SIGNATURE
METALS LIMITED

ABN 86 106 293 190

Half-year Financial Report

31 December 2011

CORPORATE DIRECTORY

Directors
Mr Richard Chan (Chairman)
Mr Bill Oliver (Managing Director)
Ms Su-Yin Quah (Non-Executive Director)

Company Secretary
Mr Scott Funston

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33 Richardson Street
WEST PERTH WA 6005

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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

Contents

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 2011. 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 Richard Chan	Chairman (appointed 11 October 2011, appointed as chairman 13 February 2012)
Mr Bill Oliver	Managing Director
Ms Su-Yin Quah	Non-Executive Director (appointed 8 November 2011)
Mr Matthew Wood	Chairman & Executive Director (resigned 13 February 2012)
Mr Timothy Flavel	Executive Director (resigned 1 December 2011)
Mr Stuart Murray	Non-Executive Director (resigned 11 October 2011)

Results

The loss after tax for the half year ended 31 December 2011 was $488,965 (31 December 2010 loss of $1,398,108).

Review of Operations

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 approximately 1.47 million ounces of gold in JORC compliant resources (23.4 million tonnes at 1.95g/t gold in the Indicated and Inferred categories).

PLANT

During the period the Company continued to ramp up production at the Konongo Project. Production for the half year to December 2011 comprised over 3,000 ounces of gold dore smelted and shipped, with almost 5,200 ounces of gold dore shipped from the Project to date. To date the company has received over US$7.0 million from sales of gold, including over US$4.3 million in the half year to 31st December 2011 and over US$2.7 million received since 1st January 2012.

Over 156,000 tonnes of ore were processed in the half year to 31st December 2011. In general daily throughput was lower in the December Quarter than in the September quarter due to difficulties in handling ore with very high moisture contents as well as intentional reductions to test the variation in recoveries at different processing rates. Production for the half year is summarised in the table below:

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

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

Plant availability is close to the company's target of 90 - 95%. The primary causes of downtime were excess moisture in mill feed and foreign material blocking or blinding screens and discharge points.

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

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

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

MINING

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

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

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

EXPLORATION

During the period the Company received final RC drilling results at the Kwakawkaw Deposits.

At Kwakawkaw 60 holes for 5,482 metres were drilled to test for near surface mineralisation adjacent to the Kwakawkaw North and South pits as well as deeper mineralisation below the previously mined pits. Significant results from the Kwakawkaw South deposit were released in the September Quarterly Activities Report and results from the Kwakawkaw North Deposit were released in the December Quarterly Activities Report.

Results from the drilling at Kwakawkaw South and North indicate that the fresh rock mineralisation is structurally controlled and may not directly relate spatially to the supergene mineralisation. Structural mapping in the Kwakawkaw pits and surrounding outcrops is being carried out to assist interpretation of the drilling at the Kwakawkaw Deposit as well as generation of follow up drill targets.

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

CORPORATE

During the period the Company received an off-market takeover bid from LionGold Corp Ltd (SGX:LIGO) ("LionGold") for all the issued and outstanding shares in Signature ("Bid"). The offer is not subject to a minimum acceptance condition.

The Bidder's Statement and Target Statement, containing full details of the Offer, were despatched to Signature shareholders on the 19th and 28th of December 2011 respectively. Five Supplementary Bidders Statements have been prepared and despatched to shareholders in January and February. On 7 March 2012 LionGold informed the ASX that the offer was unconditional. The Offer has been extended to close on the 27 March 2012.

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

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

At 31st December the Company had A$251k cash at bank. As discussed above the Company has received US$ 2.7 million from gold sales from 1st January 2012 to 29th February 2012. The Company is now shipping gold doré weekly and believes that future production will generate sufficient cashflow to pay its operating costs once commercial production is achieved.

Subsequent Events

On 13 February 2012 Mr Matthew Wood resigned as Chairman of the Company effectively immediately and was replaced by Mr Richard Chan as Chairman.

On 7 March 2012 the Company received notice that the takeover offer from LionGold had become unconditional following approval from LionGold shareholders.

On 14 March 2012 the Company received notice that the LionGold offer period had been automatically extended under section 624(2) of the Corporations Act 2001 to 27 March 2012 following LionGold's voting power in the Company exceeding 50% within 7 days of the scheduled offer period closure of 16 March 2012.

On 15 March 2012 LionGold notified the ASX and the Company that it had received acceptances for 57.59% of the issued capital of the Company.

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 5 and forms part of this directors' report for the half-year ended 31 December 2011.

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

Bill Oliver
Director

Perth, Western Australia
15th March 2012

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 tablein 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 Distance^{2}. 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 Australlian Institue 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 Institue 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.

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

In relation to our review of the financial report of Signature Metals Limited for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

F Drummond
Partner
Perth
15 March 2012

FD:SS:SML:034

Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2011

	2011 $	2010 $
Interest income	23,439	51,227
Other income	19,577	-
Administrative expenses	(121,600)	(189,596)
Listing and share registry expenses	(54,387)	(67,596)
Accounting and audit expenses	(31,283)	(26,556)
Consulting fees	(68,665)	(197,264)
Legal fees	(69,860)	(12,682)
Foreign exchange loss	(99,415)	(117,309)
Expense from remeasuring the contingent consideration from Owere Mines acquisition	(85,828)	(837,272)
Other	(943)	(1,060)
Loss from continuing operations before income tax	**(488,965)**	**(1,398,108)**
Income tax expense	**-**	**-**
Loss for the half-year	**(488,965)**	**(1,398,108)**
Other Comprehensive loss		
Foreign currency translation difference	(1,057,293)	(2,470,670)
Other comprehensive loss for the half-year	**(1,057,293)**	**(2,470,670)**
Total comprehensive loss for the half-year	**(1,546,258)**	**(3,868,778)**
Loss for the half-year is attributable to:		
Owners of Signature Metals Limited	(442,065)	(1,391,274)
Non-controlling interest	(46,900)	(6,834)
	(488,965)	**(1,398,108)**
Total comprehensive loss for the half-year is attributable to:		
Owners of Signature Metals Limited	(1,499,710)	(3,703,770)
Non-controlling interest	(46,548)	(165,008)
	(1,546,258)	**(3,868,778)**
Loss per share attributable to owners of Signature Metals Limited		
Basic and diluted loss per share (cents per share)	(0.02)	(0.09)

Consolidated Statement of Financial Position
As at 31 December 2011

	Note	31 December 2011 $	30 June 2011 $
Assets			
Current Assets			
Cash and cash equivalents		251,032	4,794,068
Trade and other receivables		2,469,773	2,241,132
Inventories		3,044,583	1,605,338
Total Current Assets		**5,765,388**	**8,640,538**
Non-Current Assets			
Property, plant and equipment	4	10,082,965	8,503,980
Mineral Properties in development	5	24,326,726	-
Deferred exploration, evaluation and development expenditure	6	-	17,561,110
Total Non-Current Assets		**34,409,691**	**26,065,090**
Total Assets		**40,175,079**	**34,705,628**
Current Liabilities			
Trade and other payables		4,068,923	2,232,799
Provisions		197,414	113,937
Total Current Liabilities		**4,266,337**	**2,346,736**
Non-Current Liabilities			
Other payables		1,688,147	1,602,319
Total Non-Current Liabilities		**1,688,147**	**1,602,319**
Total Liabilities		**5,954,484**	**3,949,055**
Net Assets		**34,220,595**	**30,756,573**
Equity			
Equity attributable to equity holders of the parent			
Issued capital	3	59,374,673	54,364,393
Reserves		(99,968)	957,677
Accumulated losses		(25,695,787)	(25,253,722)
Parent equity		**33,578,918**	**30,068,348**
Non-controlling interest		641,677	688,225
Total Equity		**34,220,595**	**30,756,573**

Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2011

	Consolidated								
	Issued capital $	**Accumulated Losses $**	**Share-Based Payments Reserve $**	**Option Reserve $**	**Foreign Currency Translation Reserve $**	**Contingent Consideration Reserve $**	**Owners of the Parent $**	**Non-controlling Interest $**	**Total $**
Balance at 1 July 2011	**54,364,393**	**(25,253,722)**	**3,811,159**	**550**	**(3,368,436)**	**514,404**	**30,068,348**	**688,225**	**30,756,573**
Loss for the half-year	-	(442,065)	-	-	-	-	(442,065)	(46,900)	(488,965)
Other comprehensive income	-	-	-	-	(1,057,645)	-	(1,057,645)	352	(1,057,293)
Total comprehensive income for the half-year	**-**	**(442,065)**	**-**	**-**	**(1,057,645)**	**-**	**(1,499,710)**	**(46,548)**	**(1,546,258)**
Transactions with owners in their capacity as owners									
Equity issued by placement	5,291,560	-	-	-	-	-	5,291,560	-	5,291,560
Costs of issue	(281,280)	-	-	-	-	-	(281,280)	-	(281,280)
Balance at 31 December 2011	**59,374,673**	**(25,695,787)**	**3,811,159**	**550**	**(4,426,081)**	**514,404**	**33,578,918**	**641,677**	**34,220,595**

Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2011

	Issued capital $	Accumulated Losses $	Share-Based Payments Reserve $	Option Premium Reserve $	Foreign Currency Translation Reserve $	Contingent Consideration 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
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 Cash Flows
for the half-year ended 31 December 2011

	2011 $	2010 $
Cash flows from operating activities		
Payments to suppliers and employees	(129,356)	(585,142)
Interest received	23,439	51,227
Net cash flows used in operating activities	**(105,917)**	**(533,915)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,671,942)	(4,521,673)
Payments for exploration, evaluation and development expenditure, net of proceeds from gold sales	(7,899,406)	(4,258,183)
Net cash used in investing activities	**(9,571,348)**	**(8,779,856)**
Cash flows from financing activities		
Proceeds from issue of shares	5,291,560	13,473,637
Payments for share issue costs	(57,917)	(903,645)
Net cash from financing activities	**5,233,643**	**12,569,992**
Net (decrease)/increase in cash and cash equivalents	**(4,443,622)**	**3,256,221**
Cash and cash equivalents at beginning of period	4,794,068	3,682,477
Effects of exchange rate fluctuations on cash held	(99,414)	(117,309)
Cash and cash equivalents at the end of the period	**251,032**	**6,821,389**

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2011

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 2011 was authorised for issue in accordance with a resolution of the directors on 15th March 2012.

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 2011 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 2011 and considered together with any public announcements made by Signature Metals Limited during the half-year ended 31 December 2011 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 2011, the Group has adopted the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2011. 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 2011, the consolidated entity incurred net losses of $488,965 (2010: $1,398,108), a net cash outflow from operating activities of $105,917 (2010: $533,915) and a net cash outflow from investing activities of $9,571,348 (2010: $8,779,856). The cash position of the Group at 31 December 2011 was $251,032.

The ability of the consolidated entity to continue as a going concern is dependent upon:

- additional funding to support the consolidated entity until the Konongo Gold project achieves commercial production; and
- the Konongo Gold project achieving budgeted commercial and financial outcomes.

The directors believe that these can be achieved because of the following:

(1) On 6th February 2012 in its third supplementary bidders statement LionGold noted the Company's current cash flow requirements and stated its intention to make available to the Company, funds to enable it to continue its operations. LionGold's stated intention to support the Company was made subject to the following:
   - the outcome of LionGold's intended review of Signature's operations, assets, structure and employees;
   - whether LionGold nominees comprise a majority of directors of the Signature Board;
   - the offer becoming unconditional;

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2011

- whether Liongold acquires more than 50% of Signature Shares;
- the law, in particular in relation to related party transactions and conflicts of interest; and
- the legal obligation of the Signature Directors to act for proper purpose and in the best interests of Signature Shareholders as a whole.

Of the conditions stated above the Directors are of the opinion that all have been satisfied with the exception of LionGold nominees comprising a majority of the Board, however, given the acceptances of the takeover offer reaching 53.7% as announced on 14 March 2012 there is not expected to be any reason why this condition will not be satisfied in the near future. LionGold Directors have represented to the Board of Signature Metals in writing that they have provisionally budgeted for an initial cash injection in the order of A$ 3 million to be advanced during the coming quarter.
The injection of funds will be used for working capital while the Group's processing plant at the Konongo Gold project continues ramping up to commercial production to become cash flow positive.

(2) The Konongo Gold project is a strategic fit with LionGold's existing alluvial gold projects in Ghana. The Group will benefit from LionGold's expertise and financial, development and operational skills which will assist in achieving budgeted commercial and financial outcomes.

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 financial support as detailed above.Should the Group not achieve the matters set out above, there is material 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 and 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 2011 $	**30 June 2011 $**
Ordinary shares		
Issued and fully paid	59,374,673	54,364,393

	Consolidated	
	31 December 2011 $	**30 June 2011 $**
	No.	**$**
Movements in ordinary shares on issue		
At 1 July 2011	2,351,804,534	54,364,393
Placement at $0.015	352,770,680	5,291,560
Costs of issue	-	(281,280)
At 31 December 2011	**2,704,575,214**	**59,374,673**

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Carrying amount at the beginning of period	8,503,980	725,127
Foreign exchange difference	(177,079)	(224,239)
Addition	1,869,256	8,106,516
Depreciation	(113,192)	(103,424)
Carrying amount at the end of period	10,082,965	8,503,980

The increase in the property, plant and equipment relates to the ongoing refurbishment of the processing plant in addition to capital purchases for the processing plant. As the project has not yet reached the commercial production stage, costs incurred on the plant were continued to be capitalised.

NOTE 5: MINERAL PROPERTIES IN DEVELOPMENT

Carrying amount at the beginning of period	-	-
Transfer from Deferred Exploration, Evaluation And Development Expenditure at 1 July 2011	17,561,110	-
Foreign exchange difference	(880,566)	-
Expenditure during the period	13,015,629	-
Revenue from sale of gold	(4,003,687)	-
Net movement of gold in circuit and stockpile and in safe	(1,365,760)	-
Carrying amount at the end of period	24,326,726	-

During the period, Deferred Exploration, Evaluation and Development Expenditure was reclassified to Mineral Properties in Development. The recoverability of the carrying amount of the mineral properties in development is dependant on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

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

NOTE 6: DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	Consolidated	
	31 December 2011 $	**30 June 2011 $**
Carrying amount at the beginning of period	17,561,110	9,096,752
Foreign exchange difference	-	(3,304,586)
Expenditure during the period	-	12,654,902
Revenue from sale of gold	-	-
Net movement of gold in circuit and stockpile and in safe	-	(885,958)
Transfer to Mineral Properties in Development at 1 July 2011	(17,561,110)	-
Carrying amount at the end of period	-	17,561,110

During the period, Deferred Exploration, Evaluation and Development Expenditure was reclassified to Mineral Properties in Development.

NOTE 7: COMMITTMENTS

There are no changes to the commitments disclosed in the most recent annual financial report.

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 13 February 2012 Mr Matthew Wood resigned as Chairman of the Company effectively immediately and was replaced by Mr Richard Chan as Chairman.

On 7 March 2012 the Company received notice that the takeover offer from LionGold had become unconditional following approval from LionGold shareholders.

On 14 March 2012 the Company received notice that the LionGold offer period had been automatically extended under section 624(2) of the Corporations Act 2001 to 27 March 2012 following LionGold's voting power in the Company exceeding 50% within 7 days of the scheduled offer period closure of 16 March 2012.

On 15 March 2012 LionGold notified the ASX and the Company that it had received acceptances for 57.59% of the issued capital of the Company.

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 6 to 14, 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 2011 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 company 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
15th March 2012

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To the members of Signature Metals Limited

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 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 2011 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.

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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:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material 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 material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they become due and payable and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Ernst & Young

Ernst & Young

F Drummond
Partner
Perth
15 March 2012

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