



ABN: 86 106 293 190

Annual Report
30 June 2011

CONTENTS

	Page No
Corporate Directory	1
Directors' Report	2
Corporate Governance Statement	11
Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Cash Flows	17
Statement of Changes in Equity	18
Notes to the Financial Statements	19
Directors' Declaration	50
Auditor's Independence Declaration	51
Independent Audit Report	52
ASX Additional Information	54
Tenement Table	55

Corporate Directory

Directors

Matthew Wood (Chairman)

Bill Oliver (Managing Director)

Timothy Flavel (Executive Director)

Stuart Murray (Non Executive Director)

Company Secretary

Scott Funston

Registered Office and Principal Place of Business

Level 1, 33 Richardson Street

West Perth Western Australia

Telephone: +61 (08) 9481 0101

Facsimile: +61 (08) 9200 4469

Share Registry

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building

45 St Georges Terrace

Perth WA 6000 Australia

Telephone: + 61 8 9323 2000

Facsimile: + 61 8 9323 2033

Auditors

Ernst & Young

11 Mounts Bay Road

Perth WA 6000 Australia

Stock Exchange Listing

Signature Metals Limited shares

are listed on the Australian Securities

Exchange, the home branch being Perth

ASX code: SBL

Directors' Report

The Directors present their report for Signature Metals Limited ("Signature Metals" or "the Company") and its subsidiaries ("the Group") for the year ended 30 June 2011.

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Matthew Wood

Chairman

Mr. Wood has more than 18 years experience in the resource sector with both major and junior resource companies and has extensive experience in the technical and economic evaluation of resource projects throughout the world. Mr. Wood's expertise is in project identification, negotiation, acquisition and corporate development. Mr Wood has an honours degree in geology from the University of New South Wales in Australia and a graduate certificate in mineral economics from the Western Australian School of Mines.

Mr. Wood is currently a director of Avanco Resources Limited (appointed 4 July 2007), Copper Range Limited (appointed 29 May 2009), Voyager Resources Limited (appointed 12 June 2009), Hunnu Coal Limited (appointed 19 August 2009), Haranga Resources Limited (appointed 2 February 2010) and Lindian Resources Limited (appointed 5 May 2011). Mr. Wood was previously a Director of Bellamel Mining Limited (appointed 16 May 2007, resigned 31 December 2008), Black Range Minerals Limited (appointed 27 June 2005, resigned 15 May 2009) and Laguna Resources NL (appointed 6 August 2009, resigned 8 December 2010).

Mr Bill Oliver

Managing Director

Mr Oliver has over 10 years experience in the international resources industry working for both major and junior companies and holds an honours degree in geology from the University of Western Australia as well as a postgraduate diploma in finance and investment from FINSIA.

Mr Oliver has led large scale resource definition projects for Rio Tinto Iron Ore and was responsible for evaluating deposits of all styles across the Pilbara. Mr Oliver managed exploration in Portugal for Iberian Resources Limited including target generation and grassroots exploration across a number of commodities.

Mr Oliver is currently a director of View Resources Limited (appointed 23 December 2010). Mr Oliver has no other current or former listed directorships in the past three years.

Mr Tim Flavel

Executive Director

Mr Flavel is a Chartered Accountant and Company Secretary, with more than 20 years experience in the mining industry and accounting profession both in Australia and overseas. Mr Flavel currently assists a number of resources companies operating throughout Australia and Africa with financial accounting, securities exchange compliance and regulatory activities.

Mr Flavel is currently a director of Copper Range Limited (appointed 29 May 2009), Hunnu Coal Limited (appointed 19 August 2009), Voyager Resources Limited (appointed 12 June 2009) and Haranga Resources (appointed 15 December 2009). Mr Flavel has no other current or former listed directorships in the past three years.

Directors' Report

Mr Stuart Murray

Non Executive Director

Mr Murray has a degree in Chemical Engineering from Imperial College, London. Mr Murray has over 20 years in the mining industry in Australia and Africa and possesses a wealth of African commercial and operating experience. Mr Murray is currently the Managing Director and Chief Executive Officer of Aquarius Platinum Limited (appointed 21 May 2001). Mr Murray has no other current or former listed directorships in the past three years.

Mr Scott Funston

Company Secretary

Mr Funston is a Chartered Accountant and Company Secretary with more than 10 years experience in the mining industry and accounting profession. His expertise is financial management and corporate advice. Mr Funston possesses a strong knowledge of the Australian Securities Exchange requirements and currently assists a number of resources companies operating throughout Australia, South America, USA and Canada with financial accounting, securities exchange compliance and regulatory activities.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the directors in the shares and options of Signature Metals Limited are:

Director	Ordinary Shares	Options – exercisable at 1.5 cents each on or before 31 December 2012	Options – exercisable at 3 cents each on or before 28 September 2012
Matthew Wood	63,868,328	20,000,000	-
Bill Oliver	1,624,220	10,000,000	-
Tim Flavel	21,750,000	20,000,000	-
Stuart Murray	-	5,000,000	20,000,000

RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Signature Metals Limited for the year was \$2,717,166 (2010: \$2,124,612).

DIVIDENDS

No dividend was paid or declared by the Group in the period since the end of the previous financial year and up to the date of this report.

CORPORATE STRUCTURE

Signature Metals Limited is a Company limited by shares that is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of companies within the group during the financial year were mineral exploration and examination of new resource opportunities. During the year, the principal focus was the development of the Konongo Gold Project in Ghana, and assessment of its properties in Uganda.

EMPLOYEES

The Group had 419 employees as at 30 June 2011 (2010: Nil).

Directors' Report

REVIEW OF OPERATIONS

KONONGO GOLD PROJECT, GHANA

The Company's main project is the Konongo Gold Project in Ghana, which contains 16 known gold deposits along 12 kilometres of strike of the world class Ashanti Gold Belt. The project currently contains approximately 1.47 million ounces of gold in JORC compliant resources (23.4 million tonnes at 1.95g/t gold in the Indicated and Inferred categories). Considerable infrastructure remains on site including a 350ktpa CIL processing plant as well as access to power, water and sealed roads.

PLANT

During the year the Company poured its first gold at the Konongo Project. This is a significant milestone for the Company and occurs within 2 years of commencing work at Konongo. The first bars were poured as part of commissioning the elution circuit and goldroom, representing the final area of the processing plant to be brought back into operation. The focus is now on ramping up production to move the Project into continuous commercial production.

Further gold pours have been carried out since the first pour in June although work was required to improve the efficiency of the elution circuit. This work has been completed and regular stripping of the loaded carbon and pouring of gold has recommenced. Total gold doré produced to date is 1,795 ounces. Gold in circuit at 30 June was approximately 8.9kgs (287 ounces) and is currently approximately 15.9kgs (511 ounces).

To date the plant has processed over 100,000 tonnes and is currently processing approximately 1,025 dry tonnes per day. The targeted daily production is 1,000 dry tonnes per day. During the month of August the average daily tonnage processed was 1,140 dry tonnes per day.

Plant availability has also increased during the commissioning and ramp-up period with month-to-date availability currently 90%.

A key component of improving plant availability has been the commissioning of the backup generator to minimise the effect of power fluctuations. Further improvements continue to be made to improve both throughput and recoveries. The rate of processing will increase with continuous operation but work is being carried out to identify and resolve potential bottle necks around the plant site to further improve throughput. Recoveries are also being improved steadily with increased knowledge about the characteristics and performance of the differing feed sources.

The Company's new crushing plant arrived on site at the end of the June and site works are nearing completion. The crusher is expected to be operational shortly.

MINING

Reclamation of the Old Konongo Tails Dam and haulage of ore to the ROM pad is continuing, with only limited interruptions due to the wet season. ROM stocks were maintained at approximately 50,000 tonnes of ore, representing at least 6 weeks of processing feed at the stated throughput of 350,000 tonnes per annum.

The primary feed source is medium grade material from the Old Konongo Tails Dam which is acting as commissioning feed. Once the plant has ramped up to full production levels higher grade material will be blended with the tailings with the aim of increasing the head grade to 2 - 2.5g/t gold.

The Old Konongo Tails Dam contains a resource of approximately 61,150 ounces of gold in the Indicated and Inferred categories.

Class	Tonnes	Grade (g/t)	Ounces Au
Indicated	1,177,000	1.19	45,050
Inferred	575,000	0.87	16,100
Total	1,752,000	1.09	61,150

Directors' Report

Included in this resource is a high grade zone containing approximately 448,000 tonnes at a grade of 1.66g/t. Medium grade material from this zone has been preferentially reclaimed and hauled during the first weeks of mining to provide commissioning feed. Removal of this material has also resulted in exposing higher grade material which will be available for mining in coming months.

Class	Tonnes	Grade (g/t)	Ounces Au
Indicated	390,500	1.66	20,850
Inferred	58,000	1.68	3,100
Total	448,500	1.66	23,950

EXPLORATION

During the year the Company drilled 84 RC holes for 7,488 metres at the Kwakawkaw Deposits and Kyereben Prospect. Drilling is intended to advance the Company's discovery at Kyereben by testing along strike from, and down-dip of, the excellent aircore results received (13 metres at 2.90 g/t gold from 34 metres, 15 metres at 1.12 g/t gold from 12 metres). The Kwakawkaw drilling aims to target extensions to the high grade zones intersected in historical drilling current drill programme following extensive compilation and validation of historical drilling data. No results have been received to date.

Aircore drilling was carried out in 2011 at Kyereben, Bimma South, Kyekyewere and Boabedroo West. Drilling at the Kyereben prospect comprised 40 holes for 1,334 metres with results received including:

- 13 metres at 2.90 g/t gold from 34 metres*
- 15 metres at 1.12 g/t gold from 12 metres*
- 7 metres at 1.05 g/t gold from 21 metres

** Mineralisation occurs at end of hole*

The Kyereben Prospect was identified based on anomalous soil geochemistry, with trenching during 2010 delineating a 200 metre long anomaly with results of 8 metres at 3.84g/t gold, 22 metres at 1.52g/t gold and 22 metres at 1.48 g/t gold. Drilling at the Kyereben prospect has defined an almost continuous mineralized zone for 200 metres. Importantly the Kyereben Prospect is located approximately 200 metres from the haul road in the centre of the project thus should an economic gold deposit be delineated it may be able to be quickly added to the mining schedule.

Aircore drilling at the Kyekyewere Prospect provided a near surface test of gold anomalies in historical soil sampling along a 3 kilometre section of the Ashanti Shear Zone. The drill programme consisted of 99 holes for 3,949 metres with an average depth of 40 metres. Significant results include:

- 19 metres at 1.11 g/t gold from surface
- 17 metres at 0.47 g/t gold from 21 metres
- 14 metres at 0.47 g/t gold from 12 metres
- 10 metres at 0.46 g/t gold from 8 metres

The majority of the significant intersections lie on or near the interpreted location of the Ashanti Shear Zone, demonstrating that this system is mineralised within the project area. Despite the potential of this system to host significant mineralisation only limited work has been done to test the Ashanti Shear Zone within the Konongo Gold Project. Due to the wide spaced nature of the drilling (between 500 – 1000 metres) these results are considered "first pass" and the Company is very encouraged at the tenor of results received, especially the number of intersections with widths over 5 metres.

Directors' Report

At the Bimma South prospect a single line was drilled comprising 16 holes for 646 metres and intersected a deeply weathered sequence of siltstone and graphitic shale. Gold mineralisation was associated with quartz veining within graphitic metasediments. Holes at the eastern end often terminated in chloritic clays and could not be drilled deeper due to water pressure in the hole. Results included:

- 1 metres at 6.87 g/t gold from 46 metres
- 5 metres at 1.04 g/t gold from 35 metres (following 32 metres at 0.24 g/t gold from surface)

The Bimma South prospect is located within the eastern Birimian sequence which has been previously untested by drilling. Drilling was planned to provide a further test of a significant 600 metres long soil anomaly after trenching returned intersections of 2 metres at 39.8g/t gold, 2 metres at 4.80g/t gold and 54 metres at 0.22g/t gold. The best intersection (5 metres at 1.04g/t gold from 35 metres) was returned from the most western hole (KGAC146) and anomalous results were also intersected up-dip from this result (5 metres at 0.31g/t gold and 8 metres at 0.27g/t gold). Further work will be required to the north and west of the recent drilling to identify the source of this soil anomaly and further test the anomalous system intersected in drilling.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 22 September 2010, the Company announced the raising of \$13.4 million via a rights issue and placement.

On 18 March 2011, the Company announced the raising of \$12.3 million via a rights issue and placement to continue the exploration and development of the Konongo Gold Project in Ghana.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 30 September 2011 the Company announced that it had executed a Subscription Agreement for the private placement of 352,770,680 shares at a price of 1.5 cents per share to raise \$5.29m. Funds raised pursuant to the Placement will be used for working capital while the Company's processing plant at the Konongo Gold Project continues ramping up to commercial production.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group carries out operations that are subject to environmental regulations under legislation in a number of jurisdictions. The Group has formal procedures in place to ensure regulations are adhered to. The Company is not aware of any breaches in relation to environmental matters.

SHARE OPTIONS

At the date of this report, there were 101,666,666 unissued ordinary shares under options (101,666,666 at the reporting date).

The details of the options at the date of this report are as follows:

Number	Exercise Price	Issue Date	Expiry Date
333,333	0.65	14 April 2005	14 April 2012
333,333	0.65	14 April 2005	14 April 2013
20,000,000	0.03	29 November 2007	28 September 2012
9,000,000	0.03	15 November 2007	14 November 2012
55,000,000	0.015	11 December 2009	31 December 2012
17,000,000	0.02	18 June 2010	31 December 2013
101,666,666			

Directors' Report

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

During the financial year 3,000,000 options were exercised at \$0.02 to acquire fully paid ordinary shares. Since the end of the financial year no options have been exercised. During the financial year 333,333 options at an exercise price of \$0.65 expired. No options have expired since the end of the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has made an agreement indemnifying all the Directors and officers of the Group against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Group to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality.

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr. Matthew Wood	5	5
Mr. Bill Oliver	5	5
Mr. Tim Flavel	5	5
Mr. Stuart Murray	5	4

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Signature Metals Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Signature Metals is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources Company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of Signature Metals with an Independence Declaration in relation to the audit of the full-year financial report. A copy of that declaration is included at page 51 of this report.

The Company's auditor has not provided any non audit services.

Directors' Report

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of Signature Metals Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company and the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group, and includes the executives in the Group receiving the highest remuneration.

Details of Key Management Personnel

Matthew Wood	Chairman
Bill Oliver	Managing Director
Timothy Flavel	Executive Director
Stuart Murray	Non Executive Director
Scott Funston	Company Secretary

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors and Executives. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The lack of a performance link at this time is not considered to have a negative impact on retaining and motivating Directors. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter. The Group has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The rewards for Directors' have no set or pre-determined performance conditions or key performance indicators as part of their remuneration. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Group has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The table below shows the performance of the Group as measured by earnings/(loss) per share since 30 June 2007:

As at 30 June	2011	2010	2009	2008	2007
Earnings/(Loss) per share (cents)	(0.15)	(0.27)*	(0.29)*	(0.25)*	0.23*

*The number of shares used for loss per share calculation in subsequent loss per share calculations was adjusted using an adjustment factor of 1.045 times (refer note 19).

Directors' Report

Details of the nature and amount of each element of the emolument of key management personnel of the Group for the financial year are as follows:

2011	Short Term			Options	Post Employment	Total	Option
	Base Salary	Directors Fees	Consulting Fees	Share Based Payments	Superannuation		Related
<i>Directors</i>	\$	\$	\$	\$	\$	\$	%
Mr. Matthew Wood	-	-	96,000	165,000	-	261,000	63
Mr. Bill Oliver	-	-	235,000	82,500	-	317,500	26
Mr. Tim Flavel	-	-	92,000	165,000	-	257,000	64
Mr. Stuart Murray	-	-	30,000	41,250	-	71,250	58
Mr. Scott Funston	-	-	60,000	-	-	60,000	-
	-	-	513,000	453,750	-	966,750	-

2010	Short Term			Options	Post Employment	Total	Option
	Base Salary	Directors Fees	Consulting Fees	Share Based Payments	Superannuation		Related
<i>Directors</i>	\$	\$	\$	\$	\$	\$	%
Mr. Matthew Wood	-	-	96,000	385,000	-	481,000	80
Mr. Bill Oliver	-	-	181,818	192,500	-	374,318	51
Mr. Tim Flavel	-	-	61,500	385,000	-	446,500	86
Mr. Stuart Murray	-	-	30,000	131,055	-	161,055	81
Mr. Scott Funston	-	-	60,000	-	-	60,000	-
	-	-	429,318	1,093,555	-	1,522,873	-

There were no other key management personnel of the Group during the years ended 30 June 2011 and 30 June 2010. No remuneration is performance related.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

	Grant Date	Grant Number	Vesting Date	Expiry Date/Last exercise date	Fair Value per option at grant date	Exercise price per option	Total value granted \$	% vested
30 June 2010								
Matthew Wood	11/12/2009	20,000,000	30/09/2010	31/12/2012	\$0.0192	\$0.015	550,000	100%
Bill Oliver	11/12/2009	10,000,000	30/09/2010	31/12/2012	\$0.0192	\$0.015	275,000	100%
Tim Flavel	11/12/2009	20,000,000	30/09/2010	31/12/2012	\$0.0192	\$0.015	550,000	100%
Stuart Murray	11/12/2009	5,000,000	30/09/2010	31/12/2012	\$0.0192	\$0.015	137,500	100%
30 June 2009								
Stuart Murray	29/11/2007	10,000,000	28/09/2008	28/09/2012	\$0.0261	\$0.03	261,000	100%
	29/11/2007	10,000,000	28/09/2009	28/09/2012	\$0.0270	\$0.03	270,000	100%

Directors' Report

Options granted have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted carry no dividend or voting rights. Vesting conditions for options issued are all service based and not performance based. For details on the valuation of options, including models and assumptions used, please refer to note 25.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures or lapses during the year (2010: nil). No options were exercised during the year ended 30 June 2011 (2010: Nil).

Executive Directors

The Managing Director, Mr. Bill Oliver is employed under a consulting services agreement and is paid an annual fee of \$240,000 per annum. Mr. Oliver may terminate the agreement at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice or by paying an amount equivalent to three months fees (based on agreed consulting fee) or without notice in the case of serious misconduct, at which time Mr. Oliver would be entitled to that portion of consulting fees services arising up to the date of termination. No additional Directors fees will be paid to Mr. Oliver in addition to the fees paid under the consulting agreement.

Mr. Matthew Wood and Mr. Tim Flavel are paid an annual consulting fee on a monthly basis. Either party may terminate the services at any time.

Non-Executive Directors

Mr. Stuart Murray is paid an annual fee on a monthly basis. Either party may terminate the services at any time.

The Company Secretary, Mr. Scott Funston is remunerated on a monthly basis. The services may be terminated by either party at any time.

Service Agreements

During the year, the Group renewed a service agreement for certain administrative services and office space for a term of two years with Garrison Capital Pty Ltd, a Company of which Mr. Wood and Mr. Flavel are Directors. The Group is required to give three months written notice to terminate the agreement.

END OF REMUNERATION REPORT

Signed in accordance with a resolution of the directors.



Bill Oliver
Managing Director
30 September 2011

Competent Person Statement

The information in this report which relates to Exploration Results is based on information compiled by Mr Bill Oliver. Mr Oliver is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Oliver is the Managing Director of Signature Metals and consents to the inclusion in this release of the matters relating to Exploration Results in the form and context in which it appears based on the information presented to him.

Corporate Governance Statement

The Board of Directors of Signature Metals is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company established a set of corporate governance policies and procedures. These were based on the Australian Securities Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a director who is not a member of management, is a non-executive director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant consultant, supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another group member other than as a director of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Group."

In accordance with the definition of independence above, Mr. Stuart Murray is considered the only Independent Director.

There are procedures in place, as agreed by the board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Mr. Matthew Wood	4 years 5 months
Mr. Bill Oliver	2 years 11 months
Mr. Tim Flavel	4 years 5 months
Mr. Stuart Murray	4 years

Corporate Governance Statement

Nomination Committee

The Board has formally adopted a Nomination Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. At such time when the Group is of sufficient size a separate Nomination Committee will be formed.

Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Group is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non financial-information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control.

Performance

The Board of Signature Metals conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between directors and executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group.

Remuneration

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive and directors' emoluments to the Group's financial and operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

For details of remuneration of Directors and Executives please refer to the Directors' Report.

The Board is responsible for determining and reviewing compensation arrangements for executive directors. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Group, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Group is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors if payable.

Trading Policy

Under the Company's securities trading policy, an executive or director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Before commencing to trade, an executive must first obtain the approval of the Managing Director to do so and a Director must first obtain approval of the Chairman. Only in exceptional circumstances will approval be forthcoming inside of the period commencing on the tenth day of the month in which the Company is required to release its Quarterly Activities Report and Quarterly Cashflow Report and ending two days following the date of that release.

Corporate Governance Statement

Assurance

The CEO and CFO (or equivalents) periodically provide formal statements to the Board that in all material aspects:

- the company's financial statements present a true and fair view of the company's financial condition and operational results; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

This assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks.

Shareholder Communication Policy

Pursuant to Principle 6, the Company's objective is to promote effective communication with its shareholders at all times.

Signature Metals Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information
- Complying with continuous disclosure obligations contained in the ASX listing rules and the *Corporations Act* in Australia
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on the Company's website: www.signaturemetals.com.au

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Corporate Governance Statement

Corporate Governance Compliance

During the financial year Signature Metals has complied with each of the 8 Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The Company does not have a majority of independent directors.	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.2	The Chairman is not an independent director	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.4	The Group does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.
4.1 and 4.2	The Group does not have an Audit and Risk Management Committee	The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.
8.1	The Group does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.
8.2	Non-executive director received options as a part of remuneration.	To attract and retain an independent Non-executive director with sufficient skills and experience to the Company, incentive options were required as part of the remuneration package.

Statement of Comprehensive Income for the year ended 30 June 2011

	Notes	Consolidated	
		2011	2010
		\$	\$
Revenue from continuing operations			
Interest income		116,122	48,657
Other income	3(a)	-	8,468
Revenue		116,122	57,125
Listing and share registry expenses		(124,922)	(76,588)
Accounting and audit fees		(71,337)	(104,645)
Legal fees		(14,670)	(5,872)
Consulting fee expense		(52,359)	(113,308)
Foreign exchange loss		(176,200)	-
Directors and employees benefits		(845,534)	(1,442,708)
Expense from remeasuring the contingent consideration from Owere Mines acquisition		(1,156,453)	(23,244)
Administrative expenses	3(b)	(406,050)	(512,069)
Loss from continuing operations before income tax		(2,731,403)	(2,221,309)
Income tax expense	4	-	-
Loss from continuing operations after income tax		(2,731,403)	(2,221,309)
Other Comprehensive income/(loss)			
Foreign currency translation		(3,747,139)	214,645
Other comprehensive income/(loss) for the year		(3,747,139)	214,645
Total comprehensive loss for the year		(6,478,542)	(2,006,664)
Loss for the year is attributable to:			
Owners of Signature Metals Limited		(2,717,166)	(2,124,612)
Non-controlling interest		(14,237)	(96,697)
		(2,731,403)	(2,221,309)
Total comprehensive income for the year is attributable to:			
Owners of Signature Metals Limited		(6,244,897)	(1,948,382)
Non-controlling interest		(233,645)	(58,282)
		(6,478,542)	(2,006,664)
Earnings / (loss) per share:			
Basic and diluted loss per share (cents per share)	19	(0.15)	(0.27)

Statement of Financial Position *as at 30 June 2011*

	Notes	Consolidated	
		2011	2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	15	4,794,068	3,682,477
Trade and other receivables	5	2,241,132	527,445
Inventories	6	1,605,338	28,211
TOTAL CURRENT ASSETS		8,640,538	4,238,133
NON CURRENT ASSETS			
Deferred exploration, evaluation and development expenditure	8	17,561,110	9,096,752
Property, plant and equipment	9	8,503,980	725,127
TOTAL NON CURRENT ASSETS		26,065,090	9,821,879
TOTAL ASSETS		34,705,628	14,060,012
CURRENT LIABILITIES			
Trade and other payables	10	2,232,799	964,882
Provisions	11	113,937	41,522
TOTAL CURRENT LIABILITIES		2,346,736	1,006,404
NON CURRENT LIABILITIES			
Other payables	10	1,602,319	445,866
TOTAL NON CURRENT LIABILITIES		1,602,319	445,866
TOTAL LIABILITIES		3,949,055	1,452,270
NET ASSETS		30,756,573	12,607,742
EQUITY			
Issued capital	13	54,364,393	30,190,770
Reserves	12	957,677	4,031,658
Accumulated losses	14	(25,253,722)	(22,536,556)
PARENT INTERESTS		30,068,348	11,685,872
Non controlling interests		688,225	921,870
TOTAL EQUITY		30,756,573	12,607,742

Statement of Cash Flows *for the year ended 30 June 2011*

	Notes	Consolidated	
		2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers & employees		(1,008,688)	(1,287,846)
Interest received		116,122	48,657
NET CASH FLOWS USED IN OPERATING ACTIVITIES	15	<u>(892,566)</u>	<u>(1,239,189)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,334,506)	(195,769)
Cash acquired on acquisition of Owere Mines Limited		-	47,481
Expenditure on exploration, evaluation and development expenditure		(13,621,383)	(5,660,738)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(21,955,889)</u>	<u>(5,809,026)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		25,790,407	10,384,687
Share issue costs		(1,654,161)	(447,483)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		<u>24,136,246</u>	<u>9,937,204</u>
Net increase in cash and cash equivalents		1,287,791	2,888,989
Cash and cash equivalents at beginning of year		3,682,477	785,020
Net foreign exchange variances on cash		(176,200)	8,468
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	<u>4,794,068</u>	<u>3,682,477</u>

Statement of Changes in Equity for the year ended 30 June 2011

Consolidated	Issued capital \$	Accumulated losses \$	Foreign currency translation reserves \$	Option reserves \$	Share based payment reserves \$	Contingent consideration reserve \$	Total \$	Non-controlling interest \$	Total equity \$
At 1 July 2010	30,190,770	(22,536,556)	159,295	550	3,357,409	514,404	11,685,872	921,870	12,607,742
Loss for the year	-	(2,717,166)	-	-	-	-	(2,717,166)	(14,237)	(2,731,403)
Other comprehensive income	-	-	(3,527,731)	-	-	-	(3,527,731)	(219,408)	(3,747,139)
Total comprehensive loss for the period	-	(2,717,166)	(3,527,731)	-	-	-	(6,244,897)	(233,645)	(6,478,542)
Transactions with owners in their capacity as owners									
Issue of ordinary shares	25,730,407	-	-	-	-	-	25,730,407	-	25,730,407
Exercise of options	60,000	-	-	-	-	-	60,000	-	60,000
Share based payments	-	-	-	-	453,750	-	453,750	-	453,750
Transaction costs on share issue	(1,616,784)	-	-	-	-	-	(1,616,784)	-	(1,616,784)
At 30 June 2011	54,364,393	(25,253,722)	(3,368,436)	550	3,811,159	514,404	30,068,348	688,225	30,756,573
At 1 July 2009	19,250,541	(20,411,944)	(16,935)	550	1,991,223	-	813,435	-	813,435
Loss for the year	-	(2,124,612)	-	-	-	-	(2,124,612)	(96,697)	(2,221,309)
Other comprehensive income	-	-	176,230	-	-	-	176,230	38,415	214,645
Total comprehensive loss for the period	-	(2,124,612)	176,230	-	-	-	(1,948,382)	(58,282)	(2,006,664)
Transactions with owners in their capacity as owners									
Issue of ordinary shares	8,204,437	-	-	-	-	-	8,204,437	-	8,204,437
Exercise of options	2,180,250	-	-	-	-	-	2,180,250	-	2,180,250
Share based payments	-	-	-	-	1,366,186	-	1,366,186	-	1,366,186
Transaction costs on share issue	(794,458)	-	-	-	-	-	(794,458)	-	(794,458)
Deferred consideration	-	-	-	-	-	514,404	514,404	-	514,404
Acquisition of subsidiary	1,350,000	-	-	-	-	-	1,350,000	980,152	2,330,152
At 30 June 2010	30,190,770	(22,536,556)	159,295	550	3,357,409	514,404	11,685,872	921,870	12,607,742

1. CORPORATE INFORMATION

The financial report of Signature Metals Limited ("Signature Metals" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 30 September 2011.

Signature Metals Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and the principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis. The presentation currency is Australian dollars.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the year ended 30 June 2011 of \$2,731,403 (2010: \$2,221,309) and experienced net cash outflows from operating activities of \$892,566 (2010:\$1,239,189). At 30 June 2011, the Group had net current assets of \$6,293,802 (2010: \$3,231,729). The cash position of the Group at 30 June 2011 was \$4,794,068.

On 30 September 2011 the Company announced that it had executed a Subscription Agreement for the private placement of 352,770,680 shares at a price of 1.5 cents per share to raise \$5.29m. The funds raised will be used for working capital while the Company's processing plant at the Konongo Gold Project continues ramping up to commercial production to become cash flow positive.

On the basis outlined above, the Directors believe they can meet all liabilities as and when they fall due. The directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be successful in securing additional funds through the equity issue as detailed above.

Should the Group not achieve the matters set out above, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments to assets and liabilities that may be necessary if the Group is unable to continue as a going concern.

(b) Compliance statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2011, and no change to the Group's accounting policy is required:

Reference	Title	Summary	Impact on Group financial report	Application date for Group
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<ul style="list-style-type: none"> ▶ These amendments arise from the issuance of AASB 9 <i>Financial Instruments</i> that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. ▶ This Standard shall be applied when AASB 9 is applied. 	The Group has not yet determined the impact on the Group's financial statements.	1 July 2013
AASB 10	Consolidated Financial Statements	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and Interpretation 112 <i>Consolidation – Special Purpose Entities</i>.</p> <ul style="list-style-type: none"> ▶ The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. 	The Group has not yet determined the impact on the Group's financial statements.	1 July 2013

Reference	Title	Summary	Impact on Group financial report	Application date for Group
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.</p> <p>(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.</p> <p>(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p>	The Group has not yet determined the impact on the Group's financial statements.	1 July 2013

Reference	Title	Summary	Impact on Group financial report	Application date for Group
AASB 124 (Revised)	Related Party Disclosures (December 2009)	<p>The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <p>(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other</p> <p>(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other</p> <p>(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other</p> <p>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>	The Group has not yet determined the impact on the Group's financial statements.	1 July 2011
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and Interpretation 113 <i>Jointly-controlled Entities – Non-monetary Contributions by Ventures</i> . AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.	The Group has not yet determined the impact on the Group's financial statements.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	The Group has not yet determined the impact on the Group's financial statements.	1 July 2013

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

Reference	Title	Summary	Impact on Group financial report	Application date for Group
AASB 2011-7	<i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards</i>	Consequential amendments to AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates</i> as a result of the adoption of AASB 10 <i>Consolidated Financial Statements</i> , AASB 11 <i>Joint Arrangements</i> and AASB 12 <i>Disclosure of Interests in Other Entities</i> .	The Group has not yet determined the impact on the Group's financial statements.	1 July 2013

The Group has not elected to early adopt any new Standards or Interpretations.

(c) Changes in accounting policies and disclosures

In the year ended 30 June 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Signature Metals Limited and its subsidiaries as at 30 June each year ('the Group').

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Group, using consistent accounting policies.

In preparing the consolidated financial statements, all inter company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(e) Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of property, plant and equipment and deferred exploration and evaluation expenditure

Property, plant and equipment and deferred exploration and evaluation expenditure are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The Group conducts an annual review of asset values, which is used as a source to assess for any indicators of impairment. Factors such as changes in gold prices, production performance and mining and processing costs are monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Net realisable value of inventories

The Group reviews the carrying value of inventories regularly to ensure that the carrying value is the lower of cost and net realisable value. In determining net realisable value various factors are taken into account including sale prices and costs to complete inventories to their final form.

Production start date

The Group assesses the stage of the mine under construction to determine when the mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of the construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the mine and the processing plant is substantially complete, ready for its intended use. At this time, any costs capitalised to 'deferred exploration and evaluation expenditure' are reclassified to 'mine development' and 'property, plant and equipment'. Some of the criteria will include, but are not limited to, the following:

- Availability of the plant
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal at commercial rates of production

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expenses, except for costs that qualify for capitalisation relating to mine asset additions or improvements, mine development or mineable reserve development. It is also at that point that depreciation / amortisation commences.

Share based payment transactions

The group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 25.

Functional currency translation reserve

Under the accounting standards, each entity within the Group is required to determine its functional currency of the primary economic environment in which the entity operates. Management considers the Ghanaian subsidiary to be a foreign operation with Ghanaian Cedi as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

(f) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Signature Metals Limited.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above and bank overdrafts.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each item to its present location and condition are accounted for as follows:

- Raw material – purchase cost on a first-in first-out basis; and
- Work in progress (including stockpile of unprocessed ore and gold in circuit) – cost of direct material and labour on a proportion of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make sale.

No account is taken of any gold residue residing in plant and equipment (eg pumps).

(i) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade and other receivables is reviewed on an ongoing basis. An estimate for doubtful debts is made when collection of the full amount is no longer probable and when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. Bad debts are written off when identified.

(j) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the consolidated entity.

(k) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

*Employee leave benefits**(i) Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are deducted from equity.

(m) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(n) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited in the statement of comprehensive income except where it relates to items that may be charged or credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(p) Earnings per share*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(q) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 25.

In valuing equity settled transactions, no account is taken of any performance or market conditions.

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings/loss per share (refer note 19).

(r) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Signature Metals Limited is Australian dollars. The functional currency of the overseas subsidiaries is Ugandan Shillings and the Ghanaian Cedi.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale where applicable.

(s) Financial liabilities arising under asset purchase agreement

Financial liabilities arising under asset purchase agreement are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Expected cash flows under the financial liabilities are remeasured when applying the amortised cost method.

(t) Impairment of non-financial assets other than goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the statement of comprehensive income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(u) Exploration expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

(v) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	15 -25 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Derecognition

Additions of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the statement of comprehensive income.

Comparatives

Certain comparative information has been reclassified to conform to the current year presentation.

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

	Consolidated	
	2011	2010
	\$	\$
3. Other income and expenses		
(a) Other income		
Foreign exchange gain	-	8,468
(b) Administrative expenses		
Travel and accommodation	109,386	118,483
Printing and stationary	7,439	31,766
Insurance	16,090	11,084
Telephone and communications	11,975	3,834
Rent and outgoings	96,000	96,000
Conferences and seminars	13,950	44,918
General administrative expenses	149,865	168,316
Other	1,345	37,668
Total administrative expenses	406,050	512,069
4. Income Tax		
Income tax expense		
Major component of tax expense for the year:		
Current income tax	-	-
Deferred income tax	-	-
Income tax reported in the statement of comprehensive income	-	-
Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable tax rate is as follows:		
Loss from continuing operations before income tax expense	(2,731,403)	(2,221,309)
Tax at the statutory income tax rate of 30%	(819,421)	(666,393)
Expense of remuneration options	136,125	328,067
Income tax benefit not recognised	683,296	338,327
Income tax expense	-	-

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

	Consolidated	
	2011	2010
	\$	\$
Deferred Tax		
Statement of financial position: The following deferred tax balances have not been brought to account:		
<i>Liabilities</i>		
Foreign exchange gain	-	2,028
Capitalised exploration expenditure	4,696,904	1,856,846
Offset by deferred tax assets	(4,696,904)	(1,858,874)
Deferred tax liability	-	-
<i>Assets</i>		
Losses available to offset against future taxable income	6,816,916	3,485,995
Foreign exchange loss	52,860	-
Share issue costs deductible over five years	481,957	5,824
Accrued expenses	33,323	7,500
	7,385,056	3,499,319
Deferred tax assets offset against deferred tax liabilities	(4,696,904)	(1,858,874)
Deferred tax asset not recognised	2,688,152	1,640,444
Unused tax losses		
Unused tax losses	8,960,507	5,468,147
Potential tax benefit not recognised at 30%	2,688,152	1,640,444

The benefit for tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
- (iii) no changes in tax legislation in Australia, adversely affect the Group in realising the benefit from the deductions for the losses.

Tax Consolidation

Signature Metals Limited and its 100% owned Australian resident subsidiaries have not formed a tax consolidated group.

5. Trade and Other Receivables - Current

GST / VAT Receivable	904,158	239,996
Advance to suppliers	1,319,177	281,596
Other receivables	17,797	5,853
	2,241,132	527,445

Advance to suppliers, goods and services tax and other receivables are non-interest bearing and generally receivable on 30 day terms. The balances are neither past due nor impaired and are fully collectible. Due to the short term nature, their carrying value is assumed to approximate their fair value.

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

6. Inventories

	Consolidated	
	2011	2010
	\$	\$
Supply inventories at cost	719,380	28,211
Gold in circuit and in safe at net realisable value	554,911	-
Stockpile of unprocessed ore at net realisable value	331,047	-
	1,605,338	28,211

7. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(d).

Details of subsidiary companies are as follows:

Name	Country of incorporation	% Equity Interest	
		2011	2010
Uganda Minerals Pty Ltd	Australia	100%	100%
Embuyaga Exploration Ltd	Uganda	100%	100%
Owere Mines Limited	Ghana	70%	70%

8. Deferred exploration, evaluation and development expenditure

Exploration, evaluation and development

At cost	17,561,110	9,096,752
Accumulated impairment	-	-
Total	17,561,110	9,096,752
Carrying amount at beginning of the year	9,096,752	75,329
Additional expenditure during the year	12,654,902	9,021,423
Net movement of gold in circuit and stockpile and in safe	(885,958)	-
Foreign exchange difference	(3,304,586)	-
	17,561,110	9,096,752

The recoverability of the carrying amount of the deferred exploration, evaluation and development expenditure is dependant on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

As the project has not moved to the production stage, costs incurred on the project were continued to be capitalised. Incidental recoveries from testing of plant and equipment are offset against costs capitalised.

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

9. Property, plant and equipment

	Consolidated	
	2011	2010
	\$	\$
Land		
Cost	4,514	5,808
Accumulated depreciation	-	-
Net carrying amount	<u>4,514</u>	<u>5,808</u>
Plant and Equipment		
Cost	8,710,403	826,832
Accumulated depreciation	(210,937)	(107,513)
Net carrying amount	<u>8,499,466</u>	<u>719,319</u>
Total Property, Plant and Equipment	<u>8,503,980</u>	<u>725,127</u>

Movements in Property, Plant and Equipment

Land		
Opening balance	5,808	-
Additions upon acquisition of subsidiary	-	5,585
Net exchange differences on translation	(1,294)	223
Depreciation charge for the year	-	-
Closing balance	<u>4,514</u>	<u>5,808</u>
Plant and Equipment		
Opening balance	719,319	-
Additions upon acquisition of subsidiary	-	536,651
Additions	8,106,516	173,694
Net exchange differences on translation	(222,945)	21,614
Depreciation charge for the year	(103,424)	(12,640)
Closing balance	<u>8,499,466</u>	<u>719,319</u>
Total Property, Plant and Equipment	<u>8,503,980</u>	<u>725,127</u>

10. Trade and Other Payables

Current

Trade creditors	1,726,353	917,095
Accruals	506,446	47,787
	<u>2,232,799</u>	<u>964,882</u>

Trade and other payables are contractually matured within 30 days. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

Non Current

Consolidated

2011	2010
\$	\$

Financial liability arising under asset purchase agreement	1,602,319	445,866
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The Group recognised deferred consideration on the option agreement to purchase 70% of the Konongo Gold Project. Refer note 27.

11. Provisions

Current

Employee entitlements	113,937	41,522
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12. Reserves

Share based payment reserve	3,811,159	3,357,409
Foreign currency translation reserve	(3,368,436)	159,295
Contingent consideration reserve	514,404	514,404
Option premium reserve	550	550
	957,677	4,031,658

Movements

Share based payments reserve

Balance at 1 July	3,357,409	1,991,223
Share based payment expense	453,750	1,366,186
Balance at end of year	3,811,159	3,357,409

Foreign currency translation reserve

Balance at 1 July	159,295	(16,935)
Foreign currency translation	(3,527,731)	176,230
Balance at 30 June	(3,368,436)	159,295

Option reserve

Balance at 1 July	550	550
Exercise of options at \$0.01	-	-
Balance at 30 June	550	550

Contingent consideration reserve

Balance at 1 July	514,404	-
Contingent consideration	-	514,404
Balance at 30 June	514,404	514,404

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

Nature and purpose of reserves

Share based payment reserve

The share based payment reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 25 for further details of the plan.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Option reserve

The Options Premium reserve is used to record the premium paid on the issue of unlisted options on 18 October 2006 that expired on 31 December 2008, less any of those options exercised.

Contingent consideration reserve

The contingent consideration reserve is used to record the equity component of the consideration payable for the purchase of 70% of the Konongo Gold Project. Refer to note 27.

Consolidated

2011	2010
\$	\$

13. Issued Capital

Issued and paid up capital

Ordinary shares fully paid

54,364,393	30,190,770
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	2011		2010	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
At 1 July	1,185,451,868	30,190,770	419,658,210	19,250,541
Placement at \$0.01	-	-	320,443,658	3,204,436
Issue for purchase of exploration and evaluation property	-	-	50,000,000	1,350,000
Placement at \$0.02	670,681,856	13,413,637	250,000,000	5,000,000
Placement at \$0.025	492,670,810	12,316,770	-	-
Exercise of options	3,000,000	60,000	145,350,000	2,180,250
less share issue costs	-	(1,616,784)	-	(794,457)
At 30 June	<u>2,351,804,534</u>	<u>54,364,393</u>	<u>1,185,451,868</u>	<u>30,190,770</u>

Ordinary shares

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Group, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Group.

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

Share options

Information relating to the Signature Metals Ltd Employee Share Option Plan, including details of options issued under the plan, is set out in note 25.

At the date of this report, there were 101,666,666 unissued ordinary shares under options (2010: 104,999,999 options).

The details of the options at the date of this report are as follows:

Number	Exercise Price	Issue Date	Expiry Date
333,333	0.65	14 April 2005	14 April 2012
333,333	0.65	14 April 2005	14 April 2013
20,000,000	0.03	29 November 2007	28 September 2012
9,000,000	0.03	15 November 2007	14 September 2012
55,000,000	0.015	11 December 2009	31 December 2012
17,000,000	0.02	18 June 2010	31 December 2013
101,666,666			

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

During the financial year 3,000,000 options were exercised at \$0.02 to acquire fully paid ordinary shares. Since the end of the financial year no options have been exercised. During the financial year 333,333 options at an exercise price of \$0.65 expired. No options have expired since the end of the financial year.

Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to \$30,756,573 at 30 June 2011 (2010: \$12,607,742). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 23 for further information on the Group's financial risk management policies.

Consolidated

2011	2010
\$	\$

14. Accumulated losses

Movement in accumulated losses were as follows:

Balance at 1 July	(22,536,556)	(20,411,944)
Loss for the year	(2,717,166)	(2,124,612)
Balance at 30 June	<u>(25,253,722)</u>	<u>(22,536,556)</u>

15. Cash and Cash equivalents

Reconciliation of cash

Cash comprises of:

Cash on hand	83,417	59,149
Cash at bank	4,710,651	3,623,328
	<u>4,794,068</u>	<u>3,682,477</u>

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

Consolidated

2011	2010
\$	\$

Reconciliation of net profit / (loss) after tax to the net cash flows from operations

Loss after tax	(2,731,403)	(2,221,309)
Non-cash items		
Foreign exchange (gain) / loss	176,200	(8,468)
Share based payment	453,750	1,093,555
Contingent consideration expense	1,156,453	23,244
Depreciation	1,345	167
Changes in assets and liabilities		
Trade and other receivables	792	(322,056)
Trade and other creditors	50,297	195,678
Net cash flows from operating activities	(892,566)	(1,239,189)

16. Expenditure Commitments

(a) Expenditure Commitments

In the 2010 financial year, the group entered into a contract for Mechanical Works for the Rehabilitation of Facilities at the Konongo Gold Project under terms and conditions that required payments to a third party on completion of certain stages of completing the mechanical works. The mechanical works were completed during the current financial year.

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

Within one year	-	1,001,610
After one year but not longer than 5 years	-	-
Greater than 5 years	-	-
	-	1,001,610

(b) Rental and services agreement

During the year the Group renewed a service agreement for certain administrative services and office space for a term of two years. The Group is required to give three months written notice to terminate the agreement.

Services Agreement:

Payable not later than one year	96,000	48,000
Payable later than one year and not later than five years	48,000	-
Payable later than five years	-	-
	144,000	48,000

(c) Executive remuneration commitments

The Group entered into consulting agreements for key management personnel for services provided. The Company is able to terminate the agreements by three months written notice or paying an amount equivalent to three months fees. Total commitments at 30 June 2011 are \$60,000 (2010: \$60,000).

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

17. Contingent Liabilities

There are no known contingent liabilities at the date of this report (2010: Nil).

18. Subsequent Events

On 30 September 2011 the Company announced that it had executed a Subscription Agreement for the private placement of 352,770,680 shares at a price of 1.5 cents per share to raise \$5.29m. Funds raised pursuant to the Placement will be used for working capital while the Company's processing plant at the Konongo Gold Project continues ramping up to commercial production.

There are no other known subsequent events after the balance date that may significantly affect the operations, the results of operations or the state of affairs in the future financial years.

19. Loss per Share

Loss used in calculating basic and diluted EPS	(2,717,166)	(2,124,612)
	Number of Shares	
	2011	2010
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share:	1,822,159,768	796,574,943
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	1,822,159,768	796,574,943

There is no impact from 101,666,666 options outstanding at 30 June 2011 (2010: 104,999,999 options) on the loss per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

The rights issue during the year was performed at discounted prices. The number of shares used for loss per share calculation in 2010 and in subsequent loss per share calculations was adjusted using an adjustment factor of 1.045 times.

Consolidated	
2011	2010
\$	\$

20. Auditors Remuneration

The auditor of Signature Metals Limited is Ernst & Young (Australia). The Auditor of the subsidiary, Owere Mines Limited is Ernst & Young (Australia) following a change in auditor during the financial year, the previous auditor was KPMG (Ghana).

Amounts received or due and receivable by Ernst & Young (Australia) for the audit and review of the financial report of the entity and any other entity in the Group	33,000	38,385
Amounts received or due and receivable by Ernst & Young (Ghana) for the audit and review of the financial report of the subsidiary	20,727	-
Amounts received or due and receivable by KPMG (Ghana) for the audit and review of the financial report of the subsidiary	13,718	22,786

21. Key Management Personnel Disclosures**(a) Details of Key Management Personnel**

Matthew Wood	Chairman
Bill Oliver	Managing Director
Timothy Flavel	Executive Director
Stuart Murray	Non Executive Director
Scott Funston	Company Secretary

(b) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	Consolidated	
	2011	2010
	\$	\$
Short term employee benefits	513,000	429,318
Post employment benefits	-	-
Share based payments	453,750	1,093,555
Total remuneration	966,750	1,522,873

(c) Share holdings Key Management Personnel

The number of shares in the Company held during the financial year by each key management personnel of Signature Metals Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

	Balance at the start of the period No.	Granted during the period as compensation No.	Exercise of options during the period No.	Other changes during the period* No.	Balance at the end of the period No.
30 June 2011					
Mr. Matthew Wood	58,062,115	-	-	5,806,213	63,868,328
Mr. Bill Oliver	1,312,500	-	-	311,720	1,624,220
Mr. Tim Flavel	21,750,000	-	-	-	21,750,000
Mr. Stuart Murray	-	-	-	-	-
Mr. Scott Funston	1,000,000	-	-	59,688	1,059,688
30 June 2010					
Mr. Matthew Wood	7,464,065	-	45,000,000	5,598,050	58,062,115
Mr. Bill Oliver	750,000	-	-	562,500	1,312,500
Mr. Tim Flavel	1,000,000	-	45,000,000	(24,250,000)	21,750,000
Mr. Stuart Murray	-	-	-	-	-
Mr. Scott Funston	-	-	5,000,000	(4,000,000)	1,000,000

* All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

(d) Option holdings of Key Management Personnel

The numbers of options over ordinary shares held during the financial year by each director and specified executive of the Company, including their personally related parties, are set out below:

	Balance at the start of the period No.	Granted during the period as compensation No.	Exercise of options during the period No.	Other changes during the period No.	Balance at the end of the period No.
30 June 2011					
Mr. Matthew Wood	20,000,000	-	-	-	20,000,000
Mr. Bill Oliver	10,000,000	-	-	-	10,000,000
Mr. Tim Flavel	20,000,000	-	-	-	20,000,000
Mr. Stuart Murray	25,000,000	-	-	-	25,000,000
Mr. Scott Funston	-	-	-	-	-
30 June 2010					
Mr. Matthew Wood	45,000,000	20,000,000	(45,000,000)	-	20,000,000
Mr. Bill Oliver	-	10,000,000	-	-	10,000,000
Mr. Tim Flavel	45,000,000	20,000,000	(45,000,000)	-	20,000,000
Mr. Stuart Murray	20,000,000	5,000,000	-	-	25,000,000
Mr. Scott Funston	5,000,000	-	(5,000,000)	-	-

There were no other key management personnel to disclose for the years ended 30 June 2011 or 30 June 2010. The share options are not subject to a performance hurdle as these options are issued as a form of retention bonus and incentive to contribute to the creation of shareholder wealth.

(e) Other transactions with Key Management Personnel

Garrison Capital Pty Ltd, a company of which Mr. Wood and Mr. Flavel are directors, provided the Company with a fully serviced office including administration and information technology support totalling \$96,000 (2010: \$96,000) and reimbursement of payments for accounting services, courier and other minor expenses, at cost \$27,673 (2010: \$6,391). \$15,292 was outstanding at year end (2009: \$8,543).

Warrior Consulting Pty Ltd, a company of which Mr. Flavel is a Director, was paid consulting fees of \$92,000 during the year (2010: \$61,500). This amount is included in Note 21(b) "Remuneration of Key Management Personnel". \$8,000 was outstanding at year end (2010: \$6,000).

Mineral Quest Pty Ltd, a company of which Mr. Wood is a Director, was paid consulting fees of \$96,000 during the year (2010: \$96,000) and reimbursement of payments, at cost, for secretarial services \$4,950 (2010: \$15,766). This amount is included in Note 21(b) "Remuneration of Key Management Personnel". \$8,000 was outstanding at year end (2010: \$8,480).

Billandbry Consulting Pty Ltd, a company of which Mr. Oliver is a Director, was paid consulting fees of \$235,000 during the year (2010: \$181,818). This amount is included in Note 21(b) "Remuneration of Key Management Personnel". \$20,000 was outstanding at year end (2010: \$20,167).

Resourceful International Consulting Pty Ltd, a Company of which Mr. Funston is a Director was paid consulting fees of \$60,000 during the year (2010: \$60,000). This amount is included in Note 21 (b) "Remuneration of Key Management Personnel". \$5,000 was outstanding at year end (2010: \$5,000).

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

Non executive director, Mr. Murray is paid an annual fee on a monthly basis. His consulting services may be terminated by either party at any time.

22. Related Party Disclosures

For Director related party transactions please refer to Note 21 "Key Management Personnel Disclosures". There were no other related party transactions during the year.

The ultimate parent entity is Signature Metals Limited. Refer to note 7 for list of all subsidiaries within the group.

23. Financial Risk Management

Exposure to interest rate, liquidity, commodity price risk, foreign currency risk and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments. The Group has no debt facilities outside of normal creditor trading terms and thus the board does not deem necessary a formal Capital Risk Management charter.

(a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs.

Maturity analysis

Financial liabilities of the Group comprise trade, other payables and long term financial liability. As at 30 June 2011 and 30 June 2010, all financial liabilities are contractually matured within 30 days with the exception of the long term financial liability. The financial liability will be only settled when the operation of Owere Mines Limited reaches a set milestone as discussed in note 10 and note 27.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits.

	Consolidated	
	2011	2010
	\$	\$
Cash and cash equivalents	4,794,068	3,682,477

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

Consolidated

Judgements of reasonably possible movements	Effect on Post Tax Loss (\$) Increase / (decrease)		Effect on Equity including accumulated loss (\$) Increase / (decrease)	
	2011	2010	2011	2010
Increase 100 basis points	47,941	36,824	36,824	36,824
Decrease 100 basis points	(47,941)	(36,824)	(36,824)	(36,824)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2010.

(c) Commodity Price Risk

The Group is exposed to commodity price risk from its activities directed at development and exploration for commodities. A fall in the price of mineral commodities may result in a decline in the recoverable amount of its projects.

(d) Credit Risk Exposures

Credit risk represents the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2011, the Group held cash, term deposits. These were held with an institution covered under the Banking Act 1959 with a rating from Standard & Poors of AA (long term). The Group has no past due or impaired debtors as at 30 June 2011 (2010: Nil).

(e) Foreign Currency Risk

The Group has United States Dollar denominated bank accounts, advance to suppliers and trade creditors in Uganda and Ghana, in addition to Ghanaian Cedi bank accounts. The Group does not enter into any financial arrangement to mitigate these exposures to the foreign currencies. The exposure is as follows:

	Consolidated	
	2011	2010
	\$	\$
Cash and cash equivalents	2,216,482	438,931
Advance to suppliers	1,283,594	281,596
Trade payables	(1,555,233)	(608,413)
Net exposure	1,944,843	112,114

Foreign exchange sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in foreign exchange rates, with all other variables constant.

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

Consolidated

Judgements of reasonably possible movements between the US Dollar and Australian Dollar	Effect on Post Tax Loss (\$)		Effect on Equity including accumulated loss (\$)	
	Increase / (decrease)		Increase / (decrease)	
	2011	2010	2011	2010
Increase 10%	194,484	11,211	194,484	11,211
Decrease 10%	(194,484)	(11,211)	(194,484)	(11,211)

A sensitivity of 10% movement has been used as this is considered reasonable and is derived from a review of historical movements and management's judgement of future trends.

24. Segment Information

For management purposes, the Group is organised into one main operating segment, which involves mining and exploration for gold and other minerals. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total revenue earned by the Group is generated in Australia and all the Group's non current assets reside in Ghana.

25. Share Based Payment Plan

Recognised share based payment expenses

Total expenses arising from share based payment transactions recognised during the period as part of share based payment expense were as follows:

	Consolidated	
	2011	2010
	\$	\$
<i>Operating expenses</i>		
Options issued as an incentive package to Directors	453,750	1,093,555
<i>Capital raising expenses</i>		
Share based payments to supplier	-	272,631
<i>Exploration expenditure</i>		
Share based payments to supplier	-	1,350,000

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

Employee share based payment plan

The fair value at grant date of options granted was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The table below summaries options granted under the employee share based payment plan:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
14 November 2007	14 November 2012	\$0.03	9,000,000	-	-	-	9,000,000	9,000,000
28 September 2007	28 September 2012	\$0.03	20,000,000	-	-	-	20,000,000	20,000,000
11 December 2009	31 December 2012	\$0.015	55,000,000	-	-	-	55,000,000	55,000,000
			84,000,000	-	-	-	84,000,000	84,000,000
Weighted remaining contractual life (years)			2.47	-	-	-	1.47	1.47
Weighted average exercise price			\$0.021	-	-	-	\$0.021	\$0.021

There were no options granted during the year ended 30 June 2011 (2010: 55,000,000). The weighted average fair value of options granted during 2010 was \$0.0275.

The model inputs, not included in the table above, for options granted during the year ended 30 June 2010 included:

- (a) options are granted for no consideration and have various vesting conditions and may be subject to escrow provisions;
- (b) Expected life of options had a range of 3 years to 3.5 years;
- (c) share price at grant date had a range of \$0.02 to \$0.036;
- (d) expected volatility of 100%;
- (e) expected dividend yield of Nil; and
- (f) a risk free interest rate range of 4.72% to 4.89%.

Share based payment - Capital raising expenses

The table below summaries options granted for capital raising expenses in previous financial years:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
18 June 2010	31 December 2013	\$0.02	20,000,000	-	(3,000,000)	-	17,000,000	17,000,000
			20,000,000	-	(3,000,000)	-	17,000,000	17,000,000
Weighted remaining contractual life (years)			3.5	-	-	-	2.5	2.5
Weighted average exercise price			\$0.02	-	-	-	\$0.02	\$0.02

There were no share based payments made for capital raising expenses during the year ended 30 June 2011 (2010: 20,000,000 options). The weighted average fair value of options granted during 2010 was \$0.0136.

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

Exploration expenditure

In 2010, 50,000,000 ordinary shares were issued during the financial year as part of the consideration to acquire Owere Mines Limited (note 27). The fair value of the shares at the date of receiving the services was used to record the transactions as the fair value of the underlying assets could not be measured reliably. No share based payments have been made to suppliers for exploration expenditure during 2011.

26. Dividends

No dividend was paid or declared by the Company in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2011 (2010: Nil).

The balance of the franking account is Nil as at 30 June 2011 (2010: Nil).

27. Investment in subsidiary

On 3 August 2009, the Company announced it had reached agreement to acquire 70% of Owere Mines Limited. On the 21 December 2009 the Company exercised the option to acquire the interest and issued 50 million shares to Alpina Group Limited as consideration to acquire the interest. Under the terms of the agreement a further payment of 50 million shares or A\$1 million cash will be made once the project achieves 1 million ounces in Measured and Indicated JORC resources (tranche 2). A final payment of A\$3 million in cash or shares will be made following the production of 100,000 ounces of gold from the project (tranche 3).

The acquisition does not constitute a business combination and the cost of acquisition has been allocated to individual identifiable assets and liabilities on the basis of their relevant fair values.

28. Parent entity information

The following details information related to the parent entity, Signature Metals Limited, at 30 June 2011. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	Parent	
	2011	2010
	\$	\$
Current assets	4,606,297	3,161,637
Non current assets	28,060,478	9,231,955
Total Assets	32,666,775	12,393,592
Current liabilities	307,883	261,854
Non current liabilities	1,602,319	445,866
Total Liabilities	1,910,202	707,720
Net Assets	30,756,573	11,685,872
Issued capital	54,364,393	30,190,770
Share based payment reserve	3,811,159	3,357,409
Option reserve	550	550
Contingent consideration reserve	514,404	514,404
Accumulated losses	(27,933,933)	(22,377,261)
Total Equity	30,756,573	11,685,872

Signature Metals Limited

Notes to the financial statements at and for the year ended 30 June 2011

	2011	Parent	2010
	\$		\$
Loss for the year	(5,556,672)		(1,948,382)
Other comprehensive loss for the year	-		-
Total comprehensive loss for the year	(5,556,672)		(1,948,382)

The Company renewed a service agreement for certain administrative services and office space for a term of two years in January 2011. The Company is required to give three months written notice to terminate the agreement. Total commitments at 30 June 2011 under the contract are \$144,000 (2010: \$48,000).

Directors' Declaration

In accordance with a resolution of the Directors of Signature Metals Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 30 June 2011 and of its performance, for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretation and the Corporations Regulations 2001;
 - (b) subject to the achievement of matters set out in note 2(a) of the financial report there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
 - (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2 (b);
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ending 30 June 2011.

On behalf of the Board

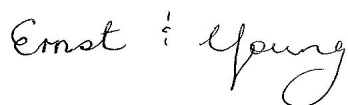


Bill Oliver
Director

Dated at Perth this 30th day of September 2011

Auditor's Independence Declaration to the Directors of Signature Metals Limited

In relation to our audit of the financial report of Signature Metals Limited and its controlled entities for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'F Drummond'.

F Drummond
Partner
30 September 2011

Independent auditor's report to the members of Signature Metals Limited

Report on the financial report

We have audited the accompanying financial report of Signature Metals Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Opinion

In our opinion:

- a. the financial report of Signature Metals Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Report on the remuneration report

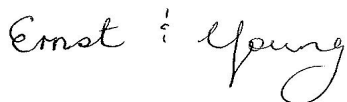
We have audited the Remuneration Report included in pages 8 to 10 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Signature Metals Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualifying our audit opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 2(a) Going Concern to the financial report, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they become due and payable and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.



Ernst & Young



F Drummond
Partner
Perth
30 September 2011

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 5 September 2011.

Substantial Shareholders

There are no shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001.

Distribution of Shareholders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	259	94,741
1,001 - 5,000	303	753,674
5,001 - 10,000	70	529,817
10,001 - 100,000	1,651	88,224,398
100,001 - and over	2,839	2,262,201,904
TOTAL	5,122	2,351,804,534

There were 1,057 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Shareholders

Name	Number of Ordinary Shares held	%
HSBC Custody Nominees (Australia) Limited	97,682,792	4.15
Mr Matthew Gaden Western Wood and Mrs Belinda Lucy Wood <Wood Family A/C>	49,500,000	2.10
Sell Power Pty Ltd <Sellpower Super Fund a/c>	41,760,000	1.78
JP Morgan Nominees Australia Limited <Cash Income a/c>	38,382,293	1.63
Citicorp Nominees Pty Limited	23,745,369	1.01
Warrior Consulting Pty Ltd	21,750,000	0.92
Bannaby Investments	20,533,663	0.87
CR Investments Pty Ltd	20,000,000	0.85
Mr Jason Peterson & Mrs Lisa Peterson <J&L Peterson S/F a/c>	20,000,000	0.85
Mr Philip James Whitmont & Ms Amanda Jane Gale <EST Francis F Whitmont a/c>	20,000,000	0.85
Motta Property Investments Pty Ltd	16,864,375	0.72
Ms Rosemarie Cremona & Mr David White <Whitecremona s/f a/c>	16,204,000	0.69
Geri2 Pty Ltd <Geri2 Super Fund a/c>	13,189,279	0.56
Dr Ajita Kanthan	12,500,000	0.53
Mulga Holdings Limited	12,293,658	0.52
Milstern Enterprises Pty Ltd	11,800,000	0.50
Australian Minerals Corporation Pty Ltd <JTP-FEBP a/c>	10,745,625	0.46
Textpoint Pty Ltd	10,725,000	0.46
Diemar & Associates Pty Limited <Super Fund a/c>	10,675,000	0.45
National Nominees Limited	10,655,028	0.45
Total Top 20	479,006,082	20.37

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

Tenement Table

Tenement	Country	Project	Comment
ML749/03	Ghana	Konongo	Renewed until June 2023
PL6/296	Ghana	Kurofa	Granted
EL232	Uganda	Kaabong	Cessation of working requirements granted in previous years, application pending for 2011
EL233	Uganda	Kotido	Cessation of working requirements granted in previous years, application pending for 2011
EL235	Uganda	ZWA	Cessation of working requirements granted in previous years, application pending for 2011
EL236	Uganda	Nebbi	Cessation of working requirements granted in previous years, application pending for 2011
EL249	Uganda	Kibaale	Cessation of working requirements granted in previous years, application pending for 2011
EL250	Uganda	Kibaale	Cessation of working requirements granted in previous years, application pending for 2011