
Quantum Resources Limited and its Controlled Entity

ABN 84 006 690 348

**REPORT TO SHAREHOLDERS
FOR THE HALF YEAR ENDED
31 DECEMBER 2004**

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

16 March 2005

Dear Shareholder

Quantum Resources is an Australian gold explorer with a suite of projects whose tenements cover in excess of 4,000 square kilometres in Western Australia and the Northern Territory. The Whiteheads and St Ives projects are the current focus of exploration within Western Australia, whilst in the Northern Territory, its tenements are strategically located and thought to have geological similarities to the major gold mining centres including Newmont Australia Limited group's Tanami gold operations.

St. Ives Project (Quantum 100%)

The Company holds one exploration tenement and four exploration applications covering approximately 162 square kilometres of the prospective Lake Lefroy area, 60 kilometres south of Kalgoorlie. The tenements are located in favourable structural and geological settings immediately east of the Boulder-Lefroy fault system that localised the world-class Greater Revenge Gold Complex between Kambalda and St. Ives. The +1,000,000 ounce Belleisle gold mine is located just two kilometres to the southwest of the project area.

The Company has purchased detailed aeromagnetic data which is being processed to assist in defining structural targets within the iron rich rocks of the Kambalda stratigraphy. E15/741 has been granted and initial reconnaissance rock chip sampling and geological mapping in accessible areas is expected to be completed in the March 2005 quarter.

Whiteheads Project (Quantum Earning 80%)

The Whiteheads Project is located at the northern end of the Gindalbie Greenstone Belt, 60 kilometres northeast of Kalgoorlie. The area is host to mafic to felsic volcanics, sediments, and altered intrusive porphyries between two major terrane-bounding faults.

Drilling reported in the September 2004 quarter was designed to intersect interpreted trends of gold mineralisation associated with soil geochemical anomalies and a northwest trending set of fault structures around Jubilee Well. Deeper than expected oxidation to depths of 150 metres in places is interpreted to mark the sheared contact zones between mafic rocks to the west and the felsic to intermediate rocks to the east.

Significant results previously announced in the September quarter include 8 metres @ 0.71 g/t gold from 48 metres in WTHB736 and 4 metres @ 1.12 g/t gold from 20 metres in WTHB914 and 4 metres @ 0.54 g/t gold from 56 metres in WTHB932. These results are from areas immediately north and south of M27/359 (Jubilee Well) where previous drilling has intersected anomalous gold values.

Assay values that were pending returned no additional significant gold values from within the interpreted northwest structural corridor which lies beneath a thin veneer of colluvium and transported sediments. The deep oxidation associated with the northwest trending shear contacts, within the mafic rocks, appears to be less prospective than the association of mafics, felsic porphyries and shearing around Jubilee Well.

Further investigation and interpretation is required to determine the significance of the gold values and their geological context as part of ongoing target generation.

Jackson Project (Quantum 100%)

The project area comprises 4 exploration licence applications and 7 granted exploration licences, covering 756 square kilometres of the Barlee-Marda Greenstone Belt. The tenement area is located approximately 100 kilometres north of Southern Cross in Western Australia.

The Company is continuing its geological review of its tenements in light of the granting of its exploration licences and increased exploration activity in the area. This review is assessing the potential of this area for the discovery of a major deposit.

Tanami Project (Quantum 100%)

The Company currently holds tenements covering approximately 1,580 square kilometres in the highly prospective Tanami region of the Northern Territory and has recently acquired, under joint venture, an additional 15,000 square kilometres of prospective gold tenements. These new prospects extend southeast-northwest over a strike of approximately 700 kilometres of the Tanami Complex which is host to several gold producers particularly in the Tanami area. The region is also the focus of exploration by a number of global resource groups, with Newmont, BHP Billiton, Teck Cominco, Barrick and AngloGold actively exploring in the region.

In relation to the Company's 100% owned Tanami project areas, a meeting was held with the traditional Aboriginal landholders in early October 2004 in order to discuss its exploration application and seek consent to enter into negotiations with the Central Land Council with regard to its ELA23153 to ELA23156 respectively. The Company believes that it was well represented and a positive outcome will result in the granting of the consent and will enable an agreement to be negotiated with the Central Land Council.

An additional meeting with the traditional Aboriginal landholders is planned for March 2005 in relation to the application for consent for ELA 23150, 23151 and 23152.

Tuckabianna Project (Westcoast Mining earning 75%)

The project area is located 25 kilometres east of Cue, Western Australia and is strategically contiguous with the Tuckabianna project of Westcoast Mining Pty Ltd ("Westcoast"). The Tuckabianna operations have historically produced in excess of 450,000 ounces of gold from a number of open pits, along a north-east trending greenstone belt.

Several geophysical targets generated from the EM survey flown in the September 2004 quarter were tested with a programme of RAB drilling in mid October 2004. Within the Joint Venture area results were generally disappointing with the only significant result being 2 metres @ 1.01 g/t gold from the surface in WRB68. This result lies near the eastern boundary of exploration licence E20/462 and may indicate potential for mineralisation along strike and perhaps further eastward.

Another area which produced several EM anomalies was the southern portion of E20/464 which was tested by 8 aircore drillholes for 543 metres. These anomalies were similar in character and along strike of the Comet line of gold workings, which comprise gold bearing sulphidic magnetite rich sediments. However, the results from the aircore drilling indicates that the EM anomalies were related to black shales and pyritic zones beneath transported cover of greater than 40 metres and no anomalous gold or base metal values were returned.

On the 17 November 2004, Westcoast announced that it had met its expenditure commitment and had therefore acquired its 51% interest in the farm-in agreement and a joint venture would be formalised. Joint venture meetings are expected to be conducted with Westcoast, early in 2005, to discuss ongoing exploration.

On 1 December 2004, Westcoast announced it had sold its 100 % interest in the Tuckabianna gold leases despite having increased the resources from 58,000 to 130,000 ounces of gold. Westcoast has not yet advised the Company of the impact, if any, that the sale may have on the joint venture.

Wallbrook Project / Kalgoorlie North (Jackson Gold earning 80%)

Jackson Gold has defined over 204,000 ounces of gold at its Wallbrook Project which is approximately two kilometres south east from the joint venture tenement. Exploration licence E31/571 lies adjacent to Jackson's Crusader Deposit, and new geological models indicate potential mineralised structures may continue to the west and north west into E31/571. Mapping has also identified a major lithological contact which may correlate with Sons of Gwalia's Far East prospect 15 kilometres to the southeast.

Exploration completed includes field reconnaissance, geological mapping and preliminary soil sampling. The soil sampling comprised 207 soil samples, on a grid of 80x320 metres with samples submitted for multi-element analysis. The results are pending and will be reported in the next quarter.

Corporate

In March 2005, the Company raised \$492,500 through the placement of 19,700,000 ordinary shares at a price of 2.5 cents per share.

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.

Jl Gutnick
Chairman & Managing Director

The technical information in this report has been reviewed and approved by Dr David Tyrwhitt, who is a Member of the Australian Institute of Mining and Metallurgy and has 44 years experience in the exploration field.

Quantum Resources Limited
ABN 84 006 690 348
Directors' Report

The Directors of Quantum Resources Limited present their report for the half year ended 31 December 2004. This Report should be read in conjunction with the 2004 Annual Report together with announcements made by the Company in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

1. Directors

The Directors of the Company in office since 1 July 2004 and at the date of this Report are:

Mr Joseph Gutnick FAusIMM FAIM MAICD
Chairman and Managing Director

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

Mordechai Gutnick
Non-Executive Director

2. Review and Results of Operations

A review of operations is contained in the Chairman's Report. The financial result of the operations was a loss of \$225,376 after providing for income tax.

3. Auditor's Independence Declaration

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

Signed in accordance with a Resolution of the Board of Directors at Melbourne this 16th day of March 2005.



J I Gutnick
Director

Quantum Resources Limited and its Controlled Entity
Statement of Financial Performance for the Half Year Ended 31 December 2004

	Note	Consolidated 31 December 2004 \$	Consolidated 31 December 2003 \$
Revenue			
Revenue from ordinary activities			
Interest		3,169	4,604
Proceeds from sale of financial asset		-	143,791
		<hr/>	
Total revenue		3,169	148,395
		<hr/>	
Expenses			
Costs from ordinary activities			
Exploration expenditure provided for and written off		(5,352)	34,208
Administration		(220,946)	(187,275)
Borrowing costs		(2,247)	(9,273)
Decrease in provision for diminution in the value of investment		-	9,740
		<hr/>	
Total expenses		(228,545)	(152,600)
		<hr/>	
Operating loss from ordinary activities before income tax		(225,376)	(4,205)
Income tax attributable to ordinary activities		-	-
		<hr/>	
Net loss		(225,376)	(4,205)
		<hr/>	
Total changes in equity other than those resulting from transactions with owners as owners		(225,376)	(4,205)
		<hr/>	
Basic loss per share (cents)		(.08)	(0.00)
Diluted loss per share (cents)		(.08)	(0.00)

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

Quantum Resources Limited and its Controlled Entity
Statement of Financial Position as at 31 December 2004

	Note	Consolidated 31 December 2004 \$	Consolidated 30 June 2004 \$
CURRENT ASSETS			
Cash assets		4,751	1,070
Receivables		515	9,309
TOTAL CURRENT ASSETS		5,266	10,379
NON-CURRENT ASSETS			
Receivables		85,096	244,480
Other financial assets		206,122	206,122
Exploration expenditure		533,764	281,404
TOTAL NON-CURRENT ASSETS		824,982	732,006
TOTAL ASSETS		830,248	742,385
CURRENT LIABILITIES			
Payables		186,174	81,668
TOTAL CURRENT LIABILITIES		186,174	81,668
NON-CURRENT LIABILITIES			
Interest bearing liabilities		209,073	340
TOTAL NON-CURRENT LIABILITIES		209,073	340
TOTAL LIABILITIES		395,247	82,008
NET ASSETS		435,001	660,377
EQUITY			
Contributed equity		51,611,771	51,611,771
Reserves		619,690	619,690
Accumulated losses		(51,796,460)	(51,571,084)
TOTAL EQUITY		435,001	660,377

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

Quantum Resources Limited and its Controlled Entity
Statement of Cash Flows for the Half Year Ended 31 December 2004

	Consolidated 31 December 2004 \$	Consolidated 31 December 2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments in the course of operations	(196,907)	(178,708)
Interest received	2,248	4,498
Borrowing costs paid	(3,149)	-
	(197,808)	(174,210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(143,693)	(89,750)
Proceeds from loan receivable	345,182	-
	201,489	(89,750)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	-	465,890
Proceeds from borrowings (i)	-	155,853
Repayment of borrowings	-	(510,018)
Net proceeds from sale of financial asset	-	143,791
Refund of security deposit	-	10,000
	-	265,516
Net increase in cash held	3,681	1,556
Cash at the beginning of the financial period	1,070	4,934
	4,751	6,490

(i) Non cash financing

In the current period an amount of \$208,707 advanced to the Company has been used to directly repay a third party liability.

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

Quantum Resources Limited and its Controlled Entity
Notes to and forming part of the Financial Statements
for the Half Year Ended 31 December 2004

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

The half year consolidated Financial Report is a general purpose Financial Report and has been prepared in accordance with Accounting Standard AASB 1029, other applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncement of the Australian Accounting Standards Board and the Corporations Act 2001. The Financial Report has been prepared on the historical cost basis and except where stated, does not take into account changing money values or current valuations of non-current assets. The Consolidated Entity has prepared the financial statements on a going concern basis notwithstanding a working capital deficiency at 31 December 2004 for the reasons set out in Note 5. Except where stated, the accounting policies are consistent with those of the previous year. For the purpose of preparing the half year Financial Report, the half year has been treated as a discrete reporting period. It is recommended that this half year Financial Report should be read in conjunction with the 2004 Annual Report and any public announcements made by Quantum Resources Limited during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001. Notes of a type normally included in an Annual Financial Report are not included.

Consolidated 31 December 2004 \$	Consolidated 30 June 2004 \$
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2. COMMITMENTS

(a) Tenement exploration commitments

The Company has to perform minimum 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 reductions through relinquishment of parts or the whole of tenements deemed non prospective. Should the Company wish to preserve interests in its current tenements the amount which may be required to be expended is as follows:

Not later than one year	705,520	711,060
Later than one year but not later than five years	1,762,640	1,493,660

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, Department of Business, Industry and Resources Development, Northern Territory as well as Local Government rates and taxes.

(b) Farm-In contract commitments

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

Quantum Resources Limited and its Controlled Entity
Notes to and forming part of the Financial Statements
for the Half Year Ended 31 December 2004

2. COMMITMENTS (CONT'D)

Consolidated 31 December 2004 \$	Consolidated 30 June 2004 \$
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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	897,221	1,067,436
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The total commitment was \$1,200,000. To date \$302,779 has been spent. The Company can withdraw from these commitments after spending \$300,000.

3. CONTINGENT LIABILITIES

There have been no changes since 30 June 2004.

4. SEGMENT INFORMATION

Business segments	Mineral Exploration		Investments		Consolidated	
	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$
Primary Segment						
Revenue						
Interest	3,169	4,604	-	-	3,169	4,604
Proceeds from sale of non-current assets	-	-	-	143,791	-	143,791
Total segment revenue	3,169	4,604	-	143,791	3,169	148,395
Results						
Net (loss)	(225,376)	(157,736)	-	153,531	(225,376)	(4,205)

Secondary Segment

Geographic segment

The Company operates predominantly in Australia

5. ECONOMIC DEPENDENCY

The Company has a net deficiency of working capital of \$180,908 at 31 December 2004. 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. Since the balance date, the Company has raised \$492,500 through the placement of 19,700,000 ordinary shares at a price of 2.5 cents per share. In the past, companies associated with Mr Gutnick (a director of the Company) has provided on-going financial support to the Company. Mr. Gutnick has confirmed that based on the Company's present and projected cash flows (and anticipated support from its financiers over that time) he should have access to sufficient funds to be in a position to assist the Company to meet its commitments. Mr. Gutnick has invited the Company, as and when funds are required, to apply to him for relevant funds. Mr. Gutnick will then, at his absolute discretion, determine whether he is willing or able to assist the Company. In addition, the Company has no reason to doubt that normal credit and borrowing facilities will not continue to be provided by creditors and lenders and the Company will continue to be able to comply with these credit terms and there are no material contingent liabilities which could have an effect on the Company's financial position. Without the above support, there is significant uncertainty whether the Entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Financial Report.

Quantum Resources Limited and its Controlled Entity
Notes to and forming part of the Financial Statements
for the Half Year Ended 31 December 2004

6. IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Company has reviewed the transition to Australian equivalents to IFRS. The project is run by the Company Secretary who reports to the Managing Director and the board of directors. To date the Company has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required.

The changes identified to date that will be required to the Company's existing accounting policies include the following:

1. Impairment of Assets – The recoverable amount of non-current assets will be assessed as the higher of net selling price and value in use, on a discounted basis. The Company currently assesses recoverable amounts of non-current assets based on undiscounted future net cash flows. The Company's non-current assets (other than exploration and evaluation assets) are not material and therefore, the Company does not believe the impairment of assets test will have a material effect on the Company's financial position.
2. Exploration and Evaluation – The Australian equivalent of the IFRS standard AASB 6 - Exploration for and Evaluation of Mineral Resources was issued in December 2004. This standard is specific to exploration and evaluation assets and mandates the "area of interest" concept. It also requires companies that recognize exploration and evaluation assets to perform impairment tests on those assets when facts and circumstances suggest the carrying amount of the asset may be impaired. The impairment test is assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest.

The Company does not believe there will be any material effect on the Company's financial position as a result of the introduction of AASB 6.

3. Income Tax – Under the Australian equivalent to IAS 12 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognized directly in equity are also recognized directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognized directly in equity. Under IFRS deferred tax assets will be recognized for the carry forward of unused tax losses to the extent that future taxable profit is probable rather than virtually certain.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the Company's financial position and reported results.

7. EVENTS SUBSEQUENT TO BALANCE DATE

Since balance date, the Company has raised \$492,500 through the placement of 19,700,000 ordinary shares at 2.5 cents each.

Quantum Resources Limited
ABN 84 006 690 348
Directors' Declaration

In the opinion of the Directors of Quantum Resources Limited

- (a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows for the half year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable for the reasons set out in note 5.

Signed in accordance with a Resolution of the Board of Directors at Melbourne this 16th day of March 2005.



J.I. Gutnick
Director



Chartered Accountants
& Business Advisers

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**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF QUANTUM RESOURCES LIMITED**

Scope

We have reviewed the financial report of Quantum Resources Limited for the half-year ended 31 December 2004 as set out in pages 5 to 11. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

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

Independence

In conducting our review, we followed the applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. The auditor's independence declaration given to the directors would be in the same terms if it had been given at the time the review report was made.

Statement

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the statement above, attention is drawn to the following matter. As a result of the matters described in Note 5, there is significant uncertainty whether Quantum Resources Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

PKF
Chartered Accountants

M L Port
Partner

16 March 2005
Melbourne



Chartered Accountants
& Business Advisers

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INDEPENDENCE DECLARATION

**TO : THE DIRECTORS
QUANTUM RESOURCES LIMITED**

As lead engagement partner for the review of Quantum Resources Limited for the half year ended 31 December 2004, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink that reads 'PKF'.

A handwritten signature in black ink that reads 'M L Port'.

PKF
Chartered Accountants

M L Port
Partner

16 March 2005
Melbourne