Quarterly Activities Report – March 2017

QUARTERLY HIGHLIGHTS

Exploration Program at

- **2017 Winter Exploration underway with Extensive zones of Spodumene Mineralisation Confirmed at Thompson Bros. Lithium Property**
- **6 drill holes completed with a further 27 drill hole program expected to re-commence May/June 2017 at Thompson Bros. Lithium Property**
- **Successful completion of professional placement of $660,000**
- **Appointment of highly skilled director, Mr Olaf Frederickson**

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% 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.

Exploration Update (2017 Drill program)

As advised to ASX on 4 April 2017, the first six drill holes of the 2017 Winter Drill program were completed at the Thompson Bros Lithium Project in Manitoba. Five of the holes encountered significant intervals of spodumene (lithium bearing mineralisation) at downhole thicknesses that are in line with or exceed those encountered from historical drill programs.

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Hole One TBL17-001*: 35 – 47 m (12 metre interval – *note: downhole widths, true widths not yet determined)

- Near historic hole 102 (hole ended in pegmatite due to unstable conditions)
- Historic hole 102 intersected pegmatite from 52.4 to 59.4 metres (7.0m interval)

Hole Two TBL17-002*: 8 – 9 m and 19 – 25 m (two intervals, 1m & 6m – *note: downhole widths, true widths not yet determined)

- Near historic hole 111
- Historic hole 111 encountered two intervals also: 20.9 to 24.5 metres (3.6m interval) & 55.5 to 57.3 metres (1.8m interval)

***Fig 1*: Spodumene mineralisation in drill core of hole TBL-001 at Thompson Bros Lithium Project**

Hole Three TBL17-003*: 160 – 182 m and 210 – 213 m (two intervals, 22m & 3m – *note: downhole widths, true widths not yet determined)

- Near historic hole 124
- Historic hole 124 intersected pegmatite from 163.5 to 185.6 metres (22.1m interval)

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Hole Four TBL17-004*: 33 – 54 m (21 metre interval – *note: downhole widths, true widths not yet determined)

- Near historic hole 101
- Historic hole 101 intersected pegmatite from 58.2 to 69.3 metres (11.1m interval)

Hole Five TBL17-005*: 140 – 146 m (6 metre interval - *note: downhole widths, true widths not yet determined)

- Near CAR-97-1
- Historic hole CAR-97-1 intersected pegmatite from 161 to 191 m (30 m interval). The historic hole was drilled at an oblique angle to the strike of the pegmatite, therefore the current hole is closer to the true width of the pegmatite at this location.

***Hole Six TBL17-006*: No spodumene pegmatite intersected**

The final hole of the season did not reach the target depth before the drill rig needed to be moved off of the project area due to the rapidly warming conditions. The drill collar has been left in place in order to continue during the next phase of drilling.

2017 Drill Program Background

Drill targets were selected using historic drill hole information. The Company prepared a sequence of drill holes along a series of section lines to intersect the pegmatite at varying depths along the strike length. Drill holes will step out 100 metres apart along section lines spaced 100 metres apart running northwest-southeast. Drill holes will be systematically geologically and geotechnically logged and assayed. Final data compilation, database creation, geological interpretation, and resource modelling will be completed in accordance with JORC regulations.

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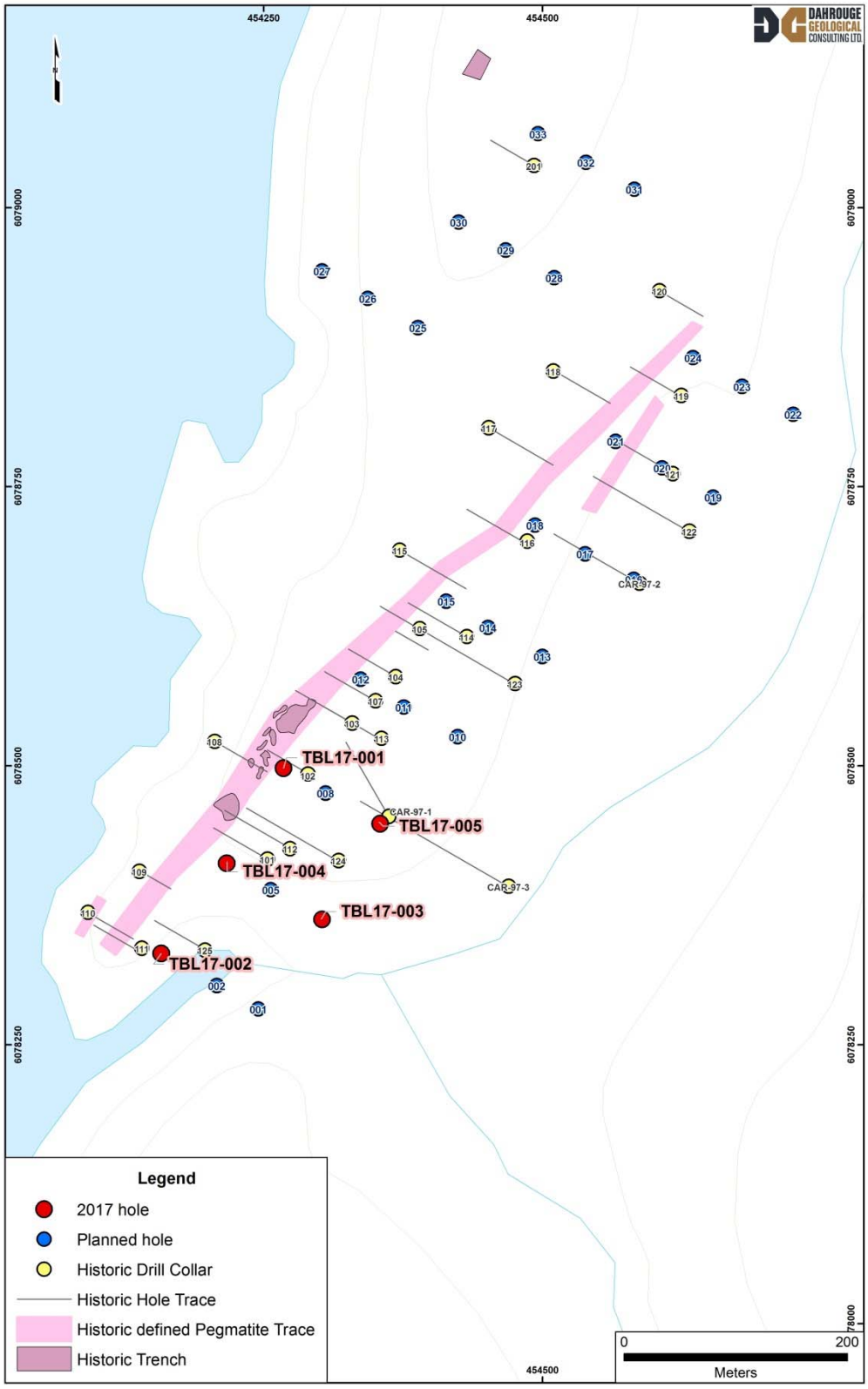

Fig 2: **Current Drill Program with completed and scheduled holes at Thompson Bros**

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Winter Thaw & Ongoing Work Programs

Rapidly warming conditions led to an earlier than expected winter thaw and forecast conditions indicate a limited window before conditions deteriorate to unsafe levels. The Company made the decision to discontinue the current program in early April 2017 while conditions held.

Whilst the Company prepares to recommence drilling in summer conditions, it is expected that further exploration results on the five holes will be reported in the coming weeks.

It is anticipated that drilling will re-commence at the end of May/early June 2017. The Company will be able to continue drilling the prospect in a cost-effective manner in the summer months without the use of continued helicopter support. The target area is accessible in the summer months due to its location near the shore of Wekusko Lake. In addition, the Company is initiating plans for a work program to test for additional pegmatites with a focus on the Thompson #5 and Sherritt-Gordon Zones which could lead to significantly larger overall tonnages. This program is scheduled to commence as soon as residual snow cover is gone.

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.

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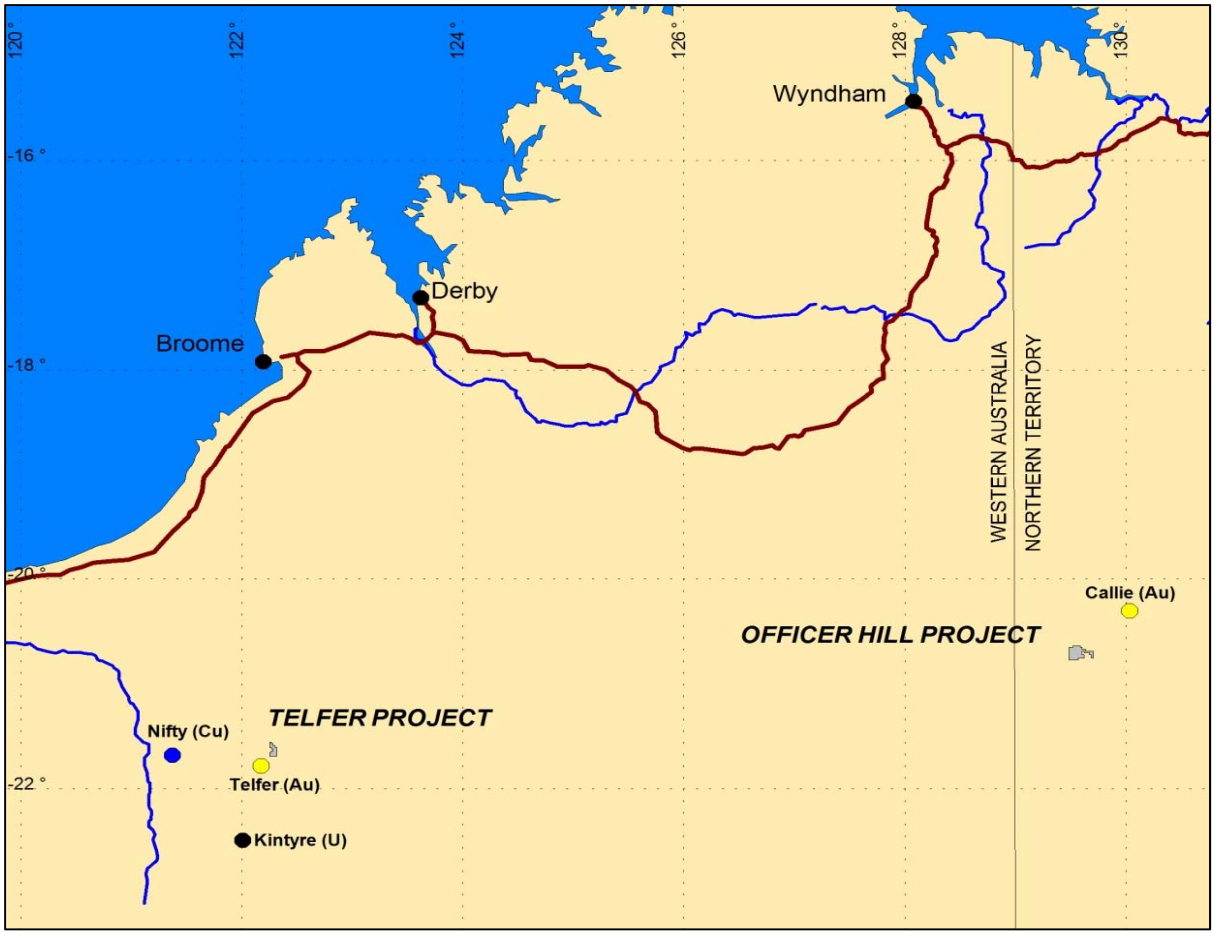

Fig 3: **Telfer Project Location Plan**

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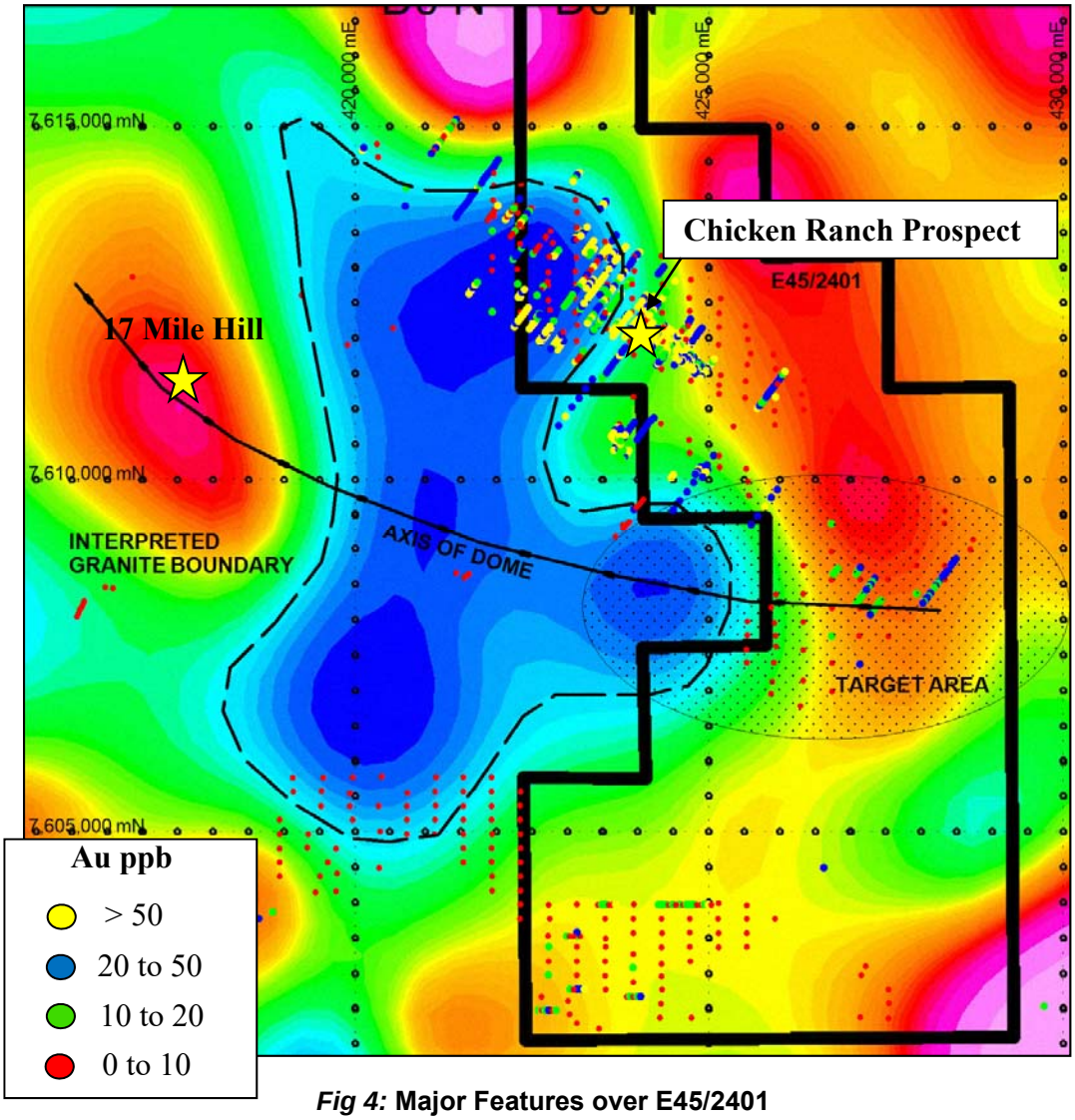

Fig 4: **Major Features over E45/2401**

Background image is 1VD Bouger 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.

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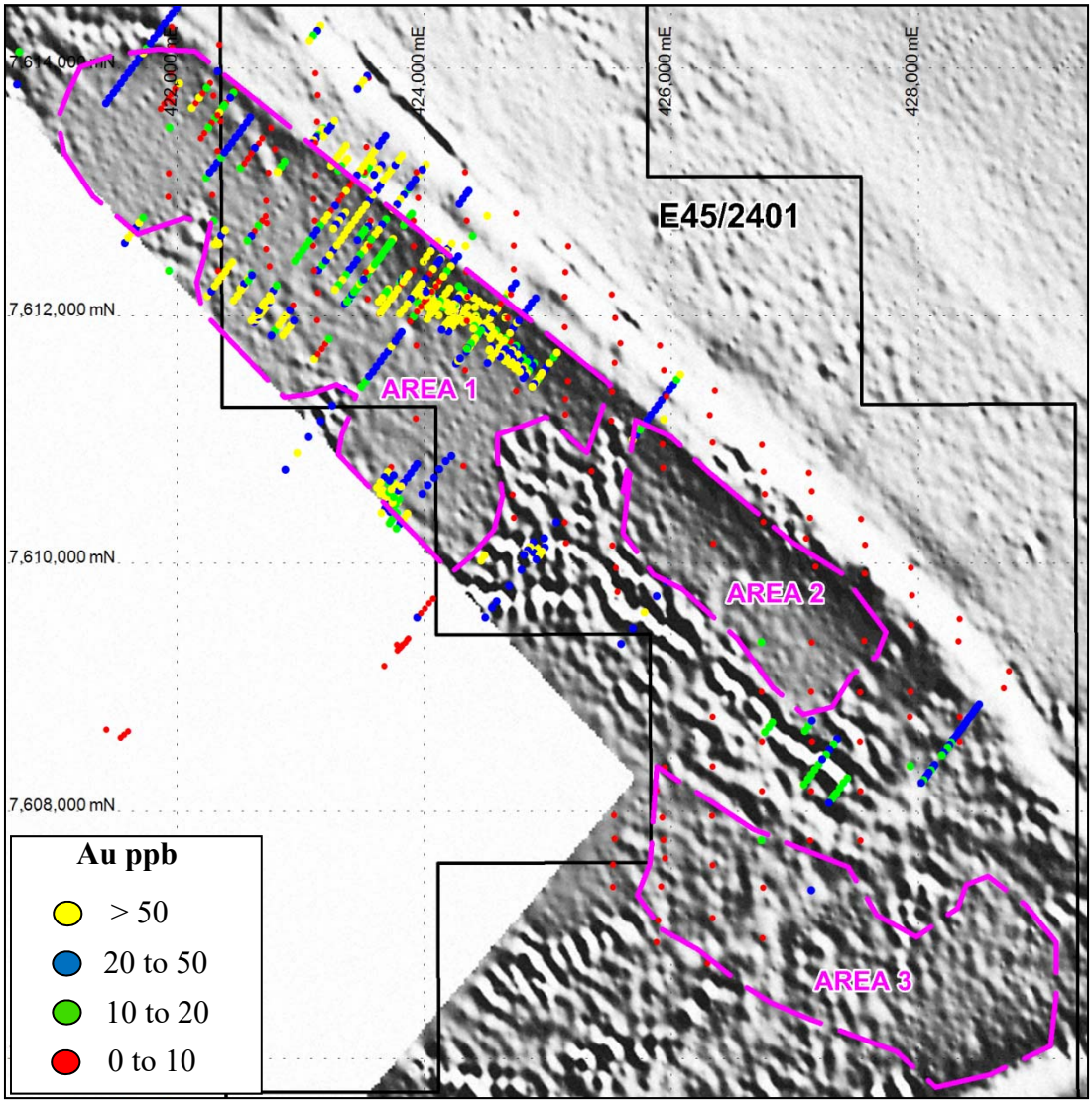

Fig 5: **Historical Drilling over Reduced to Pole Magnetics. Areas of subdued magnetic response defined by pink polygons.**

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.

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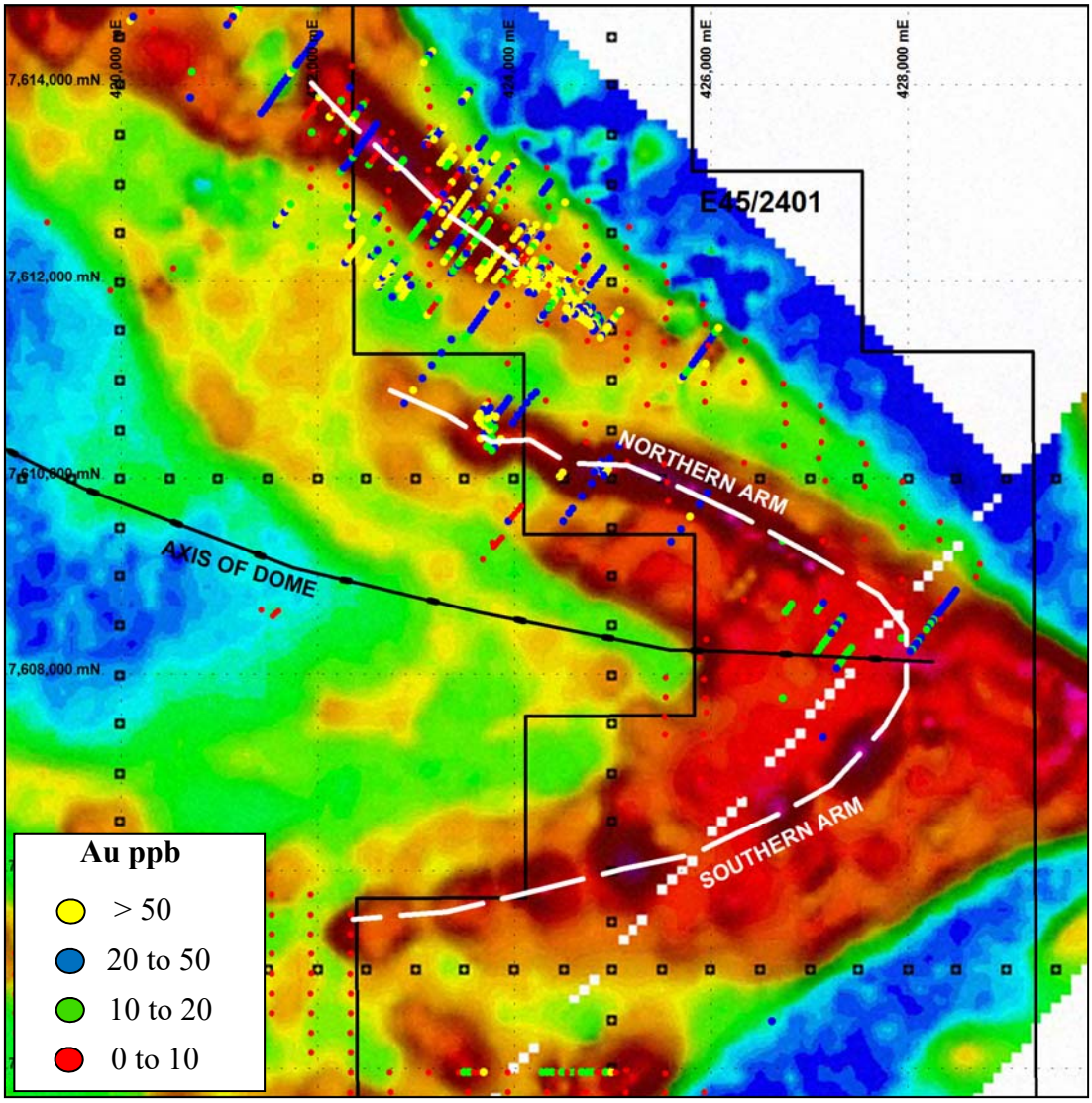

Fig 6: **Historical Drilling over Electromagnetics**

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.

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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 March 2017:

PROJECT	TENEMENT NUMBER	COMPANY'S BENEFICIAL INTEREST	CURRENT AREA (KM^2)	CURRENT HOLDER	COUNTRY/ 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

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CORPORATE UPDATES

Funding

During the quarter, the Company successfully completed a placement of 60 million fully paid ordinary shares at an issue price of $0.011 (1.1 cents), raising $660,000 before associated costs. Each two shares placed comes with one free attaching option exercisable at 3.25 cents on or before 31 August 2020. (Placement).

The Placement was offered to sophisticated investors under s708 Corporations Act (Cwth) 2001 and pursuant to Chapter 7.1 and 7.1A of ASX Listing Rules.

Funds raised are intended to be used for the development of the Company's advanced Manitoba Lithium Project (Thompson Bros Project) (including the current 2017 Winter Drilling Program), the further development of the Company's existing exploration assets, and otherwise applied to the working capital and administrative costs of the Company.

Shareholders meeting

On 6 April 2017, the Company held a General Meeting of shareholders. Shareholders approved the prior Placement in addition to a further placement of up to 30 million fully paid shares on the same terms as the Placement. Shareholders approved Mr Avi Kimelman's participation of up to 20 million fully paid shares in the proposed placement.

Other

During the quarter, 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 and Newcrest Mining. More recently, he has been working as an independent consultant in several areas including provision 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 and is a Director of Blackfynn Pty Ltd.

Mr Herszberg has resigned from his position today as a Non-Executive Director of Quantum. The Board pays thanks to Mr Herszberg for his insights and contributions during his tenure as a director of Quantum and wish him all the best for the future.

On 20 April 2017, MMPL entered into an amending agreement with ABR with its previously announced option agreement. In effect, ABR has taken on responsibility for share payments owing to the underlying holder of the Project, Strider Resources Ltd (SRL). ABR will now be responsible to issue 2.25 million common ABR shares to SRL, in annual instalments of 500,000 shares, ending in April 2021. As a result, MMPL will forego its right to acquire a further fifteen per cent holding (15%) in the Project from ABR for cash consideration of C$1,000,000. If MMPL accelerates the option payments and satisfies all the option terms early, then ABR must issue all the remaining shares to SRL within 30 days of receipt of the option notice.

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Upon MMPL earning its 80% interest in the Project, ABR will be responsible to financially contribute to the Joint Venture on a pro-rata basis (20%).

MMPL will continue to earn an 80% interest in the Project. See ASX announcement dated 12 May 2016 for further details.

Securities on issue as at the date of this Report:

CLASS OF SECURITIES	NO. OF SECURITIES ON ISSUE
Total fully paid ordinary shares	**439,825,552**
Listed options exercisable at $0.0325 each on or before 31 August 202017	**135,185,726**
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.

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+Rule 5.5

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	**Quarter ended ("current quarter")**
84 006 690 348	31 March 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(176)	(23)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs	(344)	(767)
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)	23	45
1.9	**Net cash from / (used in) operating activities**	**(497)**	**(915)**

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 (9 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	615	1979
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**	**615**	**1979**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	889	71
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(497)	(915)
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)	615	1979
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**1,007**	**1,007**

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	1,007	889
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)**	**1,007**	**889**

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	56
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

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.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	400
9.2	Development	
9.3	Production	
9.4	Staff costs	
9.5	Administration and corporate costs	165
9.6	Other (provide details if material)	
9.7	**Total estimated cash outflows**	**565**

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..... Date: .....27/4/2017.....
Director

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.