

gsh/psh/gsh814

29 July 2011

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

Via ASX Online

Number of pages – 21

Dear Sir,

Quarterly activity report to 30 June 2011

Enclosed for release to the market is the Company's activity report for the quarter ended 30 June 2011 together with a duly completed Appendix 5B report for the period.

For and on behalf of the directors of  
Goldsearch Limited



P S Hewson  
Secretary

### SIGNIFICANT DEVELOPMENTS

#### ***Mary Kathleen joint venture***

- Significant new copper-cobalt discovery at Elaine. Results from one (MKED007) of two diamond holes received.
- Results include 122.9 metres grading 0.56% copper and 319 parts per million (ppm) cobalt from 487 metres (open) within 346.9 metres grading 0.28% copper and 220 ppm cobalt from 263.0 metres.
- Holes prematurely terminated in sulphide mineralisation; zone/s remain open in all directions.
- Remodelling of surface geophysical data at Mount Dorothy has defined a new, 700 metre long, strong conductivity anomaly extending north-west from Wee Wyeems which is undrilled at present.

#### ***Bergslagen joint venture***

- Induced polarisation (IP) survey completed at Hällefors and Jugansbo-Sala 4 properties.

#### ***Duck Creek project***

- Significant historical drilling results received. 20 metres grading 1.24% copper and 12 metres grading 1.63% copper and 0.17 ppm gold.
- Follow up drilling program to commence late July 2011.

#### ***Equity investments***

- Musgrave Minerals Limited shares commenced trading on ASX on 29 April 2011.
- The market value of the Company's quoted investments in listed securities was \$921,659 at 30 June 2011.

**Goldsearch Limited**  
ABN 73 006 645 754

Level 4  
20 Loftus Street  
SYDNEY NSW 2000

ASX: GSE



# GOLDSEARCH

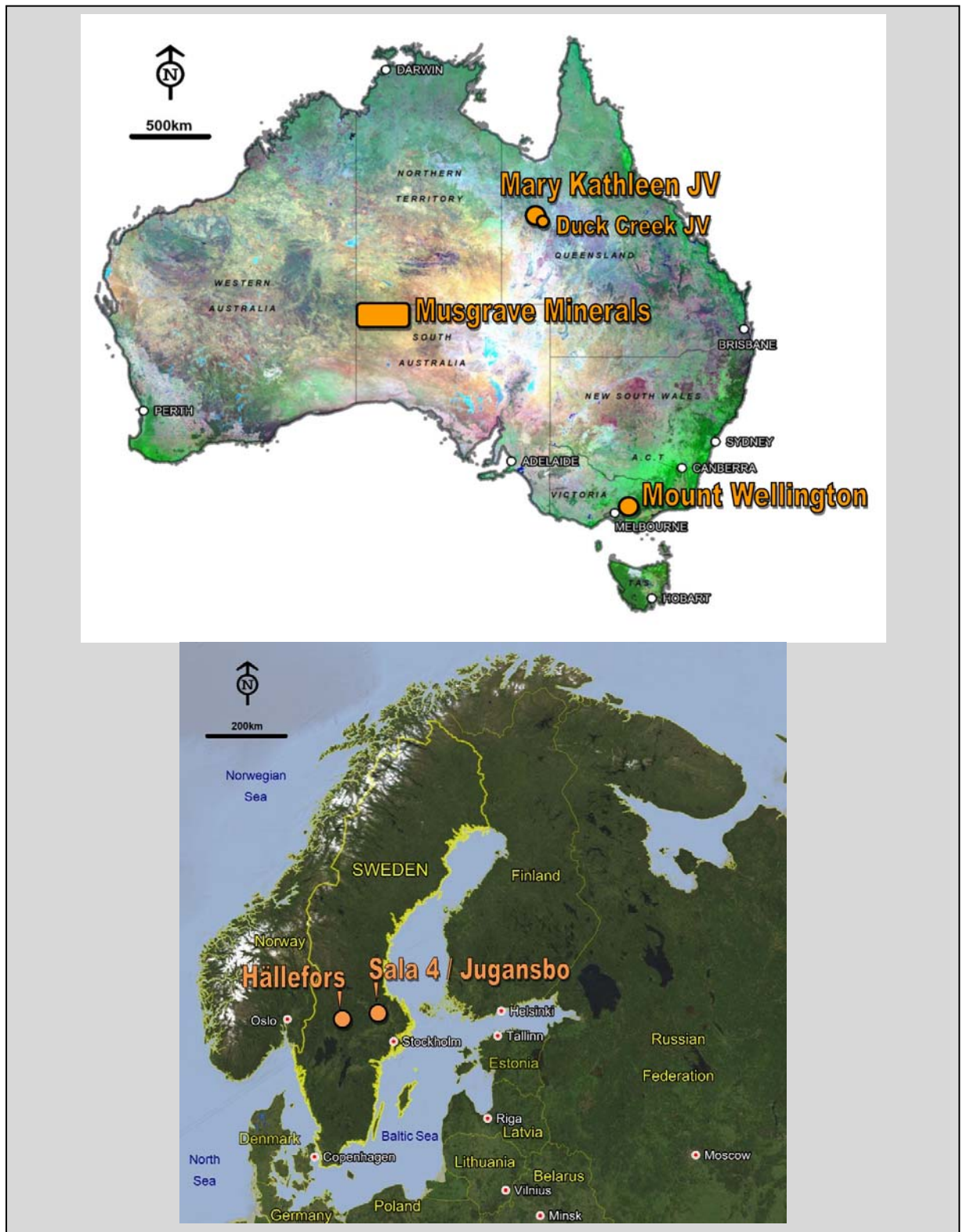
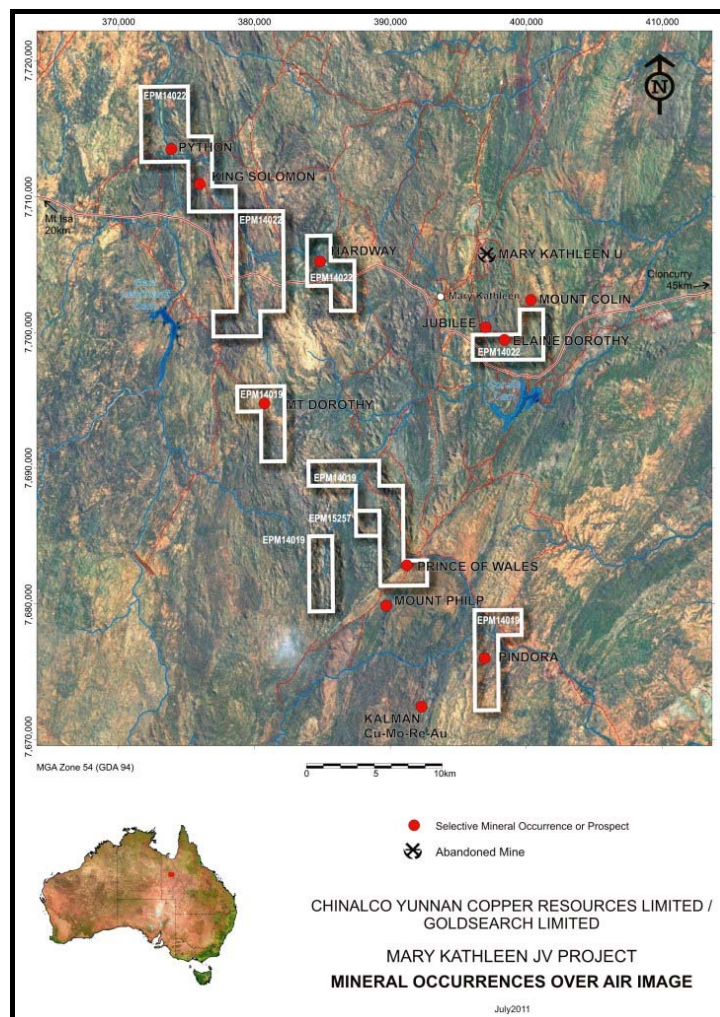


Figure 1: Goldsearch Limited project locations – Australia (top) and Sweden (bottom)

## MARY KATHLEEN PROJECT (QUEENSLAND)

CYU 70%, GSE 30% copper-cobalt, uranium-rare earth elements

The Mary Kathleen project is a joint venture between Goldsearch (GSE) and Chinalco Yunnan Copper Resources Australia (ASX: CYU). The joint venture covers three exploration permits located between Mount Isa and Cloncurry within the Mount Isa Inlier of north-west Queensland (Figure 2). During the June quarter CYU earned a 70% interest in the joint venture tenements by spending \$1.5 million on exploration (subject to audit). The current joint venture has discovered new zones of heavy rare earth elements (HREE) copper and cobalt at Mount Dorothy in addition to light rare earth elements (LREE), copper and cobalt mineralisation at Elaine. Diamond drilling continued during the June quarter and will continue until the end of the field season (late December quarter).



**Figure 2:** Mary Kathleen Project tenement location map showing prospects, mines and infrastructure

## Elaine (formerly Elaine Dorothy) copper-cobalt LREE Discovery

Diamond drilling continued at Elaine during the quarter with four holes (MKED005 to MKED008, Table 1, Figure 3) drilled for a total of 1781.60 metres. MKED005 and MKED006 drilled to infill the JORC inferred U-REE resource, whereas MKED007 and MKED008 were drilled to test a line of old copper workings along strike, north-east from MKED004 (Figure 3).

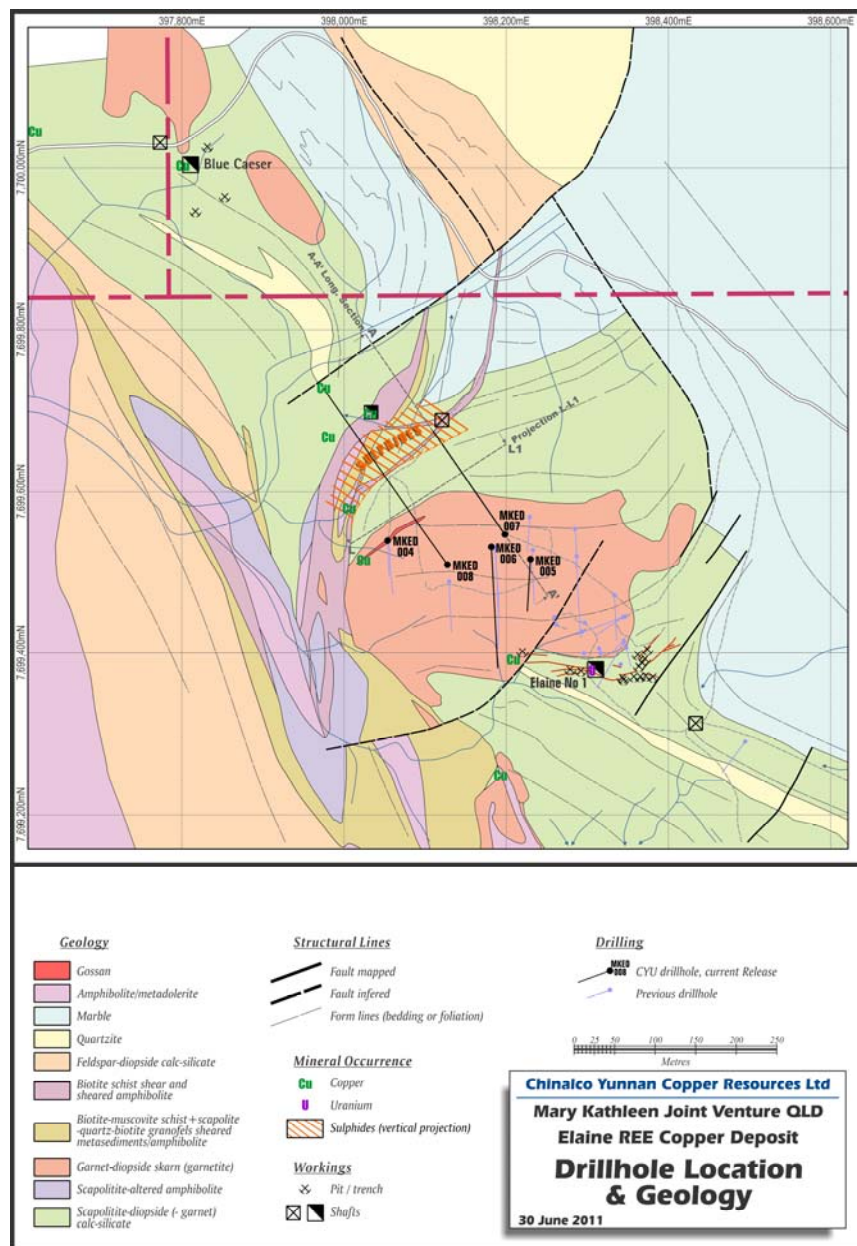


Figure 3: Elaine geological map showing new drill holes and interpreted new sulphide zone

The Elaine prospect was previously considered only to host uranium-REE mineralisation. However CYU geologists determined that historic drilling, (hole EP004) located on the western side of the prospect had in fact encountered copper sulphides but this zone had not been fully investigated for copper potential. CYU twinned EP004 with MKED004 drilled in late 2010-early 2011 to test this sulphide intersection. MKED004 returned 49 metres grading 0.44% copper and 283 ppm cobalt from 25 metres (previously announced).

The current drill program has defined a significant, new broad copper cobalt sulphide zone. The final two holes of the program (MKED007 and MKED008) were extended beyond their original total depths after encountering sulphide veining with visible copper sulphide mineralisation from 200 metres and 300 metres downhole respectively. Both holes were drilled to the limits of the drill machine at approximately 600 metres and both holes were terminated within sulphide mineralisation.

Early next quarter MKED007 and MKED008 will be surveyed with an electromagnetics probe and a few lines of surface electromagnetics (EM) geophysics will also be completed. These EM surveys will assist in the planning of follow-up drill holes.

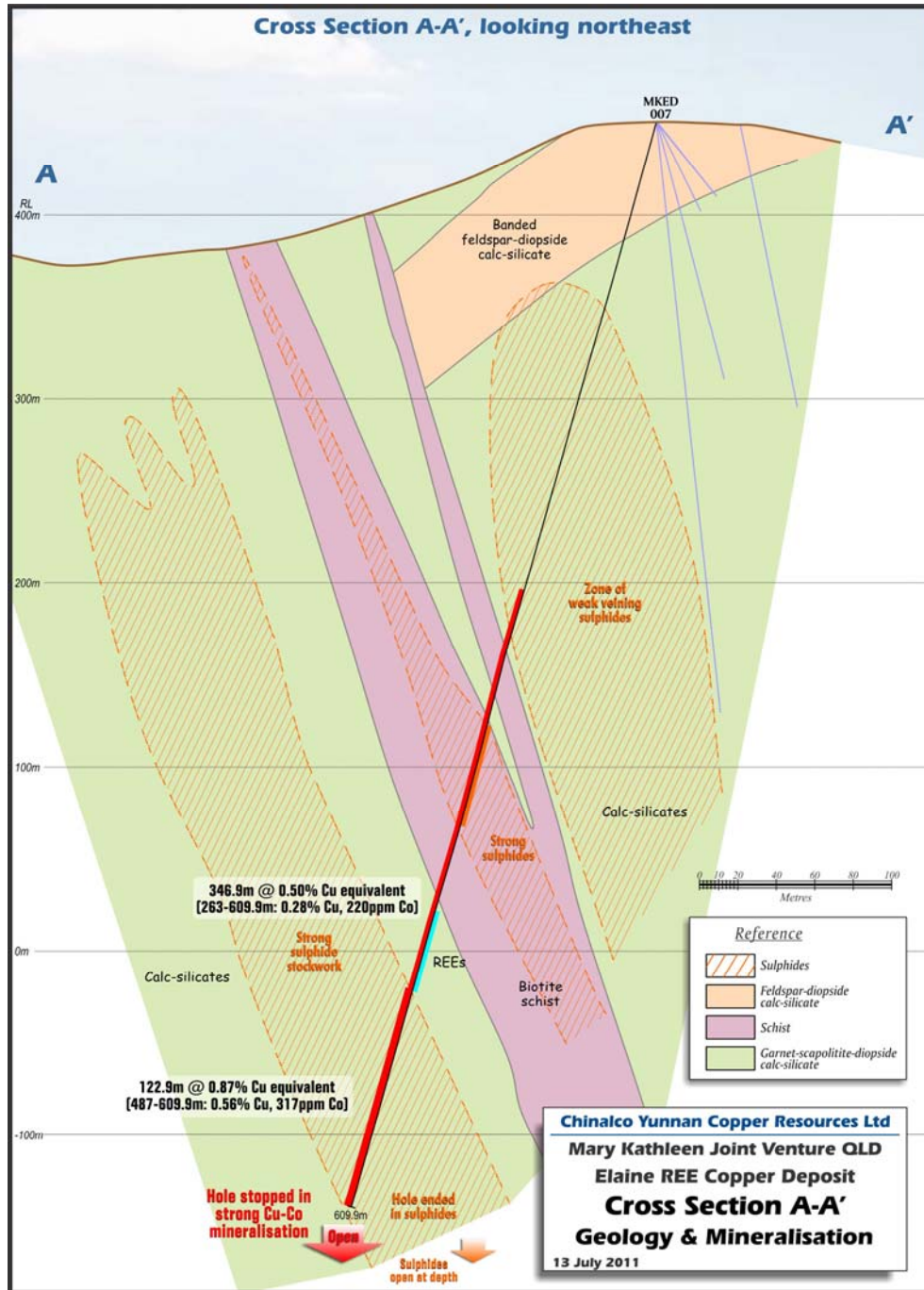
Visible sulphide mineralisation was reported in the March quarter report. Final copper assay results were returned near the end of the current quarter for MKED007 which returned 346.9 metres grading 0.28 % copper and 220 ppm cobalt from 263 metres with copper grade increasing at depth with 122.9 metres grading 0.56 % copper and 319 ppm cobalt from 487 metres (Table 2, Figure 4). These sulphide zones remain open at depth (Figure 4). REE results are yet to be received. Complete assay results for all four holes are expected to be returned by the end of July 2011.

**Table 1:** Elaine diamond hole specifications

Hole_ID	East_AMG	North_AMG	RL_m	Dip	Azimuth	Total_Depth_m
MKED005	398,228	7,699,521	444	-75	177	267.1
MKED006	398,189	7,699,536	450	-60	177	299.9
MKED007	398,203	7,699,552	451	-75	319	609.7
MKED008	398,127	7,699,502	418	-60	319	604.6

**Table 2:** MKED007 copper cobalt intersections

From_m	To_m	Width_m	Cu_%	Co_ppm
263.0	609.9	346.9	0.28	220
487.0	609.9	122.9	0.56	319



**Figure 4:** Geological cross-section (looking north-east) through MKED007 showing copper cobalt intersections

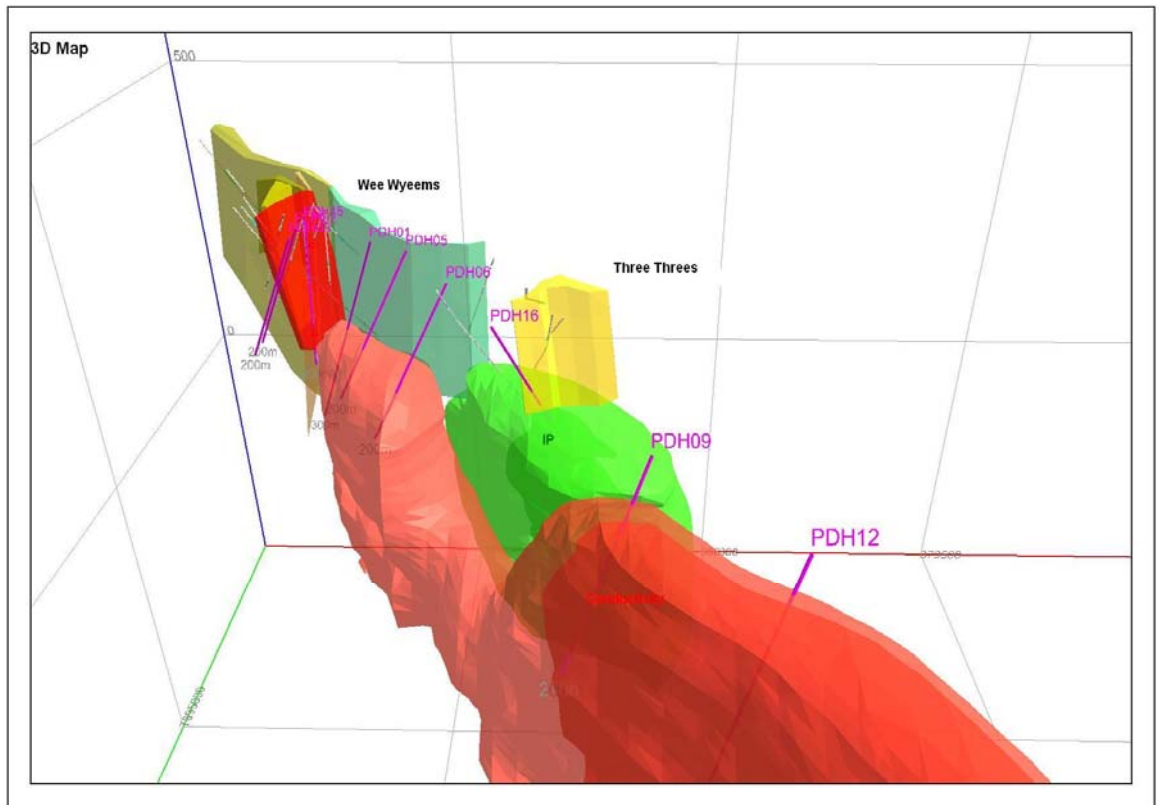
## ***Mount Dorothy copper cobalt HREE discovery***

During the quarter petrographic studies and detailed 3D inversion processing of the recently collected ground electrical sub-audio magnetics (SAM) geophysical data was completed. The results of this work have enabled the joint venture parties to define a mineralised body at Mount Dorothy with an exploration target of 5 to 10 million tonnes at a copper grade of between 0.6 % and 1.5 %, cobalt between 100 and 400 ppm and HREE grades between 500 and 1,500 ppm.

Independent geophysical consultants Resource Potentials and Gap Geophysical undertook 3D inversion (gravity) modelling of the SAM data collected last quarter. A 700 metre long, strong conductivity anomaly has been identified (Figure 5) trending south from a shallow (~10m) conductor in the north (Anomaly 1 - deep red shell in Figure 5) to a deeper conductor (Anomaly 2 - pink shell in Figure 5) in the south near Wee Wyeems (the area of recent drilling success). Both anomalies dip sub-vertically and appear to be connected. The SAM data was also transformed to provide an IP response and modelled to identify a strong chargeability anomaly (green in Figure 5) near the Three Threes area, coincident with the main north-west trending breccia zone.

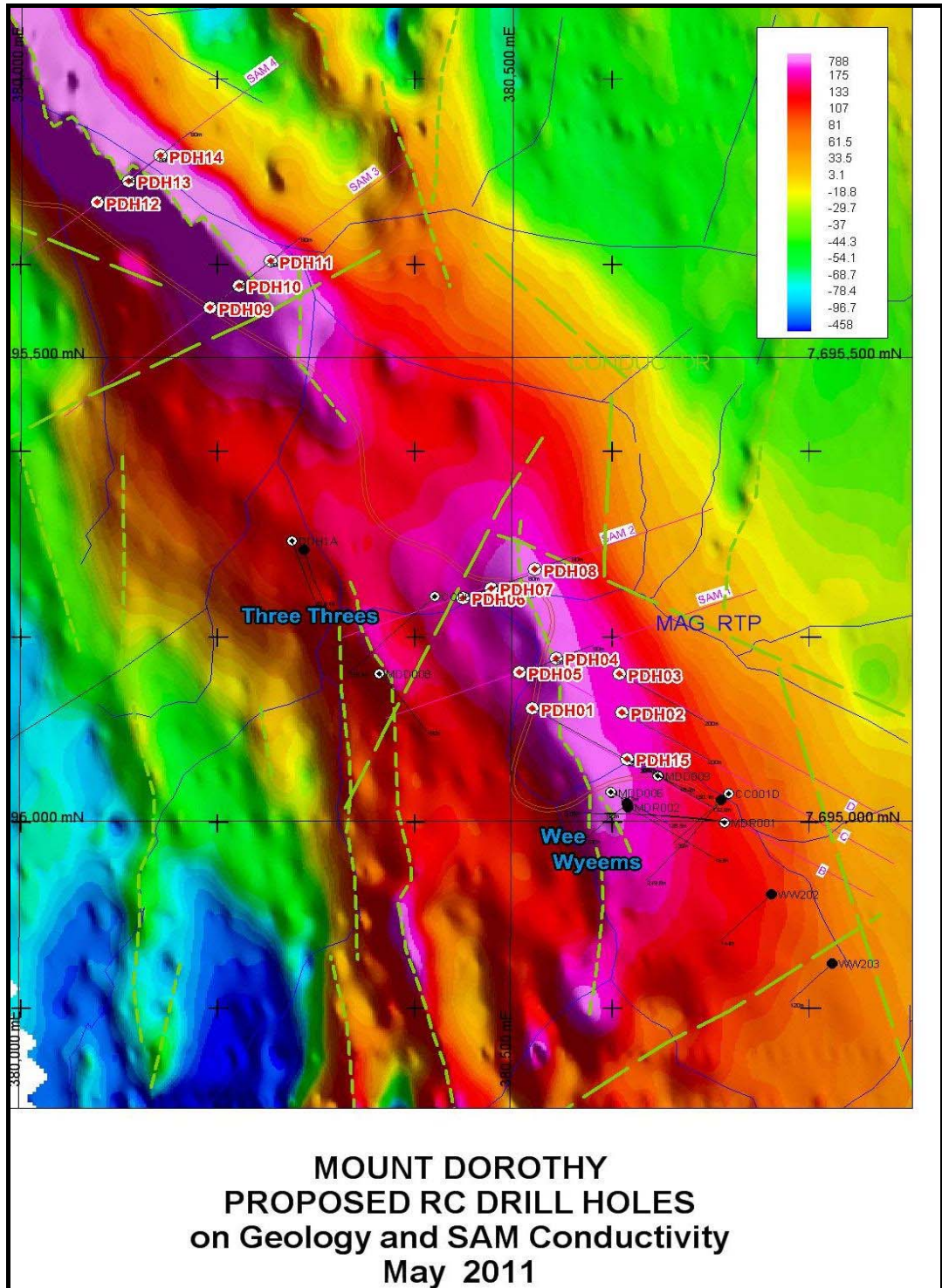
A drilling proposal has been approved for a 16 hole reverse circulation diamond drillhole (RC/DDH) program totalling 2,500 metres (Figures 5 and 6). Four holes will test the deeper extensions to the Wee Wyeems mineralisation and eleven holes will test the shallower SAM conductors to the north on 4 lines with the last hole testing the equivalent IP response. These proposed holes are shown in magenta in Figure 5.





**Figure 5:** Oblique view of the Mount Dorothy 3D model looking south. Shown are the new SAM shells: conductivity in red (Anomaly 1) and pink (Anomaly 2) and IP (chargeability) in bright green. Proposed drill holes are shown in magenta. Other various planes towards the rear of the figure are modeled mineralised zones/ structures.

Due to inclement weather, access to the Mount Dorothy prospect for heavy machinery was impossible until the third quarter of 2011. Early attempts to commence drilling during the current quarter were abandoned after support vehicles were bogged. Consequently the decision was made to commence drilling at Elaine until access to Mount Dorothy was satisfactory.



**Figure 6:** Mount Dorothy proposed (and current in black) drill hole locations over SAM magnetics.

## **BERGSLAGEN JOINT VENTURE (SWEDEN)**

GSE earning 70% (manager), Tumi Resources diluting to 30% - silver, lead, zinc

Goldsearch is currently earning a 70% interest in three exploration licences which cover two separate target areas located approximately 100 kilometres north-west and 150 kilometres west-north-west of Stockholm in Sweden (Figure 1). Under the terms of its joint venture with Tumi Resources (TSX-V: TM) Goldsearch can earn 70% by spending up to €1 million.

An eleven line, 6.6 line kilometre pole-dipole IP survey was conducted over the Hällefors and Jugansbo-Sala4 properties during May. The survey followed up on conductors highlighted by the skyTEM survey flown in 2008 and first pass gradient-array IP survey completed in late 2010. The current survey was completed by GeoVista of Sweden and data modelling by Montana GIS of Australia. Preliminary interpretation is underway and a number of interesting features have been defined by the survey. Follow-up ground checking of these is planned for August 2011. In addition, the skyTEM data is being remodelled and 3D models of both project areas are currently being constructed.

## **MOUNT WELLINGTON PROJECT (VICTORIA)**

100% GSE - gold, silver, zinc, copper, lead

The Mount Wellington project is centred 20 kilometres south-east of Jamieson and 10 kilometres east of the Morning Star Gold NL Woods Point mining centre in eastern Victoria. The project consists of three exploration licences and one exploration licence application covering 365 square kilometres. Several prospects and showings occur within the tenements, several of which were historically mined. Significant gold ( $\pm$  silver and base metal) mineralisation has been drilled by previous explorers at Hill 800 and Rhyolite Creek. Mineralisation is hosted by Cambrian-aged volcanic rocks and various genetic mineralisation styles have been proposed. At Hill 800, the inferred mineral resource calculated by Goldsearch is 1,118,000 tonnes at an average grade of 1.5 grams per tonne (g/t) gold for 52,200 contained ounces of gold (using a cut-off grade of 0.8 g/t gold). No field work was completed during the quarter as the holder is looking to farm-out this project.

## **DUCK CREEK PROJECT (QUEENSLAND)**

QMN earning up to 75% GSE diluting to 25% - copper (±gold)

The Duck Creek project comprises EPM 13336 Duck Creek and EPM 15718 Duck Creek South. Queensland Mining Corporation (ASX: QMN, project manager) can earn up to 75% of the project by spending \$750,000. The project is centred approximately 30 kilometres south-west of Cloncurry on the Cloncurry-Dajarra Road (Malbon Road) and Great Northern Railway Line and hosts at least 70 known copper (±gold) occurrences and mines (Figure 7) hosted on east-north-east striking structures that cross-cut the regional scale Duck Creek Anticline. Oxide mineralisation has been mined to vertical depths of less than 25 metres at numerous locations. A number of mining leases within EPM 13336 and EPM 15718 are held 100% by QMN and do not form part of the Duck Creek agreement.

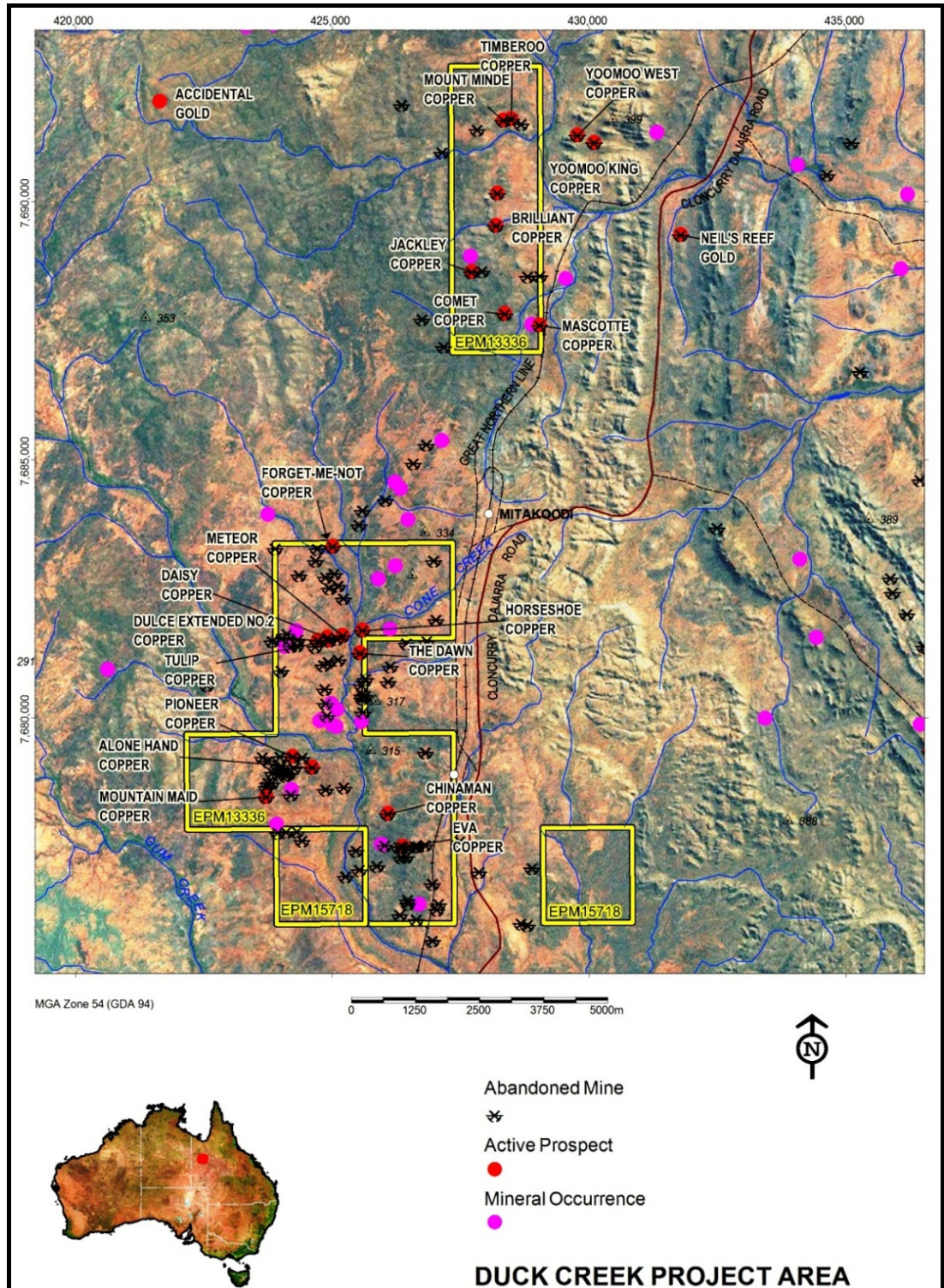
Initial reconnaissance work completed by Goldsearch included mapping and sampling of approximately 80 historical workings. Two hundred and thirty three rock samples taken over the EPMs and MLs averaged 3% copper and 1 ppm gold. These results indicate a much wider distribution of gold and copper-gold mineralisation than was previously recognised, as earlier exploration focused primarily on copper and often ignored the gold potential.

During the quarter Goldsearch received the results of a RC drilling program completed during the first half of 2008. This work was managed by QMN and was completed before the initial public offer and ASX quotation of QMN. Widespread ore-grade copper intersections were returned. Better results (using a 0.5 % copper cut-off grade, a minimum 2 metre mining width and 2 metre internal dilution) include 20 metres grading 1.24 % copper and 0.10 ppm gold from 28 metres in DC\_08\_011RC and 12 metres grading 1.63% copper and 0.17 ppm gold from 7 metres in DC\_08\_002RC. In addition holes DC\_08\_002RC (41 metres grading 7,884 ppm copper) and DC\_08\_001RC (41 metres grading 5,337 ppm copper) were mineralised over their entire lengths. RC\_08\_007RC was terminated in mineralisation with the final sample returning 2.36 % copper and 0.08 ppm gold. Significant copper intersections are summarised in Table 3.

**Table 3:** Significant assays from the 2008 drill program (at 0.5% copper cut-off grade, minimum 2 metres mining width and 2 metres internal dilution)

Hole ID	From metres	To metres	Width metres	Copper %	Gold ppm
DC_08_001RC	14	17	3	3.97	0.42
DC_08_002RC	7	19	12	1.63	0.17
DC_08_006RC	21	24	3	0.88	0.08
DC_08_007RC	18	20	2	0.46	0.03
DC_08_007RC	26	35	9	0.82	0.06
DC_08_008RC	22	24	2	0.99	0.28
DC_08_009RC	35	39	4	2.38	0.31
DC_08_010RC	24	26	2	1.22	0.23
DC_08_011RC	28	48	20	1.24	0.10
DC_08_012RC	40	43	3	1.64	0.99

QMN has planned a 1,400 metre reverse circulation drilling program to follow-up the 2008 results. This program is to be completed during the September quarter. Holes are targeting shallow copper-oxide mineralisation at the Micawber and Dulce prospects and Mountain Maid – Columbiad zone. Drilling at Forget-Me-Not and Ready Rhino will follow up the 2008 program by testing mineralised zones down-dip and along strike.



**Figure 7:** Duck Creek Project – tenements and prospect locations. For simplicity, mining leases are not shown



## **Goldsearch equity investments**

### *Morning Star Gold NL (ASX: MCO)*

[www.morningstargold.com.au](http://www.morningstargold.com.au)

Goldsearch has a strategic interest in Morning Star Gold NL (MCO), which is the 100% owner of the Morning Star gold mine located approximately 10 kilometres west of Goldsearch's Mount Wellington project. At 30 June 2011 Goldsearch held 2,555,417 ordinary shares in MCO with a market value of \$638,854.

### *Independence Group NL (ASX: IGO)*

[www.independencegroup.com.au](http://www.independencegroup.com.au)

Independence Group (IGO) currently operates the highly profitable Long Nickel Mine at Kambalda in Western Australia, where mine exploration over recent years has discovered significant new mining resources/reserves at the McLeay and Moran deposits, considerably extending the mine life of the operation. They also hold 30% of the Tropicana joint venture with AngloGold Ashanti and recently acquired Jabiru Metals Limited. IGO is one of the initial shareholders in Musgrave Minerals Limited. At 30 June 2011 Goldsearch held 1,667 ordinary shares in IGO with a market value of \$9,385.

### *Chinalco Yunnan Copper Resources Limited (ASX: CYU)*

[www.cycal.com.au](http://www.cycal.com.au)

Chinalco Yunnan Copper Resources Limited (ASX: CYU) is currently exploring for copper and gold in the Cloncurry region of north-west Queensland and Chile and for copper and silver in Laos. CYU is also pursuing advanced copper project acquisitions under a mandate from its majority shareholder Yunnan Copper Industry (Group) Co Ltd. Yunnan Copper Industry (Group) is one of China's largest copper producers and is majority owned by Chinalco, China's largest aluminium producer. Goldsearch currently holds 2,000,000 August 2011 and 1,000,000 August 2012 share options in CYU all exercisable at 40 cents each which are not valued at present, being unquoted options.



### *Musgrave Minerals Limited (ASX: MGV)*

[www.musgraveminerals.com.au](http://www.musgraveminerals.com.au)

Goldsearch holds 8,673,000 shares in Musgrave Minerals Limited. 6,909,000 of these shares are restricted securities under the ASX Listing Rules and are subject to escrow until 29 April 2013. Goldsearch also holds 1,837,500 Musgrave Minerals Limited 25 cent 5 year options. As at 30 June 2011 the Company's 1,764,000 unrestricted ordinary shares in Musgrave Minerals Limited had a market value of \$273,420.

Based on the 30 June 2011 market price of 15.5 cents per share the 6,909,000 restricted securities had an additional value of \$1,070,895.

#### **STATEMENT**

Technical information contained in this report was prepared by Erik Conaghan who is a full time employee of Goldsearch Limited and is a Member of the Australian Institute of Geoscientists. Mr Conaghan has sufficient relevant experience, and consequently 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 Conaghan consents to the inclusion of his technical information in this report in the form and context in which it appears. The technical information in this report pertaining to the Mary Kathleen Joint Venture is supplied by Chinalco Yunnan Copper Resources Limited of which Richard Hatcher and Jason Beckton are the competent persons.



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

**Goldsearch Limited**

ABN

**73 006 645 754**

Quarter ended ("current quarter")

**30 June 2011**

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(142)	(775)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(155)	(639)
1.3	Dividends received	1	3
1.4	Interest and other items of a similar nature received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – Drilling grant	48	48
	<b>Net operating cash flows</b>	<b>(248)</b>	<b>(1,362)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	(393)
	(c) other fixed assets	(25)	(33)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	253	1,737
	(c) other fixed assets	63	63
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	<b>291</b>	<b>1,374</b>
1.13	Total operating and investing cash flows (carried forward)	<b>43</b>	<b>12</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	43	12
	<b>Cash flows related to financing activities</b>		
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)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	43	12
1.20	Cash at beginning of quarter/year to date	224	255
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter (see Note 1 below)</b>	267	267

Note 1: In addition to the cash on hand the Company has access to further working capital through realisation of its investments in listed securities. At the end of the current quarter, the Company's investments in listed unrestricted securities had a market value of \$922,000; the Company has a further \$1.071 million of listed securities restricted until 29 April 2013.

**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	83
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	73,657
- Directors' superannuation	5,009
- Legal fees paid to Landerer & Company ( J Landerer)	4,575

**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

+ 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 Market value of listed unrestricted securities as at 30 June 2011, (see note to paragraph 1.22 above),	922	N/A

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	295
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	<b>445</b>

### 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	221	178
5.2 Deposits at call	46	46
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>267</b>	<b>224</b>

### 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	EPM 14022 EPM 14019 EPM 15257 Mary Kathleen joint venture	Subject to audit of expenditures, CYU completed earning a 70 % interest in the Mary Kathleen joint venture tenements during the quarter.	100%	30%
6.2 Interests in mining tenements acquired or increased	N/A	N/A	N/A	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 <b>Preference +securities</b> <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 <b>+Ordinary securities</b>	367,764,517	367,764,517	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues (exercise of quoted options)	Nil	N/A	N/A	N/A
(b) Decreases through returns of capital, buy-backs	Nil	N/A	N/A	N/A
7.5 <b>+Convertible debt securities</b> <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 <b>Options</b>			Exercise price	Expiry date
Listed options	Nil	N/A	N/A	N/A
Unlisted options	Nil	N/A	N/A	N/A
7.8 Issued during quarter				
Listed options	Nil	N/A	N/A	N/A
Unlisted options	Nil	N/A	N/A	N/A
7.9 Exercised during quarter				
Listed options	Nil	N/A	N/A	N/A
Unlisted options	Nil	N/A	N/A	N/A
7.10 Expired during quarter				
Listed options	Nil	N/A	N/A	N/A
Unlisted options	Nil	N/A	N/A	N/A
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil	N/A		
7.12 <b>Unsecured notes</b> <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: 29 July 2011

Print name: Paul 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.

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