



ASX Release

13 January 2014

SIGNATURE METALS LIMITED

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ASX: SBL

Directors :

Raymond Tan – Non-Executive Chairman

Peter Chen – Executive Director

Roland Selvanayagam – Non-Executive Director

Denis Clarke – Non-Executive Director

Chief Executive Officer:

Chris Gbyl

Company Secretary:

Catherine Officer

Issued Capital:

2,760 million shares

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HIGHLIGHTS

- Owere Mines Limited (70% owned by Signature Metals Limited) has signed a formal agreement with B&C Gold under which Owere will purchase and process gold bearing waste tailings, thus formalising the Heads of Agreement announced on 22 November 2013
- Delivery of Tailings is expected to commence in January 2014, with production expected to commence in March 2014
- 1,000,000 tonnes of Tailings averaging 3g/t gold are to be supplied over the term of the agreement
- Owere Mines will fully utilise its existing plant and equipment which currently has an annual processing capacity of 320,000 tonnes of ore
- Income from gold produced under the agreement is anticipated to sustain exploration activities at Owere Mine's 100% owned Konongo Gold Project through to production

Signature Metals Limited (**Signature**) is pleased to announce that Owere Mines Limited (**Owere**), in which Signature owns 70%, has formalised its agreement with B & C Gold Pty Ltd (**B & C**), which was first announced on 22 November 2013, to procure and process gold bearing waste tailings.

B&C, an Australian registered company, and its related entities have had over 8 years of experience within Ghana in operating and exploring gold mining and related business opportunities. B&C's subsidiary has entered into environmental clean-up agreements with Ghana's Apragya Stool Council and Nyafoman Stool Council to remove all gold bearing waste tailings from river and stream systems within the councils' land.

Gold bearing waste tailings are materials which remain from previous gold mining operations and may pose a threat to the environment and health of nearby communities. Over time and with technological improvements, companies such as Owere have developed capabilities and techniques to reprocess these tailings profitably to recover additional minerals.

The Agreement

Under the Agreement, B&C will supply and sell to Owere 1 million dry metric tonnes of gold bearing tailings which meet certain quality criteria. B&C will be responsible for all costs and approvals associated with the mining, extraction, blending and delivery of the tailings to Owere Mines. Owere will in turn, pay B&C an aggregate purchase price (in two tranches, the first at delivery and the second upon processing) based on the quantity delivered, gold grade and recovery factor of the tailings, and the monthly average gold price. Owere Mines will be responsible for treatment and processing of the tailings and recovery of gold thereafter, and will receive associated income from the gold produced, net of associated costs and the purchase price of the tailings.

Delivery of the first parcel of Tailings is expected to commence in January 2014 with processing expected to commence in March 2014, subject to operational readiness of the plant and tailings dam facility.

The Agreement provides for a trial period and requires the Tailings to meet certain Quality Criteria, including a gold grade of not less than 2 grams per dry metric tonne. The Agreement also provides for annual reviews by Owere.

Since March 2013, Owere has ceased trial mining activities and reverted to an aggressive exploration programme to fast-track an assessment of the more extensive high-grade refractory sulphide gold ore underground. Its existing processing plant, which has an annual processing capacity of 320,000 tonnes of ore, has since been put on care and maintenance. The agreement will allow Owere to fully utilise its existing plant and equipment, which have the capabilities to process surface oxide ore, while it continues its exploration at its 100% owned Konongo Gold Project. Income from gold produced under the agreement is expected to sustain exploration activities at the Konongo Gold Project through to production.

Meanwhile, exploration activities at the Konongo Gold Project have progressed well as diamond drilling returned excellent results, with multiple high-grade gold mineralised intersections. Importantly, as of 30 September 2013, the Konongo Gold Project has identified a 200m extension of gold mineralisation at the Obenemase Deposit. Gold mineralisation is expected to continue beyond the depth reached by the recent drill holes. The full extent of the deposit's gold mineralisation is yet to be determined and drilling is ongoing but is on-track to be included in the Project's latest scoping study.

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