

SUMMARY OF ACTIVITIES

During the December 2016 quarter, activities were focussed on capital preservation and the seeking of shareholder approvals to advance the farm-in arrangements negotiated for Spectrum to earn a 51% interest in the Mt Remarkable project in the Eastern Kimberley of Western Australia.

Shareholders approved that Agreement with Speewah Mining Pty Ltd on November 29, 2016.

The Mt Remarkable Exploration Licence is located some 200km southwest of Kununurra.

Evaluation of historic data identified high-grade gold intersections in previous shallow reverse circulation and diamond drill holes.

The most significant historic gold intersections were:

- 5m @ 15.4g/t Au and 35g/t Ag from 23m depth, including 1m @ 35.4g/t Au and 41.8g/t Ag
- 4m @ 15.1g/t Au and 7.3g/t Ag from 21m depth, including 1m @ 57.2g/t Au and 15.7g/t Ag

Previous exploration over the Mt Remarkable Exploration Licence Application area (ELA80/5007) had targeted epithermal/high level porphyry gold mineralisation associated with base metal mineralisation.

It is anticipated that exploration should commence in the second quarter of 2017.

The new exploration emphasis at Mt Remarkable will be focusing on potential extensions/repeats of this previously known high-grade gold mineralisation in veins where the shoots may plunge to the southwest and/or possibly be part of a larger/deeper mineralised body.

The key components of the Joint Venture Agreement were;

- Spectrum may earn a 51% joint venture interest by funding the initial \$500,000 of exploration costs,
- Spectrum may terminate the joint venture following a minimum expenditure of \$200,000,
- The project management committee will comprise of both groups, with Spectrum having a casting vote,
- The key material Conditions Precedent for the joint venture include the mutually satisfactory negotiation of access and Native Title agreements and Spectrum raising sufficient funding to be able to carry out its farm-in obligations.

Spectrum continues to review other mineral exploration opportunities that may be offered to the company.

All remaining exploration licence applications in the Northern Territory have been relinquished.

Registered Office

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Company Management

Anthony Barton: Non-Executive Chairman
Alexander Moyle: Non-Executive Director
Leon Charuckyj: Non-Executive Director
Graeme Boden: Company Secretary

CORPORATE

Finance

The 31 December 2016 cash balance of the Company was \$154k compared with a 30 September 2016 cash balance of \$200k.

Capital Structure

Share Price (SPX): **\$0.005**; Issued Shares: **307.4M**; Market Cap: **\$1.54M** (as at 20 January 2017).

LAND ACCESS and GENERAL TENEMENT STATUS

Tenement Changes

During the quarter the Company relinquished granted tenement EL25229 and tenement applications ELA25221 & ELA25472

Mining Tenements held at the end of the quarter

Nil.

For further information please contact:

MR ANTHONY BARTON
NON-EXECUTIVE CHAIRMAN
(08) 9325 8888

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 RARE EARTHS LIMITED

ABN

94 115 770 226

Quarter ended ("current quarter")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(3)	(4)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(44)	(80)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
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	(46)	(83)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	18
	(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	-	18

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	200	219
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(46)	(83)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	18
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	154	154

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	154	200
5.2 Call deposits	-	-
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)	154	200

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
-
-

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7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
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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.		

NA

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	10
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	60

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				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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: 23rd January 2017

Print name: Natasha Forde

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.