

GOLDSEARCH LIMITED



Duststorm over the Olgas

2003 ANNUAL REPORT

GOLDSEARCH LIMITED
ABN 73 006 645 754

CORPORATE DIRECTORY

The Company's shares are quoted on the official list of the Australian Stock Exchange Limited. Home exchange is Melbourne.

ASX code is GSE.

DIRECTORS

John Landerer CBE AM (non-executive chairman)
Albert George Harris (non-executive director)
Robert Burgess Leece AM RFD (non-executive director)
John Morgan Edwin Percival (executive director)

SECRETARY

Paul Stewart Hewson

ACTING GENERAL MANAGER – OPERATIONS

John Morgan Edwin Percival

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SOLICITORS

Landerer & Company, Solicitors and Attorneys
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BANKERS

Commonwealth Bank of Australia Limited
Stock Exchange Branch, Sydney

ANNUAL GENERAL MEETING

The 2003 annual general meeting of the members of Goldsearch Limited will be held in the Darwin Suite at The All Seasons Premier Menzies Hotel, 14 Carrington Street, Sydney on Thursday 20 November 2003 at 11.00am.

A formal notice of meeting and proxy form is enclosed separately with this report. Light refreshments will be served at the conclusion of the meeting.

CORPORATE CALENDAR

Year end	30 June
Annual accounts	mid-September
Annual report	mid-October
Annual general meeting	mid-November
Quarterly reports	31 January, 30 April, 31 July, 31 October
Half-year report	mid-March

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CHAIRMAN'S STATEMENT



During the year the Company has achieved pleasing advances with a successful fully underwritten capital raising of approximately \$1.4 million and increased exploration activity in New South Wales, Victoria, Queensland and the Musgrave Block areas of the Northern Territory and South Australia. In addition to our Musgrave Block tenements in South Australia, Phelps Dodge Australasia Inc./Red Metal Limited, the Company's joint venture partner, has advanced the Hawks Nest prospect in the Gawler Craton region of South Australia to such a degree that drilling is scheduled to begin during the December quarter on a target which has the potential to be a Broken Hill style deposit.

Clearance was granted during the year by the Central Land Council to carry out work programs in the Northern Territory region of the Musgrave Block. Our joint venture partner Independence Gold NL is currently carrying out ground surveys. The current work program has a budget in excess of \$275,000. We are presently waiting on access permits for two highly prospective tenements that have identified prospects for gold, silver, copper and other base metals. Access is expected during the December quarter and, if all goes according to plan, a full ground survey will commence immediately with expectations of early results. The geology of the Musgrave Block is not widely understood due to the area's remoteness and minimal previous mineral exploration. Much of the present knowledge of the geology is derived from regional mapping, geochemical programs, research projects and remote surveys carried out and sponsored by State or Commonwealth Government agencies approximately 30 years ago.

Independence Gold NL has also recently completed a comprehensive sampling program at De Rose Hill in the South Australian portion of the Musgrave Block with encouraging results for nickel, cobalt and other base metals. A follow-up program is expected to start during the December quarter.

Even though we believe our existing tenements offer exciting possibilities it was decided to continue to actively pursue new areas by applying for a tenement at Windeyer in New South Wales. This tenement covers old workings and, with current mining equipment and geophysical advances, Goldsearch may have the opportunity of adding to the Company's resource base at a minimum cost. We are also actively pursuing joint venture opportunities with other miners who have drill indicated gold resources. The intention is to add to our resource base with early cash flow potential while international perceptions about the precious metals markets are still in the early stages of a major bull cycle. Details of the Company's exploration activities are described in the following Review of Operations.

During this past year gold has appreciated approximately 20% to a present price of US\$380 per ounce with predictions that it will reach US\$450 per ounce during the coming year. The illusion of stability, plenty, peace and security has been shattered by recent events and in this time of international tension the perception about gold, silver and resource investments is gradually improving with interest in investment in gold and resource stocks re-surfacing. This re-awakening could be just the beginning. Continuing economic uncertainties and intensified personal and national security issues will drive an increasing number of investors to protect their capital with gold, silver and precious metal stocks. Your Company is well positioned to take advantage of this new interest and is expecting and planning a significant increase in exploration activities this year.

Your directors are looking to the future with a great deal of confidence and welcome your support and look forward to meeting with you at our annual general meeting on 20 November 2003.

John Landerer CBE AM
Chairman

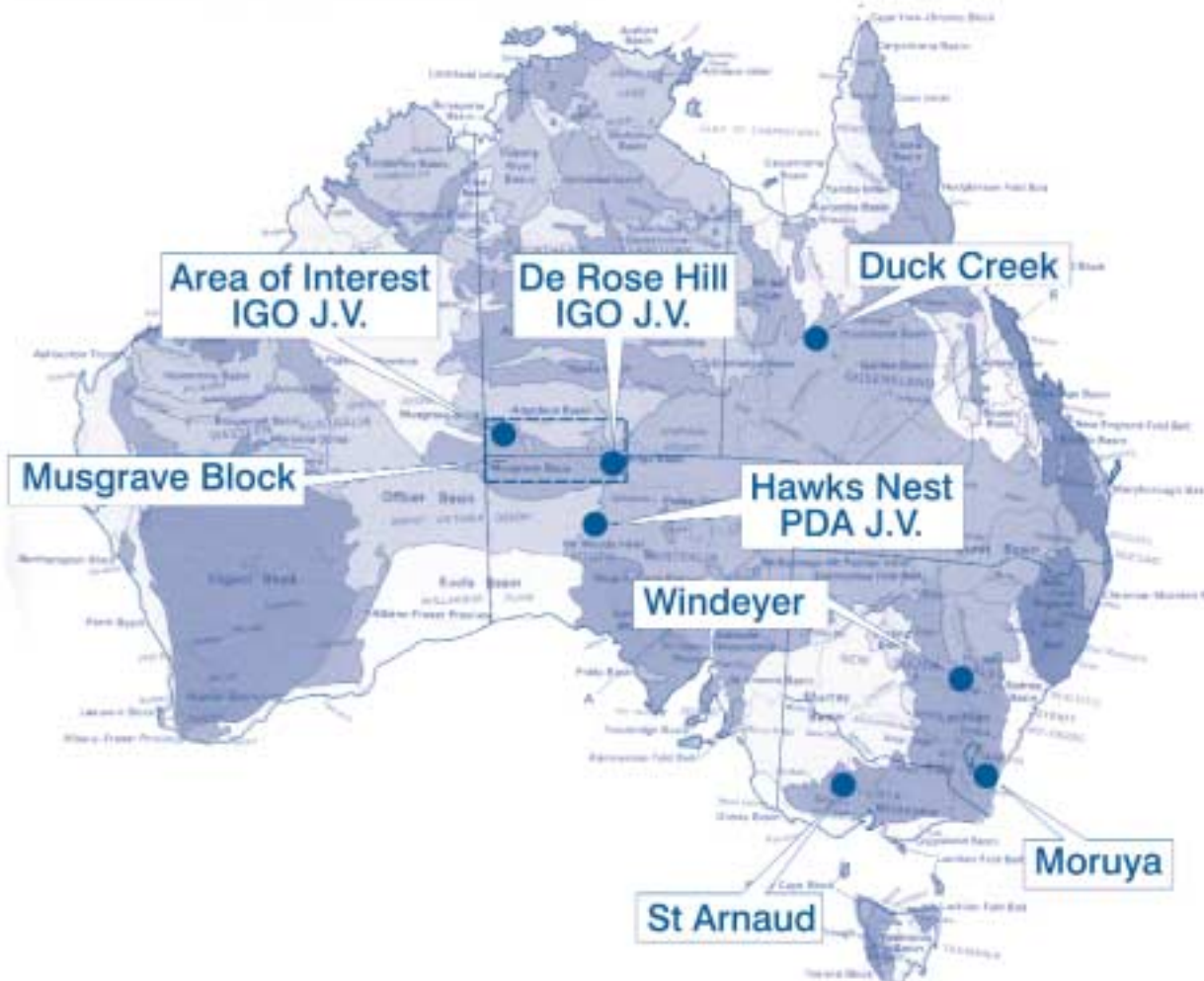
17 October 2003

THE COMPANY

Goldsearch Limited is an Australian public company listed on the Australian Stock Exchange Limited and has the following objectives and policies:

- To undertake grass-roots exploration in Australia with the aim of discovering commercial deposits of minerals and precious metals.
- To establish working relationships with Aboriginal Australians for exploration and mining on native title lands.
- To attract joint venture partners able to contribute experience and skills and share exploration costs so as to maximise value for shareholders.
- To adopt best practices in environmental and community responsibilities.
- To adopt best practices in exploration methods.
- To identify and develop mineral assets and mining operations at an advanced stage of project development to provide rewards commensurate with the high risks inherent in exploration and mining activities.
- To acquire non-producing measured and indicated Australian gold resources having minimal technical and financial risk to provide maximum leverage to higher gold prices.

PROJECT LOCATIONS



SCHEDULE OF MINERAL TENEMENTS

TENEMENT	LOCALITY	DATE OF GRANT	EXPIRY DATE	APPROXIMATE AREA	HOLDER AND % INTEREST
South Australia					
EL 2899	Hawks Nest	05.03.02	04.03.04	340 sq kms	Goldsearch (100%)
EL 2910	De Rose Hill	02.04.03	01.04.04	1,673 sq kms	Goldsearch (100%)
EL 3031	Ungalootanna Hill	17.10.02	16.10.03	469 sq kms	Goldsearch (100%)
ELA 198/96	Mimili	under application		750 sq kms	Goldsearch (50%), Tjuiangnu (50%)
ELA 260/96	Ernabella	under application		500 sq kms	Goldsearch (50%), Tjuiangnu (50%)
ELA 262/96	Indulkana North	under application		350 sq kms	Goldsearch (50%), Tjuiangnu (50%)
ELA 336/96	Wright Hill	under application		650 sq kms	Miltonpak Pty Limited (100%)
ELA 337/96	Streich Hills	under application		2,050 sq kms	Miltonpak Pty Limited (100%)
ELA 338/96	Purndu Hills	under application		600 sq kms	Miltonpak Pty Limited (100%)
ELA 339/96	Punkerrri Hills	under application		1,350 sq kms	Miltonpak Pty Limited (100%)
ELA 340/96	Birksgate Range	under application		2,200 sq kms	Goldsearch (100%)
ELA 341/96	Ayliffe Hill	under application		1,100 sq kms	Goldsearch (100%)
ELA 342/96	Musgrave Ranges	under application		2,250 sq kms	Goldsearch (100%)
ELA 343/96	Echo Hill	under application		1,950 sq kms	Goldsearch (100%)
ELA 534/96	Bull Hill	under application		1,790 sq kms	Caytale Pty Limited (100%)
ELA 35/99	Myall Swamp	under application		540 sq kms	Goldsearch (100%)
SUB TOTAL				18,562 sq kms	
Northern Territory					
EL 9407	East Bloods Range	13.12.01	13.12.07	1,265 sq kms	Chiljill Pty Limited (100%)
ELA 9863	East Bloods Range	under application		232 sq kms	Chiljill Pty Limited (100%)
ELA 9636	Mt Patricia	under application		286 sq kms	Goldsearch (50%), R.Granites (50%)
ELA 10315	Petermann Range	under application		1,500 sq kms	Goldsearch (51%), Allender, Hosking, LeBrun (49%)
ELA 22687	Petermann Range	under application		1,485 sq kms	Goldsearch (51%), Allender, Hosking, LeBrun (49%)
ELA 22688	Petermann Range	under application		1,430 sq kms	Goldsearch (51%), Allender, Hosking, LeBrun (49%)
ELA 22689	Petermann Range	under application		1,528 sq kms	Goldsearch (51%), Allender, Hosking, LeBrun (49%)
ELA 22690	Petermann Range	under application		630 sq kms	Goldsearch (51%), Allender, Hosking, LeBrun (49%)
EL 22710	Petermann Range	15.04.02	15.04.08	449 sq kms	Goldsearch (51%), Allender, Hosking, LeBrun (49%)
Goldsearch can earn a 51% interest by funding exploration for the first year in the following tenements:					
EL 5702	Petermann Range	14.01.02	14.01.08	310 sq kms	Allender, Hosking, LeBrun (100%)
EL 9443	Petermann Range	14.01.02	14.01.08	280 sq kms	Allender, Hosking, LeBrun (100%)
EL 9741	Petermann Range	14.01.02	14.01.08	75 sq kms	Allender, Hosking, LeBrun (100%)
ELA 5701	West Bloods Range	under application		1,210 sq kms	Allender, Hosking, LeBrun (100%)
ELA 5703	West Bloods Range	under application		460 sq kms	Allender, Hosking, LeBrun (100%)
ELA 6847	Petermann Range	under application		580 sq kms	Allender, Hosking, LeBrun (100%)
ELA 9740	Petermann Range	5 year veto (16.07.07)		235 sq kms	Allender, Hosking, LeBrun (100%)
ELA 23783	West Bloods Range	5 year veto (02.12.07)		20 sq kms	Allender, Hosking, LeBrun (100%)
ELA 23785	West Bloods Range	5 year veto (02.12.07)		384 sq kms	Allender, Hosking, LeBrun (100%)
ELA 23786	West Bloods Range	5 year veto (02.12.07)		1,174 sq kms	Allender, Hosking, LeBrun (100%)
SUB TOTAL				13,533 sq kms	
Queensland					
EPM 13336	Duck Creek	16.05.01	16.05.06	131 sq kms	Goldsearch (95%), Hutton (5%)
EPMA 14088	Cloncurry River	under application		20 sq kms	Goldsearch (95%), Hutton (5%)
SUB TOTAL				151 sq kms	
New South Wales					
EL 6027	Moruya	25.11.02	24.11.04	18 sq kms	Goldsearch (100%)
EL 6094	Windeyer	01.07.03	30.06.05	117 sq kms	Goldsearch (100%)
SUB TOTAL				135 sq kms	
Victoria					
ELA 4669	St Arnaud	under application		59 sq kms	Goldsearch (100%)
SUB TOTAL				59 sq kms	
TOTAL				32,440 sq kms	

NB: Chiljill Pty Limited, Miltonpak Pty Limited and Caytale Pty Limited are wholly owned subsidiaries of Goldsearch Limited.

REVIEW OF OPERATIONS

INTRODUCTION

During the year the Company continued its exploration strategy of focusing on specific gold targets while supporting its joint venture partners in their large-scale evaluation of the Musgrave Block and Gawler Craton gold and base metal targeted areas. Applications have been made for exploration licences in New South Wales and Victoria over areas with drill indicated gold resources. A licence has been granted at Windeyer in NSW and initial field work has been encouraging. Ground parties from the Company's joint venture partner Independence Gold NL (Independence) have visited five areas in the Northern Territory region of the Musgrave Block. A number of interesting targets are to be followed up in the immediate future. These visits to the region by mining personnel are, as far as we are aware, the first for over 20 years.

In the Musgrave Block areas of the Northern Territory and South Australia, access agreements with the Central Land Council and Anangu Pitjantjatjara are proceeding with new urgency and entry to two Northern Territory areas (ELAs 5701 and 5703) is planned for the December quarter. These areas are of special interest as they contain known mineralisation (rock chip samples) from previous exploration visits.

The Company's joint venture with Independence intensified during the year with ground programs being mounted in the joint venture areas of the Northern Territory and South Australia.

Independence has successfully re-opened the Long Victor nickel mine purchased from WMC Resources (WMC) and has established a very strong cash flow from this mine. This has enabled Independence to proceed with its exploration projects at a very fast pace, with a considerable exploration budget.

The Company considers Independence to be an excellent exploration partner as it has access to WMC's database which includes past exploration programs in the Musgrave Block surrounding its nickel sulphide discovery in the west Musgrave region of Western Australia. The joint venture targets in the 23,180 square kilometres of Goldsearch exploration licences (ELs) and exploration licence applications (ELAs) are large, medium-to-high-grade gold and base metal resources in Pre-Cambrian host rock. No other joint venture has such an extensive holding in this under-explored area.

At Hawks Nest (EL 2899) in the Gawler Craton, South Australia the Company's joint venture partner Phelps Dodge Australasia Inc. (Phelps Dodge), after re-evaluation of existing data, has defined a high-amplitude gravity target flanking the regional magnetic anomaly. The target model is a large, high-grade Osborne iron-oxide copper-gold (IOCG) style or Broken Hill style deposit. Drilling is scheduled to commence during the December quarter of 2003.

With the recent rise in the gold price to approximately US\$380 per ounce the Company has pursued a strategy where it can have access, in its own right or by joint venture, to small high-grade gold resources, preferably with drilled resources, where short-term development options for cash flow are a real possibility. Also the Company is negotiating several other gold production joint ventures on drilled high-grade gold resources in both Victoria and Western Australia.

Following applications made at the small Moruya goldfield in southern New South Wales and the 59 square kilometre area over the medium-sized Lord Nelson gold mine at St Arnaud in central western Victoria, last year the Company made application for 117 square kilometres at Windeyer in central western New South Wales. This area has past alluvial and hard-rock gold production, including nearby Hargraves located five kilometres west, estimated at over 250,000 ounces. However, the sources of the alluvial gold have not been found except in the south of the Company's tenement where hard-rock production from six quartz reef systems (Golden Group of Mines – see map) in isoclinal fold settings in tuffs and siltstones has so far yielded approximately 15,000 ounces of gold, excluding alluvial gold.

During the year the Company entered into a joint venture agreement with Rheola Gold Mining Company Pty Ltd to explore the potential of the historic Matrix Reef, located approximately 43 kilometres west of Bendigo in Victoria. A nine hole, 786 metre percussion (RAB) drill program was completed on 8 March 2003. The program did not identify a major accumulation of gold and accordingly, under the terms of the joint venture agreement, the Company did not exercise its option to continue further with the project.

INDEPENDENCE GOLD JOINT VENTURE

With exploration taking place in the Northern Territory portion of the Musgrave Block the Company is now exploring Australia's last major under-explored Pre-Cambrian age mineralised terrain.

TENEMENT LOCATIONS

The Company's Musgrave Block joint venture interests comprise a semi-contiguous block of 25 ELs and ELAs covering an aggregate area of 23,180 square kilometres in the north-west portion of South Australia and the south-west portion of the Northern Territory border area.

WMC has already identified the potential of the central Australian Musgrave Block geology confirmed by its drilled nickel sulphide intersections at the Babel Nebo prospect of 26.5 metres of 2.45% nickel and 1.78% copper with minor cobalt and platinoids from 58 metres depth.

GEOLOGICAL SETTING

The main structure of the Musgrave Block is the east-west trending Mann Fault and Woodroffe Thrust that extends the full 750 kilometre length of the Block. Giles Complex rock distribution is related to post intrusion geological history with the West Musgrave domain having better preservation. 550 million years ago the last major structural event on the Musgrave Block, the Petermann Ranges Orogeny, witnessed north directed thrust faulting that uplifted the block and imparted the east-west structural grain. At the same time the southern margin of the Musgrave Block was thrust south over lower density younger sedimentary rocks of the Officer Basin as delineated in an abrupt gravity and magnetic geophysical signature marking this boundary.

DIGITAL DATABASE FORMATION

With the exception of the popular "Lasseters Reef" myth and countless expensive, fruitless searches from 1925, the detailed geology of the Musgrave Block is relatively unknown due to the remoteness of the area. Independence has undertaken a review of all technical literature available and completed an exploration history database.

EXPLORATION STRATEGY PRIOR TO PROSPECT DRILLING Northern Territory (gold-copper and strata-bound base metal targets)

On 18 July 2003 the Company reported that first-pass wide-spaced minus 75 micron soil and magnetic lag sampling was progressing using both vehicular and helicopter access based on a four to six kilometre drainage sampling density on ELs 5702, 9407 and 9443. Airborne magnetics were also used to help target the geochemical and magnetic features with signatures potentially associated with mafic/ultramafic intrusives.

Following the completion of this program, three areas have been identified for follow up sampling and electromagnetic work which is expected to commence during the December quarter of 2003 prior to drill testing identified targets. Follow up work is being based on iron stone samples assaying up to 0.36 ppm silver, 77 ppm copper and 79 ppm cobalt associated with NeoProterozoic "greybed" sediments under extensive sand dune cover.

With the recent signing of a Deed of Exploration with the Traditional Owners and the Central Land Council, final approval of exploration programs is expected for ELAs 5701 and 5703 in the near future. ELAs 5701 and 5703 cover several high-priority exploration targets associated with interpreted high-level felsic intrusions into a rift sequence of bimodal volcanic rocks and sediments. Limited work in the region associated with previous government investigations has returned rock chip assays up to 0.1 g/t gold, 5000 g/t silver and 11% copper. Geochemical sampling and geological reconnaissance on these tenements is scheduled for the December quarter of 2003.

South Australia (nickel sulphide targets)

A program of follow-up geochemical sampling has firmed up four areas of coherent nickel +/- cobalt, copper anomalism on EL 2910 De Rose Hill in South Australia. Three of these areas are associated with aeromagnetic features suggesting possible prospective mafic to ultramafic rocks beneath aeolian and alluvial sand cover. Samples have been collected on a one kilometre by half kilometre grid. Peak nickel values are up to 150 ppm in ironstone samples and 95 ppm in minus 75 micron soil samples. Anomalies have been defined by a 90 ppm nickel threshold in ironstone samples and are up to five kilometres in strike length. In many cases anomalies remain open along strike. Normalisation of results from ironstone concentrate samples highlights anomalous areas consistent with the raw assay values.

In the south of EL 2910 the anomalous zone of nickel and copper geochemistry occurs approximately 20 kilometres along strike from the Wanka Wanka mafic-ultramafic dyke complex held by the joint venture under ELA 343/96. Limited previous drilling at Wanka Wanka in the early 1970's by Kennecott intercepted disseminated nickel-copper sulphides in one of three shallow holes drilled into the complex. The nickel-copper sulphide mineralisation consisted of up to 5% pyrrhotite-chalcopyrite-pentlandite-pyrite intercepted in troctolite over a downhole width of approximately six metres adjacent to the southern margin of the dyke.

REVIEW OF OPERATIONS

The Wanka Wanka dyke is a differentiated mafic to ultramafic dyke complex with mapped dimensions of approximately 15 kilometres in length by 150 metres in width. Previous work suggests the dyke consists of multiple fractionated zones representing individual magma pulses and is therefore interpreted as a potential major magma conduit or feeder zone. Recognised rock types range in composition from olivine and pyroxene gabbros, troctolite, peridotite and norite. Aeromagnetics suggest continuations to the system along strike to the north-east towards EL 2910. The Wanka Wanka dyke, and its possible extensions, are considered excellent targets for Jinchuan-style magmatic nickel copper deposits. The world-class Jinchuan deposit hosts more than 500 million tonnes of ore grading 1.2% nickel and 0.7% copper. Further geochemical sampling and a program of ground electromagnetic geophysics over target areas are scheduled for EL 2910 during the December quarter of 2003.

GAWLER CRATON, SOUTH AUSTRALIA (EL 2899)

The Hawks Nest joint venture with Phelps Dodge to explore the base metal potential of the Hawks Nest tenement, which covers an area of 325 square kilometres located approximately 160 kilometres north-west of the Prominent Hill iron-oxide copper-gold (IOCG) discovery, has advanced to a level where drilling is scheduled to commence in the December quarter of 2003. Re-evaluation of existing data has defined a high-amplitude gravity target flanking the regional magnetic anomaly. The tenement covers a previously unrecognised, deep-seated, magmatic centre with associated IOCG style alteration and a very high amplitude magnetic anomaly. The geophysical anomalies are thought to have potential for both IOCG and Broken Hill style lead-silver-zinc deposits. Under the terms of the agreement Phelps Dodge can earn up to 51% equity in the tenement by contributing \$1,000,000 in exploration expenditure, but can increase its equity to 70% by contributing an additional \$3,000,000.

DUCK CREEK, CLONCURRY AREA, QUEENSLAND (EPM 13336 AND EPMA 14088)

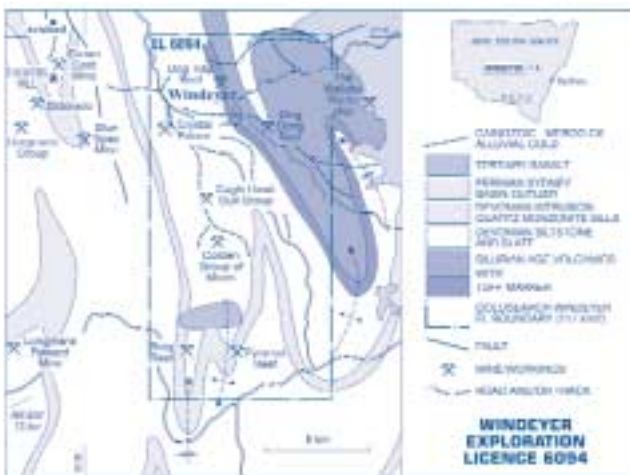
The Company's work proposals for Duck Creek (total area 151 square kilometres) have been dependent on gaining access to existing aeromagnetic surveys. The present holders of this information have been slow to respond to the Company's request. Both the Mitakoodi and the Kalkadoon peoples have agreed verbally to Goldsearch undertaking preliminary reconnaissance and sampling work to enable target selection. During the year, 20 out of 70 known prospects have been visited and sampled. Further sampling is required, and this is expected to take place during the December quarter of 2003. The Company is presently negotiating a joint venture with the holder of a contiguous mining lease to see if it can be drilled to a depth that will give a key to the surrounding geology. The mining lease is completely surrounded by the Company's tenement and has a small working gold mine on it.

HIGH-GRADE GOLD-SPECIFIC PROJECTS WINDEYER, NEW SOUTH WALES (EL 6094)

EL 6094 covers an area of approximately 117 square kilometres. Historically the area, along with Hargraves, located five kilometres to the west, could be described accurately as a rich alluvial gold area with estimated production between 1851 and 1874 of over 250,000 ounces of gold. However, the sources of the alluvial gold have not been found, except south of Windeyer where hard-rock production from six quartz reef systems (Golden Group of Mines, Eaglehawk – see map) in isoclinal fold settings in tuffs and siltstones has so far yielded about 15,000 ounces of gold excluding alluvial gold.

Colquhoun (1997) from the NSW Department of Mineral Resources describes the gold mineralisation in the Mudgee area as follows, "The most important vein gold mineralisation occurs in the Windeyer area and is hosted by turbiditic (deep water marine) sediments of the Crudine group of Lower Devonian age, particularly close to the contact between the Merrions formation of rhyolite, tuff and tuffaceous sandstone and the underlying Waterbeach formation of thinly bedded laminated slates siltstone and phylitic shale and para-conglomerate. Gold just south of Windeyer is in veins and disseminated in quartz reefs usually with minor pyrite, arsenopyrite and galena along the hinge line of a gently south-east plunging, symmetrical anticline and is secondary in origin". It is the opinion of the Company's consultant geologist that the gold was precipitated by a combination of heat/pressure/liquid environments from a nearby source rock during tectonic activity associated with igneous intrusion and has recently been dated as Carboniferous age (Yee 1997). Secondary gold is concentrated in faults, fold axial planes and along contacts of rocks with large grain size variations.

During September 2003 a total of 85 targeted samples were collected for analysis for the determination of gold (aqu-regis digestion) plus 18 other indicator elements including silver, arsenic, copper, lead, zinc, nickel, iron and sulphur. Following receipt of results the Company should have clearly defined targets for exploration drilling.



MORUYA GOLD MINES, NEW SOUTH WALES (EL 6027)

Negotiations with the local traditional owners are continuing with the expectation that a work program may start during the December quarter of 2003. The area of six sub-blocks covers four past gold producing mining prospect areas (Donkeys Hill, Donkeys Hill East or Candoin, Francis Hill and Old Silver Mine) and is located seven kilometres south-west of Moruya. Previous small-scale production from 1901 to 1952 was more than 20,000 ounces of gold and a greater, although unrecorded amount of silver from 1840 to 1868.

ST ARNAUD, VICTORIA (ELA 4669)

Work programs will start once a licence is granted for this ELA covering 59 square kilometres to the immediate east and south of the St Arnaud township of 4,000 people. The Lord Nelson mine is under the Company's ELA and represents a faulted anticlinal structure dipping 75 degrees west with historic mining widths of from one metre to 30 metres over a 200 metre long structure.

The Company's future exploration will concentrate on a north-east trending mineralised cross-fault structure in the vicinity of the Lord Nelson mine. Published technical and local newspaper reports and old miners' comments, plus our consulting geologist's recent observations, indicate the area was not explored in any detail.

TECHNOLOGY INVESTMENTS

The Company continues to hold its minority interest of approximately 15% in Capix Pty Limited at a written down cost of \$nil. Capix is a Melbourne based IT software business that has developed, and is marketing, a suite of internet banking, stockbroking, investment management and corporate treasury software systems in Australia, New Zealand, Malaysia and the United Kingdom. Whilst business conditions have been difficult during the year, new sales have been made in the markets of New Zealand, Brunei and locally. Capix is quietly confirming its position as a reliable supplier of quality software and the directors of the Company are monitoring the progress continually and will seek to maximise the return from this investment if and when a suitable opportunity arises.

Technical information in this review of operations relating to mineral exploration projects was prepared by Mr David L Hawley, Grad Dip Env Sc, B.Geo Sc (Hons), MAusIMM, AIG, GSA and Mr Heath Hellewell, B. Sc (Hons) in Applied Geology.

DIRECTORS' REPORT

Your directors have pleasure in submitting the statement of financial position of the Company at 30 June 2003 together with related statement of financial performance, statement of cash flows 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 (appointed 7/8/02)

Mr J.M.E. Percival

PRINCIPAL ACTIVITIES

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

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 \$1,339,168 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

During the year under review:

- The Company expended and capitalised \$350,876 on exploration and wrote off \$833,571 of capitalised exploration costs.
- On 31 July 2002 the Company's 106,607,369 quoted options expired.
- On 7 August 2002 Mr R.B. Leece AM RFD was appointed a director of the Company to fill a casual vacancy on the board.
- Following the resignation of an executive 3,000,000 unquoted options lapsed on 22 August 2002 under the terms of their original issue.

- In the report for the quarter ended 30 September 2002 released on 30 October 2002 the Company advised that, during the quarter:

- Work area clearances were completed on four exploration licences (ELs 9407, 5702, 9443 and 9741) in the Musgrave Block project and that field exploration activity was expected to commence in the December quarter.
- The Company reduced the area under application in the St Arnaud prospect located 100 kilometres west of Bendigo in Victoria from 311 square kilometres to 59 square kilometres.

- In the report for the quarter ended 31 December 2002 released on 31 January 2003 the Company advised that, during the quarter:

- Field exploration activity commenced on four of the Company's Musgrave block exploration licences (ELs 9407, 5702, 9443 and 9741). A helicopter supported visit to the area to substantiate geological structures took place during November 2002. This was the first visit by mining company geologists in over 20 years. A total of 21 rock samples and 8 orientation geochemical samples were collected.
- Phelps Dodge Australasia Inc visited the site of the Hawks Nest prospect in the Gawler Craton region of South Australia to explore the base metal potential of EL 2899 which covers an area of 324 square kilometres and that a detailed work program was being assessed.
- An application was made for 39 units at Windeyer in central west New South Wales (Orange prospect ELA 2026) located approximately 50 kilometres south-south-west of Mudgee.

- On 11 February 2003 the directors advised that they proposed an underwritten issue of shares and options to existing shareholders on a one for four rights entitlement to raise additional working capital of approximately \$1.4 million net.

- On 14 February 2003 the directors announced that the Company had entered into a joint venture agreement with Rheola Gold Mining Company Pty Ltd to earn an interest in its mining tenements, which are located close to Rheola approximately 45 kilometres west of Bendigo in Victoria. The tenements (MLs 5093 and 5309) cover an area of approximately 104 hectares and are a continuation of the Old Matrix mine.

- On 24 March 2003 the directors advised that underwriting arrangements for the proposed issue announced on 11 February 2003 had been finalised and a prospectus for the issue had been lodged with ASIC.
- In the report for the quarter ended 31 March 2003 released on 29 April 2003 the Company advised that, during the quarter:
 - In the South Australian DeRose Hill sector (EL 2910) of the Musgrave Block, heritage clearance for a first pass geochemical sampling visit was completed and sampling was to commence in April 2003 to follow up extensive nickel and cobalt geochemical anomalism defined by previous explorers in the early 1970's.
 - In the Northern Territory region of the Musgrave Block an orientation geochemical sampling program and study completed during the December quarter enabled Independence Gold NL to formulate an effective and logistically simple sampling strategy for the region. Results from this study confirmed the viability of wide-spaced reconnaissance sampling techniques which will allow rapid assessment of areas where prospective targets are typically covered by significant amounts of wind blown, aeolian desert sands.
 - Under the joint venture with Rheola Gold Mining Company Pty Ltd a nine hole 786 metre percussion (RAB) drill program was completed on 8 March 2003 to explore the gold potential of the Matrix Reef located 43 kilometres west of Bendigo in Victoria. (the program did not identify any significant gold accumulation and accordingly the Company did not exercise the option to proceed with the joint venture.)
- On 29 May 2003 the directors advised having completed the allotment of the 36,491,869 shares and options offered by the Company's prospectus dated 24 March 2003. 5,440,158 shares and options were allotted pursuant to acceptances from shareholders and the remaining 31,051,711 shares and options were subscribed to by the underwriters to the issue.

SIGNIFICANT CHANGES

Apart from the expiry of options and the issues of securities set out in the above review of operations, there were no significant changes to the state of affairs of the Company which occurred during the financial year ended 30 June 2003.

EVENTS SUBSEQUENT TO BALANCE DATE

Except for the matters set out in Note 17 to the attached financial statements, 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 2003.

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; they also intend to realise the remainder of the Company's technology investments; 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)

- 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.
- Chairman of directors of National Hire Group Limited and a director of a number of other prominent private family companies.
- Beneficially holds 2,829,936 fully paid ordinary shares in the capital of the Company and has an indirect interest in a further 1,621,565 shares, 621,565 quoted options and 3,000,000 unquoted options over unissued ordinary shares in the Company.

DIRECTORS' REPORT



ALBERT G. HARRIS
(non-executive director)

- 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 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.
- Director of Takoradi Gold NL.
- Beneficially holds 200,000 fully paid ordinary shares in the capital of the Company and 3,000,000 unquoted options over unissued ordinary shares in the Company.



ROBERT B. LEECE AM RFD
(non-executive director)

- 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 Coordination Authority and chief executive of the Olympic Roads and Transport Authority for the 2000 Sydney Olympic Games.
- He was also chairman of the Southern Sydney Recovery Task Force to co-ordinate and manage the damage from the 1999 Sydney hail storms.
- Has been involved as a director of several public and private development companies including Abigroup, Transfield and Merlin International Properties.
- Indirectly holds 8,662,465 fully paid ordinary shares in the capital of the Company and 621,565 quoted options over unissued ordinary shares in the Company.



JOHN M. PERCIVAL
(executive director – acting general manager operations)

- 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.
- Indirectly holds 900,000 fully paid ordinary shares in the capital of the Company and 3,000,000 unquoted options over unissued ordinary shares in the Company.

CORPORATE GOVERNANCE

The following statement outlines the principal corporate governance practices that were in place throughout the financial year.

The directors of the Company in office at the date of this statement are set out above. Three of the four directors are non-executive, including the chairman.

Directors are required to seek re-election by shareholders at least every three years.

The composition of the board is determined by all directors using the following principles:

- The chairman of the board should be a non-executive director.
- The board should comprise a majority of non-executive directors.

When a vacancy exists on the board or where it is considered that a director with particular skills or experience is required, the board selects a panel of candidates with the appropriate expertise and experience from which the most suitable candidate is appointed on merit.

The shareholders determine the aggregate remuneration of the directors, and the directors then determine the allocation of the approved remuneration between themselves.

The board is responsible for establishing the policies of the Company, overseeing its financial position, approving major capital expenditures, and exploration programs and expenditures. The board is also responsible for the appointment and supervision of the chief executive of the Company, and monitoring the corporate conduct of its officers.

The board meets monthly and deals with most corporate governance matters, including:

- reviewing executive remuneration;
- reviewing the composition of the board;
- reviewing published reports and stock exchange announcements to ensure their accuracy and compliance with statutory requirements;
- identification of areas of significant business risk and the management of those risks; and
- the establishment and maintenance of appropriate ethical standards for the Company.

A separate, formally constituted, audit committee reviews the published accounts of the Company as well as the external auditing arrangements and the adequacy, quality and effectiveness thereof. The committee consists of all four directors. Mr J. Landerer CBE AM is chairman of the committee.

Because of the relatively small size of the Company and its operations, the board does not consider it appropriate, at this time, to form separate committees to deal with executive remuneration or nomination of directors.

Individual directors are able to seek independent professional advice, at the Company's expense, on matters relevant to their role as a director. This is subject to the prior approval of the chairman, which may not be unreasonably withheld, and the other directors being given a copy of such advice.

Board members, executive management and company officers are made aware of the requirements to follow corporate policies and procedures, to obey the law and to maintain appropriate standards of honesty and integrity at all times.

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.

DIRECTORS' MEETINGS

Attendance of individual directors at board meetings held during the year ended 30 June 2003 was as follows:

DIRECTOR	MEETINGS HELD	MEETINGS ATTENDED
J. Landerer CBE AM	13	12
A.G. Harris	13	13
R.B. Leece AM RFD	13	8
J.M.E. Percival	13	13

In addition there were 3 meetings of the audit sub-committee which were attended by directors as follows:

DIRECTOR	MEETINGS HELD	MEETINGS ATTENDED
J. Landerer CBE AM	3	2
A.G. Harris	3	3
R.B. Leece AM RFD	3	2
J.M.E. Percival	3	3

DIRECTORS' REPORT

OPTIONS

At the date of this report there are 36,491,869 quoted and 13,500,000 unquoted options over unissued shares in the capital of the Company, details of which are set out in Notes 16 and 17 to the attached financial statements. During the financial year 36,491,869 quoted options were issued; 106,607,369 quoted options expired; and 3,000,000 unquoted options lapsed. No options were exercised during the financial year or to the date of this report. 1,500,000 unquoted options have been issued subsequent to balance date.

DIRECTORS' AND OFFICERS' REMUNERATION

The remuneration of the directors is established by the shareholders. The remuneration of executive directors and executive officers of the Company is established by the board of directors. Details of remuneration paid during the year to directors and the five most highly remunerated executive officers are as follows:

DIRECTORS	FEES \$	SUPER'N \$	TOTAL \$
J. Landerer CBE AM	22,207	1,999	24,206
A.G. Harris	24,000	Nil	24,000
R.B. Leece AM RFD	19,998	1,800	21,798
J.M.E. Percival	22,207	1,999	24,206

OFFICERS	SALARY \$	SUPER'N \$	TOTAL \$
J.M.E. Percival	56,000	5,040	61,040

No share options were granted to directors or executives of the Company during the financial year. The value of the options over unissued shares 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.

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.

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 \$56,496 (2002: \$9,530) and were charged at normal commercial rates.
- Mr J. Landerer CBE AM partly underwrote the rights issue made by the Company during the year and in this capacity was paid underwriting fees of \$1,459.
- Mr R B Leece AM RFD, through his family company Daradine Pty Limited, partly underwrote the rights issue made by the Company during the year and in this capacity Daradine Pty Limited was paid underwriting fees of \$1,459.
- Mr A.G. Harris received reimbursement for travelling expenses totalling \$2,948 (2002: \$1,755) during the year.

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

J. Landerer CBE AM
Director

A.G. Harris
Director

Sydney
23 September 2003

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Note	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets	24(a)	1,337,710	791,432
Receivables	6	22,715	12,391
Other	7	22,300	22,631
TOTAL CURRENT ASSETS		<u>1,382,725</u>	<u>826,454</u>
NON-CURRENT ASSETS			
Other financial assets	9	521,500	472,745
Property, plant & equipment	8	5,872	8,446
Exploration and investment expenditure	10	2,100,778	2,583,473
TOTAL NON-CURRENT ASSETS		<u>2,628,150</u>	<u>3,064,664</u>
TOTAL ASSETS		<u>4,010,875</u>	<u>3,891,118</u>
CURRENT LIABILITIES			
Payables	14	60,493	72,674
Provisions	15	20,713	9,282
TOTAL CURRENT LIABILITIES		<u>81,206</u>	<u>81,956</u>
TOTAL LIABILITIES		<u>81,206</u>	<u>81,956</u>
NET ASSETS		<u>3,929,669</u>	<u>3,809,162</u>
EQUITY			
Contributed equity	16	22,696,356	21,236,681
Accumulated losses	5	(18,766,687)	(17,427,519)
TOTAL EQUITY		<u>3,929,669</u>	<u>3,809,162</u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
Revenue from ordinary activities	2	22,330	28,157
Provision for diminution in value of investment		–	358,491
Professional and legal fees		108,905	159,771
Capitalised exploration expenses written off		833,571	103,500
Salary costs (including directors' fees)		110,071	94,631
ASX and share registry expenses		35,543	43,662
Operating lease expenses (office premises)		39,327	35,545
Insurance		9,798	14,893
Provision for non-recovery of loan		–	12,500
Underwriting costs		140,823	7,273
Depreciation and amortisation		3,093	1,479
Other costs		80,367	82,269
Total expenses from ordinary activities		1,361,498	914,014
Loss from ordinary activities before income tax expense	3	(1,339,168)	(885,857)
Income tax expense relating to ordinary activities	4	–	–
Loss from ordinary activities after income tax expense		(1,339,168)	(885,857)
Net loss		(1,339,168)	(885,857)
Net loss attributable to members of Goldsearch Limited		(1,339,168)	(885,857)
Non-owner transaction changes in equity		–	–
Total changes in equity other than those resulting from transactions with owners as owners		(1,339,168)	(885,857)
Basic earnings/(loss) per share – cents per share	25	(0.90)	(0.64)

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(270,857)	(424,456)
Payments to related parties	18(d)	(117,118)	(43,797)
Interest received		18,053	27,657
Proceeds from non-operating activities		–	75,500
Net cash used in operating activities	24(b)	(369,922)	(365,096)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for exploration activities		(315,344)	(180,605)
Payment to related parties for exploration activities	18(d)	(37,994)	(29,949)
Payment for property, plant & equipment		(559)	(2,309)
Payment for investment in listed entities		(48,755)	(96,860)
Net cash used in investing activities		(402,652)	(309,723)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,459,675	1,000,000
Payment of share issue costs		(140,823)	(7,273)
Net cash provided by financing activities		1,318,852	992,727
Net increase in cash held		546,278	317,908
Cash at beginning of year		791,432	473,524
Cash at end of year	24(a)	1,337,710	791,432

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

1 STATEMENT OF ACCOUNTING POLICIES

(a) General

The financial report is a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), and the Corporations Act 2001. The financial report has also been prepared on an accrual basis of historical cost and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

(b) Income tax

Tax effect accounting principles have been adopted whereby the income tax expense shown in the statement of financial performance is based on the operating profit before income tax adjusted for any permanent differences between taxable and accounting income. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. The future income tax benefit relating to tax losses is not carried forward as an asset unless there is virtual certainty of realisation of the benefit.

Income tax on net cumulative timing differences which occur when items are included or allowed for income tax purposes in a different period from that for accounting are shown at the Australian corporate tax rate of 30% in the provision for deferred income tax and future income tax benefit as applicable.

(c) Property, plant and equipment

Property, plant and equipment are included in the accounts at cost or at independent or directors' valuation less, where applicable, any accumulated depreciation or amortisation.

The carrying value of property, 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 which will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

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 asset are:

Plant and equipment	20-40% DV
Leased plant and equipment	33.3% PC
Leased motor vehicles	20% PC

Depreciation and amortisation charged on fixed assets used in the Company's exploration activities is capitalised as exploration expenditure as it is incurred.

The gain or loss on disposal of all fixed assets, including revalued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in operating profit before income tax in the year of disposal. Any realised revaluation increment relating to the disposed asset which is included in the asset revaluation reserve is transferred directly to capital profits reserve.

1 STATEMENT OF ACCOUNTING POLICIES continued

(d) Exploration expenditure and mineral leases

Expenditure incurred on exploration, evaluation and development is accumulated in respect of each identifiable area of interest of the Company. The costs are carried forward provided that:

- (i) such costs are expected to be recouped by successful development and/or exploitation of the area of interest, or
- (ii) by sale of the area of interest, or
- (iii) exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Should any area of interest be abandoned or considered to be of no value, accumulated expenditure applicable to such area of interest is written off to the statement of financial performance in the year in which the decision is made.

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.

(e) 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, are transferred to the Company, are classified as finance leases and are capitalised and amortised on a straight line basis over the estimated useful life of the asset where it is assumed the Company will obtain ownership of the asset or over the term of the lease. Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

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.

(f) Business undertakings – joint ventures

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

(g) Cash flows

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the management function on a day-to-day basis, net of outstanding bank overdrafts.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1 STATEMENT OF ACCOUNTING POLICIES continued

(i) Consolidation

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

(j) 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.

(k) Employee entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year, together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal rate.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(l) Remuneration of directors and executive officers

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 statement of financial performance for the value of options granted to directors and executive officers.

(m) Investments

Investments have been brought to account at cost or directors' valuation as noted in the financial statements.

(n) Comparative information

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

2003	2002
\$	\$

2 REVENUE FROM ORDINARY ACTIVITIES

Revenue from operating activities

Interest received

22,330	27,657
--------	--------

Revenue from non-operating activities

Sundry income

-	500
---	-----

22,330	28,157
--------	--------

2003	2002
\$	\$

3 LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

(a) Individually significant expenses included in the loss from ordinary activities before income tax:

Provision for diminution in value of investment	–	358,491
Capitalised exploration expenditure written off	833,571	103,500

(b) Loss from ordinary activities before income tax has been determined after:

Expenses

Depreciation of plant and equipment		
Plant and equipment	3,093	2,129
Amortisation of capitalised leased assets	–	9,378
Total depreciation	3,093	11,507
Rental expense on operating leases	37,471	34,136
Movements in provisions – employee entitlements	11,431	(48,508)
Capitalised exploration expenditure written off	833,571	103,500
Provision for non-recovery of loan	–	12,500

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 tax losses. As at 30 June 2003, the Company has estimated carry-forward tax losses after adjusting for permanent and timing differences of approximately \$13,072,684 (2002: \$12,228,042) which amounts to an income tax benefit of \$3,921,805 (2002: \$3,668,413). The Company has estimated carry-forward capital losses of \$141,973 (2002: \$141,973) of which income tax benefit of \$42,592 (2002: \$42,592) has not been brought into account.

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 future income tax benefit will only be obtained if:

- 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;
- the Company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deduction of the loss.

5 ACCUMULATED LOSSES

Accumulated losses at beginning of year	(17,427,519)	(16,541,662)
Net loss attributable to members of Goldsearch Limited	(1,339,168)	(885,857)
Accumulated losses at end of year	(18,766,687)	(17,427,519)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
6 CURRENT ASSETS – RECEIVABLES		
Other debtors	6,777	–
Loans receivable	12,500	12,500
Less provision for non-recovery	(12,500)	(12,500)
GST receivable	15,938	12,391
	22,715	12,391

The above assets are not subject to interest and, after provisions, the full amounts are expected to be received in the ordinary course of business.

7 CURRENT ASSETS – OTHER		
Short term bond	18,300	18,300
Prepayments	4,000	4,331
	22,300	22,631

8 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
Equipment at cost	43,454	42,895
Accumulated depreciation	(37,583)	(35,144)
	5,871	7,751
Motor vehicle at cost	61,300	61,300
Accumulated depreciation	(61,300)	(61,300)
	–	–
Plant and equipment at cost	6,950	6,950
Accumulated depreciation	(6,949)	(6,255)
	1	695
Total property, plant and equipment	5,872	8,446

Reconciliation of property, plant and equipment

	Equipment	Leased motor vehicle	Leased plant and equipment	Motor vehicle	Plant and equipment	Total
2003						
Carrying amount at beginning of year	7,751	–	–	–	965	8,716
Additions	559	–	–	–	–	559
Depreciation	(2,439)	–	–	–	(964)	(3,403)
Carrying amount at end of year	5,871	–	–	–	1	5,872
2002						
Carrying amount at beginning of year	7,570	9,379	695	–	–	17,644
Additions	2,309	–	–	–	–	2,309
Transfers	–	(9,379)	(695)	9,379	695	–
Depreciation	(2,128)	–	–	(9,379)	–	(11,507)
Carrying amount at end of year	7,751	–	–	–	695	8,446

2003
\$ **2002**
\$

9 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

Shares in controlled entities at cost (Note 28)	885	885
Shares in listed companies at cost (v)	145,615	96,860
Shares in unlisted companies at cost (i)	588,172	588,172
Shares in unlisted companies at cost (iii)	733,491	733,491
Provision for diminution in value of investment (ii)	(588,172)	(588,172)
Provision for diminution in value of investment (iv)	(358,491)	(358,491)
	521,500	472,745
(i) The Company holds a 15.1% (2002: 15.1%) interest in Capix Pty Ltd (formerly Capital Markets Internet Exchange (Capix) Ltd), a company involved in development and supply of corporate treasury, stockbroking and banking software.	588,172	588,172
(ii) The directors have fully provided against the investment in Capix Pty Ltd.	(588,172)	(588,172)
(iii) During the year ended 30 June 2002 the \$733,491 of capitalised exploration expenditure on the Mount Kelly project was converted to 1,875,000 shares in Reefway Pty Limited, representing 9.68% of the shares in that company.	733,491	733,491
(iv) The directors have provided \$358,491 for diminution in value of the investment in Reefway Pty Limited.		
Shares in Reefway Pty Limited are carried at cost less the provision for diminution in value. The activities of Reefway Pty Limited consist of mineral exploration and the recovery of this investment is dependent on the future successful mining or realisation of mining assets by that company.	(358,491)	(358,491)
(v) Listed investments at cost includes the following material investments: Minority interest in Independence Gold NL shares and options.		
(vi) There would be no material capital gains tax payable if these listed assets were sold at their market values at balance date.		
Reconciliation of other financial assets		
Carrying amount at beginning of year	472,745	885
Additions	48,755	830,351
Provisions	–	(358,491)
Carrying amount at end of year	521,500	472,745

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
10 NON-CURRENT ASSETS – EXPLORATION AND INVESTMENT EXPENDITURE		
Mining expenditure (pre-production)		
Exploration and evaluation expenditure carried forward in respect of mining areas of interest.		
Balance at beginning of year	2,583,473	3,200,531
Exploration expenditure, at cost	350,876	219,933
	2,934,349	3,420,464
Capitalised exploration expenditure transferred to investments (Note 9(iii) and 10(ii))	–	(733,491)
Capitalised exploration expenditure written off	(833,571)	(103,500)
	2,100,778	2,583,473
Depreciation included in exploration expenditure	40	649

Mineral exploration is to be amortised when production commences, or written off to the statement of financial performance. The above carrying values do not purport to be the amount 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.

- (i) During the year ended 30 June 2002 the Company advised Reefway Pty Limited that it would not proceed further with the Mount Kelly venture. In accordance with the agreement with Reefway Pty Limited, the Company surrendered its rights in connection with Mount Kelly and received 1,875,000 shares in Reefway Pty Limited representing 9.68% of the total issued capital. The directors have provided \$358,491 for diminution in value of this shareholding.

11 BUSINESS UNDERTAKINGS – JOINT VENTURES

(a) Allender, Hosking and LeBrun joint venture

The Company has entered into an agreement with Messrs Allender, Hosking and LeBrun whereby it can earn a 51% equity in certain exploration licences and exploration licence applications by funding exploration for the first year of each licence area. Thereafter the Company may elect to earn a further 24% equity (viz. up to a 75% equity) by funding further exploration. The current tenements covered by the agreement are ELs 5702, 9443, and 9741 and ELAs 5701, 5703, 6847 and 9740. The Company's funding commitments under this agreement are partly covered by the Independence Gold joint venture as detailed in Note 11 (b) below.

(b) Independence Gold joint venture

The Company has entered into a joint venture heads of agreement with Independence Gold NL (IGO) whereby IGO can earn a 51% interest in certain designated exploration tenements held by Goldsearch, by funding twice the statutory annual expenditure commitment assigned to the exploration licence by the issuing authority.

The current exploration licences covered by the agreement are South Australian ELs 2910 and 3031 and Northern Territory ELs 5702, 9407, 9443 and 9741.

The current exploration licence applications covered by the agreement are South Australian ELAs 35, 198, 260, 262, 336-343 and 534 and Northern Territory ELAs 5701, 5703, 23783, 23785 and 23786.

The total expenditure commitments for the above exploration licences and applications at 30 June 2003 amount to \$5,635,000. IGO must spend a minimum of \$2,000,000 before earning an equity in any licence area. IGO has advised that it had expended \$594,930 under the agreement up to 30 June 2003. Accordingly, at that date, it had not earned an equity interest in any of the tenements.

11 BUSINESS UNDERTAKINGS – JOINT VENTURES continued

(c) Phelps Dodge joint venture

The Company has entered into a heads of agreement with Phelps Dodge Australasia Inc (PDA) in relation to a joint venture to explore the base metal potential of EL2899 (Hawks Nest). Under the terms of the agreement, PDA can earn an initial 51% equity interest in the tenement by contributing \$1,000,000 of exploration expenditure. PDA can then elect to earn an additional 19% equity interest by contributing a further \$3,000,000 of exploration expenditure.

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 2004, and the parties responsible for funding that expenditure, are as follows:

EL 2899 South Australia	\$60,000	to be funded by Phelps Dodge (Australasia) Inc
EL 2910 South Australia	\$192,000	to be funded by Independence Gold NL
EL 3031 South Australia	\$75,000	to be funded by Independence Gold NL
EL 9407 Northern Territory	\$35,000	to be funded by Independence Gold NL
EL 5702 Northern Territory	\$10,000	to be funded by Independence Gold NL
EL 9443 Northern Territory	\$50,000	to be funded by Independence Gold NL
EL 9741 Northern Territory	\$3,500	to be funded by Independence Gold NL
EL 22710 Northern Territory	\$35,000	to be funded by Goldsearch Limited
EPM 13336 Queensland	\$85,000	to be funded by Goldsearch Limited
EL 6027 New South Wales	\$35,000	to be funded by Goldsearch Limited
EL 6094 New South Wales	\$30,000	to be funded by Goldsearch Limited
	<u>\$610,500</u>	

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 \$2,665,662 would arise. Of this additional minimum annual expenditure requirement \$2,124,512 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 accounts and are payable as and when they fall due.

2003	2002
\$	\$

13 COMMITMENTS FOR EXPENDITURE

Operating lease commitments

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

Rental of premises		
Not later than 1 year	41,033	32,697
Later than 1 year and not later than 5 years	63,467	5,450
Later than 5 years	–	–
	<u>104,500</u>	<u>38,147</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

2003
\$

2002
\$

13 COMMITMENTS FOR EXPENDITURE continued

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 report and are payable:

Not later than 1 year	610,500	610,500
Later than 1 year and not later than 5 years	734,000	789,000
Later than 5 years	–	133,500
	1,344,500	1,533,000

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

14 CURRENT LIABILITIES – PAYABLES

Trade creditors	51,620	48,099
Sundry creditors and accruals	8,873	24,575
	60,493	72,674

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

Employee entitlements	20,713	9,282
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16 CONTRIBUTED EQUITY

(a) Issued shares

145,967,479 ordinary fully paid shares at beginning of year (2002: 123,467,479)	18,491,607	17,491,607
Issued during the year:		
12,500,000 ordinary shares issued at a price of 4 cents each	–	500,000
10,000,000 ordinary shares issued at a price of 5 cents each	–	500,000
36,491,869 ordinary shares issued at a price of 4 cents each	1,459,675	–
	182,459,348	182,459,348
182,459,348 ordinary fully paid shares at end of year (2002: 145,967,479)	19,951,282	18,491,607

(b) Issued options

Issue price of options issued in prior years and which have expired	2,745,074	2,745,074
Total contributed equity	22,696,356	21,236,681

16 CONTRIBUTED EQUITY continued

(c) Movement in issued shares during the year

Date	Details	Number of shares	Paid up capital \$
1 July 2002	opening balance	145,967,479	18,491,607
29 May 2003	ordinary shares issued	36,491,869	1,459,675
30 June 2003	closing balance	182,459,348	19,951,282

(d) Movement in share options during the year:

Total options granted but not exercised as at 30 June 2003 are as follows:

Date	Details	Exercise price	Expiry date	Paid up capital \$
Quoted options				
1 July 2002	opening balance			106,607,369
31 July 2002	options lapsed	\$0.20	31 July 2002	(106,607,369)
29 May 2003	options issued	\$0.08	30 September 2005	36,491,869
30 June 2003	closing balance			36,491,869
Unquoted options				
1 July 2002	opening balance			15,000,000
22 August 2002	options lapsed	\$0.10	15 July 2004	(1,000,000)
22 August 2002	options lapsed	\$0.20	15 July 2004	(1,000,000)
22 August 2002	options lapsed	\$0.30	15 July 2004	(1,000,000)
30 June 2003	closing balance			12,000,000

(e) Uncalled capital

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

(f) Terms and conditions of issued options

(i) Quoted options

All the quoted options were issued during the year and each option entitles the holder to subscribe for one fully paid share in the Company at an issue price of 8 cents per share at any time from the date of issue until expiry of the options on 30 September 2005.

(ii) Unquoted options

All unquoted options are held by directors and consultants to the board and each option entitles the holder to subscribe for one fully paid share in the Company at an issue price of 15 cents per share at any time from the date of issue until expiry of the options on 15 July 2004.

17 EVENTS SUBSEQUENT TO BALANCE DATE

No material events or matters have occurred since 30 June 2003 to the date of this financial report except for:

- (i) The issue on 10 September 2003 of 1,500,000 unquoted option issued to a consultant on the same terms as the unquoted options detailed in Note 16(f)(ii) above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
18 REMUNERATION OF DIRECTORS AND EXECUTIVES			
(a) Directors' income			
Aggregate amount received, or due and receivable, by directors was:		94,209	167,040
Number of directors whose income was within the following bands were:			
		Number	Number
\$20,000 – \$29,999		4	–
\$50,000 – \$59,999 (i)		–	3
(b) Executives' income			
Number of executives whose income was within the following bands were:			
\$50,000 – \$59,999		1	–
\$130,000 – \$139,999 (ii)		–	1
		\$	\$
(c) Payments to related parties			
Current directors (iii)	23	60,903	43,797
(d) Payments to directors and director related parties have been allocated as:			
Payments for exploration (iii)		37,994	29,949
Payments for administrative and other activities		117,118	90,888
Unallocated amount attributable to options		–	90,000
Total payments to directors and director related entities		155,112	210,837
<p>(i) Comparative directors' income, as shown above, has been recalculated in accordance with the accounting policy stated in Note 1(l). The effect of this recalculation is to increase directors' remuneration by \$90,000 in the year ended 30 June 2002 as a result of the 9,000,000 options granted to directors on 21 July 2001.</p> <p>(ii) Comparative executives' income as shown above, has been recalculated in accordance with the accounting policy stated in Note 1(l). The effect of this re-calculation is to increase executives' remuneration by \$30,000 and to adjust the income bands accordingly in the year ended 30 June 2002 as a result of the 3,000,000 options granted to an executive on 21 July 2001.</p> <p>(iii) Refer to statement of cash flow.</p>			
19 REMUNERATION OF AUDITORS			
Amounts received or due and receivable by the auditors for:			
Auditing the accounts		27,478	18,317
Other services		1,849	2,768
		29,327	21,085
20 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.			

21 CONTINGENT LIABILITIES

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.

22 CONTINGENT ASSET

The Company holds a first right of refusal over certain mineral tenement applications owned by Rank Geological Services Pty Limited ('RGS'), a company controlled by the Company's former general manager-exploration. During the previous year the Company agreed to waive this first right of refusal to enable the interest to be sold to a third party. In consideration for agreeing to waive its first right of refusal, and following grant of the tenement applications, the Company was to receive shares in the purchaser and a 1% free carried interest in the tenements through to bankable feasibility. RGS now disputes these arrangements. The Company believes it has an enforceable and binding agreement with RGS and the Company is seeking to enforce its rights under that agreement.

The directors are not able to place a value on this contingent asset.

23 RELATED PARTY TRANSACTIONS

The names of persons who were directors of the Company at any time during the year are:

J. Landerer CBE AM

J.M.E. Percival

A.G. Harris

R.B. Leece AM RFD (appointed 1 August 2002)

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

(a) Director transactions

Mr J.M.E. Percival received consultant fees and travel expenses amounting to \$Nil during the year (2002: \$32,512).

Mr A.G. Harris received travel expenses amounting to \$2,948 during the year (2002: \$1,755).

Mr J. Landerer CBE AM acted as an underwriter to the Company's recent rights entitlement issue of shares and options and was paid \$1,459 (2002: Nil) in underwriting fees as disclosed in the prospectus for the issue.

(b) Director related entity transactions

Mr J. Landerer CBE AM is a partner of Landerer & Company.

Landerer & Company act as solicitors to the Company.

Charges for services provided during the year amounted to \$56,496 (2002: \$9,530).

Mr R.B. Leece AM RFD, through an associated company Daradine Pty Limited, acted as an underwriter to the Company's recent rights entitlement issue of shares and options and Daradine Pty Limited was paid \$1,459 (2002: Nil) in underwriting fees as disclosed in the prospectus for the issue.

Directors and director-related entities hold directly, or indirectly, or beneficially as at the reporting date the following interests in the Company:

Directors	Ordinary shares		Quoted share options		Unquoted share options	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
J. Landerer CBE AM	2,829,936	1,621,565	–	621,565	–	3,000,000
A.G. Harris	200,000	–	–	–	3,000,000	–
R.B. Leece AM RFD	–	8,662,465	–	621,565	–	–
J.M.E. Percival	–	900,000	–	–	–	3,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

23 RELATED PARTY TRANSACTIONS continued

Movements in these holding during the year were as follows:

Directors	Ordinary shares		Quoted share options		Unquoted share options	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
(i) Acquisitions						
J. Landerer CBE AM	829,936	1,621,565	–	621,565	–	–
A.G. Harris	–	–	–	–	–	–
R.B. Leece AM RFD	–	621,565	–	621,565	–	–
J.M.E. Percival	–	–	–	–	–	–
(ii) Sales						
J. Landerer CBE AM	–	–	–	–	–	–
A.G. Harris	100,000	–	–	–	–	–
R.B. Leece AM RFD	–	–	–	–	–	–
J.M.E. Percival	–	–	–	–	–	–

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 less than 30 days to maturity.

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

	2003	2002
	\$	\$
Cash at 30 June 2003 is shown in the statement of financial position as:		
Cash on hand	400	375
Cash at bank	1,302,690	776,657
Deposits at call	34,620	14,400
	1,337,710	791,432

(b) Reconciliation statement

A reconciliation of "net cash (used in)/ provided by operating activities" to "loss from ordinary activities after income tax" is as follows:

Loss from ordinary activities after income tax	(1,339,168)	(885,857)
Add/(less)		
Depreciation	3,093	1,479
Provision for non-recovery of loan	–	12,500
Provision for diminution in value of investments	–	358,492
Write-off of capitalised exploration expenditure	833,571	103,500
Underwriting fees included in financing activities	140,823	7,273
Finance lease items		
Amortisation	–	650
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(10,323)	85,016
Increase/(decrease) in provisions	11,431	(48,508)
(Increase)/decrease in prepayments	331	359
Increase/(decrease) in trade creditors and accruals net of exploration expenditure	(9,680)	–
Net cash (used in)/provided by operating activities	(369,922)	(365,096)

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

2003 **2002**

25 EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Basic earnings/(loss) per share	(0.90c)	(0.64c)
Weighted average number of ordinary shares outstanding during the year	149,266,744	137,501,726
Net loss	(1,339,168)	(885,857)

Options:

As at 30 June 2003 the Company had on issue 48,491,869 (2002: 121,607,369) options over unissued capital.

Refer to Note 16 for further details.

As the notional exercise price of these options would increase basic earnings (decrease loss) per share, they have not been considered dilutive.

26 SEGMENT INFORMATION

The Company operates predominantly in Australia. Industry segment information is as follows:

	Revenue 2003 \$	Results 2003 \$	Assets 2003 \$	Liabilities 2003 \$
Mineral exploration	–	(833,572)	2,100,778	–
Other investments	–	–	521,500	–
Unallocated	22,330	(505,596)	1,388,597	81,206
	22,330	(1,339,168)	4,010,875	81,206
	Revenue 2002 \$	Results 2002 \$	Assets 2002 \$	Liabilities 2002 \$
Mineral exploration	–	(103,500)	2,583,473	–
Other investments	–	(358,491)	472,745	–
Unallocated	28,157	(423,866)	834,900	81,956
	28,157	(885,857)	3,891,118	81,956

29

27 FRANKING CREDITS

The Company has no franking credits available.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

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.

2003	Note	Floating interest rate \$	Fixed interest maturing in 1 year or less \$	over 1 to 5 years \$	Non interest bearing \$	Total \$
Financial assets						
Cash	24	1,270,689	34,619	–	32,402	1,337,710
Receivables	6	–	–	–	22,715	22,715
Investments – non-listed securities	9	–	–	–	375,885	375,885
Investments – listed securities	9	–	–	–	145,615	145,615
Total financial assets		1,270,689	34,619	–	576,617	1,881,925
Weighted average interest rate		4.29%	2.16%	0.00%	–	
Financial liabilities						
Trade and sundry creditors	14	–	–	–	60,493	60,493
Total financial liabilities		–	–	–	60,493	60,493
Weighted average interest rate		0.00%	0.00%	0.00%	–	
Net financial assets		1,270,689	34,619	–	516,124	1,821,432
					2003	2002
					\$	\$
Reconciliation of net financial assets to net assets:						
Net financial assets above					1,821,432	1,203,894
Non-financial assets and liabilities:						
Other assets					22,300	22,631
Property, plant and equipment					5,872	8,446
Capitalised exploration expenditure					2,100,778	2,583,473
Provision for employee entitlements					(20,713)	(9,282)
Net assets per statement of financial position					3,929,669	3,809,162

29 FINANCIAL INSTRUMENTS continued

2002	Note	Floating interest rate \$	Fixed interest maturing in 1 year or less \$	over 1 to 5 years \$	Non interest bearing \$	Total \$
Financial assets						
Cash	24	719,276	14,400	–	57,756	791,432
Receivables	6	–	–	–	12,391	12,391
Investments – non-listed securities	9	–	–	–	375,885	375,885
Investments – listed securities	9	–	–	–	96,860	96,860
Total financial assets		719,276	14,400	–	542,892	1,276,568
Weighted average interest rate		3.62%	2.85%	0.00%	–	
Financial liabilities						
Trade and sundry creditors	14	–	–	–	72,674	72,674
Total financial liabilities		–	–	–	72,674	72,674
Weighted average interest rate		0.00%	0.00%	0.00%	–	
Net financial assets		719,276	14,400	–	470,218	1,203,894

(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 statement of financial position and the notes to the financial statements.
- (ii) The carrying amounts and estimated net fair values of equity investments approximate their carrying values as disclosed in the statement of financial position and the notes to the financial statements.

(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 statement of financial position 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.

DIRECTORS' DECLARATION

The directors of Goldsearch Limited declare that:

- (a) The financial statements and associated notes for the year ended 30 June 2003 comply with Accounting Standards and other mandatory professional requirements;
- (b) The financial statements and associated notes for the year ended 30 June 2003 give a true and fair view of the financial position of the Company as at 30 June 2003 and the performance of the Company for the year then ended; and
- (c) In the opinion of the directors:
 - (i) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - (ii) the financial statements and associated notes for the year ended 30 June 2003 are made out in accordance with the Corporations Act 2001, including sections 296 and 297 thereof.

Made in accordance with a resolution of the directors.

On behalf of the directors.

J. Landerer CBE AM
Director

A.G. Harris
Director

Sydney
23 September 2003

INDEPENDENT AUDIT REPORT

To the members of Goldsearch Limited
ABN 73 006 645 754

SCOPE

THE FINANCIAL REPORT AND DIRECTORS' RESPONSIBILITY

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Goldsearch Limited (the company), for the year ended 30 June 2003.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

AUDIT APPROACH

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian accounting ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Goldsearch Limited is in accordance with;

- (a) the Corporations Act 2001, including;
 - (i) giving a true and fair view of the financial position of Goldsearch Limited as at 30 June 2003, and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.
- (b) other mandatory financial reporting requirements in Australia.




INDEPENDENT AUDIT REPORT

INHERENT UNCERTAINTY REGARDING EXPLORATION EXPENDITURE AND INVESTMENT IN UNLISTED COMPANY

Without qualification to the opinion expressed above, attention is drawn to the following matters.

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 area of interest. In accordance with the Company's accounting policy exploration expenditure of \$2,100,778 (30 June 2002 -\$2,583,473) has been carried as a non current asset. The recovery of these exploration costs is uncertain as it is dependent upon the successful development and exploitation, or sale, of the area of interest.

The Company has an investment in an unlisted mining exploration company. The recovery of this investment is uncertain as it is dependent upon the successful development and exploitation, or sale, of that company's mining interests.



William Buck
Chartered Accountants



Gerard Belleville
Partner

Dated this 23rd day of September 2003
Melbourne, Australia

STOCK EXCHANGE INFORMATION

STATEMENT OF QUOTED SECURITIES AS AT 23 SEPTEMBER 2003

- There are 2,075 shareholders holding a total of 182,459,348 ordinary fully paid shares.
- The twenty largest shareholders between them hold 47.50% of the total shares on issue.
- There are 190 optionholders holding a total of 36,491,869 quoted options.
- The twenty largest optionholders between them hold 85.45% of the total quoted options on issue.
- Voting rights are that on a show of hands each member present in person or by proxy or attorney or representative shall have one vote and upon a poll every member so present shall have one vote for every fully paid share held and for each partly paid share held shall have a fraction of a vote pro-rata to the amount paid up on each partly paid share relative to its issue price.

DISTRIBUTION OF QUOTED SHARES AND OPTIONS AS AT 23 SEPTEMBER 2003

Range	Shares	Options
	Number of holders	Number of holders
1 – 1,000	48	42
1,001 – 5,000	463	77
5,001 – 10,000	423	8
10,001 – 100,000	939	25
100,001 – and over	202	38
Total holders	2,075	190

There were 986 shareholders whose total holding had a market value of less than \$500 at 23 September 2003. There were 140 optionholders whose total holding had a market value of less than \$500 at 23 September 2003.

SUBSTANTIAL SHAREHOLDINGS AS AT 23 SEPTEMBER 2003

The following shareholders have notified the Company that pursuant to the provisions of section 671B of the Corporations Act 2001 they are substantial shareholders.

Substantial shareholder	Total relevant interest	% of total voting rights at 23 September 2003
Frater Williams Custodial Services Ltd	17,184,500 ordinary shares	9.42
Daniel Ronald Watson	11,801,285 ordinary shares	6.47
Jayare Nominees Pty Limited	10,304,365 ordinary shares	5.65

DIRECTORS' SHAREHOLDINGS

As at 23 September 2003 directors of the Company held a relevant interest in the following securities on issue by the Company.

Director	Ordinary shares	Quoted options	Unquoted options
J. Landerer CBE AM	4,441,501	621,565	3,000,000
A.G. Harris	200,000	–	3,000,000
R.B. Leece AM RFD	8,662,465	621,565	–
J.M.E. Percival	900,000	–	3,000,000

ON-MARKET BUY-BACKS

There is no on-market buy back currently in place.

RESTRICTED SECURITIES

There are no restricted securities on issue by the Company.

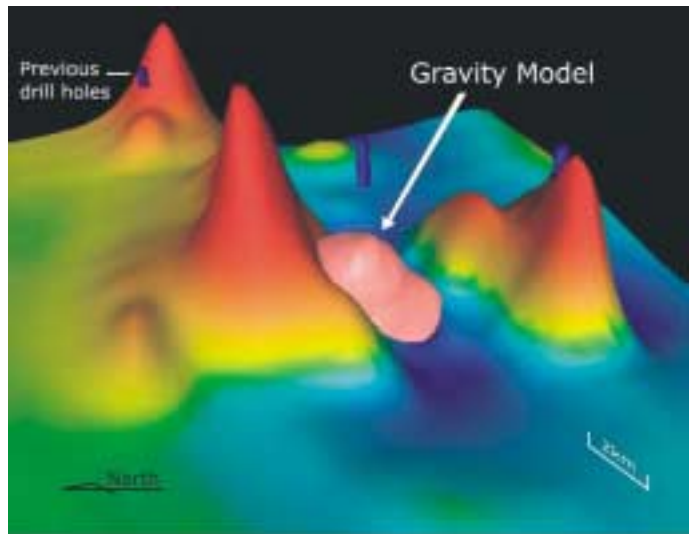
TOP TWENTY SHAREHOLDERS

TOP TWENTY HOLDERS OF ORDINARY SHARES AT 23 SEPTEMBER 2003

Shareholder name	Number of shares held	% of total
Frater Williams Custodial Services Limited	17,184,500	9.42
Belmark Investments Pty Limited	11,573,546	6.34
Jayare Nominees Pty Limited	10,125,615	5.55
Forbar Custodians Limited (330027 account)	7,769,552	4.26
Mr Adam Perkins	5,607,820	3.07
Forbar Custodians Limited (3300019 account)	4,812,500	2.64
Daradine Pty Limited	4,306,565	2.35
Messrs Wolfgang and Peter List	4,000,000	2.19
Drexwill Pty Limited	3,300,000	1.81
Mr John Landerer	2,829,936	1.56
Bluestar Management Pty Limited	2,250,000	1.23
Ranger Minerals Limited	2,225,000	1.22
Mr John Maxwell Outhwaite	1,800,000	0.99
Forresters Nominee Company	1,676,955	0.92
Dunbar Investments Pty Limited	1,587,738	0.87
National Nominees Limited	1,318,392	0.72
Goodtron Pty Limited	1,120,000	0.61
Gerendasi Holdings Pty Limited	1,069,839	0.59
EBC Financial Services (Jersey) Limited	1,060,170	0.58
Forbar Custodians Limited (3300083 account)	1,060,000	0.58
Total held by top twenty holders of ordinary shares	86,678,128	47.50

TOP TWENTY HOLDERS OF QUOTED OPTIONS AT 23 SEPTEMBER 2003

Optionholder name	Number of quoted options held	% of total
Forbar Custodians Limited (330027 account)	10,032,052	27.49
Lawrence Crowe Consulting Pty Ltd (LCC superfund account)	4,319,037	11.83
Jayare Nominees Pty Limited	2,304,365	6.31
Bluestar Management Pty Limited	2,250,000	6.17
Gerendasi Holdings Pty Limited	1,500,000	4.11
Dunbar Investments Pty Limited	1,087,738	2.98
Forbar Custodians Limited (3300019 account)	962,500	2.64
Forbar Custodians Limited (3300083 account)	932,346	2.55
Duncan Clement Brand	776,955	2.13
Forresters Nominee Company	776,955	2.13
Forbar Custodians Limited (3300053 account)	750,000	2.06
Michael North Constructions Pty Ltd (superfund account)	750,000	2.06
Stephen Friis	700,000	1.92
Equipfast Nominees Pty Ltd	690,448	1.89
Daradine Pty Limited	621,565	1.70
Ganeden Investments Pty Limited	621,565	1.70
Matthew Clayton	600,000	1.64
Grange Securities Limited	509,552	1.40
Delfam Pty Limited (BFT account)	500,000	1.37
Lawrence Crowe Consulting Pty Ltd	500,000	1.37
Total held by top twenty holders of quoted options	31,185,078	85.45



[EL 2899] Gawler Craton Hawks Nest Joint Venture – coloured 3D magnetic intensity as topography with 3D gravity model showing untested high amplitude magnetic and gravity anomalies which are scheduled to be tested by drilling in the fourth quarter of 2003.

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Sampling Northern Territory Musgrave Block