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## REPORT FOR THE QUARTER ENDED 30 JUNE 2002

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### OVERVIEW

Quantum Resources Limited (“Quantum” or the “the Company”) continues to build upon its portfolio of prospective mineral properties whilst developing relationships with third party mining and exploration companies through royalty and/or farm-out agreements and conducting exploration in its own right.

The Company currently holds tenements covering over 7,000 square kilometres in Western Australia, Northern Territory, South Australia, Victoria and New South Wales.

Agreements have been concluded on the following properties:

- Kalgoorlie North (gold);
- Southern Star Project (gold);
- Pilbara Manganese Project (manganese)

The Company has also developed exploration programs for selected projects where opportunities exist to add value prior to attracting a partner to fund further exploration and/or mine development. The Company has selected two gold projects, the Gawler and New Comet projects, where it intends to commence reconnaissance exploration programs.

At the New Comet Project, located 25 kilometres east of Cue, a distinct airborne electromagnetic anomaly has been identified on Quantum’s ground that appears to have a similar electromagnetic response to the previously mined Comet mineralisation. This anomaly is located beneath alluvial cover and has not been drill tested. A recent visit to the area identified a pyritic ironstone unit in an old shallow drillhole, 700 metres to the south of the centre of the electromagnetic anomaly. The presence of pyritic ironstone in close proximity to the electromagnetic anomaly is encouraging, as this is type of rock that hosts the Comet mineralisation and could be responsible for the electromagnetic anomaly. Preparations are being advanced to drill test this anomaly.

The Company’s Gawler project continues to gather momentum following a review of existing exploration data which has highlighted a number of targets that may warrant drill testing. The Gawler Craton has recently demonstrated its potential for significant mineral discoveries, with Minotaur Resources Limited’s recent announcement of drilling results from its Mt. Woods Project. These results highlight the Gawler Craton’s potential to host additional Olympic Dam style copper-gold deposits and this potential may extend to the Company’s Halfmoon licence.

## **PROJECT REVIEWS**

### **New Comet Project (Quantum 100%)**

The New Comet Project is located 25 kilometres east of Cue, adjacent to the Comet gold mining centre. 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 has not been drill tested.

A recent reconnaissance visit to the area identified a pyritic ironstone unit in an old shallow drillhole, 700 metres to the south of the centre of the electromagnetic anomaly. The presence of such a pyritic ironstone in close proximity to the electromagnetic anomaly is encouraging, as this is type of rock that hosts the Comet mineralisation and could be responsible for the electromagnetic anomaly.

The New Comet Project forms part of the Company's larger Tuckabianna Project area in which a number of gold exploration targets have been identified. At the Eelya Hill Prospect, previous drilling of an induced-polarisation anomaly intersected 3 metres grading 3.6 grams per tonne gold and 6.8 percent copper on the contact between strongly folded felsic and mafic volcanic units. This mineralisation appears to have little or no surface geochemical expression, which is probably due to the deep weathering of the rock units.

The drilling result, generated in 1992, has never been followed up along strike and the Company is assessing the best way to advance this interesting prospect.

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

The Company holds two exploration licences on the Gawler Craton in South Australia. The Gawler Craton attracted significant investor interest in 1995 following the discovery of the Challenger gold deposit. Considerable exploration activity followed with further gold mineralisation being found in a number of areas. The Challenger gold deposit has a reported mineral resource of 1.7 million tonnes grading 8.5 grams per tonne gold for 0.46 million ounces and is currently being developed by Dominion Mining Limited ("Dominion").

The Company's Wildingi licence is located approximately 60 kilometres to the north-east of the Challenger deposit and adjacent to Dominion's Golf Bore prospect. The Golf Bore mineralisation partially extends onto the Company's Wildingi licence and a review of existing exploration data has highlighted a number of targets within this zone that may warrant drill testing.

The Gawler Craton has recently demonstrated its potential for significant mineral discoveries, with Minotaur Resources Limited's recent announcement of drilling results from its Mt. Woods Project. These results highlight the Gawler Craton's potential to host additional Olympic Dam style copper-gold deposits and this potential may extend to the Company's Halfmoon licence.

During the quarter the Company advanced the geological and geophysical appraisal of the Gawler Project areas in preparation for more detailed exploration.

### **Kalgoorlie North Project (Juniper Resources Ltd earning 80%)**

This project comprises 16 square kilometres, held 100 percent by Quantum, located some 5 kilometres north of Kalgoorlie. Compilation of recently received exploration data from the previous explorer has highlighted a 1.5 kilometre long gold in soil anomaly (40 – 145 parts per billion gold) at the Two Up Prospect associated with old workings within felsic volcanic rocks and black shales.

Follow-up drilling on 200 metre spaced lines intersected a felsic porphyry containing pyrite, arsenopyrite and abundant quartz veining. Anomalous gold results were reported from one line, including:

PKRC23 – 1 metre grading 3.92g/t gold from 56 metres depth;  
PKRC13 – 1 metre grading 2.77g/t gold from 18 metres depth; and  
PKRC52 – 1 metre grading 8.46g/t gold from 16 metres depth.

The Company has recently reached an agreement with Juniper Resources Ltd to earn an interest in the project by undertaking exploration.

### **Southern Star Project (Hamill Resources Ltd earning 80%)**

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 the 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 fund 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 g/t has been defined to date.

### **Pilbara Manganese Project (Quantum retained royalty)**

This project comprises some 644 square kilometres of ground in the east Pilbara region along strike from the Woodie Woodie manganese mine. This ground holding covers favourable stratigraphy with several identified manganese occurrences.

Quantum has reached an agreement with the owners of the Woodie Woodie mine, Consolidated Minerals Limited (“CML”), to sell its interest in the tenements while retaining a production royalty on any future manganese production.

CML has recently announced a proposed capital raising of \$10 million to fund a major exploration program in the Woodie Woodie area.

## INVESTMENTS

Quantum holds a number of strategic investments in minerals exploration companies, including a 35.6 percent interest in the junior explorer Johnson's Well Mining N.L. which is listed on the Australian Stock Exchange and has gold exploration projects in the Northern Territory and the Eastern Goldfields of Western Australia.

Further information on this company can be found on its website at: [www.jwm.com.au](http://www.jwm.com.au).

## CORPORATE

During the quarter the Company lodged a prospectus with the Australian Securities and Investments Commission and the Australian Stock Exchange for a renounceable rights issue of options to all shareholders. Following an exposure period, the Company mailed a copy of the prospectus to all shareholders.

Pursuant to the prospectus, the Company issued 32,856,523 options. The Directors are seeking to place the balance of the options not taken up by shareholders.

*The technical 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 10 years experience in the exploration field.*

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



J I GUTNICK  
Chairman & Managing Director  
25 July 2002

# 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 June 2002

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	YTD (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(8)	(73)
(b) development	-	-
(c) production	-	-
(d) administration	(22)	(122)
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)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	1	53
<b>Net Operating Cash Flows</b>	<b>(29)</b>	<b>(143)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	2	81
(b) equity investments	-	-
(c) other fixed assets	150	150
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	10	35
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>162</b>	<b>266</b>
1.13 Total operating and investing cash flows (carried forward)	133	123

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	133	123
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	35	35
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	165	332
1.17	Repayment of borrowings	(309)	(449)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
<b>Net financing cash flows</b>		109	82
<b>Net increase (decrease) in cash held</b>		24	41
1.20	Cash at beginning of quarter/year to date	20	3
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	44	44

**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	43
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

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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

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+ 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	30
4.2 Development	-
<b>Total</b>	30

### 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	44	20
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	44	20

### 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 Attached		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	218,017,043	218,017,043	-	-
7.4 Changes during quarter				
(a) Increases through issues	1,050	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	2,375,000 43,759,081	- 43,759,081	<i>Exercise price</i> \$0.08 \$0.10	<i>Expiry date</i> 24/03/2010 31/10/2010
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	1,050	-	\$0.10	31/10/2010
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <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:   
(Company Secretary)

Date: 25 July 2002

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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**Mining exploration entity quarterly report**

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

**For Quarter Ended 30.06.2002**  
**(referred to in this Statement as the "Current Quarter")**

**ADDITIONAL INFORMATION**

**Item 1.7 Other**

During the June Quarter monies were received for GST refund of \$1,000.

**Item 1.23 Payments to Directors and Related Entities**

Some of the Directors of the Company are also Directors of AXIS Consultants Pty. Ltd. ("AXIS"). The Company paid AXIS \$155,000 during the quarter ended 30 June 2002 for management and geological services rendered. The Company does not consider AXIS to be a related party.

**Item 3.1 Loan Facilities**

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.

**Item 7.7 Options**

***Listed***

43,759,081 Options maturing 31 October 2010 at an 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***

2,375,000 Options maturing 24 March 2010, issued under the Employee 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.

QUANTUM RESOURCES LIMITED

ACN 006 690 348

CHANGES IN INTERESTS IN MINING TENEMENTS

6.2 Interests in mining tenements aquired or increased.

<b>Tenement reference</b>	<b>Nature of Interest (note(4))</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
<b><u>PILBARA TANTAL</u></b>			
E 45/2271	Granted	0.00%	100.00%
<b><u>PINNACLE</u></b>			
P 37/6214	Granted	0.00%	100.00%
P 37/6215	Granted	0.00%	100.00%
P 37/6261	Granted	0.00%	100.00%
<b><u>QUANTUM PILBA</u></b>			
E 46/484	Granted	0.00%	100.00%
E 46/485	Granted	0.00%	100.00%
<b><u>QUANTUM WINDI</u></b>			
E 58/250	Granted	0.00%	100.00%
<b><u>REQUIRING ALLO</u></b>			
EL 2912	Granted	0.00%	100.00%
<b><u>TUCKABIANNA</u></b>			
E 20/463	Granted	0.00%	100.00%
E 20/464	Granted	0.00%	100.00%
E 20/484	Granted	0.00%	100.00%