

Quarterly Activities Report – September 2017

QUARTERLY HIGHLIGHTS

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 and is adjacent to Far Resources (CSE:FAT) Zoro Lithium Property, host to several lithium bearing pegmatite dykes with numerous high grade intersections. 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

Assay results from the remaining three holes drilled during the previous winter season were received during the quarter and reported in the Exploration Update announcement dated 5th September 2017. Highlights included the following intersections within the three holes:

- **Hole TBL003 from 160.42 to 181.5metres (21.08 metre interval) of 1.74% Li₂O**
- **Hole TBL004 from 33.48 to 54.63 metres (21.15 metre interval) of 1.55% Li₂O**
- **Hole TBL005 from 139.59 to 146.1 metres (6.51 metre interval) of 1.28% Li₂O**

Refer to the announcement for complete assay data, maps and JORC compliance information.

Non-Executive director and geologist; Mr Olaf Frederickson has visited the project twice since the June activities report for reconnaissance and project familiarisation in August followed by a visit in October to initialise a fieldwork program of geochemical soil sampling over the majority of the leases. The August visit confirmed project access by boat across Wekusko Lake was feasible in the summer months and also identified additional lithium bearing pegmatite as reported in the ASX Company Update dated 23rd August 2017.

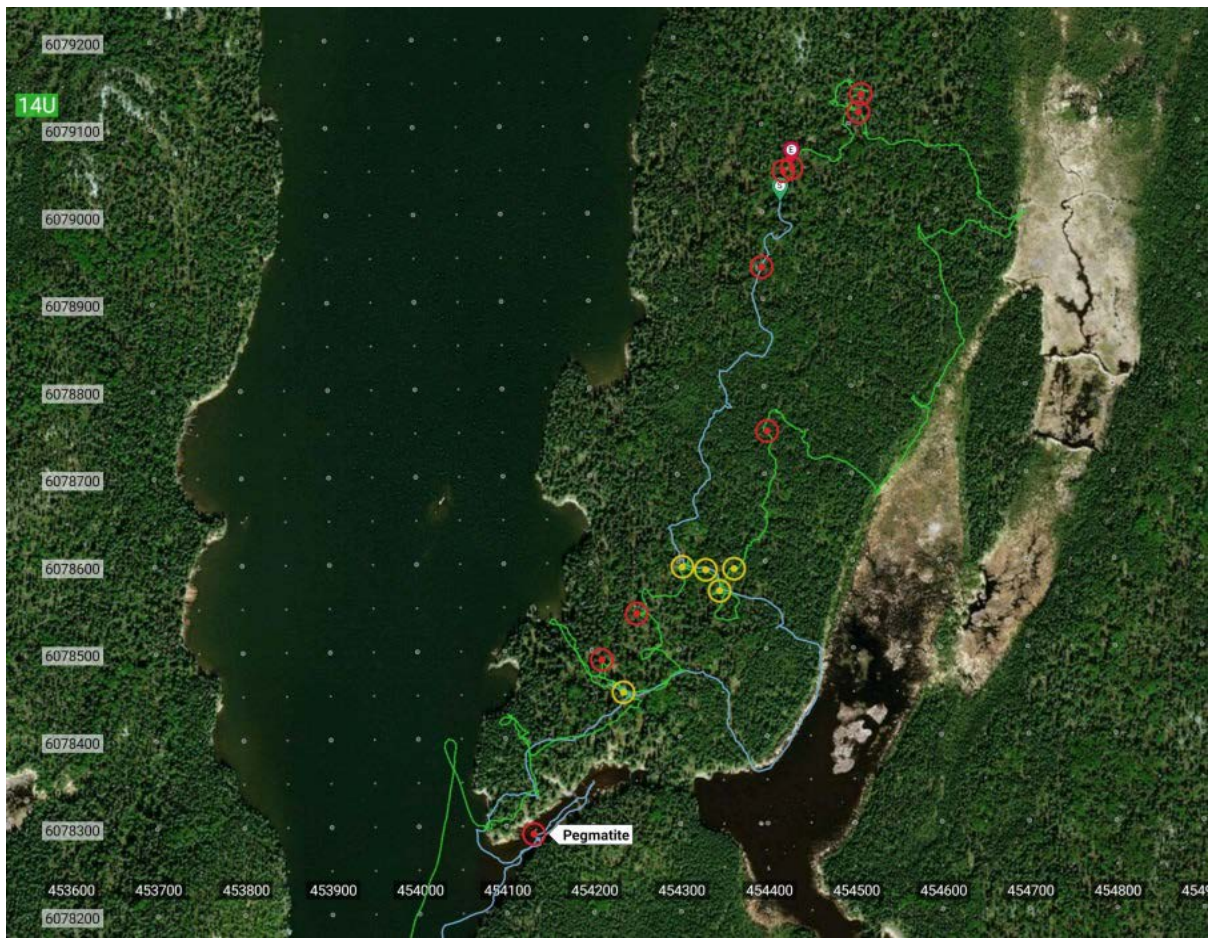


Figure 1. Plan showing August traverse path and location of pegmatite outcrop (red circles) and float (yellow circles)



Figure 2. Photo's of lithium bearing pegmatite and scale of outcrop

In lieu of trying to continue the drilling program started by Dahrouge geological contractors over the area of known pegmatite, it was decided to conduct a geochemical soil sampling program over the remainder of the tenement area with the aim of identifying additional drill targets as well as extensions to the known deposits.

Mr Frederickson's second visit initiated this program with the help of two locally employed field technicians. As of the date of drafting this activity report, approximately 900 samples had been taken out of a planned 1750 with approximately 170 samples being inaccessible due to swamp. It is hoped the remaining samples will be completed within the next week or so depending on weather and accessibility. The main access across Wekusko Lake is expected to start freezing over around the 1st November next week at which point the remainder of the sampling program will be abandoned if not completed. Following completion, the samples will be sorted and freighted to the ALS lab in Yellowknife (Northwest Territories) for analysis.

As well as progressing with the planned soil sampling, any pegmatite outcrop or float discovered was recorded and compiled onto the maps shown in figures 3 and 4. Points shown in orange are outcrop or float rocks identified during the August site visit and the points shown in yellow represent outcrop or float identified during the October mapping works. As can be seen, there is a significant number of pegmatite occurrences, many of which appear to be extensions of the known lithium bearing pegmatites in the area as well as potentially new pegmatite discoveries. In the very northern lease, there were significant widths (~150m) of pegmatite dyke intersected outcropping along the lakes edge striking in a southerly direction. At this point, it is uncertain if these bear any relationship to the pegmatites in the south although they are very encouraging for follow up work in the future.

The Company is pleased with the progress to date and excited by the potential suggested by the additional pegmatite outcrops identified in the recent field work.

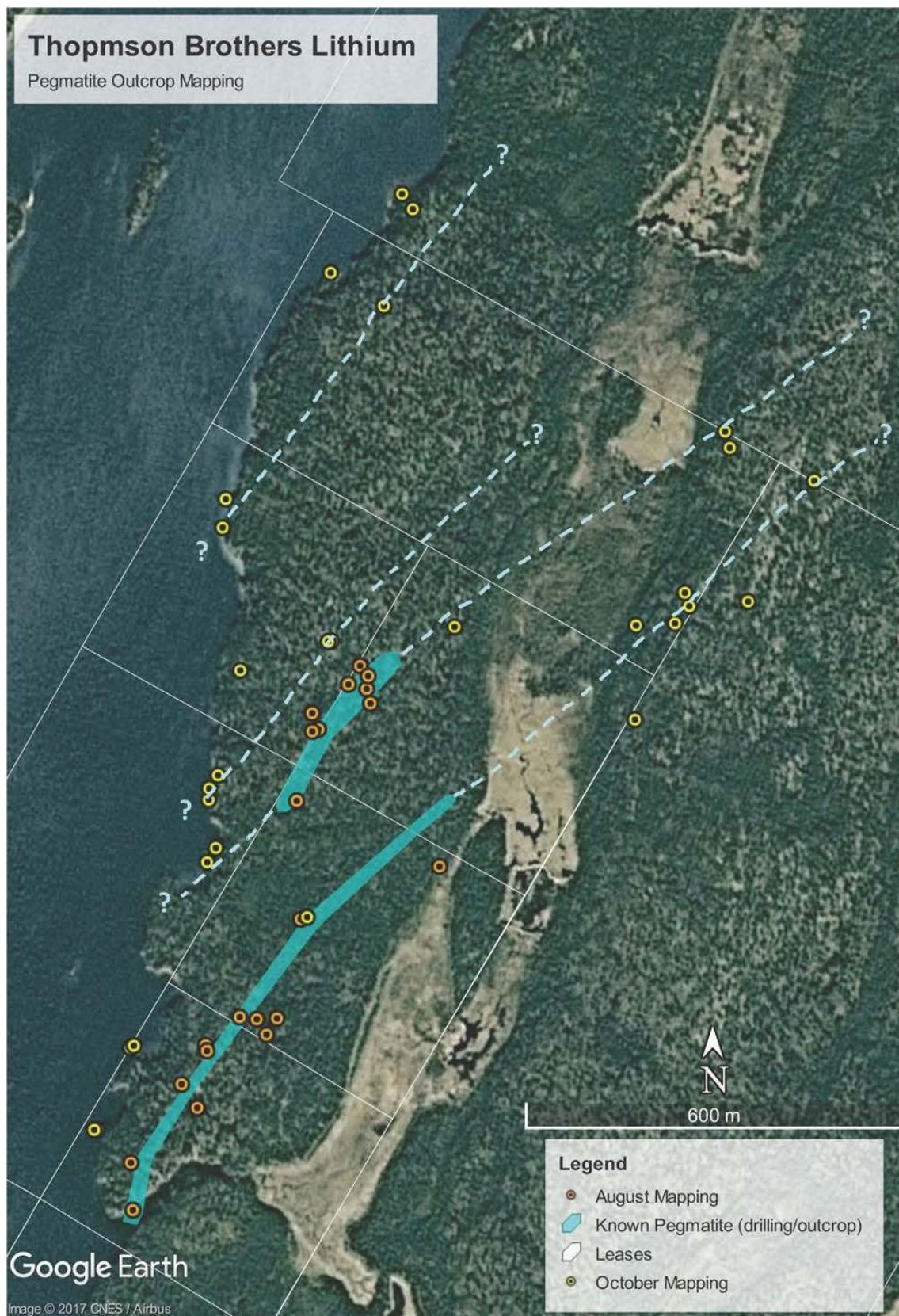


Figure 3. Southern outcrop map with possible known deposit extensions and new discoveries.

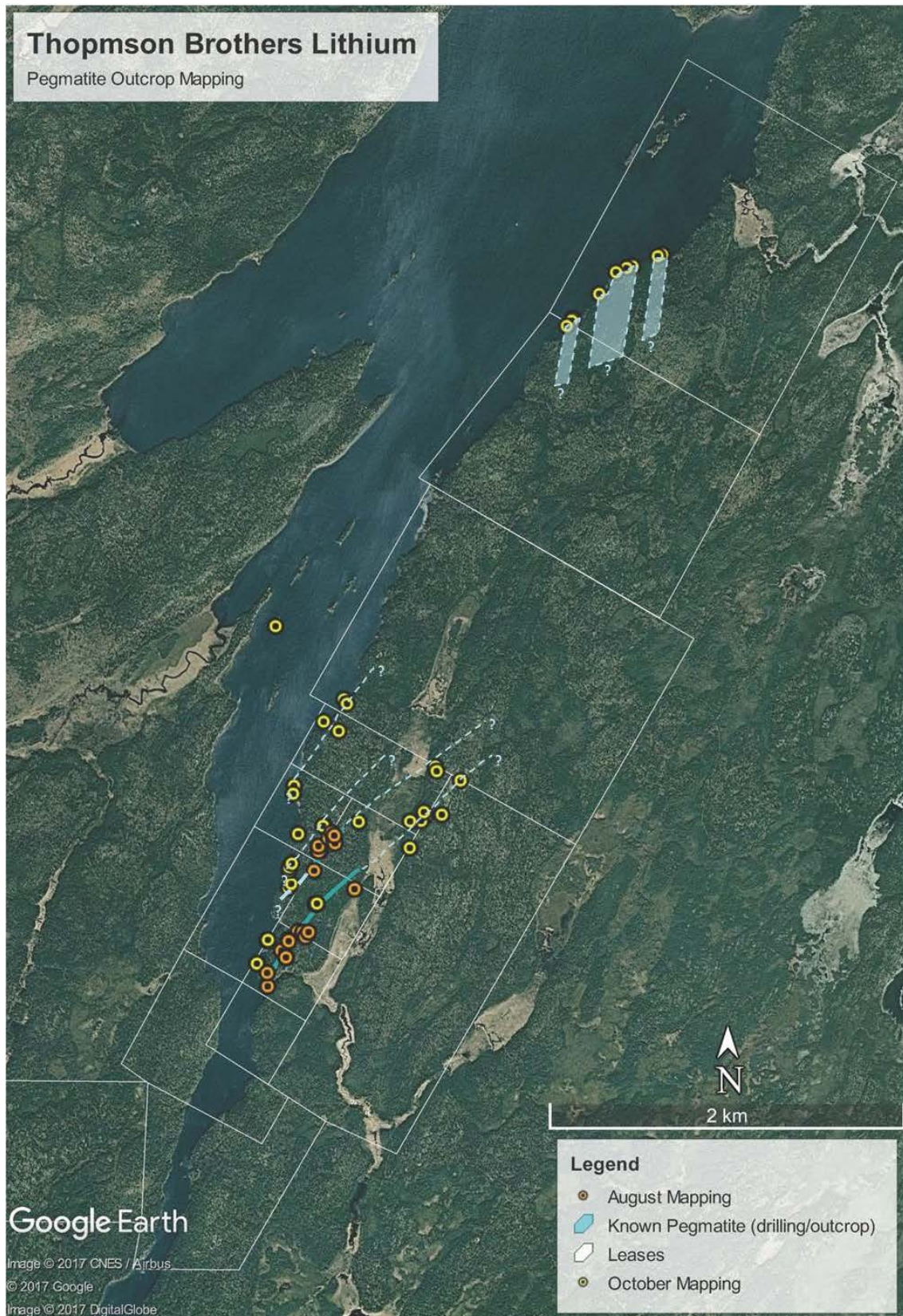


Figure 4. Outcrop map showing all tenements and northern outcropping pegmatite.

HIGH PURITY ALUMINA – HALCYON ACQUISITION

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.

During the due diligence period, QUR engaged a number of specialist consultants to investigate all aspects of the project involving geological, metallurgical, process engineering, financial and marketing in order to be fully informed before making a decision to proceed.

In conclusion, the board felt the project has merit however the financial parameters involved with both pilot testing and full scale production in particular preclude proceeding with the acquisition in its original form.

The Company instead negotiated to maintain a 26.3% interest in Halcyon and the HPA project for a total of \$55,000. This investment will be done with no dilution to existing shareholders and allow the company to retain significant exposure to future development of the project. Quantum has the right to appoint one director to Halcyon.

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.

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

Quantum's Tenement Holdings as at 30 September 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

In September 2017, the Company placed 29 Million fully paid ordinary shares at an issue price of \$0.0055 per share to raise \$159,500 before associated costs.

The Company will hold its AGM on 30 November 2017 at 11.00am at level 17, 500 Collins Street, Melbourne, VIC, 3000.

Securities on issue as at the date of this Report:

CLASS OF SECURITIES	NO. OF SECURITIES ON ISSUE
Total fully paid ordinary shares	539,934,644
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 17 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 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(110)	(110)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(229)	(229)
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	15	15
1.9 Net cash from / (used in) operating activities	(324)	(324)

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 (3 months) \$A'000
	(c) investments	(29)	(29)
	(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	(29)	(29)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	154	154
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)		
3.10	Net cash from / (used in) financing activities	154	154

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,112	1,112
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(324)	(324)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(29)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	154	154

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	869	869

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	869	869
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)	869	869

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	66
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

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	150
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	180
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	330

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:

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(Director)

Date: ..31 October 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.