



GDM
Goldstream Mining NL

Continental Nickel NL
A.C.N. 107 955 797

*A fully owned subsidiary of
Goldstream Mining NL
A.C.N. 009 129 560*

EL24024 Stirling
Year 3 Annual Report
For the Period 24 May 2006 to 23 May 2007

Volume 1 of 1

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Date: June 2007

Distribution

Northern Territory Geological Survey - (2 – 1 hardcopy, 1 email)

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SUMMARY

Exploration Licence 24024, Stirling covering an area of 105.8km² is located approximately 300km north-northwest of Alice Springs in the Northern Territory. The licence was initially granted to Anglo American Exploration (Australia) Pty Ltd and then transferred to Continental Nickel NL, a fully owned subsidiary of Goldstream Mining NL on 8 September 2004.

During the reporting period 24 May 2006 to 23 May 2007, no field exploration activities were conducted as office studies were being undertaken to assess the potential of the lease and plan the future exploration programs of this lease and the surrounding leases on a project basis.

Expenditure for the report period is approximately \$5,461.

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1. INTRODUCTION

This report outlines exploration activities conducted on Exploration Licence 24024 (Stirling) during the third year of tenure between 24th May 2006 to 23rd May 2007.

EL24024 'Stirling' is located approximately 150km south of Tennant Creek in the Northern Territory on the Bonney Well (SF 53-02) and Barrow Creek (SF 53-06) 1:250,000 map sheet and the Crawford (5655), and Numagalong (5656), 1:100,000 map sheets. The Stuart Highway provides access to the region, and then station tracks continue northwest to the project area (Figure 1).

EL24024 forms part of the Arunta Project that Continental Nickel NL is undertaking exploration on, in the southern extension of the Arunta Province. Exploration is aimed at uranium and magmatic intrusive related nickel-copper-platinum group mineralisation of the Voisey's Bay (Canada), Noril'sk (Russia) and Jinchuan (China) style.

2. TENURE

Exploration Licence 24024 (Stirling) was initially granted to Anglo American Exploration (Australia) Pty Ltd (AAEA) on 24 May 2004. On April 19 2004, AAEA signed a deal to sell the licence to Continental Nickel N.L. (Continental; a wholly owned subsidiary of Goldstream Mining N.L.). Continental became the registered holder of the licence on 9 September 2004.

The licence initially covered an area of 211.7km² and comprised 66 sub blocks, on the Barrow Creek and Bonney Well sheets (Figure 1). During the second year of the licence a partial surrender of 33 blocks was made to reduce the area to 105.8 km². A further partial reduction of 16 blocks was undertaken during the reporting period to reduce the licence to 17 blocks (54.52km²) (Figure 2). A separate partial surrender report will be submitted.

Table 1. EL24024 - Licence Sub-blocks.

Block	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
SF53813							X	X					X	X	X			X	X	X	X					X
SF53814																	X	X				X	X	X		
SF53886		X	X																							

3. EXPENDITURE

Third year expenditure on EL24024 by Continental totaled approximately \$5,461 (Table 2).

CONTINENTAL NICKEL NL Northern Territory

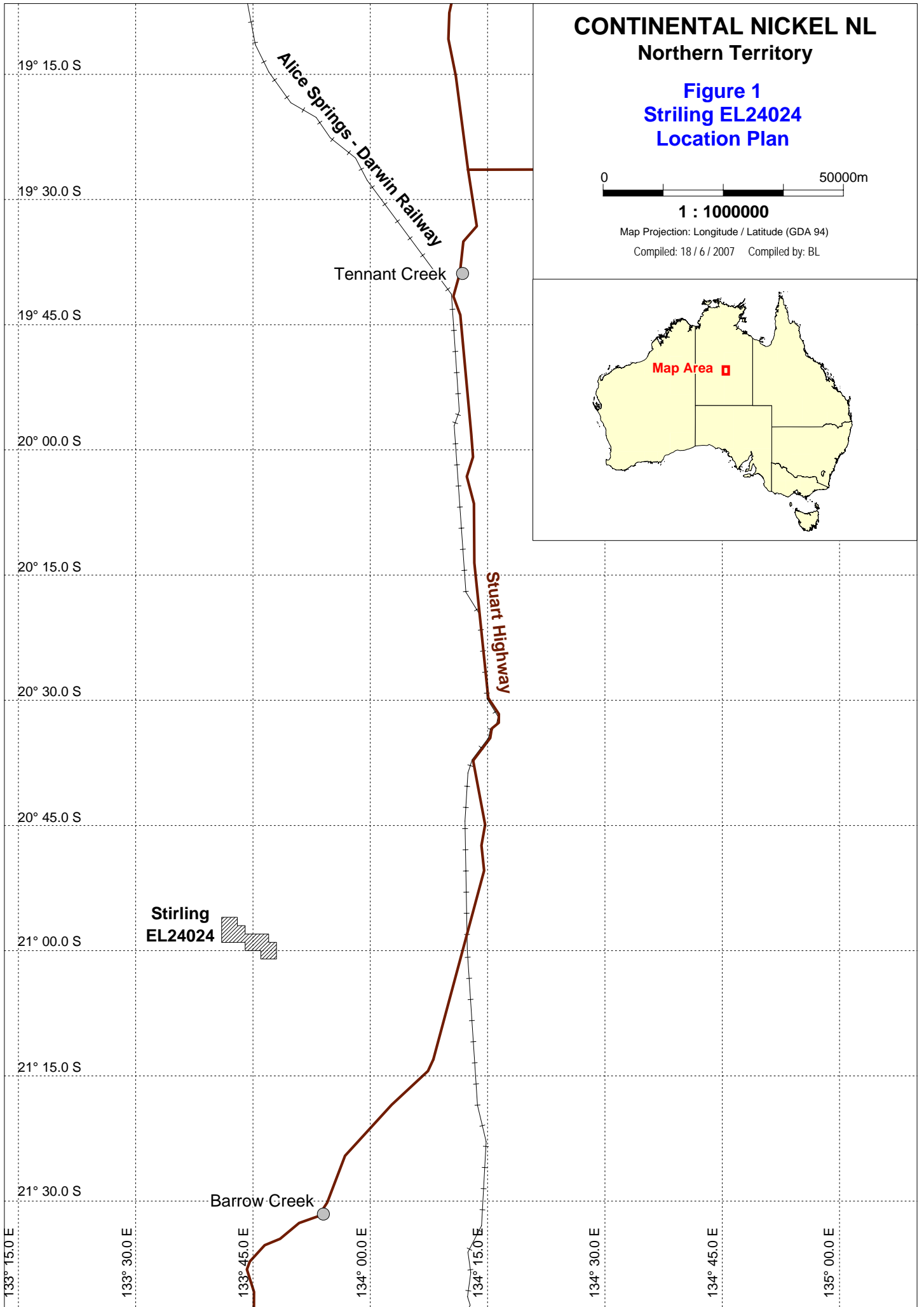
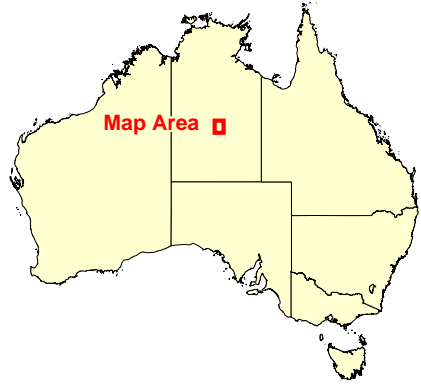
Figure 1 Stirling EL24024 Location Plan

0 50000m

1 : 1000000

Map Projection: Longitude / Latitude (GDA 94)

Compiled: 18 / 6 / 2007 Compiled by: BL



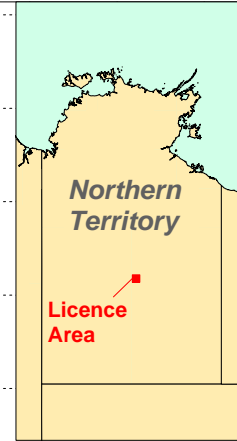
CONTINENTAL NICKEL NL

Arunta

Stirling EL24024

Figure 2

Retained Blocks



1 : 150000

Map Projection: Longitude / Latitude (GDA 94)

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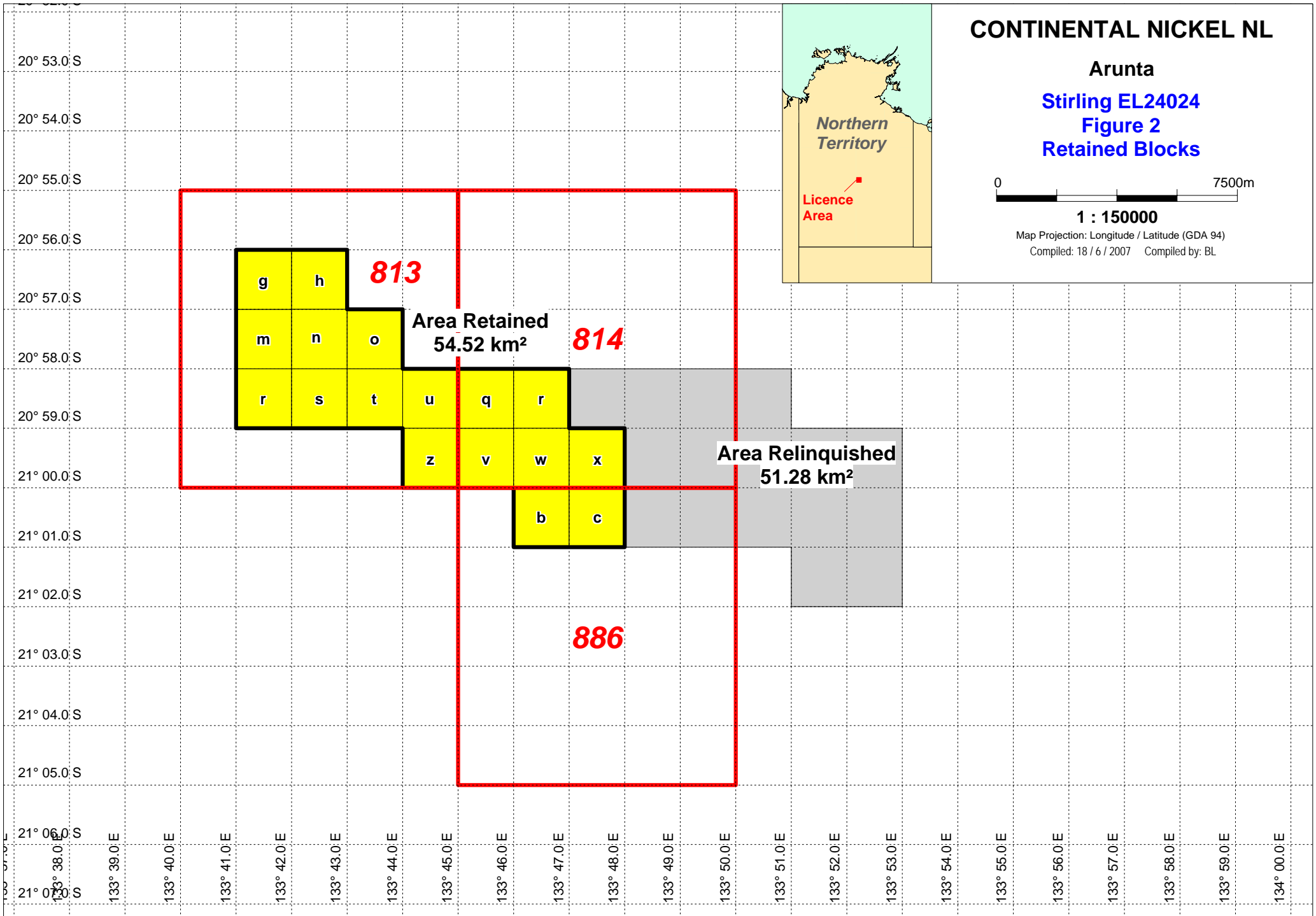


Table 2. Year 3 Expenditure

Geological Consultants	\$3,078
Tenement Administration	\$770
Data Entry	\$435
Drafting	\$466
Overheads (15%)	\$712
Total	\$5,461

4. REGIONAL GEOLOGY

The lease area occurs within the Aileron Province of the Arunta Region along the southern margin of the North Australian Craton. The Aileron Province comprises greenschist to granulite facies metamorphic rocks with protolith ages in the range 1865-1710 Ma. It is geologically continuous with the gold bearing Tanami and Tennant Creek Regions to the north (Scrimgeour 2003).

Quaternary Aeolian sands and red soil largely cover the lease area with calcrete and ferricrete occurring in the central and southern portion of the lease. Outcrops are restricted to the southern licence area and are dominated by Proterozoic units of Taragan and Gwynne Sandstones, as well as some undifferentiated micaceous arenites.

5. PREVIOUS EXPLORATION

Previous exploration in the licence area has been limited to soil sampling and geophysical surveys. Numerous geophysical surveys have been conducted by BMR, NT Department of Mines and Energy, and American Overseas Petroleum. These surveys have been integrated and stitched together by the NTGS to produce detailed images including TMI aeromagnetics.

Between 1993 and 1995, Poseidon Gold Limited held and explored a southern portion of the current lease as EL7929. As part of their gold exploration programme, 209 -80 mesh soil samples were collected at the Claypan prospect, 139 of which fall within the current lease. This sampling was conducted on a 500m by 250m compass grid with 200m by 100m infill where warranted. All samples were analysed at ALS for low level detection of Au, Ag, As, Zn, Cu, Pb, Cr, Fe, Mn, Bi, Co, Ni, Cd, Mo, Sb, and V. A best result of 52ppm Cu was identified from sample 2130001 with weakly elevated Zn but no Ni values. No significant anomalous gold geochemistry was identified and the area was subsequently relinquished (Mujdrlica, 1994).

AAEA initially targeted the area to explore for magmatic intrusive related nickel – copper- platinum group mineralisation. The target generation philosophy is based on recognition of aeromagnetic and gravity anomalies associated with mafic and ultramafic intrusive bodies and major structures along or adjacent to Precambrian cratonic margins, utilizing published continental scale geological and geophysical data sets. In many cases these intrusive bodies have not been previously recognised or have been subject to only limited exploration.

Mithril Resources Ltd have intersected Ni and Cu mineralisation at their Barrow Creek JV project approximately 35 km along strike, southeast of EL 24024. This discovery provides further encouragement for the Ni prospectivity of a region previously explored mainly for gold. Numerous mapped basic / ultrabasic intrusions are located further west on the Mount Peak sheet.

Exploration activities conducted by Continental have consisted of geological field reconnaissance, and rock chip sampling.

A total of 8 rock chip samples were collected from the licence during the 2005-2006 report period. Samples comprised a mixture of lateritic ironstone including ferruginous sandstone and quartz vein outcrop and pisolitic ironstone float material.

Disappointing results were received from the initial surface sampling program. Pisolitic float material returned a high result of 238ppm Cr and 3ppb Au.

A geological review of the licence area has identified a small magnetic bulls eye at 365000E 7682000N with similar characteristics to the magnetic anomalies associated with the ultramafics elsewhere in the Arunta region. In addition, 5kms to the southeast, a 2km long linear magnetic anomaly also requires detailed testing.

6. EXPLORATION ACTIVITES

No field exploration has been conducted during the reporting period. Continental is currently assessing previous work to generate exploration targets and assess the potential of the tenement as part of the greater Arunta Project.

7. FUTURE EXPLORATION

Proposed year four exploration will focus on testing the magnetic targets identified as potential mafic/ultramafic lithologies capable of hosting magmatic nickel-copper-platinum group element mineralisation. This exploration will include reconnaissance lag, soil and rock chip sampling, geological mapping and ground geophysical surveys (Table 3)

Table 3 Proposed Year 4 Exploration Expenditure

ITEM	COST
Geological staff, consultants & contractors	\$5,000
Geophysical ground surveys (magnetics, TEM)	\$10,000
Analytical costs (soil geochemistry, drilling)	\$5,000
TOTAL	\$20,000

8. CONCLUSION AND RECOMMENDATIONS

The small sampling programme carried out to date is not a sufficient test of the mineral potential of the Stirling exploration licence. The licence remains effectively untested and warrants detailed exploration.

9. REFERENCES

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