

gsh/psh/gsh777

26 August 2009

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

Via ASX Online

No. of pages – 5

Dear Sir,

Farm out and joint venture – Mary Kathleen project

The directors of Goldsearch Limited advise having entered into a farm-out and joint venture agreement with China Yunnan Copper Australia Limited (ASX code CYU) over the mineral tenements comprising the Mary Kathleen project.

An ASX announcement and media release with further particulars is attached.

For and on behalf of the directors of  
Goldsearch Limited



P S Hewson  
Secretary

## ASX/Media Announcement

26 August 2009

### **Farm-out and joint venture agreement with China Yunnan Copper Australia limited Copper, uranium, gold Mary Kathleen project, Mount Isa region**

Goldsearch Limited (**ASX: GSE**) announced today it has entered into a farm-out and joint venture agreement with China Yunnan Copper Australia Limited (**ASX: CYU**) to explore GSE's Mary Kathleen Project consisting of three tenement areas covering approximately 161 square kilometres of ground considered prospective for copper, gold, uranium and rare earth elements (REE) mineralisation within the Mount Isa Inlier of north-west Queensland.

The agreement relates to three granted exploration permits (EPM 14019, EPM 14022 and EPM 15257). These tenements are adjacent to granted exploration permit (EPM 15248) which is currently being explored by CYU (**Figure 1**). GSE has granted CYU the right to farm-in to the tenements upon the fulfilment of expenditure obligations in relation to exploring for all minerals. GSE and CYU have further agreed that if CYU completes these obligations satisfactorily they will form a joint venture for the purpose of conducting further exploration and undertaking development and mining.

CYU and GSE consider the targets and fertile structures identified from geophysical and geochemical surveys warrant immediate investigation by detailed ground geophysical surveys and drilling. It is the intention of CYU to prioritise the investigation of the targets already identified by GSE within the tenements.

Shallow drilling has occurred at many of these old copper prospects and workings (**Figure 2**). Significant results include a best intersection of **26 metres @ 0.86% copper** at the Mount Dorothy prospect where a zone of gossanous ironstone occurs over 1 kilometre strike length. Depth extensions of significant drill intersections at the Mount Dorothy prospect and Sirotem anomalies not explained by the drilling remain to be tested.

At Elaine Dorothy, (**Figure 2**) previous exploration by Mary Kathleen Uranium (former operators of the Mary Kathleen Mine) and GSE has highlighted significant Mary Kathleen-style uranium (and REE) mineralisation. Further drilling is required to adequately test mineralisation defined to date (**eg: 2.3 metres @ 0.262% uranium oxide (U<sub>3</sub>O<sub>8</sub>) 9.5 metres @ 0.036% U<sub>3</sub>O<sub>8</sub> and 2 metres @ 0.134% U<sub>3</sub>O<sub>8</sub>**). For reference the mined out Mary Kathleen Reserve was 9.2 million tonnes @ 0.12% U<sub>3</sub>O<sub>8</sub>.



Under the terms of the agreement CYU is obligated to carry out exploration programs to investigate a number of high priority targets identified by GSE and previous tenement holders within a period of 3 years. Upon sole funding expenditure of \$750,000, CYU will have earned an initial 49% participating interest in the tenements.

As additional consideration CYU will now issue to GSE unlisted options to purchase ordinary shares in CYU at a price of \$0.40 per share. These options will be issued as follows.

- 2,000,000 options to be exercised on or before 20 August 2011.
- 1,000,000 options to be exercised on or before 20 August 2012.

By contributing additional expenditure to a cumulative amount of \$1.5 million within a 3 year period from the commencement of the farm-in and joint venture agreement, CYU will have earned a 70% participating interest in the tenements. During the farm-in period, CYU will solely fund and manage the exploration for all minerals within the tenement area.

Upon completion of the farm-in period a joint venture will be formed with participating interests of CYU 70%:GSE 30%. Both parties will contribute to the joint venture in proportion to their participating interest with normal dilution applying thereafter.

## **About CYU**

CYU is an Australian company formed to explore for and develop minerals in Australia and overseas. Cornerstone investor, Yunnan Copper Industry (Group) Co Ltd, is one of China's largest copper producers. CYU is targeting high quality copper, gold and uranium projects with eleven wholly owned Exploration Permit for Minerals (EPM's) in the Mount Isa Inlier, Ravenswood-Pentland Province and the Clermont Inlier in Queensland.

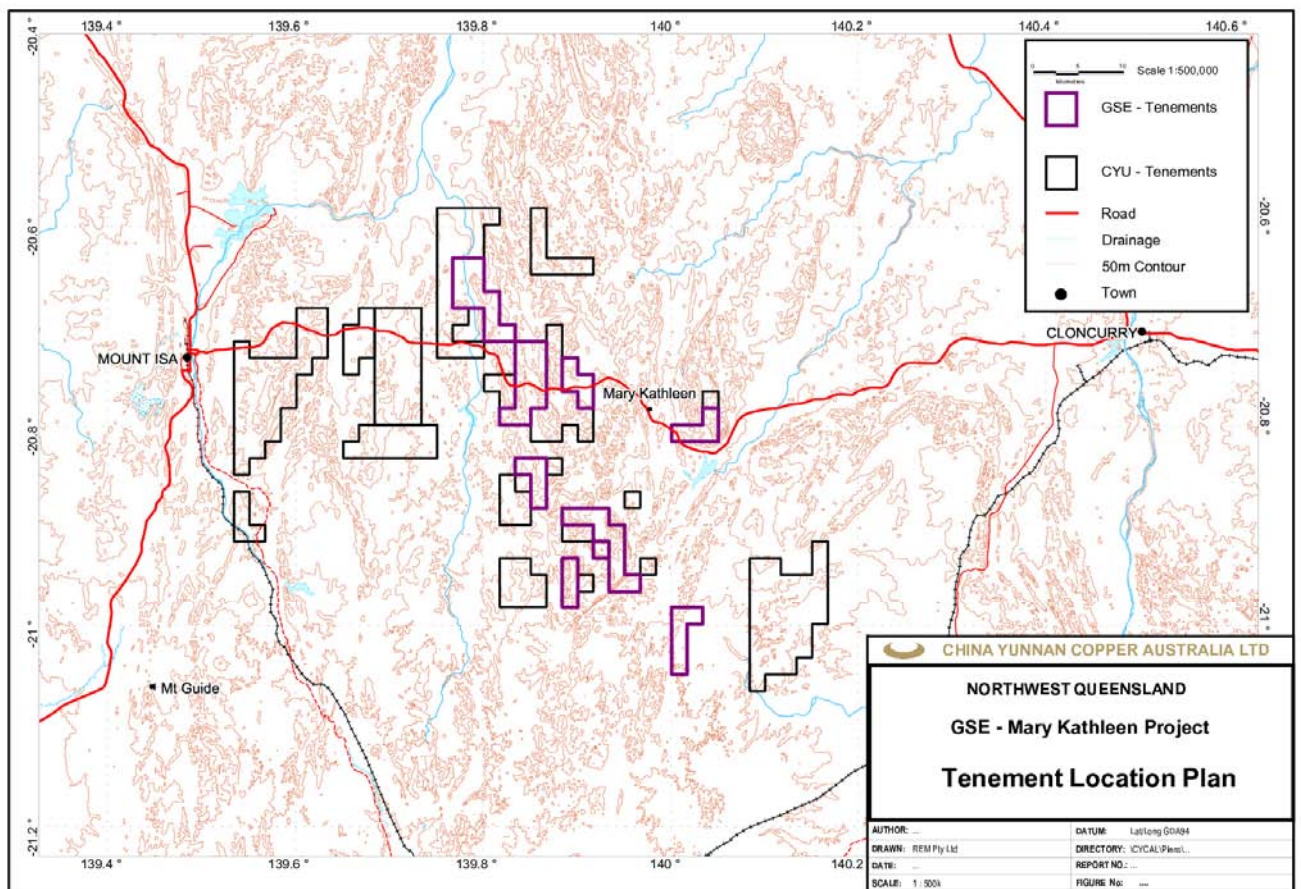
For further information please contact;

John Percival  
Director Operations  
Goldsearch Limited  
02-92415999

or visit the website, [www.goldsearch.com.au](http://www.goldsearch.com.au)

**Competent Person's statement**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Heath Hellewell, who is a Member of the Australian Institute of Geologists and Australasian Institute of Mining and Metallurgy is Exploration Manager of Goldsearch Limited. Mr Hellewell has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results and Mineral Resources". Mr Hellewell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



**Figure 1. CYU – GSE tenement locations - Mount Isa Inlier.**

**CYU considers the Mary Kathleen JV to be a good strategic fit as it continues a successful exploration program in the Mount Isa/ Cloncurry area.**

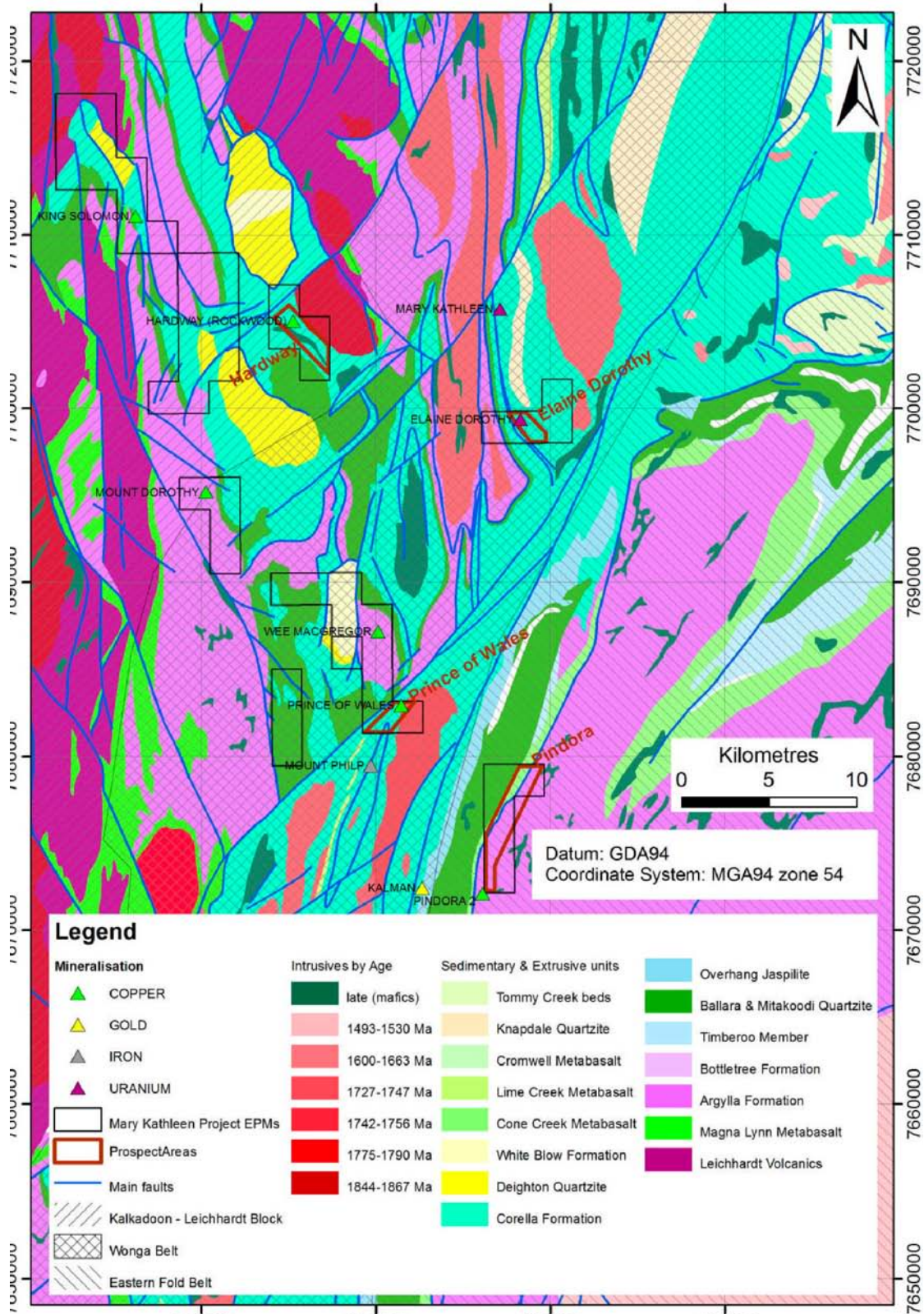


Figure 2. The Mary Kathleen JV will initially test copper, uranium and gold targets at Pindora, Mount Dorothy and Elaine Dorothy.