Goldsearch

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19 October 2007

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

Via ASX Online   Number of pages – 71

Dear Sir,

Re: Annual report and notice of annual general meeting

Enclosed for release to the market is the 2007 annual report of Goldsearch Limited together with notice of annual general meeting, proxy form and annual report election notice which is being mailed to shareholders.

We advise that the 2007 annual general meeting of the members of the Company will be held in the Sir James Fairfax Room at the Radisson Plaza Hotel, 27 O'Connell Street, Sydney on Thursday 22 November 2007 at 11am

For and on behalf of the directors of
Goldsearch Limited

P S Hewson
Secretary

GoldSEARCH

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19 October 2007

Dear shareholder

Enclosed with this letter are the following important documents for your attention:

- **Annual report** for the financial year ended 30 June 2007 which includes a review of the Company's financial position and exploration activities.

- **Notice of annual general meeting** which is to be held in the Sir James Fairfax Room of the Radisson Plaza Hotel, 27 O'Connell Street, Sydney on Thursday 22 November 2007 at 11:00am.

- **Proxy Form** which you are encouraged to complete and return in the enclosed reply-paid envelope if you are unable to attend the annual general meeting in person. Please note that completed proxies are to be received by the Company no later than 11:00am on Tuesday 20 November 2007.

- **Annual report election notice** in relation to future annual reports.
  The production, printing and mailing of annual reports is an expensive process for listed public companies. To minimise the cost of this process, and to reduce the environmental impact of producing printed copies, your directors have elected to adopt the recent legislative changes which allow companies to mail out printed copies of their annual reports only to those shareholders who have specifically requested to receive them. The alternative for all shareholders is to view or download a copy of the annual report from the Company's web site **www.goldsearch.com.au** and, if an email address is provided, to receive email notification when the annual report is available on-line.

  If you wish to continue to receive a printed copy of the annual report, or if you wish to provide your email address for electronic notification when the annual report is available, please complete and return the election notice in the enclosed reply-paid envelope; Otherwise please follow the instructions in the notice for accessing the annual report on-line.

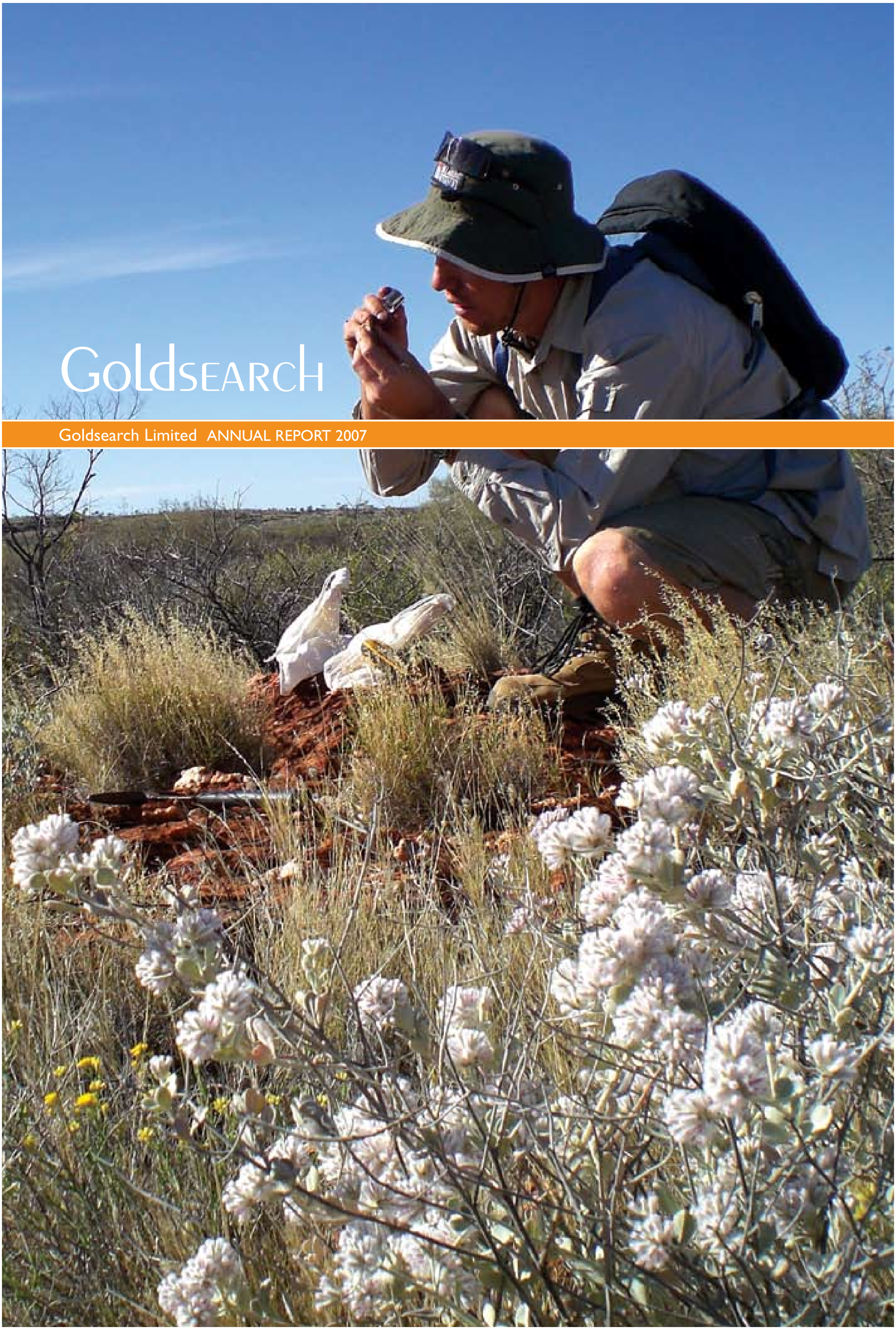
I look forward to meeting with you at the annual general meeting on 22 November 2007.

Yours sincerely

John Landerer CBE AM
Chairman

Goldsearch

Goldsearch Limited ANNUAL REPORT 2007



ANNUAL GENERAL MEETING

The 2007 annual general meeting of the members of GoldsearchLimited will be held in the Sir James Fairfax Room, Radisson Plaza Hotel, 27 O'Connell Street, Sydney on Thursday 22 November 2007 at 11.00am. A formal notice of meeting and proxy form is enclosed separately with this report. Light refreshments will be served at the conclusion of the meeting.

CORPORATE CALENDAR

Year end	30 JUNE
Annual accounts	MID SEPTEMBER
Annual report	MID OCTOBER
Annual general meeting	MID NOVEMBER
Quarterly reports	31 JANUARY, 30 APRIL 31 JULY, 31 OCTOBER
Half-year report	LATE FEBRUARY

CONTENTS

(Notice of annual general meeting and proxy form enclosed)

GoldSEARCH

About Goldsearch

Goldsearch Limited is an Australian public company listed on the Australian Securities Exchange Limited.

We have adopted the following strategic objectives and policies:

- To undertake grass-roots exploration in Australia with the aim of discovering commercial deposits of minerals and precious metals.
- To form working partnerships with Aboriginal Australians for exploration and mining on native title lands, and to assist Aboriginal partners in setting up and maintaining their share in these partnerships.
- To attract joint venture partners able to contribute their experience and skills and share exploration costs so as to maximise value for shareholders.
- To adopt best practices in environmental and community responsibilities.
- To adopt best practices in exploration methods.
- To identify and develop mineral assets and mining operations at an advanced stage of project development that provide rewards commensurate with the high risks inherent in exploration and mining activities. ■

GoldSEARCH

Your directors thank you for your continuing support and it is to be hoped that your patience and financial support will be well rewarded. Goldsearch, after 12 years of patient waiting is about to explore the Musgrave Block and we are hoping for a strong and prosperous year.

We look forward to meeting with you at our annual general meeting on 22 November 2007.

John Landerer CBE AM
Chairman, 19 October 2007

Chairman's statement

Your Company is well positioned from its funding position, which has never been so strong; major committed joint venture partners; and some exciting ground with good exploration potential to reach new levels over the coming year.

The past year has been one of substantial progress in all the Company's areas of operations.

Achievements for the year include:

- The completion of joint venture negotiations with BHP Billiton Minerals Pty Ltd and Independence Group NL on the Musgrave Block South Australian base metal tenements;
- Agreement with the local Aboriginal elders from the APY to explore in their lands at the East Musgrave Block;
- Drilling and sampling at the Mary Kathleen uranium and rare earth prospect in Queensland;
- Cloncurry area Queensland – joint venture agreement finalised with Queensland Mining Corporation Limited;
- Mary Kathleen, Queensland – copper targets identified as well as uranium;
- St Arnaud, Victoria – the sale of the Company's joint venture interest to Rex Minerals Limited;
- Mount Wellington, Victoria – tenement substantially upgraded by new in-depth report on the project's exploration potential; and
- Successful underwriting of the exercise of the Company's quoted options which expire on 31 October 2007 to raise $4.5 million.

We concluded negotiations with BHP Billiton Minerals Pty Ltd (BHPB) and Independence Group NL (IGO) to joint venture our Musgrave Block tenements which is potentially the most significant agreement in the Company's history. The joint venture between Goldsearch, IGO and BHPB on these tenements has been very rewarding with the issue of 200,000 IGO fully paid shares to Goldsearch as part of the completed package. These shares had a market value as at 17 September 2007 of $1,208,000. The joint venture has secured a major funding partner in BHPB with $25 million to be spent on the tenements for BHPB to earn a 65% interest. The Musgrave Block tenements have been the Company's cornerstone exploration area for many years. The first two tenement applications are about to be awarded by the South Australian Mines Department and IGO, as the manager of the joint venture, has already prepared a significant exploration program centred on the 1970's Wanka Wanka Hill drill holes, which indicated that possible nickel sulphide mineralisation may be present.

At the Mary Kathleen project in the Cloncurry District Queensland we have continued with low impact exploration in order to further define potential future drill targets. These tenements were issued under the Queensland Government's 'low impact' regulations and as such tracks cannot be built to the more attractive drill targets as yet. Goldsearch has applied to have this restriction removed and have the tenements re-classified as 'high impact'. This is taking more time than originally expected but is expected to occur in time for a drilling program to commence during the first half of 2008. In the interim we have extended our sampling program to other target areas and have concentrated on the possible occurrence of copper similar to the nearby discoveries at Kalman by Kings Minerals NL and at Rocklands by Cudeco Limited.

The Duck Creek tenements have been joint ventured to recently formed Queensland Mining Corporation Limited, which has extensive interests in the area.

The Yorkeys and Beer and Dawson tenements are presently being assessed by a private company for purchase.

In Victoria, the Company recently completed the sale of the St Arnaud tenement to Rex Minerals Limited. Also in Victoria, further work by our geological consultants has re-interpreted the data available, which indicates the Mount Wellington area offers a very much larger target than originally anticipated. The other Victorian tenements at Sandy Creek are being re-evaluated after a disappointing drill program which was unable to reach the target gold mineralisation because of difficult hard-rock drilling conditions.

The Company is currently in a sound financial position with over $7 million in cash, receivables, listed and unlisted investments, including holdings in Independence Group NL, Queensland Mining Corporation Limited and Rex Minerals Limited which together had an assessed value in excess of $1,500,000 over book value as at 17 September 2007. The directors are conscious of the demands for expenditure and have taken action (as evidenced by the underwriting of the exercise of the options which expire on 31 October) to maintain an appropriate level of working capital to ensure adequate funding is available for current and developing opportunities.

The Company's main objective is to continue to add tenements and projects with early cash flow potential to its resource base while the gold and resource markets are attracting investor interest. The Company is fortunate to have a portfolio of prospective tenements which have proved to be attractive to others. This provides the opportunity to negotiate joint ventures, which are expected to be of significant value to shareholders in the future. As a relatively small exploration company your directors are conscious of the significant costs of 'go-it-alone' exploration and welcome the funding and experience other companies can offer to enhance our overall exploration effort. Full details of the Company's exploration activities are described in the following Review of Operations.

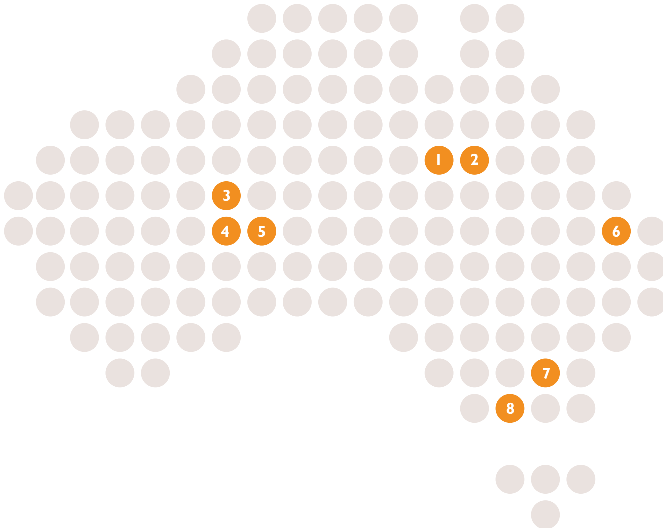
Internationally the resource sector has had a very strong year with commodities in general being well priced and in many cases reaching levels never experienced before. This strength has mainly been due to the growth and demand from the Asian economies and most notably China. ■

Regional exploration on Goldsearch's NT Musgrave Project

Goldsearch

Goldsearch Limited project locations

1 Mary Kathleen
2 Duck Creek
3 NT Musgrave
4 SA Musgrave (BHPB/IGO)
5 SA Musgrave (IGO)
6 Yorkeys
7 Sandy Creek
8 Mount Wellington



Review of operations

New opportunities are constantly being reviewed with a view to both the generation of new projects and increasing Goldsearch's position around existing priority projects.

Goldsearch is currently exploring for high-grade gold, base metals and uranium deposits in eastern Australia and for nickel in central Australia through joint venture at its Musgrave Project. Goldsearch-managed projects are currently focussing on under-explored portions of well endowed mineral belts in Queensland and Victoria.

During the year significant advances were made at a number of the Company's exploration projects. Most significantly, at the Musgrave joint venture project, a major nickel exploration program is expected to commence by the end of 2007, more than 10 years after the original exploration licence applications were lodged.

Significant progress was also made at a number of other projects despite some unexpected permitting delays. These routine matters are close to being finalised and will allow Goldsearch to make significant progress at all of its priority, self-managed projects during the 2008 financial year.

Exploration philosophy

Goldsearch is constantly reviewing the investment of its exploration expenditure as new geological information is accumulated at its projects. Goldsearch continues to focus on short lead-time, high priority exploration targets.

In line with Goldsearch's focussed exploration strategy, and following detailed exploration assessment, a number of projects have been divested or relinquished through the year.

New opportunities are constantly being reviewed with a view to both the generation of new projects and increasing Goldsearch's position around existing priority projects.

Heath Hellewell
Exploration Manager

19 October 2007

QUEENSLAND – MOUNT ISA / CLONCURRY REGION

MARY KATHLEEN PROJECT, QUEENSLAND (Goldsearch 75%)

Goldsearch is exploring for Mary Kathleen style uranium deposits and copper/gold deposits in the highly prospective Mount Isa Inlier, North Queensland. The project area is located to the north and south of the former Mary Kathleen mine between Mount Isa and Cloncurry and is comprised of three granted tenements, EPM 14019, EPM 14022 and EPM 15257 covering a total area of approximately 160 square kilometres. Goldsearch has a 75% interest in this project, the other 25% is held by Central West Gold NL.

Goldsearch is currently going through the expedited native title process with respect to both EPM 14019 and EPM 14022 in order to have a 'low impact' exploration only condition removed from both permits. Both EPMs were granted as 'low impact' tenements under Queensland's Alternative State Procedures which were in place at the time of granting. Currently Goldsearch is restricted to 'low impact' exploration, which does not allow the clearing of new access tracks for drill rig access.

Goldsearch is currently undertaking 'low impact' geochemical and geophysical exploration at a number of targets in order to define targets for drilling once the 'low impact' only condition is removed.

Uranium exploration

Mineralisation at the Mary Kathleen mine is hosted in metamorphosed calcareous sediments of the Corella Formation proximal to the Burstall Granite, an upper plate granite with elevated uranium levels. Key factors in targeting further uranium mineralisation are the regional faults intersecting the reactive Corella Formation lithologies and an associated source granite.

Goldsearch has a priority target at Elaine Dorothy, six kilometres south of Mary Kathleen, on the trace of the Mary Kathleen Syncline.

The Elaine Dorothy target area is a distinct uranium anomaly in the airborne radiometric data. Limited drilling at this prospect by Mary Kathleen Uranium, the operators of the former mine during the late 1950's, intercepted high-grade Mary Kathleen-style mineralisation in Corella Formation rocks.

Goldsearch completed a small program of confirmation drilling in December 2006. This program confirmed the existence of the mineralised zone which extends over at least 500 metres in strike. Better results in the previous historic drilling include 2.3 metres at 0.262% U3O8 from 26 metres in hole ED2, 9.5 metres at 0.036% U3O8 from 13.5 metres in hole ED4 and 2 metres at 0.134% U3O8 from 100 metres in hole ED11. Best results from the four holes drilled by Goldsearch was1metre at 0.047% U3O8 and 0.988% Rare Earth Oxides from 83 metres in hole MKRC4 (centre diagram opposite).

At the MacGregor target previous drilling of a coherent, surface scintillometer anomaly intercepted a thick black shale unit of the White Blow Formation. The shale returned anomalous uranium counts (up to 52 parts per million [ppm] uranium) over its entire drill intercepted width. A number of structural targets within this shale unit are being assessed. Surface prospecting of the target area defined a zone of structurally controlled oxide copper mineralisation hosted by the prospective black shale sequence. It is proposed to test this zone at depth as part of forthcoming drilling programs.

Gold / copper exploration

Goldsearch is targeting Ernest Henry/ Olympic Dam style iron oxide copper gold (IOCG) and Tick Hill style ironstone-hosted gold deposits within its tenements. Nearby definition drilling is being undertaken on a similar style of copper, gold, molybdenum, uranium mineralisation discovered at the Kalman prospect by Kings Minerals NL. Work is also targeting large shear-hosted sulphide copper deposits and their oxidised equivalents similar to the nearby Rocklands/Double Oxide project where resource definition drilling is being undertaken by Cudeco Limited.

Regional geochemical sampling has been completed over three priority target areas during the year with a total of 1,139 soil geochemical samples collected.

At the Prince of Wales target geochemical sampling has defined a geochemical trend anomalous in copper (up to 6220 ppm)

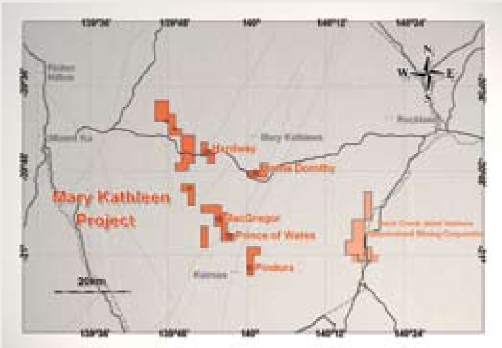
Auger geochemical sampling

Mary Kathleen Uranium Mine

and weakly anomalous in gold (up to 166 parts per billion [ppb]) over a strike length of 2.6 kilometres. The target area is located at the junction of the Pilgrim and Fountain Range Fault Zones, two of the most significant structures in the central Mount Isa Block.

Previous small scale mining at the Prince of Wales mine produced copper and gold from iron oxide altered Corella Formation rocks and massive iron stones. Two prominent magnetic anomalies underlie the geochemical trend, which is also defined by a trend of minor ironstone outcrops. A large mass of hydrothermal iron oxide outcrops immediately south of the tenement area at Mount Phillip. Previous exploration by other explorers has defined a resource of 4 million tonnes [t] at 36.6% iron at the Mount Phillip prospect. The large mass of hydrothermal iron oxide alteration at nearby Mount Philip is similar to massive zones of hydrothermal iron oxide associated with other large deposits of the IOCG style. Similarly a number of large granitic intrusive complexes are present in the area which is on the margin of a regional gravity anomaly.

At Pindora, sampling has defined a mineralised trend over approximately 8 kilometres with peak assay results up to 5480 ppm copper and 132 ppb gold. The trend is defined in the south of the tenement area by a number of shallow mines which exploited oxide copper mineralisation from a wide shear zone. In the north of the tenement area the



Goldsearch Limited, Mary Kathleen project location and exploration target areas.

Elaine Dorothy prospect simplified geology and drill hole plan (showing hole traces).

Prince of Wales and Pindora targets, areas of elevated copper geochemistry (>100ppm copper) highlighted in red. Background is regional magnetics draped over gravity.

trend is obscured by shallow transported cover. The mineralised trend at Pindora is located 3.5 kilometres east of the Kalman deposit and is sub-parallel to the Pilgrim Fault Zone which hosts this mineralisation.

At the Hardway target, geochemical sampling defined a zone of anomalous copper geochemistry with results up to 2430 ppm copper.

Within the zone a number of small historic mines have exploited oxide copper mineralisation from a wide zone of shearing in Corella Formation rocks at the margins of the Hardway Granite.

DUCK CREEK PROJECT, QUEENSLAND (Goldsearch diluting to 25%)

The Duck Creek project lies on the eastern limb of the Duck Creek Anticline approximately 30 kilometres south-west of Cloncurry and is underlain by a sequence of Proterozoic agglomerates and pillow basalts of the Marraba Volcanics which are unconformably overlain by the Mitakoodi Quartzite.

The Duck Creek area is heavily mineralised with over 70 individual known occurrences of oxide copper mineralisation. Previous sampling by Goldsearch has yielded high-grade gold and oxide copper assays from numerous of these mineral occurrences.

During the year Goldsearch entered into a joint venture agreement with Queensland Mining Corporation (QMC) (formerly North Queensland Mines) over its Duck Creek project. QMC can earn 70% in the project by issuing Goldsearch 1,000,000 shares and up to 4,500,000 options (depending on certain exploration outcomes) and by spending $850,000 on exploration prior to 15 May 2008.

QMC has been aggressively building a portfolio of projects targeting significant oxide copper resources in the Cloncurry region.

VICTORIAN PROJECTS

MOUNT WELLINGTON, VICTORIA (100% Goldsearch)

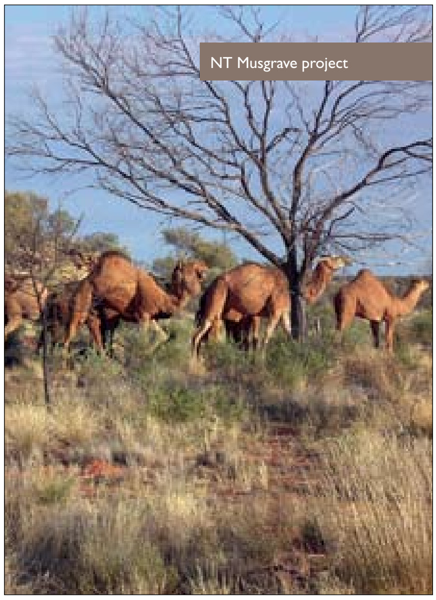
The Mount Wellington project is located 20 kilometres south-east of the town of Jamieson and 25 kilometres north-east of the Woods Point gold mining centre in eastern Victoria. The project consists of granted EL 4843 and application ELA 4835 which cover a combined 183 square kilometres of State Forest.

Hill 800 Significant historical drilling results

Hole ID	East (GCA94 zone 55)	North (GDA94 zone 55)	Intercept	Gold [g/t]	From (m)	To (m)
HEC1	444767.21	5868594.33	33	4.30	0	33
HEC8	444779.04	5868580.88	27	1.83	0	27
HEC13	444783.07	5868670.54	13	10.88	0	13
INCL.			3	38.76	0	3
HEC18	444810.24	5868737.51	22	1.35	38	60
HEC45	444767.21	5868606.02	25	4.72	3	28
HEC48	444749.63	5868735.97	18	5.06	86	104
HEC49	444755.16	5868730.15	28	4.45	79	107
HEC8	444779.04	5868580.88	27	1.83	0	27
HED1	444769.74	5868585.84	32.2	4.28	0.5	32.7
			7	22.05	184	191
INCL.			1	122.00	188	189
INCL.			1	28.90	184	185

Note: g/t – grams per tonne
m – metre

Regional exploration in North Queensland



NT Musgrave project

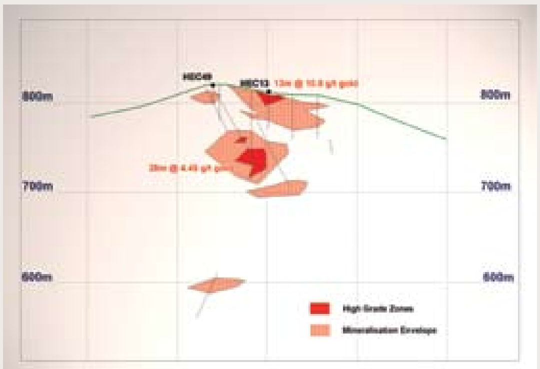
The project area covers portions of two heavily mineralised and, in places, pervasively altered Cambrian calc-alkaline 'greenstone' windows. The Cambrian age volcanics are composed principally of intermediate to felsic volcanics and sediments interpreted to be deposited in an island arc environment. These rocks have been tentatively correlated with the highly prospective Mount Read Volcanics of western Tasmania. The greenstones are overlain by a sequence of Silurian and Devonian sediments. Recently, detailed mapping of EL 4843 identified a number of diorite dykes which cross-cut the Cambrian sequence and are undeformed and unaltered and therefore interpreted to possibly be Devonian in age.

Two small stocks of undeformed monzonite have also been mapped in the north-east of the project area. There are several known mineral occurrences at Mount Wellington. Significant gold (+/- silver and copper) mineralisation has been intercepted in drilling by previous explorers at Hill 800 and Rhyolite Hill.

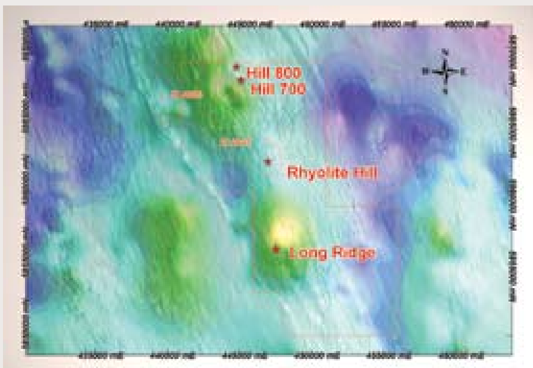
The most significant zones of alteration and mineralisation at Mount Wellington are spatially associated with significant regional aeromagnetic and gravity features in geophysical data.

At Hill 800, initial interpretations suggest the gold (with copper) disseminated sulphide mineralisation occurs as a series of stacked, flat to west dipping, north-east

Mount Wellington project
Simplified geology and location of main prospects.



Hill 800 – oblique drill section.



Mount Wellington project
Regional geophysical data, gravity drape.

Review of operations continued

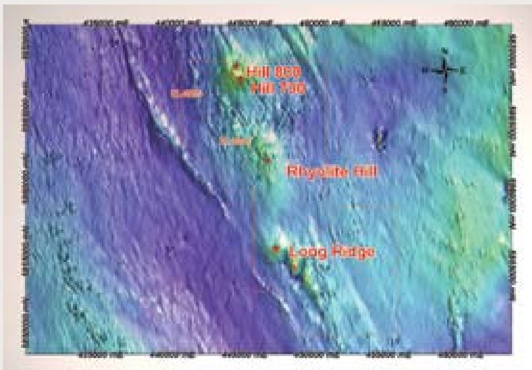
plunging zones within a halo of intense silica, paragonite and sericite alteration of the host andesitic volcanic and volcano-sedimentary sequence. The mineralisation appears to have a strong IP geophysical signature and there are several geophysical targets throughout the project area which, it is believed, were not adequately tested by previous explorers.

At Rhyolite Hill, the gold (with silver and/or copper) mineralisation occurs as both epithermal micro veins and massive sulphides in a pervasive zone of argillic altered rhyolitic volcanics.

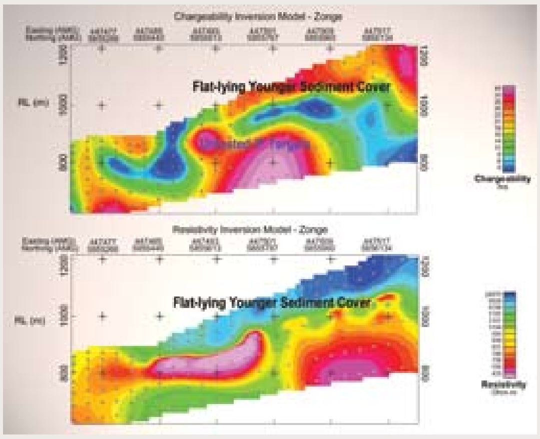
The best gold intercept returned from limited drilling at Rhyolite Hill is 12.6 metres at 1.01 grams per tonne gold from 6 metres in hole RCK002. The best silver intercept is 32 metres at 27.25 grams per tonne silver and 0.32 grams per tonne gold from 69.5 metres in hole RCK003.

Wide zones of low grade mineralisation up to 75 metres at 0.2 grams per tonne gold were also intercepted by this program. It is believed that these intercepts are yet to be adequately followed up with further drilling.
IP geophysical surveys suggest the main zone of mineralisation has a significant IP signature which remains open at depth.

At the Long Ridge prospect, a number of gossans were discovered with moderately anomalous gold and base metal values (up to 0.23 ppm gold, 130 ppm copper, 234 ppm lead and 158 ppm zinc) – these gossans are also



Mount Wellington project
Regional aeromagnetics.



IP geophysical profiles along 447500E in the Long Ridge area. Area of younger sedimentary cover is highlighted. The strong chargeability anomaly at depth is un-tested.

exceptionally anomalous in molybdenum (up to 3510 ppm). The gossans occur in pyrite-sericite-silica altered volcanic sediments. A significant IP anomaly with coincident aeromagnetic anomalies is yet to be drill-tested at Long Ridge.

Goldsearch believes the project has significant potential for large magmatic-related gold and base metal ore deposits and is currently reviewing and prioritising a number of geophysical targets for future drill testing.

SANDY CREEK, VICTORIA (Goldsearch 100%)

Sandy Creek (EL 4812) is located 15 kilometres south of Tallangatta in north-east Victoria. The project is underlain

by Early Ordovician Omeo Metamorphics which are intruded by Silurian age adamellites. Gold mineralisation occurs principally in hydrothermally altered pegmatites which intrude the contact zone over a width of 70 metres. Best grades have been mined where north-west and north-east shears intersect the pegmatites.

Alluvial gold was discovered in 1854 followed in 1877 by the discovery of the reef systems. Total production is estimated for the period 1879 to 1905 at 72,000 tonnes grading 50 grams per tonne gold. This included four tonnes of handpicked quartz from the Odell's Reef which contained 3.7 kilograms of gold.

Recent mining at Odell's is reported to have extracted 400 tonnes grading 300 grams per tonne gold.

A drilling program to test the potential of the Odell's prospect at depth intercepted footwall granitic rocks at shallower than anticipated depths. A program of regional geological mapping and an assessment of other prospects in the region is scheduled for the December 2007 quarter.

ST ARNAUD, VICTORIA (divested)

Goldsearch's interest in the St Arnaud project (EL 4669) was transferred to Rex Minerals Limited which acquired various rights to the tenement from Sedimentary Holdings Limited, Goldsearch's former joint venture partner in EL4669. Consideration for Goldsearch's interest in the tenement was the issue to Goldsearch of 500,000 ordinary shares in Rex Minerals Limited and 500,000 options, exercisable at $0.30 each on or before 30 June 2011.

MUSGRAVE BLOCK

EAST MUSGRAVE BLOCK, SOUTH AUSTRALIA (Goldsearch diluting to 17.15%)

The East Musgrave Block tenements cover parts of the highly prospective Giles Complex Proterozoic rocks and its interpreted extension into the eastern Musgrave Block in South Australia. Limited drilling by Kennecott in the early 1970's at Wanka Wanka Hill (now held under ELA 343/96) intercepted disseminated nickel-copper sulphides in one of three shallow holes completed. The nickel-copper sulphide mineralisation consisted of up to 5% pyrrhotite-chalcopyrite-pentlandite-pyrite over a downhole width of approximately six metres adjacent to the southern margin of a major dyke. The Wanka Wanka dyke is a differentiated mafic to ultramafic dyke complex with mapped dimensions of approximately 15 kilometres in length by 150 metres in width. The Wanka Wanka dyke and other associated Giles Complex intrusives are considered excellent targets for magmatic nickel-copper deposits. Giles Complex intrusives are the host rocks to BHP Billiton's Nebo-Babel nickel-copper sulphide discovery in the Western Musgrave Province.

The East Musgrave project is a joint venture between Goldsearch and Independence Group NL (IGO). During the year IGO completed its earn-in obligations by issuing 200,000 ordinary fully paid IGO shares to Goldsearch to earn a 51% interest in the project.

Subsequently, the joint venture announced that it reached an agreement with BHP Billiton Minerals Pty Ltd (BHPB) for BHPB to potentially earn a 65% interest in the project by spending $25 million or by delivering a bankable feasibility study within 10 years. This joint venture arrangement is subject to approval by the Anangu Pitjantjatjara Yankunytjatjara traditional owners.

Upon BHPB successfully earning its interest, equity in the project will comprise BHPB 65%, Goldsearch 17.15%, IGO 17.85%. Goldsearch and IGO have certain rights to claw back 100% ownership of deposits with less than 80,000 tonnes of contained nickel.

BHPB is considered an ideal partner to introduce to the project as it has a proven track record of discovery in the Musgrave province and has the necessary technical and financial resources available.

The project covers approximately 1500 square kilometres. All applications currently lie within the Anangu Pintjantjatjara Yankunytjatjara freehold aboriginal lands. During the year Goldsearch signed an exploration access


Mary Kathleen project, Pindora Oxide Copper

Review of operations continued

agreement with the Anangu Pintjantjatjara Yankunytjatjara consenting to the grant of the two highest priority applications within the project area. It is anticipated that these tenements will be formally granted and exploration programs will commence in late 2007.

MUSGRAVE SA, SOUTH AUSTRALIA (Goldsearch 49%)

Goldsearch is currently in joint venture with Independence Group NL (IGO) over two granted exploration licences in the eastern Musgrave Block. The tenements cover an area of pastoral lease immediately east of the freehold Anangu Pintjantjatjara Yankunytjatjara lands. The joint venture parties are currently reviewing future exploration programs now that IGO has completed its earn-in obligations.

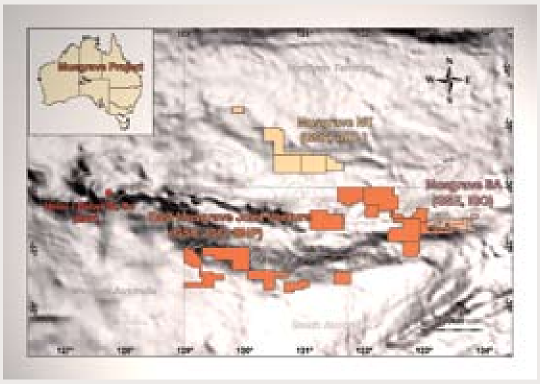
MUSGRAVE NT, NORTHERN TERRITORITY (Goldsearch earning 75%)

Goldsearch currently has an interest in five exploration licence applications covering portions of the Musgrave Block in the Northern Territory. The tenements cover a total area of approximately 4,700 square kilometres. Four of these tenements are subject to a joint venture with the Allender, Hosking, LeBrun syndicate. All five tenements are currently under moratorium.

QUEENSLAND – GYMPIE / KILKIVAN REGION

YORKEYS PROJECT, QUEENSLAND (Goldsearch 100%)

The project comprises three mining leases (MLs 50098, 50153 and 3759) and


Goldsearch Limited Musgrave Block tenements and regional gravity image.

one granted exploration permit (EPM 15850) covering approximately 50 square kilometres in the Kilkivan/Gympie gold district of south-east Queensland.

The leases are prospective for intrusive related gold mineralisation in extensions and parallel structures to the zones of previous mining.

Previous exploration by Poseidon Limited at the Beer and Dawson prospect (ML 3759) reported drilling results up to 2 metres at 22.9 grams per tonne gold. This high-grade mineralisation in hornfelsed sediments was tested by one hole during the 2004 reverse circulation (RC) drilling program returning 2 metres at 8.6 grams per tonne gold and 77 grams per tonne silver in Hole Y009. The zone of prospecting pits and anomalous gold in soils at surface extends over 220 metres at Beer and Dawson. A diamond drill hole, drilled in June 2005 to provide structural alteration zoning and petrological data, intersected the silica-sericite-sulphide altered breccia zone reporting 2 metres at 2.4 grams per tonne gold.

The Beer and Dawson prospect is spatially associated with the regionally significant Beer and Dawson shear zone. Goldsearch believes this structure also represents an attractive exploration target which has not been adequately tested by previous explorers.

PHILIPPINES

PANAON PROJECT, PHILIPPINES (Goldsearch 50%)

Goldsearch withdrew from the joint venture at Panaon Island during the year as the project no longer offered the promise of being a near mining opportunity.

DECLARATION

Aspects of this report that relate to mineralisation, mineral resources or ore reserves are based on information prepared by Mr Heath Hellewell BSc (Hons) Geology, GSA and Mr Greg Duncan BSc, MAusIMM who are Fellows or Members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and/or the Geological Society of Australia, 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 for Reporting of Identified Mineral Resources and Ore Reserves' (JORC Code). The above statement fairly reflects the information prepared by these Competent Persons, who consent to the inclusion of this information in the form and context in which it appears. ■

Schedule of mineral tenements

Tenement	Locality	Date of grant	Expiry	Approximate area	Holder and % interest
South Australia					
EL 3829	De Rose Hill	01.07.07	01.07.08	594 sq kms	Goldsearch Limited (49%), Independence Group NL (51%)
EL 3031	Ungalootanna Hill	17.10.02	16.10.07	469 sq kms	Goldsearch Limited (49%), Independence Group NL (51%)
BHP Billiton can earn 65% interest by funding exploration to $25 million – balance 17.15% Goldsearch, 17.85% Independence Group, in the following tenements:					
ELA 198/96	Mimili	under application		750 sq kms	Goldsearch Limited (49%), Independence Group NL (51%)
ELA 260/96	Ernabella	under application		500 sq kms	Goldsearch Limited (49%), Independence Group NL (51%)
ELA 262/96	Indulkana North	under application		350 sq kms	Goldsearch Limited (49%), Independence Group NL (51%)
ELA 336/96	Wright Hill	under application		650 sq kms	Miltonpak Pty Limited (49%), Independence Group NL (51%)
ELA 337/96	Streich Hills	under application		2,050 sq kms	Miltonpak Pty Limited (49%), Independence Group NL (51%)
ELA 338/96	Purndu Hills	under application		600 sq kms	Miltonpak Pty Limited (49%), Independence Group NL (51%)
ELA 339/96	Punkerri Hills	under application		1,350 sq kms	Miltonpak Pty Limited (49%), Independence Group NL (51%)
ELA 340/96	Birksgate Range	under application		2,200 sq kms	Goldsearch Limited (49%), Independence Group NL (51%)
ELA 341/96	Ayliffe Hill	under application		1,100 sq kms	Goldsearch Limited (49%), Independence Group NL (51%)
ELA 342/96	Musgrave Ranges	under application		2,250 sq kms	Goldsearch Limited (49%), Independence Group NL (51%)
ELA 343/96	Echo Hill	under application		1,950 sq kms	Goldsearch Limited (49%), Independence Group NL (51%)
ELA 534/96	Bull Hill	under application		1,790 sq kms	Caytale Pty Limited (49%), Independence Group NL (51%)
ELA 35/99	Myall Swamp	under application		540 sq kms	Goldsearch Limited (49%), Independence Group NL (51%)
		SUB TOTAL		**17,143 sq kms**	
Northern Territory					
ELA 9863	East Bloods Range	under application		232 sq kms	Chiljill Pty Limited (100%)
ELA 22687	Petermann Range	under application		1,485 sq kms	Goldsearch Limited(51%), Allender, Hosking, Le Brun(49%)
ELA 22688	Petermann Range	under application		1,430 sq kms	Goldsearch Limited(51%), Allender, Hosking, Le Brun(49%)
ELA 22689	Petermann Range	under application		1,528 sq kms	Goldsearch Limited(51%), Allender, Hosking, Le Brun(49%)
ELA 22690	Petermann Range	under application		630 sq kms	Goldsearch Limited(51%), Allender, Hosking, Le Brun(49%)
		SUB TOTAL		**5,305 sq kms**	
Queensland					
EPM 15850	Running Creek	15.11.06	14.11.11	47 sq kms	Goldsearch Limited (100%)
ML 50098	Yorkeys Extended	14.12.95	31.12.15	1 sq km	Goldsearch Limited (100%)
ML 50153	Malachi 2	01.01.05	31.12.15	0.28 sq kms	Goldsearch Limited (100%)
ML 3759	Beer & Dawson	02.06.88	30.06.09	0.08 sq kms	Goldsearch Limited (100%)
EPM 15257	Sth Mary Kathleen 2	27.09.06	26.09.11	2 sq kms	Central West Gold NL (25%), Goldsearch Limited (75%)
EPM 14019	Mary Kathleen	18.07.03	17.07.08	67 sq kms	Central West Gold NL (25%), Goldsearch Limited (75%)
EPM 14022	Mary Kathleen	31.07.03	30.07.08	90 sq kms	Central West Gold NL (25%), Goldsearch Limited (75%)
Queensland Mining Corporation Limited can earn 70% by funding exploration to $750,000 in the first two years in the following tenements:					
EPM 13336	Duck Creek	16.05.01	current	60 sq kms	Goldsearch Limited (95%), Hutton (5%)
EPMA 15718	Duck Creek South	under application		5 sq kms	Goldsearch Limited (100%)
		SUB TOTAL		**272.36 sq kms**	
Victoria					
EL 4812	Sandy Creek	07.06.04	06.06.09	38 sq kms	Goldsearch Limited (100%)
ELA 4835	Mount Wellington	under application		173 sq kms	Goldsearch Limited (100%)
EL 4843	Wrens Flat	03.05.06	02.05.09	10 sq kms	Goldsearch Limited (100%)
		SUB TOTAL		**221 sq kms**	
		TOTAL		**22,941.36 sq kms**	

NB: Chiljill Pty Limited, Miltonpak Pty Limited and Caytale Pty Limited are wholly owned subsidiaries of Goldsearch Limited.

Goldsearch

Directors' report

Your directors have pleasure in submitting the balance sheet of the Company at 30 June 2007 together with related income statement, cash flow statement and statement of changes in equity and notes thereto for the year then ended and report as follows:

Directors

The names of the directors in office at the date of this report and throughout the year are:

Mr J Landerer CBE AM

Mr A G Harris

Mr R B Leece AM RFD

Mr J M E Percival

Mr T V Willsteed

Company secretary

The name of the company secretary in office at the date of this report and throughout the year is:
Mr P S Hewson

Principal activities

The principal activities of the Company during the year were exploration for gold and other minerals and investment.

There were no significant changes in the nature of the activities of the Company that occurred during the year.

Results

The result for the financial year was a loss of $580,511 after income tax expense of $nil.

Dividend

No dividends were paid or declared during the year by the Company and no recommendation is made as to dividend.

Review of operations

The following occurred during the year under review:

- The Company expended and capitalised $1,213,465 on exploration and wrote off $954,309 of capitalised exploration expenses.
- On 13 July 2006 the Company announced having entered into a joint venture with Sedimentary Holdings Limited over exploration licence EL 4669 St Arnaud.
- On 18 July 2006 the Company announced the appointment of Mr Heath Hellewell as exploration manager.
- On 28 September 2006 the Company announced the results of three diamond drill holes on the Panaon Island project

in the Philippines. The results were disappointing and as a consequence the project was downgraded from a potential near-term mining opportunity to an exploration prospect.

- In the report for the quarter ended 30 September 2006 released on 20 October 2006 the Company advised that:
  - Numerous exploration targets have been generated at the Mount Wellington project;
  - Ongoing scintillometer sampling at Mary Kathleen continues to define two priority drill targets at the Elaine Dorothy and MacGregor prospects;
  - An auger geochemical program has been completed at the Musgrave NT project; and
  - Drilling is to commence on the Sandy Creek Project during the December quarter.
- On 1 December 2006 the directors announced having completed an 'in principle' agreement with Independence Group NL and BHP Billiton in relation to the joint venture arrangements for exploration of the Company's Eastern Musgrave Block tenements.
- On 7 December 2006 the directors announced the commencement of a drilling program on the Company's Mary Kathleen project.
- On 29 December 2006, in response to an ASX price query, the directors advised that the drilling program on the Company's Mary Kathleen project was completed on 15 December 2006. Samples were tested for uranium content by a hand-held scintillometer and, as expected from prior surface sampling, broad intervals of low grade uranium mineralisation were indicated. Samples have been sent to Alice Springs for assay with results expected to be available in mid to late January.
- On 25 January 2007 the directors released the assay results from the drilling program at the Mary Kathleen project. Encouraging results were received from the 7 drill holes at Elaine Dorothy and MacGregor prospects.
- In the report for the quarter ended 31 December 2006 released on 30 January 2007 the Company advised that:
  - the Company had received encouraging results from the initial first-pass drilling at the Elaine Dorothy and MacGregor targets at Mary Kathleen. The best assay result was 1metre at 0.047% U308 and 0.988% Rare Earth Oxides at Elaine Dorothy. Wide zones (100 metres) of elevated uranium (0.004% eU308) were encountered at the MacGregor target;
  - Expanded exploration programs and budget for Mary Kathleen are being finalised;
  - Work programs have been lodged for initial programs at Mount Wellington in Victoria. Geophysical programs are expected to commence in March 2007 quarter with RC drilling of targets to commencing soon after; and
  - Goldsearch and Independence Group have entered into an agreement in principle with BHP Billiton whereby BHP Billiton will earn a 65% interest in the Musgrave Joint Venture in South Australia. BHP Billiton will fund up to $25 million in exploration to earn its interest.
- On 16 February 2007 the directors announced the completion of joint venture arrangements with Independence Group NL (IGO) and BHP Billiton for the East Musgrave Project. IGO will issue 200,000 of its shares to Goldsearch to complete the initial phase of earning a 51% interest in the joint venture tenements. Access agreements are being negotiated with the traditional owners.
- On 23 March 2007 the directors announced that IGO has completed the issue of 200,000 shares to Goldsearch and that IGO has become entitled to a 51% interest in the East Musgrave project tenements.

- In the report for the quarter ended 31 March 2007 released on 20 April 2007 the Company advised that, during the quarter:
  - Compilation of historical data for the Mary Kathleen project, highlighted significant drilling results at Elaine Dorothy;
  - Preliminary access approval has been granted and physical exploration access is currently being established at Mount Wellington;
  - The East Musgrave joint venture agreement was finalised with Independence Group and BHP Billiton; and
  - A drilling program is to commence soon at Sandy Creek.
- On 8 May 2007 the directors announced that the drilling program at Sandy Creek has commenced.
- In the report for the quarter ended 30 June 2007 released on 26 July 2007 the Company advised that, during the quarter:
  - The Company has been working towards having 'Low Impact Exploration Only' conditions removed from key tenements at Mary Kathleen;
  - A number of regional targets have emerged as potential drill targets at Mary Kathleen;
  - Re-evaluation of the project area at Mount Wellington suggests the potential for large magmatic-related ore body styles. A number of geophysical targets have been identified on the basis of this potential; and
  - Access negotiations with the traditional owners are near completion on the Musgrave East joint venture.

Significant changes

There were no significant changes to the state of affairs of the Company which occurred during the financial year ended 30 June 2007 except for the issue of 5,341,900 shares pursuant to the exercise of quoted options and the receipt of 200,000 shares in Independence Group NL as consideration under a joint venture agreement.

Financial position

At 30 June 2007 the Company held cash and receivables totalling $999,919. This compares with an equivalent figure of $1,858,003 at 30 June 2006. In addition the Company held listed securities with a market value at 30 June 2007 of $2,432,000 (2006: $811,200). $271,095 of additional capital was raised from the exercise of quoted options during the year.

These liquid assets, together with the existing joint venture arrangements, are sufficient to cover the Company's commitments and projected outgoings for the next two years.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations, the result of those operations, or the state of affairs of the Company in financial years subsequent to the financial year ended 30 June 2007 other than:

- The issue of a total of 23,194,226 ordinary fully paid shares at an issue price of 5 cents per share pursuant to the exercise of 23,194,226 of the Company's quoted options which expire on 31 October 2007. These allotments raised $1,159,711 additional working capital; and
- The directors have arranged the underwriting of the exercise of the Company's remaining 63,868,548 quoted options which expire on 31 October 2007. This will assure the raising of a further $3,193,427 working capital to fund the Company's exploration programs.

Likely developments.

The directors intend the Company to continue to explore the Company's mineral tenements both by direct exploration and by joint venture and to seek new exploration or development projects, otherwise there are no known likely developments in the operations of the Company. ■

John LANDERER

John M E PERCIVAL

Albert G HARRIS

Terence V WILLSTEED

Information on directors

John LANDERER CBE AM

(non-executive chairman of directors and chairman of the audit committee)

- Appointed as director and non-executive chairman on 11 October, 1995.
- A qualified lawyer – LL.B., Sydney University.
- Senior partner of Sydney Lawyers, Landerer & Company.
- A director of a number of prominent private family companies.
- Beneficially holds 4,277,904 fully paid ordinary shares and 1,447,968 quoted options over unissued ordinary shares in the capital of the Company and has an indirect interest in a further 3,432,347 ordinary shares, 810,782 quoted options over unissued ordinary shares in the capital of the Company and 3,000,000 unquoted options.
- During the past three years has not acted as director of any other Australian listed public company.

John M E PERCIVAL

(executive director – 'Director-Operations' and attends audit committee meetings)

- Appointed a director on 11 October 1995.
- Has been involved in investment and merchant banking for over 25 years including 15 years as investment manager of Barclays Bank New Zealand Limited.
- Has had extensive experience in stockbroking, corporate finance and investment management.
- Beneficially holds 3,000 fully paid ordinary shares and 1,000 quoted options over unissued ordinary shares in the capital of the Company and has an indirect interest in a further 4,118,343 ordinary shares, 1,594,122 quoted options over unissued ordinary shares in the capital of the Company and 3,000,000 unquoted options.
- During the past three years has acted as a non-executive director of the following Australian listed public company:
  - Silver Mines Limited (director since August 2006)

Albert G HARRIS

(non-executive director, member of the audit committee and overseer of risk management)

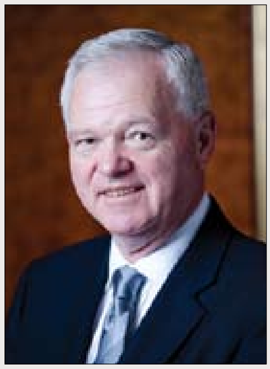
- Appointed a director on 11 October 1995.
- Member of the Institute of Measurement and Control.
- Has been involved in the international petroleum and mineral resources industries for over 50 years.
- Has had senior management responsibility for exploration operations and the development of petroleum and mineral projects in Australia, the Middle East, West Africa and the USA.
- Beneficially holds 165,000 fully paid ordinary shares, 55,000 quoted options over unissued ordinary shares in the capital of the Company and 2,000,000 unquoted options.
- Over the past three years has acted as a non-executive director of other Australian listed public companies as follows:
  - Takoradi Limited (director since 1992)
  - Pepinnini Minerals Limited (director since 31 January 2005)

Terence V WILLSTEED

(non-executive director and member of the audit committee)

- Appointed a director on 20 July 2004.
- A qualified mining engineer – BE (Mining) Queensland University and a Fellow of the Australian Institute of Mining and Metallurgy with over 45 years' experience in mining operations, mineral processing, corporate management and consulting practice.
- Substantial activities have been involved in gold, uranium, base metal, PGM, oil shale and coal resource projects. Gained operational and management experience with Zinc Corporation Limited, Mount Isa Mines Limited and Consolidated Goldfields Australia Limited.

GoldSEARCH



Robert B LEECE

Paul S HEWSON

Directors' report continued

- Principal of Terence Willsteed & Associates, Consulting Mining Engineers since 1973.
- As a member of the Mineral Industry Consultants Association Board of Management has participated in the formation of the Joint Ore Reserves Committee and the formulation of the Australian Code for the Reporting of Resources and Ore Reserves.
- Indirectly holds 2,154,000 fully paid ordinary shares, 1,154,000 quoted options over unissued ordinary shares in the capital of the Company and 2,000,000 unquoted options.
- Over the past three years has acted as a non-executive director of other Australian listed public companies as follows:
  - Climax Mining Limited (resigned 2007)
  - Diamond Rose NL (resigned 2007)
  - New European Gas Limited (current since November 2002)
  - International Ferro Metals Limited (current since September 2005)
  - Citygold Limited (current since October 2006)

Robert B LEECE AM RFD

(non-executive director and member of the audit committee)

- Appointed a director on 7 August 2002.
- A civil engineer with extensive experience in project management and construction, both in the private and public sectors.
- Formerly Deputy Director General of the Olympic Co-ordination Authority and chief executive of the Olympic Roads and Transport Authority for the 2000 Sydney Olympic Games.
- Has been involved as a director of several public and private development companies including Abigroup, Transfield and Merlin International Properties.
- Indirectly holds 10,329,465 fully paid ordinary shares, 1,667,000 quoted options over unissued ordinary shares in the capital of the Company and 2,000,000 unquoted options.
- During the past three years has not acted as director of any other Australian listed public company.

Information on Company Secretary

Paul S HEWSON BEc CPA FFin

- Appointed secretary of the Company on 11 October 1995 on an outsourced basis.
- An economics graduate from Sydney University, a qualified accountant and a fellow of the Financial Services Institute of Australia.
- Is currently a principal of a corporate services business which provides company secretarial and corporate governance services to a number of listed public companies.
- Has over 25 years' experience in administration of listed public companies and has variously held the positions of executive director, non-executive director and company secretary of a number of Australian listed public companies both in the mining and industrial sectors.

Directors' meetings

Attendance of individual directors at board meetings held during the year ended 30 June 2007 was as follows:

Director	Meetings held	Meetings attended
J Landerer CBE AM	8	8
A G Harris	8	8
R B Leece AM RFD	8	7
J M E Percival	8	8
T V Willsteed	8	8

In addition meetings of the audit sub-committee were attended by directors as follows:

Director	Meetings held	Meetings attended
J Landerer CBE AM	2	2
A G Harris	2	1
R B Leece AM RFD	2	1
J M E Percival	2	2
T V Willsteed	2	2

Directors' and auditors' indemnification

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- Under the provisions of the constitution of the Company every officer (and former officer) of the Company is indemnified, to the extent permitted by law, against all costs expenses and liabilities incurred as such an officer providing it is in respect of a liability to another person (other than the Company or a related body corporate) where such liability does not arise out of conduct involving a lack of good faith and it is in respect of a liability for costs and expenses incurred in defending proceedings in which judgement is given in favour of the officer or in which the officer is acquitted or is granted relief under the Law.
- In prior years the Company paid premiums on a policy to insure each of the directors and executives of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or executive of the Company, other than conduct involving a wilful breach of duty in relation to the Company. This policy was allowed to lapse in November 2001 and at the date of this report has not been renewed.

Non-audit services

There were no non-audit services provided to the Company during the year by the independent auditors.

Auditor's independence declaration

The Company's independent auditor has provided an independence declaration to the Company for the year ended 30 June 2007. A copy of the declaration is attached to and forms part of this directors' report.

Options

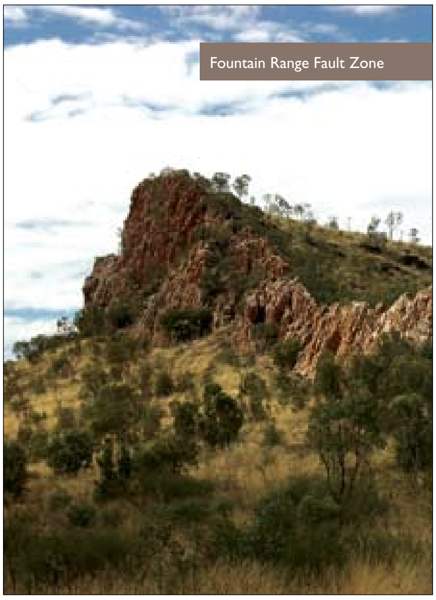
On 30 September 2005 a total of 36,491,869 quoted options on issue by the Company expired in accordance with the terms of their issue.

In March 2006 the Company issued 91,604,674 quoted options over unissued fully paid ordinary shares in the Company exercisable at 5 cents per option and expiring on 31 October 2007. These options were attached to shares issued pursuant to an entitlement issue to shareholders under the terms of a prospectus dated 9 February 2006.

In July 2006 the directors issued a total of 2,000,000 unquoted options with exercise prices ranging from 5.5 cents to 10 cents each and with expiry dates ranging from 30 June 2007 to 30 June 2009. These options were issued as incentive options as part of the remuneration package of the Company's exploration manager.

At the annual general meeting held on 30 November 2006 shareholders

Goldsearch



Fountain Range Fault Zone

Directors' report continued

approved the establishment of an Employee and Directors Share Option Plan and authorised the issue of 12,000,000 quoted options under the Plan to directors of the Company. In December 2006 a total of 16,000,000 unquoted options were issued under the Plan to directors and consultants with staged vesting dates and exercise prices ranging from 5.0 cents to 7.5 cents each. These 16,000,000 options all expire on 31 January 2010.

During the year a total of 4,541,900 quoted options and 800,000 unquoted options were exercised.

Since balance date and to the date of this report a further 23,194,226 unquoted options have been exercised.

Otherwise no options were issued or exercised during the financial year or to the date of this report.

At the date of this report there are 63,868,548 quoted options and 17,200,000 unquoted options on issue by the Company. Holders of these options have no right to participate in issues to shareholders other than by the prior exercise of their options.

Since balance date the directors have arranged the underwriting of the exercise of the remaining quoted options which expire on 31 October 2007. This will ensure that a further $3,193,427 of working capital will be raised.

Further particulars on options are set out in Note 16 to the attached financial statements.

Remuneration report

Directors' and officers' remuneration

The remuneration of the non-executive directors is established by the shareholders. This remuneration is by way of a fixed annual fee supplemented by the issue of incentive options.

The remuneration of executive directors and executive officers of the Company is established by the board of directors. The directors have adopted a fixed fee or salary policy for remuneration of executive directors and executive officers. This remuneration is based on market factors. There is no relationship between executive remuneration and the performance of the Company.

Details of remuneration paid during the year to directors and the five most highly remunerated executive officers are set out in the following table.

Further particulars are set out in Note 19 to the accompanying financial statements.

In accordance with shareholder approval given at the 2006 annual general meeting the following share options were granted to directors or executives of the Company during the financial year as part of their remuneration.

Director/executive	Number of options
J Landerer CBE AM	3,000,000
A G Harris	2,000,000
R B Leece AM RFD	2,000,000
J M E Percival	3,000,000
T V Willsteed	2,000,000
H Hellewell	2,000,000

Each of the above options entitles the holder to subscribe for one ordinary fully paid share in Goldsearch Limited. Further details as to the vesting dates, exercise price and expiry dates of these options is set out earlier in this directors' report under the heading 'Options'.

Directors	Salary, fees and commissions	Superannuation contribution $	Cash bonus $	Non-cash benefits $	Share based payments $	Total $
J Landerer CBE AM	22,018	1,982	–	–	73,643	97,643
A G Harris	24,000	–	–	–	44,095	73,095
R B Leece AM RFD	22,018	1,982	–	–	44.095	73,095
J M E Percival	182,018	16,381	–	–	73,643	272,042
T V Willsteed	24.000	–	–	–	44,095	73,095
Specified executives						
H Hellewell	129,260	–	–	–	32,800	162,060

Regional geochemical sampling

Employment contracts

There are no service contracts in place with directors, employees or consultants which would render the Company liable for termination payments in excess of normal statutory entitlements.

Environmental regulation

The Company's operations are subject to general environmental regulation under the laws of the states and territories of Australia in which it operates. In addition, the various exploration licences held by the Company impose environmental obligations on it in relation to site remediation following sampling and drilling programs. The board is aware of these requirements and management has been instructed to ensure that they are complied with. The directors are not aware of any breaches of these environmental regulations and licence obligations during the year.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Directors' benefits

Since the end of the previous financial year no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the annual accounts of the Company, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related entity with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than:

- Mr J Landerer CBE AM receives a benefit from fees paid for legal services provided by the Company's solicitors, Landerer & Company, of which he is the senior partner. Fees paid for these services during the year totalled $26,006 (2006: $45,736) and were charged at normal commercial rates.
- The Company employs Ms J Gregan, spouse of Mr J Percival. Ms Gregan's employment agreement is in accordance with normal market terms and conditions.

J Landerer CBE AM
Director

J M E Percival
Director

17 September 2007

Auditor's independence declaration

William Buck
Business Advisors
Chartered Accountants

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

To the Directors of Goldsearch Limited:

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck
Chartered Accountants

Simon Hourigan
Partner

Dated this 17th day of September 2007.

Melbourne, Australia.

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Financial statements

Goldsearch

for the financial year ended 30 June 2007

GOLDSEARCH LIMITED ACN: 006 645 754

FINANCIAL STATEMENTS

Income statement

for the financial year ended 30 June 2007

	Note	2007 $	2006 $
Revenue	2	1,347,311	568,779
Capitalised exploration expenses written off		954,309	1,247,627
Share-based payment expense		304,001	–
Salary costs (including directors' fees)		163,381	152,167
Professional and legal fees		215,464	140,995
Share registry expenses		60,020	50,592
Operating lease expenses (office premises)		48,678	46,254
Depreciation and amortisation		11,394	6,479
Other expenses		170,575	122,924
Total expenses		1,927,822	1,767,038
Loss before income tax expense	3	**(580,511)**	**(1,198,259)**
Income tax expense	4	–	–
Loss after income tax expense		**(580,511)**	**(1,198,259)**
Net loss		**(580,511)**	**(1,198,259)**
Loss attributable to members of the Company		**(580,511)**	**(1,198,259)**
Basic loss per share – cents per share	25	(0.21)	(0.58)
Diluted loss per share – cents per share	25	(0.21)	(0.58)

The accompanying notes form part of these financial statements

Balance sheet

as at 30 June 2007

GoldSearch

	Note	2007 $	2006 $
CURRENT ASSETS			
Cash assets	24(a)	917,633	1,794,696
Receivables	6	44,007	33,252
Other	7	38,279	30,055
TOTAL CURRENT ASSETS		999,919	1,858,003
NON-CURRENT ASSETS			
Other financial assets	9	2,633,385	812,085
Property, plant and equipment	8	22,850	13,918
Exploration and investment expenditure	10	1,682,251	1,423,095
TOTAL NON-CURRENT ASSETS		4,338,486	2,249,098
TOTAL ASSETS		5,338,405	4,107,101
CURRENT LIABILITIES			
Trade and other payables	14	157,663	84,492
Provisions	15	24,216	40,831
TOTAL CURRENT LIABILITIES		181,879	125,323
TOTAL LIABILITIES		181,879	125,323
NET ASSETS		5,156,526	3,981,778
EQUITY			
Issued capital	16	25,500,634	25,229,539
Reserves	17	1,839,246	355,082
Accumulated losses	5	(22,183,354)	(21,602,843)
TOTAL EQUITY		5,156,526	3,981,778

The accompanying notes form part of these financial statements

Statement of changes in equity

for the financial year ended 30 June 2007

	Issued capital	Reserves		Accumulated losses	Total
	Ordinary shares	Revaluation	Share-based payments		
	$	$	$	$	$
Balance at 1 July 2005	22,724,856	–	–	(20,404,584)	2,320,272
Revaluation of available-for-sale financial assets on adoption of AASB 132 and AASB 139	–	527,689	–	–	527,689
Transfer of realised gain on sale on investments	–	(378,023)	–	–	(378,023)
Unrealised gain/(loss) on available-for-sale investments	–	205,416	–	–	205,416
Shares issued during the period	2,748,138	–	–	–	2,748,138
Share issue costs	(243,455)	–	–	–	(243,455)
Loss attributable to the members of the Company	–	–	–	(1,198,259)	(1,198,259)
Sub-total	25,229,539	355,082	–	(21,602,843)	3,981,778
Dividends paid or provided for	–	–	–	–	–
Balance at 30 June 2006	25,229,539	355,082	–	(21,602,843)	3,981,778
Balance at 1 July 2006	25,229,539	355,082	–	(21,602,843)	3,981,778
Unrealised gain	–	1,063,020	–	–	1,063,020
(loss) on available-for-sale instruments	–	(4,416)	–	–	(4,416)
Employee share options	–	–	425,560	–	425,560
Shares issued during the period	271,095	–	–	–	271,095
Loss attributable to members of parent entity	–	–	–	(580,511)	(580,511)
Sub-total	25,500,634	1,413,686	425,560	(22,183,354)	5,156,526
Dividends paid or provided for	–	–	–	–	–
Balance at 30 June 2007	25,500,634	1,413,686	425,560	(22,183,354)	5,156,526

The accompanying notes form part of these financial statements

Cash flow statement

Goldsearch

for the financial year ended 30 June 2007

	Note	2007 $	2006 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(515,725)	(378,234)
Payments to related parties		(178,116)	(111,016)
Dividends received		19,500	25,500
Interest received		70,804	20,736
Other income – joint venture contribution		25,000	–
Net cash used in operating activities	24(b)	(578,537)	(443,014)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for exploration activities		(813,468)	(661,784)
Payments to related parties for exploration activities		(212,382)	(130,996)
Payments for property, plant and equipment		(17,808)	(3,988)
Proceeds from sale of investment in listed entities		474,037	666,425
Payments for investment in listed entities		–	(398,784)
Net cash used in investing activities		(569,621)	(529,127)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		271,095	2,748,138
Payments of share issue activities		–	(243,455)
Net cash provided by financing activities		271,095	2,504,683
Net increase/(decrease) in cash held		(877,063)	1,532,542
Cash at beginning of year		1,794,696	262,154
Cash at end of year	24(a)	917,633	1,794,696

Notes to the financial statements

for the financial year ended 30 June 2007

1. STATEMENT OF ACCOUNTING POLICIES

(a) General

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, including Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial reports of Goldsearch Limited comply with all International Financial Reporting Standards (IFRS) in their entirety.

The financial report of Goldsearch Limited was authorised for issue by the Directors on 17 September 2007. Goldsearch Limited is a public listed Company whose shares and options are quoted on the Australian Securities Exchange and is incorporated and is domiciled in Australia.

The following is summary of the material accounting policies adopted by the Company in the preparation of its financial reports. The accounting policies have been consistently applied, unless otherwise stated.

Reporting basis and conventions

These financial statements have been prepared on an accruals basis under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value.

Early adoption of standard

The Company has elected to early adopt all Australian Accounting Standards and UIG Interpretations and other authoritative pronouncement of the Australian Accounting Standards Board with an application date later than 30 June 2007, with the exception of AASB 7 Financial Instruments: Disclosures and AASB 8: Operating Segments.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Company. Actual results may differ from the estimates.

(b) Consolidation

The accounts are not consolidated as the directors have decided that such application is of no material consequence.

(c) Comparative information

Comparative figures are, where appropriate, reclassified so as to be compatible with the figures presented for the financial year.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(e) Income tax

The charge for current income tax expense is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged to the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

All fixed assets are depreciated over their estimated useful lives to the Company. Mining plant and equipment is depreciated in this manner over the estimated life of the relevant mine with due regard to each item's physical life limitations.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	20-40% DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Exploration expenditure and mineral leases

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward if the rights to the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Accounts payable

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(i) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for impairment. (refer Note 1(o)).

(j) Leased assets

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

1. STATEMENT OF ACCOUNTING POLICIES – continued

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(k) Earnings per share

i) Basic earnings per share:

Basic earnings per share is determined by dividing the operating profit/(loss) after income tax excluding any cost of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share:

Diluted earnings per share adjusts the figures used in determining earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(l) Restoration, rehabilitation and environmental expenditure

Restoration, rehabilitation and environmental expenditure to be incurred during the production phase of operations is accrued when the need for such expenditure is established, and then written off as part of the costs of production of the mine property concerned. Significant restoration, rehabilitation and environmental expenditure to be incurred subsequent to the cessation of production at each mine property is accrued, in proportion to production, when its extent can be reasonably estimated.

(m) Employee benefits

I. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date represent present obligations in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the leave is taken.

II. Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using projected unit credit method. Consideration is given to the expected future wage and salary level, experience of employee departures and periods of service. Expected future payments are discounted using market yields that match, as closely as possible, the estimated future cash outflows.

III. Retirement benefit obligations

Contributions to defined contribution funds are recognised as an expense as they become payable.

(n) Business undertakings – joint ventures

The Company has certain exploration activities conducted through joint venture operations with other parties. The Company's interest in these joint ventures is shown in the balance sheet under the appropriate heading. Details of the interests in the joint venture assets and liabilities are set out in Notes 11 and 12.

(o) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(p) Share-based payments

The cost to the Company of share options granted to directors and executive officers is included at fair value as part of the directors' and executive officers' aggregate remuneration in the financial year the options are granted. The fair value of the share option is calculated using the Black Scholes option pricing model, which takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non–tradable nature of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value determined at the grant date of the equity settled share based payment is expensed on a straight line basis over the vesting period.

(q) Revenue

Realised gains and losses on sale are recognised as income or expense respectively in the income statement and are calculated as the difference between consideration on sale and the original cost.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Joint venture income is recognised at the fair value of the consideration received or receivable when the entity obtains control of the revenue.

All revenue is stated net of the amount of goods and services tax (GST).

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Financial instruments

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company management has the positive intention and ability to hold to maturity.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

1. STATEMENT OF ACCOUNTING POLICIES – continued

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2. REVENUE

	2007 $	2006 $
Revenue from operating activities		
Operating activities		
– Net gain on sale of investments	75,253	514,448
– Interest received	66,078	28,831
– Dividend income	19,500	25,500
– Joint venture income	1,186,480	–
Total revenue	1,347,311	568,779

3. LOSS FOR THE YEAR

	2007 $	2006 $
Loss before income tax has been determined after:		
Depreciation of plant and equipment:		
– Plant and equipment	11,394	6,479
Rental expense on operating leases	43,228	41,965
Capitalised exploration expenses written off	954,309	1,247,627
Movements in provisions – employee entitlements	(6,461)	(2,463)

4. INCOME TAX

Subject to the provisions of the Income Tax Assessment Act, if the Company derives assessable income it will be able to utilise carry-forward losses. At 30 June 2007 the Company has estimated carry-forward tax losses, after adjusting for temporary differences, of approximately $14,138,190 (2006: $14,524,133) which amounts to an income tax benefit of $4,241,457 (2006: $4,357,240). The Company has no estimated carry-forward capital loss (2006: $Nil).

Certain losses which have been incurred in the course of mining activities are only available for offset against future mining income. Due to the manner and nature of activities giving rise to these carry-forward tax losses, a detailed analysis would be required should the Company return to profits.

The net deferred tax asset will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction of the loss.

5. ACCUMULATED LOSSES

	2007 $	2006 $
Accumulated losses at the beginning of year	(21,602,843)	(20,404,584)
Net loss attributable to members of Goldsearch Limited	(580,511)	(1,198,259)
Accumulated losses at the end of year	(22,183,354)	(21,602,843)

6. CURRENT ASSETS – RECEIVABLES

	2007 $	2006 $
Other debtors	3,716	8,443
GST receivable	40,291	24,809
	44,007	33,252

The above assets are not subjected to interest and, after provisions, full amounts are expected to be received in the ordinary course of business, usually within 30 days.

7. CURRENT ASSETS – OTHER

	2007 $	2006 $
Short term bond – held to maturity	18,300	18,300
Prepayments	19,979	11,755
	38,279	30,055

8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2007 $	2006 $
Equipment at cost	64,386	63,760
Accumulated depreciation	(41,536)	(49,842)
	22,850	13,918
Motor vehicle at cost	61,300	61,300
Accumulated depreciation	(61,300)	(61,300)
	–	–
Total property, plant and equipment	22,850	13,918

Reconciliation of property, plant and equipment

Equipment

	2007 $	2006 $
Carrying amount at beginning of year	13,918	16,429
Additions	20,452	3,988
Depreciation	(11,520)	(6,499)
Carrying amount at end of year	22,850	13,918

9. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	2007 $	2006 $
Shares in controlled entities at cost (a) (Note 28)	885	885
Shares in listed companies (i)		
– at fair value	2,432,500	811,200
Shares in unlisted companies at cost	200,001	1
Provision for impairment	(1)	(1)
	2,633,385	812,085

(a) Shares in controlled entities are valued at cost as fair value is unable to be determined

Notes to the financial statements continued

for the financial year ended 30 June 2007

9. NON-CURRENT ASSETS – continued

Reconciliation of other financial assets

	2007 $	2006 $
Carrying amount at beginning of year	812,085	210,196
Additions (i) (ii)	1,161,480	398,784
Revaluation to fair value	1,063,020	355,082
Sales – other parties (i)	(403,200)	(151,977)
Carrying amount at end of year	2,633,385	812,085

(i) Listed investments are recorded at fair value which consist of the following material investments:

Minority interest in Independence Group NL (IGO) shares

During the financial year ended 30 June 2007 IGO issued 200,000 of its shares (2006: Nil) to the Company to complete the acquisition of a 51% equity in the joint venture tenements as detailed in Note 11(a).

During the financial year ended 30 June 2007 the Company sold 400,000 IGO shares for a net consideration of $672,954. These sales realised a profit of $514,448.

Minority interest in Medusa Mining Limited (MML) shares.

During the financial year ended 30 June 2006 the Company acquired 640,000 MML shares.

During the financial year ended 30 June 2007 the Company sold its investment in MML for a net consideration of $473,558. This sale realised a profit of $75,253.

There would be no material capital gains tax payable if these listed assets were sold at their market value at balance date.

(ii) During the financial year ended 30 June 2007 the Company received 1,000,000 unlisted fully paid shares and 2,000,000 unlisted options in Queensland Mining Corporation Limited as part consideration under the joint venture agreement detailed in Note 11(d). The value of the options has not been brought to account at 30 June 2007 as the fair value cannot be reliably determined.

10. NON-CURRENT ASSETS – EXPLORATION AND INVESTMENT EXPENDITURE

	2007 $	2006 $
Mining expenditure (pre-production)		
Exploration and evaluation expenditure carried forward in respect of mining areas of interest:		
Balance at beginning of year	1,423,095	1,853,735
Exploration expenditure, at cost capitalised during the year	1,213,465	816,987
	2,636,560	2,670,722
Capitalised exploration expenditure, at cost written off during the year	(954,309)	(1,247,627)
Balance at end of year	1,682,251	1,423,095
Depreciation included in exploration expenditure	126	20

Mineral exploration is to be amortised when production commences, or written off to the income statement. The carrying values do not purport to be the amounts receivable by the Company in the event the interests in the mining leases were farmed out or sold, with the recovery of this capitalised exploration expenditure dependent upon future successful mining or realisation of this asset.

11. BUSINESS UNDERTAKINGS – JOINT VENTURES

a) Independence Group/BHP Billiton Minerals Pty Ltd joint venture

The Company has entered into a joint venture agreement with Independence Group NL (IGO). During the year it was agreed that IGO could complete the initial earning phase under the joint venture agreement by issuing 200,000 fully paid ordinary (IGO) shares to the Company. The IGO shares were issued on 16 March 2007 and accordingly IGO became entitled to a 51% interest in the joint venture tenements.

The current exploration licences covered by the agreement are South Australian exploration licences EL 3829 (formerly EL 2910) and EL 3031.

The total expenditure commitments for the above exploration licences at 30 June 2007, to be funded by IGO, amount to $153,000.

In February 2007, BHP Billiton Minerals Pty Ltd (BHPB) farmed into the East Musgrave Project joint venture. Under the terms of the new joint venture agreement, BHPB can earn 65% interest in the East Musgrave Project by spending $25 million or by delivering a bankable feasibility study within 10 years.

Upon BHPB earning its interest, equity in the East Musgrave Project will be BHPB 65%, IGO 17.85% and Goldsearch 17.15%.

The current exploration licence applications covered by the agreement are South Australian ELAs 35, 198, 260, 262, 336-343 and 534.

The total annual expenditure commitments for the above exploration licence applications (should they be granted), to be funded by BHPB, amount to $2,009,512.

b) Central West joint venture

The Company has entered into a Heads of Agreement with Central West Gold NL (CWG) in relation to a joint venture to explore the uranium, base metal and gold potential of EPMs 14019, 14022 and 15257 (Mary Kathleen). At 30 June 2007 Goldsearch has expended $246,180 which is sufficient to have earned 75% equity in these tenements.

c) Rex Minerals (Victoria) Ltd joint venture

Subsequent to balance date the Company has accepted an offer from Rex Minerals (Victoria) Limited (REX) a wholly owned subsidiary of Rex Minerals Limited (RML) to acquire the Company's remaining interest in the St Arnaud tenement EL 4669, Victoria.

The consideration is the issue to Goldsearch Limited of 500,000 fully paid RML shares together with 500,000 options, each option giving Goldsearch the right to purchase a share in RML on or before 30 June 2011, by the payment of 30 cents per option.

d) Queensland Mining Corporation joint venture

Goldsearch has signed a joint venture agreement with North Queensland Mines Pty Ltd, now Queensland Mining Corporation (QMC) on exploration permit EPM 13336 and exploration permit application EPMA 15718 whereby QMC can earn 70% and 75% respectively by spending $750,000 over the first two years to 31 May 2008 and issuing Goldsearch with the following shares and options:

- One million fully paid QMC shares on signing of the agreement plus two million options over QMC shares exercisable at 50 cents each at any time until their expiry on 30 November 2009.
- If, at any time prior to 30 June 2012, QMC establishes a proven JORC resource equal to two million tonnes of ore with an equivalent grade of 2% copper then QMC will issue Goldsearch a further one million options exercisable at 50 cents each for two years following the date of their issue.

In addition, if QMC establishes a proven JORC resource equal to five million tonnes of ore with an equivalent grade of 2% copper then, QMC will issue Goldsearch with a further two million options exercisable at 50 cents each for two years following the date of their issue.

Goldsearch at all times retains a 25% interest in the tenements.

12. EXPLORATION TENEMENTS

Expenditure commitments

In order to maintain current rights of tenure to the various exploration interests held by the Company, the Company is required to perform exploration work to meet the minimum expenditure requirements specified by the issuing authority. These commitments are agreed to, and accepted by, the licence holder at the time a licence is granted.

Minimum expenditure requirements to retain current rights of tenure to granted tenements for the year ending 30 June 2008, and the parties responsible for funding that expenditure, are as follows:

EL 3829	South Australia	$180,000	to be funded 51% by IGO and 49% by Goldsearch
EL 3031	South Australia	$120,000	to be funded 51% by IGO and 49% by Goldsearch
EPM 13336	Queensland	$145,000	to be funded by Queensland Mining Corporation Ltd
EPM 14019	Queensland	$120,000	to be funded by Goldsearch Limited
EPM 14022	Queensland	$120,000	to be funded by Goldsearch Limited
EPM 15257	Queensland	$2,000	to be funded by Goldsearch Limited
EPM 15850	Queensland	$80,000	to be funded by Goldsearch Limited
EL 4812	Victoria	$23,000	to be funded by Goldsearch Limited
EL 4843	Victoria	$15,750	to be funded by Goldsearch Limited
EL 4669	Victoria	$24,000	to be funded by Rex Minerals Limited
		$829,750	

12. EXPLORATION TENEMENTS – continued

The Company has also made application for further exploration tenements. Whilst no formal expenditure commitment exists until licences are granted and access agreements are in place, should all of these applications be granted, an additional minimum annual expenditure requirement of $2,282,412 would arise. Of this additional minimum annual expenditure requirement $2,022,012 would be funded by the joint venture arrangements set out in Note 11 with the Company being obliged to fund the remainder.

The above obligations, relating to both granted tenements and applications, are not provided for in the financial statements and are payable as and when they fall due.

13. COMMITMENTS FOR EXPENDITURE

	2007 $	2006 $
Operating lease commitments:		
Non-cancellable lease contracted for but not capitalised in the accounts:		
Rental of premises –		
Not later than 1 year	43,406	21,418
Later than 1 year and not later than 5 years	22,024	–
	65,430	21,418
Exploration expenditure commitments:		
In order to maintain current rights of tenure to granted exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial statements and are payable:		
Not later than 1 year	829,750	687,350
Later than 1 year and not later than 5 years	450,750	320,750
	1,280,500	1,008,100

As detailed in Notes 11 and 12 these exploration expenditure commitments are largely funded by existing joint venture arrangements.

14. CURRENT LIABILITIES – PAYABLES

	2007 $	2006 $
Trade creditors	139,466	65,520
Sundry creditors and accruals	18,197	18,972
	157,663	84,492

The above amounts all relate to normal unsecured creditors incurred in the normal course of the Company's business operations and are within the credit terms of each relevant supplier or service provider.

15. CURRENT LIABILITIES – PROVISIONS

	2007 $	2006 $
Employee benefits	24,216	40,831

16. ISSUED CAPITAL

(a) Issued shares:

	2007 $	2006 $
274,814,022 ordinary fully paid shares at beginning of year (2006: 183,209,348)	22,484,465	19,979,782
Issued during the year:		
91,604,674 ordinary shares issued at a price of 3 cents each	–	2,748,138
4,541,900 ordinary shares issued at a price of 5 cents each	227,095	–
800,000 ordinary shares issued at a price of 5.5 cents each	44,000	–
Share issue costs	–	(243,455)
280,155,922 ordinary fully paid shares at end of year (2006: 274,814,002)	22,755,560	22,484,465

(b) Issued options:

	2007 $	2006 $
Issue price of options issued in prior years and which have expired	2,745,074	2,745,074
At reporting date	25,500,634	25,229,539

(c) Movement in issued shares during the year

Date	Details	Number of shares	Number of shares
1 July	opening balance	274,814,022	183,209,348
22/31 March 2006	ordinary shares issued	–	91,604,674
January to June 2007	ordinary shares issued on exercise of quoted options	4,541,900	–
30 June 2007	ordinary shares issued	800,000	–
30 June	closing balance	280,155,922	274,814,022

Holders of ordinary shares are entitled to participate in dividends when declared and are entitled to one vote per share, either in person or by proxy, at shareholder meetings. In the event of winding up the Company, ordinary shareholders are ranked after all other creditors and are entitled to any proceeds of liquidation in proportion to the number of and amounts paid on the shares held.

16. ISSUED CAPITAL – continued

(d) Movement in issued share options during the year:

Total options granted but not exercised as at 30 June 2007 are shown in the table below:

Date	Details	Exercise price	Expiry date	Number
Quoted options (f)				
1 July 2006	opening balance	5 cents	31 October 2007	91,604,674
17 January 2007	options exercised	5 cents	31 October 2007	(4,428,400)
24 January 2007	options exercised	5 cents	31 October 2007	(100,000)
30 January 2007	options exercised	5 cents	31 October 2007	(5,000)
23 April 2007	options exercised	5 cents	31 October 2007	(1,250)
12 June 2007	options exercised	5 cents	31 October 2007	(1,000)
30 June 2007	options exercised	5 cents	31 October 2007	(6,250)
30 June 2007	closing balance	5 cents	31 October 2007	87,062,774
Unquoted options (f)				
1 July 2006	opening balance			–
18 July 2006	options issued	5.5 cents	30 June 2007	800,000
18 July 2006	options issued	7.5 cents	30 June 2008	800,000
18 July 2006	options issued	10 cents	30 June 2009	400,000
7 December 2006	options issued	5.5 cents	31 January 2010	8,000,000
7 December 2006	options issued	7.5 cents	31 January 2010	8,000,000
30 June 2007	options exercised	5.5 cents	30 June 2007	(800,000)
30 June 2007	closing balance	Weighted average exercise price 6.4 cents	Various	17,200,000

(e) Uncalled capital:

No calls are outstanding at year end. All issued shares are fully paid.

(f) Terms and conditions of quoted and unquoted options:

All the current quoted and unquoted options entitle the holders to subscribe for one fully paid share in the Company.

The conditions attached at the time of the issue of each of the options specify the exercise price, the vesting period and the expiry date.

17. RESERVES

Available-for-sale investments revaluation reserve.	2007 $	2006 $
Balance at beginning of financial year	355,082	–
Unrealised gain on investment	1,063,020	355,082
Adjustment on sale of investment	(4,416)	–
Balance at end of financial year	1,413,686	355,082

Changes in the fair value of investments classified as available-for-sale financial assets are taken to the available-for-sale investments revaluation reserve. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

Share-based payment reserve.		
Balance at beginning of financial year	–	–
Expensing of options issued	425,560	–
Balance at end of financial year	425,560	–

The fair value of equity settled share-based payments to consultants and directors or their associates are recognised in the income statement on a straight line method over their vesting periods (refer to Note 18).

Total reserves	1,839,246	355,082

18. SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2007:

On 18 July 2006, 2,000,000 share options were granted to the Exploration Manager on his appointment as an officer of the Company. 800,000 options are exercisable at 5.5 cents per share at any time prior to their expiry on 30 June 2007, 800,000 options are exercisable at 7.5 cents per share at any time prior to their expiry on 30 June 2008, and 400,000 options are exercisable at 10 cents per share at any time prior to their expiry on 30 June 2009. The options hold no voting or dividend rights and are not transferable. At reporting date, the first 800,0000 options were exercised and $44,000 was received.

On 7 December 2006, 16,000,000 share options were granted to directors and consultants or their associates as approved by shareholders at the annual general meeting held on 30 November 2006. The first 8,000,000 of these options vested on 1 February 2007 and are exercisable at 5.5 cents per share at any time after the vesting date until their expiry on 31 January 2010. The other 8,000,000 options vest on 1 February 2008 and are exercisable at 7.5 cents per share at any time after the vesting date until their expiry on 31 January 2010. The options hold no voting or dividend rights and are not transferable. At reporting date, none of the vested options had been exercised.

18. SHARE-BASED PAYMENTS – continued

The following share-based payment arrangements were in existence during the period:

Option series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date (cents)
(1) Issued 18 July 2006	800,000	18/07/06	30/06/07	0.055	1.1
(2) Issued 18 July 2006	800,000	18/07/06	30/06/08	0.075	1.9
(3) Issued 18 July 2006	400,000	18/07/06	30/06/09	0.100	2.2
(4) Issued 7 December 2006	8,000,000	07/12/06	31/01/10	0.055	3.4
(5) Issued 7 December 2006	8,000,000	07/12/06	31/01/10	0.075	3.1

The weighted average fair value of the share options granted during the financial year is 3.07 cents (2006: Nil). Options were priced using a Black Scholes option pricing model. Expected volatility is based on the historical share price volatility.

Inputs into the model	Options Series (1)	Options Series (2)	Options Series (3)	Options Series (4)	Options Series (5)
Grant date share price	3.5cps	3.5cps	3.5cps	4.9cps	4.9cps
Exercise price	5.5cps	7.5cps	10cps	5.5cps	7.5cps
Expected volatility	114%	132%	131%	114%	114%
Option life	12 months	24 months	36 months	48 months	48 months
Dividend yield	0%	0%	0%	0%	0%
Risk-free interest rate	5.6%	5.6%	5.6%	5.85%	5.85%

The following reconciles the outstanding share options granted at the beginning and end of the financial year:

	2007		2006	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of financial year	–	–	–	–
Granted during the financial year	18,000,000	0.066	–	–
Forfeited during the financial year	–	–	–	–
Exercised during the financial year (i)	(800,000)	(0.055)	–	–
Balance at end of the financial year	17,200,000	0.064	–	–
Exercisable at end of the financial year	9,200,000	0.063	–	–

(i) Exercised during the year

The following share options granted as remuneration were exercised during the financial year:

Options series	Number exercised		Exercise date		Share price at exercise date $	
	2007	2006	2007	2006	2007	2006
(1) Issued 18 July 2006	800,000	–	30 June 2007	–	0.10	–

Recognition of share–based payments expense

The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 2 'Share-based Payment'. The Standard requires the value of the options to be determined at grant date and to be recognised as an expense in the income statement over the vesting period. Consequently a share option expense of $425,560 (2006: Nil) was recognised and expensed for the year, $304,001 directly in the income statement while the balance $121,559 was capitalised to the balance sheet as part of the remuneration of the remuneration of the Exploration Manager and the Director-Operations.

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Names and positions held by key management personnel in office at any time during the financial year are:

Directors

J Landerer CBE AM	Non-executive chairman
A G Harris	Non-executive director
R B Leece AM RFD	Non-executive director
T V Willsteed	Non-executive director
J M E Percival	Executive director – 'Director-Operations'

Executives

H Hellewell	'Exploration Manager'

19. KEY MANAGEMENT PERSONNEL DISCLOSURES – continued

b) Director remuneration

	Short-term benefits Salary, fees & commissions	Post-employment benefits Superannuation contribution	Other long-term benefits	Termination benefits	Share-based payments	Total
2007						
J Landerer CBE AM	22,018	1,982	–	–	73,643	97,643
A G Harris	24,000	–	–	–	49,095	73,095
R B Leece AM RFD	22,018	1,982	–	–	49,095	73,095
J M E Percival	182,018	16,381	–	–	73,643	272,042
T V Willsteed	24,000	–	–	–	49,095	73,095
Total	274,054	20,345	–	–	294,571	588,970
2006						
J Landerer CBE AM	22,018	1,982	–	–	–	24,000
A G Harris	33,000	–	–	–	–	33,000
R B Leece AM RFD	22,018	1,982	–	–	–	24,000
J M E Percival	108,685	9,782	–	–	–	118,467
T V Willsteed	24,000	–	–	–	–	24,000
Total	209,721	13,746	–	–	–	233,467

12,000,000 remuneration options have been issued during the year to directors (refer Note 16(d)). No shares have been issued on the exercise of remuneration options.

c) Executive remuneration

	Short-term benefits Salary, fees & commissions	Post-employment benefits Superannuation contribution	Other long-term benefits	Termination benefits	Salary-based payments	Total
2007						
H Hellewell	129,260	–	–	–	32,800	162,060
2006						
T A Leahey	1,485	–	–	–	–	1,485
H Hellewell	29,211	–	–	–	–	29,211
	30,696	–	–	–	–	30,696

2,000,000 remuneration options have been issued during the year (refer to Note 16(d)). On 30 June 2007 800,000 remuneration option were exercised at a price of 5.5 cents per option (refer to Note 16(d)).

d) Options and rights holdings

Number of options held by key management personnel

	Balance at 01/07/06	Granted as remuneration	Options exercised	Net change other	Balance 30/06/07	Vested at 30/06/07	Exercisable at 30/06/07
Directors							
J Landerer CBE AM	2,258,750	3,000,000	–	–	5,258,750	3,758,750	3,758,750
A G Harris	55,000	2,000,000	–	–	2,055,000	1,055,000	1,055,000
R B Leece AM RFD	1,667,000	2,000,000	–	–	3,667,000	2,667,000	2,667,000
J M E Percival	2,040,122	3,000,000	–	(445,000)	4,595,122	3,095,122	3,095,122
T V Willsteed	1,154,000	2,000,000	–	–	3,154,000	2,154,000	2,154,000
	7,174,872	12,000,000	–	(445,000)	18,729,872	12,729,872	12,729,872
Executives							
H Hellewell	934,000	2,000,000	(800,000)	(934,000)	1,200,000	1,200,000	1,200,000

19. KEY MANAGEMENT PERSONNEL DISCLOSURES – continued

e) Shareholdings

Number of shares held by key management personnel

	Balance at 01/07/06	Received as remuneration	Options exercised	Net change other	Balance at 30/06/07
Directors					
J Landerer CBE AM	6,710,251	–	–	1,000,000	7,710,251
A G Harris	165,000	–	–	–	165,000
R B Leece AM RFD	10,329,465	–	–	–	10,329,465
J M E Percival	4,942,122	–	–	(820,779)	4,121,343
T V Willsteed	2,154,000	–	–	–	2,154,000
	24,300,838	–	–	179,221	24,480,059
Executives					
H Hellewell	958,250	–	800,000	(958,250)	800,000

f) Remuneration practices

The Company's policy for determining the nature and amounts of emoluments of directors and senior executives of the Company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including the length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and nominated directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, nominated directors and executives are paid employee benefit entitlements accrued to date of retirement.

Executive directors and senior executives may receive bonuses based on the achievement of specific performance hurdles. There is no separate profit-share plan.

The constitution provides that the remuneration of non-executive directors will not be more than the aggregate fixed sum determined by a general meeting of shareholders. The aggregate remuneration has been set at an amount of $100,000 per annum.

Performance based remuneration is paid by way of incentive options. (Note 1(p))

20. REMUNERATION OF AUDITORS

	2007 $	2006 $
Amounts received or due and receivable by the auditors for:		
– auditing the accounts	31,500	33,985
– other services	–	–
	31,500	33,985

21. ECONOMIC DEPENDENCY

The Company's principal activities are mineral exploration and investment. Other than interest derived from funds on deposit the Company does not derive income from any trading activity and is dependent upon the support of shareholders and the market to finance its on-going exploration program.

22. CONTINGENT LIABLITIES

The Company operations are subject to significant environmental regulation under the Laws of the Commonwealth and State. Presently, rehabilitation bonds for a value of $40,000 have been lodged over certain leases held by the Company in favour of the Department of Industry and Resources over certain tenements. It is anticipated that these bonds will not be called on as the Company maintains a strict policy of appropriate rehabilitation over its exploration sites. The Company's activities involve low level disturbance associated with its exploration drilling programs, as it is not presently involved in any mining activities.

Otherwise the directors are not aware of any potential liabilities or claims against the Company as at the date to which these financial statements are made up.

23. RELATED PARTY TRANSACTIONS

The names of persons who were directors of the Company at any time during the year and to the date of these financial statements are:

J Landerer CBE AM

J M E Percival

A G Harris

R B Leece AM RFD

T V Willsteed

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

(a) Key management personnel related entity transactions

Mr J Landerer CBE AM is the senior partner of Landerer & Company. Landerer & Company act as solicitors to the Company. Charges for services provided during the year amounted to $26,006 (2006: $45,736).

The Company employs Ms J Gregan, spouse of Mr J M E Percival. Ms Gregan's employment agreement is in accordance with normal market terms and conditions.

23. RELATED PARTY TRANSACTIONS – continued

Key management personnel and their related entities hold directly, indirectly or beneficially as at the reporting date the following interests in the Company:

	Ordinary shares		Quoted share options		Unquoted share options	
Directors	**Direct**	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**
J Landerer CBE AM	4,277,904	3,432,347	1,447,968	810,782	–	3,000,000
A G Harris	165,000	–	55,000	–	2,000,000	–
R B Leece AM RFD	–	10,329,465	–	1,667,000	–	2,000,000
J M E Percival	3,000	4,118,343	1,000	1,594,122	–	3,000,000
T V Willsteed	–	2,154,000	–	1,154,000	–	2,000,000

Movements in these holding during the year were as follows:

(i) Acquisitions

	Ordinary shares		Quoted share options		Unquoted share options	
	Direct	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**
J Landerer CBE AM	–	1,000,000	–	–	–	3,000,000
A G Harris	–	–	–	–	2,000,000	–
R B Leece AM RFD	–	–	–	–	–	2,000,000
J M E Percival	–	1,000,000	–	500,000	–	3,000,000
T V Willsteed	–	–	–	–	–	2,000,000

(ii) Sales/expired

	Ordinary shares		Quoted share options		Unquoted share options	
	Direct	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**
J Landerer CBE AM	–	–	–	–	–	–
A G Harris	–	–	–	–	–	–
R B Leece AM RFD	–	–	–	–	–	–
J M E Percival	–	1,820,779	–	945,000	–	–
T V Willsteed	–	–	–	–	–	–

24. STATEMENT OF CASH FLOWS

(a) Reconciliation of cash:

For the purposes of the statement of cash flows, cash includes:

(i) cash on hand and at bank, cash on deposit, net of outstanding bank overdrafts and
(ii) investments in money market instruments with 30 days or less to maturity.

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash at 30 June 2007 is shown in the balance sheet as:	**2007 $**	**2006 $**
Cash on hand	600	600
Cash at bank	859,427	1,747,728
Deposit at call	57,606	46,368
	917,633	1,794,696

(b) Reconciliation statement:

A reconciliation of 'net cash used in operating activities' to 'loss after income tax' is as follows:

Loss after income tax	(580,511)	(1,198,259)
Add/(less)		
Depreciation	11,394	6,479
Write-off of capitalised exploration expenditure	945,309	1,247,627
Net gain on disposal of investments	(75,253)	(514,448)
Joint venture income as shares Note 24(c)	(1,161,480)	–
Share-based payment	304,001	–
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(10,755)	(5,105)
Increase/(decrease) in provisions	(6,461)	12,540
(Increase)/decrease in prepayments	(461)	4,445
Increase/(decrease) in trade creditors and accruals net of exploration expenditure	(4,320)	3,707
Net cash (used in)/provided by operating activities	(578,537)	(443,014)

The Company does not have any formal loan facilities in place at the date of these financial statements.

24. STATEMENT OF CASH FLOWS – continued

(c) Non-cash financing and investing activities

(i) During the financial year ended 30 June 2007 the Company received 200,000 Independence Group NL (IGO) fully paid ordinary shares from IGO as agreed consideration for IGO to complete the earning of a 51% interest in certain designated exploration tenements held by the Company (refer Note 11(a)).

(ii) During the financial year ended 30 June 2007 the Company received 1,000,000 fully paid ordinary shares in an unlisted public company Queensland Mining Corporation Limited, which is currently seeking admission to the official list of ASX Limited, as part consideration for entering into a joint venture agreement over one of the Company's exploration tenements (refer Note 11(d)).

25. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:	**2007**	**2006**
Basic earnings/(loss) per share	(0.21c)	(0.58c)
Diluted earnings/(loss) per share	(0.21c)	(0.58c)
Weighted average number of ordinary shares outstanding during the year used to calculated basic and diluted EPS	276,861,574	206,737,266
Loss from continuing operations used to calculated basic EPS and diluted EPS	$(580,511)	$(1,198,259)

Options:

As at 30 June 2007 the Company had on issue 87,062,774 (2006: 91,604,674) quoted options and 17,200,000 (2006: Nil) unquoted options over unissued capital. Refer to Note 16 for further details.

26. SEGMENT INFORMATION

The Company operates its mineral exploration division predominantly in two geographical segments, Australia and Philippines while the Company investments division is predominantly in Australia. Industries segment information is as follows:

	Mineral exploration Australia	Mineral exploration Philippines	Other investment	Unallocated	Total
2007					
Revenue	1,186,480	–	94,753	66,078	1,347,311
Results	967,604	(735,433)	94,753	(907,435)	(580,511)
Assets	1,682,251	–	2,633,385	1,022,769	5,338,405
Liabilities	96,768	–	–	85,111	181,879
Acquisition of non-current assets	1,083,666	129,799	945,940	20,452	2,179,857
Depreciation	126	–	–	11,394	11,520
Other non-cash expense	218,876	735,433	–	304,001	1,258,310
2006					
Revenue	–	–	539,948	28,831	568,779
Results	(1,247,627)	–	514,448	(465,080)	(1,198,259)
Assets	1,023,230	399,865	812,085	1,871,921	4,107,101
Liabilities	–	–	–	125,323	125,323
Acquisition of non-current assets	421,546	395,441	398,784	3,988	1,219,759
Depreciation	20	–	–	6,479	6,499
Other non-cash expense	1,247,627	–	–	–	1,247,627

27. FRANKING CREDITS

	2007 $	2006 $
Adjusted franking account balance (tax paid basis)	43,286	34,929

28. CONTROLLED ENTITIES

	Country of incorporation	Percentage owned
Parent entity:		
Goldsearch Limited	Australia	–
Controlled entities:		
Caytale Pty Limited (i)	Australia	100%
Chiljill Pty Limited (i)	Australia	100%
Miltonpak Pty Limited (i)	Australia	100%

(i) The above subsidiary companies have no activities other than as holders of exploration rights on certain tenements.

Separate consolidated accounts of the economic entity formed by the Company and these wholly owned subsidiaries have not been prepared on the grounds of immateriality.

29. FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

The Company is exposed to interest rate risk through primary financial assets and financial liabilities. The following table summarises the interest rate risk for the Company, together with the effective weighted average interest rate for each class of financial assets and liabilities.

			Fixed interest maturing in			
2007	Note	Floating interest rate $	1 year or less $	Over 1-5 years $	Non interest bearing $	Total $
Financial assets						
Cash	24	860,027	57,606	–	–	917,633
Receivables	6	–	–	–	44,007	44,007
Investments-non-listed securities	9	–	–	–	200,885	200,885
Investment-listed securities	9	–	–	–	2,432,500	2,432,500
Total financial assets		860,027	57,606	–	2,677,392	3,595,025
Weighted average interest rate		4.89%	5.07%	–	–	–
Financial liabilities						
Trade and sundry creditors	14	–	–	–	157,663	157,663
Total financial liabilities		–	–	–	157,663	157,663
Weighted average interest rate		–	–	–	–	–
Net financial assets		860,027	57,606	–	2,519,729	3,437,362

2006	Note	Floating interest rate $	Fixed interest maturing in: 1 year or less $	Fixed interest maturing in: Over 1-5 years $	Non interest bearing $	Total $
Financial assets						
Cash	24	1,672,536	46,368	–	75,792	1,794,696
Receivables	6	–	–	–	33,252	33,252
Investments-non-listed securities	9	–	–	–	885	885
Investment-listed securities	9	–	–	–	811,200	811,200
Total financial assets		1,672,536	46,368	–	921,129	2,640,033
Weighted average interest rate		4.44%	1.69%	–	–	
Financial liabilities						
Trade and sundry creditors	14	–	–	–	84,492	84,492
Total financial liabilities		–	–	–	84,492	84,492
Weighted average interest rate		–	–	–	–	
Net financial assets		1,672,536	46,368	–	836,637	2,555,541

	2007 $	2006 $
Reconciliation of net financial assets to net assets:		
Net financial assets detailed above	3,437,362	2,555,541
Non-financial assets and liabilities:		
Other assets	38,279	30,055
Property, plant and equipment	22,850	13,918
Capitalised exploration expenditure	1,682,251	1,423,095
Provision for employee entitlements	(24,216)	(40,831)
Net assets per balance sheet	5,156,526	3,981,778

29. FINANCIAL INSTRUMENTS – continued

(b) Net fair values of financial assets and liabilities

(i) The net fair values of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximate their carrying values as disclosed in the balance sheet and the notes to the financial statements.

(ii) Listed investments have been valued at the quoted market bid price at balance date. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment. (refer to Note 9)

(c) Foreign exchange risk exposure

The Company is not exposed to any currency exchange risk through primary financial assets or liabilities or anticipated future transactions.

(d) Credit risk exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

Receivables due from major debtors are not normally secured by collateral, however the credit worthiness of debtors is monitored.

30. REHABILITATION COSTS

No known commitments for rehabilitation costs exist as at the date of preparation of these financial statements. (refer to Note 22)

Directors' declaration

The directors of Goldsearch Limited declare that:

1. The financial statements and associated notes for the financial year ended 30 June 2007:
   (a) are in accordance with the Corporations Act 2001;
   (b) comply with Accounting Standards and the Corporations Regulations 2001; and
   (c) give a true and fair view of the financial position of the Company as at 30 June 2007 and the performance of the Company for the financial year then ended.
2. The chief executive officer/chief financial officer has declared that:
   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   (b) the financial statements and notes for the financial year comply with Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.
3. In the opinion of the directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the directors

J Landerer CBE AM

Director

J M E Percival

Director

Sydney, 17 September 2007

Independent audit report

to the members of Goldsearch Limited

William Buck
Business Advisors
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Goldsearch Limited

Report on the Financial Report

We have audited the accompanying financial report of Goldsearch Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

William Buck
Business Advisors
Chartered Accountants

Auditor's Opinion

In our opinion:

a) The financial report of Goldsearch Limited is in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of Goldsearch's financial position as at 30 June 2007 and of its performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Inherent Uncertainty Regarding Exploration Expenditure

The Company is involved with the conduct of continuing exploration and evaluation procedures in order to assess the existence and economic recoverability of minerals in its areas of interest. In accordance with the Company's accounting policy outlined in Note 1(g), exploration expenditure of $1,682,251 (30 June 2006: $1,423,095) has been carried as a non current asset (refer Note 10). The recovery of these exploration costs is uncertain as it is dependent upon the successful development and exploitation, or sale, of the areas of interest.

William Buck
Chartered Accountants

Simon Hourigan
Partner

Dated this 17th day of September 2007.

Melbourne, Australia.

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Corporate governance statement

The following statement outlines the principal corporate governance practices and procedures that were in place throughout the financial year and the extent to which they depart from the best practice recommendations of the ASX Corporate Governance Council released on 31 March 2003.

Roles of the board and management

The board is responsible for establishing the strategy and policies of the Company, overseeing its financial position, approving major capital expenditures and exploration programs and expenditures. The board is also responsible for the appointment and supervision of the chief executive and secretary of the Company, and monitoring the corporate conduct of its officers.

The board has delegated responsibility for the day-to-day operations of the Company to the director-operations, Mr J M E Percival and the exploration manager, Mr H Hellewell. The board has determined that both Mr Percival and Mr Hellewell are appropriately experienced to discharge these responsibilities.

Whilst there is a clear distinction between the respective roles of the board and management, the board is responsible for ensuring that the objectives and activities of management are consistent with the strategies and policies set by the board.

The board meets approximately every six weeks and directors receive comprehensive board papers which include an activity report from management and monthly management accounts. All contractual commitments and payments are approved by the board.

At meetings of the board, the directors deal with various policy and corporate governance matters, including:

- formulating and reviewing Company strategies and board policies;
- monitoring implementation of Company strategies by management, and ensuring appropriate resources are available to undertake those strategies;
- ensuring appropriate management control and accountability systems are in place;
- reviewing executive performance and remuneration;
- reviewing the composition of the board;
- ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act;
- reviewing published reports and stock exchange announcements to ensure their accuracy and compliance with statutory requirements;
- identification of areas of significant business risk and the management of those risks; and
- the establishment and maintenance of appropriate ethical standards for the Company, its directors and executives.

Structure of the board of directors

The directors of the Company in office at the date of this statement are:

Mr J Landerer CBE AM (non-executive chairman)

Mr J M E Percival (executive director-operations)

Mr A G Harris (non-executive director)

Mr R B Leece AM RFD (non-executive director)

Mr T V Willsteed (non-executive director)

The skills and experience of each director is set out in the accompanying directors' report.

As noted above, four of the five directors are non-executive, including the chairman, and the roles of chairman and chief executive are not exercised by the same individual.

The board has considered the independence of each of the directors and has determined that all four non-executive directors, including the chairman, are independent. In doing so they considered the level of fees paid to the Company's solicitors Landerer & Company, of which the chairman is a principal, and formed the view that the level of fees paid are not material for the purposes of influencing the independence of the chairman.

The composition of the board is determined by all directors using the following principles which accord with the ASX Corporate Governance Council recommendations:

- A majority of the board should be independent directors;
- The chairman should be an independent director; and
- The roles of chairman and chief executive should not be exercised by the same individual;
- The board should comprise a majority of non-executive independent directors.

Because of the relatively small size of the Company and its operations, the board does not consider it appropriate, at this time, to form a separate committee to deal with nomination of directors.

When a vacancy exists on the board or where it is considered that a director with particular skills or experience is required, the board selects a panel of candidates with the appropriate expertise and experience from which the most suitable candidate is appointed on merit.

Individual directors are able to seek independent professional advice, at the Company's expense, on matters relevant to their role as a director. This is subject to the prior approval of the chairman, which may not be unreasonably withheld, and the other directors being given a copy of such advice.

Non-executive directors are appointed for an indefinite term subject to the constitution of the Company which provides for regular retirement by rotation and provides that no director (except a managing director) shall hold office for more than 3 years, or until the third annual general meeting following the director's appointment without submitting himself for re-election. The dates on which each director was appointed and last re-elected are as follows:

Director	Appointed	Last re-elected
Mr J Landerer CBE AM	11 October 1995	24 November 2005
Mr J M E Percival	11 October 1995	30 November 2006
Mr A G Harris	11 October 1995	24 November 2005
Mr R B Leece AM RFD	7 August 2002	30 November 2006
Mr T V Willsteed	20 July 2004	25 November 2004

Messrs Landerer and Willsteed are standing for re-election at the 2007 annual general meeting.

In the event that a potential conflict of interest may arise, involved directors withdraw from deliberations concerning the matter.

Code of conduct

Board members, executive management and company officers are made aware of the requirements to follow corporate policies and procedures, to obey the law and to maintain appropriate standards of honesty and integrity at all times. In this regard the directors have adopted a code of conduct for directors, senior executives and employees. The code of conduct covers ethical operations, compliance with laws, dealings with customers and public officials, conflicts of interest, confidential and proprietary information and insider trading. A copy of the code is available on the Company web site under the corporate governance section.

Share trading policy

The Company's code of conduct provides that no director, senior executive or employee shall purchase or sell Company securities, or securities of a company in a 'special relationship' with the Company, while in possession of material information concerning the Company or such a company that has not previously been generally disclosed to the investing public for at least two business days. Nor shall an employee inform any individual or entity of any such material information, except in the necessary course of business.

Employees are encouraged to invest in the Company's securities, but must avoid trading when in possession of confidential material information which, if generally available, would reasonably be expected to either have an effect on the market price or value of those securities or affect an investor's decision as to whether to buy, sell or hold securities in the Company.

Directors are required to give prior notice to the chairman of any dealings in Company securities by themselves or their associates and to provide particulars of any transactions immediately following execution. The secretary is to make the requisite notifications to ASX within 2 days of each such transaction.

Financial reporting and audit committee

Mr J M E Percival, director-operations, is required to confirm to the board that, for each financial reporting period, the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The board has established a separate, formally constituted, audit committee which reviews the published accounts of the Company as well as the external auditing arrangements and the adequacy, quality and effectiveness thereof. The committee consists of all five directors together with external consultant and chartered accountant Mr J D Leece OAM. Mr J Landerer CBE AM is chairman of the committee. The committee meets at least twice a year. Particulars of committee meetings held during the year ended 30 June 2007 and the attendance of each committee member is set out in the accompanying directors' report.

The committee has been in place for a number of years and its composition does not comply with the ASX Corporate Governance Council in that it does not have an independent chairman, who is not chairman of the board, and its members include Mr J M E Percival who is an executive director.

Corporate governance statement continued

The committee has a formal charter, a copy of which is available on the Company web site under the corporate governance section

Continuous disclosure

All directors and senior executives have been made aware of the continuous disclosure requirements of the ASX Listing Rules and have been provided with a copy of the relevant rules and guidance notes. Continuous disclosure is included on the agenda for all formal meetings of the directors. Directors and senior executives are made aware of the constraints applicable to private briefings and broker and analyst presentations.

The directors have allocated responsibility to the 'director-operations' and the 'company secretary' to alert the board to any operational or regulatory matters respectively which they consider may require disclosure to the market under the continuous disclosure requirements of the ASX Listing Rules. The directors then consider and approve the form of any such announcement.

All Company announcements require the approval of the board with provision for available directors, including the chairman, to approve urgent announcements. The company secretary is responsible for communication with ASX. The chairman is responsible for all media contact and comment.

The annual report contains a review of operations.

Shareholder communication

The Company communicates with its shareholders through ASX announcements, quarterly reports, the half-year report, the annual report and the annual general meeting. Copies of all such ASX announcements and reports are posted on the Company web site. Shareholders are encouraged to provide an email address to receive electronic copies of all announcements and reports.

The independent auditor attends the annual general meeting to respond to questions from shareholders on the conduct of the audit and the preparation and content of the audit report.

Risk management

The board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Company and its operations. It has not established a separate committee to deal with these matters as the directors consider the size of the Company and its operations does not warrant a separate committee at this time. The board considers the matter of risk management on a six monthly basis at its regular meetings.

The directors have identified the significant areas of risk applicable to the Company and its operations and non-executive director Mr A G Harris has been allocated responsibility for preparation of a six monthly report to the board on the matter.

Performance evaluation of directors and executives

A performance evaluation of the board and its individual members has not taken place during the year.

The board and the 'director-operations' undertake a review of the performance of senior executives and employees on an annual basis.

Remuneration of directors and executives

Because of the relatively small size of the Company and its operations, the board does not consider it appropriate, at this time, to form a separate committee to deal with executive remuneration. The board as a whole establishes and reviews annually the remuneration of the executive directors, senior executives and employees.

In accordance with the constitution of the Company shareholders determine the aggregate annual remuneration of the directors, (the aggregate annual remuneration approved by shareholders at the 1999 annual general meeting is $100,000). The directors determine the allocation of the approved aggregate remuneration between the non-executive directors. The cash remuneration of the directors is from time to time supplemented by incentive options issued under the Company's Employee and Directors Share Option Plan. Specific shareholder approval is required before options are issued to directors under this Plan.

Remuneration of the directors and senior executives during the year ended 30 June 2007 is set out in the directors' report and in the notes to the financial statements. Particulars of current options issued to directors under the Employee and Directors Share Option Plan are set out in the notes to the financial statements.

There are no schemes or provisions for retirement benefits for non-executive directors other than statutory benefits and accumulated superannuation.

Recognition of legitimate interests of stakeholders

As detailed above, the Company has adopted a code of conduct which 'inter alia' deals with compliance with legal and other obligations to legitimate stakeholders. The full code of conduct is available on the Company web site under the corporate governance section.

Stock exchange information

GoldSEARCH

Statement of quoted securities as at 28 September 2007

- there are 2,773 shareholders holding a total of 303,350,148 ordinary fully paid shares.
- the 20 largest shareholders between them hold 46.49% of the total shares on issue.
- voting rights are that on a show of hands each member present in person or by proxy or attorney or representative shall have one vote and upon a poll every member so present shall have one vote for every fully paid share held and for each partly paid share held shall have a fraction of a vote pro-rata to the amount paid up on each partly paid share relative to its issue price.
- there are 391 optionholders holding a total of 63,868,548 quoted options which expire on 31 October 2007.
- the 20 largest optionholders between them hold 62.80% of the total quoted options on issue.

Distribution of quoted shares and options as at 28 September 2007

	Shares	Quoted options
Range	**Number of holders**	**Number of holders**
1 - 1,000	54	20
1,001 - 5,000	479	79
5,001 - 10,000	543	55
10,001 - 100,000	1,355	152
100,001 - and over	342	85
Total holders	2,773	391

There were 632 shareholders and 240 optionholders whose total holding had a market value of less than $500 at 28 September 2007.

Substantial shareholdings as at 28 September 2007

The following shareholders have notified the Company that pursuant to the provisions of section 671B of the Corporations Act 2001 they are substantial shareholders.

Substantial shareholder	Total relevant interest notified	% of total voting rights
The New Zealand Guardian Trust Company Ltd	19,529,283 ordinary shares	6.44
Daniel Ronald Watson	16,800,000 ordinary shares	5.54
Jayare Nominees Pty Limited	15,700,000 ordinary shares	5.18

Directors' shareholdings

As at 28 September 2007 directors of the Company held a relevant interest in the following securities on issue by the Company.

Director	Ordinary shares	Quoted options	Unquoted options
J Landerer CBE AM	7,710,251	2,258,750	3,000,000
A G Harris	165,000	55,000	2,000,000
R B Leece AM RFD	10,329,465	1,667,000	2,000,000
J M E Percival	4,121,343	1,595,122	3,000,000
T V Willsteed	2,154,000	1,154,000	2,000,000

On-market buy-backs

There is no on-market buy back currently in place.

Restricted securities

There are no restricted securities on issue by the Company.

Top 20 holders of ordinary shares at 28 September 2007

Shareholder name	Number of shares held	% of total
Forbar Custodians Limited (FB Nominee a/c)	43,466,799	14.33
ANZ Nominees Limited	29,899,091	9.85
Jayare Nominees Pty Limited	15,700,000	5.18
Belmark Investments Pty Limited	11,000,000	3.63
Daradine Pty Limited	6,082,115	2.01
Mr John Landerer	4,277,904	1.40
CH Administration Pty Limited & D R Watson	3,000,000	0.99
Gerendasi Holdings Pty Limited	2,970,535	0.98
Mr Daniel Ronald Watson	2,800,000	0.92
Mr John Moran	2,634,250	0.87
Forresters Nominee Company	2,515,432	0.83
Drexwill Pty Limited	2,500,000	0.82
Patermat Pty Limited	2,154,000	0.71
National Nominees Limited	2,108,000	0.69
Clear Star Holdings Pty Limited	1,800,000	0.59
Mr John Maxwell Outhwaite	1,800,000	0.59
Hipete Pty Limited	1,711,500	0.56
Yellowrock Pty Limited	1,700,000	0.56
British and Colonial Investments	1,500,000	0.49
Regina Equities Pty Limited	1,500,000	0.49
Total held by top 20 holders of ordinary shares	141,119,626	46.49

Top 20 holders of quoted options at 28 September 2007

Optionholder name	Number of options held	% of total
ANZ Nominees Limited	6,524,776	10.22
Jayare Nominees Pty Limited	5,108,635	8.00
Mr Dov Paneth	4,225,000	6.62
Fortis Clearing Nominees Pty Limited	3,324,144	5.20
Riveck Nominees Pty Limited	3,300,000	5.17
Daradine Pty Limited	1,667,000	2.61
Tricom Nominees Pty Limited	1,509,165	2.36
Mr John Landerer	1,447,968	2.26
Forbar Custodians Limited (FB Nominee a/c)	1,406,635	2.20
Mr Anthony John Vetter	1,400,000	2.19
Mr John Percival and Ms Josephine Gregan	1,307,587	2.05
Patermat Pty Limited	1,154,000	1.80
Mr A Houng Lee & Ms V Houng Lee & Mr D Hayr	1,035,000	1.62
Regans Express Pty Ltd	1,000,000	1.57
Ambre Sarl	1,000,000	1.57
Clear Star Holdings Pty Limited	1,000,000	1.57
Mr Fang Hua Ding	987,500	1.55
Mr John Moran	936,750	1.47
Mr Rowan Kenley Johnston	934,000	1.46
Forrester Nominee Company	838,477	1.31
Total held by top holders of quoted options	40,106,637	62.80

Corporate directory

The Company's shares are quoted on the official list of the Australian Securities Exchange Limited. Home exchange is Melbourne. ASX code is GSE.

DIRECTORS

John Landerer CBE AM
(non-executive chairman)

John Morgan Edwin Percival
(executive director – operations)

Albert George Harris
(non-executive director)

Robert Burgess Leece AM RFD
(non-executive director)

Terence Vincent Willsteed
(non-executive director)

SECRETARY

Paul Stewart Hewson

EXPLORATION MANAGER

Heath Hellewell

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Facsimile 02-9930 7777

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AUDITORS

William Buck Chartered Accountants

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Melbourne Vic. 3000

SOLICITORS

Landerer & Company
Solicitors and Attorneys

Level 31, 133 Castlereagh Street
Sydney NSW 2000

BANKERS

Commonwealth Bank
of Australia Limited

Goldsearch

Goldsearch

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GOLDSEARCH LIMITED
ACN 006 645 754

Registered Office - Level 6, 77 Castlereagh Street, Sydney NSW 2000
Telephone: 02-9241 5999 Facsimile: 02-9241 5599

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2007 annual general meeting of the shareholders of Goldsearch Limited will be held in the Sir James Fairfax Room, Radisson Plaza Hotel, 27 O'Connell Street, Sydney NSW 2000 on Thursday 22 November 2007 at 11.00 am.

Ordinary business

1. To receive and consider the financial report for the year ended 30 June 2007 and to consider passing a non-binding resolution to adopt the remuneration report set out in the directors' report.

2. To elect directors:-

   (a) Mr J. Landerer CBE AM, retires as a director by rotation in accordance with rule 75 of the constitution of the Company and being eligible offers himself for re-election.

   (b) Mr T.V. Willsteed retires as a director by rotation in accordance with rule 75 of the constitution of the Company and being eligible offers himself for re-election.

   Information on these candidates is set out in the accompanying directors' report.

3. To consider and if thought fit to pass the following resolution as an ordinary resolution:

   "*That, in accordance with ASX Listing Rule 10.17 and for the purposes of Rules 90.1 and 90.5 of the Constitution of the Company, the maximum aggregate per annum amount payable to non-executive directors by way of directors' fees be increased by $150,000 from $100,000 to $250,000 per annum.*"

   In accordance with the ASX Listing Rules, no director or associate of a director may vote on this resolution. Particulars in relation to this proposed resolution and the voting exclusion applicable to the directors and their associates are set out in the explanatory notes overleaf.

4. Other business

By order of the Board.

P.S. HEWSON
Secretary

Sydney
19 October 2007

Proxies

- A member is entitled to appoint not more than two other persons (whether members or not) as his proxy or proxies to attend the meeting and vote on his behalf.
- Where two proxies are appointed each proxy must be appointed to represent a specified proportion of the member's voting rights, failing which each proxy may exercise half the member's voting rights.
- A proxy shall be signed by the member or by his attorney or if a corporation under its common seal or under the hand of its attorney or in any other manner permitted by the Corporations Act 2001.
- The proxy, together with any power of attorney under which it is signed, shall be deposited at the registered office of the Company, or transmitted by facsimile to 02-9241 5599, not less than forty-eight (48) hours before the time set down for the holding of the meeting.

Voting entitlements

The directors have determined that voting entitlements at the meeting will be based on holdings registered at the close of business on Tuesday 20 November 2007.

EXPLANATORY NOTES

Item 1 – Remuneration Report

The Corporations Act requires that the Remuneration Report be adopted by shareholders (by a non-binding resolution). The Remuneration Report is set out in the directors' report on pages 20 and 21 of the Company's 2007 Annual Report. The Report sets out remuneration details for directors and other executives. At the meeting the chairman will give shareholders a reasonable opportunity to ask questions in relation to the matters set out in the Remuneration Report.

Item 2 – Re-election of directors

The constitution of the Company provides for the regular retirement of directors by rotation.

In accordance with Rule 75 of the constitution of the Company current directors, Messrs J Landerer and T V Willsteed retire as directors at the conclusion of this meeting and, being eligible, offer ourselves for re-election. Particulars of the background and experience of both Mr Landere and Mr Willsteed are set out in the directors report on pages 17 and 18 of the 2007 annual report.

Item 3 – Increase in maximum aggregate annual directors' fees

Rule 90 of the constitution of the Company provides 'inter alia' that:

90.1 The Directors, other than a Managing Director or an Executive Director, shall be paid for their services as Directors such fees (not exceeding in aggregate the maximum sum that is from time to time approved by the Company in general meeting) as the Directors determine.

90.2 The remuneration payable to Directors, other than a Managing Director and an Executive Director, under this clause shall be a fixed sum and not by a commission on, or a percentage of, operating revenue or profits of the Company.

90.3 The sum so fixed shall be divided amongst the Directors in such proportion and manner as they shall agree or, failing agreement, equally.

90.4 The remuneration of each Director for his ordinary services as Director under this clause shall be regarded as accruing from day to day and shall be apportioned accordingly.

90.5 Unless and until otherwise determined in accordance with clause 90.1 the aggregate fees payable to the Directors other than a Managing Director and an Executive Director shall be a maximum of $100,000 per annum.

90.6 The remuneration payable to the Directors under this clause shall be exclusive of any benefits which the Company is required to provide to the Directors by virtue of any legislative schemes including without limitation, superannuation and shall also be exclusive of any benefit to which a Director may be entitled to under the Law or this Constitution.

The maximum of $100,000 per annum in clause 90.5 has not been increased since the Constitution was adopted in November 1999. Aggregate remuneration of the four non-executive directors during the year ended 30 June 2007, by way of directors fees and superannuation contributions, totalled $96,000. Whilst the directors also receive options as part of their remuneration, independent advice obtained from remuneration consultants McDonald & Associates (Australasia) Pty Limited is that the overall level of remuneration of the Company's directors is well below that of comparable listed companies.

By increasing the maximum aggregate amount of non-executive directors' fees the board will be able to increase non-executive directors' fees over the next two to three years in line with remuneration paid by comparable listed companies.

If shareholders approve the increase, it is proposed that the aggregate annual cash payments to the current non-executive directors will initially be increased from $96,000 to $150,000 per annum in aggregate. This will be reviewed annually.

Voting exclusion statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast by the directors and their associates on the resolution in Item 3. However, the Company need not disregard a vote if:
(a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

GOLDSEARCH LIMITED
ACN 006 645 754

Registered Office - Level 6, 77 Castlereagh Street, Sydney NSW 2000
Telephone: 02-9241 5999 Facsimile: 02-9241 5599

PROXY FORM

I/We____

of____

being a member/members of Goldsearch Limited hereby appoint

____

or failing him, the chairman of the meeting as my/our proxy to vote for me/us at the 2007 annual general meeting of the Company to be held in the Sir James Fairfax Room, Radisson Plaza Hotel, 27 O'Connell Street, Sydney NSW 2000 on Thursday 22 November 2007 at 11.00 am and at any adjournment thereof.

DATED the _________day of _______________ 2007

SIGNED by the said ________________________________
Signature of shareholder

If you desire to direct your proxy how to vote please mark the appropriate box with a tick or cross.

Ordinary business	FOR	AGAINST	ABSTAIN
Item 1 – adoption of the remuneration report	☐	☐	☐
Item 2(a) – re-election of director – Mr J. Landerer CBE AM	☐	☐	☐
Item 2(b) - re-election of director – Mr T.V. Willsteed	☐	☐	☐
Item 3 – increase in maximum annual aggregate directors fees	☐	☐	☐

If you do not wish to direct your proxy how to vote please mark this box with a tick or cross. ☐

By marking this box, you acknowledge that the chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him, other than as proxy holder, will be disregarded because of that interest. The chairman has indicated that he intends to vote in favour of the above resolutions in relation to undirected proxies.

Notes

- A member is entitled to appoint not more than two other persons (whether members or not) as his proxy or proxies to attend the meeting and vote on his behalf.
- Where two proxies are appointed each proxy must be appointed to represent a specified proportion of the member's voting rights, failing which each proxy may exercise half the member's voting rights.
- A proxy shall be signed by the member or by his attorney or if a corporation under its common seal or under the hand of its attorney or in any other manner permitted by the Corporations Act 2001.
- The proxy, together with any power of attorney under which it is signed, shall be deposited at the registered office of the Company, or transmitted by facsimile to 02-9241 5599 not less than forty-eight (48) hours before the time set down for the holding of the meeting.
- The directors have determined that voting entitlements at the meeting will be based on holdings registered at the close of business on Tuesday 20 November 2007.

Goldsearch Limited

ABN 73 006 645 754

INVESTOR CENTRE
www.investorcentre.com/au

FOR ALL ENQUIRIES CALL:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

ALL CORRESPONDENCE TO:
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GPO Box 2975 Melbourne
Victoria 3001 Australia
Facsimile +61 3 9473 2500

000001
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GSERM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

19 October 2007

IMPORTANT NOTICE

The default option for receiving your annual report has changed from a printed copy to be via our website. You have the choice of receiving notification about accessing your annual report online or continuing to receive a printed annual report.

MAKE YOUR SELECTION ON THE BACK OF THIS FORM

YOUR ANNUAL REPORT

YOUR CHOICE

Dear valued shareholder

LEGISLATION CHANGE - WHAT THIS MEANS FOR YOU

The Australian Government recently introduced legislation allowing the default option for receiving annual reports to be via a company's website. You can now access timely, cost effective and greener online reports unless you request a printed copy. You can choose to be notified by email when the annual report becomes available on our website at http://www.goldsearch.com.au/ - otherwise this information will be provided in your AGM mail pack. All other shareholder communications will continue to be sent to you by post.

WHAT ARE YOUR OPTIONS?

OPTION 1 @ Receive email notification when your annual report becomes available online.

OPTION 2 Continue receiving a printed version of the annual report.

You will no longer receive an annual report but may access a copy from mid to late October each year on the Company's website www.goldsearch.com.au

If you have any questions about this form please contact an investor service representative on 1300 855 080.

Paul Hewson
Company Secretary

YOUR SECURITYHOLDER COMMUNICATION OPTIONS

OPTION 1

Elect to receive your annual report and other securityholder communications online

By providing your email address you will no longer receive paper copies of annual reports or any other securityholder document available electronically. Instead you will receive emails advising you when and how to access these documents online.

Please enter your email address below and send this form back in the enclosed reply paid envelope.

@

Please provide your mobile phone number in the event we need to contact you about your securityholding

OR

visit www.investorcentre.com/au and provide your email address. If you are new to the Investor Centre website, simply click 'Register Now' and enter the security information provided below.

SRN/HIN:

POST CODE: 3030

FOR SECURITY REASONS IT IS IMPORTANT THAT YOU KEEP YOUR SRN/HIN CONFIDENTIAL.

Investor Centre provides you with a complete range of securityholder services

- ☑ Check the value of your securityholding and review your transaction history.
- ☑ Update your securityholder information online.
- ☑ Manage all your securityholdings with a free Investor Centre Portfolio registration.

OPTION 2

Elect to continue receiving a printed copy of the annual report

To receive a printed copy of the annual report please mark the annual report box below and send this letter back to us in the enclosed reply paid envelope.

☐ **ANNUAL REPORT**
Our annual report with detailed financial, remuneration and governance information.

You will no longer receive an annual report but may access a copy from mid to late October each year on the Company's website www.goldsearch.com.au

000001 000 GSERM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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