
Quantum Resources Limited and its Controlled Entity

ABN 84 006 690 348

**REPORT TO SHAREHOLDERS
FOR THE HALF YEAR ENDED
31 DECEMBER 2002**

Quantum Resources Limited
ABN 84 006 690 348
Chairman's Report

14 March 2003

Dear Shareholder

Quantum Resources Limited ("Quantum" or the "the Company") continues to develop its mineral royalty and joint-venture business whilst adding value to selected projects through targeted exploration. The Company has concluded agreements on its projects at Dulcie, East Pilbara, and Zuleika in Western Australia, retaining either a free carried interest or a royalty. The Company currently hold tenements covering over 7,000 square kilometres in Western Australia, Northern Territory, South Australia and Victoria. Key projects available for joint venture include Tuckabianna, Wallbrook, Tanami, Jackson and St. Ives.

Review of Selected Projects

Tuckabianna Project (Quantum 100%)

At the Tuckabianna Project the Company holds tenements covering approximately 160 square kilometres, located 20 kilometres east of Cue in Western Australia. The Company has commenced discussions with West Coast Mining Pty Ltd ("West Coast") regarding terms for a farm-in agreement. West Coast is assembling a large contiguous land holding in the Tuckabianna region and plans to further explore the belt with a view to identifying commercially exploitable gold resources. In addition West Coast owns a 25 tonne per hour processing plant that is centrally located at Jasper Queen.

Wallbrook Project (Quantum 100%)

The Company holds an exploration licence application located about two kilometres northwest of the Wallbrook gold discovery, made recently by Jackson Gold Ltd. The Wallbrook project is located some 125 kilometres north-east of Kalgoorlie. Jackson Gold has recently reported a gold resource of approximately 2.18 million tonnes grading 2.12 grams per tonne for 148,600 ounces gold in the area. There is potential for gold mineralisation associated with Jackson Gold's discovery to extend onto the Company's ground and we are planning a first pass geochemical program for the area, to commence as soon as the tenement is granted.

Tanami Project (Quantum 100%)

The Company holds tenements covering some 1,620 square kilometres in the highly prospective Tanami region of the Northern Territory and Western Australia. The project includes tenements located in the region of the Newmont Mining's Callie and Granites Gold mines. The Company has been granted the consent to enter into negotiations with the respective land trusts and is currently compiling a comprehensive application to submit to the Central Land Council. It is envisaged that an agreement will be negotiated with the Central Land Council that will allow for preliminary exploration to commence during 2003.

Jackson Project (Quantum 100%)

The Jackson project is located approximately 100 kilometres north of Southern Cross in Western Australia. The project consists of eleven tenements covering approximately 730 square kilometres of the Barlee greenstone belt, including favourable greenstone lithologies for Archaean gold mineralisation. The ground position has been built up over a number of years and includes large areas that are covered by generally thin alluvial and colluvial deposits. The area has received only limited systematic exploration in the past and potential exists for the discovery of economic gold deposits.

St. Ives Project (Quantum 100%)

At the St, Ives project the Company holds three tenements covering approximately 47 square kilometres covering a highly prospective zone within Lake Lefroy, approximately 60 kilometres south of Kalgoorlie. Quantum's tenure lies immediately east of the Boulder-Lefroy fault system that hosts the world-class St Ives mineral field presently producing 400,000 ounces of gold per annum. In addition the one million ounce Belleisle gold deposit is located approximately two kilometres to the southwest of the project area.

Investments

Quantum holds a number of strategic investments in minerals exploration companies, including a 25.5 percent interest in the junior explorer Johnson's Well Mining N.L. that is listed on the Australian Stock Exchange and has gold exploration projects in the Northern Territory and the Eastern Goldfields of Western Australia. Further information on this company can be found on its website at: www.jwm.com.au.

Corporate

During the half-year, the Company lodged a further prospectus with the Australian Securities & Investments Commission to raise funds from shareholders to allow it to continue its exploration program and meet corporate costs. Unfortunately, shareholders did not support the fund raising, which was priced at a discount to the market price. The Directors are now looking to place the balance of the shares and options not taken up by shareholders.



Jl Gutnick
Chairman & Managing Director

The technical information in this report is based on and accurately reflects information compiled by Mr David von Perger, who is a Member of the Australian Institute of Mining and Metallurgy.

Quantum Resources Limited
ABN 84 006 690 348
Directors' Report

The Directors of Quantum Resources Limited present their report for the half year ended 31 December 2002. This Report should be read in conjunction with the 2002 Annual Report together with announcements made by the Company in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

1. Directors

The Directors of the Company in office since 1 July 2002 and at the date of this Report are:

Mr Joseph Gutnick FAusIMM FAIM MAICD
Chairman and Managing Director

Dr David Tyrwhitt PhD(Geology) BSc(Hons) FSEG(USA) FAusIMM CPGeo
Non-Executive Director

Mr Paul Ehrlich LLB (Hons) LLM
Non-Executive Director

2. Review and Results of Operations

A review of operations is contained in the Chairman's Report. The financial result of the operations was a loss of \$388,277 after providing for income tax.

Signed in accordance with a Resolution of the Board of Directors at Melbourne this 14th day of March 2003.



J I Gutnick
Director

Quantum Resources Limited and its Controlled Entity
Statements of Financial Performance for the Half Year Ended 31 December 2002

	Note	Consolidated 31 December 2002 \$	Consolidated 31 December 2001 \$
Revenue			
Revenue from ordinary activities			
Interest		8	737
Bad debt recovery		-	10,000
Total revenue		8	10,737
Expenses			
Costs from ordinary activities			
Exploration expenditure provided for and written off		(3,565)	(13,862)
Write back provision for rehabilitation		-	34,653
Depreciation		-	(958)
Administration		(211,091)	(345,344)
Borrowing costs		(61,859)	(56,642)
Increase in provisions for diminution in the value of investment		(111,770)	(999,942)
Total costs and expenses		(388,285)	(1,382,095)
Operating loss before income tax		(388,277)	(1,371,358)
Income tax attributable to ordinary activities		-	-
Operating loss after income tax		(388,277)	(1,371,358)
Basic (loss) per share (cents)	2	(0.18)	(0.64)
Diluted (loss) per share (cents)	2	(0.18)	(0.64)

The Statements of Financial Performance are to be read in conjunction with the attached notes to and forming part of these Financial Statements.

Quantum Resources Limited and its Controlled Entity
Statements of Financial Position as at 31 December 2002

	Note	Consolidated 31 December 2002 \$	Consolidated 30 June 2002 \$	Consolidated 31 December 2001 \$
CURRENT ASSETS				
Cash assets		18,689	44,300	6,892
Receivables		45,297	3,989	9,843
TOTAL CURRENT ASSETS		63,986	48,289	16,735
NON-CURRENT ASSETS				
Receivables		130,355	10,000	53,758
Other financial assets	3	153,333	265,103	312,240
Property, plant and equipment		-	-	118,413
Exploration expenditure		269,070	236,568	174,914
TOTAL NON-CURRENT ASSETS		552,758	511,671	659,325
TOTAL ASSETS		616,744	559,960	676,060
CURRENT LIABILITIES				
Payables		148,119	137,771	128,965
TOTAL CURRENT LIABILITIES		148,119	137,771	128,965
NON-CURRENT LIABILITIES				
Interest bearing liabilities		-	1,527,781	1,549,865
TOTAL NON-CURRENT LIABILITIES		-	1,527,781	1,549,865
TOTAL LIABILITIES		148,119	1,665,552	1,678,830
NET ASSETS		468,625	(1,105,592)	(1,002,770)
EQUITY				
Contributed equity	4	51,161,329	49,818,534	49,818,380
Reserves		6,632,694	6,012,995	6,012,995
Accumulated losses	5	(57,325,398)	(56,937,121)	(56,834,145)
TOTAL EQUITY		468,625	(1,105,592)	(1,002,770)

The Statements of Financial Position are to be read in conjunction with the attached notes to and forming part of these Financial Statements.

Quantum Resources Limited and its Controlled Entity
Statements of Cash Flows for the Half Year Ended 31 December 2002

	Consolidated 31 December 2002 \$	Consolidated 31 December 2001 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments in the course of operations	(197,342)	(9,508)
NET CASH (USED IN) OPERATING ACTIVITIES	(197,342)	(9,508)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(165,292)	(27,809)
NET CASH (USED IN) INVESTING ACTIVITIES	(165,292)	(27,809)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	1,864,085	-
Bad debt recovery	-	10,000
Proceeds from borrowings	700,672	132,500
Repayment of borrowings	(2,227,734)	(100,100)
NET CASH PROVIDED BY FINANCING ACTIVITIES	337,023	42,400
Net increase in cash held	(25,611)	5,083
Cash at the beginning of the financial period	44,300	1,809
CASH AT THE END OF THE FINANCIAL PERIOD	18,689	6,892

The Statements of Cash Flows are to be read in conjunction with the attached notes to and forming part of these Financial Statements.

Quantum Resources Limited and its Controlled Entity
Notes to and forming part of the Financial Statements
for the Half Year Ended 31 December 2002

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

The half year consolidated Financial Report is a general purpose Financial Report and has been prepared in accordance with Accounting Standard AASB 1029, other applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncement of the Australian Accounting Standards Board and the Corporations Act 2001. The Financial Report has been prepared on the historical cost basis and except where stated, does not take into account changing money values or current valuations of non-current assets. The Consolidated Entity has prepared the financial statements on a going concern basis notwithstanding a working capital deficiency at 31 December 2002. Except where stated, the accounting policies are consistent with those of the previous year. For the purpose of preparing the half year Financial Report, the half year has been treated as a discrete reporting period. It is recommended that this half year Financial Report should be read in conjunction with the 2001 Annual Report and any public announcements made by Quantum Resources Limited during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001. Notes of a type normally included in an Annual Financial Report are not included.

2. EARNINGS/(LOSS) PER SHARE

	Consolidated 2002 Number	Consolidated 2001 Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	221,363,584	213,772,025
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share.	221,363,584	213,772,025
	\$	\$
Operating loss after tax in calculation of earnings per share.	(388,277)	(1,371,358)

In accordance with paragraph 12.1 of AASB 1027 "Earnings per Share" there are no potential ordinary shares considered to be dilutive for 2002.

Options that would be included in the calculation of diluted earnings per share when applicable are 144,982,048 options at an exercise of \$0.10 per option converting to one fully paid ordinary share, 68,378,151 at an exercise price of \$0.05 per option converting to one fully paid ordinary share and 2,150,000 options issued under the employee option share plan.

Quantum Resources Limited and its Controlled Entity
Notes to and forming part of the Financial Statements
for the Half Year Ended 31 December 2002

3. OTHER FINANCIAL ASSETS

	Consolidated 31 December 2002	Consolidated 30 June 2002	Consolidated 31 December 2001
NON-CURRENT			
Listed Securities			
Other Entities at cost	1,272,993	1,841,430	1,841,430
Less provision for diminution in value	(1,129,660)	(1,586,327)	(1,539,190)
	143,333	255,103	302,240
Unlisted Securities at cost	10,000	10,000	10,000
Associated Entities			
Listed securities at cost	-	-	1,000,000
Less provision for diminution in value	-	-	(1,000,000)
	-	-	-
	153,333	265,103	312,240

At 31 December 2002, the Company holds 25.47% of the issued share capital of its associate Johnson's Well Mining N.L.

	Consolidated 31 December 2002 \$	Consolidated 30 June 2002 \$	Consolidated 30 December 2001 \$
4. CONTRIBUTED EQUITY			
Issued and paid-up capital			
286,406,901 (June 2002: 218,017,043, 2001: 213,772,025) fully paid ordinary shares	51,161,329	49,818,534	49,818,380
Movement in ordinary share capital			
Balance at the beginning of the period	49,818,534	49,818,380	45,442,312
Shares issued -			
11,707 (June 2002: 1,540, 2001: 43,760,621) shares issued for cash	1,199	154	4,376,068
68,378,151 shares pursuant to a prospectus	1,367,563	-	-
Less transaction costs	(25,967)	-	-
Balance at end of the period	51,161,329	49,818,534	49,818,380

Quantum Resources Limited and its Controlled Entity
Notes to and forming part of the Financial Statements
for the Half Year Ended 31 December 2002

	Consolidated 31 December 2002 \$	Consolidated 30 June 2002 \$	Consolidated 31 December 2001 \$
5. ACCUMULATED LOSSES			
Accumulated losses at the beginning of the period	(56,937,121)	(55,462,787)	(55,462,787)
Net loss for the period	(388,277)	(1,474,334)	(1,371,358)
Accumulated losses at the end of the period	(57,325,398)	(56,937,121)	(56,834,145)

6. CONTINGENT LIABILITIES

There have been no changes since 30 June 2002.

7. SEGMENT INFORMATION

The principal activity of the Company is mineral exploration. The Company operates predominantly in Australia.

8. ECONOMIC DEPENDENCY

The Company has incurred a loss of \$388,277 in the half year and has a net deficiency of working capital of \$84,133. The 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 because Mr. Gutnick (a Director of the Company) has confirmed that based on the Company's present and projected cash flows (and anticipated support from its financiers over that time) he should have access to sufficient funds to be in a position to assist the Company to meet its commitments. Mr. Gutnick has invited the Company, as and when funds are required, to apply to him for relevant funds. Mr. Gutnick will then, at his absolute discretion, determine whether he is willing or able to assist the Company.

Quantum Resources Limited
ABN 84 006 690 348
Directors' Declaration

In the opinion of the Directors of Quantum Resources Limited

- (a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2002 and of its performance, as represented by the results of its operations and its cash flows for the half year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable for the following reasons:
- (i) Mr. Gutnick (a Director of the Company) has confirmed that based on the Company's present and projected cash flows (and anticipated support from its financiers over that time) he should have access to sufficient funds to be in a position to assist the Company to meet its commitments. Mr. Gutnick has invited the Company, as and when funds are required, to apply to him for relevant funds. Mr. Gutnick will then, at his absolute discretion, determine whether he is willing or able to assist the Company.
 - (ii) the Company has no reason to doubt that normal credit and borrowing facilities will not continue to be provided by creditors and lenders and the Company will continue to be able to comply with these credit terms.
 - (iii) there are no material contingent liabilities which could have an effect on the Company's financial position.

Signed in accordance with a Resolution of the Board of Directors at Melbourne this 14th day of March 2003.

J.I. Gutnick

J.I. Gutnick
Director

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF QUANTUM RESOURCES LIMITED

Scope

We have reviewed the Financial Report of Quantum Resources Limited for the half year ended 31 December 2002. The Financial Report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled during the half year. The disclosing entity's Directors are responsible for the Financial Report. We have performed an independent review of the Financial Report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows and in order for the disclosing entity to lodge the Financial Report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the statement above, attention is drawn to the following matter. As a result of the matters described in Note 8, there is significant uncertainty whether Quantum Resources Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.



PKF
Chartered Accountants



M J Phillips
Partner

14 March 2003
Melbourne