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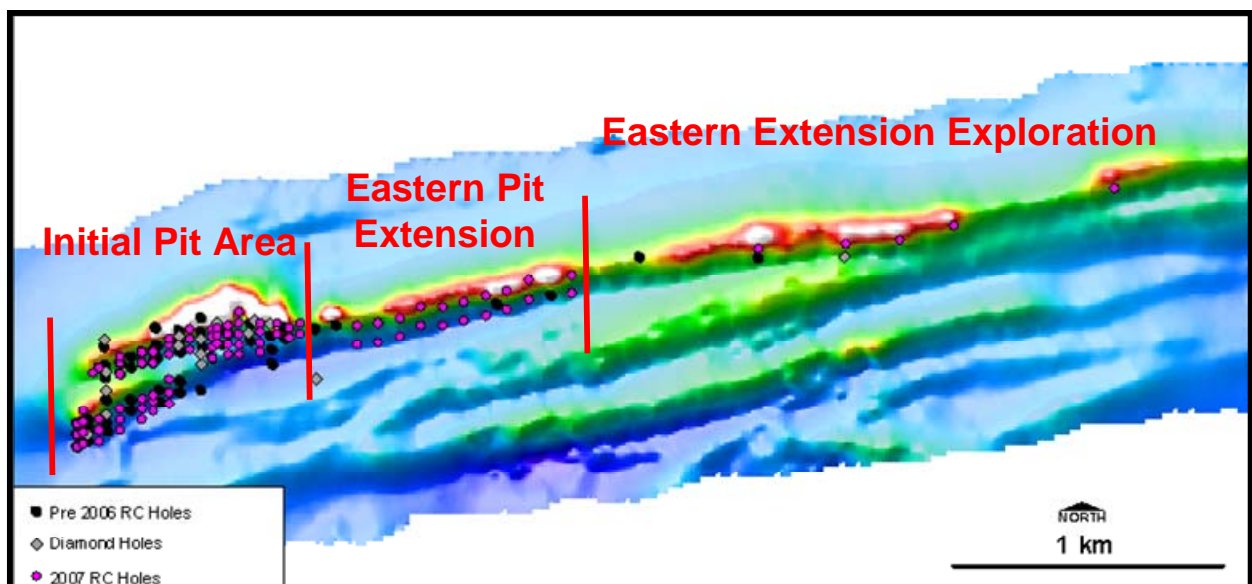
## GOLDSTREAM CONFIRMS UNIQUE CAIRN HILL RESOURCE GRADES AND EXTENDS STRIKE

Diversified resources company Goldstream Mining NL (ASX:GDM) is pleased to announce a JORC (2004) resource category upgrade for the Cairn Hill magnetite iron – copper - gold Mineral Resource located 55 kilometres south-east of Coober Pedy, South Australia. The combined Indicated and Inferred JORC Resource for the Initial Pit area, on a diluted basis, is **11.4Mt at 49.5% Fe, 0.4% Cu and 0.1g/t Au**, with an additional Inferred Resource of **3.8Mt at 43.8% Fe** within the Eastern Pit Extension, giving Cairn Hill a Total Resource of 15.2.Mt (Table 1, Figure 1).

**Table 1. Cairn Hill - Indicated and Inferred Mineral Resource Summary**  
(above a 40% Fe equivalent cut-off)

|                              |                             | Tonnage<br>(Mt) | Fe<br>(%)   | Cu<br>(%)   | Au<br>(g/t) |
|------------------------------|-----------------------------|-----------------|-------------|-------------|-------------|
| <b>In Situ (Undiluted)</b>   |                             |                 |             |             |             |
| <b>Initial Pit</b>           | Indicated                   | 10.0            | 51.9        | 0.40        | 0.12        |
|                              | Inferred                    | 0.8             | 48.3        | 0.18        | 0.05        |
|                              | <b>Indicated + Inferred</b> | <b>10.8</b>     | <b>51.6</b> | <b>0.38</b> | <b>0.11</b> |
| <b>Eastern Pit Extension</b> | Inferred                    | 3.5             | 47.5        | 0.01        | 0.00        |
| <b>Total</b>                 | <b>Indicated + Inferred</b> | <b>14.3</b>     | <b>50.6</b> | <b>0.29</b> | <b>0.09</b> |
| <b>Diluted</b>               |                             |                 |             |             |             |
| <b>Initial Pit</b>           | Indicated                   | 10.5            | 50.0        | 0.39        | 0.12        |
|                              | Inferred                    | 0.9             | 43.8        | 0.18        | 0.05        |
|                              | <b>Indicated + Inferred</b> | <b>11.4</b>     | <b>49.5</b> | <b>0.37</b> | <b>0.11</b> |
| <b>Eastern Pit Extension</b> | Inferred                    | 3.8             | 43.8        | 0.01        | 0.00        |
| <b>Total</b>                 | <b>Indicated + Inferred</b> | <b>15.2</b>     | <b>48.1</b> | <b>0.28</b> | <b>0.09</b> |

**Figure 1. Cairn Hill Mineral Resource Locations**



An assessment of the Cairn Hill quality control (QC) data indicates that the Fe assay grades over 40% appear to be underestimated by up to 2%. If corrected, this low grade bias has the potential to increase the undiluted Indicated Mineral Resource from 51.9% to around 53.9%, which is exceptional in the context of typical magnetite deposit grades.

This latest resource has converted over 88% of the previous Inferred Resource (ASX: 13/03/2007) within the Initial Pit area to an Indicated Resource category. The reported resource has been restricted at depth to 200m (below surface) based on Snowden's conceptual open pit mining parameters. The Initial Pit area covers the western most 800m of the Cairn Hill massive magnetite mineralisation within a well defined 18 km magnetic anomaly, and will now be the subject of detailed mine planning.

## Resource

The Cairn Hill Indicated and Inferred Mineral Resource was estimated by Snowden Mining Industry Consultants (Snowden) based on all drilling completed to the end of February 2007.

The Mineral Resource has been classified and reported above a 40% metal equivalent Fe cut-off grade using the JORC Code (2004) guidelines. The equivalence equation is based on three year average metal prices of US\$53.62/dmtu Fe, US\$2.03/lb Cu and US\$490/oz Au. A detailed discussion of the equation and factors used in the estimation is included as Attachment 1.

Two versions of the Mineral Resource were estimated. The first reports an in situ Mineral Resource which includes some internal dilution, while the second presents a Diluted Mineral Resource calculated by adding a 0.5 metre wide envelope of edge dilution to the in situ Mineral Resource, as an approximation of a mining grade (Table 1 and 2). The resource has been divided into two parts based on the different characteristics of the mineralisation, the Initial Pit Area containing a mixture of both magnetite and copper / gold mineralisation and the Eastern Pit Extension area which contains only magnetite mineralisation (Figure1).

**Table 2. Cairn Hill Diluted and In situ Mineral Resources – All Elements  
(above a 40% Fe equivalent cut-off)**

|                              |                             | Tonnage<br>(Mt) | Fe<br>(%)   | Cu<br>(%)   | Au<br>(g/t) | Si<br>(%)   | Al<br>(%)   | P<br>(%)    | S<br>(%)    |
|------------------------------|-----------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>In Situ (Undiluted)</b>   |                             |                 |             |             |             |             |             |             |             |
| <b>Initial Pit</b>           | Indicated                   | 10.0            | 51.9        | 0.40        | 0.12        | 5.94        | 1.11        | 1.06        | 1.61        |
|                              | Inferred                    | 0.8             | 48.3        | 0.18        | 0.05        | 7.13        | 1.93        | 0.80        | 0.61        |
|                              | <b>Indicated + Inferred</b> | <b>10.8</b>     | <b>51.6</b> | <b>0.38</b> | <b>0.11</b> | <b>6.03</b> | <b>1.17</b> | <b>1.04</b> | <b>1.54</b> |
| <b>Eastern Pit Extension</b> | Inferred                    | 3.5             | 47.5        | 0.01        | 0.00        | 8.21        | 1.99        | 0.52        | 0.1         |
| <b>Total</b>                 | <b>Indicated + Inferred</b> | <b>14.3</b>     | <b>50.6</b> | <b>0.29</b> | <b>0.09</b> | <b>6.56</b> | <b>1.37</b> | <b>0.91</b> | <b>1.18</b> |
| <b>Diluted</b>               |                             |                 |             |             |             |             |             |             |             |
| <b>Initial Pit</b>           | Indicated                   | 10.5            | 50.0        | 0.39        | 0.12        | 6.98        | 1.36        | 1.02        | 1.58        |
|                              | Inferred                    | 0.9             | 43.8        | 0.18        | 0.05        | 9.58        | 2.45        | 0.73        | 0.61        |
|                              | <b>Indicated + Inferred</b> | <b>11.4</b>     | <b>49.5</b> | <b>0.37</b> | <b>0.11</b> | <b>7.19</b> | <b>1.45</b> | <b>0.99</b> | <b>1.50</b> |
| <b>Eastern Pit Extension</b> | Inferred                    | 3.8             | 43.8        | 0.01        | 0.00        | 10.2        | 2.41        | 0.48        | 0.1         |
| <b>Total</b>                 | <b>Indicated + Inferred</b> | <b>15.2</b>     | <b>48.1</b> | <b>0.28</b> | <b>0.09</b> | <b>7.94</b> | <b>1.69</b> | <b>0.87</b> | <b>1.15</b> |

In addition, a new Inferred Resource covering the Eastern Pit Extension area, with a strike length of 800m has also been calculated by Snowden. This diluted Inferred Resource of **3.8Mt at 43.8% Fe** confirms the strike continuity and high grade nature of the main northern lode magnetite horizon.

## Metallurgy

GDM has investigated the options for processing the Cairn Hill magnetite iron – copper - gold mineralisation and concluded that there are three main processing options:

1. Magnetic separation to produce a magnetite concentrate, then separation by flotation of a copper - gold concentrate from the non-magnetic fraction

2. Magnetic separation to produce a magnetite concentrate, with reverse flotation to clean up the concentrate (particularly to remove sulphur), then separation by flotation of a copper - gold concentrate from the non-magnetic fraction
3. Flotation to produce a copper - gold concentrate with magnetic separation of the tails to produce a magnetite concentrate.

Test work has shown that a series of floatation steps with extended floatation times followed by magnetic separation can produce a premium grade magnetite concentrate at a grind size of 150 microns (exceptionally coarse for a magnetite concentrate). The main issue in the test work has been to reduce the sulphur in the magnetite concentrate caused by pyrrhotite, which is weakly magnetic.

**Table 3. Summary of Metallurgical Test work to Produce a Magnetite Concentrate**

| <b>Ore Zones &amp; Waste<br/>P<sub>80</sub> 150 μ</b> | <b>Al<sub>2</sub>O<sub>3</sub><br/>%</b> | <b>P<br/>%</b> | <b>S<br/>%</b> | <b>SiO<sub>2</sub><br/>%</b> | <b>Au<br/>g/t</b> | <b>Cu<br/>%</b> | <b>Fe<br/>%</b> |
|---|--|----------------|----------------|------------------------------|-------------------|-----------------|-----------------|
| <b>Head Grade</b>                                     | 2.15                                     | 1.24           | 2.11           | 13.8                         | 0.17              | 0.62            | <b>51.46</b>    |
| <b>Magnetic Separation Only</b>                       | 0.47                                     | 0.01           | 0.85           | 0.35                         | 0.04              | 0.02            | <b>71.09</b>    |
| <b>Extended Flotation ➤ Magnetic Separation</b>       | 0.49                                     | 0.01           | 0.36           | 0.68                         | 0.04              | 0.01            | <b>71.24</b>    |
| <b>Extended Flotation + Pull ➤ Davis Tube</b>         | 0.40                                     | 0.01           | 0.19           | 0.31                         | 0.04              | 0.01            | <b>71.50</b>    |

The test work has been conducted on a mixture of both fresh and weathered mineralised zones as well as 0.5m of waste from each mineralisation boundary.

Most steel mills require the sulphur to be less than 0.5%, which can be achieved on the Cairn Hill mineralisation with extended flotation. Phosphorus can be easily reduced by magnetic separation to approximately 0.01%, as most of the phosphorus is contained in the mineral apatite which is non-magnetic.

In addition, the test work has shown exceptionally high recoveries of Fe to the magnetite concentrate with levels of up to 91.2% being achieved.

Up to 98.2% of the copper can be recovered into an initial 8% Cu concentrate at 150 microns. In contrast, a 76 micron grind recovers over 90% of the copper into a higher grade 17.2% Cu concentrate. Further grind test work is being undertaken to ascertain the optimal grind size to enhance copper grade and recoveries.

Recent metallurgical test work applying dry magnetic separation on coarsely crushed mineralised samples has shown that the iron grade of the product can be significantly beneficiated. This work indicates that it is possible to increase the shipped Fe grade by 8%, using dry magnetic separation; however, there is a significant loss of copper in the shipped material with nearly 44% of the copper being lost to waste during the upgrade. Further work has shown that it is possible to reduce the copper lost during upgrading to 12%, while still increasing the Fe grade by 2-3%. Additional test work will be undertaken to better understand the options for dry magnetic separation to maximise the Fe upgrade, and minimise Cu loss.

In the Eastern Pit Extension area, where there is no significant copper mineralisation, GDM considers maximising the Fe shipping grade to be the best option. Further test work will be conducted on the mineralisation, specifically from the Eastern Pit Extension area, to examine a range of iron upgrade options.

The low levels of copper and sulphur in the Eastern Pit Extension resource (Table 2) may provide the opportunity to produce either a final or intermediate magnetite concentrate on site. Earlier test work on material from the Initial Pit resource indicated that a high grade Fe concentrate could be

produced at 1000 microns, but that the sulphur content remained unacceptably high. In the Eastern Pit Extension area the sulphur content is low and not an issue. Further test work is warranted to evaluate this option as a means of value adding.

The potentially higher mining grade (low Fe bias) and the ability to cheaply upgrade the shipping grade of the product have a significant impact on the profitability of the project by reducing freight costs.

Goldstream Mining Managing Director Duncan McBain said Cairn Hill was shaping up as one of Australia's highest value per tonne iron deposits due to the high grade nature of the magnetite and the associated copper revenue stream which will contribute in the order of 30-40% of the project's revenue.

"The high value magnetite concentrate produced combined with the high metal recoveries and relatively low processing costs provide options for the commercialisation of this unique resource. With the mixture of both the magnetite type iron and the copper / gold mineralisation the project is attracting strong interest from a range of parties across the ferrous and non-ferrous sectors," Mr McBain said.

"The Chinese parties we are negotiating with have expressed strong interest in processing the unique Cairn Hill mineralisation. We are aiming to be in a position to export the Cairn Hill first shipment of material in the first half of 2008. The actual shipping date is likely to be determined by the speed of delivery of the rail wagons and the length of time taken to gain approvals for, and construct, a stockpile shed, most likely at Port Pirie.

## Way Forward

GDM recently completed a detailed helicopter magnetic survey within the Mt Woods Project area, which includes the Cairn Hill project. Preliminary results of the survey confirm an estimated additional 16 kilometres of strike to the east of the current resources (which cover approximately 2 kilometres of strike), highlighting the upside of the project. The aim will be to move as quickly as possible to define additional resources with the objective of increasing the size and life of the project.

Subject to rig availability, GDM is planning to drill test the remaining 16 kilometres of the sparsely drilled Cairn Hill magnetic ridge in Q3 2007.

GDM remains on track to substantially complete the work for the Cairn Hill feasibility study by the end of June. Optimisation studies have been initiated of certain areas of the project to better reflect preferred operating parameters.

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The information in this Public Report that relates to Mineral Resources is based on, and accurately reflects, information compiled by Ms Bianca Manzi of Goldstream Mining NL and Mr. Richard Sulway of Snowden Mining Industry Consultants.

The Mineral Resource statement has been reviewed by Mr Paul Blackney of Snowden Mining Industry Consultants. Mr Blackney is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Blackney consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

## **About Goldstream Mining NL**

Goldstream Mining NL (ASX:GDM) headquartered in Perth, Western Australia, is listed on the Australian Stock Exchange (ASX).

Goldstream is a diversified mining company with projects in South Australia and Tanzania, east Africa, focusing on a range of commodities including iron-ore, nickel, gold, copper, platinum and uranium.

The company is disciplined in following a careful strategy to maximise shareholder value by discovering and developing ore bodies. Goldstream achieves this by participating in multiple, quality exploration projects in joint ventures with global mining companies, and by listing spin-off companies, to ensure programs with high potential are well-funded, while retaining a significant interest to provide exposure for Goldstream shareholders. In 2007 Goldstream shareholders will be leveraged to \$19m of exploration, where Goldstream contributes \$1.5m.

Goldstream's 100%-owned project is Cairn Hill, 55 kilometres south-east of Coober Pedy, South Australia. This unique magnetite Fe – Cu – Au project is close to the Darwin to Adelaide railway line. Preliminary studies have indicated the project is viable and will produce a premium niche magnetite product that does not require pelletisation for use in the iron and steel industry in addition to having a significant Cu revenue stream.

In Tanzania, Lonmin Plc is earning interest in Goldstream's Mibango and Luwumbu platinum joint ventures. Lonmin currently manages exploration for both projects.

Goldstream is in the process of spinning off its 100% owned Nachingwea Nickel - Copper property in Tanzania into a Canadian company, Continental Nickel Limited (CNI) which is applying to list on the TSX Venture Exchange in Canada, following an IPO where it will seek to raise Cdn\$16.5 million. Goldstream will own 51% of CNI with a 30% free carried interest.

Goldstream owns 39.5% of Uranex (ASX:UNX), a spin-off company from Goldstream, which listed on the ASX on 25 October 2005 and is dedicated uranium company with assets in Australia and Tanzania.

Visit: [www.goldstreammining.com.au](http://www.goldstreammining.com.au)

## Discussion of the Mineral Resource and Estimation

The Cairn Hill Indicated and Inferred Mineral Resource was estimated by Snowden Mining Industry Consultants (Snowden) based on all drilling completed to the end of February 2007.

Two versions of the Mineral Resource were estimated. The first reports an in situ Mineral Resource which includes some internal dilution, while the second presents a Diluted Mineral Resource calculated by adding a 0.5 metre wide envelope of edge dilution to the in situ Mineral Resource. For reporting purposes, the Cairn Hill deposit has been divided into two parts based on the different characteristics of the mineralisation, the western Initial Pit Area and the Eastern Pit Extension (Figure 1). The Initial Pit Area contains a mixture of both Fe and Cu/Au mineralisation while the Eastern Pit Extension area contains only Fe mineralisation.

The in situ Mineral Resource for the Initial Pit Area has been interpreted by modeling separate Fe and Cu domains. Two major east-west striking envelopes were modeled for each domain. The Fe domain (massive magnetite) was based on a 33% Fe cut-off and the geological logging. The Cu domain was based on a 0.3% Cu cut-off.

The in situ Mineral Resource for the Eastern Pit Extension was interpreted using a single Fe (massive magnetite) domain based on a 33% Fe cut-off and the geological logging.

The Cairn Hill Mineral Resource has been classified and reported above a 40% metal equivalent Fe cut-off grade using the JORC Code (2004) guidelines. The equivalence equation was based on three year average metal prices of US\$53.62/dmtu Fe, US\$2.03/lb Cu and US\$490/oz Au and metal recovery factors of 88% for Fe, 95% for Cu and 89% for Au. The recovery factors are estimates derived from the results of metallurgical test work conducted by GDM. The Fe metal equivalent grade was calculated using the following formula.

$$\text{Fe\% eq} = \frac{(\text{Fe\%} \times 0.5362 \times 0.88) + ((\text{Cu\%}/100) \times 2.03 \times 2204.62 \times 0.95) + (\text{Auppm}/31.10 \times 490 \times 0.89)}{(\text{Fe\%} \times 0.5362 \times 0.88)} \times \text{Fe\%}$$

A total of seven elements were estimated using ordinary kriging (Table 2). Mineralisation domains were estimated using block modelling with in situ density assigned based on average values for different lithologies. An in situ bulk density of 4.3 t/m<sup>3</sup> has been applied to the magnetite horizons and 2.8 t/m<sup>3</sup> to the surrounding mineralised (Cu/Au envelope) and unmineralised host rock (gneiss).

### Cairn Hill Mineral Diluted and In situ Resources – All Elements (above a 40% Fe equivalent cut-off)

|                              |                             | Tonnage<br>(Mt) | Fe<br>(%)   | Cu<br>(%)   | Au<br>(g/t) | Si<br>(%)   | Al<br>(%)   | P<br>(%)    | S<br>(%)    |
|------------------------------|-----------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>In Situ (Undiluted)</b>   |                             |                 |             |             |             |             |             |             |             |
| <b>Initial Pit</b>           | Indicated                   | 10.0            | 51.9        | 0.40        | 0.12        | 5.94        | 1.11        | 1.06        | 1.61        |
|                              | Inferred                    | 0.8             | 48.3        | 0.18        | 0.05        | 7.13        | 1.93        | 0.80        | 0.61        |
|                              | <b>Indicated + Inferred</b> | <b>10.8</b>     | <b>51.6</b> | <b>0.38</b> | <b>0.11</b> | <b>6.03</b> | <b>1.17</b> | <b>1.04</b> | <b>1.54</b> |
| <b>Eastern Pit Extension</b> | Inferred                    | 3.5             | 47.5        | 0.01        | 0.00        | 8.21        | 1.99        | 0.52        | 0.1         |
| <b>Total</b>                 | <b>Indicated + Inferred</b> | <b>14.3</b>     | <b>50.6</b> | <b>0.29</b> | <b>0.09</b> | <b>6.56</b> | <b>1.37</b> | <b>0.91</b> | <b>1.18</b> |
| <b>Diluted</b>               |                             |                 |             |             |             |             |             |             |             |
| <b>Initial Pit</b>           | Indicated                   | 10.5            | 50.0        | 0.39        | 0.12        | 6.98        | 1.36        | 1.02        | 1.58        |
|                              | Inferred                    | 0.9             | 43.8        | 0.18        | 0.05        | 9.58        | 2.45        | 0.73        | 0.61        |
|                              | <b>Indicated + Inferred</b> | <b>11.4</b>     | <b>49.5</b> | <b>0.37</b> | <b>0.11</b> | <b>7.19</b> | <b>1.45</b> | <b>0.99</b> | <b>1.50</b> |
| <b>Eastern Pit Extension</b> | Inferred                    | 3.8             | 43.8        | 0.01        | 0.00        | 10.2        | 2.41        | 0.48        | 0.1         |
| <b>Total</b>                 | <b>Indicated + Inferred</b> | <b>15.2</b>     | <b>48.1</b> | <b>0.28</b> | <b>0.09</b> | <b>7.94</b> | <b>1.69</b> | <b>0.87</b> | <b>1.15</b> |

An assessment of the GDM quality control (QC) data indicates that Fe assay grades over 40% appear to be underestimated by up to 2%. This low bias is only significant once the Fe concentration exceeds 40% and is caused by a limitation in the analytical method used to measure the Fe content. In the context of the in situ (undiluted) grade this has the potential to increase the grade of the Indicated Mineral Resource from 51.9% to around 53.9%, which is exceptional in the context of typical magnetite deposit grades.