

30 June, 2004

Re: Conditional agreement for sale of investment in Reefway Pty Limited

Goldsearch Limited announces that it has signed an agreement to dispose of its entire shareholding in Reefway Pty Limited ("Reefway") to Avon Resources Limited ("Avon") (representing 8.95% of the issued capital of Reefway) for the following consideration:

- \$273,870 cash on completion;
- 5,966,667 ordinary shares in Avon Resources Limited; and
- deferred cash of \$89,500, payable on 30 June 2005.

In addition, Goldsearch Limited will receive a royalty entitlement calculated on production from Reefway's tenements. (The royalty is payable on production from the Reefway tenements which is the greater of a gross royalty payable on certain net payable metals derived from the tenements and a 1% net smelter return. In respect of the major metals, the royalty is only payable upon certain accumulated production thresholds being exceeded, for example 100,000 tonnes of net payable copper).

Pegmont Mines NL ("Pegmont") and Pegasus Enterprises Ltd ("Pegasus"), the other shareholders of Reefway, have also agreed to sell their shareholding to Avon.

The transaction is subject to a number of conditions precedent, including Avon completing due diligence; Avon, Reefway, Pegmont and Pegasus obtaining necessary shareholder approval; and Avon raising \$2,000,000 in equity at not less than 1.5 cents per share prior to completion.

The net carrying value of this investment in the Goldsearch accounts is \$375,000 comprised of investment at cost of \$733,491 with a provision for diminution in value of \$358,491.

For and on behalf of the directors of
Goldsearch Limited

P S Hewson
Secretary