

SPX initiates high-grade gold strategy in WA

Spectrum Acquires First Hit Gold Mine

Spectrum Metals Limited (“SPX” or “the Company”) has previously advised that it has for some time been evaluating a number of different resources opportunities, and it is pleased to announce the initiation of a high-grade gold strategy, focused in Western Australia, with the acquisition of the First Hit Gold Mine, near Menzies, WA.

Key Points:

- SPX acquires 100% of the First Hit Mine, an historic high-grade producing gold mine, located 50km west of the town of Menzies in Western Australia from tenement owner Mr Mark Wicksteed.
- The First Hit Mine was last mined in December 2002 by Barmenco Pty Ltd and Barra Resources Ltd (ASX:BAR) and includes significant underground mining infrastructure.
- Existing surface and underground drilling at the base of the existing workings indicates that gold mineralisation is open to the north, south and down plunge within the plane of the mineralised structure.
- Indications are that a parallel, footwall lode (Evans FW Lode) exists on the southern end of the main lode structure.
- Numerous opportunities exist within the newly acquired tenement package for the discovery of additional gold mineralisation.
- Spectrum has agreed terms to raise \$600,000 at \$0.004 per share in a placement to sophisticated investors.

Paul Adams, Spectrums Managing Director said *“The acquisition of the First Hit Mine near Menzies is a great opportunity for Spectrum to get into an advanced stage project with significant existing infrastructure with very easy access. The existing drilling and relatively easy access to the previously mined zones means that this is a development opportunity with immediate drill targets. Numerous opportunities exist to treat ore in the district, opening the prospect for a low capital cost start-up, combined with high grade gold mineralisation. We are extremely pleased to be able to establish a footprint in the area and we believe the acquisition nicely balances our earlier stage West Australia exploration project at Whaleshark”.*

The First Hit Mine was mined between September 2001 and December 2002 by Barmenco Ltd, a then private mining services contractor, under a Strategic Alliance Agreement with Barra Resources Ltd from surface (445mRL) and at Barmenco's sole risk below 240mRL. According to old mine reports ore was mined to the 220mRL and hauled by Barmenco to its Coolgardie-based Burbanks Plant for processing and, in the latter stages of the operation, processed at the Davyhurst processing plant operated by Croesus Mining, 40km to the south, and currently owned by Eastern Goldfields Limited (ASX:EGS). The average gold price realized by the project over its operational life was just A\$571 per ounce.

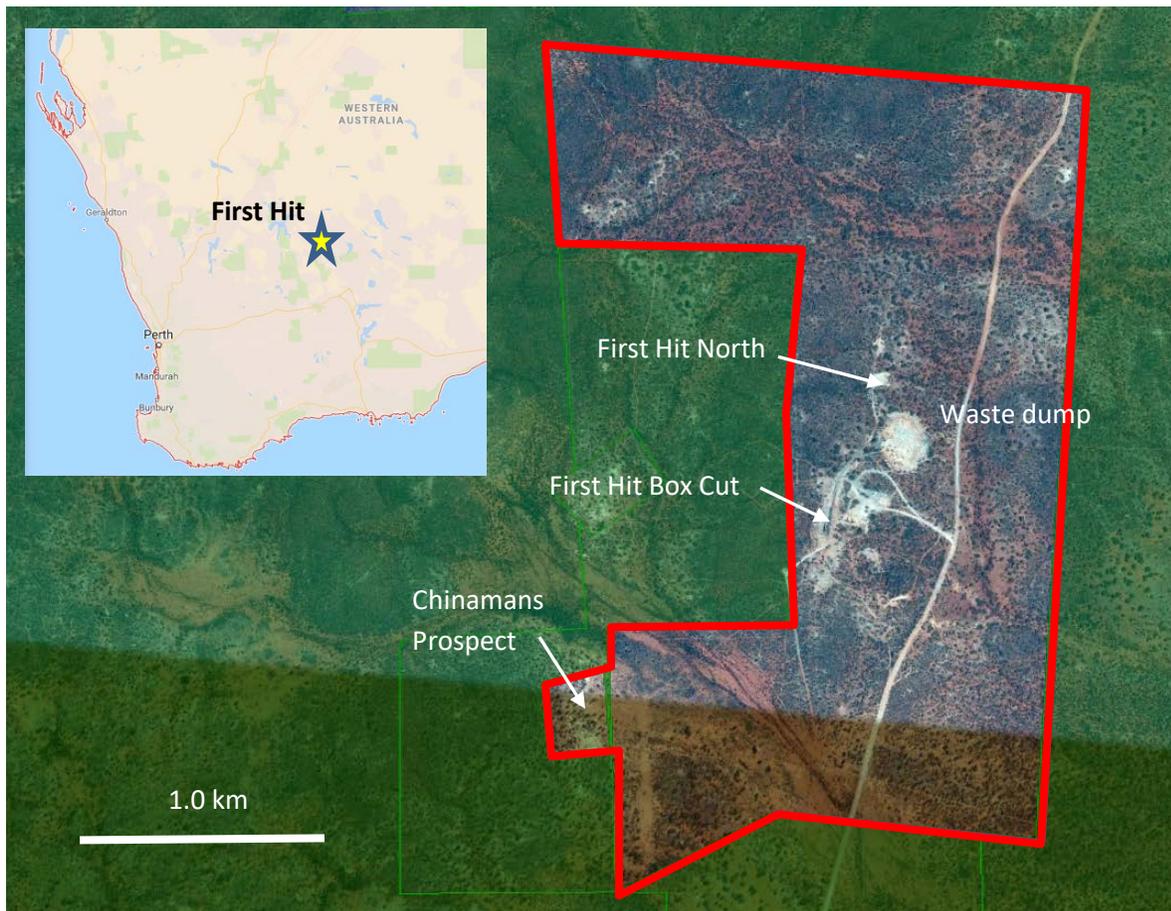


Figure 1. Location map of First Hit Project with existing surface infrastructure

Mineralisation occurs as a silica lode varying in thickness from 1m to 4m within a north-northeast trending shear zone. The higher grade mineralisation is associated with a greenish quartz-sulphide lode, with visible gold, within an altered and carbonated biotite schist.

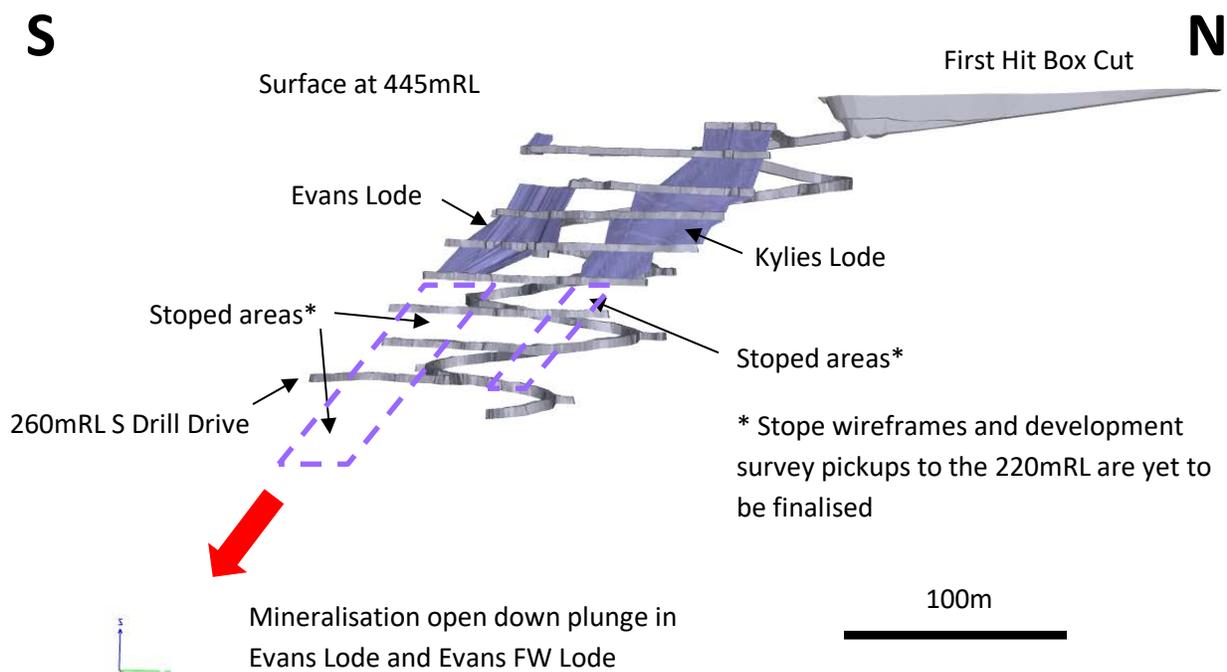


Figure 2. First Hit Mine long section looking west showing infrastructure and down plunge potential

Terms of the Acquisition

Spectrum and wholly owned subsidiary Red Dirt Mining Pty Ltd have executed a Tenement Purchase Agreement to acquire a 100% interest in four (4) tenements covering the First Hit Gold Mine Project. The First Hit Gold Mine is located on M30/99. Other tenements included in the acquisition include M30/91, P30/1185 and P30/1088, covering a total area of 457.5Ha.

Terms of the acquisition are:

1. A\$100,000 in cash at settlement of the agreement; and
2. A\$100,000 worth of ordinary shares in Spectrum at a deemed issue price equal to the 5-day Volume Weighted Average Price (VWAP) of Shares trading on ASX over the 5 days immediately preceding the date of the Agreement (equating to 19,464,300 shares).

The vendor agrees to hold its shares in voluntary escrow for a period of 12 months from the date of settlement. Settlement is anticipated to be on or before the 16 October 2018, subject to completion of transfer documentation.

The acquisition provides an immediate focus for Spectrum to develop a drill program targeting extensions of high-grade drill intercepts on an existing mining lease and represents a true near-term development opportunity.

Spectrum complete capital raise

Spectrum has agreed terms for a capital raise to sophisticated investors, raising \$600,000 at \$0.004 per share for an additional 150 million shares (Placement). The capital raised will be used in the exploration and development of its West Australia assets and for general working capital purposes.

The proposed share issues in part consideration of the acquisition of the First Hit Gold Mine and the on completion of the Placement will be issued within the Company's current placement capacity under ASX Listing Rules 7.1 (98,701,637 shares) and 7.1A (70,762,663 shares). Appropriate disclosures required by the listing rules and an Appendix 3b and section 708A notice will be issued on finalization on each of the above matters respectively.

The Company continues to evaluate a number of suitable projects that align with its Western Australian focused high grade gold strategy and that it believes will provide shareholders with the best opportunity of making a return on their investment.

ENDS

For further information please contact:

Mr Paul Adams
Managing Director
Telephone: +61 8 6369 1195

Email: info@spectrummetals.com.au



About Spectrum Metals Ltd

Spectrum Metals Limited (ASX: SPX) is a mineral resource exploration and development company. Focused on identifying and exploring under explored terrain through the use of modern techniques and technology to maximise success.

Competent Person Statement

The information in this announcement as it relates to exploration results and/or geology was compiled by Mr Alex Hewlett, who is a Member of the Australasian Institute of Mining and Metallurgy ('AusIMM') and a consultant to the Company. Mr. Hewlett has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ('JORC Code 2012'). Mr. Hewlett consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears.

Forward Looking Statements

Statements regarding Spectrum's plans with respect to its mineral properties and programmes are forward-looking statements. There can be no assurance that Spectrum's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Spectrum will be able to confirm the presence of additional mineral resources/reserves, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Spectrum's mineral properties. The performance of Spectrum may be influenced by a number of factors which are outside the control of the Company and its Directors, staff and contractors.