

Quantum Resources Limited

ACN 006 690 348

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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Chairman's Report

Dear Shareholder

Quantum Resources Limited (ASX: QUR) 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 square kilometres within Western Australia and the Northern Territory and the current focus is on the Company's key projects; Gardner Range and Telfer Project. In addition, the Company holds an important tenement near the Tanami project of Newmont where exploration commenced for the first time during the half-year. Newmont are earning a 75% interest by sole funding expenditure.

Telfer Project

The Company holds a single Exploration Licence E45/2401 located 6km to the northeast of the Newcrest Mining Ltd Telfer gold mine (Figure 3). The Telfer gold mine is host to one of Australia's largest gold deposits with a reported ore reserve of 6.3 million ounces of gold and 0.46 million tonnes of copper within a mineral resource of approximately 15 million ounces gold. The O'Callaghan's ore body, 10km south east of Telfer mine, is also owned by Newcrest and hosts significant resources of tungsten, copper, lead and zinc.

Previous drilling within the tenement identified gold mineralisation at the Chicken Ranch Prospect, which include results from hole CR-RC-1 of 7m @ 13.64g/t gold. Evaluation of the historical drilling data has highlighted the fact that the spacing and depth extent of the holes sampled only the shallow, possibly supergene enriched, saprolite.

During the previous quarter a geophysical review was completed by an external consultant, which involved acquisition and reinterpretation of geophysical and geological data. The findings from this review were integrated with the substantial amount of historical drilling, surface sampling and assay data held in the Company's database. This dataset represents a valuable resource for the Company and has not yet been fully evaluated.

Key findings so far include;

- Drilling data has clearly demonstrated the presence of a gold mineralising system with results of up to 7m @ 13.64g/t gold.
- 70% of the licence has been inadequately explored possibly due to younger cover sequences limiting the effectiveness of surface geochemical methods.
- 97% of historic drill holes were to less than 100m depth thereby testing only the shallow, possibly supergene enriched saprolite.
- Known mineralisation appears to be spatially associated with disrupted areas of subdued magnetic response, which possibly represent destruction of magnetite due to hydrothermal alteration.
- Other areas with subdued magnetic responses were identified that have not been drilled.
- Structural target identified in under-explored area.

The electromagnetic and magnetic data provided detailed imaging of the interpreted Proterozoic basement and strongly implies the extension of a domal structure, which hosts the 17 Mile hill deposit, into the tenement area. The review identified a new target area associated with the structure and a potential granite intrusion satisfying a number of the important exploration criteria in the Telfer region (Figure 2).

The Company plans to further evaluate the existing dataset prior to planning of appropriate field programs in 2014.

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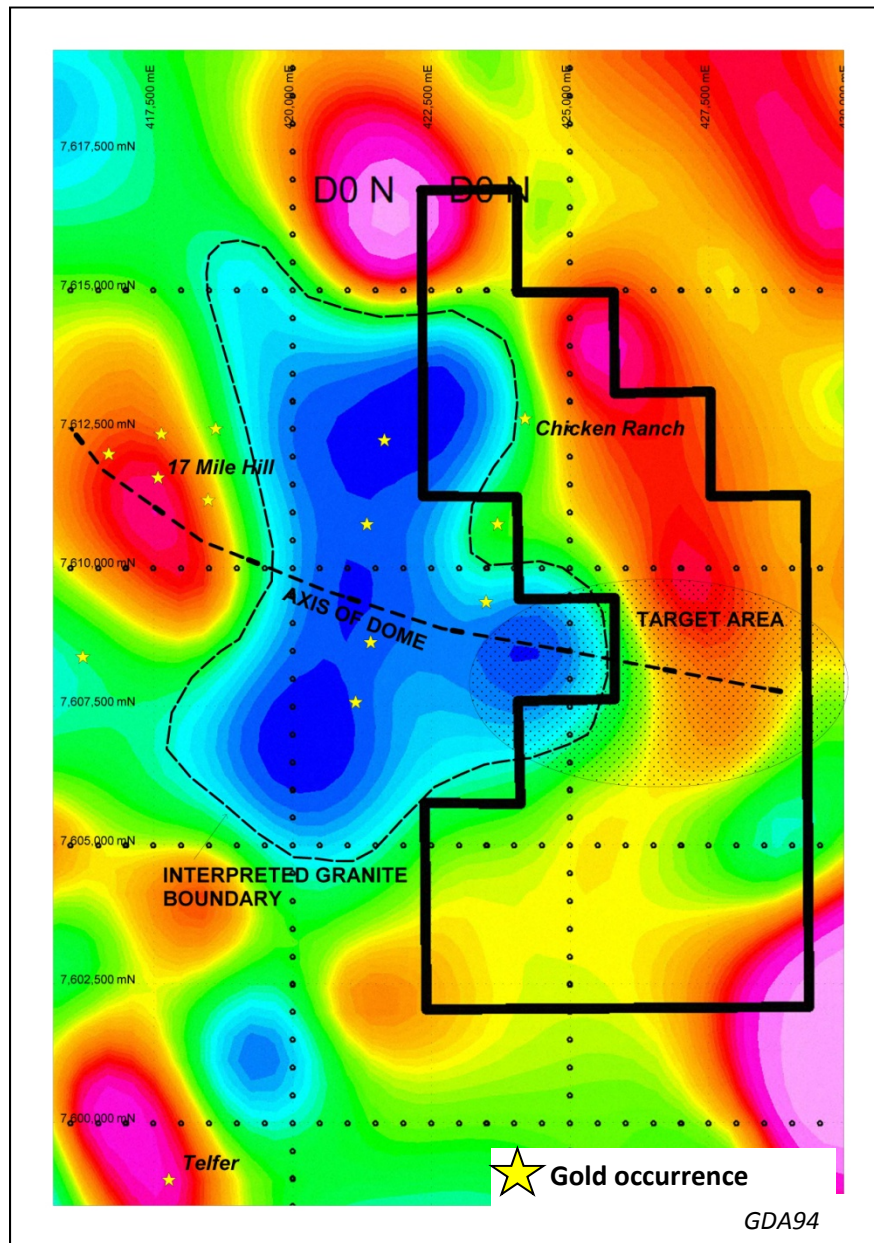


FIGURE 2 – Major Features over E45/2401.
Background image is 1VD Bouger Gravity. GDA94.

Potential Target Areas

The target area in Figure 2 is not amenable to surface sampling due to the thick transported overburden. A limited amount of wide-spaced geochemical drilling has been undertaken, which is considered the most

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effective exploration method applied in such terrain. This method effectively samples the base of the transported overburden and is a proven exploration method having been used to discover the Bronzewing gold deposit in the Western Australian goldfields.

Review of the drill hole geochemical assay data and geological logs determined that anomalous gold values in this area are often associated with lateritic residuum at the base of the transported overburden. This is encouraging and represents an opportunity for immediate investigation as these anomalous drill holes were not followed up with either extending the grid or drilling closer spaced holes to test the fresh bedrock. The target areas are also within or at the edge of magnetically subdued areas associated with possible magnetite destruction (Figure 3).

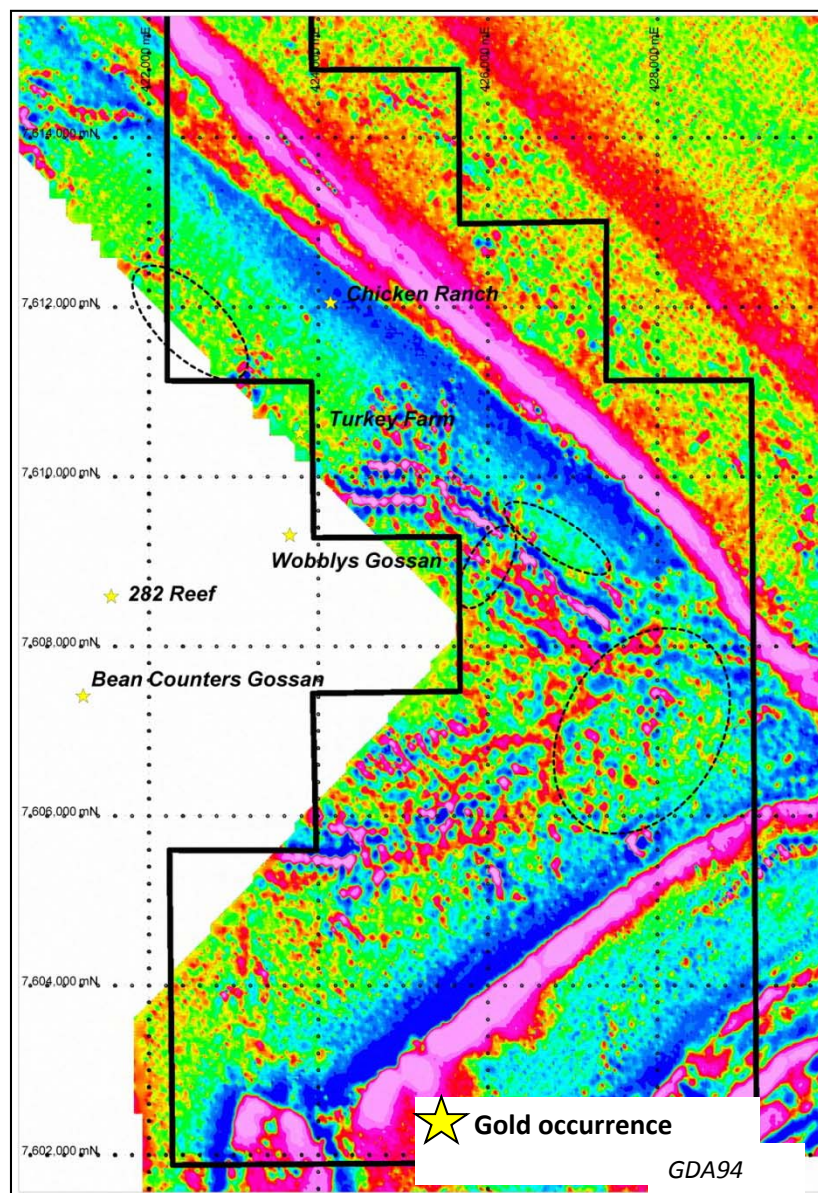


FIGURE 3 – Potential Target Areas

Background image is RTP 1VD Magnetics.

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Furthermore a substantial portion of the tenement, which the Company considers prospective for gold mineralisation, has not been drilled and represents additional opportunity for discovery. A program of regional geochemical drilling is warranted in these areas to obtain samples at the base of the transported overburden.

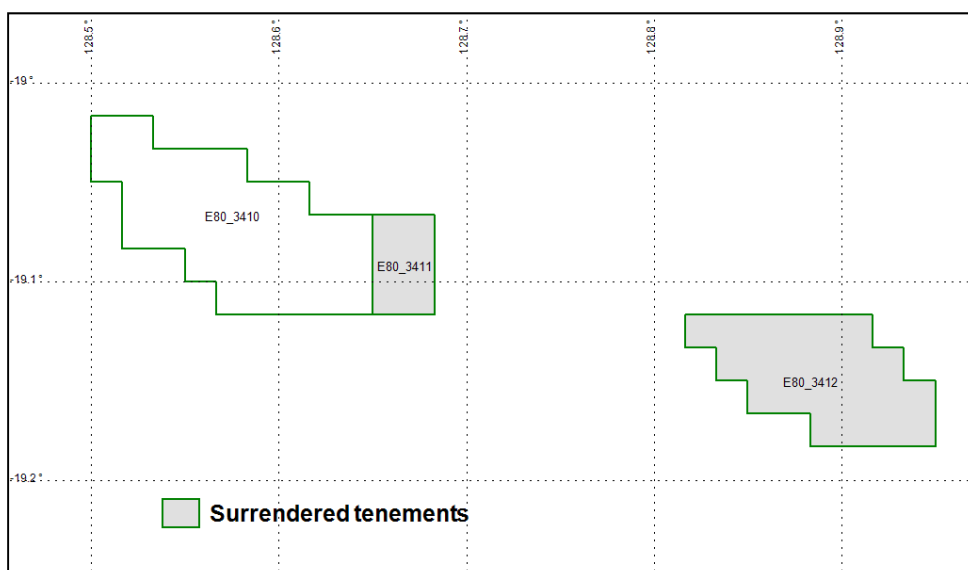
Gardner Range Update

The Gardner Range project is located approximately 130km southeast of Halls Creek, in the Birrindudu Basin region of Western Australia (Figure 1). Prior to the Company's entry into the area the main recorded exploration was the discovery of uranium and rare earths at the Mt Mansbridge location. Results of 980ppm uranium and 0.16ppm Au and 7% total rare earth elements were reported by BHP with the presence of xenotime noted within veined Killi Killi beds.

The main target model has been an unconformity-style system whereby basement sourced and fracture connected hydrothermal cells delivered metals in solution to the area of the Gardner Sandstone unconformity and flowed through into the sandstone host above the unconformity.

The Company completed airborne and ground geophysical surveys, rock sampling, ground radiometric measurements, MMI and conventional soil sampling to confirm previous findings, increase understanding of the hydrothermal system and to extend the zone of mineralisation where possible. The sample results together with factors such as a measured low zone of electrical conductivity and an enhanced radiometric response confirm the existence of a distinct hydrothermal cell in the Mt Mansbridge area.

One significant exploration implication of the Company's mineralisation model is that elevated values of light rare earth elements in the Gardner Sandstone may indicate uranium and heavy rare earth elements at depth. This interpretation is suggested by the fact that mineralisation above the basal portion of the Gardner Sandstone records a decline in uranium and heavy rare earth elements with increasing distance from the exit point of the fluid pathway. No field work was completed during the quarter and the Company is continuing with its evaluation of whether to proceed with a program of drilling to conduct a preliminary assessment of grade and occurrence of mineralisation. On 8 January 2014 the Company surrendered tenements E80/3411 and E80/3412. The Company continues to hold the remaining tenement E80/3410, which hosts the Mt Mansbridge mineralisation.



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Tanami (Officer Hills JV) Project

The Officer Hill JV Project is located within the Tanami geological province, which hosts world class orogenic gold deposits including the Granites gold deposits and the operating Callie Gold Mine owned by Newmont Mining (Figure 1). The Company holds a single Exploration Licence located 34 kilometres southwest of the Callie Gold Mine, which at the end of 2012 had 2.2 million ounces of gold reserves. The licence was granted on 29 July 2013 for a period of six years.

The project is prospective for gold mineralisation with historical drilling intercepts of 4 metres @ 4.64 g/t, multiple intervals of 1-4 g/t, and several wide intercepts of 0.1-1 g/t.

The project is being managed by Newmont under joint venture with the Company. Newmont are earning a 75% interest by spending \$500,000 within three years. Under the terms of the agreement Newmont must spend \$100,000 within the first 12 months.

During the half year Newmont completed field geological reconnaissance and grading of the access track.

Corporate

The Company is concluding the documentation for a rights issue to raise funds for ongoing working capital purposes. Mailing of the documentation is expected shortly.



Joseph Gutnick
Chairman and Managing Director

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.

Directors' Report

The Directors present their report for the half year ended 31 December 2013.

Directors

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

J I Gutnick	Executive Chairman and Managing Director
D S Tyrwhitt	Non-Executive Director
P J Lee	Executive Director

Review and Results of Operations

During the half-year to December 2013, 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 2013 was a loss of \$926,942 (2012: \$125,328). Exploration expenditure written off during the half year was \$833,056 (2012: \$31,137) as a result of the write down of relinquished and non-prospective tenement interests and expenditure incurred on tenements not yet granted being written off in accordance with accounting standards. Costs incurred and written off on tenements in 2013 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 2013 were \$93,856 (2012: \$94,063).

At 31 December 2013, the Company had cash at bank of \$2,585.

Signed in accordance with a resolution of the Directors:



Joseph Gutnick
Executive Chairman and Managing Director

Dated at Melbourne this 14th day of March 2014

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.

DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF QUANTUM RESOURCES LIMITED

As lead auditor for the review of Quantum Resources Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

David Garvey
Partner



BDO East Coast Partnership

Melbourne, 14 March 2014

**Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 31 December 2013**

	<i>Note</i>	2013 \$	2012 \$
Revenue		-	-
Expenses			
Exploration impaired	3	(833,056)	(31,137)
Administration expenses		(93,856)	(94,063)
Finance expense	2	(30)	(128)
Loss before income tax expense		(926,942)	(125,328)
Income tax expense		-	-
Loss after income tax expense for the half-year		(926,942)	(125,328)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half -year attributable to the owners of Quantum Resources Limited		(926,942)	(125,328)
Loss for the half-year attributable to owners of Quantum Resources Limited		(926,942)	(125,328)
Total comprehensive loss for the half-year attributable to owners of Quantum Resources Limited		(926,942)	(125,328)
Basic loss per share (cents per share)		(0.11)	(0.02)
Diluted loss per share (cents per share)		(0.11)	(0.02)

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

**Statement of Financial Position
as at 31 December 2013**

	<i>Note</i>	31 December 2013 \$	30 June 2013 \$
Assets			
Current assets			
Cash and cash equivalents		2,585	3,265
Receivables		1,661	5,130
Total current assets		4,246	8,395
Non-current assets			
Plant and equipment		-	1,187
Exploration and evaluation expenditure	3	546,285	1,335,147
Total non-current assets		546,285	1,336,334
Total assets		550,531	1,344,729
Liabilities			
Current liabilities			
Trade and other payables		666,012	533,268
Total current liabilities		666,012	533,268
Total liabilities		666,012	533,268
Net assets		(115,481)	811,461
Equity			
Contributed equity		56,604,226	56,604,226
Accumulated losses		(56,719,707)	(55,792,765)
Total Equity		(115,481)	811,461

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

Statement of Change in Equity
for the half year ended 31 December 2013

	Contributed equity \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2012	56,604,226	(55,885,853)	1,432,313
Loss after income tax expense for the half year	-	(125,328)	(125,328)
Other comprehensive loss for the half year, net of tax	-	-	-
Total comprehensive loss for the half year	-	(125,328)	(125,328)
Transactions with owners in their capacity as owners:	-	-	-
Balance at 31 December 2012	56,604,226	(55,701,654)	1,027,572
Balance at 1 July 2013	56,604,226	(55,792,765)	811,461
Loss for the period	-	(926,942)	(926,942)
Other comprehensive loss for the period, net of income tax	-	-	-
Total comprehensive loss for the period, net of tax	-	(926,942)	(926,942)
Transactions with owners in their capacity as owners:	-	-	-
Balance at 31 December 2013	56,604,226	(55,719,707)	(115,481)

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

Statement of Cash Flows
for the half year ended 31 December 2013

	2013	2012
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(32,628)	(17,930)
Refunds received	14,957	-
Net cash used in operating activities	(17,671)	(17,930)
Cash flows from investing activities		
Payments for exploration expenditure	(12,009)	(14,439)
Loans from other entity	29,000	33,000
Net cash from/ (used in) investing activities	16,991	18,561
Net increase/ (decrease) in cash and cash equivalents	(680)	631
Cash and cash equivalents at 1 July	3,265	4,584
Cash and cash equivalents at 31 December	2,585	5,215

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

**Notes to the Interim Financial Statements
for the half year ended 31 December 2013**

1. Basis of preparation

Quantum Resources Limited (the 'Company') is a company domiciled in Australia. These interim financial statements were approved by the Directors on 14 March 2014.

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards (AASBs) including AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

Except as described below, these interim financial statements have been prepared by a for profit entity on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2013 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 and shall be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Going concern

The Company has incurred a loss of \$926,942 in the half year to 31 December 2013, had net cash operating outflow of \$17,671 for the half year ended 31 December 2013, working capital of \$(661,766) and net assets of \$(115,481) at 31 December 2013. 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 the going concern 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 2014. The Company is concluding the documentation for a rights issue to raise funds for ongoing working capital purposes. Mailing of the documentation is expected shortly. The Directors are also confident of a successful capital raising 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 its assets and discharge its 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.

Historical cost convention:

The half year financial report is prepared in accordance with historical cost, except for some categories of investments and some financial instruments which are recorded at fair value. Cost is the fair value of the consideration given in exchange for net assets acquired.

**Notes to the Interim Financial Statements
for the half year ended 31 December 2013**

Critical accounting judgements and key sources of estimation uncertainty:

Management is required to make judgements, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The Company makes certain estimates and assumptions concerning the future. Estimates and assumptions have been utilised for the impairment testing of exploration assets. Actual results may differ from estimates. By their nature, these estimates incorporate inherent risks as they are based on future events which could have a material impact on the value of assets and liabilities in this financial year.

(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.

2. Finance expense

	31 December 2013	31 December 2012
	\$	\$
Bank charges	(30)	(128)
Total finance expense	(30)	(128)

3. Exploration and evaluation expenditure

	31 December 2013	30 June 2013
	\$	\$
Balance at beginning of period	1,335,147	1,281,980
Expenditure incurred during the period	44,194	85,579
Amount written off during the period	(833,056)	(32,412)
Carrying amount at end of period	546,285	1,335,147

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.

All operating revenue has been derived in Australia. All exploration and evaluation assets are held in Australia.

**Notes to the Interim Financial Statements
for the half year ended 31 December 2013**

5. Contingent liabilities

There is no change to contingent liabilities that the Company has become aware of since 30 June 2013.

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 9 to 15, 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 2013 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.



Joseph Gutnick
Executive Chairman and Managing Director

Dated at Melbourne this 14th day of March 2014.

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 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement 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 internal 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 half-year 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 2013 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Quantum Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



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 2013 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*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 "Going Concern" in the financial report, which indicates that the company incurred a net loss of \$926,942 for the half year, and had net cash outflows from operating activities of \$17,671. These conditions, along with other matters as set forth 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.

BDO East Coast Partnership

A handwritten signature in blue ink, appearing to read 'David Garvey', is written over a faint, stylized BDO logo.

David Garvey
Partner

Melbourne, 14 March 2014