



REPORT FOR THE QUARTER ENDED 31 DECEMBER 2001

OVERVIEW

Quantum Resources Limited is continuing to develop its mining royalty business with several projects being advanced. Quantum's mining royalties business is based on acquiring a portfolio of highly prospective mineral properties with the view to generating profits through royalty and/or farm-out agreements with third party mining and exploration companies. In the last year, the Company has acquired tenements covering over 6,000 square kilometres in Western Australia, Northern Territory, South Australia, Victoria and New South Wales.

Agreements between the Company and third party mining and exploration companies have been concluded on the following properties:

- ◆ Southern Star Project (gold)
- ◆ Pilbara Manganese Project (manganese)
- ◆ Ambergate and Eneabba East Projects (mineral sands)

The agreements have been structured so that the Company retains a production royalty on future mineral production from the project areas if a mine is developed.

The Company conducted follow-up surface exploration on its Cobalark tantalum project located 30 kilometres southeast of Meekatharra. This work provided further encouragement with several pegmatite intrusions being discovered in the area of tantalum anomalism. One of these pegmatites returned elevated tantalum levels of up to 136 parts per million. A broad zone has now been defined that contains pegmatite intrusions and anomalous tantalum levels within regolith and bedrock materials. The Company is currently seeking a partner to conduct detailed exploration so as to further evaluate the project area.

The Company is also planning a reconnaissance drill program at its New Comet Project, near Cue, where an electromagnetic anomaly has been defined. Drilling is planned to commence soon after the tenement is granted which is expected to be by March 2002.

Compilation of past exploration data from the Kalgoorlie North Project, located 5 kilometres north of Kalgoorlie, has highlighted a 1.5 kilometres long gold in soil anomaly associated with felsic volcanics and carbonaceous shales. Drilling on 200 metre spaced traverses returned a best result of 1 metre at 8.46 grams per tonne gold from 16 metres. Given the wide drill spacing, potential may exist for the discovery of significant mineralisation associated with felsic porphyry units and the project area will be further evaluated prior to seeking a partner to drill test specific targets.

MINING ROYALTY BUSINESS PROJECTS

Western Australia

Cobalark Project (tantalum)

Further surface sampling and geological mapping was conducted at the Company's 100 percent held Cobalark Project, located 30 kilometres southeast of Meekatharra. Some 61 samples comprising a variety of materials were submitted for geochemical analysis to follow-up the encouraging indications of tantalum mineralisation, reported in October 2001. Geological mapping has identified a number of pegmatite intrusions in the area, one of which has returned elevated tantalum levels of up to 136 parts per million. The sampling also outlined a broad area of tantalum anomalism within regolith materials, the bedrock source of which has not been identified. The follow-up results are encouraging in that elevated tantalum levels have now been identified within pegmatite intrusions and a broad area of tantalum anomalism has been defined. Detailed field work is required to fully evaluate the project and the Company is seeking a partner to carry out further exploration.

New Comet Project (gold)

The New Comet Project, held 100 percent by Quantum, is located 25 kilometres east of Cue, adjacent to the Comet gold mining centre. The Comet gold mining centre has a reported gold endowment of approximately 0.4 million ounces at grades of between four to six grams per tonne ("g/t") gold. A distinct airborne electromagnetic anomaly has been identified on Quantum's ground that appears to have a similar electromagnetic response to the Comet mineralisation. This anomaly is located beneath alluvial cover and represents a clear drill target. A reconnaissance drill program is currently being planned to test this target and will commence as soon as the tenement is granted which is expected to be by March 2002.

Kalgoorlie North Project (gold)

This project comprises 16 square kilometres, held 100 percent by Quantum, located some 5 kilometres north of Kalgoorlie. Compilation of recently received exploration data from the previous explorer has highlighted a 1.5 kilometre long gold in soil anomaly (40 – 145 parts per billion gold) at the Two Up Prospect associated with old workings within felsic volcanics and black shales. Follow-up drilling on 200 metre spaced lines intersected a felsic porphyry unit containing pyrite, arsenopyrite and abundant quartz veining. Anomalous gold results were reported from one line, including:

- ◆ PKRC23 – 1 metre at 3.92g/t gold from 56 metres depth
- ◆ PKRC13 – 1 metre at 2.77g/t gold from 18 metres depth
- ◆ PKRC52 – 1 metre at 8.46g/t gold from 16 metres depth.

Given the wide spacing of the drilling there may be potential for the discovery of significant mineralisation at this prospect associated with the felsic porphyry unit. The Company is planning to further evaluate the project area and will be seeking a partner to drill test specific targets.

Ambergate and Eneabba East Projects (mineral sands)

At the Ambergate Project, in the southern Perth Basin, Quantum has acquired a 100 percent interest in a high grade mineral sands resource. As calculated by the previous owners of the project, the total, inferred and indicated mineral resource consists of approximately 9.57 million tonnes grading 6.4 percent heavy minerals for 611,000 tonnes contained heavy minerals. Mineralogy is favourable with high value per tonne concentrate achievable. At Eneabba East, in the northern Perth Basin, Quantum has acquired a 100

percent interest in a historical dune sequence identified as prospective for heavy mineral sand deposits. The project abuts the world-class Eneabba mine plus the Dongara deposits where Magnetic Minerals Limited have released a resource estimate of 133 million tonnes grading 4.8 percent heavy minerals. Quantum has recently completed an agreement to sell an 80 percent stake in both these mineral sands projects and will retain a 20 percent free-carried interest, convertible to a production royalty if mining proceeds.

East Pilbara Manganese Project (manganese)

This project comprises some 644 square kilometres of ground in the east Pilbara region along strike from the successful Woodie Woodie manganese mine. This ground holding covers favourable stratigraphy with several identified manganese occurrences. Quantum has reached an agreement with the owners of the Woodie Woodie mine to sell its interest in the tenements while retaining a production royalty on any future manganese production.

Southern Star Project (gold)

Quantum has acquired a 100 percent interest in a tract of greenstone belt south of the Southern Cross mining centre, 400 kilometres east of Perth. The Quantum leases are adjacent to shallow gold workings at the Dulcie prospect and north of British Hill prospect within the Southern Cross greenstone belt. Following acquisition of the project, Quantum has negotiated a joint venture with Hamill Resources Ltd ("Hamill") whereby the latter will cover all exploration costs with Quantum retaining a 20 percent free-carried interest through to a decision to mine, with the option to substitute equity for a royalty stream at that time. The joint venture tenements adjoin Hamill's British Hill prospect where a 50,000 ounce gold resource grading 2.5 g/t has been defined to date.

Lake Lefroy Project (gold)

Quantum has applications 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. The plus one million ounce Belleisle gold deposit is located approximately two kilometres to the southwest of the project area.

Peak Hill Project (gold)

The Peak Hill Project is located 20 kilometres to the northeast of the Fortnum gold mine, within the Bangemall Basin. This ground was applied for on the basis of a strong stream sediment gold anomaly generated by regional sampling conducted by the Geological Survey of Western Australia. Based on these results, there was considered to be potential for disseminated gold mineralisation hosted by the sandstone, shale and chert mapped in the area. As reported last quarter, some 70 samples were taken in the project area to follow-up the anomalous results. The geochemical results from these follow-up samples indicate there is little scope for a major ore system in the area.

Western Australia – Other Projects

In addition to the projects outlined above, Quantum has several other projects in Western Australia. These projects include:

- **MURCHISON GOLD** – some 200 square kilometres in the Murchison district covering favourable greenstone lithologies for Archaean gold mineralisation.
- **JACKSON GOLD** – approximately 500 square kilometres over the Barlee greenstone belt to the north of Southern Cross covering favourable greenstone lithologies for Archaean gold mineralisation. Much of the ground is covered by generally thin alluvial and colluvial deposits with little past exploration.

- **BOUNTY NORTHWEST GOLD** – a tenement adjacent to known gold mineralisation, some four kilometres northwest of the Bounty gold mine within the Forrestania greenstone belt.
- **ZULEIKA GOLD** – tenements covering some 10 square kilometres approximately 13 kilometres northwest of the Kundana goldmine.

South Australia

Gawler Project (gold)

Quantum has applied for some 800 square kilometres in the Gawler Craton of South Australia where it believes there is substantial potential to discover high grade gold deposits similar to the Challenger deposit. The Challenger deposit, owned by Dominion Mining Limited ("Dominion"), is currently being developed and has a defined resource of 1.86 million tonnes grading 8.45g/t for 503,362 ounces of gold, with considerable potential to extend this resource along strike and down dip. Quantum's ground lies along strike from the Challenger deposit and immediately adjacent to Dominion's Golf Bore prospect where an inferred resource of 0.72 million tonnes grading 3.29g/t for 76,814 ounces of gold has been reported. The Golf Bore mineralisation extends onto Quantum's ground and a review of existing exploration data has highlighted a number of targets within this zone for immediate drill testing, plus other targets that have potential for economic mineralisation. Quantum believes it is well positioned in the Gawler Craton to benefit from the next phase of exploration and development success in this under-explored region.

Northern Territory/Western Australia

Tanami Project (gold)

Quantum has a ground holding covering some 1,620 square kilometres in the highly prospective Tanami region of the Northern Territory and Western Australia including areas within 15 kilometres of the major Callie gold deposit controlled by Normandy Mining Limited. Although at a preliminary stage of data assessment, it is evident that there are a number of areas within Quantum's ground holdings over favourable stratigraphy with gold anomalies defined by previous explorers. On the Western Australian side, Quantum's ground lies adjacent and along strike from Tanami Gold N.L.'s tenure which has recently been joint ventured to Homestake Mining. As with the Gawler Project, Quantum believes that there is considerable scope in the Tanami region to re-assess past exploration work in light of recent discoveries and the latest exploration techniques with the view to finding economic mineralisation in areas that have been under-explored.

Victoria

Bendigo West Project (gold)

Quantum has applied for some 188 square kilometres directly to the west of Bendigo, Victoria. This follows from the recent deal between Bendigo Mining NL ("Bendigo Mining") and Harmony Gold Mining Company Limited ("Harmony") whereby Harmony has agreed to inject \$50 million into Bendigo Mining to advance development of the Bendigo goldmine.

INVESTMENTS

Quantum holds a number of strategic investments in minerals exploration companies, including a 43.1 percent interest in Johnson's Well Mining N.L. and a 6.2 percent interest in Gutnick Resources N.L. These two companies, listed on the Australian Stock Exchange, are gold exploration companies with active projects in the Northern Territory and the Eastern Goldfields of Western Australia. Further information on these two companies can be found on their websites at: www.jwm.com.au. and www.gutnickresources.com.au

The information in this report is based on and accurately reflects information compiled by Mr D. von Perger, who is a member of the Australasian Institute of Mining & Metallurgy and has 9 years experience in the exploration field.

Attached is a copy of the Company's Mining Exploration Entity Quarterly Report in accordance with Listing Rule 5.3.



J I GUTNICK
Chairman & Managing Director
31 January 2002

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

QUANTUM RESOURCES LIMITED

ABN

84 006 690 348

Quarter ended ("current quarter")

31 December 2001

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	YTD (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(7)	(28)
(b) development	-	-
(c) production	-	-
(d) administration	(23)	(50)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	29	41
Net Operating Cash Flows	(1)	(38)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(1)	(38)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1)	(38)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	32	155
1.17	Repayment of borrowings	(25)	(113)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		7	42
Net increase (decrease) in cash held		6	4
1.20	Cash at beginning of quarter/year to date	1	3
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7	7

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	39
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Refer attached details

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Refer attached details	Refer attached details
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7	1
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7	1

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	218,015,503	218,015,503	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	2,625,000 43,760,621	- 43,760,621	<i>Exercise price</i> \$0.08 \$0.10	<i>Expiry date</i> 24/03/2010 31/10/2010
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 January 2002
(Company Secretary)

Print name: Peter J. Lee

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Mining exploration entity quarterly report

QUANTUM RESOURCES LIMITED
ABN 84 006 690 348

For Quarter Ended 31.12.2001
(referred to in this Statement as the "Current Quarter")

ADDITIONAL INFORMATION

Item 1.7 Other

During the December Quarter monies were received for GST refund of \$29,000.

Item 1.23 Payments to Directors and Related Entities

Some of the Directors of the Company are also Directors of A.W.I. Administration Services Pty. Ltd. ("Admin"). The Company paid Admin \$25,000 during the quarter ended 31 December 2001 for management and other services rendered. The Company does not consider Admin to be a related party.

Item 3.1 Loan Facilities

Mr. Gutnick 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.

Item 7.7 Options

Listed

43,760,621 Options maturing 31 October 2010 at an exercise price of \$0.10 per Option. The Options are exercisable any time after 1 January 2002. Each option will convert to one fully paid ordinary share

Unlisted

2,625,000 Options maturing 24 March 2010, issued under the Senior Executive Share Option Plan, have an exercise price of \$0.08 per Option. Upon exercise, each option will convert to one Fully Paid Ordinary Share. These options cannot be exercised until after 24 March 2003 and only at that time if the Company's share price on the ASX has increased by a factor of 20% over the price of the Shares at the time the Options were issued.

+ See chapter 19 for defined terms.

QUANTUM RESOURCES LIMITED

ACN 006 690 348

CHANGES IN INTERESTS IN MINING TENEMENTS

6.1 Interests in mining tenements relinquished, reduced or lapsed

Tenement reference	Nature of Interest (note(4))	Interest at beginning of quarter	Interest at end of quarter
<u>TORRINGTON</u>			
ML 1159	Surrendered	20.00%	0.00%
ML 1160	Surrendered	20.00%	0.00%
ML 1161	Surrendered	20.00%	0.00%
MPL 242	Surrendered	20.00%	0.00%

QUANTUM RESOURCES LIMITED

ACN 006 690 348

CHANGES IN INTERESTS IN MINING TENEMENTS

6.2 Interests in mining tenements aquired or increased.

Tenement reference	Nature of Interest (note(4))	Interest at beginning of quarter	Interest at end of quarter
<u>DULCIE FARM OU</u>			
P 77/3348	Granted	0.00%	100.00%
<u>REQUIRING ALLO</u>			
E 59/1034	Granted	0.00%	100.00%
E 80/2656	Granted	0.00%	100.00%
E 80/2657	Granted	0.00%	100.00%
E 80/2658	Granted	0.00%	100.00%