

gsh/psh/gsh665

28 September 2006

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

Number of pages – 1

Dear Sir

**Re: Panaon Island project - drill results**

The directors advise that Goldsearch has now received final assays results from joint venture partner and project operator Medusa Mining Limited for the recently completed surface and underground drilling program on the Panaon Island Gold Project, Philippines.

A total of three surface diamond core drill holes and two underground diamond core drill holes were completed at the project. The holes were designed to evaluate previously identified epithermal gold mineralisation at the Pinut-an deposit and the Pinut-an South and Caingin Point prospects.

Samples from underground drill holes UDH-01 and UDH-02 and surface drill hole SDH-01, which tested the potential of the Pinut-an deposit at depth, failed to return high-grade gold assays from the mineralisation intercepted. The best results were 0.3 metres @ 2.03 grams per tonne gold from 54.9 metres in hole UDH-01 and 0.6 metres @ 3.88 grams per tonne gold from 16.5 metres depth in hole SDH-01.

Drill hole SDH-02 which was targeted on veins at the Pinut-an South prospect failed to return any significant assays.

Results from SDH-03, which tested the Caingin Point target at depth, were disappointing with the best assay being 0.5 metres @ 1.90 grams per tonne gold from 81.5 metres.

The drilling results to date have downgraded all three targets and it is now considered that none of these targets represent a potential near-term mining opportunity. The project, which covers a total area of 4,150 hectares, is now considered as purely an exploration project and Goldsearch is reviewing the project on this basis and in terms of its exploration strategy.

For and on behalf of the directors of  
Goldsearch Limited



P S Hewson  
Secretary

*STATEMENT*

The information in this report was compiled by Mr Heath Hellewell, who is the Company's Exploration Manager and has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".