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# Quantum Resources Limited and its Controlled Entity

ABN 84 006 690 348

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## **ANNUAL REPORT 2004**

# Quantum Resources Limited Chairman's Report

Dear Shareholder

Quantum Resources Limited continues to develop its exploration and joint-venture business whilst adding value to selected projects through targeted exploration. The Company has been actively exploring and drilling in the Gindalbie area as part of the Whiteheads Project Joint Venture and has been approached to enter into agreements on its Jackson project near Southern Cross. Last year I reported on a number of farm-out arrangements including Tuckabianna, Wallbrook and Kalgoorlie North projects in Western Australia. Each of these projects are progressing with a number of prospective targets being defined on or adjacent to the Company's tenements. In addition, a number of these projects had tenements that were under application but have recently been granted and are available for exploration. The Company has consolidated its landholding and holds tenements in Western Australia and the Northern Territory covering an area of 3,374 square kilometres.

## Project Review

### **Whiteheads Project - Quantum earning 80%**

The Whiteheads project is 50 kilometres north east of Kalgoorlie and comprises an area of 250 square kilometres adjacent to the historic Gindalbie mining centre which has historically produced 45,000 ounces of gold. The project comprises 5 granted exploration licences, 3 prospecting licences and 37 exploration, prospecting and mining applications awaiting approval. The Company is required to spend \$1.2 million on exploration over 4 years to earn an 80% interest.

The project encompasses a number of targets where drill holes have intersected gold values along an interpreted north-west trending corridor bounded by two major north-west trending faults. 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. 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.

During the year, the Company drilled 141 rotary air blast ("RAB") holes for 5,615 metres testing a number of gold in soil anomalies and returned a number of significant gold values which are highlighted in Table 1.

Table 1: Whiteheads RAB – Summary of Significant Gold Values

Hole	Northing	Easting	Width (Metres)	Grade (g/t)	From (Metres)
WTHB694	61288	73452	4	0.43	24
WTHB701	61119	73557	18	0.54	28
			Inc. 4	2.03	28
WTHB729	48080	77920	4	0.50	0
WTHB730	48080	77840	4	0.41	0

Note: all samples are 4 metre composites taken with a scoop and downhole depths are not necessarily true width.

The granting of exploration licence E27/175 late in 2003 allowed an extensive area of prospective ground to be available for exploration, some of which was surrounding the previous anomalous results. In response to this, a comprehensive programme of RAB drilling was recently completed. This programme was designed to test the strike extent of the previous anomalies, whilst also testing prospective areas buried beneath shallow surficial sediments. The results of this programme are pending.

### **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 tenements are strategically contiguous with the Tuckabianna project of WestCoast Mining Pty Ltd ("WestCoast"), which has

historically produced in excess of 450,000 ounces of gold from a number of open pits, along a north-east trending greenstone belt.

The Company reached terms for a farm-in agreement last year whereby WestCoast are required to spend \$250,000 on exploration within two years to earn a 51% interest. WestCoast 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. Since reaching the agreement with WestCoast, WestCoast has been active in increasing the gold resources at its Tuckabianna Project. Recent exploration and resource development drilling in and around the open pits has led to a substantial increase in WestCoast's resources to 1.13 million tonnes @ 3.8 grams of gold per tonne for 138,000 ounces of gold.

As part of their ongoing exploration programme, WestCoast has conducted airborne electromagnetic geophysical surveys along the entire tenement holding, including the contiguous joint venture ground. The geophysical data has produced a number of targets including some which are associated with known mineralisation and interpreted mineralising structures. The prospective targets, a number of which are within the joint venture areas, are subsequently being tested by a new geochemical technique which involves testing soil samples for very low order metal anomalies. This experimental tool is used to aid in the targeting of drillholes in areas of no outcrop and WestCoast believes the results to date are promising and that the potential for new discoveries is high.

WestCoast own a 25 tonne per hour processing plant that is centrally located at Jasper Queen and is actively exploring its tenements with a view to identifying commercially exploitable gold resources.

Quantum believes it is well positioned to benefit from any potential mining operation found within or adjacent to the joint venture tenements.

#### ***Wallbrook & Kalgoorlie North Projects (Quantum 100% Farming Out)***

The Company concluded an agreement with Jackson Gold Limited ("Jackson") on its tenements at Wallbrook and Kalgoorlie North last year. Since then, Jackson has defined over 200,000 ounces of gold at its Wallbrook Project, which is approximately two kilometres along strike from the joint venture tenement. The joint venture tenement was granted during the year and is now available for exploration and the Company is confident that Jackson will continue to advance their projects.

At Kalgoorlie North, the tenements consist of 10 prospecting licence applications covering an area of 16 square kilometres, which are yet to be granted and as such no exploration has been completed. However, Jackson has announced an exploration and mining agreement with Placer Dome Asia Pacific Limited ("Placer") in which Placer shall conduct exploration in the area. This will allow Jackson to focus on the development of the Wallbrook Project.

The Company is confident that aggressive ongoing exploration in both areas will lead to new gold discoveries.

#### ***Tanami Project (Quantum 100%)***

The Company has consolidated its land package and now holds 7 exploration licence applications covering some 1,361 square kilometres in the highly prospective Tanami region of the Northern Territory. The project includes tenements located in the region of the Newmont Australia Ltd Callie and Granites gold mines. A review of the project areas has confirmed that these areas have the potential to host a significant gold discovery. The Company has been granted consent to enter into negotiations with the respective land trusts and is currently reviewing its application to the Central Land Council. Preliminary exploration on the ground will begin once an agreement has been negotiated.

#### ***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. Seven of these exploration licences have been granted and are available for exploration and all are wholly owned by the Company. However, as a consequence of the increased exploration activity, a number of companies wishing to expand their resource base have shown an interest in entering into agreements to explore the Company's tenements.

The Company believes that this 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 five exploration licence applications covering approximately 162 square kilometres covering a highly prospective zone within and adjacent to 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 62 square kilometres located six kilometres to the northeast of the Newcrest Mining Ltd Telfer gold mine. The Telfer gold mine is host to one of Australia's largest gold deposits with a reported minable reserve of 17.4 million ounces of gold and 0.66 million tonnes of copper within a mineral resource of approximately 27 million ounces gold.

Given the renewed activity in this area, the Company is reassessing and compiling the past exploration data for the area, with the view to generating new exploration targets based on geological and geophysical interpretations.

### **Gawler Project (Quantum 100%)**

The Company relinquished its tenement holding in the Gawler Craton of South Australia to focus on its Western Australian projects.

### **Corporate**

During the year we took the opportunity to place 4,490,000 ordinary shares raising \$490,000 which was used for working capital purposes.

Thank you for your support whilst we continue our exploration programme.

A handwritten signature in black ink that reads "J.I. Gutnick". To the right of the signature is a vertical red line.

Joseph Gutnick  
Chairman

*The technical aspects of this announcement have been reviewed by Mrs C Washburn who is a member of the Australasian Institute of Mining & Metallurgy and has 20 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 2004.

### 1. Directors

The Directors of the Company in office since 1 July 2003 and up to 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 Astro Mining N.L. (October 1988 to current) and Great Gold Mines N.L. (July 1987 to current) and President and Chief Executive Officer of Bay Resources Ltd (March 1988 to current) a Delaware Corporation listed on the over the counter market in the USA. In the three years prior to the date of this Report, Mr Gutnick was also a Director of Regis Resources N.L. (February 1987 to August 2004), Tahera Corporation (May 2000 to October 2003) and Autogen Limited (March 1984 to June 2002). Mr Gutnick has been responsible for overseeing the discovery, development and operation of a number of world class gold and nickel mines in Australia. He was awarded the Diggers award at the 1997 Diggers and Dealers Industry Awards and is a former Director of the World Gold Council. Age 52

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

Dr Tyrwhitt has been a Director of the Company since 1996. He has more than 40 years experience in the mining industry. He is currently a Director of Astro Mining N.L. (November 1996 to current), Great Gold Mines N.L. (November 1996 to current) and Bay Resources Ltd (November 1996 to current). In the three years prior to the date of this report, Dr Tyrwhitt was also a Director of Regis Resources N.L. (November 1996 to August 2004), Tahera Corporation (November 2002 to September 2003) and Autogen Limited (November 1996 to June 2002). 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 66

**Mr Mordechai Gutnick**  
**Non-Executive Director**

Mr Mordechai Gutnick is a businessman and long-term investor in the mining industry. He is also a Director of Astro Mining N.L. (May 2003 to current) and Great Gold Mines N.L. (May 2003 to current). In the three years prior to the date of this report, Mr Gutnick was also a Director of Regis Resources N.L. (May 2003 to August 2004) Age 26

### 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 \$10,253 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

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, no options were issued 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 ASX Perpetual Registrars Limited. In accordance with the Corporations Act 2001, this Register may be inspected free of charge.

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, no options have been issued 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 ASX Perpetual Registrars Limited. In accordance with the Corporations Act 2001, this Register may be inspected free of charge.

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, no options have been issued 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 ASX Perpetual Registrars Limited. 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
1,400,000	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, 250,000 options have lapsed 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 the Company. In accordance with the Corporations Act 2001, this Register may be inspected free of charge.

**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 31/10/2010
J I Gutnick*	-	1,000,000	-
D S Tyrwhitt	-	-	-
M Z Gutnick	9,672,022	-	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	3	3	-	-	-	-
D S Tyrwhitt	3	2	2	2	1	1
M Z Gutnick	3	3	2	2	1	1

Note: Dr. D.S. Tyrwhitt and Mr M Z Gutnick were members of the Audit Committee and Remuneration Committee during the year and up to the date of this Report.

**11. Company Secretary**

Mr Peter Lee is the Company Secretary of the Company. Mr Lee is a Member of the Institute of Chartered Accountants in Australia, a Fellow of Chartered Secretaries Australia Ltd., a Member of the Australian Institute of Company Directors and holds a Bachelor of Business (Accounting) from Royal Melbourne Institute of Technology. He has over 20 years commercial experience and is currently General Manager Corporate and Company Secretary of several listed public companies in Australia and a Director, Chief Financial Officer and Secretary of a US Corporation listed on the over the counter market in the USA.

## 12. 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	Total	Number of Employee Share Options
	\$	\$	\$	\$	\$	
J I Gutnick	76,000	-	3,313	13,171	92,484	1,000,000
D S Tyrwhitt	-	20,000	-	1,870	21,870	-
M Z Gutnick	-	20,000	-	1,982	21,982	-

### (ii) Senior Management

	Salary/ Consulting Fees	Other Benefits	Superannuation Contributions	Total	Number of Employee Share Options
	\$	\$	\$	\$	
P Lee	21,297	3,783	4,389	29,469	350,000
D Prentice	24,059	4,306	2,359	30,724	-

- (i) During the year and up to the date of this Report, no employee share options have been granted.

## 13. Directors And Officers' Indemnity

The Company has entered into an Indemnity Deed with each of the Directors and certain former 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. During the year, an Indemnity Deed was entered into with Mr M Z Gutnick.

## 14. 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 and Northern Territory. 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.

**15. Non- Audit Services**

During the year and to the date of this report, the Audit Committee of the Company advises that the auditors have not provided any non-audit services to the Company.

Signed in accordance with a Resolution of the Board of Directors at Melbourne this 29<sup>th</sup> day of September 2004.

A handwritten signature in black ink that reads "J. I. Gutnick". The signature is written in a cursive style. To the right of the signature is a vertical red line.

J I Gutnick  
Director

Quantum Resources Limited and its Controlled Entity  
Statements of Financial Performance for the Year Ended 30 June 2004

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>Revenue</b>					
<i>Revenue from operating activities:</i>					
Interest	2	16,701	5,309	16,701	5,308
Proceeds from sale of non-current assets	2	432,925	5,454	432,925	5,454
Management fees		-	-	21,578	-
		449,626	10,763	471,204	10,762
<b>Expenses</b>					
<i>Expenses from ordinary activities</i>					
Exploration expenditure provided for and written off		(48,788)	(118,891)	(48,708)	(118,218)
Administration		(404,567)	(402,135)	(404,598)	(406,336)
Carrying value of non-current assets sold		(46,343)	-	(46,343)	-
Borrowing costs	3	(13,420)	(69,085)	(14,434)	(68,417)
Provision for diminution of investments		21,284	(33,922)	11,284	(2,582,695)
Decrease/(increase) in provision for doubtful receivable		52,461	(43,941)	52,461	(43,941)
Total costs and expenses		439,373	(667,974)	450,338	(3,219,607)
<b>Operating profit/(loss) before income tax</b>		10,253	(657,211)	20,866	(3,208,845)
Income tax attributable to operating loss	4	-	-	-	-
<b>Net profit/(loss)</b>		10,253	(657,211)	20,866	(3,208,845)
Total changes in equity other than those resulting from transactions with owners as owners.		10,253	(657,211)	20,866	(3,208,845)
Basic (loss) per share	5	Cents 0.00	Cents (0.26)		
Diluted (loss) per share	5	0.00	(0.26)		

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

Quantum Resources Limited and its Controlled Entity  
Statements of Financial Position as at 30 June 2004

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash assets	6	1,070	4,934	309	5,070
Receivables	7	9,309	4,211	9,309	4,204
<b>TOTAL CURRENT ASSETS</b>		10,379	9,145	9,618	9,274
<b>NON-CURRENT ASSETS</b>					
Receivables	7	244,480	92,356	244,480	82,356
Investments accounted for using the equity method	8		-		-
Other financial assets	9	206,122	231,181	206,122	241,181
Exploration expenditure		281,404	169,345	281,404	169,345
<b>TOTAL NON-CURRENT ASSETS</b>		732,006	492,882	732,006	492,882
<b>TOTAL ASSETS</b>		742,385	502,027	741,624	502,156
<b>CURRENT LIABILITIES</b>					
Payables	10	81,668	90,051	81,668	89,366
<b>TOTAL CURRENT LIABILITIES</b>		81,668	90,051	81,668	89,366
<b>NON-CURRENT LIABILITIES</b>					
Interest bearing liabilities	11	340	220,557	-	232,405
<b>TOTAL NON-CURRENT LIABILITIES</b>		340	220,557	-	232,405
<b>TOTAL LIABILITIES</b>		82,008	310,608	81,668	321,771
<b>NET ASSETS</b>		660,377	191,419	659,956	180,385
<b>EQUITY</b>					
Contributed equity	12	51,611,771	51,153,057	51,611,771	51,153,057
Reserves	13	619,690	6,632,694	619,690	619,699
Accumulated losses	14	(51,571,084)	(57,594,332)	(51,571,505)	(51,592,371)
<b>TOTAL EQUITY</b>	15	660,377	191,419	659,956	180,385

*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 2004

	Note	Consolidated		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Payments in the course of operations		(409,994)	(214,535)	(409,629)	(214,214)
Borrowing costs paid		(1,837)	-	(1,837)	-
Interest received		16,701	14	16,701	13
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	17	<b>(395,130)</b>	<b>(214,521)</b>	<b>(394,765)</b>	<b>(214,201)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Contribution to exploration expenditure received from joint venture partner		-	2,500	-	2,500
Payments for exploration		(79,509)	(190,245)	(79,421)	(189,739)
Net proceeds from sale of financial assets		432,874	-	432,874	-
Proceeds from sale of mineral exploration tenements		-	6,000	-	6,000
Proceeds from security deposits retired		10,000	-	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>363,365</b>	<b>(181,745)</b>	<b>353,453</b>	<b>(181,239)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from exercise of options		62	1,191	62	1,191
Net proceeds from issue of securities		430,424	1,330,199	430,424	1,330,199
Proceeds from borrowings		274,371	956,959	284,521	824,926
Repayment of borrowings		(676,956)	(1,931,449)	(678,456)	(1,790,916)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>27,901</b>	<b>356,900</b>	<b>36,551</b>	<b>365,400</b>
Net increase/(decrease) in cash held		(3,864)	(39,366)	(4,761)	(30,040)
Cash at the beginning of the financial year		4,934	44,300	5,070	35,110
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	6	<b>1,070</b>	<b>4,934</b>	<b>309</b>	<b>5,070</b>

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

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**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 2004. 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 Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

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

**Taxes**

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.

Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statements of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**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 25. 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.

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

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

**Receivables**

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. Bad debts are written-off as incurred.

**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 22. In the Company's financial statements, investments in shares of associates are carried at the lower of cost and recoverable amount.

**Payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Consolidated Entity. The amounts are incurred and paid within the normal payment terms.

**Interest-Bearing Liabilities**

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

**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.

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

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

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.

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>2. REVENUES</b>					
From operating activities					
Interest					
Other Entity	24	15,394	5,294	15,394	5,294
Other		1,307	15	1,307	14
From outside operating activities					
Gross proceeds from sale of non-current assets					
Financial assets		432,925	-	432,925	-
Management fees		-	-	21,578	-
Mineral exploration tenements		-	5,454	-	5,454
		449,626	10,763	471,204	10,762
<b>3. LOSS FROM ORDINARY ACTIVITIES</b>					
The loss from ordinary activities has been determined after charging/crediting:					
Borrowing costs					
Controlled Entity		-	-	1,037	8,131
Related Party	24	13,232	11,021	13,231	11,021
Other Entities	24	188	58,064	166	49,265
		13,420	69,085	14,434	68,417
Net (gain) on disposal of non-current assets					
Financial Assets		386,582	-	386,582	-
Mineral exploration tenements		-	5,454	-	5,454
		386,582	5,454	386,582	5,454
Auditors remuneration					
Audit services		20,800	17,500	20,800	17,500
Other services		-	-	-	-

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

4. <b>TAXATION</b>	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
<i>(a) Income tax expense</i>				
Prima facie income tax (expense)/benefit calculated at 30% (2003 30%) on the (profit)/loss from ordinary activities	(3,076)	197,163	(6,260)	962,653
Decrease in income tax benefit due to:				
Provision for diminution of investments	6,385	(10,177)	3,385	(774,808)
Sundry items	836	-	836	-
Future income tax expense/(benefits) not realised	(4,145)	(186,986)	2,039	(187,845)
	<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 2004 not recognised is as follows:

Revenue losses	14,472,020	14,467,875	14,298,210	14,300,249
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

5. <b>EARNINGS PER SHARE</b>	Consolidated	
	2004	2003
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings (loss) per share	289,324,409	253,520,668
Weighted average number of potential ordinary shares used in the calculation of diluted earnings (loss) per share	289,324,409	253,520,668
	\$	\$
Operating loss after tax used in calculation of earnings per share	10,253	(657,211)

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 1,400,000 options issued under the employee share option plan.

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

		Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>6.</b>	<b>CASH ASSETS</b>				
	Cash at bank	1,070	4,934	309	5,070
<hr/>					
<b>7.</b>	<b>RECEIVABLES</b>				
	<b>CURRENT</b>				
	Non-trade receivables				
	Other Entity	431,017	483,478	431,017	483,478
	Other	9,309	4,211	9,309	4,204
<hr/>					
		440,326	487,689	440,326	487,682
	Less provision for doubtful receivable				
	Other Entity	(431,017)	(483,478)	(431,017)	(483,478)
<hr/>					
		9,309	4,211	9,309	4,204
<hr/>					
	<b>NON-CURRENT</b>				
	Advance to Other Entities	244,480	82,356	244,480	82,356
	Deposits in respect of mineral exploration guarantees	-	10,000	-	-
<hr/>					
		244,480	92,356	244,480	82,356
<hr/>					
<b>8.</b>	<b>INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD</b>				
	Former associated company	22	-	-	-
<hr/>					
<b>9.</b>	<b>OTHER FINANCIAL ASSETS</b>				
	<b>NON-CURRENT</b>				
	Investments in Controlled Entity				
	Unlisted shares at cost	-	-	10,000	10,000
	Less provision for diminution in value	-	-	(10,000)	-
<hr/>					
		-	-	-	10,000
<hr/>					
	Listed Securities				
	Other Entities at cost	228,728	284,105	228,728	284,105
	Less provision for diminution in value	(22,606)	(62,924)	(22,606)	(62,924)
<hr/>					
		206,122	221,181	206,122	221,181
<hr/>					
	Unlisted Securities at cost	-	10,000	-	10,000
<hr/>					
	Former Associated Entities				
	Listed securities at cost	-	-	1,413,666	5,313,259
	Less provision for diminution value	-	-	(1,413,666)	(5,313,259)
<hr/>					
		-	-	-	-
<hr/>					
		206,122	231,181	206,122	241,181
<hr/>					

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**9. OTHER FINANCIAL ASSETS (Cont'd)**

	Consolidated	
	2004	2003
	%	%
Particulars in relation to Controlled Entity		
Topalite Resources Pty Ltd ("Topalite") (incorporated in Australia)	100	100
The investment in Topalite has been fully provided for as Topalite does not hold any assets.		

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>10. PAYABLES</b>					
<b>CURRENT</b>					
Trade creditors and accruals		81,668	90,051	81,668	89,366

**11. INTEREST BEARING LIABILITIES**

**NON CURRENT**

Unsecured borrowings					
Controlled Entity		-	-	-	11,848
Secured borrowings					
Related Party	24, (i)	-	220,557	-	220,557
Other Entity	24,(ii)	340	-	-	-
		340	220,557	-	232,405

- (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

**12. CONTRIBUTED EQUITY**

**Issued and paid-up capital**

290,897,528 (2003: 286,406,901) fully paid ordinary shares	51,611,771	51,153,057	51,611,771	51,153,057
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**Movement in ordinary share capital**

Balance at the beginning of the financial year	51,153,057	49,818,534	51,153,057	49,818,534
Shares issued -				
2003: 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 Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>12. CONTRIBUTED EQUITY (Cont'd)</b>					
4,490,000 Placement of shares		493,900	-	493,900	-
Less transaction costs		(35,257)	-	(35,257)	-
627 (2003: 11,707) options converted		71	1,199	71	1,199
Balance at end of year		51,611,771	51,153,057	51,611,771	51,153,057

**Terms and Conditions of Contributed Equity**

**Ordinary Shares:**

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.

**Options:**

43,748,673 options are on issue at an exercise price of \$0.10 per option which, if exercised, will entitle the option holder to one ordinary fully paid share in the Company for each option. Options not exercised by 31 October 2010 will lapse.

32,875,597 options are on issue at an exercise price of \$0.10 per option which, if exercised will entitle the option holder to one ordinary fully paid share in the Company for each option. Options not exercised by 30 April 2012 will lapse.

68,378,151 options are on issue at an exercise price of \$0.05 per option. If exercised will entitle the option holder to one ordinary fully paid share in the Company for each option. Options not exercised by 30 November 2012 will lapse.

1,400,000 employee options are on issue at an exercise price of \$0.08 per option. Refer note 25 for details.

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>13. RESERVES</b>					
Option reserve		619,690	619,699	619,690	619,699
Capital reserve		-	6,012,995	-	-
		619,690	6,632,694	619,690	619,699

**Nature and purpose of reserve**

**Option reserve**

Amounts contributed for the future right to acquire shares at a predetermined price

**Movement in the Reserve**

Balance at the beginning of the financial year	619,699	-	619,699	-
Options issued	-	619,727		619,727
Options exercised	(9)	(28)	(9)	(28)
	619,690	619,699	619,690	619,699

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

13. RESERVES (Cont'd)	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>Nature and purpose of reserve</b>					
<b>Capital reserve</b>					
Share of equity accounted associated capital reserve					
Balance at the beginning of the financial year		6,012,995	6,012,995	6,012,995	6,012,995
Transfer to accumulated losses on:					
Discontinuation of equity accounting of former associate		(6,012,995)	-	(6,012,995)	-
		-	6,012,995	-	6,012,995
<b>14. ACCUMULATED LOSSES</b>					
Accumulated losses at the beginning of the year		(57,594,332)	(56,937,121)	(51,592,371)	(48,383,526)
Net profit/(loss)		10,253	(657,211)	20,866	(3,208,845)
Transfer from reserves on discontinuation of equity accounting of former associate		6,012,995	-	-	-
		(51,571,084)	(57,594,332)	(51,571,505)	(51,592,371)
<b>15. TOTAL EQUITY RECONCILIATION</b>					
Total equity at the beginning of the year		191,419	(1,105,592)	180,385	1,435,008
Total changes in equity recognised in statements of financial performance		10,253	(657,211)	20,866	(3,208,845)
Transactions with owners as owners contribution of equity		458,705	1,954,222	458,705	1,954,222
		660,377	191,419	659,956	180,385

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**16. 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:

2004	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	0.95%	1,070	-	-	-	-	1,070
Receivables	7	10.21%	244,480	-	-	-	9,309	253,789
Other financial assets	9	-	-	-	-	-	206,122	206,122
<b>Total</b>			<b>245,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,431</b>	<b>460,981</b>
<i>Financial liabilities</i>								
Payables	10	-	-	-	-	-	81,668	81,668
Interest bearing liabilities <sup>(1)</sup>	11	10.60%	340	-	-	-	-	340
<b>Total</b>			<b>340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,668</b>	<b>82,008</b>
2003	Note	Weighted average interest rate %	Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non-interest bearing \$	Total \$
<i>Financial assets</i>								
Cash assets	6	0.10%	4,934	-	-	-	-	4,934
Receivables	7	10.10%	92,356	-	-	-	4,211	96,567
Other financial assets	9	-	-	-	-	-	231,181	231,181
<b>Total</b>			<b>87,290</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245,392</b>	<b>332,682</b>
<i>Financial liabilities</i>								
Payables	10	-	-	-	-	-	90,051	90,051
Interest bearing liabilities <sup>(2)</sup>	11	8.60%	220,557	-	-	-	-	220,557
<b>Total</b>			<b>220,557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,051</b>	<b>310,608</b>

1. AXIS Consultants Pty Ltd, charges interest at the National Australia Bank business base rate plus a margin. The actual rate for 2004 was 10.10% to 10.60% (2003: 10.10%). The loan is repayable at seven days notice at any time after 30 September 2005. The loan is secured by a second ranking floating charge over the assets of the Company.
2. Chevas Pty Ltd charges interest at the "Reference Rate" of the ANZ Banking Group Ltd.

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**16. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (Cont'd)**

**(b) Foreign Exchange Risk**

At 30 June 2004 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. Where small volumes are traded relative to the number of trading units of the investment to be valued, fair value is determined after consideration of the size of the holding and net assets of the investee, adjusted for transaction costs necessary to realise the asset. 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.

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

	Consolidated			
	2004 Carrying amount \$	2004 Net fair Value \$	2003 Carrying amount \$	2003 Net fair Value \$
Recognised financial instruments				
<i>Financial assets</i>				
Cash assets	1,070	1,070	4,934	4,934
Receivables	253,789	253,789	96,567	96,567
Other financial assets:				
Shares in other corporations – listed	206,122	619,870	221,181	221,181
Shares in other corporations – unlisted	-	-	10,000	10,000
<i>Financial liabilities</i>				
Payables	81,668	81,668	90,051	90,051
Interest bearing liabilities	340	340	220,557	220,557

**17. STATEMENTS OF CASH FLOWS**

	Consolidated		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
<i>(a) Reconciliation of operating profit (loss) after income tax to net cash used in operating activities</i>				
Operating (loss) after income tax	10,253	(657,211)	20,866	(3,208,845)
Add non-cash items:				
Increase/(Decrease) in provision for diminution in value of investments	(21,284)	33,922	(11,284)	2,582,695

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

17. STATEMENTS OF CASH FLOWS (Cont'd)	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Profit on disposal of non-current assets	(386,582)	(5,454)	(386,582)	(5,454)
Exploration expenditure previously capitalised written off as unsuccessful	48,788	118,891	48,708	118,218
Borrowing costs	13,420	69,085	14,434	68,417
Interest received	-	(14)	-	(13)
Provision for doubtful debts	(52,461)	43,941	(52,461)	43,941
Net cash used in operating activities before change in assets and liabilities	(387,866)	(396,840)	(366,319)	(401,041)
Changes in assets and liabilities:				
Increase/(Decrease) in receivables	(5,098)	(48,214)	(21,057)	(48,215)
Increase in trade creditors and accruals	(2,166)	230,533	(7,389)	235,055
Net cash used in operating activities	(395,130)	(214,521)	(394,765)	(214,201)

(b) *Reconciliation of cash*

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

(c) *Financing facilities*

Wilzed Pty Ltd, a Director Related Entity as detailed in Note 24 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.

18. COMMITMENTS

(a) **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	
	2004	2003	2004	2003
	\$	\$	\$	\$
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	660,760	427,580	660,760	427,580
Later than one year but not later than five years	2,643,040	1,710,320	2,643,040	1,710,320
Later than five years but not later than twenty one years	10,572,160	6,841,280	10,572,160	6,841,280
	13,875,960	8,979,180	13,875,960	8,979,180

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, 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.

(b) **Farm-In contracts**

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

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**18. COMMITMENTS (Cont'd)**

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
At balance date the amount which may be required to be expended in respect of the abovementioned is as follows:				
Later than one year but not later than five years	1,200,000	-	1,200,000	-
	1,200,000	-	1,200,000	-

However, the Company can withdraw from these commitments after spending \$300,000. To date \$132,564 has been spent.

**19. 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 2004	Consolidated 2003
	\$	\$
Department of Mineral Resources New South Wales	-	10,000

**20. SEGMENT INFORMATION**

**Primary Segment**

Business Segments	Mineral Exploration		Investments		Consolidated	
	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$
Revenue						
Interest	16,701	5,309	-	-	16,701	5,309
Proceeds from sale of non-current assets	-	5,454	432,925	-	432,925	5,454
Total segment revenue	16,701	10,763	432,925	-	449,626	10,763
Results						
Net (profit) loss	397,613	623,289	(407,866)	33,922	(10,253)	657,211
Assets						
Segment Assets	536,263	270,846	206,122	231,181	742,385	502,027
Liabilities						
Segment Liabilities	81,668	90,051	340	220,557	82,008	310,608

**Secondary Segment**

Geographic segment

The Company operates predominately in Australia

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
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**21. DIRECTORS AND EXECUTIVE DISCLOSURE**

The names of the Directors and Specified Executives in office during the year are as follows:-

Directors

J I Gutnick – Chairman and Managing Director  
D S Tyrwhitt – Non Executive Director  
M Z Gutnick – Non Executive Director

Specified Officers

P J Lee – General Manager Corporate & Company Secretary  
D Prentice – General Manager Operations (resigned March 2004)

	2004 \$	2003 \$
<b>Remuneration</b>		
J I Gutnick		
Primary benefits		
Cash salary	76,000	-
Cash profit sharing and other bonuses	-	-
Non-monetary benefits	3,313	25,674
	79,313	25,674
Post employment benefits		
Superannuation	13,171	2,879
Prescribed benefits	-	-
Other post employment benefits	-	-
	13,171	2,879
Equity Compensation – value of options	-	12,270
Other compensation benefits	-	-
	92,484	40,823
D S Tyrwhitt		
Primary benefits		
Cash salary/Directors fees	20,000	30,000
Cash profit sharing and other bonuses	-	-
Non-monetary benefits	-	-
	20,000	30,000
Post employment benefits		
Superannuation	1,870	1,800
Prescribed benefits	-	-
Other post employment benefits	-	-
	1,870	1,800
Equity Compensation	-	-
Other compensation benefits	-	-
	21,870	31,800

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**21. DIRECTORS AND EXECUTIVE DISCLOSURE (Cont'd)**

	2004	2003
	\$	\$
M Z Gutnick		
Primary benefits		
Cash salary/Directors fees	20,000	-
Cash profit sharing and other bonuses	-	-
Non-monetary benefits	-	-
	20,000	-
Post employment benefits		
Superannuation	1,982	-
Prescribed benefits	-	-
Other post employment benefits	-	-
	1,982	-
Equity Compensation	-	-
Other compensation benefits	-	-
	-	-
Total	21,982	-
P L Ehrlich		
Primary benefits		
Cash salary/Directors fees	-	15,167
Cash profit sharing and other bonuses	-	-
Non-monetary benefits	-	236
	-	15,403
Post employment benefits		
Superannuation	-	1,365
Prescribed benefits	-	-
Other post employment benefits	-	-
	-	1,365
Equity Compensation – value of options	-	-
Other compensation benefits	-	-
	-	-
Total	-	16,768
Aggregate for Specified Directors		
Primary benefits		
Cash salary/Directors fees	116,000	45,167
Cash profit sharing and other bonuses	-	-
Non-monetary benefits	3,313	25,910
	119,313	71,077
Post employment benefits		
Superannuation	17,023	6,044
Prescribed benefits	-	-
Other post employment benefits	-	-
	17,023	6,044

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**21. DIRECTORS AND EXECUTIVE DISCLOSURE (Cont'd)**

	2004 \$	2003 \$
Equity Compensation – value of options	-	12,270
Other compensation benefits	-	-
<b>Total</b>	<b>136,336</b>	<b>89,391</b>
P J Lee		
Primary benefits		
Cash salary	21,297	28,214
Cash profit sharing and other bonuses	-	-
Non-monetary benefits	3,783	5,457
	<u>25,080</u>	<u>33,671</u>
Post employment benefits		
Superannuation	4,389	5,292
Prescribed benefits	-	-
Other post employment benefits	-	-
	<u>4,389</u>	<u>5,292</u>
Equity Compensation – value of options	-	4,294
Other compensation benefits	-	-
	<u>29,469</u>	<u>43,257</u>
D Prentice		
Primary benefits		
Cash salary	24,059	30,897
Cash profit sharing and other bonuses	-	-
Non-monetary benefits	4,306	3,810
	<u>28,365</u>	<u>34,707</u>
Post employment benefits		
Superannuation	2,359	2,781
Prescribed benefits	-	-
Other post employment benefits	-	-
	<u>2,359</u>	<u>2,781</u>
Equity Compensation – value of options	-	2,454
Other compensation benefits	-	-
<b>Total</b>	<b>30,724</b>	<b>39,942</b>
Aggregate for Specified Executives		
Primary benefits		
Cash salary	45,356	59,111
Cash profit sharing and other bonuses	-	-
Non-monetary benefits	8,089	8,073
	<u>53,445</u>	<u>67,184</u>

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**21. DIRECTORS AND EXECUTIVE DISCLOSURE (Cont'd)**

	2004	2003
	\$	\$
Post employment benefits		
Superannuation	6,748	9,267
Prescribed benefits	-	-
Other post employment benefits	-	-
	6,748	9,267
Equity Compensation – value of options	-	6,748
Other compensation benefits	-	-
	60,193	83,199
Aggregated for Specified Directors and Executives		
Primary benefits		
Cash salary/Directors fees	161,356	104,278
Cash profit sharing and other bonuses	-	-
Non-monetary benefits	11,402	33,983
	172,758	138,261
Post employment benefits		
Superannuation	23,771	15,311
Prescribed benefits	-	-
Other post employment benefits	-	-
	23,771	15,311
Equity Compensation – value of options	-	19,018
Other compensation benefits	-	-
	196,529	172,590

The specified Directors and specified Officers of the Company are paid by AXIS Consultants Pty Ltd in the form of either salaries and/or directors fees. In respect to Mr J I Gutnick, Dr D S Tyrwhitt and Mr M Z Gutnick, the salary and/or directors fees are billed to the Company by AXIS Consultants based on pre-agreed amounts.

In respect to the specified Executives, they are also paid by AXIS Consultants Pty Ltd and billed to the Company based on time spent by the specified Executive on the Company's affairs.

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors, Managing Director and senior management. The Remuneration Committee assesses the nature and amount of emoluments of such officers on a periodic basis by reference to relevant market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality Board and executive team. Such officers are given the opportunity to receive their emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost.

**Equity Holdings and Transactions**

J I Gutnick

	Ordinary Shares Number	Options 31/10/2010 Number	Options 30/4/2012 Number	Options 30/11/2012 Number	Options 24/3/2010 Number
At start of reporting period	143,308,643	30,003,448	24,741,562	64,936,241	1,000,000
Granted as Remuneration	-	-	-	-	-
Received an exercise of options or rights	-	-	-	-	-
Exercised	-	-	-	-	-
Resulting from other changes	1,137,235	-	-	200,000	-
At close of reporting period	144,445,878	30,003,448	24,741,562	65,136,241	1,000,000

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**21. DIRECTORS AND EXECUTIVE DISCLOSURE (Cont'd)**

	Ordinary Shares Number	Options 31/10/2010 Number	Options 30/4/2012 Number	Options 31/11/2012 Number	Options 24/3/2010 Number
Vested at reporting date	-	-	-	-	-
Vested and exercisable at reporting date	-	30,003,448	24,741,562	65,136,241	-
Vested and unexercisable at reporting date	-	-	-	-	1,000,000
Held nominally at reporting date	-	-	-	-	-
D S Tyrwhitt					
At start of reporting period	-	-	-	-	-
Granted as Remuneration	-	-	-	-	-
Received an exercise of options or rights	-	-	-	-	-
Exercised	-	-	-	-	-
Resulting from other changes	-	-	-	-	-
At close of reporting period	-	-	-	-	-
Vested at reporting date	-	-	-	-	-
Vested and exercisable at reporting date	-	-	-	-	-
Vested and unexercisable at reporting date	-	-	-	-	-
Held nominally at reporting date	-	-	-	-	-
M Z Gutnick					
At start of reporting period	151,958,243	30,003,448	24,741,562	64,936,241	1,000,000
Granted as Remuneration	-	-	-	-	-
Received an exercise of options or rights	-	-	-	-	-
Exercised	-	-	-	-	-
Resulting from other changes	1,137,235	-	-	200,000	-
At close of reporting period	153,095,478	30,003,448	24,741,562	65,136,241	1,000,000
Vested at reporting date	-	-	-	-	-
Vested and exercisable at reporting date	-	30,003,448	24,741,562	65,136,241	-
Vested and unexercisable at reporting date	-	-	-	-	1,000,000
Held nominally at reporting date	-	-	-	-	-
P J Lee					
At start of reporting period	-	-	-	-	350,000
Granted as Remuneration	-	-	-	-	-
Received an exercise of options or rights	-	-	-	-	-
Exercised	-	-	-	-	-
Resulting from other changes	-	-	-	-	-
At close of reporting period	-	-	-	-	350,000
Vested at reporting date	-	-	-	-	-
Vested and exercisable at reporting date	-	-	-	-	-
Vested and unexercisable at reporting date	-	-	-	-	350,000
Held nominally at reporting date	-	-	-	-	-
D Prentice					
At start of reporting period	-	-	-	-	200,000
Granted as Remuneration	-	-	-	-	-
Received an exercise of options or rights	-	-	-	-	-
Exercised	-	-	-	-	-
Resulting from other changes	-	-	-	-	(200,000)
At close of reporting period	-	-	-	-	-

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**21. DIRECTORS AND EXECUTIVE DISCLOSURE (Cont'd)**

	Ordinary Shares Number	Options 31/10/2010 Number	Options 30/4/2012 Number	Options 31/11/2012 Number	Options 24/3/2010 Number
Vested at reporting date	-	-	-	-	-
Vested and exercisable at reporting date	-	-	-	-	-
Vested and unexercisable at reporting date	-	-	-	-	-
Held nominally at reporting date	-	-	-	-	-

Equity instruments for each disclosing party include equity instruments held by director related parties. Messrs J I Gutnick and M Z Gutnick are related and accordingly are director related parties of each other. The equity instruments disclosed by Messrs J I Gutnick and M Z Gutnick are primarily the same equity instruments.

**22. INVESTMENT IN ASSOCIATE**

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

	2004 %	Consolidated 2003 %
Ownership Interest in former Associated Entities		
Regis Resources NL	3.24	25.47

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.

**Reserves attributable to former Associate**

Capital reserve	\$ -	\$ 6,012,995
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**Share of Associates' accumulated losses**

Accumulated Losses attributable to former Associate	-	13,182,450
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**Share of Associates' expenditure commitments**

Exploration commitments	-	5,764,829
Farm-in Contract commitments	-	254,700

- 6,019,529

**Share of Associates' contingent liabilities**

Deposits to secure performance guarantees	-	5,094
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(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.

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**23. ULTIMATE PARENT ENTITY**

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

**24. RELATED PARTY AND OTHER INFORMATION**

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Directors Transactions with the company					
(i) Transactions with Director Related Entities of Mr. J.I. Gutnick are as follows:					
Chevas Pty Ltd ("Chevas")					
Chevas provides loan funds to the company					
Transactions during the period					
Amounts advanced during the year		83,836	631,308	83,836	631,308
Amounts repaid during the year		(243,941)	(916,603)	(243,941)	(916,603)
Amount assigned to Wilzed Pty Ltd ("Wilzed")		(72,013)	-	(72,013)	-
Interest paid or due and payable	3	11,561	11,021	11,561	11,021
Amount outstanding to Chevas	11	-	220,557	-	220,557
The interest rate for 2004 charged by Chevas was 8.60% to 9.10% (2003: 8.60%). During the year Chevas assigned the loan and security it held in respect to the loan to Wilzed Pty Ltd.					
Wilzed					
Wilzed provides loan funds to the Company					
Transactions during the period					
Amount assigned from Chevas		72,013	-	72,013	-
Amounts repaid during the year		(72,839)	-	(72,839)	-
Interest paid or due and payable		826	-	826	-
The interest rate for 2004 charged by Wilzed was 7.43% to 9.10%. The loan is secured by a floating charge over the assets of the Company.					
Edensor Gold Pty Ltd ("Edensor")					
Edensor provides loan funds to the Company					
Transactions during the period					
Amounts advanced during the year		35,000	-	35,000	-
Amounts repaid during the year		(35,000)	-	(35,000)	-
Interest paid or due and payable		845	-	845	-
The interest rate for 2004 charged by Edensor was 9.10%.					
Edensor Gold Pty Ltd current. This Company provides geological consulting services to the company on normal terms and conditions.					
Transactions during the period					
Fees for geological services		16,970	3,787	16,970	3,787
Amounts paid		(16,970)	(3,787)	(16,970)	(3,787)

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**24. RELATED PARTY AND OTHER INFORMATION (Cont'd)**

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
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")					
Great Gold Mines N.L.					
Regis Resources N.L.					
(ii) Transactions with AXIS Consultants Pty Ltd ("AXIS") are as follows:					
Management services		(362,983)	(206,686)	(362,665)	(206,685)
Geological services		(46,167)	(198,415)	(46,167)	(198,182)
Interest paid/payable	3	(188)	(58,064)	(166)	(49,265)
Interest received/receivable	2	15,394	5,294	15,394	5,294
Receipt from AXIS		(41,000)	(241,147)	(41,000)	(241,147)
Repayment to AXIS		596,728	1,686,324	596,728	1,547,290
Issue of options		-	128,000	-	128,000
Amount outstanding (to) AXIS	11	(340)	-	-	-
Amount outstanding by AXIS	7	244,480	82,356	244,480	82,356
(iii) 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)	43,941	(43,941)
Receipts from Bay Resources		(43,941)	-	(43,941)	-
(iv) Transactions with Astro are as follows:					
Amounts repaid during the year		8,520	-	8,520	-
Amount owing by Astro		431,017	439,537	431,017	439,537
Provision for doubtful receivable		(431,017)	(439,537)	(431,017)	(439,537)
(v) 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					
Regis Resources N.L.				3.24	25.47
Great Gold Mines N.L.				0.01	2.84
Bay Resources Ltd				0.01	0.03
					\$
Movements in provision for diminution of investment				21,284	(2,582,695)

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**25. 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.

<b>Off Statement of Financial Position Items</b>	2004	Parent Entity 2003
Unissued ordinary shares of the Company under option	1,400,000	1,650,000
The market value of the shares under these options at 30 June was	\$0.04	\$0.02
Exercise price	\$0.08	\$0.08

**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.

	2004	Parent Entity 2003
Number of options repurchased by the Company	250,000	675,000
Value of options repurchased by the Company	\$9,250	\$24,975
Interest free option loans provided	\$51,800	\$61,050

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.

**26. ECONOMIC DEPENDENCY**

The Economic Entity has a net deficiency of working capital of \$71,289. The Financial Report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe this basis to be appropriate. The Company has signed a term sheet with a US Based Investment Fund for a \$3 million equity line of credit facility. The Company may, at its discretion, issue shares to the Fund at any time over the next 36 months, up to a total of \$3 million. The Company may drawdown up to \$50,000 in any five day period. A commission of five percent will be payable by the Company at the time of issue. 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.

**27. 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 2004 AXIS had 10 employees who manage a number of public companies including the Economic Entity.

Quantum Resources Limited and its Controlled Entity  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2004

**28. IMPACT OF ADOPTING AASB EQUIVALENT TO IASB STANDARDS**

The Company has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The Company has allocated internal resources to conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As the Company has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the Company prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Company. At this stage the Company has not been able to reliably quantify the impacts on the financial report.

*Classification of Financial Instruments*

Under AASB 139 *Financial Instruments: Recognition and Measurement*, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised cost, held to maturity – measured at amortised cost, held for trading – measured at fair value with fair value changes charged to net profit or loss, available for sale – measured at fair value with fair value changes taken to equity and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. Current measurement is at amortised cost, with certain derivative financial instruments not recognized on balance sheet. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

*Impairment of Assets*

Under the Australian equivalent to IAS 36 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the Company's current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Under the new policy it is likely that impairment of assets will be recognized sooner and that the amount of write-downs will be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

*Shares Based Payments*

Under AASB 2 *Share Based Payments*, the Company will be required to determine the fair value of options issued to employees as remuneration and recognize an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

*Income taxes*

Under the Australian equivalent to IAS 12 *Income Taxes*, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognized in either the Statement of Financial Position or a tax-based balance sheet. Previously, the capital gains tax effects of asset revaluations were not recognized. It is not expected that there will be any further material impact as a result of adoption of this standard.

*Extractive Industries*

The Company's operations are in the mining and exploration industry. At the current time, the draft IFRS on Extractive Industries is not due for release until the fourth quarter of 2004. Accordingly, the impact of changes from the existing AASB 1022 Accounting for the Extractive Industries are not yet determinable.

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 2004 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 26.

Signed in accordance with a Resolution of the Board of Directors at Melbourne this 29<sup>th</sup> day of September 2004.

Handwritten signature of J.I. Gutnick in black ink, followed by a vertical red line.

J.I. Gutnick  
Director

## **INDEPENDENT AUDIT REPORT TO 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 both Quantum Resources Limited (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that 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 of their 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:

- ◆ examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- ◆ 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 financial position as at 30 June 2004 and of its 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 Litigation

Without qualification to the opinion expressed above, attention is drawn to the following matter. As result of the matters described in Note 26, 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 I 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 2004  
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](mailto: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

<b>TENEMENTS WHOLLY OWNED</b>	<b>MENZIES NORTH</b> E 29/474	E 29/504 E 59/1114 E 63/775	<b>SUBJECT TO JOINT VENTURES</b>	M 27/297 M 27/319 M 27/323 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
<b>BIG BELL</b> E 21/101	<b>MILLROSE</b> E 53/1016 E 53/967	<b>ST IVES</b> E 15/704 E 15/722 E 15/741 E 15/764 E 15/782	<b>DULCIE</b> Hamill Resources Limited Earning 80% E 77/1074 P 77/3348	
<b>BOUNTY</b> E 77/1084	<b>MINERIE SE</b> 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	<b>TELFER</b> E 45/2401	<b>TUCKABIANNA REGION</b> Westcoast Mining Limited Earning 75% E 20/462 E 20/463 E 20/464 E 20/483 E 20/484 E 20/508 P 20/1829	
<b>BUDDADOO HILL</b> E 59/1033 E 59/1051		<b>TANAMI</b> EL 23150 EL 23151 EL 23152 EL 23153 EL 23154 EL 23155 EL 23156		
<b>BURTVILLE</b> E 38/1431		<b>TUCKABIANNA</b> P 20/1809 P 21/620	<b>WALLBROOK &amp; KAL NORTH</b> 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	
<b>DULCIE NORTH</b> E 77/1078		<b>WELCOME WELL</b> P 37/6295		
<b>JACKSON</b> 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		<b>WILUNA</b> E 53/1049 E 53/950 E 53/990 E 53/991		
<b>JUNDEE NORTH</b> E 53/989	<b>PARABURDOO</b> E 47/1087			<b>WONGANOO</b> Cullen Resources Pty Ltd Earning 80% E 53/988
<b>KOWTAH</b> 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	<b>PINNACLE</b> 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			<b>ZULEIKA TENEMENT PURCHASE</b> 20% P 16/2178 P 16/2179 P 16/2180 P 16/2181 P 16/2182
<b>MEEKATHARRA NICKEL/GOLD</b> E 51/935	<b>QUANTUM WINDIMURRA</b> E 58/251		<b>WHITEHEADS</b> Earning 70% E 27/93 E 27/175 E 27/199 E 27/201 E 27/232 E 27/246 E 31/550 M 27/273 M 27/293 M 27/296	
	<b>REQUIRING ALLOCATION</b>	<b>TENEMENTS</b>		

**Quantum Resources Limited**  
**Australian Stock Exchange Information**

As at 17 September 2004 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 <sup>(*)</sup>	116,187,184
Great Gold Mines N.L.	43,594,702
Chabad House of Caulfield Pty Ltd	57,280,000

<sup>(\*)</sup> 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 2,047. 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	862
Holding between 1,001 - 5,000 Shares	503
Holding between 5,001 – 10,000 Shares	170
Holding between 10,001-100,000 Shares	396
Holding more than 100,001 Shares	116

The number of holders with less than a marketable parcel of fully paid ordinary shares is 1,585. The Company's fully paid ordinary shares are quoted on the Australian Stock Exchange using the code QUR.

The top 20 shareholders are as follows:

Name	Number of Fully Paid Ordinary Shares held	Percentage interest
Edensor Nominees Pty Limited	72,592,482	24.95
Chabad House of Caulfield Pty Ltd	48,946,667	16.83
Great Gold Mines N.L.	43,594,702	14.99
ANZ Nominees Limited	34,202,364	11.76
BB Nominees Pty Ltd	13,084,531	4.50
Mr. Mordechai Gutnick	9,672,022	3.32
AXIS Consultants Pty Ltd	6,440,000	2.21
Mr. Zalman Gutnick	3,646,374	1.25
Daccar Pty Ltd	2,000,000	.69
Mr John G Kellas	1,485,960	.51
Congregation Lubavitch	1,464,039	.50
Unus Investments Pty Ltd <Manners Family A/C>	1,200,000	.41
Merrill Lynch (Australia) Nominees Pty Ltd	1,060,262	.36
Bonos Pty Ltd	1,015,000	.35
Unus Super Pty Ltd <Unus S/F A/C>	1,000,000	.34
Mr Craig William Manners	900,000	.31
Reynolds (Nominees) Pty Ltd	858,850	.30

Mrs Jayni Francis Manners	837,333	.29
Mr Saeed Ghasimzadeh	816,000	.28
Clover Enterprises Inc	810,000	.28
<b>Total</b>	<b>245,626,586</b>	<b>84.44</b>

**(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
Chabad House of Caulfield Pty Ltd	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
<b>Total</b>	<b>43,562,564</b>	<b>99.58</b>

**(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 263. 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	5

The Company's options maturing on 30 April 2012 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
Chabad House of Caulfield Pty Ltd	24,741,562	75.26
AXIS Consultants Services Pty Ltd	6,400,000	19.47
Mr. John G. Kellas	371,490	1.13
Bonos Pty Ltd	250,000	0.76
Mr Saeed Ghasimzadeh	200,000	0.61
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
Dr Hamidreza Rahmati	20,000	0.06
<b>Total</b>	<b>32,571,073</b>	<b>99.09</b>

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

The number of holders of options maturing on 30 November 2010 over fully paid ordinary shares issued by the Company is 278. 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	14
Holding between	10,001-100,000 Options	19
Holding more than	100,001 Options	7

The Company's options maturing on 30 November 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
Chabad House of Caulfield Pty Ltd	64,936,241	94.97
Mr. John G. Kellas	742,980	1.09
Bonos Pty Ltd	500,000	0.73
Reynolds (Nominees) Pty Ltd	425,850	0.62
Mr Saeed Ghasimzadeh	400,000	0.58
Mr Zalman Gutnick	200,000	0.29
Jandamint Pty Ltd	200,000	0.29
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
Mr Anthony Warwick Whatmore	20,000	0.03
Chuter Nominees Pty Ltd	17,500	0.03
<b>Total</b>	<b>67,899,983</b>	<b>99.30</b>

**(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  
Chris Taylor, Exploration Manager

**Registered Office and Domicile**

Level 8  
580 St. Kilda Road  
Melbourne Victoria 3004  
Australia  
Telephone: +61 3 8532 2840  
Facsimile: +61 3 8532 2805  
E-mail: [quantum@axisc.com.au](mailto:quantum@axisc.com.au)  
Internet: <http://www.qur.com.au>

**Legal Form**

A public company limited by shares

**Country of Incorporation**

Australia

**Share Registry**

ASX Perpetual Registrars Limited  
Level 4  
333 Collins Street  
Melbourne Victoria 3000  
Australia  
Telephone: 1300 554 474 or + 61 3 9615 9999  
Facsimile: +61 3 8614 2903

**Shareholder Information**

Manager Investor Relations  
Telephone: +61 3 8532 2840  
Facsimile: +61 3 8532 2805  
E-mail: [quantum@axisc.com.au](mailto:quantum@axisc.com.au)  
Internet: <http://www.qur.com.au>

**Auditors**

PKF  
Level 11, CGU Tower  
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