Quantum Resources Limited
ABN 84 006 690 348

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Monday, 31 October 2016

Dear Shareholder,

QUANTUM RESOURCES LIMITED – RIGHTS ISSUE

Quantum Resources Limited (ASX:QUR) (**Quantum** or the **Company**) announced to ASX on 31 October 2016 a non-renounceable pro rata offer to acquire 1 new fully paid ordinary share in Quantum Resources for every 5 shares held as at 4 November 2016 (**Record Date**) at an offer price of $0.016 (1.6 cents) per share, each with 1 free-attaching option (**Rights Issue**) to raise approximately $989,247 (before costs of the Rights Issue).

Each free-attaching option will have an exercise price of $0.0325 (3.25 cents), expiry date of 31 August 2020 and will, upon exercise, entitle the holder to one ordinary fully paid share in the Company.

Details of the Rights Issue are set out in the prospectus and Appendix 3B that have been lodged with ASX.

You will receive a copy of the prospectus and (if eligible) an entitlement and acceptance form shortly.

The Company will use the proceeds of the Rights issue for the purposes set out in the prospectus lodged with ASX.

Shares not taken up by eligible shareholders will form part of the shortfall (**Shortfall Shares**). Eligible shareholders who take up their entitlement in full will be able to apply for Shortfall Shares.

Summary of key information	
Type of offer	Non-renounceable pro rata offer to eligible shareholders to acquire up to 61,827,966 fully paid ordinary shares each with 1 free-attaching option.
Offer price	$0.016 (1.6 cents).
Offer ratio	1 new share under the Rights Issue for every 5 existing shares held as at the Record Date. Fractional entitlements will be rounded up.
Terms of free-attaching options	Free-attaching options have an exercise price of $0.0325 (3.25 cents), expiry date of 31 August 2020 and will, upon exercise, entitle the holder to one ordinary fully paid share in the Company.
Shortfall participation rights	Eligible shareholders will have the opportunity to apply for Shortfall Shares.
Ranking of new shares	New shares issued under the Rights Issue will be fully paid and will rank equally in all respects with the Company's existing issued ordinary shares.
Eligible shareholders	In accordance with the ASX Listing Rule, the directors of the Company have determined the following shareholders will be eligible to participate in the Rights Issue: - holders of shares on the Company's register of shareholders at the Record Date - who reside in Australia, New Zealand or Singapore.

Indicative Timetable

Event	
Announcement of Rights Issue	31 October 2016
lodgement of the following with ASX: • Appendix 3B; • Prospectus.	31 October 2016
EX date	3 November 2016
Record Date	4 November 2016
Prospectus dispatched and Rights Issue opens	9 November 2016
Closing Date	18 November 2016
Shares quoted on a deferred settlement basis	21 November 2016
QUR notifies of undersubscriptions	23 November 2016
Issue date and dispatch of holdings statements	25 November 2016

The dates contained in the indicative timetable are subject to change. Subject to compliance with the ASX Listing Rules, Quantum reserves the right to:

(i) not proceed with the Rights Issue and return any application moneys received without interest; or

(ii) vary the dates and times above including close the offer under the Rights Issue earlier or later.

If you are eligible and wish to participate in the Rights Issue it will be necessary for you to complete your personalised entitlement and acceptance form which will accompany your copy of the prospectus and return it, with the appropriate application monies, to the Company's share register before 5:00pm on the Closing Date.

If you have any questions in relation to the Rights Issue, please do not hesitate to contact the Company on +61 3 9614 0600.

Yours sincerely,

Adrien Wing
Company Secretary