

Cairn Hill Magnetite / Copper-Gold Deposit Initiation of Feasibility Study

2 June 2006

The Board of Goldstream is pleased to announce that it has committed to move into feasibility studies for its Cairn Hill Magnetite / Copper-Gold deposit following the successful outcomes of the scoping study.

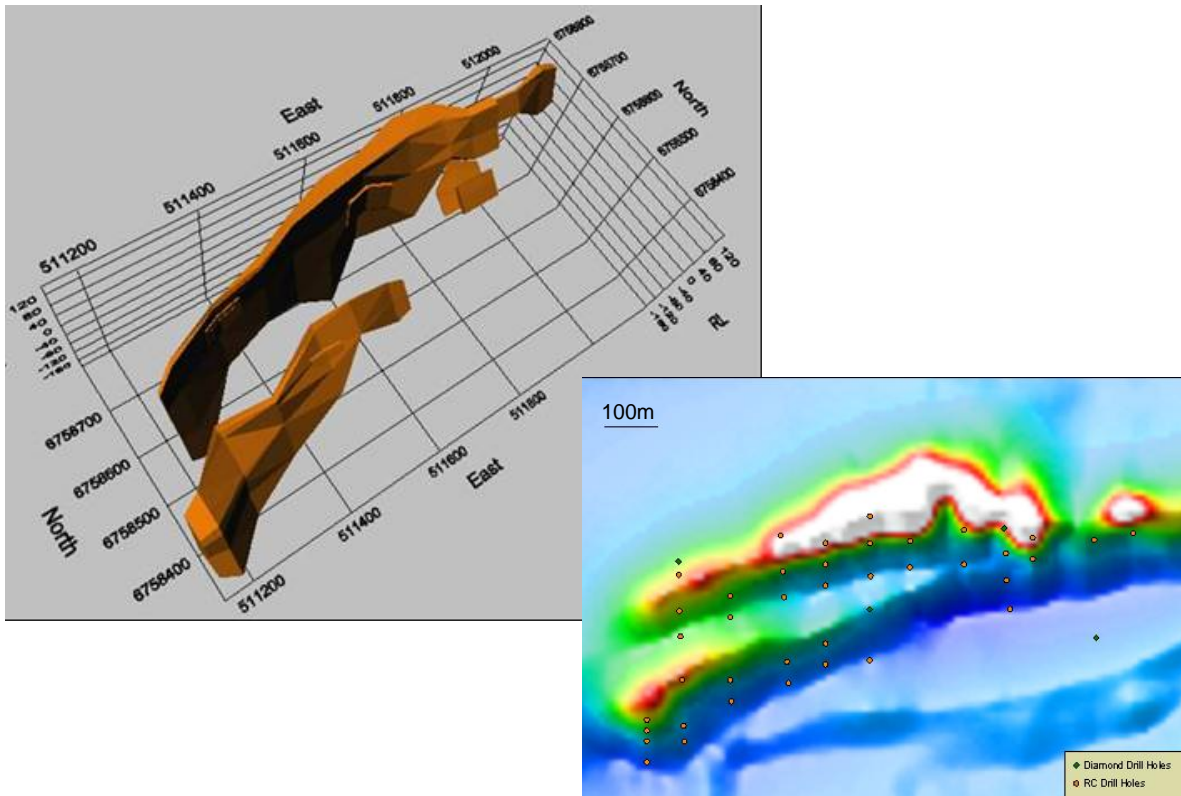
Background

The Company's 100% owned Cairn Hill Project is located 50km south of the town of Coober Pedy in South Australia. The project is adjacent to the Stuart Highway and 50km east of the Adelaide – Darwin railway which provides access to South Australian ports (Figure 1).



Figure 1: Cairn Hill Logistics

The scoping study at Cairn Hill was initiated to follow up the highly encouraging preliminary metallurgical test results and internal resource estimates. The base case investigated by the scoping study was for a start up operation in the order of 1 million tonnes of magnetite concentrate per year for a life of 10 years with the production of approximately 4,500t of copper and 5,000oz of gold in concentrate as a by-product.



The orebody is unusual for the coarseness of the magnetite and the level of copper and gold which is associated with the non-magnetic fraction. The coarse grained nature of the magnetite enables magnetic separation at a minimum size of 150 micron to produce a superior iron content magnetite concentrate. The initial testwork indicated good recoveries of the copper and gold, but further test work is required for a commercial grade copper-gold concentrate.

The Davis tube magnetic separation sighter test samples averaged:

150 micron Sighter Test	Average of 4 Drill Holes	Al ₂ O ₃ %	P %	S %	SiO ₂ %	Au g/t	Cu %	Fe %
Drill Chips	Head Grade	1.20	0.90	1.65	6.41	0.46	0.48	59.55
Magnetic Separation	Non Magnetic	4.21	4.12	7.76	32.43	2.36	2.64	13.81
	Magnetic	0.49	0.01	0.15	0.19	0.18	0.03	71.20

Additional test work will commence shortly to evaluate the options for coarser grind sizes and the variability of the metallurgy throughout the orebody.

Scoping Study

The positive outcome from the scoping study has indicated that feasibility studies on the Cairn Hill Magnetite / Copper-Gold project are warranted.

The scoping study investigated various options for the development of the project including:

- On-site production of magnetite and copper-gold concentrates for export through a port in South Australia; and
- With the high tenor of the orebody off site processing of the ore in China with direct shipment of unprocessed ore.

For the base case on-site processing option several flowsheets were developed and costed. The final plant design will depend on the results of the metallurgical test results primarily on the optimisation of the grind size.

Various transport options were investigated, the study concluded that shipping through a South Australian port utilising road and rail for the inland freight was the preferred option.

The scoping study has importantly highlighted areas for further investigation in the feasibility study.

The dual revenue streams from the magnetite and copper-gold concentrates are integral to the prospectivity of the project.

Feasibility Study

The feasibility study will investigate two options:

- On-site processing of ore to produce between 1.0 to 1.5 million tonnes per annum magnetite concentrate and 23,000 to 35,000 tonnes per annum of copper-gold concentrate; and
- Off-site processing of ore in China with the export of ROM ore.

Goldstream has appointed Stephen Hunt to co-ordinate the native title, environmental, regulatory, logistics and marketing portions of the feasibility study, and will also look to appoint a co-ordinator for the mining, metallurgy and engineering portions.

Discussions are advanced with appropriately qualified parties who will prepare the various elements of the feasibility study and mining lease application. Tenders will shortly go out for the infill RC and diamond drilling program to upgrade the resource to an indicated JORC category.



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MANAGING DIRECTOR