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**SIGNATURE METALS LIMITED**

**ABN 86 106 293 190**

**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY STATEMENT**

**PROXY FORM**

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**TIME:** 9:30 am (WST)

**DATE:** 26 November 2009

**PLACE:** Level 1 33 Richardson Street  
West Perth, WA 6005

*This Notice of Annual General Meeting is an important document and requires your immediate attention. Please read it carefully. If you are in doubt as to what you should do, please consult your professional adviser.*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Annual General Meeting of the Shareholders of Signature Metals Limited which this Notice of Annual General Meeting relates to will be held at 9:30 am (WST) on 26 November 2009 at:

Level 1 33 Richardson Street  
West Perth, WA 6005

**VOTING IN PERSON**

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To vote in person, attend the Annual General Meeting on the date and at the place set out above.

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) deliver the proxy form by hand to the Company's registered office at Level 1, 33 Richardson Street, West Perth, Western Australia;
- (b) mail the proxy form to the Company's registered office at PO Box 826 West Perth, Western Australia, 6872; or
- (c) send the proxy form by facsimile to the Company on facsimile number +61 8 9200 4469,

so that it is received not later than 9:30 am (WST) on 24 November 2009.

**Proxy forms received later than this time will be invalid.**

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Signature Metals Limited will be held at Level 1 33 Richardson Street, West Perth, Western Australia 6005 at 9:30 am (WST) on 26 November 2009.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company on 24 November 2009 at 9:30 am (WST).

Terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary.

## AGENDA

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### BUSINESS

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at the Annual General Meeting.

### ORDINARY BUSINESS

#### Financial Statements and Reports

To receive and consider the annual financial statements of the Company for the financial year ended 30 June 2009 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2009.”*

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#### 2. RESOLUTION 2 – RE-ELECTION OF A DIRECTOR – MR MATTHEW WOOD

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of clause 13.2 of the Constitution, Matthew Wood, being a Director of the Company who retires by rotation and, being eligible for re-election, is re-elected as a Director of the Company.”*

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**3. RESOLUTION 3 – ISSUE OF DIRECTOR OPTIONS TO MR WILLIAM OLIVER – RELATED PARTY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Section 208 of the Corporations Act 2001, ASX Listing Rule 10.11 and for all other purposes, approval be given for the Directors to allot and issue 10,000,000 Director Options to Mr William Oliver (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by Mr Oliver (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**4. RESOLUTION 4 – ISSUE OF DIRECTOR OPTIONS TO MR TIM FLAVEL – RELATED PARTY**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Section 208 of the Corporations Act 2001, ASX Listing Rule 10.11 and for all other purposes, approval be given for the Directors to allot and issue 20,000,000 Director Options to Mr Tim Flavel (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by Mr Flavel (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**5. RESOLUTION 5 – ISSUE OF DIRECTOR OPTIONS TO MR STUART MURRAY – RELATED PARTY**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Section 208 of the Corporations Act 2001, ASX Listing Rule 10.11 and for all other purposes, approval be given for the Directors to allot and issue 5,000,000 Director Options to Mr Stuart Murray (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by Mr Murray (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**6. RESOLUTION 6 – ISSUE OF DIRECTOR OPTIONS TO MR MATTHEW WOOD – RELATED PARTY**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 2, for the purpose of Section 208 of the Corporations Act 2001, ASX Listing Rule 10.11 and for all other purposes, approval be given for the Directors to allot and issue 20,000,000 Director Options to Mr Matthew Wood (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by Mr Wood (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**7. RESOLUTION 7 – APPROVAL TO ISSUE UP TO 50,000,000 SHARES**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to issue and allot up to 50,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on a resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities and any associate of that person. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**DATED: 5 OCTOBER 2009**

**BY ORDER OF THE BOARD**

**MR SCOTT FUNSTON  
COMPANY SECRETARY  
SIGNATURE METALS LIMITED**

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## **EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at Level 1 33 Richardson Street, West Perth, Western Australia 6005 at 9:30 am (WST) on 26 November 2009.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### **1. FINANCIAL STATEMENTS AND REPORTS**

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2009 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at [www.signaturemetals.com.au](http://www.signaturemetals.com.au).

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### **2. RESOLUTION 1– ADOPTION OF REMUNERATION REPORT**

The Remuneration Report is set out in the Directors' Report in the Company's 2009 Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company at the Annual General Meeting. However, Shareholders should note that the vote on Resolution 1 is advisory only and is not binding on the Company or its Directors.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

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### **3. RESOLUTION 2 – RE-ELECTION OF MR MATTHEW WOOD**

Clause 13.2 of the Constitution of the Company provides that at each annual general meeting one third of the Directors, or if their number is not a multiple of three, then the number nearest to but not more than one third of the directors must retire from office. A retiring director is eligible for re-election.

Mr Matthew Wood retires in accordance with the Constitution and, being eligible for re-election, offers himself for re-election at the Annual General Meeting.

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#### 4. RESOLUTIONS 3, 4, 5 AND 6 – ISSUE OF DIRECTOR OPTIONS

##### 4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 55,000,000 Options (**Director Options**) to Messrs Wood, Flavel, Murray and Oliver (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,
- (c) unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Director Options to the Related Parties requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and as Directors, Messrs Wood, Flavel, Murray and Oliver are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

##### 4.2 Trading Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are quoted on the ASX. The highest, lowest and most recent market sale prices of the Company's securities on the ASX during the twelve months immediately preceding the date of this Notice of Meeting and the respective date of those sales are:

Highest:	3.2 cents on 14 September 2009
Lowest:	0.6 cents on 3 March 2009
Last:	2 cents on 2 October 2009

##### 4.3 Shareholder Approvals Required – Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

For the purposes of sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided to allow Shareholders to assess the proposed grant of the Director Options:

- (a) the related parties are Messrs Wood, Flavel, Murray and Oliver and they are related parties by virtue of being Directors;
- (b) the maximum number of Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
- (i) 10,000,000 Director Options to William Oliver;
  - (ii) 20,000,000 Director Options to Tim Flavel;
  - (iii) 20,000,000 Director Options to Matthew Wood; and
  - (iv) 5,000,000 Director Options to Stuart Murray;
- (c) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised from the grant of the Director Options;
- (d) the Director Options shall vest on 30 September 2010;
- (e) the relevant interests of the Related Parties in securities of the Company are set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
Mr Oliver	750,000	Nil
Mr Flavel	1,000,000	45,000,000 <sup>1</sup>
Mr Wood	7,464,065	45,000,000 <sup>2</sup>
Mr Murray	Nil	20,000,000

<sup>1</sup> 45,000,000 Options exercisable at 1.5 cents each on or before 31 December 2009.

<sup>2</sup> 45,000,000 Options exercisable at 1.5 cents each on or before 31 December 2009.

<sup>3</sup> 20,000,000 Options exercisable at 3 cents each on or before 28 September 2012.

- (f) the remuneration and emoluments from the Company to the Related Parties for both the current financial year and previous financial year are set out below:

<b>Related Party</b>	<b>Current Financial Year</b>	<b>Previous Financial Year</b>
Mr Oliver	\$180,000	\$111,200
Mr Flavel	\$60,000	\$45,000
Mr Wood	\$96,000	\$45,000
Mr Murray	\$50,000	\$40,000

- (g) if the Director Options granted to the Related Parties are exercised, a total of 55,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 742,001,868 to 797,001,868 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:



Related Party	Number of Director Options to be issued	Issued Shares at the date of this Notice	Dilutionary effect if all Director Options are exercised
Mr Oliver	10,000,000	742,001,868	1.35%
Mr Flavel	20,000,000	742,001,868	2.70%
Mr Wood	20,000,000	742,001,868	2.70%
Mr Murray	5,000,000	742,001,868	0.67%
<b>Total</b>	<b>55,000,000</b>	<b>742,001,868</b>	<b>7.41%</b>

the market price for Shares during the term of the Director Options would normally determine whether or not the options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company;

- (h) information on the trading history of the Shares on ASX in the past 12 months is set out in Section 4.2 above;
- (i) the terms and conditions of the Director Options are set out in Schedule 1;
- (j) the value of the Director Options and the pricing methodology is set out in Schedule 2;
- (k) the Director Options will be granted to the Directors no later than 1 month after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (l) the primary purpose of the issue of the Director Options is to provide consideration to the Directors for his services of assisting the Company in developing the Company strategy of creating an African focused resources company. Given this purpose and bearing in mind the exercise terms of the Director Options, the Directors do not consider that there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Director Options upon the terms proposed;
- (m) the Board acknowledges that the grant of Options to Messrs Wood, Flavel, Murray is contrary to Recommendation 8.2 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of the Options to the Directors reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;
- (n) William Oliver declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 3, recommend that Shareholders vote in favour of Resolution 3. The Board (other than William Oliver) is not aware of any other information that would be reasonably required by Shareholders

to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;

- (o) Tim Flavel declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than Tim Flavel) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;
- (p) Stuart Murray declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5. The Board (other than Stuart Murray) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution; and
- (q) Matthew Wood declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6. The Board (other than Matthew Wood) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 5. RESOLUTION 7 – APPROVAL TO ISSUE UP TO 50,000,000 SHARES

### 5.1 Background

The Company has continued to work towards assembling a package of quality resource projects in Africa. On 12 May 2009, the Company announced to the ASX that the Company had entered into a purchase agreement with Mwana Africa PLC (**Mwana**) pursuant to which Mwana granted the Company an option to acquire 70% of the Konongo Gold Project, located in the world class Ashanti Gold Belt of Ghana (**Konongo Gold Project** or **Project**) (**Option**).

Pursuant to the terms of the purchase agreement, the Company is required to complete a mining study on the Konongo Gold Project (**Mining Study**) within twelve months of entering the agreement. The consideration payable to Mwana upon exercise of the Option to acquire the interest in the Konongo Gold Project is the issue of 50,000,000 Shares (**Tranche 1 Shares**). Mwana has advised the Company that it is willing to accept these shares and transfer ownership of the Project prior to the completion of the Mining Study.

Prior to the transfer, the consent to change of ownership of the Project must be obtained from the Ghanaian Minerals Commission and this consent is currently being sought.

In accordance with the terms of the purchase agreement:

- (a) a further 50,000,000 Shares will be issued to Mwana upon delineation of one million ounces of JORC Code compliant Measured and Indicated resources; and
- (b) a final payment of \$A3 million in Shares or cash will be paid to Mwana following production of 100,000 ounces of gold from the Project.

The Konongo Gold Project consists of 192km<sup>2</sup> of granted tenure and contains 16 known gold deposits along 12 kilometres strike of the Ashanti Gold Belt. The Konongo Gold Project is jointly owned by Mwana (70%), the Ghanaian Government (10%) and a Ghanaian based Company (20%).

The Project currently has current JORC compliant resources of 15 million tonnes at 2.0g/t gold in the Indicated and Inferred categories representing over 975,000 ounces of contained gold

<b>Class</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Contained Ounces Au</b>
Indicated	5,006,000	1.84	295,745
Inferred	10,001,000	2.12	682,685
<b>Total</b>	<b>15,007,000</b>	<b>2.02</b>	<b>978,430</b>

Resources contained within the Project are detailed in the above table and include six deposits with a resource grade greater than 4g/t gold. In addition to re-evaluating the known deposits at the current gold price, the Company believes there is considerable potential to extend high grade zones within these resources as well as the opportunity to make new discoveries within the Project area.

The Company's initial work has been to compile and validate all drillhole data relating to the Project. Following this the Company aims to re-model and evaluate all resources contained within the Project area to assess their viability at current spot gold prices.

From a review of all available exploration data the Company believes there are several prospective areas which have not been adequately tested. These represent priority drill targets and work programmes are being designed to test these areas for high grade free-milling resources which can be fast-tracked into production. In addition there are several high grade shoots open at depth which require further drilling to better delineate them

As announced by the Company on 10 September 2009, a 4000m drilling programme on the Konongo Gold Project has commenced. Diamond core drilling will target extensions to high grade shoots intersected in historical drilling at the Obenemase Deposit.

Inspection of the CIL plant remaining on site at Konongo has been completed and shown that the plant is in good condition. As a result, the costs associated with refurbishing the plant are expected to be minimal, especially in comparison to the capital cost of a new plant. The presence of this plant onsite at Konongo presents Signature with the opportunity to move into early production.

The time required to make the plant serviceable again is forecast to be six to twelve months. The Company believes 250-350,000tpa of ore can be processed with the plant in its current configuration and the potential for future expansion is being examined.

The Company envisages initial production to be from the mining of new and existing open-cut operations including the Apan, Asewera, Atunsu and Boabedroo deposits. Previous open pit mining at the Konongo Gold Project was carried out during a period of low gold prices and the Company believes that the remnant oxide resources will allow the Company to target production.

The Company is also closely investigating the potential of processing a number of stockpiles and dumps which remain on site. There is approximately one to two million tonnes of tailings, spent agglomerates and other stockpiles which are currently being assessed as part of a study to recommence production.

Pursuant to Resolution 7, the Directors are seeking approval to issue the Tranche 1 Shares to Mwana (**Share Placement**).

*The information in this Section 5 which relates to Mineral Resources has been compiled and reviewed by Mr Bill Oliver from publicly stated JORC-compliant information originally prepared in 2005 by RSG Global for Mwana's AIM-listing document along with a 2006 resources update for the Obenemase Deposit and a 2008 resource updated for the Boabedroo deposit. This information, in the opinion of Mr Oliver, complies with the reporting standards of the 2004 Edition of the 'Australian Results, Mineral Resources and Ore Reserves'.*

*Mr Oliver is a Member of the Australian Institute of Mining and Metallurgy and Australian Institute 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 define in the 2004 Edition of the 'Australian Results, Mineral Resources and Ore Reserves'. Mr Oliver is the Exploration Director of the Company and consents to the inclusion of information in this Section 5 in the form and context in which it appears based on the information presented to him.*

## **5.2 ASX Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company may not issue securities in any 12 month period which, when aggregated with the value of the other securities issued within that 12 month period, exceed 15% of the value of ordinary shares on issue at the beginning of the 12 month period, unless the issue falls within one of the nominated exceptions, or the prior approval of members of the company in general meeting is obtained.

## **5.3 Technical Information required by ASX Listing Rule 7.1**

In compliance with Listing Rule 7.3, Shareholders are provided the following information in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is 50,000,000;
- (b) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares will be issued no later than 3 months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;

- (d) the Shares will be issued to Mwana Africa PLC which is not a related party of the Company;
- (e) the Shares will be issued a deemed issued price of \$0.02 each; and
- (f) the Shares will be issued to Mwana as consideration for the acquisition of the a 70% interest in the Konongo Gold Project. Accordingly, no funds will be raised from the issue of the Shares.

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**6. ENQUIRIES**

Shareholders are required to contact the Company Secretary on +61 8 9481 0101 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Board** means the board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means Signature Metals Limited (ABN 86 106 293 190).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director Option** means an Option granted pursuant to Resolutions 3, 4, 5 or 6 with the terms and conditions set out in Schedule 1.

**Directors** mean the directors of the Company.

**Explanatory Statement** means the explanatory statement to the Notice.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option or Director Option as the context requires.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a share in the Company.

**Shareholder** means a shareholder in the Company.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

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The Director Options entitle the holder to subscribe for ordinary fully paid shares in the capital of the Company on the following terms and conditions:

- (a) The Director Options will expire at 5.00pm Australian Western Standard Time on 31 December 2012 (**Expiry Date**). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (b) Each Director Option gives the Option holder the right to subscribe for one Share. To obtain the right given by each Director Option, the Option holder must exercise the Director Options in accordance with the terms and conditions of the Director Options.
  - (c) The exercise price payable upon exercise of each Director Option will be 1.5 cents Australian (**Exercise Price**).
  - (d) The Director Options shall vest on 30 September 2010 (**Vesting Date**).
  - (e) If the Director being the recipient of the Director Options issued pursuant to Resolutions 3, 4, 5 or 6 (as the case may be) ceases to be a Director prior to the Vesting Date, the relevant Director Options shall be forfeited.
  - (f) Once the Director Options are exercisable the Director Options may be exercised at any time prior to the Expiry Date, from time to time.
  - (g) An Option holder may exercise their Director Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised;
- (**Exercise Notice**).
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (i) Within 5 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
  - (j) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
  - (k) The Company will not apply for quotation of the Director Options on ASX. However, the Company will apply for quotation by ASX of all Shares allotted pursuant to the exercise of Director Options within 10 Business Days after the date of allotment of those Shares.
  - (l) In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company before the expiry of any Director Options, the number of Options to which an Director Option holder is entitled or the Exercise Price of the Director Options or both will be reconstructed (as appropriate) in accordance with the Listing Rules.
  - (m) A Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Director Option can be exercised.
  - (n) There are no participating rights or entitlements inherent in the Director Options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of the proposed issue notice of the new issue will be given to optionholders at least ten (10) Business Days before the record date. This will give optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.

**SCHEDULE 2 – VALUATION OF DIRECTOR OPTIONS**

The Director Options to be issued to the Related Parties pursuant to Resolutions 3, 4, 5 and 6 have been valued by internal management. Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed a value range, as follows:

	<b>Valuation</b>	<b>Sensitivity Analysis</b>		
<b>Number of Director Options</b>	55,000,000			
<b>Share Price</b>	1.5 cents	1.0 cents	2.0 cents	2.5 cents
<b>Indicative value per Director Option (cents)</b>	0.0078	0.0041	0.0119	0.0162
<b>Value of Director Options</b>	429,682	227,912	653,557	890,832
<b>Assumptions:</b>				
<b>Valuation Date</b>	23/09/09	23/09/09	23/09/09	23/09/09
<b>Exercise Price</b>	1.5 cents	1.5 cents	1.5 cents	1.5 cents
<b>Expiry Date</b>	31/12/2012	31/12/2012	31/12/2012	31/12/2012
<b>Volatility</b>	70%	70%	70%	70%
<b>Risk free interest rate</b>	5.52%	5.52%	5.52%	5.52%

NB: No discount has been applied in relation to the valuation to account for the vesting conditions of the Director Options. The valuation ranges noted above are not necessarily the market prices that the Director Options could be traded at and they are not automatically the market prices for taxation purposes.



**PROXY FORM**

**APPOINTMENT OF PROXY  
SIGNATURE METALS LIMITED  
ABN 86 106 293 190**

**ANNUAL GENERAL MEETING**

I/We

of

being a member of Signature Metals Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 9.30 am (WST), on 26 November 2009 at Level 1, 33 Richardson Street, West Perth, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolutions 3 to 7** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 3 to 7 and that votes cast by the Chair of the Annual General Meeting for Resolutions 3 to 7 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 3 to 7 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 3 to 7.

*OR*

**Voting on Business of the Annual General Meeting**

		<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of a Director – Matthew Wood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Director Options to William Oliver	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Director Options to Tim Flavel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Director Options to Stuart Murray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Director Options to Matthew Wood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to Issue 50,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

Sole Director/Company Secretary

Director

Director/Company Secretary

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) deliver the proxy form by hand to the Company's registered office at Level 1, 33 Richardson Street, West Perth, Western Australia;
  - (b) mail the proxy form to the Company's registered office at PO Box 826 West Perth, Western Australia, 6872; or
  - (c) send the proxy form by facsimile to the Company on facsimile number +61 8 9200 4469,

so that it is received not later than 9:30 am (WST) on 24 November 2009.

**Proxy forms received later than this time will be invalid.**