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# HRA Journal

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## Riverstone Resources Inc. (RVS-V)

Riverstone has had good results from its Burkina Faso gold exploration, but that locale has so far not been one that excites the market despite the opening of three new gold mines there. Last week Teck Cominco and RVS signed a deal with strong above-market financings to Riverstone and option for Teck to earn 51% of the early stage Ligidi project. That should be a big aid to market recognition, both for the country and for Riverstone that trades well below its asset potential.

Riverstone has a stated goal of outlining 1-1.25 million ounces of gold at its separate Karma project this year. This would be built on its acquisition of a 550,000 oz resource at Goulagou, at an average 1.6 g/t gold, by further testing there and at its new discoveries and untested targets in its adjacent wholly owned ground. The potential for a much larger ultimate resource is on the table here. With a market value under \$20 million and results coming from two strong projects, RVS is a cheap entry into an emerging gold region.

**Speculative buy ahead of reporting from multiple drill programs over the next few months.**

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### CORPORATE SUMMARY

Riverstone's management has significant West African experience that allowed RVS to accumulate a number of good projects at low prices early in the cycle. West African has generated a number of gold developments since 2001 but many of them came to companies with bloated share structures that reduced share price gains. RVS has so far kept expenses and therefore dilution low.

Riverstone bulked up its project set late last year when it

signed an option to purchase agreement on the Goulagou project with **Golden Star Resources (GSC-T)**. This agreement got some attention because the project has a resource of over 500,000 ounces at good bulk tonnage grades. The deal comes with a final payment of \$18 million, which is due in late 2011. That is a big number, but the timeline allows the company to build value before having to write the cheque. RVS is adding ounces in Goulagou and its 100% owned adjacent projects. If the price tag works within the context

of the collective project, called Karma, the buyout could become part of a mine development budget.

The last major financing was a placement of 8MM units @ \$0.25 in August 2007, augmented by the exercise of 1 million warrants at \$0.55 in November. Earlier placement had been at higher prices.

The April 29 announcement of a option/financing agreement for Teck Cominco to earn 51% of the Ligidi project, subject to Teck due diligence

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already underway, requires Teck to purchase two tranches totaling 3.5 million units priced at \$0.60. The units include full warrants exercisable at \$1.20.

RVS must spend 25% of the placement funds on Ligidi. Once this spending is completed, TCK has a one time right to enter into an option to earn 51% of Riverstone's interest in the project for \$8 million in expenditures over 5 years. Riverstone currently holds 80% of the project in JV with a Burkina Faso entity that would be earned down to 2% NSR if it fails to fund this year's spending.

RVS has one year to complete the Teck "pre-option" spending, but will likely complete this quickly and deliver results to put Teck in a 60 day window to enter the formal property option. In order to enter the option Teck must also exercise a minimum of \$2 million worth of the \$1.20 placement warrants, which if exercised would garner RVS at least \$3.5 million in unallocated funding from this deal at an average \$0.67, 70% the above current market.

RVS will likely do a small interim placement, but this deal should provide enough funds to carry the company into 2009, at a higher activity level. We expect RSV to put a large resource increase on the table during that period. The share price has not been zooming but it has held an uptrend for the past couple of



months, something few companies can say. Increasing volume has been meeting fund related selling; the price should lift as that selling dries up.

#### MANAGEMENT

Riverstone's board is composed of highly experienced

geologists and mining engineers who will be familiar to many. RVS led by President and CEO **Mike McInnis**, an experienced and highly respected explorer and mining executive. We have known Mike for over 10 years and know him to be talented and very experienced in West Africa. **Jim Robertson**, who is one of the more active directors is another highly experienced mining executive that HRA readers may remember from Primary Metals.

They are joined on the board by **Alvin Jackson**, who is chair and CEO of Red Dragon Resources but, again, would be known to HRA readers as the longtime President and CEO of Eurozinc before it was taken over by Lundin Mining. **Rick Bailes** President of Canadian Gold Hunter, has worked with McInnis on many occasions and the two sit on many of the same boards. **Greg Isenor**, another geologist, rounds out the board of

(Continued on page 3)

#### Briefing Book

(amounts in \$CAD)

#### Riverstone Resources Inc.

**Listed:** TSX-V: RVS  
Pinksheets: RVRFF  
Frankfurt: 3RV

**Share Issue:** 44 MM; 56 MM F.D.\*

**Share Float:** 36 MM

**Working Capital:**  
\$ 2 Million\*, \$ 9 MM Fully Diluted\*

**52 Week High-Low:** \$0.48- 0.23

**Recent Price:** \$0.40

**3 mo Av Daily Volume:** 120,000 shs.

Phone #: +1-604-801-5020

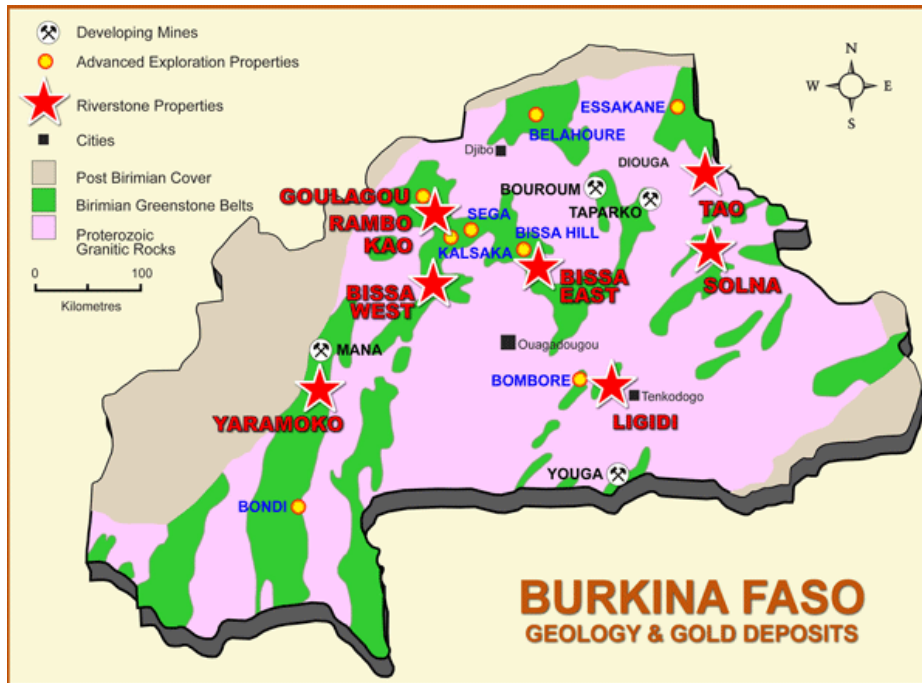
E-mail:

[info@riverstoneresources.com](mailto:info@riverstoneresources.com)

Website:

<http://www.riverstoneresources.com>

\*Assumes completing Teck funding



directors. Isenor was President of Jilbey Gold which identified the Bissa deposit in Burkina Faso.

### REGIONAL SUMMARY

Ghana, formerly called the Gold Coast, was a hot ticket in the last gold cycle partly because the Ashanti (now AngloGold-Ashanti) 40 million oz Obusi gold mine formed the basis for one of the region's first large public companies. While neighboring countries with their own histories of gold production also saw significant exploration spending in the last cycle, Burkina Faso did not garner much attention until recently despite having the same prospective Birimian greenstone rocks.

Burkina Faso is politically stable and seeking mining help build needed infrastructure. Gold is located along a series of structural trends, and the upper weathered portions of deposits are well suited to low

cost heap leach extraction. The largest deposit outlined to date is the 5 million oz Essakan recently re-purchased by Orezone Resources (OZN-T, Amex) from partner Goldfields Ltd as part of the latter's cash building exercise. Development with this project should further add to the country's visibility.

### PROPERTY SUMMARY

Riverstone has seven different sets of projects at various stages in Burkina Faso. We will focus on two here, beginning with Karma that has both the greatest potential expense for the company, and the greatest potential to generate near term upside.

#### Karma

This project in the north central part of the country is three adjacent concessions. The most exciting of the three is Kao that has been generating strong results from a large target, and should be the

company's market maker for the next while. Geochemical and geophysical surveys indicate an overall target scale here of a over 5 km of trend length in total, of which only a fraction has been tested. All of the RC drilling to date is in the Kao Main target.

Recent results from Kao Main include up to 12 metres of 16 g/t gold, though more usual are typical grades in the 1 to 2 g/t range. The core of this zone is returning 20 to 50 metre long intersections along an area of about 300 metres length. This should represent a resource centre. Of equal interest is the balance of the permit that has returned solid results in shallow RAB drill holes, but has not yet had RC drill testing to define a resource.

The Goulagou permit to the north is held under option from Golden Star Resources Purchase requires US \$4 million of spending plus issue of 2 million shares by the end of 2011, then a balloon payment of \$18.4 million and a sliding scale royalty of up to 2%. The final price tag is hefty, but equates to \$37 per existing resource oz, net of the 10% carried by the government but not the royalty.

The Goulagou Resource consists is 43-101 compliant and consists of an **Indicated 280,000 at 1.7 g/t gold, plus an Inferred 270,000 oz at 1.5 g/t gold**. Of this, half of the Indicated resource or 140,000 oz, and 40,000 oz

*(Continued on page 4)*

of Inferred at lower grades is in low cost oxide material. The calculation was based on a US\$480 gold price. The deposits are typical of the region in being 10s of metres across, with the widest areas being about 50 metres. There is room to expand both to depth, if grades are good, and on trend.

On trend from the Goulagou deposits is the shallow Rambo pit that contains a considerable resource under the old workings. Rambo is wholly owned by RVS net of a 3% royalty and 10% carried government interest (all mining claims in the country include a 10% carried interest for the government). Some of the better results from this deposit have been 40 metres of 9 g/t and 6 m of 16.4 g/t gold, but the overall potential is a 1.5-2 g/t zone with these higher grade areas as a potential sweetener. Untested target continues for up to 1 km from the pit area, and there is further room to develop targets along trend.

These deposits are close enough to each other to consider a joint operation for them. RVS is targeting a resource of 1-1.25 million oz on the basis of current results, but there is ample room to dou-

ble or better this scale.

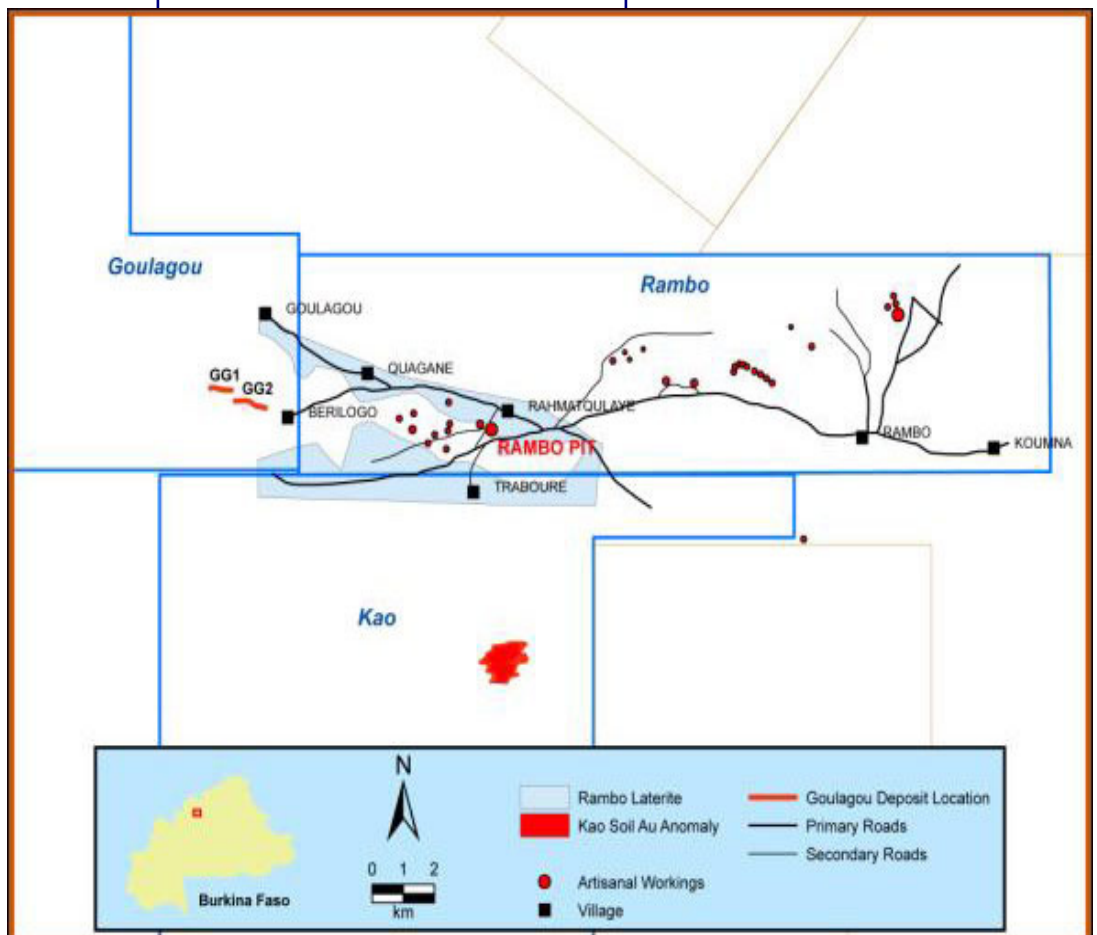
### Liguidi

Riverstone has recently extended a gold-in-soils anomaly at Liguidi to 13 km (8 mile) length, after having tested a small portion of this length in 2005 with trenching and a small drill program. The 2005 results included two 18 metre sections at 1.5 g/t gold within a 111 metre long trench averaging 0.63 g/t, and follow up drill results of 17 m of 1.3 g/t and 9 m of 1.9 g/t gold. In weathered rock that does not need grinding, a 0.5 g/t gold grade could be profitable at current gold prices.

Riverstone has outlined four large priority target areas along the 13 km trend. In

addition to gold values exceeding 1 g/t in the soil, over 20% of the samples from limited rock exposure and angular fragments of quartz within the targets have returned over 1 g/t gold, with a peak value of 15.8 g/t (0.46 oz/ton) gold.

There isn't much doubt the planned drilling will have gold intersections. The program will be about quality, and now whether it will meet the Teck Cominco threshold to continue work. It conceivably could miss that mark, and still be worth more to RVS than the company is currently valued at, without regard to its other projects. Ω



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