

AUSTRALIAN

# RESEARCH

BLUE BOOK SERIES

## Junior Resources

March 2008 Quarterly Review

Storm approaching – thank goodness for China

EXTRACT

## Contents

This is an extract from the Junior Resources March 2008 Quarterly Review updated as at June 2008.

---

### IMPORTANT NOTICE

Aegis has been commissioned to produce this report.

#### Disclaimer & Disclosure of Interests

This publication has been prepared by Aegis Equities Research Pty Limited ("Aegis") (ACN 085 293 910), an Australian Financial Services Licensee (AFSL no. 225072). Aegis has been commissioned to prepare this independent research report (the "Report") and will receive fees for its preparation. Each company specified in the Report (the "Participants") has provided Aegis with information about its activities. Whilst the information contained in this publication has been prepared with all reasonable care from sources that Aegis believes are reliable, no responsibility or liability is accepted by Aegis for any errors, omissions or misstatements however caused. Any opinions, forecasts or recommendations reflects the judgment and assumptions of Aegis as at the date of publication and may change without notice. Aegis and each Participant in the Report, their officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law. This publication is not and should not be construed as, an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Any opinion contained in the Report is unsolicited general information only. Neither Aegis nor the Participants are aware that any recipient intends to rely on this Report or of the manner in which a recipient intends to use it. In preparing our information, it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual recipient. Investors should obtain individual financial advice from their investment advisor to determine whether opinions or recommendations (if any) contained in this publication are appropriate to their investment objectives, financial situation or particular needs before acting on such opinions or recommendations. This publication is not for public circulation or reproduction whether in whole or in part and is not to be disclosed to any person other than the intended recipient, without obtaining the prior written consent of Aegis. This report is intended for the residents of Australia. It is not intended for any person(s) who is resident of any other country. Aegis and/or the Participant, their officers, employees or its related bodies corporate may, from time to time hold positions in any securities included in this Report and may buy or sell such securities or engage in other transactions involving such securities. Aegis and the Participant, their directors and associates declare that from time to time they may hold interests in and/or earn brokerage, fees or other benefits from the securities mentioned in this publication.

Aegis, its officers, employees and its related bodies corporate have not and will not receive, whether directly or indirectly, any commission, fee, benefit or advantage, whether pecuniary or otherwise in connection with making any statements and/or recommendation (if any), contained in this Report. Aegis discloses that from time to time it or its officers, employees and related bodies corporate may have an interest in the securities, directly or indirectly, which are the subject of these statements and/or recommendations (if any) and may buy or sell securities in the companies mentioned in this publication; may effect transactions which may not be consistent with the statements and/or recommendations (if any) in this publication; may have directorships in the companies mentioned in this publication; and/or may perform paid services for the companies that are the subject of such statements and/or recommendations (if any).

However, under no circumstances has Aegis been influenced, either directly or indirectly, in making any statements and/or recommendations (if any) contained in this Report.

The information contained in this publication must be read in conjunction with the Legal Notice that can be located at <http://www.aegis.com.au/Public/Disclaimer.aspx>

# Goldsearch Limited (GSE)



<b>Sector</b> Materials	<b>Industry Group</b> Materials	<b>Industry</b> Metals & Mining	<b>Sub Industry</b> Gold
----------------------------	------------------------------------	------------------------------------	-----------------------------

## Company Overview

GSE has interests in two JVs that are core assets. The first project is the East Musgrave JV (GSE: 17.15% after BHPB has earned its 65% interest) exploring for NI-Cu-PGE in SA. The Mary Kathleen JV (GSE: 75%) is exploring the Elaine Dorothy uranium-rare earth prospect in North QLD. GSE owns 100% of the Mt Wellington Au-Cu prospect in VIC. Other assets include the QLD Duck Ck Cu-Au-Ag JV (GSE: diluting to 25%-30%), the Sandy Ck Au project in VIC, and the right to earn 70% of prospects in Sweden.

## Strategy

Goldsearch is an Australian-based exploration company focused on the discovery of high-grade precious, base and energy metals mainly in Australia.

## Aegis Comments as at May 2008.

**Outlook:** Musgrave Range straddles the borders of WA, NT and SA. This is a poorly explored area and is very prospective for Cu-Au-U and Cu-Pb-Ag-Zn. Exploration has commenced. BHP can earn up to 65% by spending \$25M or delivering a BFS within 10 years. An RC drilling program has commenced at Mary Kathleen project to follow up encouraging signs from previous surface and geophysical work. This project covers numerous areas of historical oxide Cu mineralisation and remains highly prospective for Cu-Au-Mo.

**Catalysts:** Assays are still pending from the first hole at Rhyolite Hill and from the other two holes. More good results will be a catalyst for re-rating. An agreement with Tumi Resources to earn up to 70% interest in four mineral tenements in a mineralised part of Sweden is a new direction for GSE. GSE will conduct airborne magnetic surveys in Sweden with an aim of defining hidden conductors for immediate followup. This is another avenue for news flow to add value to shareholders.

**Risks:** Permitting can slow the pace of exploration and development of projects in most states. Diamond-drill rigs are sometimes not readily available. The return of results from assay laboratories sometimes takes an inordinate amount of time, which can make it challenging to run exploration programs effectively. Costs are rising and cash reserves can run down faster. An application to mine for uranium in QLD may prove politically challenging even if the Rudd Government is supportive.

## Key investment information

<b>Price:</b>	<b>\$0.06</b>
Price as at:	27-Jun-08
Market Cap (\$M):	22.1
Equiv. Shares (M):	367.22
% All Ords:	0.00
12Mth Range (\$):	0.04 - 0.13
Shares Traded (\$M pa):	19.2
Index:	n/a

## Share price performance



## Company contact



John M.E. Percival  
Executive Director Operations  
gold@goldsearch.com.au  
61 2 9241 5999

[www.goldsearch.com.au](http://www.goldsearch.com.au)

## Earnings Summary

Yr to Jun	NPAT Rep \$M	NPAT <sup>1</sup> Adj \$M	EPS <sup>1</sup> c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2004A	(1.0)	(1.0)	(0.6)	n/a	(10.8)	(0.4)	(0.2)	0.0	0.0	0	(139.3)
2005A	(0.6)	(0.6)	(0.3)	n/a	(17.5)	(0.8)	(0.7)	0.0	0.0	0	(47.9)
2006A	(1.2)	(1.2)	(0.6)	n/a	(10.3)	(0.6)	(0.5)	0.0	0.0	0	(76.5)
2007A	(0.6)	(0.6)	(0.2)	n/a	(28.6)	(1.8)	(1.6)	0.0	0.0	0	(25.4)

<sup>1</sup> NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

### Financial Stability

Balance Sheet (Y/E Jun)	06A	07A
Net debt (cash) (\$M)	(1.8)	(0.9)
Total assets (\$M)	4.1	5.3
Net debt/equity (%)	(45.1)	(17.8)
Net interest cover (x)	n/a	n/a
NTA per share (\$)	0.01	0.01
Current ratio (x)	14.9	5.5

### As at 30-Jun-07

Net debt (cash) (\$M)	(0.8)
Net debt (cash) / shr (\$)	(0.00)
Net debt (cash) / MktCap (%)	(3.7)

### Substantial Shareholders

Guardian Trust	7.1%
Cavill Nominees	6.8%
D R Watson	5.9%

### Board

A G Harris (Deputy Chairman)
J Landerer (Chairman)
J M Percival (Director)
R B Leece (Director)
T V Willsteed (Director)

## Differentiating Factors

The company has a growing portfolio of mineral tenements around Australia, and is actively seeking new exploration projects to strengthen its portfolio. The 17.15%-owned Musgrave joint venture is being explored by BHP Billiton and managed by Independence Group NL, freeing GSE to concentrate on other prospects.

## Achievements

GSE and ASX: IGO attracted BHP Billiton to farm-in to the Musgrave Block. The GSE/IGO JV holds a strategic package of tenements covering 28,000sqkm of the Musgrave Range. Here Ni and several Au anomalies are identified, and high-grade rock-chip samples returned assays as high as g/t Au. Historical records were found that showed encouraging drill results from the Elaine Dorothy uranium play at Mary Kathleen. The data showed a continuous zone of uranium mineralisation to explore.

## Recent Events

**22 May 2008 – Update at Mount Wellington:** The first hole at Rhyolite Hill has now been completed. It is part of an initial three-hole diamond-drill program. The hole was drilled to a depth of 504m and was positioned to test an aeromagnetic target depth in an area previously identified near surface gold, silver and minor base-metal mineralisation. The assay results have been received for the top 238m of the hole. A 5.6m intersection from 220m returned an average gold grade of 2.46g/t with a peak 1m interval of 8.95g/t Au.

**16 May 2008 – JV in Swedish Mineral Region:** Goldsearch has entered into a €1M farm-in agreement with Tumi Resources to earn up to a 70% interest in four tenements (Jugansbo, Sala 4, Kobergs and Hallefors) within Bergslagen District in Sweden. The tenements are located north-west of Stockholm and host a number of iron, manganese base metal and silver deposits. It offers a new opportunity for GSE and diversifies its exploration exposure.

**30 April 2008 – East Musgrave JV Update:** Goldsearch's 51% partner in the East Musgrave JV, Independence Group, has commenced field programs in SA. All exploration programs are currently being funded by BHP Billiton, which is spending up to \$25M to earn a 65% interest in the JV. The region is considered highly prospective for a number of ore body styles, with the priority exploration target being nickel, copper and platinum. Clearance surveys are ongoing over other areas within granted exploration licences EL3955 and EL3954.

## Capital Structure

GSE has 367.2M ordinary shares on issue and 17.2M unlisted options, with exercise prices between 5 cents and 10 cents. 16M options expire on 31-10-10. GSE has announced a non-renounceable bonus issue of around 91.8M options as a loyalty bonus to shareholders. This is a 1:4 issue of options exercisable at 10 cents each and expiring on 31-10-09 to existing shareholders at 17-06-08.



Level 6, 33 York Street  
Sydney NSW 2000 Australia  
Locked Bag 7 Australia Square  
Sydney NSW 1215  
Phone 61 2 8296 1100  
Fax 61 2 9299 3777  
ABN 72 085 293 910  
[www.aegis.com.au](http://www.aegis.com.au)