Goldsearch

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31 January 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 31 December 2012

Enclosed for release to the market is the Company's activity report for the quarter ended 31 December 2012 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

Goldsearch

www.goldsearch.com.au

Quarterly Activity Report
for the quarter ended 31 December 2012

Highlights

Mary Kathleen Joint Venture
(Goldsearch Limited 30%, Chinalco Yunnan Copper Resources Limited 70%)

Elaine Prospect
- Metallurgical testwork commences at Elaine prospect.
- Correlation along Mary Kathleen shear between EH4 geophysical anomalies and MKED036 intersections at Elaine.

Mount Frosty Prospect
- Strong soil copper anomalies in Blue Caesar and Jubilee.
- Blue Caesar anomaly continues southeast to join the Elaine copper-gold resource soil copper anomaly.

Musgrave Minerals Limited (MGV)
(Goldsearch Limited 7.17% shareholding in MGV)
- Infill drilling completed at Deering Hills.
- RC Drilling program commences at Menninnie Dam Project.

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MARY KATHLEEN JOINT VENTURE
(GSE 30% CYU 70%)

Summary

During the quarter, Goldsearch Limited (GSE) and Chinalco Yunnan Copper Resources Ltd (CYU) continued to advance exploration in northwest Queensland with the drilling of a regional target at Elaine 2 and the commencement of metallurgical testwork at the Elaine1 27.7million tonne inferred resource.

Additional exploration programs were also undertaken at Mount Frosty north of Elaine at the Jubilee and Blue Caesar prospects.

Elaine prospect

MKED035 was drilled 1 kilometre (km) south-east of the Elaine 1 copper-gold resource at a previously identified copper gossan outcrop at Elaine 2. MKED035 was designed as a regional drillhole targeting a potential trap site along the Mary Kathleen shear zone.

A vertical diamond MKED036 drilled down the centre of the main resource body at Elaine 1 was completed in December 2012. MKED036 was designed to test the main mineralised zone to 800 metres (m) and obtain samples for metallurgical testwork to increase confidence and review the economics of the deposit.

Assay results for copper-gold are highlighted by 49m grading 0.80% copper and 0.06 grams per tonne (g/t) g/t gold from 231m including 22m grading 1.24% copper and 0.10g/t gold from 232m in MKED036. This intersection is contained within the broad sulphide mineralised zone of 167m grading 0.5% copper and 0.05g/t gold from 231m that was selected for metallurgical testwork.

Both holes intersected significant uranium-thorium-REE mineralisation presented in **Table 1**, highlighted by MKED036 intersecting **6m grading 207 parts per million (ppm) uranium oxide, 813ppm thorium oxide and 4,938ppm total rare earth oxides** from 638m including **3m grading 366ppm uranium oxide, 1,472ppm thorium oxide and 7,185ppm total rare earth oxides** from 640m and **10m grading 107ppm uranium oxide, 330ppm thorium oxide and 2,490ppm total rare earth oxides** from 712m including **2m grading 371ppm uranium oxide, 1,132ppm thorium oxide and 6,760ppm total rare earth oxides** from 717m.

A lower cut-off of 1,000ppm total rare earth oxides (TREO) was utilised for MKED035 to highlight a difference in the portion of light rare earth elements (LREE) and heavy rare earth elements (HREE). Both the historic Mary Kathleen Uranium Mine and the Elaine 1 uranium-rare resource rare earth mineralisation are comprised of >95% LREE dominated by cerium, compared to ~80% LREE in MKED035 at the Elaine 2 prospect. Typically concentrations of HREE are seen to increase closer to the primary source of the mineralised fluids. This trend is also evident from 801m in MKED036 with the proportion of HREE increasing with depth.

Table 1: Significant U_3O_8-ThO_2-REO intersections at 150ppm U_3O_8, 250ppm ThO_2 and 1500ppm TREO cut-off with max 3m internal dilution

Hole_ID	mFrom	mTo	Width	U_3O_8 ppm	ThO_2 ppm	TREO* ppm	LREO** (%)	HREO*** (%)	Cut-off
MKED035	3	5	2	8	22	1,093	**71**	**29**	
MKED035	12	16	4	8	57	1,107	**76**	**24**	
MKED035	18	20	2	7	7	1,012	**76**	**24**	
MKED035	24	25	1	8	9	1,074	**78**	**22**	
MKED035	27	33	6	8	34	1,066	**79**	**21**	
MKED035	60	61	1	9	59	1,185	**83**	**17**	**1,000ppm TREO**
MKED035	65	66	1	9	20	1,062	**81**	**19**	
MKED035	106	107	1	8	52	1,134	**82**	**18**	
MKED035	120	129	9	8	41	1,028	**78**	**22**	
MKED035	138	139	1	9	22	1,233	**85**	**15**	
MKED035	146	147	1	9	30	1,020	**78**	**22**	
MKED036	386	387	1	52	161	1,586	99	1	
MKED036	390	393	3	36	258	2,562	98	2	
MKED036	424	425	1	88	318	2,057	97	3	
MKED036	449	452	3	11	58	1,527	93	7	
MKED036	462	466	4	15	100	2,444	93	7	
MKED036	469	472	3	19	73	2,282	96	4	
MKED036	563	567	4	149	464	2,982	95	5	
inc	563	565	2	230	717	4,798	99	1	
MKED036	574	575	1	24	94	1,613	95	5	
MKED036	606	608	2	119	377	3,046	96	4	
MKED036	625	627	2	85	295	2,120	95	5	
MKED036	**638**	**644**	**6**	**207**	**813**	**4,938**	**97**	**3**	
inc	**640**	**643**	**3**	**366**	**1,472**	**7,185**	**98**	**2**	**150ppm U_3O_8**
inc	**642**	**643**	**1**	**472**	**2,276**	**11,696**	**99**	**1**	**1% TREO**
MKED036	653	657	4	48	183	1,608	95	5	
MKED036	661	667	6	51	164	2,014	94	6	
MKED036	676	677	1	88	323	2,727	96	4	
MKED036	682	684	2	27	65	1,914	95	5	
MKED036	692	694	2	20	143	1,823	93	7	
MKED036	698	699	1	16	52	1,644	94	6	
MKED036	**712**	**722**	**10**	**107**	**330**	**2,490**	**92**	**8**	
inc	**716**	**719**	**3**	**295**	**905**	**5,650**	**99**	**1**	**150ppm U_3O_8**
inc	**717**	**719**	**2**	**371**	**1,132**	**6,760**	**99**	**1**	**1,000ppm ThO_2**
MKED036	801	802	1	19	88	1,607	**90**	**10**	
MKED036	813	814	1	33	101	1,624	**90**	**10**	
MKED036	816	817	1	36	108	1,524	**88**	**12**	
MKED036	832	833	1	34	211	643	**81**	**19**	**200ppm ThO_2**

* Total rare earth oxides = all rare earth elements + Sc/Y ** Light rare earths = Ce, La, Nd, Pr, Sm, Eu, Gd *** Heavy rare earths = Dy, Er, Ho, Lu, Tb, Tm, Yb +Sc/Y

Age dating was undertaken as part of a 2012 JCU Honours Thesis on the Elaine copper-gold prospect. A comparison of three dating methods returned an age range of 1529 ±6 Ma to 1524 ±9 Ma. This timing is contemporaneous with the timing of copper-gold mineralisation deposition throughout the Eastern Succession and related to the granitic intrusive phase of the William & Naraku Batholiths. Granitic intrusions of this age have not been identified from surface programs within the project, with all granites in the area from older intrusive events. CYU is defining the Mary Kathleen Shear Zone, as an important major pathway for mineralised fluids from a deep seated source.

Metallurgical samples to measure copper and gold recovery rates within the Elaine 1 27.7Mt copper-gold inferred resource were selected from three zones of typical mineralisation in MKED036 characterised by high grade copper mineralisation and low-moderate grade mineralisation. Check assaying of zones sampled confirm the significant broad sulphide mineralisation zone identified and targeted for testwork sampling. A fourth zone of high grade gold and copper mineralisation was also selected from MKED023.

Each zone comprises a composite sample varying in width from 6 – 8 metres. Intervals and length weighted average for each zone is outlined in **Table 2**. Each sample will be blended into a master bulk composite averaging 0.79% copper and 0.34g/t gold that will be used for the recovery testwork. A split of each zone has also been retained for further individual zone testwork if required.

Table 2: Metallurgical sample zones MKED023 and MKED036

Hole_ID	mFrom	mTo	Width	Gold (g/t)	Copper (%)	Comment
MKED023	462	470	8.0	1.07	1.26	LWA
MKED036	234.6	243	8.4	0.18	1.25	LWA
MKED036	492	498	6.0	0.06	0.24	LWA
MKED036	638	644	6.0	0.05	0.42	LWA
				0.34	**0.79**	

An EH4 geophysical survey previously carried out on an 800m long line run approximately 120m south-west of MKED036 and along the interpreted trend of the Mary Kathleen Shear Zone **(Figure 1)** identified strong resistivity lows defining the biotite schist/shear zone as modelled by MDA in the Elaine 1 resource estimate **(Figure 3)**. MKED036 was extended beyond 800m to 896.96m in depth to test the continuity and depth extent of >1.2km resistivity low geophysical anomalies defined by the EH4 survey. Good correlation was observed between the EH4 anomalies and sulphide mineralisation intersected off-section in MKED036 **(Figures 2 & 3)**.

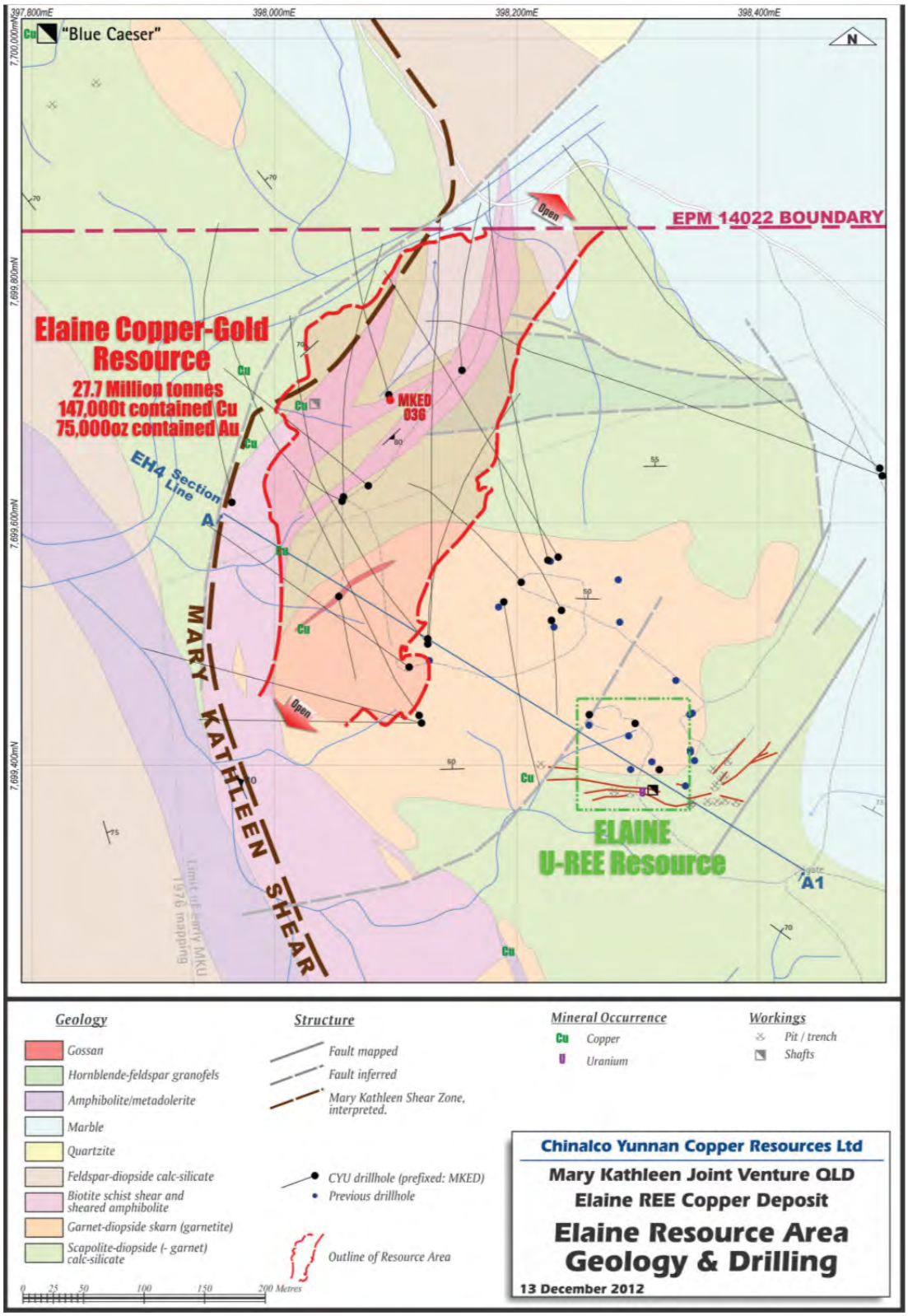


Figure 1: Elaine prospect – resource area, MKED036 drillhole location and EH4 section location plan

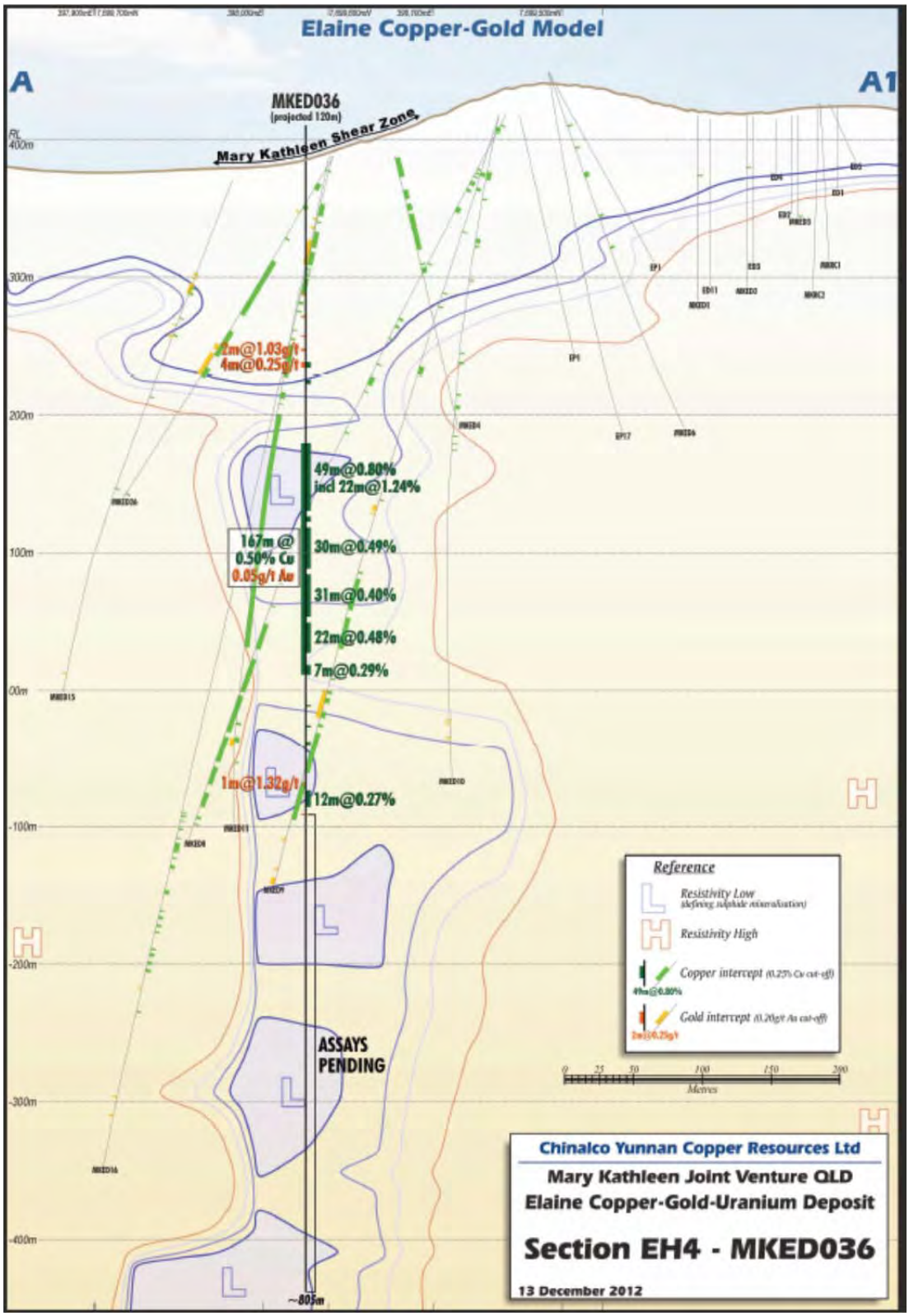
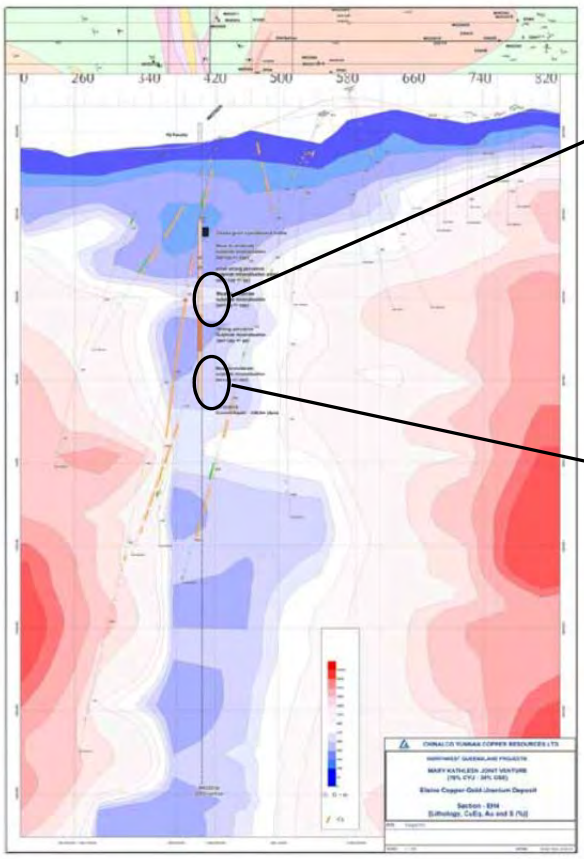
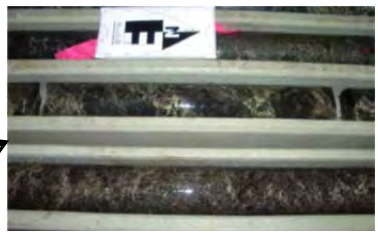
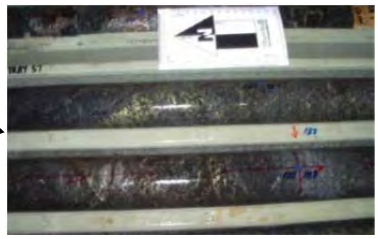


Figure 2: Schematic section MKED036 projected onto EH4 section situated 120m south-west of hole





MKED036 – ~188m - Elaine copper-gold resource – patchy disseminated sulphide mineralisation dominated pyrrhotite + chalcopyrite +/- pyrite



MKED036 – ~240m - Elaine copper-gold resource – pervasive sulphide mineralisation, sulphide breccia - dominated pyrrhotite + chalcopyrite +/- pyrite – co-incident with resistivity low EH4 anomaly

Figure 3: EH4 section. Blue areas represent resistivity lows of potential sulphides supported byMKED036 diamond drill intersecting sulphide mineralisation. White represents moderate resistivity units characterised by the biotite schist associated with the Mary Kathleen Shear Zone.

Following the Queensland government announcing on 22 October 2012 its lifting of the uranium mining ban, CYU and GSE commenced a review of the uranium potential at Elaine. The Elaine prospect contains a previously released one metre intercept of 58,960ppm uranium oxide (U_3O_8) and 4,047ppm total rare earth oxides (TREO) from 508m. This intercept is within the previously released MKED009 of 30m grading 2,937ppm U_3O_8, 6.7g/t gold and 741ppm molybdenum.

MOUNT FROSTY JOINT VENTURE
(MARY KATHLEEN JOINT VENTURE PARTNERS EARNING IN 75%: XSTRATA COPPER 100%)

CYU signed a binding agreement in 2012 with Xstrata Mount Isa Mines Limited ("Xstrata Copper") to commence exploration activities on the Mount Frosty project (EPM 14467) covering the Mary Kathleen Shear Zone. GSE has the opportunity to continue its joint venture obligations to earn 30% of the 75% being earned in the Mount Frosty joint venture.

During the quarter, following a detailed review of the historical exploration data, CYU and GSE commenced regional and prospect scale geology and geochemical field programs targeting the Mary Kathleen Shear Zone. Two prospective areas, Blue Caesar and Jubilee, are in close proximity to the current resource base at Elaine.

Mapping undertaken concentrated on the ~12km strike length of Mary Kathleen shear zone (1:5000) and a secondary copper-gold prospect at Jubilee identified for follow up work.

A 1.4km x 1.1km hand held XRF soil sampling program for a total of 532 readings was undertaken at the Blue Caesar prospect and an 800m x 300m program for a total of 336 readings was conducted at the Jubilee prospect.

Both programs returned strong soil copper anomalies with Blue Caesar returning a ~1km northwest trending >200ppm copper anomaly with peak values returned of 5,955ppm copper **(Figure 4)**. The Jubilee program returned a ~780 metre north-south trending >200ppm copper anomaly with peak values returned of 21,380ppm copper from an old mine spoil dump **(Figure 5)**. The Blue Caesar anomaly continues to the south-east where it joins the Elaine copper-gold resource soil copper anomaly.

Follow up prospect scale mapping and further reconnaissance sampling is underway targeting areas of co-incident magnetic, VTEM and the areas of interest identified.

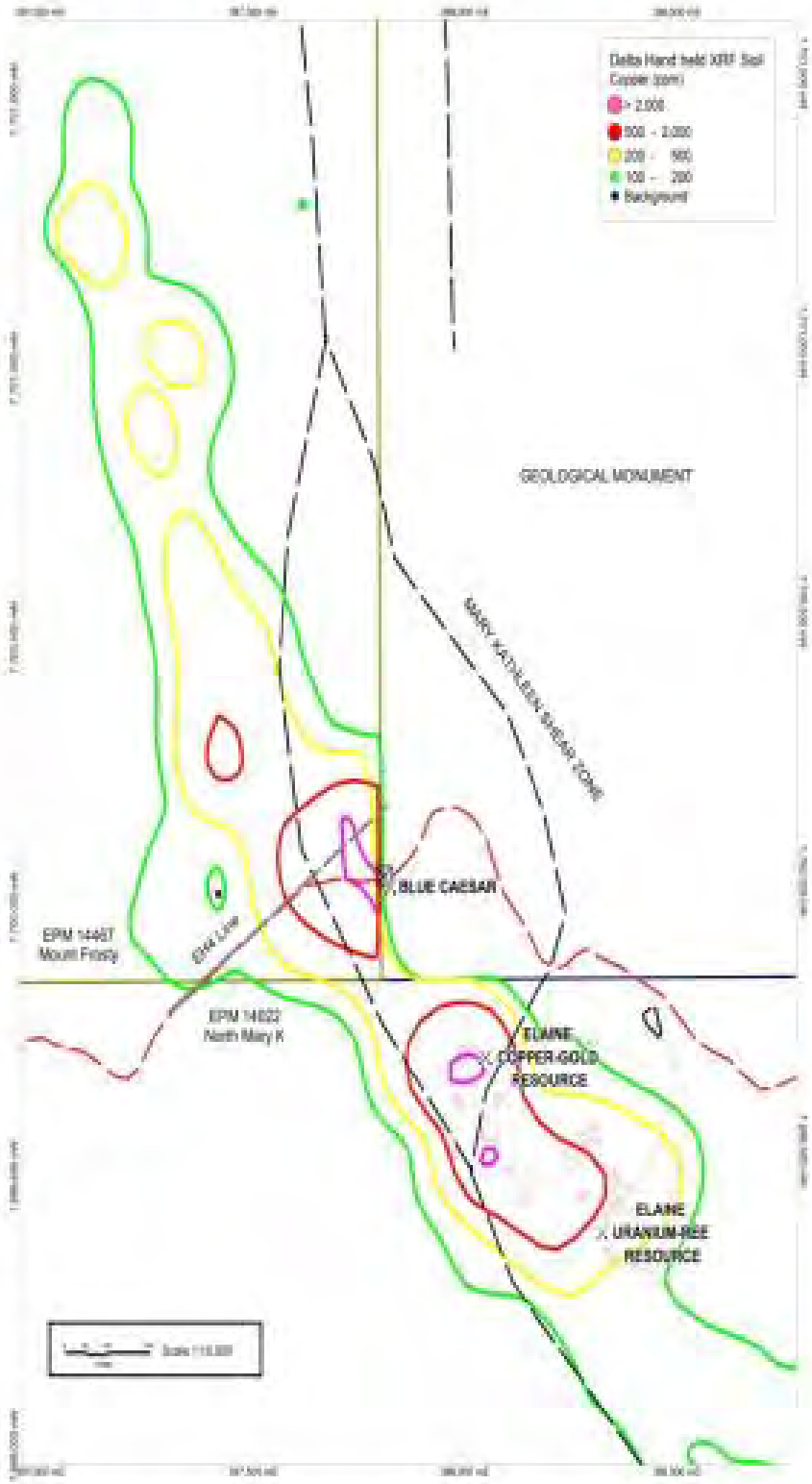


Figure 4: Mount Frosty joint venture project – Delta XRF soil program – Blue Caesar

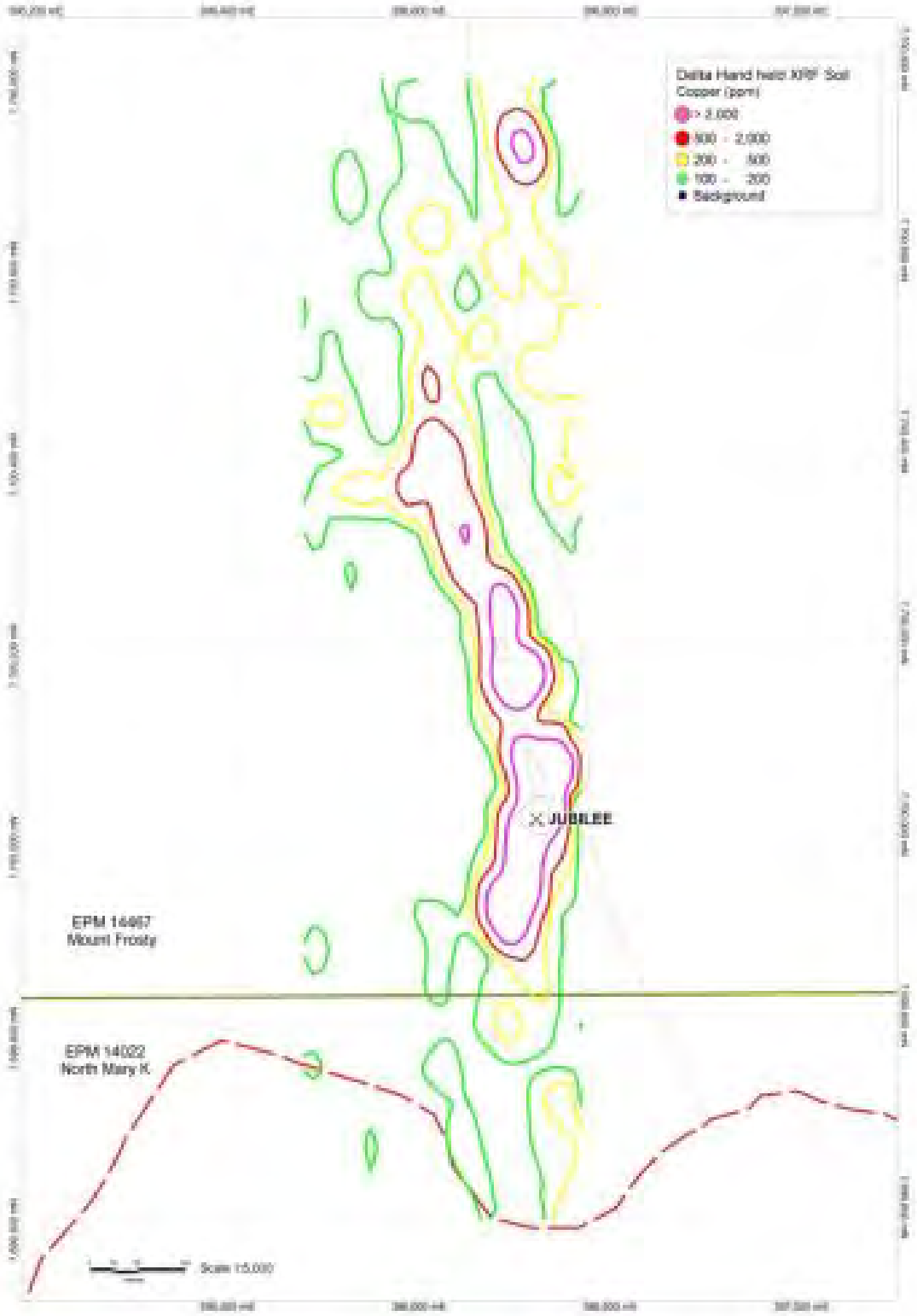


Figure 5: Mount Frosty joint venture project – Delta XRF soil program – Jubilee

MUSGRAVE MINERALS (ASX:MGV)
(GSE 7.17% shareholding in MGV)

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

During the quarter, MGV 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.

New project acquired – Menninnie Dam

- Musgrave enters agreement with Australian base metals producer to earn up to 75% in the Menninnie Dam silver-zinc-lead project in South Australia covering nearly 2,500km2 in Gawler Craton.
- Well defined existing resource with potential to extend and upgrade through testing of new silver-zinc-lead targets in close proximity.
- Untested high quality drill targets outlined outside the existing resource area.
- Significant untested silver potential – The Menninnie Dam Project is located approximately 20km from the recent Paris silver discovery.
- Work approvals received and reverse circulation (RC) drilling commenced at Phone Hill and Mannequin targets.
- First drilling on project since 2008.

Musgrave Region

- 12,000m vacuum drill program 80% complete over nickel-copper-PGE geochemical targets at Deering Hills.
- New VTEM survey has identified high priority targets at Deering Hills for follow-up.
- New high priority nickel-copper VTEM targets identified at Mt Woodroffe.

Upcoming plans

- Recommence RC drilling at Menninnie Dam.
- Surface silver geochemical sampling program to commence in February.
- Follow-up of VTEM targets at Deering Hills and Mt Woodroffe.

MOUNT WELLINGTON
(GSE 100%)

The Mount Wellington project is centred 20km south-east of Jamieson and 10km east of the Woods Point gold mining centre in eastern Victoria. The project now consists of two granted ELs and one ELA. Goldsearch is continuing looking to farm-out the project to other parties.

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 Willsteed, BE (Min) Hons, BA, FAusIMM as a Competent Person for Goldsearch Limited. Mr Willsteed consents to the inclusion in this report of these matters based on their information in the form and context in which it appears.

Rule 5.3

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 2012

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	(74)	(502)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(96)	(192)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		2	5
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other		-	-
	Net operating cash flows		(168)	(689)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	(3)	(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)		-	-
	Net investing cash flows		(3)	(4)
1.13	Total operating and investing cash flows (carried forward)		(171)	(693)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(171)	(693)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	110	760
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	(4)	(15)
	Net financing cash flows	106	745
	Net increase (decrease) in cash held	(65)	52
1.20	Cash at beginning of quarter/year to date	352	235
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter (see Note 1 below)	287	287

Note 1: In addition to the cash on hand the Company has access to further working capital through realisation of its investments in listed unrestricted securities. At the end of the current quarter, the Company's investments in listed securities had a market value of $551,227 and the Company has a further $690,900 of listed securities restricted until 29 April 2013. Furthermore the Company recently issued a prospectus for a one for one non-renounceable rights entitlement issue. Acceptances close on 5 February 2013 and directors have the right to place any shortfall in acceptances for a period of three months after the closing date.

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	25
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 22,936
- Directors' superannuation 2,064

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 December 2012, the Company has a further $690,900 of listed securities restricted until 29 April 2013. The Company is also in the process of a non-renounceable rights entitlement issue which closes on 5 February 2013 (see note to paragraph 1.22 above),	551	N/A

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	275
4.2	Development	-
4.3	Production	-
4.4	Administration	175
	Total	450

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	258	325
5.2	Deposits at call	28	27
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (see note to item 1.22)	286	352

Changes in interests in mining tenements – no changes during the quarter

		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.

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 *(description)*	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	533,276,517	533,276,517	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	+Convertible debt securities (*description)*	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	22,250,000	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 quarte				
	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 *(totals only)*	Nil	N/A		
7.12	Unsecured notes *(totals only)*	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: 31 January 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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+ See chapter 19 for defined terms.