



GDM
Goldstream Mining NL

Goldstream Mining NL
ABN 67 009 129 560
Level 2, 28 - 42 Ventnor Avenue
West Perth WA 6005 Australia
PO Box 1784
West Perth WA 6872 Australia
T +61 8 9486 8688
F +61 8 9486 8699
E gdm@goldstreammining.com.au
W www.goldstreammining.com.au

The Manager
Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Pages: 2

By Electronic Lodgement

Dear Sir

Chairman's letter to accompany prospectus

Please find following a copy of the letter which Goldstream Mining NL is including with the Continental Nickel Ltd prospectus mailed to shareholders today.

Yours faithfully

KIMBERLEY G FRANCE
COMPANY SECRETARY



GDM
Goldstream Mining NL

Goldstream Mining NL

ABN 67 009 129 560

Level 2, 28 - 42 Ventnor Avenue
West Perth WA 6005 Australia

PO Box 1784

West Perth WA 6872 Australia

T +61 8 9486 8688

F +61 8 9486 8699

E gdm@goldstreammining.com.au

W www.goldstreammining.com.au

16 July 2007

Dear Goldstream Shareholder

The Board of Goldstream has been working for nine months to bring the Continental Nickel transaction to the point of having a prospectus to present to you. We believe that the Continental Nickel transaction to be the best way to unlock value at Goldstream's Nachingwea outstanding nickel – copper discovery. In Continental Nickel we will, should the capital raising be successful, have a well funded vehicle with a management team focused on making Nachingwea a success. Importantly we believe that we have delivered a good outcome for the vast majority of Goldstream shareholders by maintaining a minimum 65.7% direct and indirect interest in the Nachingwea tenements without a requirement for Goldstream shareholders to participate in the raising. The alternative options considered did not deliver the same level of value for all Goldstream shareholders and could have been more dilutionary.

The Canadian market has been chosen for the listing of Continental Nickel due to the lukewarm reception afforded to the outstanding Nachingwea results by the Australian market. There are no plans currently to dual list Continental Nickel in Australia.

Continental Nickel plans a very active exploration program with a minimum of Cdn\$8m to be spent over the next 2 field seasons on a mixture of airborne geophysics to explore for more EM conductors outside the immediate Ntaka discovery area, as well as detailed ground geophysics and drilling to extend the known mineralisation.

Out of the Cdn\$13.5m to Cdn\$16.5m (A\$14.8m to A\$18.1m) to be raised by the Offering (defined in the prospectus), a pool of Cdn\$3.85m (A\$4.2m) has been set aside as a priority for Goldstream shareholders at the record date of 10 July 2007 who wish to participate in the Continental Nickel IPO on TSX Venture Exchange. In keeping with Canadian practices there will only be a maximum of 28.0m shares on issue following the IPO, and the price has been set at Cdn\$1.50 per share. To facilitate participation the price in the Australian prospectus has been set at an exchange rate of A\$1 equals Cdn\$0.91, giving a price of A\$1.65 per share.

With the field work due to commence within the next month, the timetable for shareholder participation is relatively short, and shareholders who wish to participate should act quickly to avoid missing the closing date of 30 July which may be caused by postal delays.

Holdings on the TSX Venture Exchange are still certificated and conversion into electronic stock to enable trading can be a lengthy process. In addition, based on the information available the trading of stock on a foreign exchange can be relatively expensive for small shareholdings where minimum brokerage levels are charged. I would encourage shareholders to speak to their advisors to understand if this offering is appropriate for them.

On behalf of the Boards of Goldstream & Continental Nickel I would like to extend a welcome to those shareholders who do decide to apply for shares in Continental Nickel.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. McBain'.

Duncan McBain
Chairman & Managing Director