
Quantum Resources Limited and its Controlled Entity

ABN 84 006 690 348

ANNUAL REPORT 2003

Quantum Resources Limited Chairman's Report

Dear Shareholder

Quantum Resources Limited ("Quantum" or the "the Company") continues to develop its exploration, mineral royalty and joint-venture business whilst adding value to selected projects through targeted exploration. The Company recently entered into a farm-in and joint venture agreement over the Whiteheads Project and has concluded agreements on its projects at Dulcie, East Pilbara, Zuleika, Tuckabianna, Wallbrook and Kalgoorlie North projects in Western Australia, retaining either a free carried interest or a royalty. The Company currently hold tenements covering over 4,600 square kilometres in Western Australia, Northern Territory and South Australia.

PROJECT REVIEW

Whiteheads Project

In August 2003, we announced that we had entered into a farm-in and joint venture with Gutnick Resources N.L. ("GKR") that will see the Company earn an 80% interest in the tenements covered by the joint venture.

The Whiteheads Project comprises some 337 square kilometres and is located approximately 50 kilometres north east of Kalgoorlie. It covers part of the Gindalbie Greenstone Belt and is located between two major north-north-west trending faults. The historic Gindalbie gold mining centre is at the south east end of the project area. The tenement package comprises 12 granted exploration/prospecting licenses and mining leases covering 61 square kilometres, and 40 applications (33 MLAs) covering a further 276 square kilometres. The tenements are held 100% by GKR.

Previous explorers conducted broad soil geochemical surveys and identified several gold target areas, some of which have been drill tested to shallow depths. A small gold resource (<10,000 ounces, JORC status unknown) was reportedly delineated on the Seven Leaders prospect.

In the early 1990s, GKR explored for gold mineralisation in paleochannels, and followed up a number of gold soil anomalies with RAB and RC drilling. Deeper drilling of the Seven Leaders prospect failed to expand the resource at depth, however the mineralisation remains open along strike to the south east. In addition, several other gold soil anomalies have been tested at shallow depths, but only partly below 50 metres depth. Patchy oxide mineralisation with occasional drill intercepts in the range of 2 grams per tonne ("g/t") gold to 3g/t gold has been identified and further drilling is planned to better define this mineralisation.

The Whiteheads tenement package represents a consolidated landholding in an area prospective for gold mineralisation, the main targets being medium to large tonnage gold deposits exploitable by open pit and underground mining methods. A number of soil geochemical anomalies have been identified, and while the majority of these have been drill tested at shallow depths, the drilling has not fully explored the potential strike length or the depth potential.

The Company is required to spend \$1.2 million on exploration over 4 years to earn an 80% interest. It can withdraw after having spent \$300,000 on exploration.

We commenced drilling at Whiteheads in late September 2003, with an initial program comprising some 100 RAB holes for approximately 5,000 metres. This program is designed to further define and/or test strike extensions of existing mineralisation and to test previously defined soil anomalies. Results from this program will be announced in the coming months.

Tuckabianna Project (Quantum 100% Farming Out)

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 reached agreement with West Coast Mining Pty Ltd ("West Coast") regarding terms for a farm-in agreement. Under the terms of the agreement, West Coast will make a cash payment of \$15,000 and spend \$250,000 on exploration within two years to earn a 51% interest. West Coast can then elect to earn a

further 24% by spending an additional \$250,000. The Company's 25% interest will then be free carried until Decision to Mine. 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 & Kalgoorlie North Projects (Quantum 100% Farming Out)

The Company has concluded an agreement with Jackson Gold Limited ("Jackson") on its tenements at Wallbrook and Kalgoorlie North. Jackson will spend approximately \$250,000 over three years to earn an 80% interest in the tenements. The Company's 20% interest will then be free carried until Decision to Mine. Jackson is an aggressive explorer and the Company is confident that these projects will be advanced quickly, with the potential for the discovery of economic gold deposits. Of particular interest is the Wallbrook project where Jackson have recently released encouraging exploration results, in an area approximately two kilometres along strike from the joint venture tenement.

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.

Telfer Project (Quantum 100%)

The Company has applied for a single exploration licence covering 60 square kilometres located six kilometres to the northeast of the multi-million ounce Telfer gold mine. Past explorers have reported several anomalous drilling results (un-validated by the Company) from the area of the Company's tenement application, including:

- 6 metres grading 5.79 grams per tonne from 20 metres depth;
- 2 metres grading 14.1 grams per tonne gold from 23 metres depth;
- 5 metres grading 4.02 grams per tonne gold from 38 metres depth;
- 3 metres grading 5.65 grams per tonne gold from 24 metres depth;
- and 6 metres grading 15.8 grams per tonne gold from 69 metres depth.

The Company is assessing these results and compiling the past exploration data for the area, with the view to generating new exploration targets based on geological and geophysical interpretations. The Telfer gold mine is host to one of Australia's largest gold deposits with a reported resource of approximately 26 million ounces of gold.

Gawler Project (Quantum 100%)

Quantum has some 875 square kilometres under tenure in the Gawler Craton of South Australia where it believes there is potential to discover high-grade gold deposits similar to the Challenger deposit. Prior to the commencement of mining, the Challenger deposit, owned by Dominion Mining Limited ("Dominion"), had a reported mineral resource of approximately 1.86 million tonnes grading 8.45g/t for 503,362 ounces of gold. The Company's tenements are located along strike from the Challenger deposit and immediately adjacent to Dominion's Golf Bore prospect. The Golf Bore mineralisation extends on to 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.

CORPORATE

During the year we have continued our capital raising activities to enable us to conduct our exploration activities. As a result we have issued a further 68,378,151 ordinary shares and options expiring 30 November 2012. We also issued 11,707 ordinary shares when optionholders issued their options.

During the year, the ASX Corporate Governance Council released its Principles of Good Corporate Governance and Best Practice Recommendations. The Board of Directors has considered the principles and recommendations and has implemented several changes to come into line with those principles and recommendations. In the forthcoming year we will continue to move towards further compliance with those recommendations.

Overall, I believe Quantum is well placed to take advantage of the sustained upturn in the gold price which is giving junior explorers confidence to undertake exploration programs.

Thank you for your support.



Joseph Gutnick
Chairman

The technical aspects of this report have been reviewed by Mr David von Perger who is a member of the Australasian Institute of Mining & Metallurgy and has 11 years experience in the industry.

Quantum Resources Limited

Directors' Report

The Directors of Quantum Resources Limited present their report for the year ended 30 June 2003.

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

Mr Gutnick has been a Director of the Company since 1987 and is currently Chairman and Managing Director of four public listed companies in Australia, Executive Chairman of Tahera Corporation a Canadian company listed on the Toronto Stock Exchange and President of Bay Resources Ltd a Delaware Corporation listed on the over the counter market in the USA. Mr Gutnick has been responsible for overseeing the discovery, development and operation of a number of world class gold mines in Australia. He was awarded the Diggers award at the 1997 Diggers and Dealers Industry Awards. Age 51

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

Dr Tyrwhitt has been a Director of the Company since 1999. He has more than 40 years experience in the mining industry. He is currently a Director of five listed public companies in the mining and exploration sector. He worked for over 20 years with Newmont Mining Corporation in Australia, South East Asia and the United States. During this time, he was responsible for the discovery of the Telfer Gold Mine in Western Australia. He was Chief Executive of Newmont Australia Limited between 1984 and 1988 and Chief Executive Officer of Ashton Mining Limited between 1988 and 1991. He established his own consultancy in 1991 and worked with Normandy Mining Limited on a number of mining projects in South East Asia. Age 65

Mr Mordechai Gutnick
Non-Executive Director

Mr Mordechai Gutnick is a businessman and long-term investor in the mining industry. He is a Director of several companies in the mining industry and was appointed a Director of the Company in May 2003. Age 25

Mr Paul Ehrlich resigned in May 2003.

2. Review and Results of Operations

A review and results of operations is contained in the Chairman's Report and elsewhere throughout this Annual Report. The financial result of the operations was a loss of \$657,211 after providing for income tax.

3. Significant Change in State of Affairs

The Directors are of the opinion that other than that disclosed in this Annual Report, there has not been any significant changes in the state of affairs of the Economic Entity during the year under review.

4. Principal Activities

The principal activities of the Economic Entity during the financial year was mineral exploration and investment in marketable securities in the resources sector. There has been no significant change in the nature of these activities during the financial year.

5. Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend since the end of the previous financial year and up to the date of this Annual Report.

6. Events After The End Of The Financial Year

Other than as referred to in Note 30 to the Financial Statements, there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature which in the opinion of the Directors of the Economic Entity, has significantly affected or may significantly affect

- the operations of the Economic Entity
- the results of those operations, or
- the state of affairs of the Economic Entity

in financial years subsequent to this financial year.

7. Future Developments and Results

There are no likely developments of which the Directors are aware which could be expected to significantly affect the results of the Economic Entity's operations in subsequent financial years not otherwise disclosed in this Annual Report.

8. Options

At the date of this Report the Company had on issue the following unlisted options over fully paid ordinary shares.

(i) Listed

Number	Maturity Date	Issue Price	Exercise Price	Exercise Period
43,748,673	31 October 2010	No issue price	A\$0.10	Anytime after 1 January 2002

During the year and up to the date of this Report, 10,233 options have been exercised.

Number	Maturity Date	Issue Price	Exercise Price	Exercise Period
32,875,597	30 April 2012	A\$0.02	A\$0.10	Anytime after 1 January 2003

During the year and up to the date of this Report, 32,877,523 options have been issued pursuant to a prospectus dated 16 May 2002 and 1,926 options have been exercised.

Number	Maturity Date	Issue Price	Exercise Price	Exercise Period
68,378,151	30 November 2012	A\$0.02	A\$0.05	Anytime after 1 July 2003

During the year and up to the date of this Report, 68,378,151 options have been issued pursuant to a prospectus dated 15 November 2002 and no options have been exercised.

Optionholders have no rights to participate in an issue of shares unless they convert their options. The names of all the persons who currently hold options are entered on a register maintained for the Company, by Computershare Investor Services Pty Ltd. In accordance with the Corporations Act 2001, this Register may be inspected free of charge.

(ii) **Unlisted**

Number	Maturity Date	Issue Price	Exercise Price	Exercise Period
1,650,000	24 March 2010	A\$0.037	A\$0.08	Under terms and conditions of the employee share option plan

During the year and up to the date of this Report, 500,000 options have lapsed and no options have been exercised.

9. Directors' Interests in Shares and Options

The relevant interest of each Director in the number of fully paid ordinary shares and options over fully paid ordinary shares of the Company disclosed by that Director to the Australian Stock Exchange as at the date of this Report is:

Director	Relevant Interest		
	Shares	Employee Options	Options expiring 31/10/2010
J I Gutnick*	Nil	1,000,000**	Nil
D S Tyrwhitt	Nil	Nil	Nil
M Z Gutnick	9,672,022	Nil	532

*Mr Gutnick is a Director and Shareholder of Edensor Nominees Pty Limited, which is a substantial shareholder of the Company.

**Allotted in accordance with the rules of the employee share option plan.

10. Meetings of Directors

The number of meetings of Directors held including meetings of Committees of the Board during the financial year including their attendance was as follows:

	BOARD		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
J I Gutnick	4	4	1	1	-	-
D S Tyrwhitt	5	5	1	1	-	-
M Z Gutnick	1	1	-	-	-	-
P L Ehrlich	3	3	-	-	-	-

Note: Mr. J.I. Gutnick and Dr. D.S. Tyrwhitt were members of the Audit Committee and Remuneration Committee from 1 July 2002 to 24 September 2003. On that date, Mr. J.I. Gutnick stood down from both Committees, Mr. M.Z. Gutnick was appointed to both Committees and Dr. D.S. Tyrwhitt was appointed Chairman of both Committees.

11. Remuneration of Directors and Senior Management

Directors' remuneration is discussed in the Corporate Governance section of this Annual Report. Senior Management receive competitive remuneration packages which includes a base salary and superannuation. The Remuneration Committee reviews these packages and other employment terms. The reviews are based on performance achievements, relevant market information and Company performance.

(i) Directors

	Salary/ Consulting Fees	Directors Fees	Other Benefits	Superannuation Contributions	Value of Employee Share Options	Total	Number of Employee Share Options
	\$	\$	\$	\$	\$	\$	
J I Gutnick	-	-	25,674	2,879	12,270	40,823	1,000,000
D S Tyrwhitt	-	20,000	10,000	1,800	-	31,800	-
M Z Gutnick	-	-	-	-	-	-	-
P L Ehrlich	-	15,167	236	1,365	-	16,768	-

(ii) Senior Management

	Salary/ Consulting Fees	Other Benefits	Superannuation Contributions	Value of Employee Share Options	Total	Number of Employee Share Options
	\$	\$	\$	\$	\$	
P Lee	28,214	5,457	5,292	4,294	43,257	350,000
D Prentice	30,897	3,810	2,781	2,454	39,942	200,000

- (i) During the year and up to the date of this Report, no employee share options have been granted.
- (ii) The employee share options, when issued in March 2000 had an issue price of 3.7 cents and have a current exercise price of 8 cents. The last sale price of the Company's ordinary shares on 18 September 2003 was 10 cents. The options can be exercised at any time after 24 March 2003 subject to the ordinary share price of the Company's securities having increased by 20%, after adjustment for any rights issues, bonus issues and dividends, from the date when the options were first granted. At the date of this Report, the performance hurdle has not been achieved.
- (iii) The Company has valued the employee share options at the date of issue using the Black-Scholes method and then adjusted for the issue price paid by an employee. In accordance with the Australian Securities and Investments Commission guidelines, the Company has assumed that the Directors and Executives will continue to provide service until the vesting date.

12. Directors And Officers' Indemnity

The Company has entered into an Indemnity Deed with each of the Directors which will indemnify them against liability incurred to a third party (not being the Company or any related company) where the liability does not arise out of conduct including a breach of good faith. The Indemnity Deed will continue to apply for a period of 10 years after a Director ceases to hold office and a Director's Access and Insurance Deed with each of the Directors pursuant to which a Director can request access to copies of documents provided to the Director whilst serving the Company for a period of 10 years after the Director ceases to hold office. There will be certain restrictions on the Directors' entitlement to access under the deed. In addition the Company will be obliged to use reasonable endeavors to obtain and maintain insurance for a former Director similar to that which existed at the time the Director ceased to hold office.

13. Environment

The exploration activities of the Economic Entity are conducted in accordance with and controlled principally by Australian state and territory government legislation. The Company has exploration land holdings in Western Australia, Northern Territory, South Australia and New South Wales. The Company employs a system for reporting environmental incidents, establishing and communicating accountability, and rating environmental performance. During the year data on environmental performance was reported as part of the monthly exploration reporting regime. In addition, as required under various state and territory legislation, procedures are in place to ensure that the relevant authorities are notified prior to the commencement of ground disturbing exploration activities.

The Company is committed to minimising the impact of its activities on the surrounding environment at the same time aiming to maximise the social, environmental and economic returns for the local community. To this end the environment is a key consideration in our exploration activities and during the rehabilitation of disturbed areas. Generally rehabilitation occurs immediately following the completion of a particular phase of exploration. In addition the Company continues to develop and maintain mutually beneficial relationships with the local communities affected by its activities. Rehabilitation initiatives include the extraction of all pegs and restoration of peg lines, plugging of all drill holes and removal of plastic geological sample bags.

Signed in accordance with a Resolution of the Board of Directors at Melbourne this 29th day of September 2003.

A handwritten signature in black ink, reading "J.I. Gutnick". The signature is written in a cursive style with a large initial "J" and "G".

J I Gutnick
Director

Quantum Resources Limited and its Controlled Entities
Statements of Financial Performance for the Year Ended 30 June 2003

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Revenue					
<i>Revenue from operating activities:</i>					
Interest	2	5,309	2,448	5,308	2,025
<i>Revenue from outside operating activities:</i>					
Proceeds from sale of non-current assets	2	5,454	221,816	5,454	71,816
		10,763	224,264	10,762	73,841
Expenses					
<i>Expenses from ordinary activities</i>					
Exploration expenditure provided for and written off	3	(118,891)	(18,636)	(118,218)	(9,027)
Depreciation of non-current assets		-	(1,744)	-	-
Administration		(402,135)	(404,039)	(406,336)	(395,230)
Carrying value of non-current assets sold		-	(128,746)	-	-
Borrowing costs	3	(69,085)	(135,225)	(68,417)	(121,682)
Provision for rehabilitation reversed		-	34,564	-	-
Provision for diminution of investments		(33,922)	(1,047,082)	(2,582,695)	(3,811,568)
Receivable – other entity written off		-	(7,690)	-	(7,690)
Decrease/(increase) in provision for doubtful receivable		(43,941)	10,000	(43,941)	10,000
Total costs and expenses		(667,974)	(1,698,598)	(3,219,607)	(4,335,197)
Operating loss before income tax		(657,211)	(1,474,334)	(3,208,845)	(4,261,356)
Income tax attributable to operating loss	4	-	-	-	-
Net loss		(657,211)	(1,474,334)	(3,208,845)	(4,261,356)
Total changes in equity other than those resulting from transactions with owners as owners.		(657,211)	(1,474,334)	(3,208,845)	(4,261,356)
Basic (loss) per share	5	Cents (0.26)	Cents (0.68)		
Diluted (loss) per share	5	(0.26)	(0.68)		

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 Entities
Statements of Financial Position as at 30 June 2003

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	6	4,934	44,300	5,070	35,110
Receivables	7	4,211	3,989	4,204	3,882
TOTAL CURRENT ASSETS		9,145	48,289	9,274	38,992
NON-CURRENT ASSETS					
Receivables	7	92,356	10,000	82,356	-
Investments accounted for using the equity method	8	-	-	-	-
Other financial assets	9	231,181	265,103	241,181	2,823,876
Property, plant and equipment	10	-	-	-	-
Exploration expenditure		169,345	236,568	169,345	236,568
TOTAL NON-CURRENT ASSETS		492,882	511,671	492,882	3,060,444
TOTAL ASSETS		502,027	559,960	502,156	3,099,436
CURRENT LIABILITIES					
Payables	11	90,051	137,771	89,366	137,771
TOTAL CURRENT LIABILITIES		90,051	137,771	89,366	137,771
NON-CURRENT LIABILITIES					
Interest bearing liabilities	12	220,557	1,527,781	232,405	1,526,657
TOTAL NON-CURRENT LIABILITIES		220,557	1,527,781	232,405	1,526,657
TOTAL LIABILITIES		310,608	1,665,552	321,771	1,664,428
NET ASSETS (DEFICIENCY IN NET ASSETS)		191,419	(1,105,592)	180,385	1,435,008
EQUITY					
Contributed equity	13	51,153,057	49,818,534	51,153,057	49,818,534
Reserves	14	6,632,694	6,012,995	619,699	-
Accumulated losses	15	(57,594,332)	(56,937,121)	(51,592,371)	(48,383,526)
TOTAL EQUITY (DEFICIENCY IN EQUITY)	16	191,419	(1,105,592)	180,385	1,435,008

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 Year Ended 30 June 2003

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments in the course of operations		(214,535)	(57,198)	(214,214)	(44,805)
Interest received		14	1,251	13	498
NET CASH USED IN OPERATING ACTIVITIES	18	(214,521)	(55,947)	(214,201)	(44,307)
CASH FLOWS FROM INVESTING ACTIVITIES					
Contribution to exploration expenditure received from joint venture partner		2,500	2,000	2,500	2,000
Payments for exploration		(190,245)	(53,000)	(189,739)	(47,832)
Proceeds from sale of property		-	150,000	-	-
Proceeds from sale of mineral exploration tenements		6,000	78,998	6,000	78,998
Proceeds from security deposits retired		-	35,398	-	-
NET CASH USED IN INVESTING ACTIVITIES		(181,745)	213,396	(181,239)	33,166
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from exercise of options		1,191	154	1,191	154
Net proceeds from issue of securities		1,330,199	1,769	1,330,199	1,769
Proceeds from borrowings		956,959	332,300	824,926	326,700
Repayment of borrowings		(1,931,449)	(449,181)	(1,790,916)	(284,181)
NET CASH PROVIDED BY FINANCING ACTIVITIES		356,900	(114,958)	365,400	44,442
Net increase/(decrease) in cash held		(39,366)	42,491	(30,040)	33,301
Cash at the beginning of the financial year		44,300	1,809	35,110	1,809
CASH AT THE END OF THE FINANCIAL YEAR	6	4,934	44,300	5,070	35,110

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 Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(i) Basis of Preparation

The financial report is a general purpose financial report and has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements 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 report on a going concern basis notwithstanding a working capital deficiency at 30 June 2003. Except where stated, the accounting policies are consistent with those of the previous year.

(ii) The following Accounting Policies have been adopted in preparing and presenting the Financial Report

Principle of Consolidation

The consolidated accounts of the Consolidated Entity include the financial statements of the Company, being the Parent Entity and its Controlled Entities. The balances and effects of transactions between the controlled Entities and the parent Entity included in the consolidated accounts have been eliminated. The financial statements of controlled entities are included from the date control commences until the date control ceases.

Revenue Recognition

Interest income

Interest income is recognised as it accrues.

Asset sales

The gross proceeds of asset sales are included as revenue of the Company. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Other revenue

Revenue recognition policies for other financial assets are described in the relevant Accounting Policy Note.

Foreign Currency Translation

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the Statement of Financial Position in the financial year in which the exchange rates change.

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Income Tax

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense/benefit for the period is calculated on the accounting result after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that result and the taxable result. The tax effect of timing differences which arise from the recognition in the accounts of items of revenue and expenses in periods different from those in which they are assessable or allowable for income tax purposes are represented as "Future income tax benefits" or "Provisions for deferred income tax" at current tax rates.

Future income tax benefits are only carried forward as assets where realisation of the benefits can be regarded as being virtually certain.

The ultimate realisation of these benefits will depend upon:

- (i) the ability of the Consolidated Entity to derive future assessable income and capital profits of the nature and of sufficient amount to enable the benefits to be realised;
- (ii) the ability of the Consolidated Entity to comply with the conditions for deductibility imposed by law; and
- (iii) an expectation that legislation will not change in a manner which would adversely affect the ability of the Consolidated Entity to realise the benefits.

Employee Share Option Plan

The Company has granted options to certain participants under an employee share option plan. Further information is set out in Note 27. The receivable and the option reserve have not been recognised as the probability that the economic benefits embodied in the asset will eventuate, cannot be reliably determined due to the terms of the option plan. These amounts will be recognised when options are exercised. Other than the costs incurred in administering the scheme which are expensed as incurred, the scheme does not result in any expense to the Company.

Other Financial Assets

Controlled Entities

Investments in the Controlled Entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the statement of financial performance when they are declared by the Controlled Entities

Other Companies

Investments have been valued at the lower of cost and net realisable value as determined in respect of each security holding.

Dividend revenue is recognised in the Statement of Financial Performance when received.

Associated Entities

An Associated Entity is one in which the Consolidated Entity has the capacity to exert significant influence. In the consolidated financial statement, investments in associates are accounted for using the equity method. Information determined in accordance with the principles of the equity method of accounting is disclosed for the investments in the Associated Entity in Note 24. In the Company's financial statements, investments in shares of associates are carried at the lower of cost and recoverable amount.

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Property, Plant and Equipment

Property, plant and equipment is carried at the lower of cost less accumulated depreciation and recoverable amount. The carrying amounts of property, plant and equipment are reviewed to determine whether they are in excess of their recoverable amounts at balance date. If the carrying amount exceeds the recoverable amount, the asset is written down to the lower amount. The write down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

In assessing recoverable amounts of property, plant and equipment the relevant cash flows have not been discounted to their present values.

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives.

The depreciation rates used for each class of asset are as follows:

- Plant and equipment 20%
- Furniture and fittings 20-33%
- Computer equipment 40-60%

Assets are depreciated from the date of acquisition.

Exploration

Exploration expenditure is capitalised for each separate area of interest where:

- (i) it is expected to be recovered through successful development and exploitation or by sale;
or
- (ii) activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Ultimate recoupment is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas.

Each area of interest is reviewed at the end of each accounting period to determine whether costs should continue to be carried forward in respect of that area of interest.

Where it is determined that an area of interest has no commercial value and is to be abandoned, the net balance of costs carried forward is written off. As a matter of prudence, where appropriate, a provision is made against the remaining expenditure, to recognise the inherent uncertainty of successful development of current areas of interest.

Restoration Expenditure

No material future restoration liabilities are anticipated in relation to the Economic Entity's normal exploration programme.

(iii) Comparative Figures

Where necessary comparative figures have been restated to be consistent with current year presentation.

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

2. REVENUES	Note	Consolidated		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
From operating activities					
Interest					
Controlled Entity		-	-	-	787
Other Entity	26	5,294	740	5,294	740
Other		15	1,708	14	498
From outside operating activities					
Gross proceeds from sale of non-current assets					
Land and buildings		-	150,000	-	-
Mineral exploration tenements		5,454	71,816	5,454	71,816
		10,763	224,264	10,762	73,841
3. LOSS FROM ORDINARY ACTIVITIES					
The loss from ordinary activities has been determined after charging/crediting:					
Borrowing costs					
Controlled Entity		-	-	8,131	926
Related Party	26	11,021	35,786	11,021	35,786
Other Entities	26	58,064	84,970	49,265	84,970
Other		-	14,469	-	-
		69,085	135,225	68,417	121,682
Amortisation of buildings					
		-	1,744	-	-
Net (gain) on disposal of non-current assets					
Land and buildings		-	(21,254)	-	-
Mineral exploration tenements		5,454	(71,816)	5,454	(71,816)
		5,454	(93,070)	5,454	(71,816)
Auditors remuneration					
Audit services		17,500	16,000	17,500	16,000
Other services		-	-	-	-

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

4. TAXATION	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
<i>(a) Income tax expense</i>				
Prima facie income tax benefit calculated at 30% (2002 30%) on the loss from ordinary activities	197,163	442,300	962,653	1,278,407
Decrease in income tax benefit due to:				
Provision for diminution of investments	(10,177)	(314,124)	(774,808)	(1,143,470)
Sundry items	-	(1,477)	-	(1,477)
Future income tax benefits not realised	(186,986)	(126,699)	(187,845)	(133,460)
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expense on loss from ordinary activities	-	-	-	-

(b) Future income tax benefit not recognised

The future income tax benefit in respect of tax losses has not been recognised for as an asset in the financial statements as the realisation of the benefit is not virtually certain.

Future income tax benefits have been calculated at 30%.

The potential future income tax benefit at 30 June 2003 not recognised is as follows:

Revenue losses	14,467,875	14,280,889	14,300,249	14,112,404
Capital losses	20,765,330	20,765,330	20,702,060	20,702,060
Quarantined foreign losses	4,425,347	4,425,347	4,425,347	4,425,347
	<hr/>	<hr/>	<hr/>	<hr/>

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

5. EARNINGS PER SHARE	Consolidated	
	2003 Number	2002 Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings (loss) per share	253,520,668	218,017,043
Weighted average number of potential ordinary shares used in the calculation of diluted earnings (loss) per share	253,520,668	218,017,043
	\$	\$
Operating loss after tax used in calculation of earnings per share	(657,211)	(1,474,334)

In accordance with paragraph 12.1 of AASB 1027 "Earnings per Share" there are no potential ordinary shares considered to be dilutive for 2003.

Options that would be included in the calculation of diluted earnings per share when applicable are 43,748,673 options (exercisable at) \$0.10 each, 32,875,597 exercisable at \$0.10 each and 68,378,151 exercisable at \$0.05 each. All options converting to one fully paid ordinary share.

Options that would be included in the calculation of diluted earnings per share when applicable are 1,650,000 options issued under the employee share option plan.

	Note	Consolidated		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
6. CASH ASSETS					
Cash at bank		4,934	44,300	5,070	35,110
7. RECEIVABLES					
CURRENT					
Non-trade receivables					
Other Entity	26	483,478	439,537	483,478	439,537
Other		4,211	3,989	4,204	3,882
		487,689	443,526	487,682	443,419
Less provision for doubtful receivable					
Other Entity	26	(483,478)	(439,537)	(483,478)	(439,537)
		4,211	3,989	4,204	3,882

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

	Note	Consolidated		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
7. RECEIVABLES (Cont'd)					
NON-CURRENT					
Advance to Other Entities	26	82,356	-	82,356	-
Deposits in respect of mineral exploration guarantees		10,000	10,000	-	-
		<u>92,356</u>	<u>10,000</u>	<u>82,356</u>	<u>-</u>
8. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD					
Associated company	24	-	-	-	-
9. OTHER FINANCIAL ASSETS					
NON-CURRENT					
Investments in Controlled Entity					
Unlisted shares at cost		-	-	10,000	10,000
Listed Securities					
Other Entities at cost		284,105	1,841,430	284,105	1,841,430
Less provision for diminution in value		(62,924)	(1,586,327)	(62,924)	(1,586,327)
		<u>221,181</u>	<u>255,103</u>	<u>221,181</u>	<u>255,103</u>
Unlisted Securities at cost		<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Associated Entities					
Listed securities at cost		-	-	5,313,259	6,313,259
Less provision for diminution value		-	-	(5,313,259)	(3,764,486)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,548,773</u>
		<u>231,181</u>	<u>265,103</u>	<u>241,181</u>	<u>2,823,876</u>
				Consolidated	
Particulars in relation to Controlled Entity				2003	2002
				%	%
Topalite Resources Pty Ltd				100	100

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
10. PLANT AND EQUIPMENT					
Freehold land					
Carrying amount at the beginning of the year		-	44,000	-	-
Disposals		-	(44,000)	-	-
Carrying amount at the end of the year		-	-	-	-
Freehold buildings					
Carrying amount at the beginning of the year		-	75,370	-	-
Disposals		-	(73,626)	-	-
Depreciation		-	(1,744)	-	-
Carrying amount at the end of the year		-	-	-	-
11. PAYABLES					
CURRENT					
Trade creditors and accruals		90,051	137,771	89,366	137,771
12. INTEREST BEARING LIABILITIES					
NON CURRENT					
Unsecured borrowings					
Controlled Entity		-	-	11,848	128,876
Secured borrowings					
Related Party	26, (i)	220,557	494,831	220,557	494,831
Other Entity	26,(ii)	-	1,032,950	-	902,950
		220,557	1,527,781	232,405	1,526,657
(i) The Related Party borrowing is secured by a floating charge over the assets of the Company					
(ii) The Other Entity borrowing is secured by a second ranking floating charge over the assets of the Company					
13. CONTRIBUTED EQUITY					
Issued and paid-up capital					
286,406,901 (2002: 218,017,043) fully paid ordinary shares		51,153,057	49,818,534	51,153,057	49,818,534
Movement in ordinary share capital					
Balance at the beginning of the financial year		49,818,534	49,818,380	49,818,534	49,818,380
Shares issued -					
68,378,151 shares pursuant to a prospectus		1,341,596	-	1,341,596	-
Less transaction costs		(8,272)	-	(8,272)	-

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

Note	Consolidated 2003 \$	2002 \$	Parent Entity 2003 \$	2002 \$
13. CONTRIBUTED EQUITY (Cont'd)				
Movement in ordinary share capital				
11,707 (2002: 1540) options converted	1,199	154	1,199	154
Balance at end of year	51,153,057	49,818,534	51,153,057	49,818,534
<p> Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings. In the event of winding up of the Company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.</p>				
14. RESERVES				
Option reserve	619,699	-	619,699	-
Capital reserve	6,012,995	6,012,995	-	-
	6,632,694	6,012,995	619,699	-
Movement in the option reserve				
Options issued	619,727	-	619,727	-
Options exercised	(28)	-	(28)	-
	619,699	-	619,699	-
Nature and purpose of reserves				
Option reserve				
Amounts contributed for the future right to acquire shares at a predetermined price				
Capital reserve				
Share of equity accounted associated capital reserve				
	6,012,995	6,012,995	-	-
	6,632,694	6,012,995	619,699	-
15. ACCUMULATED LOSSES				
Accumulated losses at the beginning of the year	(56,937,121)	(55,462,787)	(48,383,526)	(44,122,170)
Net loss	(657,211)	(1,474,334)	(3,208,845)	(4,261,356)
Accumulated losses at the end of the year	(57,594,332)	(56,937,121)	(51,592,371)	(48,383,526)

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
16. TOTAL EQUITY RECONCILIATION					
Total equity at the beginning of the year		(1,105,592)	368,588	1,435,008	5,696,210
Total changes in equity recognised in statements of financial performance		(657,211)	(1,474,334)	(3,208,845)	(4,261,356)
Transactions with owners as owners contribution of equity		1,954,222	154	1,954,222	154
Total equity at the end of the year		191,419	(1,105,592)	180,385	1,435,008

17. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2003	Note	Weighted average interest rate %	Floating interest rate \$	Fixed interest maturing in:			Non-interest bearing \$	Total \$
				1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
<i>Financial assets</i>								
Cash assets	6	0.10%	4,934	-	-	-	-	4,934
Receivables	7	10.10%	82,356	-	-	-	14,211	96,567
Other financial assets	9	-	-	-	-	-	231,181	231,181
Total			87,290	-	-	-	245,392	332,682
<i>Financial liabilities</i>								
Payables	11	-	-	-	-	-	90,051	90,051
Interest bearing liabilities ⁽¹⁾	12	8.60%	220,557	-	-	-	-	220,557
Total			220,557	-	-	-	90,051	310,608
2002								
<i>Financial assets</i>								
Cash assets	6	1.95%	9,854	-	-	-	34,446	44,300
Receivables	7	-	-	-	-	-	13,988	13,988
Other financial assets	9	-	-	-	-	-	265,103	265,103
Total			9,854	-	-	-	313,537	323,391

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

17. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (Cont'd)

	Note	Weighted average interest rate %	Floating interest rate \$	Fixed interest maturing in:			Non-interest bearing \$	Total \$
				1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
2002								
<i>Financial liabilities</i>								
Payables	11	-	-	-	-	-	137,771	137,771
Interest bearing liabilities ⁽¹⁾	12	9.26%	1,527,781	-	-	-	-	1,527,781
Total			1,527,781	-	-	-	137,771	1,665,552

⁽¹⁾Interest bearing liabilities

Pursuant to a loan agreement with Chevas Pty Ltd, a Director Related Entity, interest may be charged at the lender's discretion providing that it shall not exceed a rate which is in excess of 4% above the "Reference Rate" of the ANZ Banking Group Ltd.

(b) Foreign Exchange Risk

At 30 June 2003 there are no material foreign exchange risks.

(c) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

(d) Net Fair Values of Financial Assets and Liabilities

Valuation Approach

Net fair values of financial assets and liabilities are determined by the Company on the following basis:

Cash, cash equivalents and short-term investments: The carrying amount approximates fair value because of their short-term to maturity.

Receivables and payables: The carrying amount approximates fair value.

Long-term loans receivable: The fair values of long-term loans receivable are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending arrangements.

Non-current investments/securities: For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security.

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

17. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES (Cont'd.)

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

	Consolidated		2002	
	2003 Carrying amount \$	2003 Net fair Value \$	2002 Carrying amount \$	2002 Net fair Value \$
Recognised financial instruments				
<i>Financial assets</i>				
Cash assets	4,934	4,934	44,300	44,300
Receivables	96,567	96,567	13,989	13,989
Other financial assets:				
Shares in other corporations – listed	221,181	221,181	255,103	255,103
Shares in other corporations – unlisted	10,000	10,000	10,000	10,000
<i>Financial liabilities</i>				
Payables	90,051	90,051	137,771	137,771
Interest bearing liabilities	220,557	220,557	1,527,781	1,527,781

18. STATEMENTS OF CASH FLOWS	Consolidated		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
<i>(a) Reconciliation of operating profit (loss) after income tax to net cash used in operating activities</i>				
Operating (loss) after income tax	(657,211)	(1,474,334)	(3,208,845)	(4,261,356)
Add non-cash items:				
Increase/(Decrease) in provision for diminution in value of investments	33,922	1,047,082	2,582,695	3,811,568
Depreciation of plant and equipment	-	1,744	-	-
Profit on disposal of non-current assets	(5,454)	(93,070)	(5,454)	(71,816)
Exploration expenditure previously capitalised written off as unsuccessful	118,891	18,636	118,218	9,027
Borrowing costs	69,085	135,225	68,417	121,682
Interest received	(14)	-	(13)	-
Provision for doubtful debts	43,941	(10,000)	43,941	(10,000)
Net cash used in operating activities before change in assets and liabilities	(396,840)	(374,717)	(401,041)	(400,895)
Changes in assets and liabilities:				
Decrease/(Increase) in receivables	(48,214)	168,752	(48,215)	206,570
Increase in trade creditors and accruals	230,533	150,018	235,055	150,018
Net cash used in operating activities	(214,521)	(55,947)	(214,201)	(44,307)

(b) Non-cash financing and investing activities

Pursuant to a prospectus issued during the year, 31,141,562 shares for \$622,831 were issued to satisfy a repayment of existing liabilities.

(c) Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks.

(d) Financing facilities

Chevas Pty Ltd, continued to provide finance to the Company. Mr J I Gutnick has advised that he believes he should have access to sufficient funds to be in a position to continue to assist the Company meet its commitments. The Company currently has no unused finance facilities.

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

19. COMMITMENTS

Exploration

The Company has to perform minimum exploration work and expend minimum amounts of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Company's tenement portfolio management through expenditure exemption approvals and expenditure reductions through relinquishment of parts or the whole of tenements deemed non prospective.

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
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	427,580	614,000	427,580	614,000
Later than one year but not later than five years	1,710,320	2,455,000	1,710,320	2,455,000
Later than five years but not later than twenty one years	6,841,280	9,821,000	6,841,280	9,821,000
	8,979,180	12,890,000	8,979,180	12,890,000

The terms and conditions under which the Company has title to its various mining tenements oblige it to meet tenement rentals and minimum levels of exploration expenditure as gazetted by the Department of Minerals and Energy of Western Australia and Primary Industries and Resources South Australia, as well as Local Government rates and taxes.

The "Later than five years but not later than twenty one years" component represents commitments of up to sixteen years in respect of Mining Licences which are granted for a period of twenty one years, but in common with Prospecting Licences and Exploration Licences may be relinquished or sold by the Company before the expiry of the full term of the Licence.

20. CONTINGENT LIABILITIES

Cash deposits provide various guarantees to the Department of Mineral Resources – New South Wales for the purpose guaranteeing the Company's performance in accordance with New South Wales Mining law. The performance relates to the requirement that the company adheres to the terms and conditions of its mining leases, which inter alia may require site restoration. However, the Directors do not anticipate the Department of Mineral Resources – New South Wales will exercise these guarantees as the Company adheres to all terms and conditions of its leases. The deposits have been lodged direct with the Department of Mineral Resource – New South Wales.

	Consolidated 2003	Consolidated 2002
	\$	\$
Department of Mineral Resources New South Wales	10,000	10,000

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

21. SEGMENT INFORMATION

Primary Segment

Business Segments	Mineral Exploration		Investments		Consolidated	
	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$
Revenue						
Interest	5,309	2,448	-	-	5,309	2,448
Proceeds from sale of non-current assets	5,454	221,816	-	-	5,454	221,816
Total segment revenue	10,763	224,264	-	-	10,763	224,264
Results						
Net loss	623,289	427,252	33,922	1,047,082	657,211	1,474,334
Assets						
Segment Assets	270,846	294,857	231,181	265,103	502,027	559,960
Liabilities						
Segment Liabilities	90,051	137,771	220,557	1,527,781	310,608	1,665,552

Secondary Segment

Geographic segment

The Company operates predominately in Australia

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$

22. REMUNERATION OF DIRECTORS

The Directors of Quantum Resources Limited in office at any time during the year were:

J I Gutnick – Executive
D S Tyrwhitt – Non-Executive
M Z Gutnick – Non-Executive
P L Ehrlich – Non-Executive

The remuneration of the Directors is paid by AXIS Consultants Pty Ltd on behalf of the Company at agreed rates and is on-charged to the Company.

Total income paid or payable or otherwise made available to all Directors of the Company by the Company or any Related Party

	89,391	160,080	89,391	160,080
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Number of Directors of the Company whose total income falls within the following bands:

	Number	Number	Number	Number
\$0 - \$9,999	1	1	1	1
\$10,000 - \$19,999	1	-	1	-
\$20,000 - \$29,999	-	1	-	1
\$30,000 - \$39,999	1	1	1	1
\$40,000 - \$49,999	1	-	1	-
\$100,000 - \$109,999	-	1	-	1

	\$	\$	\$	\$
--	----	----	----	----

23. REMUNERATION OF EXECUTIVES

The remuneration of the Executives is paid by AXIS Consultants Pty Ltd and is recovered from each client company on the basis of the actual work performed by those executives.

Total income paid or payable or otherwise made available to Executives (including Directors) whose income exceeds \$100,000.

	-	108,000	-	108,000
--	---	---------	---	---------

Number of Executives whose total income falls within the following bands

	-	1	-	1
--	---	---	---	---

24. INVESTMENT IN ASSOCIATE

The investment in associate is accounted for in the financial statements using the equity method of accounting.

Ownership Interest in Associated Entities
Johnson's Well Mining NL

Consolidated	
2003	2002
%	%
25.47	35.60

The principal activity of the Associate is mineral exploration. As a result of past operating losses of the Associate the carrying value of the investment has been written down to \$nil value. The associate recorded a loss of \$6,567,693 for 30 June 2003. No adjustment has been recorded to the \$nil value of the investment under equity accounting.

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

24. INVESTMENT IN ASSOCIATE (Cont'd)

	2003	Consolidated 2002
	\$	\$
Reserves attributable to Associate		
Capital reserve	6,012,995	6,012,995
<hr/>		
Share of Associates' expenditure commitments		
Exploration commitments	5,764,829	16,168,869
Farm-in Contract commitments	254,700	356,000
	<hr/>	<hr/>
	6,019,529	16,524,869
<hr/>		

(i) Exploration expenditure

The Associates have to perform minimum exploration work and expend minimum amounts of money on their tenements. The overall expenditure requirement tends to be limited in the normal course of the tenement portfolio management through expenditure exemption approvals and expenditure reductions through relinquishment of parts or the whole of tenements deemed non-prospective.

(ii) Farm-in contracts

The Associate is required to spend amounts on exploration expenditure and in certain cases make other cash payments to partners to earn interests under farm in contracts.

	2003	Consolidated 2002
	\$	\$
Contingent Liabilities		
Share of associate's contingent liabilities		
Deposits to secure performance guarantees	5,094	14,240
<hr/>		

25. ULTIMATE PARENT ENTITY

After consideration of AASB 1024 and the Corporations Act 2001, the Directors do not believe there is a Parent Entity.

Parent Entity	
2003	2002
Number	Number

26. RELATED PARTY AND OTHER INFORMATION

(i) Disclosures relating to Directors

The names of the Directors, their remuneration and retirement benefits are disclosed in Note 22.

(ii) Other transactions of Directors

Aggregate number of shares held directly, indirectly or beneficially by the Directors of the Company in Quantum Resources Limited.

Shares	142,306,221	85,711,414
Options expiring 31 October 2010	30,002,916	30,003,448
Options expiring 30 April 2012	24,741,562	-
Options expiring 30 November 2012	64,936,241	-
Employee Options	1,000,000	1,000,000
<hr/>		

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

Parent Entity
2003 2002
Number Number

26. RELATED PARTY AND OTHER INFORMATION (Cont'd)

Aggregate number of options acquired by Directors of the Company in Quantum Resources Limited pursuant to the pro-rata renounceable rights issue of options as detailed in a prospectus dated 16 May 2002.

Options expiring 30 April 2012	24,741,562	-
--------------------------------	------------	---

Aggregate number of shares and options acquired by Directors of the Company in Quantum Resources Limited pursuant to the pro-rata renounceable rights issue of shares with attaching options as detailed in a prospectus dated 15 November 2002.

Shares	64,936,241	-
Options expiring 30 November 2012	64,936,241	-

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Directors Transactions with the company					

(iii) Transactions with Director Related Entities of Mr. J.I. Gutnick are as follows:
Chevas Pty Ltd ("Chevas")
Chevas provides loan funds to the company

		Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Transactions during the period					
Amounts advanced during the year		631,308	146,600	631,308	146,600
Amounts repaid during the year		(916,603)	-	(916,603)	-
Interest paid or due and payable	3	11,021	35,786	11,021	35,786
Amount outstanding to Chevas	12	220,557	494,831	220,557	494,831

Pursuant to the loan agreement, interest could be charged at a rate of 13% or 11% if interest is paid in cash. The actual interest rate for 2003 was 8.60% (2002: 8.00% to 8.75%)

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

	Note	Consolidated 2003 \$	2002 \$	Parent Entity 2003 \$	2002 \$
26. RELATED PARTY AND OTHER INFORMATION (Cont'd)					
Edensor Gold Pty Ltd. This Company provides geological consulting services to the company on normal terms and conditions.					
Transactions during the period					
Fees for geological services		3,787	-	3,787	-
Amounts paid		(3,787)	-	(3,787)	-
Some of the Directors of the Company are also Directors of the following companies ("Other Entities").					
Astro Mining N.L. ("Astro")					
AXIS Consultants Pty Ltd ("AXIS")					
Bay Resources Ltd ("Bay Resources")					
Gutnick Resources N.L.					
Johnson's Well Mining N.L.					
(iii) Transactions with Other Entities are as follows:					
Aggregate charges by Other Entities					
Management services		(206,686)	(220,000)	(206,685)	(220,000)
Geological services		(198,415)	(234,806)	(198,182)	(234,806)
Interest paid/payable	3	(58,064)	(84,970)	(49,265)	(84,970)
Interest received/receivable	2	5,294	740	5,294	740
Receipt from Other Entities		(241,147)	(37,700)	(241,147)	(20,700)
Repayment to Other Entities		1,686,324	299,181	1,547,290	285,066
Issue of options		128,000	-	128,000	-
Receivable from Other Entities written off		-	(7,690)	-	(7,690)
Amount outstanding (to) Other Entities	12	-	(1,032,950)	-	(902,950)
Amount outstanding by Other Entities	7	82,356	-	82,356	-
(iv) Transactions with Bay Resources are as follows:					
Expenses incurred on behalf of Bay Resources		43,941	-	43,941	-
Provision for doubtful debt		(43,941)	-	(43,941)	-
(v) Transactions with Astro are as follows:					
Contribution received from Joint Venture partner for exploration		-	(10,000)	-	(10,000)
Amount owing by Astro		439,537	439,537	439,537	439,537
Provision for doubtful receivable		(439,537)	(439,537)	(439,537)	(439,537)

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

Parent Entity
2003 2002

26. RELATED PARTY AND OTHER INFORMATION (Cont'd)

(vi) The Company has the following ownership interests and is one of a number of public companies that together hold all the issued shares in AXIS.

	%	%
AXIS - Ordinary shares	9.09	9.09
Ordinary shares		
Johnson's Well Mining N.L.	25.47	35.60
Gutnick Resources N.L.	2.84	3.82
Bay Resources Ltd	0.03	0.03
Options		
Johnson's Well Mining N.L.	-	14.77
Gutnick Resources N.L.	-	6.88
	\$	\$
Movements in provision for diminution of investment	(2,582,695)	(3,811,568)

27. EMPLOYEE SHARE OPTION PLAN

On 24 March 2000 the Company granted unlisted options over 5,325,000 unissued ordinary shares to at an issue price of 3.7 cents under the employee share option plan.

- (i) The options are exercisable from 25 March 2003 until the earlier of their expiry date on 24 March 2010 or the termination of the person's employment.
- (ii) The options may only be exercised if the price on the ASX of the ordinary shares in the Company has increased by a factor of 20%, after adjustments for rights issues, bonus issues and dividends, from the date that the options were acquired.
- (iii) The exercise price for the option will be equal to the weighted average market price of the ordinary shares on the five business days prior to and including the date of acquisition, less the issue price.

	Parent Entity	
	2003	2002
Off Statement of Financial Position Items		
Unissued ordinary shares of the Company under option	1,650,000	2,325,000
The market value of the shares under these options at 30 June was	\$0.02	\$0.02
Exercise price	\$0.08	\$0.08

Quantum Resources Limited and its Controlled Entities
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2003

27. EMPLOYEE SHARE OPTION PLAN (Cont'd)

Off Statement of Financial Position Items

Interest free loans were made available to participants who subscribed for options. The option loans are repayable if the participant disposes of any ordinary shares acquired as a result of the exercise of the options or on the termination of employment, however in these circumstances the Company will buy back the options and use the proceeds to repay the loan.

	Parent Entity	
	2003	2002
Number of options repurchased by the Company	675,000	350,000
Value of options repurchased by the Company	\$24,975	\$12,950
Interest free option loans provided	\$61,050	\$86,025

The Company may at the discretion of the Board, make loans to participants to fund the exercise price of the options. These loans are likely to be interest free and repayable with "after tax" dividends or on the earlier of the disposal of the ordinary shares or the termination of the executive's employment.

28. ECONOMIC DEPENDENCY

The Economic Entity has incurred a loss of \$657,211 in the year, has a net deficiency of working capital of \$80,906. 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. In the past, Chevas Pty Ltd, a company associated with Mr. Gutnick (a director of the Company) has provided on-going financial support to the Company. 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. 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 and there are no material contingent liabilities which could have an effect on the Company's financial position.

29. NUMBER OF EMPLOYEES

The Economic Entity is managed by AXIS Consultants Pty Ltd ("AXIS") pursuant to a Service Agreement dated 25 November 1988. Accordingly, the Economic Entity has no employees. At 30 June 2003 AXIS had 10 employees who manage a number of public companies including the Economic Entity.

30. EVENTS SUBSEQUENT TO BALANCE DATE

In August 2003 the Company entered into a farm-in and joint venture agreement covering tenements at Whiteheads in Western Australia. The Company is required to spend \$1.2 million within four years to earn an 80% interest in the Whiteheads tenements. It can withdraw from the arrangements after spending \$300,000 on exploration.

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 Company as at 30 June 2002 and of its performance, as represented by the results of its operations and its cash flows for the 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 reasons set out in note 28.

Signed in accordance with a Resolution of the Board of Directors at Melbourne this 29th day of September 2003.



J.I. Gutnick
Director



Chartered
Accountants
& Business Advisers

Level 11, CGU Tower
485 La Trobe Street
Melbourne 3000
GPO Box 5099BB
Melbourne 3001

Tel: (03) 9603 1700
Fax: (03) 9602 3870

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF QUANTUM RESOURCES LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Quantum Resources Limited (the company), for the year ended 30 June 2003. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at years end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- (a) examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- (b) assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Quantum Resources Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position at 30 June 2003, and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 28, 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
A Victorian Partnership

M J Phillips
Partner

29 September 2003
Melbourne

Quantum Resources Limited Corporate Governance

The main corporate governance practices that the Board of Quantum Resources Limited had in place during the year were:

1. Board of Directors

i. Board Responsibilities

The Board's role is to maximize wealth creation and shareholder value in the Company. It assumes responsibility for overseeing the affairs of the Company by ensuring that they are carried out in a professional and ethical manner and that business risks are effectively managed. The primary responsibilities of the Board include the following:

- To oversee the Company, including its control and accountability systems
- To appoint and remove the Chief Executive Officer (or equivalent)
- To ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and the Company Secretary
- To have input into and final approval of management's development of corporate strategy and performance objectives
- To review and ratify systems of risk management and internal compliance and control, codes of conduct, legal compliance and any other regulatory compliance
- To monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available
- To approve and monitor the progress of major capital expenditure, capital management, and acquisitions and divestitures
- To approve and monitor financial and other reporting to shareholders and the market
- To monitor the Board composition, Director selection, Board processes and performance and ensure Directors have an understanding of the Company's business
- To monitor and influence the key standards of the Company including ethical standards, reputation and culture
- To review and approve executive remuneration
- To approve annual budgets

ii. Board Composition

While the Company's Constitution fixes the maximum number of Directors at twelve, the Board currently comprises one Executive Director and two Non-Executive Directors. The Company does not have a majority of independent Directors. The Chairman of the Company is a Director and Shareholder of Edensor Nominees Pty Ltd, which is a substantial shareholder of the Company, and is not independent in accordance with the ASX Corporate Governance Council definitions and recommendations. In considering the best interests of the Company and its shareholders, the background and experience of the Chairman should not preclude him from the office of Chairman of the Board on the grounds of him being a Director and Shareholder of a substantial shareholder. The Chairman is also the Managing Director. The Board believes the experience in the industry that the Company operates in that Mr. JI Gutnick brings to the Company is invaluable and is in the best interests of all shareholders.

To ensure that it has the right mix of management skills and technical expertise to meet the challenges of its business, the Board regularly reviews its composition. The Board believes that at the current stage of the Company's development, the composition is adequate. However, it continues to assess the need to enhance the membership of the Board and is cognisant of the ASX Corporate Governance Council definitions and recommendations.

iii. Appointment/retirement of Directors

The Company's Constitution requires that all Directors other than the Managing Director submit themselves for re-election every three years with not less than one third of the

Board retiring by rotation. Directors appointed during the period since the last Annual General Meeting of the Company must submit themselves for election at the next Annual General Meeting.

iv. Board Meetings

The full Board meets formally to conduct appropriate business. The Board uses resolutions in writing signed by all Directors to deal with matters requiring decisions between meetings.

v. Directors' Remuneration

Total remuneration for the Executive Director includes an annual salary and other entitlements. Attendance at and participation in Board and Committee meetings are considered among the duties of the Executive Director. Non-Executive Directors receive fees for attending Board and Committee meetings. Pro-rata fees are paid to Non-Executive Directors who serve for less than a full year. None of the Directors or the General Manager Corporate & Company Secretary has letters of appointment. However, the Company is in the process of preparing appropriate letters of appointment.

vi External Advice to Directors

The Company recognises that in the exercise of their responsibilities there may be occasions when Directors may wish to seek independent professional advice. With the prior consent of the Chairman, advice can be obtained at the Company's expense and is to be made available to the whole Board.

2. Board Committees

The Board has Committees to address the areas of remuneration and audit.

i. Remuneration Committee

The Company has a Remuneration Committee and has an independent Chairperson, who is not Chairperson of the Board. It does not have at least three members all of whom are independent for the reasons set out above. The Company currently only has one independent Director and he is a Chairman of the Remuneration Committee. The Company's does not use short-term incentives as part of an executive's remuneration package however, it does use long-term incentives as part of an executive's remuneration package. The Remuneration Committee meets to review remuneration policies and practices of the Company, to ensure that they meet current market conditions. The Committee draws on the experience of Senior Management and where appropriate, seeks the advice of external consultants.

ii. Audit Committee

The Audit Committee comprises only non-executive Directors and has an independent Chairperson, who is not Chairperson of the Board. It does not have at least three members all of whom are independent, for the reasons set out above. The Company currently only has one independent Director and he is a Chairman of the Audit Committee.

The Audit Committee meets to plan and review annual and half-yearly financial statements and reports prior to their release to the Australian Stock Exchange. The Committee also monitors the performance of the Company's Auditors and for evaluation of the adequacy and effectiveness of internal controls. The external Auditor is invited to attend and speak at these meetings.

iii Nomination Committee

The Company does not have a Nomination Committee. The Board believes that with only three Directors on the Board, the Board itself is the appropriate forum to deal with this function.

3. Role of Management

Day to day management of the Company's activities and the implementation of Board strategy, policy and decisions is delegated to management. This includes the following:

- To develop and recommend internal control and accountability systems for the Company and if approved, ensure compliance with such systems.
- To prepare mission systems, corporate strategy and performance objectives for approval by the Board of Directors.
- To prepare systems of risk management and internal compliance and controls, codes of conduct, legal compliance and any other regulatory compliance and if approved, ensure compliance with such systems.
- To monitor employees' performance, recommend appropriate resources and review and approve remuneration.
- To prepare all required financial reports, tax returns, budgets and any other appropriate financial reports, meet all statutory deadlines, monitor performance against budgets.
- Prepare recommendations on acquisitions and divestments of assets.
- To implement decisions of the Board of Directors on key standards of the Company covering such areas as ethical standards, reputation and culture of the Company and influence and provide guidance for employees on these areas.
- To protect the assets of the Company.

4. Risk Management

The Company continues to monitor its operations to identify the greatest areas of potential risk to minimise any adverse effects on the Company's strategic, operational and financial activities.

i. Environment

Details of the environmental policy and other related matters are provided in the Environment section of the Directors' Report.

ii. Occupational Health and Safety

The Company is committed to providing a safe and healthy working environment for all staff. It considers that safety is a collective responsibility and ensures that regular training in safe working methods is undertaken and encourages participation and involvement in the development of workplace safety programs. Individual employees and employees of contractors are required to practice safe working habits, to take all reasonable care to prevent injury to themselves and their colleagues and to report all hazards and accidents.

New staff and contractors (where appropriate) are required to undergo an induction program to familiarise themselves with policies, procedures and work practices prior to commencing work. All staff are covered against injury under the various Workers' Compensation Acts.

5. Code of Conduct

i. Ethical Standards

The Company operates under a code of conduct that sets out the ethical standards under which the Company operates when dealing with internal and external parties. This code requires parties to act with integrity, fairness and honesty in all dealings and to treat other parties with dignity at all times. They are required to:

- not discriminate against any staff member or potential employee;
- carry out their duties in respect to the law at all times;
- to use the Company's assets responsibly;
- to respect the confidentiality of the Company's business dealings; and
- take responsibility for their own actions and for the consequences surrounding their own actions.

ii. **Share Trading**

It is the Company's policy to encourage Directors, employees and related parties to own Shares in the Company. The trading in shares policy strongly reinforces the obligations of Directors and employees, both of the Company and AXIS Consultants Pty Ltd, under the Corporations Act 2001 and the Australian Stock Exchange Listing Rules in relation to trading in Company shares. The acquisition and sale of Company shares by Directors and employees is restricted to periods of fourteen (14) days immediately following announcements of the Company's quarterly, half yearly and full year reports to the Australian Stock Exchange. Directors, employees and related parties can seek permission from the Chairman to purchase or sell shares outside this 14-day period. Directors and employees are required to report share trading to the Company Secretary.

6. **Continuous Disclosure Compliance**

The Company's continuous disclosure compliance procedure enables it to meet its obligations and to ensure that all matters, which may require announcement to the Australian Stock Exchange, are brought to the attention of Directors immediately.

7. **Communicating with Shareholders**

The Board ensures that shareholders are kept informed of all major developments that affect their shareholding or the Company's state of affairs through quarterly, half-yearly, annual and ad hoc reports. All shareholders are encouraged to attend the Annual General Meeting to meet the Chairman and Directors and to receive the most updated report on Company activities.

The Company maintains a website at <http://www.qur.com.au> to provide shareholders with up to date information on the Company's activities. Shareholders may also communicate with the Company through its e-mail address quantum@axisc.com.au.

The Company does not web-cast shareholder meetings and does not believe that at this stage the cost-benefit of web casting is worthwhile to a Company of its size.

Quantum Resources Limited
Tenement List

**TENEMENTS
WHOLLY OWNED**

BIG BELL E 21/101	MEEKATHARRA NICKEL/GOLD E 51/920 E 51/935	QUANTUM WINDIMURRA E 58/251	TENEMENTS SUBJECT TO JOINT VENTURES	E 31/550 M 27/273 M 27/293 M 27/296 M 27/297 M 27/319 M 27/323 M 27/328 M 27/329 M 27/330 M 27/331 M 27/334 M 27/335 M 27/336 M 27/337 M 27/357 M 27/358 M 27/359 M 27/368 M 27/369 M 27/370 M 27/377 M 27/381 M 27/384 M 27/387 M 27/389 M 27/390 M 27/391 M 27/398 M 27/399 M 27/400 M 27/401 M 27/403 M 31/279 P 27/1310 P 27/1311 P 27/1343
BOUNTY E 77/1084	MENZIES NORTH E 29/474	REQUIRING ALLOCATION E 29/504 E 52/1579 E 59/1114 E 63/775 P 31/1632 P 31/1633 P 31/1634 P 31/1635 P 31/1636 P 31/1637 P 31/1638 P 31/1639 P 31/1640 P 31/1641	DULCIE Hamill Resources Limited Earning 80% E 77/1074 P 77/3348	
BUDDADOO HILL E 59/1033 E 59/1034 E 59/1051	MILLROSE E 53/1016 E 53/967	ST IVES E 15/704 E 15/722 E 15/741 E 15/764 E 15/782	TUCKABIANNA REGION Westcoast Mining Limited Earning 75% E 20/462 E 20/463 E 20/464 E 20/483 E 20/484 E 20/508 P 20/1809	
BURTVILLE E 38/1431	MINERIE SE P 39/4156 P 39/4157 P 39/4158 P 39/4159 P 39/4160 P 39/4161 P 39/4162 P 39/4163 P 39/4164 P 39/4165 P 39/4166 P 39/4167 P 39/4168 P 39/4169 P 39/4170 P 39/4171 P 39/4172 P 39/4173 P 39/4174 P 39/4175 P 39/4176 P 39/4177 P 39/4178 P 39/4179	TANAMI E 80/2656 E 80/2657 E 80/2658 EL 23150 EL 23151 EL 23152 EL 23153 EL 23154 EL 23155 EL 23156	WALLBROOK & KAL NORTH Jackson Gold Limited Earning 80% P 26/3094 P 26/3095 P 26/3096 P 26/3097 P 26/3098 P 26/3099 P 26/3100 P 26/3101 P 26/3102 P 26/3103 E 31/571	
DULCIE NORTH E 77/1078				
GAWLER EL 2897 EL 2912				
JACKSON E 77/1051 E 77/1052 E 77/1053 E 77/1054 E 77/1055 E 77/1056 E 77/1065 E 77/1072 E 77/1073 E 77/1079 E 77/1109				
JUNDEE NORTH E 53/989	PARABURDOO E 47/1087	TUCKABIANNA P 20/1829 P 21/620		WONGANOO Cullen Resources Pty Ltd Earning 80% E 53/988
KOWTAH P 39/4211 P 39/4212 P 39/4213 P 39/4214 P 39/4215 P 39/4216 P 39/4217 P 39/4218 P 39/4219 P 39/4220	PEAK HILL E 52/1506	WELCOME WELL P 37/6295	WHITEHEADS Earning 70% E 27/101 E 27/175 E 27/194 E 27/199 E 27/200 E 27/201 E 27/232 E 27/246 E 27/93	ZULEIKA TENEMENT PURCHASE 20% P 16/2178 P 16/2179 P 16/2180 P 16/2181 P 16/2182
MALU E 45/2401	PINNACLE P 37/6212 P 37/6213 P 37/6246 P 37/6247 P 37/6248 P 37/6249 P 37/6250 P 37/6251 P 37/6262	WILUNA E 53/1049 E 53/950 E 53/966 E 53/990 E 53/991		

Quantum Resources Limited
Australian Stock Exchange Information

As at 29 August 2003 the following information applied:

1. Substantial Shareholders

Substantial shareholders disclosed in substantial shareholder notices to the Company:

Name	Number of Fully Paid Ordinary Shares held
Edensor Nominees Pty Limited ^(*)	173,467,184
Gutnick Resources N.L.	43,594,702

^(*) Mr J I Gutnick is a Director and Shareholder of Edensor Nominees Pty Limited.

2. Fully Paid Ordinary Shares

The number of holders of fully paid ordinary shares in the Company is 1,957. On a show of hands every holder of fully paid ordinary shares present or by proxy, shall have one vote. Upon a poll, each share shall have one vote. The distribution of holders of fully paid ordinary shares is as follows:

Category	Number of Shareholders
Holding between 1-1,000 Shares	863
Holding between 1,001 - 5,000 Shares	514
Holding between 5,001 – 10,000 Shares	179
Holding between 10,001-100,000 Shares	316
Holding more than 100,001 Shares	85

The number of holders with less than a marketable parcel of fully paid ordinary shares is 1,506. The Company's fully paid ordinary shares are quoted on the Australian Stock Exchange using the code QUR.

i. The top 20 shareholders are as follows:

Name	Number of Fully Paid Ordinary Shares held	Percentage interest
Edensor Nominees Pty Limited	129,872,482	45.35
Gutnick Resources N.L.	43,594,702	15.22
ANZ Nominees Limited	25,881,496	9.04
BB Nominees Pty Ltd	13,291,489	4.64
AXIS Consultants Pty Ltd	12,800,000	4.47
Mr. Mordechai Gutnick	9,672,022	3.38
Daccar Pty Ltd	4,000,000	1.40
Mr. Zalman Gutnick	2,904,761	1.01
Mr John G Kellas	1,485,960	0.52
Congregation Lubavitch	1,464,039	0.51
Unus Investments Pty Ltd <Manners Family A/C>	1,200,000	0.42
Mr Craig William Manners	1,137,142	0.40
Merrill Lynch (Australia) Nominees Pty Ltd	1,086,597	0.38
Unus Super Pty Ltd <Unus S/F A/C>	1,000,000	0.35
Reynolds (Nominees) Pty Ltd	858,850	0.30
Mrs Jayni Francis Manners	837,333	0.29
Clover Enterprises Inc	810,000	0.28
Mr Saeed Ghasimzadeh	800,000	0.28

Resource Surveys Pty Limited <Resource Surveys S/F A/C>	637,249	0.22
Mr Barry Steven Meldon	595,209	0.21
Total	253,929,331	88.67

(b) LISTED OPTIONS MATURING 31 OCTOBER 2010 OVER FULLY PAID ORDINARY SHARES.

The number of holders of options maturing on 31 October 2010 over fully paid ordinary shares issued by the Company is 267. Optionholders may attend and speak at general meetings of the Company. However, they have not entitlement to vote upon the business before the meeting either by show of hands or by poll. The distribution of holders of options is as follows:

Category	Number of Optionholders
Holding between 1-1,000 Options	189
Holding between 1,001 – 5,000 Options	61
Holding between 5,001 - 10,000 Options	6
Holding between 10,001-100,000 Options	8
Holding more than 100,001 Options	3

The Company's options maturing on 31 October 2010 over fully paid ordinary shares are quoted on the Australian Stock Exchange using the code QURO.

The top 20 optionholders are as follows:

Name	Number of Options held	Percentage interest
Edensor Nominees Pty Limited	30,002,916	68.58
AXIS Consultants Services Pty Ltd	12,800,000	29.26
Mr. John G. Kellas	371,490	0.85
Mr. Teng Hee Chee	87,500	0.20
SSI Nominees Pty Ltd	87,500	0.20
Morgeo Nominees Pty Limited	51,327	0.12
Mr. Stephen Koci	20,000	0.05
Mr. Ralph Erhard Soeffky	20,000	0.05
Mr. Kenneth John Whitnall	20,000	0.05
Mr. Barry Wilfred Tarver	17,500	0.04
Mr. Stephen Ross Dougherty and Miss Julie Anne Penfold	16,000	0.04
Mr. Percival James Fleming	10,000	0.02
Mr. John Robert Montague Polack and Mrs. Shirley Minnie Polack	10,000	0.02
Dr. Hamidreza Rahmati	10,000	0.02
Mr. Anthony Warwick Whatmore	10,000	0.02
Tradeworx Pty Ltd	7,500	0.02
National Nominees Limited	5,831	0.01
Sir Robert Mathers	5,000	0.01
Mr. Christopher Edwin Osborne	5,000	0.01
Mrs. Mercia Kwan Ching Wong	5,000	0.01
Total	43,562,564	99.58

(c) LISTED OPTIONS MATURING 30 APRIL 2012 OVER FULLY PAID ORDINARY SHARES.

The number of holders of options maturing on 31 October 2010 over fully paid ordinary shares issued by the Company is 264. Optionholders may attend and speak at general meetings of the Company. However, they have not entitlement to vote upon the business before the meeting either by show of hands or by poll. The distribution of holders of options is as follows:

Category		Number of Optionholders
Holding between	1-1,000 Options	180
Holding between	1,001 – 5,000 Options	51
Holding between	5,001 - 10,000 Options	7
Holding between	10,001-100,000 Options	20
Holding more than	100,001 Options	6

The Company's options maturing on 31 October 2010 over fully paid ordinary shares are quoted on the Australian Stock Exchange using the code QUROA.

The top 20 optionholders are as follows:

Name	Number of Options held	Percentage interest
Edensor Nominees Pty Limited	24,741,562	75.26
AXIS Consultants Services Pty Ltd	6,400,000	19.47
Mr. John G. Kellas	371,490	1.13
Mr Saeed Ghasimzadeh	200,000	0.61
Bonos Pty Ltd	138,500	0.42
Bonos Pty Ltd	111,500	0.34
Jandamint Pty Ltd	100,000	0.30
Mr Teng Hee Chee	87,500	0.27
SSI Nominees Pty Ltd	87,500	0.27
Mr Lubomir Staffa	58,621	0.18
Mr Kayne Mitchell	50,000	0.15
Mr John George King	35,000	0.11
Blossom Hotels Pty Ltd	25,000	0.08
Mrs Judith Ann Valentino	22,000	0.07
Mr Kenneth Reginald Savins	21,400	0.07
ANZ Nominees Ltd	21,000	0.06
Bell Potter Nominees Pty Ltd	20,000	0.06
Mr Peter Gasparini	20,000	0.06
Mr Mark Raymond Luzi & Mrs Janine Marie Luzi	20,000	0.06
Mrs Lorraine Maree Purdy & Mr Stephen Hall Purdy	20,000	0.06
Total	32,551,073	99.03

(d) LISTED OPTIONS MATURING 30 NOVEMBER 2012 OVER FULLY PAID ORDINARY SHARES.

The number of holders of options maturing on 31 October 2010 over fully paid ordinary shares issued by the Company is 279. Optionholders may attend and speak at general meetings of the Company. However, they have not entitlement to vote upon the business before the meeting either by show of hands or by poll. The distribution of holders of options is as follows:

Category		Number of Optionholders
Holding between	1-1,000 Options	161
Holding between	1,001 – 5,000 Options	77
Holding between	5,001 - 10,000 Options	13
Holding between	10,001-100,000 Options	20
Holding more than	100,001 Options	8

The Company's options maturing on 31 October 2010 over fully paid ordinary shares are quoted on the Australian Stock Exchange using the code QUROB.

The top 20 optionholders are as follows:

Name	Number of Options held	Percentage interest
Edensor Nominees Pty Limited	64,936,241	94.97
Mr. John G. Kellas	742,980	1.09
Reynolds (Nominees) Pty Ltd	425,850	0.62
Mr Saeed Ghasimzadeh	400,000	0.58
Bonos Pty Ltd	277,000	0.41
Bonos Pty Ltd	223,000	0.33
Jandamint Pty Ltd	200,000	0.29
Jomot Pty Ltd	106,100	0.16
Mrs Felicity Margaret Fullagar	100,000	0.15
National Nominees Ltd	97,000	0.14
M/S Judith Edna Brandt	62,500	0.09
Mrs Susan Margaret West	53,500	0.08
Mr Zdenek Havlicek	50,000	0.07
Mr Peter Gasparini	40,000	0.06
Mr Douglas James Brown	35,000	0.05
Graham J Bench Pty Ltd <Super Benefit Fund A/C>	34,912	0.05
Dr Lakshika Swarnapalee Bogoda & Mr Kapila Raja Bogoda <Lakraj Service A/C>	34,500	0.05
Windrow Pty Ltd	27,500	0.04
Mr Russell James Barker <Barker Family A/C>	20,000	0.03
Mr Thomas Joseph Heaney & Mrs Shirley Margaret Heaney	20,000	0.03
Total	67,886,083	99.29

(e) Unlisted OPTIONS MATURING 24 MARCH 2010 OVER FULLY PAID ORDINARY SHARES.

The number of unlisted options maturing 24 March 2010 over fully paid ordinary shares is 1,650,000 options and the number of holders of options is 5.

Quantum Resources Limited Corporate Information

Directors

Joseph Gutnick
David Tyrwhitt
Mordechai Gutnick

Company Secretary

Peter Lee

Senior Management

Peter Lee, General Manager Corporate & Company Secretary
David Prentice, General Manager Commercial

Registered Office and Domicile

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Internet: <http://www.qur.com.au>

Legal Form

A public company limited by shares

Country of Incorporation

Australia

Share Registry

Computershare Investor Services Pty Limited
Level 12
565 Bourke Street
Melbourne Victoria 3000
Australia
Telephone: +61 3 9615 5970
Facsimile: +61 3 9611 5710

Shareholder Information

Manager Investor Relations
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E-mail: quantum@axisc.com.au
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Auditors

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485 LaTrobe Street
Melbourne Victoria 3000
Australia

Australian Stock Exchange Listing Code

QUR
QURO
QUROA
QUROB

Bankers

Bank of Melbourne
Level 6
360 Collins Street
Melbourne Victoria 3000
Australia

Solicitors

Schetzer Brott & Appel
52 Market Street
Melbourne Victoria 3000