

## **GOLDSTREAM INTENDS TO LIST NACHINGWEA NICKEL PROPERTY IN CANADA**

### **JOINT ASX AND MEDIA ANNOUNCEMENT**

**1 February 2007**

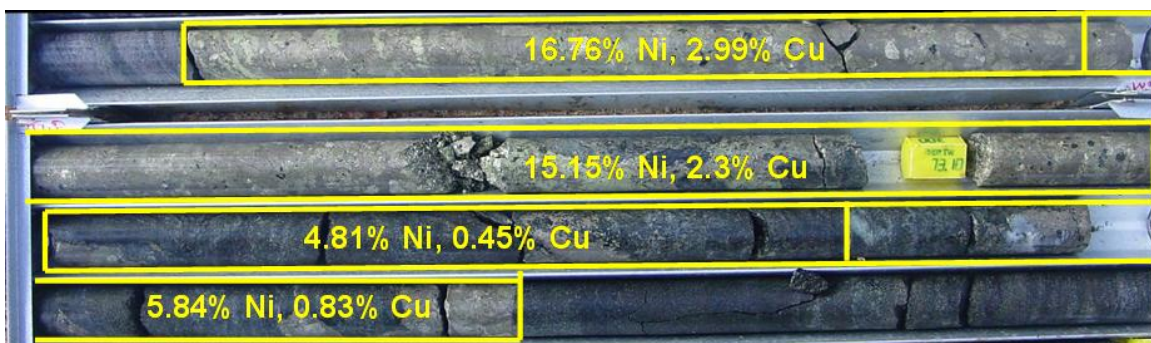
The Board of Goldstream Mining NL (ASX:GDM) is pleased to announce the Company's intention to spin off its 100% owned Nachingwea Nickel - Copper property in Tanzania into a Canadian special purpose vehicle, as the best means of creating value for shareholders in respect of this property.

The new Canadian vehicle, Continental Nickel Limited ("CNI"), is currently a wholly owned subsidiary of Goldstream, will be applying to list on the TSX Venture Exchange in Canada, following an IPO where it will seek to raise between Cdn\$11.5 million and Cdn\$15.5 million (A\$12.4 million to A\$16.8 million). The spin off will be subject to the TSX Venture Exchange approving CNI's application to list on its exchange. It will also be subject to the ASX listing rules and any other requirements imposed by the ASX.

It is intended that Goldstream will own 51% of CNI upon completion of the IPO and also intends to retain a direct 25% free carry through to the completion of a feasibility study or until CNI incurs a minimum level of expenditure. Goldstream also intends to provide CNI the right to acquire other early stage nickel prospects in Tanzania and Mozambique, but neither Goldstream's Luwumbu or Mibango projects, which are the subject of joint ventures with Lonmin Plc, are included in this spin off at the time of listing.

Goldstream is currently assessing interest shown by potential cornerstone investors.

The spin-off estimates at least Cdn\$8 million (A\$8.6 million) of the IPO proceeds being committed to a major exploration program targeted at significantly extending the previously discovered nickel – copper sulphide mineralisation. The highlight of the 2006 drilling was the intersection of **3m at 11.23% Ni and 1.74% Cu** including **1.70m at 15.87% Ni and 2.61% Cu** (ASX release 17 July 2006).



On Goldstream's first pass drilling on the Ntaka prospect area at Nachingwea, sulphide mineralisation in 11 of 14 drill holes ran over 0.5% Ni, including several wide zones with widths of up to 23m. Seven of these holes intersected over 1% Ni. The remainder of the IPO funds will be for working capital, IPO expenses and to pursue additional property opportunities.

The IPO is anticipated in late Q1 or early Q2 2007 following the completion of definitive agreements, filing of the necessary regulatory documents and completion of other statutory requirements.

Goldstream Managing Director Duncan McBain said "Spinning off the Nachingwea Nickel - Copper property is a clear strategy to deliver value for Goldstream shareholders".

"The Board is focused on increasing shareholder value by positioning quality assets with sufficient access to capital to support a well funded exploration and development program, while retaining a significant interest to provide exposure for Goldstream shareholders," Mr McBain said.

"The spin-off of Uranex NL (ASX:UNX), in 2005, to house Goldstream's uranium assets has been very successful in delivering value to Goldstream shareholders. Goldstream is looking to replicate this successful model for its Nachingwea Nickel-Copper property."

"Nachingwea is a large tenement holding of approximately 7,500km<sup>2</sup> in a completely new nickel sulphide province with impressive Ni grades from the initial drilling. From its IPO raising, Continental Nickel will commit to spend Cdn\$8m at Nachingwea over the next 18 months on an aggressive exploration program. That is the sort of exploration expenditure that is needed for this potentially significant asset."

Mr McBain added, "the appetite for nickel projects is strong in Canada with a greater understanding and enthusiasm for project opportunities in Tanzania."

As part of the spin off, Goldstream intends to enter into a non-compete agreement with CNI for Tanzania and Mozambique. This non-compete agreement will not impact the existing joint ventures with Lonmin Plc at Luwumbu and Mibango.

Goldstream will continue to focus on a range of commodities with geographic diversity to spread risk and deliver strong returns to shareholders.

Goldstream has \$10m in cash reserves to pursue the development of its advanced stage Cairn Hill magnetite - copper - gold project in South Australia, its other exploration tenements and other opportunities that are emerging.

## **Board and Executive Structure of Continental Nickel:**

Goldstream has assembled a well-credentialed team with a balance of large and small company corporate experience, including significant in-country African knowledge, to run CNI. Management will consist of Craig MacDougall (President & CEO) and Patti Tirschmann (VP - Exploration) - both are former Falconbridge employees with extensive nickel experience, including at the Kabanga nickel project, in Tanzania.

The proposed Board consists of Elaine Ellingham (a geologist with extensive regulatory experience with TSX), Geoff Wallace (current Goldstream director), and two additional Canadian directors with significant junior exploration company and public markets experience.

To maximise efficiency and value, it is intended CNI will be run as an independent company sharing Tanzanian-based services with Goldstream, where appropriate.

Goldstream anticipates being able to offer its shareholders the opportunity to participate in the IPO of CNI, and there will be further communication when the details of this offer have been finalised.



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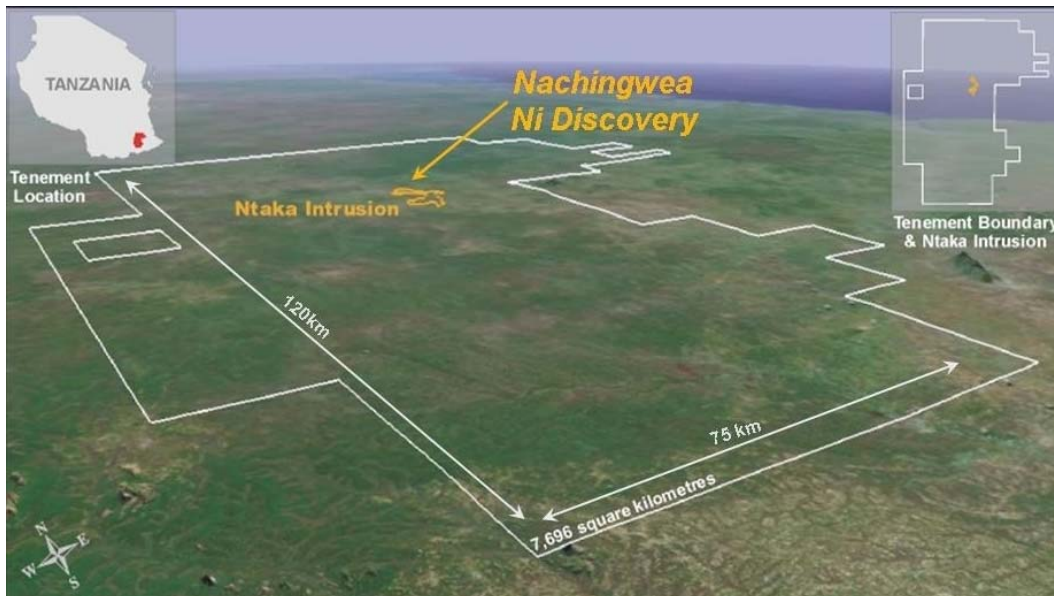
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Information in this announcement relating to exploration results is based on data compiled by Bianca Manzi who is a Member of the Australian Institute of Geoscientists, and who is a full-time employee of the Company. Bianca Manzi has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Bianca Manzi consents to the inclusion of the data in the form and context in which it appears.



**Location of the Nachingwea Project**



**Large tenement holding of approximately 7,500km<sup>2</sup> of a new nickel sulphide province.**