

gsh/psh/gsh563a

13 March 2003

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

Via ASX Online

No. of pages - 13

Dear Sir,

Re: Condensed financial report for the half-year ended 31 December 2002

Enclosed for release to the market is the condensed financial report for Goldsearch Limited for the half-year ended 31 December 2002 together with a copy of the independent audit review report thereon.

For and on behalf of the directors of  
Goldsearch Limited



P S Hewson  
Secretary

**GOLDSEARCH LIMITED**  
**ABN 73 006 645 754**

**CONDENSED FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2002**

## DIRECTORS' REPORT

Your directors have pleasure in submitting the Condensed Financial Report of the Company for the half-year ended 31 December 2002 and report as follows:

### Directors

The names of the directors in office throughout the half-year ended 31 December 2002 and at the date of this report are:

Mr. J. Landerer CBE AM  
Mr. A.G. Harris  
Mr. R.B. Leece AM RFD (appointed 07/08/02)  
Mr. J.M.E. Percival

### Principal activities

The principal activities of the Company during the half-year were exploration for gold and other minerals.

There were no significant changes in the nature of activities of the Company that occurred during the half-year.

### Review of operations

During the half-year under review:

- The Company expended \$166,000 on exploration and \$203,000 on administration.
- Independence Gold NL has advised that during the period it expended \$96,413 on exploration of the Company's tenements under the terms of the August 2000 joint venture agreement.
- Phelps Dodge Australasia Inc. has advised that during the period it expended \$80,165 on exploration of the company tenements under the joint venture agreement.
- The 106,637,369 quoted options on issue by the Company expired on 31 July 2002.
- The 3,000,000 unquoted executive options issued to the previous General Manager-Exploration lapsed on 22 August 2002.
- Mr R B Leece AM RFD was appointed by the directors to fill a casual vacancy on the board on 7 August 2002.

- Exploration licence EL 22710 in the Musgrave Block area of the Northern Territory was granted to the Company for a period of 6 years.
- Access agreements were concluded with the Kalkadoon and Mitakoodi People for exploration permits for minerals EPMS 13273 and 13336 at Duck Creek, Cloncurry Queensland.
- Exploration licence EL 2933 over 240 square kilometres at Mount Ogilvie in South Australia was granted in replacement of EL 2267 for a period of one year.
- The Company reduced the area under application through ELA 4669 from 311 square kilometres to 59 square kilometres at the St Arnaud prospect located 100km west of Bendigo in Victoria.
- Field exploration activity commenced on four exploration licences (ELs 9407, 5702, 9443 and 9741). A helicopter supported visit to the area to substantiate geological structures took place during November 2002. This was the first visit by mining company geologists in over 20 years. A total of 21 rock samples and 8 orientation geochemical samples were collected.
- Phelps Dodge Australasia Inc (the Company's joint venture partner in the Hawks Nest prospect in the Gawler Craton area of South Australia) visited the site to explore the base metal potential of the Hawks Nest tenement (EL 2899) which covers an area of 324 square kilometres. A detailed work program is being assessed.
- An application was made for 39 units at Windeyer in central west New South Wales (Orange prospect ELA 2026 ) located approximately 50 kilometres south-south-west of Mudgee. This area covers various known small gold mines including Crystal Palace, Dog Trap Reef, Golden Group, Ding Dong Reef and the Eaglehawk Gully Group of Mines.

## DIRECTORS' REPORT

### Information on directors

*John Landerer CBE AM* –  
(non-executive chairman of directors)

- Appointed as director and non-executive chairman on 11 October 1995.
- A qualified lawyer – LL.B., Sydney University.
- Senior partner of Sydney solicitors, Landerer & Company.
- Chairman of directors of National Hire Group Limited and a director of a number of other prominent private family companies.
- Beneficially holds 2,829,936 fully paid ordinary shares in the capital of the Company and has an indirect interest in 3,000,000 unquoted options.

*Albert G. Harris* -  
(non-executive director)

- Appointed a director on 11 October 1995.
- Member of the Institute of Measurement and Control.
- Has been involved in the international petroleum and mineral resources industries for 50 years.
- Has had senior management responsibility for exploration operations and the development of petroleum and mineral projects in Australia, the Middle East, West Africa and the USA.
- Director of Takoradi Gold NL and Pan Palladium Limited.
- Beneficially holds 200,000 fully paid ordinary shares in the capital of the Company and 3,000,000 unquoted options.

*John M.E. Percival* –  
(non-executive director and acting general manager - operations)

- Appointed a director on 11 October 1995.
- Has been involved in investment and merchant banking for over 25 years including 15 years as investment manager for Barclays Bank New Zealand Limited.
- Has had extensive experience in stockbroking, corporate finance and investment management.
- Beneficially holds 900,000 fully paid ordinary shares in the capital of the Company and 3,000,000 unquoted options.

*Robert B. Leece AM RFD* -  
(non-executive director)

- Appointed a director on 7 August 2002.
- A civil engineer with extensive experience in project management and construction, both in the private and public sectors.
- Formerly director general of the Olympic Co-ordination Authority and chief executive of the Olympic Roads and Transport Authority for the 2000 Sydney Olympic Games. He was also chairman of the Southern Sydney Recovery Task Force to co-ordinate and manage the damage from the 1999 Sydney hail storms.
- A trustee of the Sydney Opera House Trust and a member of a number of NSW state government boards.
- Has been involved as a director of several public and private development companies including Abigroup and Merlin International Properties, having previously spent 13 years with the NSW Department of Main Roads on road and freeway construction and transport operations.
- Indirectly holds 8,040,900 fully paid ordinary shares in the capital of the Company.

## DIRECTORS' REPORT

### Directors' meetings

Attendance of individual directors at board meetings held during the half year ended 31 December 2002 was as follows:-

<i>Director</i>	<i>Meetings held</i>	<i>Meetings attended</i>
J. Landerer CBE AM	7	6
A.G. Harris	7	7
R.B. Leece AM RFD	6	6
J.M.E. Percival	7	7

In addition there were 2 meetings of the audit committee which were attended by directors as follows:-

J. Landerer CBE AM	2	1
A.G. Harris	2	2
R.B. Leece AM RFD	2	2
J.M.E. Percival	2	2

- Mr. A.G. Harris received reimbursement for travelling and other expenses totalling \$1,394 during the half-year.

Signed in accordance with a resolution of the board of directors.

J. Landerer CBE AM  
Director

A.G. Harris  
Director

Sydney  
13 March 2003

### Directors' benefits

Since the end of the previous financial year no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the annual accounts of the Company, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related entity with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than:

- Mr. J. Landerer CBE, AM receives a benefit from fees paid for legal services provided by the Company's solicitors, Landerer & Company, of which he is the senior partner. Fees paid for these services totalled \$6,770 during the half-year and were charged at normal commercial rates.

**GOLDSEARCH LIMITED**  
**ABN 73 006 645 754**

**CONDENSED STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

	Note	2002 \$	2001 \$
Interest revenue		<u>13,084</u>	<u>10,043</u>
Total revenue from ordinary activities		13,084	10,043
Total expenses from ordinary activities		<u>(203,100)</u>	<u>(234,106)</u>
<b>Profit/(loss) from ordinary activities before income tax expense</b>	2	(190,016)	(224,063)
Income tax expense relating to ordinary activities		<u>-</u>	<u>-</u>
<b>Profit/(loss) from ordinary activities after income tax expense</b>		(190,016)	(224,063)
<b>Net profit/(loss)</b>		<u>(190,016)</u>	<u>(224,063)</u>
<b>Net profit/(loss) attributable to members of Goldsearch Limited</b>		<u><u>(190,016)</u></u>	<u><u>(224,063)</u></u>
Basic earnings/(loss) per share - cents per share	4	<u><u>(0.26)</u></u>	<u><u>(0.20)</u></u>

The accompanying notes form part of these financial statements

**GOLDSEARCH LIMITED**  
**ABN 73 006 645 754**

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2002**

	Note	31/12/02	30/06/02	31/12/01
		\$	\$	\$
<b>CURRENT ASSETS</b>				
Cash assets		436,218	791,432	603,247
Receivables		5,047	12,391	103,664
Other		24,299	22,631	19,130
<b>TOTAL CURRENT ASSETS</b>		<u>465,564</u>	<u>826,454</u>	<u>726,041</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant & equipment		7,133	8,446	10,410
Exploration and investment expenditure	3	2,753,381	2,583,473	3,326,437
Other financial assets		476,817	472,745	885
<b>TOTAL NON-CURRENT ASSETS</b>		<u>3,237,331</u>	<u>3,064,664</u>	<u>3,337,732</u>
<b>TOTAL ASSETS</b>		<u>3,702,895</u>	<u>3,891,118</u>	<u>4,063,773</u>
<b>CURRENT LIABILITIES</b>				
Payables		68,104	72,674	20,428
Interest bearing liabilities		-	-	2,092
Provision		15,645	9,282	70,297
<b>TOTAL CURRENT LIABILITIES</b>		<u>83,749</u>	<u>81,956</u>	<u>92,817</u>
<b>TOTAL LIABILITIES</b>		<u>83,749</u>	<u>81,956</u>	<u>92,817</u>
<b>NET ASSETS</b>		<u>3,619,146</u>	<u>3,809,162</u>	<u>3,970,956</u>
<b>EQUITY</b>				
Contributed equity		21,236,681	21,236,681	20,736,681
Accumulated losses	5	<u>(17,617,535)</u>	<u>(17,427,519)</u>	<u>(16,765,725)</u>
<b>TOTAL EQUITY</b>		<u>3,619,146</u>	<u>3,809,162</u>	<u>3,970,956</u>

The accompanying notes form part of these financial statements

**GOLDSEARCH LIMITED**  
**ABN 73 006 645 754**

**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

	2002	2001
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Payments to suppliers and employees	(221,275)	(254,459)
Interest received	13,084	10,043
	<u>                    </u>	<u>                    </u>
Net cash provided by/(used in) operating activities	<u>(208,191)</u>	<u>(244,416)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payment for exploration activities	(142,951)	(119,465)
Payment for investment in mining entities	(4,072)	-
	<u>                    </u>	<u>                    </u>
Net cash provided by/(used in) investing activities	<u>(147,023)</u>	<u>(119,465)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on interest bearing liabilities	-	(6,396)
Proceeds from issue of shares & options	-	500,000
	<u>                    </u>	<u>                    </u>
Net cash provided by financing activities	<u>-</u>	<u>493,604</u>
Net increase/(decrease) in cash held	(355,214)	129,723
Cash at 1 July	<u>791,432</u>	<u>473,524</u>
Cash at 31 December	<u><u>436,218</u></u>	<u><u>603,247</u></u>

The accompanying notes form part of these financial statements

**GOLDSEARCH LIMITED**  
ABN 73 006 645 754

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

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**1. STATEMENT OF ACCOUNTING POLICIES**

These general purpose half-year accounts have been prepared in accordance with Accounting Standard AASB 1029 : Interim Financial Reporting, the Corporations Regulations and other mandatory professional reporting requirements. It is recommended that these accounts be read in conjunction with the financial accounts for the year ended 30 June 2002 set out in the 2002 Annual Report and any public announcements made by Goldsearch Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Law.

The accounting policies have been consistently applied by the Company and are consistent with those of the previous financial year and corresponding half-year.

For the purpose of preparing the half-year accounts, the half-year has been treated as a discrete reporting period. The half-year report does not include full disclosures of the type normally included in an annual financial report.

**2. LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX**

	<b>Half-year ended</b>	
	<b>31/12/02</b>	<b>31/12/01</b>
	<b>\$</b>	<b>\$</b>
(b) Loss from ordinary activities before income tax has been determined after:		
Expense:		
Depreciation of plant and equipment		
Plant and equipment	1,292	795
Amortisation of capitalised leased assets	-	5,815
Total depreciation	<u>1,292</u>	<u>6,610</u>
Rental expense on operating leases	17,068	17,068
Printing	23,716	15,984

**3. EXPLORATION & INVESTMENT EXPENDITURE**

	<b>31/12/02</b>	<b>30/06/02</b>
	<b>\$</b>	<b>\$</b>
	<u>2,753,381</u>	<u>2,583,473</u>

**GOLDSEARCH LIMITED**  
ABN 73 006 645 754

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

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This item relates to the aggregate of expenditure at cost on mining tenements. Mining leases are to be amortised when production commences, or written off to the profit and loss account in accordance with AASB1022.

The above carrying values do not purport to be the amount receivable by the Company in the event the interests in the mining leases were farmed out or sold, with the recovery of this capitalised exploration cost dependent upon future successful exploration or realisation of this asset.

**4. EARNINGS/(LOSS) PER SHARE**

As at 31 December 2002, the Company had on issue 12,000,000 (2001: 121,607,369) options over unissued shares in the capital of the Company. As the notional exercise price of these options would decrease basic loss per share they have not been considered dilutive.

**5. ACCUMULATED LOSSES**

	31/12/02	30/06/02
	\$	\$
Accumulated losses at the beginning of the half-year	(17,427,519)	(16,765,725)
Net loss attributable to members of Goldsearch Limited	(190,016)	(661,794)
Accumulated losses at the end of the half-year	<u>(17,617,535)</u>	<u>(17,427,519)</u>

**6. MATTERS SUBSEQUENT TO BALANCE DATE**

On 11 February 2003 the directors announced their decision to proceed with an underwritten rights entitlement issue of shares and options to raise additional working capital of approximately \$1.4 million net. The directors propose to offer shareholders a non-renounceable entitlement to apply for one new share and one attached option, at an issue of 4 cents per share and option package, for every four shares held at the record date. Each option to be issued will entitle the holder to subscribe for one new fully paid share in the Company at 8 cents per share at any time prior to expiry of the option on 30 September 2005. The preliminary timetable for the issue provides for a record date of 26 March 2003 and a closing date for acceptances of 30 April 2003.

On 14 February 2003 the directors announced that the Company has entered into a joint venture agreement with Rheola Gold Mining Company Pty Ltd to undertake a drilling program to explore the gold potential of the Matrix Reef west of Bendigo in Victoria. Under the terms of the agreement Goldsearch is to fund an initial \$50,000 drilling program following which it may elect either to withdraw or to continue with further staged exploration

**GOLDSEARCH LIMITED**  
ABN 73 006 645 754

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

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expenditures totalling \$600,000 to earn a 49% interest in the exploration tenements. The Company will then have an option to acquire the remaining interest in the tenements held by Rheola Gold Mining Company Pty Limited by the issue of 8 million shares and 4 million options in Goldsearch Limited.

Apart from the above mentioned items there has not arisen, in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent reporting periods.

**7. CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual report.

**8. SEGMENT REPORTING**

The Company operates predominantly in Australia. Industry segment information is as follows:

	<u>Revenue</u>		<u>Results</u>	
	31/12/02	31/12/01	31/12/02	31/12/01
	\$	\$	\$	\$
Mineral exploration	-	-	-	-
Other investments	-	-	-	-
Unallocated	13,084	10,043	(190,016)	(224,063)
	<u>13,084</u>	<u>10,043</u>	<u>(190,016)</u>	<u>(224,063)</u>

During the half-year the Company continued its activities in mineral exploration and investments.

**DIRECTORS' DECLARATION**

The directors of Goldsearch Limited declare that:

- a) the condensed financial statements and associated notes for the half-year ended 31 December 2002 comply with accounting standard AASB 1029: Interim Financial Reporting; the Corporations Regulations; and Urgent Issues Group Consensus Views;
- b) the condensed financial statements and associated notes for the half-year ended 31 December 2002 give a true and fair view of the financial position and the performance of the Company for the half-year then ended; and
- c) in the opinion of the directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Made in accordance with a resolution of the directors.

On behalf of the directors

J. Landerer CBE AM  
Director

A.G. Harris  
Director

Sydney  
13 March 2003