

28 September 2010

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 eight (8) shares held by shareholders at an issue price of 2 cents per share to raise approximately \$3,406,130 (**Entitlement Issue**) (**Offer**).

The Offer will result in the issue of 170,306,484 new shares. The Directors have indicated that it is their present intention to take up 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	28 September 2010
Notice sent to Shareholders	29 September 2010
Ex Date – rights trading commences	1 October 2010
Record Date for determining Shareholder entitlements	8 October 2010
Prospectus despatched to Shareholders	13 October 2010
Rights trading ceases	20 October 2010
Closing Date of Offer	27 October 2010
Despatch date/Shares entered into shareholders security holdings	5 November 2010

*\* 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 \$3,406,130 and the Company intends to apply the funds raised from the Offer towards:

<b>Proceeds of the Offer</b>	<b>\$</b>
Exploration of the Konongo Gold Project	1,500,000
Plant refurbishment and commissioning	375,000
Upgrade site infrastructure and ore haulage	500,000
Metallurgical testwork and expansion studies	300,000
Working Capital	536,130
Expenses of the Offer	195,000
<b>Total</b>	<b>3,406,130</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>	1,362,451,868
Shares offered pursuant to the Offer	170,306,484
<b>Total Shares on issue after completion of the Offer <sup>1</sup></b>	<b>1,532,758,352</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	20,000,000
<b>Total Options on issue after completion of the Offer <sup>2</sup></b>	<b>104,999,999</b>

**Notes:**

1. Includes 177,000,000 Shares (being the Tranche 1 Placement Shares) issued to sophisticated clients of Patersons Securities Limited as part of the share placement announced by the Company on 22 September 2010 (**Placement**). Does not include the remaining 323,000,000 Shares (being the Tranche 2 Placement Shares) which remain subject to Shareholder approval at the Annual General Meeting of the Company.
2. 104,999,999 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.

The Offer is made to shareholders with registered addresses in Australia and New Zealand only. Overseas shareholders should contact the Company Secretary with any queries. The Company will appoint a nominee who will deal with the Entitlements of overseas shareholders.

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**