

SPEEWAH METALS LTD (SPM)

Highly Attractive Vanadium-in-Magnetite Asset in Play

SPECULATIVE

21 April 2011

Share Trading Info

ASX Code	SPM
Current Share Price (cps)	31.5
Trading Low /High (Rolling Year)	19.5c - 55c
Mkt Capitalisation (undiluted) \$m	41.2
Current Cash (Est) \$m	>\$9m

Issued Capital

	(m)
Total Ordinary Shares	130.7
Unlisted Options*	8.5
Total Diluted Securities	139.2

* 4.0m of these options are out-of-the-money

Board of Directors*

Anthony Barton	Non Executive Chairman
Derek Carew -Hopkins	Non Executive Director
Richard Wolanski	Executive Director

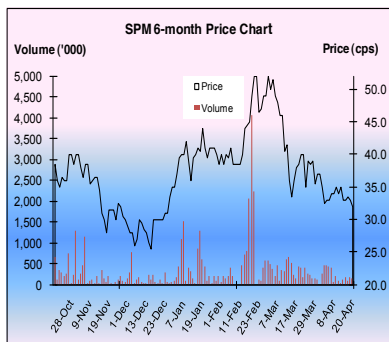
* Further details on Page 19

Major Shareholders

M&G Investments	9.9%
Mr Anthony Barton & Associates	9.0%

Important Disclosure

Investors should be aware that Speewah Metals Ltd is a corporate client of Alpha and that Alpha will receive a consultancy fee from Speewah Metals Ltd for compiling this research report.



COMPANY SUMMARY

Speewah Metals (ASX Code: SPM) is a mining and exploration company whose current focus is on one of the world's largest vanadium/titanium in magnetite resources and newly-discovered copper-gold-silver prospects.

The Speewah Dome has the potential to host very large world class mineralised systems. SPM are ramping up the 2011 exploration program at Speewah in order to:

- Double its existing vanadium/titanium resource; and
- Further target copper-gold-silver prospects.

While recent investor focus has been on excellent copper surface assays at Speewah, SPM's value proposition is underpinned by the quality and attractiveness of its vanadium asset and the company's sale/divestment strategy for this asset - discussed in further detail on page 3. The company's copper-gold-silver prospects are essentially a speculative exploration proposition and will remain one area of focus for the 2011 exploration program that will commence shortly while a value add strategy on the vanadium/titanium asset plays out throughout 2011.

Company Strategy

SPM's strategy over the short term involves three aims: To increase its vanadium/titanium in magnetite resource (discussed in further detail below), continue exploration for early promising results of copper-gold-silver and lead mineralisation and to advance metallurgical work on the vanadium/titanium resource and investigate the potential to recover titanium, as well as vanadium and iron.

Over the medium term, SPM aim to complete metallurgical testwork in relation to the vanadium/titanium for the purpose of progressing, if successful, to building a pilot plant production facility and completing a bankable feasibility study. Other medium term aims include developing the fluorite project to a feasibility stage and developing a copper/gold project following any successful exploration.

Over the longer term, SPM aim to extract value out of the vanadium/titanium asset through divestment or joint development with a strategic partner and operating the precious and base metals opportunities on the tenements.

Risk Profile Significantly Reduced

There have been two factors that have significantly reduced the company's risk profile. The first was the completion of the company's first institutional placement in early 2011, which has ensured the company is fully funded for the next two years. Secondly, the sale of Cape Lambert's entire stake in SPM (announced on 18 February 2011) is a clear positive for the company's shares, as it removes an overhang that existed when Cape Lambert began to sell down its stake in SPM (from 39%) in September 2010.

INVESTMENT HIGHLIGHTS

Vanadium Asset a World Class Resource

- *The Speewah Dome tenements contain one of the world's largest undeveloped vanadium-in-magnetite deposits with a resource estimate totaling 3,159mt at 0.3% V₂O₅.*
- ***SPM estimate that an additional vanadiferous magnetite exploration target of 2-5 billion tonnes @ 0.30%-0.32% exists at the Speewah Dome, in addition to the existing resource of 3.159 billion tonnes.***
- ***Further, the cost to SPM of expanding the additional resource is a fraction of what the company has spent over the last three years in obtaining its existing 3.159 billion tonne resource.***

The existing vanadium resource also contains a thin 20cm zone of platinum mineralisation. As such, the drill out of the vanadium might deliver higher grades or thicker zones of platinum mineralisation.

The Speewah Dome will be a key exploration objective for the company, as well as aiming to increase the Measured & Indicated components of the existing vanadium/titanium resources.

- Metallurgical studies have supported SPM's view that the Speewah Dome has the potential to support a long life mining operation capable of producing a high-value concentrate with high-tenor vanadium, as well as titanium and iron. The vanadiferous titanomagnetite-bearing gabbro can be treated by low-strength magnetic separation to produce a magnetite concentrate assaying 2.64% V₂O₅ which is substantially higher than other Australian vanadium projects.
- Both pyro-metallurgical tests (pig iron) and hydro-metallurgical tests (acid leach) have delivered vanadium recoveries that either meet or exceed the levels expected at a processing level. While SPM's initial conceptual modelling favours a ferro-vanadium development scenario, the acid leach process has the potential to lower CAPEX and OPEX compared to traditional processing methods and also has the benefit of scalability that would suit the very large deposit.
- Pre-feasibility studies on the Central vanadiferous magnetite deposit at Speewah have delivered an initial conceptual NPV of >A\$500 million and SPM intend to review and update its financial modeling once the existing vanadium resource is upgraded to Reserve status. It should be noted that this model was based on ferro-vanadium processing route and does not include either titanium or iron recoveries as revenue streams.

- The high grade of the magnetite concentrate should offer competitive cost advantages in the downstream processing of vanadiferous magnetite into either vanadium pentoxide or ferrovandium.
- SPM are also in the process of examining whether titanium can be extracted from within the vanadium content, as this has the potential to multiply the project value and reduce CAPEX & OPEX as well as add another revenue stream.
- Applications for Environmental Assessment and Aboriginal Heritage approvals are at advanced stages and an application for a Mining Lease is close to finalisation.

Comment on Vanadium-Titanium Magnetite Strategy

The company is seeking a strategic partner/investor to fund a Definitive Feasibility Study (DFS) into one of the options for the development of a magnetite concentrate at Speewah, with an option for a partner to purchase the vanadium asset outright. SPM has identified China as the key market for the sale of its vanadium/titanium asset. China is the main consumer and producer of vanadium due to its dominant position in the steel industry where it accounts for almost 50% of the total global production.

SPM is currently in discussions with a number of interested parties who have begun the due diligence process. SPM has supplied technical information from the pre-feasibility work undertaken. Other factors for the interested parties to consider is whether SPM's magnetite concentrate samples can be blended with their own ore; and supply considerations (i.e. how much magnetite concentrate is need from SPM/Australia). There are currently no domestic suppliers of vanadium-in-magnetite concentrate.

While this process is the first step towards a potential sale agreement for its vanadium asset, the company will pursue an active value add strategy while the due diligence process plays out. In particular, SPM intend to significantly increase the existing resource (the Chinese are impressed by size – hence the level of interest shown at a Mining Expo held in China in November 2010 and the continuation of the marketing push into China through recently announced participation in Mines and Money Beijing in June 2011), as well as improve both the Measured and Indicated Resource estimates; continue scoping/pre-feasibility studies and finalise the required approvals (i.e. obtain a Mining Lease) – all of these measures designed to de-risk the vanadium asset and enhance its attractiveness to a potential partner.

As the project is able to deliver in excess of 100-year mine life and processing grades that exceed other existing production facilities in the world, SPM believe that the potential value of a vanadium project is significant even before one considers the possibility of recovering Ti and Fe as well and the potential of the platinum reef that runs throughout the existing vanadium mineralisation.

Copper-Gold-Silver Exploration Program

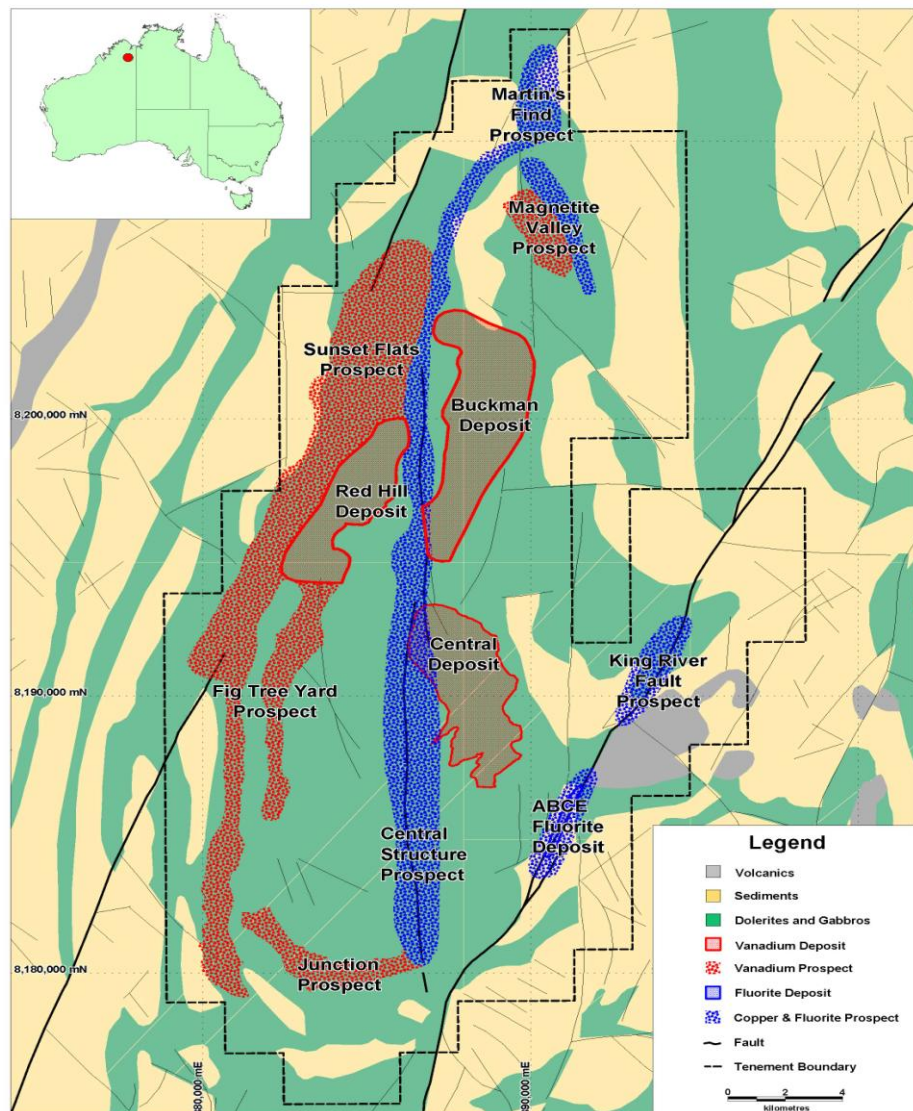
The recently-concluded 2010 exploration program at the Speewah Dome delivered high-grade copper and silver assays. Drill assays recently released have intersected highly anomalous polymetallic mineralisation in vertical structures and also in flat lying near surface mineralisation.

The best intersections encountered include poly-metallic mineralisation of +1.7 g/t Au, +1% Cu, +3% Pb and 10oz/t Ag in the one intersection. Further surface copper assays of 27.2% Copper (with 7oz/t Ag) were found – the highest ever copper grade ever found at Speewah at the Gap Prospect.

The Gap Prospect will be a priority target for drilling program this year (due to commence in July 2011, as the exploration season runs from May to November), particularly as Gap was only identified after the completion of the 2010 drilling program and thus not yet drill tested.

The planned copper-gold-silver 2011 exploration program includes a close spaced airborne EM survey commencing in May 2011 and an additional soil sampling program that are hoped to generate targets to be followed up by RC and DC drilling (up to 20,000 metres have been authorised).

Figure 1: SPM's Vanadium Resource & Targets and Copper-Gold Targets (Source: SPM)



Adequate Funding Levels

As at 31 December 2010, SPM had cash on balance sheet of \$2.28 million, which has since been boosted by a \$6.3 million institutional placement at 37 cents per share (completed in February 2011). The institutional placement follows capital raisings totaling ~\$5.1 million in July 2010, raised by placement (~\$2.6 million @ 21.5c) and Share Purchase Plan (\$2.52 million @ 21.5c).

Available cash at present exceeds \$9 million, which should adequately cover working capital requirements over the next 24 months – in particular, the company spends around \$5-5.5 million on exploration activities each year. The balance sheet is debt free.

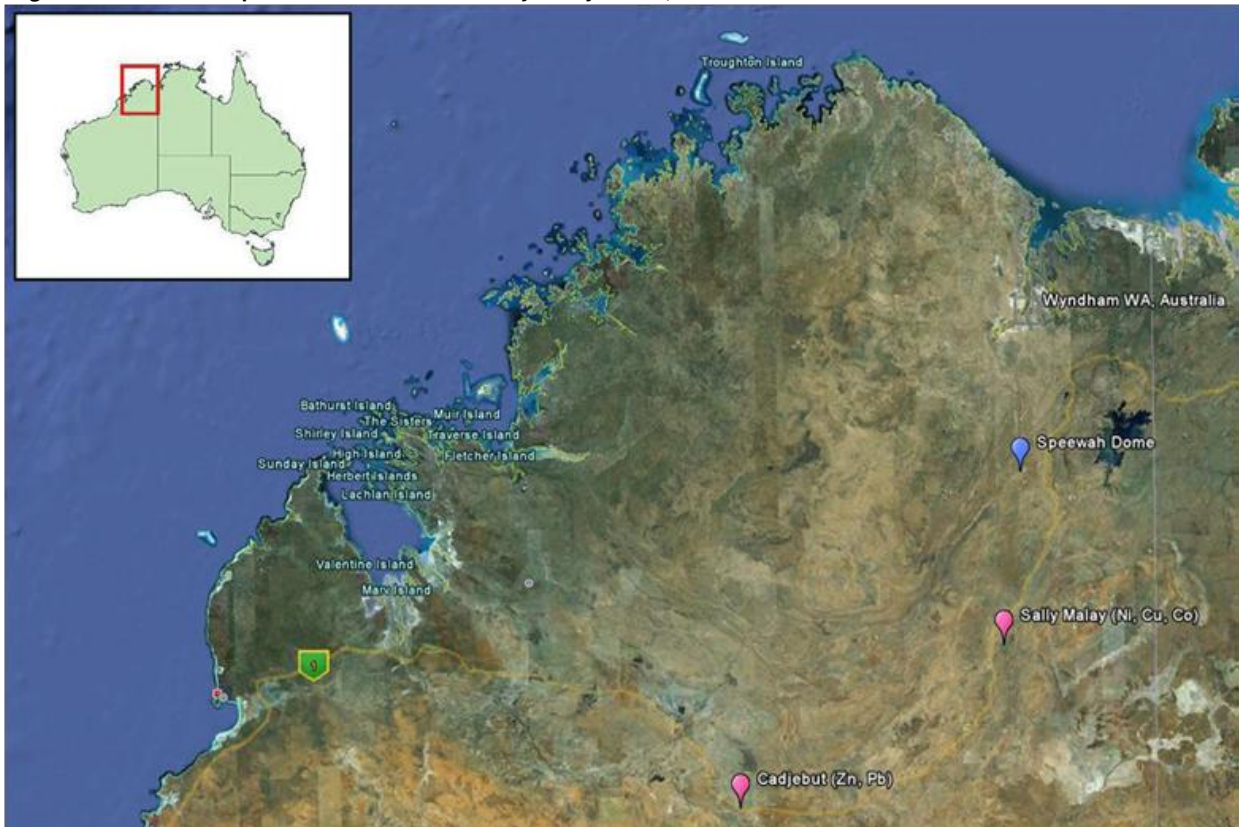
Capital Structure

Since the removal of Cape Lambert from SPM's share registry, M&G Investment has become a major shareholder after acquiring 12.9 million ordinary shares (equivalent to a 9.87% stake) and is currently the largest shareholder. The 2nd largest shareholder is the Non Executive Chairman, Mr Anthony Barton and associated entities, with 9.0%.

Shares/Options on Issue	Million	Expiry Date
Total Ordinary Shares	130.7	
Unlisted Options		
- Exercise Price 20c	4.50	30-Jun-12
- Exercise Price 45c	0.20	31-Mar-13
- Exercise Price 50c	0.10	30-Jun-12
- Exercise Price 65c	0.10	30-Jun-12
- Exercise Price 80c	0.10	30-Jun-12
- Exercise Price 55c	2.30	31-Dec-14
- Exercise Price 55c	1.20	31-Dec-14
Total Unlisted Options*	8.50	
Total Issued Securities	139.2	

* 4.0m options are currently out-of-the-money

Figure 2: Location of Speewah Dome and Proximity to Wyndham, WA



Source: Google Earth, Alpha Securities

SPM has a 100% interest in three granted mining leases and two granted exploration licenses, and one exploration license application, covering an area of 575 km².

The tenements in the Speewah Dome are located about 110 kilometres SW of Kununurra, in the East Kimberly region of WA and 100 kilometres south of the Wyndham Port. The tenements are accessed via 30 kilometres of unsealed tracks from the sealed Great Northern Highway.

The company listed on the ASX on 21 September 2007 as NiPlats Australia Ltd and changed its name to Speewah Metals in November 2010.

1. VANADIUM DEPOSIT AT SPEEWAH DOME

1.1 Maiden Resource Estimate

Following the completion of an exploration program in 2008, SPM announced its maiden vanadium resource estimate at Speewah in February 2009, effectively confirming that the Speewah Dome hosts a very large vanadium deposit which also contains titaniferous magnetite with very high vanadium tenor¹.

The **maiden Indicated and Inferred resource**, provided by CSA Global P/L, was 851mt @ 0.32 % V₂O₅ for the combined low and high grade zones. The high grade zone contained a combined Indicated and Inferred resource of 279mt @ 0.39% V₂O₅, with the indicated portion of the high grade zone being 107mt @ 0.40% V₂O₅, which compared well with other global vanadium projects in terms of both size and grade.

The resource estimate represents only the Central Zone within the Speewah Dome and was significantly larger than the initial exploration target of 300-400mt @ 0.3%-0.4% V₂O₅ previously reported in December 2007 based on drilling and mapping conducted in the same year.

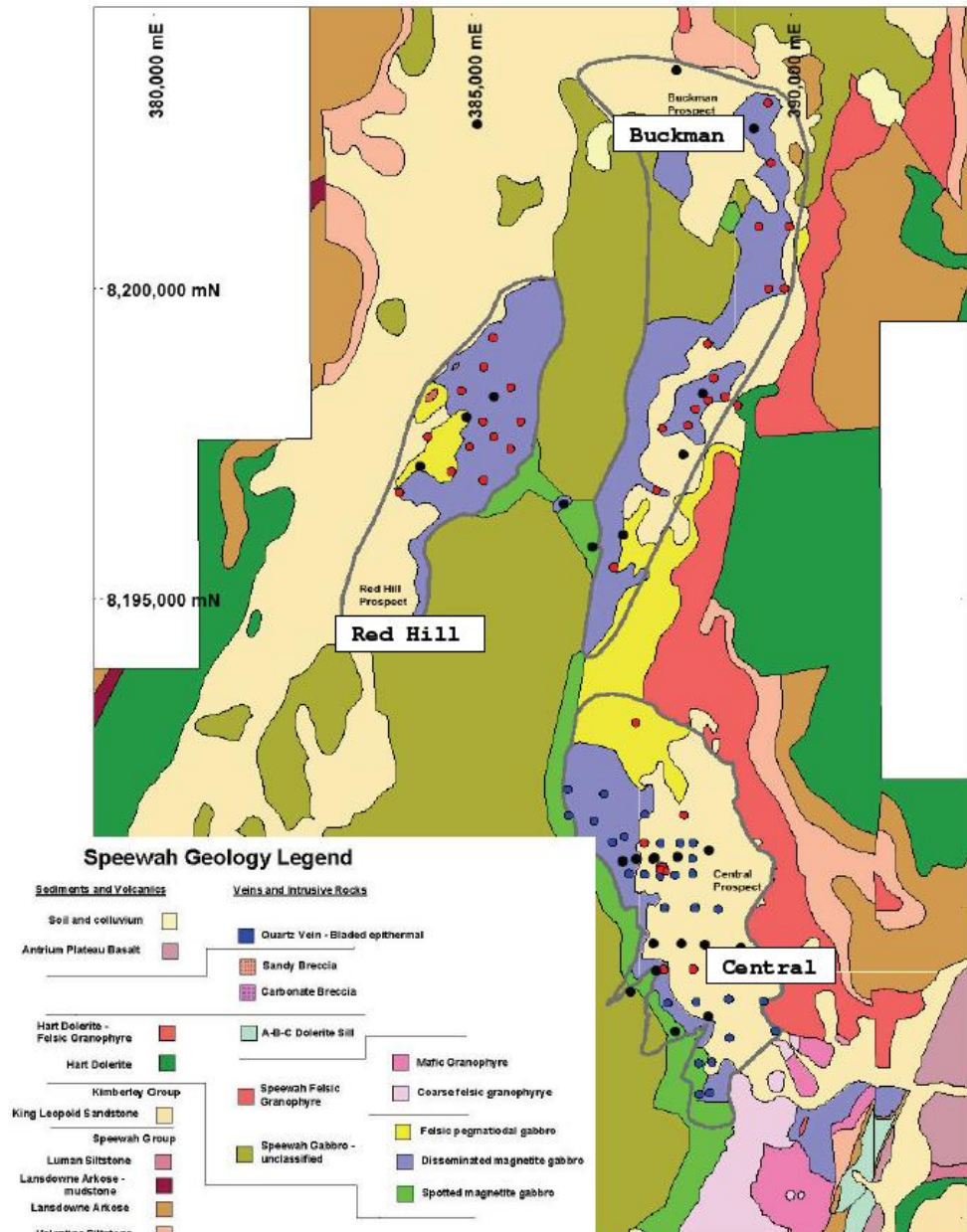
Follow up reconnaissance drilling at the Red Hill and Buckman Prospects confirmed that both are very large exploration targets. At Buckman, RC drilling (500m x 1km grid) indicated mineralisation over a 2.5km x 10.5km area with an exploration target of 1-2bt @ 0.3%-0.35% V₂O₅. At the Red Hill Prospect, RC drilling (500m x 500m grid) indicated mineralisation over a 2.5km x 6.5km area with an exploration target of 400-600mt @ 0.3%-0.35% V₂O₅.

The increase in the size of the exploration targets was around four times the maiden resource. Vanadium mineralisation was intersected over vertical down-hole intervals of between three and 73 metres (at a 0.2% V₂O₅ cut off). Significant downhole intersections included:

- Hole SRC252: 51m @ 0.32% V₂O₅ including 16m @ 0.42% V₂O₅ at the Central Prospect
- Hole SRC263: 35m @ 0.33% V₂O₅ including 21m @ 0.36% V₂O₅ at the Red Hill Prospect
- Hole SRC252: 73m @ 0.30% V₂O₅ including 20m @ 0.37% V₂O₅ at the Buckman Prospect

¹ Preliminary metallurgical testwork recorded values of 2.4% V₂O₅ within the high grade basal zone, with values of 2.0%, 1.8% and 1.5% V₂O₅ progressively towards the top of the total resource. This compared with values of 1.0% to 1.6% V₂O₅ for most other vanadium deposits.

Figure 3: Geology of the Speewah Project showing Vanadium Prospects



1.2 Upgraded Resource Estimate

In February 2010, SPM announced a significant increase in its vanadium-titanium mineral resource, significantly higher than the maiden resource announced in February 2009. The resource incorporates three areas: The Central Zone, Red Hill and Buckman.

The current resource estimate at Speewah, at 3,159mt @ 0.3% V₂O₅, is the largest compared to other vanadium-in-magnetite projects in Australia. This is illustrated in Table 2 below.

Table 1: Mineral Resource Estimate - Speewah Project (February 2010); 0.23% V2O5 cut-off

Zone	Category	Tonnes (Mt)	Vanadium V (%)	V ₂ O ₅ (%)	Iron Fe (%)	Titanium Ti (%)
High Grade Total	Measured	115	0.21	0.37	15.0	2.1
	Indicated	84	0.21	0.38	15.0	2.1
	Inferred	1,227	0.19	0.35	14.8	2.0
High Grade Total		1,427	0.20	0.35	14.9	2.0
Low Grade Total	Measured	86	0.15	0.27	14.7	2.0
	Indicated	91	0.15	0.26	14.8	2.0
	Inferred	1,557	0.15	0.27	14.7	2.0
Low Grade Total		1,733	0.15	0.27	14.7	2.0
Combined Zones	Measured	201	0.18	0.33	14.9	2.1
	Indicated	175	0.18	0.32	14.9	2.1
	Inferred	2,783	0.17	0.30	14.8	2.0
OVERALL TOTAL		3,159	0.17	0.30	14.8	2.0

Table 2: Comparison of Speewah with other Vanadium-in-Magnetite Projects in Australia

Category	Tonnes (Mt)	V ₂ O ₅ (%)	Measured (Mt/V ₂ O ₅)	Indicated (Mt/V ₂ O ₅)	Inferred (Mt/V ₂ O ₅)
Speewah	3,159	0.30	201mt @ 0.33%	175mt @ 0.32%	2,783mt @ 0.30%
Balla Balla	456	0.65	219mt @ 0.64%	87mt @ 0.65%	150mt @ 0.68%
Windimurra	177	0.46	46.7mt @ 0.48%	70.7mt @ 0.47%	59.2mt @ 0.44%
Barrambie	65.2	0.82	-	49.2mt @ 0.82%	16mt @ 0.81%

Source: Company Reports

1.3 Metallurgical Program

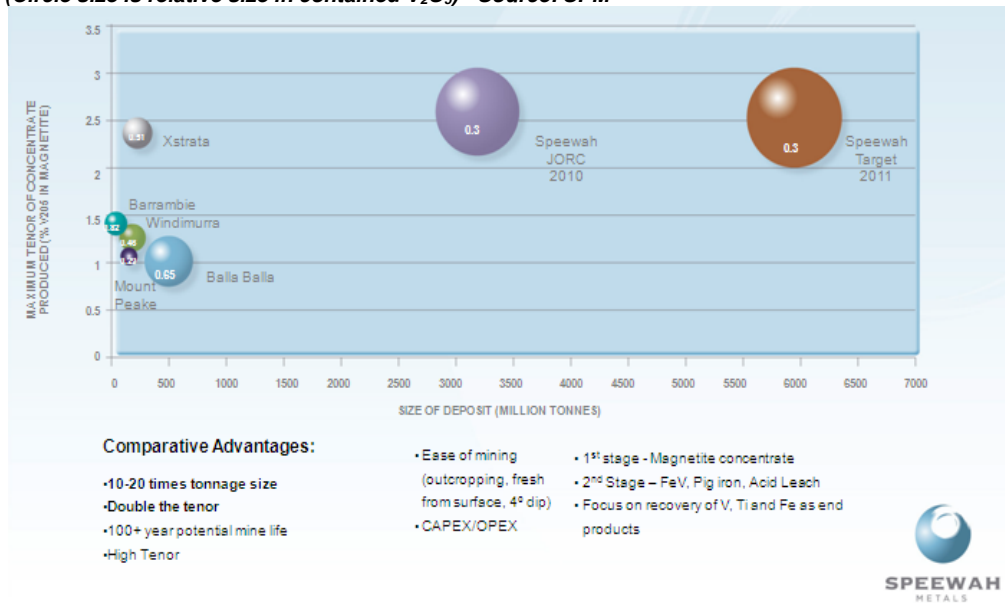
Following the announcement of the maiden resource, the company commissioned Sinclair Knight Merz (SKM) to progress a feasibility study on its vanadiferous magnetite deposits, to investigate:

1. Potential methods of beneficiation of vanadiferous titanomagnetite-bearing gabbro to produce a magnetite concentrate and
2. Geochemical and physical characteristics of the magnetite concentrate with a focus on the tenor of the V₂O₅ in the magnetite.

The results confirmed that the vanadiferous titanomagnetite-bearing gabbro can be treated by low-strength magnetic separation to produce a magnetite concentrate assaying 2.64% V₂O₅ at 74% vanadium recovery - a significantly higher tenor than that reported for other vanadiferous magnetite projects (See Figure 4 below). The presence of a high-grade vanadium concentrate was also present (2.48% V₂O₅)

from a composited sample from representative drill holes that intersected the high-grade basal zone in the Central vanadium deposit at Speewah. Further, low-strength magnetic separation was again used to upgrade the sample from 0.38% V₂O₅ to 2.48% V₂O₅.

Figure 4: Comparison for Vanadium Magnetite Deposits (Size and Tenor)
 (Circle size is relative size in contained V₂O₅) - Source: SPM



1.4 Scoping Study

SKM provided an initial Scoping Study report that focused on benchmarking the key areas of OPEX and CAPEX on a number of development alternatives, all of which will require mining and beneficiation to produce a magnetite concentrate at Speewah.

SPM have successfully tested three secondary processing methods; the production of ferro-vanadium, direct smelting to produce pig iron and a hydrometallurgical process to generate both, iron, vanadium and titanium end products. Each of these has shown vanadium recovery of close to or above 90%.

Stage 1 – Beneficiation: The 1st Step to Early Revenues

Variability tests subsequently conducted (as part of a scoping study) on RC drill chip samples collected predominantly from within the Central vanadium deposit and parts of the Buckman and Red Hill deposits showed vanadium recoveries of up to 77.73% V₂O₅ and mass recoveries of up to 14.18% magnetite in concentrate. In addition, all samples reported tenor in the magnetite concentrates ranging from 2.15% to 2.64% V₂O₅.

Stage 2 - Development Scenarios

The Scoping Study identified four development scenarios: Magnetite Concentrate, Ferro-Vanadium, Pig Iron and Acid Leach Plant. Each of these is discussed below. As part of this analysis, investigations on the optimal extraction method of titanium are underway – The Speewah deposit contains 2% titanium.

1. Magnetite Concentrate

The shipping of the magnetite concentrate as an end product, with SKM noting that the most efficient method to transport large export quantities of magnetite concentrate will be to transport by truck from site to Wyndham Port (~100 kilometers to the north via the major highway²), where it would be loaded onto barges and then loaded onto larger ships away from the port.

SPM have planned crushing and grinding testwork to optimise the efficiency of the beneficiation process. This work is likely to both improve the feasibility of selling the magnetite concentrate as a stand-alone project and lower the overall cost for each of the other three development alternatives.

Transport and Logistics

The company is currently undertaking a review of the port facilities and the proposed upgrade of Wyndham Port³. In the event of a Ferro-vanadium/pig iron processing scenario proceeding, there is existing capacity at Wyndham Port to accommodate SPM's proposed annual production.

2. Ferro-Vanadium

Initial results from pyro-metallurgical testwork on the magnetite concentrate have shown vanadium recovery of up to 87.5% at various grind sizes and scale salt-roast processing. A 2nd round of testing is due to commence in the current quarter in order to optimize recoveries.

SPM's initial conceptual modeling favours a ferro-vanadium development scenario. Modeling has derived a Net Present Value (NPV) of >A\$500 million, based on magnetite concentrate samples, recovery and industry-benchmarked CAPEX and OPEX levels. The assumptions are detailed in Table 3 below:

Table 3: Assumptions used in NPV for Ferro-Vanadium Development Scenario

Magnetite Concentrate Throughput	500ktpa
Mass recovery of concentrate from ore	10.8%
FeV Production	6,976tpa
FeV Sales Price	USD\$35/kg
Discount Rate	10%
Mine Life	30 years
\$AUS\$ Exchange Rate	0.80
Net Present Value	>A\$500 mill

SPM intend to review and update its financial modeling once the existing vanadium resource is upgraded to Reserve status.

3. Pig Iron

Pyro-metallurgical testwork on the magnetite concentrate to produce pig iron end product has been completed by Mintek and involved simulating arc furnace processing. Test results included:

- Production of a pig iron alloy comprising 89-94% Fe and >2% vanadium, which represents >90% vanadium recovery;

² The tenements are accessed via 45 kilometres of unsealed tracks from the sealed Great Northern Highway.

³ The port, owned by the WA State Government, will be upgraded as part of a \$10 million expansion and enhancement project. (announced July 2010)

- The magnetite concentrate at Speewah does not contain deleterious elements that could affect the quality of pig iron;
- Efficient vanadium recovery indicated at a temperature of 1500°C; and an energy requirement of ~0.9MWh/t of feed.

4. Acid Leach

This involves Hydro-metallurgical testwork on the magnetite concentrate to produce three end products, including a high-grade iron product, a vanadium product and a titanium product. Initial leach results in a heated environment resulted in vanadium recovery of >90% and iron recovery of >80% after 15 minutes; at room temperature, testing resulted in vanadium recovery of >90% and iron recovery of >75% after 120 minutes.

Savings in CAPEX and OPEX are likely if treatment is successful at room temperature, as this would eliminate the need for heating.

The addition of Ti and Fe as high value end products could significantly improve the project value modeled under the ferro-vanadium process.

1.5 Approvals Well Advanced

- SPM has finalised an Aboriginal Heritage Survey over the proposed initial mining area of the Central deposit.
- Flora and fauna studies have been completed on the Central vanadium deposit, which will support future applications for environmental approval as part of a potential project development.
- SPM are planning an application for a Mining Lease once the Scoping Study determines the likely footprint of the combined minesite and tailings areas. This issue is the only outstanding matter in the application for a Mining Lease – SPM have compiled all of other necessary information to support an application.

1.6 Background on Vanadium

Vanadium is a ferro-alloy that is used in the steel production process to strengthen hardened and tool steel. Aside from acting as a hardening agent, vanadium can also be used by automotive battery manufacturers in order to boost power output in lithium-vanadium cells and in standalone batteries for the utility industry, which are at an early stage of development.

1.6.1 Pricing and Demand Factors

The price of vanadium in 2010 rose from around US\$10/lb to a high of US\$15.50/lb, before settling back down to US\$14/lb. As around 85% of vanadium is used in hardening steel alloys, steel demand is a determining factor in vanadium's price. The urbanisation and modernisation of China, India and other emerging economies buoyed steel demand in 2010.

Steel demand in China and the Asian economic zone as a whole is projected to rise once again in 2011. Adding Brazil and Russia, the BRIC countries are seen to be the drivers of not only vanadium supply, but also the supply and demand of steel.

The outlook for China is slightly subdued compared with the dramatic growth of the last few years. According to consultants Shanghai SteelHome, China's domestic consumption of crude steel is expected to grow by 8-9% to 650mtpa in 2011. Also, a regulatory factor that helps vanadium is the increase the quality of steel used - the higher the quality of steel, the more vanadium and molybdenum will be used. Another factor in the potential rise for vanadium is its use as a low cost alternative, as well as higher energy storage potential in batteries.

The outlook for vanadium in 2011 is strong due to increasing steel demand projected through at least 2015. Independent metal experts Roskill noted recently that the long-term price for ferro-vanadium was forecast to rise from \$US35/kg to \$75/kg by 2015.

Mandates for higher quality steel in emerging markets should increase the level of demand for vanadium over that of steel demand alone. When added with the potential for a whole new market with battery production adding into the overall demand, vanadium's future looks energetic.

2. COPPER-GOLD-SILVER EXPLORATION

2.1 Overview

In May 2010, SPM commenced work on copper-gold-silver exploration along 80 kilometres of fault zones at the Speewah Project (which included primary soil & rock chip sampling and in-fill soil sampling) and in September 2010, the company commenced an RC and diamond drilling program that was authorised up to a total of 20,000 metres. Upon completion of the exploration program:

- RC drilling totaled 12,055 metres in 115 holes at the West Vein, Blue Vein, Mezzanine, Green Vein, Hyder, Buckman, Gray's Vein, Hayden and Eiffler Prospects.
- Diamond drilling totaled 2,500 metres in 6 holes, having drilled the G Vein, West Vein/Ridge, Willmont and Blue Vein Prospects.

Prioritised drill targets included the Eiffler, Hayden, East Dome, Gray's Vein, Blue Vein, Green Vein and Yungul Prospects. Drilling commenced on the southern targets initially before moving northwards over the tenement. The location of each of these prospects and notable assay results are shown in Figure 5 below.

2.1.1 Potential Upgrade of Existing Fluorite Resource

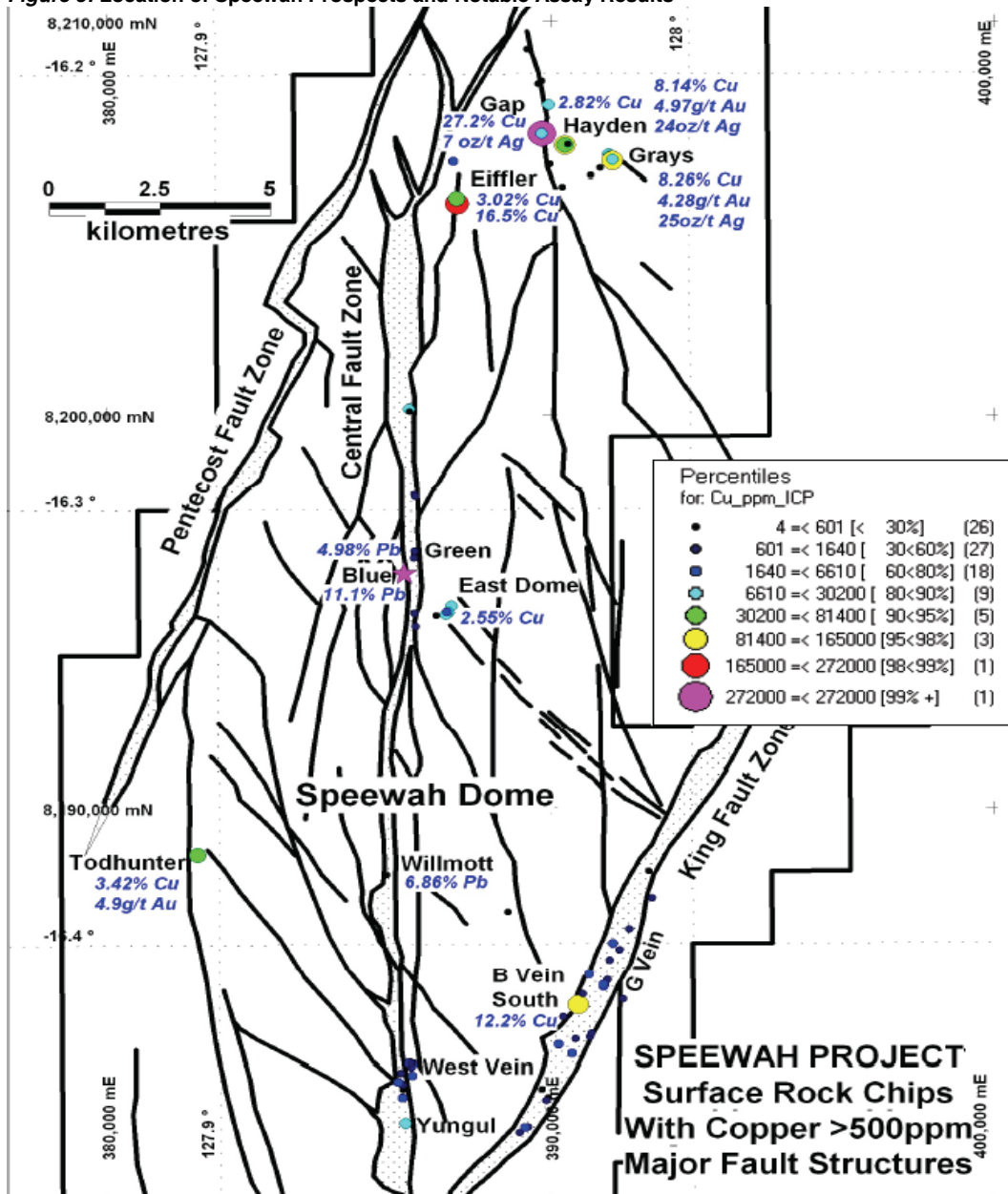
Assay results from the southern half of the Speewah Dome along the Central Fault Zone were consistent with copper assays previously reported elsewhere in the Speewah Dome, where fluorite dominates the mineralised system.

SPM has an existing fluorite resource of 6.7mt @ 24.6% CaF₂ (*Indicated*: 4.1mt @ 25.3 CaF₂; *Inferred*: 2.6mt @ 23.6 CaF₂) and the company intends to review results from the completed drilling program in order to identify further intersections and extensions of the existing fluorite resource, which may lead to an upgrade of the existing fluorite resource.

Diamond core drilling has already led to the discovery of a new fluorite vein along the east contact of the King River Fault Zone and there have also been a number of new RC drill intersections of fluorite veins at West Vein that are not part of the existing resource. SPM estimates that the exploration target for fluorite deposits in addition to the existing resource is at least a further 10mt @ 20-25% CaF₂.

Diamond core drilling of the G vein fault structure also revealed multiple intersections of sulphide mineralisation. The sulphide and fluorite mineralisation are part of a mineralising event within the Speewah Dome, where fluorite is the last stage. In particular, the sulphides are at depth and support the view that there is a large mineralising event.

Figure 5: Location of Speewah Prospects and Notable Assay Results



2.2 Exploration Results from 2010 Drilling at Speewah

SPM has received all of the assays from RC drilling at the Grays-Hayden-Eiffler prospects conducted in 2010. Results from the 2010 exploration programs delineated two distinct types of gold-base metal mineralisation, including stratabound Cu-Ag-Pg-Au deposits hosted by sediment on the contact between Hart Dolerite and overlying sediments such as at Gray's, Hayden and Gap gossans.

Drilling at the Grays-Hayden-Eiffler prospects, which are located in the northern part of the Speewah Dome, identified a flat lying polymetallic veining system at the granophyres-sediment contact 1-4 metres thick. The best assays included:

Hole SRC463, 11-12m:

1m @ 1.76g/t Au, 1.12% Cu, 3.21% Pb and 10oz/t Ag.

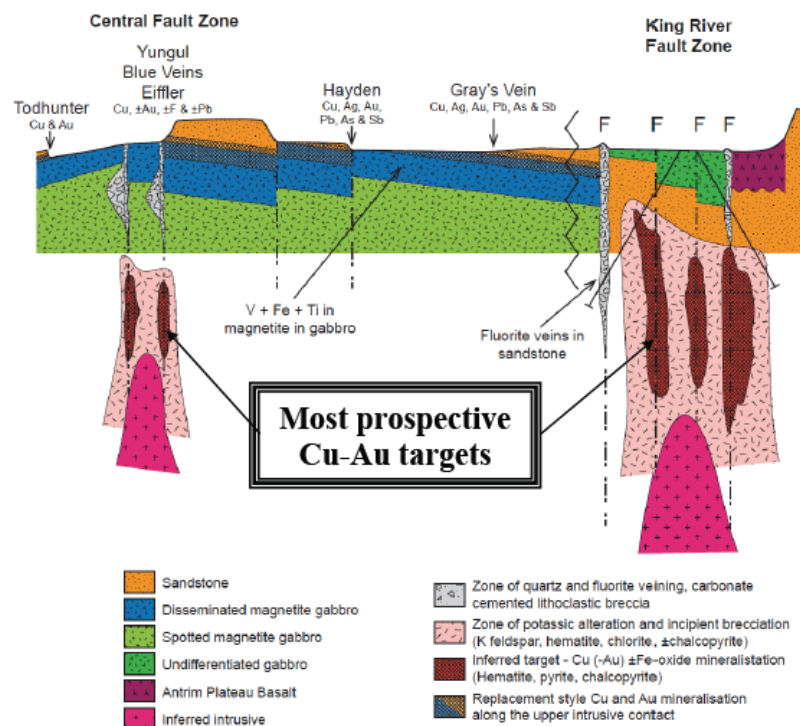
Hole SRC454, 1-3m:

2m @ 1.42g/t Au, 0.5% Cu, 4.38% Pb and 9.4oz/t Ag.

RC drilling also intersected gold-arsenic mineralisation at Eiffler that is associated with a strong SAM magnetic-EM anomaly that extends North-South over a three kilometer strike. This discovery will be an important target for soil sampling and RC and diamond (DC) drilling in the current year.

The mineralisation model for the Speewah Dome is shown in Figure 6.

Figure 6: Geological models for copper-gold-silver, fluorite and vanadium-titanium mineralisation within the Speewah Dome



To date, only one DC assay has been received – hole SDH10-01 drilled in the King River Fault Zone, which intersected a new fluorite vein at depths associated with a broad breccias zone known to be part of the King River Fault Zone. The best assay is 0.5m @ 1.58% Cu, 0.08g/t Au, from 188 metres.

2.3 Exceptional Surface Copper Assays at New Speewah Prospect

By far the most impressive result reported from the 2010 exploration program was high-grade copper and silver assays from a newly-identified location at the Speewah Dome called Gap.

Surface copper assays of 27.2% Copper (with 7oz/t Ag) were found – the highest ever copper grade found at Speewah.

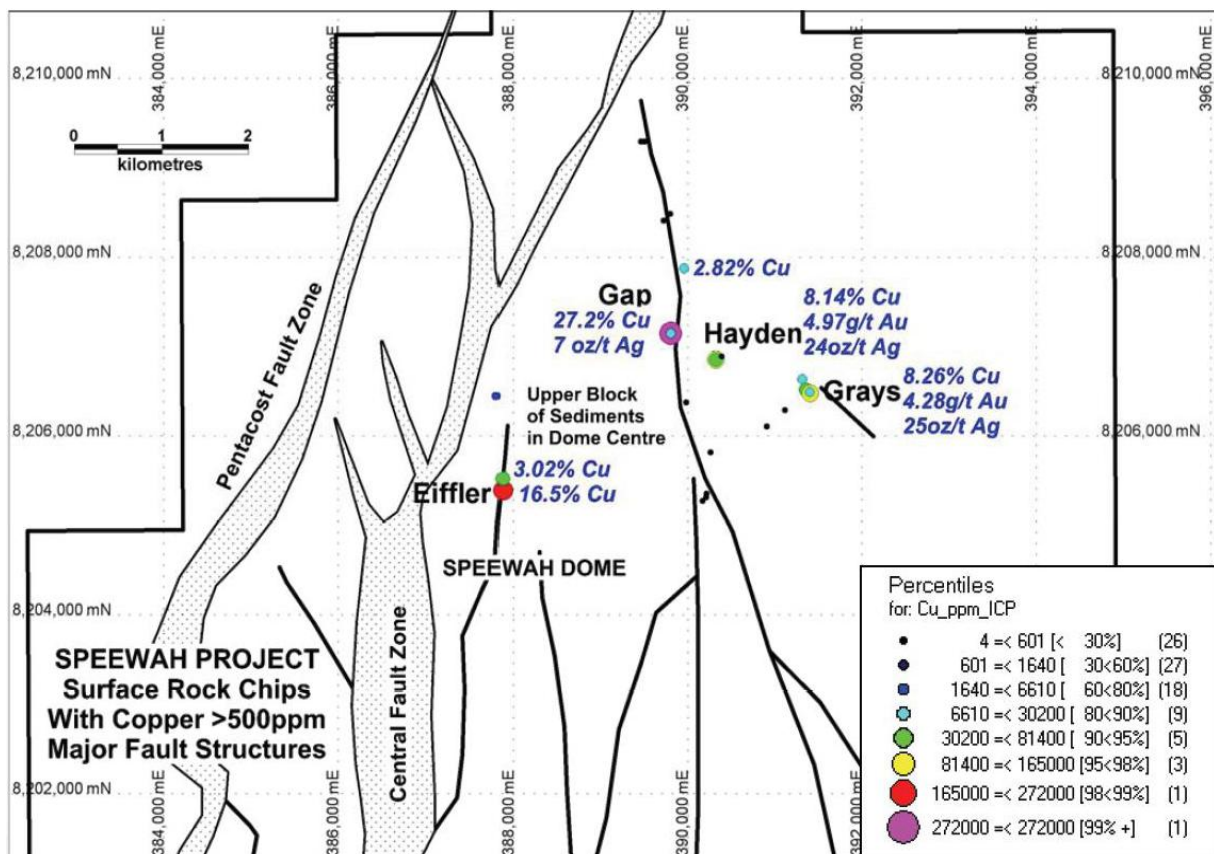
The exceptional copper assay result supports the potential of the northern part of the tenement to host a significant drill target for multi-commodities, including copper, gold and silver.

Figure 7 below highlights the location of the Gap Prospect, which is located between Hayden and Gray's Vein to the east, and Eiffler to the SW.

The mineralisation at Gap, Hayden and Grays Vein are all associated with a flat-lying brecciated quartz vein along the contact of altered sediment at the granophyres contact, but is only preserved in small remnants. As such, there is the potential for a continuous zone of mineralisation between Gap and Eiffler to the west/SW.

Understandably, the Gap Prospect will be a priority target for drilling program this year (due to commence in July 2011), particularly as Gap was only identified after the completion of the 2010 drilling program and thus not yet drill tested.

Figure 7: Location of newly-identified Gap Prospect and high grade Copper & Gold targets in the northern part of the Speewah tenements.



2.4 Planned Exploration Program for 2011

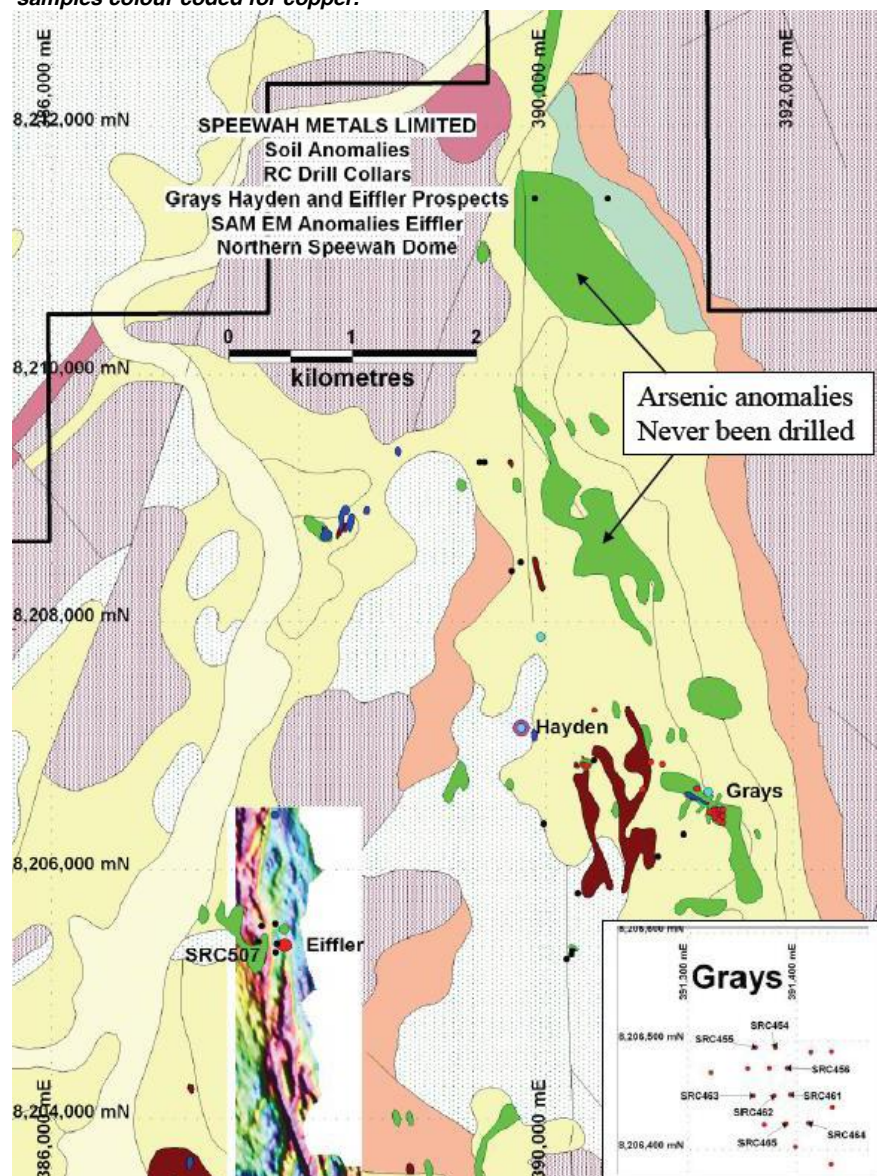
Priorities for the copper-gold-silver 2011 exploration program in 2011 include DC drilling to test for copper-gold targets along the King River and Central Fault Zones and RC drilling of large arsenic soil anomalies to the north of Grays Vein that have yet to be drill tested, as illustrated in Figure 8. The planned exploration program for 2011 includes:

- A closed space airborne EM survey that has the potential to identify sulphide-rich mineralisation either at depth or beneath areas of soil and colluvial cover. This maiden survey (which has never been previously conducted over the Speewah Dome)

will cover most of the Speewah Dome, with over 2,500 kilometres to be flown. The survey is expected to commence in May, with detailed data interpretation anticipated 6-8 weeks later.

- An additional soil sampling program to commence in May to cover areas identified as being prospective for copper-gold mineralisation. The soil sampling program will be extended beyond the major King and Central Faults, with up to 4,000 samples collected.
- Further geological mapping and gossan sampling and extension of the 2010 gravity survey.
- RC and DC drilling (up to 20,000 metres authorised), scheduled to commence in early July.

Figure 8: Geology of North Speewah Dome showing soil anomalies (green As, blue Pb and brown Cu), SAM EM anomalies, RC drill collars drilled in 2010 and rock chip samples colour coded for copper.



3. BOARD OF DIRECTORS

DIRECTOR	INTEREST IN SPM	BACKGROUND
<p>Anthony Barton <i>Non Exec Chairman</i></p>	<p>~11.95m ord shares; 2m unlisted options @ 20c, exp 30 June 2012; 0.75m unlisted options @ 55c, exp 31 Dec 2014</p>	<p>Mr Barton has extensive experience in capital markets, corporate finance, funds management and venture capital and has been involved in founding and growing a number of successful listed public companies, having held advisory roles in the incorporation and listing of many Australian-based resource companies, including Mineral Securities Limited, Sally Malay Mining Ltd and CopperCo Limited.</p> <p>Mr Barton, who holds a Bachelor of Business (Accountancy) degree with the RMIT, is the founding Executive Chairman of the boutique investment bank Australian Heritage Group. He has around 33 years of commercial experience, having also acted in senior executive and director capacities for two leading Australian stockbroking firms.</p>
<p>Derek Carew-Hopkins <i>Non Exec Director</i></p>	<p>0.4m ord shares; 0.1m unlisted options @ 50c, exp 30 June 2012; 0.1m unlisted options @ 65c, exp 30 June 2012; 0.1m unlisted options @ 80c, exp 30 June 2012; 0.3m unlisted options @ 55c, exp 31 Dec 2014;</p>	<p>Mr Carew-Hopkins has extensive experience in engineering and is a specialist in water and environmental issues. As the Director General of the Department of Environment, Mr Carew-Hopkins had responsibility for a diverse range of environmental and water related regulation, assessment and investigation including a significant agenda of new initiatives across the environment portfolio. He left Government in 2006 and now runs a consultancy specialising in guiding development projects through the approval processes.</p> <p>Mr Carew-Hopkins has a Bachelor of Civil Engineering from the University of Central Queensland and is an accredited Mediator in dispute resolution. He spent the early part of his career in mining and construction project management and many years in water supply development and has expertise in groundwater investigations and wellfield development and dispute resolution.</p>
<p>Richard Wolanski <i>Exec Director & Co. Secretary</i></p>	<p>419,768 ord shares; 1m unlisted options @ 20c, exp 30 June 2012; 0.75m unlisted options @ 55c, exp 31 Dec 2014;</p>	<p>Mr Wolanski is a Chartered Accountant and has extensive professional experience in both Australian and international finance industries with particular focus on mining and resources. He has provided corporate, strategic and financial advisory assistance to public companies in Australia, Singapore and the UK.</p>

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