

Goldstake Explorations Inc.
Management Discussion and Analysis

For the Quarter Ended
March 31, 2004

Background

Goldstake started acquiring properties (purchase and lease) along the 18-mile floodplain on Whitewood Creek (WWC), South Dakota, U.S.A. in 1986. Goldstake spent U.S. \$2.3 million on acquisition, proving resource, environmental and engineering work – which was subsequently reimbursed by Joint Venture partner, Homestake Mining Company (HMC) of California. Goldstake entered into this Joint Venture in September, 1988. Goldstake received a further U.S. \$3.5 million over eight years from HMC, which was described as administrative costs to be used by Goldstake during the time it was to take HMC to obtain mining permits from the State of South Dakota, and to prepare a bankable feasibility study to enable Goldstake to finance its 50% share of the capital cost of developing a mine on WWC.

Although HMC did prepare a conceptual mining feasibility “study”, which showed an internal rate of return of 28.9% before tax, it did not complete a bankable mining feasibility, nor did it make an application for a mining permit as called for in the Joint Venture agreement and it consistently refused to prepare and lodge a mining application in spite of arbitration awards finding HMC in breach of the agreement and instructing them to comply with these terms of the Joint Venture agreement.

A substantial part of the amount received from HMC was expended on legal costs in an arbitration action brought against HMC when it continued to breach the JV agreement. The JV started in Sept., 1988 and ended in Feb., 2002 after almost 10 years of arbitration. Goldstake was awarded U.S. \$1 million, less certain costs of approximately U.S. \$250,000 and 3,250 acres of farm properties encompassing its tailings deposits on WWC.

Goldstake has received a verbal indication from an official in the mines department in South Dakota that a permit application from Goldstake would be treated on its merits with no political interference. In view of this, Goldstake has leased a property on WWC with a substantial volume of tailings (press release February 10, 2004) and has had preliminary discussions with an engineering group in the U.S. with regard to potential financing and the preparation of a mine permit application to the State of South Dakota.

It is estimated that HMC has spent over U.S. \$20 million on WWC since Goldstake became involved in 1986.

Goldstake owns a large natural crater beside WWC, which has the capacity to hold 20 million tons of tailings. It is the only feasible tailings repository in the area, other than the HMC tailings pond in the Black Hills – a distance of over 30 miles by road and which, almost certainly, would not have the capacity to hold an additional 20 plus million tons of tailings.

More than 90% of the work required to file a mining permit application has been completed on this project. It is estimated that a further U.S. \$2 million is required to complete a bankable feasibility and the mine permit application.

As a result of the 10 years of litigation (with the attendant costs in time and money), Goldstake's financial health and further development was compromised. Goldstake management has, therefore, been actively pursuing potentially attractive mining projects globally.

To that extent, Goldstake acquired two projects in Indonesia in 1996; one in Kalimantan (which was subsequently dropped in 1997) and the other in Soreang, in Java, on which Goldstake spent 3.9 million dollars on acquisition and a partially completed exploration program, which included diamond drilling. The exploration program was curtailed after the Bre-X fraud was exposed and the subsequent fallout prevented Goldstake from raising further capital to complete this project.

The success of Indonesia's recent democratic elections has encouraged Goldstake management to actively pursue this project and attempt to raise capital to continue exploration on the property. Recent reports from Indonesia indicate that up to 300 artisanal miners have been producing gold on this site.

Financings

During 2003, 2,745,000 options were exercised for \$337,000 and 1,500,000 treasury shares were issued for the acquisition of a mining property valued at \$225,000.

During the first quarter ended March 31, 2004, 950,000 options were exercised for \$107,500.

Proposed Financings

The Company hopes to be able to negotiate a financing for exploration and working capital purposes when it is trading on the Toronto Stock Exchange. The Company does not have a specific source of financing at this time.

Selected Consolidated Annual Financial Information

The following selected financial data with respect to the Company's financial condition and results of operations have been derived from the consolidated financial statements of the Company for the years ended Dec. 31, 2003, 2002, and 2001, which have been prepared in accordance with accounting principles generally accepted in Canada. The

selected financial data should be read in conjunction with those financial statements and the notes thereto.

	Fiscal Years Ended Dec. 31		
	2003	2002	2001
Total Revenues	356,919	92,572	42,611
Income (Loss) before discontinued operations and extraordinary items	(4,710,598)	(1,096,918)	(1,224,122)
Income (Loss) per share	(0.09)	(0.02)	(0.03)
Net Income (Loss)	(4,710,598)	(1,096,918)	(1,224,122)
Net Income (Loss) per share	(0.09)	(0.02)	(0.03)
Balance Sheet Data			
Total Assets	401,019	4,938,070	5,154,343
Long Term Debt	57,766	114,011	118,800
Cash Dividends Declared	Nil	Nil	Nil

Dividend Record

There are no restrictions that prevent the Company from paying dividends. The Company has not paid any dividends on its common shares in the last 5 fiscal years.

The Company currently has no intention of paying any dividends on its common shares. It is anticipated that funds raised from sale of assets or sale of shares will be used to pay for exploration, overheads and creditors. The Board of Directors of the Company will determine if and when dividends should be declared and paid in the future, based on the Company's financial position at the relevant time.

Results of Operations

The following discussion of the financial condition, changes in the financial condition and results of operations of the Company for the fiscal years ended Dec. 31, 2003 and Dec. 31, 2002 and for the 3-month period ending Mar. 31, 2004 should be read in conjunction with the year end and interim financial statements of the Company and notes thereto. There have been no major changes in accounting policies during these periods.

The following table sets forth selected quarterly information for the last quarter and the last 2 fiscal years.

Fiscal Year 2004 Quarters Ended	Mar. 31, 2004			
Total Revenues	91,434			
Income (Loss) before discontinued Operations and extraordinary items	(66,345)			
Income (Loss) per share	0.00			
Net Income (Loss)	(66,345)			
Net Income (Loss) per share	0.00			
Fiscal Year 2003 Quarters Ended	Dec. 31, 2003 (12 months)	Sep. 30, 2003 (9 months)	Jun 30, 2003 (6 months)	Mar. 31, 2003 (3 months)
Total Revenues	356,919	41,251	27,338	22,493
Income (Loss) before discontinued operations and extraordinary items	(4,710,598)	(340,213)	(143,519)	(91,222)
Income (Loss) per share	(0.09)	(0.01)	0.00	0.00
Net Income	(4,710,598)	(340,213)	(143,519)	(91,222)
Net Income (Loss) per share	(0.09)	(0.01)	0.00	0.00
Fiscal Year 2002 Quarters Ended	Dec. 31, 2002 (12 months)	Sep. 30, 2002 (9 months)	Jun 30, 2002 (6 months)	Mar 31, 2002 (3 months)
Total Revenues	92,572	61,210	51,146	11,161
Income (Loss) before discontinued operations and extraordinary items	(1,096,918)	(469,691)	(299,331)	(123,962)
Income (Loss) per share	(0.02)	(0.01)	(0.01)	0.00
Net Income (Loss)	(1,096,918)	(469,691)	(299,331)	(123,962)
Net Income (Loss) per share	(0.02)	(0.01)	(0.01)	0.00

Year Ended December 31, 2003 compared to year ended December 31, 2002

The financial statements for the year ended Dec. 31, 2003, show a net loss of \$4,710,598, compared to a net loss of \$1,096,918 for the previous year.

The difference was almost entirely due to the size of the write-down of mining properties and related expenditures. The year ended Dec. 31, 2003 included a write-down of assets of \$4,474,033, while the write-down in the previous year was \$214,353. There was also a decrease in general and administrative costs in the year ended December 31, 2003, general and administrative costs were \$44,362 in the year ended December 31, 2003 whilst they were \$457,424 in the previous year.

Total interest costs rose in the year ended Dec. 31, 2003 to \$203,058 from \$112,463 in the previous year.

Quarter ended March 31, 2004 compared to quarter ended March 31, 2003

The financial statements for the quarter ended March 31, 2004 show a net loss of \$66,345 compared to a loss of \$91,222 in the corresponding quarter of the previous year.

The differences were interest and other income of \$91,434 in the quarter ended March 31, 2004 compared to \$22,493 in the corresponding quarter of the previous year. General administration costs were \$86,701 compared to \$28,901 in the corresponding quarter of the previous year. Software development costs of nil compared to \$5000 in the corresponding quarter of the previous year.

Year ended December 31, 2002 compared to year ended December 31, 2001

The financial statements for the year ended December 31, 2002 show a net loss of \$1,096,918 compared to a net loss of \$1,224,122 for the previous year.

The differences were interest and other income of \$92,572 in the year ended December 31, 2002 compared to \$42,611 in the previous year, a write-down of mining properties and related expenditures of \$214,353 in the year ended December 31, 2002 compared to nil in the previous year. General and administration costs declined to \$457,424 in the year ended December 31, 2002 from \$597,525 in the previous year and software development costs were \$20,000 in the year ended December 31, 2002 compared to \$158,217 in the previous year.

Analysis of Mining Properties and Development Expenditures

Whitewood Creek, South Dakota, U.S.A.

The following should be read in conjunction with the section on Whitewood Creek under the heading "Background" and notes to the financial statements Dec. 31, 2003.

Goldstake retains approximately 1800 acres of the 3250 acres awarded to it by the arbitrator in the dissolution of the Joint Venture with Homestake. Sales to date (with the exception of the Martin property) have ranged between \$600-\$900 an acre. Goldstake continues to sell this real estate and retain the mineral rights to the tailings where applicable.

Goldstake management must obtain mining permits to move this project forward to production and the cost of the mining permit and a bankable feasibility study is approximately U.S. \$2 million. These funds could be raised by the sale of shares to the public or the project could be developed in a Joint Venture with another organization

Soreang, Java, Indonesia

The following should be read in conjunction with the section on Whitewood Creek under the heading "Background" and notes to the financial statements Dec. 31, 2003.

Goldstake has written off the \$3.9 million that Goldstake has spent on this project to show it as having a nil value. Goldstake intends to complete its "in progress" exploration program when and if financing becomes available.

Golden Gully, N.S.W., Australia

Goldstake owns 20% of Silver Orchid Pty. Ltd., the title-holder to these leases. Silver Orchid owns 70% of the leases and Goldstake, therefore, owns 14%. Over \$3 million has been spent by Silver Orchid, or others, since acquisition. This includes shaft refurbishment twice, surface and underground mining and surface exploration, diamond drilling and geological mapping.

Silver Orchid Pty. Ltd. intends to drill several deeper diamond drill holes on this property to confirm structure. And when, and if funds are available, sink a decline to 600 feet (350 feet below existing workings) and mine the reefs that are known to be on the property.

Goldstake does not have an obligation to contribute.

Prospect "D", N.T., Australia

50% of exploration license 23186 was conditionally gifted to Goldstake in August, 2002 by Imperial Granite and Minerals and Goldstake chairman, Robert Cleaver (Imperial).

EL 23186 covers an area of approximately 800 sq. kilometers and was split roughly in half when a Joint Venture with Mithril Resources was formed with Goldstake and Imperial in July, 2003 whereby, for the expenditure of \$5 million including the payment of \$200,000 to Goldstake and Imperial after the expenditure of \$1 million, Mithril would earn 75% of the project.

Mithril has expended in excess of \$112,000 on exploration and as a result of this BHP Billiton (BHPB) has elected to contribute the \$5 million to earn a 59% interest, leaving Mithril with 16%, Goldstake with 12.5% and Imperial with 12.5%.

Goldstake has not spent any money on this property. All costs to date have been met by Imperial.

In the event that Goldstake is suspended from trading on the Toronto Stock Exchange for longer than 6 months, becomes insolvent, or enters into receivership or liquidation, Goldstake will return its equity in EL 23186 (Prospect "D" and Home of Bullion) to Imperial, after Imperial repays Goldstake for any expenditures made by Goldstake on this property. In the event that there is a change in the management of Goldstake, Imperial will have the option for 90 days to notify Goldstake if it wants to terminate the arrangement, and Goldstake will return its share of EL 23186 after being repaid any expenditures made by Goldstake on EL 23186.

Goldstake has an option (subject to the conditions outlined above) to acquire from Imperial a further 10% of EL 23186, Prospect "D" and/or "Home of Bullion" by paying Imperial 10% of the "net present value" of each project (Prospect "D" and HOB) based on that value being established in a bankable feasibility study.

Home of Bullion Mine, N.T., Australia

The other half of exploration license 23186 is owned 50% by Imperial and 50% by Goldstake on the same terms and conditions as Prospect "D" (conditions outlined under the heading, "Prospect "D" above). This property contains the Home of Bullion Mine (HOB) which has a mining history of 2500 tons of production containing 22.5% Cu.

Goldstake has not spent any money on this property. All costs to date have been met by Imperial.

It is the intention of Imperial and Goldstake, when and if funds become available, to refurbish the production shaft and bulk sample the reported rock containing minerals; and to drill along strike and down depth to determine the size of the structure.

Utopia, N.T., Australia

Goldstake acquired its 50% interest in this property (EL 23187) on the same terms and conditions as for EL 23186.

EL 23187 covers an area of 1438 square kilometers. It is prospective for tin and tantalum, but it is a grass-roots exploration property. Imperial and Goldstake did not renew the exploration license in August, 2003 after Imperial spent approximately \$12,000 on lease rent, field visits and limited sampling of outcrop. Goldstake did not incur any expenditure on the property and neither Imperial nor Goldstake holds any interest. This property may be taken up again in the future, if available and if circumstances are more favourable.

Hemlo, Ontario, Canada

Approximately 1000 acres on the northeastern end of the Hemlo Mines. Goldstake's stake in this property was acquired in the late 1970;s prior to current management's involvement with Goldstake.

One diamond drill hole was drilled to approximately 2400 feet by the J.V. partner at a reported cost of over \$400,000. Deeper drilling is suggested to search for the Hemlo structure.

Goldstake maintains the property by paying the rent of approximately \$110. per annum.

McGarry Township, Kirkland Lake, Ontario, Canada

In August, 2003, Goldstake acquired an option, for 1.5 million shares valued at \$0.15 cents per share for a total of \$225,000, from Transpacific Resources Inc. to earn a 60% interest on Transpacific's 4000 acre property by spending \$1.5 million over 4 years. The property lies one mile north of the Kerr Addison Mine, which produced 11,000,000 oz. of gold.

Two exploration programs, by McGarry partnership and run by Dr. Hulbert Lee, in 1985/86. and Transpacific, run by Mr. Ernest Gallo, P.Geo. in 1995/97 identified 8 gold zones. Diamonds were also identified on the property in both programs.

Two of the eight gold zones have had drilling activity and a gold resource has been identified (see NI 43-101 report on SEDAR by Ernest Gallo, P.Geo, dated April, 2004).

Geophysical evidence shows 3 circular magnetic anomalies on the property, and these are immediate drill targets to test for diamondiferous kimberlites when funds are available.

Two diamond drill holes were drilled on the property between April 23 and May 1, 2004 for a total of 251.8 meters. The holes were drilled to satisfy assessment requirements of the Ontario Ministry of Northern Development and Mines, and to further investigate a previously discovered a gold bearing zone termed "Instant Pond". The cost of this program was \$60,000. The cost of the NI 43-101 report was \$15,000.

If Goldstake is delisted from any Canadian stock exchange for more than 6 months, goes into liquidation or is declared insolvent, then this agreement shall become null and void.

Liquidity and Capital Reserves

At March 31, 2004, the Company's working capital deficiency was \$3,229,784 which consisted of cash and sundry receivables less accounts payable, accrued liabilities, due to Directors and current portions of loans payable.

At March 31, 2003, the Company's working capital deficiency was \$3,801,548 which consisted of cash and sundry receivables less accounts payable, accrued liabilities, due to Directors, current portions of loans payable and current portion of long term debt.

The improvement in working capital in the year was due to the sale of certain assets and properties, the proceeds of which were used to reduce outstanding liabilities.

Summary of Securities Outstanding at March 31, 2004

Authorized share capital – Unlimited common shares

	<u>Shares</u>	<u>Amount</u>
December 31, 2003	50,105,660	19,676,039
March 31, 2004	51,055,660	19,783,539

At March 31, 2004, 4,255,000 options were outstanding under the Company's 1996 Stock Option Agreement.

There were 70,000 escrowed shares at March 31, 2004.

Related Party Transactions

During the 2003 financial year, Goldstake chairman, Robert Cleaver, lent the Company \$75,467. This loan is unsecured, non-interest bearing, with no repayment date.

There is an amount of \$841,479 owing to Robert Cleaver. This loan is unsecured, non-interest bearing with no repayment date attached.

An annual management fee of US. \$150,000 is payable to Robert Cleaver. This has not been paid for a number of years, but is credited to his loan account.

During the quarter ended March 31, 2004, a party related to a Director has advanced the Company \$6,600. The advance is non-interest bearing and has no fixed terms of repayment. Due to Directors included \$49,417 accrued as payable to the chairman of the Company (who is also a Director) for management services during the first quarter of 2004.

Conditions applying to exploration license 23186 (Prospect “D” and Home of Bullion Mine) are described under the heading “Prospect “D” and “Home of Bullion” in the “Analysis of Mining Properties and Development Expenditures” section in this MD&A.

Added Notes

The Company does not engage in any specific investor relations other than providing dissemination of material information regarding the Company to the general public and brokerage communities. The Company has not retained any person or firm to provide investor relation services, other than Mr. Martin Jones, who provides advice to management on an ad hoc basis.