

ASX CODE: SPX

CAPITAL STRUCTURE

Share Price (21/10/2019)	\$0.074
Shares On Issue	1,386m
Market Cap	\$103m
Unlisted Options	129m
Performance Rights	20m

MAJOR SHAREHOLDERS

Patina Resources PL	9.6%
1832 Asset Mgmt	9.4%
A. Barton & Assocs	7.7%
Chalice Gold	7.0%

DIRECTORS / MANAGEMENT

Alexander Hewlett
Executive Chairman

Paul Adams
Managing Director

James Croser
Technical Director

Nader El Sayed
Non-Executive Director

Mark Pitts
Company Secretary

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Quarterly Activities Report

For Period ending 30 September 2019

Spectrum Metals Limited ("SPX" or "the Company") is pleased to provide the Quarterly report for the period ending September 2019.

September Quarter Highlights:

Penny West Project

- SPX completed over 12,000m of RC drilling and 1,540m of diamond drilling.
- SPX continues to define the high-grade Penny North lode with assays received from recent holes of **2m at 32.5 g/t gold** from 332m (Hole SPWRC096) and **2m at 28.3 g/t gold** from 348m in Hole SPWRC082).
- Phase 1 diamond drilling commenced with two coring rigs mobilized to site to join the RC drill.
- SAM (Sub-Aerial Magnetics) survey interpretation completed defining several new targets along and close to the interpreted position of the Penny West Shear.
- Pilot p-XRF and SWIR studies confirms geological logging, interpretation and alteration system at Penny North.
- Additional surface mapping at Penny West feeds into an enhanced geology model.
- First diamond drill core shows exceptional sulphide content.
- Spectrum establishes camp and corefarm facilities on site at Penny West.

Corporate

- SPX completes \$7.25m capital raise to expand drilling program.
- 1832 Asset Management and Chalice Gold Limited join SPX register as significant shareholders
- Cash as at 30 September - \$8.6m

Penny West Project

Activity during the September quarter focused on the company's Penny West asset. The drilling program was expanded from one single-shift RC (Reverse Circulation) drill rig to

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an RC rig on double shift with an additional two diamond drill rigs both on double shift. Drilling activity saw continued testing of the Penny North Prospect, with the aim of expanding the known mineralised envelope and establishing a maiden resource for the Penny West Project during the December quarter.

During the September quarter SPX had drilled a total of 12,053m of RC drilling and 1,543m of HQ diamond core.

Significant intercepts received during the quarter from the Penny North RC drilling program included:

- SPWRC048 - 4m at 6.1 g/t gold from 68m
- SPWRC051 - 4m at 16.8 g/t gold from 116m, including 2m at 31.1 g/t gold from 116m.
- SPWRC054 - 11m at 3.9 g/t gold from 221m, including 1m at 23.7g/t from 231m
- SPWRC056 - 5m at 24.4 g/t gold from 241m, including 3m at 40.2 g/t gold from 241m.
- SPWRC058 - 2m at 5.6 g/t gold from 237m, including 1m at 10.6 g/t gold from 237m.
- SPWRC060 - 6m at 14.8 g/t gold from 268m, including 3m at 26.7 g/t gold from 268m.
- SPWRC067 - 3m at 34.4 g/t gold from 264m, including 1m at 99.9 g/t gold from 265m.
- SPWRC068 - 9m at 24.1 g/t gold from 265m, including 3m at 69.3 g/t gold from 267m.
- SPWRC069 - 9m at 15.9 g/t gold from 294m, including 6m at 22.5g/t from 295m.
- SPWRC070 - 2m at 16.6 g/t gold from 274m.
- SPWRC071 - 2m at 48.7 g/t gold from 264m, including 1m at 95.5 g/t gold from 264m.
- SPWRC072 - 2m at 27.1 g/t gold from 2315m, including 1m at 44.6 g/t gold from 315m.
- SPWRC080 - 2m at 50.5 g/t gold from 338m.
- SPWRC081 - 4m at 63.1 g/t gold from 289m, including 3m at 83.7g/t from 289m.
- SPWRC082 - 6m at 10.0 g/t gold from 348m, including 2m at 28.3 g/t gold from 348m.
- SPWRC092 - 2m at 5.8 g/t gold from 248m, including 1m at 9.8 g/t gold from 248m, and 4m at 7.4 g/t gold from 256m, including 1m at 21.2 g/t gold from 258m
- SPWRC096 - 6m at 11.1 g/t gold from 319m, including 2m at 32.5 g/t gold from 322m.

Significant intercepts received from the RC drilling at the Penny South Prospect included:

- SPWRC062 - 5m at 2.5 g/t gold from 234m, including 1m at 5.7g/t from 237m.
- SPWRC078 - 2m at 17.1 g/t gold from 182m.

(See ASX announcements from 16 July 2019, 29 July 2019, 20 August 2019, and 18 September 2019)

The RC drilling was successful in expanding the known gold mineralisation at Penny North down dip and down plunge (see Figure 1 below). The orientation, character of the lode and host geology remained consistent

throughout the program with Penny North now presenting as a predictable, robust and highly mineralised quartz-sulphide vein gold system.

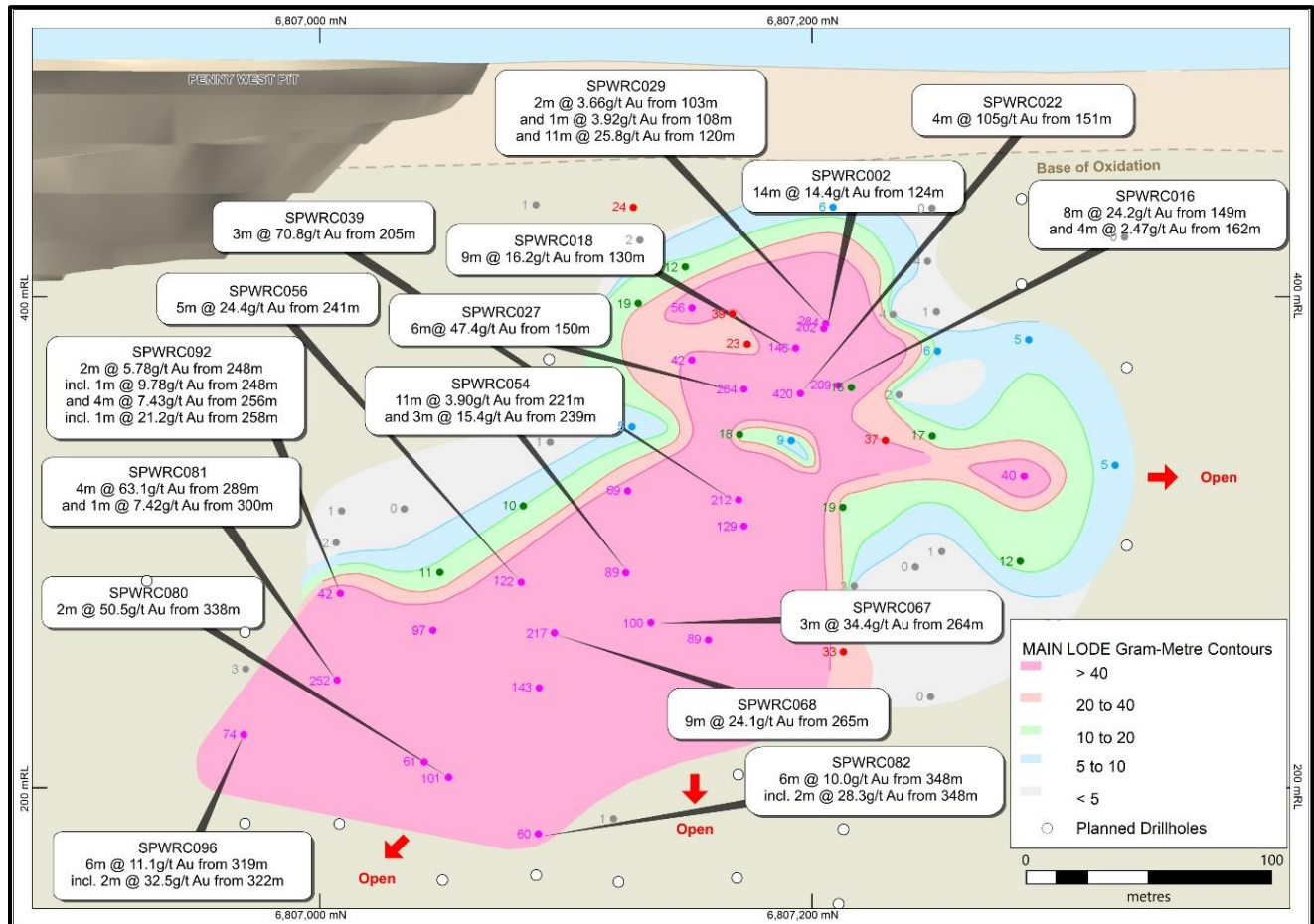


Figure 1. Long section and gram meter contour through Penny North with significant intercepts

First Diamond Drill hole completed into Penny North

Spectrum announced the commencement of diamond drilling at the Penny West Project, with the first of four (4) designed diamond drill holes having been completed. The first hole, SPWDD003 intersected the main lode structure at 221.0m downhole with the main structure being 2.0m in length. The lode comprises mostly a quartz lode with abundant, occasionally, massive sulphide assemblages dominated by pyrite and pyrrhotite. Abundant galena occurs at sulphide assemblage margins. In some areas the sulphide resembles a sulphidic breccia. (See ASX announcement dated 18 September 2019). As at the end of the quarter Spectrum had drilled 1,543m of core with assays pending.

Of particular interest is the competency of the core. The competency in the hanging wall was extremely good and this characteristic occurred all the way through the mineralised zone also. See figures 2 and 3 below. As a general comment, in any mining scenario, highly competent rock masses generally reduce costs and reduce the potential for mining dilution in underground mines, particularly if there is a high degree of competency in the hanging wall



Figure 2. SPWDD003 221.0 to 223.0 downhole main lode, Penny North



Figure 3.
SPWDD003 221.1m to 221.3 Close up of contact between quartz vein and sulphidic breccia

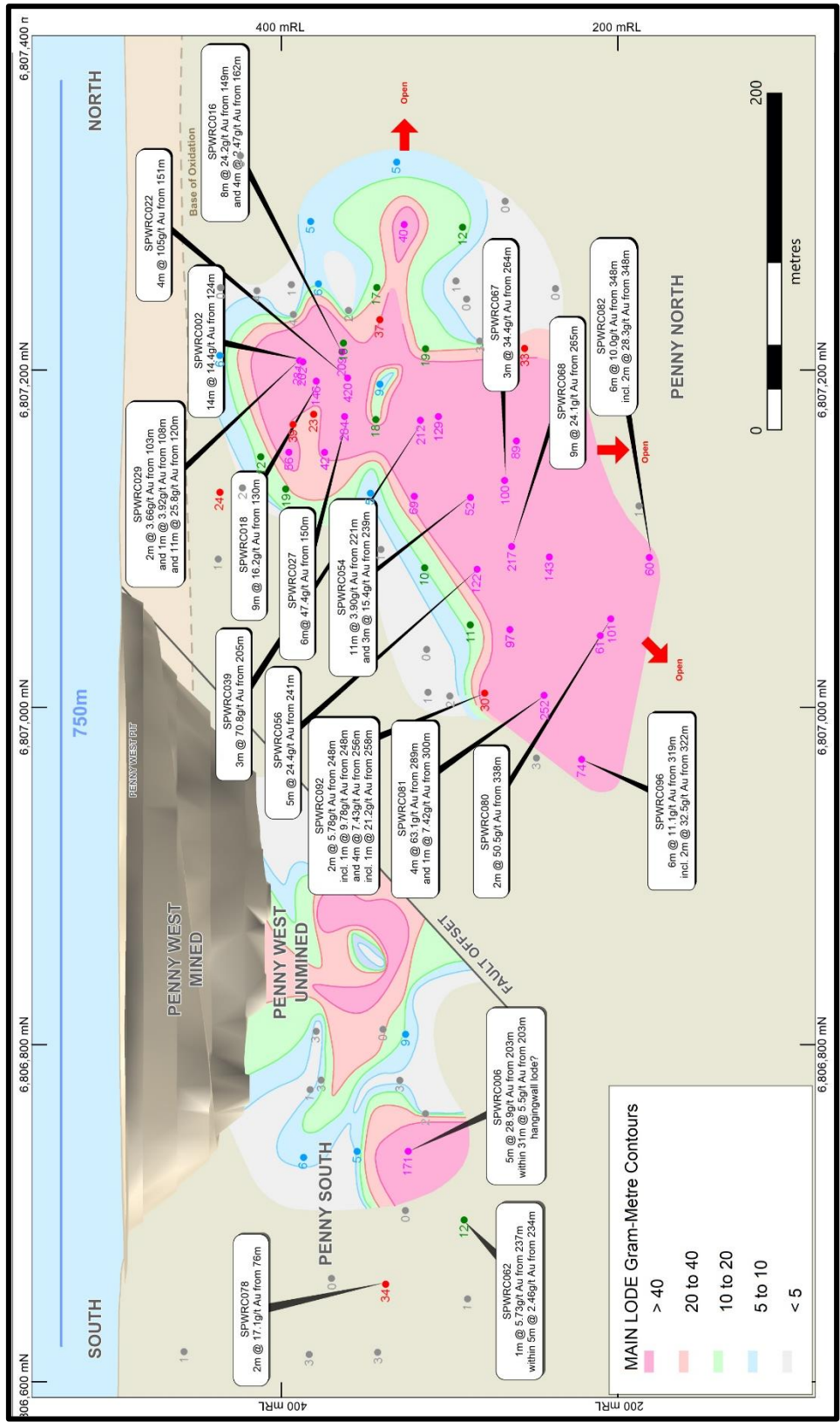


Figure 4. Expanded long section from Penny South to Penny North with gram meter contours and intercept pierce points

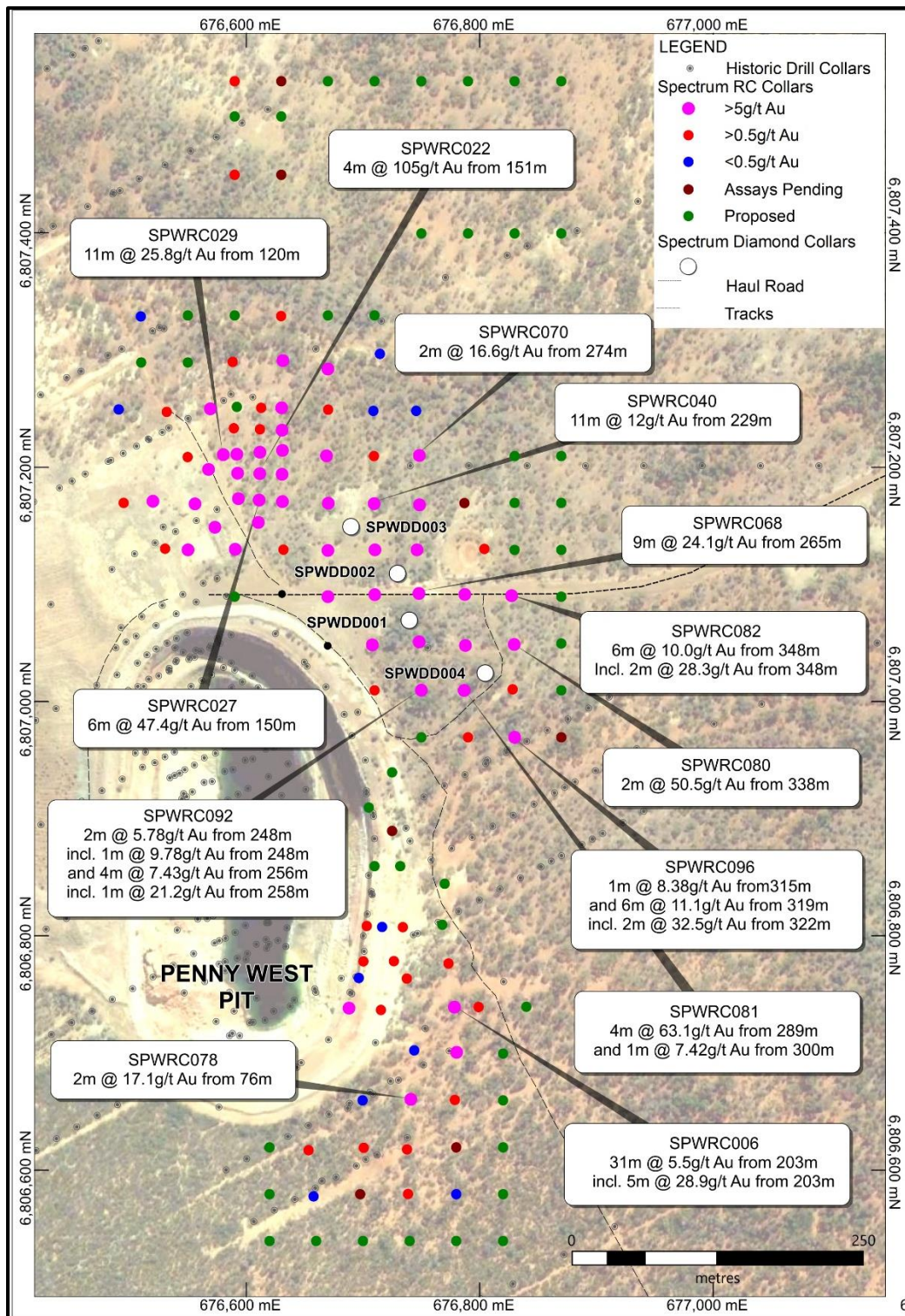


Figure 5. Plan view of Penny West with hole collar status as at September 2019

Sub-Audio Magnetics (SAM) Survey *(See ASX Announcement dated 29 August, 2019)*

Late in the June quarter, Spectrum Metals engaged Gap Geophysics to complete a Sub-Audio Magnetic (SAM) survey over a portion of the Penny West tenure. The survey was initiated to better constrain the Penny West Shear and any cross-cutting faulting which may influence the location of gold mineralisation.

SAM surveying maps resistivity variations in the near surface, including the regolith and bedrock geology. An electrical current is channelled between two widely separated electrodes located along the strike of interest and straddling the survey area. Conductive or low resistivity zones could include zones of deeper weathering that may be associated with a fault or contact, or a lithological unit that is more susceptible to weathering, e.g. an ultramafic.

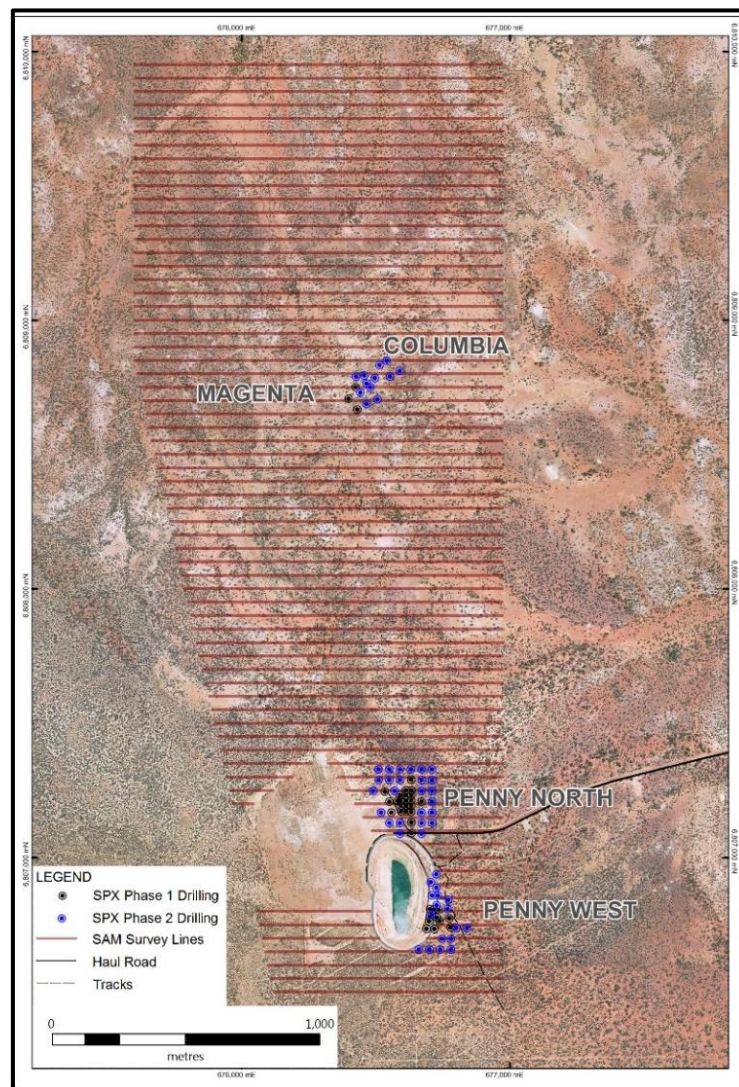


Figure 6. Extent of SAM survey over the postulated Penny West Shear – 50m line spacings

In conjunction with the SAM survey, SPX geologists have remapped the Penny West pit and geochemically “fingerprinted” the stratigraphy using a portable handheld X-ray fluorescent analyser (pXRF). All physical data collected has been incorporated into the SAM interpretation, to yield a suite of drill targets.

Spectrum geologists conducted detailed structural and lithological mapping of the Penny North open pit. The mapping identified a two main NNW oriented faults that offset stratigraphy and lode position to Penny North (Figure 7). The Penny West lode mapped in the south end of the pit is a discrete 2-3 m wide quartz vein. The vein is hosted in a highly sheared granodiorite near the contact with less strained amphibolite (Figure 2). A mafic schist overlies the granodiorite.



Figure 7. Mapping lithology and structure on the south-west walls of the Penny West Pit

The lode position is manifest in the SAM MMC layer (magnetometric conductivity) as the contact between a highly conductive unit (deeply weathered granodiorite) and a highly resistive unit (shallow weathered amphibolite). At Penny North the lode is also hosted in or on the contacts of the granodiorite. This sheared granodiorite (Penny Shear) has been interpreted to continue for over 1km to the north. Several high priority targets have been identified along the Penny Shear near the intersection of cross cutting faulting.

At Columbia a large regional NNE striking fault has been interpreted from the SAM data. Mapping of a 1m wide quartz vein in the historic shaft, confirms a NNE orientation to mineralisation. Previous drilling fails to test the north eastern extents of mineralisation. Columbia remains a high priority drill target. Magenta remains open and untested in the projected lode position to the south of the current drilling.

The SAM interpretation, mapped geology, logged RC drilling and legacy drill data sets have been incorporated to better constrain a 3D lithological and lode model (Figure 8). The models will be validated by measurements from oriented diamond core and will provide confidence to upcoming resource estimation.

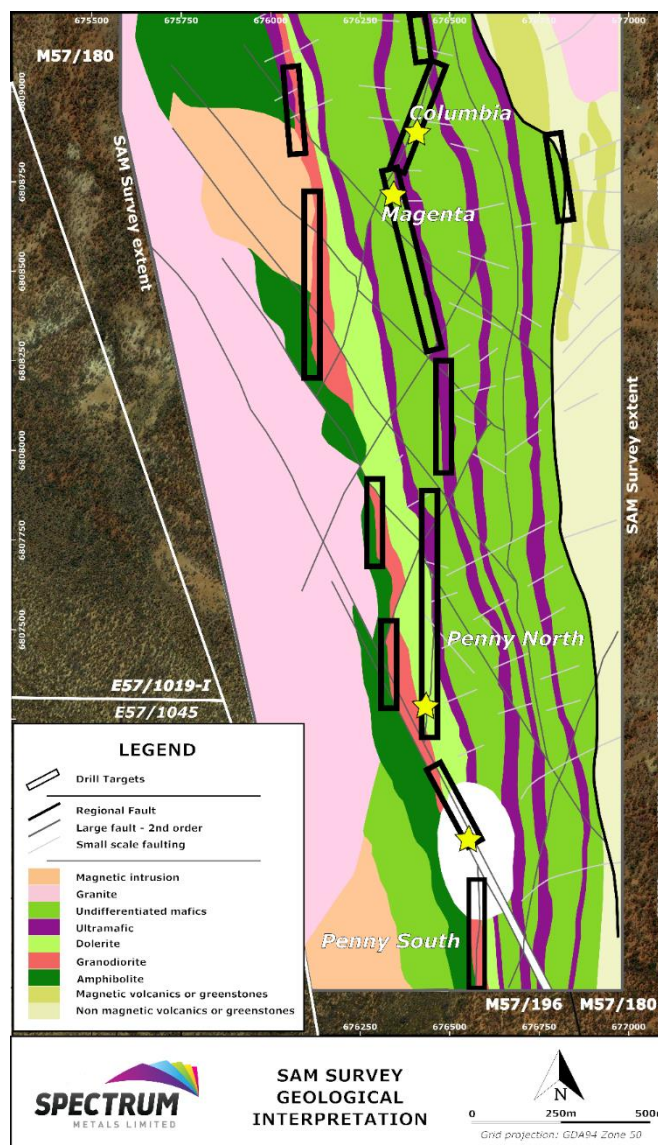


Figure 8. SAM survey geology and structural interpretation

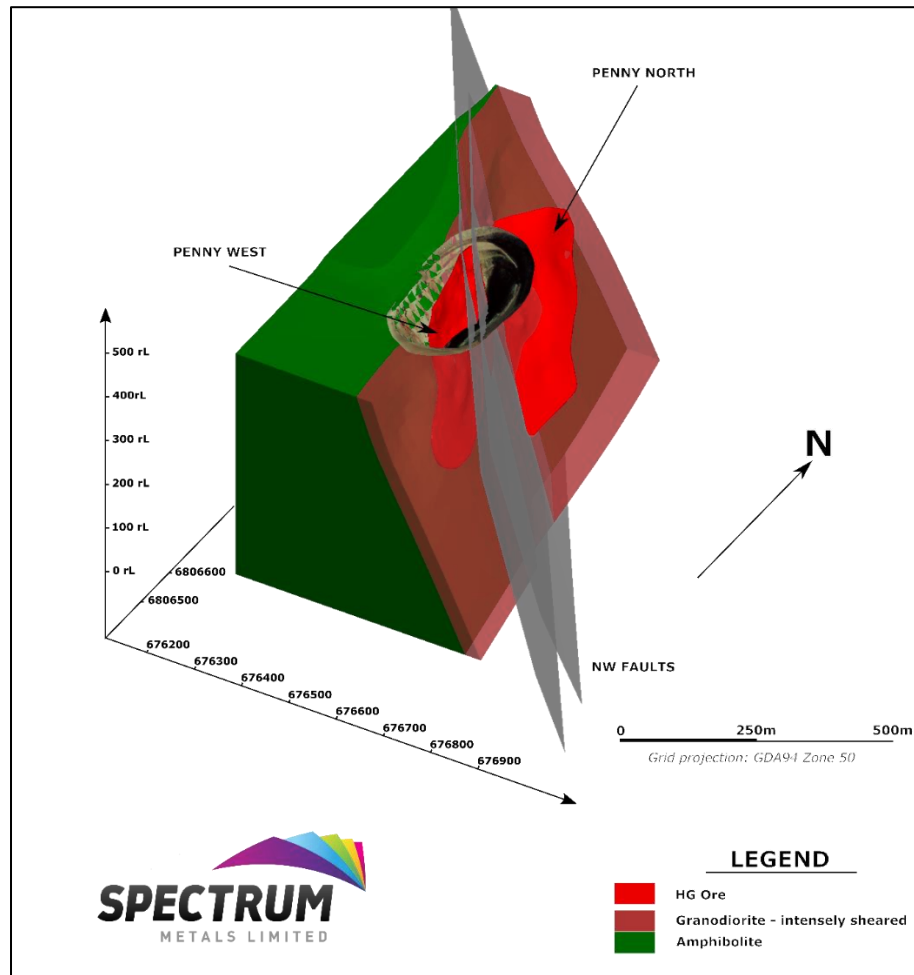


Figure 9. Ortho view of geology model for Penny West and Penny North

Spectrum’s structural geologist, Dr Damien Keys said:

“The integration of new mapping, geochemical and geophysical datasets has rapidly improved the understanding of the Penny West system. The Penny Shear can be tracked to the north and several exciting drill targets have been identified. Further zones of coincident structural significance and soil anomalism are present in other areas across the lease holding and will be tested in due course.”

Other Activities

During the quarter, Spectrum constructed a more permanent field base at Penny West to facilitate the expanded work program on site. On-site caravan accommodation was replaced with donga-style accommodation and associated infrastructure.

In addition, surface field mapping was initiated after the initial mapping by SPX personnel in order to ground-truth several of the prospective areas identified from the SAM survey. Evidence of NW-SE striking structures were recorded, verifying the interpretation from the SAM survey. Completion of the mapping exercise and completion of a detailed map is anticipated during the December quarter.

To further improve accuracy of our data SPX also commissioned a site survey of drillhole collars, critical datums and a drone flyover of the entire lease package for an accurate terrain model and aerial photography.

Pilot studies using p-XRF and SWIR (Short-Wave Infra Red) were successful in highlighting the potential benefit of using these techniques to verify lithological interpretation and identify alteration characteristics of the host lithologies.

Further work planned

Spectrum intends to complete the following during the December quarter.

1. Fill in gaps within the existing RC drilling program to get better drill coverage at Penny North.
2. Provide reference material to undertake petrophysical studies and spectral studies
3. Complete Phase II drilling program prior to Christmas.
4. Complete a maiden JORC (2012) resource estimate for the Penny West Project

Corporate Finance

On 1 August 2019, Spectrum announced it had received firm commitments for a placement (“Placement”), to fund an accelerated exploration program at Penny West.

The Placement to institutional and sophisticated investors will raise \$7.25 million (before costs) through the issue of 116,000,000 New Shares at an issue price of 6.25 cents per fully paid ordinary share.

The allotment of the New Shares fell within the Company’s 15% placement capacity under ASX Listing Rule 7.1.

Funds raised pursuant to the Placement would be used to accelerate exploration at Spectrum’s high-grade Penny West / Penny North gold project, for undertaking any potential opportunistic tenement acquisitions, as well as for general working capital purposes. Hartleys Limited acted as Lead Manager to the Placement.

As a result of the placement, 1832 Asset Management and Chalice Gold Limited joined the Spectrum register as significant shareholders. Spectrum welcomes our new shareholders to the company.

At the end of the quarter the Company had 1,386 million shares on issue and 129 million unlisted options at various expiry dates and exercise prices. There are an additional 20 million performance rights.

Share Price (SPX): **\$0.074**; Market Cap: **\$103M** (as at 21 October 2019).

As at the end of the September quarter, Spectrum had \$8.6m in cash.

Tenement Schedule

Prospect & Tenure Type	Claim Name / Reference (Tenement)	Status	% held at the start of the quarter	% held at the end of the quarter
Mining License - Goldfields WA	M30/91 First Hit Gold Project	Granted	100%	100%
Mining License - Goldfields WA	M30/99 First Hit Gold Project	Granted	100%	100%
Prospecting License - Goldfields WA	P30/1185 First Hit Gold Project	Granted	100%	100%
Prospecting License - Goldfields WA	P30/1088 First Hit Gold Project	Surrendered	100%	–
Exploration Permit - Pilbara WA	P30/1137 First Hit Gold Project	Application	–	–
Mining License - Goldfields WA	M57/180 Penny West Gold Project	Granted	100%	100%
Mining License - Goldfields WA	M57/196 Penny West Gold Project	Granted	100%	100%
Exploration Permit - Goldfields WA	E57/1087 Penny West Gold Project	Granted	100%	100%
Exploration Permit - Pilbara WA	E 08/3048 Whaleshark Gold Copper Prospect	Granted	–	100%

For further information please contact:

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Managing Director

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About Spectrum Metals Ltd

Spectrum Metals Limited (ASX: SPX) is a domestic West Australian focused gold exploration and development company. Concentrating on high-grade, brown fields assets, that can leverage off existing infrastructure and add value through exploration and development. Spectrum will continue to identify and explore under explored terrain and brown fields assets through the use of modern techniques and technology to maximise success.

Competent Person Statement

The information in this report that relates to Data and Exploration Results is based on information compiled and reviewed by Mr John Downing, a Competent Person who is a Member of the Australian Institute of Geoscientists (MAIG) and a consultant to Spectrum. Mr Downing, who is also a shareholder, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. John Downing consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where reference is made to previous releases of exploration results in this announcement, the Company confirms that it is not aware of an new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the exploration results included in 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

SPECTRUM METALS LIMITED

ABN

94 115 770 226

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(2,005)	(2,005)
(b) development	-	-
(c) production	-	-
(d) staff costs	(187)	(187)
(e) administration and corporate costs	(115)	(115)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	26	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,281)	(2,281)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(162)	(162)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	(1)	(1)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(163)	(163)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	7,250	7,250
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	50	50
3.4	Transaction costs related to issues of shares, convertible notes or options	(408)	(408)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	6,892	6,892

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,165	4,165
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,281)	(2,281)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(163)	(163)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,892	6,892
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,613	8,613

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,080	1,155
5.2 Call deposits	7,533	3,010
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,613	4,165

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	169
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments for directors' remuneration

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	2,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	180
9.5 Administration and corporate costs	200
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	2,380

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	First Hit Gold Project, WA P30/1088	Tenement relinquished – Wholly owned	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Whaleshark Gold-Copper Prospect, WA E08/3048	Application Granted – Wholly owned	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 22 October 2019

Print name: Mark Pitts

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.