



Quarterly Report - for the period ended 31 December 2002

Summary

Musgrave Block project

Field exploration activity commenced on four exploration licences (ELs 9407, 5702, 9443 and 9741) in the December quarter. A helicopter supported visit to the area to substantiate geological structures took place during November 2002. This was the first visit by mining company geologists in over 20 years. A total of 21 rock samples and 8 orientation geochemical samples were collected.

Rock samples were collected from a series of extensively developed quartz vein systems hosted by granite. This work was completed over an area of approximately 550 square kilometres where the bedrock is well exposed. The remainder of the area is poorly exposed with bedrock obscured by Aeolian sand dune cover. The geology of the covered area consists of rift sequence volcanics and sedimentary rocks considered to be more prospective than the exposed granite terrain. No significant assay results were returned from rock chip sampling.

Orientation geochemical samples are currently being assessed to determine regolith and stream load characteristics in order to determine the most effective geochemical sampling methods for the area.

The four licences cover an area of approximately 1,765 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 22710, 5702, 9443 and 9741.

The Company received a draft "Exploration Deed" for ELs 5701 and 5703 which are adjacent to the above ELs and have significant areas of interest. It is expected final documentation will be completed during the coming quarter with entry likely in the June 2003 quarter.

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.



Duck Creek project

In the previous quarter the Company advised that access agreements with the Mitakoodi and Kalkadoon People for exploration permits for minerals on EPMs 13273 and 13336 were amended and had to be re-signed. Documents are now with the Kalkadoon People and should be completed during the current quarter. We have had an additional report prepared by the Company's consultant geologist and expect to have identified areas of interest visited for an initial field reconnaissance sampling and mapping survey program this quarter.

St Arnaud prospect

The St Arnaud prospect is located 100 kilometres west of Bendigo in Victoria. The tenement includes the Lord Nelson reef system that was one of the top twenty Victorian gold mines that produced in excess of 10 tonnes (330,000 ounces) of gold to over 1,000 metres depth. Gold was still being mined from the Comstock lode as recently as 1997. The Company's future exploration will concentrate on a north-east cross faulted structure that extends for many kilometres on either side of the Lord Nelson reef system with anomalous surface geochemical and co-incident geophysical images.

Hawks Nest project

Phelps Dodge Australasia Inc (PDA) visited the site to explore the base metal potential of the Hawks Nest tenement (EL 2899) which covers an area of 324 square kilometres in the Gawler Craton region of South Australia during the December quarter and a detailed work program is being assessed. Under the terms of the agreement PDA can earn up to 70% equity in the tenement by contributing \$4,000,000 in exploration expenditure. PDA will spend a minimum of \$100,000 within the next 18 months.

Orange prospect

During the quarter an application was made for 39 units at Windeyer in central west New South Wales (Orange prospect ELA 2026) located approximately 50 kilometres south-south-west of Mudgee. This area covers the following known small gold mines, Crystal Palace, Dog Trap Reef, Golden Group, Ding Dong Reef and the Eaglehawk Gully Group of Mines. After negotiation with the local indigenous tribal group and negotiating an access agreement for the Crown Land portion of the area the following exploration methodology will be applied. The program will



involve overlays of recent geology, geophysics and geomorphology to the known gold mines and prospects to generate new exploration targets. Anomalous areas identified will be ground mapped, sampled and geophysically surveyed to generate targets. A decision will then be made on drilling the better anomalies that show commercial potential.

Corporate

The 2002 annual report was completed and mailed to shareholders on 25 October 2002.

The 2002 annual general meeting was held at the Wentworth Hotel on 28 November 2002 and was well attended by over 25 shareholders. The Company's consultant geologist Mr David Hawley gave a very informed overview of activities in Victoria, New South Wales and Queensland. A presentation was also given by Mr Chris Bonwick, managing director of Independence Gold NL, the Company's joint venture partner in the Musgrave Block region of South Australia and the Northern Territory.

EXPLORATION ACTIVITIES

Independence Gold NL joint venture

A brief reconnaissance visit to four exploration licences covering approximately 1,765 square kilometres of the Northern Territory portion of the Musgrave Block took place in November 2002, the first visit to the region by a company geologist in over 20 years.

Compilation of a comprehensive database for the entire Musgrave Block region has been completed by the Company's joint venture partner Independence Gold NL (Independence). 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	Number 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.

Work programs comprising regional reconnaissance surveys for ELs 9407, 5702, 9443 and 9741 located in the northern Musgrave Block region of the Northern Territory have been prepared by Independence and approved by the Central Land Council. Field work started with a brief reconnaissance visit to the area during November 2002. A major work program is expected during the June 2003 quarter.

Queensland

DUCK CREEK - CLONCURRY

EPMs 13273 and 13336 (95%)

A new access agreement is being concluded with the Mitakoodi and Kalkadoon People for exploration permits for minerals on EPMs 13273 and 13336. A new report has been prepared by the Company's consultant geologist and a work program is currently being finalised. A meeting with local communities is expected in the near future.

South Australia

MUSGRAVE BLOCK

PITJANTJATJARA LANDS

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

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



**MUSGRAVE BLOCK
NON-PITJANTJATJARA LANDS
ELA 2910 (100%) and EL 2435 (100%)**

Exploration licences EL 2910 (formerly EL 2245) De Rose Hill and EL 2435 Ungalootanna Hill are located in the eastern Musgrave Block region of South Australia. In November 2002 judgement in the De Rose Hill case was delivered which held that the grant of pastoral leases had not extinguished native title.

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 the joint venture agreement.

**GAWLER CRATON
HAWKS NEST
EL 2899 (100%)**

EL 2899, which covers an area of 324 square kilometres, is located in the northern sector of the Gawler Craton in South Australia, approximately 100 kilometres north-west of Coober Pedy. The area contains a regional magnetic anomaly and targets defined by previous calcrete sampling and is considered prospective for iron oxide-copper-gold mineralisation similar to Olympic Dam and Broken Hill silver-lead-zinc mineralisation.

During the December 2002 quarter personnel from Phelps Dodge Australasia Inc. (PDA) our joint venture partner visited the site and are assessing a detailed work program. Under the terms of the joint venture agreement, PDA can earn up to 70% equity in the tenement by contributing \$4,000,000 in exploration expenditure. PDA will spend a minimum of \$100,000 within the next 18 months.

OTHER SOUTH AUSTRALIAN AREAS

**MOUNT OGILVIE
EL 2933 (100%)**

EL 2933 (formerly 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.

The Company is investigating options regarding exploration of the area including participation by other parties.

Northern Territory

MUSGRAVE BLOCK NORTH

EAST BLOODS RANGE AND PETERMANN JOINT VENTURE

ELs 9407 (100%) and ELs 5702, 9443, 9741 and 22710 (up to 75%)

ELA 9863 (100%), and ELAs 5701, 5703, 6847, 9740, 10315, 22687, 22688, 22689 and 22690 (up to 75%)

These 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 from a sample of laterised peridotite collected to the south of the ELAs.

Exploration licence EL 22710 located in the Musgrave Block region of the Northern Territory has been granted to Goldsearch for a period of six years.

We have received a draft "Exploration Deed" for ELs 5701 and 5703. It is expected that this will enable a continuation of the exploration program beyond the current cleared areas with a substantial increase in target areas by mid 2003.

ELs 5702, 9407, 9443 and 9741 have been granted and cover an area of approximately 1,900 square kilometres. A number of exploration targets have been defined 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. Targets with potential for gold bearing polymetallic quartz lodes will also be investigated. Independence will fund and manage exploration on behalf of Goldsearch and its joint venture partners. Work area clearances have been finalised and exploration commenced during November 2002 with an initial helicopter supported visit to the area to substantiate geological structures. No significant assay results were returned from the 29 samples collected.

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.

**MOUNT PATRICIA
ELA 9636 (50% Goldsearch)**

The application has recently come out of its veto period following a decision by the Central Land Council to refuse to consent to the grant of an exploration licence. The Company has recommenced negotiations for an exploration licence on a reduced area to take account of a sensitive aboriginal rehabilitation centre we have only recently become aware of.

New South Wales

**MORUYA GOLD MINES
EL 6027 (100%) PREVIOUSLY ELA 1916**

Goldsearch Ltd has been granted exploration licence EL 6027 over the Moruya Goldmines, located 333 kilometres south-south-west of Sydney during May 2002. From 1901 until 1951 this area produced over 20,000 ounces of gold underground. A major drilling program in the 1980's by Browns Creek Gold Mines identified over 30,000 ounces of contained gold in three closely spaced prospects. A recent field appraisal identified a small open-cut resource at one of these prospects that requires grid drilling to further extend drilled resources. Now that an exploration licence has been issued, the Company has proceeded to make contact with the local Walbunga People to advance the opportunity for exploration.

Victoria

**ST ARNAUD
ELA 4669 (100%)**

The St Arnaud prospect is located 100 kilometres west of Bendigo in Victoria. The Company has reduced the area under application from 311 square kilometres to 59 square kilometres. The area covered by the exploration licence application includes the Lord Nelson reef system that was one of the top twenty Victorian gold mines and produced in excess of 10 tonnes (330,000 ounces) of gold to over 1,000 metres depth. Gold was still being mined from an open-cut on the north-west extension of the Lord Nelson reef system (the Comstock lode) as recently as 1997. The Company's geologists have identified a cross faulted structure that extends for many kilometres on either side of the Lord Nelson reef system with anomalous surface geochemical and co-incident geophysical images that will be followed up by drilling during the next quarter.

Goldsearch has been approached by several other companies, with tenements in Victoria containing gold resources, which have offered their areas for joint venture and is currently evaluating joint venture opportunities on two very prospective exploration tenements close to Bendigo.

TECHNOLOGY INVESTMENTS

CAPIX

Goldsearch retains a 14.8% minority interest in Melbourne based IT software company Capix. The company has been working with Austrade to locate good sales partners overseas focusing mainly on south-east Asia, Europe via London and North America. They are currently negotiating with various partners in this regard and hope to sign contracts during the current quarter. Interested shareholders may wish to visit the Capix website at "www.capix.com.au".

STATEMENT

Technical information relating to exploration projects in this report was prepared by Mr David Hawley, Grad Dip Env Sc, B.Geo Sc (Hons), MAusIMM, AIG and accurately reflects the information compiled by him. Mr Hawley has over five years ore reserve estimation experience and complies with the JORC code for ASX reporting of company reserves and resource estimates.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity
Goldsearch Limited

ACN or ARBN	Quarter ended ("current quarter")
73 006 645 754	31 December 2002

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for	(57)	(95)
	(a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	(125)	(269)
	(d) administration		
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	6	13
1.5	Interest and other costs of finance paid	-	-

1.6	Income taxes paid	-	-
1.7	Other (provide details if material) - funds received during the quarter from settlement of litigation	-	-
	Net operating cash flows	(176)	(351)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	(4)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	-	(4)
1.13	Total operating and investing cash flows (carried forward)	(176)	(355)

1.13	Total operating and investing cash flows (brought forward)	(176)	(355)
	Cash flows related to financing activities		

1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(176)	(355)
1.20	Cash at beginning of quarter/year to date	612	791
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	436	436

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	44
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	

- Directors' fees & expenses	41,063
- Directors' superannuation	2,259
- Legal fees paid to Landerer & Company (J Landerer)	698

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	N/A

2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
	N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	N/A
3.2	Credit standby arrangements	Nil	N/A

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	150
4.2	Development	-



Total	150
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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	412	598
5.2	Deposits at call	24	14
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	436	612

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2	Interests in mining tenements acquired or increased	ELA2026	Exploration licence application over 117sq kms at Orange NSW	0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.





Goldsearch Limited

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		Total number	Number quoted	Issue price per security (cents) (see note 3)	Amount paid up per security (cents) (see note 3)
7.1	Preference ⁺ securities <i>(description)</i>	Nil	N/A	N/A	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
		N/A	N/A	N/A	N/A
7.3	⁺ Ordinary securities	145,967,479	145,967,479	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil	N/A	N/A
		Nil	N/A	N/A	N/A
7.5	⁺ Convertible debt securities <i>(description)</i>	Nil	N/A	N/A	N/A
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil	N/A	N/A	N/A
		Nil	N/A	N/A	N/A
7.7	Options <i>(description and conversion factor)</i>	12,000,000	Nil	<i>Exercise price</i> 15 cents	<i>Expiry date</i> 15/07/04





7.8	Issued during quarter	Nil	N/A		
7.9	Exercised during quarter	Nil	N/A		
7.10	Expired during quarter	Nil	Nil	Nil	Nil
7.11	Debentures <i>(totals only)</i>	Nil	N/A		
7.12	Unsecured notes <i>(totals only)</i>	Nil	N/A		

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 January 2003
(Company secretary)

Print name: P S HEWSON

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.



3. **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities .
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.