



Quantum Resources Limited

ACN 006 690 348

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

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Chairman's Letter

Dear Shareholder

On behalf of the Board of Quantum Resources Limited (**Quantum** or the **Company**), I am pleased to present the Company's results for the half year ended 31 December 2015, and provide you with updates on the Company's strategic direction for the remainder of the financial year ending June 2016.

During the half year, Quantum announced that it had entered into a binding share purchase agreement to acquire the total issued capital of Israeli company LogiTag Systems Limited (**LogiTag**) (**Proposed Acquisition**).

LogiTag develops, manufactures and sells intelligent radio-frequency identification enabled device (**RFID**) systems for tracking, monitoring and managing inventory assets, and people. LogiTag presently services the rapidly growing market in medical supply inventory management, and is an innovator that offers the world's only end-to-end RFID and Software as a Service (**SaaS**) based medical inventory management system. LogiTag products include the LogiTag Smart Cabinet, the LogiTrack RTLS System, the LogiTag Restock Tag and the LogiTag Stock Box. These RFID enabled technology solutions have application across various industries including government, security, healthcare and mining.

As at the date of this report, Quantum is an Australian explorer with a suite of projects in Western Australia and the Northern Territory, and its main activities, albeit relatively dormant, are in the area of mining exploration. Accordingly, the Proposed Acquisition represents a significant change to the nature and scale of Quantum's activities. Notwithstanding these changes, the Board has taken the decision to pursue the Proposed Acquisition for a number of reasons, including that the acquisition (once completed) will drive earnings, and transform Quantum into a global operation, allowing significant opportunities for the Company (and by extension its shareholders) to leverage the lucrative RFID medical device management market. Further, the Board sees value in the know-how and intellectual property inherent in LogiTag's systems and solutions, and considers that these solutions and systems can be easily adapted to other industries and markets including manufacturing, retail and security. The Proposed Acquisition will enable the merged entity to have access to equity capital markets, at a time where LogiTag's business is well positioned to achieve exponential growth and represents, in the view of the Board, the best available opportunity for Quantum to deliver value to its existing shareholders.

The Proposed Acquisition is subject to a number of customary conditions precedent, including without limitation approval of Quantum shareholders for the Company to change its nature and scale of activities, Quantum raising funds under a prospectus, and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Quantum and LogiTag are working together to progress the fulfilment of all conditions precedent as soon as reasonably practicable. In particular, Quantum is well progressed in its preparation of transaction documents relating to the Proposed Acquisition and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Quantum expects to be in a position to lodge a prospectus and a notice of general meeting (and associated documents) to seek shareholder approval for a change to the nature and scale of its activities in the coming weeks.

Upon completion of the Proposed Acquisition, the Company's name will change to "**LogiTag Systems Limited**" and its ASX issuer code will change to ASX: **LOG**.

At such time that the Proposed Acquisition completes, the Board intends that the focus of the merged entity will be on expanding LogiTag's activities. To this end, it is the intention of the Board to assess all available options in relation to its existing mining exploration assets and interests.

The Board's key objective will be to realise value of these assets for the benefit of shareholders, and I look forward to providing shareholders with updates on any developments on this front. A summary of the Company's existing mining exploration assets and interests is below.

Quantum has interests in a suite of projects in Western Australia and the Northern Territory (Figure 1).

Chairman's Letter

The projects are all located on granted titles and are prospective for gold and base metals.

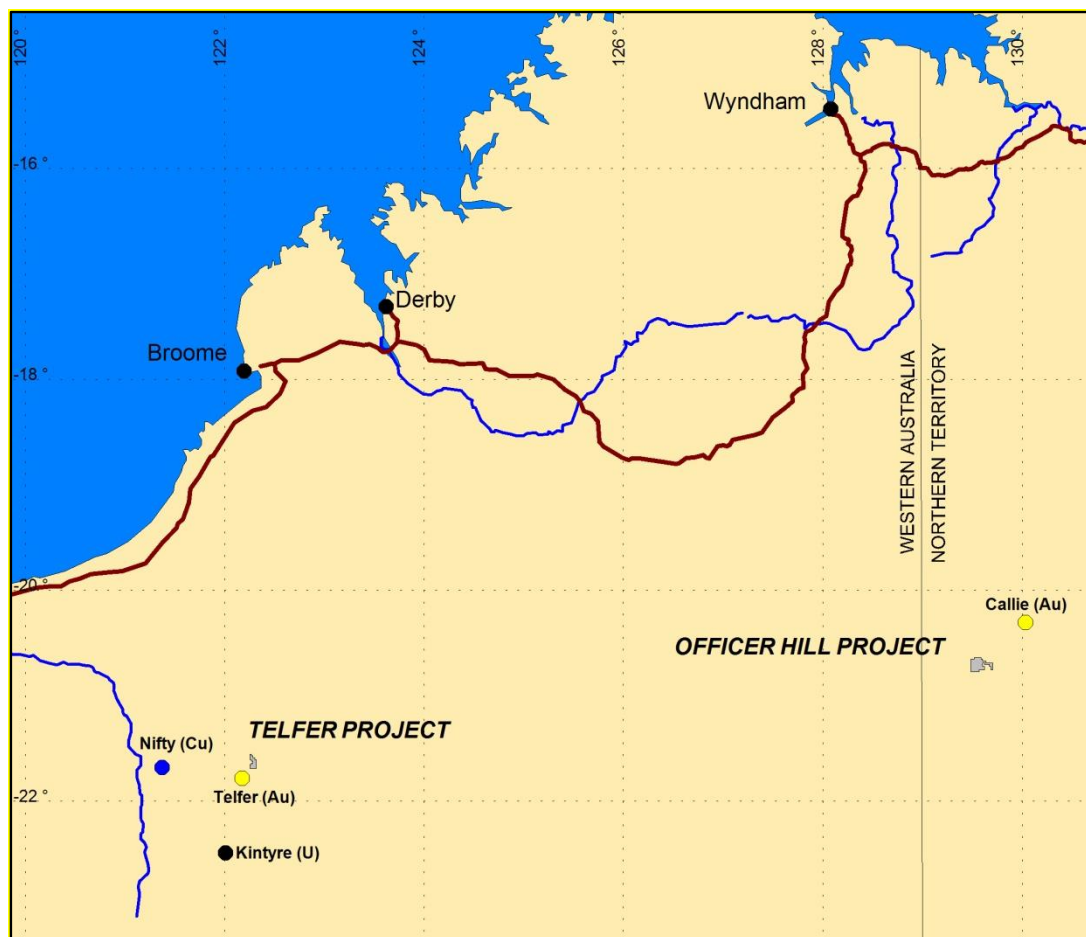


FIGURE 1 – Project Location Plan

TELFER PROJECT (Quantum 100%)

The Company's Telfer Project comprises a single exploration licence in a tightly held area 6km from the Telfer Gold Mine within the world class Paterson Province in Western Australia, which is host to significant deposits of various styles of mineralisation including the Telfer Mine, O'Callaghans tungsten and base metals skarn deposit, the Kintyre uranium deposit and the Nifty copper deposit. The Telfer deposit is one of Australia's largest deposits with a reported Ore Reserve of 6.3 million ounces of gold and 0.295 million tonnes of copper within a Mineral Resource of approximately 15 million ounces of gold (December 2013). The O'Callaghan's ore body, 10km south east of Telfer mine, is also owned by Newcrest and hosts significant resources of tungsten, copper, lead and zinc.

TANAMI (OFFICER HILLS JV) PROJECT (Quantum 100%, Newmont Option to earn up to 75%)

The Officer Hill JV Project is located within the Tanami geological province, which hosts world class orogenic gold deposits including the Granites gold deposits and the operating Callie Gold Mine owned by Newmont Mining (Figure 1). The Company holds a single Exploration Licence located 34 kilometres southwest of the Callie Gold Mine, which at the end of 2013 had 3.01 million ounces of gold reserves. The licence was granted on 29 July 2013 for a period of six years.

Chairman's Letter

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

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

No field work was completed during the half-year.



Eliahu Bernstein

Non-Executive Chairman

Dated at Melbourne this 16th March 2016

The information in this report that relates to exploration results is based on information previously compiled by Dr DS Tyrwhitt who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr DS Tyrwhitt is a consulting geologist employed by DS Tyrwhitt & Associates Pty Ltd. Dr DS Tyrwhitt has 50 years' experience in the industry and has more than 5 years' experience which is relevant to the style of mineralisation being reported upon to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Tyrwhitt has previously consented to the inclusion of the matters based on the information in the form and context to which it appears.

Directors' Report

The Directors present their report for the half year ended 31 December 2015 (**Half Year**).

Directors

The Directors of the Company at any time during or since the Half Year are:

Eliahu Bernstein	Non-Executive Chairman
Alyn Tai	Non-Executive Director & Company Secretary
Ari Herszberg	Non-Executive Director
Mordechai Gutnick	Non-Executive Director (ceased role as a Director on 3 December 2015)

Review and Results of Operations

Whilst the Company remained as a mining exploration entity during the Half Year, Quantum's mining exploration activities have been relatively dormant in recent years. Upon completion of its Proposed Acquisition of LogiTag (which will, subject to shareholder approval, result to a change in Quantum's nature of activities from mineral exploration to technology) Quantum intends to shift focus from its existing mining exploration activities towards expansion of LogiTag's activities.

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.

The results of operations for the Half Year were a loss of \$1,166,499 (2014: \$50,904). Exploration expenditure written off during the half year was \$574 (2014: \$148). Administration expenses for the six months ended 31 December 2015 were \$255,788 (2014: \$50,726). At 31 December 2015, the Company had cash at bank of \$550,870 (June 2015: \$8,946).

Events During the Half Year

- In August 2015, Mr Patrick Volpe resigned as Company Secretary of Quantum, and Ms Alyn Tai was appointed Company Secretary.
- On 3 August 2015, the Company changed its registered office address to Level 1, 61 Spring Street, Melbourne.

On 11 August 2015, Quantum issued 80,205,482 ordinary shares at \$0.0013 per ordinary share under a placement to a number of sophisticated investors to raise \$104,267.
- 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 were applied to meet Quantum's working capital requirements.

Directors' Report

- 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 12 November 2015, Quantum announced that it had entered into an exclusive option agreement (**Option Agreement**) with to acquire 100% of the issued share capital in LogiTag.
- On 17 November 2015:
 - Quantum announced that it had formally commenced its due diligence operations into LogiTag pursuant to the signed Option Agreement; and
 - Quantum issued 12,000,000 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 for 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. The 12,000,000 shares will not be quoted on the ASX and are subject to a holding lock until at least such time that the Company re-complies with ASX Listing Rules Chapters 1 and 2 and obtains shareholder approval for the Proposed Acquisition of LogiTag as announced to the market on 12 November 2015.
- On 25 November 2015, the Company held its 2015 Annual General Meeting, at which all resolutions proposed by the Company to shareholders were carried unanimously on a show of hands.
- On 26 November 2015, the Company issued 8,000,000 fully paid ordinary shares for a total of \$492,000 and 4,000,000 fully paid ordinary shares for nil cash consideration in lieu of fees for services provided. The 12,000,000 shares will not be quoted on the ASX and are subject to a holding lock until at least such time that the Company re-complies with ASX Listing Rules Chapters 1 and 2 and obtains shareholder approval for the Proposed Acquisition of LogiTag as announced to the market on 12 November 2015.
- On 3 December 2015, the following changes were made to Quantum's Board and management structure:
 - Mr Avi Kimelman was appointed Chief Executive Officer of the Company;
 - Mr Mordechai Gutnick retired as Non-Executive Director and Chairman of Quantum;
 - Mr Eliahu Bernstein was appointed Non-Executive Chairman of the Company following Mr Gutnick's departure; and
 - Ms Alyn Tai was appointed Non-Executive Director of the Company.
- On 21 December 2015, Quantum announced that it had exercised its call option under the Option Agreement (**Call Option**) and had executed a binding share purchase agreement with LogiTag in relation to the Proposed Acquisition (**Share Purchase Agreement**).

Directors' Report

Events Subsequent to Balance Date

There have been no significant events subsequent to the end of the interim reporting period.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the Directors:



Eliahu Bernstein

Non-Executive Chairman

Dated at Melbourne this 16th March 2016

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

As lead auditor of Quantum Resources Limited for the half-year ended 31 December 2015, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

Wai Aw
Partner

BDO East Coast Partnership

Melbourne, 16 March 2016

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Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 31 December 2015

	Note	2015 \$	2014 \$
Revenue		22	-
Expenses			
Exploration Costs	3	(574)	(148)
Contractors & Consultants	2	(500,005)	-
Administration Expenses		(255,788)	(50,726)
Option Fee	4	(250,000)	-
Share Based Payments	8	(160,000)	-
Finance expense		(154)	(30)
Loss before income tax expense		(1,166,499)	(50,904)
Income tax expense		-	-
Loss after income tax expense for the half-year		(1,166,499)	(50,904)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income or the half - year attributable to the owners of Quantum Resources Limited		(1,166,499)	(50,904)
Loss for the half-year attributable to owners of Quantum Resources Limited		(1,166,499)	(50,904)
Total comprehensive income for the half-year attributable to owners of Quantum Resources Limited		(1,666,499)	(50,904)
Basic loss per share (cents per share)		(1.83)	(0.08)
Diluted loss per share (cents per share)		(1.83)	(0.08)

The accompanying notes form part of these half year financial statements.

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Quantum Resources Limited
ACN 006 690 348

Statement of Financial Position
as at 31 December 2015

	<i>Note</i>	31 December 2015 \$	30 June 2015 \$
Assets			
Current assets			
Cash and cash equivalents		550,870	8,946
Receivables		156,805	-
Prepayments		20,000	-
Other Assets	4	250,000	-
Total current assets		977,675	8,946
Non-current assets			
Exploration and evaluation expenditure	3	-	-
Total non-current assets		-	-
Total assets		977,675	8,946
Liabilities			
Current liabilities			
Trade and other payables	5	455,246	391,993
Other liabilities		-	10,400
Total current liabilities		455,246	402,393
Total liabilities		455,246	402,393
Net Asset/(Liabilities)		522,429	(393,447)
Equity			
Issued Capital	6	58,561,201	56,658,826
Reserves	7	180,000	-
Accumulated losses		(58,218,772)	(57,052,273)
Total Equity/(Deficiency)		522,429	(393,447)

The accompanying notes form part of these half year financial statements.

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Quantum Resources Limited
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Statement of Change in Equity
for the half year ended 31 December 2015

	Issued Capital \$	Reserves \$	Accumulated losses \$	Total equity (deficiency) \$
As for the period ended 1 July 2014				
	56,604,226	-	(56,883,810)	(279,584)
Loss for the period	-	-	(50,904)	(50,904)
Other comprehensive income or the period, net of tax	-	-	-	-
Total comprehensive income or the period, net of tax	-	-	(50,904)	(50,904)
Transactions with owners in their capacity as owners	-	-	-	-
Balance at 31 December 2014	56,604,226	-	(56,934,714)	(330,488)
Balance at 1 July 2015	56,658,826	-	(57,052,273)	(393,447)
Loss for the period	-	-	(1,166,499)	(1,166,499)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	(1,166,499)	(1,166,499)
Transactions with owners in their capacity as owners	-	-	-	-
Issue of shares	2,013,176	-	-	2,013,176
Share Based Payments	-	180,000	-	180,000
Share Issue Expense	(110,801)	-	-	(110,801)
Balance at 31 December 2015	58,561,201	180,000	(58,218,772)	522,429

The accompanying notes form part of these half year financial statements.

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Statement of Cash Flows
For the half year ended 31 December 2015

	2015 \$	2014 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(856,038)	(24,156)
Interest Received	22	-
Bank Charges	(154)	-
Refunds received	10,716	2,244
Net cash used in operating activities	(845,454)	(21,912)
Cash flows from investing activities		
Payments for exploration expenditure	(15,398)	(3,531)
Heads of Agreement / Option Payment	(500,000)	-
Loans from other entity	-	22,637
Net cash as (used in)/ provided by investing activities	(515,398)	19,106
Cash flows from financing activities		
Proceeds from borrowings	-	10,400
Proceeds from Issue of Shares	1,902,776	-
Net cash provided by financing activities	1,902,776	10,400
Net increase/ (decrease) in cash and cash equivalents	541,924	7,594
Cash and cash equivalents at 1 July	8,946	3,253
Cash and cash equivalents at 31 December	550,870	10,847

The accompanying notes form part of these half year financial statements.

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**Notes to the Interim Financial Statements
for the half year ended 31 December 2015**

1. Basis of preparation

Quantum Resources Limited (the '**Company**') is a company domiciled in Australia. These interim financial statements were approved by the Directors on the date of this financial report.

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards (AASBs) including AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

Except as described below, these interim financial statements have been prepared by a for profit entity on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2015 annual financial statements contained within the Annual Report of the Company.

The half year financial report does not include notes of the type normally included in the annual financial report and shall be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Going concern

The Company had incurred a loss after tax for the year ended 31 December 2015 of \$1,166,499 and had net cash outflows from operating activities of \$845,454. The ability of the entity to continue as a going concern is dependent upon successful raising of additional capital by the entity. This condition indicates 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:

- As at 31 December 2015 the Company had cash and cash equivalents of \$550,870 and net assets \$522,429.
- As at 31 December 2015, the Company has 32,000,000 options on issue, each exercisable into one ordinary share in the capital of Quantum at \$0.0325 on or before 17 November 2018. 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.
- As previously advised to the market, the Company intends to raise capital under a prospectus as part of its re-compliance with Chapters 1 and 2 of the ASX Listing Rules; in particular it is intended that the Company will raise at least the minimum

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**Notes to the Interim Financial Statements
for the half year ended 31 December 2015**

amount required for the Company to fulfil its obligations under Quantum's share sale agreement with the LogiTag vendor (being \$6 million, or such other amount as agreed between the parties)

- The Directors have prepared budgets which demonstrate that, based on the above factors, the Company will have sufficient funds available to meet its commitments for at least twelve months from the date of signing this report.
- Quantum has a proven track record of raising equity capital as and when needed; on this basis, the Board remains confident that it will be in a position to raise further equity capital if necessary.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge 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 period 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.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The carrying amount of other current receivables, other assets, prepayment and current payables are assumed to approximate their fair value values due to their short term nature.

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Notes to the Interim Financial Statements
for the half year ended 31 December 2015

Critical accounting judgements and key sources of estimation uncertainty

Management is required to make judgements, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The Company makes certain estimates and assumptions concerning the future. Estimates and assumptions have been utilised for the impairment testing of exploration assets. Actual results may differ from estimates. By their nature, these estimates incorporate inherent risks as they are based on future events which could have a material impact on the value of assets and liabilities in this financial year.

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.

2. Contractors and Consultants

	2015 \$	2014 \$
LogiTag related expenditure	313,185	-
Corporate advisory	59,200	-
Corporate overheads	127,620	-
	500,005	-

3. Exploration and evaluation expenditure

	31 December 2015 \$	30 June 2015 \$
Balance at beginning of period	-	84,942
Expenditure incurred during the period	574	11,778
Amount written off during the period	(574)	(96,720)
Carrying amount at end of period	-	-

Notes to the Interim Financial Statements
for the half year ended 31 December 2015

4. LogiTag Option Agreement

In consideration for LogiTag granting the exclusive Call Option to Quantum, Quantum paid a non-refundable option fee of \$250,000 to LogiTag. A further option fee of \$250,000 (which is refundable where the Proposed Acquisition does not proceed under certain circumstances) was paid by Quantum to LogiTag upon the execution of the Share Purchase Agreement.

5 Trade and other payables

	31 December 2015 \$	30 June 2015 \$
Current		
Trade payables and accruals	159,129	95,876
Payables due under a loan facility agreement *	296,117	296,117
Total current payables	455,246	391,993

*Quantum is currently indebted in the sum of \$296,117 to a lender, pursuant to the terms of a loan facility agreement (**Debt**). Pursuant to a deed of assignment, the Debt was purportedly assigned to two parties (including an entity associated with the CEO, notwithstanding that the deed pre-dated the CEO's appointment date). Quantum is in the process of seeking legal advice as to the effectiveness and validity of the assignment of the Debt, in order for it to determine to whom it is liable to repay the Debt.

Notes to the Interim Financial Statements
for the half year ended 31 December 2015

6 Issued Capital

31 December 2015 \$	30 June 2015 \$
58,561,201	56,658,826
58,561,201	56,658,826

Ordinary share capital	31 December 2015		30 June 2015	
	No.	\$	No.	\$
At the beginning of the period	856,703,218	56,658,826	814,703,218	56,604,226
Shares issued during the period			42,000,000	54,600
- August Placement	80,205,482	114,667	-	-
- September Rights Issue	936,908,700	930,009	-	-
- Consolidation of share - (1)	(1,729,677,574)	-	-	-
- November Placement	24,000,000	968,500	-	-
Share issue costs	-	(110,801)	-	-
At the end of the period	168,139,826	58,561,201	856,703,218	56,658,826

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

7 Reserves

Share based payment reserve

The reserve is used to record the value of equity instruments issued to advisors as part of compensation for their services. Details of the share based payments are in Note 8

	31 December 2015 \$	30 June 2015 \$
Reserves	180,000	-
	180,000	-

**Notes to the Interim Financial Statements
for the half year ended 31 December 2015**

8 Share Based Payments

Share Issues

At an EGM held on 21 September 2015, Quantum's 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 \$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.

Options

At an EGM held on 21 September 2015, Quantum's 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 during the six month period was \$0.005 per option giving rise to a total transactional value of \$100,000.

9 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 with management information for the Company's cash position, the carrying values of exploration permits and a 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.

10 Contingent liabilities

There are no contingent liabilities at 31 December 2015.

11 Commitments

There is no change to commitments reported as at 30 June 2015.

12 Subsequent events

There have been no significant events subsequent to the end of the interim reporting period.

Directors' Declaration

In the opinion of the Directors of Quantum Resources Limited (the '**Company**')

1. the financial statements and notes, set out on pages 9 to 18, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance, for the half year ended on that date; and
 - (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Eliahu Bernstein
Non-Executive Chairman

Dated at Melbourne this 16th March 2016.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Quantum Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Quantum Resources Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Quantum Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Quantum Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*

Emphasis of matter

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

BDO East Coast Partnership

BDO



Wai Aw
Partner

Melbourne, 16 March 2016

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