

gsh/psh/gsh875

30 July 2013

The Manager - ASX Market Announcements  
Australian Securities Exchange  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Via ASX Online

Number of pages – 17

Dear Sir,

Quarterly activity report to 30 June 2013

Enclosed for release to the market is the Company's activity report for the quarter ended 30 June 2013 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

## Activity Report for the quarter ended 30 June 2013

### Highlights

#### **Mary Kathleen Joint Venture**

(Goldsearch Limited 30%, Chinalco Yunnan Copper Resources Limited 70%)

#### ***Elaine Prospect***

- Metallurgical test work completed on samples from Elaine copper-gold resource program with very good copper flotation results achieved from the Elaine project composite sample.

#### ***Mount Frosty***

- Phase 1 scout diamond drill program completed at Blue Caesar.
- Intersection of broad zones at high grades of near surface primary copper sulphide mineralisation.
- Phase 2 exploration program at Blue Caesar commenced.

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

(Goldsearch Limited 7.17% shareholding in MGV)

#### ***Menninnie Dam***

- Drilling recommences at Tank Hill.



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## **MARY KATHLEEN JOINT VENTURE**

**(Goldsearch Limited (GSE) 30% Chinalco Yunnan Copper Resources Limited (CYU) 70%)**

Regional field programs undertaken have targeted the Mary Kathleen Shear Zone, identifying further copper-gold mineralised prospects similar in style to the Elaine exploration model. A 650 metre (m) in three (MKBC001-MKBC003) diamond hole drill program was undertaken at the Blue Caesar prospect in April-May 2013 (**Figure 1**). The drilling targeted coincidental geochemical, geophysical and surface mineralisation similar in style to the Elaine copper-gold resource situated 400m to the south-east along strike of the Mary Kathleen Shear Zone.

CYU and GSE continue to advance the north-west Queensland project with metallurgical scoping test work undertaken at the Elaine copper-gold resource. The Elaine JORC Inferred Resource of 27.7 million tonnes (Mt) with a contained metal content of 147,000 tonnes (t) of copper and 75,000 ounces of gold was defined in 2012.

Conventional geological interpretation of mineralisation in the Mary Kathleen region is that these are mostly skarn formations. CYU is currently investigating the Mary Kathleen Shear Zone fluids having a geochemical signature consistent with deep alkaline intrusive bodies – derived from the earth's mineralisation-rich mantle – with the shear zone providing the plumbing. Preliminary analysis conducted by CYU's geological team is displaying consistency with known alkaline intrusive suites which are well known for hosting a diverse range of minerals (uranium, copper, nickel, rare earth elements, thorium, gold, platinum group elements etc.)

### **Elaine Prospect**

Samples to measure copper and gold recovery rates within the 27.7Mt Elaine 1 deposit were selected from three zones of typical mineralisation in MKED036 and a high grade copper-gold mineralised zone in MKED023 for metallurgical test work.

CYU undertook the preliminary Elaine metallurgical scoping test work on limited drill core. The scoping test work was designed to provide a preliminary indication of the characteristics and the amenability of the mineralisation to conventional copper flotation techniques.

Final results were returned from ALS Metallurgy Lab (Adelaide) and were then reviewed by consulting firm GR Engineering Services Limited (GRES).

Head assays for the scoping test work composite sample are summarised below in Table 1. The detailed head assay analysis aims to identify all trace elements, both metallic and non-metallic, within the Elaine Inferred Resource to better understand the characteristics of the mineralisation. The key elements of interest include

copper, gold, sulphur, iron and any deleterious elements such as arsenic, antimony, mercury, bismuth, fluorine, chlorine and other base metals (lead, nickel and zinc).

<b>Element</b>	<b>Unit</b>	<b>Assay</b>	<b>Element</b>	<b>Unit</b>	<b>Assay</b>
Cu	%	0.81	Ni	ppm	660
Au	g/t	0.28	P	ppm	3,250
S <sub>TOTAL</sub>	%	10.7	Pb	ppm	60
As	ppm	90	Sb	ppm	0.4
Bi	ppm	50	Sc	ppm	8
Cl	ppm	Not Determined	Si	%	13.5
Co	ppm	400	Th	ppm	162
F	ppm	1,640	U	ppm	41.7
Fe	%	22.5	V	ppm	45
Mg	%	2.60	W	ppm	130
Mo	ppm	40	Zn	ppm	45

**Table 1: Detailed head assay results for scoping test work sample**

The composite head assay returned a significant amount of copper and gold contained in the sample. It was noted that the head assays were higher than the average resource grades of 0.53% copper and 0.08 grams per tonne (g/t) gold. The cyanide and acid soluble copper levels indicate the copper is present mainly as chalcopyrite. There was essentially no secondary or oxide copper minerals in the sample.

CYU engaged GRES to assist in the preliminary metallurgical evaluation of the project. Their report and its conclusions and recommendations included the following:

- *The limited metallurgical testing carried out indicates that very good copper flotation results are achievable from scoping study composite.*
- *The composite sample produced a concentrate grading up to 29% copper with a copper recovery of 92% and gold recovery into the copper concentrate of approximately 31% from a feed grade of 0.81% copper and 0.28 g/t gold.*
- *These results should be considered indicative only. Further definitive test work will need to be carried out on more representative samples to confirm the amenability of the mineralisation to conventional flotation and identify the variability with depth and across the resource.*
- *Concentrate analyses determined for the final concentrate produced from the composite sample indicated no penalty elements of significance, however relatively high levels of the deleterious element fluorine were detected in the composite sample. Further sampling and test work will need to be carried out to clarify the likelihood of this affecting the quality of concentrate produced. The concentrate analyses indicated the potential for some payable gold content.*

- *The gold recovery to the rougher concentrate was modest. There was a significant gold loss in the cleaning stage where, for the feed grade of 0.28 g/t gold, the gold recovery is 54% for the rougher stage and 31% after cleaning to a copper concentrate grade of 29% copper. Based on the deportment of gold assays in flotation test work and the amount of gold reporting into first cleaner tailing, it is presumed that a reasonable proportion of the gold recovered in rougher flotation is locked with iron (pyrite). Further work is required to define gold deportment and its mineral associations.*
- *Further testing of the Elaine Inferred Resource is required to optimise flotation conditions particularly primary grind size and concentrate regrind size.*
- *The copper grades of all concentrate size fractions produced from the composite sample were high indicating high degrees of liberation of chalcopyrite were achieved.*
- *There were difficulties in copper flotation when the lower grade sample represented by the zone 3 composite was tested separately because of free flotation of silicate mineral. Sighter flotation tests on this lower grade sample produced a concentrate grading 22% copper with a copper recovery of 77% from a feed grade of 0.42% copper. It may be possible to significantly improve upon results obtained in this test programme after further sample characterisation and flotation testing including the use of silicate depressants.*

The scoping test work studies referred to in this announcement are based on low-level technical assessments, and are insufficient to support estimation of ore reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions from the scoping test work studies will be realised.

## **MOUNT FROSTY JOINT VENTURE**

**(Mary Kathleen joint venture partners earning in 75%, XStrata Copper 100%)**

### **Blue Caesar Prospect**

First pass drilling at Blue Caesar intersected broad zones of near surface primary copper sulphide mineralisation. Results of the program are highlighted by:

- **MKBC002:** 25m grading 1.62% copper from 28m down hole at a 0.5% copper cutoff with a high grade intersection of 8m grading 3.23% copper from 29m, which also includes 1m grading 17.3% copper from 30m down hole depth. This mineralisation is enveloped in a broader zone of visual mineralisation of 79m grading 0.68% copper from ~20m vertical depth (**Figure 2**). Further significant mineralisation includes 2m grading 2.79% copper and 0.53g/t gold from 94m down hole depth at a 1% copper cutoff including 1m grading 4.37% copper and 1.01g/t gold from 95m down hole depth.

- **MKBC003:** 10m grading 1.13% copper from 36m down hole depth at a 0.5% copper cutoff including 2m grading 3.44% copper from 38m down hole depth at a 1% copper cutoff. This mineralisation is also enveloped in a broader zone of visual mineralisation of 54m grading 0.40% copper from ~30m vertical depth.
- Further significant mineralisation included 7m grading 0.53% copper from 57m down hole depth. The mineralisation intersected in MKBC002 and MKBC003 defines a 135m strike extent that is characterised by very near surface disseminated, predominately copper sulphide mineralisation. In particular, MKBC002 intersected multiple zones of mainly stringer and disseminated copper sulphide mineralisation with pods of semi-massive to massive copper sulphide mineralisation occurring from 27m down hole depth (~20m vertical depth from surface).

The first pass drill program at Blue Caesar has successfully tested the current exploration model developed from the work undertaken at the Elaine resource. This model is being used to assist in identifying additional potential trap sites along the 12 kilometre (km) Mary Kathleen Shear Zone that hosts the 27.7Mt Elaine copper-gold JORC Inferred Resource and the historic Mary Kathleen Uranium Mine.

A phase 2 diamond drill program consisting of 1000m of drilling targeting a 400m x 100m surface area has commenced. The program seeks to further define the geometry of the Blue Caesar mineralised body and evaluate the 400m previously untested strike south-east to the Elaine prospect. The phase 2 program is designed at a nominal 100m drill line spacing stepping out from MKBC002 and will also be targeting the depth extension at 50m spacing. Recent geological mapping has identified a series of copper-stained gossan outcrops along this trend.

EH4 geophysical survey targeting the Mary Kathleen Shear Zone is currently being conducted north of the Blue Caesar prospect. EH4 technology produces high-resolution 2D images of geological structures by detecting and mapping variations in subsurface conductivity/resistivity up to 1.2kms below land surface. Yunnan Copper Mineral Resources Exploration and Development Co Ltd utilizes EH4 technology extensively in China, but has recently been engaged by CYU to conduct surveys as part of the Elaine/Blue Caesar exploration program. The survey is intended to assist in establishing further drill targets along the Mary Kathleen Shear Zone.

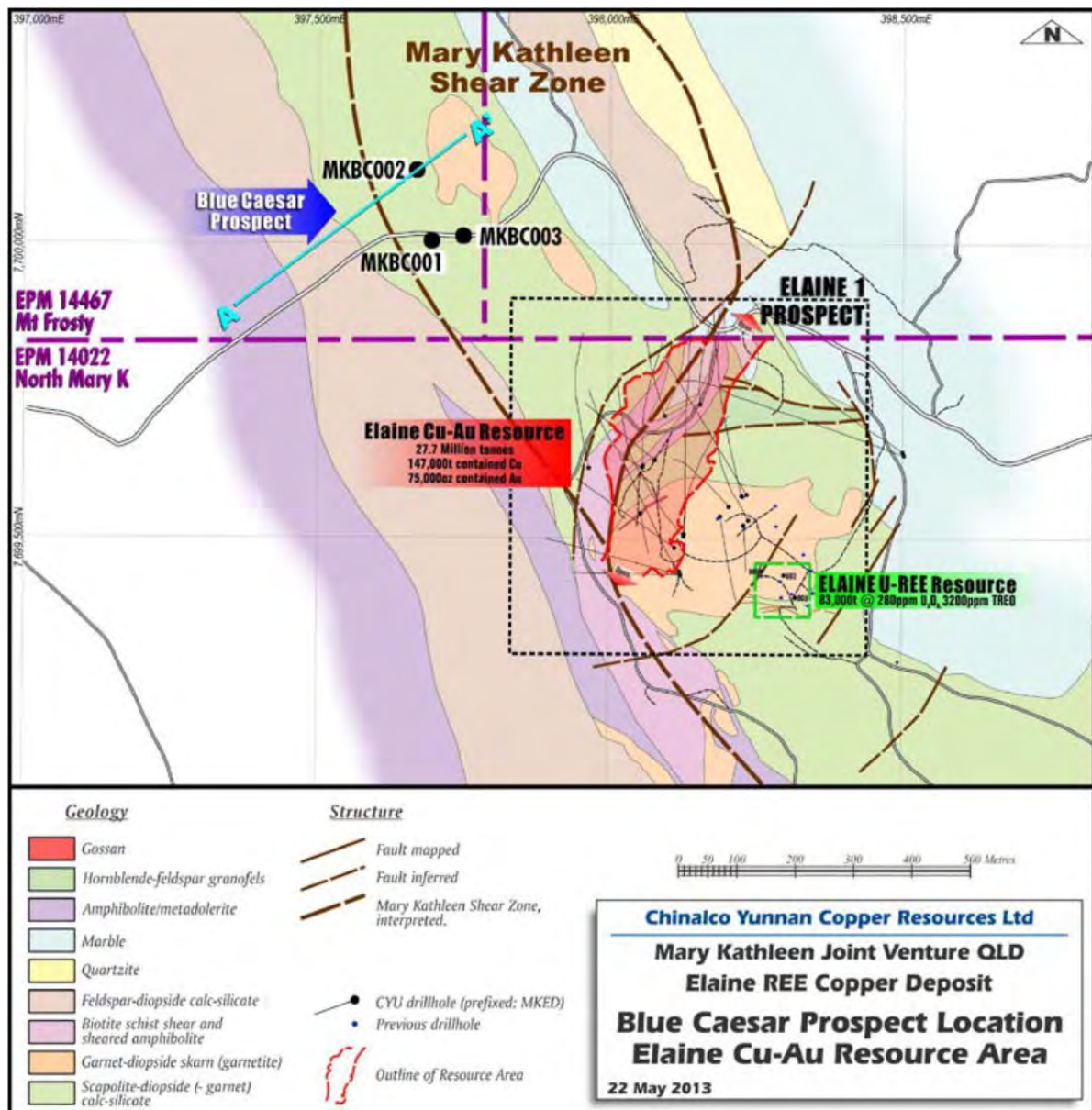


Figure 1: Blue Caesar phase 1 drill hole locations

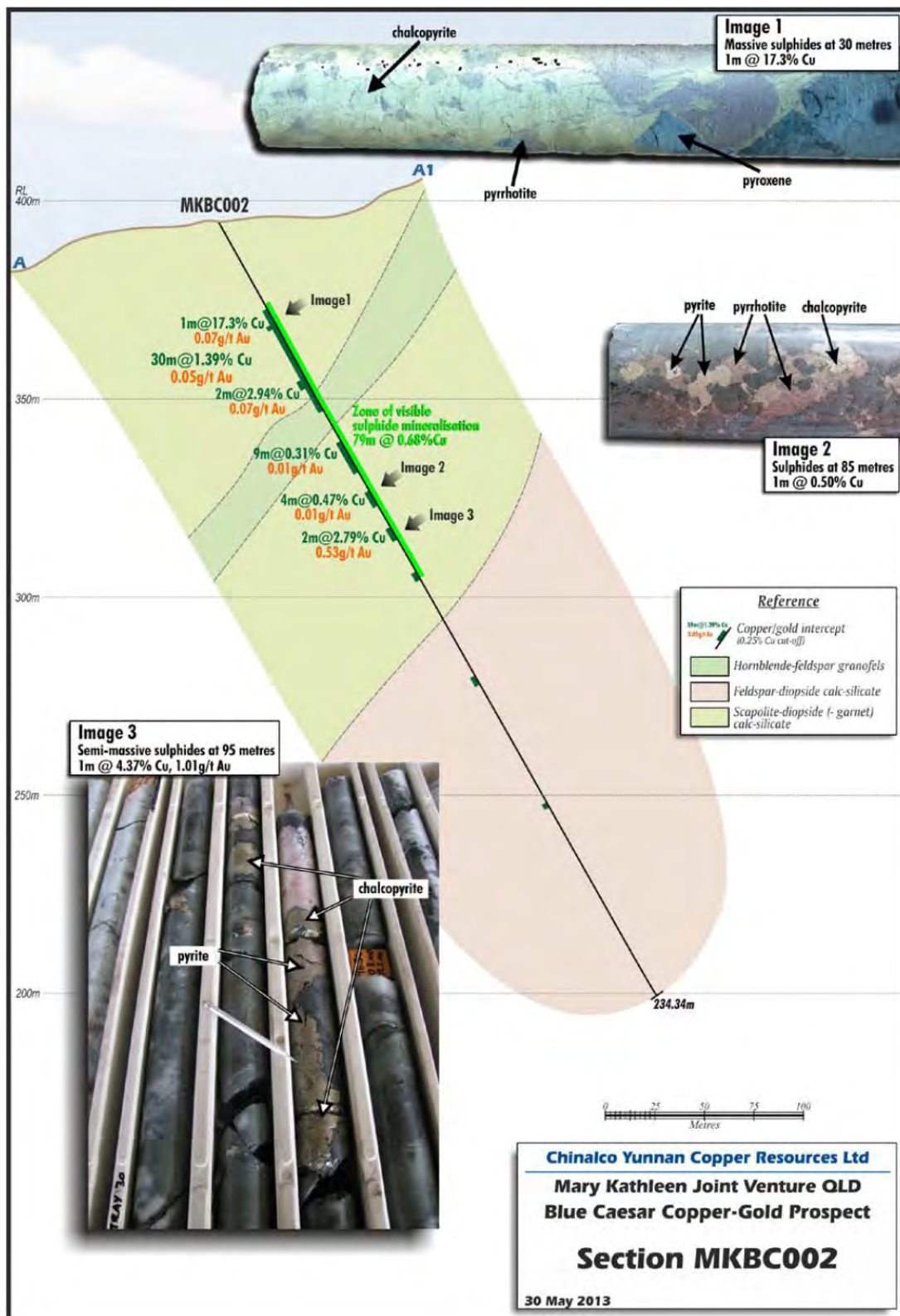
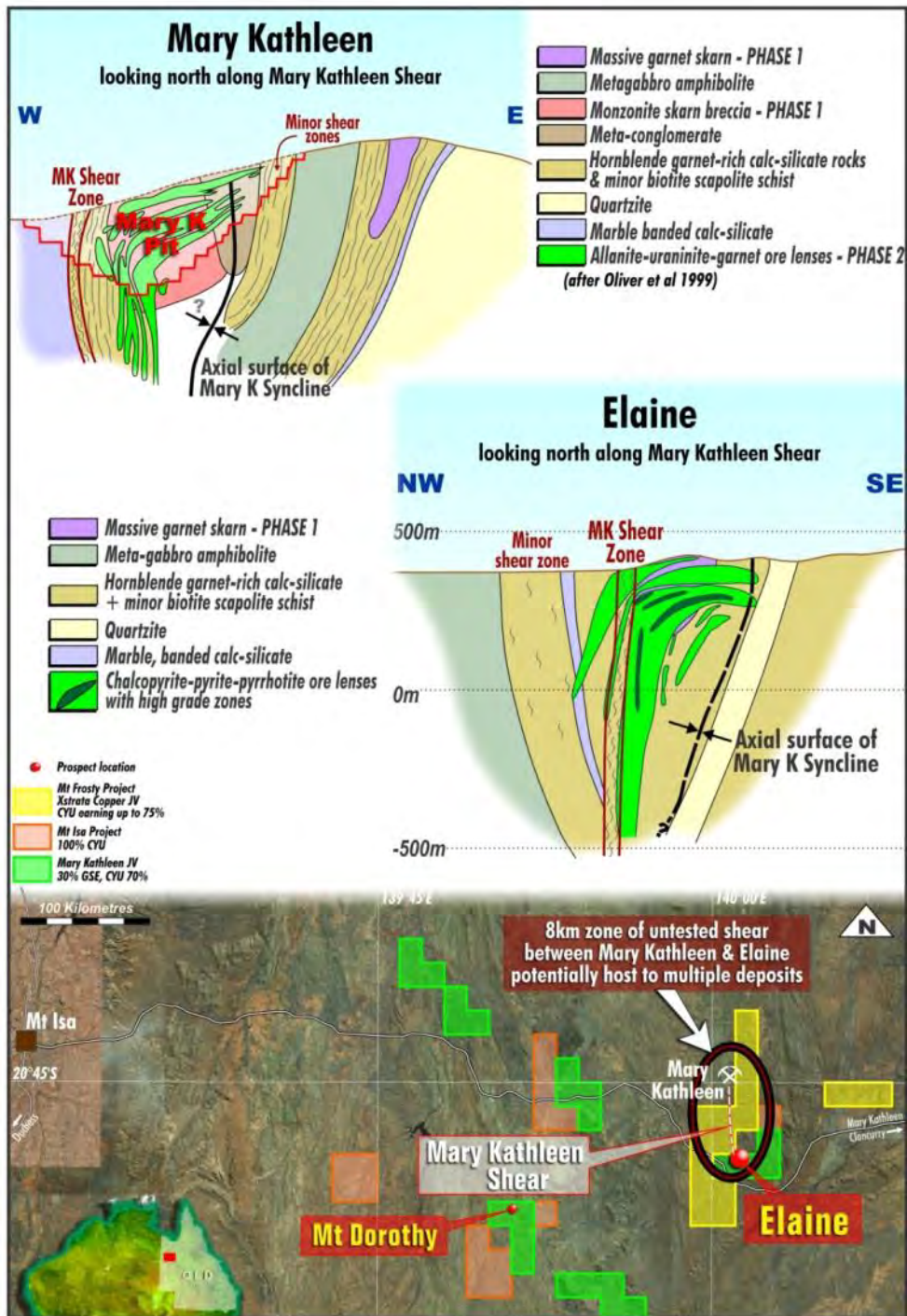


Figure 2: MKBC002 section





**Figure 3: Mary Kathleen and Elaine comparative exploration model. The model is interpreted to be fed from a deep seated steep dipping feeder zone that has used the shear zone as a conduit, extending from depth upwards and then along and replacing the horizontal bedding of the host banded calc-silicate rocks, forming a shallow dipping to horizontal zone coming to within 50 metres of surface.**

## **MUSGRAVE MINERALS LIMITED (ASX:MGV)**

### **(GSE 7.17% shareholding in MGV)**

Goldsearch Limited holds a significant shareholding in Musgrave Minerals Limited (MGV).

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.

### **Menninnie Dam project**

During the quarter, drilling recommenced in the Menninnie Dam project at the Tank Hill prospect, testing the dip and strike extension of previously intersected mineralisation in hole MDRC39 which was highlighted by 6m grading 4.9% zinc, 0.7% lead, 62g/t silver and 1.2g/t gold from 133m down hole within a broader zone of 30m grading 1.9% zinc, 0.5% lead, 21g/t silver and 0.27g/t gold from 132m down hole.

Results of the follow-up drilling program at Tank Hill are highlighted 2m grading 4.2% zinc, 0.9% lead, 267g/t silver and 0.44g/t gold from 138m down hole within a broader zone of 22m grading 0.7% zinc, 0.4% lead, 44g/t silver and 0.09g/t gold from 126m down hole in MDRC44.

An airborne VTEM survey has identified seven high priority targets coincident with surface geochemical anomalism. Mineralised rock-chip samples up to 13.3g/t silver have been identified within a strongly altered epithermal zone at the Erebus target, on which there has been no drilling to date.

The Tank Hill mineralisation is only 5km north-east of the existing Menninnie Central and Viper deposits at Menninnie Dam.

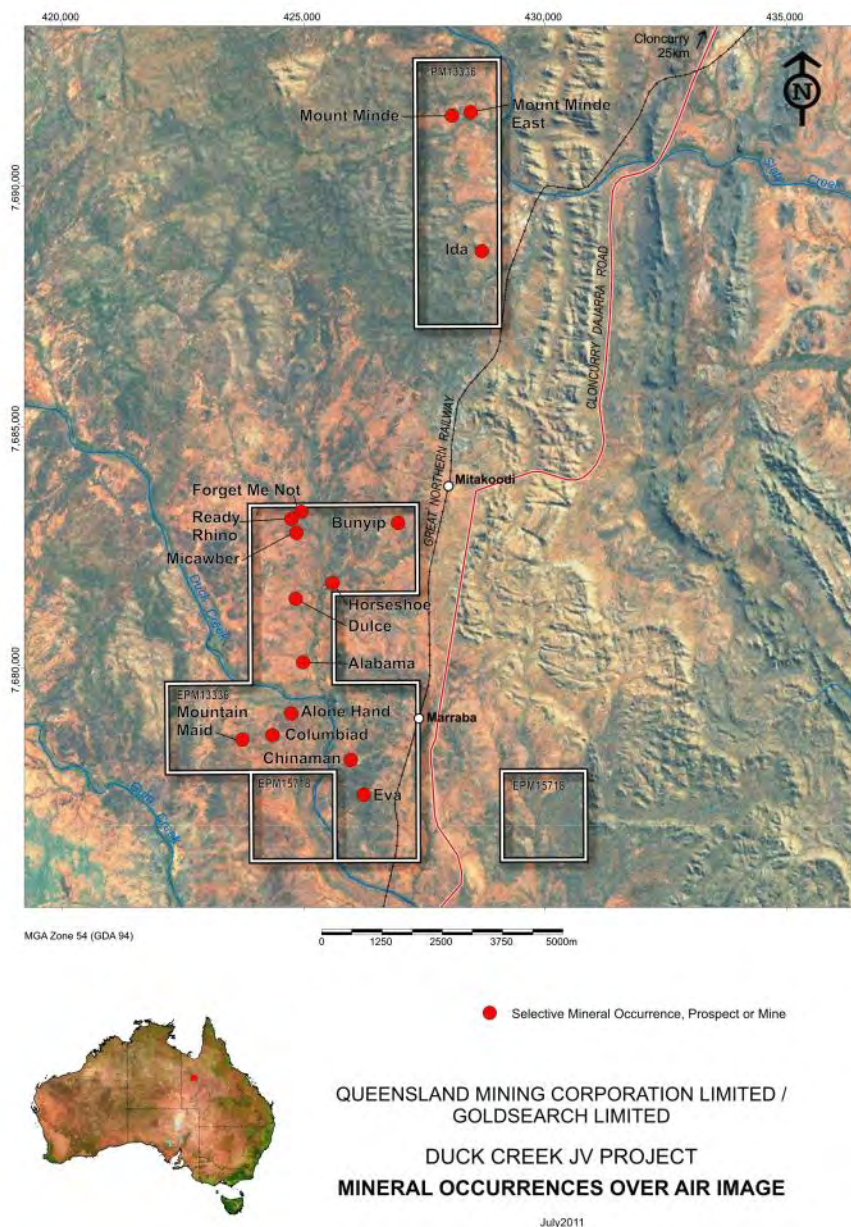
Further information on Musgrave Minerals Limited and its exploration activities can be found on its website:

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

# DUCK CREEK JOINT VENTURE

**(QMN earning in up to 75%, GSE diluting to 25%)**

Queensland Mining Corporation (ASX:QMN) is continuing to review its Queensland projects. Goldsearch is encouraged by results to date on the Duck Creek Joint Venture tenements.

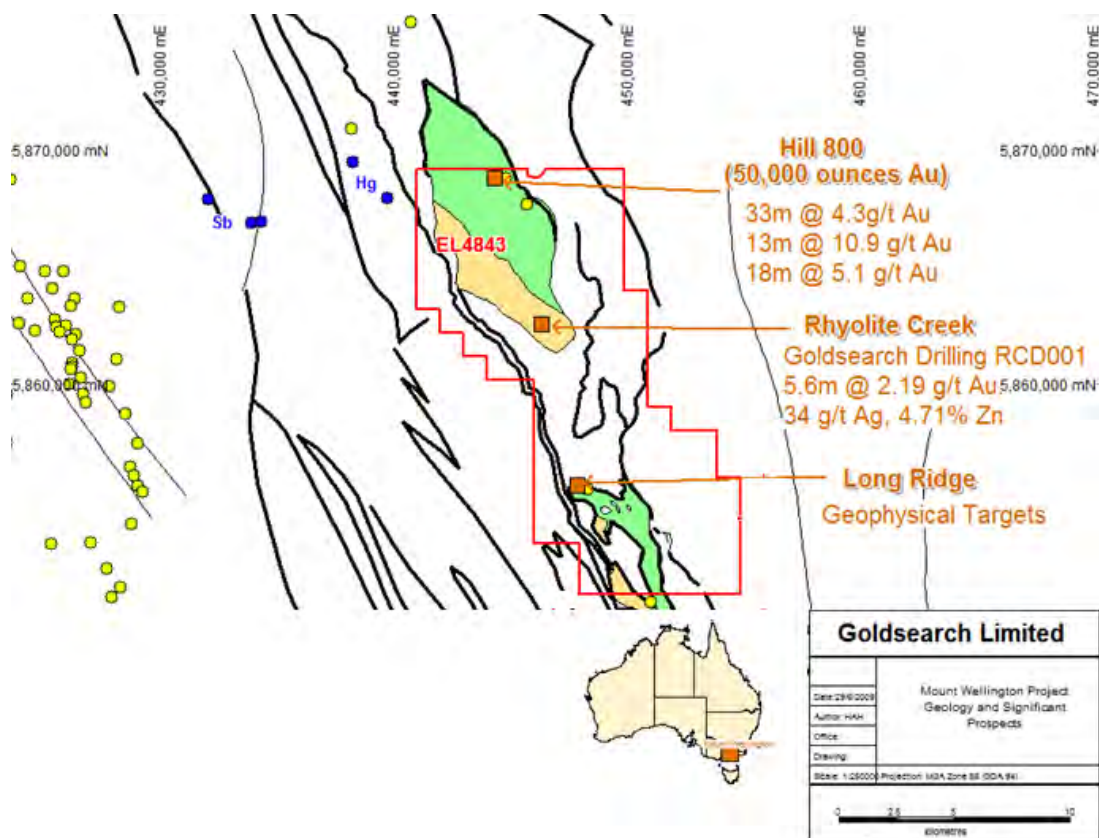


**Figure 4: Duck Creek Project location map**

## MOUNT WELLINGTON PROJECT

(GSE 100%)

No further work was carried out during the quarter however Goldsearch expects to revisit its Victoria project in the third quarter of 2013.



**Figure 5: Mount Wellington Project location showing previously reported and historical drill intercepts**

### 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 2004 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.

# 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 2013**

### 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	(123)	(1,042)
(b) development	-	-
(c) production	-	-
(d) administration	(210)	(649)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>(325)</b>	<b>(1,678)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(4)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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>-</b>	<b>(4)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(325)</b>	<b>(1,682)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(325)	(1,682)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	2,254
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 – share issue costs	(3)	(154)
	<b>Net financing cash flows</b>	(3)	2,100
	<b>Net increase (decrease) in cash held</b>	(328)	418
1.20	Cash at beginning of quarter/year to date	981	235
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter (see Note 1 below)</b>	653	653

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 \$433,650.

**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	70
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	64,831
- Directors' superannuation	5,025

**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
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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
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+ 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 30 June 2013, (see note to paragraph 1.22 above),	433	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	184
4.2 Development	-
4.3 Production	-
4.4 Administration	208
<b>Total</b>	<b>392</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	625	953
5.2 Deposits at call	28	28
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (see note to item 1.22)	<b>653</b>	<b>981</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	N/A	N/A	N/A	N/A
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 Preference <sup>+</sup> 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 <sup>+</sup> Ordinary securities	693,638,542	693,638,542	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	Nil	N/A	N/A	N/A
(b) Decreases through returns of capital, buy-backs	Nil	N/A	N/A	N/A
7.5 <sup>+</sup> 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	160,362,025	160,362,025	2.5 cents	30 June 2014
Unlisted options	21,250,000	Nil	5 cents	1 December 2014
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: 30 July 2013

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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