

gsh/psh/asx june 05 qtr

25 July 2005

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

Via ASX Online

No. of pages - 11

Dear Sir,

**Re: Report for the quarter ended 30 June 2005**

Enclosed please find the quarterly report and duly completed Appendix 5B for Goldsearch Limited for the quarter ended 30 June 2005.

Yours faithfully,



P S Hewson  
Secretary

## **QUARTERLY REPORT**

**(Quarter ended 30 June 2005)**

### **HIGHLIGHTS**

- *Uranium, copper and gold results from four targets at Mary Kathleen in Queensland are encouraging.*
- *Positive initial results from follow-up drilling at the Beer and Dawson gold and silver prospect at Yorkeys. Assay results pending.*
- *Phase 1 soil geochemical sampling at the Sandy Creek project in Victoria completed with encouraging gold results.*
- *Further sampling has confirmed gold anomalies in the Northern Territory Bloods Range tenement EL5701. Follow-up sampling to commence in July.*

## QUEENSLAND

### YORKEYS PROJECT (ML50098, ML3759 and ML3738 – 100% Goldsearch)

(Gold, Silver)



**Figure One: Drilling at the Beer and Dawson Prospect**

Drilling commenced at the Beer and Dawson prospect at Yorkeys in early June (**Figure One**). One hole has been completed with encouraging signs of mineralisation in two separate sulphide-bearing silica breccia lodes at 51 to 53 metres and 68 to 70 metres down hole. A number of zones of stockwork mineralisation also occur intermittently between the two lodes. The drilling at Beer and Dawson is targeting positive results from the previous Yorkeys drilling program including intercepts up to 1 metre @ 15.8 g/t gold and 140 g/t silver in drill hole Y009. The most recent hole was positioned approximately 40 metres east of hole Y009 and was designed to intercept the target zone below 30 metres vertical depth.

### MARY KATHLEEN PROJECT (EPM14019 and EPM14022 – Goldsearch earning 75%)

(Uranium, Copper, Gold)

Of the thirteen geophysical targets selected for reconnaissance investigation, eight were located and surface rock and geochemical sampling was completed. Samples were assayed for a suite of elements including uranium, copper, gold, other base metals and rare earth elements (REE). Anomalous results were returned from two areas - Anomaly H and Anomaly M. Two additional areas of historical small scale mining which were located close to target areas were also sampled returning encouraging results.

At Anomaly H, sampling of gossanous and calcite rich material in a prospecting pit, coincident with a magnetic target, returned values up to 1.28 g/t gold and 2.63% copper. Sampling over a major linear radiometric anomaly returned one significant assay up to 340ppm uranium with 5340ppm lanthium (REE). It is to be noted that substantial rare earth element (REE) content was recovered accompanying the uranium mineralisation from the original Mary Kathleen uranium mine. This can be regarded as being encouraging for Goldsearch's ongoing exploration.

At Anomaly M, sampling over a part of a 3 to 4 kilometre long linear radiometric feature returned anomalous results from an area of high scintillometer counts. Samples of gossanous material returned values of 490ppm uranium and up to 1.75% copper with elevated zinc.

At the historical Mount Dorothy workings, a strong scintillometer anomaly was mapped out in an area of a limited amount of previous exploration drilling. Samples from an area of minor outcropping copper mineralisation returned values up to 5.33% copper.

At the King Solomon workings, narrow gossanous quartz carbonate veins were intermittently sampled over a distance of 1200 metres. Values up to 8.99% copper were returned associated with weakly anomalous gold.

These preliminary results justify further sampling and a review of historical exploration data in order to further evaluate the four targets highlighted above.

#### **CLONCURRY PROJECT (Duck Creek EPM 13336 – 95% Goldsearch)**

##### **(Gold, Copper)**

Following the successful completion of Native Title cultural clearance programs Goldsearch is now waiting on rig availability from drilling contractors operating in the area to complete a drilling program. Goldsearch is also tendering for geophysical contractors to complete electro magnetic geophysics over the Columbad magnetic anomaly.

## **VICTORIA**

#### **SANDY CREEK PROJECT (EL4812 – 100% Goldsearch)**

##### **(Gold)**

A first pass soil sampling program was completed over the principal workings within EL 4812, Sandy Creek. Samples were collected at 20 metre stations on lines spaced on average at 200 metres. Typically three or four lines were completed at each of the five main areas of historic prospecting and mining activity. Assay results are encouraging with significant gold, arsenic and normalised base metal results highlighting the trends of the known mineralised zones and identifying a number of new targets. The peak gold value was 869ppb gold. Further infill sampling to better define potential drill targets within the mineralised trends is proposed.

## NORTHERN TERRITORY

### **BLOODS RANGE (EL5701 – Goldsearch earning 75% (Independence Group earning 51% of Goldsearch's interest))**

#### **(Gold, Copper)**

Independence Group NL reported that results from a helicopter-assisted program of surface geochemical sampling to follow up previous geochemical results up to 106ppb gold have been received. A total of 139 geochemical samples and 13 rock chip samples were collected from three separate targets. Samples were collected on a 200 metre by 100 metre grid to infill previous 500 metre by 500 metre spaced sampling. Samples were assayed for gold by both total digest and BLEG techniques along with a suite of pathfinder elements.

An original 106ppb gold BLEG anomaly returned strongly elevated gold to 13.75ppb gold in generally aeolian soil cover in the northwest section of the grid of the southern most target. Although lacking continuity (probably a factor of wind blown sand), there is a strong grouping of BLEG gold results indicating a positive anomaly. Other elevated but lower and patchy BLEG results were also reported throughout the area tested.

The BLEG anomalism appears to be closed off, but this is inconclusive given the lack of continuity. If a lower threshold is used, >1ppb for example, the anomalism has a potential strike of around 1 kilometre.

The results for the total digest gold were generally positive, although the original 93.2ppb gold response did not repeat. Values of 4.2ppb and 3.9ppb are proximal to the BLEG anomalism.

Two areas further to the north did not return, or upgrade, the previous low order gold anomalism with infill sampling to 200 metre by 100 metre.

Heliborne reconnaissance ground truthing and sampling was completed over the main soil and lag geochemical anomalies late in the quarter. Despite widespread sand cover in the area, several rock chip samples were obtained and have been submitted for multi-element analysis. Final results are awaited.

## SOUTH AUSTRALIA

### **MUSGRAVE (DeRose Hill EL2910 – 100% Goldsearch (Independence Group earning 51%))**

#### **(Nickel, Copper, Gold)**

A 400 metre by 200 metre spaced surface geochemical sampling program comprising -2mm and -75um size fraction samples for a total of 224 samples were collected to test an area of historically reported copper anomalism.

Peak assay values returned comprised gold 4ppb, nickel 33ppm, cobalt 20ppm, chromium 125ppm, copper 178ppm, zinc 69ppm and arsenic 10ppm. Based on the low geochemical results obtained Independence Group has advised that no further work is planned for this tenement.

### **MUSGRAVE BLOCK (Entry progress report)**

During the June quarter, representatives from both Goldsearch and Independence Group met with representatives from the Department of Primary Industry and Resources South Australia in order to determine progress in relation to the large number of tenement applications in the Musgrave Block Anangu Pintjantjatjarra Lands. Outcomes from the meetings were encouraging and indications were that a number of tenement applications held by Goldsearch, and under joint venture with Independence Group, were likely to be the next to be granted. Timing is uncertain as the first licence has just been granted but the Company expects to be in discussion with the relevant interested parties in the December quarter of 2005.

### **GAWLER CRATON (Hawks Nest EL2899 – 100% Goldsearch)**

Red Metal has withdrawn from the joint venture at Hawks Nest. Following assessment of the project Goldsearch has decided to surrender the licence, as there is insufficient evidence to justify further expenditure.

## OTHER ACTIVITIES

### **INVESTMENTS**

#### ***CopperCo Limited***

The Company sold its holding of 5,966,669 shares in CopperCo Limited during the quarter for \$94,679.07 or 1.6 cents per share net. The Company also received the final outstanding payment of \$89,500 plus interest from CopperCo to finalise the Reefway purchase.

#### ***Independence Group NL***

150,000 shares in Independence Group NL were sold from the Company's holding of 700,000 shares during the quarter for \$201,854.88 or \$1.35 net per share leaving a balance of 550,000 shares.

### **STATEMENT**

Technical information contained in this announcement was prepared by Mr Trevor Leahey, Exploration Manager Goldsearch Limited and Mr Heath Hellewell, Consultant, and accurately reflects the information compiled by them. Mr Leahey has in excess of 20 years relevant experience in mineral exploration and mine development, Mr Hellewell has 15 years of relevant experience.



# 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 2005

### Consolidated statement of cash flows

|   |  | Current quarter<br>\$A'000 | Year to date<br>(12 months) \$A'000 |
|---|--|----------------------------|-------------------------------------|
| <b>Cash flows related to operating activities</b> |  |                            |                                     |
| 1.1   | Receipts from product sales and related debtors            | -                          | -                                   |
| 1.2   | Payments for:  |                            |                                     |
|   | (a) exploration and evaluation                             | (216)                      | (593)                               |
|   | (b) development  | -                          | -                                   |
|   | (c) production   | -                          | -                                   |
|   | (d) administration   | (149)                      | (467)                               |
| 1.3   | Dividends received   | 21                         | 56                                  |
| 1.4   | Interest and other items of a similar nature received      | 7                          | 33                                  |
| 1.5   | Interest and other costs of finance paid                   | -                          | -                                   |
| 1.6   | Income taxes paid  | -                          | -                                   |
| 1.7   | Other (provide details if material)                        | -                          | -                                   |
| <b>Net operating cash flows</b>                   |  | <b>(337)</b>               | <b>(971)</b>                        |
| <b>Cash flows related to investing activities</b> |  |                            |                                     |
| 1.8   | Payment for purchases of:                                  |                            |                                     |
|   | (a) prospects  | -                          | -                                   |
|   | (b) equity investments                                     | -                          | (100)                               |
|   | (c) other fixed assets                                     | (1)                        | (14)                                |
| 1.9   | Proceeds from sale of:                                     |                            |                                     |
|   | (a) prospects  | -                          | -                                   |
|   | (b) equity investments                                     | 387                        | 661                                 |
|   | (c) other fixed assets                                     | -                          | -                                   |
| 1.10  | Loans to other entities                                    | -                          | -                                   |
| 1.11  | Loans repaid by other entities                             | -                          | 12                                  |
| 1.12  | Other (provide details if material)                        | -                          | -                                   |
| <b>Net investing cash flows</b>                   |  | <b>386</b>                 | <b>559</b>                          |
| 1.13  | Total operating and investing cash flows (carried forward) | 49                         | (412)                               |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |  |     |       |
|------|--|-----|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | 49  | (412) |
|      | <b>Cash flows related to financing activities</b>          |     |       |
| 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)                        | -   | -     |
|      | <b>Net financing cash flows</b>                            | -   | -     |
|      | <b>Net increase (decrease) in cash held</b>                | 49  | (412) |
| 1.20 | Cash at beginning of quarter/year to date                  | 231 | 692   |
| 1.21 | Exchange rate adjustments to item 1.20                     | -   | -     |
| 1.22 | <b>Cash at end of quarter</b>                              | 280 | 280   |

**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<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 52                         |
| 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                         | \$48,513 |
| - Directors' superannuation                          | \$3,285  |
| - Legal fees paid to Landerer & Company (J Landerer) | \$456    |

**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

Independence Group NL (IGO) has advised that it expended \$44,798 on the Musgrave joint venture during the quarter taking its total expenditure on the joint venture to date to \$1,196,928. IGO must spend a minimum of \$2,000,000 before earning an equity in any of the joint venture tenements.

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

|                                 | Amount available<br>\$A'000 | Amount used<br>\$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                | -          |
| <b>Total</b>                   | <b>150</b> |

### 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 240                        | 191                         |
| 5.2 Deposits at call                             | 40                         | 40                          |
| 5.3 Bank overdraft                               |                            |                             |
| 5.4 Other (provide details)                      |                            |                             |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>280</b>                 | <b>231</b>                  |

### 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 | N/A                | N/A  | N/A                              | N/A                        |
| 6.2 Interests in mining tenements acquired or increased           | ML3759             | Assignment of Beer & Dawson mining lease (Yorkeys Qld) covering 8 hectares was approved on 7 April 2005. | Option to purchase 100%          | 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)<br>(see note 3) | Amount paid up per security (cents)<br>(see note 3) |
|--|--------------|---------------|--|---|
| 7.1 <b>Preference securities</b><br><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 <b>+Ordinary securities</b>                                  | 183,209,348  | 183,209,348   | 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 <b>+Convertible debt securities</b><br><i>(description)</i>  | Nil          | N/A           | N/A  | N/A   |
| 7.6 Changes during quarter                                       |              |               |  |   |
| (a) Increases through issues                                     | Nil          | N/A           | N/A  | N/A   |
| (b) Decreases through securities matured, converted              | Nil          | N/A           | N/A  | N/A   |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i> | 36,491,869   | 36,491,869    | <i>Exercise price</i><br>8 cents                 | <i>Expiry date</i><br>30/09/05                      |
| 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                                      | Nil          | N/A           | N/A  | N/A   |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>                   | Nil          | N/A           |  |   |
| 7.12 <b>Unsecured notes</b><br><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: 25 July 2005

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.