

ASX:SPX
25 OCTOBER 2016

SUMMARY OF ACTIVITIES

Activities during the September quarter were focussed on investigating mineral exploration opportunities.

Investigations during the quarter have led to the signing of a Heads of Agreement with Speewah Mining Pty Ltd (*ASX Announcement 10th October 2016*), to enter into a joint venture agreement, to earn a 51% interest in the Mt Remarkable Exploration Licence Application ELA80/5007, 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
- 17m @ 1.12g/t Au and 16.2g/t Ag from 51m depth
- 2m @ 6.9g/t Au and 21.3g/t Ag from 110m depth
- 3m @ 3.5g/t Au and 12.5g/t Ag from 79m depth

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.

New exploration at Mt Remarkable will focus on potential extensions/repeats of 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 HOA are;

- 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 joint venture will be subject to approval by both King River Copper and Spectrum shareholders,
- The common directors of both companies will abstain from the voting,
- The key material Conditions Precedent for the joint venture include the mutually satisfactory negotiation of Native Title agreements and Spectrum raising sufficient funding to carry out its farm-in obligations.
- The formal joint venture documents will include standard farm-in and joint venture terms in accordance with provisions as published by AMPLA.

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 September 30, 2016 cash balance of the Company was \$200k compared with a 30 June, 2016 cash balance of \$219k.

Capital Structure

Share Price (SPX): **\$0.005**; Issued Shares: **307.4M**; Market Cap: **\$1.23M** (as at 25 October 2016).

LAND ACCESS and GENERAL TENEMENT STATUS

Tenement Changes

There were no changes to tenement holdings during the quarter.

Mining Tenements held at the end of the quarter

Tenement	Project Name	Company	Area (km ²)	Status	Date of Grant
EL25229	Quantum REE	Spectrum	36.70	Grant, 2 year extended term	09/11/2006
ELA25221	Litchfield	Spectrum	256.30	Moratorium	
ELA25472	Litchfield	Spectrum	526.90	Application	
	TOTAL AREA		819.90km²		

Table 1: Spectrum Rare Earths Limited Tenement Holdings. No tenements are subject to farm in or farm out agreements.

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")

30 SEPTEMBER 2016

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	(1)	(1)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(36)	(36)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
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	(37)	(37)
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 (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	18	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	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	219	219
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(37)	(37)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	18	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	200	200

Mining exploration entity and oil and gas exploration entity quarterly report

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	200	219
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)	200	219

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	-
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	

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	

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.		

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

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



Sign here:

Date: 25th October 2016

Company secretary

Print name: Graeme Boden

Notes

- 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.
- 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.
- 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.