

# Quantum Resources Limited

ACN 006 690 348

## INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2014

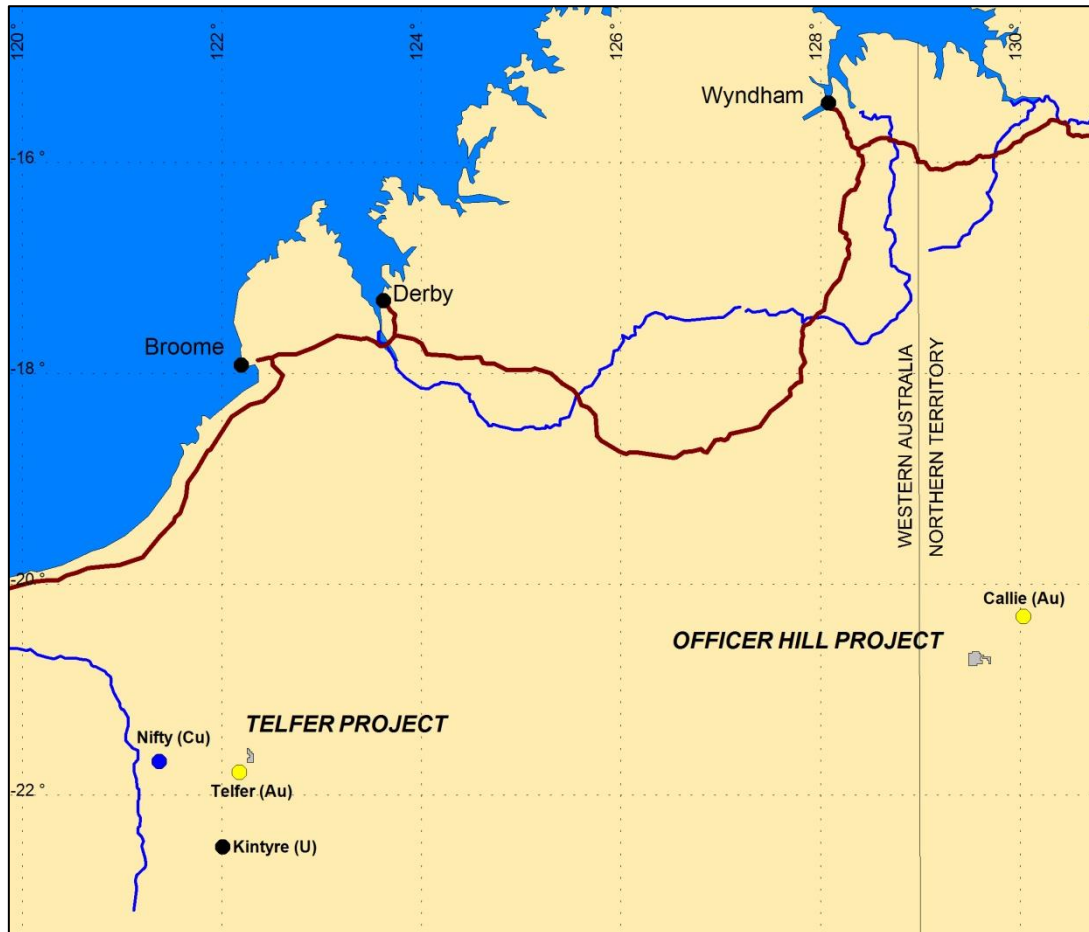
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## **Chairman's Report**

Dear Shareholder

Quantum Resources Limited ("Quantum" or "the Company") is an Australian explorer with a suite of projects in Western Australia and the Northern Territory (Figure 1). The projects are all located on granted titles and are prospective for gold and base metals.



**FIGURE 1 – Project Location Plan**

### **TELFER PROJECT**

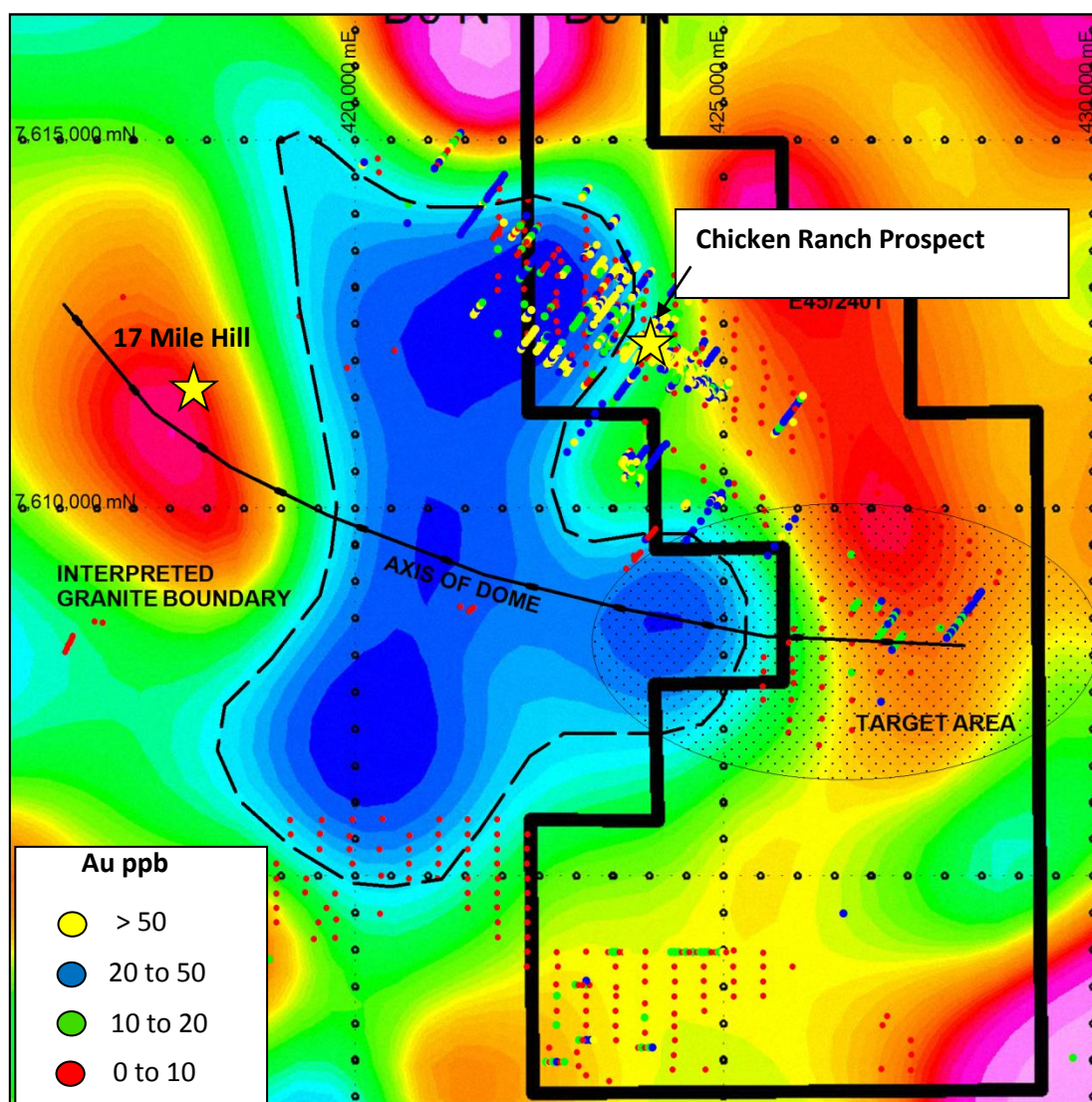
(Quantum 100%)

The Company's Telfer Project comprises a single exploration licence in a tightly held area 6km from the Telfer Gold Mine within the world class Paterson Province in Western Australia, which is host to significant deposits of various styles of mineralisation including the Telfer Mine, O'Callaghans tungsten and base metals skarn deposit, the Kintyre uranium deposit and the Nifty copper deposit. The Telfer deposit is one of Australia's largest deposits with a reported Ore Reserve of 6.3 million ounces of gold and 0.295 million tonnes of copper within a Mineral Resource of approximately 15 million ounces of gold (December 2013). The O'Callaghan's ore body, 10km south east of Telfer mine, is also owned by Newcrest and hosts significant resources of tungsten, copper, lead and zinc.

## Chairman's Report

Reprocessing and interpretation of historic airborne electromagnetic and magnetic data by an external consultant identified the extension of a dome structure, which hosts the 17 Mile Hill deposit, into the tenement area. The consultant identified a new target area associated with the structure and a potential granite intrusion satisfying a number of important exploration criteria in the Telfer region.

A limited amount of wide-spaced geochemical drilling has been undertaken in the target area (see Figure 2). The drill holes are relatively shallow and typically terminated at the base of the transported overburden. Geological logs reveal that anomalous gold values in some holes may be associated with lateritic residuum at the base of the transported overburden and have not been adequately followed up. This is encouraging and represents an opportunity for immediate investigation through either extending the grid or drilling closer spaced holes to test the fresh bedrock.



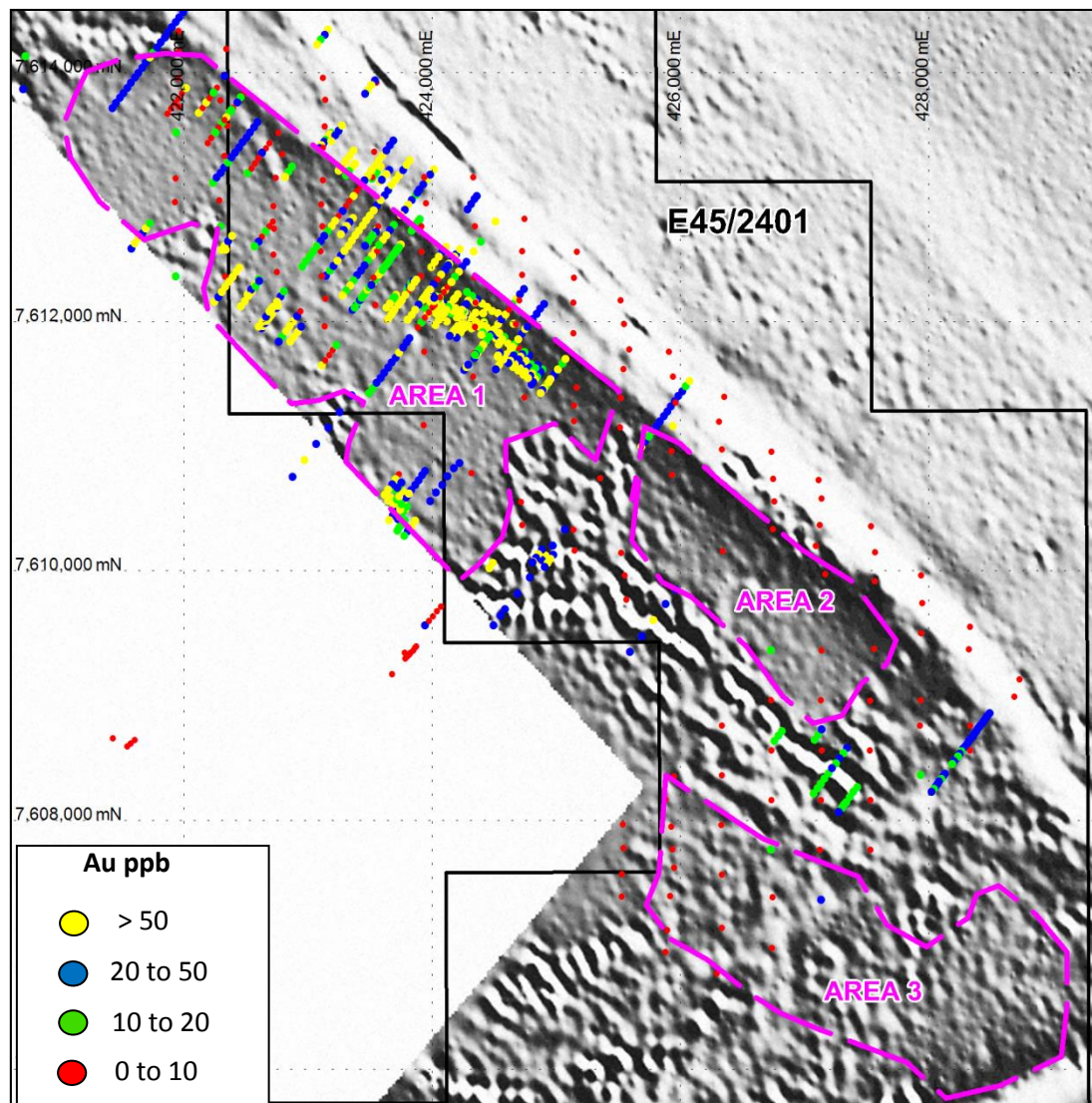
**FIGURE 2 – Major Features over E45/2401.**

Background image is 1VD Bouguer Gravity. GDA94.

## Chairman's Report

### *Magnetic Target Areas*

Further review of the drill hole geochemical assay data identified that maximum down-hole gold values are spatially associated with areas of subdued magnetic response such as Area 1 in Figure 3. The subdued magnetic response possibly represents destruction of magnetite due to hydrothermal alteration, which may be associated with mineralisation. Additional areas with a subdued magnetic response have been identified (eg Area 2 and Area 3), which have not been adequately drilled and are considered valid targets for reconnaissance geochemical drilling.



**FIGURE 3 – Historical Drilling over Reduced to Pole Magnetics. Areas of subdued magnetic response defined by pink polygons.**

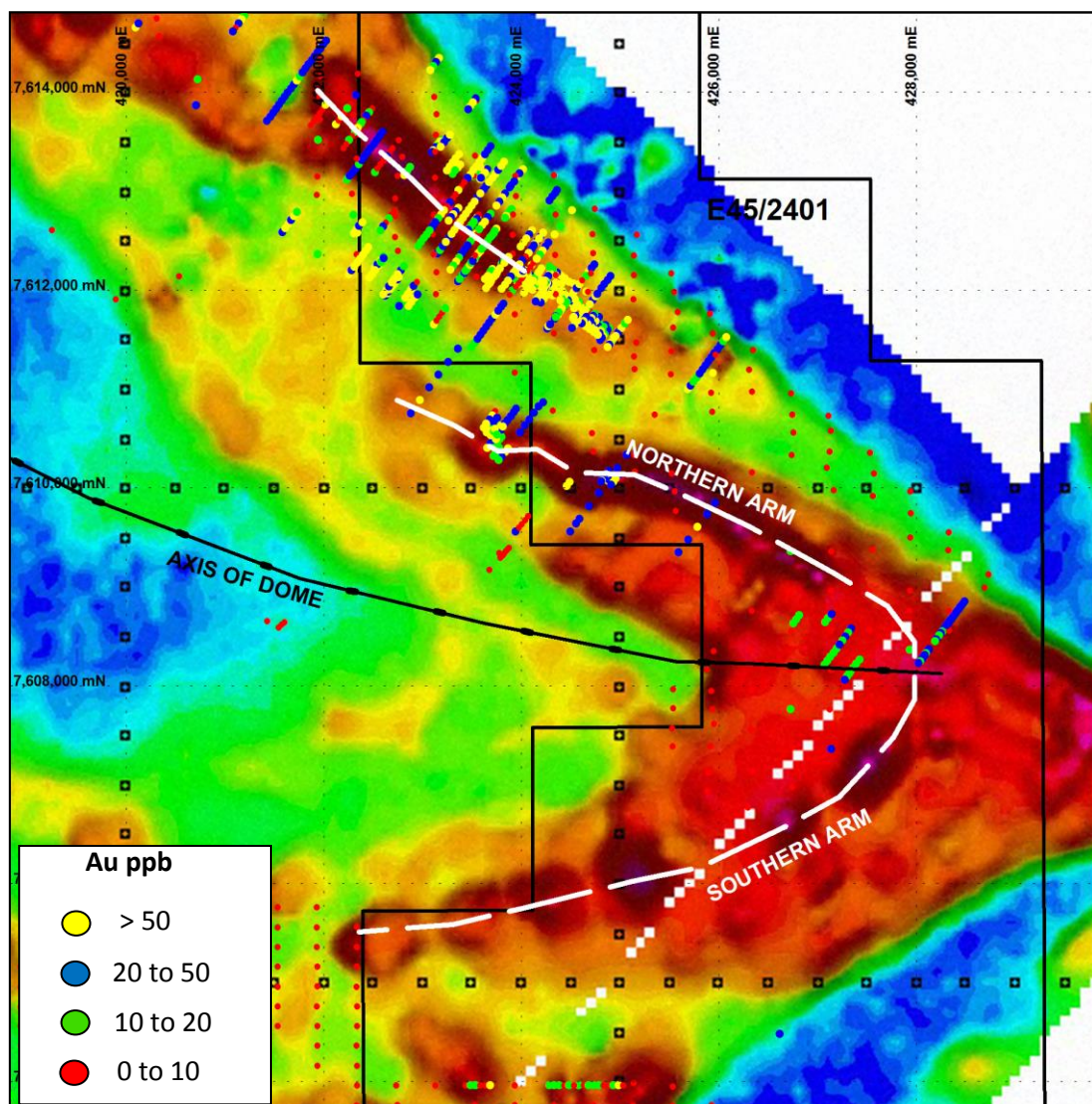


## Chairman's Report

### *Electromagnetic Target Areas*

Historic airborne electromagnetic data (Time Domain Electromagnetic Survey) was reprocessed to produce a number of images. Figure 4 shows the Channel 10 survey data, which highlights the stratigraphy folding around the interpreted dome structure.

Maximum down-hole gold values appear to be associated with the northern arm of a conductive zone within the Punta Punta Formation. The southern arm has not been drilled and is considered a valid target for reconnaissance geochemical drilling.



**FIGURE 4 – Historical Drilling over Electromagnetics**

Background image is Channel 10 TDEM Survey Data. GDA94.

## **Chairman's Report**

### ***Re-evaluation of Chicken Ranch Prospect***

Gold mineralisation at the Chicken Ranch prospect (Figure 2) is associated with deeply oxidised sediments of the Punta Punta Formation and includes mineralised intercepts of up to 7m @ 13 grams per tonne including a maximum of 1m @ 52 grams per tonne. The potential for the Punta Punta Formation to host economic mineralisation is considered high as shown by the Fallows Field deposit southwest of Telfer Mine. The Fallows Field deposit is hosted by Punta Punta Formation and in the 1980's Newcrest defined a mineral resource and mined approximately 50,000 ounces of gold.

Quantum considers a re-evaluation of the potential of the Chicken Ranch prospect to host economic mineralisation is warranted. This work continued during the half year with compilation and validation of existing drilling data.

### **TANAMI (OFFICER HILLS JV) PROJECT**

(Quantum 100%, Newmont Option to earn up to 75%)

The Officer Hill JV Project is located within the Tanami geological province, which hosts world class orogenic gold deposits including the Granites gold deposits and the operating Callie Gold Mine owned by Newmont Mining (Figure 1). The Company holds a single Exploration Licence located 34 kilometres southwest of the Callie Gold Mine, which at the end of 2013 had 3.01 million ounces of gold reserves. The licence was granted on 29 July 2013 for a period of six years.

The project is prospective for gold mineralisation with historical drilling intercepts of 4 metres @ 4.64 g/t, multiple intervals of 1-4 g/t, and several wide intercepts of 0.1-1 g/t.

The project is being managed by Newmont under joint venture with the Company. Newmont are earning a 75% interest by spending \$500,000 within three years. Under the terms of the agreement Newmont must spend \$100,000 within the first 12 months.

Newmont advised that no field work was completed during the half-year.



Joseph Gutnick  
Chairman and Managing Director

Dated at Melbourne this 16th day of March 2015

*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.*

## **Directors' Report**

The Directors present their report for the half year ended 31 December 2014.

### **Directors**

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

J I Gutnick	Executive Chairman and Managing Director
D S Tyrwhitt	Non-Executive Director
P J Lee	Executive Director
M Z Gutnick	Executive Director

### **Review and Results of Operations**

During the half-year to 31 December 2014, the Company has continued with its exploration programs.

As an exploration company, Quantum does not have an ongoing source of revenue. Its revenue stream is normally from ad-hoc tenement disposals, sale of fixed assets and interest received on cash in bank.

The results of operations for the six months ended 31 December 2014 was a loss of \$50,904 (2013: \$926,942). Exploration expenditure written off during the half year was \$148 (2013: \$833,056). In 2013, the exploration expenditure written off was the result of the write down of relinquished and non-prospective tenement interests and expenditure incurred. Administration expenses for the six months ended 31 December 2014 were \$50,726 (2013: \$93,856).

At 31 December 2014, the Company had cash at bank of \$10,847 (2013: \$3,253).

### **Auditors Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the Directors:



Joseph Gutnick  
Executive Chairman and Managing Director

Dated at Melbourne this 16th day of March 2015



**DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF QUANTUM RESOURCES LIMITED**

As lead auditor for the review of Quantum Resources Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



David Garvey  
Partner

**BDO East Coast Partnership**

Melbourne, 16 March 2015

**Statement of Profit or Loss and Other Comprehensive Income  
for the half year ended 31 December 2014**

	<i>Note</i>	<b>2014</b> \$	<b>2013</b> \$
<b>Revenue</b>		-	-
<b>Expenses</b>			
Exploration impaired	3	(148)	(833,056)
Administration expenses		(50,726)	(93,856)
Finance expense	2	(30)	(30)
<b>Loss before income tax expense</b>		<b>(50,904)</b>	<b>(926,942)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the half-year</b>		<b>(50,904)</b>	<b>(926,942)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive loss for the half -year attributable to the owners of Quantum Resources Limited</b>		<b>(50,904)</b>	<b>(926,942)</b>
Loss for the half-year attributable to owners of Quantum Resources Limited		(50,904)	(926,942)
Total comprehensive loss for the half-year attributable to owners of Quantum Resources Limited		(50,904)	(926,942)
Basic loss per share (cents per share)		(0.00)	(0.11)
Diluted loss per share (cents per share)		(0.01)	(0.11)

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

**Statement of Financial Position  
as at 31 December 2014**

	<i>Note</i>	<b>31 December 2014</b> \$	<b>30 June 2014</b> \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		10,847	3,253
Receivables		4,255	546
<b>Total current assets</b>		<b>15,102</b>	<b>3,799</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	3	96,630	84,942
<b>Total non-current assets</b>		<b>96,630</b>	<b>84,942</b>
<b>Total assets</b>		<b>111,732</b>	<b>88,741</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		90,742	63,725
Other liabilities		65,000	54,600
<b>Total current liabilities</b>		<b>155,742</b>	<b>118,325</b>
<b>Non-current liabilities</b>			
Trade and other payables		286,478	250,000
<b>Total non-current liabilities</b>		<b>286,478</b>	<b>250,000</b>
<b>Total liabilities</b>		<b>442,220</b>	<b>368,325</b>
<b>Net liabilities</b>		<b>(330,488)</b>	<b>(279,584)</b>
<b>Equity</b>			
Contributed equity		56,604,226	56,604,226
Accumulated losses		(56,934,714)	(56,883,810)
<b>Total Equity</b>		<b>(330,488)</b>	<b>(279,584)</b>

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

**Statement of Change in Equity**  
**for the half year ended 31 December 2014**

	<b>Contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2013</b>	56,604,226	(55,792,765)	811,461
Loss for the period	-	(926,942)	(926,942)
Other comprehensive loss for the period, net of tax	-	-	-
Total comprehensive loss for the period, net of tax	-	(926,942)	(926,942)
Transactions with owners in their capacity as owners	-	-	-
<b>Balance at 31 December 2013</b>	<b>56,604,226</b>	<b>(56,719,707)</b>	<b>(115,481)</b>
<b>Balance at 1 July 2014</b>	56,604,226	(56,883,810)	(279,584)
Loss for the period	-	(50,904)	(50,904)
Other comprehensive loss for the period, net of tax	-	-	-
Total comprehensive loss for the period, net of tax	-	(50,904)	(50,904)
Transactions with owners in their capacity as owners	-	-	-
<b>Balance at 31 December 2014</b>	<b>56,604,226</b>	<b>(56,934,714)</b>	<b>(330,488)</b>

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

**Statement of Cash Flows**  
**for the half year ended 31 December 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of GST)	(24,156)	(32,628)
Refunds received	2,244	14,957
<b>Net cash used in operating activities</b>	<b>(21,912)</b>	<b>(17,671)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration expenditure	(3,531)	(12,009)
Loans from other entity	22,637	29,000
<b>Net cash provided by investing activities</b>	<b>19,106</b>	<b>16,991</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	10,400	-
<b>Net cash provided by financing activities</b>	<b>10,400</b>	<b>-</b>
Net increase/ (decrease) in cash and cash equivalents	<b>7,594</b>	<b>(680)</b>
Cash and cash equivalents at 1 July	<b>3,253</b>	<b>3,265</b>
<b>Cash and cash equivalents at 31 December</b>	<b>10,847</b>	<b>2,585</b>

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



**Notes to the Interim Financial Statements  
for the half year ended 31 December 2014**

**1. Basis of preparation**

Quantum Resources Limited (the 'Company') is a company domiciled in Australia. These interim financial statements were approved by the Directors on 16<sup>th</sup> March 2015.

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards (AASBs) including AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

Except as described below, these interim financial statements have been prepared by a for profit entity on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2014 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 and shall be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

*Going concern*

The Company has incurred a loss of \$50,904 in the half year to 31 December 2014, had net cash operating outflow of \$21,912 for the half year ended 31 December 2014, working capital of \$(140,640) and net assets of \$(330,488) at 31 December 2014. In order to continue as a going concern the Company will be required to raise additional further capital or obtain loan funding to meet its commitments and ongoing management support to be provided by AXIS Consultants Pty Ltd. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. In considering whether the Company is a going concern, the Directors note that the Company is intending to undertake a capital raising and Directors expect Axis Consultants Pty Ltd to provide support based on past experience. Also, the Company has issued shares to the value of \$54,600 subsequent to the reporting date. The Directors believe the going concern basis to be appropriate for the reasons referred to previously. Based on the forecast cash flows of the Company the Directors are satisfied that there are adequate plans in place and that the Company will be able to raise sufficient cash for a minimum of 12 months from the date of signature of the half year financial report. Should the Company be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the half year financial statements. These half year financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

**Notes to the Interim Financial Statements  
for the half year ended 31 December 2014**

*Historical cost convention:*

The half year financial report is prepared in accordance with historical cost, except for some categories of investments and some financial instruments which are recorded at fair value. Cost is the fair value of the consideration given in exchange for net assets acquired.

*Critical accounting judgements and key sources of estimation uncertainty:*

Management is required to make judgements, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The Company makes certain estimates and assumptions concerning the future. Estimates and assumptions have been utilised for the impairment testing of exploration assets. Actual results may differ from estimates. By their nature, these estimates incorporate inherent risks as they are based on future events which could have a material impact on the value of assets and liabilities in this financial year.

**(a) Change in accounting policy**

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant for the Company.

**2. Finance expense**

	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
Bank charges	(30)	(30)
<b>Total finance expense</b>	<b>(30)</b>	<b>(30)</b>

**3. Exploration and evaluation expenditure**

	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of period	84,942	1,335,147
Expenditure incurred during the period	11,836	79,414
Amount written off during the period	(148)	(1,329,619)
<b>Carrying amount at end of period</b>	<b>96,630</b>	<b>84,942</b>

**4. 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 cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

All operating revenue has been derived in Australia. All exploration and evaluation assets are held in Australia.

**Notes to the Interim Financial Statements**  
**for the half year ended 31 December 2014**

**5. Contingent liabilities**

There is no change to contingent liabilities that the Company has become aware of since 30 June 2014.

**6. Subsequent events**

There have been no significant events subsequent to the end of the interim reporting period other than the Company has issued 42,000,000 shares at a price of \$0.0013 raising \$54,600.

## **Directors' Declaration**

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

1. the financial statements and notes, set out on pages 9 to 15, 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 2014 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.



Joseph Gutnick  
Executive Chairman and Managing Director

Dated at Melbourne this 16<sup>th</sup> day of March 2015.

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Quantum Resources Limited

### 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 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement 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 internal 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 half-year 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 2014 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Quantum Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.





### 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 2014 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*.

### Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the company to continue as a going concern is dependent upon the successful raising of necessary funding through equity to meet its commitments and ongoing management support provided by AXIS Consultants Pty Ltd. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

### BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'David Garvey', is written over a faint, larger 'BDO' logo.

David Garvey  
Partner

Melbourne, 16 March 2015