
Quantum Resources Limited

ABN 84 006 690 348

**REPORT TO SHAREHOLDERS
FOR THE HALF YEAR ENDED
31 DECEMBER 2006**

**THIS REPORT SHOULD BE READ IN
CONJUNCTION WITH THE 2006 ANNUAL
FINANCIAL REPORT**

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

14 March 2007

Dear Shareholder

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

URANIUM AND BASE METAL EXPLORATION

In the Northern Territory, the Barrow Creek, Tanami, Mt Peake and Ware Range projects are prospective for **uranium** as well as gold. In Western Australia, the Gardner Range project is prospective for **uranium**.

Exploration for **uranium** on the Company's tenement holdings in the Gardner Range, 150 kilometres southeast of Hall's Creek in Western Australia will commence shortly as the tenements will be granted imminently. The Ware Range tenement was granted during the last quarter and a brief reconnaissance has been carried out. The tenements are prospective for unconformity related **uranium** deposits such as those in the Athabasca Basin in Canada. The Athabasca Basin has produced a significant proportion of total world uranium output. The Gardner Range is also prospective for **iron oxide gold-copper-uranium** deposits. In addition, the Company has tenement holdings in the Barrow Creek, Tanami and Mt Peake regions of the Northern Territory. These regions are known to be prospective for **uranium** and large portions of these are under-explored. The Company is currently preparing for fieldwork including a drilling program at Barrow Creek as heritage surveys have now been completed.

The Barrow Creek, Tanami, Mt Peake and Ware Range tenement holdings cover approximately 17,000 square kilometres in the Northern Territory and the Gardner Range tenement holdings cover approximately 650 square kilometres in Western Australia.

Gardner Range (Quantum 100%)

The Company holds tenements in the Gardner Range, 150 kilometres southeast of Hall's Creek. These tenements are on the verge of being granted, after which heritage surveys must be completed. The tenements are prospective for Olympic Dam-style **iron oxide gold-copper-uranium** deposits, or unconformity related **uranium** deposits such as those in the Athabasca Basin in Canada. The Athabasca Basin has produced a significant proportion of total world uranium output. Limited exploration for **uranium** around the margins of the Gardner Ranges was carried out in the early 1980's by BHP Exploration, and **uranium** mineralization was found to be present. The Company's tenements cover the Mt Mansbridge prospect where previous exploration reported significant uranium results up to 980 parts per million.

Areas to the north along a significant fault system over 60 kilometres long will be explored during the forthcoming quarter. The tenements are now surrounded to the north by Cameco, the large Canadian **uranium** producer. Modern day geochemical and geophysical methods will be employed to assess these areas.

The Company is currently compiling all historical exploration data on its North Australian Craton tenements which are prospective base metals as well as uranium. Following the compilation of this data and the completion of the surveys, soil sampling programs will be completed with the view to provide targets for drilling.

Ware Range (Quantum 100%)

The Ware Range tenement was granted in December 2006. The tenement was acquired as a result of geological similarities with the Gardner Range unconformity uranium concept. Open file reports have been examined and documented. Previous uranium exploration was limited to local rock chip sampling. The unconformity contact is under cover and as such has not been assessed. Laterite profiles over these contacts may provide a useful geochemical sampling medium.

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Barrow Creek Project (Quantum earning 80%)

The Company has acquired through joint venture two granted exploration licenses as well as five exploration license applications covering a total of total of 5,100 square kilometres of the faulted margin of the Georgina Basin to the southeast of Barrow Creek. The setting is also similar to the Ngalia Basin to the west which contains sediment-hosted **uranium** deposits of good grade. Radiometrics indicate that adjacent Proterozoic granites are anomalous in **uranium**, and adjacent sediments are also anomalous. A brief field visit included rock chip sampling which returned results above the background values which would be expected for these rock types.

Heritage surveys have now been completed over the two granted tenements, and field programs such as grid soil sampling and stream sediment sampling can now be carried out.

Tanami Project (Quantum earning 80%)

This project area covers 2,400 square kilometres in the Mt Davidson area east of The Granites Gold Mine. Previous exploration was restricted to broad spaced sampling for gold. Several tenements within this group overlap the boundary between the Proterozoic basement rocks and the younger Lander Trough of the Wiso basin to the north. This trough is prospective for Mississippi Valley Type (MVT) **silver-lead-zinc** deposits as well as possible gold deposits. However, the trough is probably most prospective for sediment-hosted **uranium** deposits similar to those in the Ngalia Basin to the south. There is also potential for calcrete-hosted uranium deposits in the more recent overlying sediments. The Company is actively pursuing agreements with the native title holders where necessary in order to proceed to granting of the tenements.

Mt Peake Project (Quantum earning 80%)

The Mt Peake project area covers approximately 7,700 square kilometres of prospective rocks between the Tanami Project to the northwest and Barrow Creek to the southeast. Previous exploration in this area was entirely restricted to gold, and this was largely wide spaced reconnaissance sampling as well. Several of these tenements also overlie the boundary of the Lander Trough and Proterozoic basement and as such are also highly prospective for sediment-hosted **uranium and silver-lead-zinc**. The tenements also overlie areas of extensive calcrete deposits which are suitable hosts to uranium elsewhere. The Company is pursuing agreements with the native title holders with regard to these tenements.

GOLD EXPLORATION

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

Whiteheads Project (Quantum earning 80%)

The Whiteheads Project is located 60 kilometres northeast of Kalgoorlie within the metamorphosed rocks of the Gindalbie Greenstone Belt. The area hosts mafic and felsic volcanics, sediments, and altered intrusive porphyries. The project areas surround the historic Gindalbie Mining Centre to the east which has produced 45,240 ounces of gold at an average grade of 27 g/t gold. The Lindsays Project immediately to the west has now been found to contain a resource of nearly 2 million ounces at approximately 2.4g/t gold.

Results of broad spaced RAB drilling in August 2006 have now been received and returned several intersections of anomalous gold. RAB hole WTHB959 returned 18 metres @ 1.32 g/t gold from 36 metres to the end of the hole. These were 4 metre composite samples. Resampling by individual metres and fire assay returned 6 metres @ 2.03 g/t gold from 38 metres, followed by 4 metres @ 0.46 g/t, another 4 metres @ 1.01 g/t and ending in 2 metres @ 0.44 g/t at 54 metres. Hole WTHB966, 160m along strike, also returned anomalous gold of 16m @ 0.36 g/t to the end of the hole upon resampling.

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Further RAB drilling along the trend in December 2006 returned anomalous gold intercepts such as 3 metres @1.21 g/t from 40 metres, 8 metres @1.01 from 40 metres, and 11 metres @1.07 g/t from 32 metres. These are 4 metre composites yet to be resampled.

These are RAB drilling samples but as the holes were dry, the results are considered to be encouraging.

St. Ives Project (Quantum 100%)

The Company's St Ives project covers 4 granted exploration licences and 1 pending application covering approximately 162 square kilometres of the prospective Lake Lefroy area, 60 kilometres south of Kalgoorlie. Most of the tenements are located immediately east of the main Boulder- Lefroy shear system, which is the major host to the gold mineralisation from the mines of the Kambalda/St Ives area through to Kalgoorlie. The Company believes that these tenements require thorough exploration programs due to their proximity to such an important shear system.

Heritage surveys were intended to be completed during the quarter in order to access some of these areas, however rain forced delays. A soil sampling program is planned over one of the tenements, while RAB drilling over a significant north-south structural splay will be carried out over a further tenement in the project area.

Jackson Project (Quantum 100%)

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

Assessment of open file reports has been completed with the outcome indicating that there are areas of potential for gold under the cover of recent sediments along the margins of the belts. Previous sampling was ineffective as transported material was collected. Wide spaced RAB drilling would be the preferred method of testing these trends. Heritage surveys are required to be completed before ground work can begin.

Farm-Out Joint Ventures

Wanganoo Joint Venture (Quantum 20%)

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

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

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

Officer Hill Joint Venture

Newmont Australia have joint ventured into EL23150 which is located 34 kilometres southwest of The Callie gold mine, also owned by Newmont. Previous explorers located sporadic mineralization from drilling such 4 metres @ 4.64g/t, numerous short intervals of 1-4g/t, and several wide intercepts of 0.1-1g/t. The prospect is considered to have excellent potential to host steeply plunging shoots such

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as those at the Tanami Gold Mine. An apparent fold closure to the east offers the possibility of discovery of Callie-style mineralization at depth.

CORPORATE

During the quarter, the Company issued 10,100,000 options pursuant to the 2005 employee share option plan, at an exercise price of 7 cents, a latest exercise date of 19 October, 2011 and with a 2 year vesting period.

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 D Tyrwhitt who is Fellow of the Australasian Institute of Mining & Metallurgy and who has over 40 years experience in the exploration field.

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Directors' Report

The Directors of Quantum Resources Limited present their report for the half year ended 31 December 2006.

1. Directors

The Directors of the Company in office during the half year and at the date of this Report are:

Mr Joseph Gutnick FAusIMM FAIM MAICD
Chairman and Managing Director

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

Mr Mordechai Gutnick
Non-Executive Director

2. Review and Results of Operations

The Company recorded a net loss of \$262,328 (2005: \$325,356) for the half-year ended 31 December 2006.

Objectives

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

Income Statement

Revenue

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

In the 2006 half-year, finance revenue has increased from \$861 in 2005 to \$46,176 in 2006 due to the increase in interest income.

Expenses

Expenses decreased from \$326,217 for the 2005 half year to \$308,504 for the 2006 half year. Exploration expenditure written off decreased from \$405,236 in 2005 to \$62,415 in 2006. In prior periods, previously capitalized exploration expenditure on non-prospective tenements has been written off. In the 2006 half year, a majority of exploration expenditure has been carried forward as the Company believes it can be ultimately recovered through development or sale. Administration costs increased from \$216,762 in 2005 to \$232,701 in 2006. A majority of administration costs did not vary from the 2006 half year to the 2005 half year. Finance costs being interest on borrowings decreased from \$9,444 in 2005 to \$231 in 2006 as a result of repayment of borrowings. Other expenses in the 2006 half year of \$13,157 of which \$13,130 related to amortization of employee share options compared to \$nil in the 2005 half year. In the 2005 half-year, the Company recovered \$305,225 previously treated as a doubtful receivable and there was no comparable recovery in 2006.

The result is an operating loss for the Company of \$262,328 in 2006 compared to \$325,356 in 2005.

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Directors' Report

Balance Sheet

During the 2006 half-year the Company's cash balance decreased from \$1,037,152 at 30 June 2006 to \$127,005. Exploration costs capitalized from \$161,048 in 2005 to \$534,670 in 2006. Other current and non current receivable assets of which \$765,350 in 2006 relates to the amount owing by AXIS. Interest is charged on this amount at the rate of 10.10%.

Trade and other payables of \$65,371 at 31 December 2006 represents amounts owing for contract drilling and administration costs.

Cash Flow

During the half year to December 2006, the Company made payments in the course of operations of \$251,714, for exploration of \$440,497, advanced \$256,351 to another entity and earned \$46,176 in interest.

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 14th day of March 2007.



J I Gutnick
Director



Chartered Accountants
& Business Advisers

14 March 2007

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

Dear Directors

INDEPENDENCE DECLARATION

As lead engagement partner for the review of Quantum Resources Limited for the half-year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

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

PKF

PKF
Chartered Accountants

M L Port
Partner

Quantum Resources Limited
 ABN 84 006 690 348
 Condensed Income Statement
 For the Half-Year Ended 31 December 2006

	Notes	2006 \$	2005 \$
Continuing Operations			
Finance revenue	3	46,176	861
Revenue		46,176	861
Other income	3	-	305,225
Exploration expenditure written off		(62,415)	(405,236)
Administration expenses		(232,701)	(216,762)
Other expenses	3	(13,157)	-
Finance costs	3	(231)	(9,444)
Loss before income tax		(262,328)	(325,356)
Income tax expense		-	-
Loss for the period after tax from continuing operations		(262,328)	(325,356)
Loss attributable to members		(262,328)	(325,356)
Earnings per share		Cents	Cents
Basic loss per share for the half-year attributable to ordinary equity holders	4	(0.07)	(0.10)
Diluted loss per share for the half-year attributable to ordinary equity holders	4	(0.07)	(0.10)

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

Quantum Resources Limited
Condensed Balance Sheet as at 31 December 2006

	Note	31 December 2006 \$	30 June 2006 \$
ASSETS			
Current Assets			
Cash and cash equivalents		127,005	1,037,152
Receivables		544,509	10,500
Total Current Assets		<u>671,514</u>	<u>1,047,652</u>
Non-Current Assets			
Receivables		245,350	509,000
Available-for-sale investments		779	879
Exploration expenditure		534,670	161,048
Property, plant and equipment		953	-
Total Non-Current Assets		<u>781,752</u>	<u>670,927</u>
TOTAL ASSETS		<u>1,453,266</u>	<u>1,718,579</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		65,371	81,413
Total Current Liabilities		<u>65,371</u>	<u>81,413</u>
TOTAL LIABILITIES		<u>65,371</u>	<u>81,413</u>
NET ASSETS		<u>1,387,895</u>	<u>1,637,166</u>
EQUITY			
Issued capital	6	53,484,829	53,484,829
Reserves		633,307	620,250
Accumulated losses		(52,730,241)	(52,467,913)
TOTAL EQUITY		<u>1,387,895</u>	<u>1,637,166</u>

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

Quantum Resources Limited
Condensed Cash Flow Statement for the Half Year Ended 31 December 2006

	2006 \$	2005 \$
Cash flows from operating activities		
Payments in the course of operations	(251,714)	(227,313)
Interest received	46,176	861
Borrowing costs paid	(231)	(3,234)
Net cash (used in) operating activities	(205,769)	(229,686)
Cash flows from investing activities		
Payments for exploration expenditure	(440,497)	(158,996)
Proceeds from loan receivable	-	401,591
Loans to other entity	(256,351)	(172,685)
Proceeds from disposal of available-for-sale investments	-	31,645
Net cash (used in) provided by investing activities	(696,848)	101,555
Cash flows from financing activities		
Transaction costs on issue of shares	(7,530)	(22,081)
Proceeds from borrowings	-	162,450
Net cash (used in) provided by financing activities	(7,530)	140,369
Net increase/(decrease) in cash held	(910,147)	12,238
Cash and cash equivalents at beginning of period	1,037,152	1,393
Cash and cash equivalents at end of period	127,005	13,631

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

Quantum Resources Limited
Condensed Statement of Changes in Equity for the Half-Year Ended
31 December 2006

The Company	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
At 1 July 2005	51,982,991	(52,194,274)	978,176	766,893
Loss for the period	-	(325,356)	-	(325,356)
Net gains on available-for-sale financial assets	-	-	53,774	53,774
At 31 December 2005	51,982,991	(52,519,630)	1,031,950	495,311
At 1 July 2006	53,484,829	(52,467,913)	620,250	1,637,166
Loss for the period	-	(262,328)	-	(262,328)
Net (loss) on available-for-sale financial assets	-	-	(73)	(73)
Share-based payments charge	-	-	13,130	13,130
At 31 December 2006	53,484,829	(52,730,241)	633,307	1,387,895

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

Quantum Resources Limited
Notes to the Half-Year Financial Statements
For the Half-Year Ended 31 December 2006

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

(a) Reporting Entity

Quantum Resources Limited (the "Company") is a company domiciled in Australia. The financial report of the Company as at and for the half-year ended 31 December 2006 comprises the Company only and has not been consolidated with any other entity.

The annual financial report of the entity as at and for the year ended 30 June 2006 is available upon request from the Company's registered office at Level 8, 580 St Kilda Road, Melbourne, VIC 3004 or at www.qur.com.au.

(b) Statement of compliance

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

The half-year financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of Quantum Resources Limited as at and for the year ended 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by Quantum Resources Limited during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report was approved by the Board of Directors on 14 March 2007.

(c) Summary of significant accounting policies

- (i) Except as described below, the accounting policies applied by the entity in this half-year report are the same as those applied by the entity in its financial report as at and for the year ended 30 June 2006.

(ii) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the income statement on a straight line basis over the estimated useful life of the assets. The estimated useful life of motor vehicles is between 3 and 5 years.

The asset's residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, at each financial year end.

When an asset's carrying value is increased as a result of a revaluation, the increase is, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, credited directly to revaluation reserve.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is, except to the extent of any credit balance existing in the revaluation reserve in respect of that asset, recognised in profit or loss.

The revaluation surplus is transferred directly to retained earnings when the asset is derecognised.

Quantum Resources Limited
Notes to the Half-Year Financial Statements
For the Half-Year Ended 31 December 2006

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS (Cont'd)

(c) Summary of significant accounting policies (Cont'd)

(iii) Share-based payment transactions

Share-based compensation benefits are provided to employees, Directors, officers or consultants of the Company or an associated body corporate and such other persons nominated by the Directors under the Quantum Resources Limited 2005 Share Option Plan which allows participants to acquire shares of the Company.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the participants become unconditionally entitled to the options. The fair value of the options granted is measured using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest at each balance sheet date.

(iv) Estimates

The preparation of the half year financial report requires management to make judgements, estimates and assumptions that reflect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

In preparing the half year financial report, the significant judgements made by management in applying the entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2006.

2. SEGMENT INFORMATION

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

3. REVENUE AND EXPENSES

	2006	2005
	\$	\$
Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:		
(i) Finance revenue		
Interest		
Other Entity	35,887	756
Other	10,289	105
Total finance revenue	46,176	861
(ii) Other income		
Decrease in allowance for doubtful receivable	-	305,225
Total other income	-	305,225

Quantum Resources Limited
Notes to the Half-Year Financial Statements
For the Half-Year Ended 31 December 2006

3. REVENUE AND EXPENSES (Cont'd)	2006	2005
	\$	\$
(iii) Finance Costs		
Borrowing costs		
Related Parties	-	6,208
Other Entity	-	3,234
Other	231	2
	<hr/>	<hr/>
Total finance costs	231	9,444
	<hr/>	<hr/>
(iv) Other Expenses		
Employee share option amortisation	13,130	-
Impairment of available-for-sale investments	27	-
	<hr/>	<hr/>
Total other expenses	13,157	-
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4. EARNINGS PER SHARE

Basic earnings per share

The calculations of basic earnings per share for the six months ended 31 December 2006 was based on the loss attributable to ordinary shareholders of \$262,328 (six months ended 31 December 2005: loss \$325,356) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2006 of 351,113,528 (six months ended 31 December 2005: 310,597,528) calculated as follows:

	2006	2005
	\$	\$
Loss attributable to ordinary shareholders		
For the six months ended 31 December		
Loss for the period	(262,328)	(325,356)
	<hr/>	<hr/>
	Number of shares	Number of shares
Weighted average number of ordinary shares		
For the six months ended 31 December	351,113,528	310,597,528
	<hr/>	<hr/>

Diluted earnings per share

There is no calculation of diluted earnings per share as the effect of converting "out of the money" options at reporting date would be anti-dilutive.

5. EMPLOYEE BENEFITS

Share based payments

At the 2005 annual general meeting, the Company established the Quantum Resources Limited 2005 Share Option Plan which allows employees, Directors, officers or consultants of the Company or an associated body corporate and such other persons nominated by the Directors to participate in the plan.

Quantum Resources Limited
Notes to the Half-Year Financial Statements
For the Half-Year Ended 31 December 2006

5. EMPLOYEE BENEFITS (Cont'd)

Events of options made under this plan during the period are as follows:

On 19 October 2006, 10,100,000 options were issued at an exercise price of \$0.07. Optionholders must remain eligible (which would usually mean remaining an eligible person although the Board has some discretion to allow continued participation in the event of an eligible person's death, mental incapacity, ill health, accident or redundancy) to participate in the plan throughout the two (2) year vesting period and can be exercised at any time following vesting up to 19 October 2011. All options, if exercised, will be settled by physical delivery of the shares.

The number and weighted average exercise price of share options is as follows:

	2006		2005	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	-	-	-	-
Granted during the period	\$0.07	10,100,000	-	-
Outstanding at the end of the period	\$0.07	10,100,000	-	-
Exercisable at the end of the period	-	-	-	-

The options outstanding at 31 December 2006 have an exercise price of \$0.07 and a remaining contractual life of 4.8 years.

The value of services received in return for employee share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial option pricing model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

Fair value at shares, options and assumptions	2006	2005
Fair value at measurement date	1.3¢	-
Share price	4.0¢	-
Exercise price	7.0¢	-
Expected volatility (estimated average volatility used in the modelling under binomial option pricing model)	60%	-
Option life (expressed as weighted average life used in the modelling under binomial option pricing model)	3.5 years	-
Expected dividends	Nil	-
Risk-free interest rate (based on Australian Government five-year bond rate at grant date)	5.91%	-

The expected volatility is based on the recent historic volatility of comparable listed companies (calculated based on the mid point remaining life of the share options) adjusted for any expected changes to future volatility due to publicly available information.

Employee share options are granted under service conditions. No market or non-market performance conditions are taken into account in the grant date fair value measurement of the services received.

Quantum Resources Limited
Notes to the Half-Year Financial Statements
For the Half-Year Ended 31 December 2006

5. EMPLOYEE BENEFITS (Cont'd)

	2006	2005
Employee expenses	\$	\$
Share options granted in 2006		
Total expense recognised as employee cost	13,130	-

Other than the issue of options referred to above, at 31 December 2006 there was no change to the information set out in note 19 to the 2006 annual financial report.

6. ISSUED CAPITAL

	31 December 2006	30 June 2006
	\$	\$
Ordinary shares Issued and fully paid	53,484,829	53,484,829

There were no movements in the ordinary share capital of the Company for the half-year ended 31 December 2006. Details of the movements in ordinary share capital for the comparative period are contained in the 2006 Annual Report of the Company.

7. COMMITMENTS

Exploration

(a) Changes in existing commitments

As a result of a number of tenements being granted since 30 June 2006, the amounts which may be required to be expended to retain tenements has changed. These commitments are as follows

Not later than one year	956,700	773,000
Later than one year but not later than five years	3,251,800	2,349,000
Later than five years but not later than twenty-one years	51,700	-
	4,260,200	3,122,000

(b) Farm-In contract commitments

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

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

Later than one year but not later than five years	1,009,680	1,378,321
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However the Company can withdraw from these commitments at any time as it has met the minimum expenditure commitment under the joint venture.

Quantum Resources Limited
Notes to the Half-Year Financial Statements
For the Half-Year Ended 31 December 2006

Quantum Resources Limited
Notes to the Half-Year Financial Statements
For the Half-Year Ended 31 December 2006

8. CONTINGENT LIABILITY

There has been no change since 30 June 2006.

Quantum Resources Limited
Directors' Declaration

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

- (a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2006 and of its performance;
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a Resolution of the Directors at Melbourne this 14th day of March 2007.



J.I. Gutnick
Director



Chartered Accountants
& Business Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Quantum Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

PKF

PKF
Chartered Accountants

M L Port

M L Port
Partner

Melbourne
14 March 2007