

Quantum Resources Limited

ACN 006 690 348

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2010**

Table of Contents

	Page
Chairman's Report	2
Directors' Report	4
Lead Auditor's Independence Declaration	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Interim Financial Statements	11
Directors' Declaration	14
Independent Auditor's Review Report	15

Chairman's Report

Dear Shareholder

Quantum Resources Limited ("Quantum" or "the Company") continues to actively explore for a wide range of commodities including uranium, gold, rare earth elements and base metals. The suite of project tenements covers approximately 1,600sq km within Western Australia and the Northern Territory and the current focus is on the Company's key projects; Gardner Range and Ware Range.

Gardner Range (Quantum 100%)

The Gardner Range project consists of three granted tenements, E80-3410, E80-3411 and E80-3412. Historic exploration near Mt Mansbridge has identified up to 980 parts per million ("ppm") U and 7% Rare Earth Elements (REE) associated with the unconformity between the Gardner Sandstone and the underlying Killi Killi Formation.

The three granted tenements comprise; a Western Area, associated with and adjacent to the known Mt Mansbridge uranium occurrence, a Central Area targeting a geological/geophysical feature and an Eastern Area targeting a geological structure.

During 2010, field work over these tenements comprised the collection of approximately 801 Mobile Metal Ion (MMI) soil samples, 71 rock chip samples, 4 heavy mineral stream gravel samples and 225 RadonXTM survey stations. Due to unseasonal weather the ability to access all areas was restricted resulting in some areas not being sampled. These areas will be completed when field activities recommence in 2011.

Results from the 2010 sampling confirmed the presence of uranium and REE mineralisation within the basement rocks (Killi Killi Beds) at the Mt Mansbridge occurrence and within the basal conglomerate of the Gardner Sandstone. Additional mineralisation was identified adjacent to a prominent airborne magnetic anomaly approximately 10 kilometres north of Mt Mansbridge. Detailed planning of field programs for 2011 is currently underway, with the aim to provide more information on the nature and extent of the REE and uranium mineralisation prior to drill testing of identified targets.

QR considers the 2010 price rise in REE oxides of up to 300% to be highly encouraging and exciting and thus the Company remains focused on the potential for REE and in particular the highly valuable heavy rare earth elements (HREE). Several companies are actively exploring within the region for uranium and REE's, further highlighting the prospectively of the Company's tenements for this type of mineralisation.

Ware Range (Quantum 100%)

The Ware Range project is located in a similar geological setting to the Gardner Range approximately 150km north-east of the Gardner Range Project. Calcrete has been mapped in a drainage system that overlies the unconformity between the Gardner Sandstone and the Helena Creek Beds. The Company intends to drill the calcrete as it represents an attractive uranium target with well known examples in WA (e.g. Yeelirrie, Lake Maitland) and Namibia (Langer-Heindrich), highlighting the potential for this style of mineralisation.

A field visit was undertaken during December 2010, which confirmed potential for drill rig access and a Mine Management Plan for drill testing of the calcrete occurrence has been approved by the Northern Territory Department of Resources. An application was submitted for an Aboriginal Areas Protection Authority Certificate and the Company has been advised that the ground survey is expected to be completed at the end of February 2011.

Further to these two key projects the Company holds exploration licences for three other projects, all of which are located within close proximity to some of the country's largest gold deposits. These include; the Tanami Officer Hill project, a joint venture with Newmont Australia and considered to have excellent potential to host steeply plunging shoots, Kalgoorlie North, a joint venture with Fe Limited, and finally the Telfer project, which has known gold mineralization extending over one kilometre. Quantum retains these licences for their

Chairman's Report

significant potential and continues to review the project data to determine the most appropriate exploration strategy going forward.

Changes to the Company board, with Mr Craig Michael being appointed a Director in late 2010, have created an even stronger and more driven management and by utilising the experience and knowledge of its current team the Company remains committed to identifying significant, quality, uranium resources, positioning itself for continued growth.

I would like to thank you for your past support and loyalty, and I look forward to your continued support in the future.

A handwritten signature in black ink that reads "J. I. Gutnick". The signature is written in a cursive, slightly slanted style.

Joseph Gutnick
Executive Chairman and Managing Director

Directors' Report

The directors present their report together with the financial report of Quantum Resources Limited (the 'Company') for the half year ended 31 December 2010.

Directors

The directors of the Company at any time during or since the end of the interim period are:

J Gutnick	Executive Chairman and Managing Director
D Tyrwhitt	Non-Executive Director
C Michael	Executive Director (appointed 5 October 2010)
M Gutnick	Non-Executive Director (resigned 5 October 2010)

Review and Results of Operations

During the half-year to December 2010, the Company has continued with its exploration programs.

At Gardner Range in W.A., the area has a long history of uranium exploration and a significant uranium prospect (Mt Mansbridge) on E80/3410 was identified by previous landholders. A geophysical review was conducted on the project using the electromagnetic, radiometric and magnetic survey data that was captured in late 2007. This review has identified two new radiometric anomalies which are outside the previously identified Mt Mansbridge prospect. During the half year, field work commenced at the Gardner Range project with the completion of a RadonXTM program and the collection of samples. Results confirmed the presence of uranium and rare earth mineralisation within the basement rocks (Killi Killi Beds) at the Mt Mansbridge occurrence and within the basal conglomerate of the Gardner Sandstone. Additional mineralisation was identified adjacent to a prominent airborne magnetic anomaly approximately 10 kilometres worth of Mt Mansbridge. Detailed planning of field programs for 2011 is currently underway.

At Ware Range in the N.T., a RadonXTM survey around two areas of the project identified several areas that now require further work as there are zones where the radon gas measured is above normal background levels. A follow-up hand-held spectrometer survey was completed to validate, and investigate further the uranium anomalies returned from an earlier RadonXTM cups survey over the project. A field visit was undertaken during the half year which confirmed potential for drill rig access. In addition to drilling, the Company intends to conduct soil sampling, geological mapping and rock chip sampling over several areas within the project. These areas are currently being reviewed together with planning of field work for Gardner Range.

Subsequent to 31 December 2010, the Company withdrew from the Whiteheads project in order to focus resources on the Gardner Range and Ware Range projects.

The results of operations for the six months ended 31 December 2010 was a loss of \$121,217 (2009: \$63,144). At 31 December 2010, the Company had cash at bank of \$442,217.

Directors' Report

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half year ended 31 December 2010.

Signed in accordance with a resolution of the directors:



J Gutnick
Executive Chairman and Managing Director

Dated at Melbourne this 16th day of March 2011

The technical information in this report has been reviewed and approved by Dr D S Tyrwhitt who is a Fellow of the Australasian Institute of Mining and Metallurgy and has 50 years experience in the industry and has more than 5 years experience which is relevant to the style of mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Tyrwhitt consents to the inclusion in the report of the matters based on the information in the form and context to which it appears.



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Quantum Resources Limited for the half-year ended 31 December 2010, 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.

J A Mooney
Partner
PKF

16 March 2011
Melbourne

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Statement of Comprehensive Income
for the half year ended 31 December 2010

		2010	2009
	<i>Note</i>	\$	\$
Revenue	2	-	2,409
Exploration impaired	4	(37,575)	(267)
Administration expenses		(84,704)	(66,988)
Loss from continuing operations		(122,279)	(64,846)
Net finance income	3	1,062	1,702
Loss before income tax		(121,217)	(63,144)
Income tax expense		-	-
Loss for the period		(121,217)	(63,144)
Other comprehensive income for the period, net of income tax			
Net change in fair value of available-for-sale financial assets		-	(309)
Total comprehensive loss for the period		(121,217)	(63,453)
Loss attributable to members of Quantum Resources Limited		(121,217)	(63,144)
Total comprehensive loss attributable to members of Quantum Resources Limited		(121,217)	(63,453)
Basic loss per share (cents per share)		(0.01)	(0.01)
Dilutive loss per share (cents per share)		(0.01)	(0.01)

The accompanying notes form part of these half year financial statements.

Statement of Financial Position
as at 31 December 2010

	<i>Note</i>	31 December 2010 \$	30 June 2010 \$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		442,217	1,012,350
Receivables		11,285	12,894
Total Current Assets		453,502	1,025,244
<i>Non-Current Assets</i>			
Receivables		6,000	6,000
Plant and equipment		2,881	3,223
Exploration and evaluation expenditure	4	1,195,097	945,814
Total Non-Current Assets		1,203,978	955,037
Total Assets		1,657,480	1,980,281
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables		185,160	386,852
Total Current Liabilities		185,160	386,852
Total Liabilities		185,160	386,852
Net Assets		1,472,320	1,593,429
Equity			
Issued capital		56,604,226	56,604,118
Reserves		713,940	713,940
Accumulated losses		(55,845,846)	(55,724,629)
Total Equity		1,472,320	1,593,429

The accompanying notes form part of these half year financial statements.

Statement of Changes in Equity
for the half year ended 31 December 2010

	Issued capital \$	Option premium reserve \$	Share based payment reserve \$	Fair value reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2009	56,604,118	619,690	94,250	309	(55,456,027)	1,862,340
Total comprehensive loss for the period, net of tax	-	-	-	(309)	(63,144)	(63,453)
Balance at 31 December 2009	56,604,118	619,690	94,250	-	(55,519,171)	1,798,887
Balance at 1 July 2010	56,604,118	619,690	94,250	-	(55,724,629)	1,593,429
Total comprehensive loss for the period, net of tax	-	-	-	-	(121,217)	(121,217)
Transactions with owners, recorded directly in equity						
Issue of shares, net of transaction costs	108	-	-	-	-	108
Total transactions with owners	108	-	-	-	-	108
Balance at 31 December 2010	56,604,226	619,690	94,250	-	(55,845,846)	1,472,320

The accompanying notes form part of these half year financial statements.

Statement of Cash Flows
for the half year ended 31 December 2010

	2010 \$	2009 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(122,105)	(261,191)
Interest received	1,140	1,920
Net cash used in operating activities	(120,965)	(259,271)
Cash flows from investing activities		
Payments for exploration expenditure	(449,178)	(302,277)
Proceeds from sale of investment	-	2,433
Repayment of loans from other entity	-	(151,701)
Net cash used in investing activities	(449,178)	(451,545)
Cash flows from financing activities		
Proceeds from issue of equity securities, on exercise of options	10	-
Transaction costs on issue of shares	-	(76,778)
Net cash from/(used in) financing activities	10	(76,778)
Net decrease in cash and cash equivalents	(570,133)	(787,594)
Cash and cash equivalents at 1 July	1,012,350	2,045,001
Cash and cash equivalents at 31 December	442,217	1,257,407

The accompanying notes form part of these half year financial statements.

**Notes to the interim financial statements
for the half year ended 31 December 2010**

1. Basis of preparation

Quantum Resources Limited (the 'Company') is a company domiciled in Australia.

The half year financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards (AASBs) including AASB 134 Interim Financial Reporting.

Except as described below, these interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2010 annual financial statements contained within the Annual Report of the Company.

The half year financial report does not include notes of the type normally included in the annual financial report. This half year financial report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made during the interim period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe this basis to be appropriate for the following reasons:

1. The Company has prepared budgets to determine the funds it will need to raise for its activities and intends to raise such funds to finance its exploration activities and for working capital purposes
2. The Company has historically been able to raise funds as and when required
3. The Company has the capacity to defer exploration activities until sufficient funds are available
4. The Company has no reason to doubt that normal credit and borrowing facilities will not continue to be provided by creditors and lenders and the Company will continue to be able to comply with these credit terms and there are no material contingent liabilities which could have an effect on the Company's financial position.

(a) Change in accounting policy

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The adoption of these amendments has not resulted in any changes to the Company's accounting policies and have no effect on the amounts reported for the current or prior periods. However, the only amendment that has had an impact and resulted in changes to the Company's presentation of, or disclosure in, its half year financial statements is the presentation of exploration costs in the statement of cash flows. AASB 107 *Statement of Cash Flows* has been amended through AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statements of cash flows.

Notes to the interim financial statements (continued)
for the half year ended 31 December 2010

1. Basis of preparation (continued)

Consequently, cash flows in respect of exploration costs that do not meet the criteria for capitalisation and, therefore, are recognised in profit or loss as incurred, have been reclassified from investing to operating activities in the statement of cash flows. Prior year amounts have been restated for consistent presentation.

These interim financial statements were approved by the directors on 15 March 2011.

2. Revenue

	31 December 2010	31 December 2009
	\$	\$
Gain from sale of investments	-	2,409

3. Net finance income

	31 December 2010	31 December 2009
	\$	\$
Interest income	1,140	1,920
Finance income	1,140	1,920
Bank charges	(78)	(218)
Finance expenses	(78)	(218)
Net finance income	1,062	1,702

4. Exploration and evaluation expenditure

	31 December 2010	30 June 2009
	\$	\$
Balance at beginning of period	945,814	400,025
Capitalised during the period	286,858	714,486
Impaired during the period	(37,575)	(168,697)
Balance at end of period	1,195,097	945,814

5. Segment reporting

Operating segment information is disclosed on the same basis as information used for internal reporting purposes by the board of directors.

At regular intervals, the board is provided with management information for the Company's cash position, the carrying values of exploration permits and a Company cash forecast for the next twelve months of operation.

On this basis, no segment information is included in these financial statements.

Notes to the interim financial statements (continued)
for the half year ended 31 December 2010

6. Contingent liabilities

There have been no significant changes to contingent liabilities since 30 June 2010.

7. Subsequent events

Subsequent to 31 December 2010, the Company withdrew from the Whiteheads project in order to focus resources on the Gardner Range and Ware Range projects.

Directors' Declaration

In the opinion of the directors of Quantum Resources Limited (the 'Company'):

1. the financial statements and notes, set out on pages 7 to 13, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance, for the half year ended on that date; and
 - (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. 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.



J Gutnick
Executive Chairman and Managing Director

Dated at Melbourne this 16th day of March 2011.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF QUANTUM RESOURCES LIMITED**



Chartered Accountants
& Business Advisers

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Quantum Resources Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Quantum Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 company's financial position as at 31 December 2010 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

16 March 2011
Melbourne


J A Mooney
Partner

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