



REPORT FOR THE QUARTER ENDED 31 DECEMBER 2005

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, St Ives and Jackson projects are the major focus of exploration within Western Australia, whilst in the Northern Territory, its tenements are strategically located within lithologies and structural sites with geological similarities to The Granites and Callie deposits of the Tanami region.

Over the past few months, a number of the major international and Australian gold producers have approached the Company to either joint venture or purchase interests in tenements held by the Company. The Company assesses each approach on its merits and will continue to consider such approaches that it believes are in the best interests of all shareholders.

PROJECT REVIEWS

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 between two major terrane-bounding faults, the Mt Monger Fault to the west and the Emu-Randall Faults to the east. The project areas surround the historic Gindalbie Mining Centre which has produced 45,240 ounces of gold at an average grade of 27 g/t gold and the Lindsays Prospect, owned by Carrick Gold Limited, which has announced an indicated resource of 6.84 million tonnes @ 2.63 g/t gold for 576,576 ounces.

The Company's areas adjacent to the Lindsay's Find resources have previously returned weak gold anomalies on the margin of an internal syenite intrusive and were thought to be alluvial and draining from the Lindsay's Find prospect to the north. Some of these anomalies could be residual and require follow up.

Prospects in the northern portion of the Company's tenements are still unable to be completely tested because several of the leases are yet to be granted.

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.

Exploration licence 15/704 however, lies within the prospective Zuleika Shear zone, on the northeast limb of the Widgiemooltha granite dome. The Widgiemooltha dome has intruded into the folded greenstone sequence which consists of mafic, ultramafic and felsic volcanics and metasediment sequences. These rocks are host to numerous nickel and gold deposits adjacent to and along strike of the Company's tenement.

The Cardiff Castle historical workings and more recent open pits are enclosed within a prospecting licence which is totally surrounded by the Company's tenement. During the previous quarter, selected geological samples were taken across the stratigraphy which included a chert and black shale horizon which acts as a marker unit. Anomalous gold and nickel values were obtained. Further sampling is required to assess the potential for gold and nickel mineralisation.

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. In the region, there is a history of small scale underground gold production and more recently, significant reserves of 123,000 ounces of gold (1.64 million tonnes @ 2.3 g/t gold) have been delineated by Cape Lambert Iron Ore, formerly International Goldfields Ltd.

During the quarter, the Company completed a field visit to a number of tenements to collect samples from selected exposed horizons within the weathering profile. A total of 88 soil, laterite and rock samples were collected and submitted for low level gold and multi element analysis. The gold results were generally only background level with a peak value of 58 ppb in sample Q6791 and a maximum nickel value of 400 ppm in sample Q6795.

The Company believes that the ongoing review of previous exploration results, as well as the completion of its own more extensive geochemical sampling programme, is necessary to enable a comprehensive analysis of the prospectivity of this project.

Tanami Regional Gold 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.

The Company is waiting on a response to meetings held with the traditional Aboriginal Landholders with regard to its exploration application and the seeking of consent to enter into negotiations with the Central Land Council with regard to ELA23150 to ELA23153.

These ELA's relate to the Mt Davidson, Madam Pele and Hordern Hills prospects respectively. Previous explorers have returned anomalous gold values from shallow drilling in each of these areas and the Company is reviewing this exploration completed by previous explorers and is generating target areas in anticipation of a positive outcome from discussions with the traditional Aboriginal Landholders.

The Company has farmed out one tenement in the Tanami region to Newmont Tanami Pty Ltd which is earning an interest through exploration. Under the agreement, Newmont is required to spend \$500,000 over 3 years to earn a 75% interest. Newmont are required to spend \$100,000 within the first 12 months. Once Newmont have earned their 75% interest, the Company has the right to convert its 25% contributing interest into a 10% free carried interest to decision to mine. If a feasibility study prepared by Newmont results in a proposal that does not meet Newmont's development criteria, the Company has the right to buy-back Newmont's participating interest for 200% of Newmont's exploration costs.

Gardner Range (Quantum 100%)

The Company has made application for tenements in the Gardner Ranges 150 kilometres southeast of Hall's Creek. 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, and uranium mineralization was found to be present. Areas to the north along a significant fault system over 60 kilometres long did not attract enough attention.

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.

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 lag sampling programme completed in July 2005 across an interpreted NW-SE shear zone within E53/988, indicated a gold anomaly of 2-35ppb gold in an area measuring 800 x 500 metres. Limited RAB drilling in the area of this lag anomaly by previous explorers has returned a number of low-grade, bottom of hole anomalies in altered and quartz veined dolerite (up to 1 metre @ 0.32 g/t gold), however further RAB traverses are warranted which will probably be commenced in early 2006.

A ground EM (electro magnetic) survey is due to commence within the joint venture tenement targeting conductive bodies within prospective ultramafic units. The survey is targeting 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.

The technical information in this report has been reviewed and approved by Mr K Washburn who is a member of the Australasian Institute of Mining and Metallurgy and has approximately 27 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
30 January 2006

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 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	YTD (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(79)	(159)
(b) development	-	-
(c) production	-	-
(d) administration	(102)	(227)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(183)	(388)
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) proceeds from sale of non-dealing securities	15	32
Net investing cash flows	15	32
1.13 Total Operating and investing cash flows (carried forward)	(168)	(356)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(168)	(356)
	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	304	564
1.17	Repayment of borrowings	(160)	(173)
1.18	Dividends paid	-	-
1.19	Other (provide details if material) Share/Option issue costs prior year	-	(22)
	Net financing cash flows	144	369
	Net increase (decrease) in cash held	(24)	13
1.20	Cash at beginning of quarter/year to date	38	1
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	14	14

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	40
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

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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	-
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	14	38
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	14	38

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	See attached		
6.2	Interests in mining tenements acquired or increased	See attached		

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	310,597,528	310,597,528	-	-
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: 30 January 2006
(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 Appendix 5B has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards (AIFRS).
- 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 30.09.2005
(referred to in this Statement as the "Current Quarter")**

ADDITIONAL INFORMATION

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.

QUANTUM RESOURCES LIMITED

ACN 006 690 348

CHANGES IN INTERESTS IN MINING TENEMENTS

6.1 Interests in mining tenements relinquished, reduced or lapsed

Tenement reference	Nature of Interest (note(4))	Interest at beginning of quarter	Interest at end of quarter
<u>DULCIE</u>			
P 77/3348	Surrendered	100.00%	0.00%
<u>TUCKABIANNA</u>			
E 20/462	Surrendered	100.00%	0.00%
E 20/463	Surrendered	100.00%	0.00%
E 20/483	Surrendered	100.00%	0.00%

QUANTUM RESOURCES LIMITED

ACN 006 690 348

CHANGES IN INTERESTS IN MINING TENEMENTS

6.2 Interests in mining tenements aquired or increased.

Tenement reference	Nature of Interest (note(4))	Interest at beginning of quarter	Interest at end of quarter
<u>MEEKATHARRA N</u> E 51/935	Granted	0.00%	100.00%