Excellent Initial Metallurgical Extraction

SPEEWAH METALS LTD

ASX ANNOUCEMENT 4 August 2011

ASX Code: SPM

Capital Structure:
Shares on Issue: 130.7m
Options on issue: 9.75m
Exercise Price: 20c – 80c
Market Cap: $41.8m (32c)

Financial Position:
Cash on Hand: circa $7.4m (June Quarter end)

Board of Directors:
Non Executive Chairman: Anthony Barton
Non Executive Director: Derek Carew-Hopkins
Executive Director: Richard Wolanski

Projects:
Speewah Dome, 575 km^2

Location:
Kimberley, WA

Resources:
Vanadium/Titanium:
3.6 Billion tonnes @ 0.30% V_2O_5 and 2% Ti (at 0.23% V_2O_5 cut-off grade)
Fluorite:
6.7 Million tonnes @ 24.6% CaF_2 (at 10% CaF_2 cut-off grade)

Other prospects:
Copper/Gold/Silver & Lead
Platinum

EXTRACTION OF VANADIUM, TITANIUM & IRON

Results

Speewah Metals Limited ("Speewah") (ASX: SPM) is pleased to advise that initial metallurgical testing has reported **excellent extraction of Titanium (Ti), Vanadium (V) and Iron (Fe) from the Speewah vanadiferous titano-magnetite concentrate at low temperatures.**

Scoping tests are being conducted by Process Research Ortech Inc. (PRO) using its patented mixed chloride technology. Under tested conditions till date, highest extractions of **Titanium (Ti), Vanadium (V) and Iron (Fe) are 86.6 %, 98.0 % and 97.2 % respectively.**

Beneficiation of the magnetite bearing gabbro at Speewah, produces a magnetite/ vanadium/titanium concentrate. The representative sample tested assayed **Fe 50.5%, V 1.3% (equal to V_2O_5 2.3%) and Ti 8.7% (equal to TiO_2 14.5%)** and was tested at various temperatures, extraction times and reagent concentration.

The next phase of testing will examine the precipitation and recovery of each commodity. The plan is then to link the hydrometallurgical results to pre-feasibility work completed in 2010, which **planned a mining operation that generated 750,000 tonnes of concentrate per year** with a proposal to produce **outputs estimated to be in excess of 15,000 tonnes of V_2O_5, 75,000 tonnes of TiO_2 and 550,000 tonnes of Fe_2O_3 (hematite) per year. Further details will be available upon completion of further testing.**

Background

The tenements contain **Australia's largest vanadium/titanium in magnetite deposit with combined Measured, Indicated and Inferred Resources totaling 3.6 Billion tonnes at 0.30% V_2O_5 and 2% Ti** (at 0.23% V_2O_5 cut-off grade). The deposit is flat lying, outcrops at surface and up to 80 metres thick.

One of the key value add strategies implemented in 2011 is **hydrometallurgical testwork, using an acid leach on the magnetite concentrate to recover Ti and Fe alongside the V as high value end products.** The opportunity for the Company is a potential increase in project valuation, with the Ti and Fe added as additional end products generating further revenues at potentially lower CAPEX and OPEX.

These results suggest that the unique mineralogy of the Speewah magnetite concentrate may be particularly amendable to high recoveries through an acid leach process at low temperature.

Metallurgical Programme

Speewah is testing of a number of existing hydrometallurgical processes that look at a range of reagents to dissolve magnetite concentrate produced from Speewah and then precipitate out the V, Ti and Fe individually. Alternative hydrometallurgical processes are being tested using magnetite concentrate samples generated from drill samples collected within the Speewah tenements.

The testing is being completed in two (2) stages with the first stage focusing on alternative end products, the recoveries of the end products and the consumption of reagents for each of the hydrometallurgical processes being tested.

Stage 1, for each process, will be completed in September 2011, with a review of the of the hydrometallurgical test results to ensure process optimisation in Stage 2.

Stage 2 will focus on optimisation of the process with estimates being generated for operating and capital expenditures. Stage 2 will be completed by December 2011.

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Director's Commentary

These **initial results have surpassed expectations** and are the first step in transitioning the mining model to include the recovery of titanium and iron end products.

Should further testing support these results, Speewah's preferred route to development will be a project that provides vanadium, titanium and iron as high value end products recovered through a hydrometallurgical process.

The impact on the financial model will be significant with the additional per annum revenue generated from the titanium and iron potentially surpassing that of the vanadium.

Successful completion of these studies and the adoption of a hydrometallurgical processing route will introduce Speewah to the large and diverse titanium industry. As well as the opportunity to **significantly increase revenues from mining and diversifying risk, this introduces the Company to a larger pool of investors and sources of capital.**

The Company expects to provide further results of testing in the coming months and make a **decision on the preferred route to development upon conclusion of the metallurgical test programme towards the end of 2011**. The adoption of a hydrometallurgical processing method to exploit the titanium and iron alongside the vanadium will represent one of the most significant strategic decisions since the company was first listed on the ASX in 2007.

Richard Wolanski
Director

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Speewah Background

Speewah Metals Limited (ASX: SPM) is a mining and exploration company whose **prime focus is the definition and development of its vanadium/titanium and copper/gold/silver discoveries in the East Kimberly region of Western Australia**.

The tenements contain **Australia's largest vanadium/titanium in magnetite deposit with combined Measured, Indicated and Inferred Resources totaling 3,566 Mt at 0.30% V_2O_5 and 2.0% Ti** (at 0.23% V_2O_5 cut-off grade) in three deposits, comprising a Measured Resource of 201 Mt at 0.33% V_2O_5, Indicated Resource of 826 Mt at 0.30% V_2O_5 and an Inferred Resource of 2,539 Mt at 0.3% V_2O_5.

Once a magnetite concentrate is created the upgraded concentrate assays at 56% Fe, 2.48% V_2O_5 and 14.8% TiO_2.

Various studies are currently being completed on the vanadium deposits, including a focus on metallurgical testwork, tenure, access and environmental issues. The purpose of these studies is to attract capital to fund bankable feasibility studies, development or sale of the vanadium project.

The 2011 strategy has three value-add components. Two of these are related to the 2011 Exploration programme and will be the largest exploration programme in the history of the company. These value-add components include:

1. Significantly increase to what is Australia's and one of the world's largest vanadium/titanium in magnetite resource, through drilling an **exploration target* of an additional 2-5 Billion tonnes @ 0.3-0.32% V_20_5 and 1.8-2.0% Ti**;
2. Continue **exploration based on promising results of Copper/Gold/Silver and Lead mineralisation**. This will include a maiden airborne EM survey conducted on the tenements that will target potentially highly conductive Cu/Au mineralisation against non-conductive background rock. This is expected to target copper/gold mineralisation identified both the vertical and horizontal dimensions.
3. **Metallurgical work on the vanadium/titanium resource and investigate the potential to recover titanium and iron in addition to vanadium** which may have the potential to multiply project values.

The tenements also contain a high-grade, high-quality fluorite deposit with Indicated and Inferred Resources totaling 6.7 Mt at 24.6% (at 10% CaF_2 cut-off grade), comprising an Indicated Resource of 4.1 Mt at 25.3% CaF_2 and an Inferred Resource of 2.6 Mt at 23.6% CaF_2.

Speewah Metals Limited has a 100% interest in three granted Mining Leases (M80/267, M80/268 and M80/269) and three granted exploration licenses (E80/2863, E80/3657 and E80/4468), covering 575 km^2 located about 110 km southwest of Kununurra.

* Exploration Target is not a mineral resource and further drilling is required which may not define these tonnes & grade. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource and it is uncertain if future exploration will result in the determination of a mineral resource.

Competent Persons Statement

The information in this report that relates to Exploration Results, Minerals Resources and Ore Resources is based on information compiled by Ken Rogers who is a Member of the Australian Institute of Geoscientists. Mr Rogers, Chief Geologist of Speewah Metals Limited, compiled the technical aspects of this report relating to the Speewah Project and content of this release. Mr Rogers has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code). Mr Rogers consents to the inclusion in the report of the matters in the form and context in which it appears.

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