

Goldstake Explorations Inc.
(TSE: GXP)

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INTERVIEW DATE: 07/09/02

CEO: Could you begin with an overview of Goldstake Exploration, Robert, and then we'll get into some of the plays in greater detail?

GXP: Goldstake is involved in five or six exploration and development projects around the world. Probably the one that's closest to fruition for us is a property in Hill End in New South Wales, Australia. We're trying to arrange a financing to sink a production shaft to gain access to a reef that we've been working in the past. About four years ago, we stopped mining on an area which we'd been producing two ounces of gold to the ton, and we ran into some old workings and we had to stop production. That was at about 190 feet in depth. It's my intention to sink a shaft to about 600 feet to access that reef and to attempt to get about 10 working faces on it, so we could produce about 100 tons a day which would get us about 200 ounces a day at a cost we estimate at around about \$100 Australian dollars an ounce. We're quite excited about that, but we've not got the financing in place just yet. We're hopeful of doing that in the next week or two. We have another project which we've had for many years. Unfortunately, it's been tied up in litigation. It's in South Dakota. It's called the Whitewood Creek Tailings Project. Goldstake proved up roughly 500,000 ounces of gold in high grade tailings and that was back in 1985 and 1986. We got involved in a joint venture with Homestake Mining Company and Homestake had another agenda, other than going ahead and mining the tailings, because they had some environmental problems associated with their holdings. Unfortunately, after many years of litigation, we got some of our properties back. We have several hundred thousand ounces there. The problem that we have with this property is obtaining mining permits, because we've had a lot of resistance to that, from the state of South Dakota and from Homestake. But Barrick has now taken over Homestake and so we're trying to lease the old Homestake properties from Barrick so that we can go into production there. We believe there's well over two million ounces of gold in that entire system. It runs for about 18 miles and it's loaded up with old stamper battery tailings, which are extremely high grade. In the Northern Territory in Australia we have the Home of Bullion mine, from

which there was a shipment of 5,000 tons of ore went down from way up in the northern part of Australia to the southern states back in 1948. Five thousand tons of an average of 23 percent copper, and we believe that there were four or five grams of gold to the ton as well. That was never recorded properly. But there are still reserves there, proven reserves, of some 10 million pounds of high grade copper. And that's virtually from surface down to 90 meters, or about 280 feet. We plan to put that into production as quickly as we can. We've been granted, just in the last two days, this exploration license, and so we plan to put this into production as quickly as we can. We need the financing, obviously, in place to do that. But we could go ahead and start mining while we're proving up extra reserves. The other property on this exploration license that we've just been granted is called Prospect D. We've made a previous press release about this, where old drilling results dating back to the 1970s had intersections down to about 105 feet of seven percent average grade of copper, including 23 percent over six feet, and there was good nickel in it as well. There needs to be more exploration done on that, and so we don't have proven reserves there. So we intend to, as soon as funds are available, prove it up. We have another exploration license that's just been granted to us, which is a property we took up for Tantalum. We've recently had a Mines Department geologist from the Northern Territory Mines Department out sampling on the property. He reports back to us that there are massive pegmatites which contain tantalum and tin out in the area. We're waiting on sampling results back in the next one or two months from that. But tantalum is a metal that we mined back in the '70s in the Northern Territory from pegmatites, so that's another very prospective property. We have another property up in Hemlo, which we've had for many years. That's on the north-east extension of the Hemlo zone and it joins up to the Williams Mine on the north-east side. The zone is extending down into our property, it's quite a bit deeper than where they're mining at the present time and eventually if mining goes deeper, presumably somebody's going to have to come along and talk to us about going on to our property if they get that deep. It's about possibly 7,000 to 8,000 feet down. In Indonesia, we still have our property in Java. We're halfway through a drilling program there. We've curtailed exploration on that, because of the political problems there, but we were getting very encouraging results on that property and we intend to go back to it when we can. That's just a quick overview. We've just signed an agreement with Hydro One to supply them with a software package, which we hope will trigger a lot more sales. We developed this subsidiary company to generate funds for exploration and development of those properties I've just mentioned to you.

CEO: At Hill End in Australia the largest piece of gold was found over 125 years ago. The area has obviously been very active. What are you able to take away from that in terms of knowledge, and how do you now apply that to your program?

GXP: Well, we have a tremendous amount of knowledge about it. Obviously, it was one of the first gold mining projects in Australia; probably I think to this day still the highest recovery of gold per ton of ore crushed. It went over 30 ounces of gold for the ore that was crushed. Most of it was mined out on what's called Hawkins Hill, which is a steep-sided mountain, and that's where this Holtermann and Beyers nugget was found. It weighed 639 pounds. It was found in October, 1882 and it stood 4 foot 9 high when they photographed it. But it had broken from another piece, which was never photographed, and so it was quite a bit bigger than the 4 foot 9, 639 pounds. But in those days they just threw the top part in and smelted it up and recovered the gold. But this is the most famous gold nugget in Australia, and it's the largest piece of gold ever found. But what we've been able to derive from the work that's been done on Hill End -- and I've been involved there for over 20 years -- is this one section that we plan to open up and put a production shaft in. We've diamond drilled it and we've been underground and we've worked it along a 220 foot strip of this one reef before we ran into the old workings. We know from our experience on Hawkins Hill, that the reefs go down to at least 1,500 feet. So we've just barely scratched the surface. We were at 190 feet when we had to stop working. So initially our production shaft will probably go down to about 600 feet, and that will give us access to not only the reef that we were working but there are another eight or 10 of these similar reefs. They call them saddle reefs. It's a saddle reef formation and they sort of sit on top of each other. We should be able to access eventually all 10 of these reefs. But our initial target is to go for the one that was consistently producing two ounces of gold to the ton.

CEO: What about the opportunities now in the Northern Territory? You own 50 percent of two exploration leases. How far along are you in terms of these exploration activities, and what's next?

GXP: Utopia is about 1,800 square kilometers. That's the one we took up for Tantalum. I mentioned the fact that the Mines Department geologist had been out there doing sampling and reported back to us that there were some massive pegmatites out on one area of this property. The other one is called Barrow Creek and that contains two projects that we've done extensive research on in the archives, and that produced for

us the information on the Home of Bullion Mine and the historical records of production there of 5,000 tons of ore shipped at 23 percent copper and about five grams of gold back in 1948, and that's the one we plan to put into production. While we're producing there, we can pull out that high grade ore and develop further ore reserves as we go along. That's from surface to about 90 meters, which is something less than 300 feet. And then the other prospect on that exploration license that we will be focusing on is what's called Prospect D, where the very high grade copper and nickel is. We've made a press release about that some time ago. But we've not been able to get up and do any actual physical work on those, because they hadn't been granted until now. I'm going to Australia on the 24th of July and I'll be on the site on about the 4th through 15th August and we'll taking a geologist and do some sampling and so forth, and primarily try to arrange for financing on the Home of Bullion mine, as well as for the exploration on the Prospect D and also on the Tantalum.

CEO: As you now look at key developments in the coming quarters, what are some of the milestones investors should focus on?

GXP: I think that our Hill End project should be financed in this next quarter, and we should be able to start the production shaft. It should take a couple of months to sink to about 500 to 600 feet. I can't answer how long it will take us to get into production because it all hinges on when the financing is put into place. The second thing is that we should be able to get some results out of the Home of Bullion. That also depends on the financing. Exploration on Prospect D for the copper and nickel project, once again needs financing. On the South Dakota project, the tailings project in South Dakota, if I could get Barrick to agree to allow us to take over the entire project and put it into production, financing I believe would be reasonably easy to arrange for that project. It's a very low recovery cost for the gold. It's in tailings which are already crushed up and all the drilling and blasting and so forth have already been done. It's just sand basically with high grade gold in it, so it's an easy thing for us to recover the gold. The big thing about it also is that we have a huge crater that's capable of taking all of the tailings. And there's probably 37 million tons of tailings on this creek and they're full of arsenic and it's been an environmentally hazardous waste site for many years. The EPA, Environmental Protection Agency, have had it under their Super Fund list up until about five years ago. But the problem still exists with the arsenic being in the floodplain, and we're looking to remove the tailings, recover the gold and by doing that, remove the environmental hazard, which is this high grade arsenic in there as well. So hopefully, we can get one,

two, three or four of those projects underway in the next three months, which is the next quarter you speak of.