GOLDSTREAM MINING NL

ABN 67 009 129 560

REPORT FOR THE QUARTER ENDED 31 March 2006

HIGHLIGHTS

- **Lonmin has committed to spend US$4.5m at Luwumbu and Mibango in 2006**
- **Lonmin has been granted an extension of time to earn their interest in recognition of the expenditure on and commitment shown to the Luwumbu and Mibango projects**
- **Commenced Cairn Hill magnetite / copper project scoping study**
- **Positive initial metallurgical testwork from Cairn Hill highlights potential premium magnetite concentrate and high copper / gold recovery**
- **Three rig drilling program shortly to commence in Tanzania**

REVIEW OF OPERATIONS

TANZANIA

Luwumbu Platinum-Nickel Project (Goldstream reducing to 27%, Albidon reducing to 3%, Lonmin earning 70%)

Goldstream Mining NL, in joint venture with Lonmin plc (Lonmin), is exploring for Platinum Group Element (PGE) mineralisation at Luwumbu in southern Tanzania The Luwumbu Joint Venture enables Lonmin to earn a 70% interest from both Goldstream (90%) & Albidon (10%) by funding all exploration to the completion of a feasibility study.

Major drilling program to follow up high grade PGE discovery

The budget for exploration on the Luwumbu Project has been set at US$2.4 million (A$3.3 million) to include 7,500m of diamond drilling, using two rigs. It is anticipated that the drilling program will commence in late May. The initial focus will be on defining the near surface strike extensions of the high grade PGE mineralisation intersected by the 2005 drill hole, NDH014, which returned 16.14m @ 5.36g/t Pt+Pd+Au (2PGE+Au) including 1.67m @ 26.82g/t 2PGE+Au.

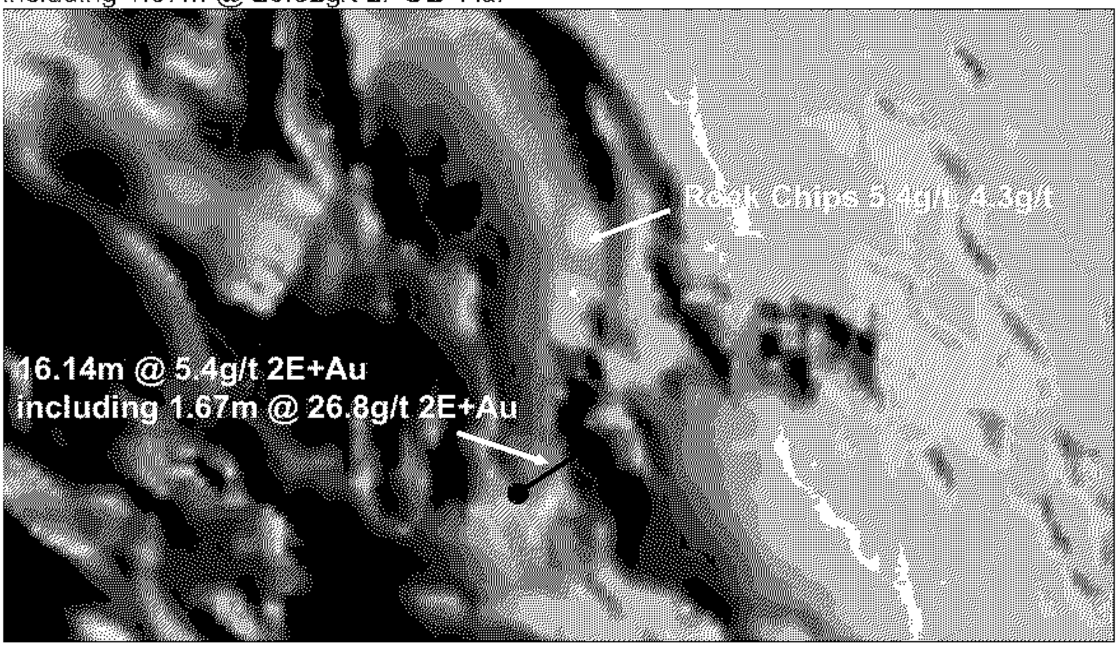

Figure 1 – Nkenja Drillhole locations on magnetics

Mibango Platinum Group Elements (PGE) - Nickel Project (Goldstream 100% - Lonmin earning 65%)

The project is a joint venture between Goldstream Mining and Lonmin Plc. Lonmin may earn 65% equity in the project by sole funding exploration to completion of a feasibility study and by arranging Goldstream's share of development finance.

Major 2006 drilling program

The 2006 exploration budget for the Mibango Project is US$2.1 million (A$2.9 million) including 5,500m of diamond drilling. The main emphasis will be on defining PGE rich massive nickel sulphide mineralisation based on EM geophysics and structural targets. Drill intersections of massive sulphide obtained during 2005 included 0.57m @ 7.1%Ni, 7.4g/t Pt+Pd+Au, 1.1%Cu and 0.25%Co.

The drilling program is planned to commence late in the current quarter on completion of ground geophysical surveys.

Work is on-going on the assessment of the Laterite Nickel Inferred Mineral Resource of 113.1 Mt grading 0.82% Ni, 0.054% Co at a 0.5% Ni cut-off grade.

Extension of Time for Lonmin to Complete Earn-In Requirements

Goldstream has extended the time for Lonmin to complete the Feasibility Study to earn a 60% equity interest, subject to Lonmin's right to withdraw, under the Mibango Joint Venture Agreement (JVA) to 31 March 2012, an extension of five years. Lonmin may earn a further 5% equity interest by arranging Goldstream's share of development funding.

Lonmin has agreed to sole fund a minimum expenditure of US$2.0 million per annum during the earn-in period.

Goldstream has also extended the time to 31 March 2009, an additional two years, for Lonmin to define an Indicated Mineral Resource to earn a 51% equity interest in the Luwumbu JVA. Lonmin may earn a further 19% equity interest by completing a Feasibility Study by 31 March 2009.

Lonmin has agreed, subject to its right to withdraw, to sole fund a minimum expenditure of US$1.5 million per annum during the earn-in period.

The extensions were granted by Goldstream in recognition of the substantial expenditure of US$10.7 million (A$14.9 million) spent by Lonmin over the past 4 years, the impact of the monsoon season in Tanzania on the field programs, and the continuing commitments shown to the Mibango and Luwumbu projects by Lonmin.

Nachingwea Nickel-Platinum Project (Goldstream 100%)

A 1,200m drilling program to test EM targets on the coincident strong, coherent copper / nickel / PGE soil geochemistry anomaly and EM conductors in the Ntaka area is planned to commence in mid to late May.

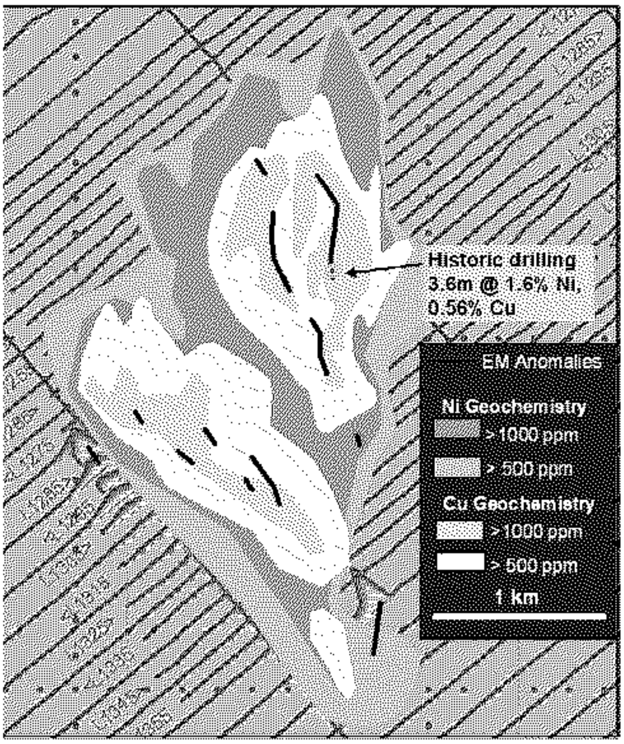

Figure 2 – Coincident geochemical & EM anomalies and historical drilling

Scoping study in progress

Other Projects

Morogoro, Muipa, Kondoa, Buhemba

No field work was undertaken.

AUSTRALIA

SOUTH AUSTRALIA

Mt Woods Project - Coober Pedy (Goldstream 100%)

Cairn Hill Iron-Oxide-Copper-Gold Project

A scoping study for the Cairn Hill Project has been initiated following highly encouraging preliminary metallurgical test results and internal resource estimates that support a conceptual start up open-cut operation in the order of 1 million tonnes of magnetite a year for a life of 10 years. It is estimated that the annual by-product from such an operation would be approximately 4,500t of copper and 5,500oz of gold.

The project is located 50km south of the town of Coober Pedy, is adjacent to the Stuart Highway and 40km east of the AustralAsia Railway linking Adelaide and Darwin.

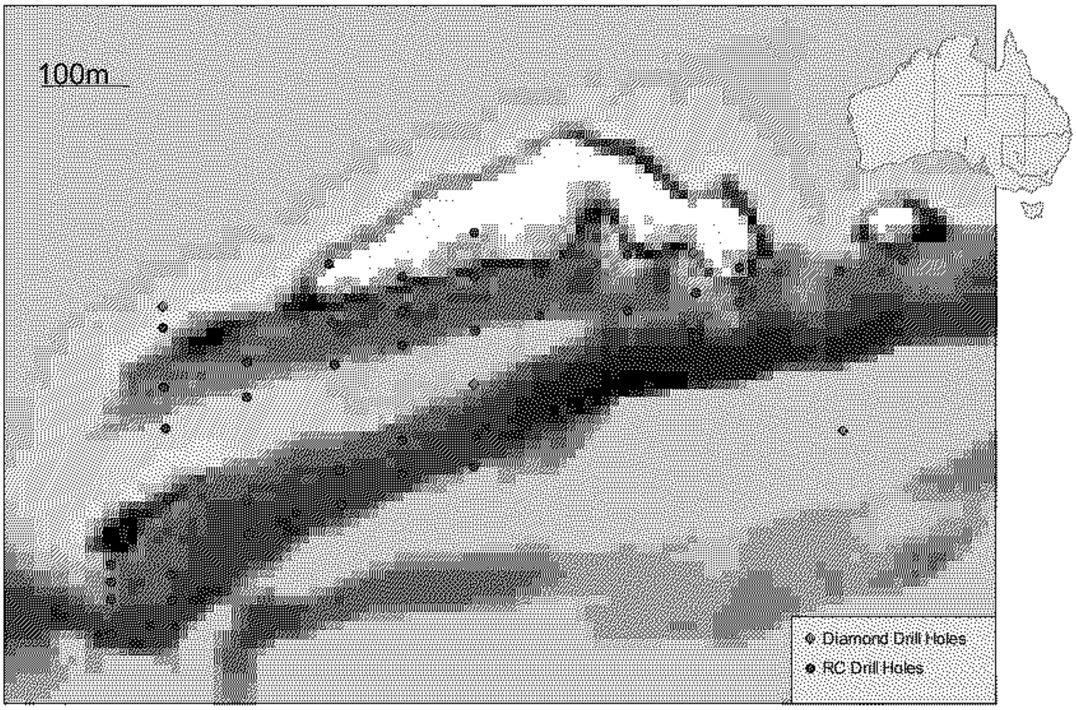

Figure 3 – Drillholes overlaid on ground magnetics

Initial resource modeling complete

Goldstream has appointed Stephen Hunt to manage the scoping study. Stephen has extensive experience gained over a 20 year career in the minerals and metals industry. His experience in marketing related to the steel raw materials marketing, logistics, marketing and feasibility studies will be of particular importance in this preliminary review of the projects viability.

Two sub-parallel tabular magnetite lodes have been intersected by 33 drillholes over a combined strike length of 1300m. An independent resource estimate has been calculated for internal company assessment but has not been classified in accordance with JORC Code standards for publication. A wire-frame model has been constructed (Figure 4) and iron, copper and gold grades calculated.

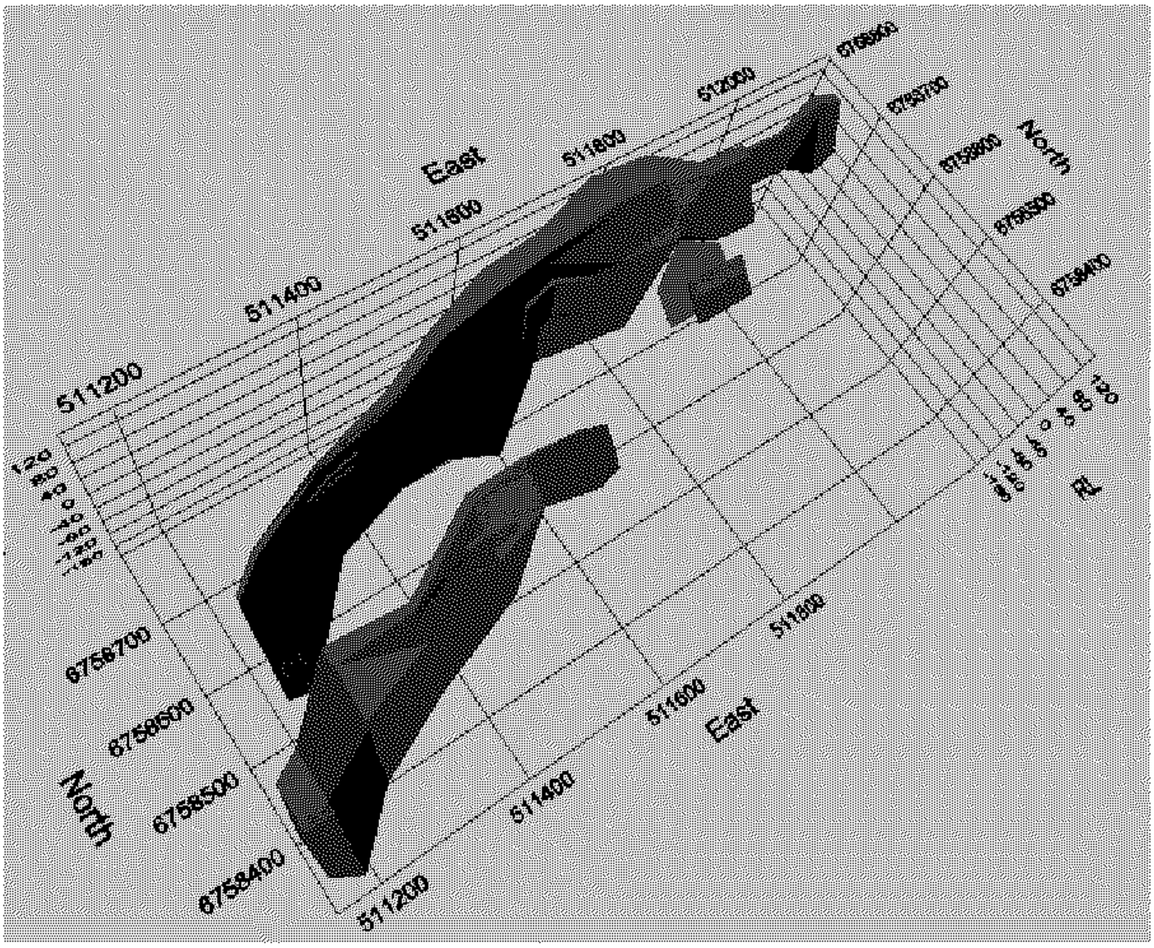

Figure 4 – Cairn Hill orebody block modelling

Preliminary metallurgical testing has been completed on five composite 10m drill samples from different parts of the deposit including its eastern extension. The coarse nature of the mineralisation has enabled standard processing methods to return a quality magnetite product augmented by outstanding copper recoveries at a relatively coarse grind size.

Davis tube magnetic separation sighter tests at various grind size fractions from 38 to 150 microns showed that excellent results were still achievable at the most coarse fraction tested.

Coarse fraction (150 micron) results for four of the sighter test samples are averaged below:

150 µ Sighter Test	Average of 4 Drill Holes	Al_2O_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**

The 150 micron grind size was selected for an initial bulk magnetic separation test using the Sala Lims wet drum method. Initial test results have been encouraging with further testwork continuing.

Flotation tests on the non-magnetic fraction of the 150 micron bulk samples have produced outstanding copper recoveries. Flotation of the total sulphide component resulted in recovery of 96.9% to 99.0% of the contained copper and 94.2% to 98.5% of the gold. The concentrate comprised mainly pyrite / pyrrhotite and chalcopyrite with average grade of 10.71% copper and 3.51g/t gold. It is anticipated that selective floatation will produce an acceptable copper concentrate grade for sale on the international market.

Provided the outcomes of the scoping study are positive Goldstream will look to source RC and diamond drill rigs to drill out the Cairn Hill orebody and to provide additional samples for metallurgical testwork forming the initial component of the feasibility study.

Preliminary metallurgy encouraging

Kangaroo Dam PGM Prospect

No fieldwork was undertaken. It is anticipated that there will be additional drilling to follow up the encouraging intersection of 22m @ 0.95g/t Pt+Pd+Au from 149m in drillhole KDD003 when an RC rig returns to Cairn Hill.

Regional Targets

A 5,000m RAB drilling program is in progress evaluating the Blackhills Gabbro Iron Oxide Copper Gold (IOCG) target. Assay results are awaited.

NORTHERN TERRITORY

Arunta Nickel-Copper Project (Goldstream 100%)

No field work was undertaken.

INDIA

No field work was undertaken pending processing and granting of tenements.

CORPORATE

Goldstream issued 8,881,164 shares at 33.78 cents per share through an underwritten Shareholder Purchase Plan, raising $3.0 million before costs. At the end of the quarter Goldstream has $7.1m in cash (excluding the Uranex consolidation).

Uranex (ASX:UNX) (Goldstream 50.2%) became the first Australian uranium company to sign a Letter of Intent with the China National Nuclear Corporation (CNNC) covering exploration, development and production. Uranex will seek to develop the relationship with this potentially significant partner in the uranium industry.

Terrain Minerals Limited (ASX:TMX) listed on the ASX on 23 March 2006 and issued Goldstream 200,000 fully paid TMX shares to acquire an option over Goldstream's Euro gold prospect near Laverton in Western Australia. Concurrently Terrain exercised their option and will issue Goldstream a further 300,000 fully paid TMX shares to acquire the Euro gold prospect from Goldstream.

George Kenway stepped down as Chairman & Managing Director of Goldstream Mining NL at the end of March to take up the role of Managing Director for Uranex NL. The Board wishes to thank George for his valued contribution over an extended period of time and looks forward to his on-going contribution within the group.

Duncan McBain has replaced George as Chairman and Managing Director of Goldstream Mining from the beginning of the quarter. Duncan is a geologist with over 30 years experience associated with the resources industry in geological and analyst roles over a wide range of commodities working in Africa, Australasia and Asia.

DUNCAN McBAIN
MANAGING DIRECTOR

Information in this report 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.