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## REPORT FOR THE QUARTER ENDED 31 DECEMBER 2004

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### HIGHLIGHTS

- Purchase and processing of detailed magnetics to assist target generation at St Ives
- Quantum to farmin to Tanami regional gold project
- Positive outcome anticipated from meeting with traditional landholders
- Anomalous Ni and Cu trends in ultramafics at Wonganoo

### INTRODUCTION

Quantum Resources Limited ("Quantum" or "the Company") 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's Tanami gold operations.

### PROJECT REVIEWS

#### 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.

#### 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.

### **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.

*The technical information in this report has been reviewed and approved by Mrs C. Washburn who is a member of the Australasian Institute of Mining and Metallurgy and has 20 years experience in the industry. 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  
31 January 2005

# 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")

31 December 2004

### Consolidated statement of cash flows

	Current quarter \$A'000	YTD (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(127)	(175)
(b) development	-	-
(c) production	-	-
(d) administration	(121)	(215)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	23	50
<b>Net Operating Cash Flows</b>	<b>(223)</b>	<b>(341)</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	-	-
(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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total Operating and investing cash flows (carried forward)	<b>(223)</b>	<b>(341)</b>

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

1.13	Total operating and investing cash flows (brought forward)	(223)	(341)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	232	345
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
<b>Net financing cash flows</b>		232	345
<b>Net increase (decrease) in cash held</b>		9	4
1.20	Cash at beginning of quarter/year to date	(4)	1
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5	5

**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

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**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

An amount of \$208,700 advanced to the Company by a Director related entity has been used to repay a third party.
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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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### 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	-
<b>Total</b>	<b>100</b>

### 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	5	-
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	(4)
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5</b>	<b>(4)</b>

### 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	-		

### 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	290,897,528	290,896,901	-	-
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>	1,400,000	-	<i>Exercise price</i> \$0.08	<i>Expiry date</i> 24/03/2010
	43,748,673	43,748,673	\$0.10	31/10/2010
	32,875,597	32,875,597	\$0.10	30/04/2012
	68,378,151	68,378,151	\$0.05	30/11/2012
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>				

## 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: 31 January 2005  
(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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**Mining exploration entity quarterly report**

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

**For Quarter Ended 31.12.2004  
(referred to in this Statement as the "Current Quarter")**

**ADDITIONAL INFORMATION**

**Item 1.7 Other**

During the December 2004 Quarter, monies were received for GST refund of \$23,000.

**Item 1.23 Payments to Other Entities**

Some of the Directors of the Company are also Directors of AXIS Consultants Pty. Ltd. ("AXIS"). 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***

43,748,673 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.

32,875,597 Options maturing 30 April 2012 at an exercise price of \$0.10 per Option. The options are exercisable any time after 1 January 2003. Each option will convert to one fully paid ordinary share.

68,378,151 Options maturing 30 November 2012 at an exercise price of \$0.05 per option. The options are exercisable any time after 1 July 2003. Each Option will convert to one fully paid share.

***Unlisted***

1,400,000 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.