



REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2001

OVERVIEW

Quantum Resources Limited (the "Company" or "Quantum") has continued to develop its mineral royalty business with the discovery of anomalous tantalum on its Cobalark Project.

As previously announced, the Company has received a number of anomalous tantalum results from its Cobalark Project, located 30 kilometres southwest of Meekatharra, in Western Australia. Widely spaced surface laterite samples have returned several anomalous tantalum results with two samples, located some three kilometres apart, returning 140 parts per million ("ppm") and 54 ppm tantalum. These anomalous tantalum results with associated anomalous tin and niobium, together with known occurrences of pegmatite are considered to be encouraging signs for the discovery of significant tantalum mineralisation in the project area. The discovery of tantalum anomalism at Cobalark is in keeping with the Company's strategy to add value to its projects before finding a suitable partner to fund detailed exploration and possible mine development. Follow-up sampling and field mapping is being planned for the current quarter.

The Company also completed a follow-up sampling program at its Peak Hill Project where a strong stream sediment gold anomaly had previously been identified. Assay results for this program are pending.

Other developments include:

- Identification of an airborne electromagnetic anomaly at the New Comet Project which holds potential for the discovery of high-grade gold mineralisation. It is anticipated that drilling of this anomaly will take place as soon as the tenement is granted, possibly in early 2002.
- Directly to the north of the Eneabba Mineral Sands Project, an upgraded resource of 133 million tonnes grading 4.8 percent heavy minerals was recently reported by Magnetic Minerals Limited. Quantum's project area lies in prospective stratigraphy between this resource and Eneabba mineral sand deposits.
- New projects were acquired in several areas including:
 - 16 square kilometres located five kilometres north of Kalgoorlie,
 - 188 square kilometres located adjacent to Bendigo and
 - 10 square kilometres located 13 kilometres northwest of the Kundana mine adjacent to the Zuleika shear zone.

The Company maintains its investment in certain resource companies, including a 43.1 percent stake in Johnson's Well Mining N.L. which has a 70 percent interest in the Rosemont gold deposit. The Rosemont gold deposit has a reported mineral resource of 1.2 million ounces and work is currently being completed on a revised mineral resource estimate which will form the basis of a scoping study to assess the possible development of the deposit.

ROYALTY BUSINESS EXPLORATION PROJECTS

Western Australia

Cobalark (tantalum)

As previously announced, the Company has received a number of anomalous tantalum results from its Cobalark Project, located 30 kilometres southwest of Meekatharra, in Western Australia. Widely spaced surface laterite samples have returned several anomalous tantalum results with two samples, located some three kilometres apart, returning 140 parts per million ("ppm") and 54 ppm tantalum. Samples within the project area also returned anomalous tin (to 188 ppm) and niobium (to 1,200ppm) results. Pegmatite intrusions within the predominantly granite bedrock have been identified in the project area however, the source of the strong tantalum anomaly has not yet been identified.

These anomalous tantalum results with associated anomalous tin and niobium, together with known occurrences of pegmatite are considered to be encouraging signs for the discovery of significant tantalum mineralisation in the project area. The geochemical association at the Cobalark project is similar to that found at the world class Greenbushes tantalum mine, which is hosted by pegmatite. Mineral reserves at Greenbushes have reported tantalum levels of around 185 ppm¹. Laterite geochemistry is a well-documented method of exploring for pegmatite-hosted mineralisation in these terrains with lateritic material from around the Greenbushes mine having average reported tantalum levels of 27 ppm².

The discovery of tantalum anomalism at Cobalark is in keeping with the Company's strategy to add value to its projects before finding a suitable partner to fund detailed exploration and possible mine development. Follow-up sampling and field mapping is being planned for the current quarter.

Peak Hill Project (gold)

The Peak Hill Project is located 20 kilometres to the northeast of the Fortnum gold mine, within the Bangemall Basin. This ground was applied for on the basis of a strong stream sediment gold anomaly generated by regional sampling conducted the Geological Survey of Western Australia. Based on these results, there is considered to be potential for disseminated gold mineralisation hosted by the sandstone, shale and chert mapped in the area. Some 70 follow-up samples were taken in the project area during the quarter and results are pending.

New Comet Project (gold)

The New Comet Project is located 25 kilometres east of Cue, adjacent to the Comet gold mining centre. The Comet gold mining centre has a reported gold endowment of approximately 0.4 million ounces at grades of 4-6 grams per tonne ("g/t") gold. A distinct airborne electromagnetic anomaly has been identified on Quantum's ground that appears to have a similar electromagnetic response to the Comet mineralisation. This anomaly is located beneath alluvial cover and represents a clear drill target. It is anticipated that the Company will conduct reconnaissance drilling as soon as the tenement is granted, possibly early in 2002. If significant mineralisation is intersected, a joint venture partner will be sought to carry out detailed exploration drilling and any possible mine development.

Ambergate Project (mineral sands)

At the Ambergate Project, in the southern Perth Basin of Western Australia, Quantum has acquired a 100 percent interest in a high grade mineral sands resource. The total, inferred and indicated mineral resource consists of approximately 9.57 million tonnes grading 6.4 percent heavy minerals for 611,000 tonnes contained heavy minerals. Mineralogy is favourable with high value per tonne concentrate achievable. Quantum is presently in receipt of a number of competing offers to progress the project with a view to the commercialisation of the mineral sands resource

Eneabba East Project (mineral sands)

At Eneabba East, in the northern Perth Basin, Quantum has acquired a 100 percent interest in a historical dune sequence identified as prospective for heavy mineral sand deposits. The project abuts the world-class Eneabba mine and the Dongara mineralisation where Magnetic Minerals Limited have recently released a resource estimate of 133 million tonnes grading 4.8 percent heavy minerals. Aerial photograph interpretation is in progress with a view to delineating prospective strand lines capable of hosting similar mineralogy to the Dongara. Quantum is presently negotiating with a third party who wishes to compile all past exploration data from Eneabba East with a view to a forming a joint venture.

Southern Star Project (gold)

Quantum has acquired a 100 percent interest in a tract of greenstone belt south of the Southern Cross mining centre, 400 kilometres east of Perth. The Quantum leases are adjacent to shallow gold workings at the Dulcie prospect and north of British Hill prospect within the Southern Cross greenstone belt. Following acquisition of the project, Quantum has negotiated a joint venture with Hamill Resources Ltd ("Hamill") whereby the latter will cover all exploration costs with Quantum retaining a 20 percent free-carried interest through to a decision to mine with the option to substitute equity for a royalty stream at that time. The joint venture tenements adjoin Hamill's British Hill prospect where a 50,000 ounce gold resource grading 2.5 grams per tonne ("g/t") has been defined to date.

Lake Lefroy Project (gold)

Quantum has applications covering a highly prospective zone within Lake Lefroy, approximately 60 kilometres south of Kalgoorlie. Quantum tenure lies immediately east of the Boulder-Lefroy fault system that hosts the world-class St Ives mineral field presently operating as a 400,000 ounces per annum gold operation. The plus one million ounce Belleisle gold deposit is located approximately two kilometres to the southwest of Quantum's project area. An expression of interest to joint venture this property has been received.

Western Australia – Other Projects

In addition to the projects outlined above, Quantum has several additional projects in Western Australia. These include:

- **PILBARA MANGANESE** – 644 square kilometres of ground in the east Pilbara region along strike from the successful Woodie Woodie manganese mine. The ground holding covers favourable stratigraphy with numerous known manganese occurrences.
- **MURCHISON GOLD** – some 200 square kilometres in the Murchison district covering favourable greenstone lithologies for Archaean gold mineralisation.
- **JACKSON GOLD** – approximately 500 square kilometres over the Barlee greenstone belt to the north of Southern Cross covering favourable greenstone lithologies for Archaean gold mineralisation. Much of the ground is covered by generally thin alluvial and colluvial deposits with little past exploration.

- **KALGOORLIE NORTH GOLD** – some 16 square kilometres located some five kilometres to the north of Kalgoorlie. This ground is adjacent to ground controlled by Kalgoorlie Consolidated Gold Mines Pty Ltd, which manages the Kalgoorlie super-pit operations.
- **BOUNTY NORTHWEST GOLD** – a tenement adjacent to known gold mineralisation, some four kilometres northwest of the Bounty gold mine within the Forrestania greenstone belt.
- **ZULEIKA GOLD** – tenements covering some 10 square kilometres approximately 13 kilometres northwest of the Kundana goldmine.

South Australia

Gawler Project (gold)

Quantum has applied for some 1,200 square kilometres in the Gawler Craton of South Australia where it believes there is substantial potential to discover high grade gold deposits similar to the Challenger deposit. The Challenger deposit, owned by Dominion Mining Limited ("Dominion"), is currently the subject of a feasibility study and has a defined resource of 1.86 million tonnes grading 8.45g/t for 503,362 ounces of gold, with considerable potential to extend this resource along strike and down dip. Quantum's ground lies along strike from the Challenger deposit and immediately adjacent to Dominion's Golf Bore prospect where an inferred resource of 0.72 million tonnes grading 3.29g/t for 76,814 ounces of gold has been reported. The Golf Bore mineralisation extends onto Quantum's ground and a review of existing exploration data has highlighted a number of targets within this zone for immediate drill testing plus other targets that have potential for economic mineralisation. Quantum believes it is well positioned in the Gawler Craton to benefit from the next phase of exploration and development success in this under-explored region.

Northern Territory/Western Australia

Tanami Project (gold)

Quantum has a ground holding covering some 1,620 square kilometres in the highly prospective Tanami region of the Northern Territory and Western Australia including areas within 15 kilometres of the major Callie gold deposit controlled by Normandy Mining Limited. Although at an preliminary stage of data assessment, it is evident that there are a number of areas within Quantum's ground holdings over favourable stratigraphy with gold anomalies defined by previous explorers. On the Western Australian side, Quantum's ground lies adjacent and along strike from Tanami Gold N.L.'s tenure which has recently been joint ventured to Homestake Mining. As with the Gawler Project, Quantum believes that there is considerable scope in the Tanami region to re-assess past exploration work in light of recent discoveries and the latest exploration techniques with the view to finding economic mineralisation in areas which have been under-explored.

New South Wales

Torrington Project (topaz)

The Torrington Project is based on a large topaz resource located near the town of Torrington in the far north-west of New South Wales. Through the processing of topaz various specialised strengthening materials for the ceramics industry can be produced, including single crystal mullite fibres, alumina platelets, leucite and nepheline. The market

for ceramic fibres includes the aerospace, electrical and industrial sectors where the need for high-refractory and fracture-toughness components are required. Although the market for ceramic fibres is small there is believed to be considerable potential to develop highly profitable niche products from the Torrington topaz. Research aimed at the commercialisation of the Torrington topaz resource has been conducted at the University of New South Wales with other important information being generated by the CSIRO and Taylor Ceramic Engineering. Quantum is currently in discussions with a party that is seeking to acquire an interest in the Project.

Victoria

Bendigo West Project (gold)

Quantum has applied for some 188 square kilometres directly to the west of Bendigo, Victoria. This follows from the recent deal between Bendigo Mining NL ("Bendigo Mining") and Harmony Gold Mining Company Limited ("Harmony") whereby Harmony has agreed to inject \$50 million into Bendigo Mining to advance development of the Bendigo goldmine. This deal is seen as major affirmation of the gold mining potential at Bendigo and the Company has moved quickly to secure the ground position adjacent to the Bendigo Mining leases, within a few kilometres of the Bendigo mine.

INVESTMENTS

Quantum holds a number of strategic investments in minerals exploration companies, including a 43.1 percent interest in Johnson's Well Mining N.L. ("Johnson's Well") and a 6.2 percent interest in Gutnick Resources N.L.

Johnson's Well is an Australian gold exploration company with two main exploration projects in contrasting geological settings. These projects are summarised as follows:

- **DUKETON PROJECT, WESTERN AUSTRALIA** – The Duketon Greenstone Belt is the northern extension of the highly prospective Laverton Tectonic Zone, where Johnson's Well has a 70% interest in the Rosemont gold deposit and certain surrounding tenements in joint venture with Normandy Mining Limited. The existence of old mines, the lack of drilling beneath the old workings and the evidence of large areas of favourable structures and host rocks under alluvial cover make this area highly prospective and a major focus for Johnson's Well.

The Rosemont gold deposit has a reported mineral resource of 1.2 million ounces and the current work program is aimed at gaining a better understanding of the distribution of high-grade gold mineralisation with the objective of improving the economics of the deposit. Johnson's Well is currently working on a revised mineral resource estimate for the Rosemont gold deposit which is incorporating new drilling data and a revised geological interpretation. The revised mineral resource estimate will form the basis of a scoping study to assess the possible future development of the deposit.

- **RAND PROJECT, NORTHERN TERRITORY** – This project is a 50:50 joint venture between the Johnson's Well and Gutnick Resources N.L. seeking Witwatersrand style gold deposits within the Amadeus and Ngalia Basins in the Northern Territory. Several exploration licences have been granted to date and land access for two high priority exploration areas is currently being advanced so that on-ground exploration can commence. Initial exploration will focus on a number of geochemical anomalies which have previously been defined in areas of high geological prospectivity.

The information in this report is based on and accurately reflects information compiled by Mr D. von Perger, who is a member of the Australasian Institute of Mining & Metallurgy and has 9 years experience in the exploration field. Mr D. von Perger is employed by AWI Administration Services Pty Ltd.

Attached is a copy of the Company's Mining Exploration Entity Quarterly Report in accordance with Listing Rule 5.3.

J.I. Gutnick

J I GUTNICK
Chairman & Managing Director
30 October 2001

References:

- 1: Sons of Gwalia Ltd, Report on Activities for the Quarter ended 31 March 2001.
- 2: Smith R.E., Perdrix J.L. and Davis J.M., 1987. Dispersion into Pisolitic Laterite from the Greenbushes Mineralised Sn-Ta Pegmatite System, Western Australia. *J. of Geochem. Explor.*, 28: 251-265.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

QUANTUM RESOURCES LIMITED

ABN

84 006 690 348

Quarter ended ("current quarter")

30 September 2001

Consolidated statement of cash flows

	Current quarter \$A'000	YTD (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(21)	(21)
(b) development	-	-
(c) production	-	-
(d) administration	(27)	(27)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	12	12
Net Operating Cash Flows	(37)	(37)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(37)	(37)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(37)	(37)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	123	123
1.17	Repayment of borrowings	(88)	(88)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	35	35
	Net increase (decrease) in cash held	(2)	(2)
1.20	Cash at beginning of quarter/year to date	3	3
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1	1

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	39
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Refer attached details	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
-
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Refer attached details	Refer attached details
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1	3
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1	3

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		-		
	Interests in mining tenements relinquished, reduced or lapsed			
6.2		-		
	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	218,015,503	218,015,503	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	2,675,000	-	<i>Exercise price</i> \$0.08	<i>Expiry date</i> 24/03/2010
	43,760,621	43,760,621	\$0.10	31/10/2010
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30 October 2001
(Company Secretary)

Print name: Peter J. Lee

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

Mining exploration entity quarterly report

**QUANTUM RESOURCES LIMITED
ABN 84 006 690 348**

**For Quarter Ended 30.06.2001
(referred to in this Statement as the "Current Quarter")**

ADDITIONAL INFORMATION

Item 1.25 Payments to Directors and Related Entities

Some of the Directors of the Company are also Directors of A.W.I. Administration Services Pty. Ltd. ("Admin"). The Company paid Admin \$88,000 during the quarter ended 30 September 2001 for management and other services rendered. The Company does not consider Admin to be a related party.

Item 3.1 Loan Facilities

Chevas Pty Ltd, a Director Related Entity has agreed to provide finance to the Company during the December 2001 quarter.

Item 7.7 Options

Listed

43,760,621 Options maturing 31 October 2010 at and exercise price of \$0.10 per Option. The Options are exercisable any time after 1 January 2002. Each option will convert to one fully paid ordinary share

Unlisted

2,675,000 Options maturing 24 March 2010, issued under the Senior Executive Share Option Plan, have an exercise price of \$0.08 per Option. Upon exercise, each option will convert to one Fully Paid Ordinary Share. These options cannot be exercised until after 24 March 2003 and only at that time if the Company's share price on the ASX has increased by a factor of 20% over the price of the Shares at the time the Options were issued.

+ See chapter 19 for defined terms.