

Quarterly Report
For the quarter ended 31 December 2014

Highlights

National Health Services Pty Ltd (NHS)

Withdrawal from agreement with NHS

Mary Kathleen Joint Venture

(Goldsearch Limited 20%, Chinalco Yunnan Copper Resources Limited 80%)

Mount Frosty

- Phase 3 drilling at Jubilee to follow up previous exploration work

Musgrave Minerals Limited (MGV)

(Goldsearch Limited 3.02% shareholding in MGV)

- New targets identified at new Mamba and Corunna Projects
- Commencement of drilling of 3 new targets at Menninnie Dam



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HORIZON HEALTHCARE SOLUTIONS PTY LTD (HHS)

On the 9 July Goldsearch announced that it had entered into a binding heads of agreement to acquire all of the issued share capital of Horizon Healthcare Solutions Pty Limited HHS).

On 11 August Goldsearch provided an update to the market regarding the acquisition of HHS. After entering into the binding heads of agreement and announcing the transaction, Goldsearch commenced its due diligence on HHS.

On 3 October, Goldsearch completed its due diligence investigations and decided not to proceed with the HHS transaction. GSE provided a notice of termination to HHS on 2 October 2014 terminating any further obligations under the agreement with HHS.

NATIONAL HEALTH SERVICES PTY LTD (NHS)

On 8 October, Goldsearch announced that it had executed a heads of agreement with the shareholders of National Health Services Pty Ltd (NHS) to acquire all the shares in NHS. NHS is an Australian private company operating in the healthcare services sector.

Under the terms of the agreement, GSE agreed to acquire 100% of the shares in NHS.

NHS assets include

- Franchise agreements with two medical providers relating to after-hours general medical services and the rights to further develop the after-hours medical franchise business
- An established business providing non-emergency patient transport services across the Sydney region
- An executed a heads of agreement to acquire Galen and Gray Pty Ltd (Galen & Gray) a developed business in the Occupational Medical Services and Workcare Injury Management Sector.

The agreement with NHS is subject to the following conditions precedent:

- Receipt of an independent experts report stating that the transaction is fair and reasonable
- Approval by the shareholders of GSE
- NHS entering into a binding contractual agreement to acquire Galen & Gray.

The transaction is subject to satisfactory financial and legal due diligence in relation to the business assets and liabilities of NHS (including Galen & Gray) and of GSE.

On 25 November Goldsearch announced that NHS had executed a binding sale and purchase agreement with Galen & Gray. The binding agreement with Galen & Gray satisfied one of the three conditions mentioned above precedent to the agreement between NHS and GSE.

On 19 December Goldsearch announced its withdrawal from the agreement with NHS following insufficient time to complete full due diligence.

The directors are currently considering a number of near cash flow gold and silver opportunities and will provide updates should any opportunity proceed in this regard.

RINGMD

On 28 October, Goldsearch announced that it had signed a non-binding Memorandum of Understanding "MOU" with Singapore based telemedicine company RingMD. RingMD is a proprietary healthcare communications platform designed to connect patients with doctors. The MOU is intended to lead to a formal joint venture agreement to exclusively offer RingMD's branded communication platform throughout Australasia.

The MOU sets out the parties intentions to work together to offer RingMD's web and mobile platform to private and public hospitals, insurers, individual doctors and private companies within existing Government regulations.

Ring MD has partnered with a variety of regional players in Southeast Asia to provide its telemedicine platform. It has received funding from various international investors and is well positioned to expand globally.

As the partnership with RingMD progresses the directors of Goldsearch will provide further market updates.

FUNDING ACTIVITIES

On 8 December Goldsearch announced that it had resolved to raise approximately \$105,000 in a placement to professional and sophisticated investors through the issue of up to 44 million new shares at \$0.0024 per share.

In conjunction with the placement the Company has also resolved to undertake a Share Purchase Plan (SPP) on the same terms as the placement. The SPP is offering up to 250 million shares to raise a maximum of \$600,000. Existing shareholders on the register as at 5 December will be entitled to purchase up to \$15,000 of GSE shares at \$0.0024 per share.

MARY KATHLEEN JOINT VENTURE

(GSE 20% CYU 80%)

Goldsearch had previously announced the decision to reduce its position in the Mary Kathleen Joint Venture (MKJV) with Chinalco Yunnan Copper Resources Limited (CYU) by 5% for each \$500,000 of JV expenditure incurred by CYU after which GSE's interest will revert to a 1.75% net smelter royalty.

CYU has continued to advance its exploration program at its Mt Frosty JV Jubilee prospect and MKJV Blue Caesar prospect near Mt Isa in northwest Queensland.

Highlights for the quarter include:

- 9 RC drill holes at Jubilee intersected significant copper mineralisation, confirming potential extension of a mineralised zone along length of strike as well as at depth
- Significant intersections from drilling at Jubilee
 - o 10m @ 3.37% Cu and 2.28g/t Au from 107m depth, including 6m @ 5.34% Cu and 3.72g/t Au (Drill hole Q-029)
 - o 9m @ 2.8% Cu and 1.44g/t Au from 73m depth, including 1m @ 7.32% Cu and 1.53g/t Au, 1m @ 10% Cu and 4m @ 3.01g/t Au (Drill hole Q-028)
 - o 7m @ 1.25% Cu and 0.81g/t Au from 65m depth, including 3m @ 3.63% Cu and 1.49 g/t Au (Drill hole Q-025)
 - o 7m @ 1.3% Cu and 0.22g/t Au from 120m depth, including 1m @ 7.15% Cu and 1.21 g/t Au (Drill hole Q-027)
- Phase 3 drilling at Jubilee is designed to follow up the successful drilling at this project in May and August.

MUSGRAVE MINERALS LIMITED (ASX:MGV)

(GSE 3.02% Shareholding in MGV)

Goldsearch Limited holds a significant shareholding in Musgrave Minerals Limited (MGV), but has reduced its holding through market sales over the quarter to fund ongoing activities.

MGV has continued to make advances in its base metal, gold and silver focussed exploration projects in the Musgrave Geological Province and Gawler Craton regions of South Australia.

Highlights for the quarter include:

- 12 high priority prospective nickel-copper targets identified in aeromagnetic survey over the Mamba Project in the Fraser Range region of Western Australia

- 4 untested silver-lead-zinc targets identified from historical soil sampling and aeromagnetic data at the new Corunna Project
- Commencement of drilling program to test three new targets (Erebus, Mallee and Taal) at Menninnie Dam

DUCK CREEK JOINT VENTURE

GSE retains a 1.5% net smelter royalty (NSR) on EPM's 13336 and 15718, which were transferred to Queensland Mining Corporation (QMN) last quarter.

COMPETENT PERSONS STATEMENT

Aspects of this report that relate to Mineralisation, Mineral Resources or Ore Reserves of Goldsearch Limited, both directly and through its joint ventures and investments, are based on information compiled by persons who are Fellows or Members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and have sufficient relevant experience of the activity undertaken and of the mineralisation style and type of deposit described. They qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code of Reporting of Identified Mineral Resources and Ore Reserves" (JORC Code). The above statements fairly reflect the reports prepared by these Competent Persons and has been overviewed by Mr T V Willsted, BE (Min) Hons, BA, FAusIMM as a Competent Person for Goldsearch Limited. Mr Willsted consents to the inclusion in this report of these matters based on their information in the form and context in which it appears.