

97-007 SYMBOL: GXP Toronto

GOLDSTAKE ACQUIRES ITS SECOND GOLD PRODUCING OPERATION IN SOUTH AFRICA

TORONTO, August 26, 1997 -- Further to the July 22, 1997 announcement regarding its first South Africa gold production, **Goldstake Explorations Inc.** has acquired a majority interest in a second production plant and two gold stockpiles containing a further 2.25 million tons in the gold-rich Klerksdorp region of South Africa.

Ore production from Stockpile 1 has been increased by over 50% since July and is expected to double over the next four weeks.

Ore production from the larger plant on Stockpiles 2 and 3 is expected to be between 2,700 - 3,000 tons per week or approximately double that of Stockpile 1.

Recovery costs on Stockpile 1 are currently 64% of the gold price based on US \$310.00 per oz. This cost will be reduced as production rates improve.

Recovery costs on Stockpiles 2 and 3 are expected to be even lower than that of Stockpile 1 as it is a larger plant and economies of scale will be achieved.

As with the acquisition cost of Stockpile 1, the acquisition cost of Stockpiles 2 and 3 (plant included) will be paid from earnings and no **Goldstake** shares will be issued for this project.

Negotiations are continuing in South Africa and Zimbabwe for **Goldstake** to obtain additional gold production projects to enable the company to achieve its objective of being fully funded from its own projects to further explore and develop existing properties owned by **Goldstake Explorations Inc.** in Canada, U.S.A., Indonesia, Africa and Australia.

STUDY INDICATES HIGH POTENTIAL FOR

GOLDSTAKE'S HEMLO LEASES

A study commissioned by **Goldstake** of the Hemlo Gold Deposits and prepared by independent consulting geologist Russell Reid has assessed recently released data from the Ontario Geological Survey (T.L. Muir 1997 and others). It reports the following:

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"From all available data, the most easterly extent of the known Hemlo Gold Deposit does plunge towards the northeast, with an apparent trend of about 45 degrees with respect to the strike of the ore body.

"Given the location of the **Goldstake** property, potential for the Hemlo ore zone passing under the property appears very good..."

"Having assessed and digested the larger volume of data available, it would appear that a vertical diamond drillhole located at UTM Co-ordinates 582950E, 539850N on the **Goldstake** Property should intersect the Hemlo Gold Deposit at a vertical depth of between 2884.0m and 3456.1m, assuming a dip of 50 to 55 degrees respectively.

"With the known ore zone grade increasing towards the east and (re)concentration of gold occurring as one approaches the brittle-ductile shear boundary, the potential of the **Goldstake** Property to host a significant deposit also increases."

Goldstake intends to independently develop the 50% - owned Hemlo property and is no longer negotiating with other companies.

The goal of **Goldstake** and its Board of Directors is to build the Company into a large mining house while significantly improving shareholder wealth.

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FOR MORE INFORMATION:

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