Goldsearch Limited
ABN 73 006 645 754

Level 4
20 Loftus Street
SYDNEY
NSW 2000

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

gsh/psh/gsh717

17 September 2007

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

No. of pages – 42

Dear Sir

<u>Re: Annual financial report</u>

Enclosed for release to the market is the audited annual financial report for Goldsearch Limited for the year ended 30 June 2007

For and on behalf of the directors of
Goldsearch Limited

P S Hewson
Secretary

Goldsearch Limited

ABN 73 006 645 754

Annual financial report

for the year ended 30 June 2007

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DIRECTORS' REPORT

Your directors have pleasure in submitting the balance sheet of the Company at 30 June 2007 together with related income statement, statement of cash flows, statement of changes in equity and notes thereto for the year then ended and report as follows:

Directors

The names of the directors in office at the date of this report and throughout the year are:

Mr J. Landerer, CBE AM
Mr A.G. Harris
Mr R.B. Leece, AM RFD
Mr J.M.E. Percival
Mr T.V. Willsteed

Company secretary

The name of the company secretary in office at the date of this report and throughout the year is:

Mr P.S. Hewson

Principal activities

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

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

Results

The result for the financial year was a loss of $580,511 after income tax expense of $nil.

Dividend

No dividends were paid or declared during the year by the Company and no recommendation is made as to dividend.

Review of operations

The following occurred during the year under review:

- The Company expended and capitalised $1,213,465 on exploration and wrote off $954,309 of capitalised exploration expenses.
- On 13 July 2006 the Company announced having entered into a joint venture with Sedimentary Holdings Limited over exploration licence EL 4669 St Arnaud.
- On 18 July 2006 the Company announced the appointment of Mr Heath Hellewell as exploration manager.
- On 28 September 2006 the Company announced the results of three diamond drill holes on the Panaon Island project in the Philippines. The results were disappointing and as a consequence the project was downgraded from a potential near-term mining opportunity to an exploration prospect.
- In the report for the quarter ended 30 September 2006 released on 20 October 2006 the Company advised that:
  - Numerous exploration targets have been generated at the Mount Wellington project;
  - Ongoing scintillometer sampling at Mary Kathleen continues to define two priority drill targets at the Elaine Dorothy and MacGregor prospects;
  - An auger geochemical program has been completed at the Musgrave NT project; and
  - drilling is to commence on the Sandy Creek Project during the December quarter.
- On 1 December 2006 the directors announced having completed an 'in principle' agreement with Independence Group NL and BHP Billiton in relation to the joint venture arrangements for exploration of the Company's Eastern Musgrave Block tenements.
- On 7 December 2006 the directors announced the commencement of a drilling program on the Company's Mary Kathleen project.
- On 29 December 2006, in response to an ASX price query, the directors advised that the drilling program on the Company's Mary Kathleen project was completed on 15 December 2006. Samples were tested for uranium content by a hand-held scintillometer and, as expected from prior surface sampling, broad intervals of low grade uranium mineralisation were indicated. Samples have been sent to Alice Springs for assay with results expected to be available in mid to late January.
- On 25 January 2007 the directors released the assay results from the drilling program at the Mary Kathleen project. Encouraging results were received from the 7 drill holes at Elaine Dorothy and MacGregor prospects.
- In the report for the quarter ended 31 December 2006 released on 30 January 2007 the Company advised that:
  - the Company had received encouraging results from the initial first-pass drilling at the Elaine Dorothy and MacGregor targets at Mary Kathleen. The best assay result was 1metre at 0.047%

U308 and 0.988% Rare Earth Oxides at Elaine Dorothy. Wide zones (100 metres) of elevated uranium (0.004% eU308) were encountered at the MacGregor target;
  - Expanded exploration programs and budget for Mary Kathleen are being finalised;
  - Work programs have been lodged for initial programs at Mount Wellington in Victoria. Geophysical programs are expected to commence in March 2007 quarter with RC drilling of targets to commencing soon after; and
  - Goldsearch and Independence Group have entered into an agreement in principle with BHP Billiton whereby BHP Billiton will earn a 65% interest in the Musgrave Joint Venture in South Australia. BHP Billiton will fund up to $25million in exploration to earn its interest.
- On 16 February 2007 the directors announced the completion of joint venture arrangements with Independence Group NL (IGO) and BHP Billiton for the East Musgrave Project. IGO will issue 200,000 of its shares to Goldsearch to complete the initial phase of earning a 51% interest in the joint venture tenements. Access agreements are being negotiated with the traditional owners.
- On 23 March 2007 the directors announced that IGO has completed the issue of 200,000 shares to Goldsearch and that IGO has become entitled to a 51% interest in the East Musgrave project tenements.
- In the report for the quarter ended 31 March 2007 released on 20 April 2007 the Company advised that, during the quarter:
  - Compilation of historical data for the Mary Kathleen Project, highlighted significant drilling results at Elaine Dorothy;
  - Preliminary access approval has been granted and physical exploration access is currently being established at Mount Wellington;
  - The East Musgrave joint venture agreement was finalised with Independence Group and BHP Billiton; and
  - A drilling program is to commence soon at Sandy Creek.
- On 8 May 2007 the directors announced that the drilling program at Sandy Creek has commenced.
- In the report for the quarter ended 30 June 2007 released on 26 July 2007 the Company advised that, during the quarter:
  - The Company has been working towards having 'Low Impact Exploration Only' conditions removed from key tenements at Mary Kathleen;
  - A number of regional targets have emerged as potential drill targets at Mary Kathleen;
  - Re-evaluation of the project area at Mount Wellington suggests the potential for large magmatic-related ore body styles. A number of geophysical targets have been identified on the basis of this potential; and
  - Access negotiations with the traditional owners are near completion on the Musgrave East joint venture.

Significant changes

There were no significant changes to the state of affairs of the Company which occurred during the financial year ended 30 June 2007 except for the issue of 5,341,900 shares pursuant to the exercise of quoted options and the receipt of 200,000 shares in Independence Group NL as consideration under a joint venture agreement.

Financial position

At 30 June 2007 the Company held cash and receivables totalling $999,919. This compares with an equivalent figure of $1,858,003 at 30 June 2006. In addition the Company held listed securities with a market value at 30 June 2007 of $2,432,000 (2006: $811,200). $271,095 of additional capital was raised from the exercise of quoted options during the year.

These liquid assets, together with the existing joint venture arrangements, are sufficient to cover the Company's commitments and projected outgoings for the next two years.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations, the result of those operations, or the state of affairs of the Company in financial years subsequent to the financial year ended 30 June 2007 other than:

- The issue of a total of 23,194,226 ordinary fully paid shares at an issue price of 5 cents per share pursuant to the exercise of 23,194,226 of the Company's quoted options which expire on 31 October 2007. These allotments raised $1,159,711 additional working capital; and

- The directors have arranged the underwriting of the exercise of the Company's remaining 63,868,548 quoted options which expire on 31 October 2007. This will assure the raising of a further $3,193,427 working capital to fund the Company's exploration programs.

Likely developments.

The directors intend the Company to continue to explore the Company's mineral tenements both by direct exploration and by joint venture and to seek new exploration or development projects, otherwise there are no known likely developments in the operations of the Company.

Information on directors

John LANDERER, CBE AM

(non-executive chairman of directors and chairman of the audit committee)

- Appointed as director and non-executive chairman on 11 October, 1995.
- A qualified lawyer – LL.B., Sydney University.
- Senior partner of Sydney Lawyers, Landerer & Company.
- A director of a number of prominent private family companies.
- Beneficially holds 4,277,904 fully paid ordinary shares and 1,447,968 quoted options over unissued ordinary shares in the capital of the Company and has an indirect interest in a further 3,432,347 ordinary shares, 810,782 quoted options over unissued ordinary shares in the capital of the Company and 3,000,000 unquoted options.
- During the past three years has not acted as director of any other Australian listed public company.

Albert G. HARRIS

(non-executive director, member of the audit committee and overseer of risk management)

- 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 over 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.
- Beneficially holds 165,000 fully paid ordinary shares, 55,000 quoted options over unissued ordinary shares in the capital of the Company and 2,000,000 unquoted options.
- Over the past three years has acted as a non-executive director of other Australian listed public companies as follows:
  -Takoradi Limited (director since 1992)
  -Pepinnini Minerals Limited (director since 31 January 2005)

Robert B. LEECE, AM RFD

(non-executive director and member of the audit committee)

- 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 Deputy Director General of the Olympic Co-ordination Authority and chief executive of the Olympic Roads and Transport Authority for the 2000 Sydney Olympic Games.
- Has been involved as a director of several public and private development companies including Abigroup, Transfield and Merlin International Properties.
- Indirectly holds 10,329,465 fully paid ordinary shares, 1,667,000 quoted options over unissued ordinary shares in the capital of the Company and 2,000,000 unquoted options.
- During the past three years has not acted as director of any other Australian listed public company.

John M.E. PERCIVAL

(executive director – 'Director-Operations' and attends audit committee meetings)

- 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 of Barclays Bank New Zealand Limited.
- Has had extensive experience in stockbroking, corporate finance and investment management.
- Beneficially holds 3,000 fully paid ordinary shares and 1,000 quoted options over unissued ordinary shares in the capital of the Company and has an indirect interest in a further 4,118,343 ordinary shares, 1,594,122 quoted options over unissued ordinary shares in the capital of the Company and 3,000,000 unquoted options..
- During the past three years has acted as a non-executive director of the following Australian listed public company:
  - Silver Mines Limited (director since August 2006)

Terence V. WILLSTEED
(non-executive director and member of the audit committee)

- Appointed a director on 20 July 2004.
- A qualified mining engineer - BE (Mining) Queensland University and a Fellow of the Australian Institute of Mining and Metallurgy with over 45 years experience in mining operations, mineral processing, corporate management and consulting practice.
- Substantial activities have been involved in gold, uranium, base metal, PGM, oil shale and coal resource projects. Gained operational and management experience with Zinc Corporation Limited, Mount Isa Mines Limited and Consolidated Goldfields Australia Limited.
- Principal of Terence Willsteed & Associates, Consulting Mining Engineers since 1973.
- As a member of the Mineral Industry Consultants Association Board of Management has participated in the formation of the Joint Ore Reserves Committee and the formulation of the Australian Code for the Reporting of Resources and Ore Reserves.
- Indirectly holds 2,154,000 fully paid ordinary shares, 1,154,000 quoted options over unissued ordinary shares in the capital of the Company and 2,000,000 unquoted options.
- Over the past three years has acted as a non-executive director of other Australian listed public companies as follows:
  - Climax Mining Limited (resigned 2007)
  - Diamond Rose NL (resigned 2007)
  - New European Gas Limited (current since November 2002)
  - International Ferro Metals Limited (current since September 2005)
  - Citygold Limited (current since October 2006)

Information on company secretary
Paul S HEWSON, BEc CPA FFin

- Appointed secretary of the Company on 11 October 1995 on an outsourced basis.
- An economics graduate from Sydney University, a qualified accountant and a fellow of the Financial Services Institute of Australia.
- Is currently a principal of a corporate services business which provides company secretarial and corporate governance services to a number of listed public companies.
- Has over 25 years experience in administration of listed public companies and has variously held the positions of executive director, non-executive director and company secretary of a number of Australian listed public companies both in the mining and industrial sectors.

Directors' meetings
Attendance of individual directors at board meetings held during the year ended 30 June 2007 was as follows:

Director	Meetings held	Meetings attended
J. Landerer, CBE AM	8	8
A.G. Harris	8	8
R.B. Leece, AM RFD	8	7
J.M.E. Percival	8	8
T.V. Willsteed	8	8

In addition meetings of the audit sub-committee were attended by directors as follows:

Director	Meetings held	Meetings attended
J. Landerer, CBE AM	2	2
A.G. Harris	2	1
R.B. Leece, AM RFD	2	1
J.M.E. Percival	2	2
T.V. Willsteed	2	2

Directors' and auditors' indemnification
During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- Under the provisions of the constitution of the Company every officer (and former officer) of the Company is indemnified, to the extent permitted by law, against all costs expenses and liabilities incurred as such an officer providing it is in respect of a liability to another person (other than the Company or a related body corporate) where such liability does not arise out of conduct involving a lack of good faith and it is in respect of a liability for costs and expenses incurred in defending proceedings in which judgement is given in favour of the officer or in which the officer is acquitted or is granted relief under the Law.
- In prior years the Company paid premiums on a policy to insure each of the directors and executives of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or executive of the Company, other than conduct involving a wilful breach of duty in relation to the Company. This policy was allowed to lapse in November 2001 and at the date of this report has not been renewed.

Non-audit services
There were no non-audit services provided to the Company during the year by the independent auditors.

Auditor's independence declaration
The Company's independent auditor has provided an independence declaration to the Company for the year ended 30 June 2007. A copy of the declaration is attached to and forms part of this directors' report.

Options
On 30 September 2005 a total of 36,491,869 quoted options on issue by the Company expired in accordance with the terms of their issue.

In March 2006 the Company issued 91,604,674 quoted options over unissued fully paid ordinary shares in the Company exercisable at 5 cents per option and expiring on 31 October 2007. These options were attached to shares issued pursuant to an entitlement issue to shareholders under the terms of a prospectus dated 9 February 2006.

In July 2006 the directors issued a total of 2,000,000 unquoted options with exercise prices ranging from 5.5 cents to 10 cents each and with expiry dates ranging from 30 June 2007 to 30 June 2009. These options were issued as incentive options as part of the remuneration package of the Company's exploration manager.

At the annual general meeting held on 30 November 2006 shareholders approved the establishment of an Employee and Directors Share Option Plan and authorised the issue of 12,000,000 quoted options under the Plan to directors of the Company. In December 2006 a total of 16,000,000 unquoted options were issued under the Plan to directors and consultants with staged vesting dates and exercise prices ranging from 5.0 cents to 7.5 cents each. These 16,000,000 options all expire on 31 January 2010.

During the year a total of 4,541,900 quoted options and 800,000 unquoted options were exercised.

Since balance date and to the date of this report a further 23,194,226 unquoted options have been exercised.

Otherwise no options were issued or exercised during the financial year or to the date of this report.

At the date of this report there are 63,868,548 quoted options and 17,200,000 unquoted options on issue by the Company. Holders of these options have no right to participate in issues to shareholders other than by the prior exercise of their options.

Since balance date the directors have arranged the underwriting of the exercise of the remaining quoted options which expire on 31 October 2007. This will ensure that a further $3,193,427 of working capital will be raised.

Further particulars on options are set out in Note 16 to the attached financial statements.

Remuneration report
Directors' and officers' remuneration
The remuneration of the non-executive directors is established by the shareholders. This remuneration is by way of a fixed annual fee supplemented by the issue of incentive options.

The remuneration of executive directors and executive officers of the Company is established by the board of directors. The directors have adopted a fixed fee or salary policy for remuneration of executive directors and executive officers. This remuneration is based on market factors. There is no relationship between executive remuneration and the performance of the Company.

Details of remuneration paid during the year to directors and the five most highly remunerated executive officers are set out in the table below:

	Salary, fees and commissions $	Superannuation contribution $	Cash bonus $	Non-cash benefits $	Share based payments $	Total $
Directors:						
J. Landerer, CBE AM	22,018	1,982	-	-	73,643	97,643
A.G. Harris	24,000	-	-	-	44,095	73,095
R.B. Leece, AM RFD	22,018	1,982	-	-	44,095	73,095
J.M.E. Percival	182,018	16,381	-	-	73,643	272,042
T.V. Willsteed	24,000	-	-	-	44,095	73,095
Specified executives:						
H Hellewell	127,572	-	-	-	32,800	160,372

Further particulars are set out in Note 19 to the accompanying financial statements.

In accordance with shareholder approval given at the 2006 annual general meeting the following share options were granted to directors or executives of the Company during the financial year as part of their remuneration.

Director/executive	*Number of options*
J. Landerer, CBE AM	3,000,000
A.G. Harris	2,000,000
R.B. Leece, AM RFD	2,000,000
J.M.E. Percival	3,000,000
T.V. Willsteed	2,000,000
H Hellewell	2,000,000

Each of the above options entitles the holder to subscribe for one ordinary fully paid share in Goldsearch Limited. Further details as to the vesting dates, exercise price and expiry dates of these options is set out earlier in this Directors' Report under the heading 'Options'.

Employment contracts

There are no service contracts in place with directors, employees or consultants which would render the Company liable for termination payments in excess of normal statutory entitlements.

Environmental regulation

The Company's operations are subject to general environmental regulation under the laws of the states and territories of Australia in which it operates. In addition, the various exploration licences held by the Company impose environmental obligations on it in relation to site remediation following sampling and drilling programs. The board is aware of these requirements and management has been instructed to ensure that they are complied with. The directors are not aware of any breaches of these environmental regulations and licence obligations during the year.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

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 during the year totalled $26,006 (2006: $45,736) and were charged at normal commercial rates.
- The Company employs Ms J Gregan, spouse of Mr J Percival. Ms Gregan's employment agreement is in accordance with normal market terms and conditions

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

J. Landerer, CBE AM
Director

J.M.E. Percival
Director

Sydney
17 September 2007

William Buck
Business Advisors
Chartered Accountants

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

To the Directors of Goldsearch Limited:

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck Chartered Accountants	Simon Hourigan Partner

Dated this 17th day of September 2007.

Melbourne, Australia.

GOLDSEARCH LIMITED
ABN 73 006 645 754

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		$	$
Revenue	2	1,131,770	568,779
Capitalised exploration expenses written off		954,309	1,247,627
Share-based payment expense		304,001	-
Salary costs (including directors' fees)		163,381	152,167
Professional and legal fees		215,464	140,995
Share registry expenses		60,020	50,592
Operating lease expenses (office premises)		48,678	46,254
Depreciation and amortisation		11,394	6,479
Other expenses		170,575	122,924
Total expenses		1,927,822	1,767,038
Loss before income tax expense	3	**(796,051)**	**(1,198,259)**
Income tax expense	4	-	-
Loss after income tax expense		**(796,051)**	**(1,198,259)**
Net loss		**(796,051)**	**(1,198,259)**
Loss attributable to members of the Company		**(796,051)**	**(1,198,259)**
Basic loss per share - cents per share	25	(0.29)	(0.58)
Diluted loss per share - cents per share	25	(0.29)	(0.58)

The accompanying notes form part of these financial statements

GOLDSEARCH LIMITED
ABN 73 006 645 754

BALANCE SHEET
AS AT 30 JUNE 2007

	Note	2007	2006
		$	$
CURRENT ASSETS			
Cash assets	24(a)	917,633	1,794,696
Receivables	6	44,007	33,252
Other	7	38,279	30,055
TOTAL CURRENT ASSETS		999,919	1,858,003
NON-CURRENT ASSETS			
Other financial assets	9	2,633,385	812,085
Property, plant and equipment	8	22,850	13,918
Exploration and investment expenditure	10	1,682,251	1,423,095
TOTAL NON-CURRENT ASSETS		4,338,486	2,249,098
TOTAL ASSETS		5,338,405	4,107,101
CURRENT LIABILITIES			
Trade and other payables	14	157,663	84,492
Provisions	15	24,216	40,831
TOTAL CURRENT LIABILITIES		181,879	125,323
TOTAL LIABILITIES		181,879	125,323
NET ASSETS		5,156,526	3,981,778
EQUITY			
Issued capital	16	25,500,634	25,229,539
Reserves	17	2,054,786	355,082
Accumulated losses	5	(22,398,894)	(21,602,843)
TOTAL EQUITY		5,156,526	3,981,778

The accompanying notes form part of these financial statements

GOLDSEARCH LIMITED
ABN 73 006 645 754

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

		Issued capital	Reserves		Accumulated losses	Total
		Ordinary shares	Revaluation	Share-based payments		
	Note	$	$	$	$	$
Balance at 1 July 2005		22,724,856	-	-	(20,404,584)	2,320,272
Available-for-sale financial assets		-	527,689	-	-	527,689
Transfer of realised gain on sale on investments		-	(378,023)	-	-	(378,023)
Unrealised gain/(loss) on available-for-sale investments		-	205,416	-	-	205,416
Shares issued during the period		2,748,138	-	-	-	2,748,138
Share issue costs		(243,455)	-	-	-	(243,455)
Loss attributable to the members of the Company		-	-	-	(1,198,259)	(1,198,259)
Sub-total		25,229,539	355,082	-	(21,602,843)	3,981,778
Dividends paid or provided for		-	-	-	-	-
Balance at 30 June 2006		25,229,539	355,082	-	(21,602,843)	3,981,778
Balance at 1 July 2006		25,229,539	355,082	-	(21,602,843)	3,981,778
Available-for-sale financial assets		-	1,313,524	-	-	1,274,144
Transfer of realised gain on sale on investments		-	(39,380)	-	-	(39,380)
Employee share options		-	-	425,560	-	425,560
Shares issued during the period		271,095	-	-	-	271,095
Loss attributable to members of parent entity		-	-	-	(796,051)	(796,051)
Sub-total		25,500,634	1,629,226	425,560	(22,398,894)	5,156,526
Dividends paid or provided for		-	-	-	-	-
Balance at 30 June 2007		25,500,634	1,629,226	425,560	(22,398,894)	5,156,526

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CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(515,725)	(378,234)
Payments to related parties		(178,116)	(111,016)
Dividends received		19,500	25,500
Interest received		70,804	20,736
Other income – joint venture contribution		25,000	-
Net cash used in operating activities	24(b)	(578,537)	(443,014)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for exploration activities		(813,468)	(661,784)
Payments to related parties for exploration activities		(212,382)	(130,996)
Payments for property, plant and equipment		(17,808)	(3,988)
Proceeds from sale of investment in listed entities		474,037	666,425
Payments for investment in listed entities		-	(398,784)
Net cash used in investing activities		(569,621)	(529,127)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		271,095	2,748,138
Payments of share issue activities		-	(243,455)
Net cash provided by financing activities		271,095	2,504,683
Net increase/(decrease) in cash held		(877,063)	1,532,542
Cash at beginning of year		1,794,696	262,154
Cash at end of year	24(a)	917,633	1,794,696

The accompanying notes form part of these financial statements

GOLDSEARCH LIMITED
ABN 73 006 645 754

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF ACCOUNTING POLICIES

(a) General

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial reports of Goldsearch Limited comply with all International Financial Reporting Standards (IFRS) in their entirety.

The financial report of Goldsearch Limited was authorised for issue by the Directors on 17 September 2007. Goldsearch Limited is a public listed Company whose shares and options are quoted on the Australian Securities Exchange and was incorporated and is domiciled in Australia.

The following is summary of the material accounting policies adopted by the Company in the preparation of its financial reports. The accounting policies have been consistently applied, unless otherwise stated.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value.

Early adoption of standard

The Company has elected to early adopt all Australian Accounting Standards and UIG Interpretations with an application date later than 30 June 2007, with the exception of AASB 7 Financial Instruments: Disclosures.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Company. Actual results may differ from the estimates.

(b) Consolidation

The accounts are not consolidated as the directors have decided that such application is of no material consequence.

(c) Comparative information

Comparative figures are, where appropriate, reclassified so as to be compatible with the figures presented for the financial year.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(e) Income tax

The charge for current income tax expense is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged to the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

All fixed assets, including capitalised leased assets but excluding freehold land, are depreciated over their estimated useful lives to the Company. Mining plant and equipment is depreciated in this manner over the estimated life of the relevant mine with due regard to each item’s physical life limitations.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	20 – 40% DV

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

Depreciation (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Exploration expenditure and mineral leases

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward if the rights to the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Accounts payable

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(i) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for impairment.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(j) Leased assets

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(k) Earnings per share

i) Basic earnings per share:

Basic earnings per share is determined by dividing the operating profit/(loss) after income tax by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share:

Diluted earnings per share adjusts the figures used in determining earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(l) Restoration, rehabilitation and environmental expenditure

Restoration, rehabilitation and environmental expenditure to be incurred during the production phase of operations is accrued when the need for such expenditure is established, and then written off as part of the costs of production of the mine property concerned. Significant restoration, rehabilitation and environmental expenditure to be incurred subsequent to the cessation of production at each mine property is accrued, in proportion to production, when its extent can be reasonably estimated.

(m) Employee benefits

I. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provision in respect of employees’ services up to the reporting date and are measured at the amounts expected to be paid when the leave is taken and measured at the rates paid or payable.

II. Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using projected unit credit method. Consideration is given to the expected future wage and salary level, experience of employee departures and periods of service. Expected future payments are discounted using market yields that match, as closely as possible, the estimated future cash outflows.

III. Retirement benefit obligations

Contributions to defined contribution funds are recognised as an expense as they become payable.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(n) Business undertakings – joint ventures

The Company has certain exploration activities conducted through joint venture operations with other parties. The Company's interest in these joint ventures is shown in the balance sheet under the appropriate heading. Details of the interests in the joint venture assets and liabilities are set out in Notes 11 and 12.

(o) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(p) Share-based payments

The cost to the Company of share options granted to directors and executive officers is included at fair value as part of the directors' and executive officers' aggregate remuneration in the financial year the options are granted. The fair value of the share option is calculated using the Black Scholes option pricing model, which takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No expense is recorded in the income statement for the value of options granted to directors and executive officers.

(q) Revenue

Realised gains and losses on sale are recognised as income or expense respectively in the income statement and are calculated as the difference between consideration on sale and the original cost.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(s) Financial instruments

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company management has the positive intention and ability to hold to maturity.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Available-for-sale financial assets (continued)

for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

	2007	**2006**
	$	**$**
2. REVENUE		
Revenue from operating activities		
Operating activities		
- Net profit on sale of investment	75,253	514,448
- Interest received	66,078	28,831
- Dividend income	19,500	25,500
- Joint venture income	970,340	-
Total revenue	1,056,517	568,779

3. LOSS FOR THE YEAR

a) Loss before income tax has been determined after:

Depreciation of plant and equipment:		
-Plant and equipment	11,394	6479
Rental expense on operating leases	43,228	41,965
Capitalised exploration expenses written off	954,309	1,247,627
Movements in provisions – employee entitlements	(6,461)	(2,463)

4. INCOME TAX

Subject to the provisions of the Income Tax Assessment Act, if the Company derives assessable income it will be able to utilise carry-forward losses. At 30 June 2007 the Company has estimated carry-forward tax losses, after adjusting for temporary differences, of approximately $14,138,190 (2006: $14,524,133) which amounts to an income tax benefit of $4,241,457 (2006: $4,357,240). The Company has no estimated carry-forward capital loss (2006: $Nil).

Certain losses which have been incurred in the course of mining activities are only available for offset against future mining income. Due to the manner and nature of activities giving rise to these carry-forward tax losses, a detailed analysis would be required should the Company return to profits.

The net deferred tax asset will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction of the loss.

	2007 $	2006 $
5. ACCUMULATED LOSSES		
Accumulated losses at the beginning of year	(21,602,843)	(20,404,584)
Net loss attributable to members of Goldsearch Limited	(580,511)	(1,198,259)
Accumulated losses at the end of year	(22,183,354)	(21,602,843)

6. CURRENT ASSETS – RECEIVABLES

Other debtors	3,716	8,443
GST receivable	40,291	24,809
	44,007	33,252

The above assets are not subjected to interest and, after provisions, full amounts are expected to be received in the ordinary course of business, usually within 30 days.

7. CURRENT ASSETS – OTHER

Short term bond - held to maturity	18,300	18,300
Prepayments	19,979	11,755
	38,279	30,055

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NOTES TO THE FINANCIAL STATEMENTS

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8. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2007 $	2006 $
Equipment at cost	64,386	63,760
Accumulated depreciation	(41,536)	(49,842)
	22,850	13,918
Motor vehicle at cost	61,300	61,300
Accumulated depreciation	(61,300)	(61,300)
	-	-
Total property, plant and equipment	22,850	13,918

Reconciliation of property, plant and equipment

Equipment

	2007 $	2006 $
Carrying amount at beginning of year	13,918	16,429
Additions	20,452	3,988
Depreciation	(11,520)	(6,499)
Carrying amount at end of year	22,850	13,918

9. NON-CURRENT ASSETS-OTHER FINANCIAL ASSETS

	2007 $	2006 $
Shares in controlled entities at a cost (a) (Note 28)	885	885
Shares in listed companies (i)		
-at fair value	2,432,500	811,200
Shares in unlisted companies at cost	200,001	1
Provision for diminution in value of investment	(1)	(1)
	2,633,385	812,085

(a) Shares in controlled entities are valued at cost as fair value is unable to be determined.

Reconciliation of other financial assets

	2007 $	2006 $
Carrying amount at beginning of year	812,085	210,196
Additions(i) (ii)	945,940	398,784
Revaluation to fair value on adoption of AASB 132 and AASB139	1,274,144	355,082
Sales- other parties- (i)	(398,784)	(151,977)
Carrying amount at end of year	2,633,385	812,085

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NOTES TO THE FINANCIAL STATEMENTS
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9. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS (continued)

(i) Listed investments are recorded at fair value which consist of the following material investments:

Minority interest in Independence Group NL (IGO) shares
During the financial year ended 30 June 2007 IGO issued 200,000 of its shares (2006: Nil) to the Company to complete the acquisition of a 51% equity in the joint venture tenements as detailed in Note 11(b).
During the financial year ended 30 June 2007 the Company sold 400,000 IGO shares for a net consideration of $672,954. These sales realised a profit of $514,448.

Minority interest in Medusa Mining Limited (MML) shares.
During the financial year ended 30 June 2006 the Company acquired 640,000 MML shares. During the financial year ended 30 June 2007 the Company sold its investment in MML for a net consideration of $473,558. This sale realised a profit of $75,253.

There would be no material capital gains tax payable if these listed assets were sold at their market value at balance date.

(ii) During the financial year ended 30 June 2007 the Company received 1,000,000 unlisted full paid shares in Queensland Mining Corporation Limited as part consideration under the joint venture agreement detailed in Note 11(e).

10. NON-CURRENT ASSETS –EXPLORATION AND INVESTMENT EXPENDITURE

	2007 $	2006 $
Mining expenditure (pre-production)		
Exploration and evaluation expenditure carried forward in respect of mining areas of interest:		
Balance at beginning of year	1,423,095	1,853,735
Exploration expenditure, at cost	1,213,465	816,987
	2,636,560	2670,722
Capitalised exploration expenditure, at cost	(954,309)	(1,247,627)
Balance at end of year	1,682,251	1,423,095
Depreciation included in exploration expenditure	127	20

Mineral exploration is to be amortised when production commences, or written off to the income statement. The carrying values do not purport to be the amounts 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 expenditure dependent upon future successful mining or realisation of this asset.

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NOTES TO THE FINANCIAL STATEMENTS
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11. BUSINESS UNDERTAKINGS – JOINT VENTURES

a) *Independence Group/ BHP Billiton Minerals Ltd joint venture*
The Company has entered into a joint venture agreement with Independence Group NL (IGO). During the year it was agreed that IGO could complete the initial earning phase under the joint venture agreement by issuing 200,000 fully paid ordinary (IGO) shares to the Company. The IGO shares were issued on 23 March 2007 and accordingly IGO became entitled to a 51% interest in the joint venture tenements.

The current exploration licences covered by the agreement are South Australian exploration licences EL 3829 (formerly EL 2910) and EL 3031.

The total expenditure commitments for the above exploration licences at 30 June 2007, to be funded by IGO, amount to $153,000.

In February 2007, BHP Billiton Minerals Ltd (BHPB) farmed into the East Musgrave Project joint venture. Under the terms of the new joint venture agreement, BHP can earn 65% interest in the East Musgrave Project by spending $25 million or by delivering a bankable feasibility study within 10 years.

Upon BHPB earning its interest, equity in the East Musgrave Project will be BHPB 65%, IGO 17.85% and Goldsearch 17.15%.

The current exploration licence applications covered by the agreement are South Australian ELAs 35, 198, 260, 262, 336-343 and 534.

The total annual expenditure commitments for the above exploration licence applications (should they be granted), to be funded by BHPB, amount to $2,009,512.

b) *Central West joint venture*
The Company has entered into a Heads of Agreement with Central West Gold NL (CWG) in relation to a joint venture to explore the uranium, base metal and gold potential of EPMs 14019, 14022 and 15257 (Mary Kathleen). At 30 June 2007 Goldsearch has expended $246,180 which is sufficient to have earned 75% equity in these tenements.

c) *Rex Minerals (Victoria) Ltd joint venture*
Subsequent to balance date the Company has accepted an offer from Rex Minerals (Victoria) Limited (REX) a wholly owned subsidiary of Rex Minerals Limited (RML) to acquire the Company's remaining interest in the St Arnaud tenement EL 4669, Victoria.

The consideration is the issue to Goldsearch Limited of 500,000 fully paid RML shares together with 500,000 options, each option giving Goldsearch the right to purchase a share in RML on or before 30 June 2011, by the payment of 30 cents per option.

d) *Queensland Mining Corporation joint venture*
Goldsearch has signed a joint venture agreement with North Queensland Mines Pty Ltd, now Queensland Mining Corporation (QMC) on exploration permit EPM 13336 and exploration permit application EPMA 15718 whereby QMC can earn 70% and 75% respectively by spending $750,000 over the first two years to 31 May 2008 and issuing Goldsearch the following options:-

- One million fully paid QMC shares on signing of the agreement plus two million options over QMC shares exercisable at 50 cents each at any time until their expiry on 30 November 2009.

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11. BUSINESS UNDERTAKINGS – JOINT VENTURES (continued)

d) *Queensland Mining Corporation joint venture (continued)*

- If, at any time prior to 30 June 2012, QMC establishes a proven JORC resource equal to two million tonnes of ore with an equivalent grade of 2% copper then QMC will issue Goldsearch a further one million options exercisable at 50 cents each for two years following the date of their issue.

In addition, if QMC establishes a proven JORC resource equal to five million tonnes of ore with an equivalent grade of 2% copper then, QMC will issue Goldsearch with a further two million options exercisable at 50 cents each for two years following the date of their issue.

Goldsearch at all times retains a 25% interest in the tenements.

12. EXPLORATION TENEMENTS

Expenditure commitments
In order to maintain current rights of tenure to the various exploration interests held by the Company, the Company is required to perform exploration work to meet the minimum expenditure requirements specified by the issuing authority. These commitments are agreed to, and accepted by, the licence holder at the time a licence is granted.

Minimum expenditure requirements to retain current rights of tenure to granted tenements for the year ending 30 June 2008, and the parties responsible for funding that expenditure, are as follows:-

• EL 3829	South Australia	$ 180,000	to be funded 51% by IGO and 49% by Goldsearch
• EL 3031	South Australia	$ 120,000	to be funded 51% by IGO and 49% by Goldsearch
• EPM 13336	Queensland	$ 145,000	to be funded by Queensland Mining Corporation Ltd
• EPM 14019	Queensland	$ 120,000	to be funded by Goldsearch Limited
• EPM 14022	Queensland	$ 120,000	to be funded by Goldsearch Limited
• EPM 15257	Queensland	$ 2,000	to be funded by Goldsearch Limited
• EPM 15850	Queensland	$ 80,000	to be funded by Goldsearch Limited
• EL 4812	Victoria	$ 23,000	to be funded by Goldsearch Limited
• EL 4843	Victoria	$ 15,750	to be funded by Goldsearch Limited
• EL 4669	Victoria	$ 24,000	to be funded by Rex Minerals Limited
		$ 829,750	

The Company has also made application for further exploration tenements. Whilst no formal expenditure commitment exists until licences are granted and access agreements are in place, should all of these applications be granted, an additional minimum annual expenditure requirement of $2,282,412 would arise. Of this additional minimum annual expenditure requirement $2,022,012 would be funded by the joint venture arrangements set out in Note 11 with the Company being obliged to fund the remainder.

The above obligations, relating to both granted tenements and applications, are not provided for in the financial statements and are payable as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS
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	2007	2006
	$	$

13. COMMITMENTS FOR EXPENDITURE

Operating lease commitments:

Non-cancellable lease contracted for but not capitalised in the accounts:-

	2007 $	2006 $
Rental of premises -		
Not later than 1 year	43,406	21,418
Later than 1 year and not later than 5 years	22,024	-
	65,430	21,418

Exploration expenditure commitments:

In order to maintain current rights of tenure to granted exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial statements and are payable:

	2007 $	2006 $
Not later than 1 year	829,750	687,350
Later than 1 year and not later than 5 years	450,750	320750
	1,280,500	1,008,100

As detailed in Notes 11 and 12 these exploration expenditure commitments are largely funded by existing joint venture arrangements.

14. CURRENT LIABILITIES – PAYABLES

	2007 $	2006 $
Trade creditors	138,466	65,520
Sundry creditors and accruals	19,197	18,972
	157,663	84,492

The above amounts all relate to normal unsecured creditors incurred in the normal course of the Company's business operations and are within the credit terms of each relevant supplier or service provider.

15. CURRENT LIABILITIES – PROVISIONS

	2007 $	2006 $
Employee benefits	24,216	30,000

Number of employees

	2007	2006
Number of employees at year end	2	2

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NOTES TO THE FINANCIAL STATEMENTS
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16. ISSUED CAPITAL

	2007 $	2006 $
(a) Issued shares:		
274,814,022 ordinary fully paid shares at beginning of year (2006: 183,209,348)	22,484,465	19,979,782
Issued during the year:		
91,604,674 ordinary shares issued at a price of 3 cents each	-	2,748,138
4,541,900 ordinary shares issued at a price of 5 cents each	227,095	-
800,000 ordinary shares issued at a price of 5.5 cents each	44,000	-
Share issue costs	-	(243,455)
280,155,922 ordinary fully paid shares at end of year (2006: 274,814,002)	22,755,560	22,484,465
(b) Issued options:		
Issue price of options issued in prior years and which have expired	2,745,074	2,745,074
At reporting date	25,500,634	25,229,539

(c) Movement in issued shares during the year

Date	Details	Number of shares	Number of shares
1 July	opening balance	274,814,022	183,209,348
22/31 March 2006	ordinary shares issued	-	91,604,674
January to June 2007	ordinary shares issued on exercise of quoted options	4,541,900	-
30 June 2007	ordinary shares issued	800,000	-
30 June	closing balance	280,155,922	274,814,022

Holders of ordinary shares are entitled to participate in dividends when declared and are entitled to one vote per share, either in person or by proxy, at shareholder meetings. In the event of winding up the Company, ordinary shareholders are ranked after all other creditors and are entitled to any proceeds of liquidation in proportion to the number of and amounts paid on the shares held.

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16. ISSUED CAPITAL (continued)

(d) Movement in issued share options during the year:

Total options granted but not exercised as at 30 June 2007 are as follows:

Date	Details	Exercise price	Expiry date	Number
Quoted options (f)				
1 July 2006	opening balance	5 cents	31 October 2007	91,604,674
17 January 2007	options exercised	5 cents	31 October 2007	(4,428,400)
24 January 2007	options exercised	5 cents	31 October 2007	(100,000)
30 January 2007	options exercised	5 cents	31 October 2007	(5,000)
23 April 2007	options exercised	5 cents	31 October 2007	(1,250)
12 June 2007	options exercised	5 cents	31 October 2007	(1,000)
30 June 2007	options exercised	5 cents	31 October 2007	(6,250)
30 June 2007	closing balance	5 cents	31 October 2007	87,062,774
Unquoted options (f)				
1 July 2006	opening balance			-
18 July 2006	options issued	5.5 cents	30 June 2007	800,000
18 July 2006	options issued	7.5 cents	30 June 2008	800,000
18 July 2006	options issued	10 cents	30 June 2009	400,000
7 December 2006	options issued	5.5 cents	31 January 2010	8,000,000
7 December 2006	options issued	7.5 cents	31 January 2010	8,000,000
30 June 2007	options exercised	5.5 cents	30 June 2007	(800,000)
30 June 2007	closing balance	Weighted average exercise price 6.4 cents	Various	17,200,000

(e) Uncalled capital :

No calls are outstanding at year end. All issued shares are fully paid.

(f) Terms and conditions of quoted and unquoted options:

All the current quoted and unquoted options entitle the holders to subscribe for one fully paid share in the Company, the conditions attached at the time of the issue of each of the options specify the exercise price, the vesting period and the expiry date.

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FOR THE YEAR ENDED 30 JUNE 2007

17. RESERVES

	2007 $	2006 $
Available-for-sale investments revaluation reserve.		
Balance at beginning of financial year	355,082	-
Unrealised gain on investment	1,063,020	355,082
Adjustment on sale of investment	(4,416)	-
Balance at end of financial year	1,413,686	355,082

Changes in the fair value of investments classified as available-for-sale financial assets are taken to the available-for-sale investments revaluation reserve. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

	2007 $	2006 $
Share-based payment reserve.		
Balance at beginning of financial year	-	-
Expensing of options issued	425,560	-
Balance at end of financial year	425,560	-

The fair value of equity settled share-based payments to consultants and directors or their associates are recognised in the income statement on a straight line method over their vesting periods (refer to Note 18).

	2007 $	2006 $
Total reserves	1,839,246	355,082

18. SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2007:

On 18 July 2006, 2,000,000 share options were granted to the Exploration Manager on his appointment as an officer of the Company. 800,000 options are exercisable at 5.5 cents per share at any time prior to their expiry on 30 June 2007, 800,000 options are exercisable at 7.5 cents per share at any time prior to their expiry on 30 June 2008, and 400,000 options are exercisable at 10 cents per share at any time prior to their expiry on 30 June 2009. The options hold no voting or dividend rights and are not transferable. At reporting date, the first 800,0000 options were exercised and $44,000 was received.

On 7 December 2006, 16,000,000 share options were granted to directors and consultants or their associates as approved by shareholders at the annual general meeting held on 30 November 2006. The first 8,000,000 of these options vested on 1 February 2007 and are exercisable at 5.5 cents per share at any time after the vesting date until their expiry on 31 January 2010. The other 8,000,000 options vest on 1 February 2008 and are exercisable at 7.5 cents per share at any time after the vesting date until their expiry on 31 January 2010. The options hold no voting or dividend rights and are not transferable. At reporting date, none of the vested options had been exercised.

The following share-based payment arrangements were in existence during the period:

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date (cents)
(1) Issued 18 July 2006	800,000	18/07/06	30/06/07	0.055	1.1
(2) Issued 18 July 2006	800,000	18/07/06	30/06/08	0.075	1.9
(3) Issued 18 July 2006	400,000	18/07/06	30/06/09	0.100	2.2
(4) Issued 7 December 2006	8,000,000	07/12/06	31/01/10	0.055	3.4
(5) Issued 7 December 2006	8,000,000	07/12/06	31/01/10	0.075	3.1

18. SHARE-BASED PAYMENTS (continued)

The weighted average fair value of the share options granted during the financial year is 3.07 cents (2006: Nil). Options were priced using a Black Scholes option pricing model. Expected volatility is based on the historical share price volatility.

Inputs into the model	Options Series (1)	Options Series (2)	Options Series (3)	Options Series (4)	Options Series (5)
Grant date share price	3.5cps	3.5cps	3.5cps	4.9cps	4.9cps
Exercise price	5.5cps	7.5cps	10cps	5.5cps	7.5cps
Expected volatility	114%	132%	131%	114%	114%
Option life	12 months	24 months	36 months	48 months	48 months
Dividend yield	0%	0%	0%	0%	0%
Risk-free interest rate	5.6%	5.6%	5.6%	5.85%	5.85%

The following reconciles the outstanding share options granted at the beginning and end of the financial year:

	2007		2006	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of financial year	-	-	-	-
Granted during the financial year	18,000,000	0.066	-	-
Forfeited during the financial year	-	-	-	-
Exercised during the financial year (i)	800,000	0.055	-	-
Balance at end of the financial year	17,200,000	0.063	-	-
Exercisable at end of the financial year	9,200,000	0.059	-	-

(i) Exercised during the year

The following share options granted as remuneration were exercised during the financial year:

Options series	Number exercised 2007	Number exercised 2006	Exercise date 2007	Exercise date 2006	Share price at exercise date $ 2007	Share price at exercise date $ 2006
(1) Issued 18 July 2006	800,000	-	30 June 2007	-	0.10	-

Recognition of share based payments expense

The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 2 ‘Share-based Payment’. The Standard requires the value of the options to be determined at grant date and to be recognised as an expense in the income statement over the vesting period. Consequently a share option expense of $425,560 (2006: Nil) was recognised and expensed for the year, $304,001 directly in the income statement while the balance $121,559 was capitalised to the balance sheet as part of the remuneration of the remuneration of the Exploration Manager and the Director-Operations.

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NOTES TO THE FINANCIAL STATEMENTS
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19. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Names and positions held by key management personnel in office at any time during the financial year are:

Directors

J.Landerer,CBE AM	Non-executive chairman
A.G. Harris	Non-executive director
R.B. Leece, AM RFD	Non-executive director
T.V. Willsteed	Non-executive director
J.M.E Percival	Executive director – 'Director-Operations'

Executives

H.Hellewell	'Exploration Manager'

b) Director remuneration

	Short-term benefits Salary, fees & commissions	Post-employment benefits Superannuation contribution	Other long-term benefits	Termination benefits	Share-based payments	Total
2007						
J. Landerer, CBE AM	22,018	1,982	-	-	97,500	121,500
A.G. Harris	24,000	-	-	-	65,000	89,000
R.B. Leece, AM RFD	22,018	1,982	-	-	65,000	89,000
J.M.E. Percival	182,018	16,381	-	-	97,500	295,899
T.V. Willsteed	24,000	-	-	-	65,000	89,000
Total	274,054	20,345	-	-	390,000	684,399
2006						
J. Landerer, CBE AM	22,018	1,982	-	-	-	24,000
A.G. Harris	33,000	-	-	-	-	33,000
R.B. Leece, AM RFD	22,018	1,982	-	-	-	24,000
J.M.E. Percival	108,685	9,782	-	-	-	118,467
T.V. Willsteed	24,000	-	-	-	-	24,000
Total	209,721	13,746	-	-	-	233,467

12,000,000 remuneration options have been issued during the year to directors (refer Note 16(d)). No shares have been issued on the exercise of remuneration options.

c) Executive remuneration

	Short term benefits Salary& fees	Post-employment benefits Superannuation contributions	Other long-term benefits	Termination benefits	Salary based payments	Total
2007						
H. Hellewell	127,572	-	-	-	32,800	160,372
2006						
T.A. Leahey	1,485	-	-	-	-	1,485
H. Hellewell	29,211	-	-	-	-	29,211
	30,696	-	-	-	-	30,696

2,000,000 remuneration options have been issued during the year (refer Note 16(d)). On 30 June 2007 800,000 remuneration option were exercised at a price of 5.5 cents per option (refer to Note 16(d)).

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19. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

d) Options and rights holdings

Number of options held by key management personnel

Directors	**Balance 01/07/06**	**Granted as remuneration**	**Options exercised**	**Net change other**	**Balance 30/06/07**	**Vested at 30/06/07**	**Exercisable at 30/06/07**
J. Landerer, CBE AM	2,258,750	3,000,000	-	-	5,258,750	3,758,750	3,758,750
A.G. Harris	55,000	2,000,000	-	-	2,055,000	1,055,000	1,055,000
R.B. Leece, AM RFD	1,667,000	2,000,000	-	-	3,667,000	2,667,000	2,667,000
J.M.E. Percival	2,040,122	3,000,000	-	(445,000)	4,595,122	3,095,122	3,095,122
T.V. Willsteed	1,154,000	2,000,000	-	-	3,154,000	2,154,000	2,154,000
	7,174,872	12,000,000	-	(445,000)	18,729,872	12,729,872	12,729,872
Executives							
H. Hellewell	934,000	2,000,000	(800,000)	-	2,134,000	2,134,000	2,134,000

e) Shareholdings

Number of shares held by key management personnel

Directors	Balance at 01/07/06	Received as remuneration	Options Exercised	Net change other	Balance at 30/6/07
J. Landerer, CBE AM	6,710,251	-	-	1,000,000	7,710,251
A.G. Harris	165,000	-	-	-	165,000
R.B. Leece, AM RFD	10,329,465	-	-	-	10,329,465
J.M.E. Percival	4,942,122	-	-	(820,779)	4,121,343
T.V. Willsteed	2,154,000	-	-	-	2,154,000
	24,300,838	-	-	179,221	24,480,059
Executives					
H. Hellewell	958,250	-	800,000	-	1,758,250

f) Remuneration practices

The Company's policy for determining the nature and amounts of emoluments of directors and senior executives of the Company is as follows;

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including the length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and nominated directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, nominated directors and executives are paid employee benefit entitlements accrued to date of retirement.

Executive directors and senior executives may receive bonuses based on the achievement of specific performance hurdles. There is no separate profit-share plan.

The constitution provides that the remuneration of non-executive directors will not be more than the aggregate fixed sum determined by a general meeting of shareholders. The aggregate remuneration has been set at an amount of $100,000 per annum.

Performance based remuneration is paid by way of incentive options. (Note 1(m))

20. REMUNERATION OF AUDITORS

	2007 $	2006 $
Amounts received or due and receivable by the auditors for:		
- auditing the accounts	31,500	33,985
- other services	-	-
	31,500	33,985

21. ECONOMIC DEPENDENCY

The Company's principal activities are mineral exploration and investment. Other than interest derived from funds on deposit the Company does not derive income from any trading activity and is dependent upon the support of shareholders and the market to finance its on-going exploration program.

22. CONTINGENT LIABLITIES

The Company operations are subject to significant environmental regulation under the Laws of the Commonwealth and State. Presently, rehabilitation bonds for a value of $40,000 have been lodged over certain leases held by the Company in favour of the Department of Industry and Resources over certain tenements. It is anticipated that these bonds will not be called on as the Company maintains a strict policy of appropriate rehabilitation over its exploration sites. The Company's activities involve low level disturbance associated with its exploration drilling programs, as it is not presently involved in any mining activities.

Otherwise the directors are not aware of any potential liabilities or claims against the Company as at the date to which these financial statements are made up.

23. RELATED PARTY TRANSACTIONS

The names of persons who were directors of the Company at any time during the year and to the date of these financial statements are:

J. Landerer, CBE AM
J.M.E. Percival
A.G. Harris
R.B. Leece, AM RFD
T.V. Willsteed

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

(a) Key management personnel related entity transactions

Mr J. Landerer, CBE AM is the senior partner of Landerer & Company. Landerer & Company act as solicitors to the Company. Charges for services provided during the year amounted to $26,006 (2006: $45,736).

The Company employs Ms J Gregan, spouse of Mr J.M.E. Percival. Ms Gregan's employment agreement is in accordance with normal market terms and conditions.

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23. RELATED PARTY TRANSACTIONS (continued)

Key management personnel and their related entities hold directly, indirectly or beneficially as at the reporting date the following interests in the Company:

	Ordinary shares		Quoted share options		Unquoted share options	
Directors	**Direct**	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**
J. Landerer, CBE AM	4,277,904	3,432,347	1,447,968	810,782	-	3,000,000
A.G. Harris	165,000	-	55,000	-	2,000,000	-
R.B. Leece, AM RFD	-	10,329,465	-	1,667,000	-	2,000,000
J.M.E. Percival	3,000	4,118,343	1,000	1,594,122	-	3,000,000
T.V. Willsteed	-	2,154,000	-	1,154,000	-	2,000,000

Movements in these holding during the year were as follows:

(i) Acquisitions

	Ordinary shares		Quoted share options		Unquoted share options	
	Direct	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**
J. Landerer, CBE AM	-	1,000,000	-	-	-	3,000,000
A.G. Harris	-	-	-	-	2,000,000	-
R.B. Leece, AM RFD	-	-	-	-	-	2,000,000
J.M.E. Percival	-	1,000,000	-	500,000	-	3,000,000
T.V. Willsteed	-	-	-	-	-	2,000,000

(ii) Sales/expired

	Ordinary shares		Quoted share options		Unquoted share options	
	Direct	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**
J. Landerer, CBE AM	-	-	-	-	-	-
A.G. Harris	-	-	-	-	-	-
R.B. Leece, AM RFD	-	-	-	-	-	-
J.M.E. Percival	-	1,820,779	-	945,000	-	-
T.V. Willsteed	-	-	-	-	-	-

24. STATEMENT OF CASH FLOWS

(a) Reconciliation of cash:

For the purposes of the statement of cash flows, cash includes:

(i) cash on hand and at bank, cash on deposit, net of outstanding bank overdrafts; and
(ii) investments in money market instruments with 30 days or less to maturity.

Cash as at the end of the financial year as shown in the cash flow statement flows is reconciled to the related items in the statement of financial position as follows:

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24. STATEMENT OF CASH FLOWS (continued)

Cash at 30 June 2007 is shown in the balance sheet as:

	2007 $	2006 $
Cash on hand	600	600
Cash at bank	859,427	1,747,728
Deposit at call	57,606	46,368
	917,633	1,794,696

(b) Reconciliation statement:
A reconciliation of "net cash used in operating activities" to "loss after income tax" is as follows:

	2007 $	2006 $
Loss after income tax	(580,511)	(1,198,259)
Add/(less)		
Depreciation	11,394	6,479
Write-off of capitalised exploration expenditure	945,309	1,247,627
Net gain on disposal of investments	(75,253)	(514,448)
Joint venture income as shares Note 24(c)	(1,161,480)	-
Share-based payment	304,001	-
Changes in assets and liabilities :		
(Increase)/decrease in receivables	(10,755)	(5,105)
Increase/(decrease) in provisions	(6,461)	12,540
(Increase)/decrease in prepayments	(461)	4,445
Increase/(decrease) in trade creditors and accruals net of exploration expenditure	(4,320)	3,707
Net cash (used in)/provided by operating activities	(578,537)	(443,014)

The Company does not have any formal loan facilities in place at the date of these financial statements.

(c) Non-cash financing and investing activities

(i) During the financial year ended 30 June 2007 the Company received 200,000 Independence Group NL (IGO) fully paid ordinary shares from IGO as agreed consideration for IGO to complete the earning of a 51% interest in certain designated exploration tenements held by the Company (refer note 11(a)).

(ii) During the financial year ended 30 June 2007 the Company received 1,000,000 fully paid ordinary shares in an unlisted public company Queensland Mining Corporation Limited, which is currently seeking admission to the official list of ASX Limited, as part consideration for entering into a joint venture agreement over one of the Company's exploration tenements (refer note 11(d)).

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25. EARNINGS PER SHARE

	2007	2006
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Basic earnings/(loss) per share	(0.21c)	(0.58c)
Diluted earnings/(loss) per share	(0.21c)	(0.58c)
Weighted average number of ordinary shares outstanding during the year used to calculated basic and diluted EPS	276,861,574	206,737,266
Loss from continuing operations used to calculated basic EPS and diluted EPS	$(580,511)	$(1,198,259)

Options:
As at 30 June 2007 the Company had on issue 87,062,774 (2006: 91,604,674) quoted options and 17,200,000 (2006: Nil) unquoted options over unissued capital. Refer to Note 16 for further details.

26. SEGMENT INFORMATION

The Company operates its mineral exploration division predominantly in two geographical segments, Australia and Philippines while the Company investments division is predominantly in Australia. Industries segment information is as follows:

	Mineral exploration Australia	Mineral exploration Philippines	Other Investment	Unallocated	Total
2007					
Revenue	1,186,480	-	94,753	66,078	1,347,311
Results	967,604	(735,433)	94,753	(907,435)	(580,511)
Assets	1,682,251	-	2,633,385	1,022,769	5,338,405
Liabilities	96,768	-	-	85,111	181,879
Acquisition of non – current assets	1,083,666	129,799	945,940	20,452	2,179,857
Depreciation	126	-	-	11,394	11,520
Other non-cash expense	218,876	735,433	-	304,001	1,258,310
2006					
Revenue	-	-	539,948	28,831	568,779
Results	(1,247,627)	-	514,448	(465,080)	(1,198,259)
Assets	1,023,230	399,865	812,085	1,871,921	4,107,101
Liabilities	-		-	125,323	125,323
Acquisition of non – current assets	421,546	395,441	398,784	3,988	1,219,759
Depreciation	20	-	-	6,479	6,499
Other non-cash expense	1,247,627	-	-	-	1,247,627

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27. FRANKING CREDITS

	2007 $	2006 $
Adjusted franking account balance (tax paid basis)	43,286	34,929

28. Controlled entities

	Country of incorporation	Percentage owned
Parent entity:		
Goldsearch Limited	Australia	-
Controlled entities:		
Caytale Pty Limited (i)	Australia	100%
Chiljill Pty Limited (i)	Australia	100%
Miltonpak Pty Limited (i)	Australia	100%

(i) The above subsidiary companies have no activities other than as holders of exploration rights on certain tenements.

Separate consolidated accounts of the economic entity formed by the Company and these wholly owned subsidiaries have not been prepared on the grounds of immateriality.

29. FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

The Company is exposed to interest rate risk through primary financial assets and financial liabilities. The following table summarises the interest rate risk for the Company, together with the effective weighted average interest rate for each class of financial assets and liabilities.

2007	Note	Floating interest rate	Fixed interest maturing in		Non interest bearing	Total
			1 year or less	over 1 to 5 years		
		$	$	$	$	$
Financial assets						
Cash	24	860,027	57,606	-	-	917,633
Receivables	6	-	-	-	44,007	44,007
Investments-non-listed securities	9	-	-	-	200,885	200,885
Investment-listed securities	9	-	-	-	2,432,500	2,432,500
Total financial assets		860,027	57,606	-	2,677,392	3,595,025
Weighted average interest rate		4.89%	5.07%	-	-	-
Financial liabilities						
Trade and sundry creditors	14	-	-	-	157,663	157,663
Total financial liabilities		-	-	-	157,663	157,663
Weighted average interest rate		-	-	-	-	-
Net financial assets		860,027	57,606	-	2,519,729	3,437,362

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

29. FINANCIAL INSTRUMENTS (continued)

2006	Note	Floating interest rate	Fixed interest maturing in: 1 year or less	Fixed interest maturing in: over 1 to 5 years	Non interest bearing	Total
		$	$	$	$	$
Financial assets						
Cash	24	1,672,536	46,368	-	75,792	1,794,696
Receivables	6	-	-	-	33,252	33,252
Investments-non-listed securities	9	-	-	-	885	885
Investment-listed securities	9	-	-	-	811,200	811,200
Total financial assets		1,672,536	46,368	-	921,129	2,640,033
Weighted average interest rate		4.44%	1.69%	-	-	
Financial liabilities						
Trade and sundry creditors	14	-	-	-	84,492	84,492
Total financial liabilities		-	-	-	84,492	84,492
Weighted average interest rate		-	-	-	-	
Net financial assets		1,672,536	46,368	-	836,637	2,555,541

	2007	2006
	$	$
Reconciliation of net financial assets to net assets:		
Net financial assets detailed above	3,437,362	2,555,541
Non-financial assets and liabilities:		
Other assets	38,279	30,055
Property, plant and equipment	22,850	13,918
Capitalised exploration expenditure	1,682,251	1,423,095
Provision for employee entitlements	(24,216)	(40,831)
Net assets per balance sheet	5,156,526	3,981,778

(b) Net fair values of financial assets and liabilities

(i) The net fair values of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximate their carrying values as disclosed in the balance sheet and the notes to the financial statements.

(ii) Listed investments have been valued at the quoted market bid price at balance date. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment. (refer to Note 9)

29. FINANCIAL INSTRUMENTS (continued)

(c) Foreign exchange risk exposure

The Company is not exposed to any currency exchange risk through primary financial assets or liabilities or anticipated future transactions.

(d) Credit risk exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

Receivables due from major debtors are not normally secured by collateral, however the credit worthiness of debtors is monitored.

30. REHABILITATION COSTS

No known commitments for rehabilitation costs exist as at the date of preparation of these financial statements. (Refer to Note 22)

DIRECTORS' DECLARATION

The directors of Goldsearch Limited declare that:

1. The financial statements and associated notes for the financial year ended 30 June 2007:

   (a) are in accordance with the Corporations Act 2001;

   (b) comply with Accounting Standards and the Corporations Regulations 2001; and

   (c) give a true and fair view of the financial position of the Company as at 30 June 2007 and the performance of the Company for the financial year then ended.

2. The chief executive officer/chief financial officer has declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. 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.

This declaration is made in accordance with a resolution of the directors.

On behalf of the directors

J. Landerer CBE AM
Director

J. M. E. Percival
Director

Sydney,
17 September 2007

William Buck
Business Advisors
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Goldsearch Limited

Report on the Financial Report

We have audited the accompanying financial report of Goldsearch Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

William Buck
Business Advisors
Chartered Accountants

Auditor's Opinion

In our opinion:

a) The financial report of Goldsearch Limited is in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of Goldsearch's financial position as at 30 June 2007 and of its performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Inherent Uncertainty Regarding Exploration Expenditure

The Company is involved with the conduct of continuing exploration and evaluation procedures in order to assess the existence and economic recoverability of minerals in its areas of interest. In accordance with the Company's accounting policy outlined in Note 1(g), exploration expenditure of $1,682,251 (30 June 2006: $1,423,095) has been carried as a non current asset (refer Note 10). The recovery of these exploration costs is uncertain as it is dependent upon the successful development and exploitation, or sale, of the areas of interest.

William Buck
Chartered Accountants

Simon Hourigan
Partner

Dated this 17th day of September 2007.

Melbourne, Australia.