

gsh/psh/gsh790

28 January 2010

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

Via ASX Online

Number of pages – 17

Dear Sir,

Quarterly activity report to 31 December 2009

Enclosed for release to the market is the Company's activity report for the quarter ended 31 December 2009 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

#### *Mount Wellington*

- Goldsearch receives \$80,000 Victorian Government grant towards drilling at Mount Wellington. Drilling to commence during the March 2010 quarter.

#### *Mary Kathleen project*

- High grade uranium and rare earth element (REE) mineralisation intersected in diamond drill hole MKED003 of 3 metres (m) @ 1.32 kilograms per tonne (kg/t) uranium oxide (U<sub>3</sub>O<sub>8</sub>), 1.17% cerium and 0.59% lanthanum from 27.50m down hole.
- Encouraging intercept of 1m @ 0.62% copper and 1,740 parts per million (ppm) molybdenum from MKED003 at 72m at the end of hole.
- Joint venture partner China Yunnan Copper Australia Limited (CYU) has commissioned independent resource estimate to be completed in current quarter to quantify grade distribution of not only U<sub>3</sub>O<sub>8</sub> but also REE.
- Update report on assay results issued by CYU on 28 January 2009.

#### *Bergslagen joint venture, Sweden*

- Ground induced polarisation (IP) geophysical surveys at the Jugansbo target were completed in November. Previous drilling results at Jugansbo include 9.2m @ 222g/t silver, 7.48% zinc, 2.27% lead from 81.4m down hole and 6.45m @ 77g/t silver, 4.31% zinc 2.66% lead from 99.25m down hole.

#### *Equity investments*

- The market value of Goldsearch Limited's equity investments at 31 December 2009 was \$3,729,000.

**Goldsearch  
Limited**

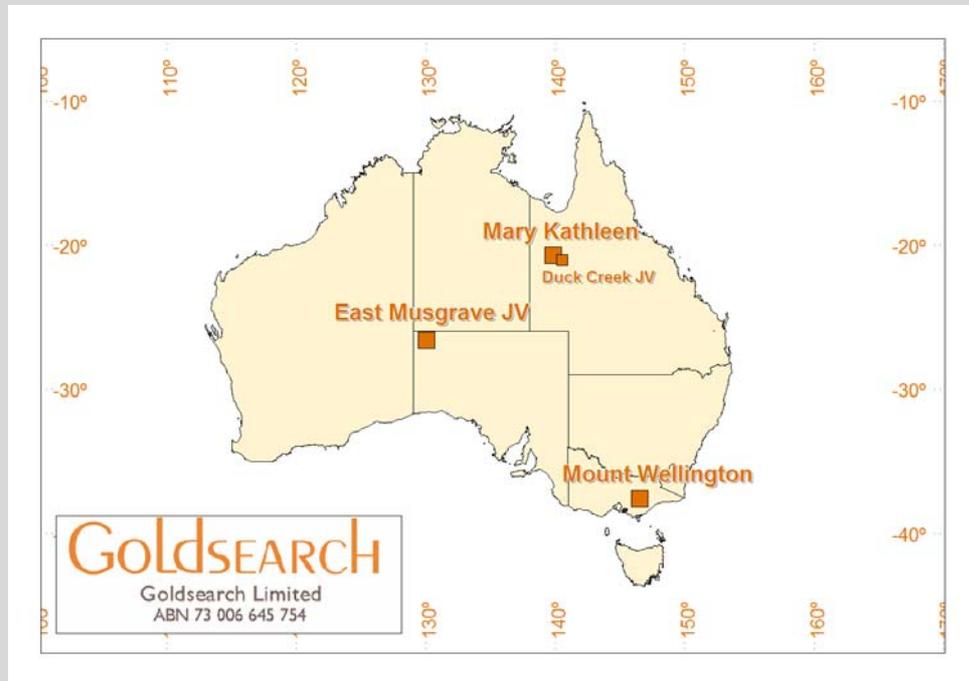
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20 Loftus Street  
SYDNEY NSW 2000

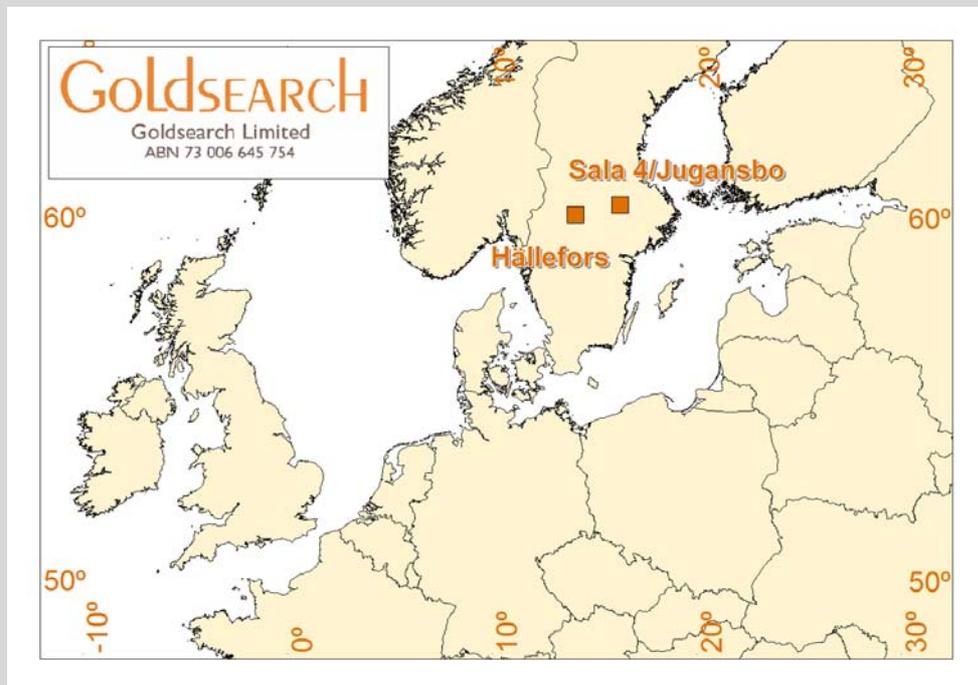
ASX: GSE



# 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 Morningstar Gold NL Woods Point mining centre in eastern Victoria. The total project area covers 365 square kilometres (sq km).

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 (*Figure One*). 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 1.5g/t gold for 52,200 contained ounces of gold.

Goldsearch believes the project has significant potential for large intrusion-related gold and base metal ore deposits, along with the potential for high grade epithermal gold silver deposits and volcanogenic base metal mineralisation. In early 2009 Goldsearch established a semi-permanent eight person camp at the project area in support of ongoing field operations.

During the December quarter Goldsearch continued working on the approvals process for proposed drilling programs at three target areas during the current field season.

At Rhyolite Creek, Goldsearch proposes further drilling to follow up encouraging results returned from previous programs including 5.6m @ 2.19g/t gold, 34g/t silver, 4.71% zinc from 220m down hole in hole RCD001.

At Long Ridge, Goldsearch proposes a program of deep diamond drilling to test high priority aeromagnetic and electrical geophysical targets. Goldsearch recently received a grant approval for funding of up to \$80,000 to complete the drilling at Long Ridge from the Victorian State Government under round three of the Rediscover Victoria initiative.

At Violet Hill, Goldsearch proposes a reverse circulation (RC) drilling program to test a number of targets in the vicinity of anomalous gold and base metal results intersected in historical drilling.

# GOLDSEARCH

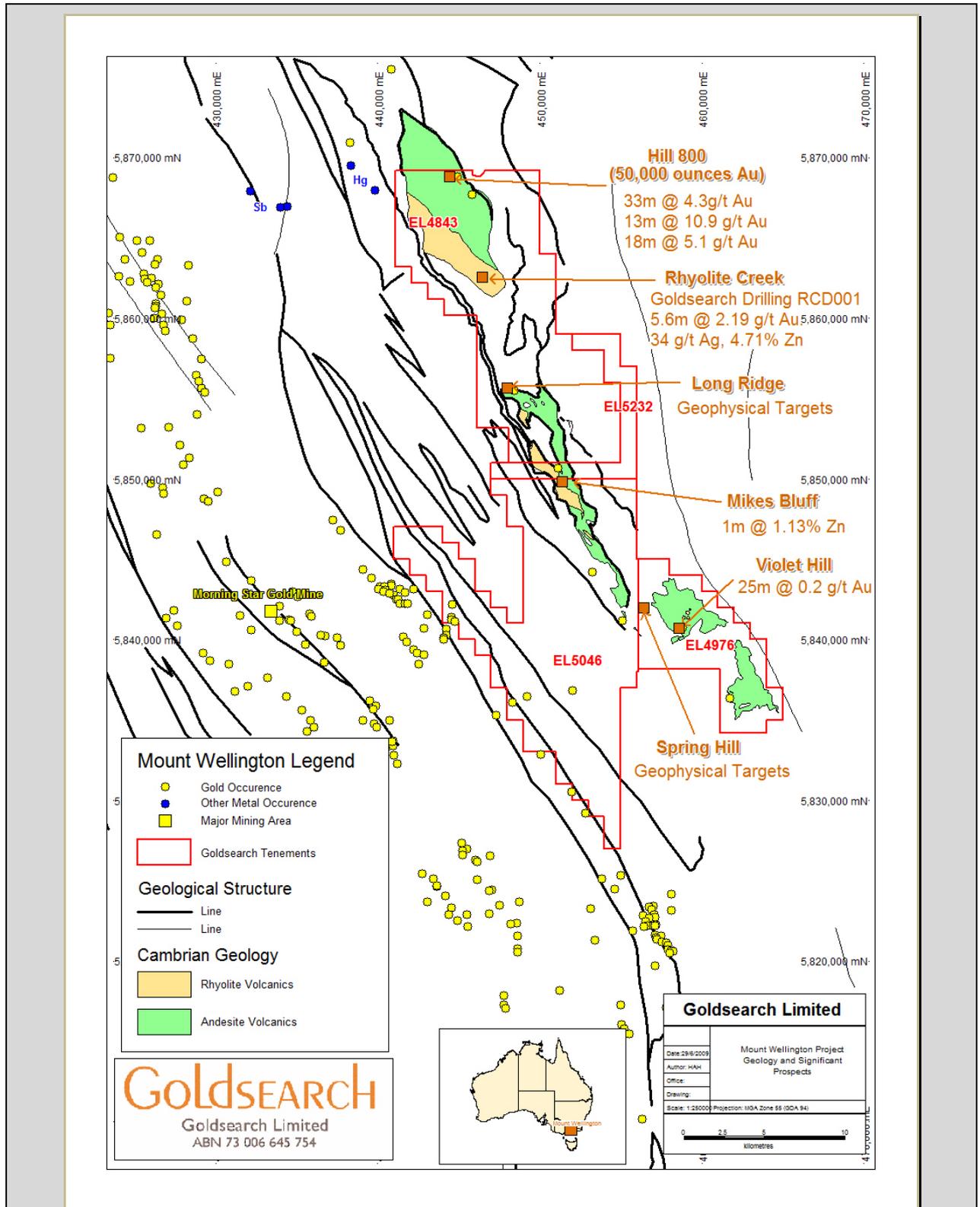


Figure One: Mount Wellington - Project geology, target locations and previous

## 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). CYU is earning up to 70% in the project by funding up to \$1,500,000 in exploration expenditure prior to August 2012. During the December quarter the joint venture completed a program of diamond drilling at the Elaine Dorothy uranium prospect.

At Elaine Dorothy, previous exploration by Mary Kathleen Uranium (formerly operators of the Mary Kathleen Mine, located six kilometres to the north) and Goldsearch has highlighted significant Mary Kathleen-style uranium and REE mineralisation.

In late 2009 CYU completed drilling three HQ diamond holes totaling 344m at Elaine Dorothy. The holes were drilled to “twin” or repeat and confirm historical drill holes drilled by Mary Kathleen Uranium between the 1950’s to 1980’s.

Hole ID	Twin ID	E (GDA 94)	N (GDA94)	Azimuth	Dip	Depth (m)
MKED001	ED011	398,260	7,699,448	0	-90	133.69
MKED002	ED003	398,298	7,699,439	0	-90	125.00
MKED003	ED002	398,315	7,699,401	0	-90	75.33
						<b>334.02</b>

**Table One:** Drill hole collar locations completed by CYU in November 2009.

Samples were submitted to ALS in Mount Isa for assaying. Final results have been returned for all the radioactive zones. Significant intersections are summarised in *Table Two*.

All holes intersected significant mineralisation with MKED003, located near a surface prospecting pit, returning a near surface high grade intersection of 3m @ 1.32kg/t U<sub>3</sub>O<sub>8</sub>, 1.17% cerium and 0.59% lanthanum from 27.5m down hole depth including a higher grade zone of 1m @ 2.85kg/t U<sub>3</sub>O<sub>8</sub>, 1.67% cerium and 0.81% lanthanum. At the base of MKED003 a zone of intense potassic alteration (71.71m to 73.38m) with massive pyrite, patchy chalcopyrite and molybdenite mineralisation was intersected. This zone returned an intersection of 1m @ 0.62% copper and 1,740ppm molybdenum (*Figure Three*) from 72m down hole depth.

# GOLDSEARCH

Hole ID	From (m)	To (m)	Width (m)	U <sub>3</sub> O <sub>8</sub> (kg/t)	Ce (%)	La (%)	Cu (%)	Comment
MKED001	40.5	41.5	1.0	<0.01	0.01	<0.01	0.43	
MKED001	74.0	75.0	1.0	0.20	0.47	0.25	<0.01	
MKED001	84.5	85.5	1.0	0.15	0.15	0.08	0.02	
MKED002	14.5	15.5	1.0	0.01	0.01	0.01	0.22	
MKED002	24.0	25.0	1.0	<0.01	0.03	0.02	0.11	
MKED002	34.0	37.0	3.0	<0.01	0.02	0.01	0.23	
MKED002	74.0	75.0	1.0	0.36	0.31	0.16	0.02	
MKED002	82.0	83.5	1.5	0.17	0.38	0.21	<0.01	
MKED003	20.0	21.0	1.0	<0.01	<0.01	<0.01	0.11	
MKED003	24.0	25.0	1.0	<0.01	<0.01	<0.01	0.13	
MKED003	27.5	30.5	3.0	1.32	1.17	0.59	<0.01	
Including	28.5	29.5	1.0	2.85	1.67	0.81	<0.01	
MKED003	33.5	34.5	1.0	0.41	0.45	0.24	<0.01	
MKED003	44.0	45.5	1.5	0.27	0.32	0.17	<0.01	
MKED003	54.5	56.5	2.0	0.34	0.28	0.14	0.01	
MKED003	72.0	73.0	1.0	<0.01	<0.01	<0.01	0.62	1740 ppm Molybdenum

**Table Two:** Summary of significant intersection from the Elaine Dorothy drilling program.

(\*Note: nominal 0.15kg/t U<sub>3</sub>O<sub>8</sub> cut-off and a 0.40% copper (Cu) cut-off. Historic holes were not assayed for REE or Cu. The assay technique is ME-MS61 a four acid 'near total' digestion and fire assay AA25 (Atomic Absorption finish) for gold)



**Figure Two. :** MKED003, 28.0 to 29.4m - Strong disseminated allanite-uraninite bands +calcite+pyrite in a diopside calc-silicate.

# GOLDSEARCH

Comparing with previously drilled Mary Kathleen Uranium holes (ED series);

- 3m @ 1.32kg/t  $U_3O_8$  in MKED003 is equivalent to the 2.3m @ 2.62kg/t  $U_3O_8$  in ED2.
- 9.5m @ 0.09kg/t  $U_3O_8$  in MKED002 is equivalent to 9.2m @ 0.31kg/t  $U_3O_8$  in ED3.
- 11.5m @ 0.07kg/t  $U_3O_8$  in MKED001 is equivalent to 6.9m @ 0.49kg/t  $U_3O_8$  in ED11.

The intersections are slightly broader and significantly lower grade in the new holes but broadly confirm the zones of mineralisation identified in previous drill campaigns. At this stage it is unclear if the differences in grade between the old and new holes are due to some bias in the assay results or due to erratic nature of the mineralisation. All holes (old and new) are diamond core.

Copper mineralisation has been observed in the core as both patchy chalcopyrite within calcite veining and disseminated chalcopyrite within the calc-silicates, and is usually associated with pyrite  $\pm$  pyrrhotite mineralisation above the uranium-rich zones except in MKED003 where it was observed below. Field investigations have identified a number of surface copper occurrences in the vicinity of Elaine Dorothy which are planned to be followed up.

An update report on assay results was issued by CYU on 28 January 2009.



**Figure Three:** Elaine Dorothy, MKED003 intercept of 1m @ 0.62% copper and 1,740ppm molybdenum from 72m. Molybdenum sulphide is reflective grey associated with copper sulphide (chalcopyrite). This mineralisation is open at depth.

## **EAST MUSGRAVE JOINT VENTURE (SOUTH AUSTRALIA)**

Goldsearch 49% (non manager) - nickel, copper, platinum

The East Musgrave joint venture comprises tenements and applications covering approximately 18,000sq km of the South Australian portion of the Musgrave Block. Most of the project area is held under Aboriginal freehold tenure and as a result has only been subject to cursory exploration in the past. Independence Group NL holds a 51% interest in the project and is the manager.

The principal target is nickel-copper-platinum group elements mineralisation associated with the feeder conduits and dykes forming part of the extensive mafic-ultramafic Giles Complex. Further to the west, Giles Complex intrusives host BHP Billiton's Nebo and Babel nickel sulphide discoveries.

Two tenements (from a total of 13 applications) have been granted to date.

Seven priority areas were covered by a surface geochemical sampling program together with detailed gravity. Four priority nickel sulphide targets were selected on the basis of this work.

During the quarter the four target areas were tested for massive nickel sulphide mineralisation with a program of Moving Loop EM. This work did not locate any conductors consistent with massive nickel sulphide mineralisation.

The extensive surface multi-element geochemical database generated by the joint venture over these tenements is being reviewed for other commodities of interest.

The joint venture partners continue to liaise with the traditional owners and PIRSA regarding the grant of the next tranche of tenements.

## 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 the 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.

At Jugansbo a previously completed airborne EM survey highlighted significant bedrock conductors in the Jugansbo area where drilling by previous explorers had intercepted best results of 9.2m @ 222g/t silver, 7.48% zinc, 2.27% lead from 81.4m down hole and 6.45m @ 77g/t silver, 4.31% zinc 2.66% lead from 99.25m.

A ground IP geophysical survey was completed at the Jugansbo target area during November 2009, final processing of the data is still being undertaken by Goldsearch's geophysical consultants. Initial assessments are encouraging and suggest the survey may generate targets for drill testing.

## Goldsearch equity investments

### *Morningstar Gold (ASX: MCO)*

In the September 2009 quarter Goldsearch acquired a strategic interest in Morningstar Gold NL (MCO), which is the 100% owner of the Woods Point gold mine located approximately 10 kilometres west of Goldsearch's Mount Wellington project. After several years of planning by MCO, ore is now being hoisted to the surface from the Maxwell stoping area and stockpiled. Recent assaying of samples from the Maxwell zone has returned bonanza gold grades up to 386.2g/t gold.

Recently MCO announced the purchase of an 80,000 tonne per annum mill, which is expected to be operational by June 2010.

At 31 December 2009 Goldsearch held 5,300,000 ordinary shares and 200,000 options in MCO with a combined market value of \$2,199,500 compared with book cost of \$1,221,177..



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

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 is currently conducting 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.

Recent exploration drilling at the Duketon Nickel Project (IGO earning 70%) has returned encouraging results.

At 31 December 2009 Goldsearch held 180,149 ordinary shares in IGO with a market value of \$882,730.

### *Rex Minerals Limited (ASX: RXM)*

Rex Minerals (RXM) is currently exploring for copper at Hillside in South Australia and Mount Carrington in New South Wales. Encouraging high-grade copper results have been returned from drilling at both projects.

At 31 December 2009 Goldsearch held 330,000 ordinary shares in RXM with a market value of \$584,100.

### *Queensland Mining Corporation Limited (ASX: QMN)*

Queensland Mining Corporation (QMN) had no activity on our joint venture areas during the quarter.

At 31 December 2009 Goldsearch did not hold any equity interests in QMN. The 2,000,000 unquoted options previously held expired on 30 November 2009.



### *China Yunnan Copper Australia Limited (ASX: CYU)*

China Yunnan Copper (CYU) is currently exploring for copper and gold in the Cloncurry region in far north-west Queensland. 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 exercisable at 40 cents each which are not valued at present, being unquoted options.

#### STATEMENT

Technical information contained in this report was prepared by the Company's Exploration Manager, Mr Heath Hellewell, who is a Member of the Australian Institute of Geoscientists. Mr Hellewell has over 16 years of relevant experience, and qualifies as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr Hellewell consents to the inclusion of his technical information in this report in the form and context in which it appears.

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

Goldsearch Limited

ABN

73 006 645 754

Quarter ended ("current quarter")

31 December 2009

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 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 and evaluation	(123)	(272)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(179)	(339)
1.3	Dividends received	6	6
1.4	Interest and other items of a similar nature received	3	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other Income	10	56
	<b>Net operating cash flows</b>	<b>(283)</b>	<b>(542)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(597)	(1,748)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	734	2,089
	(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>137</b>	<b>341</b>
1.13	Total operating and investing cash flows (carried forward)	(146)	(201)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(146)	(201)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	1
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) – issue costs	-	-
	<b>Net financing cash flows</b>	-	1
	<b>Net increase (decrease) in cash held</b>	(146)	(200)
1.20	Cash at beginning of quarter/year to date	366	420
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	220 <sup>(1)</sup>	220 <sup>(1)</sup>

Note 1: in addition to the cash on hand the Company has access to further working capital through realisation of the Company's investments in listed securities. At the end of the quarter, the Company investments in listed securities had a market value of \$3.729 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	80
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	68,881
- Directors' superannuation	5,119
- Legal fees paid to Landerer & Company ( J Landerer)	5,958

**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 31 December 2009 (see note to paragraph 1.22 above)	3,729	N/A

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	275
4.2 Development	-
<b>Total</b>	<b>275</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	186	333
5.2 Deposits at call	34	33
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>220</b>	<b>366</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	ML 3759 Beer & Dawson	Mining lease covering an area of 0.08 sq kms was assigned on 06 October 2009.	100%	0%
	ML 50098 Yorkey's Extended	Mining lease covering an area of 1.00 sq kms was assigned on 06 October 2009.	100%	0%
	ML 50153 Malachi 2	Mining lease covering an area of 0.28 sq kms was assigned on 06 October 2009.	100%	0%

+ See chapter 19 for defined terms.

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

6.2	Interests in mining tenements acquired or increased	N/A	N/A	N/A	N/A

**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	8,000,000	-	5.0 cents	31 January 2010
		8,000,000		7.5 cents	31 January 2010
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	90,417,809	90,417,809	10.0 cents	31 October 2009
	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: 28 January 2010

Print name: P S 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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+ See chapter 19 for defined terms.