

gsh/psh/gsh648

16 March 2006

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

Via ASX Online

Number of pages – 26

Dear Sir,

Re: Half-year financial report

Attached for release to the market is the half-year financial report of Goldsearch Limited for the six months ended 31 December 2005 including the independent audit review report thereon.

The attached report includes the half-year information to be given to ASX under Listing Rules 4.2A and 4.2BA.

The half-year financial report should be read in conjunction with the Company's 2005 annual financial report and any subsequent announcements made by the Company in accordance with the continuous disclosure requirements of the Corporations Act 2001.

For and on behalf of the directors of
Goldsearch Limited



P S Hewson
Secretary

GOLDSEARCH LIMITED
ABN 73 006 645 754

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2005

GOLDSEARCH LIMITED

ABN 73 006 645 754

CONTENTS

	PAGE(S)
Directors' report	1
Auditor's independence declaration	2
Income statement	3
Balance sheet	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7-20
Directors' declaration	21
Independent audit report	22

GOLDSEARCH LIMITED

ABN 73 006 645 754

DIRECTORS' REPORT

Your directors have pleasure in submitting the Half-Year Financial Report of the Company for the six months ended 31 December 2005 and report as follows:

Directors

The names of the directors in office throughout the half-year ended 31 December 2005 and to the date of this report are:

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

Principal activities

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

Other than the expansion of the Company's exploration interests to include a project in the Philippines, there were no significant changes in the nature of activities of the Company that occurred during the half-year.

Review of operations

The following occurred during the half-year under review:

- The Company expended \$336,420 on exploration and \$274,534 on administration.
- On 16 August 2005 the Company announced rock chip sample assay results from a follow up field sampling program by Independence Group NL on EL 5701 Bloods Range in the Northern Territory. The program returned high grade gold values up to 29.71 g/t gold over a soil anomaly continuing for at least 700 metres.
- On 28 September 2005 the Company announced that it had entered into an agreement with Medusa Mining Limited in relation to a proposed joint venture over the former Pinut-an Gold Mine and surrounding areas located on Panaon Island in the southern Philippines. The agreement was subject to the Company raising the necessary finance and completing legal due diligence.
- On 30 September 2005 a total of 36,491,869 quoted options on issue by the Company expired.

- At the Company's annual general meeting held on 24 November 2005 Messrs Landerer and Harris were re-elected as directors and shareholders adopted the remuneration report set out in the directors' report for the year ended 30 June 2005.
- In the report for the quarter ended 31 December 2005 lodged with ASX on 30 January 2006 the Company advised that Independence Group NL has withdrawn from the joint venture over EL 5701 primarily due to the low equity earn-in of 35%. Following this withdrawal the Company has a 75% equity in the tenement and is proceeding with an auger geochemical sampling program to further evaluate the gold bearing structure which returned high grade gold values of up to 29.71 g/t gold from the recent rock chip sampling program conducted by Independence Group NL.
- During the half-year the Company sold 300,000 shares in IGO for a net consideration of \$472,754 which realised a profit of \$354,473.

Subsequent events

On 27 January 2006 the Company announced a proposed fully underwritten non-renounceable rights issue, principally to raise the funds required for the Panaon Island project in the Philippines. A prospectus for a one for two entitlement issue of 91,604,674 shares and 91,604,674 free attached options to raise \$2,748,000 before issue expenses was lodged with ASIC on 9 February 2006. Offer documents were despatched to shareholders on 24 February and the closing date for acceptances is 14 March 2006.

Auditor's independence declaration

An independence declaration has been provided by the Company's auditor, William Buck. A copy of this declaration is attached to, and forms part of, the Half-year Financial Report for the six months ended 31 December 2005.

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

J M E Percival
Director

Sydney
16 March 2006

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF GOLDSEARCH LIMITED**

I declare that, to the best of my knowledge and belief, in relation to our review of Goldsearch Limited for the half year ended 31 December 2005 there have been:

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



William Buck
Chartered Accountants


Gerard Belleville
Lead Partner

Dated this 16th day of March 2006

GOLDSEARCH LIMITED

ABN 73 006 645 754

**CONSOLIDATED INCOME STATEMENT
for the half year ended 31 December 2005**

	Half Year	
	31.12.2005	31.12.2004
	\$	\$
Revenues	379,473	124,507
Capitalised exploration expenses written off	(1,246,055)	(15,095)
Salary costs (including directors fees)	(77,886)	(75,388)
Professional and legal fees	(85,198)	(70,362)
Operating lease expenses (office premises)	(23,525)	(18,346)
ASX and share registry expenses	(15,227)	(16,700)
Insurance	(10,888)	(5,033)
Depreciation and amortisation expense	(3,301)	(1,053)
Printing and postage	(31,053)	(28,507)
Other expenses	(27,456)	(25,266)
Profit/(Loss) before income tax	(1,141,116)	(131,243)
Income tax expense	-	-
Profit/(Loss) for the period	(1,141,116)	(131,243)
Profit/(Loss) attributable to members of the parent entity	(1,141,116)	(131,243)
Overall Operations:		
Basic earning/(loss) per share (cents per share)	(0.62)	(0.07)
Diluted earning/(loss) per share (cents per share)	(0.62)	(0.07)

The financial statements should be read in conjunction with the accompanying notes.

GOLDSEARCH LIMITED

ABN 73 006 645 754

**CONSOLIDATED BALANCE SHEET
as at 31 December 2005**

	31.12.2005 \$	30.6.2005 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	149,440	262,154
Receivables	47,456	28,146
Other current assets	28,281	34,500
TOTAL CURRENT ASSETS	<u>225,177</u>	<u>324,800</u>
NON-CURRENT ASSETS		
Property, plant and equipment	15,305	16,429
Exploration and investment expenditure	957,758	1,853,735
Other financial assets	432,135	210,196
TOTAL NON-CURRENT ASSETS	<u>1,405,198</u>	<u>2,080,360</u>
TOTAL ASSETS	<u>1,630,375</u>	<u>2,405,160</u>
CURRENT LIABILITIES		
Trade and other payables	86,034	56,597
Provision	29,491	28,291
TOTAL CURRENT LIABILITIES	<u>115,525</u>	<u>84,888</u>
TOTAL LIABILITIES	<u>115,525</u>	<u>84,888</u>
NET ASSETS	<u>1,514,850</u>	<u>2,320,272</u>
EQUITY		
Issued capital	22,724,856	22,724,856
Reserves	335,694	-
Accumulated losses	(21,545,700)	(20,404,584)
TOTAL EQUITY	<u>1,514,850</u>	<u>2,320,272</u>

The financial statements should be read in conjunction with the accompanying notes.

GOLDSEARCH LIMITED

ABN 73 006 645 754

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2005

	\$	\$	\$	\$
	Share Capital		Reserves	
Note	Ordinary	Revaluation	Accumulated Losses	Total
Balance at 1.7.2004	22,696,356	-	(19,782,017)	2,914,339
Shares issued during the period	28,500	-	-	28,500
Loss attributable to members of parent entity	-	-	(131,243)	(131,243)
Sub-total	22,724,856	-	(19,913,260)	2,811,596
Dividends paid or provided for	-	-	-	-
Balance at 31.12.2004	22,724,856	-	(19,913,260)	2,811,596
Balance at 1.7.2005	22,724,856	-	(20,404,584)	2,320,272
Shares issued during the period	-	-	-	-
Adjustment on adoption of AASB132 and AASB 139:				
Available-for-sale financial assets	-	335,694	-	335,694
Loss attributable to members of parent entity	-	-	(1,141,116)	(1,141,116)
Sub-total	22,724,856	335,694	(21,545,700)	1,514,850
Dividends paid or provided for	-	-	-	-
Balance at 31.12.2005	22,724,856	335,694	(21,545,700)	1,514,850

The financial statements should be read in conjunction with the accompanying notes.

GOLDSEARCH LIMITED

ABN 73 006 645 754

**CONSOLIDATED CASH FLOW STATEMENT
for the half-year ended 31 December 2005**

	Economic Entity	
	31.12.2005	31.12.2004
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(270,786)	(205,905)
Interest received	2,591	12,555
Dividend received	22,500	-
	<hr/>	<hr/>
Net cash used in operating activities	(245,695)	(193,350)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(2,188)	(4,668)
Proceeds from sale of investments	447,829	273,870
Payment for investments in mining entities	-	(100,000)
Payments for exploration interests	(312,660)	(282,626)
	<hr/>	<hr/>
Net cash used in investing activities	(132,981)	(113,424)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
	<hr/>	<hr/>
Net cash provided by financing activities	-	-
	<hr/>	<hr/>
Net (decrease)/increase in cash held	(112,714)	(306,774)
Cash at 1 July 2005	262,154	673,482
	<hr/>	<hr/>
Cash at 31 December 2005	149,440	366,708
	<hr/>	<hr/>

The financial statements should be read in conjunction with the accompanying notes.

GOLDSEARCH LIMITED

ABN 73 006 645 754

**NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2005****NOTE 1: BASIS OF PREPARATION**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report of Goldsearch Limited was authorised for issue by the Directors on the 16 March 2006. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Goldsearch Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

As this is the first interim financial report prepared under Australian equivalents to IFRS (A-IFRS), the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under A - IFRS has been included below. The Company has taken the exemption available under AASB 1 to only apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

A reconciliation of equity and profit and loss between previous GAAP and A - IFRS has been prepared per Note 2.

The half-year report does not include full disclosures of the type normally included in an annual financial report. The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Historical cost convention

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

Early adoption of standard

The Company has elected to apply the AASB 119 Employee Benefits to the reporting periods beginning 1 July 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Critical accounting estimates and judgements

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

(a) Principles of Consolidation

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

(b) Income Tax

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

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

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

GOLDSEARCH LIMITED

ABN 73 006 645 754

NOTES TO THE FINANCIAL STATEMENTS for the half-year ended 31 December 2005

NOTE 1: BASIS OF PREPARATION (cont'd)

(b) Income Tax (cont'd)

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

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

(c) Plant and Equipment

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

Plant and equipment

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

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

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

Depreciation

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

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	20 – 40% DV

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

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

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

(d) Exploration and Development Expenditure

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

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

GOLDSEARCH LIMITED

ABN 73 006 645 754

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005****NOTE 1: BASIS OF PREPARATION (cont'd)****(d) Exploration and Development Expenditure (cont'd)**

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

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

(e) Leases

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

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

(f) Financial Instruments**From 1 January 2004 to 31 December 2004**

The Company has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The Company has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

Adjustments on transition date: 1 January 2005

The nature of the main adjustments made to comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below to note 1(f)(iv)). At the date of transition (1 July 2005) changes to carrying amounts are taken to retained earnings or reserves.

From 1 January 2005

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

GOLDSEARCH LIMITED

ABN 73 006 645 754

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

NOTE 1: BASIS OF PREPARATION (cont'd)

(f) Financial Instruments (cont'd)

I. Financial assets at fair value through profit or loss

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

II. Loans and receivables

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

III. Held-to-maturity investments

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

IV. Available-for-sale financial assets

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

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

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

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

GOLDSEARCH LIMITED

ABN 73 006 645 754

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005****NOTE 1: BASIS OF PREPARATION (cont'd)****(f) Financial Instruments (cont'd)****IV. Available-for-sale financial assets (cont'd)**

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

(g) Cash and Cash Equivalents

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

(h) Revenue

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

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

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

(i) Finance Costs

Borrowing costs are recognised in expenses in the period in which they are incurred.

(j) Goods and Services Tax (GST)

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

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

(k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(l) 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.

GOLDSEARCH LIMITED

ABN 73 006 645 754

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005****NOTE 1: BASIS OF PREPARATION (cont'd)****(m) Employee benefits**

- i. Wages and salaries, annual leave and sick leave

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

- ii. Long service leave

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

- iii. Retirement benefit obligations

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

(n) 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.

(o) Impairment of assets

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

(p) Accounts payable

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

(q) Receivables

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

(r) Joint Venture Operations

Interest in joint venture operations are brought to account by including in the respective classifications, the share of the individual assets employed and the share of liabilities and expenses incurred.

GOLDSEARCH LIMITED

ABN 73 006 645 754

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2005

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous GAAP at 01.07.2004	Economic Entity Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 01.07.2004
Reconciliation of Equity at 1 July 2004		\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		673,482	-	673,482
Receivables		13,953	-	13,953
Other assets		20,402	-	20,402
TOTAL CURRENT ASSETS		707,837	-	707,837
NON-CURRENT ASSETS				
Property, plant and equipment		6,150	-	6,150
Exploration and investment expenditure		1,737,385	-	1,737,385
Other non-current assets		531,507	-	531,507
TOTAL NON-CURRENT ASSETS		2,275,042	-	2,275,042
TOTAL ASSETS		2,982,879	-	2,982,879
CURRENT LIABILITIES				
Trade and other payables		36,457	-	36,457
Provision		32,083	-	32,083
TOTAL CURRENT LIABILITIES		68,540	-	68,540
TOTAL LIABILITIES		68,540	-	68,540
NET ASSETS		2,914,339	-	2,914,339
EQUITY				
Issued capital		22,696,356	-	22,696,356
Reserves		-	-	-
Accumulated losses		(19,782,017)	-	(19,782,017)
TOTAL EQUITY		2,914,339	-	2,914,339

GOLDSEARCH LIMITED

ABN 73 006 645 754

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2005

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)	Note	Economic Entity		
		Previous GAAP at 31.12.2004	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 31.12.2004
Reconciliation of Equity at 31 December 2004		\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		366,708	-	366,708
Receivables		147,686	-	147,686
Other current assets		24,794	-	24,794
TOTAL CURRENT ASSETS		539,188	-	539,188
NON-CURRENT ASSETS				
Property, plant and equipment		9,752	-	9,752
Exploration and investment expenditure		2,036,588	-	2,036,588
Other non-current assets		346,007	-	346,007
TOTAL NON-CURRENT ASSETS		2,392,347	-	2,392,347
TOTAL ASSETS		2,931,535	-	2,931,535
CURRENT LIABILITIES				
Trade and other payables		82,446	-	82,446
Provision		37,494	-	37,494
TOTAL CURRENT LIABILITIES		119,940	-	119,940
TOTAL LIABILITIES		119,940	-	119,940
NET ASSETS		2,811,595	-	2,811,595
EQUITY				
Issued capital		22,724,856	-	22,724,856
Reserves		-	-	-
Accumulated losses		(19,913,261)	-	(19,913,261)
TOTAL EQUITY		2,811,595	-	2,811,595

GOLDSEARCH LIMITED

ABN 73 006 645 754

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2005

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)	Note	Economic Entity		
		Previous GAAP at 30.06.2005	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 30.06.2005
Reconciliation of Equity at 30 June 2005		\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		262,154	-	262,154
Receivables		28,146	-	28,146
Other current assets		34,500	-	34,500
TOTAL CURRENT ASSETS		324,800	-	324,800
NON-CURRENT ASSETS				
Property, plant and equipment		16,429	-	16,429
Exploration and investment expenditure		1,853,735	-	1,853,735
Other non-current assets		210,196	-	210,196
TOTAL NON-CURRENT ASSETS		2,080,360	-	2,080,360
TOTAL ASSETS		2,405,160	-	2,405,160
CURRENT LIABILITIES				
Trade and other payables		56,597	-	56,597
Provision		28,291	-	28,291
TOTAL CURRENT LIABILITIES		84,888	-	84,888
TOTAL LIABILITIES		84,888	-	84,888
NET ASSETS		2,320,272	-	2,320,272
EQUITY				
Issued capital		22,724,856	-	22,724,856
Reserves		-	-	-
Accumulated losses		(20,404,584)	-	(20,404,584)
TOTAL EQUITY		2,320,272	-	2,320,272

GOLDSEARCH LIMITED

ABN 73 006 645 754

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)	Note	Economic Entity		
		Previous GAAP at 01.07.2005	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 01.07.2005
Reconciliation of Equity at 1 July 2005		\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		262,154	-	262,154
Receivables		28,146	-	28,146
Other current assets		34,500	-	34,500
TOTAL CURRENT ASSETS		324,800	-	324,800
NON-CURRENT ASSETS				
Property, plant and equipment		16,429	-	16,429
Exploration and investment expenditure		1,853,735	-	1,853,735
Other non-current assets	2c	210,196	527,689	737,885
TOTAL NON-CURRENT ASSETS		2,080,360	527,689	2,608,049
TOTAL ASSETS		2,405,160	527,689	2,932,849
CURRENT LIABILITIES				
Trade and other payables		56,597	-	56,597
Provision		28,291	-	28,291
TOTAL CURRENT LIABILITIES		84,888	-	84,888
TOTAL LIABILITIES		84,888	-	84,888
NET ASSETS		2,320,272	527,689	2,847,961
EQUITY				
Issued capital		22,724,856	-	22,724,856
Reserves	2c	-	527,689	527,689
Accumulated losses		(20,404,584)	-	(20,404,584)
TOTAL EQUITY		2,320,272	527,689	2,847,961

GOLDSEARCH LIMITED

ABN 73 006 645 754

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2005

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)	Note	Previous GAAP	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
Reconciliation of Loss for the half-year 31 December 2004		\$	\$	\$
Revenues	2c	499,507	(375,000)	124,507
Capitalised exploration expenses written off		(15,095)	-	(15,095)
Salary costs (including directors fees)		(75,388)	-	(75,388)
Professional and legal fees		(70,362)	-	(70,362)
Operating lease expenses (office premises)		(18,346)	-	(18,346)
ASX and share registry expenses		(16,700)	-	(16,700)
Insurance		(5,033)	-	(5,033)
Carrying value of investment sold	2c	(375,000)	375,000	-
Depreciation and amortisation expense		(1,053)	-	(1,053)
Printing and postage		(28,507)	-	(28,507)
Other expenses		(25,266)	-	(25,266)
Profit/(Loss) before income tax		(131,243)	-	(131,243)
Income tax expense		-	-	-
Profit/(Loss) for the period		(131,243)	-	(131,243)
Profit/(Loss) attributable to members of the parent entity		(131,243)	-	(131,243)

GOLDSEARCH LIMITED

ABN 73 006 645 754

**NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2005**

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)	Note	Previous GAAP	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
Reconciliation of Loss for the full year to 30 June 2005		\$	\$	\$
Revenues	2c	852,787	(513,568)	339,219
Capitalised exploration expenses written off		(535,219)	-	(535,219)
Salary costs (including directors fees)		(135,884)	-	(135,884)
Professional and legal fees		(119,473)	-	(119,473)
Operating lease expenses (office premises)		(39,733)	-	(39,733)
ASX and share registry expenses		(23,157)	-	(23,157)
Insurance		(15,668)	-	(15,668)
Carrying value of investment sold	2c	(513,568)	513,568	-
Depreciation and amortisation expense		(3,805)	-	(3,805)
Other expenses		(88,847)	-	(88,847)
Profit/(Loss) before income tax		(622,567)	-	(622,567)
Income tax expense		-	-	-
Profit/(Loss) for the period		(622,567)	-	(622,567)
Profit/(Loss) attributable to members of the parent entity		(622,567)	-	(622,567)

GOLDSEARCH LIMITED

ABN 73 006 645 754

**NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2005****NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN
EQUIVALENTS TO INTERNATIONAL FINANCIAL
REPORTING STANDARDS (cont'd)****Effect of A-IFRS on the cash flow statement for the financial year ended 30 June 2005.**

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under superseded Australian GAAP.

Notes to the reconciliations of income and equity**(a) Impairment of assets**

AASB 136 Impairment of assets, assets held by the Company are required to be tested for impairment in the event that any indicators of impairment are present. Impairment of assets has been reviewed at 1 July 2004, 31 December 2004 and 30 June 2005 and there is considered to be no impact.

(b) Income tax

The Company currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which gives rise to 'permanent' and 'timing' differences. Pursuant to AASB 112 Income Taxes, deferred taxes are measured by reference to the temporary differences determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the statement of financial position.

The Company has carried forward tax losses which have not been recognised as deferred tax assets as they do not satisfy the 'virtually certain' criteria of current Australian Generally Accepted Accounting Principles (GAAP). Pursuant to AASB 112, tax losses may be more readily recognised as deferred tax assets as the 'probable' recognition criteria is less stringent than the 'virtually certain' test of Australian GAAP. However, these have not been brought to account as recovery is not considered to meet the probable test at this time.

(c) Financial Instruments

In the transition to A-IFRS, financial assets have been classified as 'Available-for-sale financial assets' as detailed above in note 1(f)(iv). Unrealised gains and losses arising from the changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investment revaluation reserve.

Under A-GAAP, the proceeds from the sale of financial assets were disclosed as revenue and the carrying amount of the asset disposed was recorded as a cost of sale. Under A-IFRS the net gain or loss from fair value accounting is recognised in profit and loss and is disclosed as other revenue or as an expense.

GOLDSEARCH LIMITED

ABN 73 006 645 754

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005****Note 3: MATTERS SUBSEQUENT TO BALANCE DATE**

On 27 January 2006 the Company announced a proposed fully underwritten non-renounceable rights issue, principally to raise the funds required for the Panaon Island project in the Philippines. A prospectus for a one for two entitlement issue of 91,604,674 shares and 91,604,674 free attached options to raise \$2,748,000 before issue expenses was lodged with ASIC on 9 February 2006. Offer documents were despatched to shareholders on 24 February and the closing date for acceptances is 14 March 2006.

NOTE 4: DIVIDENDS

No dividends were declared or paid in the period.

NOTE 5: SEGMENT INFORMATION

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

	<u>Revenue</u>		<u>Results</u>	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	\$	\$	\$	\$
Mineral exploration	-	-	(1,246,055)	(15,095)
Other investments	376,972	112,870	376,973	112,870
Unallocated	2,501	11,637	(272,034)	(229,018)
	<u>379,473</u>	<u>124,507</u>	<u>(1,141,116)</u>	<u>(131,243)</u>

During the half-year the Company continued its activities in mineral exploration and investments.

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

GOLDSEARCH LIMITED

ABN 73 006 645 754

DIRECTORS' DECLARATION

The directors of Goldsearch Limited declare that, in their opinion:

- a) the financial statements and notes for the half-year ended 31 December 2005 are in accordance with the Corporations Act 2001 (including Sections 304 and 305 thereof); Accounting Standards and Corporations Regulations 2001.
- b) the financial statements and notes for the half-year ended 31 December 2005 give a true and fair view of the financial position and the performance of the Company for the half-year then ended; and
- c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Made in accordance with a resolution of the directors.

On behalf of the directors

J M E Percival
Director

Sydney
16 March 2006

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF GOLDSEARCH LIMITED

Scope

We have reviewed the half year financial report of Goldsearch Limited for the half year ended 31 December 2005 comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, notes to and forming part of the financial statements and the Directors' Declaration.

The half year financial report includes the financial statements of Goldsearch Limited. The company's directors are responsible for the half year financial report.

We have performed an independent review of the half year financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the half year financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to meet its obligations to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report, as defined in the scope section of Goldsearch Limited is not in accordance with:

- the Corporations Act 2001, including:
 - giving a true and fair view of the entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- other mandatory professional reporting requirements in Australia.

Inherent Uncertainty regarding Exploration Expenditure and Exploration Tenement Investments

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 areas of interest. In accordance with the Company's accounting policy exploration expenditure and exploration tenement investments of \$957,758 (30 June 2005 - \$1,853,735) 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.



William Buck
Chartered Accountants



Gerard Belleville
Lead Partner

Dated this 16th day of March 2006.

Melbourne, Australia.