

gsh/psh/gsh887

30 April 2014

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

Via ASX Online

Number of pages – 13

Dear Sir,

Quarterly activity report to 31 March 2014

Enclosed for release to the market is the Company's activity report for the quarter ended 31 March 2014 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

## Quarterly Activity Report for the quarter ended 31 March 2014

### Highlights

#### Mary Kathleen Joint Venture

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

#### Mount Frosty

- Drilling to continue at Blue Caesar and Jubilee

#### Musgrave Minerals Limited (MGV)

(Goldsearch Limited 6.26% shareholding in MGV)

#### Menninnie Dam Project

- High grade silver aircore drill intercept at:
  - o Frakes target
    - 10m @ 990g/t Ag, 0.3g/t Au, 0.2% Cu, 0.4% Pb and 0.3% Zn from 43m
    - including 2m @ 3,942g/t Ag, 1.0g/t Au, 0.9% Cu, 0.7% Pb and 0.8% Zn from 44m
  - o Spare Rib
    - Significant aircore drill intercepts of lead, zinc and silver including
      - 20m @ 2.0% Pb
      - 12m @ 1.6% Zn
      - 9m @ 1.4% Zn
      - 7m @ 1.2% Pb

#### Musgrave Region

- Ground electromagnetic (EM) survey commenced over nickel-copper targets at Mt Woodroffe, Pallatu and Smeagol

#### New Projects

A number of new projects have been assessed



Level 4, 20 Loftus St, Sydney NSW 2000

P: +61 2 9241 5999 F: +61 2 9241 5599

gold@goldsearch.com.au

## **MARY KATHLEEN JOINT VENTURE**

**(GSE 30% CYU 70%)**

## **MOUNT FROSTY JOINT VENTURE**

Chinalco Yunnan Copper Resources Limited (CYU) made three potentially economic intersections of chalcopyrite-rich mineralisation at shallow depths during exploration activities in 2013. Analysis of the drill data suggests a south-plunging, easterly dipping structural zone is host to the mineralisation. CYU's 2014 program will test this hypothesis by using RC drilling to intersect the up-plunge extent of the mineralisation to the north of the existing drill holes.

The Jubilee prospect consists of a north-trending linear zone of historic workings, presumably shear-controlled, that is mapped by a 1km copper-in-soil anomaly. The target is a Barbara or Mt Colin style shear deposit with steeply plunging lodes of economic grade copper mineralisation. Four reverse circulation (RC) holes are proposed for 2014 under the principal shafts at Jubilee – called Jubilee and Printy.

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

**(GSE 6.26% 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**

Menninnie Dam comprises five exploration licences (ELs) covering a contiguous area of 2,471 square kilometres in the Gawler Craton, about 100 kilometres west of Port Augusta. The project hosts two deposits, Menninnie Central and Viper, that have a combined Inferred mineral resource of 7.7 million tonnes grading 27 grams per tonne (g/t) silver, 3.1% zinc and 2.6% lead (estimated by Terramin in 2011 in accordance with the 2004 JORC code) which are not closed off. The project has significant potential to discover new economic mineral deposits.

Drilling undertaken to follow up five targets (Spare Rib, Frakes, Erebus, Tank Hill and Masaraga) across the Menninnie Dam project during the December quarter comprised 87 drill holes for 3,417 metres of aircore drilling to a maximum hole depth of 103 metres and took three weeks to complete. The analytical results from this drilling were received in January and February 2014.

The drilling intersected significant lead, zinc and silver mineralisation at the Spare Rib target, reported previously in the December 2013 Musgrave Quarterly Report. Musgrave also intersected high-grade silver at the Frakes prospect. The Frakes prospect is 5 kilometres south-west of the existing Menninnie Central and Viper deposits at Menninnie Dam, and Spare Rib is 2 kilometres east of Viper (Figure 1).

Significant intercepts from Frakes included;

- 10 metres grading 990 g/t silver, 0.3 g/t gold, 0.2% copper, 0.4% lead and 0.3% zinc from 43 metres
  - o including 2 metres grading 3,942 g/t silver, 1.0 g/t gold, 0.9% copper, 0.7% lead, 0.8% zinc from 44 metres.

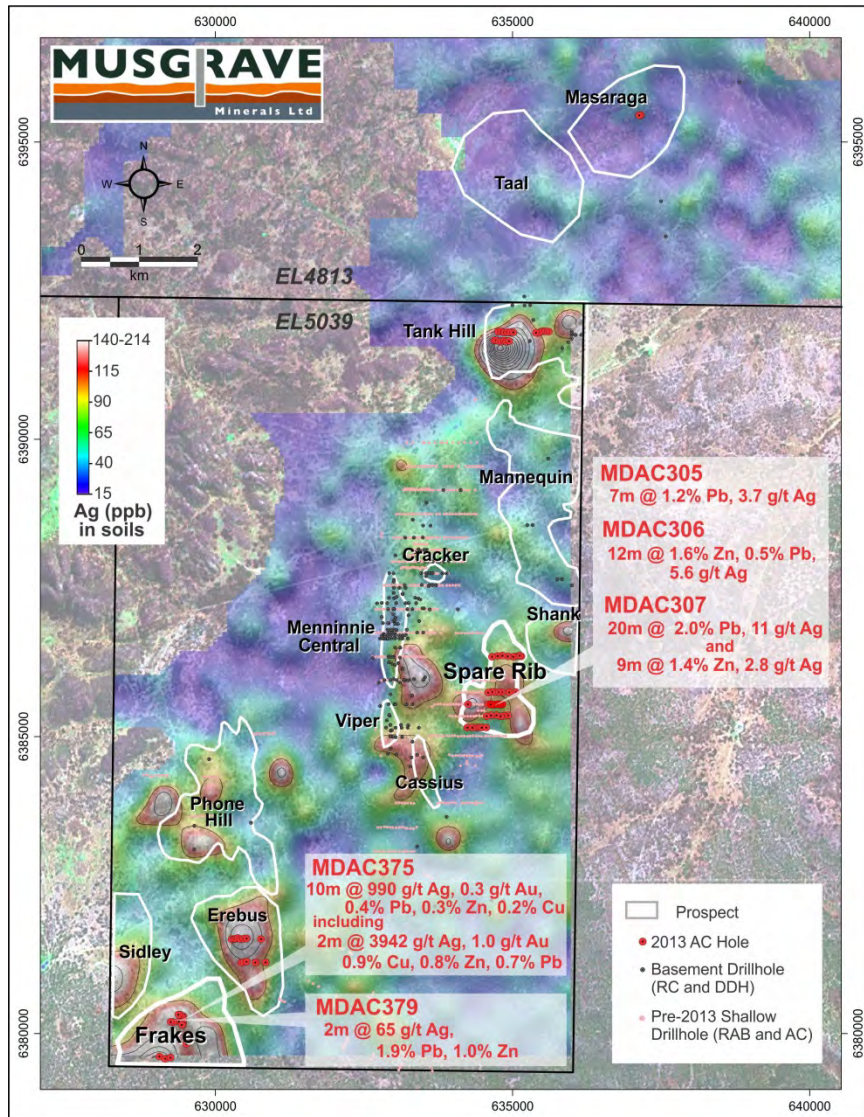
Musgrave considered the results from Frakes to be significant. Interpretation suggested that the mineralisation may be structurally controlled. The Frakes surface geochemical silver anomaly is more than 1.5 kilometres wide (Figure 2). Multiple structures are present in the Frakes area and many are not yet drill tested.

MGV commenced an eight hole diamond drilling program for a minimum of 1,000 metres across Spare Rib and Frakes in early March. Drill hole depths varied between 82 metres and 222 metres. The program took six weeks to complete which was longer than expected due to difficult sub-surface ground conditions and wet weather. The diamond drilling has shown that the mineralised zones are geologically complex and due to drilling delays the analytical results are not expected until late May.

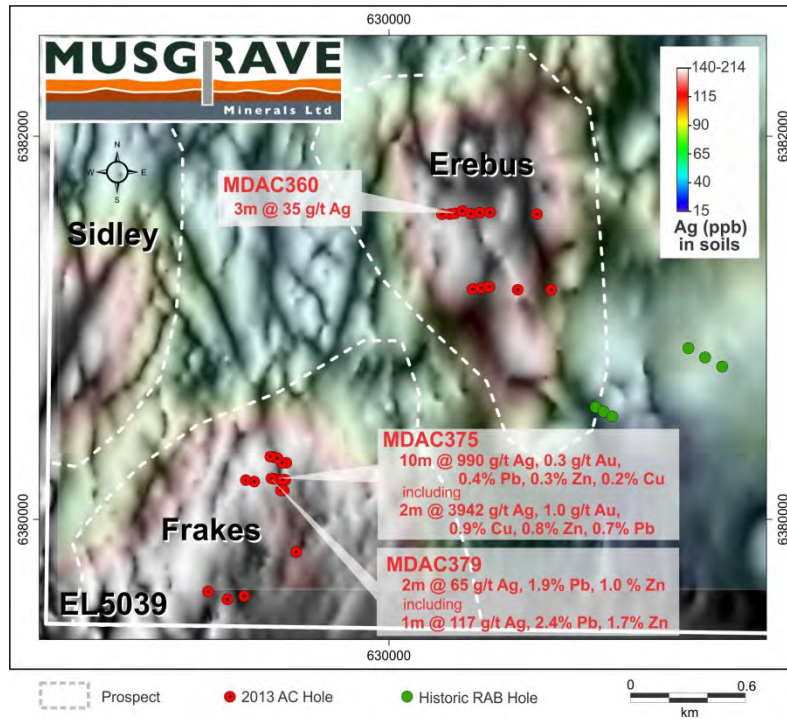
### **Deering Hills Project**

The Deering Hills Project is in the centre of the Musgrave geological province; about 200 kilometres west of the Stuart Highway and Adelaide to Darwin rail line in the far north-west of South Australia.

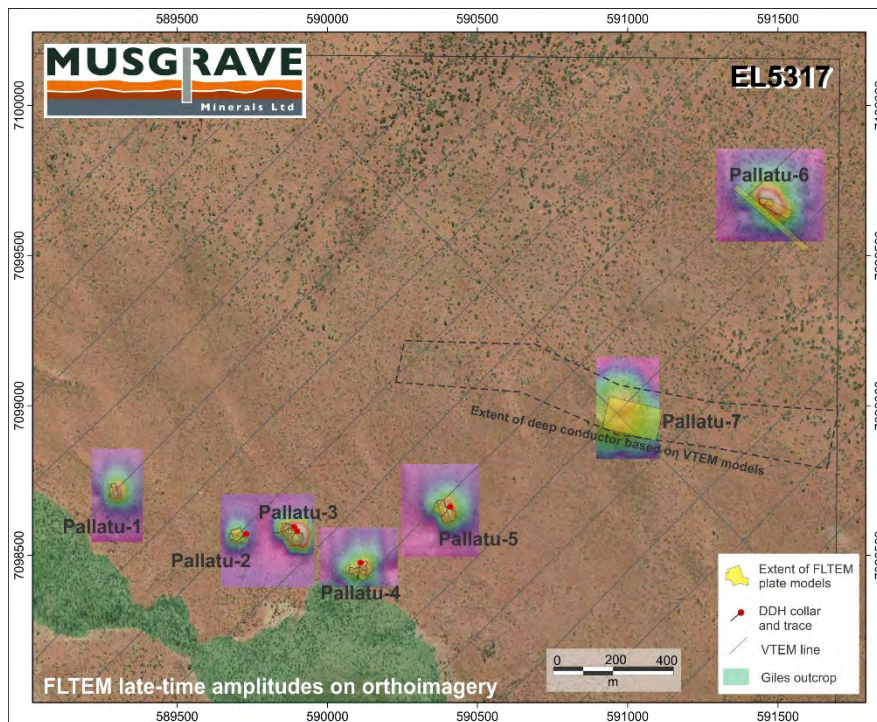
During the quarter, MGV planned down hole electromagnetic (DHEM) surveys and further surface EM surveys at the Pallatu 6 and 7 targets (Figure 3). Pallatu 7 is interpreted to be approximately 1,500 metres long at a vertical depth of approximately 280 metres. This is at the limit of the interpretability of the existing electro magnetic (EM) survey data. The proposed ground EM survey will commence in late April 2014.



**Figure 1: Location of Frakes and Spare Rib targets at Menninnie Dam with aircore drill hole collars (red dots) and significant assay results on silver soil geochemical and landsat image.**



**Figure 2: Plan of aircore drill hole locations at Frakes and Erebus prospects showing significant aircore drill hole assay results on aeromagnetic image with silver surface geochemical colour drape.**



**Figure 3: Image showing fixed loop ground EM targets and drill holes on Landsat backdrop including the untested Pallatu 6 and 7 EM targets**

## **Bryson Hill Project**

MGV is earning a 75% interest in the Bryson Hill Project (EL5205) from Pitjantjatjara Mining Company Pty Ltd and Zeil No. 1 Pty Ltd in the Musgrave Geological Province in the far north of South Australia.

MGV discovered a nickel-copper sulphide gossan at the Smeagol target in October 2013. A nickel-copper gossan is the iron-rich weathered product of nickel-copper sulphide. The gossan float at surface assayed up to 0.23% nickel, 0.17% copper, and 220 parts per billion (ppb) platinum+palladium, and was traced over a strike length of approximately 110 metres.

MGV's follow-up soil geochemical sampling program at Smeagol identified a broad co-incident nickel-copper geochemical anomaly associated with the gossan. The soil anomaly extends from the gossan to the south-east onto flat sand plain, where it is still open along strike.

Musgrave previously completed a heritage survey to enable ground EM survey and drilling to test below and along strike of the gossan. A ground EM survey will commence in April-May to identify below surface conductors that may represent massive nickel-copper sulphide mineralisation.

## **Mt Woodroffe Project**

The Mt Woodroffe Project is situated on wholly-owned tenement EL5171 in the eastern portion of the Musgrave Geological Province, located approximately 115 kilometres west of the Stuart Highway and Adelaide to Darwin railway line.

Musgrave Minerals has commenced a ground EM survey over the Rimmer, Lister and Kat nickel-copper targets.

## **Mimili Project**

The Mimili Project consists of two wholly-owned exploration licences, EL5174 and EL5175, and is located in the eastern portion of the Musgrave region.

Musgrave Minerals will undertake a ground EM survey over the high priority Valerii and Baltar nickel-copper targets in May.

## **DUCK CREEK JOINT VENTURE**

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

Goldsearch has reached a mutually acceptable agreement with Queensland Mining Corporation (ASX:QMN) regarding the Duck Creek Joint Venture. GSE has agreed to transfer EPM 13336 and 15718 to QMN in exchange for payment of \$30,000 and the right to retain a 1.5% Net Smelter Royalty.

## **MOUNT WELLINGTON PROJECT**

**(GSE 100%)**

No further work on the Mount Wellington Project was carried out during the quarter.

## **NEW PROJECT DEVELOPMENT**

A number of new projects have been assessed during the quarter and directors are continuing to explore all avenues for joint venture expansion in the current environment.

## **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.*



# 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 March 2014**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 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	(148)	(249)
(b) development	-	-
(c) production	-	-
(d) administration	(84)	(431)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>(232)</b>	<b>(673)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(2)	(3)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	81	81
(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>79</b>	<b>(78)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(153)</b>	<b>(595)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(153)	(595)
	<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 – share issue cost	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(153)	(595)
1.20	Cash at beginning of quarter/year to date	211	653
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter (see Note 1 below)</b>	58	58

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 \$648,954.

**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	66
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	54,714
- Directors' superannuation	4,228
- Legal fees paid to Landerer & Company (J Landerer)	7,178

**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 31 March 2014.	649	N/A

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	60
<b>Total</b>	<b>260</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	29	182
5.2 Deposits at call	29	29
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (see note to item 1.22)	<b>58</b>	<b>211</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 April 2014

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.

== == == == ==