

gsh/psh/gsh805

25 January 2011

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

Via ASX Online

Number of pages – 19

Dear Sir,

Quarterly activity report to 31 December 2010

Enclosed for release to the market is the Company's activity report for the quarter ended 31 December 2010 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 project

- Significant rare earth element (REE) and yttrium mineralisation has been identified in drilling at the Mount Dorothy copper, cobalt prospect by joint venture partner, China Yunnan Copper Australia.
- A broad zone of yttrium (Y) and heavy rare earth elements (HREE) was intercepted in drill hole MDD005:
 - 16 metres grading 1,249 parts per million (ppm) (1.24 kg/tonne) totals HREE+Y from 71 metres.
- Further copper and cobalt mineralisation was intercepted in hole MDD006.
 - 36 metres grading 1.54% copper and 198 ppm cobalt from 50 metres.
- Results from MDD006 comparable with MDR002 50 metres up dip which previously reported 35 metres grading 1.52% copper and 397 ppm cobalt from 17 metres.

Musgrave Minerals Limited

- Musgrave Minerals plans to launch an initial public offer (IPO) to raise up to \$20 million and to list on the Australian Securities Exchange (ASX) in April 2011.

Equity investments

- The market value of the Company's equity investments at 31 December 2010 was \$2,131,787.

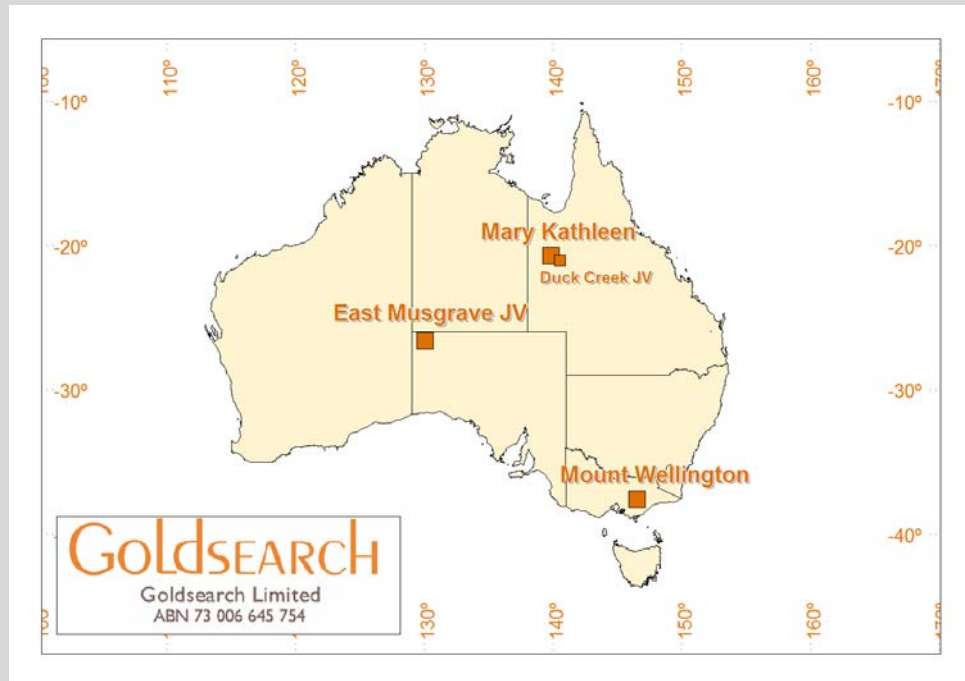
Goldsearch Limited
ABN 73 006 645 754

Level 4
20 Loftus Street
SYDNEY NSW 2000

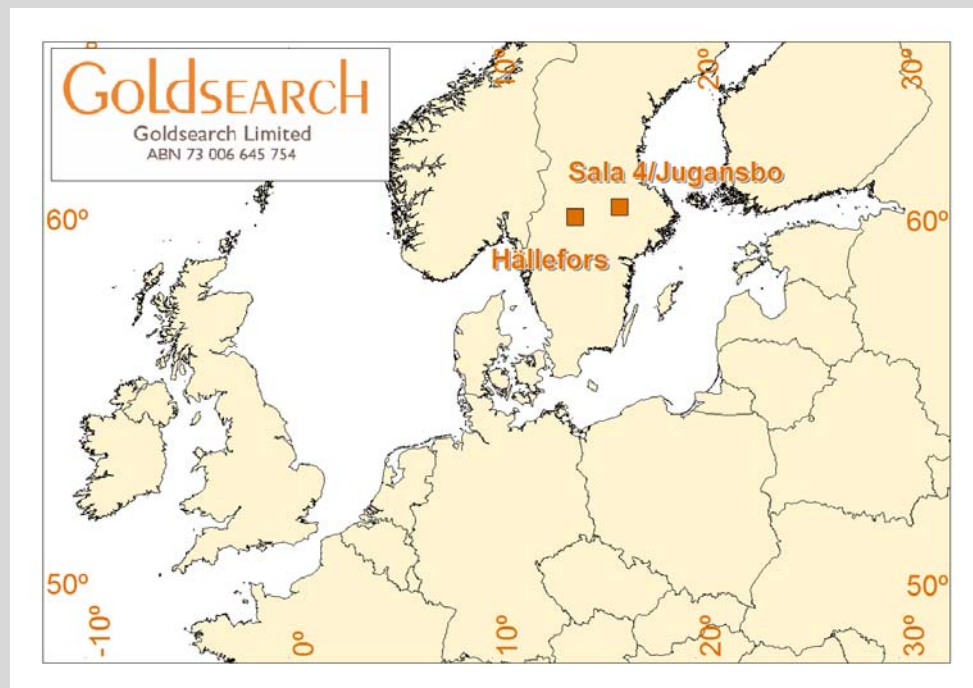
ASX: GSE



GoldSEARCH



Goldsearch Limited - Australian project locations.



Goldsearch Limited - Swedish project areas.

MOUNT WELLINGTON PROJECT (VICTORIA)

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

The Mount Wellington project is located 20 kilometres south-east of the town of Jamieson and 10 kilometres east of the Morning Star Gold NL Woods Point mining centre in eastern Victoria. The total project area covers 365 square kilometres.

There are several known mineral occurrences at Mount Wellington. Significant gold (+/- silver and base metal) mineralisation has been intercepted in drilling by previous explorers at Hill 800 and Rhyolite Creek (See *Figure Two*). Mineralisation is hosted by Cambrian-aged volcanic rocks, and various genetic styles for this mineralisation have been proposed by past explorers.

At Hill 800, using a cut-off grade of 0.8 grams per tonne (g/t) gold, the inferred mineral resource is calculated by Goldsearch to be 1,118,000 tonnes with an average grade of 1.5 g/t gold for 52,200 contained ounces of gold.

Drilling at the Long Ridge target re-commenced during the December 2010 quarter, drill hole LRDD001 has progressed to a depth of approximately 370 metres. At the time of writing, the hole had just drilled through the younger cover sequence of Silurian-aged sedimentary rocks and is now coring in the target Cambrian-aged volcanic rocks. Drilling has been slower than anticipated due to extremely broken ground conditions associated with the main fault structure at Long Ridge.

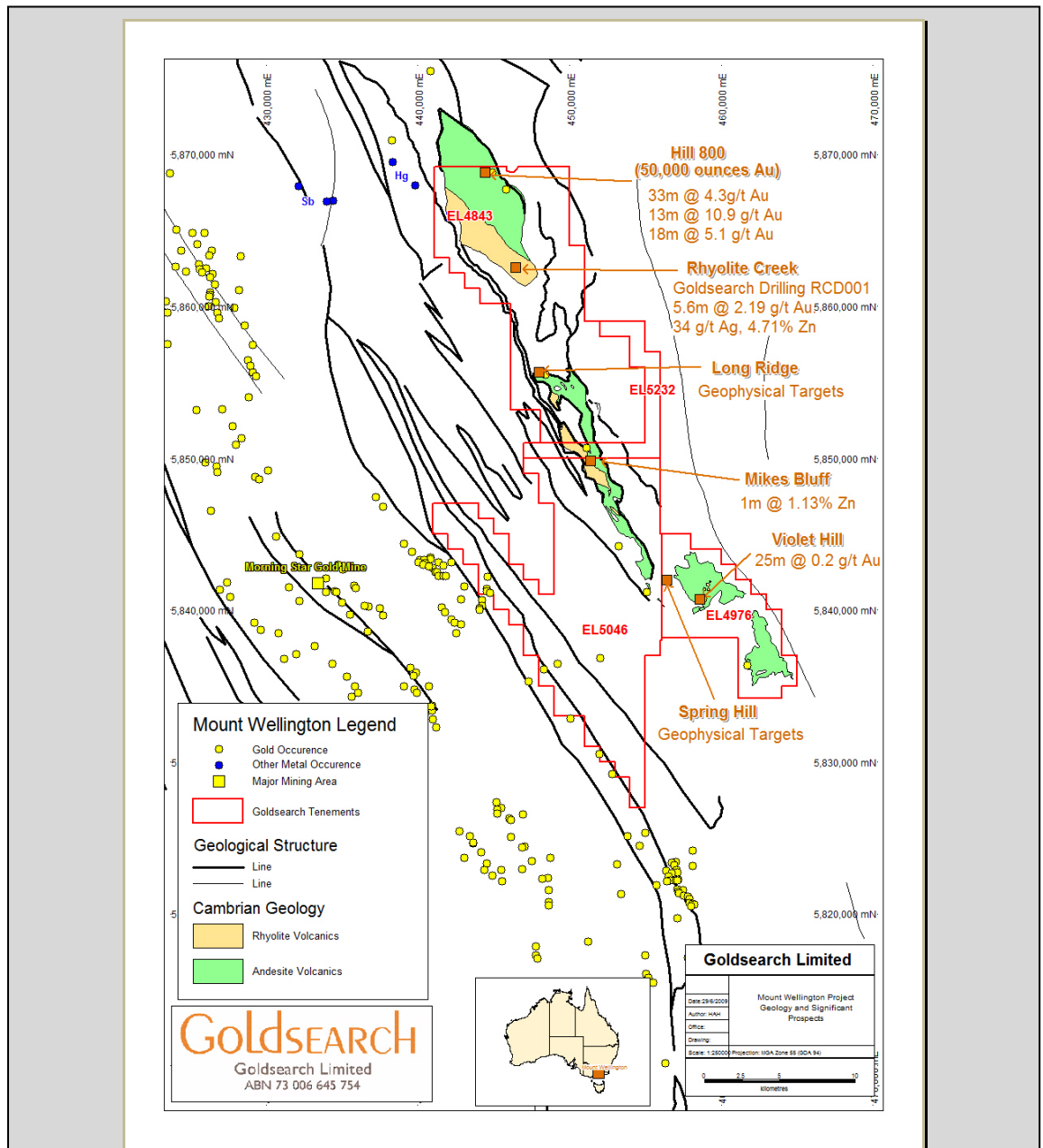


Figure Two

Mount Wellington - Project geology, target locations and previous drill results.

MARY KATHLEEN PROJECT (QUEENSLAND)

Goldsearch diluting to 30% (non-manager) - copper, gold, uranium

The Mary Kathleen project is a joint venture between Goldsearch and China Yunnan Copper Australia Limited (ASX: CYU) over three exploration permits within the Mount Isa Inlier in north-west Queensland. CYU is earning up to 70% in the project by funding up to \$1,500,000 in exploration expenditure prior to August 2012. The Mary Kathleen joint venture is currently targeting REE, copper and cobalt at Mount Dorothy, REE and copper at Elaine Dorothy Resource, REE and copper at Hardway and copper at Prince of Wales.

The Mount Isa Inlier is a world class mineral region, hosting numerous major deposits of copper, gold, lead, zinc, silver and uranium. The Inlier has yielded two significant new mineral discoveries in recent years, Merlin (molybdenum, copper, gold) and Kalman (molybdenum, copper, gold).

Exploration to date undertaken by Goldsearch has targeted fertile structures for copper-gold+uranium mineralisation emplaced as indicated by surficial historic copper workings, geochemical copper and uranium anomalism and limited shallow drilling. A number of high priority targets with potential for the discovery of significant deposits of copper, gold, uranium and REE have been defined; these target areas are currently being explored by the joint venture.

Mount Dorothy

As reported to ASX on 19 August 2010, CYU intercepted encouraging copper and cobalt results in first pass reverse circulation (RC) drilling at the Mount Dorothy prospect. A program of follow-up diamond core drilling commenced in November. All copper, cobalt results from the 2010 drilling campaign have been returned. A zone of high grade breccia hosted copper, cobalt mineralisation has been identified at the Wee Wyeems target at Mount Dorothy; this mineralisation is hosted within a broader low grade zone of secondary copper mineralisation. Significant results from the mineralised breccia include:

- **MDR002 35 metres grading 1.52% copper, 397 ppm cobalt from 17 metres.**
 - Including 22 metres grading 2.03% copper, 591 ppm cobalt from 17 metres.

- **MDD006 36metres grading 1.54% copper, 198 ppm cobalt from 50 metres.**
 - Including 9 metres grading 5.5% copper, 205 ppm cobalt from 55 metres.
 - Including 2 mteres grading 10.5% copper, 732 ppm cobalt from 61 metres.



Figure Three MDD006 – Core recovered in the target breccia from 50 metres and continues at depth to 78 metres. Yellow brown rock in bottom metres is supergene Chalcocite (copper sulphide) breccia from 60.5 metres confirms the extension at depth of the Mount Dorothy sulphide breccia. The top metre is green pseudomalachite in breccia. The brown metres at the bottom of the tray average 10.5 % copper.

The drilling at Wee Wyeems target also intercepted high grade Heavy Rare Earth Element (HREE) and Yttrium values in the breccia zone (*Figure Four*).

- **MDD005 16 metres grading 1,249 ppm (1.24 kg/tonne) total HREE+yttrium from 71 metres.**

Intervals from other previously drilled RC holes further to the west are being assessed as no historic drilling was analysed for REE. All other CYU holes have been analysed for HREE with full results due at the end of January 2011. CYU will resample former MIM Exploration drill holes in the government core storage facility in Mount Isa.

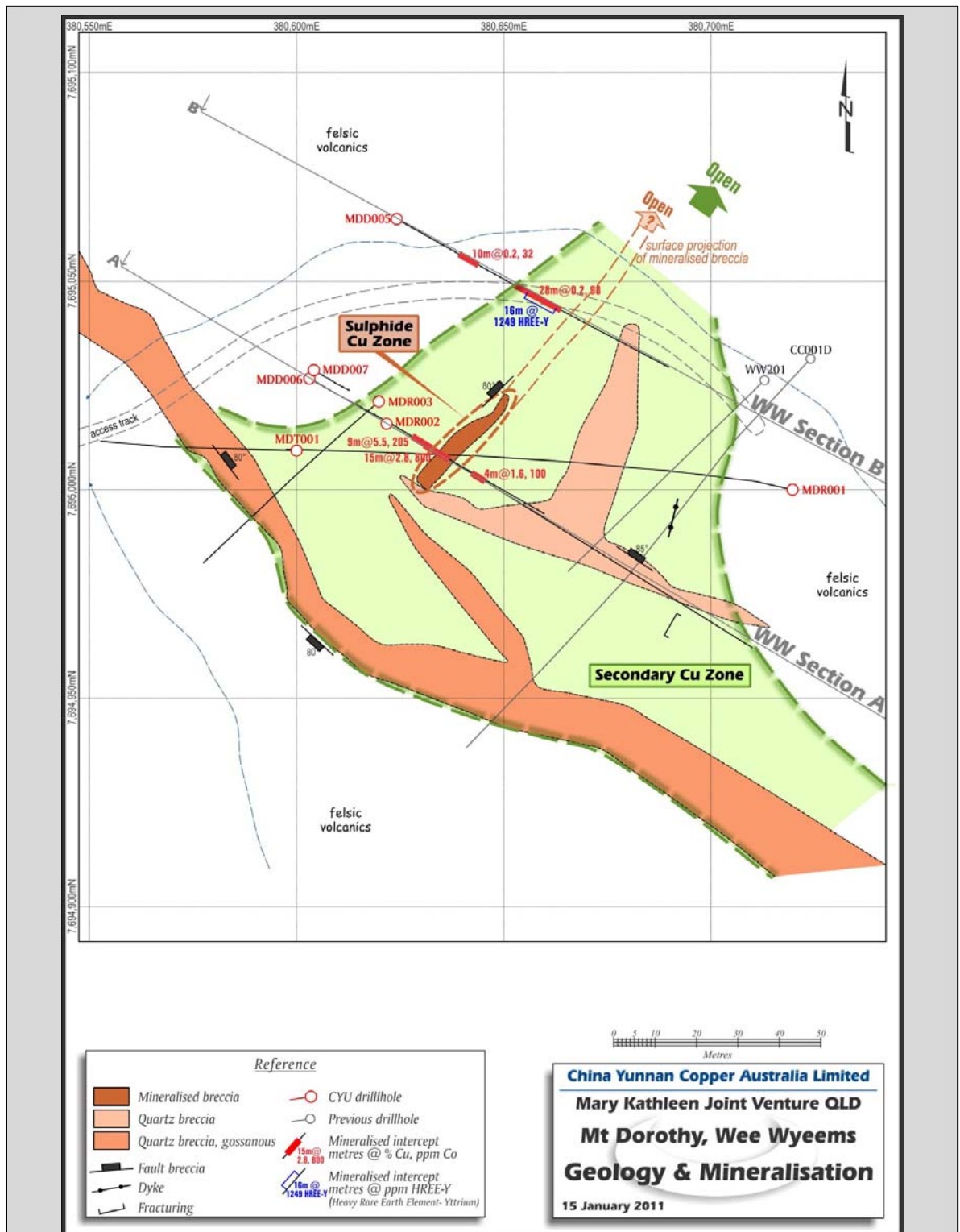


Figure Four

Mount Dorothy, Wee Wyeems Target - mineralised zones

Hole ID	East*	North*	RL*	Azi	Dip	Depth metres	Comments
MDR001	380,720	7,694,999	449	278	-60	193	
MDR002	380,623	7,695,016	449	119	-60	163	
MDR003	380,621	7,695,021	447	224	-60	100	
MDR004	380,293	7,695,296	429	160	-60	130	
MDD005	380,625	7,695,065	448	119.0	-60.0	150.10	HREE zone
MDD006	380,604	7,695,027	448	120.5	-59.5	128.90	
MDD007	380,605	7,695,029	449	113.5	-85.0	136.70	
MDT001	380,601	7,695,010	304	271.9	-42.4	66.20	Core tail to MDR001
MDD008	380,368	7,695,152	438	134.0	-60.0	150.00	

Table One Mount Dorothy prospect - Drill collar locations

Hole ID	from(m)	to(m)	interval(m)	copper (%)	cobalt (ppm)	HREE+Y (ppm)
MDR002	17	52	35	1.52	397	
<i>incl.</i>	17	39	22	2.03	591	
MDR003	81	91	10	0.04	411	
MDR004	35	63	28	0.12	385	
	122	130(EOH)	8	0.02	315	
MDD005	71	87	16			1249
MDD006	50	86	36	1.54	198	
<i>incl.</i>	55	64	9	5.50	205	
<i>incl.</i>	61	63	2	10.50	732	
MDD007	65	79	15	0.35	43	
	96	131	35	0.26	126	
MDD008	52	54	2	0.12	217	

Table Two Mount Dorothy prospect - Significant intercepts

Elaine Dorothy

A JORC inferred resource of 83,000 tonnes grading 280 ppm U₃O₈ and 3,200 ppm total rare earth oxides (TREO) at a lower cut off of 200 ppm U₃O₈, was estimated in March 2010 for the Elaine Dorothy prospect.

Exploratory drilling is currently underway on the eastern side of the resource to grow the extent of known REE, copper and uranium mineralisation. For targeting, CYU has undertaken a follow-up program of petrographic studies of selected diamond core as well as field check mapping and ground scintillometer / soil geochemical surveys to track the potential surface expression of the uranium + REE mineralisation and

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follow up on a significant copper – molybdenite intersection returned from the bottom of CYU's 2009 diamond hole MKED003 of 2 metres grading 0.32% copper and 964 ppm molybdenum from 71 metres.

Petrographic studies on 15 samples selected from MKED003 were undertaken by Dr Nick Oliver of James Cook University and confirms the mineralisation at Elaine Dorothy uranium deposit is dominated by an allanite (REE silicate mineral) – uraninite – titanite – garnet ± calcite – apatite – pyrite - pyrrhotite association overprinting a skarn body.

The copper potential for this area has never been targeted. A prime example is the exposed drill pad cuttings for historic percussion hole EP004 (130 metre depth – drilled in 1979), located in the centre of a copper geochemical anomaly, which is dominated by malachite stained calc-silicates and biotite schist. Review of the geological drill log for EP004 (QDEX Company Report: CR 9295) also identifies a visible sulphide mineralisation intersection of >42 metres averaging ~30% sulphides.

The sulphides are generally termed “sulphides” but, where identified, are dominated by pyrite +/- pyrrhotite +/- chalcopyrite. This hole was only assayed for uranium and thorium and not for copper despite the surface mineralisation and sulphide intercepts downhole.

Hardway

Drilling is planned to test the Hardway trend which extends for several kilometres as defined by previous open pit mining of oxide copper, soil geochemistry and RC drilling. The mineralisation is generally hosted by re-crystallised limestones, calcareous siltstones and dolerite and is associated in places with silicification and silica/carbonate veining.

Previous work by Goldsearch has defined potential multiple zones of shallow copper mineralisation over a 250 metre width within the 2.8 kilometre long soil geochemical Hardway zone. Drilling intercepted multiple zones of greater than 0.2% copper. The mineralisation is associated with both extensive disseminated sulphides along with minor quartz carbonate veining and minor stock works.

At Hardway, high copper values in drilling are associated with elevated cobalt (up to 0.24%), uranium (up to 74 ppm), phosphorus (>1%) and yttrium (>500 ppm). The phosphorus and yttrium values suggest possible associated REE mineralisation. The association of copper, uranium and REE mineralisation has similarities to the nearby Mary Kathleen deposit where high grade uranium was associated with high REE mineralisation and copper.



Prince of Wales

At Prince of Wales, soil sampling and review of previous drill intercepts including up to 9 metres grading 3% copper from 21 metres, has defined a zone of anomalous copper associated with outcropping ironstones and minor historical copper workings. This area is thought to have significant potential for iron oxide copper gold (IOCG) mineralisation given the nearby development of the large body of iron oxide at Mount Philp. A short RC program is also planned for the current quarter.

MUSGRAVE MINERALS LIMITED (SOUTH AUSTRALIA)

nickel, copper, platinum

An initiative by Goldsearch Limited, Independence Group NL and Mithril Resources Limited.

In this last quarter Integra, Barrick and Argonaut have joined the initial three participants.

The above companies have agreed to join forces to accelerate exploration in the highly prospective Musgrave region of South Australia by forming Musgrave Minerals Limited which will be a dedicated mineral explorer with over 50,000 square kilometres of land under exploration tenure in this under - explored terrain.

Musgrave Minerals Limited is preparing a prospectus for an initial public offering (IPO) of shares to raise up to \$20 million in or about April 2011 and will be applying for admission to the official list of the ASX and quotation of its shares.

Musgrave Minerals Limited is highly levered to discovery in unexplored terrain and is well funded to pursue a pipeline of quality tenements which have drill-ready targets, untested mineral occurrences and strong conceptual models in place

Musgrave Minerals Limited has a leading tenement position with 7 granted tenements, 4 exploration deeds in place, clearance granted to 3,210 square kilometres and 5 additional tenements ready for grant. Another strength is an experienced exploration and management team with strong Musgrave experience and ongoing management and technical support from Mithril, Independence, Barrick, Integra, Argonaut and Goldsearch.

Musgrave Minerals Limited has a robust capital structure with vendor companies participating in providing seed capital. It will also have a high quality and tight shareholder base from initial seed capital investors and vendors who, it is expected following the IPO, will have over 50% of the increased capital.

BERGSLAGEN JOINT VENTURE (SWEDEN)

Goldsearch earning 70% (manager) - silver, lead, zinc

Goldsearch is currently earning a 70% interest in three exploration licences which cover two separate target areas approximately 200 kilometres north-west of Stockholm. Under the terms of its joint venture with Tumi Resources, Goldsearch can earn 70% of the projects by spending up to €1million over three years.

Initial field assessment of first pass ground induced polarisation (IP) geophysical anomalies has highlighted a number of targets where further geophysical evaluation is planned. A round of detailed IP geophysics is scheduled for the coming months, with the aim of defining targets for drill evaluation.

Goldsearch equity investments

Morning Star Gold NL (ASX: MCO)

morningstargold.com.au

Last year Goldsearch acquired 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.

MCO commenced gold production from its 80,000 tonne per annum gravity recovery gold plant in mid December 2010.

MCO is currently embarking on an increase in shaft haulage capacity at the Morning Star Mine, along with significant exploration drilling programs on a number of key targets.

At 31 December 2010 Goldsearch held 4,368,115 ordinary shares in MCO with a market value of \$2,118,535

Independence Group NL (ASX: IGO)

independencgroup.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.

In joint venture with AngloGold Ashanti Limited, IGO completed a feasibility study on the development of a mining operation to exploit the 5 million ounce gold resource at the Tropicana Project in Western Australia. In November 2010 the joint venture announced that the project would proceed with first production scheduled for the December 2013 quarter. IGO completed a \$164.3 million equity capital raising during the December 2010 quarter to assist with its share of the Tropicana Project development.



Recent exploration drilling at the Duketon Nickel Project (IGO earning 70%) has returned encouraging nickel results and further drilling is currently underway.

At 31 December 2010 Goldsearch held 1,667 ordinary shares in IGO with a market value of \$13,252

China Yunnan Copper Australia Limited (ASX: CYU)

www.cycal.com.au

China Yunnan Copper (CYU) is currently exploring for copper and gold in the Cloncurry region in far north-west Queensland and Chile. 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

During the previous quarter Goldsearch was issued with a total of 3,675,000 shares and 1,837,500 options in Musgrave Minerals Limited for its tenement interests. Goldsearch also participated in the initial seed capital raising and contributed \$58,800 for 1,176,000 shares at 5 cents each.

During the quarter Goldsearch participated in a further seed capital raising and contributed \$382,200 for 3,822,000 shares at 10 cents each. The Company's total holding in Musgrave Minerals is now 8,673,000 shares. These shares are restricted securities under the ASX Listing Rules and accordingly will be subject to certain escrow conditions following the proposed IPO.

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 17 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.

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")

31 December 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(276)	(427)
(b) development	-	-
(c) production	-	-
(d) administration	(191)	(335)
1.3 Dividends received	1	1
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(465)	(760)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(393)	(393)
(c) other fixed assets	(2)	(7)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	866	1,111
(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	471	711
1.13 Total operating and investing cash flows (carried forward)	6	(49)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	6	(49)
	Cash flows related to financing activities		
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	6	(49)
1.20	Cash at beginning of quarter/year to date	200	255
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter (see Note 1 below)	206	206

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 securities had a market value of 2.131 million

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	112
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	101,771
- Directors' superannuation	6,729
- Legal fees paid to Landerer & Company (J Landerer)	3,213

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 securities as at 31 December 2010 (see note to paragraph 1.22 above)	2,131	N/A

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	395
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	545

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	160	155
5.2 Deposits at call	46	45
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	206	200

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 4976 Licola, Mount Wellington, Victoria	In accordance with section 38A of the Mineral Resources Act 1990, the area of this exploration licence was reduced from 54 to 28 graticular sections on 28 October 2010.	100%	100%
6.2 Interests in mining tenements acquired or increased	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 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	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 +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	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 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: 25 January 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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