Final Surrender Report

Exploration Licence 27745

Holder: Quantum Resources Ltd
Operator: Quantum Resources Ltd
Reporting Period: 29th July 2010 to 6th July 2012
Sheet Reference: Birrindudu 1:250,000
Due Date: 6th August 2012

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Date: 6th August 2012
Report No: 12-049
Copies To: Dept. Resources - NT
Quantum Resources Limited

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TABLE OF CONTENTS

LIST OF FIGURES....................................................................................... ................................................... 1

SUMMARY.............................................................................................................. 2

1.0 INTRODUCTION................................................................................................. 3

2.0 LOCATION AND ACCESS..................................................................................... 3

3.0 LICENCE DETAILS ................................................................................................. 3

4.0 GEOLOGY ................................................................................................................. 3

5.0 EXPLORATION ......................................................................................................... 4

6.0 EXPENDITURE........................................................................................................... 5

7.0 REFERENCES .......................................................................................................... 6

LIST OF TABLES

Table 1 LICENCE DETAILS

LIST OF FIGURES

Figure 1 LOCATION MAP
SUMMARY

This Final Surrender Report outlines exploration activities undertaken by Quantum Resources Ltd on Exploration Licence 27745 between the 29th July 2010 and 6th July 2012.

EL27745 is part of the Ware Range Project. It is situated on the Birrindudu 1:25000 map sheet and Ware and Nongra 1:100,000 map sheets. EL27745 is located approximately 700 kilometres south of Darwin, Northern Territory and 500 kilometres south west of Katherine. Due to the remoteness of the Licence, exploration activities will likely require helicopter support. By road, the tenement can be reached from Darwin along the Stuart Highway to Katherine and then to Willeroo along the Victoria Highway. From Willeroo, the Delamere Road and Buntine Highway provide access to Inverway Station. The tenement is situated approximately eighty kilometres south of the Inverway Station. Roads and tracks in the region are few and paucity of landmarks makes navigation difficult. During the wet season, roads and tracks may become treacherous due to flooding.

EL27745 is a small tenement adjoining Quantum’s EL25010, which together form the Ware Range Project. Quantum had focused most of its work on EL25010 and in early 2012 it was decided to surrender this tenement. EL27745 is not prospective in its own right and the company has decided to also relinquish this tenement. No field work was undertaken during the life of the tenement.

The total expenditure for the Licence amounted to $7,333.03.
1.0 INTRODUCTION
This report outlines exploration activities undertaken by Quantum Resources Ltd on Exploration Licence 27745 between 29th July 2010 and 6th July 2012.

2.0 LOCATION AND ACCESS
EL27745 is part of the Ware Range Project. It is situated on the Birrindudu 1:250,000 map sheet and Ware and Nongra 1:100,000 map sheets. EL27745 is located approximately 700 kilometres south of Darwin, Northern Territory and 500 kilometres south west of Katherine. Due to the remoteness of the licence, exploration activities will likely require helicopter support. By road, the tenement can be reached from Darwin along the Stuart Highway to Katherine and then to Willeroo along the Victoria Highway. From Willeroo, the Delamere Road and Buntine Highway provide access to Inverway Station. The tenement is situated approximately eighty kilometres south of the Inverway Station. Roads and tracks in the region are few and paucity of landmarks makes navigation difficult. During the wet season, roads and tracks may become treacherous due to flooding.

3.0 LICENCE DETAILS
EL27745 was granted on 29th July 2010, and covered 8 blocks.

Table 1: Licence Details for EL27745.

<table>
<thead>
<tr>
<th>Name</th>
<th>Status</th>
<th>Effective Date</th>
<th>Grant Date</th>
<th>Expiry Date</th>
<th>Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL27745</td>
<td>Granted</td>
<td>29/07/2010</td>
<td>29/07/2010</td>
<td>28/7/2016</td>
<td>Quantum Resources Ltd</td>
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</table>

4.0 GEOLOGY
The Licence lies within the Palaeoproterozoic Tanami Region. The Tanami Region is part of the North Australian Craton. It abuts the Arunta Region to the south and east and is onlapped by younger cover sequence including the extensive Palaeozoic Wiso Basin on its northeastern margin. To the west, sedimentary succession of the Mesoproterozoic Birrindudu Basin overlies and separates the Tanami Region from similar age rocks in the Halls Creek Orogen.

The oldest and rarely exposed rocks in the Tanami Region are Neoarchaean (2520-2500 Ma) amphibolites facies gneiss and metasedimentary rocks of the Browns Range
Metamorphics and the Billabong Complex. Overlying the Archaean basement is the metasedimentary succession of Tanami Group (1880-1830) and volcanics and siliciclastic sedimentary rocks of Ware Group (1825-1810 Ma). An unconformity marking the major deformational and metamorphic event known as Tanami Orogeny (ca. ~1830 Ma) separates the Tanami Group from Ware Group.

The Tanami Region sequence is unconformably overlain by quartz sandstone, lithic arenite, and conglomerates of Pargee Sandstone representing the syn-tectonic sedimentation related to the 1730 Ma Strangways Orogeny. The Pargee Sandstone itself is unconformably overlain by Meso- to Neopaleoproterozoic platform cover sequence comprising sandstone, siltstone, shale, and carbonate of Birrinduddu Group.

The geology of tenement EL27745 is dominated by Cainozoic sediments; sand silt and gravel deposits obscuring the basement rocks. Laterisation occurs only in small areas, and typically consist of 1-2m thick pisolitic layer on the top, followed by 2-3m thick mottled zone in the middle and a bleached zone at the bottom.

5.0 EXPLORATION

2010 – 2011

After acquiring the tenement, Quantum Resources initiated the process of evaluating the mineral potential, of EL27745 by examining the publically available geophysical data and historic exploration reports. The prime objective of the project was to discover economic uranium mineralisation; however, the project area was also to be evaluated for precious metals. Previously, significant higher than background uranium levels were recorded from the neighbouring tenement EL25010 during the RadonX cup survey. No field exploration work was undertaken.

2011-2012

EL27745 is a small tenement adjoining Quantum’s EL25010, which together form the Ware Range Project. Quantum had focused most of its work on EL25010 and in early 2012 it was decided to surrender this tenement. EL27745 is not prospective in its own right and the company has decided to also relinquish this tenement. No field work was undertaken during the life of the tenement.
6.0 EXPENDITURE

Exploration expenditure on the tenement between 27th July 2010 and 6th July 2012 totalled $7,333.03 as per the breakdown below.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EXPENDITURE</th>
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<tr>
<td>Year 1 2010-2011</td>
<td>$4,200</td>
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<td>Year 2 2011-2012</td>
<td>$3,133.03</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$7,333.03</strong></td>
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7.0 REFERENCES
