

gsh/psh/gsh723

18 October 2007

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

Via ASX Online

Number of pages – 11

Dear Sir,

Re: Quarterly activity report to 30 September 2007

Enclosed for release to the market is the Company's activity report for the quarter ended 30 September 2007 together with a duly completed Appendix 5B report.

For and on behalf of the directors of
Goldsearch Limited

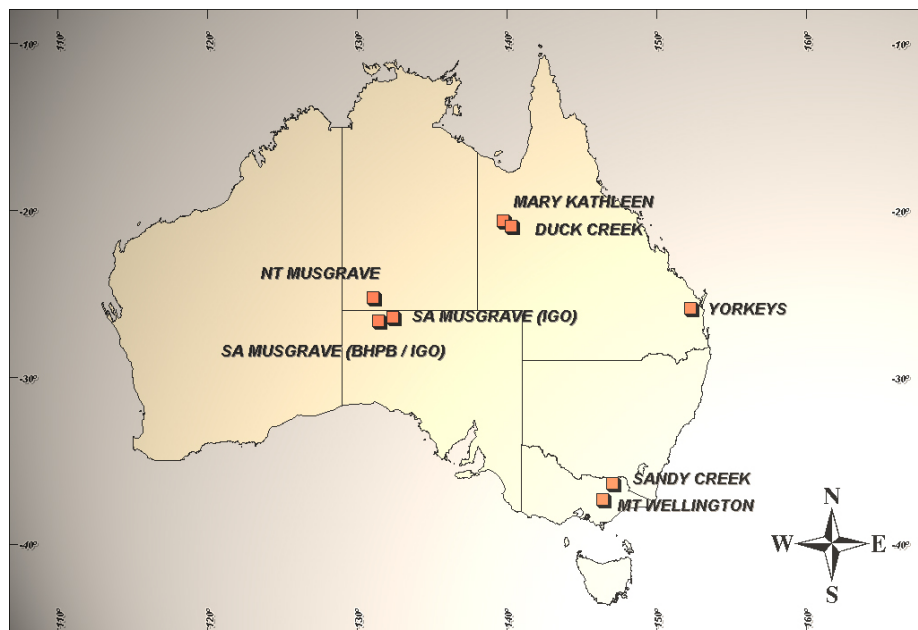


P S Hewson
Secretary

ACTIVITY REPORT for the quarter ended 30 September 2007

MAJOR DEVELOPMENTS

- At Mary Kathleen Goldsearch is working towards having low impact only exploration conditions removed from key tenements.
- At Mary Kathleen a number of regional targets are emerging as potential drill targets following the completion of soil geochemical sampling.
- At Mary Kathleen IP geophysical surveys are currently underway.
- At Mount Wellington recent re-evaluation of the project area suggests the potential for large magmatic-related ore body styles. A number of geophysical targets have been identified on the basis of this potential.
- The first tenements for the East Musgrave Joint Venture are expected to be granted in the coming weeks.
- During the quarter 23,194,226 of the Company's quoted options which expire on 31 October 2007 were exercised, raising \$1.16 million of additional working capital. Arrangements have been made for the underwriting of the exercise of the remaining 63,868,548 options on issue. This will raise a further \$3.19 million in the current quarter.

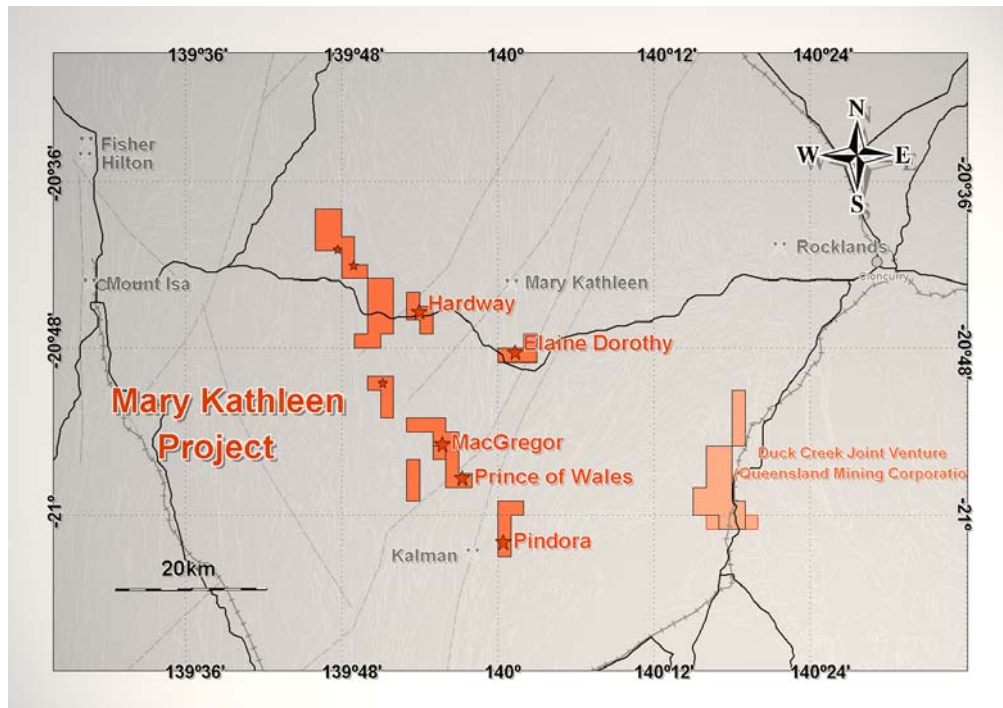


Goldsearch Limited Project Locations

MARY KATHLEEN PROJECT (Goldsearch 75%, Central West Gold 25%) (uranium, copper, gold)

The Mary Kathleen Project is a joint venture between Goldsearch Limited and Central West Gold NL.

The joint venture is currently going through the expedited Native Title process with respect to both EPM 14019 and EPM 14022 in order to have a "Low Impact Exploration Only" condition removed from both permits. Both EPMs were granted as low impact tenements under Queensland's Alternative State Procedures which were in place at the time of granting



Mary Kathleen Project Target Locations.

Elaine Dorothy Uranium Target

Further drilling currently planned for the Elaine Dorothy target has been postponed until low impact conditions are removed from EPM 14022. A program of surface IP geophysics is currently underway at Elaine Dorothy. The aim of this survey is to determine whether the mineralised zone has a geophysical signature that could potentially be used to better target future drilling. This information will assist with drill targeting both within the known mineralised trend and in order to potentially define additional drilling targets within the broad hydrothermal alteration system at Elaine Dorothy.

MacGregor Uranium/Copper Target

Further drilling currently planned for the MacGregor target has been postponed until low impact conditions are removed from EPM 14019. In the meantime surface geochemistry or scintillometer sampling is planned to further evaluate the target area.

Pindora Copper/Gold Target

Reconnaissance and infill geochemistry is ongoing over the Pindora target area. At Pindora a number of shallow open cut mines have exploited oxide copper mineralisation over a strike length of five kilometres. Historical reports suggest that the copper mineralisation was associated with significant levels of gold

mineralisation. The Pindora target is located approximately three kilometres east of the Kalman (Cu, Au, Mo, U) discovery currently being evaluated by Kings Minerals NL. Pindora is located on a sub parallel, secondary structure to the Pilgrim Fault. The Pilgrim Fault is a major terrane bounding fault in the Mount Isa Province; the Kalman deposit is located immediately adjacent to the Pilgrim Fault. Geochemical sampling completed to date has defined a zone of anomalous copper geochemistry over 5.7 kilometres, further assay results are currently being awaited for the interpreted extension of this zone to the north. Peak copper values in the minus 2mm soil samples were 5480ppm with a peak gold value of 132ppb.

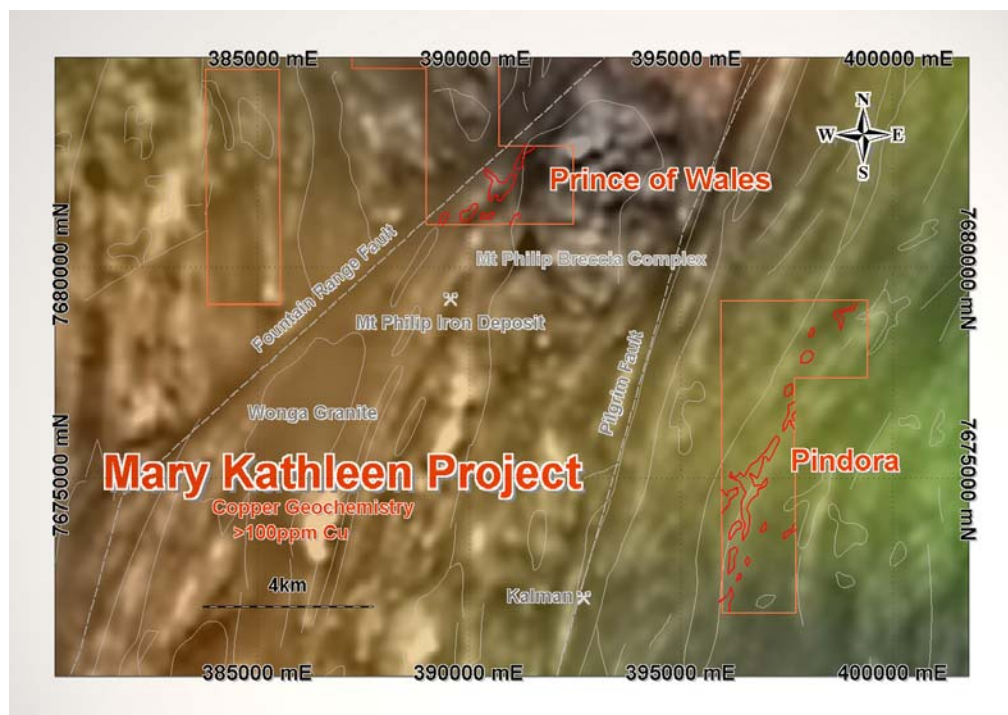
Currently a program of surface IP geophysics is underway at the Pindora target.

Prince of Wales target

At the Prince of Wales target geochemical sampling has defined a geochemical trend anomalous in copper (up to 1.66%) and weakly anomalous in gold (up to 206ppb) over a strike length of 2.6 kilometres. High lanthanum (REE) is also associated with the copper / gold geochemical trend (up to 740ppm). The target area is located at the junction of the Pilgrim and Fountain Range Fault zones, two of the most significant structures in the central Mt Isa Block, and on the margins of a major granitic intrusive complex.

Previous small scale mining at the Prince of Wales mine produced copper and gold from iron oxide altered Corella Formation rocks and massive iron stones. Two prominent magnetic anomalies underlie the geochemical trend which is also defined by a trend of minor ironstone outcrops. A large mass of hydrothermal iron oxide outcrops immediately south of the tenement area at Mt Phillip. The large mass of hydrothermal iron oxide alteration at nearby Mt Phillip is similar to massive zones of hydrothermal iron oxide associated with other large deposits of the IOCG (Iron Oxide Copper Gold) style such as Ernest Henry, Olympic Dam and Prominent Hill.

Currently a program of surface IP geophysics is underway at the Prince of Wales target.



Mary Kathleen Project Areas of Elevated Geochemistry Pindora / Prince of Wales Targets.

Hardway target

Reconnaissance geochemistry has been completed over the Hardway target area. At Hardway a number of shallow open cut mines have exploited oxide copper mineralisation associated with a wide zone of shearing along the margin of the Hardway granite. Mineralisation is hosted by dolerite and Corrella Formation calc-silicate rocks. This mafic shear-hosted style has similar characteristics to the Rocklands/Double Oxide deposit currently being evaluated by Cudeco Limited and located approximately 49 kilometres to the east. Peak assay results from geochemical sampling include 0.5% copper and 195ppm cobalt. The zone of elevated copper geochemistry is defined over a strike length of approximately 2km and is open towards the south.

Currently a program of surface IP geophysics is underway at the Hardway target.

DUCK CREEK (Goldsearch diluting to 25% / 30%, QMC Earning 70 / 75%) (copper, gold, silver)

The Duck Creek project is subject to a joint venture with Queensland Mining Corporation Limited (QMC). QMC has been aggressively building a portfolio of projects targeting significant oxide copper resources in the Cloncurry region.

VICTORIA

MOUNT WELLINGTON PROJECT (100% Goldsearch) (gold,silver,copper)

The Mount Wellington project is located 20 kilometres south-east of the town of Jamieson and 25 kilometres north east of the Woods Point gold mining centre in eastern Victoria. The project consists of granted EL 4843 and application ELA 4835 which cover a combined 183 square kilometres of State Forrest. No field work has been completed at Mt Wellington during the winter months. There are several known mineral occurrences at Mt Wellington. Significant gold (+/- silver and copper) mineralisation has been intercepted in drilling by previous explorers at Hill 800 and Rhyolite Hill.

Goldsearch believes the project has significant potential for large magmatic-related gold and base metal ore deposits and is currently reviewing and prioritising a number of geophysical targets for future drill testing.

SANDY CREEK PROJECT (100% Goldsearch) (gold)

A program of geological mapping to assess the potential of the Sandy Creek project area is currently scheduled for October.

ST ARNAUD PROJECT (Goldsearch divested) (gold)

Goldsearch's interest in the St Arnaud project (EL 4669) was transferred to Rex Minerals Ltd who acquired various rights to the tenement from Sedimentary Holdings Limited, Goldsearch's former joint venture partner in EL4669. Consideration for Goldsearch's interest in the tenement was 500,000 ordinary shares in Rex Minerals Ltd and 500,000 options, exercisable at a price of \$0.30 on or before 30 June 2011. Rex Minerals recently completed a successful Australian Stock Exchange listing.

EAST MUSGRAVE BLOCK (49% Goldsearch, 51% Independence Group, BHP Billiton earning 65%) (nickel, copper, gold)

Negotiations with the Anangu Pintjantjatjara Yankunytjatjara for the grant exploration licence applications ELA 198/96 and ELA 343/96 have been completed and tenements are expected to be granted in the next few weeks. Recently drill core from diamond drilling completed at the Wanka Wanka Hill prospect in the 1970's was located in the South Australian government core yard. A detailed petrological and geochemical study of samples from this core is currently underway.

STATEMENT

Technical information contained in this report was prepared by Mr Heath Hellewell, Consulting Geologists, who is a Member of the Australasian Institute of Mining and Metallurgy and/or Geological Society of Australia, and accurately reflects the information compiled by them. 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 Hellewell consents 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 2007

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	(234)	(234)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(176)	(176)
1.3	Dividends received	42	42
1.4	Interest and other items of a similar nature received	12	12
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – JV Income	-	-
Net operating cash flows		(356)	(356)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(3)
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		(3)	(3)
1.13	Total operating and investing cash flows (carried forward)	(359)	(359)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(359)	(359)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,161	1,161
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) – issue costs	-	-
	Net financing cash flows	1,161	1,161
	Net increase (decrease) in cash held	802	802
1.20	Cash at beginning of quarter/year to date	936	936
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,738	1,738

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	74
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	68,514
	- Directors' superannuation	5,086

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

On 22 August 2007, the Company announced that it had accepted an offer from Rex Minerals Limited (RML) to acquire the Company's remaining interest in the St Arnaud tenement EL 4669, Victoria. As consideration the Company received 500,000 fully paid ordinary RML shares plus options to purchase 500,000 shares in RML on or before 30 June 2011 at 30 cents per share.

+ See chapter 19 for defined terms.

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	350
4.2 Development	-
Total	350

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	1,680	878
5.2 Deposits at call	58	58
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,738	936

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 4669 St Arnaud Victoria	Exploration licence covering an area of 59 kms ² . Sold to Rex Minerals Limited during the quarter.	100%	0%
	ELAs 9740, 22783, 22785 and 22786 West Bloods Range – NT	Exploration licence applications covering a total area of 1,813 kms ² . On 15 August 2007 Goldsearch withdrew from the previous joint venture with the Allender/Hosking/LeBrun syndicate.	Earning 51%	0%
6.2 Interests in mining tenements acquired or increased	N/A			

+ 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	303,350,148	303,350,148	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues – option exercises	23,194,226	23,194,226	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	N/A	N/A	N/A	N/A
(b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7 Options			Exercise price	Expiry date
Listed Options	63,868,548	63,868,548	5.0 cents	31 October 2007
Unlisted Options:	800,000	-	7.5 cents	30 June 2008
	400,000	-	10.0 cents	30 June 2009
	8,000,000	-	5.0 cents	31 January 2010
	8,000,000	-	7.5 cents	31 January 2010
7.8 Issued during quarter	N/A	N/A	N/A	N/A
Unlisted Options				
7.9 Exercised during quarter	23,194,226	23,942,226	5.0 cents	31 October 2007
7.10 Expired during quarter	N/A	N/A	N/A	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: 18 October 2007

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.