

# **SIGNATURE METALS LIMITED**

## **ABN 86 106 293 190**

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### **ENTITLEMENT ISSUE PROSPECTUS**

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For a pro rata renounceable entitlement issue of one (1) Share for every eight (8) Shares held by Shareholders at an issue price of 2 cents per Share to raise approximately \$3,406,130 (**Entitlement Issue**).

The Entitlement Issue is conditionally fully underwritten by Patersons Securities Limited (AFSL 239052). Refer to Section 8.2 for details regarding the terms of the Underwriting Agreement.

#### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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## 1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

### TIMETABLE AND IMPORTANT DATES\*

Lodgement of Prospectus and Appendix 3B with ASIC	28 September 2010
Notice sent to Shareholders	29 September 2010
Ex Date – rights trading commences	1 October 2010
Record Date for determining Shareholder entitlements	8 October 2010
Prospectus despatched to Shareholders	13 October 2010
Rights trading ceases	20 October 2010
Closing Date of Offer	27 October 2010
Despatch date/Shares entered into shareholders security holdings	5 November 2010

\* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notifying you. You are encouraged to submit your application as soon as possible. Any extension of the Closing Date will have a consequential effect on the date of the issue of the Shares. The Offer does not require the approval of Shareholders.

### IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 28 September 2010 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of this Prospectus is 27 October 2011 (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 4.9, the Company will apply to the ASX for quotation of the Securities offered under this Prospectus. If quotation is granted, the Securities offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

## **KEY RISKS**

The key risks associated with an investment in the Company are outlined in Section 7. A summary of some of the key risks include:

(a) Risk of International Operations

The Company's has projects in Africa, in particular Ghana, Kenya and Uganda. The countries of Ghana, Kenya and Uganda are subject to various political, economic and other uncertainties. Changes, if any, in mining or investment policies or shifts in political attitude in Ghana, Kenya or Uganda may adversely affect the Company's operations or profitability.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia. The

Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

(b) Operating risks

The Company's operations are subject to various operational risks including general geological and mechanical risks associated with exploration and specific weather or climate risks associated with the areas where the Company's operations are located.

(c) Environmental Risks and Regulations

The Company's projects are subject to laws and regulations in the jurisdictions that it operates in regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the Company's mining tenements.

The Company is in the process of obtaining its environmental permit from the Ghanaian Environmental Protection Authority. This permit is required to recommence mining and production from the Company's project. An Environmental Impact Study is due to be submitted to the Environmental Protection Authority this quarter as part of an application to recommence mining and production activities.

(d) Exploration Success

The Company's mineral properties are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's mineral properties, or any other mineral properties that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its mineral properties and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the Company's mineral properties, a reduction in the cash reserves of the Company and possible relinquishment of the mineral properties.

(e) Title Risk

Minerals licences are granted subject to various conditions (including, without limitation, minimum work requirements). Failure to comply with conditions may lead to forfeiture.

All of the mineral properties in which the Company has or may, upon grant, have an interest in will be subject to renewal. If any of the Company's mineral properties is not renewed for any reason the Company may suffer damage through loss of opportunity to develop. The Directors are not aware of any reason why renewal (or grant) of any mineral properties will not occur.

A detailed list of the risks associated with an investment in the Company, including risks related to the Company's business and operations is outlined in Section 7 of this Prospectus. Investors are encouraged to consider the matters outlined in Section 7 when deciding whether to make an investment in the Company.

### **ELECTRONIC PROSPECTUS**

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

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## 2. CORPORATE DIRECTORY

### **Directors**

Mr Matthew Wood  
*Chairman*

Mr Bill Oliver  
*Managing Director*

Mr Timothy Flavel  
*Executive Director*

Mr Stuart Murray  
*Non-Executive Director*

### **Company Secretary**

Mr Scott Funston

### **Registered Office**

Level 1, 33 Richardson Street  
WEST PERTH WA 6005

### **General Enquiries**

Telephone: (08) 9481 0101  
Facsimile: (08) 9200 4469

### **Underwriter and Lead Manager to the Offer**

Patersons Securities Limited  
Level 23, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

### **Share Registry\***

Computershare Investor Services Pty  
Limited  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
PERTH WA 6000

Telephone: 1300 787 272

### **Solicitors**

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### **Auditor\***

Ernst & Young  
11 Mounts Bay Road  
PERTH WA 6000

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

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### 3. CHAIRMAN'S LETTER

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a one (1) for eight (8) renounceable rights issue of Shares to raise up to approximately \$3,406,130 (before expenses) (**Entitlement Issue**).

All Shareholders registered as at 5.00pm (WST) on 8 October 2010 will be entitled to participate in the Entitlement Issue. The price payable on application for each Share is 2 cents.

The Closing Date for acceptances of the Offer is 5.00pm (WST) on 27 October 2010.

Shareholders wishing to subscribe for Shares in excess of their Entitlement are invited to subscribe for the Shortfall. The Entitlement Issue is fully underwritten by Patersons Securities and any Shares not taken up by Shareholders pursuant to the Entitlement Issue and the Shortfall Offer will be allocated to the Underwriter (to a maximum of 170,306,484 Shares). The underwriting of the Entitlement Issue is on standard terms and conditions. A summary of the material terms of the underwriting agreement is set out in Section 8.2 of this Prospectus.

The Directors have indicated that it is their present intention to subscribe for part of their Entitlement under the Offer. The table set out in Section 8.5 summarises the Directors' interests in Securities at the date of this Prospectus.

As announced on 22 September 2010, the Company is undertaking a placement of up to a total of 500,000,000 Shares to sophisticated clients of Patersons Securities (**Placement**). The Placement will take place in two tranches, with the first tranche of 177,000,000 Shares issued prior to the date of this Prospectus (**Tranche 1 Placement Shares**) and the balance of 323,000,000 Shares being subject to Shareholder approval at the Annual General Meeting (**Tranche 2 Placement Shares**).

The Offer will enable Shareholders to maintain their equity in the Company following the issue of the Shares the subject of the Placement and the funds raised pursuant to the Offer and the Placement will provide a significant capital injection for the Company's continued focus on the development and exploration of its Konongo Gold Project, refurbishment and commissioning of the plant, examination of expansion opportunities and general working capital.

The Board takes this opportunity to thank all Shareholders for their support and looks forward to your continued support in the future.

Yours faithfully

**Matthew Wood**  
Chairman



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## **4. DETAILS OF THE OFFER**

### **4.1 Offer**

By this Prospectus, the Company offers for subscription approximately 170,306,484 Shares pursuant to a pro-rata renounceable entitlement issue to Shareholders of one (1) Share for every eight (8) Shares held on the Record Date at an issue price of 2 cents per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to the Offer is approximately 170,306,484. The Offer will raise approximately \$3,406,130 before costs. The purpose of the Offer and the use of funds raised are set out in Section 5 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Offer. The Company currently has 104,999,999 Options on issue as at the date of this Prospectus, which Options may be exercised by the Option holder prior to the Record Date in order to participate in the Offer.

Qualifying Shareholders should be aware that their Entitlement may have value. The Entitlement Issue is renounceable, which allows qualifying Shareholders who do not wish to take up some or all of their Entitlement to sell their Entitlement to the Securities they are not going to take up. Qualifying Shareholders should either take up their Entitlement in whole or in part or deal with their Entitlement as outlined below. You do not need to take up your Entitlement in full. You will receive no benefit if your Entitlement lapses.

### **4.2 Rights Trading**

Entitlements to Shares pursuant to the Offer are renounceable and accordingly, rights will be traded on ASX. Details on how to sell your rights are set out in Section 4.3 below.

### **4.3 How to Accept the Offer**

Your acceptance of the Entitlement Issue must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement. Applications for the Shortfall should be made on the Shortfall Application Form (refer to Section 4.6 below for further information on the Shortfall Offer).

You may participate in the Entitlement Issue as follows:

- (a) if you wish to accept your Entitlement in full:
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
  - (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form or pay via Bpay by following the instructions set out on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:

- (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque for the appropriate application monies (at 2 cents per Share) or pay via Bpay by following the instructions set out on the Entitlement and Acceptance Form; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Alternatively, you can trade your Entitlement rights as follows:

- (a) to sell any or all of your Entitlement you will need to instruct a stockbroker to sell the Entitlement rights which you wish to renounce. If you wish to do so you must instruct your stockbroker by completing the panel headed "Instructions to your Stockbroker" on the back of the Entitlement and Acceptance Form and lodge that form with your stockbroker. Your stockbroker must sell those rights before the rights trading ceases; or
- (b) if you wish to transfer all or part of your rights to another person other than on ASX you must forward a completed renunciation form (which you can obtain by contacting the Company) together with the Entitlement and Acceptance Form.

**If you decide to take up none or part only of your Entitlement, the Directors recommend that you consider selling your remaining Entitlement prior to the close of rights trading at 5.00pm WST on 20 October 2010, rather than do nothing. It is important that Shareholders consider whether to either take up or sell their Entitlement in accordance with the instructions in this Prospectus.**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Signature Metals Limited – Entitlement Offer Account**" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must reach the Share Registry no later than 5.00pm WST on the Closing Date. Alternatively, Applicants may pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPAY).

#### **4.4 Minimum Subscription**

The minimum subscription in respect of the Offer is \$3,406,130 (being the full subscription).

#### **4.5 Underwriting**

The Offer is fully underwritten by Patersons Securities.

Refer to Section 8.2 of this Prospectus for further details of the terms of the underwriting. The potential effect of the underwriting on the Company is set out in Section 8.3 of this Prospectus.

#### **4.6 Shortfall Offer**

If you do not wish to take up any part of your Entitlement or trade your Entitlement rights under the Offer, you are not required to take any action. That

part of your Entitlement not taken up or traded will form part of the Shortfall and will revert to the Underwriter and be treated in accordance with the Underwriting Agreement.

The offer of any Shortfall Shares is a separate offer made pursuant to this Prospectus and will remain open after the Closing Date. The issue price of any Shortfall Shares shall be 2 cents being the price and terms at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

The Directors and the Underwriter reserve the right to allot and issue the Shortfall progressively at the discretion of the Underwriter in conjunction with the Directors.

While the Directors and the Underwriter intend to deal with applications for the Shortfall in a fair and equitable manner, the Underwriter and the Directors reserve the right to allot to an Applicant under the Shortfall Offer a lesser number of Shortfall Shares than the number for which the Applicant applies, or to reject an application, or to not proceed with placing the Shortfall (subject to the Underwriting Agreement).

#### **4.7 Entitlement and Acceptance Form and Shortfall Application Forms are binding**

A completed and lodged Entitlement and Acceptance Form or Shortfall Application Form, together with the application monies for the number of Securities applied for, cannot be withdrawn and constitutes a binding application for the number of Securities specified in the Entitlement and Acceptance Form or Shortfall Application Form on the terms set out in this Prospectus. The Entitlement and Acceptance Form and Shortfall Application Form do not need to be signed to be binding.

If the Entitlement and Acceptance or Shortfall Application Form is not completed correctly, the Company, in its absolute discretion, can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Entitlement and Acceptance Form or Shortfall Application Form or how to construe, amend or complete it is final.

#### **4.8 Rights and liabilities attaching to Shares issued under the Offers**

All Shares issued pursuant to the Offer will, from the time they are issued, rank *pari passu* with all the Company's existing Shares. The rights and liabilities attaching to Shares issued under the Offer are set out in Section 6 of this Prospectus.

#### **4.9 ASX Listing**

Application for official quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of this Prospectus, (or such period as modified by the ASIC), the Company will not issue any Shares and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

#### **4.10 Allotment of Shares**

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Shares on the basis of a Shareholder's Entitlement. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

#### **4.11 Overseas Shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

It is the responsibility of applicants outside Australia and New Zealand to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

#### **4.12 Taxation Implications**

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Securities offered pursuant to this Prospectus.

#### **4.13 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share certificates. The Company participates in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **4.14 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

#### **4.15 Withdrawal of Offer**

The Company, in consultation with the Underwriter, reserves the right not to proceed with the Offer at any time before the issue of the Securities to qualifying Shareholders. If the Offer does not proceed, the Company will return all application monies, without interest, as soon as practicable after giving notice of its withdrawal.

#### **4.16 Enquiries**

Shareholders with queries in relation to the Offer may contact the Company Secretary, Scott Funston, on +61 8 9481 0101.

## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$3,406,130 (before expenses) and to remove any trading restrictions that may have attached to Shares issued or to be issued by the Company pursuant to the Placement. The proceeds of the Offer are planned to be used in accordance with the table set out below:

<b>Proceeds of the Offer</b>	<b>\$</b>
Exploration of the Konongo Gold Project	1,500,000
Plant refurbishment and commissioning	375,000
Upgrade site infrastructure and ore haulage	500,000
Metallurgical testwork and expansion studies	300,000
Working Capital	536,130
Expenses of the Offer <sup>1</sup>	195,000
<b>Total</b>	<b>3,406,130</b>

#### Notes:

1. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

In conjunction with the Offer, the Company will raise further capital pursuant to the Placement. The Company intends to use the funds raised pursuant to the Placement (being up to \$10,000,000 before costs) as follows:

#### Tranche 1

<b>Proceeds of Tranche 1 Placement Shares</b>	<b>\$</b>
Exploration of the Konongo Gold Project	500,000
Plant refurbishment and commissioning	1,750,000
Upgrade site infrastructure and ore haulage	250,000
Metallurgical testwork and expansion studies	100,000
Working Capital	690,000
Expenses of Tranche 1 of the Placement <sup>1</sup>	250,000
<b>Total</b>	<b>3,540,000</b>

#### Notes:

1. Refer to Section 8.3 of this Prospectus for further details relating to the estimated expenses of the Placement.

## Tranche 2

<b>Proceeds of Tranche 2 Placement Shares <sup>2</sup></b>	<b>\$</b>
Exploration of the Konongo Gold Project	3,000,000
Plant refurbishment and commissioning	375,000
Upgrade site infrastructure and ore haulage	750,000
Metallurgical testwork and expansion studies	600,000
Working Capital	1,390,000
Expenses of Tranche 2 of the Placement <sup>1</sup>	345,000
<b>Total <sup>2</sup></b>	<b>6,460,000</b>

### Notes:

1. Refer to Section 8.3 of this Prospectus for further details relating to the estimated expenses of the Placement.
2. The issue of the Tranche 2 Placement Shares is subject to the receipt of Shareholder approval at the Annual General Meeting. In the unlikely event that Shareholders do not approve the issue of the Tranche 2 Placement Shares, the Company will have sufficient working capital to carry out its stated objectives.

## 5.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$3,211,130 immediately after completion of the Offer after deducting the estimated expenses of the Offer; and
- (b) increase the number of Shares on issue from 1,362,451,868, to approximately 1,532,758,352 Shares following completion of the Offer.

## 5.3 Consolidated Statement of Financial Position

The unaudited Statement of Financial Position as at 30 June 2010 and the unaudited Pro Forma Statement of Financial Position as at 30 June 2010 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares pursuant to the Offer in this Prospectus are issued and the Tranche 1 Placement Shares have been issued.

The unaudited Statements of Financial Position have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

**Consolidated Statement of Financial Position and Pro Forma Statement of Financial Position as at 30 June 2010 <sup>1</sup>**

		Unaudited pro forma
	As at 30 June 2010	As at 30 June 2010
<b>Current Assets</b>		
Cash	3,682,477	10,183,606
Receivables	555,656	555,656
<b>Non Current Assets</b>		
Plant & equipment	725,127	725,127
Exploration properties	9,096,752	9,096,752
<b>TOTAL ASSETS</b>	<b>14,060,012</b>	<b>20,561,141</b>
<b>Current Liabilities</b>		
Creditors & borrowings	964,882	964,882
Provisions	41,522	41,522
<b>Non Current Liabilities</b>		
Provisions	445,866	445,866
<b>TOTAL LIABILITIES</b>	<b>1,452,270</b>	<b>1,452,270</b>
<b>NET ASSETS</b>	<b>12,607,742</b>	<b>19,108,871</b>
Share Capital	30,190,770	36,691,899
Reserves	4,031,658	4,031,658
Retained Losses	(22,536,556)	(22,536,556)
Outside Equity Interests	921,870	921,870
<b>TOTAL SHAREHOLDER EQUITY</b>	<b>12,607,742</b>	<b>19,108,871</b>

**Notes:**

1. Included in pro forma share capital is the value of 177,000,000 Shares (being the Tranche 1 Placement Shares) issued to professional and sophisticated clients of Patersons Securities on 28 September 2010 as part of the Placement. The issue of the remaining 323,000,000 Shares (being the Tranche 2 Placement Shares) are subject to the receipt of Shareholder approval at the Annual General Meeting and have not been included in the above pro forma share capital. Refer to Section 8.3 for further details of the Placement.



## Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

### Shares

	Number
Shares on issue at date of Prospectus <sup>1</sup>	1,362,451,868
Shares offered pursuant to the Offer	170,306,484
<b>Total Shares on issue after completion of the Offer <sup>1</sup></b>	<b>1,532,758,352</b>

### Options

	Number
Unlisted exercisable at \$0.65 on or before 14 April 2011	333,333
Unlisted exercisable at \$0.65 on or before 14 April 2012	333,333
Unlisted exercisable at \$0.65 on or before 14 April 2013	333,333
Unlisted exercisable at \$0.03 on or before 28 September 2012	20,000,000
Unlisted exercisable at \$0.03 on or before 14 November 2012	9,000,000
Unlisted exercisable at \$0.015 on or before 31 December 2012	55,000,000
Unlisted exercisable at \$0.02 on or before 31 December 2013	20,000,000
<b>Total Options on issue after completion of the Offer <sup>2</sup></b>	<b>104,999,999</b>

### Notes:

1. Includes 177,000,000 Shares (being the Tranche 1 Placement Shares) issued to professional and sophisticated clients of Patersons Securities on 28 September 2010 as part of the Placement. Does not include the remaining 323,000,000 Shares (being the Tranche 2 Placement Shares) which remain subject to Shareholder approval at the Annual General Meeting. Refer to Section 8.3 for further details of the Placement and the issue of these Shares.
2. 104,999,999 of these Options may be exercised by the Option holders prior to the Record Date in order to participate in the Entitlement Issue.

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## **6. RIGHTS AND LIABILITIES ATTACHING TO THE SHARES**

### **6.1 Terms of Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **6.2 General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

### **6.3 Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

### **6.4 Dividend Rights**

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the

Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

## **6.5 Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

## **6.6 Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

## **6.7 Future Increase in Capital**

The allotment and issue of any Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

## **6.8 Variation of Rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

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## **7. RISK FACTORS**

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **7.1 Operating Risks**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated operational and technical difficulties encountered in, drilling and production activities;
- (d) failure to achieve predicted ore grade in mining and processing or ore;
- (e) metallurgical problems which affect recovery rates and costs;
- (f) difficulties in commissioning and operating plant and equipment;
- (g) mechanical failure of operating plant and equipment;
- (h) industrial and environmental accidents, industrial disputes and other force majeure events;
- (i) unavailability of drilling equipment to undertake geological investigations;
- (j) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (k) inability to obtain necessary consents or approvals.

### **7.2 Title Risks**

Tenements are granted subject to various conditions including, but not limited to, expenditure conditions. Failure to comply with these conditions may expose the tenements to forfeiture.

All of the tenements in which the Company has or will have an interest will be subject to application for renewal from time to time. The renewal of the term of each tenement is subject to the applicable legislation in that jurisdiction. If a tenement is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement. However, the Directors are not aware of any reason why renewal of the term of any tenements will not be granted.

### **7.3 Environmental Risks and Regulations**

The Company's projects are subject to laws and regulations in the jurisdictions that it operates in regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the Company's mining tenements.

The Company is in the process of obtaining its environmental permit from the Ghanaian Environmental Protection Authority. This permit is required to recommence mining and production from the Company's project. An Environmental Impact Study is due to be submitted to the Environmental Protection Authority this quarter as part of an application for this permit to recommence mining and production activities.

### **7.4 Risk of International Operations**

The Company's has projects in Africa, in particular Ghana, Kenya and Uganda.

The countries of Ghana, Kenya and Uganda are subject to various political, economic and other uncertainties, including, among other things, the risks of war and civil unrest, expropriation, nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, taxation policies, foreign exchange and repatriation restrictions, changing political conditions, international monetary fluctuations, currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in Ghana, Kenya or Uganda may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company's operations.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

## **7.5 Economic Risks**

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation, have an impact on operating costs, commodity prices, the parameters in which the Company may operate and stock market prices. Factors that may be beyond the control of the Company include:

- (a) general economic conditions in Australia and Ghana, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- (b) financial failure or default by a participant in any joint venture or other contractual relationship to which the Company is, or may become, a party;
- (c) insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- (d) industrial and landholder disputes.

These as well as other conditions can affect the Company's future possible revenues and price of its Securities.

## **7.6 Market Conditions**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

## **7.7 Security Investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

## **7.8 Legislative Changes, Government Policy and Approvals**

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the relevant mining legislation may impact on the Company's actual financial statements. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

## **7.9 Future Capital Requirements**

The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business

strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

#### **7.10 Reliance on Key Personnel and Employees**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

#### **7.11 General Risks**

The value of the Company's Securities is affected by a number of general factors which are beyond the control of the Company and its Directors.

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices, local and international economic conditions and general investor sentiment.

The Company's Share price can be afflicted by these factors which are beyond the control of the Directors.

#### **7.12 Exploration Success**

The Company's mineral properties are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's mineral properties, or any other mineral properties that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its mineral properties and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a

diminution in the value of the Company's mineral properties, a reduction in the cash reserves of the Company and possible relinquishment of the mineral properties.

### **7.13 Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

There can be no guarantee that the Company will be able to convert the results from previous exploration into classification under the JORC code.

### **7.14 Commodity Price Volatility and Exchange Rate Risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Ghanaian and Australian currencies, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar and the Ghanaian cedi as determined in international markets.

### **7.15 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.



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## **8. ADDITIONAL INFORMATION**

### **8.1 Continuous Disclosure Obligations**

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2009 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the

year ended 30 June 2009 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2009 audited financial statements:

<b>Date</b>	<b>Description of Announcement</b>
28/09/2010	Appendix 3B - Placement
22/09/2010	Rights Issue and Placement to Raise up to \$13.4M
20/09/2010	Trading Halt
13/09/2010	Exploration Update
10/09/2010	Boardroom Radio Presentation - Africa Down Under Conference
08/09/2010	Manganese Discovery at Konongo Project
06/09/2010	Initial Results from Expansion Study
03/09/2010	Investor Presentation
11/08/2010	Boardroom Radio Interview
09/08/2010	Excellent Drilling Results Boabedroo South
30/07/2010	Quarterly Activities Report
30/07/2010	Quarterly Cashflow Report
29/07/2010	Plant Refurbishment Update
27/07/2010	Excellent Drill Results Boabedroo South
14/07/2010	Konongo Mining License Extended
09/07/2010	Plant Refurbishment Commences
09/07/2010	Notice of Ceasing to be a Substantial Holder
06/07/2010	Drilling Results Konongo Gold Project
22/06/2010	Appendix 3B

18/06/2010	Results of Meeting
27/05/2010	Updated Appendix 3B - Placement
21/05/2010	Further High Grade Results Konongo Gold Project
20/05/2010	Investor Presentation
19/05/2010	Notice of Meeting
19/05/2010	Appendix 3B
19/05/2010	Disclosure Document
19/05/2010	Reinstatement to Official Quotation
19/05/2010	Placement to Raise \$5 Million
30/04/2010	Quarterly Activities Report
30/04/2010	Quarterly Cashflow Report
20/04/2010	Suspension from Official Quotation
19/04/2010	Trading Halt
12/04/2010	Response to ASX Price Query
29/03/2010	First RC Drilling Results Konongo Gold Project
16/03/2010	Half Year Accounts
05/03/2010	JORC Resource for Old Konongo Tailings Dam - Amended
05/03/2010	JORC Resource for Old Konongo Tailings Dam
23/02/2010	Investor Presentation
16/02/2010	JORC Resource Upgraded to Over 1.2M Oz Contained Gold
29/01/2010	Quarterly Activities Report
29/01/2010	Quarterly Cashflow Report
19/01/2010	Drilling Results from Tailings Dam Konongo Gold Project
18/01/2010	Appointment of Environmental Consultants
14/01/2010	2010 Drilling Commences Konongo Gold Project
12/01/2010	Notice of Ceasing to be a Substantial Holder
11/01/2010	\$1.7M Raised Through Exercise of Options
11/01/2010	Appendix 3B
11/01/2010	Notice of Initial Substantial Holder

11/01/2010	Unlisted Options Expired
11/01/2010	Change of Directors Interest Notice x 2
22/12/2009	Becoming a substantial holder
22/12/2009	Appendix 3B
21/12/2009	Acquisition of Konongo Gold Project Completed
15/12/2009	Exceptional Drill Results Konongo Gold Project
11/12/2009	Change of Director`s Interest Notice * 4
11/12/2009	Appendix 3B
26/11/2009	Results of Annual General Meeting
26/11/2009	Investor Update - AGM Presentation
24/11/2009	Appendix 3B
18/11/2009	Drilling Update
12/11/2009	Appendix 3B
12/11/2009	Notice of Change of Interests of Substantial Holder
09/11/2009	Investor Presentation
26/10/2009	Quarterly Activities Report
26/10/2009	Quarterly Cashflow Report
23/10/2009	Notice of Change of Interests of Substantial Holder
23/10/2009	Top 20 Shareholders
23/10/2009	Appendix 3B
23/10/2009	Change of Director`s Interest Notice x 3
22/10/2009	Appointment of Project Manager
21/10/2009	Change of Interests of Substantial Shareholder
20/10/2009	High Grade Drilling Results
19/10/2009	Top 20 Shareholders
19/10/2009	Updated Appendix 3B Non Renounceable Entitlements Offer
14/10/2009	Completion of Entitlement Offer
13/10/2009	Shallow High Grade Gold Intersected Konongo Gold Project
12/10/2009	Notice of Annual General Meeting / Proxy Form

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.signaturemetals.com.au](http://www.signaturemetals.com.au).

## 8.2 Underwriting Agreement

Pursuant to an agreement between Patersons Securities (**Underwriter**) and the Company (**Underwriting Agreement**), the Underwriter agreed to fully underwrite the Offer for 170,306,484 Shares.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter the following fees in relation to the Offer:

- (a) an underwriting fee of 4% exclusive of GST of the amount raised pursuant to the Offer; and
- (b) a Management Fee of 1% exclusive of GST of the amount raised pursuant to the Offer in consideration for managing the Offer.

The Underwriting Agreement is conditional upon the Underwriter obtaining satisfactory sub-underwriting of the Offer.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **Indices fall:** the All Ordinaries Index (IRESS XAO.ASX) as published by ASX is at any time after the date of the Underwriting Agreement is 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (b) **Share price:** The closing price of Shares as quoted by ASX is less than the price per Share offered under this Prospectus;
- (c) **Prospectus:** the Company does not lodge the Prospectus on 28 September 2010 or the Prospectus or the Offer is withdrawn by the Company;
- (d) **No Official Quotation:** Official Quotation has not been granted for all the Shares by the date designated by the Underwriter in the Underwriting Agreement or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (e) **Supplementary prospectus:**
  - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of new circumstance occurring, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement

prospectus in such form and content and within such time as the Underwriter may reasonably require; or

- (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;
- (f) **Non-compliance with disclosure requirements:** it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act;
- (g) **Misleading Prospectus:** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from this Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in this Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of this Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (h) **Restriction on allotment:** the Company is prevented from allotting the Shares and Options within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (i) **Withdrawal of consent to Prospectus:** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (j) **ASIC application:** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus and at the deadline for the issuing of the shortfall notice by the Company to the Underwriter, that application has not been dismissed or withdrawn;
- (k) **ASIC hearing:** ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- (l) **Takeovers Panel:** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (m) **Hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

- (n) **Authorisation:** any authorisation which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (o) **Indictable offence:** a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence;
- (p) **Sub-underwriters:** any of the sub-underwriters that are introduced by the Company do not comply with its obligation under the sub-underwriting agreements or threaten to not comply with all of its respective obligations under the sub-underwriting agreements with the Underwriter;
- (q) **Termination Events:** any of the following events occurs where the Underwriter determines, acting in good faith, that the event has had a material adverse effect (as defined in the Underwriting Agreement) or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:
  - (i) **Default:** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
  - (ii) **Incorrect or untrue representation:** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
  - (iii) **Contravention of constitution or Act:** a contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (iv) **Adverse change:** an event occurs which gives rise to a Material Adverse Effect (as defined in the Underwriting Agreement) or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or its subsidiaries including, without limitation, if any forecast in this Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
  - (v) **Error in Due Diligence Results:** it transpires that any of the results of the due diligence or any part of the verification materials compiled was false, misleading or deceptive or that there was an omission from them;
  - (vi) **Significant change:** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
  - (vii) **Public statements:** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus;
  - (viii) **Misleading information:** any information supplied at any time by the Company or any person on its behalf to the Underwriter

in respect of any aspect of the Offer or the affairs of the Company or its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;

- (ix) **Official Quotation qualified:** the Official Quotation is qualified or conditional other than as agreed by the Underwriter in the Underwriting Agreement;
- (x) **Change in Act or policy:** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any legislation or prospective legislation or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **Prescribed Occurrence:** a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs;
- (xii) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (xiii) **Event of Insolvency:** an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or its subsidiaries;
- (xiv) **Judgment against the Company or a subsidiary:** a judgment in an amount exceeding \$50,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
- (xv) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any subsidiary, other than any claims foreshadowed in the Prospectus;
- (xvi) **Board and senior management composition:** there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Underwriting Agreement without the prior written consent of the Underwriter;
- (xvii) **Change in shareholdings:** there is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or its subsidiaries;
- (xviii) **Timetable:** there is a delay in any specified date in the timetable which is greater than 7 Business Days;
- (xix) **Force Majeure:** a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xx) **Certain resolutions passed:** the Company or any subsidiary passes or takes any steps to pass a resolution under section



254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;

- (xxi) **Capital Structure:** the Company or any subsidiary alters its capital structure in any manner not contemplated by this Prospectus;
- (xxii) **Breach of Material Contracts:** a material contract is terminated or substantially modified;
- (xxiii) **Investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any subsidiary; or
- (xxiv) **Market Conditions:** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

### 8.3 Mandate Agreement

As announced on 22 September 2010, the Company entered a mandate agreement (as varied) with Patersons Securities (**Mandate Agreement**) pursuant to which Patersons Securities agreed to place 500,000,000 Shares by way of a placement to sophisticated investors (**Placement**).

In consideration for assisting the Company in undertaking the Placement the Company has agreed to pay Patersons Securities:

- (a) a corporate advisory fee of \$60,000 exclusive of GST;
- (b) an placement fee of 4% exclusive of GST of the amount raised pursuant to the Placement; and
- (c) a Management Fee of 1% exclusive of GST of the amount raised pursuant to the Placement in consideration for managing the Placement.

In accordance with the terms of the Mandate Agreement, the Shares the subject of the Placement are to be issued in the following tranches:

- (a) 177,000,00 Shares to be issued under the Company's existing 15% capacity under Listing Rule 7.1 (being the Tranche 1 Placement Shares); and
- (b) 323,000,000 Shares to be issued following the receipt of Shareholder approval in respect of the relevant resolution at the Annual General Meeting (being the Tranche 2 Placement Shares).

177,000,000 Shares (being the Tranche 1 Placement Shares) were issued on 28 September 2010.

## 8.4 Disclosure of Underwriting on Voting Power

As set out above, the Offer is fully underwritten by Patersons Securities.

As detailed in Section 8.6, as at the date of this Prospectus, the Underwriter does not currently have a relevant interest in any Securities and therefore will not have any Entitlement under the Offer.

The Underwriter has advised the Company that it has, or will, agree to allocate the Shortfall to its clients and sub-underwriters such that neither the Underwriter, the sub-underwriters nor any of the Underwriter's clients, individually, will have a voting power in the Company in excess of 20% after the issue of the Shortfall. Therefore, if the Underwriter is required to subscribe for the Shortfall under the Offer, in practical terms, the Underwriter will not obtain control (or a significant shareholding in the Company) of the Company as a result of the Underwriter underwriting the Offer.

## 8.5 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in Securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement
Bill Oliver	1,312,500	10,000,000	164,062
Matthew Wood	58,062,115	20,000,000	7,257,764
Timothy Flavel	21,750,000	20,000,000	2,718,750
Stuart Murray	Nil	25,000,000	Nil

### Notes:

1. Assumes none of the Options held by the Directors as at the date of this Prospectus are exercised prior to the Record Date
2. Each of the Directors has indicated that it is their present intention to subscribe for

part of their Entitlement under the Offer.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

If any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of directors' fees.

The table below sets out the expected annual remuneration payable to the Directors for the current financial year, inclusive of directors' fees and consultancy fees.

<b>Director</b>	<b>Current Financial Year</b>
Bill Oliver	\$200,000
Matthew Wood	\$96,000
Timothy Flavel	\$72,000
Stuart Murray	\$30,000

The Company paid to the Directors a total of \$266,200 for the year ended 30 June 2009 and \$217,500 for the year ended 30 June 2008. The Directors have been paid fees totalling \$66,000 from the end of the previous financial year until the date of this Prospectus.

## **8.6 Interests and Consents of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or

to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Patersons Securities has given and has not withdrawn its consent to being named as Underwriter and Lead Manager to the Offer in the Corporate Directory of this Prospectus in the form and context in which it is named. Patersons Securities has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Patersons Securities will be paid a corporate advisory fee of \$60,000 (in respect of the Offer and the Placement), a management fee of \$29,636 and an underwriting fee of approximately \$118,545. In addition Patersons Securities will be paid a placement fee of \$400,000 and a management fee of \$100,000 in relation to the Placement. Other than set out above, in the past two years, Patersons Securities has not been paid a fee by the Company. As at the date of this Prospectus, Patersons Securities does not have a relevant interest in any Securities.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus. . In the past two years, Steinepreis Paganin has been paid approximately \$39,500 in fees by the Company.

## **8.7 Legal Proceedings**

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

## **8.8 Estimated Expenses of Offer**

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC Fees	2,068
ASX Fees	10,315
Underwriting Fee	136,245
Management Fee	34,061
Legal Expenses	10,000
Printing and Other Expenses	2,311
<b>Total</b>	<b><u>195,000</u></b>

## **8.9 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.029 on 9 September 2010

Lowest: \$0.017 on 3 September 2010

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.022 on 27 September 2010.

#### **8.10 Electronic Prospectus**

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

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**9. AUTHORITY OF DIRECTORS**

**9.1 Directors' Consent**

Each of the Directors of Signature Metals Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act

Dated the 28<sup>th</sup> day of September 2010

A handwritten signature in black ink, appearing to read 'Timothy Flavel', is written over a horizontal line.

**Timothy Flavel  
Director  
For and on behalf of  
SIGNATURE METALS LIMITED**

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## 10. DEFINITIONS

**Annual General Meeting** means the annual general meeting of the Company to be held on or around 4 November 2010 (or any adjournment of that meeting).

**Applicant** means a Shareholder who applies for Securities pursuant to the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC Settlement Rules** means the settlement rules of the securities clearing house which operates CHESS.

**ASX** means the ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires).

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Closing Date** means the closing date of the Offer, being 5.00pm (WST) on 27 October 2010 (unless extended).

**Company** means Signature Metals Limited (ABN 86 106 293 190).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001*(Cth).

**Directors** means the directors of the Company at the date of this Prospectus.

**Dollar** or "\$" means Australian dollars.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement Issue** means the issue of Shares offered by this Prospectus.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Listing Rules** or **ASX Listing Rules** means the Listing Rules of the ASX.

**Offer** means the renounceable entitlement offer pursuant to this Prospectus of one (1) Share for every eight (8) Shares held by a Shareholder on the Record Date to raise \$2,963,629.

**Official List** means the official list of ASX.

**Option** means an option to acquire a Share.

**Placement** means the placement of up to 500,000,000 Shares at \$0.02 each to raise up to \$10,000,000 (being the Tranche 1 Placement Shares and the Tranche 2 Placement Shares).

**Prospectus** means this prospectus.

**Qualifying Shareholders** means all Shareholders at 5.00pm (WST) on the Record Date whose registered addresses are in Australia and New Zealand.

**Quotation** and **Official Quotation** means official quotation on ASX.

**Record Date** means 5.00pm (WST) on 8 October 2010.

**Related Corporation** has the meaning given to that term in the Corporations Act.

**Securities** means Shares and/or Options.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Share Registry** means Computershare Investor Services Pty Limited.

**Shortfall** means those Shares under the Offer not applied for by Shareholders under their Entitlement.

**Shortfall Application Form** means the shortfall application form attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer to existing Shareholders as described in Section 4.6.

**Tranche 1 Placement Shares** means 177,000,000 Shares issued to professional and sophisticated clients of Patersons Securities on 28 September 2010.

**Tranche 2 Placement Shares** means up to 323,000,000 Shares to be issued to professional and sophisticated clients of Patersons Securities subject to the receipt of Shareholder approval at the Annual General Meeting.

**Underwriter** or **Patersons Securities** means Patersons Securities Limited (ABN 69 008 896 311).

**WST** means Western Standard Time.