



**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER, 2001**

DIRECTORS' REPORT

Your directors have pleasure in submitting the Interim Financial Report of the Company for the half-year ended 31 December, 2001 and report as follows:

Directors

The names of the directors in office throughout the half-year ended 31 December, 2001 and at the date of this report are:

Mr. J. Landerer, CBE AM
Mr. A.G. Harris
Mr. J.M.E. Percival

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

During the half-year under review:

- The Company expended \$117,000 on exploration and \$264,000 on administration and capital raisings.
- Independence Gold NL has advised that during the period it expended \$67,689 on exploration of the Company's tenements under the terms of the August 2000 joint venture agreement.
- An access agreement with the Mitakoodi People for exploration permit for minerals EPM 13336, located south-west of Cloncurry, Queensland, was signed and negotiations commenced for a



similar agreement with the Kalkadoon People who are also registered native title applicants for the area. The exploration permit covers approximately 130 square kilometres in an area known as Duck Creek which contains a number of copper and gold prospects with substantial cobalt and bismuth credits.

- The Company notified Reefway Pty Limited of its intention not to continue funding exploration at Mount Kelly, Queensland. Accordingly Goldsearch is to be issued 1,875,000 shares in Reefway Pty Limited.
- On 2 July, 2001 the Company announced that it had settled proceedings against Mr J L Merity, a former director of the Company on the basis that Mr Merity pay the Company \$175,000 and indemnify it in respect of claims by former directors of the Company, for which provision had been made in the Company's accounts. There is no financial effect on the results for the half-year as the settlement was taken to account in the Company's accounts at 30 June 2001.
- On 17 July, 2001 the Company advised that VisionGlobal Corporation had been unable to complete the raising of necessary capital to finalise the development of its technology through to manufacture and had filed a petition for reorganisation under Chapter 11 of the US Bankruptcy Laws. As a consequence, the Company did not renew its contractual arrangements with VisionGlobal and those arrangements expired during the half year. There is no financial effect on the results for the half-year as a full provision for diminution in value of all capitalised costs associated with the arrangements with VisionGlobal was made in the Company's accounts at 30 June, 2001.
- At a general meeting held on 16 August, 2001 shareholders approved the issue of a total of 12,000,000 unquoted options to directors and a consultant, such options being exercisable at 15 cents each at any time until their expiry on 15 July, 2004. At the same meeting, shareholders also approved the issue of three parcels of 1,000,000 unlisted options to the General Manager - Exploration which are exercisable at 10, 15, and 20 cents per share respectively, at any time until their expiry on 15 July, 2004. These options were subsequently issued on 15 September, 2001.
- On 17 September, 2001 the Company announced that, due to the downturn in the technology and communications industries and the consequent uncertainties as to current values, it had provided for diminution in value of the full capitalised expenditures to date on the investment in Capital Markets Internet Exchange (Capix) Limited and under the agreement with VisionGlobal Corporation. These provisions amounted to \$588,172 and \$170,668 respectively. There is no financial effect on the results for the half year as these provisions were made in the Company's accounts at 30 June, 2001.

- On 18 September, 2001 the Company announced that it had allotted 12,500,000 ordinary fully paid shares at 4 cents per share by way of a private placement to non-associated parties. The placement raised \$500,000 additional working capital.
- On 13 December, 2001 exploration licence EL 9407, located in the Musgrave Block region of the Northern Territory, was granted to the Company for a period of six years.

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 solicitors, Landerer & Company.
- Chairman of directors of National Hire Group Limited and a director of a number of other prominent private family companies.
- Beneficially holds 1,000,000 fully paid ordinary shares in the capital of the Company and 3,000,000 unquoted options.

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 and Pan Palladium Limited.
- Beneficially holds 300,000 fully paid ordinary shares in the capital of the Company, 100,000 quoted options and 3,000,000 unquoted options.

**John M.E. PERCIVAL -
 (non-executive director)**

- Has been involved in investment and merchant banking for over 25 years including 15 years as investment manager for Barclays Bank New Zealand Limited.
- Has had extensive experience in stockbroking, corporate finance and investment management.
- Beneficially holds 900,000 fully paid ordinary shares in the capital of the Company, 535,354 quoted options and 3,000,000 unquoted options.

Directors' meetings

Attendance of individual directors at board meetings held during the half year ended 31 December, 2001 was as follows:-

<i>Director</i>	<i>Meetings held</i>	<i>Meetings attended</i>
J. Landerer, CBE AM	5	5
A.G. Harris	5	4
J.M.E. Percival	5	5

In addition there were 2 meetings of the audit committee which were attended by directors as follows:-

J. Landerer, CBE AM	2	1
A.G. Harris	2	2
J.M.E. Percival	2	2

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 totalled \$3,939 during the half-year and were charged at normal commercial rates.
- Mr. A.G. Harris received reimbursement for travelling and other expenses totalling \$1,375 during the half-year.
- Mr. J.M.E. Percival received consultancy fees totalling \$32,000 during the half-year.

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

J. Landerer, CBE AM
Director

A.G. Harris
Director

Sydney
14 March, 2002

**CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

	Note	2001	2000
		\$	\$
Interest revenue	2	10,043	10,661
Other revenue		0	0
Total revenue from ordinary activities		10,043	10,661
Total expenses from ordinary activities		(234,106)	(275,426)
Profit/(loss) from ordinary activities before income tax expense	2	(224,063)	(264,765)
Income tax expense relating to ordinary activities		-	-
Profit/(loss) from ordinary activities after income tax expense		(224,063)	(264,765)
Net profit/(loss)		(224,063)	(264,765)
Net profit/(loss) attributable to members of Goldsearch Limited		(224,063)	(264,765)
Basic earnings/(loss) per share - cents per share	4	(0.2)	(0.2)

**CONDENSED STATEMENT OF FINANCIAL POSITION
 FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

	Note	31/12/01	30/6/01	31/12/00
		\$	\$	\$

CURRENT ASSETS				
Cash		603,247	473,524	627,008
Receivables		103,664	87,500	40,246
Other		19,130	45,038	52,946
TOTAL CURRENT ASSETS		726,041	606,062	720,199
NON-CURRENT ASSETS				
Property, plant & equipment		10,410	17,645	44,199
Investments		885	885	742,344
Other	3	3,326,437	3,200,532	3,004,667
TOTAL NON-CURRENT ASSETS		3,337,732	3,219,062	3,791,211
TOTAL ASSETS		4,063,772	3,825,124	4,511,410
CURRENT LIABILITIES				
Accounts payable		20,428	46,305	219,485
Borrowings		2,092	8,142	35,286
Provision		70,297	75,658	41,381
Other liabilities		-	-	348,000
TOTAL CURRENT LIABILITIES		92,816	130,105	644,153
NON-CURRENT LIABILITIES				

Interest bearing liabilities		-	-	2,092
TOTAL NON-CURRENT LIABILITIES		-	-	2,092
TOTAL LIABILITIES		92,816	130,105	646,245
NET ASSETS		3,970,956	3,695,019	3,865,165
EQUITY				
Contributed equity		20,736,681	20,236,681	16,975,607
Reserves		-	-	2,745,074
Retained profits/(accumulated losses)	5	(16,765,725)	(16,541,662)	(15,855,516)
EQUITY		3,970,956	3,695,019	3,865,165

**CONDENSED STATEMENT OF CASH FLOWS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

	2001	2000
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(254,459)	(339,293)
Interest received	10,043	10,661
Net cash provided by/(used in) operating activities	(244,416)	(328,632)
CASH FLOWS FROM INVESTING ACTIVITIES:		

Proceeds from sale of non-current assets	-	455
Payment for exploration activities	(119,465)	(298,140)
Payment for property, plant & equipment	-	(1,880)
Payment for investment in non-mining entities	-	(91,540)
Net cash provided by/(used in) investing activities	(119,465)	(391,105)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on interest bearing liabilities	(6,396)	-
Proceeds from application for issue of shares	-	348,000
Proceeds from issue of shares & options	500,000	200,250
Net cash provided by financing activities	493,604	548,250
Net increase/(decrease) in cash held	129,723	(171,487)
Cash at 1 July	473,524	798,495
Cash at 31 December	603,247	627,008

**NOTES TO AND FORMING PART OF THE ACCOUNTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

1. STATEMENT OF ACCOUNTING POLICIES

These general purpose half-year accounts have been prepared in accordance with Accounting Standard AASB 1029 : Interim Financial Reporting, the Corporations Regulations and other mandatory professional reporting requirements. It is recommended that these accounts be read in conjunction with the financial accounts for the year ended 30 June, 2001 set out in the 2001 Annual Report and any public announcements made by Goldsearch Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Law.

The accounting policies have been consistently applied by the Company and are consistent with those of the previous financial year and corresponding half-year.

For the purpose of preparing the half-year accounts, the half-year has been treated as a discrete reporting period. The half-year report does not include full disclosures of the type normally included in an annual financial report.

2. INTEREST REVENUE & EXPENSE

	Half-year ended	
	31/12/01 \$	31/12/00 \$
Profit/(Loss) from ordinary activities before income tax expense is arrived at after:		
(a) Crediting as revenue:		
- interest	10,043	10,661
(b) Charging as expense:		
- depreciation	795	1,776
- amortisation of leased assets	5,815	9,159
	3,326,437	3,004,667

3. NON-CURRENT ASSETS - OTHER

This item relates to the aggregate of expenditure at cost on mining tenements. Mining leases are to be amortised when production commences, or written off to the profit and loss account in accordance with AASB1022.

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 cost dependent upon future successful exploration or realisation of this asset.

4. EARNINGS/(LOSS) PER SHARE

As at 31 December, 2001, the Company had on issue 121,607,369 (2000: 98,007,369) options over unissued shares in the capital of the Company. As the notional exercise price of these options would decrease basic loss per share they have not been considered dilutive.

5. RETAINED PROFITS

	Half-year ended	
	31/12/01 \$	30/06/01 \$
Retained profits at the beginning of the half-year	(16,541,662)	(15,590,751)
Net profit/loss attributable to members of Goldsearch Limited	(224,063)	(950,911)
Retained profits at the end of the half-year	(16,765,725)	(16,541,662)

6. MATTERS SUBSEQUENT TO BALANCE DATE

On 17 January, 2002 the Company announced that three exploration licences (ELs 5702, 9443 and 9741) in the Musgrave Block region of the Northern Territory, in which it has an interest, were granted for a period of six years.

On 23 January, 2002 the Company allotted 10,000,000 ordinary fully paid shares at 5 cents per share by way of a private placement to non-associated parties. The placement raised \$480,000

additional working capital, net of commission.

Apart from the above mentioned items there has not arisen, in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent reporting periods.

7. INTERNET AND COMMUNICATION TECHNOLOGY INVESTMENTS

a) Capix Limited.

Capix is a Melbourne based vendor of banking, broking and corporate treasury software systems and has been developing systems for delivery of financial services on the internet. Goldsearch has a 14.8% interest in Capix Limited.

b) VisionZoom Australia

The Company's arrangements with VisionGlobal Corporation expired during December, 2001.

Due to the downturn in the technology and communications industries and the consequent uncertainties as to current values, together with a decision by the directors to realise the non-mining investments, the directors have provided fully for diminution in value of the investment in Capix and the capitalised expenditure under the agreement with VisionGlobal Corporation. These provisions amounted to \$588,172 and \$170,668 respectively. There is no financial effect on the results for the half-year as these provisions were made in the Company's accounts at 30 June, 2001.

8. MOUNT KELLY, QUEENSLAND

On 27 July, 2001 the Company notified Reefway Pty Limited (*the current tenement holder*) of its intention not to continue funding exploration at Mount Kelly, Queensland. Accordingly Goldsearch is entitled to receive 1,875,000 shares representing approximately 10% of the issued capital of that company. Capitalised exploration expenditure relating to the Mount Kelly project currently amounts to \$733,491.

9. CONTINGENT LIABILITIES

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

10. SEGMENT REPORTING

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

	<u>Revenue</u>		<u>Results</u>		<u>Assets</u>	
	31/12/01	31/12/00	31/12/01	31/12/00	31/12/01	31/12/00
	\$	\$	\$	\$	\$	\$
Mineral exploration	-	-	-	-	3,326,437	2,704,967
Other investments	-	-	-	-	621,547	650,804
Unallocated	10,042	29,745	(224,064)	(619,565)	115,788	884,793
	10,042	29,745	(224,064)	(619,565)	4,063,772	4,240,564

During the half-year the Company continued its activities in mineral exploration, and internet and communications investment. However, as stated in Note 7 above, a decision has been made to realise the non-mining investments and a full provision for diminution in the value of the communications and internet investments was made at 30 June, 2001.

DIRECTORS' DECLARATION

The directors of Goldsearch Limited declare that:

- a) the financial statements and associated notes for the half-year ended 31 December, 2001 comply with accounting standard AASB 1029: Interim Financial Reporting; the Corporations Regulations; and Urgent Issues Group Consensus Views;
- b) the financial statements and associated notes for the half-year ended 31 December, 2001 give a true and fair view of the financial position and the performance of the Company for the half-year then ended; and
- c) in the opinion of the directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



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Made in accordance with a resolution of the directors.
On behalf of the directors

J. Landerer, CBE AM
Director

A.G. Harris
Director

Sydney
14 March, 2002

