

# Goldsearch Limited

Level 4  
20 Loftus Street  
SYDNEY  
NSW 2000

A.B.N. 73 006 645 754

Telephone : (02) 9241 5999 Fax : (02) 9241 5599  
email: gold@goldsearch.com.au

gsh/psh/asx mar 04 qtr

28 April 2004

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

Via ASX Online

No. of pages – 9

Dear Sir,

**Re: Report for the quarter ended 31 March 2004**

Enclosed please find the quarterly report and duly completed Appendix 5B for Goldsearch Limited for the quarter ended 31 March 2004.

Yours faithfully,



P S Hewson  
Secretary

## Report for the quarter ended 31 March 2004

### HIGHLIGHTS

#### **Musgrave Block project – Independence Group joint venture**

##### **Summary**

Several heavy rainfall events in Western and Central Australia during February and March delayed planned exploration activities in both South Australia and the Northern Territory. Long term road closures in the Laverton area of Western Australia restricted Independence Group field crews from travelling by vehicle to the project areas from Western Australia. Field crews have since mobilised to the area and the planned programs commenced in early April. It is hoped the programs will be completed by the end of the June 2004 quarter.

Two high priority exploration licence applications ELs 5701 and 5703 in the Northern Territory were granted on the 17 February 2004. A preliminary reconnaissance geological visit to the newly granted areas was undertaken in late March. A number of key areas from a geological and logistical perspective were visited to assist with the planning of the forward work program. Three areas with reported silver and base metal anomalism (also low order gold) were located and rock chip samples were taken. Reasonably significant levels of base metal sulphides were observed in quartz veining in two of these areas. Assay results from the reconnaissance sampling are yet to be received.

##### **Proposed exploration program**

###### ***South Australia***

A ground electro-magnetic (EM) survey is scheduled over the geochemical anomaly defined in the north-west of the De Rose Hill project (EL 2910) during April 2004. Ground checking of other geochemical and geophysical target areas will also be re-visited and additional ground electro-magnetic (EM) surveys may be completed. Drilling of electro-magnetic (EM) conductors is scheduled for May/June 2004.

###### ***Northern Territory***

Follow-up soil sampling on a 200 metre by 200 metre spaced grid is planned for two target areas already defined on EL 9407 from the surface geochemistry completed to date. A major regional soil sampling program will be commencing over ELs 5701 and 5703 during June/July 2004.

#### **Victoria – Sandy Creek – ELA 4812**

On 10 March 2004 the Company made application for an exploration licence at Sandy Creek approximately 6 kilometres south of the township of Tallangatta in north-eastern Victoria. The application was made following a visit to the site by a Company director accompanied by a senior Victorian geologist who had researched the area over a number of years. Previous gold mining as late as the early 1990's had achieved encouraging results.

#### **Gawler Craton - Hawks Nest project – South Australia**

In January the Red Metal Limited/Phelps Dodge Australasia Inc. alliance, the Company's joint venture partner, reported assay results from their first two exploration diamond drill holes on the tenement. These results were not encouraging and only a highly metamorphosed banded iron formation was found. Additional information and other possible drill targets are being evaluated.

## EXPLORATION ACTIVITIES

### **Musgrave Block project**

#### **South Australia**

Geochemical sampling at DeRose Hill (EL 2910) had highlighted a new area for follow-up work based on elevated nickel, copper, cobalt +/- platinum group metals (PGMs) soil geochemistry. A ground electro-magnetic (EM) geophysical survey was delayed due to heavy rains and is now scheduled for these targets during April/May 2004. Ground checking of other geochemical target areas will be undertaken at the same time and additional ground electro-magnetic (EM) surveys may be completed. Drilling of at least one electro-magnetic (EM) conductor is scheduled for completion during the June quarter.

#### **Northern Territory**

Geochemical rock chip sampling was completed over a number of target areas on ELs 5701 and 5703 during the quarter. The aim of the rock chip sampling program is to confirm anomalous areas as defined by previous sampling that took place in the 1970's. Three areas with reported silver and base metal anomalism ( also low order gold ) were located and rock chip samples were taken. Assay results from these samples are yet to be received. Reasonably significant levels of base metal sulphides were observed in quartz veining in two of the areas. Geological reconnaissance work will be completed over ELs 5701 and 5703 during the June quarter. Follow-up soil sampling on a 200 metre by 200 metre spaced grid is planned for two target areas which have been defined on the adjacent EL 9407 from the surface geochemistry completed to date. A major regional soil sampling program will be commencing over ELs 5701 and 5703 during June/July 2004.

### **Gawler Craton - Hawks Nest joint venture project – South Australia**

During the quarter drilling was completed at Hawks Nest (EL 2899) testing two significant geophysical targets by personnel from the Red Metal Limited/Phelps Dodge Australasia Inc alliance, the Company's joint venture partners. The first pre-collared diamond drill hole, testing a combined gravity/conductivity anomaly located within a fold closure, intersected dense rocks comprising banded hematite-magnetic gneiss typical of a highly metamorphosed banded iron formation. The hole was terminated at 361.1 metres. A second hole targeting a combined gravity/magnetic/conductivity anomaly intersected strongly conductive graphite and pyrrhotite-bearing gneissic metasediments before passing into dense magnetic rocks comprising banded quartz-magnetic gneiss also typical of a highly metamorphosed banded iron formation. The hole was terminated at 486.4 metres. No significant mineralisation was encountered. Presently the results are being assessed and other possible drill targets are under review.

### **Windeyer project – New South Wales**

This site has been downgraded and it is unlikely the Company will re-visit the site until later in the year. Other prospects appear to offer more prospectivity at this stage.

### **Moruya Project – New South Wales**

This site was revisited during the quarter and negotiations are continuing with local groups.

### **Duck Creek project – Queensland**

Due to the wet season no further work was completed on EPM 13336 during the quarter. As cultural clearances of individual prospect areas are required prior to detailed exploration, it is unlikely that exploration activities will proceed in the near future.

### **Joint venture opportunities**

The Company has been actively evaluating joint venture opportunities on a number of prospective exploration targets. The most immediate being two new gold exploration areas, one in Victoria and one in Queensland, with known historical high grades. The Queensland area is already a mining lease and it is expected that following the signing of final documentation drill targets will be identified and drilled during the current quarter.

## OTHER ACTIVITIES

### Investments

#### *Independence Group NL*

The Company presently holds 200,000 ordinary fully paid shares and 500,000 options in Independence Group NL at a cost of \$155,600. Interested shareholders may wish to visit the Independence Group web site at

[www.independencegroup.com.au](http://www.independencegroup.com.au)

#### *Capix*

Goldsearch retains a 14.8% minority interest in Melbourne based IT software company Capix. Sales have been intermittent but the company is experiencing an improved IT environment and is looking forward to an increase in sales and enquiry over the next quarter.

## STATEMENT

Information relating to Independence Group NL joint venture activities in this report was prepared by Mr Heath Hellewell, chief exploration geologist of Independence Group NL and accurately reflects the information compiled by him.

Information relating to the Red Metal/Phelps Dodge Australasia Inc. alliance joint venture activities in this report was prepared by Mr Rob Rutherford Managing Director/Exploration Manager of Red Metal Limited and accurately reflects the information compiled by him.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

**Goldsearch Limited**

ABN or ARBN

**73 006 645 754**

Quarter ended ("current quarter")

**31 March 2004**

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(64)	(206)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(84)	(309)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	6	31
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net operating cash flows</b>		<b>(142)</b>	<b>(484)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	(10)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>-</b>	<b>(10)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(142)</b>	<b>(494)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(142)	(494)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(142)	(494)
1.20	Cash at beginning of quarter/year to date	993	1,345
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	851	851

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	45
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

- Directors' fees & expenses	41,846
- Directors' superannuation	3,209
- Legal fees paid to Landerer & Company ( J Landerer)	232

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A
-----

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A
-----

+ See chapter 19 for defined terms.

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	N/A
3.2 Credit standby arrangements	Nil	N/A

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
<b>Total</b>	<b>100</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	816	958
5.2 Deposits at call	35	35
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>851</b>	<b>993</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	EL 5701 #	(previously ELA 5701) covering an area of 1170 square kilometres at West Bloods Range was granted on 17.02.04 for a period of 6 years.	0%	51% #
	EL 5703 #	(previously ELA 5703) covering an area of 428 square kilometres at West Bloods Range was granted on 17.02.04 for a period of 6 years.	0%	51% #
	ELA 4812	Exploration licence application over approximately 38 square kilometres at Sandy Creek, Victoria.	0%	100%
		#Goldsearch earning up to 51% by funding first year expenditure		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (cents) (see note 3)	Amount paid up per security (cents) (see note 3)
7.1 <b>Preference +securities</b> <i>(description)</i>	Nil	N/A	N/A	N/A
7.2 Changes during quarter				
(a) Increases through issues	N/A	N/A	N/A	N/A
(b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 <b>+Ordinary securities</b>	182,459,348	182,459,348	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	Nil	Nil	N/A	N/A
(b) Decreases through returns of capital, buy-backs	Nil	N/A	N/A	N/A
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Nil	N/A	N/A	N/A
7.6 Changes during quarter				
(a) Increases through issues	Nil	N/A	N/A	N/A
(b) Decreases through securities matured, converted	Nil	N/A	N/A	N/A
7.7 <b>Options</b> <i>(description and conversion factor)</i>	13,500,000 36,491,869	Nil 36,491,869	<i>Exercise price</i> 15 cents 8 cents	<i>Expiry date</i> 15/07/04 30/09/05
7.8 Issued during quarter	Nil	N/A	N/A	N/A
7.9 Exercised during quarter	Nil	N/A	N/A	N/A
7.10 Expired during quarter	Nil	N/A	N/A	N/A
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil	N/A		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	Nil	N/A		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

  
(Company secretary)

Date: 28 April 2004

Print name: P S Hewson

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

---

+ See chapter 19 for defined terms.