

Nachingwea Drilling Update

3 July 2006

The Board of Goldstream is pleased to announce that an initial diamond drilling program at Goldstream's 100% owned Nachingwea Nickel-Copper Project in Tanzania has now been completed.

A total of 17 diamond drill holes for 2,152m were drilled to test EM conductor targets coincident with nickel and copper surface geochemistry anomalies identified in late 2005. Out of the 17 holes drilled, 15 have intersected disseminated and matrix sulphides with several massive sulphide intersections up to 1.5m thick. There has been a 100% record of sulphide intersection on conductors within the area of coincident nickel and copper geochemistry, an excellent achievement for a first pass drilling program. The drilling program was expanded to 2,152m from the 1,200m originally planned due to the number, quality and varied settings of the EM conductors and geochemical targets.

In late 2005, Goldstream flew 450 line km of airborne EM (VTEM) that defined 29 strong conductor targets, 22 of which are coincident with anomalous nickel and copper soil geochemistry. Ten of the VTEM conductors were followed up by ground EM surveys prior to drilling.

The preliminary results from the Nachingwea drilling program are very encouraging with excellent correlation between the drilling, geophysics and soil geochemistry. As this is potentially a new discovery, Goldstream will wait until all the assays are available and fully interpreted rather than releasing the assays on a hole by hole basis.

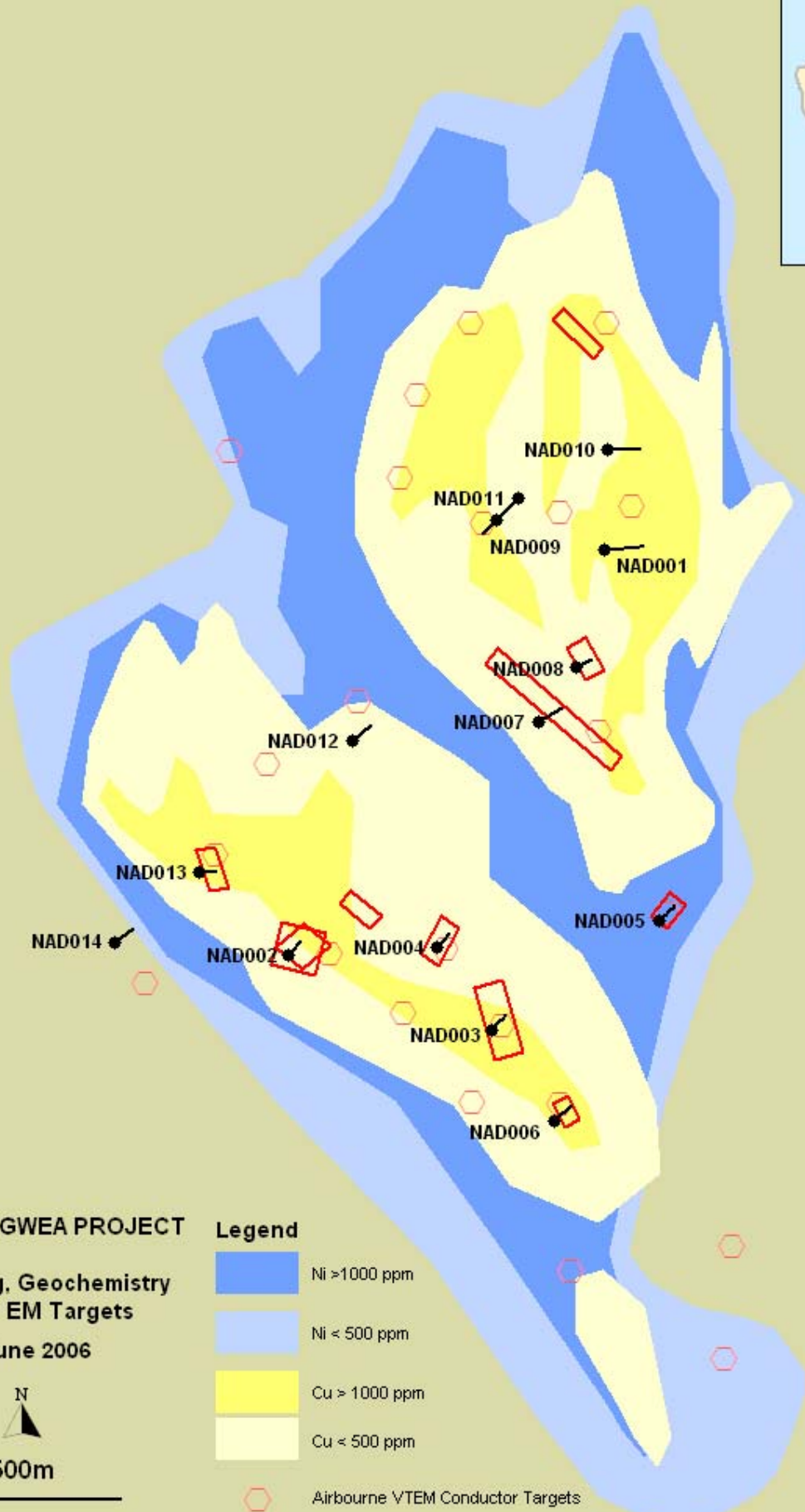
Full synthesis of the geological mapping, geochemical, geophysical and drilling data is planned for the next 2-3 months, and if a rig is available towards the end of the 2006 field season additional drilling may be undertaken, if warranted, to advance the project for the 2007 field season.

The analyses are being carried out by Genalysis Laboratory Services Pty Ltd in Australia with turnaround times in the order of 6 weeks from the time of despatch from the project.



DUNCAN MCBAIN
MANAGING DIRECTOR

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.



NACHINGWEA PROJECT

**Drilling, Geochemistry
and EM Targets
June 2006**



500m

Legend

- Ni > 1000 ppm
- Ni < 500 ppm
- Cu > 1000 ppm
- Cu < 500 ppm
- Airborne VTEM Conductor Targets
- Ground EM Conductor Targets
- Diamond Holes

