BARROW CREEK PROJECT
EL 23186
ANNUAL TECHNICAL REPORT FOR
THE PERIOD 15th July 2009 to 14th July 2010

Prepared by
Goldstake Explorations Inc.
and
Imperial Granite and Minerals Pty.Ltd

September 2010

MAP REFERENCE:
BARROW CREEK 250K – SF53/6
1.0 Summary

This annual report documents activities undertaken on exploration licence (EL) 23186 for the period 15th July 2009 to 14th July 2010.

Apart from investor visits and on site project presentations there was no field based exploration activities conducted on the tenement.
2.0 Location & Tenure

EL 23186 is located in the Northern Territory of Australia (Figure 1). It is situated 27 km ENE of the small settlement of Barrow Creek, population less than 50, located on the bitumen-sealed Stuart Highway 282 km north of Alice Springs and 224 km south of Tennant Creek. The recently constructed Alice Springs-Darwin (“The Ghan”) standard gauge railway passes 8km east of the Home of Bullion prospect (Figure 1).

The prospect is situated on the Neutral Junction pastoral property (Perpetual Pastoral Lease no. 969, Portion 3375). Access to the prospect from the Stuart Highway at 1km north of Barrow Creek is by way of an unsealed station track to Neutral Junction Station, at 12km, and the nearby Tara aboriginal community, thence by little-used bush tracks.

Imperial Granite and Minerals Pty Ltd. (25% holding), Goldstake Explorations Inc of Toronto Canada (50% holding) and Mr. Robert Cleaver (25% holding) are the current holders of EL23186. The tenement holding has recently been extended for an additional two years.

Figure 1. EL23186 location plan.
3.0 Exploration Highlights

Previous exploration activities conducted on EL 23186 have been highlighted and discussed at length in previous reports by various company representatives.

A review of geological and structural mapping was undertaken on the project. A completed review of the 3D model was undertaken to determine the accurate position and orientation of proposed diamond drill holes.

Reviews of data and modelling were conducted by independent authorities contracted by the tenement holders to present the prospect to potential investors. Most of the activities conducted on the tenement involved the promotion of the property to investors to enable continuation of resource development.

Site visits by investors, project promoters and independent experts continue with the intent of advancing the project to the next stage of development; a JORC compliant resource.

Details of the proposed “Prospect D” Copper, Gold & Silver Mine and Area “A” on enclosed Figure 2 map is as follows:

Prospect D, Nickel, Copper, Gold, Silver at Barrow Creek Northern Territory, (NT)
AUSTRALIA
Summary August 2010

Location:
Prospect D is located 25 km northeast of Barrow Creek, NT, 1 km east of Stuart Highway and 10 km west of the Alice Springs to Darwin railway.

Tenement:
Prospect D is on the Northern portion of Exploration License 23186, renewed in July, 2010 for 2 years.

Area:
Prospect D, Area “A” of EL 23186-10 sub-blocks, 32 sq. km. See Figure 2 map showing area.

Regional Geology and Mineralisation:
Prospect D is in the Arunta Inlier complex of highly deformed and metamorphosed early to late Proterozoic mafic, felsic intrusive and sedimentary rocks.

Owners:
Goldstake Explorations Inc 50%, Robert Cleaver 25%, Imperial Granite & Minerals Pty Ltd25%.

Exploration Highlights:
American oil company Keewancee Oil drilled 11 diamond drill holes [DDH] along a strike length of 2km during the Nickel boom in 1971. Due to the low value of precious metals [gold at $35 per ounce] only one of these holes was assayed for gold and silver [and none for platinum or palladium], namely DDH7.

At a depth of 83m, DDH7 encountered a 5.2 metre intersection which assayed the following; Nickel 1.24 [%Ni.], Copper 1.18% [Cu.], Silver 10 ounces per ton [Ag.], Gold 4.7 g/t [Au.]. Lead, up to 0111 ppm [Pb.].
At to-day’s price, this grade of mineralization has a value of over $750 AUD per ton of ore, which is the equivalent in value to over one half ounce of gold per ton. Keewannee established a “drill indicated reserve of 3.16 million tons {m} at 0.2% Ni. and 0.57%Cu. over a strike length of 2km, and up to 9m wide. No estimate of Gold or Silver was made due to the fact that of the total 11 holes, only DDH7 was assayed for these two precious metals.

In addition to the 11 hole DD programme, Airtrac percussion drilling encountered extremely high grades from the surface to the bottom of the holes. The highest grade result was from 0 to 33 metres which assayed; 3.32% Cu. 0.21% Ni. including 2m of 23% Cu. 0.21% Ni.

In 2004 BHPBilliton/Mithril entered into a joint venture with the owners and conducted a $1 million drill and geophysics programme. BHPB/Mithril personnel described Project D as having the potential to host sulphide mineralization similar to the Voisey’s Bay nickel deposit in Canada. Notable results from the limited BHPB/Mithril drill programme was a DDH {BCD-001} intersection of 6.8m at a depth of 133.8m assaying Ni. 0.27%. Cu. 0.24%. Ag. 5.2 g/t. and another DDH, [BCD-005] intersected 12.3m at 157m assaying, Cu. 0.75%, Ag.4.8g/t and included 6.8m of Ni. 0.24%, Cu.1.01%, Ag. 7.3g/t.

Immediately after BHPBilliton withdrew from the project in 2005, due to its $9 billion takeover of Western Mining Corporation, Falconbridge {Australia] Pty Limited signed- on to complete the required $5 million expenditure under the terms of the J/V agreement with BHPBilliton/Mithril. Before Falconbridge was able to start work on the project, they too withdrew in December 2005, due to the imminent merger between Inco and Falconbridge.

**Electromagnetic Surveys-Fugro Airborne-Aug 04**

Ground and Air Electromagnetic surveys have identified four bed-rock conductors with co-incident gravity highs suggesting the possibility of sulphide mineralization associated with a mafic body at depth.

**Local Logistical Advantages:**
The Alice Springs to Darwin railway runs 10 km east of Prospect D, the Stuart Hwy runs 1 km West of Prospect D, a natural gas pipeline runs less than 50 km from the project, Service Station, accommodation at Barrow Creek-25 kms from the project, All- weather Hotel and Motel aerodrome at Barrow Creek, Neutral Junction Station homestead, and local Tara Community and Public School-25 km from the project.

**Purpose:**
The purpose of this document is to seek to attract a mining company to buy into the project with the intent to fast track Prospect D to production.
Details of the proposed “Home of Bullion” Copper Mine and area “B” on map Fig 2.

**Home of Bullion Copper Mine [HOB] Barrow Creek Northern Territory,[NT]**
**AUSTRALIA**
**Summary August 2010**

**Location:** Home of Bullion is located 30 kilometres East of Barrow Creek NT and 10 kilometres West of the Alice Springs to Darwin railway.

**Tenement:** Home of Bullion is on the Southern portion of Exploration License 23186 NT. Renewed in July 2010 for 2 years.

**Area:** HOB Area “B” of EL23186- 33 sub-blocks. 105.5 sq km shown on Figure 2.

**Owners:** Goldstake Explorations Inc.50%, Robert Cleaver 25%, Imperial Granite& Minerals Pty Ltd 25%.

**Production.** NT Mines Department records show a total of 10,000 tons of Main Lode extracted, [circa 1934 to 1954] to a depth of 65 metres, of which 2500 tons was shipped to Port Kembla refinery for a return of 22.5% Cu. Estimated remainder of 7500 mined tons at 10% Cu. on surface. Grades of less than 15% Cu. were not economic to ship at that time. Mining was carried out on the South Zone, or “parallel lode” with reported grades of up to 50% Cu. but South Zone was shut down when a miner was killed underground, and no records are available of production, nor estimated reserves.

**Type of Ore Deposit:** Professor CT Madigan [NT CR 1934/01] mapped underground workings to 65 m, estimated reserves, and described the “Type of Ore Deposit” as follows; “The ore deposits at the Home of Bullion are of a simple and well-known type, namely cupriferous pyrite lenses in schistose country rock, strictly comparable in type with the Great Cobar of New South Wales, and Rio Tinto in Spain.

**“Ore in Sight” plus estimated, to 100 metres.** Excerpts of Prof. Madigan’s calculation of “Ore in Sight” on Main Lode, see CR 1934/01;

Quote, The copper contents of the three sections then are; [calculations in report] Total =21,640 tons Copper. This tonnage may well be considered ore in sight, as it is exposed on three sides down to 33 metres, and on two sides from 33m to 66 m. Assuming that the secondary enrichment continues down another 34m to 100m this gives us another section of 34m deep, and say 6.5m wide, the width at 66m being over 7m, and with an average value of 15.5% copper the value at 33m, the ore in this block would be 18,900 tons of copper. Thus over 21,000 tons of copper are in sight down to 66 m and 18,900 tons can reasonably be expected between 66m and 100m. [total 40,000 tons of copper] then lower grade ore will probably be entered, of average value not much exceeding 2% copper. [see report below from Brittingham to DDH intersection of 11% Cu. at 71m, and DDH intersection of 7% Cu. at 226m] The lower grade will probably extend down 330m or more.

The above estimates are on the conservative side, and represent the most probable nature of the main lode with increasing depth, based on the evidence available and the usual character of this type of deposit. {Cobar and Rio}

It will be noted that the width of the ore body has steadily increased with depth. This indicates that the centre of the lens of ore has not yet been reached, and the length of the lode may be expected to increase with depth. The above figures assume that it remains constant. The values of the mine
depend very greatly on the depth of the secondarily enriched zone, which was put down as 300 ft. as under present conditions it is not anticipated that the primary ore will pay to mine.

As mentioned above, it seems reasonable to expect that the parallel lode[ South Zone ] should equal the main lode in value, if not exceeding it. End Quote.

GJ Brittingham Consulting Metallurgist Open File CR 1950/001] reports on a diamond drill intersection of the lode at 71 metres assaying 11% Cu. in secondary sulphides, and a further diamond drill intersection at 226 metres assaying 7% in primary sulphides.

Local Logistical Advantages. The Alice Springs to Darwin rail runs 10 km east of HOB, the Stuart Hwy runs 30 km West of the mine, A natural gas pipeline runs less than 50 km from the mine, Service station, hotel and motel accommodation at Barrow Creek-32kms from the mine, All weather aerodrome at Barrow Creek, Neutral Junction Station and local Tara Community and Public School-25 km from mine.

Drilling. The owners drilled 15 diamond drill holes for 1406 metres in 2006. Seven of these drill holes failed to intersect the target zone. The contract geologist failed to attend the drilling programme at the last minute, and a replacement could not be found in time to supervise the location of holes, and the programme results therefore did not allow for any calculation of a JORC compliant resource. The best DDH result from this programme was an intersection at 53m to 57.70m or 4.7m for 6.22% Copper, 3.80% Zinc, 1.47% lead, 0.60g/t Gold, 78.7g/t silver, and an intersection at 160.80m to 166.10m or 5.3m for 4.79%Cu, 2% Zn, 0.54% Pb, 0.63g/t Au. 58.3g/t Ag. A conceptual 3D model of the Main Lode orebody has been prepared by another consulting geologist, based in Alice Springs.

Two of the 15 holes were located by the absent geologist to intersect the South Zone [ or Parallel Lode ] 200m South from the Main Lode. These 2 holes did not intersect the South Zone because they were incorrectly sited and drilled down-dip of the lode.

Potential of Main Lode: The owners believe that the 40,000 tons of non-JORC copper metal could be converted to JORC compliant status very quickly, and that an additional 110,000 tons of copper metal could be added to a depth of 226m, which is the deepest reported intersection, assaying 7% Cu in primary sulphides, for a total of 150,000 tons of copper metal. The orebody could exceed a depth of over 350m [Madigan] The grade of the ore is exceptionally high, and the economics of mining the main lode are robust.

Potential of Parallel Lode [or South Zone]. Prof Madigan Quote. “ It seems reasonable to expect that the parallel lode will equal the Main Lode in value, if not exceeding it. “ The parallel lode lies 11 ½ chains South of the main lode, in the level ground between the main outcrop and the scarp of the tableland. Its trend is E.16 degrees S., almost parallel to the main lode. Its total exposed length is 225m The Eastern end disappears under the sandy soil but the Western end rises along the side of one of the ridges. Towards the Eastern end a wall of gossan stands up above the soil, but the outcrop cannot be traced quite continuously. At the Western end, on the hillside, the outcrop widens out to 27 ft. wide, and the gossan here shows abundant carbonates. The wall standing out in the lower ground, which is 10 ft. thick shows only limonite, but this is to be expected. Near the Western end a shaft has been sunk, No.3 shaft, but it was not possible to go down it. It is said to be 50 ft. deep, and to have a crosscut in the bottom showing 10 ft. of lode, which would probably be gossan. I see no reason why this parallel lode should not be equal in value to the so called main lode. Its width is comparable with that of the main lode, and its exposed surface length is greater. Shafts less than 100 ft. deep give no real information in a copper lode of this kind in this locality. The purpose of this document is to seek to attract a mining company to buy into the project with a view to fast tracking Home of Bullion to production.
4.0  Proposed Exploration program for 2010-11.

Previously planned exploration activities for the tenement were delayed due to extensive funding negotiations to enable forward development of the project area. The previously proposed exploration program is still current and is proposed for the next reporting period. It is anticipated that work during the next reporting period will involve extension of ground magnetic surveys over much of the EL to identify potential Ni-Cu sulphide accumulations. In addition to proposed ground EM surveys drilling of the Home Of Bullion prospect will continue to define the ore body in order that a JORC compliant resource can be established.

A planned expenditure budget for the next reporting period is represented in Table 1.

Work during the next reporting period will be concentrated on three fronts.

i. The first objective will be to progress towards JORC compliant mineral resource status for the Home of Bullion and for Prospect D deposits. Initially, 19 pre-collared diamond drill holes for a total of 1,765 metres.

ii. The second, concurrent objective to increase the resource base through an intensive drilling program targeting extensions to the known mineralisation.

iii. The third objective will be to apply extension ground magnetic surveys over much of the EL to identify potential Ni-Cu sulphide accumulations.

Table 1. EL23186 planned expenditure for 2010-2011.

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<th>EL23186</th>
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<tr>
<td>Accommodation etc</td>
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<td>RC and Diamond drilling</td>
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<td>Vehicle Expenses</td>
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<td>Wages Consultants, field staff</td>
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<td>Misc.</td>
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<td>Administrative Costs</td>
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<tr>
<td><strong>TOTAL COSTS</strong></td>
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Because of delays in negotiations there was no work carried out during 2009-10. A letter requesting variation of covenant is attached ($623,285.00)
5.0 Conclusion and Recommendations

Significant base metal intersections encountered during Goldstake Explorations Inc. diamond drilling program require follow-up examination that can only be achieved by a dedicated drilling program as proposed in the annual report 2008-2009 and extended to be undertaken in the 2010 – 2011 reporting period.

Negotiations are continuing with a major international mining company to fund the project[s] through the JORC reserve stage and proceed to Bankable Feasibility Study and to provide 100% of the Capital cost of production.

Large amounts of funds have been committed to the project area and we remain committed to the project.

Because of the results from our exploration work we are enthusiastic and confident that a suitable party will invest in the project to enable drilling to proceed during the next 12 months to take the project to firstly JORC compliant status, Bankable Feasibility Study and subsequently to production.

Proposed future expenditure on the property will be substantial due to extensive drilling as previously proposed and due to detailed resource calculations and modelling.

6.0 Exploration Expenditure

Expenditure in EL23186 for the licence year was:

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<th>Administration</th>
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<tr>
<td><strong>TOTAL</strong></td>
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