

Goldstake Explorations Inc.  
(TSE: GXP)

## **GOLDSTAKE EXPLORATIONS INC.**

**INTERVIEW DATE: 12/27/02**

**CEO:** Hi this is Ken Sgro with CEOcast and my guest today is Robert Cleaver. Robert is the Chief Executive Officer of Goldstake Explorations Inc., a Toronto Stock Exchange Company trading under the symbol GXP. Welcome to CEOcast again Robert.

**GXP:** Thank you very much Ken, thanks for having me.

**CEO:** Well with gold and metals really being in the forefront now, yours is just another company that appears to have a lot of potential for growth, so for those who might not be familiar with your company, why don't we give them a brief rundown of what Goldstake is about.

**GXP:** Thanks Ken. Goldstake is listed on the Toronto Stock Exchange under the symbol GXP. It is a company that has been listed on the TSE since 1988, has roughly 45 million shares, and we have projects in North America, both in South Dakota in the US and Hemlo in Canada and a number of projects, advanced projects in Australia. The focus at the moment obviously is on our gold properties and our copper and nickel properties in Australia and we've just completed a power point presentation to enable us to do some financing to develop at least 4 and possibly 5 of these advanced projects to feasibility stage and to get them into production.

**CEO:** What sort of financing are you looking at?

**GXP:** We're looking at about 15 million dollars for the development of the whole 5 to get them to feasibility and/or into mining stage.

**CEO:** How many properties do you have in Australia?

**GXP:** We have 2 very large land holdings in the Northern Territory, one of 825 sq km called Barrow Creek which contains 2 advanced projects with drill results and proven and probable reserves on one of them and drill indicated reserves on another and 4 explorations prospects on which there are surface outcrops and IP anomalies that have been established on that property. The other property is called Utopia, which is 1800 sq km on which we have found one huge pegmatite. A pegmatite is a body which contains tin and tantalum and we've had sampling done on that this year and it is 5 km long by 140 meters wide on surface and mines department sampling is showing that it is carrying up to 1 pound tantalum and 2 pounds tin, which is about \$80 dollars a ton in terms of the ore, and that's from surface.

**CEO:** What are tin and tantalum used for these days?

**GXP:** Tantalum is primarily used in capacitors in computers and other electronics and is also used in the Aerospace industry. Sons of Gwalia in Australia is the major producer and they sell all their production to Cabot in the US and there is some production out of Brazil and Canada. Tin is used primarily for tin plate.

**CEO:** Now, the property that you described in Australia is that Hill Ends property or is it separate?

**GXP:** Hill End is a different property to the ones I've just described. The ones that I just mentioned to you are the exploration licenses, the 825 km and 1800 km that are in the Northern Territory of Australia and our Hill End project is in New South Wales about 3 hours drive west of Sydney. Hill End is a old mining camp which was discovered in 1850 which was the beginning of gold mining in Australia and is still to this day the 'richest gold field per ton of ore crushed' in history and the biggest piece of gold ever found came out of Hill End and weighed 639 lbs. In 1997, we cleared an old shaft down to 190 feet then sank down a further 40 feet and mined along one of the reefs for 240 feet to produce over 2 ounces of gold to the ton. This was an exploration exercise and confirmed the grades reported in old records. It is important to note that mining could not take place below 250 feet due to excess water problems in the 1870's. These water flows can easily be utilized for our mining and processing operation to be carried out below the 250 feet level.

**CEO:** Recently you reported assay results from one of your Australian properties; I believe it's called Home of Bullion Mines?

**GXP:** Yes Ken. I went down to Australia in late August early September and we went around to some of the properties and we were able to agglomerate some samples that were still in the ore stock piles from the previous mining and the assay results that we got back from those averaged in one sample 34% copper and 6 grams of gold and 9 ounces of silver and another one was 23% copper, 6 grams of gold and 15 ounces of silver, so that really verifies the old mining history that we have there where 550,000 tons of material was mined and sent away to the southern parts of Australia about 3000 kms in 1948 and half of that shipment produced 22.5% copper. So, this is a really high-grade copper property with some pretty good grade gold in there as well as silver.

**CEO:** Which of the 3 metals actually dictates the economics? The reason I ask is that the copper prices have been somewhat depressed.

**GXP:** Yes, well I think we can confidently expect in an area of 550 feet of length about 660 feet of depth, and that's an extrapolation from a known depth of 330 feet, in other words, we are doubling the depth but leaving the length of the ore body as defined, it has already been defined as 550 feet along the surface, but we do know that it's 5000 feet in the IP anomaly so we're just keeping it 550 feet. The range is between 8 and 25 feet in width so we've averaged it at 15 feet, that's 550 feet X 15 X 660 feet, and we've estimated 2.8 to specific gravity to the ton of ore and that comes out to about 500,000 tons of ore. We believe that we can confidently expect to produce about 10% copper out of that, given the fact that the ore grade of the copper is between 6 and 34%, we've said 10%, we believe that's reasonably conservative, and it's extremely shallow, which is what my objective is, to mine material close to the surface. There are shafts on the ore body, which were sunk back in 1948, and the ore is very high grade in copper but the 6 grams of gold, given today's gold price in Australian terms is close to half the value of the copper. But the copper, given that it

is 10% would probably be one of the highest or the richest copper mines in the world. I don't know of anything that's mining as high as that.

**CEO:** So, if copper has some upward trend, that would be an upward trend in your economics?

**GXP:** The copper would be minable at today's prices, in the meantime of course, the value of the gold there, this is not proven of course, the copper is proven and probable reserves, but the gold is associated with the copper and it has never been properly defined before, never been properly assayed because, back in the days they were doing this work, gold and silver was not a major thing, they were after the copper. So, we must do a feasibility study on this property and that means doing about 10,000 meters of drilling and getting underground to prove it up, but, in that small area we think that there is probably, as I said about 500,000 tons and that would be a good start to work on a feasibility study and our target would be about 5 million tons before we got into production.

**CEO:** Robert, are there any advantages to doing mining in Australia as compared to other parts of the world?

**GXP:** I can answer that very confidently, we've been in Indonesia and South Africa and these places are, to us, extremely difficult from a political point of view and a safety point of view. We've had problems when we were mining in South Africa with our staff, being held up at gun point and so forth, not that I'm decrying South Africa, there are other mining companies out there mining very successfully, but for me, it was a difficult place to work and we pulled out of there. In Indonesia, I don't have to tell you what the problems are there, we had an extremely successful drilling program going on at our property that we still own in Java, just out of Jakarta and unfortunately I think we're going to have to write it off. We were half way through the drill program, but there is just too much political stress and tension. In Australia there is none of that, and our dollar is low by world standards at the present moment, I think that today the Australian dollar is about 0.56 cents against the US dollar and that makes the price of gold in Australia, and we're paying our expenses out, our wages and so forth in Australian dollars, but in dollar terms, in Australian dollar terms, the price of gold is about \$650 an ounce which is a fantastic price to us and of course with tantalum and copper these products are quoted in US dollars, tantalum is \$40 dollars a pound US that makes it almost \$80 dollars a pound in Australian dollar terms. So, politically, it's as stable as Canada and the US and there are a lot of benefits to it and of course Australia is a mining oriented country and we have a lot of good miners and people are in tuned to mining.

**CEO:** My last question for you. Your company has locations all around the world, we've concentrated for the most part of Australia in this discussion, but in summary give us what your strategy is going to be over the next year or two to move your company forward?

**GXP:** Thank you. Our strategy at the moment is to try to get the Hill End property into production, as quickly as possible, that would create a cash flow for us which would be sufficient to enable us to develop all the other projects. But if we can't do that straight away, what we're trying to do, as I said before with this power point presentation we're going around to see some financiers early in the new year and if we could finance all 4 of the properties, I'm leaving out, when I say all 4, I'm leaving out the South Dakota property because that's got a different set of dynamics, where we are relying on doing a deal with Barrick Gold on that, but we've got proven gold reserves there and I

think that's going to start moving, and hopefully will become a mining development in the next six months or so, but that's subject to doing a deal with Barrick, they are the people that have taken over Homestake and we had a joint venture on this property with Homestake. So, leaving aside South Dakota, the 4 projects that we are looking to develop this year would either be financed by the mining revenue from Hill End, or we will do joint ventures with these other properties and have them developed by other companies who have the mining expertise and the finance to be able to do that. And obviously, we want to increase our shareholders value and that incorporates getting the stock price up and I think we have a good chance to do that with the gold market going the way it is. I don't think anybody believes that we're not in a major bull market now for gold.

**CEO:** Robert thanks so much for joining us again.

**GXP:** Thank you Ken.