

gsh/psh/asx sept 04 qtr

26 October 2004

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 September 2004

Enclosed please find the quarterly report and duly completed Appendix 5B for Goldsearch Limited for the quarter ended 30 September 2004.

Yours faithfully,



P S Hewson
Secretary

Report for the quarter ended 30 September 2004

HIGHLIGHTS

Musgrave Block project – Independence Group joint venture

Northern Territory (ELs 5701 & 5703)

Following the rock chip samples taken from close to the northern margin of EL 5701 which returned up to 12.03% lead, 2.6% copper and 162 ppm silver in east-west trending quartz veins, and sampling in the eastern portion of EL 5703 which returned up to 8.76% copper in altered phyllite, field crews were mobilised to the area and the regional soil sampling on a 4000 x 500 metre grid commenced on 22 June. Encouraging results were obtained from this program which included several trends of low level gold anomalism ranging from 6 ppb up to 15 ppb over up to 8 kilometres of strike. Field crews are expected to revisit the area for infill sampling during the December quarter.

South Australia (EL 2910)

At De Rose Hill the original geochemical sampling grid has been in-filled in anomalous areas. Four areas of significant copper/ nickel/±platinoid anomalism have been identified of which three are associated with magnetic anomalies, possibly indicative of mafic/ultramafic host rocks. Transient electromagnetic (TEM) surveys over these anomalies have identified possible bedrock conductors. Following infill TEM surveys a shallow bedrock sampling drill program was completed to provide information on the bedrock geology and geochemistry. Final assay results from this program are yet to be received from the laboratory.

Victoria

Sandy Creek (EL 4812)

During the quarter the site of the Odells mine was visited with a view of opening the portal. This needed back hoe work and was opened late in the quarter. Our work plan has been completed and it is expected that a sampling and costeaning program will commence during this December quarter.

Queensland

Yorkey's (ML 50098)

The Yorkey's Mining Lease 50098 has been transferred to Goldsearch Limited and an initial 500 metre drilling program is planned to start during October 2004.

Sale of the Company's investment in Reefway Pty Ltd

During the quarter Goldsearch Limited sold its entire shareholding in Reefway Pty Limited to Avon Resources Limited.

EXPLORATION ACTIVITIES

MUSGRAVE BLOCK JOINT VENTURE PROJECT WITH INDEPENDENCE GROUP

Based on the encouraging results received from the recent reconnaissance rock chip sampling program in the Northern Territory, a large regional soil sampling program covering over 1,400 square kilometres commenced on 22 June. The program consists of 760 geochemical samples collected from within ELs 5701 and 5703 and is planned to test an extensive area of mafic and felsic volcanic rocks of the middle to lower Tjauwata Group. These rocks are interpreted as a Mesoproterozoic rift sequence and are intruded by a number of potential high-level granitic plutons. Conceptually this geological setting is considered prospective for a number of styles of precious and base metal mineralisation.

In South Australia a recently completed ground electromagnetic (EM) geophysical survey designed to cover an area of anomalous geochemical results for various nickel suite elements highlighted a series of potential conductive bedrock features. These conductors were drill tested during the quarter to determine if they are potentially associated with nickel-bearing sulphide mineralisation. We are currently waiting on the laboratory results.

Northern Territory

Petermann Range (EL 9407)

In the Petermann Ranges three areas were considered prospective based on first pass geochemical sampling which returned anomalous values in copper, silver and cobalt. Follow-up sampling, designed to replicate the results, could not substantiate the original values with the exception of some cobalt anomalies in EL 9407 which require further investigation.

Bloods Range (ELs 5701 and 5703)

Reconnaissance geochemical sampling of the Bloods Range tenements confirmed the potential for base metals. Sample grades up to 12% lead, 2.6% copper and 162 ppm silver were achieved in east-west trending quartz veins in the north-east of the tenement and up to 8.8% copper elsewhere. First pass geochemical sampling of these prospective areas on a 4,000 x 500 metre grid has been completed. Initial results are encouraging with a number of areas returning elevated gold up to 15ppb over up to 8 kilometres of strike.

South Australia (EL 2910)

At De Rose Hill the original geochemical sampling grid has been in-filled in anomalous areas. Four areas of significant copper/nickel/±platinoid anomalism have been identified of which three are associated with magnetic anomalies, possibly indicative of mafic/ultramafic host rocks. Transient electromagnetic (TEM) surveys over these anomalies have identified possible bedrock conductors. Following infill TEM surveys a shallow bedrock sampling drill program was completed to provide information on the bedrock geology and geochemistry. Final assay results from this program are yet to be received from the laboratory.

SOUTH AUSTRALIA – GAWLER CRATON

Hawks Nest joint venture project

The Red Metal/Phelps Dodge Australasia Inc alliance is re-considering its future involvement in the joint venture. Rehabilitation work on the previous drill sites is being completed.

NEW SOUTH WALES

Moruya project (EL 6027)

This site was visited during the quarter and some encouraging samples were taken. We are currently reviewing the potential of this tenement.

Windeyer project (EL 6094)

It is likely that the Company's exploration manager will be revisiting the site during the December quarter with the intention of diamond drilling below the water table to further assess the prospectivity of the tenement.

QUEENSLAND

Duck Creek project (EPM 13336)

Landsat and high resolution magnetic/radiometric data has recently been purchased to cover the tenement. Early review of this data indicates that there is extensive structural dislocation within the project area that is not obvious from surface mapping due to the paucity of outcrop. The known mineral occurrences show a strong association with the magnetic fabric.

An 'option to purchase' agreement has been signed with the owner of the Chinaman Lease (ML 90088) in the southern extent of the project area. Drilling of this known high-grade chalcocite lode (20 to 37% copper in hand picked specimen) will provide critical geological information that will aid the interpretation of other mineral occurrences in the area.

Cloncurry South (EPMA 14088)

This area has been surrendered after a review of the geologic potential and reconnaissance sampling results.

Mary Kathleen project (EPMs 14019 and 14022)

Heads of agreement have been signed with Mount Conqueror Minerals NL and Central West Gold NL to enter into a joint venture on their Mary Kathleen leases. Goldsearch will expend \$30,000 in the first 12 months (tenement fees and reprocessing airborne magnetic/ radiometric data) to acquire 25% with the option to move to 75% equity by expending a further \$70,000. The Mary Kathleen leases are located 35 kilometres north-west of Duck Creek.

Yorkeys (ML 50098)

The purchase of ML 50098 by Goldsearch Limited was finalised on 24 September 2004.

The Yorkeys Gold Mine is located 18 kilometres north of Kilkivan in central Queensland. It consists of the Yorkeys Surprise, Zealandia and Triad workings which were mined from 1895 to 1902 for a total production of 3,000 tonnes grading 25 g/t gold. The workings occur at the intersection of two low angle fault zones within diorite and have a total strike extent of 600 metres with underground development to 75 metres on an underlay of 30-40°.

Limited exploration has been conducted at the site. In 1983 Poseidon Limited completed trenching with some percussion drilling on the Triad workings but was unable to access the Yorkeys Surprise or Zealandia workings as these were held under separate title. At Triad anomalous gold mineralisation occurs over 150 metres with average widths of 20 metres in six of the 10 trenches. Within this anomalous zone the best intercept of 6 metres grading 7.9 g/t gold occurred in Trench 11. Percussion drillhole PMR3 was drilled beneath this zone and intersected two metres at 25 g/t gold.

Initial data compilations and preliminary surveying has been completed and drill testing of the mineralisation is to commence in October 2004.

VICTORIA

Sandy Creek (EL 4812)

Compilation of the regional geologic and geophysical data has been completed followed by preliminary field programs to secure access and conduct reconnaissance mapping and sampling. Sandy Creek is located 15 kilometres south of Tallangatta in north-east Victoria. The project is underlain by Early Ordovician Omeo Metamorphics which are intruded by Silurian age adamellites. Gold mineralisation occurs principally in hydrothermally altered pegmatites which intrude the contact zone over a width of 70 metres. Best grades have been mined where north-west and north-east shears intersect the pegmatites. Alluvial gold was discovered in 1854 followed in 1877 by the discovery of the reef systems. Total production is estimated for the period 1879 to 1905 at 72,000 tonnes grading 50 g/t gold. This included four tonnes of handpicked ore from the Odell's Reef which contained 3.7 kilograms of gold. Recent mining (early 1990's) is reported to have extracted 400 tonnes of handpicked ore grading 300 g/t gold. The mineralisation is structurally controlled and consists of quartz-pyrite-arsenopyrite-stibnite-gold-silver veins. The principal targets are the Grasshopper and Honeysuckle mines which have only been mined to 75 and 40 metres respectively. No effective modern exploration has been completed.

St Arnaud (ELA 4669)

The native title position at St Arnaud has been simplified by the withdrawal of one of the claimants. A compilation of the regional geologic and geophysical setting was completed followed by reconnaissance mapping and sampling. The tenement hosts two sub-parallel structures (the Garibaldi and the Prince of Wales lines of lode) to the major historic workings at St Arnaud. These structures are located on magnetic trends similar to the Lord Nelson line and are cut by the same north-east structure that is believed to form the dilation zone at the Lord Nelson mine. The best results from the

sampling program were 34 g/t gold and 66 g/t gold from surface quartz veining in the vicinity of the Prince of Wales lode.

Mount Wellington (ELA 4835)

A tenement application was filed to cover the Mount Wellington project located 20 kilometres east of Jamieson in eastern Victoria. The project contains two Cambrian "greenstone" belts which are composed principally of volcanic rock sediments deposited in an island arc environment. There are three known mineral occurrences in the northern greenstone – Hill 800, Prickle Spurr and Rhyolite Creek, of which Hill 800 and Rhyolite Creek have been subjected to preliminary drill testing.

At Hill 800 gossans extend for 300 metres along strike in a structurally complex zone. Drill intercepts include 37 metres grading 3.2 g/t gold from surface and one metre grading 2.1% copper and 122 g/t gold at 188 metres in drillhole HED1; one metre grading 16.2 g/t gold at 162 metres in HED2 and one metre grading 1.2% copper in HED3.

At Rhyolite Creek pervasive argillic alteration has been identified in a number of areas, the most significant having dimensions of 1,000 x 600 metres. Best grades and strongest hydrothermal alteration occur near a sheared contact between sediments and lavas and include 31 metres grading 0.5 g/t gold and 30 g/t silver and 13 metres grading one g/t copper.

No drill testing has been completed at Lone Ridge and Micks Bluff which occur in the southern greenstone belt.

JOINT VENTURE OPPORTUNITIES

The Company continues to evaluate joint venture opportunities on a number of prospective exploration targets. A satisfactory outcome resulted in the Mary Kathleen joint venture with Mount Conqueror Minerals NL and Central West Gold NL. Other opportunities are being progressed and we have also been approached by interested parties who would like to joint venture on our tenements.

OTHER ACTIVITIES

Investments

Independence Group NL

The Company continues to hold 200,000 ordinary fully paid shares and 500,000 options in Independence Group NL at a cost of \$155,600 (market value at 30 September 2004 - \$740,000). Interested shareholders may wish to visit the Independence Group web site at www.independencegroup.com.au

Reefway Pty Limited

During the quarter Goldsearch Limited sold its holding in Reefway Pty Ltd to Avon Resources Limited for the following consideration:

- \$273,870 cash received on 29 September 2004
- 5,966,667 ordinary shares in Avon Resources Limited (now CopperCo Limited); and
- deferred cash of \$89,500, payable on 30 June 2005

In addition Goldsearch Limited will receive a royalty entitlement calculated on production from Reefway's tenements. (The royalty is payable on production from the Reefway tenements which is the greater of a gross royalty payable on certain net payable metals derived from the tenements and a 1% net smelter return. In respect of the major metals, the royalty is only payable upon certain accumulated production thresholds being exceeded, for example 100,000 tonnes of net payable copper).

The other major shareholders in Reefway, Pegmont Mines NL and Pegasus Enterprises Ltd have also sold their shareholdings to Avon.

The net carrying value of this investment in the Goldsearch accounts is \$375,000.

OTHER ACTIVITIES (continued)

Appointment of Technical Director and Exploration Manager

Technical Director

Mr Terence Willsted joined the board on 20 July 2004. Mr Willsted is a qualified mining engineer – BE (Mining) Queensland University and a Fellow of the Australasian Institute of Mining and Metallurgy, with over 45 years experience in mining operations, mineral processing, corporate management and consulting practice.

Exploration Manager

Mr Trevor Leahey joined the Company on 19 July 2004 as Exploration Manager. Mr Leahey is a qualified geologist – B.Sc (Hons) in Applied Geology and Exploration Geophysics, with over 25 years of experience in mineral exploration and mining. He is a Registered Professional Geologist with the Australasian Institute of Mining and Metallurgy. Mr Leahey has worked in Australia, Papua New Guinea and the United States and completed assignments in South America and Europe.

STATEMENT

Information relating to the Goldsearch Limited tenements in this report was prepared by Mr Trevor Leahey, Exploration Manager Goldsearch Limited and accurately reflects the information compiled by him.

Information relating to Independence Group Limited joint venture activities in this report was prepared by Mr Heath Hellewell, chief exploration geologist of Independence Group NL and accurately reflects the information compiled by him.

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 September 2004

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 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	(110)	(110)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(107)	(107)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	7
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		(210)	(210)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	274	274
	(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		274	274
1.13	Total operating and investing cash flows (carried forward)	64	64

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	64	64
	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	64	64
1.20	Cash at beginning of quarter/year to date	692	692
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	756	756

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	72
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	47,288
	- Directors' superannuation	3,286
	- Legal fees paid to Landerer & Company (J Landerer)	21,137

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

On 25 August 2004 the Company issued 750,000 ordinary fully paid shares at 3.8 cents each as part consideration for the acquisition of mineral tenements ML 50098 and MLA 50153 (Yorkeys).

- 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	100
4.2 Development	-
Total	100

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	721	657
5.2 Deposits at call	35	35
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	756	692

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	EPMA 14088	Application for EPM over 20 sq. kms. at Cloncurry South in Queensland withdrawn on 17 September 2004.	95%	0%
6.2 Interests in mining tenements acquired or increased	ELA 4835	ELA of 173 sq. kms. at Mt Wellington in Victoria lodged 15 July 2004.	0%	100%
	ML 50098 and MLA 50153	Yorkeys leases near Gympie in Queensland acquired during the quarter. The ML covers an area of 1 sq. km. and the MLA covers an area of 0.3 sq. km.	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	183,209,348	183,209,348	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	750,000	750,000	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>	36,491,869	36,491,869	<i>Exercise price</i> 8 cents	<i>Expiry date</i> 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	13,500,000	Nil	15 cents	15/07/04
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: 26 October 2004

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.