



ABN 86 106 293 190

Half-year Financial Report
31 December 2010

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

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Share Registry

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Telephone: + 61 8 9323 2000

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Auditors

Ernst & Young

11 Mounts Bay Road

PERTH WA 6000 Australia

Stock Exchange

Australian Stock Exchange

(Home Exchange: Perth, Western Australia)

ASX Code: SBL

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DIRECTORS' REPORT

The directors of Signature Metals Limited submit the half-year financial report of the consolidated entity for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Matthew Wood	Chairman
Mr Bill Oliver	Managing Director
Mr Timothy Flavel	Executive Director
Mr Stuart Murray	Non-Executive Director

Results

The loss after tax for the half year ended 31 December 2010 was \$1,398,108 (31 December 2009 loss of \$570,355).

Review of Operations

The Company's operations have focussed on developing the Konongo Gold Project, located in the world class Ashanti Gold Belt of Ghana.

The Konongo Gold Project contains 16 known gold deposits along 12 kilometres of strike of the world class Ashanti Gold Belt in Ghana. The project currently contains almost 1.47 million ounces of gold in JORC compliant resources (23.4 million tonnes at 1.95g/t gold in the Indicated and Inferred categories). Considerable infrastructure remains on site including a 350ktpa CIL processing plant as well as access to power, water and sealed roads.

PLANT

The refurbishment of the Company's 350,000 tonne per annum CIL plant is nearing completion with mechanical and electrical testing of individual areas having been completed. Significant recent milestones include:

- final testing / dry commissioning of ball mill completed,
- final testing of ore handling system (including conveyors) completed,
- agitators have been re-installed into the leach and adsorption tanks, along with new/reconditioned motors and gearboxes,
- smelting furnace, calcine furnace and carbon regeneration kiln delivered and installed,
- electrowinning cells delivered and being installed,
- gold room refurbishment nearing completion,
- Knelson gravity concentrator and shaking table arrived on site and installed into gravity tower reagents being delivered to site.

With first production imminent the Company is well placed to take advantage of the current spot gold price which should give substantially higher operating margins than those anticipated when the refurbishment started.

EXPLORATION

During the half-year period the Company carried out a sustained greenfields exploration campaign involving geological mapping, sampling and trenching by the Company's exploration team. Importantly this programme targeted areas which lie outside the deposits identified in the project area which contain the known Mineral Resources. The areas were identified based on gold anomalies in soil sampling carried out in the 1990's. Results were detailed in an ASX release on the 13th September 2010 and included:

- Bimma South – trench results of 2 metres at 39.8g/t gold, 2 metres at 4.80g/t gold and 54 metres at 0.22g/t gold.
- Kyereben – trench results of 8 metres at 3.84g/t gold (within a wider intercept of 64 metres at 0.64g/t gold), 22 metres at 1.52g/t gold and 22 metres at 1.48 g/t gold. Rock chip samples included a sample assaying 19.7g/t gold.
- Boabedroo West – trench results of 2 metres at 11.7g/t gold, 2 metres at 4.24g/t gold, 14 metres at 0.3g/t gold and 30 metres at 0.24g/t gold.
- Konongo East – trench results of 6 metres at 0.41g/t gold and 4 metres at 0.89 g/t gold.
- Triple Lane – 57 rockchip samples taken with a maximum result of 14g/t.

Following up from these results the Company carried out an aircore drill programme to test the Bimma South, Kyereben and Boabedroo West prospects, with 208 holes drilled for 7,729 metres. Aircore drilling was also carried out at the Kyekyewere prospect, a structural target along the Ashanti Shear Zone which hosts the +50Moz Obuasi Deposit (Anglogold Ashanti).

Assay results

To date results have only been received from drilling at Kyereben and Bimma South. Drilling at the Kyereben prospect comprised 40 holes for 1,334 metres and defined a continuous near surface mineralized zone for 200 metres of strike. All results from Kyereben are contained in an ASX release on the 21st February 2011 and include:

- 13 metres at 2.90 g/t gold from 34 metres*
 - including 2 metres at 4.18g/t gold
 - including 2 metres at 5.06g/t gold
- 15 metres at 1.12 g/t gold from 12 metres*
 - including 3 metres at 2.41g/t gold
- 7 metres at 1.05 g/t gold from 21 metres
 - including 3 metres at 2.01g/t gold
- 4 metres at 3.30 g/t gold from surface
- 5 metres at 1.46 g/t gold from surface

* Mineralisation occurs at end of hole

These are outstanding first drill results from a new discovery, including shallow intersections of mineable widths and grades, and provides further evidence that new surface deposits can be found within the Konongo Gold Project. Importantly the Kyereben Prospect is located approximately 200 metres from the haul road in the centre of the project thus should an economic gold deposit be delineated it can be immediately added to the mining schedule.

At Bimma South single line was drilled comprising 16 holes for 646 metres and intersected a deeply weathered sequence of siltstone and graphitic shale. Gold mineralisation was associated with quartz veining within graphitic metasediments. Holes at the eastern end often terminated in chloritic clays and could not be drilled deeper due to water pressure in the hole. Results were tabulated in the ASX release of February 21st 2011 and included:

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

The most western hole (KGAC146) contained the intersection of 5 metres at 1.04g/t gold from 35 metres and follow up drilling will be required to close off mineralisation to the west. Interestingly an intersection of 32 metres at 0.24g/t gold from surface was recorded in KGAC146 above the reported result. In addition results of 5 metres at 0.31g/t gold (from surface) and 8 metres at 0.27g/t gold were returned up-dip of KGAC146 indicating that drilling has successfully intersected a mineralised system in this area but further work is required to completely test it. This work will focus to the north and west of the recent drilling in an effort to identify the source of the soil anomaly.

Exploration during the half-year period also included a detailed review of mineralisation in the Kwakawkaw-Obenemase area. Previous interpretations assumed the mineralised contact swung rapidly to the north of the Obenemase Deposit to become westerly-trending, with the Kwakawkaw Deposits striking east-west. Aeromagnetic data indicates that the contact, or a repetition of this contact, may continue directly to the north (based on the presence of discrete magnetic highs).

Geological investigations have shown that the absence of soil anomalism may be due to a thicker weathering profile in this area. Therefore a single trench was dug across the magnetic anomaly to test below the transported material and returned an intersection of 18 metres at 0.33g/t gold.

The anomalous result in this trench may be a possible continuation / repetition of the Tarkwaian-Birimian contact to the north of the Obenemase Deposit. If this is the case it opens up approximately 3 kilometres of strike with the potential to host mineralisation. Follow up trenching is currently being carried out.

RESOURCES

During the half-year period the Company announced that the JORC compliant Inferred and Indicated Mineral Resource contained within the Konongo Gold Project has been upgraded by almost 200,000 ounces (or 15%) to 1.47 million ounces of gold. Significantly resources in the Indicated category were increased by 119,000 ounces (21%) to over 687,000 ounces indicating the advanced nature of the deposits within the Project.

The Total in site Mineral Resource for the project is now 23.4 million tonnes at a grade of 1.95g/t gold for 1.47 million ounces of contained gold and is classified as follows. The Mineral Resource is reported above 0.5g/t Au for oxide/transition material and 1g/t Au for fresh material whilst for tails material all material has been reported. Resources stated have been adjusted for previous open pit and underground mining where this has occurred.

Class	Tonnes	Grade (g/t)	Ounces Au
Indicated	10,506,500	2.03	687,070
Inferred	13,123,500	1.85	779,620
Total	23,630,000	1.95	1,466,690

The mineral resource for the Boabedroo Deposit was re-estimated after the inclusion of results from the recent drilling campaign which were released on 27th July and 9th August 2010. These results have contributed to increasing the overall (Indicated and Inferred) resource by over 75,000 ounces with the Indicated resource now containing over 103,000 ounces of gold (an increase of 87,000 ounces from the previous resource).

New drilling data was also used in the re-estimation of the Obenemase Deposit, with a resultant increase of almost 100,000 ounces. The deposit contains material in the Indicated and Inferred categories and for modelling purposes has been broken down into three deposits:

Deposit	Tonnes	Grade (g/t)	Ounces Au
Obenemase Main	4,729,500	2.90	440,460
Obenemase D Lode	960,500	2.11	65,025
Obenemase East	1,185,500	1.25	47,640
Total	6,875,500	2.50	553,125

It should be noted that no mining has been carried out on the resources stated for the D Lode or Obenemase East. The proximity of these deposits to the CIL plant (less than 1 kilometre) means that surface mining of these deposits may provide viable sources of oxide feed.

The Inferred Resource for the Kwakawkaw Deposit has been re-estimated based on extensive data compilation as well as geological mapping. The new Inferred Resource is 985,000 tonnes at 1.72g/t gold for almost 55,000 contained ounces of gold. Evaluation of the viability of this deposit has commenced immediately with pit optimisation studies. The Company plans to drill test high grade portions of this resource in coming months as well as target dip/strike extensions.

The resource statement now includes an Inferred Resource for the Southern Tails area which contains material derived from historical underground mining. As mentioned in previous announcements the Konongo Gold Project contains a significant amount of material on oversize stockpiles, low grade dumps and in tailings / battery sands adjacent to historical workings. As presented in the March 2010 Quarterly Reporting sampling of this material has returned a significant number of results above 3 g/t with results as high as 20g/t received.

Based on the Company's sampling and historical data an Inferred Resource of 275,000 tonnes at 1.56g/t gold has been estimated for the dumps in the Southern Tails area. JORC compliant resources are still being estimated for the substantial surface stockpiles in the immediate plant area.

CORPORATE

The Company is pleased to announce that it has appointed Mr Steven Wilson to the role of Mining Manager. Mr Wilson has considerable operational experience including key roles in the startup of open pit and underground mines which will be invaluable to the Company. He was most recently Mining Manager for Integra Mines and has also held senior roles with La Mancha, Gold Fields and Barrick. In addition to operational roles he has considerable expertise in co-ordinating feasibility studies and mine design. Mr Wilson is currently onsite in Ghana.

Subsequent Events

On 10 March 2011 the Company announced the raising of up to \$16.25 million via a rights issue and placement to continue the exploration and development of the Konongo Gold Project in the world class Ashanti Gold Belt.

A prospectus is expected to be lodged with ASIC in the near future for an offer by way of a 1 for 10 renounceable rights issue at 3.3 cents to raise \$7.05 million. The offer will be fully underwritten by Patersons Securities Limited.

In addition to the renounceable rights issue the Company has secured firm commitments from subscribers to participate in a placement by which the Company will raise \$9.2 million (before costs) through the issue of 278.9 million shares at an issue price of 3.3 cents each. Patersons Securities Limited have been appointed Lead Managers for the Placement.

There have been no other significant events subsequent to the half-year to the date of this report.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2010.

This report is signed in accordance with a resolution of the Board of Directors.



Bill Oliver
Director

Perth, Western Australia
11th March 2011

The Mineral Resources presented in this table for the Obenemase, Boabedroo, Aserewa, Atunsu, Apan and Patuo Deposits, and the Old Konongo Tailings Dam, is based on information compiled by Mr Peter Ball who is a Member of the Australian Institute of Mining and Metallurgy and is the Manager of Data Geo. Mr Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ball consents to the inclusion of this table in the report in the form and context in which it appears based on the information presented to him.

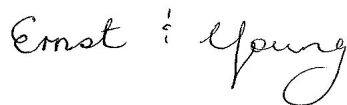
The Mineral Resources for the Obenemase, Boabedroo, Aserewa, Atunsu, Apan and Patuo Deposits were derived from solid models of mineralised zones defined by geology and Au grade. Au grade was estimated into block models created from these zones using Inverse Distance². Tonnage was assigned by weathering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

Other Mineral Resources presented in this table have been compiled and reviewed by Mr Bill Oliver from publically stated JORC-compliant information originally prepared in 2005 by RSG Global for Mwana Africa's AIM-listing document. This information, in the opinion of Mr Oliver, complies with the reporting standards of the 2004 JORC Code. Mr Oliver is a Member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Oliver is a Director of Signature Metals and consents to the inclusion of this table in the form and context in which it appears based on the information presented to him.

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

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

In relation to our review of the financial report of Signature Metals Limited and its controlled entities for the half year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



F Drummond
Partner
Perth
11 March 2011

Consolidated Statement of Financial Position

As at 31 December 2010

	Note	31 December 2010 \$	30 June 2010 \$
Assets			
Current Assets			
Cash and cash equivalents		6,821,389	3,682,477
Trade and other receivables	4	1,873,656	527,445
Other current assets		102,039	28,211
Total Current Assets		8,797,084	4,238,133
Non-Current Assets			
Property, plant and equipment	5	3,406,307	725,127
Exploration and evaluation expenditure	6	11,036,460	9,096,752
Total Non-Current Assets		14,442,767	9,821,879
Total Assets		23,239,851	14,060,012
Current Liabilities			
Trade and other payables		487,560	964,882
Provisions		54,470	41,522
Total Current Liabilities		542,030	1,006,404
Non-Current Liabilities			
Other payables		1,283,138	445,866
Total Non-Current Liabilities		1,283,138	445,866
Total Liabilities		1,825,168	1,452,270
Net Assets		21,414,683	12,607,742
Equity			
Equity attributable to equity holders of the parent			
Contributed equity	3	42,866,489	30,190,770
Reserves		1,719,162	4,031,658
Accumulated losses		(23,927,830)	(22,536,556)
Parent equity		20,657,821	11,685,872
Non-controlling interest		756,862	921,870
Total Equity		21,414,683	12,607,742

Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2010

	2010 \$	2009 \$
Interest income	51,227	16,347
Revenue	51,227	16,347
Other income	-	9,188
Administrative expenses	(189,596)	(118,558)
Public company expenses	(67,596)	(48,242)
Accounting and audit expenses	(26,556)	(21,478)
Consulting fees	(197,264)	(271,819)
Legal fees	(12,682)	(4,281)
Share based payments	-	(114,801)
Foreign exchange loss	(117,309)	-
Expense from remeasuring the contingent consideration from Owere Mines acquisition	(837,272)	-
Other	(1,060)	(16,711)
Loss from continuing operations before income tax	(1,398,108)	(570,355)
Income tax expense	-	-
Loss from continuing operations after income tax	(1,398,108)	(570,355)
Other Comprehensive Income		
Foreign currency translation difference	(2,470,670)	3,685
Other comprehensive income for the half-year	(2,470,670)	3,685
Total comprehensive income for the half-year	(3,868,778)	(566,670)
Loss for the half-year is attributable to:		
Owners of Signature Metals Limited	(1,391,274)	(570,355)
Non-controlling interest	(6,834)	-
	(1,398,108)	(570,355)
Total comprehensive income for the half-year is attributable to:		
Owners of Signature Metals Limited	(3,703,770)	(566,670)
Non-controlling interest	(165,008)	-
	(3,868,778)	(566,670)
Loss per share attributable to owners of Signature Metals Limited		
Basic loss per share (cents per share) (*)	(0.09)	(0.10)
Diluted loss per share (cents per share) (*)	(0.09)	(0.10)

(*) The rights issue in November 2010 was performed at a discounted price. The number of shares used for the loss per share calculation in 2009 and in subsequent loss per share calculations was adjusted using an adjustment factor of 1.03 times for comparative purposes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2010

	Issued capital \$	Accumulated Losses \$	Share-Based Payments Reserve \$	Option Premium Reserve \$	Foreign Currency Translation Reserve \$	Contingent Considerati on Reserve \$	Owners of the Parent \$	Non- controlling Interest \$	Total \$
Balance at 1 July 2010	30,190,770	(22,536,556)	3,357,409	550	159,295	514,404	11,685,872	921,870	12,607,742
Loss for the half-year	-	(1,391,274)	-	-	-	-	(1,391,274)	(6,834)	(1,398,108)
Other comprehensive loss	-	-	-	-	(2,312,496)	-	(2,312,496)	(158,174)	(2,470,670)
Total comprehensive income for the half-year	-	(1,391,274)	-	-	(2,312,496)	-	(3,703,770)	(165,008)	(3,868,778)
Transactions with owners in their capacity as owners									
Equity issued by placement	13,413,637	-	-	-	-	-	13,413,637	-	13,413,637
Equity issued through exercise of options	60,000	-	-	-	-	-	60,000	-	60,000
Share based payment	-	-	-	-	-	-	-	-	-
Costs of issue	(797,918)	-	-	-	-	-	(797,918)	-	(797,918)
Balance at 31 December 2010	42,866,489	(23,927,830)	3,357,409	550	(2,153,201)	514,404	20,657,821	756,862	21,414,683

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2009

	Issued capital \$	Accumulated Losses \$	Share-Based Payments Reserve \$	Option Premium Reserve \$	Consolidated Foreign Currency Translation Reserve \$	Contingent Consideration Reserve \$	Owners of the Parent \$	Non-controlling Interest \$	Total \$
Balance at 1 July 2009	19,250,541	(20,411,944)	1,991,223	550	(16,935)	-	813,435	-	813,435
Loss for the half-year	-	(570,355)	-	-	-	-	(570,355)	-	(570,355)
Other comprehensive income	-	-	-	-	3,685	-	3,685	-	3,685
Total comprehensive income for the half-year	-	(570,355)	-	-	3,685	-	(566,670)	-	(566,670)
Transactions with owners in their capacity as owners									
Equity issued by placement	3,204,437	-	-	-	-	-	3,204,437	-	3,204,437
Exercise of options	830,250	-	-	-	-	-	830,250	-	830,250
Share based payment	-	-	114,801	-	-	-	114,801	-	114,801
Contingent consideration	-	-	-	-	-	514,403	514,403	-	514,403
Acquisition of subsidiary	1,350,000	-	-	-	-	-	1,350,000	980,153	2,330,153
Costs of issue	(189,777)	-	-	-	-	-	(189,777)	-	(189,777)
Balance at 31 December 2009	24,445,451	(20,982,299)	2,106,024	550	(13,250)	514,403	6,070,879	980,153	7,051,032

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2010

	2010 \$	2009 \$
Cash flows from operating activities		
Payments to suppliers and employees	(585,142)	(451,940)
Interest received	51,227	16,391
Net cash flows used in operating activities	(533,915)	(435,549)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,521,673)	-
Payments for exploration, evaluation and development expenditure	(4,258,183)	(1,613,380)
Cash acquired on acquisition of Owere Mines Limited	-	47,481
Net cash used in investing activities	(8,779,856)	(1,565,899)
Cash flows from financing activities		
Proceeds from issue of shares	13,473,637	4,034,687
Payments for share issue costs	(903,645)	(189,777)
Net cash from financing activities	12,569,992	3,844,910
Net increase in cash and cash equivalents	3,256,221	1,843,462
Cash and cash equivalents at beginning of period	3,682,477	785,020
Effects of exchange rate fluctuations on cash held	(117,309)	(17,999)
Cash and cash equivalents at the end of the period	6,821,389	2,610,483

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2010

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**Corporate Information**

The general purpose condensed financial report of Signature Metals Limited (the Company) and its controlled entities ("the Group" or "the Consolidated entity") for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 11th March 2011.

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

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

Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Signature Metals Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Changes in accounting policies

From 1 July 2010, the Group has adopted the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2010. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

Going concern

The half-year financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realization of assets and settlement of liabilities in the normal course of business.

During the half-year ended 31 December 2010, the consolidated entity incurred net losses of \$1,398,108 (2009: \$570,355), a net cash outflow from operating activities of \$533,915 (2009: \$435,549) and a net cash outflow from investing activities of \$8,779,856 (2008: \$1,565,899). The cash position of the Group at 31 December 2010 was \$6,821,389. Whilst the Group has sufficient cash and assets to meet its ongoing working capital requirements in the next 12 months, the Directors recognise the need to raise additional funds via equity raisings to fund opportunistic purchases of capital equipment of approximately \$3 million as well as accelerating the Company's exploration programme. On 10 March 2011 the Company announced the raising of up to \$16.25 million via a rights issue and placement to continue the exploration and development of the Konongo Gold Project in the world class Ashanti Gold Belt.

A prospectus is expected to be lodged with ASIC in the near future for an offer by way of a 1 for 10 renounceable rights issue at 3.3 cents to raise \$7.05 million. The offer will be fully underwritten by Patersons Securities Limited.

In addition to the renounceable rights issue the Company has secured firm commitments from subscribers to participate in a placement by which the Company will raise \$9.2 million (before costs) through the issue of 278.9 million shares at an issue price of 3.3 cents each. Patersons Securities Limited have been appointed Lead Managers for the Placement.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2010

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

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

The financial report does not contain any adjustments relating to the recoverability or classification of recorded assets or to the amounts or classifications of recorded assets or liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

NOTE 2: SEGMENT REPORTING

For management purposes, the Company is organised into one main operating segment, which involves mining exploration for gold and other minerals. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole. The accounting policies used in reporting segments internally are the same as those contained in note 1 to the accounts.

NOTE 3: ISSUED CAPITAL

	Consolidated	
	31 December 2010	30 June 2010
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	42,866,489	30,190,770
	No.	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2010	1,185,451,868	30,190,770
Placement at \$0.02	670,681,856	13,413,637
Exercise of options	3,000,000	60,000
Costs of issue	-	(797,918)
At 31 December 2010	1,859,133,724	42,866,489

NOTE 4: TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2010	30 June 2010
	\$	\$
Advance to suppliers	1,467,701	281,596
GST / VAT receivable	405,955	239,996
Other receivable	-	5,853
	<u>1,873,656</u>	<u>527,445</u>

The increase in trade and other receivables mainly relates to increase in advance to suppliers for works at the Konongo Gold Project.

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31 December 2010	30 June 2010
	\$	\$
Carrying amount at the beginning of period	725,127	-
Foreign exchange difference	(429,421)	-
Addition	3,168,920	832,641
Depreciation	(58,319)	(107,514)
Carrying amount at the end of period	<u>3,406,307</u>	<u>725,127</u>

The increase in the property, plant and equipment mainly relates to the current refurbishment of the processing plant.

NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2010	30 June 2010
	\$	\$
Carrying amount at the beginning of period	9,096,752	75,329
Foreign exchange difference	(1,808,931)	-
Exploration expenditure during the period	3,748,639	9,021,423
Impairment	-	-
Carrying amount at the end of period	<u>11,036,460</u>	<u>9,096,752</u>

The increase mainly relates to the exploration activities on Konongo Gold Project.

NOTE 7: COMMITMENTS

The only changes to the commitments disclosed in the most recent annual financial report are specified below.

Expenditure Commitments

At 31 December 2010, the Group has commitments of \$1,541,330 (2010: \$1,001,610) relating principally to the mechanical works for the rehabilitation of facilities and the construction of a mobile crushing, screening and stockpiling plant at the Konongo Gold Project.

NOTE 8: DIVIDENDS

No dividends have been paid or provided for during the half-year.

NOTE 9: CONTINGENT LIABILITIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 10: SUBSEQUENT EVENTS

On 10 March 2011 the Company announced the raising of up to \$16.25 million via a rights issue and placement to continue the exploration and development of the Konongo Gold Project in the world class Ashanti Gold Belt.

A prospectus is expected to be lodged with ASIC in the near future for an offer by way of a 1 for 10 renounceable rights issue at 3.3 cents to raise \$7.05 million. The offer will be fully underwritten by Patersons Securities Limited.

In addition to the renounceable rights issue the Company has secured firm commitments from subscribers to participate in a placement by which the Company will raise \$9.2 million (before costs) through the issue of 278.9 million shares at an issue price of 3.3 cents each. Patersons Securities Limited have been appointed Lead Managers for the Placement.

There have been no other significant events subsequent to the half-year to the date of this report.

DIRECTORS' DECLARATION

In the opinion of the directors of Signature Metals Limited:

1. The financial statements and notes thereto of the consolidated entity, as set out on pages 7 to 15, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year then ended.
2. Subject to the achievement of matters set out in note 1 of the financial report, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Bill Oliver
Director

Perth, Western Australia
11th March 2011

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Signature Metals Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Signature Metals Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

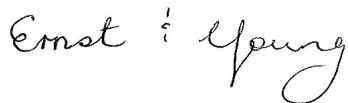
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Signature Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the six months ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualifying our review conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1 to the financial report, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they become due and payable and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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

Ernst & Young

A handwritten signature in cursive script that appears to read 'F Drummond'.

F Drummond
Partner
Perth
11 March 2011