



## Quarterly Report - for the period ended 31 December, 2001

### Summary

#### 1. Musgrave Block Project

- Exploration licence EL 9407, located in the Musgrave Block region of the Northern Territory, was granted to Goldsearch for a period of six years during the quarter. An additional three exploration licences, ELs 5702, 9443 and 9741, located in the same vicinity were subsequently granted on 14 January, 2002. The four licences cover an area of approximately 1,900 square kilometres and are prospective for base metals, silver and gold. Goldsearch holds 100% equity in EL 9407 and can earn up to a 75% interest in ELs 5702, 9443 and 9741. A number of exploration targets based on circular magnetic features considered prospective for copper-gold-iron oxide ore deposit models similar to Olympic Dam and sediment hosted styles of base metal mineralisation similar to that of the Zambian Copper Belt have been defined. Targets with potential for gold bearing polymetallic quartz lodes will also be investigated. A work program is currently being prepared for submission to the traditional owners. Independence Gold NL will fund and manage exploration on behalf of Goldsearch and its joint venture partners in return for the opportunity to earn 51% of the equity held by Goldsearch (refer page 2 - Independence Gold NL Joint Venture).

#### 2. Duck Creek Project

- The Company has completed an access agreement with the Mitakoodi People for exploration permit for minerals EPM 13336. A similar agreement is being negotiated with the Kalkadoon People who are also registered native title applicants for the area. The Company intends to commence exploration as soon as the access agreements have been registered and lodged with the Queensland Department of Mines. The exploration permit covers approximately 130 square kilometres in an area south-west of Cloncurry known as Duck Creek which contains a number of copper and gold prospects with substantial cobalt and bismuth credits.

#### 3. Funding

- Since 31 December, 2001 the Company has raised a further \$500,000 working capital by way of a private placement of 10 million shares @ 5 cents per share.



#### 4. Website

- With the expected increase in exploration activity due to licences finally being granted in the Musgrave Block and the availability of exploration funding through our joint venture agreement with Independence Gold NL our website is currently under construction to facilitate dissemination of information relating to our exploration operations and to improve investor relations. We welcome you to visit the site, [www.goldsearch.com.au](http://www.goldsearch.com.au), which is expected to be accessible in late February.

### **EXPLORATION ACTIVITIES**

#### **Independence Gold NL Joint Venture**

Goldsearch Limited has signed a letter of agreement with Independence Gold NL (Independence) to participate, under a joint venture agreement, in the exploration, development and mining of tenements held by Goldsearch in the Musgrave Block region and at Mount Patricia in the Tanami Goldfield. Independence can earn a 51% equity in the exploration tenements included in the agreement by funding an exploration expenditure equal to twice the statutory annual expenditure commitment assigned to the exploration licence by the issuing authority. The total amount of annual expenditure will be dependent on the number of exploration licences granted and initial exploration of those licence areas. Up to \$5,976,000 could be spent on exploration under the agreement. Independence must spend a minimum of \$2,000,000 before earning an equity in any licence area.

The agreement not only benefits Goldsearch in providing the funding for initial exploration but also gives access to the experienced exploration team of Independence which has contributed to a number of successful mineral discoveries within Australia in recent years.

Compilation of a comprehensive database for the entire Musgrave Block region has been completed. It includes all publicly available geological, geochemical, mineral occurrence, aeromagnetic, gravity and selected Landsat data. Fifty priority exploration target areas within tenements subject to the joint venture have been generated and exploration is ready to commence as soon as access is available. The following table summarises priority exploration targets currently defined;

Target model	Commodity	No. of targets
Magmatic Ni-Cu (Voisey's Bay/WMC West Musgrave)	Ni, Cu, (Co, Au, PGE)	16
Proterozoic Cu-Au Fe -oxide (Olympic Dam)	Au, Cu	13
Stratabound base metals (Broken Hill)	Pb, Zn, Ag, Cu	7
Lode and shear hosted gold (Granites Tanami, Pine Ck)	Au, Ag	7
Sediment hosted copper (Zambian Copper Belt)	Cu, Co, Ag	4
Kimberlite, lamproite diatremes (Argyle AK1)	diamonds	3

One of the nickel sulphide targets contains a prospect defined by Kennecott Exploration in the early 1970's. Nickel/copper sulphides were intersected immediately adjacent to a troctolitic dyke. The dyke, which is approximately 16 kilometres long, represents a high priority target by analogy to the giant Voisey's Bay nickel copper deposit where all significant sulphide mineralisation is hosted by troctolitic intrusions.

## Queensland

### 1. DUCK CREEK - CLONCURRY

#### EPMS 13273 and 13336 (95%)

The Company has been granted an exploration permit for minerals (EPM 13336) covering approximately 130 square kilometres in an area south-west of Cloncurry known as Duck Creek which contains a number of copper and gold prospects. Anomalous cobalt and bismuth contents have also been reported in the area. Another permit (EPM 13273) covering approximately 6 square kilometres in the same area has also been granted. An access agreement for EPM 13336 has been finalised with the Mitakoodi People and a similar agreement is being negotiated with the Kalkadoon People who are also registered native title applicants for the area. Exploration will commence once this agreement is finalised.

## **South Australia**

### **1. MUSGRAVE BLOCK**

#### **PITJANTJATJARA LANDS**

**ELAs 198/96, 260/96, 262/96 (50%) and ELAs 336-343/96, 534/96, 35/99 (100%)**

The thirteen ELAs located within the Pitjantjatjara Lands cover an area of 16,080 square kilometres and have been selected on the basis of regional geophysical and geological data as well as previous exploration results. Priority targets for exploration are stratiform copper, lead, zinc deposits in basement metasediments similar to Mount Isa and Broken Hill ore deposit models, copper/gold deposits in Adelaidean Sediments which outcrop along the southern margin of the Musgrave Block, placer concentrations of platinum and possible associated gold in Tertiary palaeo-drainage systems, nickel, copper and cobalt associated with ultramafics similar to that intersected by Western Mining Corporation at the Nebo and Babel prospects in Western Australia and gold in shear zones.

The Company is awaiting permission from the Minister for Primary Industries and Resources to negotiate with Anangu Pitjantjatjara for permission to carry out exploration.

#### **NON-PITJANTJATJARA LANDS**

**EL 2245 and EL 2435 (100%)**

Exploration licence application ELA 107/01 (formerly EL 2245), De Rose Hill, and exploration licence EL 2435, Ungalootanna Hill, are located in the eastern Musgrave Block region of South Australia. Prospective rocks of Archaean and Proterozoic ages outcrop within the area and anomalous copper, gold, uranium and nickel grades have been reported in equivalent rock units in adjacent areas. Drilling undertaken by the Department of Primary Industry and Resources South Australia in an area immediately to the north of the two ELs has intersected presumed Giles Complex rocks with sulphide mineralisation. This represents a significant extension of the Giles Complex into the far eastern portion of the Musgrave Block region

Exploration targets have been defined and the Company has initiated negotiations with native title parties to formulate an agreement to allow exploration work to be undertaken. Exploration within these licence areas will be funded by Independence Gold NL under our joint venture agreement.



mineralisation. The Company is currently in discussion with other parties interested in participating in the exploration of this licence area

### **3. OTHER SOUTH AUSTRALIAN AREAS**

#### **MOUNT OGILVIE EL 2267 (100%)**

EL 2267 covers an area of approximately 240 square kilometres and is located 30 kilometres north-east of Leigh Creek in the northern Flinders Ranges. High grades of gold and silver have been mined from the area with ores of cobalt, nickel and arsenic.

A high frequency photo lineament analysis of aerial photographs and satellite imagery has indicated that EL 2267 Mount Ogilvie is located in a favourable lineament setting of high mineral prospectivity.

A field program designed to confirm and investigate anomalous results that were reported from previous work and to check magnetic features was completed earlier this year. Selective, hand picked samples were collected from dumps beside old mine workings to characterise the geochemical signature of the mineralisation and to locate previously reported high grade copper, gold, nickel and cobalt mineralisation. Most old workings exploited groups of narrow quartz-carbonate veins. At several workings the assay results confirmed high grades of copper (up to 31%) and gold (up to 2.9 gms/tonne), which were accompanied in some samples by elevated nickel (up to 0.10%) and cobalt (up to 0.18%).

Stream sediment samples confirmed several anomalous results, including a significant regional zinc result. The Company is investigating options regarding exploration of the area including participation by other parties.

### **Northern Territory**

#### **1. MUSGRAVE BLOCK NORTH**

##### **EAST BLOODS RANGE AND PETERMANN JOINT VENTURE**

**ELs 9407 (100%) and 5702, 9443 and 9741 (up to 75%)**

**ELAs 9863 (100%), 5701, 5702, 5703, 9443, 6847, 9740, 9741, 10315, 22687, 22688, 22689, 22690 and 22710 (up to 75%)**

The tenements are located in the northern Musgrave Block and are considered prospective for base metals, silver and gold. Base metal occurrences (copper and lead) in quartz filled shear zones with some gold and silver were reported in ELA 5701 by the Bureau of Mineral Resources

during a reconnaissance survey carried out during 1962. A sample from an undeformed quartz vein collected recently by the Northern Territory Department of Mines and Energy from within ELA 5701 has reported anomalous silver (89 gms/tonne), lead (2.1%), copper (1.9%) and gold (101 ppb). Elevated chromium (550 ppm) and nickel (1,000 ppm) have been reported for a sample of laterised peridotite collected to the south of the ELAs.

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The four granted licence areas cover an area of approximately 1,900 square kilometres. A number of exploration targets based on circular magnetic features considered prospective for copper-gold-iron oxide ore deposit models similar to Olympic Dam and sediment hosted styles of base metal mineralisation similar to that of the Zambian Copper Belt have been defined. Targets with potential for gold bearing polymetallic quartz lodes will also be investigated. A work program is currently being prepared for submission to the traditional owners. Independence Gold NL will fund and manage exploration on behalf of Goldsearch and its joint venture partners.

Proposals for the consent to the granting of an exploration licence have been submitted to the Central Land Council in respect of ELAs 22687, 22688, 22689 and 22690.

Goldsearch has received a notice of application to grant exploration licence 22710 from the Northern Territory Department of Mines and Energy and a draft native title agreement has been received from the Central Land Council concerning this area.

## **2. MOUNT PATRICIA ELA 9636 (100%)**

The application is currently under veto following a decision by the Central Land Council to refuse to consent to the grant of an exploration licence. The Company intends to recommence negotiations for an exploration licence after 22 October, 2002 in accordance with statutory procedures.

## **MAPS**

1. A map locating the four new exploration licence areas granted in the Musgrave Block region of the Northern Territory is attached .

## **INTERNET AND COMMUNICATION TECHNOLOGY INVESTMENTS**

### **1. CAPIX.**

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

Goldsearch has purchased a 14.8% interest in Capix for a consideration of \$520,000. Due to the downturn in the technology sector the directors of Goldsearch have decided not to commit any additional funding and to realise the investment in Capix. Full provision for diminution in the value of this investment was made in the Company's accounts at 30 June, 2001.

### **2. VISIONZOOM AUSTRALIA**

The Company's arrangements with VisionGlobal expired during the quarter. There is no financial effect on the quarter's result as the costs associated with VisionGlobal were fully provided against in the Company's accounts at 30 June, 2001.

## **STATEMENT**

*Technical information relating to exploration projects in this report was prepared by Mr N.L. Kennedy, B.Sc, MAusIMM, General Manager-Exploration of the Company and accurately reflects the information compiled by him.*