

21 March 2011

Dear Shareholder

**RENOUNCEABLE ENTITLEMENT ISSUE**

Signature Metals Limited (**Company**) has announced to ASX Limited (**ASX**) a pro rata renounceable entitlement issue of one (1) share for every ten (10) shares held by shareholders at an issue price of 2.5 cents per share to raise approximately \$5,345,009 (**Entitlement Issue**) (**Offer**).

The Offer will result in the issue of 213,800,372 new shares. The Directors have indicated that it is their present intention to subscribe for part of their Entitlement.

The Entitlement Issue is fully underwritten by Patersons Securities Limited.

The prospectus relating to the Offer has been lodged with the Australian Securities and Investments Commission and ASX and is available on the ASX website at [asx.com.au](http://asx.com.au) for inspection. The timetable and important dates of the Offer\* are set out below:

Lodgement of Prospectus and Appendix 3B with ASIC	21 March 2011
Notice sent to Shareholders	23 March 2011
Ex Date – rights trading commences	24 March 2011
Record Date for determining Shareholder entitlements	30 March 2011
Prospectus despatched to Shareholders	1 April 2011
Rights trading ceases	6 April 2011
Closing Date of Offer	15 April 2011
Despatch date/Shares entered into shareholders security holdings	21 April 2011

*\* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notifying you. You are encouraged to submit your application as soon as possible. Any extension of the Closing Date will have a consequential effect on the date of the issue of the securities. The Offer does not require the approval of shareholders.*

The purpose of the Offer is to raise approximately \$5,345,009 and the Company intends to apply the funds raised from the Offer towards:

<b>Proceeds of the Offer</b>	<b>\$</b>
Further exploration of the Konongo Gold Project	1,800,000
Manganese exploration	112,500
Purchase of crusher and mobile plant	1,350,000
Expansion studies	225,000
Working Capital	1,563,792
Expenses of the Offer	293,717
<b>Total</b>	<b>5,345,009</b>

The use of funds set out above is a "best estimate" only. It is important to recognise that the use of funds may be subject to change in line with results, circumstances and other opportunities.

The capital structure of the Company on completion of the Offer will be as follows:

#### **Shares**

	<b>Number</b>
Shares on issue at date of Prospectus <sup>1</sup>	2,138,003,724
Shares offered pursuant to the Offer	213,800,372
<b>Total Shares on issue after completion of the Offer <sup>1</sup></b>	<b>2,351,804,096</b>

#### **Options**

	<b>Number</b>
Unlisted exercisable at \$0.65 on or before 14 April 2011	333,333
Unlisted exercisable at \$0.65 on or before 14 April 2012	333,333
Unlisted exercisable at \$0.65 on or before 14 April 2013	333,333
Unlisted exercisable at \$0.03 on or before 28 September 2012	20,000,000
Unlisted exercisable at \$0.03 on or before 14 November 2012	9,000,000
Unlisted exercisable at \$0.015 on or before 31 December 2012	55,000,000
Unlisted exercisable at \$0.02 on or before 31 December 2013	17,000,000
<b>Total Options on issue after completion of the Offer <sup>2</sup></b>	<b>101,999,999</b>

**Notes:**

1. Includes 278,870,000 Shares (being the Placement Shares) intended to be issued to professional and sophisticated clients of Patersons Securities on or about 23 March 2011 as part of the Placement.
2. All of these Options may be exercised by the Option holders prior to the Record Date in order to participate in the Entitlement Issue.

In calculating entitlements under the Entitlement Issue, fractions will be rounded up to the nearest whole number.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to the Prospectus. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained. Overseas shareholders should contact the Company Secretary with any queries.

Qualifying shareholders should be aware that their Entitlement may have value. The Entitlement Issue is renounceable, which allows qualifying Shareholders who do not wish to take up some or all of their Entitlement to sell their Entitlement to the Shares they are not going to take up. Qualifying shareholders should either take up their Entitlement in whole or in part or deal with their Entitlement as outlined in the prospectus. You do not need to take up your Entitlement in full. You will receive no benefit if your Entitlement lapses.

Full details of the Offer will be contained in the prospectus that will be mailed to all shareholders who are registered on the record date. Shareholders eligible to participate should read the Prospectus carefully.

Yours faithfully

**Matthew Wood**  
**Chairman**