

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your stockbroker or other professional adviser without delay.

# Goldsearch Limited

ABN 73 006 645 754

## PROSPECTUS

**1 for 4 non-renounceable rights issue  
of 36,491,869 New Shares  
together with 36,491,869 attaching Options  
exercisable at 8 cents each on or before  
30 September 2005, at an  
issue price of 4 cents per New Share and Option,  
to raise approximately \$1,460,000**

### IMPORTANT NOTE TO INVESTORS

Goldsearch Limited is the holder of mining tenements and rights to acquire interests in mining tenements none of which are presently in production and to this extent the securities offered under this Prospectus are of a speculative nature.

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Accompanying this Prospectus is a personalised Entitlement and Acceptance Form.

## **SUMMARY OF IMPORTANT DATES**

Lodgement of Prospectus with ASIC	24 March 2003
Record date to determine Entitlements (10.00pm EST)	2 April 2003
Expected date of despatch of Prospectus and Entitlement and Acceptance Forms	7 April 2003
Closing Date for receipt of acceptances and payment (5.00pm EST) (except for participating organisations of the ASX)	2 May 2003
New Shares and Options quoted on ASX on a deferred settlement basis	5 May 2003
Last date for receipt of acceptances and payment from participating organisations of the ASX	7 May 2003
Allotment of New Shares and Options and deferred settlement trading ends	23 May 2003

Subject to the requirements of the Corporations Act and the ASX Listing Rules, the Company reserves the right at any time to change the timetable set out above.

This Prospectus is dated 24 March 2003. A copy of this Prospectus has been lodged with ASIC on 24 March 2003. Neither ASIC nor the ASX take responsibility for the contents of this Prospectus. No securities will be issued on the basis of this Prospectus after the expiry date which is 13 months after the date of this Prospectus.

24 March 2003

Dear Shareholder,

This Prospectus sets out the details of the Offer of 36,491,869 New Shares and 36,491,869 Options to raise approximately \$1,460,000. The Offer is made is by way of a one for four non-renounceable rights issue to existing Shareholders at four cents per New Share and Option. The Issue is fully underwritten by a panel of underwriters identified in the Prospectus.

The funds raised from the Issue will be used to:

- (a) enable the Company to further develop its existing mineral tenements;
- (b) enable the Company to fund existing joint venture expenditure commitments; and
- (c) meet ongoing administration costs of the Company.

If you wish to accept your Entitlement, the accompanying Entitlement and Acceptance Form and your cheque or bank draft must be returned, in accordance with the instructions, by 5.00pm EST on 2 May 2003. Any Entitlements not accepted will lapse and the New Shares and Options will be dealt with by the Underwriters.

I recommend that you read the Prospectus thoroughly for further details and, together with my fellow Directors, commend the Offer to you.

Yours sincerely,



JOHN LANDERER CBE AM  
Chairman

## **2. OVERVIEW OF THE ISSUE**

### **2.1 Entitlement to New Shares and Options**

Shareholders are offered the right to acquire one New Share (and one Option) for every four Existing Shares held at 10.00pm EST on 2 April 2003. The number of New Shares and Options to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

### **2.2 Payment for New Shares**

Shareholders who take up their Entitlement will be required to pay four cents per New Share (and Option) on lodgement of their Entitlement and Acceptance Form which must occur by 5.00pm EST on 2 May 2003.

### **2.3 Quotation of New Shares and Options**

Application has been made for quotation of the New Shares and Options on the ASX.

### **2.4 Enquiries**

If you have any questions regarding your Entitlement, please contact the Company's share registry, Computershare Investor Services Pty Limited on telephone number 1300 855 080 or contact your stockbroker or professional adviser.

## **3. SUMMARY OF ACTION REQUIRED BY SHAREHOLDERS**

### **3.1 If you wish to take up all of your Entitlement**

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form and forward, together with your cheque or bank draft for the amount shown on the form to reach the Company's share registry, Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney 2000, no later than 5.00pm EST on 2 May 2003.

### **3.2 If you wish to take up part of your Entitlement**

Complete the accompanying Entitlement and Acceptance Form for that part of your Entitlement which you intend to take up and forward the form, together with your cheque or bank draft for the amount due in respect of the New Shares and Options you intend to take up, to reach the Company's share registry, Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney 2000, no later than 5.00pm EST on 2 May 2003.

### **3.3 Non acceptance**

If you do not wish to take up any part of your Entitlement, you are not required to take any action.

### 3.4 Payment for New Shares

All payments are to be by cheque or bank draft (drawn on an Australian bank) in Australian currency and should be made payable to "Goldsearch Limited" and crossed "Not Negotiable". Do not forward cash, postal notes or money orders. Receipts for payment will not be issued.

### 3.5 Foreign Shareholders

The Company is of the view that it is unreasonable to make an offer to Non-Participating Foreign Shareholders having regard to:

- (a) the number of Non-Participating Foreign Shareholders;
- (b) the number and value of New Shares and Options that would otherwise be offered to Non-Participating Foreign Shareholders; and
- (c) the cost of complying with the legal requirements, and requirements of a regulatory authority, in the respective overseas jurisdictions.

Therefore, this Prospectus and Entitlement and Acceptance Form is only being sent to Shareholders with registered addresses in Australia or New Zealand. This Prospectus and the Entitlement and Acceptance Form do not constitute an Offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Prospectus has not been, and will not be, registered under the securities laws of any other foreign country or jurisdiction. Accordingly, the Offer is not being made to, and no New Shares nor Options will be issued to, or may be acquired directly or indirectly by or for the benefit of, any Shareholder whose registered address is outside Australia and New Zealand. **The Offer is only being made to Shareholders with registered addresses in Australia or New Zealand.**

Shareholders holding Existing Shares on behalf of persons who are resident overseas are responsible for ensuring that accepting Entitlements to the Issue does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of any such regulations. Shareholders who are nominees are advised to seek independent advice as to how they should proceed.

The Entitlement of the Non-Participating Foreign Shareholders under the Offer will be taken up by the Underwriters.

## **4. DETAILS OF THE ISSUE**

### 4.1 Purpose of the Issue

The funds raised from the Issue will provide additional working capital for the Company to be used by the Company to:

- (a) enable the Company to further develop its existing mineral tenements;
- (b) enable the Company to fund existing joint venture expenditure commitments; and
- (c) meet ongoing administration costs of the Company.

#### **4.2 The Issue**

Persons who are registered as holders of Existing Shares at the Record Date and whose registered address is in Australia or New Zealand will be offered New Shares in the ratio of one New Share for every four Existing Shares then held at an issue price of four cents per New Share. Each person who subscribes for New Shares will also be issued Options for no additional consideration, on the basis of one Option for each New Share subscribed.

As there are 145,967,479 Existing Shares on issue at the date of this Prospectus, at least 36,491,869 New Shares and 36,491,869 Options will be offered to raise approximately \$1,459,674, before the costs of the Issue. The Issue may have to be increased by up to 3,000,000 New Shares and 3,000,000 Options (raising up to a further \$120,000) if all Existing Unquoted Options are exercised prior to the Record Date. Accordingly, the maximum number of New Shares and Options which could be issued under the Issue is 39,491,869 New Shares and 39,491,869 Options.

However, it has been assumed for the purposes of this Issue that no Existing Unquoted Options will be exercised prior to the Record Date and the maximum number of New Shares and Options that will be issued is 36,491,869 New Shares and 36,491,869 Options.

Any Entitlement arising from the exercise of Existing Unquoted Options has not been underwritten.

Fractional entitlements to New Shares and Options will be rounded down to the nearest whole New Share and Option. Your Entitlement to New Shares and Options together with the amount payable if you wish to accept your Entitlement in full is shown on the accompanying Entitlement and Acceptance Form.

The closing time and the final date for acceptance of the Offer and for payment for the New Shares is 5.00pm EST on 2 May 2003.

#### **4.3 Allotment of the New Shares and Options**

The New Shares and Options will be allotted as soon as possible after 2 May 2003 and, in any event, by not later than 23 May 2003.

#### **4.4 Non-renounceable nature**

The rights to the New Shares and Options are non-renounceable. Accordingly you may not transfer them on the ASX or otherwise. If you do not take up your Entitlement the Offer will lapse and the New Shares and Options will be dealt with by the Underwriters.

#### 4.5 ASX quotation

Application has been made for the New Shares and Options to be granted quotation on the ASX.

If official quotation of the New Shares and Options is not granted by ASX within three months after the date of this Prospectus (or such longer period as may be permitted by ASIC), the Company will not issue any New Shares or Options and will repay all application moneys (without interest) as soon as practicable.

#### 4.6 Payment

Acceptances must be accompanied by payment in full of four cents per New Share and Option. Payments will only be accepted in Australian currency as follows:

- (a) bank draft drawn on and payable at any Australian bank; or
- (b) cheque drawn on and payable at any Australian bank.

Cheques should be made payable to "Goldsearch Limited" and crossed "Not Negotiable". Do not forward cash, postal notes or money orders. Receipts for payment will not be issued.

#### 4.7 Underwriting

The Offer is fully underwritten by the following parties, each of which have severally agreed to underwrite the following respective percentage of the New Shares and Options the subject of the Offer:

<b>Name and address of Underwriters</b>	<b>Percentage of New Shares and Options underwritten</b>
Grange Securities Limited ACN 066 797 760 of Level 7, 17 Castlereagh Street, Sydney NSW 2000	25%
Forbar Custodians Limited of PO Box 97, Auckland, New Zealand	25%
Adam John Perkins of PO Box 721, Potts Point NSW 1335	10%
Belmark Investments Pty Limited ACN 007 979 035 of GPO Box 663, Adelaide SA 5001	7.5%
Jayare Nominees Pty Limited ACN 000 138 269 of Level 6, 77 Castlereagh Street, Sydney NSW 2000	7.5%

Duncan Clement Brand and Allan James Hubbard jointly of PO Box 125, Timaru, New Zealand	5%
WHI Securities Pty Limited ACN 094 927 947 of Level 3, 14 Martin Place, Sydney NSW 2000	4%
David Long of Level 2, 131 Macquarie Street, Sydney NSW 2000	3.5%
Dunbar Investments Pty Limited ACN 002 901 519 of GPO Box 939, Sydney NSW 2001	3.5%
Richard Douglas Burton of 57A Brighton Road, Parnell, Auckland, New Zealand	3%
Daradine Pty Limited ACN 001 085 132 of Level 6, 77 Castlereagh Street, Sydney NSW 2000	2%
State One Equities Pty Limited ACN 064 904 650 of Level 14, 200 St Georges Terrace, Perth WA 6000	2%
John Landerer of Level 31, 133 Castlereagh Street, Sydney NSW 2000	2%
	_____
	<u>100%</u>

Each of the Underwriters are party to a separate Underwriting Agreement with the Company, all of which are in the same form other than for the identity of the underwriting party and the percentage of New Shares and Options underwritten. The terms of the Underwriting Agreements are summarised in Section 7.6 - "Underwriting Agreements".

#### **4.8 Expenses of the Issue**

The total estimated expenses of the Issue which are payable by the Company are:

Legal fees	\$20,000
Underwriting fees	\$72,983
ASIC fees	\$1,800
ASX fees	\$6,932
Printing, share registry, despatch, administration and other costs	\$22,500
	_____
	<u><u>\$124,215</u></u>

#### **4.9 Minimum subscription and over-subscriptions**

There is no minimum subscription in relation to the Offer. Over-subscriptions in respect of the Offer will not be accepted.

#### **4.10 Market price of Goldsearch Shares**

The lowest and highest closing prices of Existing Shares on the ASX during the three months immediately preceding the date of this Prospectus and the respective dates of those sales were 3.5 cents on 11 February 2003 and 6.0 cents on 13 January 2003. The latest available closing price of Existing Shares on the ASX immediately before the date of this Prospectus was 3.7 cents.

As at the date of this Prospectus the Company has no options on issue that are quoted on the ASX.

### **5 EFFECT OF THE ISSUE ON THE COMPANY**

The principal effects of the Issue will be to:

- increase the Company's cash reserves by \$1,459,674.76 before taking into account the costs of the Issue, to provide the Company with additional working capital for the purposes described in Section 4.1; and
- increase the total number of issued Shares to 182,459,348 and the number of issued options to subscribe for Shares to 48,491,869 (which includes the 12,000,000 Existing Unquoted Options).

In considering what investors and their professional advisers would reasonably require and reasonably expect to find in this Prospectus for the purposes of making an informed assessment of the effect of the Offer on the Company, the Directors have provided pro-forma consolidated financial information in the following form summarising the effect of the proposed Issue:

## 5.1 Capital structure

<ul style="list-style-type: none"><li>• <b>Issued capital of Goldsearch as at the date of this Prospectus</b> 145,967,479 Shares</li><li>• <b>Securities offered by this Prospectus</b> 36,491,869 Shares with 36,491,869 attaching Options.</li><li>• <b>Issued capital of Goldsearch post Issue (assuming Issue is fully subscribed)</b> 182,459,348 Shares  In addition there will be on issue 36,491,869 Options to subscribe for 36,491,869 Shares expiring on 30 September 2005 exercisable at eight cents per Option, and 12,000,000 Existing Unquoted Options expiring on 15 July 2004 exercisable at 15 cents per option.</li><li>• <b>Potential number of Shares</b>  Should all of the Options offered by this Prospectus and all of the 12,000,000 Existing Unquoted Options be exercised, the Company will have on issue 230,951,217 Shares.</li></ul>
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## 5.2 Pro-forma statement of financial position

The following table sets out statements of financial position of the Company as at 30 June 2002 and 31 December 2002 and a pro-forma statement of financial position of the Company showing the effect on the statement of financial position of the Issue as at 31 December 2002 assuming:

- . 36,491,869 New Shares and 36,491,869 Options are allotted and issued, which will raise \$1,459,674; and
- . expenses of the Issue of \$124,215 written off against share capital.

The 30 June 2002 statement of financial position has been audited and has been extracted from the Company's 2002 annual report. Neither the 31 December 2002 nor the pro-forma statements of financial position have been audited, although the 31 December 2002 statement of financial position has been subject to an audit review.

### Statement of Financial Position

	30/06/2002	31/12/2002	Pro-forma
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash	791,432	436,218	1,771,677
Receivables	12,391	5,047	5,047
Investments	-	-	-
Other	22,631	24,299	24,299
<b>TOTAL CURRENT ASSETS</b>	<b>826,454</b>	<b>465,564</b>	<b>1,801,023</b>
<b>NON CURRENT ASSETS</b>			
Other financial assets	472,745	476,817	476,817
Property, plant and equipment	8,446	7,133	7,133
Exploration and investment expenditure	2,583,473	2,753,381	2,753,381
<b>TOTAL NON CURRENT ASSETS</b>	<b>3,064,664</b>	<b>3,237,331</b>	<b>3,237,331</b>
<b>TOTAL ASSETS</b>	<b>3,891,118</b>	<b>3,702,895</b>	<b>5,038,354</b>
<b>CURRENT LIABILITIES</b>			
Payables	72,674	68,104	68,104
Provisions	9,282	15,645	15,645
<b>TOTAL CURRENT LIABILITIES</b>	<b>81,956</b>	<b>83,749</b>	<b>83,749</b>
<b>TOTAL LIABILITIES</b>	<b>81,956</b>	<b>83,749</b>	<b>83,749</b>
<b>NET ASSETS</b>	<b>3,809,162</b>	<b>3,619,146</b>	<b>4,954,605</b>
<b>EQUITY</b>			
Contributed equity	21,236,681	21,236,681	22,572,140
Accumulated losses	(17,427,519)	(17,617,535)	(17,617,535)
<b>TOTAL EQUITY</b>	<b>3,809,162</b>	<b>3,619,146</b>	<b>4,954,605</b>

## **6. RISK FACTORS**

### **6.1 Investment risks**

Prospective investors should be aware that there are risks associated with any investment in company securities. The Company, by reason of its business activities, will be subject to specific risks and there are also external risk factors all of which may affect the value of an investment in the Company and the return from that investment. Factors which may affect the Company's financial position and prospects and the return to holders of New Shares and Options include but are not limited to those set out in Section 6.2 and Section 6.3 below.

### **6.2 General risks**

#### *Stock market risk*

The value of the New Shares and Options offered pursuant to this Prospectus will be determined by the stock market as a function of a range of factors beyond the control of the Company or the Directors, in addition to specific risk factors which may affect the financial position of the Company.

#### *General economic factors*

The Company's business can be affected by changes in economic factors including Australia's economic outlook, changes in government fiscal, monetary and regulatory policies and changes in interest rates, tax rates, exchange rates and inflation.

#### *Commodity price risk*

Metals which are the subject of the Company's exploration activities are largely sold into international markets at prices denominated in US dollars. Fluctuations in the international prices paid for commodities of the type in respect of which the Company carries out its exploration activities can impact on the Company's activities and the viability of exploitation of mineral reserves discovered and accordingly the Company's earnings from its exploration activities.

#### *Weather and natural disasters*

Floods, fires, cyclones, hazardous weather conditions and other natural disasters may result in the suspension of exploration activities or an increase in the expense of such activities.

#### *Environmental regulation*

Environmental regulations may curtail or prejudicially affect the extent and type of exploration methods used by the Company.

### **6.3 Industry factors**

#### *General commercial risks*

The general commercial and economic risks faced by all businesses, including the risks of industrial disruption, litigation, interruption to the transport and supply of equipment and other events that may unforeseeably and unpredictably interrupt normal commercial activity.

#### *Risks inherent in exploration*

Exploration for mineral resources is highly speculative. There is no assurance that the Company's activities will result in the discovery of a resource of a grade and quantity which is feasible to extract. Whether or not income will ultimately result from exploration projects depends on various factors including anticipated mineralisation, consistency and reliability of ore grades and metallurgy. The successful establishment of mining operations depends on various factors including costs, engineering and plant performance, commodity prices, exchange rates, availability of skilled staff and availability and cost of infrastructure services.

#### *Native title*

The Native Title Act 1993 of the Commonwealth of Australia recognises the existence of native title in Australia. Whilst the provisions of the Native Title Act have not materially affected existing interests of the Company, they have resulted in a degree of uncertainty about the security of titles for exploration and development and have created delays in gaining access to explore tenements.

#### *Key staff*

The Company has a small number of experienced staff and so the loss of key staff may have a significant impact on the operating capabilities of the Company.

## **7. ADDITIONAL INFORMATION**

### **7.1 Regular reporting and disclosure obligations**

The Company is a disclosing entity for the purposes of the Corporations Act and as such it is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require the Company to notify the ASX of information about specified events and matters as they arise for the purposes of the ASX making that information available to the stockmarket conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify the ASX immediately once it is or becomes aware of any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of Shares in the Company.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

## 7.2 Nature of this Prospectus

This Prospectus has been prepared as a transaction specific prospectus to the standard of disclosure required by section 713 of the Corporations Act. The information in this Prospectus principally concerns the terms and conditions of the Offer and the information which investors and their professional advisers would reasonably require and reasonably expect to find in this Prospectus, for the purpose of making an informed assessment of:

- X the effect of the Offer on the Company; and
- X the rights and liabilities attaching to the New Shares and Options.

As the Company has been listed on the ASX for approximately 14 years and has complied with enhanced continuous disclosure requirements, a substantial amount of information concerning the Company has previously been notified to the ASX and is therefore publicly available.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and, as permitted by section 713 of the Corporations Act, does not include all of the information which would be included in a prospectus for an initial public offer of securities in an entity that is not already listed on the ASX. Prospective investors should therefore also consider the other publicly available information in relation to the Company before making a decision whether or not to take up New Shares and Options.

## 7.3 Documents which will be supplied upon request

The Company will provide a copy of each of the documents listed below, free of charge, to any person who asks for the same in the period commencing on the date of issue of this Prospectus and ending on the Closing Date for receipt of Entitlement and Acceptance Forms:

- (a) the annual financial report of the Company for the year ended 30 June 2002 which has been lodged with ASIC;
- (b) the half-year financial report of the Company for the six months ended 31 December 2002 which has been lodged with ASIC; and
- (c) all documents used to notify the ASX of information concerning the Company under the ASX Listing Rules relating to continuous disclosure during the period after lodgement of the Company's 30 June 2002 financial report with ASIC and before the lodgement of this Prospectus with ASIC. The following documents were lodged with the ASX after the date of lodgement of the Company's financial report for the year ended 30 June 2002 with ASIC:

### **Announcements**

### **Date lodged with ASX**

Lodgement of annual report and notice of annual general meeting	25/10/2002
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*Quarterly report to 30 September 2002	30/10/2002
*Outcome of annual general meeting at which all resolutions were passed unanimously on a show of hands	28/11/2002
Appendix 3Y notice from chairman Mr J Landerer advising of the on-market purchase of 100,770 Shares	03/12/2002
Appendix 3Y notice from chairman Mr J Landerer advising of the on-market purchase of 99,230 Shares	05/12/2002
Appendix 3Y notice from chairman Mr J Landerer advising of the on-market purchase of 629,936 Shares	10/12/2002
Notice from substantial shareholder Mr DR Watson advising of an increase in his relevant interest in Shares from 7.1% to 8.1%	07/01/2003
Appendix 3Y notice from director Mr A G Harris advising of the on-market sale of 100,000 Shares	13/01/2003
*Quarterly report to 31 December 2002	31/01/2003
*Announcement of the proposed Issue	11/02/2003
*Announcement of a joint venture with Rheola Gold Mining Company Pty Limited for the exploration of prospective gold tenements located 45 kilometres west of Bendigo, Victoria	14/02/2003
*Lodgement of half-year report for the six months ended 31 December 2002	13/03/2003
*Lodgement of final Appendix 3B notice and Prospectus for the Issue	24/03/2003

Copies of each of the documents listed above may be requested by contacting the Company Secretary at the principal office of the Company. The Company's financial report for the year ended 30 June 2002 and half-year financial report for the six months ended 31 December 2002 and the above announcements marked with an asterisk are also available on the Company's website at [www.goldsearch.com.au](http://www.goldsearch.com.au).

#### **7.4 Rights attaching to the New Shares**

The rights attaching to the New Shares (and which will attach to Shares in Goldsearch to be issued on exercise of the Options) are prescribed by both the Corporations Act and the constitution of the Company. A summary of the more significant rights is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's shareholders. A full copy of the Company's constitution is available free of charge on request from the Company at its principal office.

The New Shares (and Shares issued on exercise of the Options) will be in the same class and have the same rights as Existing Shares.

#### *Notice rights*

Each holder of a Share is entitled to receive notice of, and to attend and vote at, general meetings of the Company and receive all notices, financial statements and other documents required to be furnished to shareholders under the Corporations Act, the Company's constitution or the ASX Listing Rules.

#### *Voting rights*

Subject to any special rights for the time being attaching to any class or classes of shares in the Company, at a general meeting, every holder of a Share present at the meeting in person, by proxy, representative or attorney has one vote on a show of hands and on a poll one vote for each Share held.

#### *Dividend rights*

Subject to the rights of the holders of any shares with special or preferential rights, the profits of the Company which the Directors may from time to time determine to distribute by way of dividends are divisible among the holders of Shares in proportion to the amount paid or credited as paid on the Shares. Dividends are declared by the Directors at their discretion.

The Directors do not anticipate declaring a dividend in the foreseeable future.

#### *Variation of class rights*

The rights, privileges and restrictions attaching to the Shares and to any other class of share can only be altered with the approval of a resolution passed at a separate general meeting of the holders of the class of shares concerned by a three quarters majority of those holders who, being entitled to do so, vote at that meeting or with the written consent of the holders of at least three quarters of the shares of that class on issue.

#### *Transfer rights*

Subject to the Corporations Act, the Company's constitution and the ASX Listing Rules, the Shares are freely transferable. The Directors may decline to register any transfer of Shares, but only where permitted to do so by the ASX Listing Rules, the business rules of the Securities Clearing House or the Company's constitution, as the case may be.

#### *Rights on winding up*

Subject to the rights of any shares issued with any special or preferential rights (at present there are none), on a winding up of the Company, any surplus assets shall be distributed to holders of all Shares entitled to the distribution, in proportion to the amounts paid up or which ought to have been paid up on the Shares at the commencement of the winding up.

### *Issue of further Shares*

The allotment or issue of any shares is under the control of the Directors who may, subject to the Corporations Act and the ASX Listing Rules, allot or otherwise dispose of them on such terms and conditions as they think fit.

### *Officers' indemnity*

To the full extent permitted by law and to the extent not covered by insurance, the Company must indemnify each officer and former officer of the Company against:

- all losses and liabilities incurred by the officer as an officer of the Company, unless the liability arises out of conduct involving a lack of good faith; and
- for costs and expenses incurred in defending civil proceedings in which judgement is given in favour of the officer, or in which the officer is acquitted, or in connection with relief granted to the officer in an application under the Corporations Act.

## **7.5 Terms of the Options**

36,491,869 free attaching Options are to be issued to applicants pursuant to this Prospectus on the basis that for every New Share allotted pursuant to this Prospectus, the allottee shall, free of cost, be granted one Option to subscribe for one additional Share per Option, exercisable at an exercise price of eight cents each on or before 30 September 2005.

The terms of the 36,491,869 Options proposed to be issued are as follows:

- The exercise price for each Option is \$0.08.
- The Options may be exercised at any time on or before 5.00pm (EST) on 30 September 2005 and any Option that is not exercised by that time will automatically lapse.
- Each Option shall carry the right to subscribe for and to be allotted one Share in Goldsearch upon exercise of the Option and payment to Goldsearch of eight cents per Share.
- The Options shall be exercisable by the delivery to the registered office of Goldsearch of a notice in writing stating the intention of the Option holder to exercise all or a specified number of Options, accompanied by the relevant option certificate or holding statement and a cheque or bank draft drawn on an Australian bank made payable in Australian currency to Goldsearch for the subscription price for the Shares. An exercise of only some of the Options held by a person shall not affect the rights of that person under the balance of the Options held by that person.
- Goldsearch shall allot the resultant Shares pursuant to an exercise of Options within 14 business days of the exercise of the Options.
- The Options may be transferred at any time prior to their expiry.

- Shares issued pursuant to an exercise of Options shall rank pari passu with Existing Shares of Goldsearch in all respects.
- Goldsearch will apply for quotation by ASX of all Shares issued pursuant to an exercise of Options on exercise of those Options.
- Option holders have no participation rights for new issues by the Company inherent in the Options unless the Options are exercised before entitlements to the new issue are determined. In this regard, Goldsearch must notify the Option holder of any proposed issue to Shareholders at least 10 business days before the record date. If the Options are exercised before the record date, the Option holder can participate in the issue to Shareholders.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of Goldsearch, the number of the Options or the exercise price of any Options or both shall be reconstructed (as appropriate) in accordance with the requirements of ASX Listing Rules.
- The number of Shares to be issued pursuant to the exercise of Options will be adjusted for any bonus issues made by Goldsearch prior to the exercise of the Options so that, upon exercise of the Options the number of Shares received by the Option holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issue.

## **7.6 Underwriting Agreements**

Each of the Underwriters and the Company have entered into an Underwriting Agreement by which each of the Underwriters has severally agreed with the Company to underwrite the Offer to a maximum of the respective percentage of the New Shares and Options as set out in Section 4.7 - "Underwriting".

Under the Underwriting Agreements, each of the Underwriters will be required to subscribe for the respective percentage of that number of New Shares and Options for which acceptances are not received by the Company from the Shareholders by the Closing Date, as set out adjacent to the Underwriter's name in Section 4.7.

The Underwriters have collectively agreed to underwrite 100% of the Issue of New Shares and Options.

The Company has agreed to pay to the Underwriters an aggregate underwriting fee of 5% of the amount to be raised by the Company from the Issue before any expenses, being an aggregate amount of \$72,983.74.

Each of the Underwriting Agreements may be terminated by the relevant Underwriter prior to the Closing Date in various circumstances, in which event the Underwriter will not have any obligations to underwrite the Issue and the Company will have no liability to pay an underwriting fee to that Underwriter.

An Underwriter may be able to terminate the Underwriting Agreement to which the Underwriter is party, before the Closing Date, if:

- (a) there is any law introduced into any Federal, State or Territory parliament of Australia or there occurs any other event which materially adversely affects the Issue, the profits or dividends of Goldsearch or the Shares;
- (b) ASIC imposes a stop order on the Issue;
- (c) circumstances arise in respect of which a supplementary prospectus or prospectuses must be issued by Goldsearch;
- (d) there is an outbreak of hostilities in any one or more of Australia, Japan, the United Kingdom, United States of America, Russia or The People=s Republic of China (and by way of clarification an outbreak of hostilities in Iraq only, involving the United States of America, the United Kingdom, Australia or any other country, is not an outbreak of hostilities in any country other than in Iraq);
- (e) there is default by Goldsearch in any of the terms and conditions of this Underwriting Agreement;
- (f) the All Ordinaries Index of the ASX falls by more than 10% below the level on the date of the Underwriting Agreement;
- (g) there is an announcement made suggesting an imminent change in interest rates for the issue of Australian Government or semi-government securities or the Reserve Bank of Australia intends to increase effective interest rates available on such securities, in either case by more than 1.5% above those rates on the date of this letter;
- (h) there is a fall of 10% or more in the Hong Kong gold price as published by the Australian Financial Review on the date of this letter; or
- (i) Goldsearch is for any reason unable to issue the New Shares or Options.

The Underwriter will not be able to terminate the Underwriting Agreement under any of the events in (a) to (i) above unless, in the Underwriter's opinion, acting reasonably, the event has or could have a materially adverse effect on the outcome of the Issue.

## **7.7 Litigation**

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on it or its business.

## **7.8 Tax considerations for investors**

It is the responsibility of all Shareholders to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before accepting their

Entitlement to the New Shares and Options. The taxation consequences associated with investing in and holding New Shares and Options will depend upon the particular circumstances of the Shareholder. Neither the Company nor any of its Directors and officers accept any liability or responsibility in respect of the taxation consequences connected with an investment in New Shares and Options.

## **7.9 Consents**

William Buck have given and have not, before lodgement of this Prospectus with ASIC, withdrawn their consent to being named in this Prospectus and any electronic version of the Prospectus as auditor of the Company in the form and context in which they are named. William Buck do not make this Offer; have not authorised or caused the issue of any part of this Prospectus; do not make, or purport to make, any statement in this Prospectus, nor is any statement based upon a statement made by William Buck, other than the references to their name; and to the maximum extent permitted by law, William Buck expressly disclaim and take no responsibility for any part of this Prospectus other than the references to their name.

Computershare Investor Services Pty Limited has given and, as at the date hereof has not withdrawn, its written consent to being named as share registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as share registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Landerer & Company have given and have not, before lodgement of this Prospectus with ASIC, withdrawn their consent to being named in this Prospectus and any electronic version of the Prospectus as solicitor to the Company in the form and context in which it is named. Landerer & Company have been involved in providing advice to the Company on the law relating to the Issue and reviewing this Prospectus for verification purposes. However, Landerer & Company do not make this Offer; have not authorised or caused the issue of any part of this Prospectus; do not make, or purport to make, any statement in this Prospectus, nor is any statement based upon a statement made by Landerer & Company, other than the references to their name; and to the maximum extent permitted by law, Landerer & Company expressly disclaim and take no responsibility for any part of this Prospectus other than the references to their name.

Each of Grange Securities Limited, Forbar Custodians Limited, Adam John Perkins, Belmark Investments Pty Limited, Duncan Clement Brand, Allan James Hubbard, WHI Securities Pty Limited, Richard Douglas Burton, State One Equities Pty Limited, David Long, Jayare Nominees Pty Limited, Dunbar Investments Pty Limited, John Landerer and Daradine Pty Limited has given its or his respective consent to be named in this Prospectus as an Underwriter to the Issue in the form and context in which they are each named and none of them has withdrawn its or his consent to be named as such in this Prospectus.

Borough Mazars have given and have not, before lodgement of this Prospectus with ASIC, withdrawn their consent to being named in this Prospectus and any electronic version of the Prospectus in the form and context in which they are named. Borough Mazars do not make this Offer; have not authorised or caused the issue of any part of this Prospectus; do not make, or purport to make, any statement in this Prospectus, nor is any statement based upon a statement made by

Borough Mazars, other than the references to their name; and to the maximum extent permitted by law, Borough Mazars expressly disclaim and take no responsibility for any part of this Prospectus other than the references to their name.

#### 7.10 Interests of Directors

Except as disclosed below or elsewhere in this Prospectus, no Director or proposed director of the Company holds or has held within the two years before the date of this Prospectus any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Offer; or
- the Offer.

Except as disclosed below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or proposed director of the Company, to induce them to become, or to qualify as, a director of the Company. Directors are not required under the constitution of the Company to hold any Shares in the Company.

The Directors and their respective interests in Existing Shares and Existing Unquoted Options on issue as at the date of this Prospectus are set out below:

Director	Existing Shares		Existing Unquoted Options	
	Direct	Indirect	Direct	Indirect
J Landerer CBE AM	2,829,936	-	-	3,000,000
AG Harris	200,000	-	3,000,000	-
RB Leece AM RFD	-	8,040,900	-	-
JME Percival	-	900,000	-	3,000,000

Notes:

- (a) The Directors are entitled to Director's fees and other entitlements for acting as Directors. Until approved by the Shareholders in general meeting, the aggregate fees payable to the Directors, other than a managing director or executive director, shall be a maximum of \$100,000 per annum.

The Directors are also entitled to be paid all travelling and other expenses properly incurred by them in connection with the business or affairs of the Company and any Director who performs extra services or makes any special exertions or undertakes work for the Company beyond his ordinary duties may be remunerated either by a fixed sum or salary.

The Directors holding Existing Shares at the Record Date will be entitled to acquire New Shares and Options under the Issue.

- (b) Landerer & Company, a legal firm in which Mr John Landerer is a partner and who is chairman of the board of directors of the Company, in the two years preceding the date of this Prospectus received or was entitled to receive fees for legal services provided to the Company as specified in Section 7.11 of this Prospectus in the usual course of business.
- (c) Mr John Landerer, the chairman of the board of directors of the Company, is one of the Underwriters and may be entitled to acquire New Shares and Options as an Underwriter.
- (d) Daradine Pty Limited is one of the Underwriters and is a company controlled by Mr Robert Leece, a director of the Company, and may be entitled to acquire New Shares and Options as an Underwriter.

### **7.11 Interests of other persons**

Except as disclosed below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in conjunction with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- stockbroker or Underwriter to the Issue

holds or has held within the two years before the date of this Prospectus any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Offer; or
- the Offer.

Except as disclosed below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in conjunction with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- stockbroker or Underwriter to the Issue

for services provided in connection with the formation or promotion of the Company or in connection with the Offer.

The exceptions referred to above are:

- Landerer & Company, of which firm Mr John Landerer is a director and who is also chairman of the board of directors of the Company, have acted as solicitors to the Company in connection with the Issue and have performed work in relation to the due diligence process for which they will be paid approximately \$20,000 (exclusive of GST and disbursements), in accordance with the usual hourly charge out rates of Landerer & Company. Landerer & Company have received \$38,680 (exclusive of GST and disbursements) for the provision of other legal services provided to the Company during the two years before the date of this Prospectus.
- William Buck have acted as auditors to the Company and have received \$43,974.15 (exclusive of GST and disbursements) for the provision of audit and other services provided to the Company during the two years before the date of this Prospectus. William Buck received \$11,075 (exclusive of GST and disbursements) for auditing the financial accounts of the Company for the financial year ended 30 June 2002.
- Dunbar Investments Pty Limited, which is one of the Underwriters to the Issue, provides secretarial, corporate and accounting services to the Company, including services relating to the Issue. Dunbar Investments Pty Limited will be paid approximately \$8,000 (exclusive of GST and disbursements) for services provided in relation to the Issue. Dunbar Investments Pty Limited has received \$99,749.25 (exclusive of GST and disbursements) for the provision of other secretarial, corporate and accounting services provided to the Company during the two years before the date of this Prospectus.
- Jayare Nominees Pty Limited, which is one of the Underwriters to the Issue, is a company controlled by the senior partner of Borough Mazars, which firm has a retainer to provide accounting and advisory services to the Company. Borough Mazars have received \$49,975.00 (exclusive of GST and disbursements) for the provision of accounting and advisory services provided to the Company during the two years before the date of this Prospectus.
- Each of the Underwriters to the Issue will receive the following fees for agreeing to underwrite the Issue:

<b>Underwriter</b>	<b>Fee</b>
Grange Securities Limited	\$18,245.75
Forbar Custodians Limited	\$18,245.75
Adam John Perkins	\$7,298.30
Belmark Investments Pty Limited	\$5,473.73
Jayare Nominees Pty Limited	\$5,473.73

Duncan Clement Brand and Allan James Hubbard jointly	\$3,649.15
WHI Securities Pty Limited	\$2,919.32
David Long	\$2,554.40
Dunbar Investments Pty Limited	\$2,554.40
Richard Douglas Burton	\$2,189.49
Daradine Pty Limited	\$1,459.66
State One Equities Pty Limited	\$1,459.66
John Landerer	\$1,459.66

The respective interests of each Underwriter in Existing Shares as at the date of this Prospectus are set out below:

Underwriter	Existing Shares	
	Direct	Indirect
Grange Securities Limited	-	-
Forbar Custodians Limited	120,000	-
Adam John Perkins	3,000,000	-
Belmark Investments Pty Limited	10,000,000	1,801,285
Jayare Nominees Pty Limited	7,000,000	1,000,000
Duncan Clement Brand	-	-
Allan James Hubbard	-	-
WHI Securities Pty Limited	-	-
David Long	-	-
Dunbar Investments Pty Limited	500,000	-
Richard Douglas Burton	-	-
Daradine Pty Limited	3,685,000	-

State One Equities Pty Limited	-	-
John Landerer	2,829,936	-

The information in the above table is based on registered Shareholdings at the Company's share registry as at the date of this Prospectus and, in the case of Belmark Investments Pty Limited and Jayare Nominees Pty Limited, the latest substantial shareholding notices lodged by them with the Company. No Underwriter has any interest in the Existing Unquoted Options, other than Jayare Nominees Pty Limited which holds 3,000,000 Existing Unquoted Options.

## **8. AUTHORISATION**

This Prospectus is dated 24 March 2003 and is issued by Goldsearch Limited.

The lodgement of this Prospectus with ASIC was consented to by each Director in accordance with section 720 of the Corporations Act.

Signed on behalf of Goldsearch Limited.

---

Albert George Harris  
Director

## **9. GLOSSARY**

In this Prospectus the following words have the following meanings unless the context otherwise requires:

ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange Limited ACN 006 624 691.
Closing Date	5.00pm EST on 2 May 2003.
the Company or Goldsearch	Goldsearch Limited ABN 73 006 645 754.
Corporations Act	Corporations Act 2001 of the Commonwealth of Australia.
Directors	the directors of the Company.

Entitlement	the right of a holder of Existing Shares to subscribe for New Shares and Options pursuant to the Offer.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form accompanying this Prospectus.
EST	Australian Eastern Standard Time.
Existing Unquoted Options	options to acquire Shares in the Company expiring on 15 July 2004 and referred to in Section 5.1 of this Prospectus.
Existing Shares	Shares on issue as at the date of this Prospectus.
Issue	the issue of New Shares and Options to be made pursuant to this Prospectus.
Listing Rules	the official listing rules of the ASX.
New Shares	the 36,491,869 Shares to be issued at an issue price of four cents per Share, offered pursuant to this Prospectus.
Non-Participating Foreign Shareholders	the Shareholders with a registered address not in either Australia or New Zealand.
Offer	the offer of New Shares and Options made pursuant to this Prospectus.
Options	the 36,491,869 free attaching options to be issued by the Company pursuant to this Prospectus, each option being an option to subscribe for one Share exercisable at eight cents each on or before 30 September 2005.
Prospectus	this Prospectus dated 24 March 2003.
Record Date	5.00pm EST on 2 April 2003.
Shareholders	the holders of Existing Shares as at the Record Date.
Shares	fully paid ordinary shares in the capital of the Company.
Underwriters	the parties identified in Section 4.7 of this Prospectus as having underwritten a percentage of the New Shares and Options the subject of the Offer.
Underwriting Agreements	the underwriting agreements made between the Company and each of the Underwriters to severally underwrite a proportion of the Issue.

## **10. CORPORATE DIRECTORY**

### **DIRECTORS AND COMPANY SECRETARY**

John Landerer CBE AM  
*Non-Executive Chairman*

John Morgan Edwin Percival  
*Director and Acting General Manager of Operations*

Albert George Harris  
*Non-Executive Director*

Robert Burgess Leece AM RFD  
*Non-Executive Director*

Paul Stewart Hewson  
*Company Secretary*

### **REGISTERED OFFICE**

C/- Borough Mazars  
Level 6  
77 Castlereagh Street  
Sydney NSW 2000  
Telephone: 02 9930 7700  
Fax : 02 9930 7777

### **SHARE REGISTRY**

Computershare Investor Services Pty  
Limited  
Level 3  
60 Carrington Street  
SYDNEY NSW 2000

Telephone: 1300 855 080  
Fax : 02 8234 5050

### **AUDITOR**

William Buck  
Chartered Accountants  
Level 2  
215 Spring Street  
Melbourne VIC 3000

### **PRINCIPAL OFFICE**

Level 4  
20 Loftus Street  
Sydney NSW 2000  
Telephone: 02 9241 5999  
Fax : 02 9241 5599  
website: [www.goldsearch.com.au](http://www.goldsearch.com.au)

**IMPORTANT:** The Prospectus which this entitlement and acceptance form accompanies should be read carefully. An application made using this form will not be valid if another name is substituted for the name printed on this document.

## GOLDSEARCH LIMITED

ABN 73 006 645 754

**State of Incorporation: Victoria**

Principal Office:  
Level 4  
20 Loftus Street  
Sydney NSW 2000

Share Registry:  
Computershare Investor Services Pty Limited  
GPO Box 7115  
Sydney New South Wales 2001  
Ph: 1300 855 080 Fax: (02) 8234 5050

### ENTITLEMENT AND ACCEPTANCE FORM NON-RENOUNCEABLE ENTITLEMENT ISSUE CLOSING 5.00PM EST ON 2 MAY 2003

SRN/HIN	ENTITLEMENT NO.	SUB-REGISTER
SHAREHOLDING AS AT 10PM EST ON 2 APRIL 2003	ENTITLEMENT TO NEW SHARES (AND OPTIONS) ON A 1:4 BASIS	AMOUNT PAYABLE ON FULL ACCEPTANCE AT 4 CENTS PER NEW SHARE (AND OPTION)

Non-renounceable entitlement issue of 36,491,869 New Shares and 36,491,869 Options to subscribe for ordinary shares on the basis of one New Share and one Option for every four ordinary fully paid shares registered and entitled to participate at 10.00pm EST on 2 April 2003 at an issue price of four cents per New Share, payable in full upon application. No payment is required to be made in relation to the Options, as they will be issued free upon allotment of New Shares (on the basis of one Option for every one New Share subscribed for).

**To the Directors  
Goldsearch Limited**

I/We the abovementioned, being registered as the holder(s) of ordinary fully paid shares in the capital of the Company as at 10.00 pm on 2 April 2003, hereby accept the undermentioned New Shares (and Options) offered in accordance with the Prospectus dated 24 March 2003.

To be completed by Securityholder

No. of New Shares (and Options) accepted	Amount enclosed at 4 cents per New Share (and Option)
	\$

Please complete the following payment details.

Drawer	Cheque No.	BSB No.	Account No.	Amount
				\$
				\$

**Shareholder's telephone number for contact during business hours:** (    ) .....

I/We enclose my/our remittance for the amount shown above being payment of four cents per New Share (and Option) applied for.

I/We hereby authorise you to register me/us as the holder(s) of the New Shares (and Options) allotted to me/us, and I/we agree to be bound by the Constitution of the Company.

This application is made according to the declaration/appropriate statements overleaf and the applicant agrees to be bound by the terms and conditions set out in the Prospectus dated 24 March 2003. Before making this application, the applicant should read the Prospectus to which this Entitlement and Acceptance Form relates.

The panel below is to be completed ONLY if a change of address is to be registered with the Company.

New Address: (CHESS holders must notify their sponsoring broker/agent)	Signature(s):*
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\*Please refer to General Instructions overleaf for signing requirements.

**PLEASE REFER TO LODGEMENT INSTRUCTIONS OVERLEAF**

# GOLDSEARCH LIMITED

## Lodgement Instructions

### NON-RENOUCEABLE ENTITLEMENT ISSUE CLOSING 5.00PM EST ON 2 MAY 2003

#### 1. ACCEPTANCE IN FULL OR IN PART

If you are accepting your entitlement in full or in part please:

Complete the form overleaf.

Forward it together with your remittance for the application moneys at four cents per New Share (and Option) subscribed for so as to reach:

Computershare Investor Services  
Pty Limited  
GPO Box 7115  
SYDNEY NSW 2001

OR

Computershare Investor Services  
Pty Limited  
Level 3, 60 Carrington Street  
SYDNEY NSW 2000

by no later than 5.00pm EST on 2 May 2003.

#### 2. GENERAL INSTRUCTIONS

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted. **Your cheque or bank draft must be made payable to "Goldsearch Limited", and crossed not negotiable. Do not forward cash, postal notes or money orders.**
- Receipts for payment will not be forwarded.
- Signing instructions if the new address panel has been completed:
  - The Shareholder and each joint shareholder (if applicable) must sign.
  - Companies need to sign in accordance with their Constitution.
  - If signed by an Attorney, please forward a certified copy of the Power of Attorney to the Share Registry for noting, unless already noted.

#### 3. DECLARATIONS BY APPLICANTS

Each applicant makes the following declarations and statements by submitting this Entitlement and Acceptance Form:

- All details and statements on the Entitlement and Acceptance Form are complete and accurate.
- The applicant is not, as a result of the law of any place, a person to whom this Prospectus should not be given.
- The applicant has received personally the complete and unaltered Prospectus accompanied by the Entitlement and Acceptance Form before applying for New Shares (and Options).

**IF YOU HAVE ANY ENQUIRIES CONCERNING YOUR ENTITLEMENT,  
PLEASE CONTACT THE SHARE REGISTRY ON  
TELEPHONE: 1300 855 080**