



Quarterly Activities Report – December 2015

OVERVIEW

Quantum Resources Limited (“**Quantum**” or “the **Company**”) is an Australian explorer with a suite of projects in Western Australia and the Northern Territory (Figure 1 & Table 1). The projects are all located on granted titles and are prospective for gold and base metals.

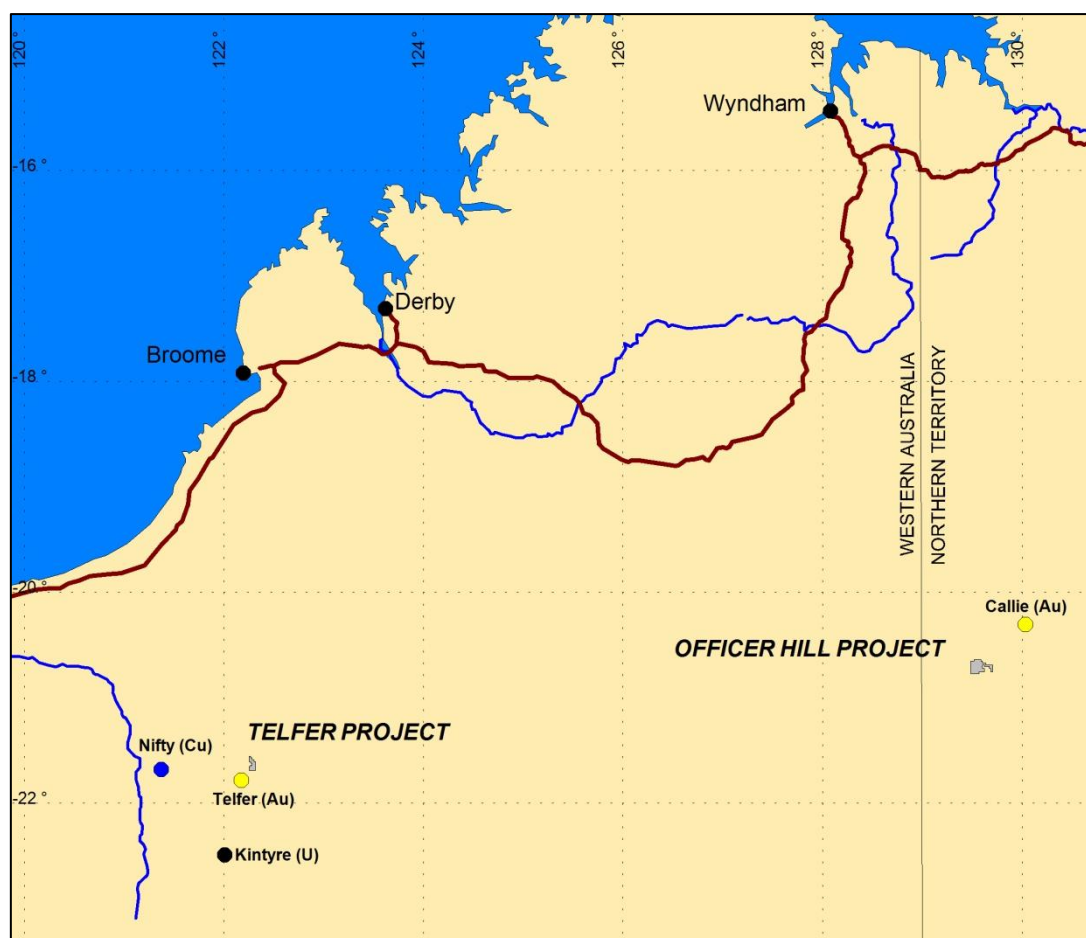


FIGURE 1 – Project Location Plan

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 2). 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.

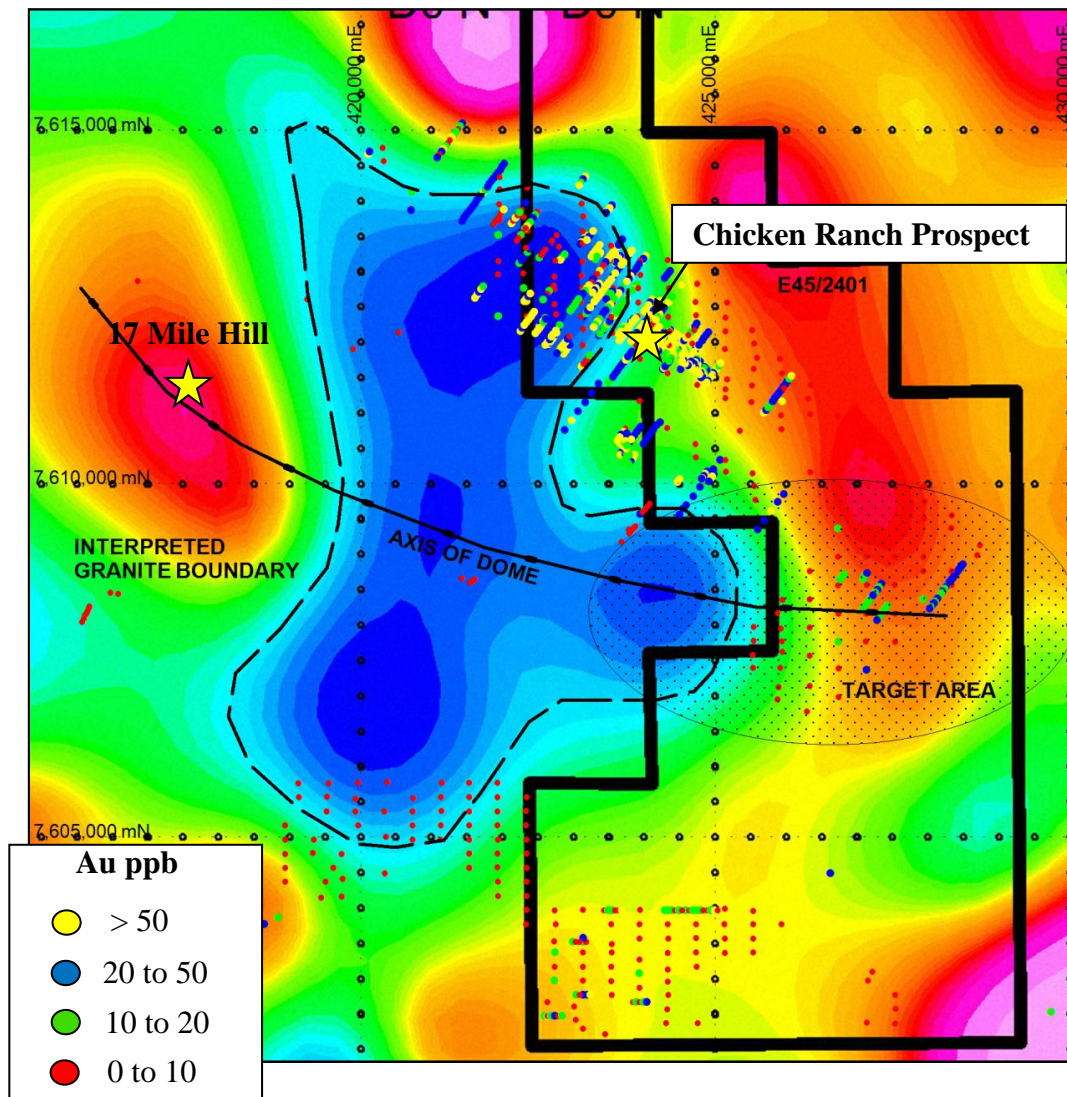


FIGURE 2 – Major Features over E45/2401.

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 3. 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.

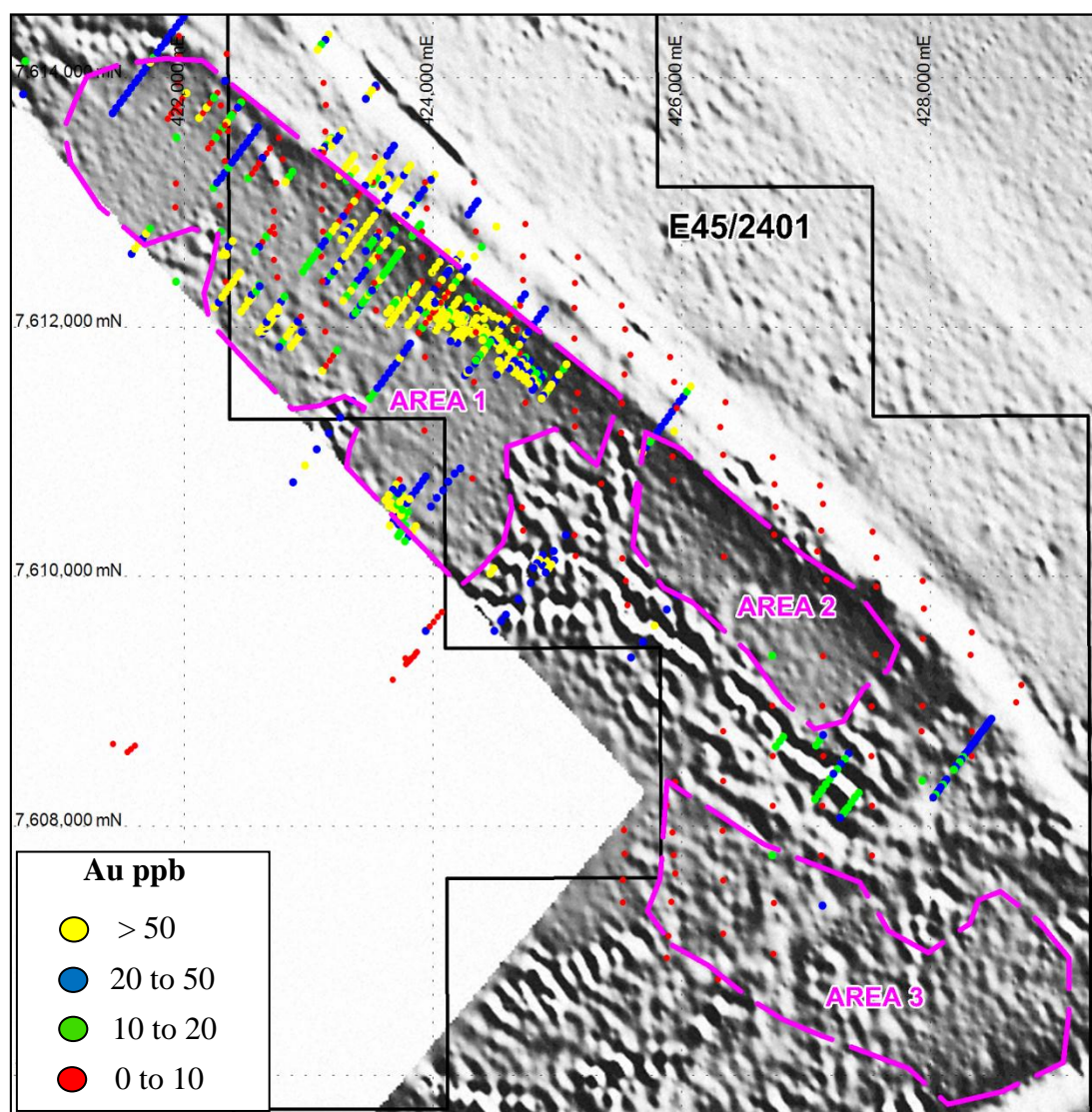


FIGURE 3 – Historical Drilling over Reduced to Pole Magnetics. Areas of subdued magnetic response defined by pink polygons.



Electromagnetic Target Areas

Historic airborne electromagnetic data (Time Domain Electromagnetic Survey) was reprocessed to produce a number of images. Figure 4 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.

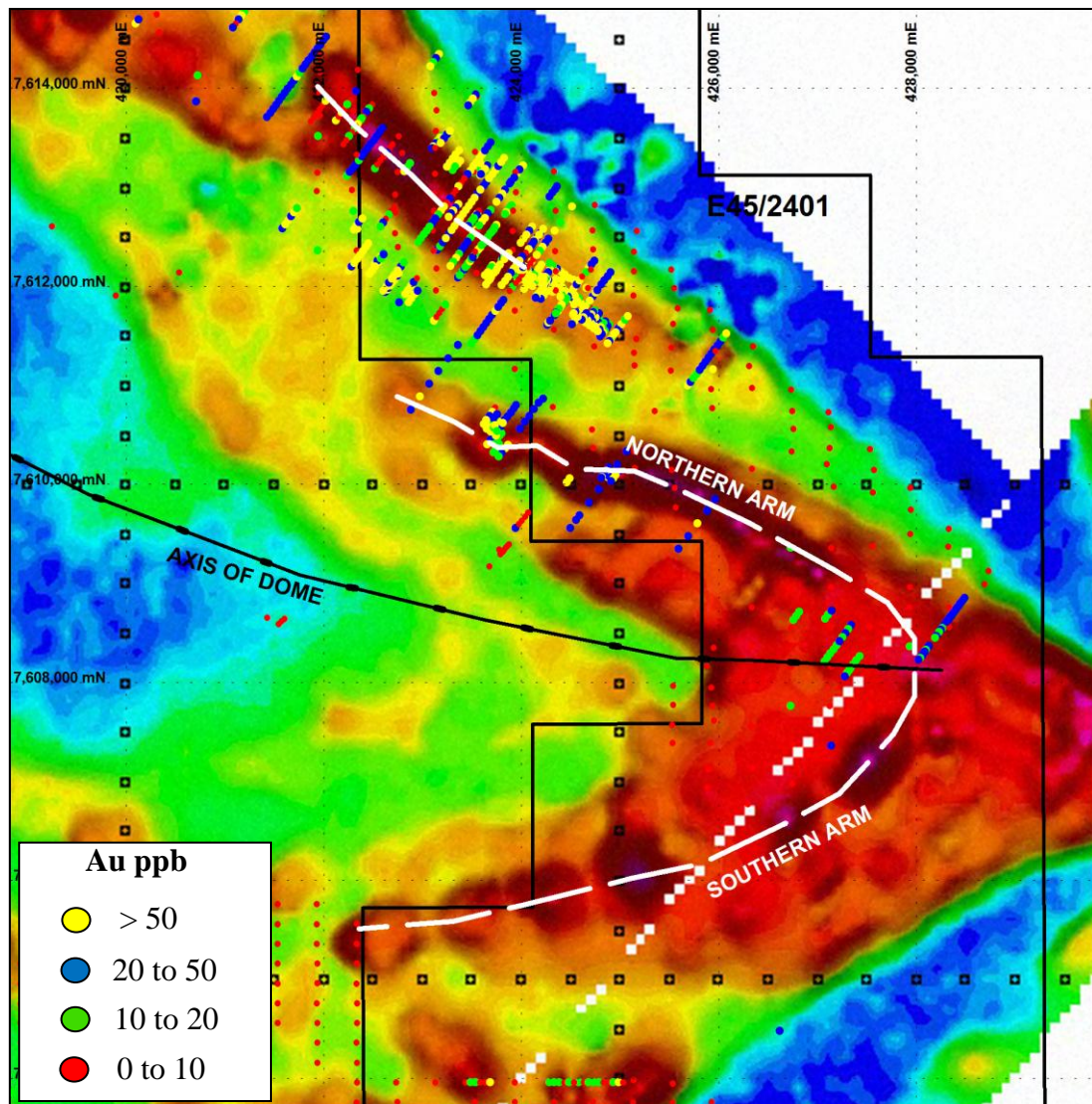


FIGURE 4 – Historical Drilling over Electromagnetics

Background image is Channel 10 TDEM Survey Data. GDA94.



Re-evaluation of Chicken Ranch Prospect

Gold mineralisation at the Chicken Ranch prospect (Figure 2) 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.

No field work was carried out during the quarter.

TANAMI (OFFICER HILLS JV) PROJECT

(Quantum 100%, Newmont Option to earn up to 75%)

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 1). 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.

The project is prospective for gold mineralisation with historical drilling intercepts of 4 metres @ 4.64 g/t, multiple intervals of 1-4 g/t, and several wide intercepts of 0.1-1 g/t.

The project is being managed by Newmont under joint venture with the Company. Newmont are earning a 75% interest by spending \$500,000 within three years. Under the terms of the agreement Newmont must spend \$100,000 within the first 12 months.

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

Competent Person

The information in this report that relates to 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.



Quantum's Tenement Holdings as at 31 December 2015

PROJECT	TENEMENT NUMBER	COMPANY'S BENEFICIAL INTEREST	CURRENT AREA (KM ²)	CURRENT HOLDER	COUNTRY/ STATE
Telfer	E45/2401	100%	70.84 KM2	Quantum	WA
Tanami (Officer Hill)	EL23150	100%*	206.08 KM2	Quantum	NT

**Quantum 100%, Newmont Option to earn up to 75% under farm out arrangement*

CORPORATE UPDATES

Events during the Quarter

The following events occurred in relation to Quantum during the quarter ended December 2015:

- On 12 November 2015, Quantum announced that it had entered into an exclusive option agreement (**Option Agreement**) with Israeli company LogiTag Systems Ltd (**LogiTag**), to acquire 100% of the issued share capital in LogiTag.
- On 17 November 2015:
 - Quantum announced that it had formally commenced its due diligence operations into LogiTag pursuant to the signed Option Agreement; and
 - Quantum issued 12,000,000 unquoted fully paid ordinary shares for a total of \$480,000, and 32,000,000 options exercisable at \$0.0325 each on or before 17 November 2018. The 12,000,000 shares were issued under a placement to raise funds to be put towards the Company's working capital requirements. 12,000,000 of the options were issued as free attaching options to the placement shares, and the remaining 20,000,000 options were issued to advisers of the Company in lieu of fees payable to those advisers.
- On 25 November 2015, the Company held its 2015 Annual General Meeting, at which all resolutions proposed by the Company to shareholders were carried unanimously on a show of hands.
- On 26 November 2015, the Company issued 8,000,000 unquoted fully paid ordinary shares for a total of \$492,000 and 4,000,000 unquoted fully paid ordinary shares for nil cash consideration in lieu of fees for services provided, at a deemed issue price of \$0.0616 per share.
- On 3 December 2015, the following changes were made to Quantum's Board and management structure:
 - Mr Avi Kimelman was appointed Chief Executive Officer of the Company;
 - Mr Mordechai Gutnick retired as Non-Executive Director and Chairman of Quantum;



- Mr Eliahu Bernstein was appointed Non-Executive Chairman of the Company following Mr Gutnick's departure; and
- Ms Alyn Tai was appointed Non-Executive Director of the Company.
- On 21 December 2015, Quantum announced that it had exercised its call option under the Option Agreement to acquire 100% of the issued share capital in LogiTag and had executed a binding share purchase agreement with LogiTag.

Events subsequent

None.

Securities on issue as at 31 December 2015:

CLASS OF SECURITIES	NO. OF SECURITIES ON ISSUE
Quoted fully paid ordinary shares	144,139,826
Unquoted fully paid ordinary shares	24,000,000
Total fully paid ordinary shares	168,139,826
Options exercisable at \$0.0325 each on or before 17 November 2018	32,000,000

Board as at 31 December 2015

Mr Eliahu Bernstein	Non-Executive Chairman
Mr Ari Herszberg	Non-Executive Director
Ms Alyn Tai	Non-Executive Director & Company Secretary

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, 01/05/2013

Name of entity

QUANTUM RESOURCES LIMITED

ABN

84 006 690 348

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	-	(15)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(576)	(734)
	(e) capital raising	(122)	(122)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST credits)	11	11
Net Operating Cash Flows		(687)	(861)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	(500)	(500)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(500)	(500)
1.13	Total operating and investing cash flows (carried forward)	(1187)	(1361)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1187)	(1361)
1.14	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	872	1903
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	872	1903
	Net increase (decrease) in cash held	(315)	542
1.20	Cash at beginning of quarter/year to date	866	9
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	551	551

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	52
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Directors' fees paid during the quarter.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,000,000	296
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	15
4.2 Development	-
4.3 Production	-
4.4 Administration	285
4.5 Capital Raising Costs	0
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	551	866
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	551	866

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 *Ordinary securities	168,139,826	144,139,826	Fully paid	Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	12,000,000 shares issued on 17 Nov 15 12,000,000 shares issued on 26 Nov 15	- -	\$0.04 per share 8,000,000 shares issued for \$0.0616 per share 4,000,000 shares issued in lieu of fees at a deemed price of \$0.0616 per share	\$0.04 per share 8,000,000 shares issued for \$0.0616 per share 4,000,000 shares issued for nil cash consideration in lieu of fees at a deemed price of \$0.0616 per share

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.5	*Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	32,000,000 options exercisable at \$0.0325 each on or before 17 Nov 2018 (Options)	-	<i>Exercise price</i> \$0.0325	<i>Expiry date</i> 17 Nov 2018
7.8	Issued during quarter	32,000,000 Options issued on 17 Nov 15		\$0.0325	17 Nov 2018
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Alyn Tai
Company Secretary
29 January 2016

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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