

QUANTUM RESOURCES LIMITED

(ASX: QUR)

8 June 2017

ASX and Media Release

High Purity Alumina Acquisition and New Energy Metals focus

Highlights

- Quantum Resources to enter the High Purity Alumina (HPA) market.
- Quantum seeks to acquire Halcyon Resources Pty Ltd which controls the Tambellup kaolin deposit and intellectual property for processing of kaolin to HPA
- In conjunction with this acquisition and Quantum's existing Thompson Bros Lithium project the company will continue to pursue a new energy metals focus
- Proposed placement to professional and sophisticated investors of up to 50 million shares at 1.1 cents to raise \$550,000 with 1 for 2 free attaching options

Acquisition of High Purity Alumina (HPA) Project in Western Australia

Quantum Resources Limited (ASX: "QUR") is pleased to announce that it has executed a Binding Term Sheet with Halcyon Resources Pty Ltd (Halcyon) to acquire 100% of Halcyon shares subject to the satisfaction of conditions which include successful due diligence and relevant shareholder and any necessary regulatory approvals (**Proposed Transaction**).

About Halcyon Resources Pty Ltd

Halcyon is an Australian private minerals exploration and process engineering company focused on the production of High Purity Alumina (HPA) and high purity silica from kaolin clay using their innovative production method, the Griffin Process.

HPA is a specialty product of at least 99.99% pure Al_2O_3 . HPA is a key component used to produce LEDs, semiconductors and scratchproof artificial sapphire glass. Demand for HPA is growing globally.

Halcyon holds exploration licence application E70/4969 in Western Australia (**Tenement**) which covers the Tambellup kaolin deposit. Halcyon is also the holder of protected intellectual property (the Griffin Process and associated engineering) concerning the processing of kaolin into specialty aluminas, including HPA.



Fig 1: High Purity Alumina produced using the Griffin Process

Tambellup Kaolin Deposit (100% Halcyon Resources)

- 320km southeast of Perth, adjacent to Great Southern Highway and Railway
- Recognised in *Mineral Resource Bulletin 19: Kaolin in Western Australia*
- Historic grid drilling of more than one hundred holes with an average depth of 12m
- Shallow depth and flat lying ore body
- Readily upgradable to JORC 2012 resource with limited work



Fig 2: Previous drilling at Tambellup kaolin deposit (now within Halcyon ELA).

Source: Tambellup Project, Annual report for the period 16th January 1993 to 15th January 1994

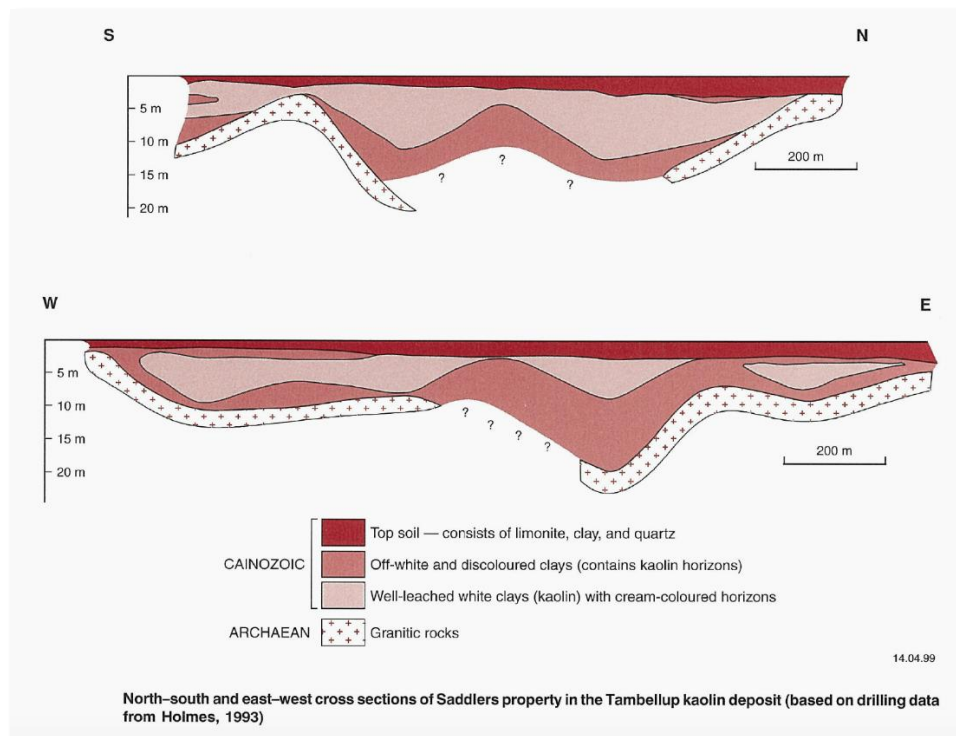


Fig 3: Source - Mineral Resource Bulletin 19: Kaolin in Western Australia

What is High Purity Alumina (HPA)?

- Alumina is aluminum oxide: Al_2O_3 (the white powder from which Aluminium metal is made)
- Traditional uses of Alumina: production of aluminium metal; abrasive applications (alumina is very hard); refractory applications (alumina has a high melting point)
- In nature, Alumina can occur as the crystalline mineral Corundum
 - Both sapphires and rubies are forms of Corundum
- High Purity Alumina (HPA) is a specialty product of at least 99.99% pure Al_2O_3
- HPA is a key component used to produce: LEDs; semiconductors; scratchproof artificial sapphire glass
- HPA is currently produced by the costly dissolution of Aluminium metal

The Griffin Process

- Produces high grade aluminas and silica by chemical digestion and crystallisation
- Griffin Process aluminas report as high grade with optimal particle characteristics
- Griffin Process silica reports as a fine powder of high purity for immediate use
- Key inputs readily available: Kaolin, Sulphuric Acid, Ammonium Sulfate
- Griffin Process cost advantages over existing HPA production methods
- Silica co-product marketable for applications in ceramics, paint, rubber
- Protected Intellectual Property of Halcyon Resources

Next Steps

Upon the completion of the Proposed Transaction, the indicative work activity schedule will include determination of an Exploration Target from historic data, additional drilling as required, establishing a JORC 2012 Resource Estimate, pursuing further metallurgical test work and bench scale process confirmation before conducting a mining, beneficiation, and HPA process design scoping study.

Acquisition Terms

The Company will pay Halcyon \$20,000 upon executing the Binding Term Sheet.

The conditions precedent to the Proposed Transaction include:

- The Company satisfactorily completing due diligence within 60 days of the Binding Term Sheet.
- The execution of formal sale documentation with the Halcyon vendors.
- The application comprising the Tenement not being withdrawn, declined or rejected by the relevant statutory bodies or being challenged on the basis of validity or unenforceability.
- The Company obtaining all necessary shareholder approval (including all securities to be issued under the Proposed Transaction), third-party and any necessary regulatory approvals.

Consideration - post conditions precedent being satisfied are:

- Initial consideration will consist of the Company issuing 35 million fully paid ordinary shares.

In addition, the vendors are eligible for two milestones shares being:

- Milestone 1 – issue 25 million fully paid ordinary shares of the Company upon a JORC 2012 resource on the Tenement of not less than 5,000,000 tonnes of material with an average aluminium grade in excess of 14%.
- Milestone 2 – issue 25 million fully paid ordinary shares of the Company upon completion of a feasibility study on the project tenements and that it yields a positive net present value (NPV) of at least AUD\$20 million.
- The Company will also issue 30 million listed options to unrelated parties for a facilitation fee upon completion of the Proposed Transaction.

Capital raising

The Company intends to place 50 million new fully paid ordinary shares at an issue price of 1.1 cents (\$0.011) to professional and sophisticated investors to raise up to \$550,000 before associated costs. For each two shares subscribed under the offer, one new listed option (QURO) will be issued (**Placement**).

The Placement will be undertaken pursuant to its placement capacity under ASX Listing Rule 7.1 and 7.1A.

The placement funds will be used for exploration on existing projects including the Thompson Bros lithium project, due diligence on the Halcyon acquisition, investigating complementary new opportunities and working capital.

The Placement is not conditional nor dependent upon the outcome of the Proposed Transaction.

Indicative capital structure

Below is a summary of the indicative proposed capital structure of the Company assuming completion of the Placement and assuming completion of the acquisition of the Proposed Transaction including conversion of the Milestone 1 and 2 Shares:

INDICATIVE CAPITAL STRUCTURE	SHARES
Current shares on issue	469,825,552
Placement	50,000,000
Initial shares to vendors of the Proposed Transaction	35,000,000
Milestone shares to the vendors of the Proposed Transaction (maximum)	50,000,000
Total shares on issue	604,825,552

Indicative corporate timetable

INDICATIVE CORPORATE TIMETABLE *	DATE (2017)
Settlement of Placement	15 June
Issue of Placement securities	16 June
Due diligence for the Proposed Transaction completed	20 June
Formal documentation	23 June
Notice of Meeting issued	26 June
Shareholder meeting	26 July
Proposed Transaction completed	31 July

* The above timetable is indicative only and may be subject to change

For and on behalf of the Board



Avi Kimelman
Director

About Quantum Resources Limited (ASX: "QUR" or the "Company"):

QUR own the rights to back in to earn up to 80% ownership interest of the Thompson Bros. Lithium Project from Ashburton Ventures Inc. by financing their commitments relating to their Option Agreement with Strider Resources Ltd.

Quantum confirms its commitment to its Thompson Bros Lithium project which has shown encouraging exploration results including significant interceptions of high-grade lithium.

The Thompson Bros. Lithium Project, located in Manitoba, Canada contains a historical **(NON-JORC COMPLIANT)** resource estimate of 4,305,000 tonnes of 1.3% Li₂O, open at depth and along strike. These estimates are historical estimates and are not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the historical estimates as mineral resources and/or reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code.