

gsh/psh/gsh662

28 July 2006

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

Via ASX Online

No. of pages – 12

Dear Sir,

Re: Quarterly activity report to 30 June 2006

Enclosed for release to the market is the Company's activity report for the quarter ended 30 June 2006 together with a duly completed Appendix 5B report.

For and on behalf of the directors of
Goldsearch Limited



P S Hewson
Secretary

QUARTERLY REPORT

for the period ended 30 June 2006

HIGHLIGHTS

- **Panaon Island gold project (Philippines)** – Encouraging mineralisation intercepted by diamond drillhole UDH – 2. Assay results are expected soon.
- **St Arnaud East joint venture (Victoria)** – Sedimentary Holdings Limited has agreed to spend \$500,000 over three years to earn up to 75% of ELA 4669.
- **Mary Kathleen uranium project (Queensland)** – Reconnaissance work to date has identified three main target areas. Future programs are now dedicated to defining drill targets.
- **Musgrave Block (South Australia)** – Meetings have been held with the local Aboriginal community to enable preliminary anthropological surveys over four key tenements.

28 July 2006

PHILIPPINES

PANAON ISLAND GOLD PROJECT (Goldsearch earning 50%)

(gold)

During the quarter underground and surface diamond drilling commenced at the Pinut-an deposit on Panaon Island. The Pinut-an deposit is interpreted to represent a low-sulphidation epithermal gold system and is considered to have potential to host significant high-grade gold mineralisation.

Despite early problems due to difficult drilling conditions, which resulted in poor core recoveries, significant progress has been made following optimisation of the drilling equipment. To date, one surface drill hole and one underground drill hole have been completed and second holes from both the surface and underground have commenced (**Table 1**).

DDH number	Bearing	Incline	Co-ordinates	Elevation (metres)	Drilled (metres)	% Rec	Remarks
SDH – 1	S 06 E	- 45 ^o	9°59' 59" N 125°16' 29" E	±15.0	301.40	83	EOH
SDH – 2	S 20 E	- 45 ^o	9°59' 53" N 125°16' 35" E	±12.0	187.20	87	On-going
UDH – 1	N 25 W	- 50 ^o	9°59' 56" N 125°16' 23" E	+1.5	152.20	65	EOH
UDH – 2	N 20 E	- 50 ^o	9°59' 55.9" N 125°16' 23.1" E	+1.5	42.90	89	On-going

Note: EOH = end of hole

Table 1 – 30 June 2006, Diamond drilling summary – Pinut-an

Results from the first two completed holes were mixed. Due to poor recoveries, no core was retrieved from primary "Vein C" target depths. The level of phyllic – argillic alteration of the core on either side of this zone, partly responsible for the poor recoveries, was however encouraging. A number of narrow secondary target depths intersected vuggy and sugary quartz veins with pyrite and galena, silicified zones and quartz breccias over widths of up to 1.75 metres. These zones are interpreted to represent extensions to the "Vein A" and "Vein B" zones along with a number of secondary structures and vein splits.

Diamond drill hole UDH – 2, which is still in progress, has intercepted a 3.6 metre wide zone of argillised and moderate to heavily silicified andesite with multiple veinlets and veins up to 0.2 metres wide from 28.9 metres. The veining typically consists of vuggy and sugary quartz with pyrite, galena (+/- sphalerite, chalcopyrite). This zone is interpreted to be an extension of the high-grade "Vein C" target. A second zone of similar mineralisation, interpreted to be a split off the "vein C" zone, was intercepted between 54.90 metres and 55.60 metres.

Assay results from the drilling to date are expected soon.

Surface geological mapping has continued to define new potential target areas and potential extensions to the known vein systems at Pinut-an, Pinut-an South and Caingin Point.

The project, which is a 50/50 joint venture with the Medusa Mining/Philsaga consortium, is targeting a small high-grade gold mine capable of producing between 100 to 200 tonnes per day of high-grade ore. Medusa/Philsaga are operators on behalf of the joint venture.

NORTHERN TERRITORY

BLOODS RANGE (EL 5701 – Goldsearch earning 70%) (gold, copper)

A program of auger geochemistry, to further evaluate previously identified mineralisation returning rock chips up to 30 grams per tonne (g/t) gold, has been delayed and is now scheduled to be completed by early September.

QUEENSLAND

MARY KATHLEEN PROJECT (EPM 14019 and EPM 14022 – Goldsearch earning 75%) (uranium, copper, gold)

During the quarter, reconnaissance geological mapping and prospecting continued at Mary Kathleen. A gamma ray spectrometer sampling program and detailed mapping program was completed at the Elaine Dorothy prospect. The spectrometer survey highlighted a zone of high readings associated with a metamorphosed dolerite dyke, which intrudes a sequence of calcareous and arenaceous metasediments. The Elaine Dorothy prospect is located approximately six kilometres south of the Mary Kathleen Uranium Mine and a small number of drill holes have been completed at the prospect by previous explorers. This current program has resulted in a significant improvement in the understanding of the structural and geological controls of this previously identified uranium mineralisation at Elaine Dorothy.

Reconnaissance work to date has identified three main target areas worthy of further work at Mary Kathleen (**Figure 1**). Future programs are now dedicated to defining targets for drill testing.

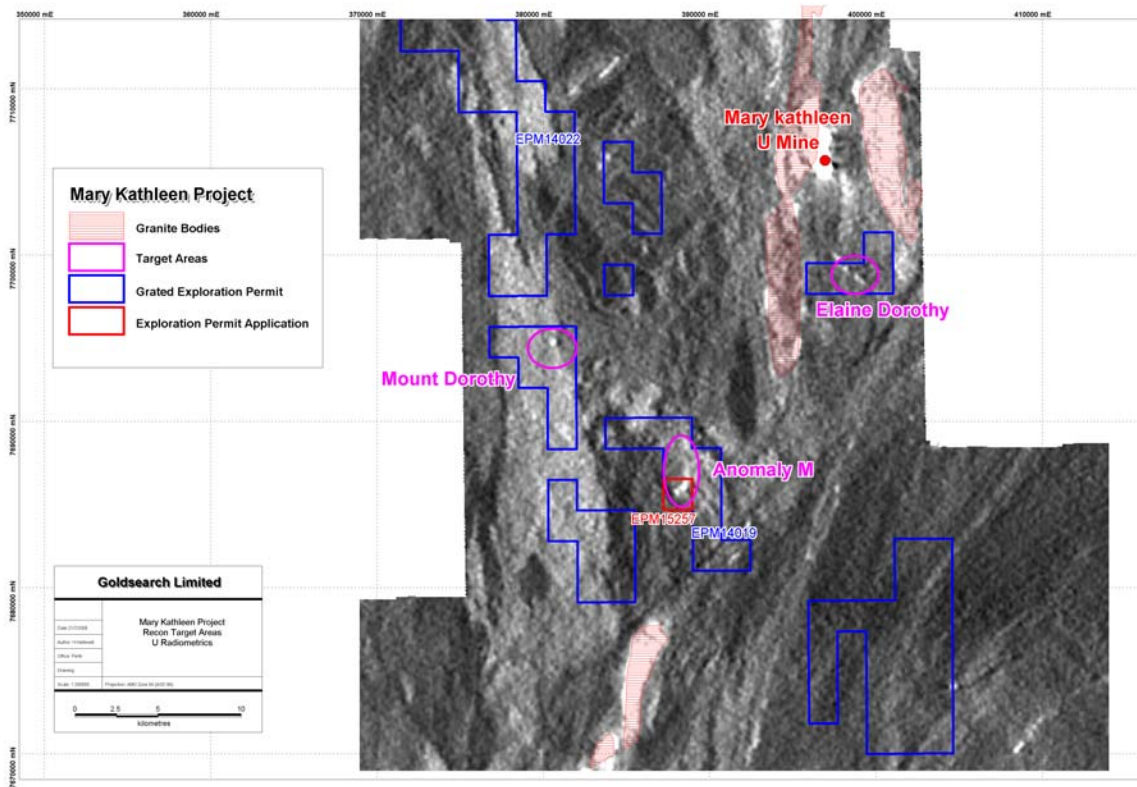


Figure 1 - Mary Kathleen project - Target areas.

VICTORIA

SANDY CREEK PROJECT (EL 4812 – 100% Goldsearch) (gold)

No work was completed at Sandy Creek during the quarter as the main tenement area is inaccessible during the winter months. A proposed drilling program to test the high grade O'Dells target is scheduled for the December 2006 quarter.

ST ARNAUD (ELA 4669 – 100% Goldsearch – Sedimentary Holdings earning 75%) (gold)

During the quarter Goldsearch entered into a joint venture with Sedimentary Holdings Limited (Sedimentary) whereby Sedimentary can earn an interest of up to 75% of ELA 4669 by paying Goldsearch \$25,000 and spending \$500,000 over three years. Sedimentary must spend a minimum of \$250,000 by the later of either the first anniversary of the granting of the tenement or the approval of a work plan and a minimum of a further \$125,000 by the second anniversary of the grant of tenement.

Upon Sedimentary earning 75% Goldsearch can elect to dilute to 10% and be free carried to completion of a feasibility study within eight years. If Sedimentary does not deliver a feasibility study within eight years the ownership of the tenement reverts to 75% Goldsearch, 25% Sedimentary.

ELA 4669 is located immediately east and south of the town of St Arnaud where historic production was mainly from the Lord Nelson and Lady Nelson mines. Historical production by the Lord Nelson Company was reported to be 322,400 ounces of gold at an estimated average grade of 15.9 g/t gold.

The Lord Nelson shaft exploited steeply west-dipping multiple, fault-hosted quartz veins with a north-northwest strike. Up to five lines of mineralisation 0.5 kilometres to 1.5 kilometres apart are known in the St Arnaud field. The Lord Nelson Shaft is approximately 250 metres along strike from the Goldsearch tenement boundary and it is probable that the Lord Nelson "line of lode" extends into ELA 4669. Historical records also suggest that at least 5,000 tons of ore was mined from within ELA 4669.

SOUTH AUSTRALIA

MUSGRAVE BLOCK SOUTH AUSTRALIA – 100% Goldsearch – Independence Group earning 51% (nickel, copper, gold)

A presentation was made to the Executive Board of Anangu Pitjantjatjara Yankunytjatjara by representatives of Goldsearch and Independence during May. This is a major move forward for the joint venture.

Preliminary anthropological surveys over four key tenements in South Australia are scheduled to commence in August. This work is a key part of the final stages of having these priority tenements granted and obtaining access for exploration.

STATEMENT

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Heath Hellewell, who is the Company's Exploration Manager and Mr Greg Duncan, who is a consultant to the Company. Both Heath Hellewell and Greg Duncan have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Heath Hellewell and Greg Duncan consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

NOTE

Additional information on Goldsearch Limited can be found on the Company's website – www.goldsearch.com.au

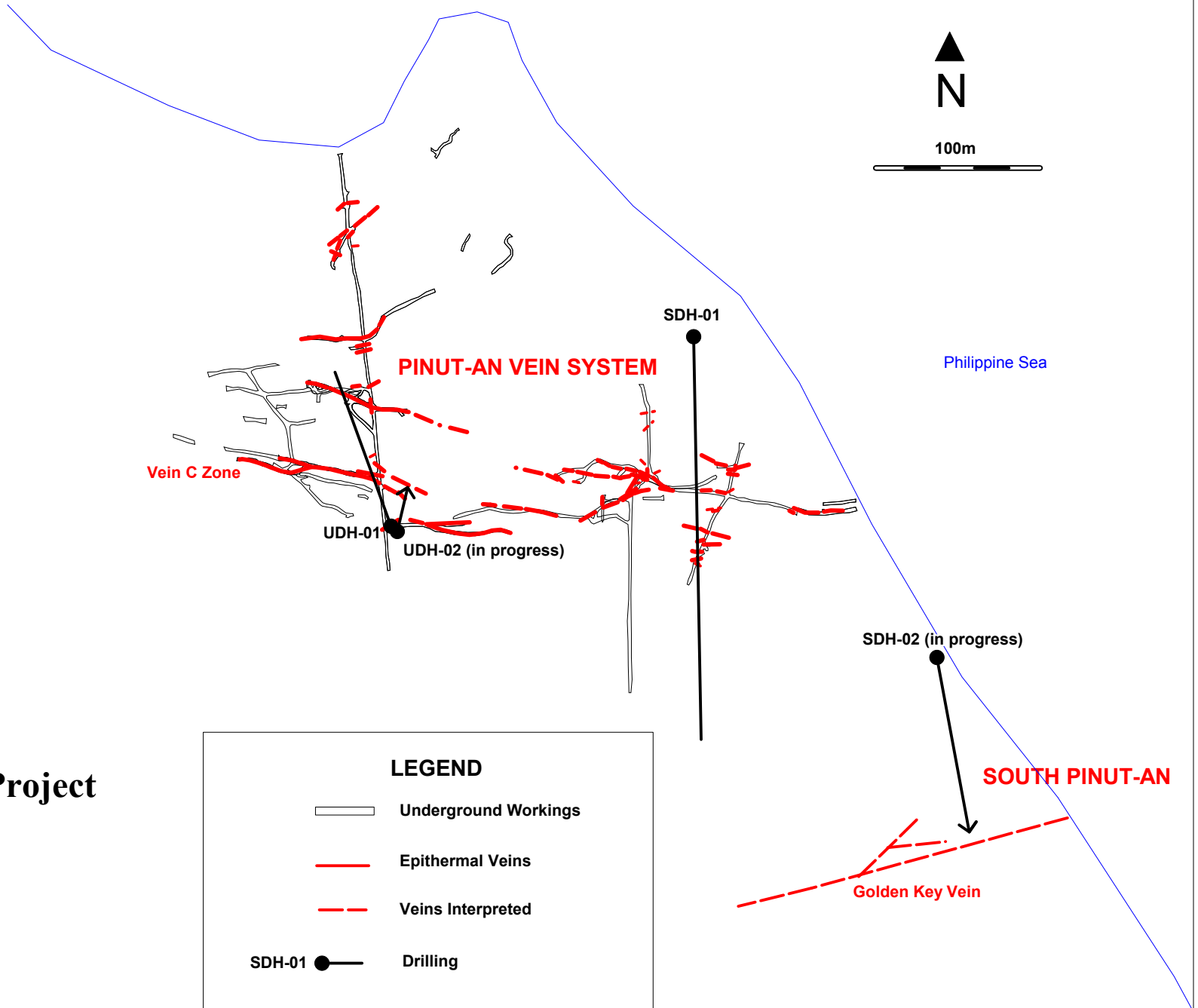


Pana-on Island Gold Project

DRILLING PLAN

(HOLE TRACE PROJECTED TO SURFACE)

Drawn: H Hellewell - July 2006



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98. 30/9/2001

Name of entity

Goldsearch Limited

ABN

73 006 645 754

Quarter ended ("current quarter")

30 June 2006

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(185)	(777)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(122)	(510)
1.3	Dividends received	3	26
1.4	Interest and other items of a similar nature received	18	22
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net operating cash flows	(286)	(1,239)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(399)	(399)
	(c) other fixed assets	-	(5)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	667
	(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	(399)	263
1.13	Total operating and investing cash flows (carried forward)	(685)	(976)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(685)	(976)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	(3)	2,748
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) – issue costs	(239)	(239)
	Net financing cash flows	(242)	2,509
	Net increase (decrease) in cash held	(927)	1,533
1.20	Cash at beginning of quarter/year to date	2,740	280
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,813	1,813

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	62
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	55,181
	- Directors' superannuation	3,886
	- Legal fees paid to Landerer & Company (J Landerer)	2,695

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

+ See chapter 19 for defined terms.

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	N/A	N/A

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	-
Total	350

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	1,767	2,694
5.2 Deposits at call	46	46
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,813	2,740

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	EL 5701 West Bloods Range, NT	The licence area was reduced from 1,170 square kilometres to 569 square kilometres	Earning up to 75% through joint venture	Earning up to 75% through joint venture
	EL 2910, De Rose Hill, SA	The licence area was reduced from 1,673 square kilometres to 782 square kilometres	100%	100%
6.2 Interests in mining tenements acquired or increased	EL 4843, Wrens Flat, Victoria	Exploration licence covering an area of 10 square kilometres (within ELA 4835 – Mt Wellington) was granted on 3 May 2006 for three years	0%	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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.

	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	N/A	N/A	N/A	N/A
(b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 *Ordinary securities	274,814,022	274,814,022	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	Nil	N/A	N/A	N/A
(b) Decreases through returns of capital, buy-backs	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	N/A	N/A	N/A	N/A
(b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7 Options <i>(description and conversion factor)</i>	91,604,674	91,604,674	Exercise price 5 cents	Expiry date 31 October 2007
7.8 Issued during quarter	Nil	N/A	N/A	N/A
7.9 Exercised during quarter	Nil	N/A	N/A	N/A
7.10 Expired during quarter	N/A	N/A	N/A	N/A
7.11 Debentures <i>(totals only)</i>	Nil	N/A		
7.12 Unsecured notes <i>(totals only)</i>	Nil	N/A		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 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:


(Company secretary)

Date: 28 July 2006

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.