

Consolidated Financial Statements of

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

For the three months ended March 31, 2004 and year-to-date and 2003

**UNAUDITED – PREPARED BY MANAGEMENT**



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## **MANAGEMENT RESPONSIBILITY LETTER**

The accompanying consolidated balance sheets of Goldstake Explorations Inc. as at March 31, 2004 and December 31, 2003, the statements of operations and deficit for the periods then ended and the consolidated statement of cash flows have been prepared by management, which 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, 2004 and December 31, 2003  
**UNAUDITED – PREPARED BY MANAGEMENT**

	March 31, 2004	December 31, 2003
<b>Assets</b>		
Current assets:		
Cash and short-term deposits	\$ 18,243	\$ 43,714
Sundry receivables and other assets	23,967	106,105
	42,210	149,819
Deposits for reclamation costs	26,200	26,200
Mining properties and related expenditures	225,000	225,000
	\$ 293,410	\$ 401,019
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,115,516	\$ 1,213,380
Due to directors, unsecured	1,316,693	1,260,395
Current portion of loans payable	839,785	889,079
Current portion of Long-term debt	-	4,450
	3,271,994	3,367,304
Loan payable	163,912	164,050
Long-term debt	-	53,316
Shareholders' equity:		
Capital stock (note 2)	19,783,539	19,676,039
Authorized:		
Unlimited common shares		
Issued:		
51,055,660 common shares (2003 – 50,105,660)		
Contributed surplus	140,525	140,525
Deficit	(23,066,560)	(23,000,215)
	(3,142,496)	(3,183,651)
	\$ 293,410	\$ 401,019

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, 2004 and year-to-date and 2003  
**UNAUDITED – PREPARED BY MANAGEMENT**

	Q1 2004	Q1 2003	YTD 2004	YTD 2003
Interest and other income	\$ 91,434	\$ 22,493	\$ 91,434	\$ 22,493
Expenses:				
General, administration and office	86,701	28,901	86,701	28,901
Direct, related to mining	71,078	79,814	71,078	79,814
Software development costs	-	5,000	-	5,000
	157,779	113,715	157,779	113,715
Loss for the period from operations	(66,345)	(91,222)	(66,345)	(91,222)
Deficit, beginning of period	23,000,215	18,289,617	23,000,215	18,289,617
Deficit, end of period	\$ 23,066,560	\$ 18,380,839	\$ 23,066,560	\$ 18,380,839
Loss per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 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, 2004 and year-to-date and 2003  
**UNAUDITED - PREPARED BY MANAGEMENT**

	Q1 2004		Q1 2003		YTD 2004		YTD 2003
<b>Cash provided by (used in):</b>							
<b>Operating activities:</b>							
Loss for period	\$ (66,345)	\$	(91,222)	\$	(66,345)	\$	(91,222)
Items not involving cash:							
Changes in non-cash operating working capital	(73,492)		20,575		(73,492)		20,575
	(139,837)		(70,647)		(139,837)		(70,647)
<b>Financing activities:</b>							
Advances from directors	56,298		72,135		56,298		72,135
Loans payable	(49,432)		(1,734)		(49,432)		(1,734)
Issue of common shares or warrants for cash	107,500		-		107,500		-
	114,366		70,401		114,366		70,401
<b>Investing activities:</b>							
Investment in mining properties and related expenditures	-		2,718		-		2,718
	-		2,718		-		2,718
Increase/(Decrease) in cash and short-term deposits	(25,471)		2,472		(25,471)		2,472
Cash and short-term deposits, beginning of period	43,714		25,891		43,714		25,891
Cash and short-term deposits, end of period	\$ 18,243	\$	28,363	\$	18,243	\$	28,363

See accompanying notes to consolidated financial statements.

**GOLDSTAKE EXPLORATIONS INC.**  
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Notes to Consolidated Financial Statements  
Three months ended March 31, 2004 and 2003  
**UNAUDITED – PREPARED BY MANAGEMENT**

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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 unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2003.

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, 2004 and the results of operations and cash flows for the three months ended March 31, 2004.

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the December 31, 2003 consolidated financial statements.

**2. Capital stock:**

During the quarter, common shares were issued as follows:

	2004		2003	
	Shares	Amount	Shares	Amount
Balance outstanding, beginning of quarter	50,105,660	\$19,676,039	45,860,660	\$19,114,039
Options exercised for cash	950,000	107,500	-	-
Warrants exercised for cash	-	-	-	-
Balance outstanding, end of quarter	51,055,660	\$19,783,539	45,860,660	\$19,114,039

**GOLDSTAKE EXPLORATIONS INC.**

(A DEVELOPMENT STAGE ENTITY)

Notes to Consolidated Financial Statements

Three months ended March 31, 2004 and 2003

**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 2,725,000 warrants remained outstanding at December 31, 2001. Warrants in the amount of 2,111,365 were exercised in 2002. 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, 2003 (2002 - nil) relating to this share issue as the outstanding balance of 613,635 expired in connection with the amended termination date, as described above.