

GOLDSTREAM MINING NL

ABN 67 009 129 560

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2006**

GOLDSTREAM MINING NL

FINANCIAL REPORT

FOR THE HALF YEAR ENDED

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<u>CONTENTS</u>	<u>PAGE NO.</u>
Directors' Report	1-3
Condensed Consolidated Income Statement	4
Condensed Consolidated Balance Sheet	5
Condensed Consolidated Cash Flow Statement	6
Condensed Consolidated Statement of Changes in Equity	7
Notes to the Condensed Consolidated Financial Statements	8-11
Directors' Declaration	12
Independent Auditors' Review Report	13
Auditors' Independence Declaration	15

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public pronouncements made by Goldstream Mining NL during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

GOLDSTREAM MINING NL

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Goldstream Mining NL and the entities it controlled at the end of or during the half-year ended 31 December 2006.

Directors

The following persons were directors of Goldstream Mining NL during the whole of the half-year and up to the date of this report:

Duncan Robert McBain (Chairman and Managing Director)
Geoffrey Joseph Wallace (Company Secretary)
Terrence Arthur Robson

Operating Results

The operating loss after tax of the consolidated entity for the half-year ended 31 December 2006 is \$3,437,731 (2005 \$1,025,023).

Review of Operations

A detailed review of operations is contained in the quarterly reports of September 2006 and December 2006 to the Australian Stock Exchange Limited.

Highlights of the Company's activities by geographical region, during the half-year were:

TANZANIA

Mibango Project

Lonmin Plc (Lonmin) will earn a 60% interest in the Mibango Platinum-Nickel Project upon completion of a feasibility study. Lonmin may earn a further 5% interest by arranging or providing development funding to Goldstream.

A total of 4,454 m were drilled as part of the 2006 drilling program with the main focus being on defining near-surface, PGE-rich, disseminated sulphide mineralisation and targets based on EM geophysics and structural targets.

Lonmin has agreed to sole fund the 2007/2008 exploration program of \$3.2 million AUD and as from 30 April 2007 will takeover as operator of the project.

Luwumbu Project

Lonmin will earn a 51% controlling interest by defining at its sole cost an Indicated Mineral Resource within the area of interest. Lonmin may earn a further 19% interest by electing to sole fund all work required to complete a feasibility study on the Indicated Mineral Resource within a further two year period.

A total of 10,146 m were drilled as part of the 2006 field season. The drilling focussed on the Nkenja East area to follow up the NGH014 discovery intersection in 2005 and the continuation of ultramafics to the north.

Lonmin has agreed to sole fund the 2007/2008 exploration program of \$5.3 million AUD and as from 30 April 2007 will takeover as operator of the project.

GOLDSTREAM MINING NL

DIRECTORS' REPORT

Nachingwea

Geological mapping was undertaken with a focus on the Ntaka region.

A planned 100km² VTEM survey was postponed until the 2007/2008 field season due to the unavailability of a helicopter and the onset of the wet season.

Regional Reconnaissance

The company continues to explore regions prospective for precious and base metals in Tanzania.

The company has received from the Tanzanian Ministry of Energy and Minerals, Offers to Grant for Prospecting Licences covering a total area of 1,885 square kilometres, and are located in Central and South West Tanzania. The company has advised the Ministry of its acceptance of the Offers to Grant.

AUSTRALIA

South Australia

Mt Woods Project – Coober Pedy
Cairn Hill Magnetite / Copper-Gold Project

Work on the feasibility study, commenced June 2007, continued during the half year.

The feasibility study is investigating two options:

- On-site processing of ore to produce between 1.0 to 1.5 million tonnes per annum (mtpa) 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 up to 2.8 mtpa ROM ore

Kangaroo Dam

Further PGE mineralisation intersected.

Uranex NL

The consolidated entity holds 33,000,100 ordinary fully paid shares in Uranex NL a listed uranium exploration company. At the date of this report this was 39.54% of the fully paid issued capital of Uranex NL. The shares are held in escrow until 25 October 2007.

The market prices per share at the dates shown were:

	Price per share	\$
30 June 2006	38 cents	12 540 038
31 December 2006	\$1.77	58 410 177
13 March 2007	\$1.82	60 060 182

GOLDSTREAM MINING NL

DIRECTORS' REPORT

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

This report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'G J Wallace', written in a cursive style.

G J WALLACE
DIRECTOR
PERTH, WA

13 March 2007

GOLDSTREAM MINING NL
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half-year ended 31 December 2006

	31 DEC 2006 \$	31 DEC 2005 \$
Revenue from Continuing Operations		
Interest receivable	414 654	216 747
Net proceeds on sale of investments	100 839	235 788
Recovery of joint venture costs	610 509	341 178
Recovery of office overheads	43 327	-
	<u>1 169 329</u>	<u>793 713</u>
Expenditure		
Exploration expenditure written off	2 355 064	1 295 702
Write down in investment	131 130	(108 510)
Depreciation	40 485	54 187
Rental expenses relating to operating leases	97 067	106 280
Salaries and wages	672 053	556 810
Employee share remuneration	575 040	-
Insurance	28 747	72 520
Secretarial	84 972	72 138
Consulting fees	(19 560)	20 833
Cost of sale of property, plant & equipment	4 389	710
Foreign exchange losses	331 388	(23 487)
Interest Paid	406	2
Other expenses from ordinary activities	301 391	251 314
	<u>4 602 572</u>	<u>2 298 499</u>
Operating loss before tax	<u>(3 433 243)</u>	<u>(1 504 786)</u>
Income tax	-	-
Net loss after income tax	<u>(3 433 243)</u>	<u>(1 504 786)</u>
Net profit attributable to minority equity interests	4 488	479 763
Net loss attributable to members of the parent entity	<u>(3 437 731)</u>	<u>(1 025 023)</u>
Basic loss per share (cents per share)	<u>(2.2)</u>	<u>(0.78)</u>

Diluted earnings per share does not represent an inferior view of the Company's performance and is not disclosed for this reason.

The above Condensed Consolidated Income Statement should be read in conjunction with the accompanying notes.

GOLDSTREAM MINING NL
CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 December 2006

	NOTE	31 DEC 2006 \$	30 JUN 2006 \$
Current Assets			
Cash and cash equivalents		12 571 062	14 554 187
Trade and other receivables		486 011	225 671
Other financial assets		<u>56 522</u>	<u>721 976</u>
Total Current Assets		<u>13 113 595</u>	<u>15 501 834</u>
Non-Current Assets			
Trade and other receivables		17 810	17 810
Property, plant & equipment		<u>184 190</u>	<u>185 102</u>
Total Non-Current Assets		<u>202 000</u>	<u>202 912</u>
TOTAL ASSETS		<u>13 315 595</u>	<u>15 704 746</u>
Current Liabilities			
Trade and other payables		1 690 682	1 496 381
Provisions		<u>154 855</u>	<u>64 829</u>
Total Current Liabilities		<u>1 845 537</u>	<u>1 561 210</u>
Non-Current Liabilities			
Provisions		<u>-</u>	<u>85 710</u>
Total Non-Current Liabilities		<u>-</u>	<u>85 710</u>
TOTAL LIABILITIES		<u>1 845 537</u>	<u>1 646 920</u>
NET ASSETS		<u>11 470 058</u>	<u>14 057 826</u>
Equity			
Issued Capital	4	42 621 544	42 590 344
Reserves		868 917	54 642
Accumulated Losses		<u>(31 927 787)</u>	<u>(28 490 056)</u>
Parent Entity Interest		11 562 674	14 154 930
Outside Equity Interest		<u>(92 616)</u>	<u>(97 104)</u>
TOTAL EQUITY		<u>11 470 058</u>	<u>14 057 826</u>

The above Condensed Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

GOLDSTREAM MINING NL
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the half-year ended 31 December 2006

	31 DEC 2006 \$	31 DEC 2005 \$
Cash flows from operating activities		
Interest received	417 201	191 932
Interest paid	(406)	(2)
Payments to suppliers and employees	(1 464 707)	(1 247 813)
Net cash inflow/(outflow) from operating activities	(1 047 912)	(1 055 883)
Cash flows from investing activities		
Proceeds from Joint Venture Partner on Exploration Expenditure	4 870 590	3 570 626
Payment of exploration expenditure	(6 283 577)	(4 253 332)
Payment for investment	(132 790)	
Acquisition of plant and equipment	(31 811)	(80 987)
Repayment of loan to associate	163 473	-
Payment for Security Bonds	-	(22 000)
Proceeds of sale of equity in investments	271 647	347 788
Proceeds of sale of plant and equipment	200	4 068
Net cash inflow/(outflow) from investing activities	(1 142 268)	(433 837)
Cash flows from financing activities		
Proceeds from issue / conversion of shares	31 200	5 983 262
Net cash inflow/(outflow) from financing activities	31 200	5 983 262
Net cash inflow/(outflow) for the half year	(2 158 980)	4 493 542
Cash and cash equivalents at the beginning of the half year	14 554 187	5 687 306
Effect of exchange rates on cash holdings in foreign currencies	175 855	23 487
Cash and cash equivalents at the end of the half year	12 571 062	10 204 335

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

GOLDSTREAM MINING NL
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2006

	31 DEC 2006 \$	31 DEC 2005 \$
Total equity at the beginning of the financial period	14 057 826	5 739 193
Change in minority interests	4 488	(479 763)
Change in foreign currency reserve	575 080	
Change in partly paid shares reserve	239 195	
Net income recognised directly in equity	<u>818 763</u>	<u>(479 763)</u>
Loss for the period	(3 437 731)	(1 025 023)
Total recognised income and expense for the period attributable to members of Goldstream Mining NL	11 438 858	4 234 407
Transactions with equity holders in their capacity as equity holders:		
Issue of partly paid shares during the period	24 000	
Conversion of partly paid shares during the period	7 200	
Shares issued during the period		5 983 262
	<u>31 200</u>	<u>5 983 262</u>
Total equity at the end of the financial period	<u>11 470 058</u>	<u>10 217 669</u>

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

GOLDSTREAM MINING NL
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2006

1. Basis of preparation of the Half- year Financial Report

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Goldstream Mining NL during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim financial report. The financial report has been prepared under the under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

2. **Loss from Ordinary Activities**

	31 DEC 2006 \$	31 DEC 2005 \$
The following revenue and expense items are relevant in explaining the financial performance for the interim period		
Interest from other persons	414 654	216 747
Net proceeds from sale of investments	100 839	235 788
Write off of capitalised exploration	(2 355 064)	(1 295 702)
Salaries and Wages	(672 053)	(556 810)

GOLDSTREAM MINING NL
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2006

3. Segment Information.

Segment Results and Revenues

Primary Reporting

– Geographical Segments

	31.12.2006	31.12.2006	31.12.2005	31.12.2005
	Segment	Segment	Segment	Segment
	Result	Revenue	Result	Revenue
	\$	\$	\$	\$
Australia	2 806 503	1 142 823	726 081	533 517
India	15 514	-	20 786	-
East Africa	602 429	26 506	315 776	222 576
Canada	13 285	-	-	-
Oceana	-	-	(37 620)	37 620
Consolidated	3 437 731	1 169 329	1 025 023	793 713

Segment Assets and Liabilities

Primary Reporting

– Geographical Segments

	31.12.2006	31.12.2006	30.06.2006	30.06.2006
	Segment	Segment	Segment	Segment
	Assets	Liabilities	Assets	Liabilities
	\$	\$	\$	\$
Australia	13 132 652	1 514 700	20 765 231	2 432 994
India	10 146	2 551	7 813	169 824
East Africa	151 074	298 036	178 605	3 715 193
Canada	21 723	30 250	-	-
Oceana	-	-	-	575 812
Inter-segment eliminations	-	-	(5 246 903)	(5 246 903)
Consolidated	13 315 595	1 845 537	15 704 746	1 646 920

4. Issued Capital

There was no change in the Company's issued capital in the six months to 31 December 2005

	Number of shares	Value \$
Movements in fully paid shares		
Beginning of the half year	144 989 214	42 494 198
Conversion of partly paid shares to fully paid shares	120 000	8 400
Balance 31 December 2006	145 109 214	42 502 598

GOLDSTREAM MINING NL
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2006

	Number of shares	Value \$
Movements in partly paid shares		
Beginning of the half year	9 614 589	96 146
Conversion of partly paid shares to fully paid shares	(120 000)	(1 200)
Issued during the half year	2 400 000	24 000
	11 894 589	118 946
Balance 31 December 2006		
Total issued capital		42 621 544

On 8 September 2006 the Company issued 2,400,000 partly paid shares paid to 1cent in accordance with a resolution put to shareholders on that date.

On 26 September 2006 120,000 partly paid shares were converted to fully paid at a conversion price of 6 cents.

No fully paid shares were issued during the half year to 31 December 2006.

5. Acquisition of Subsidiary Companies

Goldstream Mozambique Ltd was incorporated in Mozambique on 20 July 2006

Continental Nickel Ltd was incorporated in Canada on 23 November 2006

Ngwena Ltd was incorporated in Tanzania on 8 December 2006

The cost of investments in subsidiary companies has been fully provided for in the accounts of the parent entity.

6. Share Based Payments

The Group provides benefits to employees (including directors) and consultants of the Group in the form of share-based payment transactions, whereby employees or consultants are issued with partly paid shares of Goldstream Mining NL. The partly paid shares, paid to one cent, are issued in accordance with the Company's Employee Share Incentive Plan.

On 8 September 2006 a grant of 2,400,000 partly paid shares at was made to directors.

The Company used the Black Scholes option pricing formulae to value the partly paid shares allotted. The assumptions were:

Market value of fully paid shares as at 8 September 2006	51 cents
Volatility factor	60%
Assumed term	5 years
Risk free interest rate	5.8%
Discount for non negotiability / unlisted shares	30%
The value of partly paid shares issued was calculated at	23.96 cents

The partly paid shares were issued paid to 1cent with 45 cents to pay being a 5 cent discount to market price of fully paid shares at date of issue. As at 31 December 2006 the market price of fully paid shares was 66.5 cents

GOLDSTREAM MINING NL
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2006

7. Contingent Liabilities

The company is not aware of any contingent liabilities which existed as at the end of the half year or have arisen as at the date of this report.

8. Events Occurring after Balance Date

Kudu Ltd was incorporated in Tanzania on 17 January 2007

On 9 February 2007 the company issued 1,300,000 fully paid ordinary shares as per the Sale and Purchase EL38/1732 Agreement dated 16 May 2005.

On 9 February 2007, 250,000 partly paid shares were converted to fully paid.

On 23 February 2007 the Company advanced Continental Nickel Ltd \$650,000 CAD for the purposes of working capital and share issue expenses. The monies are repayable on the earlier of 1 February 2008 or 30 days after the issue of shares in Continental Nickel Ltd pursuant to a prospectus financing \$11.5 million CAD and the concurrent listing of those shares on a recognised Canadian stock exchange.

**GOLDSTREAM MINING NL
DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 11
 - (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance and cash flows for the half-year ended on that date.
2. In the directors opinion:
 - (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
 - (b) there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Signed at Perth, Western Australia on this 13th day of March 2007.



G J WALLACE
DIRECTOR

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GOLDSTREAM MINING NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Goldstream Mining NL, which comprises the consolidated condensed balance sheet as at 31 December 2006, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Goldstream Mining NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Goldstream Mining NL on 13 March 2007.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Goldstream Mining NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL
(Authorised Audit Company)



Keith Lingard
Director

West Perth, Western Australia
13 March 2007

13 March 2007

Board of Directors
Goldstream Mining NL
Level 2, 28-42 Ventnor Street
WEST PERTH WA 6005

Dear Sirs

RE: GOLDSTREAM MINING NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Goldstream Mining NL.

As Audit Director for the review of the financial statements of Goldstream Mining NL for the period ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)



Keith Lingard
Director