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14 March 2007

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

Via ASX Online

Number of pages – 15

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 2006 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, 4.2B and 4.2C.

The half-year financial report should be read in conjunction with the Company's 2006 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 2006

# GOLDSEARCH LIMITED

ABN 73 006 645 754

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# **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 2006 and report as follows:

### **Directors**

The names of the directors in office throughout the half-year ended 31 December 2006 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. Willsted

### **Principal activities**

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

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 \$671,179 on exploration and \$460,361 on administration.
- On 13 July 2006 the Company announced a joint venture with Sedimentary Holdings Limited over exploration licence EL 4669 St Arnaud. Sedimentary can earn a 75% interest in the tenement by paying Goldsearch \$25,000 and expending \$500,000 on exploration of the tenement area over a three year period.
- On 18 July 2006 the Company announced the appointment of Mr Heath Hellewell B Sc.(Hons), GSA as Exploration Manager and the issue of 2,000,000 share options as part of his remuneration package.
- On 27 July 2006 the Company announced an exploration program on the Mary Kathleen uranium project part of which is to be carried out under a joint venture with Central West Gold NL.
- On 28 September 2006 the Company announced the final assay results from drilling on the Panaon Island project in the Philippines conducted by joint venture partner Medusa Mining Limited. The results were disappointing and downgraded the three drill targets and the project from a potential near-term mining opportunity to an exploration project. Negotiations are taking place with Medusa Mining Limited in relation to replacement of this project with another project in accordance with the joint venture agreement. If this does not occur by 30 June 2007, the \$663,158 of capitalised exploration expenditure on this project will be written off in the year-end accounts.
- In the activity report for the quarter ended 30 September 2006 which was released on 20 October 2006 the Company reported that:
  - exploration targets have been generated at the Mount Wellington project;
  - a scintillometer sampling program at the Mary Kathleen project continues to define two priority drill targets at the Elaine Dorothy and MacGregor Prospects;
  - an auger geochemical program was completed at the Musgrave NT project; and
  - the assay results from drilling on the Panaon Island project were disappointing.
- At the annual general meeting held on 30 November 2006 shareholders approved the issue of incentive options to directors under the terms of the Company's Employee and Directors' Share Option Plan. In accordance with these approvals a total of 16,000,000 options were issued on 7 December 2006.

## **GOLDSEARCH LIMITED**

**ABN 73 006 645 754**

- On 1 December 2006 the Company announced an agreement in principle between the Company, Independence Group NL and BHP Billiton Limited for a joint venture of the East Musgrave Project whereby BHP Billiton can earn a 65% interest in the project by expending \$25 million or delivering a bankable feasibility study within 10 years. Upon BHP earning its equity the respective equity interests will be BHP 65%; Independence Group 17.85% and Goldsearch 17.15%. Independence is currently earning a 51% interest from Goldsearch and will complete the earning of this interest by the issue of 200,000 IGO shares to Goldsearch.
- On 7 December 2006 the Company announced the commencement of a drilling program on the Mary Kathleen project.
- On 29 December 2006, in response to an ASX price query, the Company announced that a program of 7 holes of reverse circulation drilling was completed on the Mary Kathleen project on 15 December 2006. Samples were tested for uranium content using a hand-held scintillometer and, as expected from prior surface sampling, broad intervals of low grade uranium mineralisation were indicated. Assay results are expected in mid to late January 2007.
- During the half-year the Company sold 440,000 shares in Medusa Mining Limited for a net consideration of \$312,444 which realised a profit of \$38,281.

### **Subsequent events**

During the month of January 2007 the Company issued a total of 4,533,400 ordinary fully paid shares at an issue price of 5 cents per share pursuant to the exercise of 4,533,400 existing quoted options.

On 16 February 2007 the Company announced finalisation and execution of the agreements between the Company, Independence Group NL and BHP Billiton Minerals Pty Limited for the joint venture over the East Musgrave project which was announced on 1 December 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 2006.

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

J M E Percival  
Director

Sydney  
14 March 2007

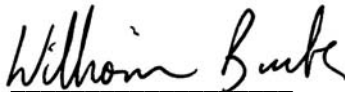
**Auditor's Independence Declaration**

**Under Section 307C of the Corporations Act 2001**

To the Directors of Goldsearch Limited:

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2006 there have been:

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



William Buck  
Chartered Accountants



Simon Hourigan  
Partner

Dated this 14<sup>th</sup> day of March 2007.

Melbourne, Australia.

# GOLDSEARCH LIMITED

ABN 73 006 645 754

## INCOME STATEMENT for the half-year ended 31 December 2006

	Half-year	
	31.12.2006	31.12.2005
	\$	\$
Revenues	109,222	379,473
Capitalised exploration expenses written off	(51,860)	(1,246,055)
Salary costs (including directors fees)	(88,381)	(77,886)
Share based payments	(107,463)	-
Professional and legal fees	(122,340)	(85,198)
Operating lease expenses (office premises)	(23,734)	(23,525)
ASX and share registry expenses	(26,430)	(15,227)
Insurance	(7,907)	(10,888)
Depreciation and amortisation expense	(5,617)	(3,301)
Printing and postage	(42,558)	(31,053)
Interest expense	(175)	-
Other expenses	(35,756)	(27,456)
Profit/(Loss) before income tax	(402,999)	(1,141,116)
Income tax expense	-	-
Profit/(Loss) for the period	(402,999)	(1,141,116)
Profit/(Loss) attributable to members of the parent entity	(402,999)	(1,141,116)
<b>Overall operations:</b>		
Basic earning/(loss) per share (cents per share)	(0.15)	(0.62)
Diluted earning/(loss) per share (cents per share)	(0.15)	(0.62)

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

# GOLDSEARCH LIMITED

ABN 73 006 645 754

## BALANCE SHEET as at 31 December 2006

	31.12.2006 \$	30.6.2006 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,326,031	1,794,696
Receivables	45,546	33,252
Other current assets	23,103	30,055
<b>TOTAL CURRENT ASSETS</b>	<b>1,394,680</b>	<b>1,858,003</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	18,714	13,918
Exploration and investment expenditure	2,057,204	1,423,095
Other financial assets	767,885	812,085
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,843,803</b>	<b>2,249,098</b>
<b>TOTAL ASSETS</b>	<b>4,238,483</b>	<b>4,107,101</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	226,857	84,492
Provision	39,374	40,831
<b>TOTAL CURRENT LIABILITIES</b>	<b>266,231</b>	<b>125,323</b>
<b>TOTAL LIABILITIES</b>	<b>266,231</b>	<b>125,323</b>
<b>NET ASSETS</b>	<b>3,972,252</b>	<b>3,981,778</b>
<b>EQUITY</b>		
Issued capital	25,229,539	25,229,539
Reserves	748,555	355,082
Accumulated losses	(22,005,842)	(21,602,843)
<b>TOTAL EQUITY</b>	<b>3,972,252</b>	<b>3,981,778</b>

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

# GOLDSEARCH LIMITED

ABN 73 006 645 754

## STATEMENT OF CHANGES IN EQUITY for the half year ended 31 December 2006

	\$	\$	\$	\$	\$
	Share capital	Reserves		Accumulated	Total
Note	Ordinary	Revaluation	Share-based payments	losses	
<b>Balance at 1.7.2005</b>	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	-	-	-	-	-
<b>Balance at 31.12.2005</b>	22,724,856	335,694	-	(21,545,700)	1,514,850
<b>Balance at 1.7.2006</b>	25,229,539	355,082	-	(21,602,843)	3,981,778
Shares issued during the period	-	-	-	-	-
Employee share options	-	-	163,509	-	163,509
Available-for-sale financial assets	-	229,964	-	-	229,964
Loss attributable to members of parent entity	-	-	-	(402,999)	(402,999)
Sub-total	25,229,539	585,046	163,509	(22,005,842)	3,972,252
Dividends paid or provided for	-	-	-	-	-
<b>Balance at 31.12.2006</b>	25,229,539	585,046	163,509	(22,005,842)	3,972,252

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

# GOLDSEARCH LIMITED

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## CASH FLOW STATEMENT for the half-year ended 31 December 2006

	Economic Entity	
	31.12.2006	31.12.2005
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(365,409)	(270,786)
Interest received	38,400	2,591
Dividend received	10,500	22,500
Other Income – Joint venture contribution	25,000	-
	<hr/>	<hr/>
Net cash used in operating activities	(291,509)	(245,695)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(10,422)	(2,188)
Proceeds from sale of investments	312,444	447,829
Payments for exploration interests	(479,178)	(312,660)
	<hr/>	<hr/>
Net cash used in investing activities	(177,156)	(132,981)
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 & cash equivalents held	(468,665)	(112,714)
Cash & cash equivalents at beginning of the reporting period	1,794,696	262,154
	<hr/>	<hr/>
Cash & cash equivalents at the end of the reporting period	1,326,031	149,440
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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 2006

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Goldsearch Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The financial report was authorised for issue by the Directors on 15th March 2007

The accounting policies adopted in the preparation of the half-year financial report are consistent with those of the previous financial year and corresponding half-year reporting periods.

### NOTE 2: MATTERS SUBSEQUENT TO BALANCE DATE

During the month of January 2007 the Company issued a total of 4,533,400 ordinary fully paid shares at an issue price of 5 cents per share pursuant to the exercise of 4,533,400 existing quoted options.

On 16 February 2007 the Company announced finalisation and execution of the agreements between the Company, Independence Group NL and BHP Billiton Minerals Pty Limited for the joint venture over the East Musgrave project which was announced on 1 December 2006.

There has been no other matters or circumstances that have arisen since 31 December 2006 that has significantly affected or may significantly affect:

- (a) the Company's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the Company's state of affairs in future years.

### NOTE 3: DIVIDENDS

No dividends were declared or paid in the half-year period.

### NOTE 4: SEGMENT INFORMATION

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

	<u>Revenue</u>		<u>Results</u>	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	\$	\$	\$	\$
Mineral exploration	25,000	-	(26,860)	(1,246,055)
Other investments	48,781	376,972	48,781	376,973
Unallocated	35,441	2,501	(424,920)	(272,034)
	<hr/>	<hr/>	<hr/>	<hr/>
	109,222	379,473	(402,999)	(1,141,116)

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

### NOTE 5: CONTINGENT LIABILITIES

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

# GOLDSEARCH LIMITED

ABN 73 006 645 754

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

### NOTE 6: ISSUANCES, REPURCHASES AND REPAYMENTS OF SECURITIES

Movement in issued share options during the half-year:

Total options granted but not exercised as at 31 December 2006 are as follows:

<b>Date</b>	<b>Details</b>	<b>Exercise price</b>	<b>Expiry date</b>	<b>Number</b>
<u>Quoted options</u>				
1 July 2006	opening balance	5 cents	31 October 07	91,604,674
31 December 2006	closing balance	5 cents	31 October 07	91,604,674
<u>Unquoted options</u>				
1 July 2006	opening balance			Nil
18 July 2006	options issued	5.5 cents	30 June 2007	800,000
18 July 2006	options issued	7.5 cents	30 June 2008	800,000
18 July 2006	options issued	10 cents	30 June 2009	400,000
7 December 2006	options issued	5 cents	31 January 2010	8,000,000
7 December 2006	options issued	7.5 cents	31 January 2010	8,000,000
31 December 2006	closing balance	Various	31 January 2010	18,000,000

**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 2006 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 2006 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  
14 March 2007

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Goldsearch Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Goldsearch Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Goldsearch Limited's financial position as at 31 December 2006 and 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*. As the auditor of Goldsearch Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

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

*Conclusion*


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 of Goldsearch Limited is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the Goldsearch Limited's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Inherent Uncertainty regarding Exploration Expenditure and Exploration Tenement Investments*

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

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 \$2,057,204 (30 June 2006 - \$1,423,095) 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



Simon Hourigan  
Partner

Dated this 14<sup>th</sup> day of March 2007.

Melbourne, Australia.