

gsh/psh/gsh783

21 September 2009

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

Via ASX Online

No. of pages – 8

Dear Sir,

Update on exploration projects

Attached for release to the market is an update report on the Company's principal exploration projects.

For and on behalf of the directors of  
Goldsearch Limited



P S Hewson  
Secretary

## ASX Announcement

21 September 2009

### *Exploration Projects - Update*

#### **SIGNIFICANT DEVELOPMENTS**

##### ***East Musgrave Joint Venture***

- Field activities at high priority nickel targets commenced prior to the end of August 2009.

##### ***Mount Wellington project***

- Drilling programs scheduled for Rhyolite Creek, Long Ridge and Violet Hill gold (zinc, lead, silver) targets during forthcoming summer field season.

##### ***Mary Kathleen project***

- Joint venture agreement signed with China Yunnan Copper Australia Limited.

##### ***Sweden (Bergslagen joint venture)***

- Induced polarisation (IP) geophysics planned at the Jugansbo silver, lead, zinc prospect.

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## ANNOUNCEMENT

Following board approval of exploration budgets for 2009/2010 and recent changes to the ownership of a number of key projects, Goldsearch Limited (ASX: GSE) is pleased to provide an update on proposed activities at its key exploration properties over the coming months.

### **East Musgrave Joint Venture (Goldsearch 49%)**

Over the past two years BHP Billiton Minerals Limited expended approximately \$1 million on regional exploration over prioritised parts of the joint venture tenements in South Australia. This work has, to date, defined a total of ten individual targets for further evaluation, including two high priority nickel sulphide targets. Following an internal corporate directive to focus increasingly on more advanced exploration/development projects, BHP Billiton recently advised the joint venture partners of its withdrawal from the project.

The withdrawal of BHP Billiton results in Goldsearch's project equity reverting back to a 49% interest from its previous position of diluting to 17.15%. The remaining 51% project equity is held by Independence Group NL which has confirmed its commitment to the project and will continue to act as project managers. Following the approval of exploration budgets by both partners, field programs commenced prior to the end of August 2009.

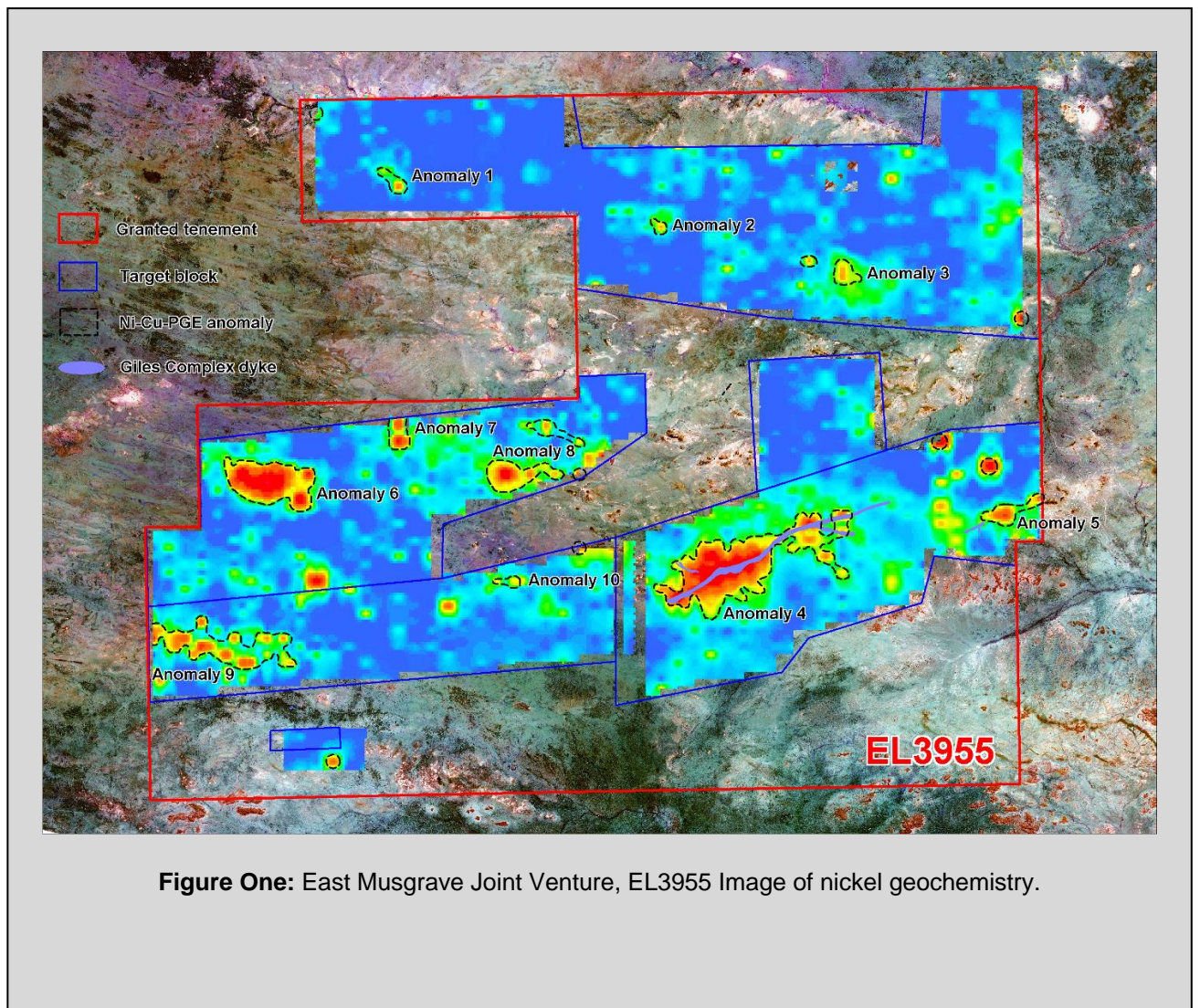
Initially, programs will consist of further on-ground geological evaluation of prioritised geochemical and geophysical targets, with Independence Group's in-house geophysical team currently mobilising to site. This team will conduct detailed ground electro-magnetic (EM) surveys over the two highest priority targets. A contingent budget has been also been proposed to drill-test any positive results from the EM surveys following relevant approvals being obtained.

#### *Project background*

Exploration to date, consisting of regional geochemical (2755 samples) and gravity geophysical (1580 stations) sampling, has identified a total of ten priority areas for further evaluation. Peak geochemical assay results from the sand dominated terrain include 1570 parts per million (ppm) nickel, 348ppm copper, 17 parts per billion (ppb) platinum and 11ppb palladium. Overall the anomalous geochemical results compare favourably with geochemical results which highlighted the Nebo and Babel discoveries (500 million tonnes grading 0.46% nickel) in the western portion of the Musgrave Terrane.

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Previous drilling (three diamond drill holes) by Kennecott Exploration in the early 1970's at the Tuckerbox dyke (anomaly four), which is one of the two priority areas, intersected minor copper and nickel sulphide mineralisation from within the 15 kilometre long intrusion.



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### **Mount Wellington project (Goldsearch 100%)**

Goldsearch is currently awaiting final work program approvals for further drilling at the Mount Wellington project during the forthcoming summer field season. Current proposals include a modest program of diamond drilling at the Rhyolite Creek target to further evaluate positive results from previous drilling by Goldsearch, along with drilling at the Violet Hill and Long Ridge targets.

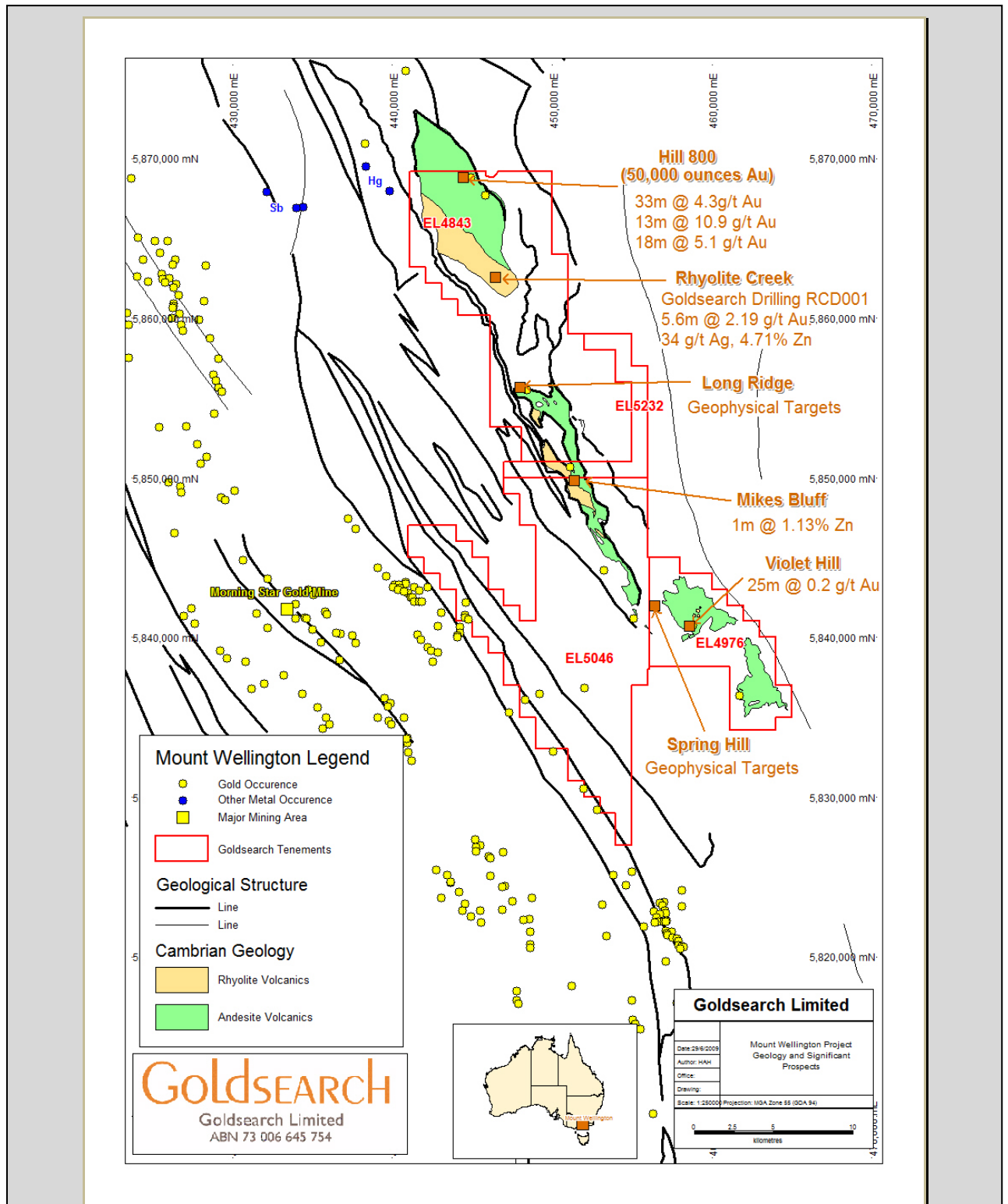
Previously drilling by Goldsearch at Rhyolite Creek returned a best drill result of 5.6 metres at 2.19 grams per tonne (g/t) gold, 34 g/t silver, 0.18% copper, 0.41% lead and 4.71% zinc from 220 metres, this mineralisation was intercepted within a wider mineralised zone averaging 60 metres at 1.1% zinc from 220 metres depth. Geological evaluation of these and other results suggest the potential for the discovery of a large mineralising system at Rhyolite Creek.

At the Violet Hill target, limited drilling by previous explorers intercepted encouraging gold and elevated base metal mineralisation similar to that at Rhyolite Creek. Goldsearch proposes to complete a modest reverse circulation (RC) drilling program at a recently identified structural fault zone target in the immediate vicinity of a previous drill intercept consisting of 25 metres at 0.2 g/t gold, 0.14% zinc, 0.1% lead from 18 metres depth.

At Long Ridge, Goldsearch proposes to drill test a significant co-incident magnetic, gravity and induced polarisation (IP) electrical geophysical anomaly.

Following the successful application for a grant of \$46,000 towards previous drilling costs at Rhyolite Creek under round two of the 'Re-discover Victoria' initiative, Goldsearch will apply for additional funding assistance to complete the above programs under round three of the initiative. Submissions for round three are currently expected to open early in the December 2009 quarter. Goldsearch currently expects to commence drilling soon after.

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**Figure Two:** Mount Wellington - project geology, target locations and previous drill results.

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### **Mary Kathleen project (Goldsearch diluting to 30%)**

Goldsearch recently entered into a joint venture agreement with China Yunnan Copper Australia Limited (ASX: CYU) with respect to Goldsearch's 100% owned Mary Kathleen project. Under the terms of the joint venture, CYU can earn up to a 70% interest in the project by spending \$1.5 million over three years. As further consideration CYU will issue to Goldsearch unquoted options to acquire ordinary shares in CYU at an exercise price of \$0.40 each. The options are to be in two tranches.

- 2,000,000 options exercisable at any time prior to their expiry on 20 August 2011
- 1,000,000 options exercisable at any time prior to their expiry on 20 August 2012.

China Yunnan Copper Australia Limited is an Australian listed company formed to explore for and develop minerals in Australia and overseas. It was incorporated on 24 August 1995 and recently changed its name to China Yunnan Copper Australia Limited, reflecting the strong relationship with its cornerstone investor, Yunnan Copper Industry (Group) Co Ltd (YCI).

YCI is China's third largest copper producer. In 2006, it produced 362,000 tonnes of copper cathode. YCI produced 13% more copper in 2007 than 2006, due to higher domestic demand. Copper production reached 426,000 tonnes and total sales were Yuan 40.6 billion (AUD \$7.5 billion), up 24% from 2006. On 25 January 2008, the Aluminum Corporation of China (Chinalco) acquired a 49% interest in YCI. Chinalco has confirmed its strategic alliance with YCI and reiterated its ongoing support for CYU to become YCI's international investment arm and mining house.

### **Sweden (Bergslagen joint venture) (Goldsearch earning 70%)**

Following the completion of an airborne EM survey over the properties that make up the Bergslagen joint venture with Toronto-listed Tumi Resources Limited (TSXV: TM) Goldsearch has elected to undertake a ground IP geophysical survey over two targets within the Jugansbo property.

Drilling by previous explorers at Jugansbo intercepted significant silver, zinc and lead mineralisation within a sequence of felsic volcanic rocks. Best results include 9.2 metres at 222 g/t silver, 7.48% zinc, 2.27% lead from 81.4 metres down hole and 6.45 metres at 77 g/t silver, 4.31% zinc 2.66% lead from 99.25 metres.

The survey is expected to commence in November 2009 and will be undertaken by Finland based geophysical contractors Suomen Malmi OY.

## ANNOUNCEMENT



For further information contact:

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### STATEMENT

Technical information contained in this report was prepared by the Company's Exploration Manager, Mr Heath Hellewell, who is a Member of the Australian Institute of Geoscientists. Mr Hellewell has over 16 years of relevant experience, and qualifies as a Competent Person 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 of his technical information in this report in the form and context in which it appears.