

ASX Release

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SIGNATURE METALS LIMITED

10 Woolshed Gully Drive
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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

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Chris Gbyl

Company Secretary:

Catherine Officer

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2,760 million shares

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HEADS OF AGREEMENT TO PROCURE GOLD TAILINGS

HIGHLIGHTS

- **Owere Mines Ltd 100% owned Konongo Gold Project (70% owned by Signature Metals) has entered into a Heads of Agreement with B&C Gold in which Owere Mines will procure and process gold bearing waste tailings as part of environmental clean-up arrangements**
- **A minimum of 1 million dry metric tonnes of tailings will be purchased from B&C over a three year period – assuming an average gold grade of 3g/tonne and recovery rate of 90%, this would produce approximately 90,000 ounces of gold**
- **Production is expected to commence in March 2014**
- **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 the Konongo Gold Project through to production**

Signature Metals is pleased to announce that Owere Mines Limited (“**Owere Mines**”) in which Signature Metals Ltd owns 70%, has entered into a Heads of Agreement (“**HOA**”) with B&C Gold Pty Ltd (“**B&C**”) 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 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. As such, B&C has been engaged to assist in the environmental clean-up of gold waste tailings as part of the HOA.

THE HEADS OF AGREEMENT

The Heads of Agreement

Further to the HOA, Owere Mines will enter into a formal agreement with B&C for the purchase of a minimum of 1 million dry metric tonnes of gold bearing tailings. 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 Mines will in turn, pay B&C an aggregate purchase price (in two tranches) based on the amount of dry tonnes delivered, grade of tailings, monthly average gold price, and grade factor. 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 purchase price of the tailings.

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

Operations under the HOA is expected to commence in March 2014 for a period of three years, renewable on an annual basis. For illustrative purpose, 1 million dry metric tonnes of tailings with an average grade of 3.0 g/tonne of gold at a 90% recovery rate would produce approximately 90,000 ounces of gold over the term of the agreement.

Since March 2013, Owere Mines has ceased trail 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 Mines 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 on-going but is on-track to be included in the Project's latest scoping study.