

Consolidated Financial Statements of

**GOLDSTAKE EXPLORATIONS INC.**  
(A DEVELOPMENT STAGE ENTITY)

For the three months ended March 31, 2005 and year-to-date and 2004

**UNAUDITED – PREPARED BY MANAGEMENT**



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## **MANAGEMENT RESPONSIBILITY LETTER**

The accompanying consolidated balance sheets of Goldstake Explorations Inc. as at March 31, 2005 and December 31, 2004, the statements of operations and deficit for the periods then ended and the consolidated statement of cash flows have been prepared by management, who is responsible for their integrity and objectivity. These statements have not been compiled, reviewed or audited by external accountants.

Goldstake Explorations Inc. maintains an internal control structure designed to provide reasonable assurance that assets are safeguarded and that transactions are properly executed, recorded and summarized to produce reliable records and reports.

To the best of management's knowledge and belief, the statements and related information were prepared in conformity with generally accepted accounting principles and are based on recorded transactions and management's best estimates and judgments.

R.B. Cleaver, Chairman and CEO

**GOLDSTAKE EXPLORATIONS INC.**  
(A DEVELOPMENT STAGE ENTITY)  
Consolidated Balance Sheets  
March 31, 2005 and December 31, 2004  
**UNAUDITED – PREPARED BY MANAGEMENT**

	March 31, 2005	December 31, 2004
<b>Assets</b>		
Current assets:		
Cash	\$ 65,196	\$ 454,813
Sundry receivables and other assets	15,421	11,948
	80,617	466,761
Mining properties and related expenditures	625,375	290,375
	\$ 705,992	\$ 757,136
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 805,517	\$ 922,884
Due to directors, unsecured	1,488,112	1,485,931
Current portion of loans payable	695,497	681,243
	2,989,126	3,090,058
Long term portion of loans payable	151,200	150,250
Shareholders' equity:		
Capital stock (note 2)	20,564,132	20,399,132
Authorized:		
Unlimited common shares		
Issued:		
58,798,160 common shares (2004 – 57,298,160)		
Warrants	58,500	58,500
Contributed surplus	600,407	239,682
Deficit	(23,657,373)	(23,180,486)
	(2,434,334)	(2,483,172)
	\$ 705,992	\$ 757,136

See accompanying notes to consolidated financial statements.

**GOLDSTAKE EXPLORATIONS INC.**  
(A DEVELOPMENT STAGE ENTITY)  
Consolidated Statements of Operations and Deficit  
Three months ended March 31, 2005 and year-to-date and 2004  
**UNAUDITED – PREPARED BY MANAGEMENT**

	Q1 2005	Q1 2004	YTD 2005	YTD 2004
Interest and other income	\$ -	\$ 91,434	\$ -	\$ 91,434
Expenses:				
General, administration and office	62,674	86,701	62,674	86,701
Direct, related to mining	414,213	71,078	414,213	71,078
	476,887	157,779	476,887	157,779
Loss for the period from operations	(476,887)	(66,345)	(476,887)	(66,345)
Deficit, beginning of period	23,180,486	23,000,215	23,180,486	23,000,215
Deficit, end of period	\$ 23,657,373	\$ 23,066,560	\$ 23,657,373	\$ 23,066,560
Loss per share	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.00

Fully diluted loss per share has not been disclosed as it is anti-dilutive.

See accompanying notes to consolidated financial statements.

**GOLDSTAKE EXPLORATIONS INC.**  
(A DEVELOPMENT STAGE ENTITY)  
Consolidated Statements of Cash Flows  
Three months ended March 31, 2005 and year-to-date and 2004  
**UNAUDITED - PREPARED BY MANAGEMENT**

	Q1 2005		Q1 2004		YTD 2005		YTD 2004
<b>Cash provided by (used in):</b>							
<b>Operating activities:</b>							
Loss for period	\$ (476,887)	\$	(66,345)	\$	(476,887)	\$	(66,345)
Items not involving cash:							
Stock-based compensation	360,725		-		360,725		-
Changes in non-cash operating working capital	(120,842)		(73,492)		(120,842)		(73,492)
	(237,004)		(139,837)		(237,004)		(139,837)
<b>Financing activities:</b>							
Advances from directors	2,181		56,298		2,181		56,298
Loans payable	15,206		(49,432)		15,206		(49,432)
Issue of common shares or warrants for cash	165,000		107,500		165,000		107,500
	182,387		114,366		182,387		114,366
<b>Investing activities:</b>							
Investment in mining properties and related expenditures	(335,000)		-		(335,000)		-
	(335,000)		-		(335,000)		-
Increase/(Decrease) in cash and short-term deposits	(389,617)		(25,471)		(389,617)		(25,471)
Cash and short-term deposits, beginning of period	454,813		43,714		454,813		43,714
Cash and short-term deposits, end of period	\$ 65,196	\$	18,243	\$	65,196	\$	18,243

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Notes to Consolidated Financial Statements  
Three months ended March 31, 2005 and 2004  
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The Company is incorporated under the laws of Ontario and its principal business activity has been mineral property exploration and development. In 1999, the Company established a subsidiary dedicated to the development of information technology. To date, the Company has not earned significant revenue and is considered to be in the development stage.

**1. Significant accounting policies:**

The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of GAAP for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2004.

The unaudited interim consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary to present fairly the financial position of the Company as of March 31, 2005 and the results of operations and cash flows for the three and three-months ended March 31, 2005.

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the December 31, 2004 consolidated financial statements.

**2. Capital stock:**

During the quarter, common shares were issued as follows:

	2005		2004	
	Shares	Amount	Shares	Amount
Balance outstanding, beginning of quarter	57,298,160	\$20,399,132	50,105,660	\$19,676,039
Options exercised for cash	-	-	950,000	107,500
Treasury shares issued for:				
Acquisition of mining property	1,500,000	165,000	-	-
Balance outstanding, end of quarter	58,798,160	\$20,564,132	51,055,660	\$19,783,539

**GOLDSTAKE EXPLORATIONS INC.**

(A DEVELOPMENT STAGE ENTITY)

Notes to Consolidated Financial Statements

Three months ended March 31, 2005 and 2004

**UNAUDITED – PREPARED BY MANAGEMENT**

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**2. Capital stock (continued):**

In February 2000, the Company issued 4,550,000 shares at \$ 0.11 per share, with warrants at \$ 0.12 per share, expiring on February 21, 2002, of which 3,050,000 warrants remained outstanding at December 21, 2000. Warrants in the amount of 325,000 and 2,111,365 were exercised in 2001 and 2002, respectively. During February 2002, these warrants were extended to the earlier of (a) the month-end date following the period, whereby the weighted average trading price exceeds \$0.16 for 10 consecutive days and (b) February 21, 2005. There are no warrants outstanding at December 31, 2002 (2001 – 3,325,000) relating to this share issue as the outstanding balance of 613,635 expired in connection with the amended termination date, as described above.

An additional 600,000 warrants expired during 2002 in connection with a September 2000 share issue.