

ASX Release

Tuesday 31 January 2012

**SIGNATURE METALS
LIMITED**

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Issued Capital:
2,705 million shares

ASX Symbol: SBL

DECEMBER 2011 QUARTERLY REPORT

HIGHLIGHTS

- Progressed off-market scrip for scrip takeover bid by LionGold Corp Ltd (SGX:LIGO).
- The Board of Directors of Signature unanimously recommends that Signature shareholders accept LionGold's Offer in the absence of a superior proposal
- 4,300 ounces of gold doré produced to date with US\$5.5 million received in revenues from gold sales.
- Almost 68,000 tonnes processed in December quarter.
- Crushing plant and gravity circuit fully operational.
- Open pit and alluvial mining being evaluated.
- Results received from RC drilling at Kwakawkaw North:
 - 12 metres at 1.02g/t gold from 88 metres (KGRC0178)
 - including 2 metres at 1.50g/t gold
 - including 5 metres at 1.46g/t gold
 - 2 metres at 5.54g/t gold from 45 metres (KGRC0128)
 - 5 metres at 2.66g/t gold from 19 metres (KGRC0166)
 - including 2 metres at 5.74g/t gold
 - 6 metre at 1.29g/t gold from 73 metres (KGRC0180)
 - including 3 metres at 2.14g/t gold



KONONGO GOLD PROJECT, GHANA

The Konongo Gold Project contains 16 known gold deposits along 12 kilometres of strike of the world class Ashanti Gold Belt in Ghana (Figures 1 and 2). 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; Table 1).

PLANT

During the quarter the Company continued to ramp up production at the Konongo Project. Production to date stands at 4,300 ounces of gold doré smelted with over 1,300 ounces of doré shipped during the quarter and almost 1,200 ounces shipped since 1st January 2012. To date the company has received over US\$5.5 million from sales of gold, including US\$1.54 million received since 1st January 2012.

Almost 68,000 tonnes of ore were processed during the quarter. In general daily throughput was lower than in the September quarter due to difficulties in handling ore with very high moisture contents as well as intentional reductions to test the variation in recoveries at different processing rates. Production is summarised in the table below:

	September Qtr	December Qtr
Tonnes processed	88,271	67,854
Rate (tonnes / day) ¹	1,051	837
Availability	91%	88%
Gold added to Circuit (oz)	1,582	1,966

Gold added to circuit increased from the September quarter reflecting the optimisation work that has been done over the quarter to improve process performance. These improvements can also be seen in the increase in gold dore shipped over the last month. Gold doré is now being shipped weekly. Gold in circuit at the end of December was approximately 28kgs (900 oz).

Plant availability was lower than in the September quarter at 88% but still close to the company's target of 90 - 95%. The primary causes of downtime were excess moisture in mill feed and foreign material blocking or blinding screens and discharge points.

Commissioning of the gravity circuit was completed during the quarter and the first "gravity gold" bar poured.

The crushing circuit is now fully operational with over 5,500 tonnes crushed to date. Commissioning of the crushing circuit commenced in December however issues with the installation were identified resulting in further delays. These were rectified and commissioning of the crusher re-commenced in the first week of January. Boulder stockpiles in the plant area are providing initial crusher feed.



Plant scale trials are currently being carried out to test the performance of the CIL plant when feeding 100% crushed rock as well as trialling a blend of crushed and softer tails material. These trials will allow determination of the appropriate throughput and reagent mix and enable a final decision to be made on the optimum mill feed for the plant. On completion of these trials the Company will be in a position to assess the optimum plant feed and on that basis generate production forecasts and costs as it moves into commercial production. The Company also intends completing more advanced studies into open pit mining over the coming quarters with bulk sampling and trial mining of oxide ores, which can now be treated in full mining simulation with the crushing and gravity recovery plants now fully available.

MINING

Haulage operations returned to normal with the commencement of the dry season.

The primary feed source was changed to the Southern tails area in preference to the Old Konongo Tails Dam as the southern tails have proved to be more amenable to processing.

The Company has commenced trenching across the Boabedroo South Extended pit area to validate the resource model at surface and test the potential to add surface material from this pit into the mill feed immediately, with a view to commencing the Companys first open pit later in 2012. Trenching is also being carried out at Kyereben West to infill and validate results from drilling and trenching in this area and also enable geological mapping to be carried out. This data will be incorporated into a resource model for this area, which can then be evaluated for mining.

EXPLORATION

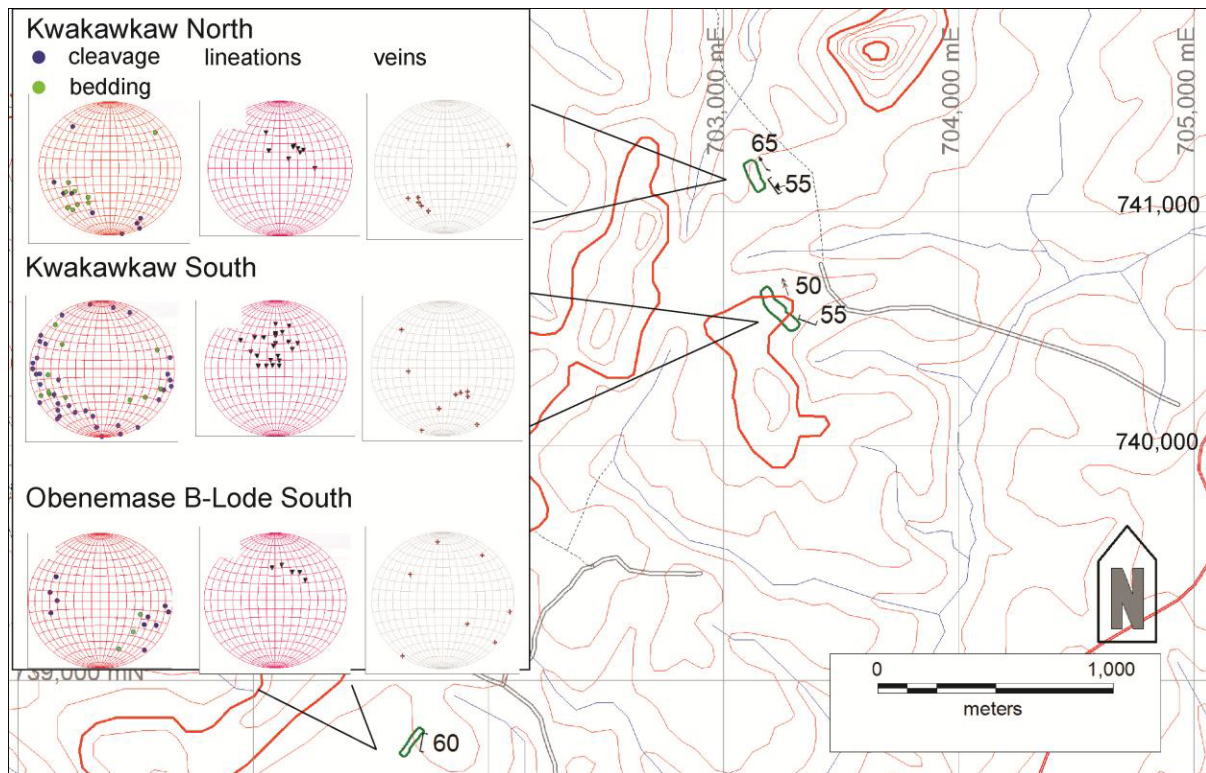
During the quarter the Company received final results RC drilling at the Kwakawkaw Deposits. All results received are listed in Table 2.

At Kwakawkaw 60 holes for 5,482 metres were drilled to test for near surface mineralisation adjacent to the Kwakawkaw North and South pits as well as deeper mineralisation below the previously mined pits. Significant results from the Kwakawkaw South deposit were released in the September Quarterly Report. Results have now been received from the Kwakawkaw North Deposit and intersections greater than 1g/t gold are:

- 12 metres at 1.02g/t gold from 88 metres (KGRC0178)
 - including 2 metres at 1.50g/t gold
 - including 5 metres at 1.46g/t gold
- 2 metres at 5.54g/t gold from 45 metres (KGRC0128)
- 5 metres at 2.66g/t gold from 19 metres (KGRC0166)
 - including 2 metres at 5.74g/t gold
- 6 metre at 1.29g/t gold from 73 metres (KGRC0180)
 - including 3 metres at 2.14g/t gold
- 5 metres at 1.09g/t gold from 36 metres (KGRC0168)
 - including 1 metres at 3.3g/t gold
- 1 metre at 4.17g/t gold from surface (KGRC0184)
- 1 metre at 3.75g/t gold from 40 metres (KGRC0167)
- 1 metre at 1.03g/t gold from 42 metres (KGRC0170)

Results from the drilling at Kwakawkaw South and North indicate that the fresh rock mineralisation is structurally controlled and may not directly relate spatially to the supergene mineralisation. Structural mapping in the Kwakawkaw pits and surrounding outcrops is being carried out to assist interpretation of the drilling at the Kwakawkaw Deposit as well as generation of follow up drill targets. The Birimian succession in the area includes mineralised tuffaceous metasedimentary rocks with a steeply north-plunging lineation related to folding and dextral shearing. Observations to date include asymmetric folding of both bedding and bedding-parallel cleavage, likely approaching fold closure near Kwakawkaw South, as well as the presence of different generations of quartz veins sub-parallel to the early and late cleavages (Figure 3). Low-angle joints were also observed with veining. A later sub-vertical E-W-trending crenulation cleavage is developed at a high angle to earlier structures and is a control on minor reorientation of lineations as well as another phase of veining

Figure 3: Structural measurements from the Kwakawkaw pits and surrounding areas.



Both the NW-SE bedding orientation and the E-W trend are oblique to the orientation of the historical pits (which were delineated based on oxide mineralisation) and these new trends open up new targets away from the historical pits. An example of this is Pkyerekye to the northwest of Kwakawkaw where gold in soil geochemical anomalies are oriented along the same trend as the bedding at Kwakawkaw. In addition the meta-tuffite seen in the field at Pkyerekye is folded and fractured with hydrothermal veining in the same style as seen at Kwakawkaw. However, the rocks at Pkyerekye exhibit the opposite sense of deformation (sinistral). This is consistent with a large-scale folding hypothesis to explain the outcrop pattern in the area. Further mapping is required to constrain the structural and metallogenic history, but early results indicate a strong likelihood of future structural exploration targets in the area.

Exploration for potential mineralised alluvial systems commenced during the quarter. In the Southern Tails area a total of 15 pits were dug and a total of 64 samples taken from both gravel layers and sand layers. A reconnaissance program was also carried out in the Atunsu valley with 28 pits dug. The samples from these pit were concentrated by sluicing on site and then panned to allow visual identification of gold. Results from this work have been sufficiently encouraging for the Company to seek EPA approval to conduct bulk sampling of this material to assess the potential viability of an alluvial operation.

CORPORATE

During the quarter the Company progressed the off-market takeover bid from LionGold Corp Ltd (SGX:LIGO) (“LionGold”) for all the issued and outstanding shares in Signature (“Bid”). As at 25th January LionGold had received acceptances for 703,558,094 shares representing 26.01% of the Company’s issue capital. The offer is not be subject to a minimum acceptance condition.

The Bidder’s Statement and Target Statement, containing full details of the Offer, were despatched to Signature shareholders on the 19th and 28th of December 2011 respectively. Two Supplementary Bidders Statements have been prepared and despatched to shareholders in January.

The Offer has been extended to close on the 12th March 2012 as LionGold is still awaiting SGX approval of the SGX Circular for its Special General Meeting. LionGold expects this approval to be given in late January or early February but with regards meaning that the Special General Meeting could only be held in late February or early March.

Consideration for the transaction will be in LionGold shares, with Signature shareholders offered one (1) LionGold share for every 34 Signature shares (“Offer”). The transaction values Signature at A\$0.02 per share, or approximately A\$54.091 million.

The Offer is **unanimously recommended** by the Signature board in the absence of a superior proposal. The Signature directors have accepted a pre bid Offer for their shares in the absence of a superior proposal.

At 31st December the Company had A\$251,000 cash at bank. As discussed above the Company has received US\$1.54 million from gold sales since this date, with a further payment from the sale of approximately 275 ounces of gold awaited. The Company is now shipping gold doré weekly and believes that future production will generate sufficient cashflow to pay its operating costs.

Bill Oliver
Managing Director
SIGNATURE METALS LIMITED

This release contains certain forward-looking statements. These forward-looking statements are based on management’s expectation and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Signature Metals Limited, that could cause actual results to differ materially from such statements.

Figure 1. Project Location

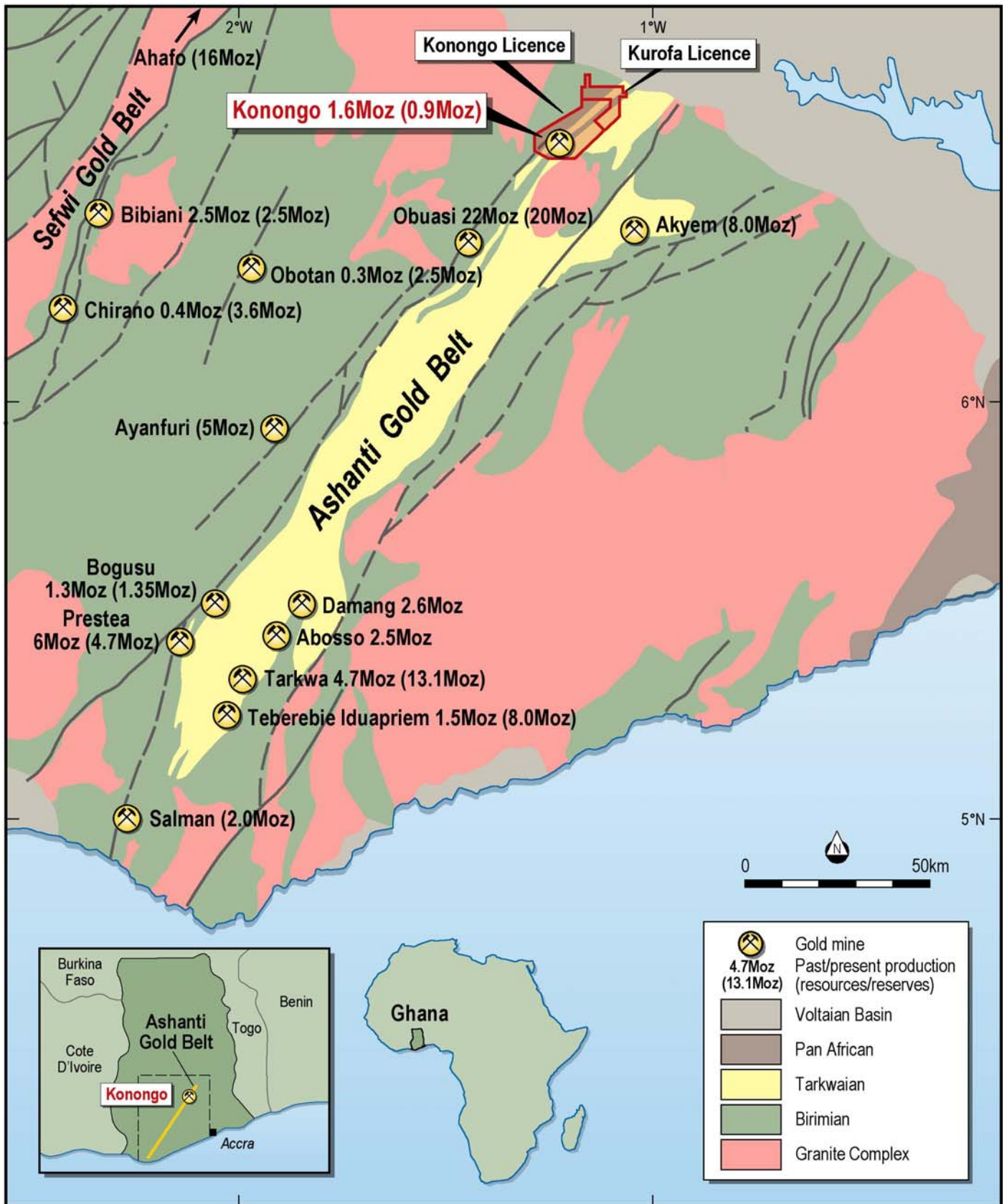


Figure 2. Deposits within the Konongo Gold Project and plant location.

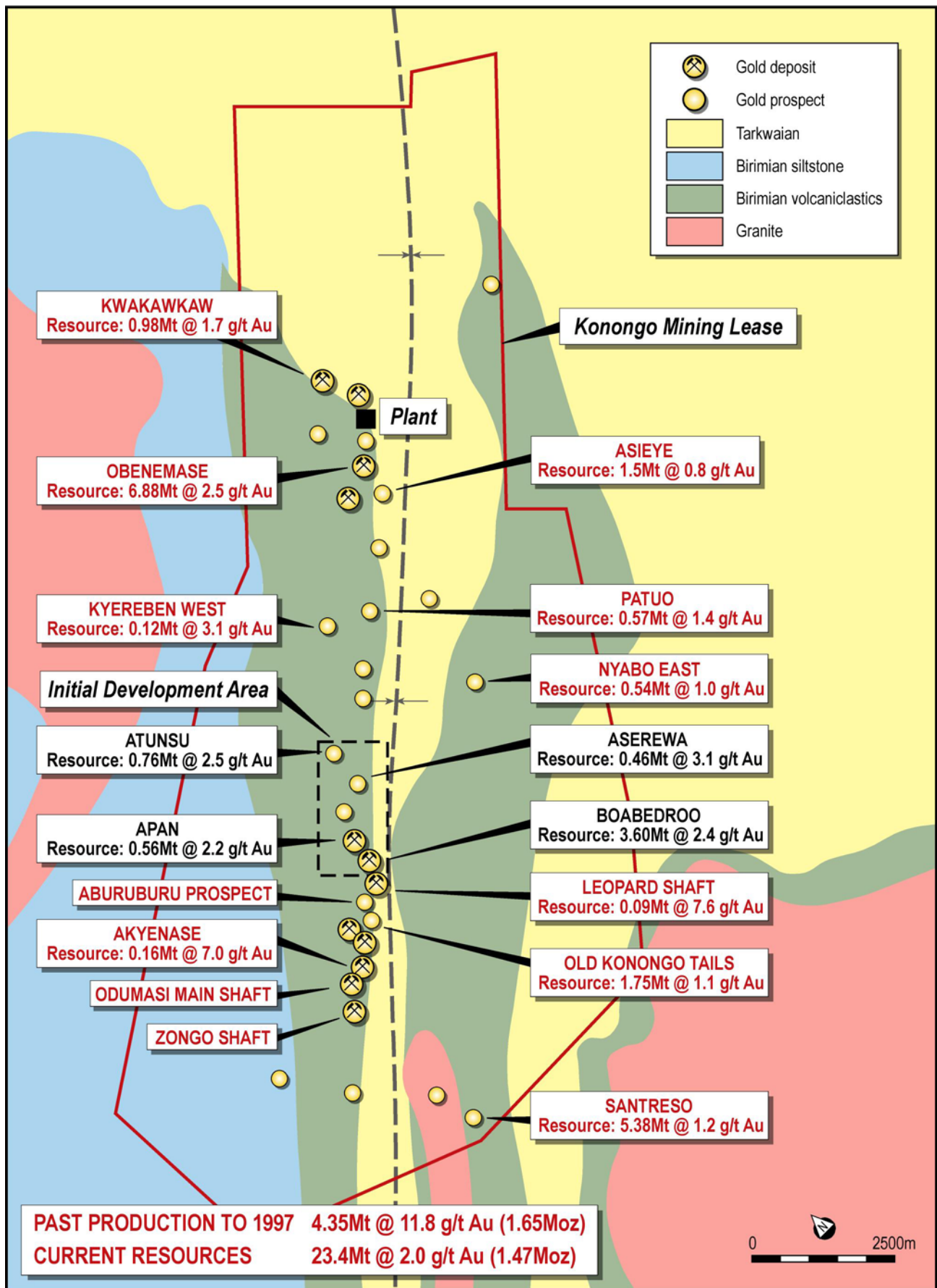


Table 1. Resources contained within the Konongo Gold Project. Re-estimated resources highlighted in bold.

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces
Obenemase				3,802,500	2.91	355,440	3,073,000	2.00	197,630	6,875,500	2.50	553,125
Asieye							1,500,000	0.80	38,580	1,500,000	0.80	38,580
Kwakawkaw							985,000	1.72	54,575	985,000	1.72	54,575
Nyabo East							540,000	1.03	17,940	540,000	1.03	17,940
Patuo				128,000	1.43	5,905	445,000	1.44	20,660	573,000	1.44	26,565
Kyereben West							124,000	3.10	12,360	124,000	3.10	12,360
Aserewa				324,000	2.42	25,130	136,000	4.66	20,355	460,000	3.10	45,485
Atunsu				99,000	2.01	6,415	659,500	2.61	55,435	758,500	2.54	61,850
Apan				39,000	2.03	2,565	526,000	2.22	37,620	565,000	2.21	40,185
Leopard Shaft							95,000	7.55	23070	95,000	7.55	23,070
Boabedro				1,359,000	2.36	103,300	2,244,000	2.36	170,490	3,603,000	2.36	273,790
Akyenase Central				58,000	4.00	7,460	96,000	8.80	27,160	154,000	6.99	34,620
Santreso West				3,520,000	1.20	135,805	810,000	1.25	32,555	4,330,000	1.21	168,360
Santreso South							340,000	1.16	12,680	340,000	1.16	12,680
Santreso East							700,000	1.27	28,615	700,000	1.27	28,615
Old Tailings Dam				1,177,000	1.19	45,050	575,000	0.87	16,100	1,752,000	1.09	61,150
Southern Tails							275,000	1.56	13,795	275,000	1.56	13,795
Total	0	0	0	10,506,500	2.03	687,070	13,123,500	1.85	779,620	23,355,000	1.95	1,466,690

The Mineral Resources presented in this table for the Obenemase, Boabedroo, Aserewa, Atunsu, Apan and Patuo Deposits, as well as for the Old Konongo Tailings Dam is based on information compiled by Mr Peter Ball who is a Member of the Australasian Institute of Mining and Metallurgy and is the Manager of Data Geo. Mr Ball 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 Ball consents to the inclusion of this table in the report in the form and context in which it appears based on the information presented to him.

The Mineral Resources for the Obenemase, Boabedroo, Aserewa, Atunsu, Apan and Patuo Deposits were derived from solid models of mineralised zones defined by geology and Au grade. Au grade was estimated into block models created from these zones using Inverse Distance². Tonnage was assigned by weathering condition (oxide, transition, fresh) using default SG values generated from historical drill core measurements. The Mineral Resources are classified according to geological continuity, grade continuity and geostatistical parameters relating to sample density. The Mineral Resource is reported below the recorded extents of open cut mining at a 1.0g/t cutoff for fresh rock material and a 0.5g/t cutoff for oxide & transition material. Material recorded as being mined by underground methods has also been removed from the Mineral Resource. For tailings material all material is included in the Mineral Resource.

Other Mineral Resources presented in this table have been compiled and reviewed by Mr Bill Oliver from publically stated JORC-compliant information originally prepared in 2005 by RSG Global for Mwana Africa's AIM-listing document. This information, in the opinion of Mr Oliver, complies with the reporting standards of the 2004 JORC Code. 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 a Director of Signature Metals and consents to the inclusion of this table in the form and context in which it appears based on the information presented to him.

Table 3. Significant RC Intersections from Kwakawkaw

Hole Id	Project Grid		Total Depth	Dip	Grid Azimuth	Intercept			
	Easting	Northing				From	To	Interval	Grade Au g/t
KGRC0097	49646	59819	80	-59.6	154	43	45	2	2.50
KGRC0098	49628	59834	90	-60.2	153	16	19	3	0.84
						30	31	1	1.97
						35	36	1	1.37
						49	50	1	2.22
						55	56	1	1.86
KGRC0099	49632	59856	110	-60.1	156	0	2	2	1.10
KGRC0100	49616	59875	70	-59.9	157	28	29	1	1.31
						56	57	1	0.53
KGRC0101	49609	59821	70	-60.5	166	12	17	5	2.09
						29	30	1	0.92
						50	53	3	2.08
KGRC0102	49609	59842	70	-60.3	157	0	10	10	2.48
						40	42	2	3.03
						51	59	8	3.30
KGRC0103	49582	59864	108	-59.6	162	16	23	7	4.82
						43	44	1	0.53
						46	47	1	1.05
						84	88	4	1.59
KGRC0104	49585	59880	126	-60.3	158	76	78	2	1.76
KGRC0105	49561	59864	90	-60.4	163	19	20	1	0.75
						26	28	2	2.06
						51	53	2	0.55
						69	77	8	1.17
						85	88	3	0.54
KGRC0106	49568	59892	60	-60	155	<i>No significant results</i>			
KGRC0107	49574	59920	60	-60	155	<i>No significant results</i>			
KGRC0108	49578	59940	60	-60	155	<i>No significant results</i>			
KGRC0109	49543	59871	84	-60	155	29	31	2	4.11
						40	45	5	1.46
						56	58	2	0.85
						66	68	2	4.3
KGRC0110	49546	59885	120	-61.2	158	3	7	4	0.98
						41	42	1	1.08
						52	54	2	1.44
						76	79	3	1.49
KGRC0110	49546	59885	120	-61.2	158	82	83	1	1.72
KGRC0111	49522	59870	96	-61	156	20	22	2	1.63
						73	76	3	0.95
KGRC0112	49502	59871	102	-61.1	157	8	13	5	3.42
						64	65	1	0.94
KGRC0113	49481	59869	105	-60.9	157	0	4	4	4.47
						7	9	2	1.08
						12	18	6	0.82
						31	35	4	2.62
						66	73	7	2.63
						76	77	1	1.26
						86	91	5	0.82

Hole Id	Project Grid		Total Depth	Dip	Grid Azimuth	Intercept			
	Easting	Northing				From	To	Interval	Grade Au g/t
KGRC0114	49507	59894	135	-61.1	156	30	32	2	0.58
						98	100	2	1.81
KGRC0115	49487	59892	120	-60.2	156	2	7	5	2.5
						11	19	8	1.75
						25	27	2	3.32
						45	46	1	0.78
KGRC0116	49423	60064	90	-60	155	<i>No significant results</i>			
KGRC0117	49527	59992	80	-59.5	156	53	54	1	0.89
KGRC0118	49523	59972	60	-60	155	<i>No significant results</i>			
KGRC0119	49519	59952	60	-60	155	<i>No significant results</i>			
KGRC0120	49518	59954	60	-60	155	<i>No significant results</i>			
KGRC0121	49545	59888	140	-60	155	<i>No significant results</i>			
KGRC0122	49460	59862	103	-60.5	158	4	6	2	0.88
						70	72	2	4.02
KGRC0123	49439	59861	100	-60.8	157	55	62	7	2.01
KGRC0124	49421	59870	100	-61.2	157	66	67	1	0.63
KGRC0125	49392	59933	60	-60.1	157	30	34	4	0.87
						44	48	4	5.01
KGRC0126	49397	59952	75	-60.8	156	52	53	1	0.66
KGRC0127	49231	60141	100	-60	155	<i>No significant results</i>			
KGRC0128	49237	60166	100	-60.3	157	45	47	2	5.54
KGRC0129	49178	60177	100	-60.7	157	1	2	1	0.78
KGRC0130	49194	60157	78	-60.7	157	1	2	1	0.78
KGRC0131	49198	60176	84	-60	155	<i>No significant results</i>			
KGRC0132	49157	60175	90	-60	155	<i>No significant results</i>			
KGRC0133	49143	60202	105	-60	155	<i>No significant results</i>			
KGRC0134	49136	60174	85	-60	155	<i>No significant results</i>			
KGRC0165	49117	601789	110	-60.4	156	19	24	5	2.66
KGRC0166	49096	60172	110	-60.4	156	19	24	5	2.66
KGRC0167	49074	60169	90	-60.8	157	37	38	1	0.69
						40	41	1	3.75
KGRC0168	49055	60171	84	-60.5	157	36	41	5	1.09
KGRC0169	49035	60174	84	-60	155	42	43	1	0.87
KGRC0170	49013	60177	88	-60	155	42	43	1	1.03
KGRC0171	49060	60200	80	-60	155	<i>No significant results</i>			
KGRC0172	49037	60193	100	-60	155	<i>No significant results</i>			
KGRC0173	49019	60196	100	-60	155	<i>No significant results</i>			
KGRC0174	48988	60241	130	-60	155	120	124	4	0.56
KGRC0175	49004	60227	80	-60	155	<i>No significant results</i>			
KGRC0176	48984	60226	100	-60	155	<i>No significant results</i>			
KGRC0177	48947	60243	80	-60	155	<i>No significant results</i>			
KGRC0178	48963	60225	130	-60	155	88	100	12	1.02
KGRC0179	48943	60224	80	-60	155	<i>No significant results</i>			
KGRC0180	48961	60213	90	-60	155	73	79	6	1.29
KGRC0181	48939	60205	80	-60	155	<i>No significant results</i>			
KGRC0182	48935	60185	80	-60	155	<i>No significant results</i>			
KGRC0183	48957	60197	70	-60	155	<i>No significant results</i>			
KGRC0184	48978	60200	80	-60	155	0	1	1	4.17
KGRC0185	48996	60188	90	-60	155	<i>No significant results</i>			

All intersections greater than 1m downhole with grade greater than 0.5g/t are reported and may include up to 2 metres internal waste. Samples are analysed by 50g Fire Assay method at internationally accredited laboratories in Ghana. QA/QC samples are inserted regularly by the Company including certified reference samples, blanks and duplicates and intersections are not reported unless results from these samples meet acceptable standards.

The information in this release 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.