

**Quantum Resources Limited**

ACN 006 690 348

**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2011**

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## **Chairman's Report**

Dear Shareholder

Quantum Resources Limited ("Quantum" or "the Company") continues to actively explore for a wide range of commodities including uranium, gold, rare earth elements and base metals. The suite of project tenements covers approximately 900 sq km within Western Australia and the Northern Territory and the current focus is on the Company's key projects; Gardner Range and Ware Range.

### ***Gardner Range (Quantum 100%)***

The Gardner Range project consists of three granted tenements, E80-3410, E80-3411 and E80-3412. Historic exploration near Mt Mansbridge has identified up to 980 parts per million ("ppm") U and 7% Rare Earth Elements (REE) associated with the unconformity between the Gardner Sandstone and the underlying Killi Killi Formation.

The 2011 field program focussed on follow up of the anomalies identified in the previous year prior to selecting drill targets. Results for soil geochemistry indicate anomalous regions of Yttrium, a rare earth element. This result led the company to conduct a multidisciplinary study of all available Gardner Range exploration results and reprioritise the Company's targets in these tenements. Based on this study the Company considers that rare earth elements offer the most potential for being present in economic quantities.

### ***Ware Range (Quantum 100%)***

The Ware Range project is located in a similar geological setting to the Gardner Range approximately 150km north-east of the Gardner Range Project. Calcrete has been mapped in a drainage system that overlies the unconformity between the Gardner Sandstone and the Helena Creek Beds. The Company intends to drill the calcrete as it represents an attractive uranium target with well known examples in WA (e.g. Yeelirrie, Lake Maitland) and Namibia (Langer-Heindrich), highlighting the potential for this style of mineralisation.

Further to these two key projects the Company holds exploration licences for two other projects, all of which are located within close proximity to some of the country's largest gold deposits. These include; the Tanami Officer Hill project, a joint venture with Newmont Australia and considered to have excellent potential to host steeply plunging gold shoots, and the Telfer project, which has known gold mineralization extending over one kilometre. Quantum retains these licences for their significant potential and continues to review the project data to determine the most appropriate exploration strategy going forward.

I would like to thank you for your past support and loyalty, and I look forward to your continued support in the future.



Joseph Gutnick  
Executive Chairman and Managing Director

## **Directors' Report**

The directors present their report together with the financial report of Quantum Resources Limited (the 'Company') for the half year ended 31 December 2011.

### **Directors**

The directors of the Company at any time during or since the end of the interim period are:

J Gutnick	Executive Chairman and Managing Director
D Tyrwhitt	Non-Executive Director
C Michael	Executive Director

### **Review and Results of Operations**

During the half-year to December 2011, the Company has continued with its exploration programs.

As an exploration company, Quantum does not have an ongoing source of revenue. Its revenue stream is normally from ad-hoc tenement disposals, sale of fixed assets and interest received on cash in bank.

The results of operations for the six months ended 31 December 2011 was a loss of \$126,141 (2010: \$121,217). Exploration expenditure written off during the half year was \$13,709 (2010: \$37,575) as a result of expenditure incurred on tenements not yet granted being written off in accordance with accounting standards. Costs incurred and written off on tenements in 2010 were the result of the write down of relinquished and non-prospective tenement interests and expenditure incurred. Administration expenses for the six months ended 31 December 2011 was \$112,313 (2010: \$84,704). The increase is due primarily to increases in AXIS service costs.

At 31 December 2011, the Company had cash at bank of \$51,258.

### **Auditor's independence declaration**

The auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half year ended 31 December 2011.

Signed in accordance with a resolution of the directors:



J Gutnick  
Executive Chairman and Managing Director

Dated at Melbourne this 15th day of March 2012

*The technical information in this report has been reviewed and approved by Dr D S Tyrwhitt who is a Fellow of the Australasian Institute of Mining and Metallurgy and has 50 years experience in the industry and has more than 5 years experience which is relevant to the style of mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Tyrwhitt consents to the inclusion in the report of the matters based on the information in the form and context to which it appears.*



Chartered Accountants  
& Business Advisers

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**To: The Directors  
Quantum Resources Limited**

I declare to the best of my knowledge and belief, in relation to the review of the half-year ended 31 December 2011 there have been:

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

**J A Mooney  
Partner  
PKF**

15 March 2012  
Melbourne

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Statement of Comprehensive Income  
for the half year ended 31 December 2011

	<i>Note</i>	2011 \$	2010 \$
Exploration impaired	3	(13,709)	(37,575)
Administration expenses		(112,313)	(84,704)
<b>Loss from continuing operations</b>		<b>(126,022)</b>	<b>(122,279)</b>
Net finance (expense)/income	2	(119)	1,062
<b>Loss before income tax</b>		<b>(126,141)</b>	<b>(121,217)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(126,141)</b>	<b>(121,217)</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(126,141)</b>	<b>(121,217)</b>
<b>Loss attributable to members of Quantum Resources Limited</b>		<b>(126,141)</b>	<b>(121,217)</b>
<b>Total comprehensive loss attributable to members of Quantum Resources Limited</b>		<b>(126,141)</b>	<b>(121,217)</b>
<b>Basic loss per share (cents per share)</b>		<b>(0.02)</b>	<b>(0.01)</b>
<b>Dilutive loss per share (cents per share)</b>		<b>(0.02)</b>	<b>(0.01)</b>

The accompanying notes form part of these half year financial statements.

Statement of Financial Position  
as at 31 December 2011

	<i>Note</i>	31 December 2011 \$	30 June 2011 \$
<b>Assets</b>			
<b><i>Current Assets</i></b>			
Cash and cash equivalents		51,258	372,684
Receivables		4,331	689
<b>Total Current Assets</b>		<b>55,589</b>	<b>373,373</b>
<b><i>Non-Current Assets</i></b>			
Receivables		12,038	12,038
Plant and equipment		2,203	2,545
Exploration and evaluation expenditure	3	1,457,132	1,283,634
<b>Total Non-Current Assets</b>		<b>1,471,373</b>	<b>1,298,217</b>
<b>Total Assets</b>		<b>1,526,962</b>	<b>1,671,590</b>
<b>Liabilities</b>			
<b><i>Current Liabilities</i></b>			
Trade and other payables		220,790	239,277
<b>Total Current Liabilities</b>		<b>220,790</b>	<b>239,277</b>
<b>Total Liabilities</b>		<b>220,790</b>	<b>239,277</b>
<b>Net Assets</b>		<b>1,306,172</b>	<b>1,432,313</b>
<b>Equity</b>			
Contributed equity		56,604,226	56,604,226
Reserves		619,690	713,940
Accumulated losses		(55,917,744)	(55,885,853)
<b>Total Equity</b>		<b>1,306,172</b>	<b>1,432,313</b>

The accompanying notes form part of these half year financial statements.

**Statement of Changes in Equity**  
**for the half year ended 31 December 2011**

	Contributed equity \$	Option premium reserve \$	Share based payment reserve \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2010</b>	56,604,118	619,690	94,250	(55,724,629)	1,593,429
Total comprehensive loss for the period, net of tax	-	-	-	(121,217)	(121,217)
Transactions with owners, recorded directly in equity					
Issue of shares, net of transaction costs	108	-	-	-	108
Total transactions with owners	108	-	-	-	108
<b>Balance at 31 December 2010</b>	<b>56,604,226</b>	<b>619,690</b>	<b>94,250</b>	<b>(55,845,846)</b>	<b>1,472,320</b>
<b>Balance at 1 July 2011</b>	56,604,226	619,690	94,250	(55,885,853)	1,432,313
Total comprehensive loss for the period, net of tax	-	-	-	(126,141)	(126,141)
Transactions with owners, recorded directly in equity					
Expiry of options	-	-	(94,250)	94,250	-
Total transactions with owners	-	-	(94,250)	94,250	-
<b>Balance at 31 December 2011</b>	<b>56,604,226</b>	<b>619,690</b>	<b>-</b>	<b>(55,917,744)</b>	<b>1,306,172</b>

The accompanying notes form part of these half year financial statements.

**Statement of Cash Flows**  
**for the half year ended 31 December 2011**

	2011 \$	2010 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of GST)	(78,183)	(122,105)
Interest received	9	1,140
<b>Net cash used in operating activities</b>	<b>(78,174)</b>	<b>(120,965)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration expenditure	(243,252)	(449,178)
<b>Net cash used in investing activities</b>	<b>(243,252)</b>	<b>(449,178)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity securities, on exercise of options	-	10
<b>Net cash from financing activities</b>	<b>-</b>	<b>10</b>
Net decrease in cash and cash equivalents	(321,426)	(570,133)
Cash and cash equivalents at 1 July	372,684	1,012,350
<b>Cash and cash equivalents at 31 December</b>	<b>51,258</b>	<b>442,217</b>

The accompanying notes form part of these half year financial statements.

**Notes to the interim financial statements (continued)**  
**for the half year ended 31 December 2011**

**1. Basis of preparation**

Quantum Resources Limited (the 'Company') is a company domiciled in Australia.

The half year financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards (AASBs) including AASB 134 Interim Financial Reporting.

Except as described below, these interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2011 annual financial statements contained within the Annual Report of the Company.

The half year financial report does not include notes of the type normally included in the annual financial report. This half year financial report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made during the interim period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

*Going concern*

The Company has incurred a loss of \$126,141 in the half year to 31 December 2011, had net cash operating outflow of \$78,174 for the half year ended 31 December 2011 and has working capital of \$(165,201) at 31 December 2011. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The half year financial report has been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe this basis to be appropriate. In order to continue as a going concern, the Company will be required to raise further capital to meet its commitments. The Directors are satisfied that adequate plans are in place and that the Company will be able to raise sufficient cash for a minimum of 12 months from the date of signature of the half year financial report to the date of signature of the half year financial report for the half year ending 31 December 2012. The Directors are confident of doing so due to the success the Company has previously had raising capital and preliminary indications from brokers and investors. Should the Company be unable to continue as a going concern, it may be required to realise their assets and discharge their liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the half year financial statements. These half year financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

**(a) Change in accounting policy**

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant for the Company.

These interim financial statements were approved by the directors on 15 March 2012.

**Notes to the interim financial statements (continued)**  
**for the half year ended 31 December 2011**

**2. Net finance income**

	<b>31 December 2011</b>	<b>31 December 2010</b>
	<b>\$</b>	<b>\$</b>
Interest income	9	1,140
<b>Finance income</b>	<b>9</b>	<b>1,140</b>
Bank charges	(128)	(78)
<b>Finance expenses</b>	<b>(128)</b>	<b>(78)</b>
<b>Net finance (expense)/income</b>	<b>(119)</b>	<b>1,062</b>

**3. Exploration and evaluation expenditure**

	<b>31 December 2011</b>	<b>30 June 2011</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of period	1,283,634	945,814
Capitalised during the period	187,207	384,757
Impaired during the period	(13,709)	(46,937)
<b>Balance at end of period</b>	<b>1,457,132</b>	<b>1,283,634</b>

**4. Segment reporting**

Operating segment information is disclosed on the same basis as information used for internal reporting purposes by the board of directors.

At regular intervals, the board is provided with management information for the Company's cash position, the carrying values of exploration permits and a Company cash forecast for the next twelve months of operation.

On this basis, no segment information is included in these financial statements.

**5. Contingent liabilities**

There is no change to contingent liabilities that the Company has become aware of since 30 June 2011.

**6. Subsequent events**

There have been no significant events subsequent to the end of the interim reporting period.

## **Directors' Declaration**

In the opinion of the directors of Quantum Resources Limited (the 'Company'):

1. the financial statements and notes, set out on pages 5 to 10, are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance, for the half year ended on that date; and
  - (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



J Gutnick  
Executive Chairman and Managing Director

Dated at Melbourne this 15th day of March 2012.



Chartered Accountants  
& Business Advisers

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF QUANTUM RESOURCES LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Quantum Resources Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Quantum Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Quantum Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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Chartered Accountants  
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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF QUANTUM RESOURCES LIMITED (CON'T)**

*Emphasis of Matter*

Without qualifying our conclusion, we draw attention to Note 1 "Going Concern" in the financial report, which indicates that the company incurred a loss of \$126,141 for the half-year ended 31 December 2011 and as of that date reflected a net cash operating outflow of \$78,174. These conditions along with other matters set out in Note 1 give rise to a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern, and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

A handwritten signature in black ink, appearing to be 'PKF'.

**PKF**

15 March 2012  
Melbourne

A handwritten signature in black ink, appearing to be 'J A Mooney'.

**J A Mooney**  
Partner