

## Quarterly Report - for the period ended 30 September, 2001

### Summary

#### 1. Musgrave Block Project

- Exploration deeds from the Central Land Council have been finalised for four exploration licence application areas located in the Musgrave Block region of the Northern Territory. It is expected that exploration licences will be granted by the Northern Territory Department of Mines and Energy in the near future. These licences which are prospective for base metals, silver and gold will be the first granted in the Musgrave Block region of Northern Territory for more than 20 years.
- A total of 50 priority exploration targets have been defined within our Musgrave Block exploration licence application areas by Independence Gold NL under our joint venture agreement as follows;

Target model	Commodity	No.of targets
Magmatic Ni-Cu (Voisey's Bay/WMC West Musgrave)	Ni, Cu, (Co, Au, PGE)	16
Proterozoic Cu-Au Fe -oxide (Olympic Dam)	Au, Cu	13
Stratabound base metals (Broken Hill)	Pb, Zn, Ag, Cu	7
Lode and shear hosted gold (Granites Tanami, Pine Ck)	Au, Ag	7
Sediment hosted copper (Zambian Copper Belt)	Cu, Co, Ag	4
Kimberlite, lamproite diatremes (Argyle AK1)	diamonds	3

- Of particular note is a nickel sulphide target identified by previous exploration in which nickel sulphides were intersected adjacent to a troctolitic dyke which extends for approximately 16 kilometres. The prospectivity of this target is highlighted by the fact

that all significant sulphide mineralisation associated with the giant Voisey's Bay nickel deposit in Canada is hosted by troctolitic intrusions.

## **2. Duck Creek Project**

- The Company has completed an access agreement with the Mitakoodi People for exploration permit for minerals EPM 13336. A similar agreement is being negotiated with the Kalkadoon People who are also registered native title applicants for the area. The Company intends to commence exploration as soon as the access agreements have been registered and lodged with the Queensland Department of Mines. The exploration permit covers approximately 130 square kilometres in an area south-west of Cloncurry known as Duck Creek which contains a number of copper and gold prospects with substantial cobalt and bismuth credits.

## **EXPLORATION ACTIVITIES**

### **Independence Gold NL Joint Venture**

Goldsearch Limited has signed a letter of agreement with Independence Gold NL (Independence) to participate, under a joint venture agreement, in the exploration, development and mining of tenements held by Goldsearch in the Musgrave Block region and at Mount Patricia in the Tanami Goldfield. Independence can earn a 51% equity in the exploration tenements included in the agreement by funding an exploration expenditure equal to twice the statutory annual expenditure commitment assigned to the exploration licence by the issuing authority. The total amount of annual expenditure will be dependent on the number of exploration licences granted and initial exploration of those licence areas. Up to \$5,976,000 could be spent on exploration under the agreement. Independence must spend a minimum of \$2,000,000 before earning an equity in any licence area.

The agreement not only benefits Goldsearch in providing the funding for initial exploration but also gives access to the experienced exploration team of Independence which has contributed to a number of successful mineral discoveries within Australia in recent years.

Compilation of a comprehensive database for the entire Musgrave Block region has been completed. It includes all publicly available geological, geochemical, mineral occurrence, aeromagnetic, gravity and selected Landsat data. Fifty priority exploration target areas within tenements subject to the joint venture have been generated and exploration is ready to commence as soon as access is available. The following table summarises priority exploration targets currently defined;

Target model	Commodity	No. of targets
Magmatic Ni-Cu (Voisey's Bay/WMC West Musgrave)	Ni, Cu, (Co, Au, PGE)	16
Proterozoic Cu-Au Fe -oxide (Olympic Dam)	Au, Cu	13
Stratabound base metals (Broken Hill)	Pb, Zn, Ag, Cu	7
Lode and shear hosted gold (Granites Tanami, Pine Ck)	Au, Ag	7
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One of the nickel sulphide targets contains a prospect defined by Kennecott Exploration in the early 1970's. Nickel/copper sulphides were intersected immediately adjacent to a troctolitic dyke. The dyke, which is approximately 16 kilometres long, represents a high priority target by analogy to the giant Voisey's Bay nickel copper deposit where all significant sulphide mineralisation is hosted by troctolitic intrusions

## Queensland

### 1. DUCK CREEK - CLONCURRY

#### EPMS 13273 and 13336 (95%)

The Company has been granted an exploration permit for minerals (EPM 13336) covering approximately 130 square kilometres in an area south-west of Cloncurry known as Duck Creek which contains a number of copper and gold prospects. Anomalous cobalt and bismuth contents have also been reported in the area. Another permit (EPM 13273) covering approximately 6 square kilometres in the same area has also been granted. An access agreement for EPM 13336 has been finalised with the Mitakoodi People and a similar agreement is being negotiated with the Kalkadoon People who are also registered native title applicants for the area. Exploration will commence once this agreement is finalised



## **South Australia**

### **1. MUSGRAVE BLOCK**

#### **PITJANTJATJARA LANDS**

**ELAs 198/96, 260/96, 262/96 (50%) and ELAs 336-343/96, 534/96, 35/99 (100%)**

The thirteen ELAs located within the Pitjantjatjara Lands cover an area of 16,080 square kilometres and have been selected on the basis of regional geophysical and geological data as well as previous exploration results. Priority targets for exploration are stratiform copper, lead, zinc deposits in basement metasediments similar to Mount Isa and Broken Hill ore deposit models, copper/gold deposits in Adelaidean Sediments which outcrop along the southern margin of the Musgrave Block, placer concentrations of platinum and possible associated gold in Tertiary palaeo-drainage systems, nickel, copper and cobalt associated with ultramafics similar to that intersected by Western Mining Corporation at the Nebo and Babel prospects in Western Australia and gold in shear zones.

The Company is awaiting permission from the Minister for Primary Industries and Resources to negotiate with Anangu Pitjantjatjara for permission to carry out exploration.

#### **NON-PITJANTJATJARA LANDS**

**EL 2245 and EL 2435 (100%)**

Exploration licences EL 2245, De Rose Hill, and EL 2435, Ungalootanna Hill, are located in the eastern Musgrave Block region of South Australia. Prospective rocks of Archaean and Proterozoic ages outcrop within the area and anomalous copper, gold, uranium and nickel grades have been reported in equivalent rock units in adjacent areas. Drilling undertaken by the Department of Primary Industry and Resources South Australia in an area immediately to the north of the two ELs has intersected presumed Giles Complex rocks with sulphide mineralisation. This represents a significant extension of the Giles Complex into the far eastern portion of the Musgrave Block region

Exploration targets have been defined and the Company has initiated negotiations with native title parties to formulate an agreement to allow exploration work to be undertaken.

EL 2435 has been renewed over a reduced area of 469 square kilometres. The least prospective south-eastern portion of the area has been surrendered.



## **2. GAWLER CRATON**

### **ANTAKIRINJA LAND MANAGEMENT ABORIGINAL CORPORATION JOINT VENTURES**

#### **EL 2212 (50%) and EL 2213 (50%)**

No exploration activity was undertaken within the area during the quarter. In order to reduce exploration commitments the Company has not reapplied for EL 2212 which expired on 25 October, 2001 and has submitted a new application for an exploration licence over a reduced area within EL 2213 that contains a regional magnetic anomaly and several targets defined by calcrete sampling.

## **3. OTHER SOUTH AUSTRALIAN AREAS**

### **MOUNT OGILVIE**

#### **EL 2267 (100%)**

EL 2267 covers an area of approximately 240 square kilometres and is located 30 kilometres north-east of Leigh Creek in the northern Flinders Ranges. High grades of gold and silver have been mined from the area with ores of cobalt, nickel and arsenic.

A high frequency photo lineament analysis of aerial photographs and satellite imagery has indicated that EL 2267 Mount Ogilvie is located in a favourable lineament setting of high mineral prospectivity.

A field program designed to confirm and investigate anomalous results that were reported from previous work and to check magnetic features was completed earlier this year. Selective, hand picked samples were collected from dumps beside old mine workings to characterise the geochemical signature of the mineralisation and to locate previously reported high grade copper, gold, nickel and cobalt mineralisation. Most old workings exploited groups of narrow quartz-carbonate veins. At several workings the assay results confirmed high grades of copper (up to 31%) and gold (up to 2.9 gms/tonne), which were accompanied in some samples by elevated nickel (up to 0.10%) and cobalt (up to 0.18%).

Stream sediment samples confirmed several anomalous results, including a significant regional zinc result. The Company is investigating options regarding exploration of the areas including participation by other parties.

## **Northern Territory**

### **1. MUSGRAVE BLOCK NORTH**

#### **EAST BLOODS RANGE AND PETERMANN JOINT VENTURE**

**ELAs 9407 and 9863 (100%),**

**ELAs 5701, 5702, 5703, 9443, 6847, 9740, 9741, 10315, 22687, 22688, 22689, 22690 and 22710 (51%)**

The ELAs are located in the northern Musgrave Block and are considered prospective for base metals, silver and gold. Base metal occurrences (copper and lead) in quartz filled shear zones with some gold and silver were reported in ELA 5701 by the Bureau of Mineral Resources during a reconnaissance survey carried out during 1962. A sample from an undeformed quartz vein collected recently by the Northern Territory Department of Mines and Energy from within ELA 5701 has reported anomalous silver (89 gms/tonne), lead (2.1%), copper (1.9%) and gold (101 ppb). Elevated chromium (550 ppm) and nickel (1,000 ppm) have been reported for a sample of laterised peridotite collected to the south of the ELAs.

The Company has received exploration deeds from the Central Land Council for exploration licence applications ELAs 9407, 5702, 9443 and 9741 and it is expected that exploration licences will be granted in the near future. Exploration licences have not been granted in this area for at least 20 years.

Proposals for the consent to the granting of an exploration licence have been submitted to the Central Land Council in respect of ELAs 22687, 22688, 22689 and 22690.

Goldsearch has received a notice of application to grant exploration licence 22710 from the Northern Territory Department of Mines and Energy who will notify the Company after 11 November, 2001 regarding the status of our application. A draft native title agreement has been received from the Central Land Council concerning this area.

### **2. MOUNT PATRICIA**

**ELA 9636 (100%)**

The application is currently under veto following a decision by the Central Land Council to refuse to consent to the grant of an exploration licence. The Company intends to recommence negotiations for an exploration licence after 22 October, 2002 in accordance with statutory procedures.



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## MAPS

1. A map locating the Duck Creek exploration permit area EPM 13336 Queensland is attached

## INTERNET AND COMMUNICATION TECHNOLOGY INVESTMENTS

### 1. CAPIX.

Capix is a Melbourne based vendor of banking, broking and corporate treasury software systems and has been developing systems for the delivery of financial services on the internet.

Goldsearch has purchased a 14.8% interest in Capix for a consideration of \$520,000. Due to the downturn in the technology sector the directors of Goldsearch have decided not to commit any additional funding and to realise the investment in Capix. Full provision for diminution in the value of this investment was made in the Company's accounts at 30 June, 2001.

Capix has restructured its operations to better accommodate the requirements of the industry and maintain its cash flow. Capix has embarked on a marketing exercise to better promote its range of products and is considering alternatives for corporate development.

### 2. VISIONZOOM AUSTRALIA

VisionGlobal Corporation is a high-speed broadband wireless network solution provider based in the US. It is currently developing technology that consists of a routing radio modem aimed primarily at providing low-cost broadband Internet access to consumers and low-end commercial users.

In July 2000, VisionGlobal agreed to fully underwrite the proposed Initial Public Offer (IPO) of shares for VisionZoom Australia, in which it would hold a 75% interest, in return for granting a royalty free, 25 year licence to VisionZoom Australia for the exclusive use of its high speed Wireless Broadband System throughout Australia, New Zealand and Indonesia. In return for facilitating and funding the IPO of VisionZoom Australia, Goldsearch was to be issued with shares representing 8.8% of the total issued capital of VisionZoom Australia and Goldsearch shareholders and optionholders were to have an entitlement to subscribe directly for shares representing 16.2% of VisionZoom Australia in the proposed IPO.

VisionGlobal Corporation has been unable to complete the raising of necessary capital to finalize the development of its technology through to manufacture and has filed a petition for





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reorganisation under Chapter 11 of the US Bankruptcy Laws. Whether or not Goldsearch will be able to continue with its agreement with VisionGlobal remains to be seen and is dependent on the success of VisionGlobal's plan to reorganise the company. Full provision for diminution in the value of capitalised expenditure on this project was made in the Company's accounts at 30 June, 2001.

## **STATEMENT**

*Technical information relating to exploration projects in this report was prepared by Mr N.L. Kennedy, B.Sc, MAusIMM, General Manager-Exploration of the Company and accurately reflects the information compiled by him.*

