



Quarterly Report - for the period ended 30 June, 2002

Summary

1. Musgrave Block project

Target - World class copper, gold and nickel deposits.

Exploration licence EL 22710, located in the Musgrave Block region of the Northern Territory, was granted during the quarter for a period of six years. This brings to five the licence areas granted in the Northern Territory region. Work area clearances have been completed on four exploration licences (ELs 9407, 5702, 9443 and 9741). Field exploration activity is expected to commence during the current field season. 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 22710, 5702, 9443 and 9741.

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 Limited.

2. Duck Creek project

Access agreements were concluded last quarter with the Mitakoodi and Kalkadoon People for exploration permits for minerals on EPMs 13273 and 13336. An independent consultant's report commissioned during the quarter based on past mining experience in the Duck Creek area has alerted the Company to the gold as well as copper potential of the area. Once agreements with the local communities are finalised an initial field reconnaissance sampling and mapping survey will be progressed to locate areas suitable for ground geophysical surveys to be undertaken to define drill targets.

3. Moruya Gold Mines

In May 2002 Goldsearch applied for an exploration licence over the Moruya Goldmines, 333 kilometres south-south-west of Sydney. 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. The Company awaits grant of an exploration licence in the next quarter.

4. St Arnaud prospect

The Company has made application for a major 311 square kilometre exploration licence at St Arnaud, 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 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.

5. Hawks Nest project

During the quarter a heads of agreement was signed with Phelps Dodge Australasia Inc. (PDA) in relation to a joint venture to explore the base metal potential of the Hawks Nest tenement (EL 2899) which covers an area of 324 square kilometres and is located approximately 100 kilometres north-west of Coober Pedy, South Australia. 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.

6. Company management

During the quarter Mr Norman Kennedy resigned as 'General manager - Exploration'. Pending a decision in relation to the appointment of a replacement general manager, Mr John Percival, a director of the Company, is acting as 'General manager - Operations' of the Company.



EXPLORATION ACTIVITIES

Independence Gold NL joint venture

In October 2000 a general meeting of Goldsearch shareholders approved a joint venture agreement with Independence Gold NL (Independence) to participate 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 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.

Work programs, comprising regional reconnaissance surveys for ELs 9407, 5702, 9443 and 9741 located in the northern Musgrave Block of the Northern Territory, have been prepared by Independence and approved by the Central Land Council. Field work is expected to commence during the current quarter.

Exploration licence EL 22710 was granted during the quarter for a period of six years.

Queensland

DUCK CREEK - CLONCURRY

EPMs 13273 and 13336 (95%)

Access agreements were concluded last quarter with the Mitakoodi and Kalkadoon People for exploration permits for minerals on EPMs 13273 and 13336. A work program is currently being finalised and a meeting with local communities is scheduled for early in the current quarter.

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 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.

**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. 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.

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 quarter a heads of agreement was signed with Phelps Dodge Australasia Inc. (PDA) in relation to a joint venture to explore the base metal potential of EL 2899. 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.

OTHER SOUTH AUSTRALIAN AREAS

MOUNT OGILVIE EL 2933 (100%)

EL 2933 (formerly EL 2267) was granted during the quarter for a period of one year. This tenement 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%) ELAs 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, was granted to Goldsearch during the quarter for a period of six years.

ELs 5702, 9407, 9443 and 9741 have been granted and 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. Independence will fund and manage exploration on behalf of Goldsearch and its joint venture partners. Work area clearances are being finalised and exploration is expected to commence during the current field season.

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 (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.

New South Wales

MORUYA GOLD MINES

ELA 1916 (100%)

In May 2002 Goldsearch applied for an exploration licence over the Moruya Goldmines, located 333kilometres south-south-west of Sydney. 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. The Company awaits grant of an exploration licence in the next quarter.

Victoria

ST ARNAUD

ELA 4669 (100%)

The Company has made application for a major 311 square kilometre exploration licence at St Arnaud, 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 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.

Now that Goldsearch has secured a land position in Victoria, several other companies with tenements containing gold resources have offered their areas for joint venture. The Company is currently evaluating tenements close to Bendigo and hopes to make announcements in the next quarter. Harmony Gold Mines, a large South African company, earlier this year concluded a \$50,000,000 placement to give Harmony 33.6% of the undiluted share capital of Bendigo Mining NL with a view to begin gold production later this year at a 100,000 ounce annual rate. Announcements by Bendigo Mining indicate an inferred resource beneath past 1,300 metre depth gold reefs of above 10 million ounces. Harmony has until 31 December 2003 to invest another \$108,000,000 to increase their interest to 52% of the company if the gold grade and resources are as stated.

This has stimulated exploration around Bendigo (one of the largest gold mining areas worldwide), in the expectation of a near future rise in the gold price from current volatile levels.

INTERNET AND COMMUNICATION TECHNOLOGY INVESTMENTS

CAPIX

Capix is continuing to market and develop banking, broking and corporate treasury software systems and has been developing systems for the delivery of financial services on the internet. Goldsearch retains a 14.8% interest in Capix. The Goldsearch directors have decided to realise the investment in Capix, as and when possible, and concentrate the Company's interests in the resource sector. Full provision for diminution in the value of this investment was made in the Company's accounts at 30 June 2001.

VISIONZOOM AUSTRALIA

The arrangements with VisionGlobal Corporation Inc for Goldsearch to fund and participate in an initial public offer of their technology in Australia have now expired.

There is no financial effect on the quarter's result as the costs associated with this arrangement 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 David Hawley, Grad Dip Env Sc, B.Geo Sc (Hons), MAusIMM, AIG and Mr Norman Kennedy, B.Sc, MAusIMM and accurately reflects the information compiled by them.

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")
006 645 754	30 June 2002

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for	(78)	(264)
	(a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	(72)	(444)
	(d) administration		
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	9	27
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	-	76
	Net operating cash flows	(141)	(605)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(76)	(76)
	(c) other fixed assets	(2)	(2)
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	(78)	(78)
1.13	Total operating and investing cash flows (carried forward)	(219)	(683)

1.13	Total operating and investing cash flows (brought forward)	(219)	(683)
	Cash flows related to financing activities		

1.14	Proceeds from issues of shares, options, etc.	-	1,000
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	-	1,000
	Net increase (decrease) in cash held	(219)	317
1.20	Cash at beginning of quarter/year to date	1,010	474
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	791	791

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	25
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 21,770
- Directors' superannuation 1,262
- Legal fees paid to Landerer & Company (J Landerer) 1,723

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



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	777	996
5.2	Deposits at call	14	14
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	791	1,010

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 2267	Replaced by EL 2953 over a reduced area	100%	0%
		ELA 22710	Granted as EL 22710	51%	0%



6.2	Interests in mining tenements acquired or increased	EL 2953	Replaces EL 2267 over 240 sq. kms - Mt Ogilvie	0%	100%
		ELA 1916	Exploration licence application over approx. 18 sq. kms - Moruya NSW	0%	100%
		ELA 4669	Exploration licence application over approx. 311 sq kms - St Arnaud VIC	0%	100%
		EL 22710	Previously ELA 22710 over 449 sq kms - Musgrave Block NT	0%	51%

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 (description)	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	Nil N/A	N/A 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 Nil	N/A N/A	N/A N/A	N/A N/A
7.7	Options (<i>description and conversion factor</i>)	106,607,369 12,000,000 1,000,000 1,000,000 <u>1,000,000</u> 121,607,369	106,607,369 Nil Nil Nil <u>Nil</u> 106,607,369	<i>Exercise price</i> 20 cents 15 cents 10 cents 20 cents 30 cents	<i>Expiry date</i> 31/07/02 15/07/04 15/07/04 15/07/04 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	N/A		
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 July 2002

(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.

