

QUARTERLY REPORT

For the period ending 30 September 2018

31 OCTOBER 2018

ASX:SPX

HIGHLIGHTS

- **SPX withdraws from the Option to Purchase Agreement on the Washington Gold project, California, USA**
- **Further assessment and targeting work completed on the Whaleshark project, WA, including the recently granted Exploration License E 08/2972**
- **SPX defines new strategy for future acquisitions and changes the company name to reflect the new strategy**
- **SPX enters into negotiations on two brownfields, high-grade West Australian gold assets**

SUMMARY OF ACTIVITIES

Washington Gold Project, California USA

During the June quarter the Company announced that it had entered into a Mining Asset Purchase Agreement (“Agreement”) with French Gulch (Nevada) Mining Corporation, a wholly owned subsidiary of LeoGroup LLC (“LeoGroup”) to secure an option to acquire the gold assets known as the Washington Gold Project based in Shasta County, northern California, in the United States of America.

The Agreement provided Spectrum with an initial 3-month option period in which to evaluate the property (to complete due diligence) and the right to acquire the Washington Project for a fixed share consideration, followed by a Second Holding Option period for a further 12 months.

However, on 23 July 2018, a wild fire (subsequently named the “Carr Fire”) broke out approximately 3km south east of the mine, enlarging in size to become a substantial fire by 27 July, the date at which SPX was to enter into the Second Holding Option Period. In good faith, the vendor of the Washington Gold project agreed to a temporary extension to the 90-day exclusive option period to allow for the danger to pass.

On 8 August 2018, SPX advised the market that the fire had caused damage to the surface infrastructure at the site. On 22 August, SPX advised the market that the company had resolved not to enter the Second Option Holding Period and to withdraw from the agreement.

Registered Office

Suite 1/827 Beaufort Street, Mt Lawley WA 6052
info@spectrummetals.com.au
ABN: 94 115 770 226
www.spectrummetals.com.au

Company Management

Alex Hewlett: Non-Executive Chairman
Paul Adams: Managing Director
Davide Bosio: Non-Executive Director
Nader El Sayed: Non-Executive Director
Mark Pitts: Company Secretary

Whaleshark Prospect, Western Australia

The Whaleshark Project is being explored for Gold and Copper mineralisation. Located at the north eastern end of the Carnarvon Basin, which unconformably overlies Archaean and Paleoproterozoic rocks of the Ashburton fold Belt and possibly the Mesoproterozoic Bangemall Basin.

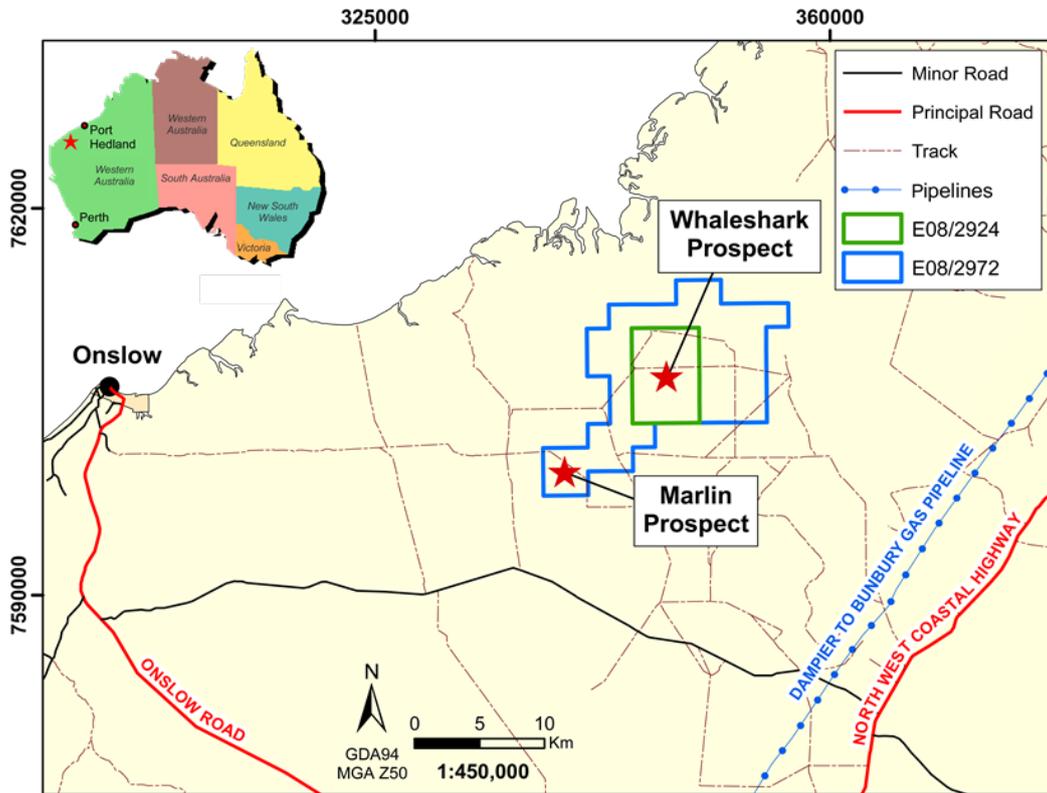


Figure 1. Whaleshark Project Location Map

With the grant of E08/2972 Spectrum now boasts a ground position of 156km² host to the majority of prospective lithologies and structures within a wide and underexplored belt. Spectrum plans to expedite advanced field activities across this newly granted tenure.

Regional desktop Studies and Planning

A revised geological interpretation and regional depth to basement study is completed to assist with drill target ranking and geophysical survey design. Numerous prospective areas have been identified where depth to prospective rocks may be less than 50m. This is seen in particular on the newly granted lease to the north-east.

Results of a regional geological interpretation are directing SPX to revisit structural settings, magnetic and gravity anomalies toward various mineralisation styles and targets within the project area including Volcanogenic Massive Sulphide (“VMS”) genetic models and shear hosted gold lodes.

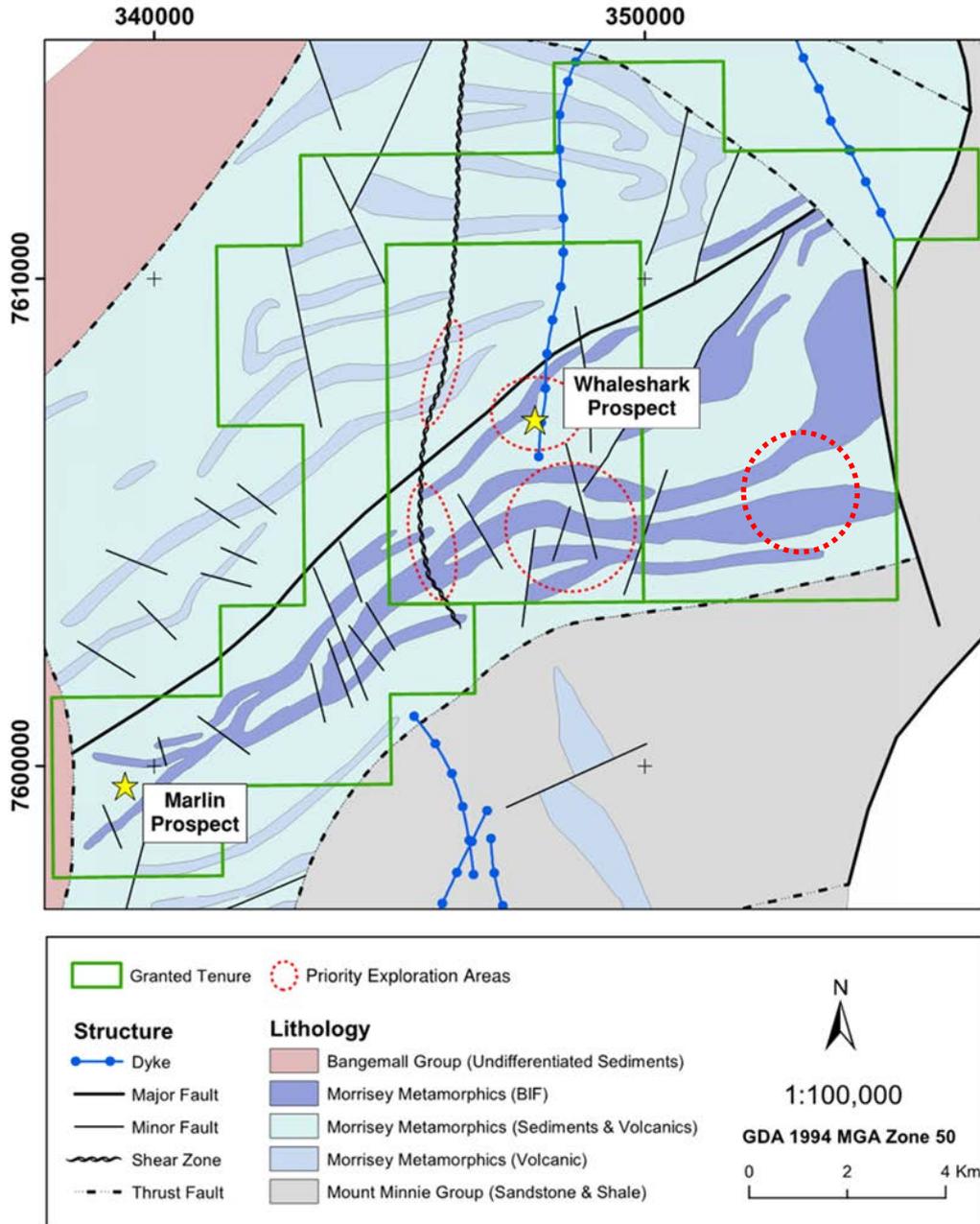


Figure 2. Whaleshark Project Location Map

The location, scale and exploration fit (Depth of study and drill target definition) has led to a seismic survey design for following stages of exploration where deeper targets warrant further investigation.

Approvals for drilling based on historic gold-copper intercepts, recently identified electromagnetic anomalies (see release dated 20 December 2017), and newly identified high priority target areas have been lodged pending approval and are pending approval.

SPX enacts a new strategic direction

Following the withdrawal from the Washington Gold Project, the company reviewed close to 25 projects covering a wide geographical distribution at a variety of project scales and over numerous commodities.

Through this process, the company devised a new strategic direction to focus its efforts on a West Australian, high-grade gold strategy. To reflect the new strategic direction on September 22, the company changed its name from Spectrum Rare Earths Limited to Spectrum Metals Limited.

The company holds the view that advanced stage assets with existing infrastructure and drilling that shows the potential for the discovery and eventual exploitation of high-grade gold mineralisation, provided the best opportunity to generate shareholder value and near to medium term cashflow.

At the end of the period, SPX had identified a number of potential acquisition opportunities and had engaged third parties in negotiations to acquire those assets.

Events subsequent to the end of the period

On 4 October 2018, post the end of the reporting period, Spectrum acquired 100% of the First Hit Gold Project near Menzies WA. First Hit was last mined in 2002 by Barmenco from a decline accessing a high-grade silica lode. Gold mineralisation appears open down plunge and to the south where ore grade gold mineralisation has been intersected in drilling blow the current workings.

Simultaneously, the company raised an additional \$600,000 in capital from the issue for 150 million shares at \$0.004 per share.

In addition, on 16 October 2018, Spectrum entered into an agreement to acquire the Penny West Gold Project, near the Youanmi gold centre in WA. Penny West was last mined in 1992 by Eastmet and was one of the highest-grade open pit gold mines ever mined in the Western Australia during the modern era, producing 85,000 ounces from 121,000 tonnes at a grade of 21.8 g/t gold.

The Penny West project has an existing resource of 36,000 ounces at an average grade of 5 g/t beneath the existing open pit estimated from numerous high-grade intersections within the mineralised structure immediately below the open pit and at depth.

CORPORATE

Finance

The 30 September 2018 cash balance of the Company was \$1.393M.

There were no capital raisings during the period. However, on 4 October 2018, \$600,000 was raised from the issue of 150 million shares at a price of \$0.004 per share.

Capital Structure

During the quarter the Company issued 10 million unlisted Incentive Options to the Managing Director exercisable at 1.5 cent per share in accordance with the Terms and Conditions of employment. The options are to be issued in two tranches of 5 million each vesting on 30 November 2018 and 31 May 2019 respectively. Both tranches are exercisable on or before 31 May 2023.

At the end of the quarter the Company had 707.6 million shares on issue and 77.5 million unlisted options at various expiry dates and exercise prices.

Share Price (SPX): **\$0.006**; Market Cap: **\$5.1M** (as at 26 October 2018).

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. Focussed 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 Luke Forti, who is a Member of the Australasian Institute of Mining and Metallurgy ('AusIMM') and a consultant to the Company. Mr. Forti, 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. Forti consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears.

The terms 'Exploration Target' should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2012), and therefore the term has not been used in this context.

For information in this announcement relating to First Hit and Penny West and to exploration results and in addition for Penny West the Mineral Resource Estimate which were first disclosed to the market on 4 October 2018 and 16 October 2018 respectively, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the resource estimates with those announcements continue to apply and have not materially changed.

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.

Penny West JORC 2012 Mineral Resource Estimate

Category	Tonnes	Gold (g/t)	Contained gold (oz)
Indicated within wireframe	181,000	4.8	28,000
Inferred within wireframe	9,000	3	900
Inferred below wireframe	43,000	5	7,000
Total Inferred	52,000	4	8,000
Total	230,000	4.8	36,000

Table 1. Penny West Resource summary (rounded) at a 1 g/t lower cut

Note: Totals and averages may not agree due to rounding.

TENEMENT STATUS

Mining Tenements held at the end of the quarter (pursuant to Listing Rule 5.3.3)

Western Australian Mining Tenements

Prospect & Tenure Type	Claim Name / Reference (Tenement)	% held at the start of the quarter	% held at the end of the quarter
Exploration Permit – Pilbara WA	E 08/2924 Whaleshark Gold Copper Prospect	100%	100%
Exploration Permit – Pilbara WA	E 08/2972 Marlin Gold Copper Prospect	100%	100%