

gsh/psh/gsh658

28 April 2006

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

Via ASX Online

No. of pages – 10

Dear Sir,

Re: Quarterly activity report to 31 March 2006

Enclosed for release to the market is the Company's activity report for the quarter ended 31 March 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

(Quarter ended 31 March 2006)

HIGHLIGHTS

- **PANAON ISLAND GOLD PROJECT, Philippines**
Significant progress on rehabilitating the existing underground development.

- **SHARE ISSUE**
A capital raising through a fully underwritten one-for-two rights issue at 3 cents per share and option to raise \$2,748,000 completed successfully.

- **BLOODS RANGE – EL 5701, Northern Territory**
A program for re-visiting the site for auger geochemistry on the reef structure scheduled for the current quarter.

- **WINDEYER – EL 6094, New South Wales**
Results of a four hole drilling program due early next quarter.

- **URANIUM PROJECTS, Queensland**
Mary Kathleen regional area prospects visited to define exploration targets.

PHILIPPINES

PANAON ISLAND GOLD PROJECT - Goldsearch earning 50% (gold)

Significant progress has been made at the Pinut-an deposit rehabilitating the existing underground development. The 1.5 metre level has been rehabilitated and tracks laid for the entire (258 metre) length of the adit. All of the ore drives and stopes which extend from this level have also been cleared of debris, as has a raise up to the 32 metre level and a portion of the development on this level. The Vein C ore drives, which extend both to the east and west off the main adit, have been completely rehabilitated with track laid so that all of the proposed phase one underground drill positions are now accessible for the drill rig.

An underground drill has been moved into position and the first underground drill hole has commenced. A second diamond rig was in position drilling surface holes and, at the end of the March quarter, had commenced drilling a target in the tunnel 5 and 6 area from an existing road access.

Two additional geologists have joined the team on site at Panaon to assist with the drilling programs and on-going program of surface and underground mapping.

To date, all the rehabilitated mine areas have been geologically mapped and the general understanding of the deposit has improved. Similarly, surface mapping outside of the mine area has also been on-going with a number of additional areas of quartz veining and artisanal mining being located, particularly to the south towards Caingin Point.

As previously announced, the rehabilitation work to date had exposed a number of pre-existing stopes where small-scale miners have extracted significant amounts of material above the 1.5 metre level. The shape and orientation of the stopes suggest the epithermal veins, whilst continuous, may include a number of pods where the veins swell; these pods are considered to have good potential for bonanza gold grades. Unconfirmed sampling in the mine by previous explorers returned grades up to 950 g/t gold with 2000 g/t silver from the 32 metre level in the Vein C area, and up to 230 g/t gold with 189 g/t silver also in Vein C drilling beneath areas previously mined. As the geological knowledge of the deposit improves, these pods should become easier to target.

Numerous small veins have been recognised in the adit as it has been cleaned out. The veins in the north are shallow dipping, with the veins exhibiting an increasingly steeper dip to the south suggesting the classic "tree-like" epithermal vein structure similar to that seen at the Co-O and Dalwalwal mines in the Surigao region of Mindanao, where Medusa Mining Limited has its plant and mining operation. The potential for a thicker, high-grade ore zone where these veins coalesce at depth is possible.

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 drilled geochemistry is scheduled to further evaluate previously identified mineralisation which returned rock chips up to 30 g/t gold.

NEW SOUTH WALES

WINDEYER (EL 6094) - 50% joint venture with Central West Gold NL

The Windeyer project is situated some 28 kilometres south of Mudgee and is a 50% joint venture between Central West Gold NL and Goldsearch with Central West Gold NL as the operator.

During the quarter a limited reverse circulation percussion drilling program of four holes was drilled for a total of 262 metres. The program was directed to test for extensions of the ore-bearing horizons previously exploited in the old workings. Three holes encountered some problems with excess water flows which were experienced in previous drilling, but all reached the target zones successfully. The other hole was terminated early, as it passed into an unmapped section of old workings. Drill cuttings have been submitted for assay and results are pending.

QUEENSLAND

YORKEYS PROJECT (MLs 50098, 50153 and 3759) – 100% Goldsearch (gold, silver)

No work was carried out on these tenements during the quarter.

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

Goldsearch is conducting uranium exploration over the Mary Kathleen tenements EPM 14019 (154 square kilometres) and EPM 14022 (151 square kilometres) in the Mt Isa mineral province. The province hosts several uranium deposits including the former Mary Kathleen Uranium Mine and the Valhalla and Westmoreland deposits. The recent rise in the uranium spot price to about US\$40 per pound has resulted in renewed interest in the commodity and a resurgence in exploration.

Goldsearch's tenements in the prospective Mary Kathleen district contain target co-incident radiometric and geochemical anomalies which merit further exploration. Initial work by Goldsearch has focussed on the area six kilometres to the south of the former Mary Kathleen Mine and a 1.6 kilometre long radiometric uranium anomaly 17 kilometres to the south-west.

Initial reconnaissance soil sampling totalling 138 samples has reported values to 31 ppm uranium in soils and 68 rock chip samples returned a maximum of 490 ppm uranium

CLONCURRY PROJECT - Duck Creek (EPM 13336) – 95% Goldsearch (gold, copper)

Drilling is expected to commence during this quarter on the Chinaman prospect where high grade copper production has previously been established.



VICTORIA

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

No work took place during the quarter but a field visit is scheduled to select possible drill sites.

SOUTH AUSTRALIA

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

The joint venture has been invited to a meeting with traditional owners and the executive board of the Anangu Pitjantjatjara Yankunytjatjara in May in order to present proposed exploration techniques and outline proposed work programs. This is a key development in the progress of the applications in South Australia for granting.

STATEMENT

Technical information contained in this report was prepared by Mr Greg Duncan and Mr Heath Hellewell, Consulting Geologists, who are Members of the Australasian Institute of Mining and Metallurgy and/or Geological Society of Australia, and accurately reflects the information compiled by them. Mr Duncan has in excess of 20 years relevant experience in mineral exploration and mine development, Mr Hellewell has 15 years of relevant experience, and they qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr Duncan and Mr Hellewell consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

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")

31 March 2006

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 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	(127)	(451)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(270)	(529)
1.3	Dividends received	-	23
1.4	Interest and other items of a similar nature received	1	4
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		(396)	(953)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(5)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	219	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		217	662
1.13	Total operating and investing cash flows (carried forward)	(179)	(291)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(179)	(291)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,751	2,751
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	2,751	2,751
	Net increase (decrease) in cash held	2,572	2,460
1.20	Cash at beginning of quarter/year to date	168	280
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,740	2,740

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	75
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	48,514
	- Directors' superannuation	3,286
	- Legal fees paid to Landerer & Company (J Landerer)	23,181

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	N/A	N/A

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
Total	200

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	2,694	127
5.2 Deposits at call	46	41
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,740	168

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 6027 Moruya, NSW	Exploration licence covering an area of 8 square kilometres – licence surrendered.	100%	0%
	ML 3738 Colo, QLD	Option over mining lease held by King Minerals NL - option allowed to expire	option to acquire 100%	0%
6.2 Interests in mining tenements acquired or increased				

+ 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	91,604,674	91,604,674	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	Nil	N/A	N/A	N/A
(b) Decreases through securities matured, converted	Nil	N/A	N/A	N/A
7.7 Options <i>(description and conversion factor)</i>	91,604,674	91,604,674	N/A	N/A
7.8 Issued during quarter	91,604,674	91,604,674	Exercise price 0.05 cents	Expiry date 31/10/07
7.9 Exercised during quarter	Nil	N/A	N/A	N/A
7.10 Expired during quarter	N/A	N/A	Exercise price N/A	Expiry date 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 April 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.

+ See chapter 19 for defined terms.