



Quarterly Activities Report – December 2016

QUARTERLY HIGHLIGHTS

- **Exploration commenced with high grade lithium up to 1.62% Li₂O and Confirmation of parallel mineralised structure including:**
 - Assays and mapping work confirm existence of lithium mineralization at Thompson #5 in a distinct, parallel structure, which underlies the potential to significantly increase scale of lithium mineralisation at the Property.
 - Five samples greater the 4,000 ppm Lithium, with three samples greater than 6,000 ppm Lithium (max 7,520 ppm Li or 1.62% Li₂O) were identified at multiple locations within the property, including further confirmation of extent of mineralisation at the main Thompson pegmatite.
 - A large area remains un-sampled on the property and highly mineralized areas remain open at depth and along strike leaving the potential for the delineation of further mineralisation within the Property.
 -
- **Quantum Resources completes acquisition of rights to earn an interest in up to 95% of the Thomson Brothers Lithium Project in Manitoba, Canada – ranked as one of the top mining jurisdictions in the World.**
- **Successful completion of rights issue raising \$980K – company well-funded for future exploration**

THOMPSON BROS. LITHIUM PROJECT – MANITOBA, CANADA

During the quarter, the Company completed the acquisition of Manitoba Minerals Pty Ltd (“**MMPL**”), a private company that holds rights to earn up to a 95% ownership interest in the Thompson Brothers Lithium Property in Wekusko Lake, Manitoba, Canada.

MMPL is a private company which holds the rights to earn up to a 95% 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.

Exploration Update

As announced on 21 December 2016, the exploration program identified and **confirmed** the existence of Thompson #5 as a separate, parallel structure which returned **4,290 ppm Lithium**



(0.92% Li_2O) 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% Li_2O)** encountered.

2016 Winter Exploration Program – Background

A 2016 winter exploration program was conducted on the Thompson Brothers Property in early November. The exploration work was carried out by Dahrouge Geological Consulting Ltd. on behalf of Ashburton Ventures Inc. John Gorham, the competent person for this news release, visited the Property at this time.

The primary focus of the exploration was to validate and expand on the previous 2016 campaign as well as other historical work undertaken on the property. The crew was also tasked with investigating the potential for other pegmatites to exist on the property as well as carry out further geological mapping and sampling of pegmatite outcrops. Sampling by the crew was undertaken across several areas of distinct mineralization (Figure One below).

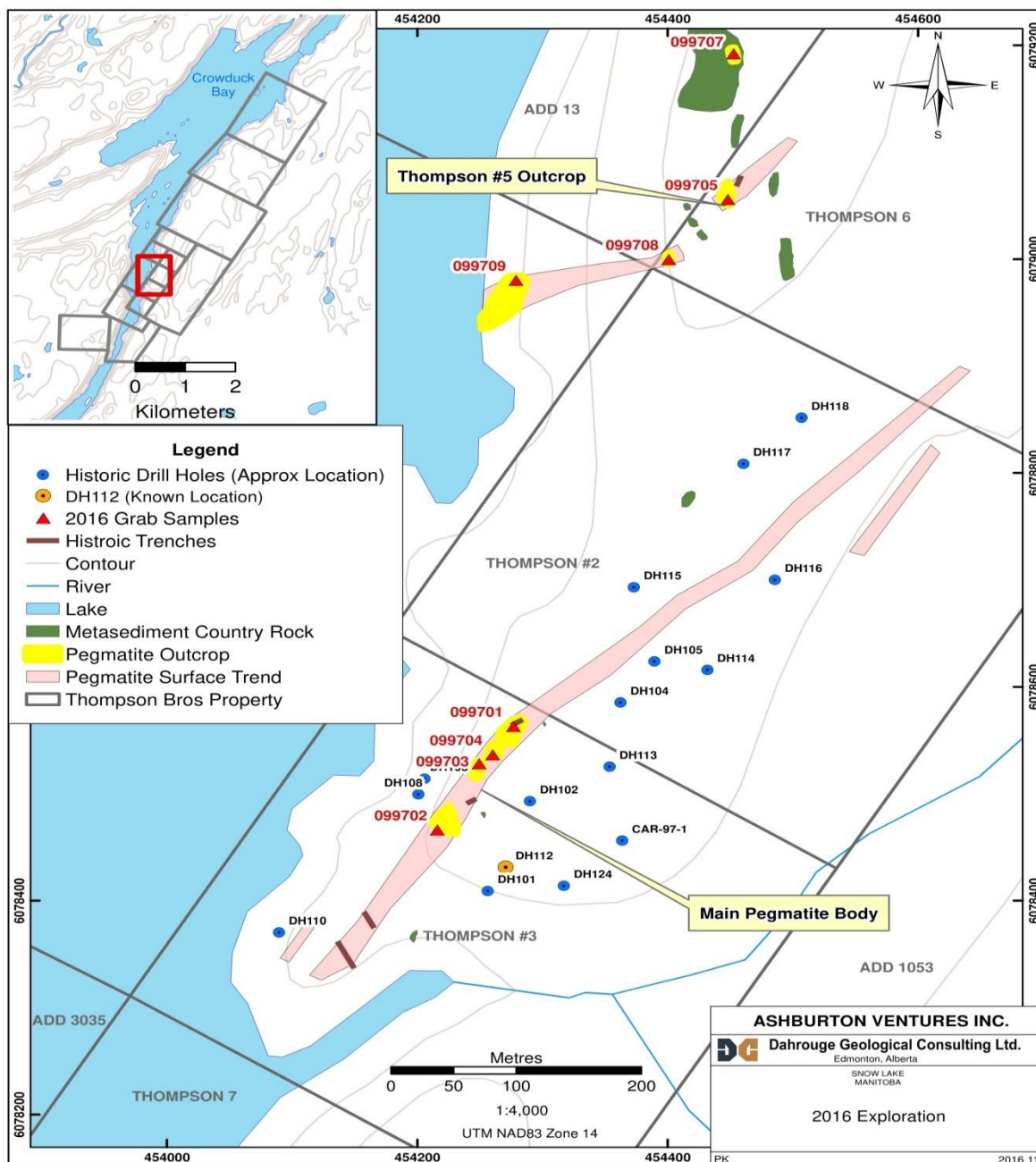


Figure One: 2016 Exploration on main pegmatite body and Thompson #5

The Company received assays for the nine samples taken from Thomson Bros with highly encouraging results. Analyses for these samples are presented as percentages of Li_2O in Table One. Results of the chip samples compare favourably with the range of historic values previously reported in Manitoba government assessment files and historical technical reports. The lower values in the last four samples appear to be associated with a dominant potassium feldspar phase within the respective pegmatite veins. Further follow-up work when the snow cover is gone is required in these areas to better understand the controls on mineralization.



Thomson	Li	Li	Li ₂ O%
Sample #	ppm	%	%
99701	7520	0.75	1.62
99702	4210	0.42	0.91
99703	6520	0.65	1.40
99704	6180	0.62	1.33
99705	4290	0.43	0.92
99706	159	0.016	0.03
99707	11	0.001	0.00
99708	183	0.018	0.04
99709	126	0.013	0.03

Table One. Rock Chip Sample Results from 2016 Winter Exploration Program

Thompson #5, Thompson #7 and Sherritt-Gordon Zone Could Lead to Significantly Larger Overall Tonnages

Mapping and sampling has **confirmed** the existence of another nearby lithium bearing structure in addition to the main pegmatite on the Property which represents an additional high-priority exploration target. The Thompson #5 zone is in addition to the main Thompson Zone which has now been sampled in the field, with proven spodumene-rich pegmatites bearing extensive lithium mineralization that remains open at depth and along strike.

Thompson #5 Outcrop

The Thompson #5 Outcrop is located approximately 500 metres north of the main pegmatite dyke and is interpreted to represent a potential new, parallel zone that has not been drill tested. In 1989, a representative sample from the area tested 2.93% Li₂O. **(Historical, Non-JORC Compliant)**. (Source: *Lake Field Research - Falconbridge Limited: Document 93474 Re: Spodumene Sample MLR099*).

Further investigation of the “Thompson #5” outcrop, roughly 500 metres northeast of the main pegmatite outcrops was undertaken during the 2016 winter program, with the area visited and sampled. The team could confirm other pegmatite outcrops in the vicinity which are on trend with the Thompson #5 outcrop (030°) which would suggest that this is a separate pegmatite body to the main pegmatite body.

Exploration work will now be accelerated on Thompson #5 with a detailed mapping and sampling campaign planned for early 2017.



Thompson #7 Outcrop

The “Thompson #7” outcrop was visited which is located approximately 700 m south of the main pegmatite body. The crew determined that Thompson #7 represents a mineralogically distinct system, and therefore it is likely that this pegmatite is not part of the main pegmatite body, but in fact also a separate pegmatite body.

Further prospecting will be undertaken in early 2017 in this area to confirm if this is a related pegmatite with a similar trend and lithium mineralization to the main Thompson pegmatite body.

Sherritt-Gordon Zone

The Sherritt-Gordon Zone hosts several pegmatite dykes with intruded parallel structures that were subsequently deformed and locally displaced. Analysis of spodumene by the Provincial Assayer of Manitoba returned 6.80% Li₂O. **(Historical, Non-JORC Compliant).** (Source: *Manitoba Minerals Deposit Database: Deposit Number M63J / 13-109*).

The Sherritt-Gordon Zone on the south-western margin was not investigated on this program and it, along with a number of other possible areas of interest, are still prospective for further mineralization to increase overall tonnages and will be investigated as part of a regional program in early 2017.

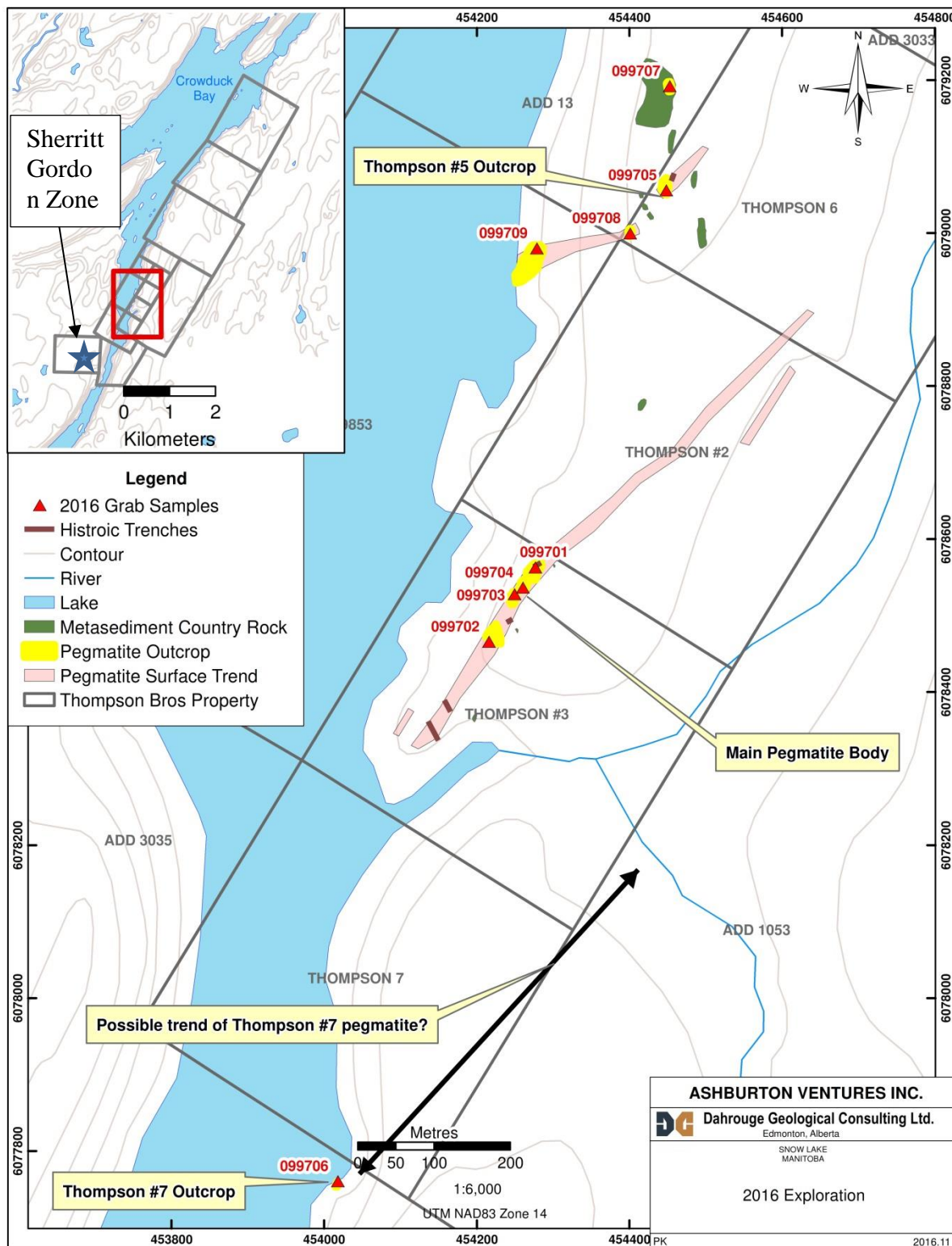


Figure Two: Main pegmatite, Thompson #5 and Thompson #7 Pegmatite Trend



Figure Three: Sample 099701 – Spodumene clusters in pegmatite (**7,520ppm Lithium, 1.62% Li₂O**)



Figure Four: Sample 099705 – Spodumene clusters in pink pegmatite at Thompson #5 (**4,290 Lithium, 0.92% Li₂O**)



Future Plans

Given the continued encouraging data being encountered, the Company intends to fast track a drilling program to confirm the historical, non-JORC compliant resource previously calculated on the Property. It is proposed to undertake this program early in 2017, over the Canadian winter, where conditions and access are highly advantageous for these type of operations as winter roads can be opened across the frozen lakes.

The program is envisaged to comprise sixteen diamond drill holes along the approximately 800m strike of known mineralisation for a total of 3,200m of drilling. The Company is targeting a number of drill holes which will test the extent of the mineralization of the previously intersected zones and test the down dip extension at Thompson Bros. Additional drilling is proposed for the Thompson #5 Zone as well. It is anticipated that this drilling will allow an initial JORC compliant inferred resource to be calculated for the Property.

The Company is highly encouraged by the confirmed presence of lithium mineralization hosted in spodumene-bearing pegmatite dykes on the Thompson Bros Property as well as confirmation of a parallel structure at Thompson #5 which could significantly increase tonnages and the scale of mineralisation at the Property. These and other high priority areas of interest prospective for further mineralization to increase overall tonnages will be investigated as part of a regional program in early 2017.

The Company looks forward to commencing the next stage of its development strategy to follow up on these encouraging results to rapidly advance the Property and will update the market on its 2017 exploration program in due course.

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.

A limited amount of wide-spaced geochemical drilling has been undertaken in the target area (see Figure 6). 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.

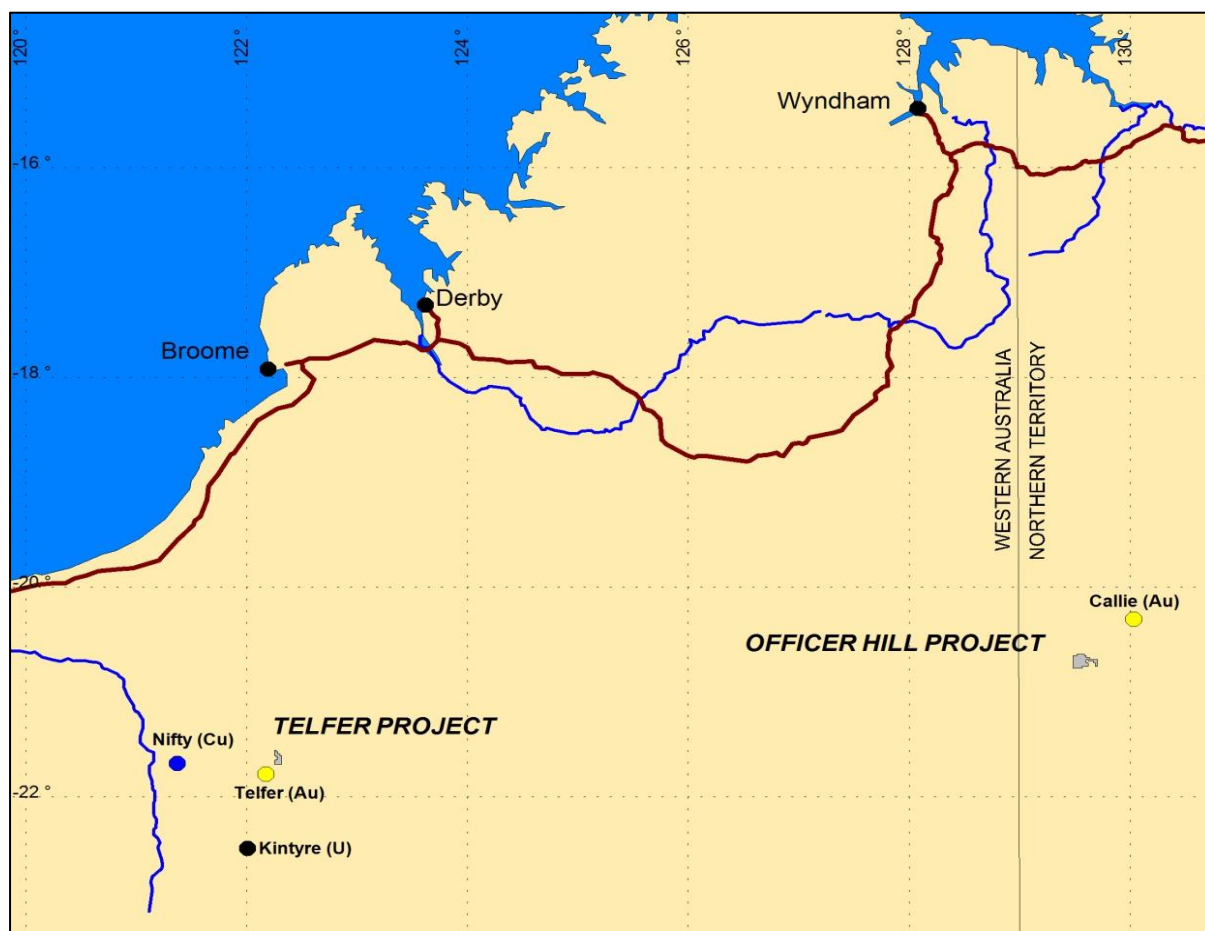


Figure 5 – Telfer Project Location Plan

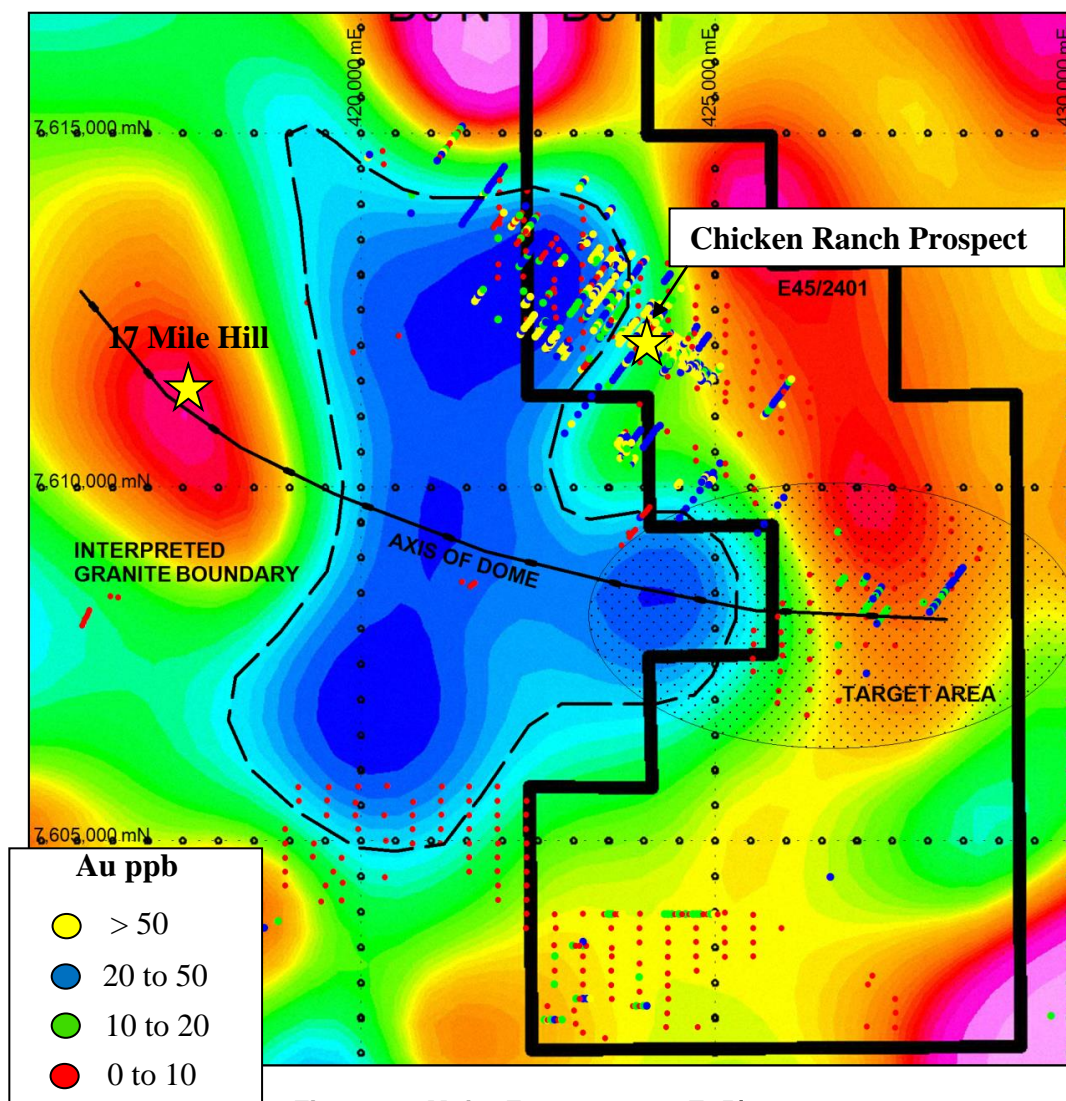


Figure 6 – Major Features over E45/2401.

Background image is 1VD Bouguer Gravity. GDA94.

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 6. 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.

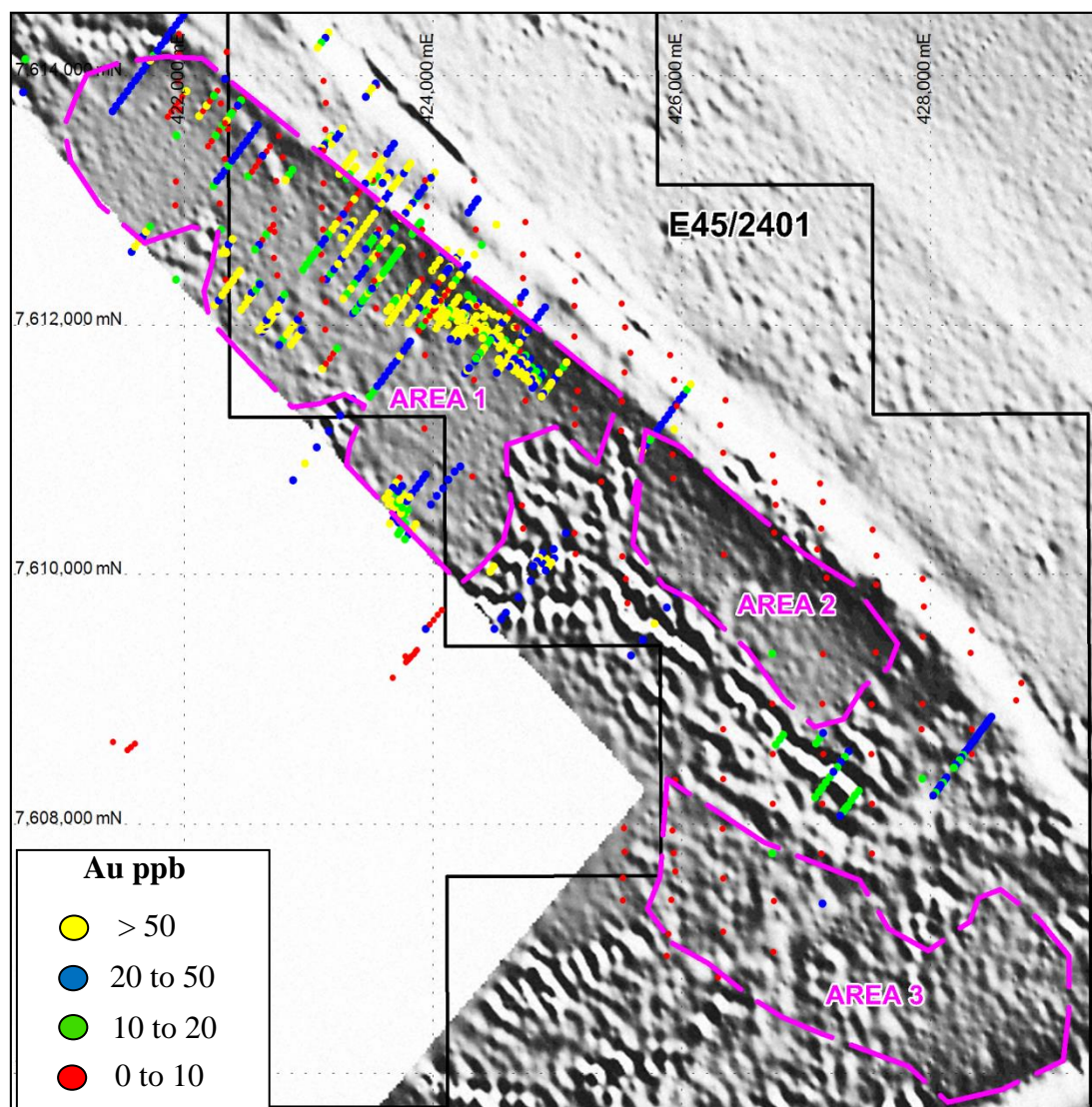


Figure 7 – Historical Drilling over Reduced to Pole Magnetics. Areas of subdued magnetic response defined by pink polygons.

Electromagnetic Target Areas

Historic airborne electromagnetic data (Time Domain Electromagnetic Survey) was reprocessed to produce a number of images. Figure 7 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.

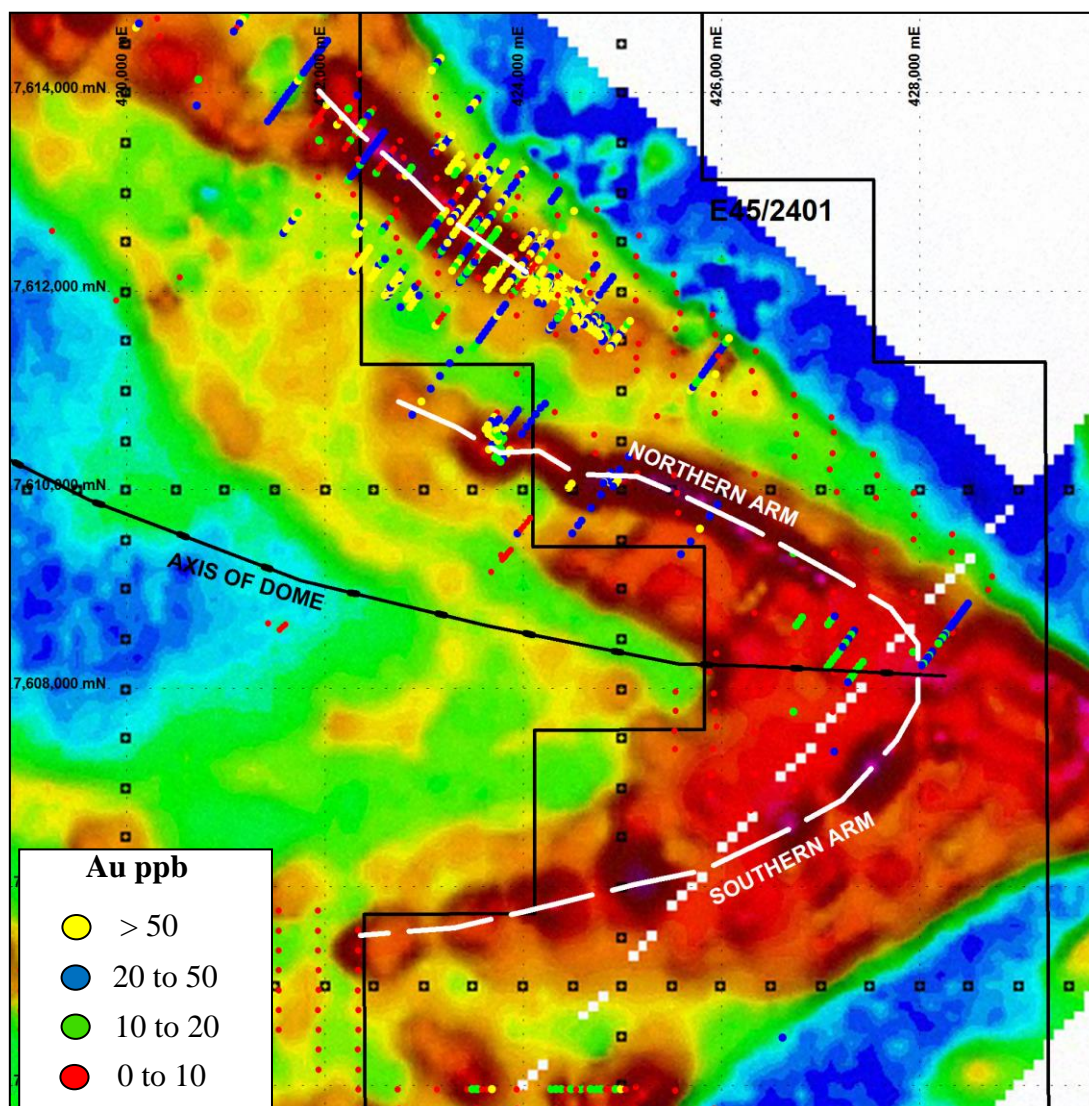


Figure 8 – Historical Drilling over Electromagnetics
Background image is Channel 10 TDEM Survey Data. GDA94.

Re-evaluation of Chicken Ranch Prospect

Gold mineralisation at the Chicken Ranch prospect (Figure 8) 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.



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.

Newmont advised that no field work was completed during the quarter.

Quantum's Tenement Holdings as at 31 December 2016:

PROJECT	TENEMENT NUMBER	COMPANY'S BENEFICIAL INTEREST	CURRENT AREA (KM ²)	CURRENT HOLDER	COUNTRY/ STATE
Telfer	E45/2401	100%	Due to compulsory partial surrender, the tenement has reduced to 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 a 95% ownership interest in the Thompson Brothers Lithium Property in Wekusko Lake, Manitoba, Canada



CORPORATE UPDATES

Funding

During the quarter, the Company successfully completed a non-renounceable pro-rata rights issue of 1 new Share for every 5 Shares at an issue price of 1.6 cents (\$0.016) per new Share together with 1 free-attaching new unlisted option, exercisable at 3.25 cents (\$0.0325) and expiring on 31 August 2020, for every new Share issued raising \$989K before costs of the issue.

The capital raising has placed the Company in a well-funded position for its anticipated 2017 exploration program.

Shareholders meeting

On 30 November 2016, the Company held its 2016 Annual General Meeting of shareholders. Shareholders approved all resolutions without amendment.

Securities on issue as at 31 December 2016:

CLASS OF SECURITIES	NO. OF SECURITIES ON ISSUE
Total fully paid ordinary shares	370,968,619
Unlisted options exercisable at \$0.0325 each on or before 17 November 2018	52,000,000
Unlisted options exercisable at \$0.0325 each on or before 31 August 2020	88,828,793
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 Ari Herszberg	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 geologic information in this report that relates to the Canadian exploration results 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")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development	(9)	(17)
(c) production		
(d) staff costs		
(e) administration and corporate costs	(194)	(423)
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 (GST)	10	23
1.9 Net cash from / (used in) operating activities	(194)	(417)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments	-	(128)
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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	-	(128)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	964	1364
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 (provide details if material)		
3.10	Net cash from / (used in) financing activities	964	1364

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	119	71
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(194)	(417)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(128)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	964	1364
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	890	890

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	890	119
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)	890	119

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
48

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000

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

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

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.

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9. Estimated cash outflows for next quarter**\$A'000**

9.1 Exploration and evaluation

300

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

150

9.6 Other (provide details if material)

9.7 Total estimated cash outflows

450


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:Avi Kimelman.....
(Director)

Date:31/1/2017.....

Print name: 

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.