

22 April 2010

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

Via ASX Online

Number of pages – 3

Dear Sir,

Musgrave Block, South Australia – agreement with MTH and IGO

Attached is an ASX release advising that Goldsearch Limited has today entered into a heads of agreement with Mithril Resources Limited (MTH) and Independence Group NL (IGO) to form a new company, Musgrave Minerals Limited, to acquire and explore their combined interests in the Musgrave Block region of South Australia with the exploration to be financed by an initial public offering (IPO) of Musgrave Minerals Limited.

In the absence of this agreement the Company was unlikely to be in a position to provide the level of exploration funding required to fully explore the tenements within the Musgrave Block joint venture. The heads of agreement provide the best opportunity for further substantial exploration to be undertaken on the Company's Musgrave tenements and potentially add substantial value to the Company.

For and on behalf of the directors of  
Goldsearch Limited



P S Hewson  
Secretary

Thursday, 22 April 2010

## ASX RELEASE

# Formation of Musgrave Minerals Limited and IPO

## KEY POINTS

- **Goldsearch, Mithril Resources Limited (ASX: MTH) and Independence Group NL (ASX: IGO) have agreed to join forces to accelerate exploration in the highly prospective Musgrave region of South Australia by agreeing to form Musgrave Minerals Limited.**
- **On Thursday, 22 April 2010 Goldsearch, Mithril and Independence entered a binding heads of agreement to form Musgrave Minerals Limited.**
- **Initial interests in Musgrave Minerals will be Mithril 40%, Independence 30.6% and Goldsearch 29.4% and each company will be represented on the Board.**
- **Each company will assign their respective tenements in the Musgrave region to Musgrave Minerals.**
- **Musgrave Minerals will be a dedicated mineral explorer in the Musgrave Region of South Australia with exploration interests covering more than 50,000 square kilometres in this under-explored terrain.**
- **Musgrave Minerals will conduct an initial public offering (IPO) of shares to raise \$10 million and will seek admission to the official list of the ASX and quotation of its shares.**

The heads of agreement provides that Goldsearch and Independence Group will assign their respective interests in the tenements the subject of the Musgrave Joint Venture, and Mithril Resources will assign its respective tenements in the Musgrave region to a yet to be incorporated company to be called Musgrave Minerals Limited.

The heads of agreement propose that Musgrave Minerals is to be listed on or before 30 April 2011.

The heads of agreement provide an obligation upon each party to fund seed capital in Musgrave Minerals and Goldsearch has an obligation of an amount of \$58,800.



Upon formation of Musgrave Minerals in consideration of the payment by each company of their seed capital;

1. Goldsearch will be issued 1,176,000 ordinary shares in Musgrave Minerals at \$0.05 per share;
2. Independence Group will be issued 1,224,000 ordinary shares in Musgrave Minerals at \$0.05 per share; and
3. Mithril will be issued 1,600,000 ordinary shares in Musgrave Minerals at \$0.05 per share.

The parties shall be entitled to subscribe to further seed capital at \$0.10 per share.

There are no other binding financial commitments for Goldsearch in the heads of agreement although the Company does have a positive obligation to provide further unspecified funds in proportion to each party's shareholding to facilitate the listing. Upon formation of Musgrave Minerals;

1. Goldsearch will assign its interests in its Musgrave Block tenements to Musgrave Minerals in consideration of the issue of 3,675,000 ordinary shares in such company together with 1,837,000 options exercisable at \$0.25 per share at any time within 5 years of the issue;
2. Independence Group will assign its interests in its Musgrave Block tenements to Musgrave Minerals in consideration of the issue of 3,825,000 ordinary shares in Musgrave Minerals together with 1,912,500 options exercisable at \$0.25 per share at any time within 5 years of the issue; and
3. Mithril will assign its interests in its Musgrave tenements to Musgrave Minerals in consideration of the issue of 5,000,000 ordinary shares in Musgrave Minerals together with 2,500,000 options exercisable at \$0.25 per share at any time within 5 years of the issue.

In order to enter the agreement Goldsearch and Independence Group have waived their rights of pre-emption contained in the Musgrave Joint Venture.

Goldsearch, Mithril and Independence Group must continue to maintain their respective tenements until their assignment to the new company Musgrave Minerals.

If Musgrave Minerals fails to list by 30 April 2011 any party may terminate the agreement and each tenement will revert to the party who currently holds it.

*For more information contact:*

*John Percival*

*Executive Director*

*Goldsearch Limited*

*02 9241 5999*