

gsh/psh/gsh639

31 October 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,

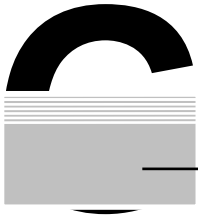
Re: Quarterly report to 30 September 2005

Enclosed for release to the market is the Company's activity report for the quarter ended 30 September 2005 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 30 September 2005)**

HIGHLIGHTS

- In late September Goldsearch entered an agreement with Medusa Mining Limited, whereby Goldsearch will joint venture a gold project over the former Pinut-an Gold Mine in the southern Philippines by undertaking work on the project to a value of US\$1 million to earn 50% interest in the project. The heads of agreement are conditional upon finance being obtained.

The project target will be an operation initially treating 50 tonnes of high-grade ore per day. The ultimate target is for an annual production in the order of 35,000 ounces of gold from ore with an average grade of approximately 20 g/t gold with cash costs at less than US\$200.00 per ounce of gold over a minimum five year life.

- Follow-up sampling in the Northern Territory Bloods Range tenement EL 5701 produced strong results of up to 29.7 g/t gold in rock chip samples from a reef structure that continues under sand cover for approximately 700 metres.

FUTURE EXPLORATION

PANAON ISLAND GOLD PROJECT, PHILIPPINES

In June 2005 Goldsearch commenced a due diligence study of the Panaon Island gold project in the Philippines. Based on the positive outcome of this study Goldsearch entered into a Heads of Agreement with Medusa Mining Limited in late September 2005 whereby Goldsearch will joint venture a gold project over the former Pinut-an Gold Mine and surrounding areas. Under the terms of the agreement Goldsearch can earn a 50% interest in the project by funding the first US\$1,000,000 of project exploration and development expenditure. The heads of agreement are conditional upon finance being obtained. Medusa Mining, which is a highly experienced operator in the Philippines, will be the project managers.

The Panaon Project is covered by Exploration Permit number EP-2005- 000004-V111 of 1,646 hectares, which is held by Vulcan Industrial and Mining Corporation, a public company in the Philippines, and contains the previously abandoned Pinut-an Gold Mine. The Panaon Project comprises the epithermal Pinut-an gold deposit, two nearby exploration prospects (Bituon and Caingin Point) and the surrounding highly prospective regional exploration permits. Pinut-an is located on the south east coast of Panaon Island, a 35 kilometre long by three to five kilometre wide island in the Southern Leyte Province of the Philippines. Panaon Island is immediately north of Surigao City in northern Mindanao, which is reached by domestic flights from Manilla. Access from Surigao City is by passenger boat and inter-island vehicular ferry.

Gold was reportedly first mined at Pinut-an by the Spanish and again by a number of American groups prior to World War II. More recently a number of companies are reported to have undertaken work in the area including Benguet Exploration, Lepanto Consolidated, BHP and Marcopper. The work by Benguet Exploration included the development of a number of new or pre-existing underground tunnels and openings as part of a small, under-funded mining project.

Gold mineralisation at Pinut-an, Bituon and Caingin Point is in typical high sulphidation epithermal quartz veins, developed as a system of quartz veins and minor stockworks, and is hosted by a sequence of Miocene andesitic volcanic rocks. At the surface the Pinut-an system of gold bearing veins is currently defined over an east-west strike of approximately one kilometre and they occur within an extensive propylitic and argillic alteration zone. Individual veins have strike lengths up to approximately 400 metres and are quite narrow, usually around 0.5 metres to one metre wide, although previous underground mapping has delineated zones up to four metres wide.

Mineralisation occurs in a fairly rugged range of hills which run down the eastern side of the island close to the coastline. At Pinut-an the elevation can reach up to 400 metres above sea level within a

kilometre of the coastline. The mineralisation at Pinut-an is believed to extend along strike to the east below sea level (zero metre). Similarly the mineralisation is also believed to extend down dip below zero metre elevation. All historical mining activity has exploited mineralisation above zero metre elevation and, whilst significant remnant and new mineralisation is expected to be developed above this level, the most attractive exploration targets are down dip below the zero metre elevation. These targets are greater than 100 metres west of the present coastline and it is expected that water inflows in this area will likely be modest and easily manageable. Site investigation of a number of the historical openings suggests only very minor water inflows and good ground conditions above the zero metre level.

This style of epithermal mineralisation is often characterised by bonanza gold grades. Whilst the gold distribution at Pinut-an is known to be somewhat variable, gold grades well in excess of 100 g/t gold are reported for a number of areas. Based on the similarities in mineralogy to other deposits the gold recoveries are anticipated to be on average up around 95%. The joint venture is targeting a small tonnage (50 to 100 tonnes per day) underground operation with a very high average head grade of 20 g/t gold in order to produce up to 35,000 ounces of gold a year at an average cost of production of less than US\$200 per ounce over a minimum five year project life.

Following rehabilitation of the existing underground development the joint venture partners have formulated a staged exploration and trial mining program in order to define with sufficient confidence a mineable reserve at the project. Goldsearch believes that, if successful, this program could lead to the establishment of a highly profitable mining operation at Pinut-an.

The Panaon Project is similar geologically and probably metallurgically to the Co-o Mine operated by Medusa Mining on Mindanao. This mine was developed under old workings and is operating very efficiently. The resource base continues to expand as the mine is developed and further exploration is carried out along strike and with depth. As such the company has the exploration and mining skills to assess and develop the Panaon project rapidly and efficiently and the object is to develop a project similar to the Co-o Mine.

There is a well established village at Pinut-an accessible by road and supplied by mains power. Rehabilitation of the old workings is already under way and Medusa has the staff and equipment to quickly establish a full exploration team onsite.

QUEENSLAND

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

The drilling program at Yorkeys was completed during the quarter. The results were disappointing as the majority of drill holes intersected old workings and the potential for economic mineralisation is considered remote. The potential for high-grade intersections at Beer and Dawson (ML 3759) remains, but is clearly best tested with an RC drill rig. Given the limited strike length of mineralisation and the small area of the lease, the potential for a mining operation is low at the current gold price.

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

A soil sampling program has been conducted over radiometric anomalies in the Mary Kathleen project area. These anomalies indicate elevated uranium concentrations at surface and are co-incident with prospective geological targets.

The soil lines were 1,000 to 1,200 metres in length with samples taken at 50 metre intervals. Each sample comprising 750g of -2mm sieved B horizon soils. A total of 138 samples have been forwarded to the laboratory for analysis for uranium and a suite of associated elements.

The results of this program will determine the future work program in the area.

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

The Company has been approached by an interested party to enter a joint venture to explore the gold and copper potential of the Duck Creek tenement. Following the successful completion of the joint venture negotiations and native title cultural clearance programs, the proposed joint venture partnership will be in a position to commence a drill program.

VICTORIA

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

A first-pass soil sampling program was completed over the principal workings within EL 4812, Sandy Creek. Infill sampling to further define drill targets within the mineralised trends is planned to commence during the December quarter. When this program is completed a small drilling program is proposed to identify the high-grade structures which are thought to be present.

NORTHERN TERRITORY

BLOODS RANGE (EL 5701 – Goldsearch earning 70% - Independence Group earning 51% of Goldsearch's interest) (gold, copper)

Independence Group NL reported that reconnaissance rock chip sampling focusing on recently defined gold in soil anomalism has returned significant gold assays.

Rock chip results

Geological reconnaissance work has discovered a narrow semi-continuous quartz vein with high-grade gold values to 29.71 g/t within sheared granitoids and metasediments. The rocks are thought to be a part of the Tjuninanta Formation (Mesoproterozoic) underlain by granite (Musgrave Block).

Other rock chip results include 13.07 g/t, 0.83 g/t and 0.52 g/t gold. Bismuth to 723 ppm, copper to 2,402 ppm, lead to 7,492 ppm and silver to 14.74 g/t were associated with the gold mineralisation.

The quartz veining is generally less than 50 centimetres in width occurring as semi-continuous outcrops trending north-west with a flat south-west dip.

Potential

The soil anomalism, although not continuous (influenced by wind blown sand cover), continues for at least 700 metres in strike and is open. There is potential for the vein to develop in wider widths along strike and further sampling is justified. During the December quarter the Company expects to re-visit the area with the view of auger drilling under the sand cover to confirm the possible continuation of the mineralisation.

SOUTH AUSTRALIA

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

During the quarter the Company has been in contact with representatives of the Department of Primary Industry and Resources to determine progress in relation to the large number of tenement applications in the Anangu Pitjantjatjara Lands. Indications are encouraging and a number of tenement applications held by Goldsearch and under joint venture with Independence Group are likely to be the next granted in this part of the Musgrave Block.

GAWLER CRATON (Hawks Nest EL 2899 – 100% Goldsearch)

Goldsearch surrendered this tenement during the quarter.

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 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")

30 September 2005

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	(201)	(201)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(102)	(102)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	2
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		(301)	(301)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(1)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	145	145
	(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		144	144
1.13	Total operating and investing cash flows (carried forward)	(157)	(157)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(157)	(157)
	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	(157)	(157)
1.20	Cash at beginning of quarter/year to date	280	280
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	123	123

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	57,514
	- Directors' superannuation	3,286
	- Legal fees paid to Landerer & Company (J Landerer)	817

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 (Market value of listed securities held for re-sale)	640	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	82	240
5.2 Deposits at call	41	40
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	123	280

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 2899	Exploration licence covering 340 square kilometres was surrendered during the quarter	100%	0%
	EPM 14019	Tenement area reduced from 316 to 123 square kilometres.	Right to earn 50%	Right to earn 50%
	EPM 14022	Tenement area reduced from 298 to 120 square kilometres.	Right to earn 50%	Right to earn 50%
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	183,209,348	183,209,348	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	Nil	Nil	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>	Nil	Nil	N/A	N/A
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	36,491,869	36,491,869	Exercise Price 8 cents	Expired date 30/09/05
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: 31 October 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.