



ABN: 86 106 293 190

Financial Statements
for the half year ended 31 December 2008

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CORPORATE DIRECTORY

Directors

Matthew Wood (Executive Chairman)
Timothy Flavel (Executive Director)
Bill Oliver (Exploration Director)
Stuart Murray (Non Executive Director)

Company Secretary

Scott Funston

Registered Office and Principal Place of Business

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West Perth Western Australia
Telephone: +61 (08) 9481 0101
Facsimile: +61 (08) 9226 1356

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000 Australia

Telephone: + 61 8 9323 2000
Facsimile: + 61 8 9323 2033

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia

Stock Exchange Listing

Signature Metals Limited shares
are listed on the Australian Securities
Exchange, the home branch being Perth
ASX code: SBL

DIRECTORS' REPORT

The Directors of Signature Metals Limited (Company) submit the financial report of the consolidated entity for the half-year ended 31 December 2008. The Directors were in office for this entire period unless otherwise stated.

Directors

The names of directors who held office during or since the end of the half-year:

Matthew Wood	Executive Chairman
Timothy Flavel	Executive Director
Bill Oliver	Exploration Director (appointed 1 October 2008)
Gary Steinepreis	Non Executive Director (resigned 27 November 2008)
Stuart Murray	Non Executive Director

Review of Operations

The Company has focussed on progressing its iron ore license applications in Kenya. The Company also continued to review a number of advanced exploration and development opportunities in Africa.

The Company's license applications in Kenya are in the process of being granted. The Department of Mines and Geology has responded to the objectors and the Company has engaged in dialogue with several of the stakeholders involved. The approvals process in Kenya includes a period of gazetting and public comment. The Company is hopeful that the Taita-Taveta Iron Project will be granted in 2009.

Site investigations at the Company's Taita-Taveta licenses located in the south of Kenya confirmed the presence of extensive iron ore mineralisation. The area contains both alluvial / eluvial deposits and primary mineralisation derived from banded iron formations. Initial work programmes will focus on identifying the extent of the iron formations.

In Uganda the Company continues to assess its gold, copper and uranium projects. The Company is awaiting release of geophysical data covering the Company's licenses from the Department of Geological Survey and Mines to enable generation of targets within the project areas. Field visits by the Department of Geological Survey and Mines of Uganda (DGSM) in areas surrounding the Company's 100% owned Karamoja Project have confirmed the presence of copper mineralisation in the area. In particular copper, nickel, iron and manganese anomalies were reported in stream sediment and geochemical sampling in the district.

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 3 and forms part of this directors' report for the half-year ended 31 December 2008.

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



Matthew Wood

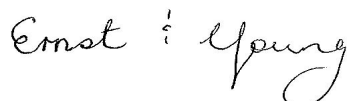
Chairman

Perth, Western Australia

12 March 2009

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 2008, 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.

A handwritten signature of 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature of 'F Drummond' in a cursive script.

F Drummond
Partner
Perth
12 March 2009

Income Statement for the half-year ended 31 December 2008

	Notes	Consolidated	
		31/12/2008	31/12/2007
		\$	\$
Continuing operations			
Interest revenue		44,244	66,615
Other revenue		4,263	-
		<hr/>	<hr/>
Revenue		48,507	66,615
		<hr/>	<hr/>
Administrative expenses		(101,727)	(79,208)
Public company expenses		(23,279)	(34,150)
Accounting and audit expenses		(13,650)	(38,318)
Consulting fees		(168,829)	(90,760)
Legal fees		(2,977)	(2,461)
Prospecting expenditure	6	(257,119)	-
Share based payments		(159,323)	(191,378)
Other		(242)	(107)
		<hr/>	<hr/>
Loss from continuing operations before income tax		(678,639)	(369,767)
Income tax expense		-	-
		<hr/>	<hr/>
Net loss attributable to members of parent entity		(678,639)	(369,767)
		<hr/>	<hr/>
Basic loss per share (cents per share)		(0.16)	(0.09)
Diluted loss per share (cents per share)		(0.16)	(0.09)

Balance Sheet *as at 31 December 2008*

	Consolidated	
	31/12/2008	30/6/2008
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	1,198,940	1,777,888
Trade and other receivables	35,269	15,718
TOTAL CURRENT ASSETS	1,234,209	1,793,606
NON CURRENT ASSETS		
Deferred exploration and evaluation expenditure	99,940	72,297
TOTAL NON CURRENT ASSETS	99,940	72,297
TOTAL ASSETS	1,334,149	1,865,903
CURRENT LIABILITIES		
Trade and other payables	73,847	97,959
TOTAL CURRENT LIABILITIES	73,847	97,959
TOTAL LIABILITIES	73,847	97,959
NET ASSETS	1,260,302	1,767,944
EQUITY		
Issued capital	19,210,791	19,210,791
Reserves	1,907,388	1,736,391
Accumulated losses	(19,857,877)	(19,179,238)
TOTAL EQUITY	1,260,302	1,767,944

Cash Flow Statement *for the half-year ended 31 December 2008*

	Consolidated	
	31/12/2008	31/12/2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers & employees	(380,348)	(230,617)
Interest received	44,244	65,917
	<u>(336,104)</u>	<u>(164,700)</u>
NET CASH FLOWS USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	(242,844)	(104,947)
	<u>(242,844)</u>	<u>(104,947)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(578,948)</u>	<u>(269,647)</u>
Cash and cash equivalents at beginning of the period	1,777,888	2,287,726
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>1,198,940</u>	<u>2,018,079</u>

Statement of Changes in Equity for the half-year ended 31 December 2008

31 DECEMBER 2008

CONSOLIDATED	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total \$
At 1 July 2008	19,210,791	(19,179,238)	1,736,391	1,767,944
Exchange differences on translation of foreign operations	-	-	11,674	11,674
Total income and expense recognised directly in equity	-	-	11,674	11,674
Loss for the period	-	(678,639)	-	(678,639)
Total income and expense for the period	-	(678,639)	11,674	(666,965)
Equity Transactions:				
Share based payment	-	-	159,323	159,323
At 31 December 2008	19,210,791	(19,857,877)	1,907,388	1,260,302

31 DECEMBER 2007

CONSOLIDATED	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total \$
At 1 July 2007 -	19,150,641	(18,111,636)	1,277,145	2,316,150
Exchange differences on translation of foreign operations	-	-	(2,190)	(2,190)
Loss for the period	-	(369,767)	-	(369,767)
Total income and expense for the period	-	(369,767)	(2,190)	(371,957)
Equity Transactions:				
Share based payment	-	-	191,378	191,378
At 31 December 2007	19,150,641	(18,481,403)	1,466,333	2,135,571

Notes to the Financial Statements for the half-year ended 31 December 2008

1. Corporate Information

The financial report of Signature Metals Limited (the Company) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 12th March 2009.

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

The nature of the operations and principal activities of the Group are described in the Directors report.

2. Basis of Preparation and Accounting Policies

Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2008 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 2008 and considered together with any public announcements made by Signature Metals Limited during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

From 1 July 2008 The Group has adopted the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008. 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, amended standards or interpretations.

3. Segment Reporting

The Group operates in one business segment being mineral exploration. The Group explores in Australia, Uganda and Kenya. As the majority of revenue from these geographical operations is earned from bank deposits, not sales to external customers, they do not constitute reportable segments.

4. Contingent Assets and Liabilities

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

5. Share options

At 31 December 2008, there were 178,050,000 unissued ordinary shares under options (30 June 2008: 206,770,601 options). 28,720,601 share options expired during the period without being exercised.

6. Prospecting expenditures

The expenditures related to activities undertaken to search for prospecting mineral areas in Uganda and Kenya that may warrant detailed exploration.

7. Subsequent Events

There have been no significant events subsequent to reporting date.

8. Dividends

No dividends have been paid or provided for during the half-year (31 December 2007: \$ Nil).

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes of the consolidated entity 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 2008 and of its performance for the half-year ended on that date.

2. In the directors' opinion 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 made in accordance with a resolution of the Board of Directors.

On behalf of the Board



Matthew Wood
Director

Perth, Western Australia
12 March 2009

To the members of Signature Metals Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Signature Metals Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement 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 31 December 2008 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 2008 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.

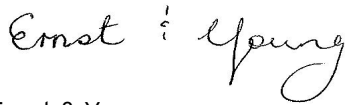
Independence

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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed 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 2008 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

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

F Drummond
Partner
Perth
12 March 2009