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# Quantum Resources Limited

ABN 84 006 690 348

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**REPORT TO SHAREHOLDERS  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2007**

**THIS REPORT SHOULD BE READ IN CONJUNCTION  
WITH THE 2007 ANNUAL FINANCIAL REPORT**

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Quantum Resources Limited  
Chairman's Report

14 March 2008

Dear Shareholder,

Quantum Resources Limited ("Quantum" or "the Company") is an Australian base metal, uranium and gold explorer with a suite of projects whose tenements cover approximately 20,000 square kilometres in the Northern Territory and Western Australia.

**BASE METAL, URANIUM AND GOLD EXPLORATION**

The Barrow Creek, Tanami, Mt Peake and Ware Range tenement holdings cover approximately 17,000 square kilometres in the Northern Territory and the Gardner Range tenement holdings cover approximately 650 square kilometres in Western Australia. The Barrow Creek, Tanami, Mt Peake and Ware Range projects are prospective for base metals, uranium and gold. In Western Australia, the Gardner Range project, 150 kilometres southeast of Halls Creek, is prospective for iron oxide copper-gold-uranium ("IOCG") deposits.

Mine Management Plans containing proposed programmes of RAB/RC drilling and sampling and Radiation Management Plans have been approved by the Department of Primary Industries, Fisheries and Mines in the Northern Territory for Barrow Creek, Mt Peake and Ware Range. Approximately 300 drill holes, associated soil and loam sampling, and track development has also been approved. Reconnaissance exploration for the establishment of exploration bases to support drilling of Mt Peake, Barrow Creek and the Ware Range is being planned. At Gardner Range, the heritage survey has been completed and approved.

*Gardner Range (Quantum 100%)*

The Company holds tenements in the Gardner Range, 150 kilometres southeast of Hall's Creek with potential for base metals, uranium and gold. Limited historical exploration for uranium around the margins of the Gardner Range was carried out by BHP Exploration and uranium mineralisation was found to be present. The Company's tenements are prospective for Olympic Dam-style iron oxide gold-copper-uranium ("IOCG") deposits and at Mt Mansbridge previous exploration reported uranium up to 980 parts per million ("ppm").

The tenements are surrounded to the north by Cameco. A joint airborne geophysical survey was undertaken in the last quarter in conjunction with Cameco. This consisted of a TEMPEST (EM) survey was completed in July 2007 by Fugro and a Magnetics & Radiometrics survey was undertaken by UTS in September. This data, in conjunction with field reconnaissance information taken last quarter will be analysed to assist in our understanding of this region and in the delineation of mineralised zones and anomalous targets for drilling and sampling.

A drilling program at Mt Mansbridge will commence following environmental clearance, which is underway. The drilling will test existing uranium mineralisation anomalies along the unconformity as well as targeting a 60 kilometre long NW-SE significant fault system adjacent to the unconformity.

*Ware Range (Quantum 100%)*

The Ware Range tenement was granted in December 2006. Previous exploration for base metals, uranium, gold and diamonds included rock chip sampling and limited drilling. Field reconnaissance undertaken has provided valuable information regarding access and identified sites for surface sampling and drilling.

A Mine Management Plan for this programme has been approved by the Department of Primary Industries, Fisheries and Mines in the Northern Territory. The proposed exploration activities will include a programme of 65 RAB/RC holes and sampling to investigate the nature of base metal mineralisation associated with the unconformity between the Killi Killi Beds and the Gardiner Sandstone. The sampling programme will include loam sampling of targets over the defined region and stream sediment sampling of the sparse drainage in the region.

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*Barrow Creek Project (Quantum earning 80%)*

The Barrow Creek Project covers 5,100 square kilometres of the faulted margin of the Georgina Basin to the southeast of Barrow Creek. The setting is similar to the Ngalia Basin to the west which contains sediment-hosted uranium deposits of good grade. Radiometrics indicate that adjacent Proterozoic granites are anomalous in uranium, and adjacent sediments are also anomalous.

A Mine Management Plan for this programme has been approved by the Department of Primary Industries, Fisheries and Mines in the Northern Territory. An amendment to this application has been approved, enabling tracks to be made for ground access to support drilling. Proposed exploration activities will include a programme of 90 RC drill holes and soil sampling traverses over the targets in a NE-SW direction to investigate the nature of the unconformity between the Devonian Dulcie sandstones and the Cambro-Ordovician Tomahawk dolostone-sandstone unit. Individual, photographic and geophysical anomalies shall also be targeted by this programme. A Heritage survey is underway.

*Tanami Project (Quantum earning 80%)*

This project area covers 2,400 square kilometres in the Mt Davidson area east of The Granites Gold Mine. Previous exploration was restricted to broadly spaced sampling for gold. Several tenements within this group overlap the boundary between the Proterozoic basement rocks and the younger Lander Trough of the Wiso basin to the north and are prospective for Mississippi Valley Type (MVT) silver-lead-zinc deposits. The trough is also prospective for sediment-hosted uranium deposits similar to those in the Ngalia Basin and calcrete-hosted uranium deposits in younger overlying sediments.

The Company is continuing to actively pursue agreements with native title holders in order to proceed to granting of the tenements.

*Mt Peake Project (Quantum earning 80%)*

The Mt Peake project area covers 7,700 square kilometres of prospective ground between the Tanami Project to the northwest and Barrow Creek to the southeast. Previous exploration in this area was restricted to widely spaced reconnaissance sampling for gold. Several of these tenements overlie the boundary between the Lander Trough and Proterozoic basement and are highly prospective for sediment-hosted uranium and silverlead-zinc. The tenements also overlie extensive calcrete deposits which are known to be suitable hosts to uranium elsewhere.

A Mine Management Plan for this programme has been approved by the Department of Primary Industries, Fisheries and Mines in the Northern Territory. An amendment to the application, enabling the grading of tracks for ground access to the tenements has also been approved. Proposed exploration activities will include a programme of 90 RC drill holes or soil sampling to investigate the nature of the unconformity and of anomalies in the licences. These will include a programme of RAB/RC drilling or soil sampling traverses. A Heritage survey is underway.

A comprehensive radiometric & magnetic survey has been commissioned over the Mt Peake tenements, with Fugro Airborne Surveys. This survey is due to be undertaken in the next quarter. Upon analysis of this data, individual, photographic and geophysical anomalies shall also be targeted by the exploration drilling programme.

**BASE METAL & GOLD EXPLORATION**

In Western Australia, the Whiteheads and Jackson projects are the focus of gold exploration and the Company's tenement holdings cover approximately 3,000 square kilometres.

*Millrose Project (Quantum earning 100%)*

The Millrose project lies approximately 75km northeast of Wiluna and extends over approximately 20 kilometres of the Eastern Goldfields Granite Greenstone Terrane of the Yilgarn Craton of Western Australia and is prospective for nickel and gold. The licence covers 62 square kilometers of ground. The Bronzewing Gold mine is just south of the Millrose Project, which has produced 3,000,000 oz since 1991. The Project is also along strike from the Millrose gold deposit of 251,000 oz. and lies in the vicinity of other large gold producers such as Wiluna and Jundee gold mines. Adjacent ground is held by

Quantum Resources Limited  
Chairman's Report

Goldstar Resources & BHP Billiton in a nickel-gold joint venture, with BHP earning 70% with \$2.25 million expenditure.

Millrose is situated on the northeastern edge of the Yilgarn Block. The Basement rocks are Archean greenstones or Lower Proterozoic rocks of the Nabberu Basin. Strong penetrative foliation is apparent in all rock types and may be related to the Celia Lineament, hence increasing the licences' prospectivity for fluid-related mineralisation. Significant colluvium and alluvium occurs throughout the licences and in drainage lines, hence geochemical sampling may be appropriate.

Open File research has revealed that the ground is prospective for nickel and gold, having returned past anomalous results. A recent airborne geophysical survey has been undertaken over the licences. Heritage and Environment surveys are underway to ensure appropriate approval prior to the commencement of the ground programme. A Mine Management Plan is being developed for this programme which will include 325 RC/RAB drill holes to investigate the distinctive magnetic-highs which run through the tenement. The holes are closely spaced in anticipation of intersecting reducing shales which are hosts to base metal mineralisation. Individual, photographic and geophysical anomalies shall also be targeted by this programme.

Magnetic data has been assembled and processed and Aster satellite data has been acquired. This data will be analysed and targets for exploration will be identified.

The Millrose area is in the process of heritage clearance prior to the commencement of a RAB drilling program.

*Whiteheads Project (Quantum earning 80%)*

The Whiteheads Project is located 50 kilometres northeast of Kalgoorlie within the metamorphosed rocks of the Gindalbie Greenstone Belt. The area hosts mafic and felsic volcanics, sediments, and altered intrusive porphyries. The project areas surround the historic Gindalbie Mining Centre to the east which has produced 45,240 ounces of gold at an average grade of 27 g/t gold. The Lindsays Project immediately to the west has now been found to contain a resource of nearly 3 million ounces at approximately 2.96g/t gold.

Numerous significant Quantum RAB anomalies were obtained from previous drilling. The target for drilling in late 2007 and early 2008 was areas in the southern portion of the tenement E27/175.

The drill program targeted gold mineralisation within NNW striking shear zones related to extensive shearing and quartz veining along lithological contacts and in fine grained clastic and pyroclastic rocks of the Gindalbie Formation. This same formation hosts Carrick Gold Limited's Lindsays gold resource of 28.9Mt @ 2.98g/t for 2.8Moz, which is located 3km along strike and to the north of Quantum Resources' current gold intercept listed below.

<b>HOLE</b>	<b>EAST</b>	<b>NORTH</b>	<b>FROM</b>	<b>INTERCEPT</b>
WTHB1408	374740	6640760	44 metres	<a href="#">8m@2.17g/t gold</a>
WTHB1408	374740	6640760	60 metres	<a href="#">4m@3.61g/t gold</a>

The next drill program will infill the 400m lines which have currently been drilled. The line immediately north of this intercept also contains anomalous gold values along strike of hole WTHB1408.

*Jackson Project (Quantum 100%)*

The project area covers 756 square kilometres of the Barlee-Marda Greenstone Belt which is located 100 kilometres north of Southern Cross. There is a history of small scale underground gold production in the region.

Assessment of open file reports has been completed with the outcome indicating that there are areas of potential for gold under the cover of recent sediments along the margins of the belts. Previous sampling was ineffective as transported material was collected. Wide spaced RAB drilling would be the preferred method of testing these trends. More laterite sampling is planned, pending completion of a heritage survey.

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Chairman's Report

*Other Projects (Quantum 100%)*

In the St Ives & Telfer areas a review of historical Open File data, airborne geophysics and past drilling and sampling results is underway with a view to developing an exploration program which will target the regional structural features and the granite/greenstone/sediment contacts underlying significant recent cover.

In Wiluna, Bullfinch, Bounty and Big Bell areas magnetic data has been assembled and processed and Aster satellite data has been acquired. This data will be analysed and targets for exploration will be identified.

**Farm-Out Joint Ventures**

*Wanganoo Joint Venture (Quantum 20%)*

The Company's Dingo Range prospect at Wanganoo is the subject of the Wanganoo joint venture, with Cullen Exploration Pty Ltd acting as managers, earning an 80% interest.

Exploration to date within E53/988 has uncovered a number of untested geochemical and magnetic anomalies which are targets for gold and nickel sulphide mineralisation. These anomalies lie on contacts or within favourable komatiitic host rocks with interpreted strike extents of at least 4 kilometres.

A ground EM (electro magnetic) survey completed earlier identified two conductive targets within prospective ultramafic units. The survey targeted a 4 kilometre long trend of ultramafics within E53/988, where strong nickel (to 6405ppm) and copper (to 3525ppm) anomalies from previous RAB traverses occur on contact komatiite positions. Cullen attempted to drill these targets during the December 2006 quarter, however the drill rig was unable to reach the targets due to drilling conditions.

The Company's joint venture partner has advised there was no field work during the quarter.

*Officer Hill Joint Venture*

Newmont Australia have joint ventured into EL23150 which is located 34 kilometres southwest of The Callie gold mine, also owned by Newmont. Previous explorers located sporadic mineralization from drilling such 4 metres @ 4.64g/t, numerous short intervals of 1-4g/t, and several wide intercepts of 0.1-1g/t. The prospect is considered to have excellent potential to host steeply plunging shoots such as those at the Tanami Gold Mine. An apparent fold closure to the east offers the possibility of discovery of Callie-style mineralization at depth. The Company is waiting on a report from its joint venture partner on activities during the quarter.

**CORPORATE**

On 17 August 2007, the Company announced the placement of 20,937,500 ordinary shares at a price of 3.2 cents per share, raising \$670,000. On 14 March 2008, the Company placed a further 35,300,000 shares at a price of 1.7 cents per shares, raising \$600,100.



J I Gutnick  
Chairman & Managing Director

*The technical information in this report has been reviewed and approved by Dr D Tyrwhitt who is Fellow of the Australasian Institute of Mining & Metallurgy and who has over 40 years experience in the exploration field.*

Quantum Resources Limited  
Directors' Report

The Directors of Quantum Resources Limited present their report for the half year ended 31 December 2007.

**1. Directors**

The Directors of the Company in office during the half year 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 Mordechai Gutnick  
Non-Executive Director

**2. Review and Results of Operations**

The Company recorded a net loss of \$538,601 (2006: \$262,328) for the half-year ended 31 December 2007.

**Objectives**

The Company's objective is to increase shareholder wealth through successful exploration activities whilst providing a safe workplace and ensuring best practice in relation to its environmental obligations.

**Income Statement**

**Revenue**

Quantum as a mineral exploration company does not have an ongoing source of income. Revenue received is normally from adhoc investment and tenement disposals, interest from cash in bank and loans receivable.

In the 2007 half-year, finance revenue has decreased from \$46,176 in 2006 to \$5,601 in 2007 due to the decrease in interest income.

**Expenses**

Expenses increased from \$308,504 for the 2006 half year to \$544,202 for the 2007 half year. Exploration expenditure written off increased from \$62,415 in 2006 to \$94,381 in 2007. Administration costs increased from \$232,701 in 2006 to \$426,146 in 2007. Other expenses increased from \$13,157 in 2006 to \$23,638 in 2007.

The result is an operating loss for the Company of \$538,601 in 2007 compared to \$262,328 in 2006.

**Balance Sheet**

During the 2007 half-year the Company's cash balance decreased from \$128,845 at 30 June 2007 to \$56,242, receivables decreased by \$85,560 and exploration costs capitalized increased from \$571,600 to \$1,130,088.

Trade and other payables increased by \$295,546 to \$353,228 at 31 December 2007, representing amounts owing for contract drilling, exploration costs and administration costs.

Quantum Resources Limited  
Directors' Report

Cash Flow

During the half year to December 2007, the Company raised \$625,387 from capital raising after taking into account the costs of the capital raising, were repaid \$118,357 by an other entity, paid \$386,018 in the normal course of operations and \$435,930 for exploration costs.

**3. Auditor's Independence Declaration**

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this Report.

Signed in accordance with a resolution of the Board of Directors at Melbourne this 14<sup>th</sup> day of March 2008.



J I Gutnick  
Director



Chartered Accountants  
& Business Advisers

14 March 2008

The Directors  
Quantum Resources Limited  
Level 8  
580 St Kilda Road  
MELBOURNE VIC 3000

Dear Directors

### INDEPENDENCE DECLARATION

As lead engagement partner for the review of Quantum Resources Limited for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF  
Chartered Accountants

M J Phillips  
Partner

Tel: +61 3 9603 1700 | Fax: +61 3 9602 3870 | [www.pkf.com.au](http://www.pkf.com.au)  
PKF | ABN 83 236 985 726  
Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia  
GPO Box 5099 | Melbourne | Victoria 3001

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PKF is a national association of independent chartered accounting and consulting firms, each trading as PKF. PKF Australia Ltd is also a member of PKF International, an association of legally independent chartered accounting and consulting firms.

Quantum Resources Limited  
Condensed Income Statement  
For the Half-Year Ended 31 December 2007

	Notes	2007 \$	2006 \$
<b>Continuing Operations</b>			
Finance revenue	3	5,601	46,176
<b>Revenue</b>		<u>5,601</u>	<u>46,176</u>
Exploration expenditure written off		(94,381)	(62,415)
Administration expenses		(426,146)	(232,701)
Other expenses	3	(23,638)	(13,157)
Finance costs	3	<u>(37)</u>	<u>(231)</u>
<b>Loss before income tax</b>		(538,601)	(262,328)
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss for the period after tax from continuing operations</b>		(538,601)	(262,328)
<b>Loss attributable to members</b>		<u>(538,601)</u>	<u>(262,328)</u>
<b>Earnings per share</b>		Cents	Cents
Basic loss per share for the half-year attributable to ordinary equity holders	4	(0.15)	(0.07)
Diluted loss per share for the half-year attributable to ordinary equity holders	4	<u>(0.15)</u>	<u>(0.07)</u>

The condensed income statement is to be read in conjunction with the accompanying notes to the condensed financial statements.

Quantum Resources Limited  
Condensed Balance Sheet as at 31 December 2007

	Note	31 December 2007 \$	30 June 2007 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		56,242	128,845
Receivables		21,742	127,302
Other current assets		5,943	-
<b>Total Current Assets</b>		<b>83,927</b>	<b>256,147</b>
<b>Non-Current Assets</b>			
Receivables		20,000	-
Available-for-sale investments		3,295	782
Exploration expenditure		1,130,088	571,600
Plant and equipment		362	660
<b>Total Non-Current Assets</b>		<b>1,153,745</b>	<b>573,042</b>
<b>TOTAL ASSETS</b>		<b>1,237,672</b>	<b>829,189</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		353,228	57,682
<b>Total Current Liabilities</b>		<b>353,228</b>	<b>57,682</b>
<b>TOTAL LIABILITIES</b>		<b>353,228</b>	<b>57,682</b>
<b>NET ASSETS</b>		<b>884,444</b>	<b>771,507</b>
<b>EQUITY</b>			
Issued capital	6	54,110,216	53,484,829
Reserves		685,253	659,102
Accumulated losses		(53,911,025)	(53,372,424)
<b>TOTAL EQUITY</b>		<b>884,444</b>	<b>771,507</b>

The condensed balance sheet is to be read in conjunction with the accompanying notes to the condensed financial statements

Quantum Resources Limited  
Condensed Cash Flow Statements for the Half Year Ended 31 December 2007

	2007	2006
	\$	\$
<b>Cash flows from operating activities</b>		
Payments in the course of operations	(386,018)	(251,714)
Interest received	5,601	46,176
Borrowing costs paid	-	(231)
<b>Net cash used in operating activities</b>	(380,417)	(205,769)
<b>Cash flows from investing activities</b>		
Payments for exploration expenditure	(435,930)	(440,497)
Loans repaid by other entity	118,357	-
Loans to other entity	-	(256,351)
<b>Net cash used in investing activities</b>	(317,573)	(696,848)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	670,000	-
Payment of share issue costs	(44,613)	(7,530)
<b>Net cash provided by/(used in) financing activities</b>	625,387	(7,530)
Net decrease in cash held	(72,603)	(910,147)
Cash and cash equivalents at beginning of period	128,845	1,037,152
<b>Cash and cash equivalents at end of period</b>	56,242	127,005

The condensed cash flow statement is to be read in conjunction with accompanying notes to the condensed financial statements.

Quantum Resources Limited  
Condensed Statement of Changes in Equity for the Half-Year Ended  
31 December 2007

	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves \$</b>	<b>Total Equity \$</b>
<b>At 1 July 2006</b>	53,484,829	(52,467,913)	620,250	1,637,166
Loss for the period	-	(262,328)	-	(262,328)
Net losses on available-for-sale financial assets	-	-	(73)	(73)
Share-based payments charge	-	-	13,130	13,130
<b>At 31 December 2006</b>	53,484,829	(52,730,241)	633,307	1,387,895
<b>At 1 July 2007</b>	53,484,829	(53,372,424)	659,102	771,507
Loss for the period	-	(538,601)	-	(538,601)
Net gains on available-for-sale financial assets	-	-	2,651	2,651
Issue of share capital	670,000	-	-	670,000
Equity transaction costs	(44,613)	-	-	(44,613)
Share-based payments charge	-	-	23,500	23,500
<b>At 31 December 2007</b>	54,110,216	(53,911,025)	685,253	884,444

The condensed statement of changes in equity is to be read in conjunction with the accompanying notes to the condensed financial statements.

Quantum Resources Limited  
Notes to the Half-Year Financial Statements  
For the Half-Year Ended 31 December 2007

**1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS**

**(a) Reporting Entity**

Quantum Resources Limited (the "Company") is a company domiciled in Australia. The condensed financial report of the Company as at and for the half-year ended 31 December 2007 comprises the Company only and has not been consolidated with any other entity.

The annual financial report of the entity as at and for the year ended 30 June 2007 is available upon request from the Company's registered office at Level 8, 580 St Kilda Road, Melbourne, VIC 3004 or at [www.qur.com.au](http://www.qur.com.au).

**(b) Statement of compliance**

The half-year financial report is a general-purpose condensed financial report for the half-year ended 31 December 2007, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of Quantum Resources Limited as at and for the year ended 30 June 2007.

It is also recommended that the half-year financial report be considered together with any public announcements made by Quantum Resources Limited during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report was approved by the Board of Directors on 14 March 2008.

**(c) Summary of significant accounting policies**

The accounting standards, estimation methods and measurement bases used in this report are the same as those used in the last Quantum Resources Limited Annual Report.

**2. SEGMENT INFORMATION**

The principal business and geographical segment of the Company is mineral exploration within Australia.

	2007	2006
	\$	\$
<b>3. REVENUE AND EXPENSES</b>		
Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the Company:		
(i) Finance revenue		
Interest		
Other Entity	1,328	35,887
Other	4,273	10,289
Total finance revenue	5,601	46,176
(ii) Finance Costs		
Borrowing costs		
Other	37	231
Total finance costs	37	231

Quantum Resources Limited  
Notes to the Half-Year Financial Statements  
For the Half-Year Ended 31 December 2007

	2007	2006
	\$	\$
<b>3. REVENUE AND EXPENSES (Cont'd)</b>		
(iii) Other Expenses		
Employee share option amortisation	23,500	13,130
Impairment of available-for-sale assets	138	27
Total other expenses	23,638	13,157

**4. EARNINGS PER SHARE**

**Basic earnings per share**

	2007	2006
	\$	\$
<b>Loss attributable to ordinary shareholders</b>		
For the six months ended 31 December		
Loss for the period	(538,601)	(262,328)

**Weighted average number of ordinary shares**

	Number of shares	Number of shares
For the six months ended 31 December	366,589,071	351,113,528

**Diluted earnings per share**

154,402,421 options at reporting date are not dilutive as the conversion would result in a reduced loss per share.

**5. ISSUED CAPITAL**

	Number of shares	\$
Ordinary shares		
Issued and fully paid	372,051,028	54,110,216
Movements in ordinary shares on issue	Number of shares	\$
Balance at 1 July 2007	351,113,528	53,484,829
Issued August 2007 for cash pursuant to share placement	20,937,500	670,000
Transaction costs on share issue	-	(44,613)
Balance at 31 December 2007	372,051,028	54,110,216

Quantum Resources Limited  
Notes to the Half-Year Financial Statements  
For the Half-Year Ended 31 December 2007

	31 December 2007	30 June 2007
	\$	\$

**6. COMMITMENTS**

Exploration

*(a) Changes in existing commitments*

As a result of the change in status of a number of tenements being granted since 30 June 2007, the amounts which may be required to be expended to retain tenements has changed. These commitments are as follows:

Not later than one year	665,000	757,000
Later than one year but not later than five years	2,064,000	2,464,000
	2,729,000	3,221,000

*(b) Farm-In contract commitments*

The Company is required to spend certain amounts on exploration expenditure and in certain cases make other cash payments to partners to earn interests under Farm-In contracts.

At balance date the amount which may be required to be expended in respect of the abovementioned is as follows:

Not later than one year	381,280	480,539
Later than one year but not later than five years	341,414	458,645

The Company can withdraw from the commitments at any time as it has met its minimum expenditure commitment under the joint ventures.

**7. CONTINGENT LIABILITY**

There has been no change since 30 June 2007.

**8. GOING CONCERN**

The Company has incurred a loss of \$538,601 in the half-year to December 2007 and has a deficiency of working capital of \$269,301. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. 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. The Company received on 14 March 2008 an application for 35.3 million shares raising \$600,100 (before issue costs) from a professional investor. Settlement is due in several days. The Company is continuing to seek additional funding through further share placements. In addition, 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. Based on the above, the Directors believe this basis to be appropriate. Should the Company be unable to continue as a going concern, it may be required to realise their assets and extinguish their liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. These 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.

Quantum Resources Limited  
Directors' Declaration

In the opinion of the Directors of Quantum Resources Limited ("the Company"):

- (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 Company as at 31 December 2007 and of its performance;
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (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 reasons set out in note 8.

Signed in accordance with a Resolution of the Directors at Melbourne this 14<sup>th</sup> day of March 2008.



J.I. Gutnick  
Director



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 condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration of the disclosing entity at 31 December 2007.

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

The directors of Quantum Resources Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *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 an Interim 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 Quantum Resources Limited's financial position as at 31 December 2007 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*.

Tel: +61 3 9603 1700 | Fax: +61 3 9602 3870 | [www.pkf.com.au](http://www.pkf.com.au)  
PKF | ABN 83 236 985 726  
Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia  
GPO Box 5099 | Melbourne | Victoria 3001

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Chartered Accountants  
& Business Advisers

*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 disclosing entity's financial position as at 31 December 2007 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*.

*Material Uncertainty Regarding the Ability of the Company to Continue as a Going Concern*

Without qualification to the review conclusion expressed above, attention is drawn to the following matter. The consolidated entity incurred a loss from continuing activities of \$538,601 for the half year period ended 31 December 2007 and has an excess of current liabilities over current assets amounting to \$269,301 at the half year end. As a result of the matters described in Note 8, there is significant uncertainty whether the company 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

Melbourne  
14 March 2008