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# Quantum Resources Limited

ABN 84 006 690 348

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**ANNUAL REPORT 2016**

Quantum Resources Limited  
Directors' Report

## DIRECTORS' REPORT

The Directors of Quantum Resources Limited present their report for the year ended 30 June 2016.

### 1. DIRECTORS

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The Directors in office at any time during or since the end of the year to the date of this report are:

#### Current Directors

*Eliahu Bernstein*  
*Non-Executive Chairman*

Mr Bernstein was appointed a Director of the Company on 29 May 2015.

Mr Eli Bernstein is a corporate and strategy adviser with experience in dynamic markets undergoing change including energy, resources and technology.

Mr Bernstein is active with the startup community in Perth through Crowded Space, a venture capitalist incubator. At Horizon Power, he managed strategy and policy in a changing environment. Early in his career, he was a corporate consultant at a stockbroking firm.

Mr Bernstein completed a Bachelor of Commerce (Hons) and MBA. He is a graduate of the Australian Institute of Company Directors and was a Fellow of FINSIA. Mr Bernstein has served on various boards including the Australia-India Business Council and the Australian Institute of Energy (Perth) as well as a couple of committees of the Chamber of Commerce and Industry (WA).

*Avi Kimelman*  
*Executive Director & CEO*

Mr Kimelman was appointed as Director of the Company on 30 April 2016.

Avi has held senior positions in both local and overseas listed entities across a diverse range of businesses, industries and investment disciplines.

He has developed a reputation within the resources sector for identifying valuable assets and projects around the globe, raising capital for these projects through his extensive investor network as well as successfully negotiating the related transactions, particularly in the mining/oil and gas sector. He has been active in sourcing and securing various projects overseas whilst maintaining interests in both printing and manufacturing plants in Australia.

Avi is presently a Director of Bisan Limited.

*Ari Herszberg*  
*Non-Executive Director*

Mr Herszberg was appointed a Director of the Company on 28 April 2015.

Mr Herszberg is a Director of a number of companies and has more than 15 years of corporate and management experience. He has extensive consumer electronics experience retailing a number of iconic brands in the Australian market. Mr Herszberg also has extensive real estate experience in the commercial property market.

## **Former Directors**

### *Mordechai Gutnick*

Mr Gutnick has more than 15 years' experience in the mining industry and has been a long term investor in the resource sector. He has been a Director of numerous public companies included but not limited to Regis resources, Great Gold Mines and Astro Diamond mines.

Mr Gutnik resigned as Non-Executive Chairman on 3 December 2015

Mordechai is currently Director of Top End Minerals and Merlin Diamonds

### *Ms Alyn Tai*

Ms Tai is a practicing lawyer who specialises in the areas of corporate and commercial law, and the provision of company secretarial and legal counsel services to ASX-listed entities.

Ms Tai was appointed a Non-Executive Director on 3 December 2015 and resigned as Company Secretary and Non-Executive Director of Quantum, effective 19 April 2016 and 30 April 2016 respectively.

### *Company Secretary*

Mr Adrien Wing was appointed the Company Secretary of Quantum on 19 April 2016. Mr. Wing practised in the audit and corporate divisions of a medium sized chartered accounting firm before focusing on providing company secretarial and corporate accounting services to a number of publicly listed companies on the Australian Securities Exchange. His experience extends to all corporate and secretarial matters relating to ASX listed entities, including liaising with shareholders and stakeholders such as ASIC and ASX, managing statutory and reporting obligation, corporate governance and all other board processes. Mr. Wing is experienced with a public company's investment banking and capital raising processes through IPO's, Reverse Take-Overs (RTO's), Private Placements and Rights Issue; as well as M&A initiatives and applicable due diligence.

## **2. OPERATING AND FINANCIAL REVIEW**

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### **Principal Activities and Review and Results of Activities**

The principal activity of the Company during the financial year was mineral exploration. The Company is a progressive explorer with 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.

In addition to the Australian assets, the Company is working towards acquiring the rights to earn an interest in up to 95% of the Thompson Brothers Lithium Project in Manitoba, Canada (Figure 5).

### **TELFER PROJECT**

(Quantum 100%)

The Company's Telfer Project comprises a single exploration license 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 tons 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.

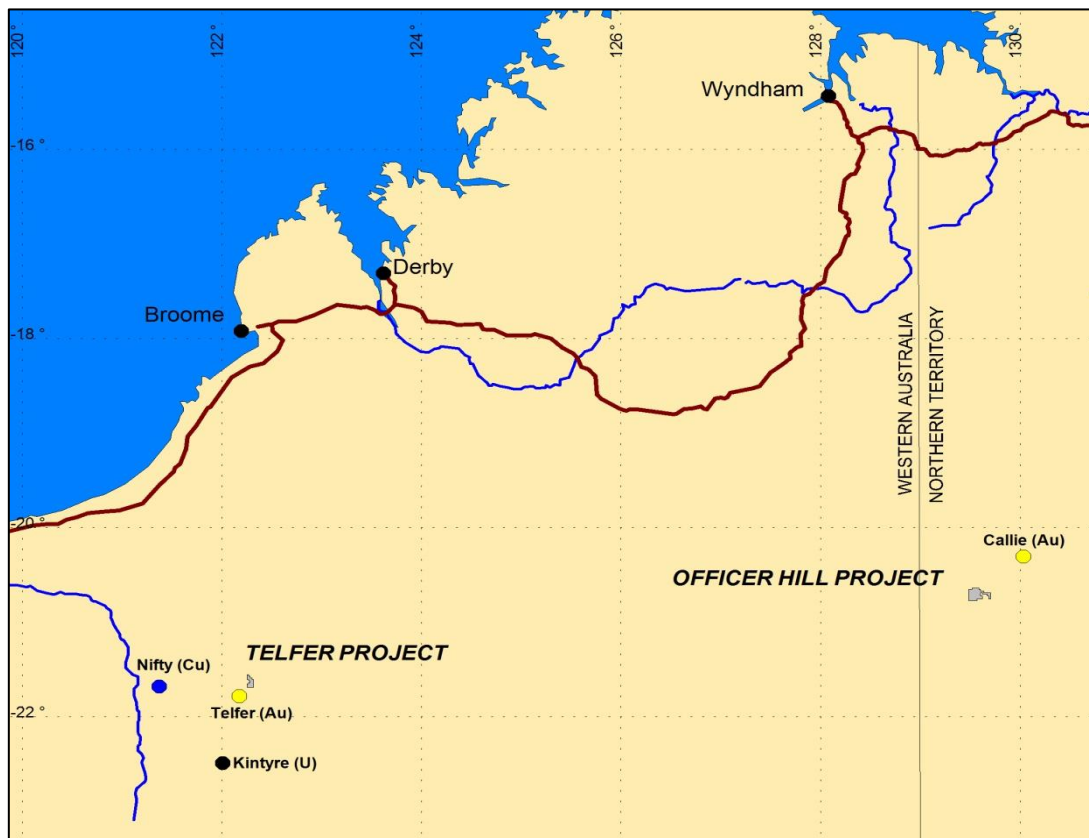


FIGURE 1 – Project Location Plan

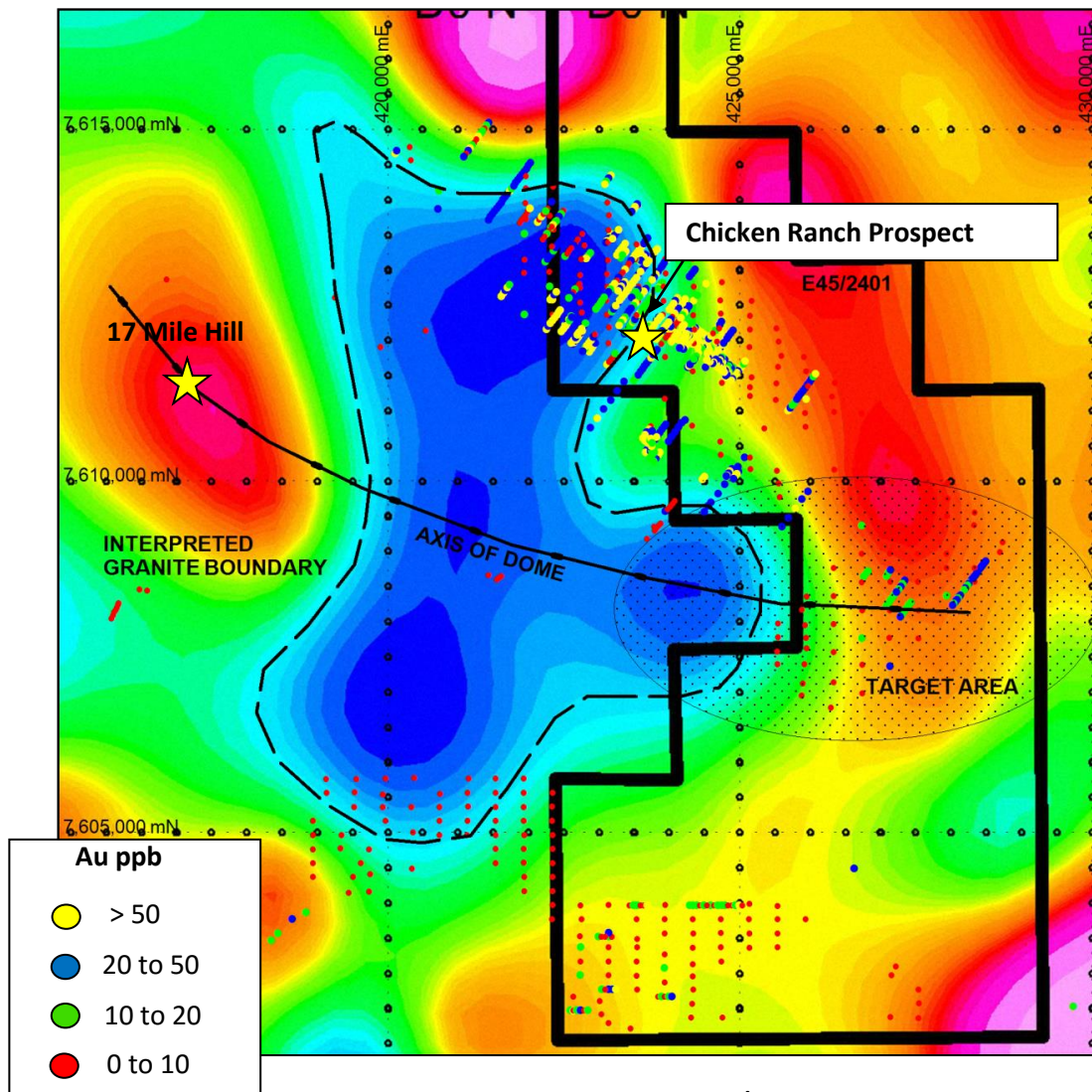


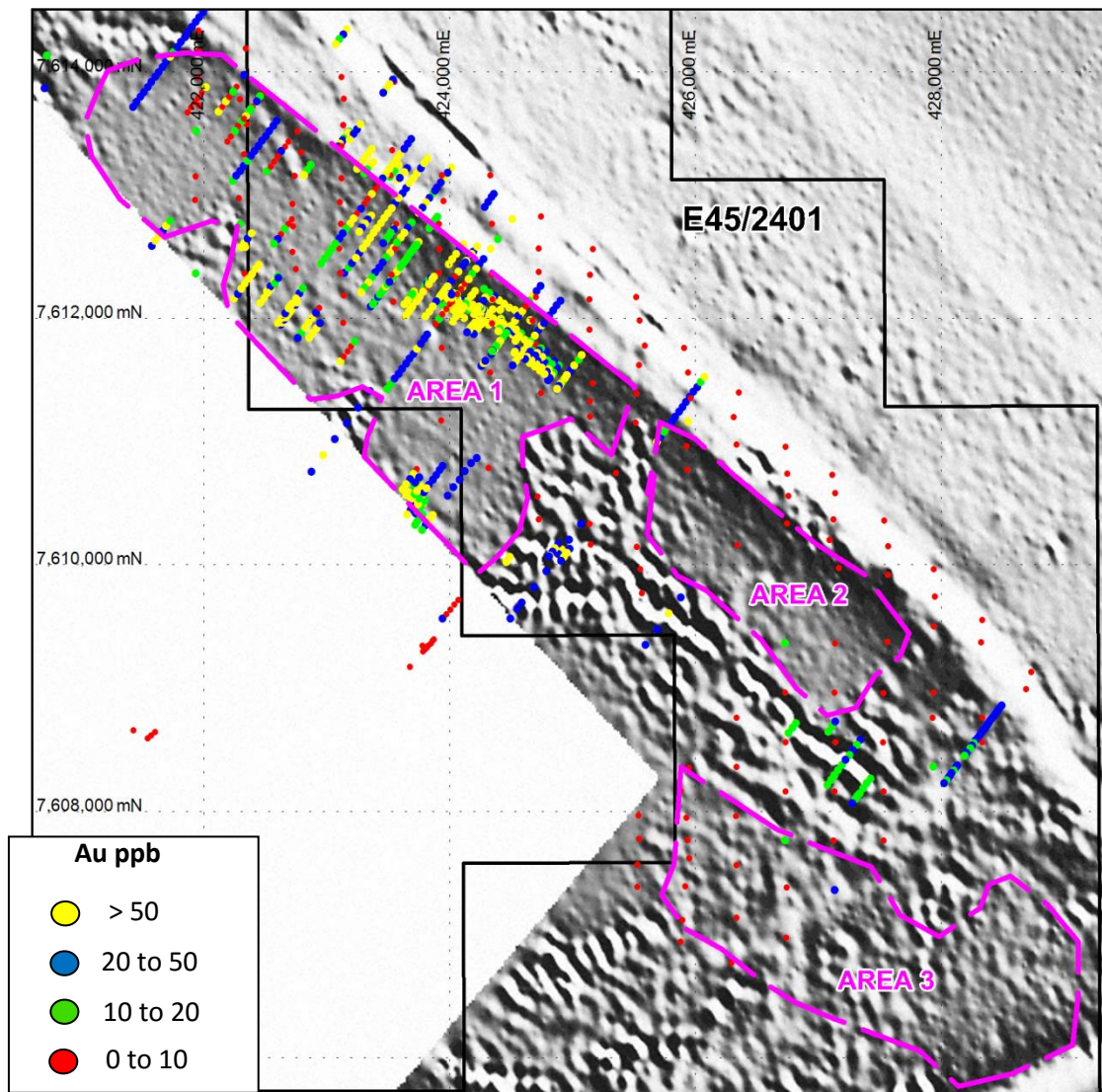
FIGURE 2 – Major Features over E45/2401.

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.



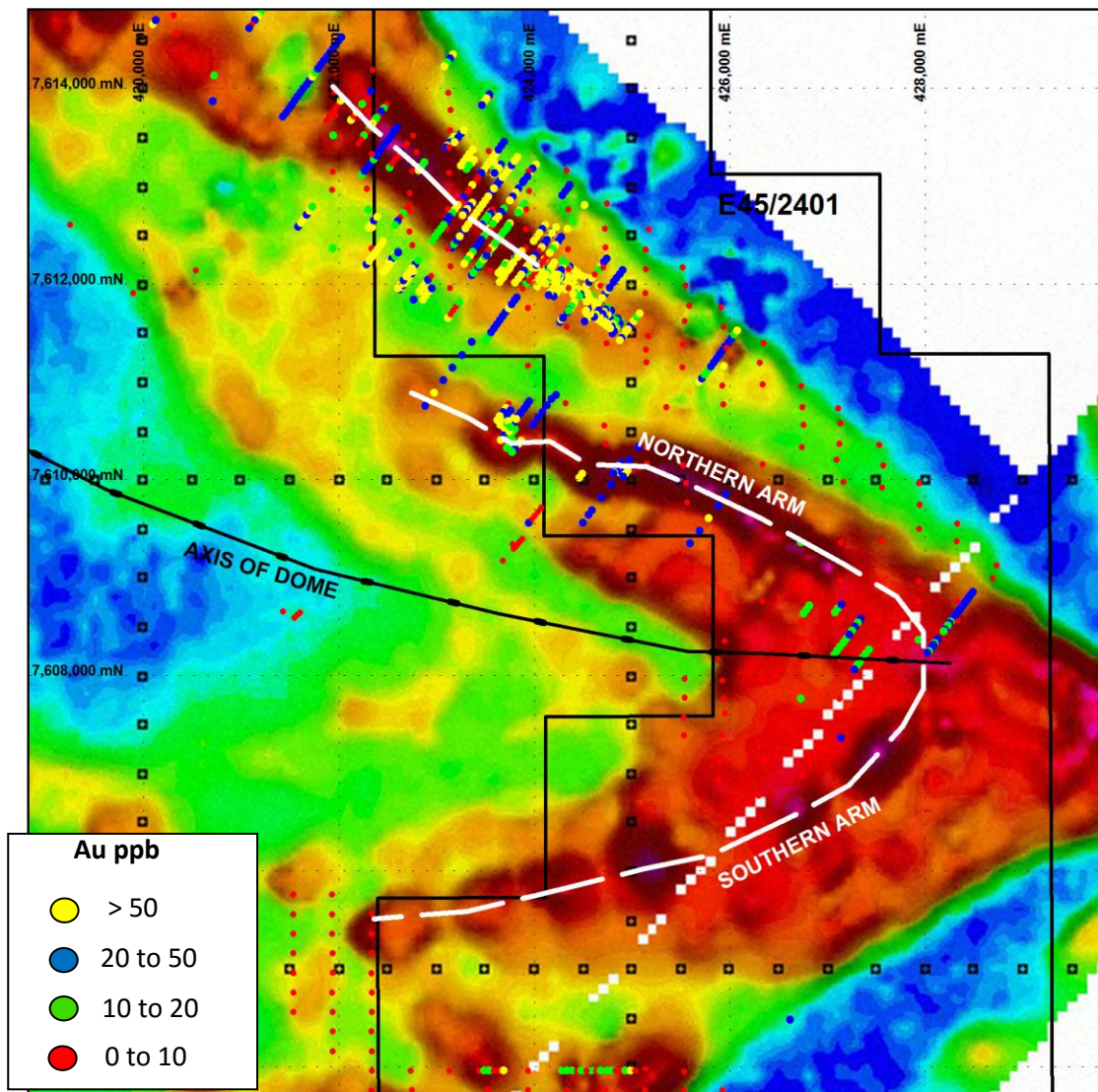


**FIGURE 3 – Historical Drilling over Reduced to Pole Magnetics. Areas of subdued magnetic response defined by pink polygons.**

#### ***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 ton including a maximum of 1m @ 52 grams per ton. 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 year.

## 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 1). The Company holds a single Exploration License located 34 kilometers southwest of the Callie Gold Mine, which at the end of 2013 had 3.01 million ounces of gold reserves. The license 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 meters @ 4.64 g/t, multiple intervals of 1-4 g/t, and several wide intercepts of 0.1-1 g/t.

As advised during the quarter, the Company re-negotiated terms under the joint venture whereby Newmont are earning a 70% interest (previously 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 year.

### Quantum's Tenement Holdings as at 30 June 2016

PROJECT	TENEMENT NUMBER	COMPANY'S BENEFICIAL INTEREST	CURRENT AREA (KM <sup>2</sup> )	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 70% under farm out arrangement*



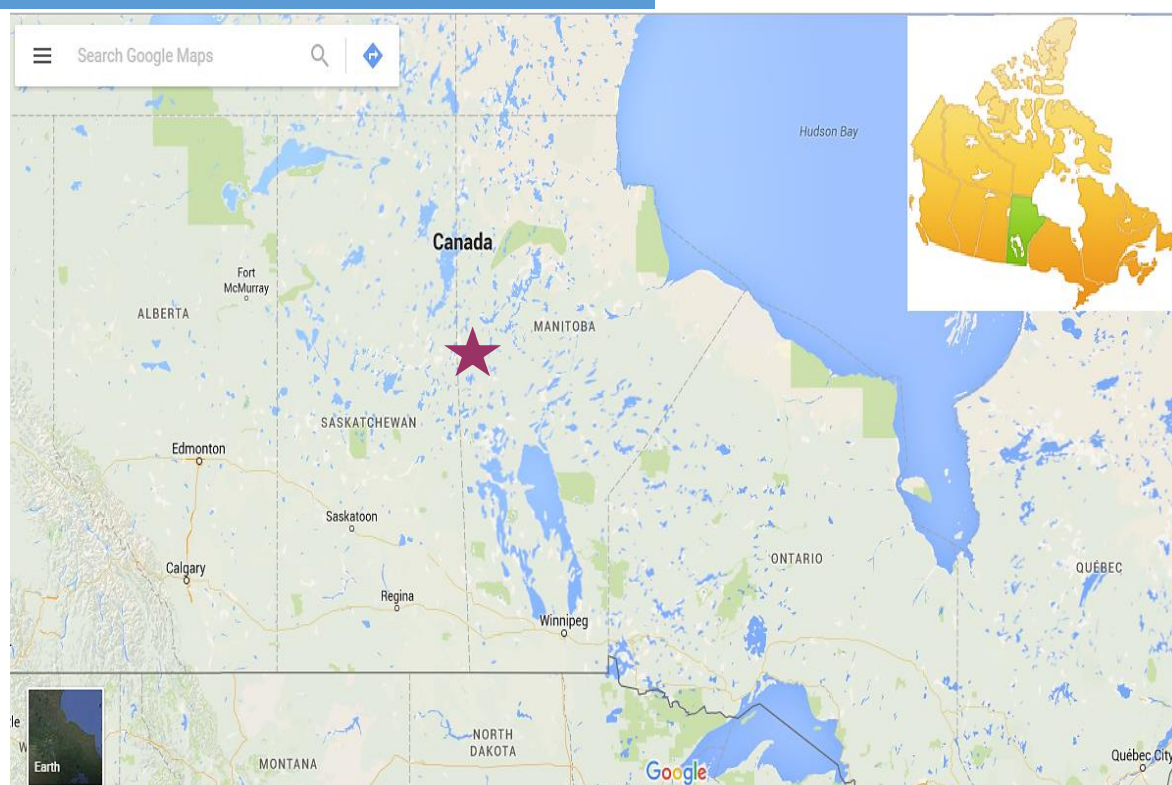
### Acquisition of Manitoba Minerals Pty Ltd

On 12 May 2016, the Company announced that it has signed a binding Terms Sheet (“**Terms Sheet**”) to acquire 100% of Manitoba Minerals Pty Ltd (“**MMPL**”). The Company has subsequently completed its due diligence and has entered into a formal Share Sale Agreement with the MMPL vendors. The Company will shortly seek shareholder approval for the acquisition and is otherwise seeking to progress and complete the remaining conditions.

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**”).

### Project Location

#### Thompson Bros. Lithium Project, Manitoba



Project Location 

**FIGURE 5 – Manitoba Project Location**

## About the Thompson Bros. Lithium Project

The Thompson Bros. Lithium Project is located 20 kilometers 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 advised on 12 May 2016, the lithium mineralisation is hosted in a spodumene-rich pegmatite dike dipping sub vertically and defined over a strike length greater than 800 meters. The dike was originally drilled in 1955 and 1956 by Combined Developments Limited, with two additional, small drilling campaigns in 1979 and 1997; resulting in a total of 32 drill holes. An historical estimation of the extent of mineralization (not in accordance with JORC Code) made by B. Ainsworth, P. Eng. in 1998, resulted in an *"undiluted drill indicated mineral resource" of 3,968,000 tonnes with a weighted average value grade @ 1.29% LiO<sub>2</sub> to the 130 metre level, and an average width of 10 meters.* Ainsworth suggested that a further 337,000 tonnes is indicated by the deepest hole (D.H. Car-97-2), to the 380 metre level, which is over 200 meters from the nearest hole, and which cut a horizontal width of 8 meters @ 1.3% LiO<sub>2</sub>. Thus, Ainsworth suggests a total drill indicated and possible total resource calculation of *4,305,000 tonnes @ 1.3% LiO<sub>2</sub> for the deposit* (not in accordance with JORC Code), open to depth and along strike (Dufresne, 2009). **These estimates are historical estimates and are not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the historical estimates as mineral resources and/or reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code.**

The parameters used to establish the tonnage estimates are largely unknown based on historical reports and sufficient work has not been done to complete the criteria in Table 1 of the JORC Code. Furthermore, the category referred to as "drill indicated", by Mr. Ainsworth in 1998, is not a category of mineralisation defined in the JORC Code and most likely has not been completed to the level of rigour associated with an "Inferred Mineral Resource" for the purposes of the JORC Code. As a result of the uncertainty of the data used the historical estimates are considered to be estimates of low reliability. As noted below, the Company intends to undertake a further exploration program to seek to verify the historic estimates.

Dufresne (2009) also described a metallurgical evaluation of the spodumene deposit by Dr. W. Dressler of Laurentian University which indicated that simple floatation would recover 92% of the spodumene and produce a concentrate grading 6.6% LiO<sub>2</sub> or 89.2% spodumene. Processing the concentrate further with a sulphuric acid roast process, produced lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>), upgrading the concentrate to 98% Li<sub>2</sub>CO<sub>3</sub>. Carta Resources completed a business plan to develop the Thompson Bros. Lithium Deposit for the production of lithium carbonate, but a decline in lithium carbonate prices stalled the Project in 1998. The only reported subsequent work conducted after 1998 was a single day field visit with a few due diligences grab sampling in historic trenches by Mr. Dufresne, which yielded assay results comparable with historically reported samples (Dufresne, 2009). This cursory sampling was not sufficient to update any of the historic estimates at that time.

As noted above, a competent person has not done sufficient work to classify the historical estimates as mineral resources or ore reserves in accordance with the JORC Code. However, given the historic work completed at the Project, the Company considers the historic estimate to be of relevance to its decision to proceed with the proposed acquisition of MMPL. This historic estimate assisted the Company to evaluate the exploration potential on the property and, combined with the historic reports available, provided encouraging information for the potential further exploration of the Project. Further work will be required to seek to verify the historic findings and this is one of the main objectives of the Company in respect of the Project. An outline of the Company's intended exploration program is set out below.

The Board is confident that given the outlook for Lithium, there is a unique opportunity at the Thompson Bros. Property to follow up on previous historical results and rapidly advance the Project.

## **Proposed Exploration Program**

The Company intends to undertake the following steps in exploration and development, with the goal of verifying the existing historic estimate as a mineral resource in accordance with JORC Code.

- A high-resolution airborne magnetic survey over the entire property.
- Due diligence drilling over the known dikes.
- Additional exploration drilling along strike and potentially to test new targets identified.
- Property-scale mapping, prospecting and sampling to explore larger property for other dikes / continued dike corridor.
- Take additional sample material for further metallurgical study.
- Resource estimate from drilling campaign and JORC-compliant report.

Due to the vintage nature of >80% of the drilling, evaluation of the drilling results, as they are collected, will be required to evaluate if additional infill drilling will be required, or if the above work plan is sufficient to verify the historical estimate in accordance with JORC.

The Company intends to fund the above program from the capital raisings to be completed in connection with the proposed acquisition and will aim to complete the program progressively over the next 12 months. This timeline should, however, be considered indicative and the Company will provide updates on progress in due course.

As noted above, it is uncertain that following the evaluation and further exploration work that the historical estimate will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code. Any further information or change to plans will be updated as they occur.

## **Key Acquisition Terms**

The vendor consideration payable by the Company to the MMPL shareholders for the acquisition is the issue of 100,000,000 fully paid ordinary shares at a deemed issue price of \$0.02 per QUR share, subject to shareholder approval. These securities are to be issued at settlement of the acquisition, which is to occur no later than 14 days from the satisfaction of the last of the conditions precedent.

On 19 July 2016, the Company announced that it had satisfactorily completed due diligence investigations in respect of the proposed acquisition of MMPL and had further entered into a formal Share Sale Agreement with each of the shareholders of MMPL, the execution of which represents satisfaction of a key condition of completion of the MMPL acquisition. The Share Sale Agreement remains conditional upon:

- MMPL formalising (on terms satisfactory to the Company) its rights to the Project, which are currently subject of a Heads of Agreement with ABR;

Each of the above conditions are required to be satisfied no later than 30 September 2016, although MMPL and QUR have agreed to act reasonably to extend this deadline if required.

## LogiTag transaction

On 12 November 2015, the Company announced that it had entered into an exclusive option agreement with Israeli company LogiTag Systems Ltd (**LogiTag**), to acquire 100% of the issued share capital in LogiTag subject to certain material conditions precedent.

On 8 April 2016, the Company announced that it had been involved in extensive negotiations with the vendor of LogiTag with a view to securing a formal variation of the terms of the acquisition, including a reduction of the minimum capital raising amount of \$6 million and an extension of the Conditions Satisfaction Date.

A key aspect of the parties' negotiations related to striking an appropriate balance between Quantum's objective of minimising dilution to its shareholders, and the need to raise sufficient equity capital to fund the merged entity's stated objectives over the 12-24 month period post completion of Quantum's acquisition of LogiTag. In seeking to achieve this balance, the parties collectively consulted with a number of potential lead managers to the capital raising.

On 18 April 2016, the Company announced that the parties agreed to terminate the LogiTag acquisition.

## Funding and other corporate

On 21 August 2015, Quantum announced that it would undertake a pro-rata non-renounceable rights issue on a 1-for-1 basis at an offer price of \$0.001 (**Offer**). The Offer closed on 9 September 2015, with the result that shareholders applied for a total of 245,401,895 shares under the rights issue, and Quantum raised \$245,402 as a result. Following the close of the rights issue Offer, there remained a shortfall of 691,506,805 shares which were not applied for during the Offer period (**Shortfall Shares**). In accordance with its stated intention in the Company's rights issue Offer Document, on 24 September 2015 the Board successfully placed the Shortfall Shares to a range of investors. The Shortfall Shares were placed at the Offer price of \$0.001 per share, to raise a total of \$691,507, bringing the total funds raised by Quantum under the rights issue to \$936,909 (less costs of the Offer). The funds raised under the rights issue will be applied to meet Quantum's working capital requirements, and to enable the Board to execute its growth and restructure strategy.

On 21 September 2015, the Company held an Extraordinary General Meeting to propose a number of resolutions to shareholders, including the consolidation of the Company's share capital, through the conversion of every thirteen fully paid ordinary shares on issue as at the record date of 25 September 2015 into one share (**Consolidation**). The Consolidation and all other resolutions were approved at the Extraordinary General Meeting, and the Consolidation was completed effective 28 September 2015. Following the Consolidation, the Company now has 144,139,826 fully paid ordinary shares on issue.

On 17 November 2015, the Company 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 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 17 May 2016, the Company placed 21 million fully paid ordinary shares. 16 million shares were issued to sophisticated investors at an issue price of \$0.018 per share, raising \$288,000 before associated costs. The Company issued a further 5 million shares pursuant to the Term Sheet to acquire 100% of MMPL.

On 19 July 2016, the Company, through its corporate advisor, announced that it was finalising loan funding totaling \$400,000 ("**Loan Facility**"). The terms of the Loan Facility will provide for repayment, subject to shareholder approval, through the issue to the lenders of ordinary fully paid shares at an issue price of \$0.02 per share together with one free-attaching option for each ordinary share issued (each option having an exercise price of \$0.0325 (3.25 cents) and an expiry date of 17 November 2018).

If shareholder approval is not obtained the Loan Facility will be repayable on, or before, 30 July 2017. Interest will accrue on the Loan Facility at a rate of 10% per annum, or 15% per annum if shareholder approval for repayment through an issue of shares and options is not obtained.

The repayment of the Loan Facility through an issue of shares and options satisfies the capital raising condition of the Company's proposed acquisition of MMPL.

### **Board changes**

On 30 April 2016, Mr Avi Kimelman was appointed to the Board.

Avi also maintains his position as CEO. Avi has held senior positions in both local and overseas listed entities across a diverse range of businesses, industries and investment disciplines.

He has developed a reputation within the resources sector for identifying valuable assets and projects around the globe, raising capital for these projects through his extensive investor network as well as successfully negotiating the related transactions, particularly in the mining/oil and gas sector. He has been active in sourcing and securing various projects overseas whilst maintaining interests in both printing and manufacturing plants in Australia.

Avi is presently the Chairman of Bison Limited.

During the year, Mr M Gutnik resigned as a director. In addition, Ms A Tai was appointed and subsequently resigned as a director.

### **Competent Person**

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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 is based on and fairly represents information compiled by Mr. Rory Kutluoglu (P.Geo), who is employed as a Consultant to the Company through OCD Consultancy Ltd. Mr Kutluoglu is a Registered Member of the Association of Professional Engineers and Geoscientists of British Columbia and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The information in this market announcement provided under rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the Project. Mr Kutluoglu consents to the inclusion in the report of matters based on information in the form and context in which it appears.



### 3. Meetings of Directors

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The number of meetings of Directors held, including meetings of Committees of the Board, during the financial year including their attendance was as follows:

	BOARD	
	ELIGIBLE TO ATTEND	ATTENDED
E Bernstein	8	8
A Kimelman	3	3
A Herszberg	8	8
A Tai	4	4
M Gutnik	3	3

The Board has not established formal audit, nomination or remuneration committees, having regard to the size of the Company. The Board acknowledges that when the size and nature of the Company warrants the necessity of such formal committees, they will operate under various committee charters which have been approved by the Board. Presently, the Board as a whole, excluding any relevant affected director, serves as an audit, nomination and remuneration committee to the Company.

### 4. Directors' Interests in Securities

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The following table sets out the relevant interests in shares and options over unissued shares in the Company which were held by each Director over the year. This information is current at the date of this report or, in the case of former directors, as at the date of resignation.

Directors	Fully Paid Ordinary Shares	Options
A Herszberg	0	1,000,000
A Kimelman	12,246,154	7,500,000
E Bernstein	0	1,000,000
A Tai *	0	0
M Gutnik *	0	0

*\* as at date of resignation*

*These options have not been issued as at the date of this report*

### 5. Remuneration of Directors and Key Management Personnel

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Information about the remuneration of directors and key management personnel is set out in the Remuneration Report of this Directors' Report.

### 6. Share based payments to Directors and Senior Management

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No share based payments were granted to Directors and/ or senior management during the financial year.

### 7. Securities on issue

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As at the end of the financial year on 30 June 2016, the following securities were on issue:

Fully paid ordinary shares	189,139,826 *
Unlisted options	32,000,000

\* includes 24,000,000 shares released from escrow of 7 September 2016

## 8. Financial results

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### *Statement of Profit or Loss and Other Comprehensive Income*

As an exploration company, Quantum does not have an ongoing source of revenue. Its revenue stream is normally from ad-hoc tenement disposals, sale of fixed assets and interest received on cash in bank.

In the current year, revenue has increased from nil in 2015 to \$38 in 2016.

Costs and expenses have increased from \$168,463 in 2015 to \$2,063,037 in 2016. Exploration expenditure provided for or written off amounted to \$96,720 in 2015 compared to \$15,566 in 2016, as a result of a reduction in the write-down of non-prospective tenement interests and exploration expenditure incurred. Administration expenses increased from \$71,634 in 2015 to \$467,054 in 2016, primarily due to increase in legal and share registry costs. Finance expense was \$109 in 2015 compared to \$24,224 in 2016.

As a result, the Company made a net loss after tax of \$2,062,999 in 2016 compared to a net loss after tax of \$168,463 in 2015.

### *Statement of Financial Position*

At 30 June 2016, the Company had cash at bank of \$70,814 (2015: \$8,946).

During the year, the Company increased its receivables and other current assets from \$nil to \$103,468 and capitalized exploration expenditure remained nil which as result of exploration expenditure of \$15,566 being written-off. At 30 June 2016, the Company had total liabilities of \$175,327.

As a result, the Company had, at 30 June 2016, negative working capital of \$1,045 (negative working capital 2015: (\$393,447) and net liabilities of \$1,045 (2015: \$393,447).

### *Cash Flow*

During the year, the Company paid \$1,298,163 (2015: \$53,246) for operating activities; paid \$611,170 (2015: paid \$11,778) for investing activities; and received \$1,971,201 (2015: 70,717) for financing activities.

## 9. Significant Change in State of Affairs

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In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report.

## 10. Key Business Strategies for FY2017

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As shareholders are aware, the Company has recently undergone organisational changes at Board and management levels with the appointment of new Directors and officers.

In May and July 2016, the Company has raised \$688,000. The funds raised will be applied to meet Quantum's working capital requirements and to satisfy the conditions precedent under the acquisition of MMPL, and to enable the newly comprised Board to execute its growth and restructure strategy.

In the 2017 financial year, the Board will seek to achieve growth by way of strategic acquisitions, and continues to actively review suitable business opportunities for Quantum in order to create value for its shareholders, and looks forward to providing further updates to shareholders as and when appropriate. The Board also intends to undertake an assessment of the Company's current operations and assets. The key objective of this review will be to ascertain the extent of any changes required to improve the performance of the Company and ensure that Quantum is in a position to maximize or realise value from those assets.

## 11. Key Business Risks

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A number of specific risk factors that may impact the business strategies, future performance and financial position of Quantum are described below. It is not possible to identify every risk that could affect Quantum's business, and whilst the Company implements risk mitigation measures to the extent possible, actions taken by the Company to mitigate the risks described below cannot provide absolute assurance that a risk will not materialise.

- (a) **Title risks and Native Title** – The Company's exploration projects are primarily governed by State- based legislation and are evidenced by the granting of exploration licenses. Each exploration license is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Quantum may lose title to its interest in tenements if license conditions are not met or if insufficient funds are available to meet expenditure commitments. It is also possible that, in relation to tenements which Quantum has an interest in or will in the future acquire such an interest, there may be areas over which legitimate native title rights exist.  
If native title rights do exist, the ability of Quantum to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations, may be adversely affected.
- (b) **Resource and Reserve estimates** – There is a risk that the mineral resources and ore reserves of Quantum, which are estimated and published in accordance with ASX Listing Rules and the JORC Code, are incorrect. If those estimates are materially in excess of the recoverable mineral content of the tenements, the production and financial performance of Quantum would be adversely affected.
- (c) **Discovery risk** – Any discovery by Quantum may not be commercially viable or recoverable: that is no resources within the meaning of the JORC Code may be able to be established and it may be that consequently no reserves can be established.
- (d) **Operating risk** – The nature of exploration, mining and mineral processing involves hazards which could result in Quantum incurring uninsured losses and liabilities to third parties, for example arising from pollution, environmental damage or other damage, injury or death. These could include rock falls, flooding, unfavorable ground conditions or seismic activity, ore grades being lower than expected and the physical or metallurgical characteristics of the ore being less amenable to mining or treatment than expected.

## 12. Events subsequent to balance date

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The following events occurred in relation to Quantum subsequent to the end of the financial year:

- In July 2016, the Company, through its corporate advisor, entered into a loan funding facility totalling \$400,000 ("Loan Facility"). The terms of the Loan Facility provide for repayment, subject to shareholder approval, through the issue to the lenders of ordinary fully paid shares at an issue price of \$0.02 per share together with one free-attaching option for each ordinary share issued (each option having an exercise price of \$0.0325 (3.25 cents) and an expiry date of 17 November 2018). If shareholder approval is not obtained the Loan Facility will be repayable on, or before, 30 July 2017. Interest will accrue on the Loan Facility at a rate of 10% per annum, or 15% per annum if shareholder approval for repayment through an issue of shares and options is not obtained. The repayment of the Loan Facility through an issue of shares and options will, subject to shareholder approval, satisfy the capital raising condition of the Company's proposed acquisition of MMPL;
- In July 2016, the Company entered into a Deed of Variation and Joint Venture agreement with Newmont Tanami Pty Ltd ("Newmont") covering the Officer Hill tenement in the Northern Territory. Under the Deed of Variation, Newmont is required to spend \$500,000 over 3 years to earn a 70% interest (previously Newmont had the right to earn up to a 75% interest). All other terms under the Joint venture remain the same;
- On 7 September 2016, the Company held a General Meeting to propose a number of resolutions to shareholders, including the approval to issue shares to the vendors of MMPL and consultants, approval to refresh the Company's placement capacity pursuant to Chapter 7 of ASX Listing Rules, approval to issue securities to satisfy the Loan Facility (above) and the approval to issue options to directors and other consultants. All resolutions were approved at the General Meeting.

Other than the items disclosed, in the interval between the end of the financial year and the date of this report, no item, transaction or event of a material and unusual nature has arisen that is likely, in the opinion of the Directors, to affect significantly, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### **13. Dividends**

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The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend since the end of the previous financial year and up to the date of this Annual Report.

### **14. Future Developments and Results**

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There are no likely developments of which the Directors are aware which could be expected to significantly affect the results of the Company's operations in subsequent financial years not otherwise disclosed in this Annual Report.

### **15. Options**

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At the date of this Report, the Company has 32,000,000 options over fully paid ordinary shares on issue.

During the year and up to the date of this Report, 32,000,000 options have been issued, no options have been exercised and during the year and no options have lapsed.

### **16. Indemnification of Directors, Officers and Auditors**

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During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as an officer or auditor.

The insurance premiums relate to:

- Cost and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company.

### **17. Environmental Regulation and Performance**

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The exploration activities of the Company are conducted in accordance with and controlled principally by Australian state and territory government legislation. The Company has exploration land holdings in Western Australia and Northern Territory. The Company employs a system for reporting environmental incidents, establishing and communicating accountability, and rating environmental performance. During the year data on environmental performance was reported as part of the monthly exploration reporting regime. In addition, as required under various state and territory legislation, procedures are in place to ensure that the relevant authorities are notified prior to the commencement of ground disturbing exploration activities.

The Company is committed to minimising the impact of its activities on the surrounding environment at the same time aiming to maximise the social, environmental and economic returns for the local community. To this end, the environment is a key consideration in our exploration activities and during the rehabilitation of disturbed areas. Generally rehabilitation occurs immediately following the completion of a particular phase of exploration. In

addition, the Company continues to develop and maintain mutually beneficial relationships with the local communities affected by its activities.

#### **18. Auditor Independence and Non-Audit Services**

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The auditor's independence declaration is included on page 24 of this Annual Report.

#### **19. Non-Audit Services**

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There were no non-audit services provided during the financial year by the auditor.

#### **20. Proceedings on Behalf of the Company**

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No person has applied for leave of a Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

#### **21. Remuneration Committee**

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The Board has not established a formal remuneration committee, having regard to the size of the Company and its operations. The Board acknowledges that when the size and nature of the Company warrants the necessity of a formal remuneration committee, such a committee will operate under a remuneration committee charter to be approved by the Board. Presently, the Board as a whole, excluding any relevant affected director, serves as a nomination committee to the Company.

#### **22. Remuneration Report - Audited**

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This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Quantum's directors and its key management personnel for the financial year ended 30 June 2016. The prescribed details for each person covered by this report are detailed below under the following headings:

##### **(i) Overview of Remuneration Policies**

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company, including Directors of the Company and other Executives.

Remuneration levels for Directors of the Company are competitively set to attract and retain appropriately qualified and experienced Directors.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the Directors;
- the Directors' ability to control the Company's performance;
- the Company's performance including:
  - the Company's earnings.
  - the growth in share price and returns on shareholder wealth.



The Company's financial performance during the current year and over the past four years has been as follows:

	2016	2015	2014	2013
	\$	\$	\$	\$
Revenue	38	-	380,009	-
Net loss	(2,062,999)	(168,463)	(1,091,045)	(216,439)
Basic loss per share (cents)	(1.29)	(0.0002)	(0.13)	(0.03)
Diluted loss per share (cents)	(1.29)	(0.0002)	(0.13)	(0.03)
Net assets/(deficiency)	(1,045)	(393,447)	(279,584)	811,461

The Directors do not believe the financial or share price performance of the Company is an accurate measure when considering remuneration structures as the Company is in the mineral exploration industry. Companies in this industry do not have an ongoing source of revenue, as revenue is normally from ad-hoc transactions.

The more appropriate measure is the identification of exploration targets, identification and/or increase of mineral resources and reserves and the ultimate conversion of the Company from explorer status to mining status.

(ii) Details of Directors, Executives and Remuneration

The names of the key management personnel in office during the year are as follows:-

- A Herszberg – Non-Executive Director from 28 April 2015
- A Kimelman – Executive Director from 30 April 2016
- E Berstein – Non-Executive Director from 29 May 2015
- A Tai – Non-Executive Director from 3 December 2015 to 30 April 2016; and Company Secretary until 19 April 2016
- M Gutnik – Chairman and Managing Director from 29 September 2014 until 3 December 2015
- A Wing – Company Secretary from 19 April 2016

Details of the nature and amount of each major element of remuneration of each Director of the Company and each Executive of the Company are:

		Short term			Post-employment	Equity compensation	Total \$	s300A (1)(e)(i) Proportion of remuneration performance related	s300A (1)(e)(v) i) Value of options as proportion of remuneration
		Cash Salary & fees \$	Payables \$	Non-monetary benefits \$	Super-annuation benefits \$	Value of options \$			
<b>Directors</b>									
A Kimelman 1)	2016	77,000	-	-	N/A	N/A	77,000	-	-
	2015	-	-	-	N/A	N/A	N/A	-	-
A Tai	2016	6,338	9,900	-	N/A	N/A	16,238	-	-
	2015	-	-	-	N/A	N/A	N/A	-	-
M Gutnick	2016	25,000	-	-	N/A	N/A	25,000	-	-
	2015	-	-	-	N/A	N/A	N/A	-	-
A Herszberg	2016	21,000	12,000	-	N/A	N/A	33,000	-	-
	2015	-	-	-	N/A	N/A	N/A	-	-
E Berstein	2016	33,000	9,000	-	N/A	N/A	42,000	-	-
	2015	-	-	-	N/A	N/A	N/A	-	-
J I Gutnick	2016	-	-	-	N/A	N/A	N/A	-	-
	2015	617	-	-	N/A	N/A	617	-	-
D S Tyrwhitt	2016	-	-	-	N/A	N/A	N/A	-	-
	2015	5,714	-	-	N/A	N/A	5,714	-	-
P J Lee	2016	-	-	-	N/A	N/A	N/A	-	-
	2015	5,780	-	-	N/A	N/A	5,780	-	-
Total Directors	2016	162,33	30,900	-	-	-	193,23	-	-
	2015	12,111	-	-	-	-	12,111	-	-

There were no STI cash bonuses, aopost-employment prescribed benefits, termination benefits or insurance premiums paid during 2016 or 2015.

- 1) On the 3 December 2015 Mr Avi Kimelman was appointed as CEO of the company. The remuneration was fixed at \$120,000 per annum and is apportioned pro-rata for any period which is less than one year. On the 30 April Mr Kimelman was appointed as a director of the company.
- Mr A Kimelman is employed by Carraway Corporate Pty Ltd included in the fees paid in terms of Carraway Corporate are \$77,000 for consulting services provided by Mr A. Kimelman
- From the 1<sup>st</sup> October 2016 Mr A Kimelman, Fees will be increased to \$150,000 + GST

(iii) Non-Executive Directors

Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the 1999 AGM, is not to exceed \$200,000 per annum.

Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all board activities. Non-Executive Directors do not receive any benefits on retirement.

(iv) Performance-Linked Remuneration

Performance linked remuneration focuses on long-term incentives and was designed to reward key management personnel for meeting or exceeding their objectives.

(v) Equity instrument disclosures relating to key management personnel

*Options over equity instruments*

On 7 September 2016, shareholders approved the issue of the following unlisted options to the directors:

Director	No of options approved by shareholders
Avi Kimelman	7,500,000
Ari Herzberg	1,000,000
Eli Bernstein	1,000,000

The options are exercisable at 3.25 cents on or before 31 August 2020. These options have not been issued as at the date of this Report.

*Equity holdings and transactions*

The number of ordinary shares in the Company held during the financial year by each director of Quantum Resources Limited and other key management personnel of the Company, including their personally related parties are set out below:

	Held at beginning of year	Purchased during the year	Received On exercise of options	Disposal during the year	Held at end of year / at resignation Date	Held nominally at end of year/ at resignation date
<b>30 June 2016</b>						
M Gutnik	-	-	-	-	-	-
A Herszberg	-	-	-	-	-	-
E Berstein	-	-	-	-	-	-
A Kimelman	12,246,154	250,000	-	-	12,496,154	12,496,154
A Tai	-	-	-	-	-	-
	<b>12,246,154</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>12,496,154</b>	<b>12,496,154</b>

	Held at beginning of year	Purchased during the year	Received on exercise of options	Disposal during the year	Held at end of year / at resignation Date	Held nominally at end of year/ at resignation date
<b>30 June 2015</b>						
M Gutnik	-	-	-	-	-	-
A Herszberg	-	-	-	-	-	-
E Berstein	-	-	-	-	-	-
J I Gutnick	282,243,675	-	-	(245,892,184)	36,351,491	36,351,491
D S Tyrwhitt	-	-	-	-	-	-
P J Lee	511	-	-	(511)	-	-
M Kammermann	-	-	-	-	-	-
	<b>282,244,186</b>	<b>-</b>	<b>-</b>	<b>242,892,69</b>	<b>35,351,491</b>	<b>36,351,491</b>

(vi) Other transactions-

- During the 2016 year a loan from Kushkush Investments Pty Ltd a company of which Mr Avi Kimelman is a Director was repaid in the amount of \$148,059 plus interest of \$12,029
- AXIS Consultants Pty Ltd ('AXIS'), a company of which Mr J I Gutnick and Dr D S Tyrwhitt are Directors, provided management and geological services to the Company for 2015 Year.

	Transaction value for the year ended 30 June		Transaction value for the year ended 30 June	
	2016 \$	2015 \$	2016 \$	2015 \$
Paid or payable to other entity				
Management and geological services	-	24,060	14,200	14,200
Advance from AXIS	-	37,258	14,200	14,200
	-	<b>61,318</b>	<b>14,200</b>	<b>14,200</b>

Directors and their related entities are reimbursed for out-of-pocket expenses incurred in the performance of their duties.

(vii) Voting of shareholders at last year's annual general meeting

- Quantum Resources Limited received more than 93.52 of "yes" votes on its remuneration report for the 2015 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of remuneration report, which has been audited

### 23. Auditor

BDO East Coast Partnership continues in office as the Company's auditor in accordance with section 327 of the Corporations Act 2001 (Cth).

### 24. Directors' Resolution

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors of Quantum Resources Limited



Avi Kimelman  
Director

## CORPORATE GOVERNANCE STATEMENT

The Company's Directors and management are committed to conducting the business of Quantum Resources Limited in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and complies with where practicable with the ASX Corporate Governance Principles and Recommendations (Third Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on Quantum Resources Limited's website (<http://www.qur.com.au>) (the **Website**), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will identify each Recommendation that needs to be reported against by Quantum Resources Limited, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters and policies are all available on the Website.



## DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF QUANTUM RESOURCES LIMITED

As lead auditor of Quantum Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Wai Aw  
Partner

**BDO East Coast Partnership**

Melbourne, 20 September 2016

Quantum Resources Limited  
Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 30 June 2016

	<i>Note</i>	2016 \$	2015 \$
<b>Revenue</b>	3	38	-
<b>Expenses</b>			
Exploration costs	10	(15,566)	(96,720)
Administration expenses		(467,054)	(71,634)
Contractors & Consultants	4	(792,096)	-
Share Based Payments	15	(180,000)	-
Logitag Option Fee	5	(500,000)	-
Thompson Brothers Lithium Project		(84,097)	-
Finance expense	6	(24,224)	(109)
<b>Loss before income tax expense</b>		<b>(2,062,999)</b>	<b>(168,463)</b>
Income tax expense	7	-	-
<b>Loss after income tax expense for the year</b>		<b>(2,062,999)</b>	<b>(168,463)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Quantum Resources Limited</b>		<b>(2,062,999)</b>	<b>(168,463)</b>
Loss for the year attributable to owners of Quantum Resources Limited		<b>(2,062,999)</b>	<b>(168,463)</b>
Total comprehensive Income for the year attributable to owners of Quantum Resources		<b>(2,062,999)</b>	<b>(168,463)</b>
Basic loss per share (cents per share)	8	<b>(1.29)</b>	<b>(0.0002)</b>
Diluted loss per share (cents per share)	8	<b>(1.29)</b>	<b>(0.0002)</b>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Quantum Resources Limited  
Statement of Financial Position  
as at 30 June 2016

	<i>Note</i>	2016 \$	2015 \$
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents	16	70,814	8,946
Receivables & Other Assets	9	103,468	-
<b>Total current assets</b>		<b>174,282</b>	<b>8,946</b>
<i>Non-current Assets</i>			
Exploration and evaluation expenditure	10	-	-
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>174,282</b>	<b>8,946</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Trade and other payables	11	175,327	391,993
Other liabilities	12	-	10,400
<b>Total current liabilities</b>		<b>175,327</b>	<b>402,393</b>
<b>Total liabilities</b>		<b>175,327</b>	<b>402,393</b>
<b>Net Deficiency</b>		<b>(1,045)</b>	<b>(393,447)</b>
<b>Equity</b>			
Issued capital	13	59,014,227	56,658,826
Options Reserve	14	100,000	-
Accumulated losses		(59,115,272)	(57,052,273)
<b>Total Deficiency</b>		<b>(1,045)</b>	<b>(393,447)</b>

The above statement of financial position should be read in conjunction with the accompanying notes

Quantum Resources Limited  
Statement of Changes in Equity  
for the year ended 30 June 2016

	Issued Capital \$	Options Reserve \$	Accumulated losses \$	Total equity (deficiency) \$
<b>Balance at 1 July 2014</b>	56,604,226	-	(56,883,810)	(279,584)
Loss for the year	-	-	(168,463)	(168,463)
Other comprehensive income or the year, net of tax	-	-	-	-
Total comprehensive income or the year, net of tax	-	-	(168,463)	(168,463)
Transactions with owners in their capacity as owners	-	-	-	-
Issue of Shares	54,600	-	-	54,600
<b>Balance at 30 June 2015</b>	<b>56,658,826</b>	<b>-</b>	<b>(57,052,273)</b>	<b>(393,447)</b>
<b>Balance at 1 July 2015</b>	56,658,826	-	(57,052,273)	(393,447)
Loss for the year	-	-	(2,062,999)	(2,062,999)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the year, net of tax	-	-	(2,062,999)	(2,062,999)
Transactions with owners in their capacity as owners	-	-	-	-
Issue of shares	2,301,775	-	-	2,301,775
Share Based Payments	170,000	100,000	-	270,000
Share Issue Expense	(116,374)	-	-	(116,374)
<b>Balance at 30 June 2016</b>	<b>59,014,227</b>	<b>100,000</b>	<b>(59,115,272)</b>	<b>(1,045)</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Quantum Resources Limited  
Statement of Cash Flows  
for the year ended 30 June 2016

	<i>Note</i>	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of GST)		(1,388,856)	(53,792)
Interest received		37	-
Bank Charges		(166)	-
Refund Received		90,822	546
<b>Net cash used in operating activities</b>	16b	<b>(1,298,163)</b>	<b>(53,246)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration expenditure		(27,073)	(11,778)
Heads Agreement/Option Payment		(500,000)	-
Payments for Thomson Brothers Lithium Project		(84,097)	-
<b>Net cash used in investing activities</b>		<b>(611,170)</b>	<b>(11,778)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			70,717
Borrowing Costs		(24,058)	-
Repayment of Borrowings		(296,117)	-
Proceeds From Issue of Shares		2,291,376	-
<b>Net cash from financing activities</b>		<b>1,971,201</b>	<b>70,717</b>
Net increase in cash and cash equivalents		61,868	5,693
Cash and cash equivalents at the beginning of the financial year		8,946	3,253
<b>Cash and cash equivalents at the end of the financial year</b>	16a	<b>70,814</b>	<b>8,946</b>

The above statement of cash flows should be read in conjunction with the accompanying notes



Quantum Resources Limited  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**1. Summary of significant accounting policies**

Quantum Resources Limited (the 'Company') is a company domiciled in Australia. The financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company only and have not been consolidated with any other entity. The principal accounting policies adopted in preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors on 20 September 2016.

**(a) New, revised or amending Accounting Standards and Interpretations adopted**

The Company has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**(b) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. The financial statements also comply with International Financial Reporting Standards and interpretations as issued by the International Accounting Standards Board ('IASB').

*Historical Cost Convention*

The financial statements have been prepared on the historical cost basis

*Going concern*

The Company had incurred a loss after tax for the year ended 30 June 2016 of \$2,062,999 and had net cash outflows from operating and investing activities of \$1,909,333. As at 30 June 2016 the Company had cash and cash equivalents of \$70,814 and was in a net asset deficiency position of \$1,045. The Board intends to undertake an assessment of the Company's current operations and assets including seeking to achieve growth by way of strategic acquisitions of suitable business opportunities. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Company has 32,000,000 options excisable at 0.0325c as at 30 June 2016. The Company is confident that it will be able to raise additional capital from conversion of these options. If fully exercised, an additional \$1,040,000 can be raised to be used as working capital.
- In July 2016, the company through its corporate advisor, entered into a loan funding facility totaling \$400,000. The terms of the loan provide for repayment, through the issue to lenders of ordinary fully paid shares at an issue price of \$0.02 per share. On 7 September 2016 the shareholders of the company approved the repayment of the loan through the issue of shares.

Quantum Resources Limited  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

- The Directors have prepared budgets which demonstrate that, based on the above factors the Company has sufficient funds available to meet its commitments for at least twelve months from the date of signing this report.
- The key objective of the Board's review of the Company's operations and assets is to ascertain the extent of any changes required to improve the performance of the Company and ensure that the Company is in a position to maximize or realise value from those assets.
- The Board is confident of raising further capital through equity if necessary.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern.

***Share-based payments***

During the year the Company issued shares and share options to advisors as compensation for their services. The shares and share options constitute equity-settled transactions in accordance with AASB 2 Share Based Payments. The cost of the equity-settled transactions (shares and share options) is determined by their fair value at the date when the grant was approved using the VWAP for the shares and an appropriate valuation model for the options issued respectively in accordance with AASB 2. The cost is recognised together with a corresponding increase in equity over the period in which the services were received.

***Functional and presentation currency***

These financial statements are presented in Australian dollars, which is the Company's functional currency.

***Critical accounting estimates***

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

***Exploration and evaluation***

Note 1(i) contains information about the assumptions and risk factors relating to exploration, evaluation and development expenditure impairment.

Quantum Resources Limited  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

**(c) Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

*Interest revenue*

Interest is brought to account as income over the term of each financial instrument on an effective interest basis.

**(d) Income tax**

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for when the deferred income tax asset or liability arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination and that, at the time of the transaction, affects neither accounting nor taxable profits. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(e) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**(f) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash generating units.

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**(g) Cash and cash equivalents**

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

**(h) Trade receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

**(i) Exploration, evaluation and development expenditure**

Exploration, evaluation and development expenditure, including costs of acquisition in relation to separate areas of interest for which rights of tenure are current, are brought to account in the year in which they are incurred and are carried at cost.

The exploration expenditure will be carried forward as an asset where:

- (i) it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest or by its sale; or
- (ii) exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Where there has been a decision to proceed with development, accumulated expenditure is amortised over the life of the associated resource once mining operations commence.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The key points that are considered in this review include:

- planned drilling programs.
- environmental issues that may impact the underlying tenements.
- the estimated market value of assets at the review date.

Information used in the review process is rigorously tested to externally available information as appropriate.

**(j) Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing operating loss attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

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*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are initially recognised at fair value and subsequently at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

**(l) Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(m) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2016. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

***AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)***

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018. AASB 9 includes requirements for the classification and measurement of financial assets and was further amended by AASB 2010-7 to reflect amendments to accounting for financial liabilities. These requirements aim to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 *Financial Instruments: Recognition and Measurement*. The Company does not expect that this standard will have a significant impact on its financial statements.

**2. Segment Reporting**

Operating segment information is disclosed on the same basis as information used for internal reporting purposes by the Board of Directors. At regular intervals, the board is provided management information for the Company's cash position, the carrying values of exploration permits and Company cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

All operating revenue has been derived in Australia. All exploration and evaluation assets are held in Australia.

**3. Revenue**

	2016 \$	2015 \$
Interest income	38	-
<b>Total revenue</b>	<b>38</b>	<b>-</b>

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**4. Contractors and Consultants**

	2016 \$	2015 \$
LogiTag related expenditure	406,366	-
Corporate advisory	128,780	-
Corporate overheads	256,950	-
	<b>792,096</b>	<b>-</b>

**5. LogiTag Option Agreement**

In consideration for LogiTag granting the exclusive Call Option to Quantum, Quantum paid a total \$500,000. This is related to an option fee of \$250,000 paid to LogiTag and, a further \$250,000 fee that was forfeited.

**6. Finance Expenses**

	2016 \$	2015 \$
Bank charges	149	30
Borrowing costs	24,075	79
<b>Total finance expense</b>	<b>24,224</b>	<b>109</b>

**7. Income tax**

	2016 \$	2015 \$
<b>Total tax expense comprises</b>		
Current tax expense	-	-
Deferred tax expense	-	-
	<b>-</b>	<b>-</b>

**Reconciliation between tax credit expense and pre-tax accounting loss**

	2016 \$	2015 \$
Loss before tax	(2,062,999)	(168,463)
Income tax benefit on loss at Australian tax rate of 30% (2015: 30%)	(618,900)	(50,539)
Tax Effect on non-deductible items Exploration costs impaired	4,670	29,016
Share Based Payments	54,000	-
	<b>(560,230)</b>	<b>(21,523)</b>
Current year losses for which no deferred tax asset was recognised	560,230	21,523
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

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**7 Income tax (Continued)**

Tax losses	2016 \$	2015 \$
<b>Unused tax losses for which no deferred tax asset has been recognised</b>	23,764,035	21,896,602
<b>Potential tax benefit @ 30%</b>	7,129,210	6,568,981

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

These tax losses are also subject to final determination by the taxation authorities when the company derives taxable income.

The tax losses are subject to further review to determine if they satisfy the necessary legislative requirements under Income Tax legislation for carry forward and recoupment of tax losses.

**8. Loss per share**

	2016	2015
Basic loss per share (cents)	(1.29)	(0.0002)
Diluted loss per share (cents)	(1.29)	(0.0002)

The loss used for the purposes of calculating basic and diluted loss per share are as follows:

	2016 \$	2015 \$
Loss attributable to ordinary shareholders (basic)	(2,062,999)	(168,463)
Loss attributable to ordinary shareholders (diluted)	(2,062,999)	(168,463)

The weighted average number of shares used for the purposes of calculating diluted loss per share reconciles to the number used to calculate basic loss per share as follows:

	2016 Shares	2015 Shares
<b>Weighted average number of shares</b>		
Basic loss per ordinary share denominator	159,918,432	828,626,506
Diluted loss per ordinary share denominator	159,918,432	828,626,506

**9. Receivables & Other Assets**

	2016 \$	2015 \$
Receivables	13,468	-
Part Payments Lithium Project (a)	90,000	-
	103,468	

The Company's exposure to credit risk related to trade and other receivables are disclosed in note 19.

- (a) The Balance relates to a \$90,000 share based payments to Bull Run Capital as part of a finder fee relating the asset acquisition on Manitoba Minerals Pty Ltd details are set out in the Directors Report



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**10. Exploration and evaluation expenditure**

	2016 \$	2015 \$
Balance at beginning of year	-	84,942
Expenditure incurred	15,566	11,778
Amount written off	(15,566)	(96,720)
<b>Carrying amount at end of year</b>	<b>-</b>	<b>-</b>

**11. Trade and other payables**

	2016 \$	2015 \$
<b>Current</b>		
Trade payables and accruals	175,327	95,876
Payables due to shareholders (Note 21)	-	296,117
<b>Total current payables</b>	<b>175,327</b>	<b>391,993</b>

**12. Other liabilities**

	2016 \$	2015 \$
Other advanced receipts	-	10,400

**13. Issued Capital**

	2016 \$	2015 \$
	59,014,227	56,658,826
	<b>59,014,227</b>	<b>56,658,826</b>

Ordinary share capital	30 June 2016		30 June 2015	
	\$		\$	
	No.	\$	No.	\$
At the beginning of the year		56,658,826	814,703,218	56,604,226
Shares issued during the year	856,703,218	6	8	
- Shares issued prior to consolidation	1,017,114,182	1,044,676	42,000,000	54,600
- Consolidation of share – (1)	(1,729,677,574)	-	-	-
- Shares Issued Post consolidation	45,000,000	1,427,099	-	-
Share issue costs	-	(116,374)	-	-
<b>At the end of the year</b>	<b>189,139,826</b>	<b>59,014,227</b>	<b>856,703,218</b>	<b>56,658,826</b>

(1) On 28 September 2015 the Company completed a share consolidation on a 13:1 basis.

Holders of ordinary shares are entitled to one vote per share at shareholder meetings. In the event of

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winding up of the Company, ordinary shareholders are fully entitled to any proceeds of liquidation subject to prior entitlement.

**14. Options Reserve**

Options Reserve

The reserve is used to record the value of options issued to advisors as part of compensation for their services. Details of the share based payments are in Note 15

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Reserves	100,000	-
	<b>100,000</b>	<b>-</b>

**15. Share Based Payments**

	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Issued Shares (1)	80,000	-
Issued Shares (2)	90,000	-
Options Granted	100,000	-
	<b>270,000</b>	<b>-</b>

**Issued Shares**

- (1) At an EGM dated 21 September 2015 the shareholders granted approval of the issue of 4,000,000 shares to advisors as compensation for their services in lieu of fees. The VWAP was of \$0.02 per share giving rise to a total transactional value of \$80,000. The price was based upon VWAP on 21 September 2015 being the grant date as per AASB 2.
- (2) On the 17 May 2016 5,000,000 QUR shares were issued to Bull Run Capital Inc in connection with the introduction and implementation of the proposed asset acquisition of Manitoba Minerals Pty Ltd. The issue price was \$0.018 per share giving rise to a transactional value of \$90,000. The amount has been capitalised at 30 June 2016 as part of the asset acquisition cost.

**Options Granted**

At an EGM dated 21 September 2015 the shareholders granted approval of the issue of 20,000,000 options to advisors as compensation for their services in lieu of fees. The fair value of the options granted was estimated at the date of grant being 21 September 2015 using the Black Scholes pricing method, taking into account the terms and conditions under which the options were granted. The contractual life of each option granted is three years.

The fair value of options granted was estimated using the following assumptions:

Strike price (\$)	0.0325
Market rate (\$)	0.01
Expected volatility (%)	108
Risk-free interest rate (%)	2
Days to expiration (days)	1095

The grant date fair value of the options granted was \$0.005 per option giving rise to a total transactional value of \$100,000.

Set out below is a summary of the options granted:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at end of year
21/09/2015	17/11/2018	0.0325	-	20,000,000	-	-	20,000,000

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**16. Cash flow information and cash equivalents**

**a) Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2016 \$	2015 \$
Cash at bank and on hand	70,814	8,946
<b>Cash and cash equivalents</b>	<b>70,814</b>	<b>8,946</b>

The Company's exposure to interest rate risk is disclosed in note 19.

**b) Reconciliation of cash flows from operating activities**

	2016 \$	2015 \$
Loss for the year	(2,062,999)	(168,463)
<i>Adjustments for</i>		
Option fee	500,000	-
Exploration cost impaired	15,566	96,720
Borrowing Costs	24,075	-
Thomson Brother Lithium Project	84,097	
Share based payments (Note 15)	270,000	-
<b>Net cash used in operating activities before change in assets and liabilities</b>	<b>(1,169,261)</b>	<b>(71,743)</b>
Change in trade and other receivables	13,468	546
Change in trade and other payables	(142,370)	17,951
<b>Net cash used in operating activities</b>	<b>(1,298,163)</b>	<b>(53,246)</b>

**17. Contingencies**

There are no contingent liabilities that the Company has become aware of.

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**18. Commitments**

**Exploration expenditure**

The Company has to perform minimum exploration work and expend minimum amounts of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Company's tenement portfolio management through expenditure exemption approvals and expenditure reductions through relinquishment of parts or the whole of tenements deemed non prospective. Should the Company wish to preserve interest in its current tenements the amount which may be required to be expended is as follows:

	2016 \$	2015 \$
Due within one year	94,603	69,369
Due later than one year and not later than five years	233,921	325,977
Due later than five years	7,331	7,331
	<b>335,855</b>	<b>402,677</b>

**19. Financial instruments**

The Company's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance of the entity.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange risk, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company does not operate internationally and therefore its exposure to foreign exchange risk arising from currency exposures is limited. The Company is not exposed to equity security price risk and holds no equity investments. The Company is not exposed to commodity price risk as the Company is still carrying out exploration.

**Interest rate risk**

Interest rate risk arises from investment of cash at variable rates. The Company's income and operating cash flows are not materially exposed to changes in market interest rates.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount 2016 \$	2015 \$
<b>Variable rate instruments</b>		
Cash and cash equivalents	70,814	8,946
	<b>70,814</b>	<b>8,946</b>

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**19 Financial instruments (Continued)**

An increase of 100 basis points (decrease of 100 basis points) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2015. The following table summarises the sensitivity of the Company's financial assets (cash) to interest rate risk:

	Profit or loss			Equity	
	Carrying amount \$	100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
<b>30 June 2016</b>					
<b>Variable rate instruments</b>	70,814	708	(708)	708	(708)
Cash and cash equivalents	70,814	708	(708)	708	(708)

	Profit or loss			Equity	
	Carrying amount	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$	\$	\$	\$	\$
<b>30 June 2015</b>					
<b>Variable rate instruments</b>	8,946	89	(89)	89	(89)
Cash and cash equivalents	8,946	89	(89)	89	(89)

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents held with the bank and financial institutions and receivables due from other entities. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The maximum exposure to credit risk is the carrying amount of the financial asset. The maximum exposure to credit risk at the reporting date was:

	<b>2016</b> \$	<b>2015</b> \$
Cash and cash equivalents	70,814	8,946
Receivables	13,468	-
	<b>84,282</b>	<b>8,946</b>

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**19 Financial instruments (Continued)**

*Impairment loss*

The aging of the Company's current receivables at the reporting date was:

	At 30 June 2016		At 30 June 2015	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Current	13,468	-	-	-
31 – 60 days	-	-	-	-
61 – 90 days	-	-	-	-
91 days and over	-	-	-	-
	<b>13,468</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's liquidity risk arises from operational commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Management aims at maintaining flexibility in funding by regularly reviewing cash requirements and monitoring forecast cash flows.

The following are the contractual maturities of financial liabilities:

	Carrying amount \$	Total contractual cash flows \$	6 months or less \$	6 to 12 months \$	Greater than 12 months \$
<b>30 June 2016</b>					
<b>Financial liabilities</b>					
<b>Current</b>					
Trade and other payables	175,327	-	175,327	-	-
Other Liabilities	-	-	-	-	-
<b>Non-current</b>					
Other payables	-	-	-	-	-
	<b>175,327</b>	<b>-</b>	<b>175,327</b>	<b>-</b>	<b>-</b>
	Carrying amount \$	Total contractual cash flows \$	6 months or less \$	6 to 12 months \$	Greater than 12 months \$
<b>30 June 2015</b>					
<b>Financial liabilities</b>					
<b>Current</b>					
Trade and other payables	391,993	-	95,876	-	296,117
Other Liabilities	10,400	-	10,400	-	-
<b>Non-current</b>					
Other payables	-	-	-	-	-
	<b>402,393</b>	<b>-</b>	<b>106,276</b>	<b>-</b>	<b>296,117</b>

Included within the carrying amount of trade and other payables at 30 June 2016 is \$Nil (2015: \$296,117) owed to shareholders.

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**19 Financial instruments (Continued)**

**Fair value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair value determined in accordance with the accounting policies Referred to in note 1. Fair value approximates carrying value due to the short term nature of these instruments.

**Capital management**

The Company's policy in relation to capital management is for management to regularly and consistently monitor future cash flows against expected expenditures for a rolling period of up to 12 months in advance. The Board determines the Company's need for additional funding by way of either share placements or loan funds depending on market conditions at the time. Management defines working capital in such circumstances as its excess liquid funds over liabilities, and defines capital as being the ordinary share capital of the Company.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

**20. Key management personnel compensation**

The aggregate compensation made to directors and other members of key management personnel compensation of the Company is set out below:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Short-term employee	193,238	12,111
Benefits Post-employment	-	-
<b>Total</b>	<b>193,238</b>	<b>12,111</b>



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**21. Related party transactions**

***Key management personnel***

Disclosures relating to key management personnel are set out in the Remuneration Report of the Directors' Report.

**Transactions with other entities**

- During the 2016 year a loan from Kushkush Investments Pty Ltd a company of which Mr Avi Kimelman is a Director was repaid in the amount of \$148,059 plus interest of \$12,029
- AXIS Consultants Pty Ltd ('AXIS'), a company of which Mr J I Gutnick and Dr D S Tyrwhitt are Directors, provided management and geological services to the Company for 2015 Year.

	Transaction value for the year ended 30 June		Balance outstanding at 30 June	
	2016 \$	2015 \$	2016 \$	2015 \$
<i>Paid or payable to other entity</i>				
Management and geological services	-	24,060	14,200	14,200
Advance from AXIS		37,258	14,200	14,200
	-	<b>60,318</b>	<b>14,200</b>	<b>14,200</b>

**22. Auditors remuneration**

	2016 \$	2015 \$
<b>Audit services</b>		
<i>BDO East Cost Partnership</i>		
Audit and review of the financial reports	33,025	34,000
<b>Total Auditors remuneration</b>	<b>33,025</b>	<b>34,000</b>

BDO East Cost Partnership performed no other services.

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**23. Subsequent events**

The following events occurred in relation to Quantum subsequent to the end of the financial year:

- In July 2016, the Company, through its corporate advisor, entered into a loan funding facility totalling \$400,000 ("Loan Facility"). The terms of the Loan Facility provide for repayment, subject to shareholder approval, through the issue to the lenders of ordinary fully paid shares at an issue price of \$0.02 per share together with one free-attaching option for each ordinary share issued (each option having an exercise price of \$0.0325 (3.25 cents) and an expiry date of 17 November 2018). If shareholder approval is not obtained the Loan Facility will be repayable on, or before, 30 July 2017. Interest will accrue on the Loan Facility at a rate of 10% per annum, or 15% per annum if shareholder approval for repayment through an issue of shares and options is not obtained. The repayment of the Loan Facility through an issue of shares and options will, subject to shareholder approval, satisfy the capital raising condition of the Company's proposed acquisition of MMPL;
- In July 2016, the Company entered into a Deed of Variation and Joint Venture agreement with Newmont Tanami Pty Ltd ("Newmont") covering the Officer Hill tenement in the Northern Territory. Under the Deed of Variation, Newmont is required to spend \$500,000 over 3 years to earn a 70% interest (previously Newmont had the right to earn up to a 75% interest). All other terms under the Joint venture remain the same;
- On 7 September 2016, the Company held a General Meeting to propose a number of resolutions to shareholders, including the approval to issue shares to the vendors of MMPL and consultants, approval to refresh the Company's placement capacity pursuant to Chapter 7 of ASX Listing Rules, approval to issue securities to satisfy the Loan Facility (above) and the approval to issue options to directors and other consultants. All resolutions were approved at the General Meeting.

Other than the items disclosed, in the interval between the end of the financial year and the date of this report, no item, transaction or event of a material and unusual nature has arisen that is likely, in the opinion of the Directors, to affect significantly, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Directors' Declaration

### DIRECTORS' DECLARATION

The Directors of Quantum Resources Limited (the 'Company') declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 25 to 44 and the Remuneration report in the Directors Report set out on pages 18 to 22, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards adopted by the International Accounting Standards Board (IASB) as disclosed in note 1(b); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors.

Dated at Melbourne this 20<sup>th</sup> day of September 2016



Avi Kimelman  
Director

## INDEPENDENT AUDITOR'S REPORT

To the members of Quantum Resources Limited

### Report on the Financial Report

We have audited the accompanying financial report of Quantum Resources Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Quantum Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Opinion

In our opinion:

- (a) the financial report of Quantum Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

## Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) "Going Concern" in the financial report, which indicates that the ability of the company to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. These conditions, along with other matters as set out in Note 1(b) "Going Concern", indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 22 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Quantum Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

**BDO East Coast Partnership**



**Wai Aw**  
**Partner**

Melbourne, 20 September 2016

## ADDITIONAL SECURITIES EXCHANGE INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 14 September 2015 (Reporting Date).

### 1. Corporate Governance Statement

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company. In accordance with ASX Listing Rule 4.10.3, the Corporate Governance Statement will be available for review on the Company's website ([www.qur.com.au](http://www.qur.com.au)), and will be lodged with ASX at the same time that this Annual Report is lodged with ASX.

### 2. Substantial Shareholders

As at the Reporting Date, the substantial holder of Quantum shares is: Avrohom Kimelman.

### 3. Securities on Issue and Number of Holders

As at the Reporting Date, there are 189,139,826 fully paid ordinary shares on issue in the Company. There are no other classes of equity securities on issue in the Company. The number of holders of fully paid ordinary shares in the Company is 2,352.

### 4. Voting Rights

On a show of hands every holder of fully paid ordinary shares present or by proxy, shall have one vote. Upon a poll, each share shall have one vote.

### 5. Distribution of Holders

The distribution of holders of fully paid ordinary shares is as follows:

Category		Shares	%	Number of Shareholders	%
Holding between	1-1,000 Shares	215,857	0.13	1,372	58.63
Holding between	1,001 - 5,000 Shares	768,245	0.47	315	13.46
Holding between	5,001 – 10,000 Shares	960,136	0.58	131	5.60
Holding between	10,001-100,000 Shares	13,794,272	8.35	349	14.91
Holding more than	100,001 Shares	149,401,316	90.47	173	7.39

### 6. Unmarketable Parcels

The number of holders with less than a marketable parcel of fully paid ordinary shares is 2,194.

### 7. Twenty Largest Shareholders

The top 20 shareholders are as follows:

Rank	Name	Number of Fully Paid Ordinary Shares held	Percentage interest (%)
1.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	9,670,894	5.86
2.	MR ITZCHAK BENEDIKT & MRS ROZETTE BENEDIKT <SNIDER CARMEL P/L S/F A/C>	8,729,408	5.29
3.	KUSHKUSH INVESTMENTS PTY LTD <ALEXANDRA DISCRETIONARY A/C>	6,950,000	4.21
4.	CELTIC CAPITAL PTY LTD <CELTIC CAPITAL NO 2 A/C>	5,649,279	3.42
5.	KAL MALHI	5,000,000	3.03

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6.	LETTERED MANAGEMENT PTY LTD BALMORAL FAMILY	4,666,667	2.83
7.	MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	4,375,001	2.65
8.	MS NADA SAADE	4,010,789	2.43
9.	ADVENT MANAGEMENT PTY LTD	3,846,154	2.33
10.	LAUNCHPAD (AUST) PTY LTD <LAUNCHPAD A/C>	3,760,684	2.28
11.	JASCOT RISE PTY LTD <JASCOT RISE A/C>	3,751,634	2.27
12.	GLENROYALE PTY LTD <TATARKA SUPER FUND A/C>	3,236,864	1.96
13.	MR RUSSELL NEIL CREAGH	3,000,000	1.82
14.	RM RESEARCH PTY LTD	3,000,000	1.82
15.	MR EMANUEL MAX GREEN & MRS SHARON GREEN <THE GREEN SUPER FUND A/C>	2,999,385	1.82
16.	MR JOHN CHARLES CHERRY	2,845,000	1.72
17.	CITICORP NOMINEES PTY LIMITED	2,632,951	1.59
18.	ROCKET SCIENCE ENTERPRISES PTY LTD <LISSA SUPERANNUATION A/C>	2,450,000	1.48
19.	BULINE PTY LTD <SUPERANNUATION FUND A/C>	2,350,000	1.42
20.	MR ARI KANTOR	2,222,223	1.35
21.	CUPANIA INVESTMENTS PTY LTD <PJB SECURITY S F A/C>	2,203,109	1.33

22. **On-Market Buy-Back**

The Company is not currently conducting an on-market buy-back

23. **Item 7, Section 611 Issues of Securities**

There are no issues of securities approved for the purposes of item 7 of section 611 of the *Corporations Act 2001* (Cth) which have not yet been completed.

24. **On-Market Purchase of Securities under Employee Incentive Scheme**

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme; or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.



Corporate Directory

**CORPORATE DIRECTORY**

**Directors**

Avi Kimelman  
Ari Herszberg  
Eliahu Bernstein

**Company Secretary**

Adrien Wing

**Registered Office and Domicile**

Level 17  
500 Collins Street  
Melbourne Victoria 3000  
Australia  
Telephone: +61 3 9614 0600  
Facsimile: +61 3 9614 0550  
Internet: <http://www.qur.com.au>

**Legal Form**

A public company limited by shares

**Country of Incorporation**

Australia

**Share Registry**

Link Market Services Limited  
Level 1, 333 Collins Street  
Melbourne Victoria 3000  
Australia  
Telephone: 1300 554 474 or +61 3 9615 9800  
Facsimile: +61 2 9287 0303  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

**Auditors**

BDO East Coast Partnership  
Level 14, 140 William Street  
Melbourne Victoria 3000  
Australia

**Australian Securities Exchange Listing Code**

QUR

**Bankers**

Westpac  
Level 6, 360 Collins Street  
Melbourne Victoria 3000  
Australia