Company will also issue a total of 262,400 shares as partial compensation for the loan, in accordance with, and subject to the approval of, the TSX Venture Exchange. The Company also received regulatory approval for the re-pricing of 5,295,000 previously granted stock options at prices ranging from \$0.40 to \$0.26 per share to a new exercise price of \$0.205 per share. All other terms of the grants remain unchanged.

## **INVESTOR RELATIONS ACTIVITIES**

With respect to public relations, the Company's provides information from its corporate offices to investors and brokers directly. In addition, Mr. Ron Cooper provides the Company with investor relations services on a month-to-month basis. The company also holds month-to-month agreements for investor relations services from Ascenta Capital Partners Inc. in Vancouver, BC, Mau Capital Management, and Plation Capital AG in Switzerland.

## **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.

## **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”*

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Michael D. McInnis, P. Eng., President & CEO