

Quarterly Activities Report – June 2017

QUARTERLY HIGHLIGHTS

- Results for first two holes at Thompson Brothers Lithium Project received confirming high grade lithium with composite grades including 11.6m @ 1.43% Li₂O and 5.43m @ 1.55% Li₂O.
- Acquisition of Halcyon Resources High Purity Alumina project located in the southwest of WA subject to successful due diligence and shareholder approval

THOMPSON BROS. LITHIUM PROJECT – MANITOBA, CANADA

Quantum Resources Ltd's 100% subsidiary, Manitoba Minerals Pty Ltd ("MMPL"), holds the rights to earn up to a 80% ownership interest in the Thompson Bros. Lithium Property in Wekusko Lake, Manitoba (the "Project") from Ashburton Ventures Inc. ("ABR"), by financing ABR's commitments under an Option Agreement with the current holder of the Project, Strider Resources Ltd ("SRL").

About the Thompson Bros. Lithium Project and Exploration Update

The Thompson Bros. Lithium Project is located 20 kilometres east of the mining community of Snow Lake, Manitoba. The main highway between Thompson and Flin Flon and rail connecting Winnipeg and the seaport of Churchill both pass 40 km south of the property.

The project consists of 18 contiguous claims covering 1829 hectares. Manitoba is consistently ranked one of the top mining jurisdictions in the world and electricity costs are amongst the lowest in North America.

As announced on 21 December 2016, the 2016 Winter Exploration Program identified and **confirmed** the existence of Thompson #5 as a separate, parallel structure which returned **4,290 ppm Lithium (0.92% Li₂O)** in spodumene bearing pegmatite. Further exploration work is now being prepared which could lead to significantly increased overall lithium tonnages at Thompson Bros.

The collection of discontinuous rock chip samples collected during the visit also tested the extent and mineralized horizon of the main Thompson Bros lithium-rich spodumene bearing pegmatite dyke with high grade lithium values of up to **7,520 ppm Lithium (1.62% Li₂O)** encountered.

Exploration Update (2017 Drill program)

The first six drill holes were completed at the Thompson Bros Lithium Project in Manitoba. Five of the holes encountered significant intervals of spodumene (lithium bearing mineral) mineralisation at downhole widths that are in line with or exceed those encountered from historical drill programs.

Hole One TBL17-001: 35.4 – 47 m (11.6 metre interval returned an assay of 1.43% Li₂O)

Near historic hole 102 (hole ended in pegmatite due to unstable conditions), which intersected further pegmatite from 52.4 to 59.4 metres (7.0m interval).

					Analyte Symbol	Al	B	Ba	Be	Ca	Cs	Nb	Rb	Sb	Sn	Ta	Weight	Li	Li2O
					Unit Symbol	%	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	Kg	%	%
					Detection Limit	0.01	10	3	3	0.01	0.1	2.4	0.4	2	0.5	0.2		0.001	0.001
Sample Number	From	To	length	Type	Lab Batch														
TBL001-001	28.42	30	1.58	Core	A17-03362	6.94	1820	397	37	0.89	126	12.7	220	2	25.2	13.5	3.16		
TBL001-002	30	31.38	1.38	Core	A17-03362	6.71	2130	337	33	0.72	93.8	5.9	233	<2	22.9	5.3	2.67		
TBL001-003	31.38	32.5	1.12	Core	A17-03362	8.27	60	79	7	0.54	9.5	6.6	173	<2	15.1	2.5	2.7		
TBL001-005	32.5	33.5	1	Core	A17-03362	7.22	50	41	8	0.42	5.2	5.2	113	<2	10.4	1	2.32		
TBL001-006	33.5	34.5	1	Core	A17-03362	8.18	50	35	9	0.55	7.1	3	105	<2	9.7	1.4	2.44		
TBL001-007	34.5	35.38	0.88	Core	A17-03362	8.02	40	32	8	0.53	8.4	<2.4	125	<2	12	1.2	1.84		
TBL001-008	35.38	36.5	1.12	Core	A17-03362	8.89	40	23	29	0.29	7.9	<2.4	157	<2	11.5	0.9	2.15	0.8	1.72%
TBL001-009	36.5	37.5	1	Core	A17-03362	8.83	40	35	166	0.24	12	2.9	201	<2	13.7	2.2	2.27	0.713	1.54%
TBL001-012	37.5	38.5	1	Core	A17-03362	8.87	40	13	115	0.19	8.6	5.8	137	<2	17.1	1.1	2.45	0.806	1.74%
TBL001-013	38.5	39.5	1	Core	A17-03362	8.6	390	33	12	0.22	14.3	<2.4	257	<2	7.2	0.4	1.97	0.378	0.81%
TBL001-014	39.5	40.5	1	Core	A17-03362	9.43	40	22	18	0.16	9	<2.4	193	<2	12.2	0.9	2.23	0.95	2.05%
TBL001-015	40.5	41.5	1	Core	A17-03362	8.85	60	35	32	0.28	11.5	<2.4	216	<2	11.3	0.7	2.61	0.55	1.18%
TBL001-017	41.5	42.5	1	Core	A17-03362	8.46	50	49	6	0.29	7.4	<2.4	177	<2	9.4	0.5	2.17	0.492	1.06%
TBL001-018	42.5	43.5	1	Core	A17-03362	9.15	100	44	8	0.32	7.3	<2.4	147	<2	9.6	0.4	2.12	0.395	0.85%
TBL001-019	43.5	44.5	1	Core	A17-03362	8.34	40	11	4	0.11	5.2	<2.4	100	<2	10	0.3	1.68	0.914	1.97%
TBL001-020	44.5	45.5	1	Core	A17-03362	9.08	150	24	10	0.18	15.4	<2.4	276	<2	9.8	0.7	1.18	0.576	1.24%
TBL001-022	45	47	2	Core	A17-03362	8.99	150	38	18	0.26	12.1	2.8	229	<2	9.9	0.9	2.53	0.53	1.14%
TBL001-023	47	47.24	0.24	Core	A17-03362	8.69	70	56	125	0.43	10.1	10.2	165	<2	15.8	3.9	0.479		
TBL001-024	47.24	48.5	1.26	Core	A17-03362	6.28	120	362	<3	2.04	9.1	<2.4	34.8	<2	4.5	<0.2	2.47	0.086	0.19%
TBL001-025	48.5	49.5	1	Core	A17-03362	6.83	50	372	<3	2.48	10.1	<2.4	24.8	<2	1.3	<0.2	1.96		
TBL001-026	49.5	50.87	1.37	Core	A17-03362	7.58	50	400	<3	3.32	17.5	<2.4	44.9	<2	1.1	<0.2	2.93		
TBL001-027	50.87	51.65	0.78	Core	A17-03362	8.49	30	49	133	0.36	15.6	<2.4	238	<2	48.6	5.3	1.55		
TBL001-028	51.65	53	1.35	Core	A17-03362	7.15	250	415	5	2.2	31.5	<2.4	86.3	<2	7.6	0.6	2.82		
TBL002-001	7.62	8.5	0.88	CORE	A17-03366	8.73	30	177	7	0.4	10	<2.4	219	<2	8	1.1	1.58		
TBL002-002	8.5	9.34	0.84	CORE	A17-03366	8.39	50	151	9	0.29	13.9	<2.4	215	<2	37.3	2.3	1.7	0.242	0.52%
TBL002-003	9.34	10.67	1.33	CORE	A17-03366	7.46	50	692	12	1.53	57.6	4.7	116	<2	8.5	5.5	2.65	0.069	0.15%
TBL002-004	10.67	12	1.33	CORE	A17-03366	7.71	30	908	<3	1.91	25.2	<2.4	51.2	<2	1.6	0.3	3.02	0.07	0.15%
TBL002-005	12	13.52	1.52	CORE	A17-03366	6.78	80	672	6	1.55	51.3	7.7	57.9	<2	4.8	0.2	2.3	0.0749	0.16%
TBL002-007	13.52	15	1.48	CORE	A17-03366	6.07	120	553	15	1.27	68.1	5.4	111	<2	7.2	9.5	2.96	0.0847	0.18%
TBL002-008	15	16.52	1.52	CORE	A17-03366	6.03	180	495	<3	2.29	85.5	<2.4	84.7	<2	4.6	<0.2	3.08	0.0665	0.14%
TBL002-009	16.52	18.15	1.63	CORE	A17-03366	5.93	420	494	8	2.31	66.8	<2.4	112	<2	8.2	1.1	3.13	0.0709	0.15%
TBL002-010	18.15	19	0.85	CORE	A17-03366	8.65	60	105	219	0.32	32.7	7.5	393	<2	18.2	15.4	1.58	0.153	0.33%
TBL002-011	19	20	1	CORE	A17-03366	8.39	30	23	106	0.23	17.1	2.4	332	<2	14.2	4.3	1.91	0.559	1.20%
TBL002-012	20	21	1	CORE	A17-03366	8.97	30	29	8	0.24	7.2	<2.4	149	<2	5.7	0.5	2.03	0.608	1.31%
TBL002-015	21	22	1	CORE	A17-03366	9.11	50	25	8	0.29	7.5	<2.4	132	<2	7.3	0.4	1.45	0.661	1.42%
TBL002-017	22	23	1	CORE	A17-03366	9.19	50	36	6	0.25	5.7	4.5	125	<2	10.2	0.7	1.88	0.958	2.06%
TBL002-018	23	24.43	1.43	CORE	A17-03366	9.28	40	19	24	0.24	5.5	2.9	98.9	<2	9.2	1.2	1.16	0.785	1.69%
TBL002-020	24.43	25.8	1.37	CORE	A17-03366	5.8	160	320	32	1.77	63.7	4.2	164	<2	7.9	5	3.01		
TBL002-021	25.8	27.5	1.7	CORE	A17-03366	7.11	140	770	<3	1.35	15.7	4	69.1	112	1.5	0.3	3.29		
TBL002-022	27.5	28.95	1.45	CORE	A17-03366	6.11	70	624	<3	1.62	6	2.5	46.2	8	0.8	<0.2	2.76		

Table 1: Assays received

The Company anticipates that the results from the remaining three holes will be provided in the near term. Such results will be provided to the market in a timely manner.

The company remains very keen on progressing the Thompson Brothers Lithium Project and is excited about the potential resource it expects to be able to define once drilling is completed.

HIGH PURITY ALUMINA – HALCYON ACQUISITION

During the quarter, QUR entered into a binding term sheet with Halcyon Resources Pty Ltd to acquire 100% of Halcyon shares subject to successful due diligence and shareholder approval.

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 Al₂O₃ and 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.

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

(Refer to ASX announcement dated 08/06/2017 for additional information)

The Company has been progressing its due diligence investigations and has employed a process engineer/metallurgist to conduct a review of the Griffin process. In addition, the company has received a report documenting investigations on the Tambellup Kaolin Deposit by an independent geological contractor and is now following up with financial modelling and market research.

Due diligence investigations are on track to be completed by the end of the DD period after which the Company will decide how it wants to proceed.

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.

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.

No additional work was completed on the Telfer Project during the quarter.

TANAMI (OFFICER HILLS JV) PROJECT

(Quantum 100%, Newmont Option to earn up to 70%)

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 2). 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.

No field work was completed during the quarter.

Quantum's Tenement Holdings as at 31 March 2017:

PROJECT	TENEMENT NUMBER	COMPANY'S BENEFICIAL INTEREST	CURRENT AREA (KM ²)	CURRENT HOLDER	COUNTR Y/ STATE
Telfer	E45/2401	100%	6.36KM2	Quantum	WA
Tanami (Officer Hill)	EL23150	100%*	206.08 KM2	Quantum	NT

**Quantum 100%, Newmont Option to earn up to 70% under farm out arrangement*

In addition, MMPL, a 100% subsidiary of Quantum, holds rights to earn up to an 80% ownership interest in the Thompson Brothers Lithium Property in Wekusko Lake, Manitoba, Canada

CORPORATE UPDATES

Funding

On 2 May 2017, the Company placed 30 million fully paid ordinary shares at an issue price of \$0.011 (1.1 cents), raising \$330,000 before associated costs. Each two shares placed came with one free attaching option exercisable at 3.25 cents on or before 31 August 2020. The Placement was offered to sophisticated investors under s708 Corporations Act (Cwth) 2001. The placement was approved by shareholder on 6 April 2017.

On 22 June 2017, the Company placed 38.6 million fully paid ordinary shares at an issue price of \$0.011 (1.1 cents), raising \$424,000 before associated costs. Each two shares placed came with one free attaching option exercisable at 3.25 cents on or before 31 August 2020. The Placement was offered to sophisticated investors under s708 Corporations Act (Cwth) 2001 and issued pursuant to Chapter 7.1 and 7.1A of ASX Listing Rules.

Appointment of Director

On 10 April 2017, the Company appointed Mr Olaf Frederickson as a director of the Company.

Mr Frederickson has in excess of 20 years' experience in the mining sector ranging from grass roots exploration and project generation through to operational mine site requirements, resource estimation, project assessment, business development and corporate responsibilities with companies such as Cape Lambert Resources, Fortescue Metals Group, Rio Tinto, Iluka Resources, Newcrest Mining. More recently, he has been working as an independent consultant in areas of minerals investment advice, brokerage, negotiation and technical services including business development, project due diligence and financial evaluation.

Mr Frederickson has spent time reviewing and being involved in projects both locally throughout Western Australia and Queensland, and internationally in locations including North America, Central and West Africa, Timor and Turkey.

Mr Frederickson acts as a Competent Person under the JORC 2012 code in several commodities including iron ore, mineral sands, base, precious and energy metals.

Mr Herszberg resigned as a Non-Executive Director of Quantum on 10 April 2017.

Shareholders meeting

On 6 April 2017, the Company held a shareholders meeting. All resolutions were passed without amendment.

Securities on issue as at the date of this Report:

CLASS OF SECURITIES	NO. OF SECURITIES ON ISSUE
Total fully paid ordinary shares	510,934,644
Listed options exercisable at \$0.0325 each on or before 31 August 2020	169,490,272
Unlisted options exercisable at \$0.0325 each on or before November 2018	52,000,000
Unlisted options exercisable at \$0.02 each on or before 31 August 2019	7,500,000

Board as at the date of this Report

Mr Eliahu Bernstein	Non-Executive Chairman
Mr Olaf Frederickson	Non-Executive Director
Mr Avi Kimelman	CEO and Director
Mr Adrien Wing	Company Secretary

Competent Person

The geological information in this report that relates to Australian exploration results is based on information previously compiled by Dr DS Tyrwhitt who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr DS Tyrwhitt is a consulting geologist employed by DS Tyrwhitt & Associates Pty Ltd. Dr DS Tyrwhitt 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 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Tyrwhitt has previously consented to the inclusion of the matters based on the information in the form and context to which it appears.

The geological information in this report that relates to the Canadian exploration results is based on information compiled by Mr Olaf Frederickson. Mr Frederickson is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Frederickson is a consultant to Quantum Resources Limited. Mr Frederickson consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Quantum Resources Ltd

ABN

84 006 690 348

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(246)	(438)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(227)	(994)
(f) Legal, Registry, and Audit Fees	(109)	(109)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other		
(a) GST	-	45
1.9 Net cash from / (used in) operating activities	(582)	(1,497)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) investments	(20)	(148)
	(d) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(20)	(148)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	751	2,730
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Capital Raising Costs)	(45)	(45)
3.10	Net cash from / (used in) financing activities	706	2,685

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,007	71
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(582)	(1,497)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(148)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	706	2,685

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,111	1,111

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,111	1,007
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,111	1,007

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	50
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

]

9. Estimated cash outflows for next quarter

\$A'000

9.1 Exploration and evaluation

250

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

160

9.6 Other (provide details if material)

9.7 Total estimated cash outflows

410

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director)

Date:31 July 2017.....

Print name:Avi Kimelman

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.