



ABN: 86 106 293 190

**Period End Report**  
**9 Months to 31 March 2013**

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# Corporate Directory

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## BOARD OF DIRECTORS

|                             |                          |
|-----------------------------|--------------------------|
| Soo Khoon Raymond Tan       | (Non-Executive Chairman) |
| Peter Chen                  | (Executive Director)     |
| Roland Kenneth Selvanayagam | (Non-Executive Director) |
| Denis Edmund Clarke         | (Non-Executive Director) |

## Chief Executive Officer

Chris Gbyl

## Company Secretary

Adrian Di Carlo

## Registered Office and Principal Place of Business

10 Woolshed Gully Drive  
Mt Clear, Victoria 3350, Australia  
Telephone: +61 (03) 5327 2616  
Facsimile: +61 (03) 5327 2556

## Share Registry

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth, WA 6000, Australia  
Telephone: + 61 1300 787 272  
Facsimile: + 61 8 9323 2033

## Auditors

PricewaterhouseCoopers  
Chartered Accountants  
2 Southbank Boulevard  
Melbourne VIC 3006 Australia

## Stock Exchange Listing

Signature Metals Limited shares are listed on the Australian Securities Exchange,  
ASX ticker code: SBL

## Director's Report

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The Directors present their report for Signature Metals Limited ("Signature Metals" or "the Company") and its subsidiaries ("the Group") for the 9 month period ended 31 March 2013.

### DIRECTORS

The names, qualifications and experience of the Company's Directors who held office during the reporting period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### **Mr. Soo Khoon Raymond Tan**

##### **Non-Executive Chairman**

Mr. Raymond Tan joined the Company as Non-Executive Director on 25 June 2012 and was appointed Chairman on 14 September 2012. Mr. Tan is an executive director of LionGold Corp Ltd, the significant shareholder. Mr. Tan was previously a partner and the head of the corporate and commercial department of Robert Wang & Woo LLP prior to joining LionGold Corp Ltd as Group General Counsel and Executive Director from 1 January 2013. Mr. Tan is an independent director of SGX listed ISR Capital Limited and a non-executive director of ASX listed Citigold Corporation Limited. Mr. Tan has extensive experience in dealing with numerous aspects of corporate law and regulatory issue for public listed companies, specialising in corporate governance, compliance and finance.

#### **Mr. Peter Chen**

##### **Executive Director**

Mr. Peter Chen joined the Company as a non-Executive Director on 4 October 2012. Mr. Chen was subsequently designated as Executive Director of the Company on 1 November 2012. Mr. Chen has a Bachelor of Commerce and a Bachelor of Law degree, both conferred by the Australian National University. Mr. Chen is a corporate lawyer with over 16 years experience in private legal practice and had previously served as an independent non-executive director for public listed companies in Malaysia. He was also formerly the general legal counsel for KFC Holdings (Malaysia) Berhad and QSR Brands Berhad (both companies listed on Bursa Malaysia Berhad, the Malaysian stock exchange). He has since ceased private legal practice and is now the Director of Business and Corporate Development of LionGold Corp Ltd (the significant shareholder).

#### **Mr. Roland Kenneth Selvanayagam**

##### **Non-Executive Director**

Mr. Roland Selvanayagam joined the Company as Non-Executive Director on 3 April 2012. Roland is an independent and non-executive director of LionGold Corp Ltd (the significant shareholder). He is also a director of a company listed on the Malaysian stock exchange. He has more than 30 years broad commercial experience managing companies in Malaysia, Sri Lanka & Thailand. Amongst his previous employers are the BAT group, Sears Roebuck group and the Mayora Indah group of Indonesia. He is a professionally qualified accountant having qualified from London in 1980. He has served on other boards in South Africa, Sri Lanka & Thailand.

#### **Dr. Denis Edmund Clarke**

##### **Non-Executive Director**

Dr. Denis Clarke joined the Company as Non-Executive Director on 14 September 2012. Dr. Clarke is an Independent and Non-Executive Director of LionGold Corp Ltd (the significant shareholder) and is currently the Non-Executive Chairman of both Hill End Gold Limited and Cullen Resources Limited, companies whose shares are listed and quoted for trading on the ASX. He was a director of Anglo Australian Resources NL, BCD Resources NL and BCD Resources (Operations) NL in the past 3 years. He has a Ph.D. (Geology) from Stanford University and has over 40 years' experience in senior technical, financial and corporate positions in the mining and exploration industry in Australia and overseas. He played a significant role in the growth of Plutonic Resources Limited, which developed into one of Australia's largest gold producers before being absorbed by Homestake Mining Company. Subsequently as director and consultant he contributed to the rapid growth of Troy Resources Limited from small explorer to a very successful mid-tier international gold miner.

## Director's Report

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### **Ms. Choy Yin Wong**

#### **Executive Director**

Ms. Wong Choy Yin joined the Company as Executive Director on 03 April 2012 and resigned effective 1 November 2012. Ms. Choy Yin previously held the office of Chief Financial Officer of LionGold Corp Ltd (the significant shareholder). She was an executive director of LionGold Corp Ltd from 30 January 2007 to 31 July 2012 and the Financial Consultant of a corporate and management advisory services company. Throughout her 20 years of working experience, she had acquired operational, supervisory and management experience in diverse fields such as audit, entertainment, construction, manufacturing, transportation, oil palm, rubber and cocoa plantations, and palm oil mills. She holds a professional qualification from the Chartered Institute of Management Accountants (UK) and a Master of Business Administration from the University of Keele (UK). She is also a member (Chartered Accountant) of the Malaysian Institute of Accountants.

### **Mr. William Alan Oliver**

#### **Non-Executive Director**

Mr. Bill Oliver joined the Company as a Non-Executive Director on 1 October 2008 and resigned effective 2 October 2012. Mr. Oliver has over 12 years' experience in the international resources industry working for both major and junior companies. Bill has wide-ranging exploration experience across a number of commodities including expertise in near-mine exploration/resource extension and resource definition as well as significant experience in the technical and economic evaluation of resources projects. He holds an honours degree in geology from the University of Western Australia as well as a postgraduate diploma in finance and investment from FINSIA. He is a member of the Australasian Institute of Minerals and Metallurgy as well as the Australian Institute of Geoscientists. He is currently a Director of View Resources Limited.

### **Mr. Mark Gillie**

#### **Executive Director**

Mr. Mark Gillie joined the Company as Executive Director on 03 April 2012 and resigned effective 30 September 2012. Mr. Gillie is an Australian mining professional and has over 25 year of experience in the mining and exploration industry. He was previously the Director of African Operations of LionGold Corp Ltd. His experience and skill sets are both broad and deep as he has been involved in all aspects of the industry from operational level to Chief Executive. He has extensive experience in Africa, having spent the last 20 years of his career in that region. He was appointed as the Investec Bank Representative on-site at the Bibiani Gold Mine in Ghana, with operational control of the mine until its eventual disposal to Noble. He was CEO of Digital Mining Services and Rift Mining in Africa. He has been involved in the area of artisanal mining and has overseen projects involving the transformation of small scale mining operations in Africa into organized and formal artisanal mining operations.

### **Mr. Theo Christodoulou**

#### **Alternative Executive Director**

With the Board's approval, Mr. Mark Gillie appointed Mr. Theo Christodoulou as an Alternate Director of the Company on 3 April 2012 and resigned effective 30 September 2012. Theo was previously Director of Corporate Development in LionGold Corp Ltd. Theo is a Chartered Accountant by training and has an MBA from Duke University (USA). Theo has worked at PWC and Deutsche Bank where he served as Director (and Head of Metals and Mining) from 2005 to 2010. Theo has extensive experience in advising on mining initiatives, project finance planning and management, M&A, IPO and BEE structuring across Africa.

### **Chief Executive Officer**

#### **Mr. Chris Gbyl**

The appointment of Mr. Chris Gbyl as Chief Executive Officer was made on the 17 December 2012 with effect from 1 January 2013. Mr. Chris Gbyl has proven general management experience, gained from engineering, project management, commercial and senior operations roles. This experience has been developed through a number of senior roles within various locations both in Australia and overseas. Chris' recent key appointments were with West African Cape Lambert Resources and Equigold where he had key responsibilities for developing the projects from exploration to operation, and developing and maintaining excellent relationships with government, local communities and local leaders. In addition, Chris has held project management positions with PT Leighton Indonesia, Cooks Construction Ltd and CSR-AWP Contractors, and was the operations manager with Consolidated Minerals Limited in Western Australia.

## Director's Report

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### Company Secretary

#### Mr. Adrian Di Carlo

Mr. Adrian Di Carlo joined the Company as Company Secretary on 3 April 2012 with 19 years corporate and management experience. Adrian advises and has appointments as company secretary for ASX listed entities with the firm Company Matters Pty Limited. Adrian has also held accounting and commercial positions within the Wesfarmers Limited group over a 13 year period, and also worked for the Barrick Gold/Antofagasta Minerals joint venture Tethyan Copper where he was responsible for accounting, secretarial and post-acquisition activities. Adrian is a Chartered Company Secretary (ACIS) and Certified Practising Accountant (CPA), and holds a Bachelor of Business and a Master of Business Administration (MBA) from Curtin University, and also holds a Graduate Diploma in Applied Corporate Governance from Chartered Secretaries Australia.

### INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, no director has any interests in the shares and options of Signature Metals Limited.

### RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Signature Metals Limited for the 9 month period ended 31 March 2013 was \$11,539,808 (2012: \$1,228,139).

### DIVIDENDS

No dividend was paid or declared by the Group in the period since the end of the previous financial year and up to the date of this report.

### CHANGE IN FINANCIAL YEAR END

On 15 January, the Company announced that it had notified ASIC of a change to the financial year end from 30 June to 31 March with effect from 1 July 2012. This change was made in the best interests of the Company with a purpose of increasing the efficiencies of the audit process by aligning to the financial year end of LionGold. This reporting period is therefore for the 9 month period commencing 1 July 2012 and ending 31 March 2013.

### CORPORATE STRUCTURE

Signature Metals Limited is a company limited by shares that is incorporated and domiciled in Australia. Signature Metals Limited is 76.86% owned by LionGold Corp Limited.

### NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of companies within the group during the 9 month reporting period were mineral exploration and examination of new resource opportunities. During the reporting period, the principal focus was the exploration and evaluation at the Konongo Gold Project in Ghana.

### EMPLOYEES

The Group had 109 employees as at 31 March 2012 (2012: 556).

### REVIEW OF OPERATIONS

#### KONONGO GOLD PROJECT, GHANA

The Group's main project is the Konongo Gold Project ("the Project") in Ghana, which contains 16 known gold deposits along 12 kilometres of strike of the world class Ashanti Gold Belt. Considerable infrastructure remains on site including a 350ktpa CIL processing plant as well as access to power, water and sealed roads.

#### TRIAL MINING AND BATCH PROCESSING

During the financial period until suspension of mining operations, the Project continued trial surface mining of the Atunsu North Deposit, a deposit previously discovered by the Project's geologists (initially named Kyereben West). During the September 2012 Quarter, good mill feed grades and gold recoveries were achieved from the deposit's mineralisation. On the basis of these results, a decision was made to complete a cut back of the pit to provide access to oxide ore at depths deeper than originally planned. Heavy rainfall combined with the increased depth of the pit lead to lower tonnage production from this deposit in the December 2012 Quarter.

Following favourable results from extensive infill drilling and trenching completed in the June 2012 Quarter, the Project commenced stripping waste from the top of the Boabedroo South Extended Deposit to enable the commencement of mining. Commencement of mining from this deposit would provide more than one ore source for the processing plant providing greater feed flexibility. Removal of the waste during the September 2012 Quarter was hampered by heavy rainfall, however, low grade ore removed during this time was delivered to the processing plant for future processing. In-pit grade control was applied to the deposit in the December 2012 Quarter resulting in better selection of ore and an increased grade mined but also produced lower tonnage rates. Reconciliation of physical results from this deposit compared to the modelled resources in the oxide zone did not compare favourably indicating lower grades than modelled. This adversely affected the economics of the deposit.

A large resource of tailings from earlier mining operations was identified on the Konongo project in 2012. Previous efforts to treat batch samples of this material had provided variable results. Haulage and treatment of tailings from the South Shaft commenced in the December 2012 Quarter in an effort to offset the reduced tonnages from the Atunsu North and Boabedroo South Extended deposits. Reconciliation of treated material with recovered material despite the blending of processing plant feed with existing deposits led to the identification of poor recoveries from the sulphide-rich tails. Metallurgical test-work indicated that further processing of the tailings material was uneconomic and haulage of the material was suspended in January 2013.

Improvement programs during the reporting period focused on increasing the throughput through improving the reliability of the power supply, improving the throughput due to the wet and clay-rich nature of the oxide material especially during the wet season, focus on mining equipment selection and utilisation, and on reducing the processing plant downtime through an improved maintenance regime. Notwithstanding the critical focus throughout the reporting period on the discovery, definition and development of additional near surface ore deposits to provide oxide ore feed to the mill, it became apparent in the December 2012 Quarter that insufficient sources of ore were being identified at the rate needed, and at the grades required, to deliver a profitable operation in the short term. This combined with below target ore throughput and gold grades from the Boabedroo South Extended pit in particular, resulted in the recognition that a change in business strategy and direction was required.

The longer term future for the Konongo Gold Project was always seen as the potential for the larger scale development of the more extensive, deeper refractory sulphide gold resources.

On 30 January 2013, the Company announced that it was proceeding with a technical Life of Mine Study to accelerate the assessment of the underground mining potential of the Konongo Gold Project. Resources deployed in the trial mining of shallow oxide ore and tailings were to be reallocated to fund a more aggressive exploration program for near-surface oxide mineralisation. On 3 February 2013 due to depleted resources of oxide ore, mining operations were suspended at the Konongo Project. Sufficient ore remained on the Run of Mine (ROM) pad to continue with processing plant feed until the end of February. The final shipment of gold from existing ore sources occurred in late March.

## Director's Report

Due to the suspension of mining and the re-deployment of resources to the exploration programme, the existing pits and processing plant have been placed on care and maintenance pending the establishment of delineated and developed near surface oxide ore deposits with reasonable recoveries. Approximately 380 employees have also been made redundant during the March 2013 Quarter.

Production statistics for the financial period are as follows:

| SUMMARY                 |        | Jul 12  | Aug 12  | Sep 12  | Oct 12  | Nov 12  | Dec 12  | Jan 13  | Feb 13 | Mar 13 |
|-------------------------|--------|---------|---------|---------|---------|---------|---------|---------|--------|--------|
| Mined – Oxides          | tonnes | 14,856  | 21,471  | 14,566  | 11,236  | 16,404  | 10,420  | 23,337  | 3,518  | -      |
| Mined Tailings          | tonnes | 12,532  | 602     | 17,567  | 14,938  | 13,531  | 1,276   | 5,952   | -      | -      |
| Total Ore Mined         | tonnes | 27,388  | 22,073  | 32,133  | 26,174  | 29,935  | 11,696  | 29,289  | 3,518  | -      |
| Mined Waste             | tonnes | 205,170 | 328,020 | 350,190 | 379,925 | 303,360 | 230,321 | 109,578 | 1,951  | -      |
| Grade Ore Mined         | g/t    | 1.87    | 1.54    | 1.63    | 2.27    | 1.54    | 1.91    | 1.83    | 1.8    | -      |
| Total Milled            | tonnes | 21,034  | 23,444  | 25,626  | 22,128  | 21,912  | 22,730  | 23,021  | 19,001 | -      |
| Rate (tonnes per day)   | tpd    | 678     | 756     | 854     | 714     | 730     | 733     | 743     | 679    | -      |
| Availability            | %      | 82      | 92      | 89      | 87      | 94      | 96      | 97      | 97     | -      |
| Overall Mill Feed Grade | g/t    | 1.50    | 1.34    | 1.06    | 1.76    | 1.44    | 1.53    | 1.39    | 0.81   | -      |
| Overall Recovery        | %      | 80      | 87      | 65      | 81      | 71      | 74      | 75      | 67     | -      |
| Total Gold produced     | oz     | 1,017   | 1,011   | 875     | 927     | 715     | 588     | 937     | 437    | 195    |

An agreement was initiated with the local electricity supply company to construct a dedicated power line to the processing plant to improve constant and regulated power supply. This power line was completed in the March 2013 Quarter.

An Environmental Impact Statement was submitted to the Environmental Protection Agency for the treatment of alluvial gravels from the Konongo Project concession. Permitting to commence alluvial operations was received during the March 2013 Quarter. Specialised equipment required to enable preliminary recovery of alluvial materials was procured during the financial period to facilitate the commencement of preliminary test-work.

### EXPLORATION

In the March 2013 Quarter, the Project announced this change in focus and the commencement of a technical life of mine study focused on accelerating the assessment of the underground potential within the lease. As a first step, Snowdens were engaged to commence a scoping study. Commensurate with this effort, exploration activities in key prospective zones were stepped up during the 2013 calendar year. A two-pronged exploration program commenced, focusing on near-surface oxide ore potential and on deeper exploration drilling to evaluate the extensive higher grade sulphide mineralisation. Targets for the oxide program included those near-by the existing infrastructure, but also on the relatively unexplored Ashanti Shear itself. The sulphide potential was targeted between 50 and 300 metres depth. The sulphide program commenced towards the end of the March 2013 Quarter.

Exploration activities focussed on two principle objectives – testing shallow surface targets that were defined by geophysics, geochemistry and previous exploration along the Main (historically mined) Shears and Ashanti Shear with Aircore and RC drilling, and testing under-explored or newly identified mineralisation with RC drilling to assess continuity of the mineralisation at depth. During the reporting period, multi-element soil geochemical survey work was completed, as was the re-processing of existing geophysical data (VTEM, magnetics and radiometrics captured in 1995). Trenching was also used as an exploration tool.

An RC drill rig arrived on site in July 2012, and two AC rigs were on site during the December 2012 and March 2013 Quarters. During the reporting period, approximately 964 AC holes were drilled, for a total of 35,077 metres, and some 201 RC holes were drilled for a total of 12,214 metres. Targets included historic pits and prospects associated with the Main Shear (Kwakawkaw, Akyenase, Boabedroo, Asieye, Obenemase D Lode and others), and new targets along and proximal to the Ashanti Shear. This



## Director's Report

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commitment to exploration at the Konongo gold Project is ongoing for the rest of 2013 with the exploration team concentrating on sulphide targets (RC rig and diamond drilling) in support of the Life of Mine Study.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

On 27 July the Group announced that it had entered into an intercompany loan facility with its 76% shareholder LionGold Corp Ltd ("LionGold"). Under the terms of the facility, LionGold would provide the Group with up to US\$11 million in funding. On 11 March, the Company announced that the loan facility had been amended by agreement to increase the maximum cumulative draw down amount to US\$50 million. The remaining key terms of the Loan Facility remained consistent.

On 4 September 2012, the Company announced the acceptance of the termination of the Stellar Services Limited agreement with Signature Metals. This agreement provided Signature Metals with technical support including geological services to the Konongo Gold Project. The termination of this agreement resulted in the resignation of Mr. Mark Gillie as Executive Director and Mr. Theo Christodoulou as alternate Executive Director effective 30 September 2012.

On 14 September the Group announced the appointments of Mr. Soo Khoon Raymond Tan as Non-Executive Chairman and Dr. Denis Clarke as Non-Executive Director.

On 4 October 2012, the Group announced the resignation of Mr. William (Bill) Alan Oliver as Executive Director and the appointment of Mr. Peter Chen as Non-Executive Director.

On 1 November the Group announced the resignation of Ms Choy Yin Wong as Executive Director. Mr. Peter Chen who was previously appointed as a Non-Executive Director was designated as an Executive Director.

On 17 December 2012 the Group announced the appointment of Mr. Chris Gbyl as Chief Executive Officer of the Group taking effect from 1 January 2013.

On 15 January the Group announced the appointment of PricewaterhouseCoopers as the Company's auditor following the Australian Securities and Investments Commission's ("ASIC") consent to the resignation of Ernst and Young. The Company also advised that it would be changing its financial year end from 30 June to 31 March effective from 1 July 2012. The change in financial year will require the Company to hold an Annual General Meeting by 31 August 2013 in respect of its 31 March 2013 Financial Report.

On 30 January, the Company announced that it was proceeding with a technical Life of Mine Study to accelerate the assessment of the underground mining potential of the Konongo Gold Project. Resources currently deployed in the trial mining of shallow oxide ore and tailings will be reallocated to fund a more aggressive exploration program for near-surface oxide mineralisation. In addition, and in parallel, a deeper exploration drilling program will evaluate the extensive higher grade sulphide mineralisation at 50 to 300 m depth.

On 4 March, the Company announced that it had established a mechanism for the sale of unmarketable parcels of shares in the Company. To sell these unmarketable parcels, the Company has entered into an agreement with LionGold whereby LionGold has offered to acquire all of the shares held by minority shareholders as of the 26 February 2013.

### **SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 7 June the Company announced the conclusion of the sale of unmarketable parcels of shares in the Company. 753 shareholders, holding an aggregate 17,727,603 shares being 0.64% of the Company's total number of shares on issue participated in the sale. The aggregate shareholdings were sold to LionGold for \$A0.0053 per share pursuant to the agreement between the Company and LionGold.

There have been no other significant events after the balance date.

## Director's Report

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### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group carries out operations that are subject to environmental regulations under legislation in a number of jurisdictions. The Group has formal procedures in place to ensure regulations are adhered to. The Company is not aware of any significant breaches in relation to environmental matters.

### SHARE OPTIONS

At the date of this report, there were 17,000,000 unissued ordinary shares under options (17,333,333 at the balance date).

The details of the options at the date of this report are as follows:

| Number     | Exercise Price | Issue Date   | Expiry Date      |
|------------|----------------|--------------|------------------|
| 17,000,000 | 0.02           | 18 June 2010 | 31 December 2013 |

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

During the 9 month reporting period nil options were exercised. Since the end of the financial period no options have been exercised. During the 9 month financial period 29,000,000 options at an exercise price of \$0.03 expired. 333,333 options, with an exercise price of \$0.65 expired since the end of the financial period to the date of this report.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the reporting period, the Group has paid a premium to insure directors, secretaries and executive officers of the company and its subsidiaries.

The Directors and Officers Liability insurance provides cover against reasonable costs and expenses that may be insured in defending a claim brought against a director or officer in their capacity as a director or officer of entities of the group, and certain other payments arising from liabilities incurred by the directors or officers in connection with such proceedings. This does not include such liabilities arising out of, based upon or attributable to any conduct or contravention in respect of which a liability is the subject of a prohibition in section 199B(1) of the *Corporations Act 2001* (Commonwealth); or the committing of any deliberately dishonest or deliberately fraudulent act.

Disclosure of the nature and of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

## Director's Report

### DIRECTORS' MEETINGS

The number of meetings of directors held during the 9 month reporting period and the number of meetings attended by each director were as follows:

| Director                    | Appointed on      | Resigned on       | Number of Meetings Eligible to Attend | Number of Meetings Attended |
|-----------------------------|-------------------|-------------------|---------------------------------------|-----------------------------|
| Soo Khoon Raymond Tan       | 25 June 2012      | -                 | 5                                     | 5                           |
| Roland Kenneth Selvanayagam | 03 April 2012     | -                 | 5                                     | 5                           |
| Denis Edmund Clarke         | 14 September 2012 | -                 | 4                                     | 4                           |
| Peter Chen                  | 04 October 2012   | -                 | 3                                     | 2                           |
| Choy Yin Wong               | 03 April 2012     | 01 November 2012  | 2                                     | 2                           |
| William Alan Oliver         | 01 October 2008   | 04 October 2012   | 2                                     | 2                           |
| Mark Gillie                 | 03 April 2012     | 30 September 2012 | 2                                     | 2                           |
| Theo Christodoulou *        | 03 April 2012     | 30 September 2012 | 2                                     | 0                           |

\*Theo Chistodoulou was an Alternative Executive Director to Mark Gillie.

During the reporting period and if required, the Directors have made decisions by way of written resolutions. Meetings of Directors have been held subsequent to the end of the financial period.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The minority shareholder in Owere Mines Limited has asserted that the intercompany balance of \$49,681,264 between Signature Metals and Owere Mines Limited should be owed and payable to Signature Metals and the minority shareholder in the proportion of 80:20 respectively. The complexities in the shareholder agreement are still in negotiation and no agreement has been finalised.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

### AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the *Corporations Act 2001* requires the Group's auditors to provide the Directors of the Company with an Independence Declaration in relation to the audit of the 9 month reporting period financial report. A copy of that declaration is included at page 14 of this report.

### INDEMNITY OF AUDITOR

The Company has agreed to indemnify its auditors, PricewaterhouseCoopers against any claims or liabilities (including legal costs) asserted by a third party arising from their services as auditor of the Company, where the liabilities arise as a result of the Company's breach of its obligations to the auditor, unless prohibited by the *Corporations Act 2001*.

### REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of Signature Metals Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company and the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) and executives in the Group.

## Director's Report

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### Details of Key Management Personnel

| Key management personnel    | Title                          | Appointment       | Resignation       |
|-----------------------------|--------------------------------|-------------------|-------------------|
| Soo Khoon Raymond Tan       | Non-Executive Chairman         | 25 June 2012      | -                 |
| Roland Kenneth Selvanayagam | Non-Executive Director         | 03 April 2012     | -                 |
| Denis Edmund Clarke         | Non-Executive Director         | 14 September 2012 | -                 |
| Peter Chen                  | Executive Director             | 04 October 2012   | -                 |
| Choy Yin Wong               | Executive Director             | 03 April 2012     | 01 November 2012  |
| William Alan Oliver         | Non-Executive Director         | 01 October 2008   | 04 October 2012   |
| Mark Gillie                 | Executive Director             | 03 April 2012     | 30 September 2012 |
| Theo Christodoulou          | Alternative Executive Director | 03 April 2012     | 30 September 2012 |
| Chris Gbyl                  | Chief Executive Officer        | 01 January 2013   | -                 |

There are no other changes in the key management personnel other than disclosed above during the period 1 July 2012 to 31 March 2013.

### Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors and Executives. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not directly link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The lack of a performance link at this time is not considered to have a negative impact on retaining and motivating Directors. The expected outcome of this remuneration structure is to retain and motivate Directors.

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted.

The Board will review and approve:

- I. Short and long-term remuneration for the executive directors;
- II. Superannuation arrangements for the executive directors;
- III. Any termination payments to be made to the executive directors; and
- IV. The development of any equity based plan to apply to the executive directors.

The Board will review and approve remuneration policies for non-executive directors following the receipt of external advice as considered necessary from time to time. There has been no external advice provided in the 9 month reporting period. Directors receive directors fees only and not receive any other retirement benefits.

Non-Executive Director Fees are determined and payable within an aggregate Directors' fee pool limit, which are required to be approved by shareholders in general meeting if the limit is changed.

It is not the Company's policy to pay bonuses or retirement benefits (other than superannuation) to non-executive directors.

Details of the nature and amount of each element of the emolument of key management personnel of the Group for the 9 month reporting period are as follows:

## Director's Report

|   | Short Term        |                      |                       | Options                    | Post-Employment      | Total          |                     |
|---|-------------------|----------------------|-----------------------|----------------------------|----------------------|----------------|---------------------|
|   | Base Salary<br>\$ | Directors Fees<br>\$ | Consulting Fees<br>\$ | Share Based Payments<br>\$ | Superannuation<br>\$ | Total<br>\$    | Option Related<br>% |
| <b>9 months to 31 March 2013</b>            |                   |                      |                       |                            |                      |                |                     |
| <b>Non-Executive Directors</b>              |                   |                      |                       |                            |                      |                |                     |
| Soo Khoon Raymond Tan <sup>1</sup>          | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| Roland Kenneth Selvanayagam                 | -                 | 18,767               | -                     | -                          | -                    | 18,767         | -                   |
| Denis Edmund Clarke                         | -                 | 13,630               | -                     | -                          | -                    | 13,630         | -                   |
| William Alan Oliver                         | -                 | -                    | 30,000                | -                          | -                    | 30,000         | -                   |
| <b>Executive Directors</b>                  |                   |                      |                       |                            |                      |                |                     |
| Peter Chen <sup>1</sup>                     | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| Choy Yin Wong <sup>1</sup>                  | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| Mark Gillie <sup>3</sup>                    | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| Theo Christodoulou (Alternate) <sup>3</sup> | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| <b>Management</b>                           |                   |                      |                       |                            |                      |                |                     |
| Chris Gbyl <sup>2</sup>                     | 87,500            | -                    | -                     | -                          | -                    | 87,500         | -                   |
| <b>Total</b>                                | <b>87,500</b>     | <b>32,397</b>        | <b>30,000</b>         | <b>-</b>                   | <b>-</b>             | <b>149,897</b> | <b>-</b>            |
| <b>12 months to 30 June 2012</b>            |                   |                      |                       |                            |                      |                |                     |
| <b>Non-Executive Directors</b>              |                   |                      |                       |                            |                      |                |                     |
| Soo Khoon Raymond Tan                       | -                 | 411                  | -                     | -                          | -                    | 411            | -                   |
| Roland Kenneth Selvanayagam                 | -                 | 6,096                | -                     | -                          | -                    | 6,096          | -                   |
| William Alan Oliver                         | -                 | -                    | 250,000               | -                          | -                    | 250,000        | -                   |
| Su-Yin Quah                                 | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| Stuart Angus Murray                         | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| <b>Executive Directors</b>                  |                   |                      |                       |                            |                      |                |                     |
| Choy Yin Wong                               | -                 | 43,890               | -                     | -                          | -                    | 43,890         | -                   |
| Mark Gillie                                 | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| Theo Christodoulou (Alternate)              | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| Sing En Richard Chan                        | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| Matthew Gordon Western Wood                 | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| Timothy James Flavel                        | -                 | -                    | -                     | -                          | -                    | -              | -                   |
| <b>Company Secretary</b>                    |                   |                      |                       |                            |                      |                |                     |
| Francis Scott Funston                       | -                 | -                    | 45,000                | -                          | -                    | 45,000         | -                   |
| <b>Total</b>                                | <b>-</b>          | <b>50,397</b>        | <b>295,000</b>        | <b>-</b>                   | <b>-</b>             | <b>345,397</b> | <b>-</b>            |

1 Mr. Raymond Tan, Mr. Peter Chen and Ms. Choy Yin Wong currently hold or have previously held roles within the LionGold group and were remunerated by LionGold for their services. There is currently no recharge for their time from LionGold to Signature Metals Ltd as the proportion of time spent on Signature Metals Ltd is not significant compared to that for the LionGold group.

2 Mr. Chris Gbyl is employed by LionGold and his time is recharged to Signature Metals Ltd.

3 Mr. Mark Gillie and Mr. Theo Christodoulou were reimbursed through a services contract with Stellar Services Ltd.

There were no other key management personnel of the Group other than those disclosed above during the periods ended 30 June 2012 and 31 March 2013. Director's remuneration is not performance related.

No options were granted during the 9 month reporting period affecting remuneration in the previous, this or future reporting periods.

## Director's Report

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There were no alterations to the terms and conditions of options granted as remuneration since their grant date. 29,000,000 options at an exercise price of \$0.03 expired during the 9 month reporting period (2012: 333,333). 333,333 options have expired since the end of the financial period.

### Shares issued on exercise of options

|                                  | Shares issued<br>No. | Paid per share<br>\$ | Unpaid per share<br>\$ | Share price at the<br>day exercised<br>\$ |
|----------------------------------|----------------------|----------------------|------------------------|---|
| <b>9 months to 31 March 2013</b> |                      |                      |                        |   |
| Nil                              |                      |                      |                        |   |
| <b>Total</b>                     | -                    | -                    | -                      | -   |
| <b>12 months to 30 June 2012</b> |                      |                      |                        |   |
| William Alan Oliver              | 10,000,000           | 0.015                | -                      | 0.02                                      |
| <b>Total</b>                     | 10,000,000           | 0.015                | -                      | 0.02                                      |

### Executive Directors

Ms. Choy Yin Wong did not receive any remuneration for the period 1 July 2012 through 1 November 2012. There is no employment contract between the Group and Ms. Wong.

Mr. Mark Gillie and his Alternate Executive Director Mr. Theo Christodoulou's remuneration are included within the fees paid to Stellar Services Limited under an agreement with the Company. Mr. Mark Gillie and Mr. Theo Christodoulou's resignation was effective from 30 September 2012. The agreed fee payable to Stellar Services Limited during the financial period for their services within the LionGold group relating to Signature Metals was US\$30,000.

Mr. Peter Chen did not receive any remuneration for the period 3 October 2012 through 31 March 2013. There is no employment contract between the Group and Mr. Chen. Mr. Chen is an employee of LionGold.

### Non-Executive Directors

Mr. Soo Khoon Raymond Tan did not receive any remuneration for the financial period. Mr. Raymond Tan, Mr. Peter Chen and Ms. Choy Yin Wong currently hold or have previously held roles within the LionGold group and were remunerated by LionGold for their services. There is currently no recharge for their time from LionGold Corp to Signature Metals Ltd as the proportion of time spent on Signature Metals is not significant compared to that for the LionGold group.

Mr. Bill Oliver was employed under a consulting services agreement that was varied with effect from 1 April 2012 and concluded on 30 September 2012. Under the variation of terms, Mr. Oliver remained with the Group as a Non-Executive Director and was paid a monthly fee of \$10,000 for the tenure of the agreement.

Mr. Roland Kenneth Selvanayagam and Dr. Denis Edmund Clarke are each paid an annual fee of \$25,000. The 9 month reporting period has resulted in a reduction in the reporting period's director fee declaration for Mr. Selvanayagam and the appointment date has had a reducing effect on Dr. Clarke's directors fees. There is no employment contract between the Group and Mr. Selvanayagam and Dr. Clarke.

## Director's Report

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### Other Executives

Mr. Chris Gbyl – Chief Executive Officer

Mr. Gbyl is employed as the Chief Executive Officer effective from 1 January 2013. The key terms of Mr. Gbyl's Service Agreement are as follows:

24 Month Fixed Term – may be extended by mutual agreement.

Per annum salary of \$350,000. In addition Mr. Gbyl may be entitled to a discretionary bonus (if any) at the end of each calendar year. Mr. Gbyl may also be eligible, subject to shareholder approval if required to receive entitlements under any long term incentive scheme plan that may be introduced in the future.

Either party may terminate the Agreement by giving 3 months prior written notice.

Adrian Di Carlo – Company Secretary

Mr. Di Carlo is engaged as a consultant through Company Matters Pty Limited under a services contract, with services provided charged on a minimum monthly charge and then on an hourly rate.

There are no other formal service agreements with other key management personnel or directors.

### END OF REMUNERATION REPORT

#### NON AUDIT SERVICES

Non-Audit services provided by either Ernst & Young or PricewaterhouseCoopers during their term of appointment as the Company's auditor are disclosed in note 27 to the Financial Statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

#### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14. This report is signed in accordance with a resolution of the directors.



Peter Chen

Executive Director

30 June 2013

#### Competent Person Statement

*The information in this release which relates to Exploration Results is based on information compiled by Mr. Bill Reid. Mr. Reid is a Member of the Australasian Institute of Mining and Metallurgy 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 defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Reid is an employee of LionGold Corporation and consents to the inclusion in this release of the matters relating to Exploration Results in the form and context in which it appears based on the information presented.*



## Auditor's Independence Declaration

As lead auditor for the audit of Signature Metals Limited for the period ended 31 March 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Signature Metals Limited and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'Amanda Campbell'.

Amanda Campbell  
Partner  
PricewaterhouseCoopers

Melbourne  
30 June 2013



## Corporate Governance Statement

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The Board of Directors are responsible for the corporate governance of Signature Metals. The Board considers good corporate governance a matter of high importance. In reviewing the corporate governance structure of the Company, the Board is guided by the Australian Securities Exchange's (ASX) Corporate Governance Principles and Recommendations (ASX Principles and Recommendations) and Signature Metals follows the ASX Principles and Recommendations to the extent that it is practicable.

Where Signature Metal's corporate governance practices do not correlate with the ASX Principles and Recommendations it is because the Board does not consider it practical or necessary to implement those recommendations and where a recommendation has not been followed the reasons for the departure has been explained.

### 1. THE BOARD LAYS SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT ROLE OF THE BOARD

The Board's role is to govern the Company. The Board delegates to management the day to day management of the operations of the Company's business. In governing the Company, the Directors must act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company. In addition, it is the intention that Non-Executive Directors receive formal letters of appointment setting out the key terms, conditions, responsibilities and expectations of their appointment.

#### Responsibilities of the Board

The Board is ultimately responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. The Board delegates authority to senior executives to carry out specific duties in support of the objectives of the Company.

Board responsibilities are set out in the Company's Board Charter which is located on the Company's website under "Corporate Governance".

It is the role of senior executives and management to manage the day to day operations of the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Where meetings of Directors are not held, the Directors make decisions by way of written resolutions.

#### Independent Professional Advice and Access to Company Information

Each Director has the right of access to all the Company's information and its executives. Further, the Board collectively and each Director, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor, at Signature Metals' expense, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

#### Education and Induction

New Directors undergo an induction process in which they are given a full briefing on the Company. Where possible, this will include meetings with key executives, and a due diligence package and presentations from management.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

## Corporate Governance Statement

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### Performance Review/Evaluation

Senior Executive's performance is to be reviewed annually, with performance appraised by the Executive Directors. Performance reviews were not undertaken during the 2013 financial period given the changes to the Company's management and personnel and the changes to the financial period however, it is the Company's intention to review senior executives' performances in the next financial year.

### PRINCIPLE 2: THE BOARD IS STRUCTURED TO ADD VALUE

Signature Metals currently has four Directors at the date of this Report: Mr. Raymond Tan holds the position of Non-Executive Chairman, Mr. Peter Chen holds the position of Executive Director, and the remaining two Directors; Mr. Roland Selvanayagam and Dr. Dennis Clarke are Non-Executive Directors.

All incumbent Directors bring a balanced judgment to bear in Board deliberations and the current representation is considered adequate given the stage of the Company's development. The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. It is the approach and attitude of each Non-Executive Director which determines independence and this must be considered in relation to each Director, while taking into account all other relevant factors.

In assessing independence, the Board has taken into consideration the relationships affecting independent status pursuant to the ASX Principles and Recommendations. The Non-Executive Chairman Mr. Raymond Tan, Mr. Roland Selvanayagam and Dr. Denis Clarke are not independent as they hold the position of directors of LionGold Corp. Ltd, a substantial shareholder in the Company. There is a clear division of responsibility between the Chairman and the CEO. Mr. Peter Chen who holds the position of Executive Director is not independent as Mr. Chen is employed in an executive capacity. The Company acknowledges that the board is not independent; however, it considers that its composition is appropriate for its stage of development.

Further details about the current Directors' skills, experience and period of office are set out in the Directors' Report section of this Report.

The Board has not established a nomination committee as it is considered appropriate that this function is undertaken by the Board given the Company's stage of development.

The Company did not undertake a formal performance review process of the Board and its individual directors throughout the financial period as the Company intends to review the method of performance review it intends to implement in the future.

### 3. THE BOARD PROMOTES ETHICAL AND RESPONSIBLE DECISION MAKING

#### Code of Conduct

As part of its commitment to recognising the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the Company's integrity, Signature Metals has an established Code of Conduct (Code) to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code governs Signature Metals' operations and the conduct of Directors, employees, consultants, contractors and all other people when they represent the Company.

The Board, management and all employees of the Company are committed to implementing this Code and each individual is accountable for such compliance.

A copy of the Code is available on the Company's website under "Corporate Governance".

## Corporate Governance Statement

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### Diversity Policy

The Company has adopted a Diversity Policy which the Company intends to be a commitment to actively seek to maintain a diverse workforce to create a workplace that is fair and inclusive, applies fair and equitable employment practices and provides a working environment that will allow all employees to reach their full potential.

The Company is of the view that any measurable statistical objectives on a diverse workforce must be fit for purpose, in line with the Company's strategic objectives. As at the date of this Report, the Company is of the opinion that measurable objectives are not appropriate at its present stage of development, however, the Company will consider implementation of measurable objectives in future.

Due to the size and scale of operations of the Company, the Board believes that a longer term gender diversity objective is more appropriate.

As at the date of this Report, no women occupy board or senior executive positions and women comprise 8% of the Group's employees as a whole. The Company will review gender diversity at a Board and senior executive level in future years as the Company aims to progress from exploration to production.

### Trading in Signature Metals Securities

The Company has established a Trading Policy for its Directors, senior executives, employees, consultants and contractors of the Company which is appropriate for a company whose shares are admitted to trading on the ASX.

A copy of the Trading Policy is can be located on the Company's website under "Corporate Governance."

### PRINCIPLE 4: THE BOARD SAFEGUARDS INTEGRITY IN FINANCIAL REPORTING

The Board has not established an audit committee at this time, as it is considered appropriate that this function is undertaken by the Board given the Company's stage of development. The Board Charter sets out the guidance for the Board in relation to the audit and risk management function, and sets out the Board's responsibilities to observe the policies and procedures for the selection, appointment and re-appointment of the external auditor and the rotation of external audit engagement partners.

The relevant skills and experience of the Board and in particular those with relevant financial experience are set out in the Directors Report section of this Report.

### PRINCIPLE 5: THE BOARD MAKES TIMELY AND BALANCED DISCLOSURE

The Company's Continuous Disclosure Policy is designed to ensure that procedures are in place to ensure compliance with ASX Listing Rule disclosure requirements. The Executive Director and the Company Secretary have been designated as persons responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

A summary of the Continuous Disclosure Policy is available on the Company's website under "Corporate Governance."

## Corporate Governance Statement

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### PRINCIPLE 6: THE BOARD RESPECTS THE RIGHTS OF SHAREHOLDERS

Signature Metals respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company communicates with its shareholders continually and periodically and encourages shareholder participation at annual general meetings. The independent external auditor attends the Annual General Meeting to respond to questions from shareholders on the conduct of the audit and the preparation and content of the audit report. The Company has established a Shareholder Communications Policy which is available in the "Corporate Governance" section on the Company's website.

### PRINCIPLE 7: THE BOARD RECOGNISES AND MANAGES RISK

The Company is committed to the identification, monitoring and management of material business risks of its activities. The Board oversees the Company's management of risks. Through this oversight function and management reporting process, the Board reviews the areas of material business risks and aims to ensure, where applicable, that management has appropriate measures in place to protect the assets of the Company.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control. As part of the audit processes and review throughout the year, the Board receives feedback that management has provided assurances to the auditors in relation to financial risks within the overall risk management framework.

#### Attestations by Executive Director and Chief Financial Officer

In accordance with Recommendation 7.3 of the ASX Principles and Recommendations, the CEO/Executive Director and CFO (or equivalents) periodically provide formal statements to the Board that in all material aspects:

- the Company's financial statements present a true and fair view of the Company's financial condition and operational results; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

This assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks.

### PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board has not established a remuneration committee at this time, as it is considered appropriate that this function is undertaken by the Board given the Company's size and stage of development. Remuneration activities undertaken by the Board are made with reference to the Board Charter which sets out guidelines.

It is the Company's objective to provide maximum stakeholder benefit from the retention of high quality directors and senior executives by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective the Board aims to link the nature and amount of executive and directors' emoluments to the Company's financial and operational performance.

For details of the structure of remuneration of Non-Executive Directors and Executive Directors and senior executives please refer to the Remuneration Report section in the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors if payable.

## Signature Metals Limited

### Statement of Comprehensive Income for the reporting period ended 31 March 2013

|  | Notes | Consolidated                     |                                   |
|--|-------|----------------------------------|-----------------------------------|
|  |       | 9 Months to<br>31 Mar 2013<br>\$ | 12 months to<br>30 Jun 2012<br>\$ |
| <b>Revenue from continuing operations</b>  |       |                                  |                                   |
| Interest income  |       | 1,962                            | 24,530                            |
| <b>Revenue</b>   |       | <b>1,962</b>                     | <b>24,530</b>                     |
| Listing and share registry expenses  |       | (43,011)                         | (87,342)                          |
| Accounting and audit fees  | 27    | (204,311)                        | (79,319)                          |
| Legal fees   |       | (107,478)                        | (115,654)                         |
| Consulting fee expense   |       | (51,697)                         | (35,659)                          |
| Foreign exchange gain/(loss)   |       | 321,781                          | (418,154)                         |
| Directors and employees benefits   | 4(a)  | (1,208,400)                      | (238,247)                         |
| Gain/(Loss) from remeasuring the contingent consideration from Owere Mines Ltd acquisition |       | 102,086                          | (176,254)                         |
| Provision for minority interest in loans to Owere Mines Ltd                                | 18    | (9,936,253)                      | -                                 |
| Finance cost   |       | (28,686)                         | (9,060)                           |
| Administrative expenses  | 4(b)  | (912,801)                        | (256,832)                         |
| <b>Loss from continuing operations before income tax</b>                                   |       | <b>(12,066,808)</b>              | <b>(1,391,991)</b>                |
| Income tax expense   | 5     | -                                | -                                 |
| <b>Loss from continuing operations after income tax</b>                                    |       | <b>(12,066,808)</b>              | <b>(1,391,991)</b>                |
| <b>Other Comprehensive loss</b>  |       |                                  |                                   |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                      |       |                                  |                                   |
| Foreign currency translation   |       | (560,822)                        | (6,834,086)                       |
| <b>Other comprehensive loss for the reporting period</b>                                   |       | <b>(560,822)</b>                 | <b>(6,834,086)</b>                |
| <b>Total comprehensive loss for the reporting period</b>                                   |       | <b>(12,627,630)</b>              | <b>(8,226,077)</b>                |
| <b>Loss for the reporting period is attributable to:</b>                                   |       |                                  |                                   |
| Owners of Signature Metals Limited   |       | (11,539,808)                     | (1,228,139)                       |
| Non-controlling interest   |       | (527,000)                        | (163,852)                         |
|  |       | <b>(12,066,808)</b>              | <b>(1,391,991)</b>                |
| <b>Total comprehensive income for the reporting period is attributable to:</b>             |       |                                  |                                   |
| Owners of Signature Metals Limited   |       | (12,280,282)                     | (5,699,604)                       |
| Non-controlling interest   |       | (347,348)                        | (2,526,473)                       |
|  |       | <b>(12,627,630)</b>              | <b>(8,226,077)</b>                |
| <b>Earnings / (loss) per share:</b>  |       |                                  |                                   |
| Basic and diluted loss per share (cents per share)   | 26    | (0.42)                           | (0.05)                            |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Signature Metals Limited

### Statement of Financial Position as at 31 March 2013

|  | Notes | Consolidated      |                   |
|--|-------|-------------------|-------------------|
|  |       | 31 Mar 2013       | 30 Jun 2012       |
|  |       | \$                | \$                |
| <b>CURRENT ASSETS</b>                                      |       |                   |                   |
| Cash and cash equivalents                                  | 22    | 282,628           | 996,706           |
| Trade and other receivables                                | 6     | 648,630           | 1,695,933         |
| Inventories  | 7     | -                 | 672,020           |
| <b>TOTAL CURRENT ASSETS</b>                                |       | <b>931,258</b>    | <b>3,364,659</b>  |
| <b>NON CURRENT ASSETS</b>                                  |       |                   |                   |
| Trade and other receivables                                | 6     | 3,335,188         | 1,671,087         |
| Mineral properties in development                          | 9     | -                 | 26,139,399        |
| Reclamation bonds  | 10    | 192,731           | 197,693           |
| Exploration, evaluation and development expenditure        | 11    | 36,496,406        | -                 |
| Property, plant and equipment                              | 12    | 10,115,165        | 8,057,856         |
| <b>TOTAL NON CURRENT ASSETS</b>                            |       | <b>50,139,490</b> | <b>36,066,035</b> |
| <b>TOTAL ASSETS</b>  |       | <b>51,070,748</b> | <b>39,430,694</b> |
| <b>CURRENT LIABILITIES</b>                                 |       |                   |                   |
| Trade and other payables                                   | 13    | 3,419,915         | 8,609,224         |
| Interest bearing loan                                      | 14    | 452,949           | 469,454           |
| Employee Entitlements                                      | 15    | 315,895           | 211,678           |
| <b>TOTAL CURRENT LIABILITIES</b>                           |       | <b>4,188,759</b>  | <b>9,290,356</b>  |
| <b>NON CURRENT LIABILITIES</b>                             |       |                   |                   |
| Unsecured loan facility                                    | 16    | 18,846,325        | -                 |
| Financial liability arising under Asset Purchase Agreement | 17    | 1,676,488         | 1,778,574         |
| Provisions   | 18    | 10,625,042        | -                 |
| <b>TOTAL NON CURRENT LIABILITIES</b>                       |       | <b>31,147,855</b> | <b>1,778,574</b>  |
| <b>TOTAL LIABILITIES</b>                                   |       | <b>35,336,614</b> | <b>11,068,930</b> |
| <b>NET ASSETS</b>  |       | <b>15,734,134</b> | <b>28,361,764</b> |
| <b>EQUITY</b>  |       |                   |                   |
| Issued capital   | 20    | 60,195,661        | 60,195,661        |
| Reserves   | 19    | (4,254,262)       | (3,513,788)       |
| Accumulated losses   | 21    | (38,021,669)      | (26,481,861)      |
| <b>PARENT INTERESTS</b>                                    |       | <b>17,919,730</b> | <b>30,200,012</b> |
| Non-controlling interests                                  |       | (2,185,596)       | (1,838,248)       |
| <b>TOTAL EQUITY</b>  |       | <b>15,734,134</b> | <b>28,361,764</b> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Statement of Cash Flows for the reporting period ended 31 March 2013**

|   | Notes | Consolidated               |                             |
|---|-------|----------------------------|-----------------------------|
|   |       | 9 Months to<br>31 Mar 2013 | 12 months to<br>30 Jun 2012 |
|   |       | \$                         | \$                          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |       |                            |                             |
| Payments to suppliers and employees                             |       | (3,287,776)                | (644,431)                   |
| Interest received   |       | 1,962                      | 24,530                      |
| <b>NET CASH FLOWS USED IN OPERATING<br/>ACTIVITIES</b>          | 22    | <b>(3,285,814)</b>         | <b>(619,901)</b>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |       |                            |                             |
| Purchase of property, plant and equipment                       |       | (2,795,370)                | (1,424,008)                 |
| Proceeds from gold sales during the trial mining phase          |       | 11,173,009                 | 13,852,384                  |
| Decrease /(Increase) in reclamation bond                        |       | 4,963                      | (197,693)                   |
| Expenditure on exploration, evaluation and<br>development       |       | (19,496,006)               | (26,485,265)                |
| <b>NET CASH FLOWS USED IN INVESTING<br/>ACTIVITIES</b>          |       | <b>(11,113,404)</b>        | <b>(14,254,582)</b>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |       |                            |                             |
| Proceeds from issue of shares                                   |       | -                          | 6,116,560                   |
| Share issue costs   |       | -                          | (161,929)                   |
| Proceeds from borrowings and advances                           |       | 13,624,992                 | 5,540,644                   |
| <b>NET CASH FLOWS PROVIDED BY FINANCING<br/>ACTIVITIES</b>      |       | <b>13,624,992</b>          | <b>11,495,275</b>           |
| Net decrease in cash and cash equivalents                       |       | (774,226)                  | (3,379,208)                 |
| Cash and cash equivalents at beginning of reporting<br>period   |       | 996,706                    | 4,794,068                   |
| Net foreign exchange variances on cash                          |       | 60,148                     | (418,154)                   |
| <b>CASH AND CASH EQUIVALENTS AT END OF<br/>REPORTING PERIOD</b> | 22    | <b>282,628</b>             | <b>996,706</b>              |

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Signature Metals Limited

### Statement of Changes in Equity for the reporting period ended 31 March 2013

| <i>Consolidated</i>   | Issued            | Accumulate          | Foreign            | Option     | Share            | Contingent     | Total             | Non-               | Total             |
|---|-------------------|---------------------|--------------------|------------|------------------|----------------|-------------------|--------------------|-------------------|
|   | capital           | d losses            | currency           | reserves   | based            | consideration  |                   | controlling        | equity            |
|   | \$                | \$                  | translation        | \$         | payment          | reserve        | \$                | interest           | \$                |
|   |                   |                     | reserves           |            | reserves         |                |                   |                    |                   |
| At 1 July 2012  | <b>60,195,661</b> | <b>(26,481,861)</b> | <b>(7,839,901)</b> | 550        | <b>3,811,159</b> | <b>514,404</b> | <b>30,200,012</b> | <b>(1,838,248)</b> | <b>28,361,764</b> |
| Loss for the year   |                   | (11,539,808)        |                    |            |                  |                | (11,539,808)      | (527,000)          | (12,066,808)      |
| Other comprehensive income                                  |                   |                     | (740,474)          |            |                  |                | (740,474)         | 179,652            | (560,822)         |
| Total comprehensive loss for the period                     | -                 | (11,539,808)        | (740,474)          | -          | -                | -              | (12,280,282)      | (347,348)          | (12,627,630)      |
| <b>At 31 March 2013</b>                                     | <b>60,195,661</b> | <b>(38,021,669)</b> | <b>(8,580,375)</b> | <b>550</b> | <b>3,811,159</b> | <b>514,404</b> | <b>17,919,730</b> | <b>(2,185,596)</b> | <b>15,734,134</b> |
| At 1 July 2011  | <b>54,364,393</b> | <b>(25,253,722)</b> | <b>(3,368,436)</b> | 550        | <b>3,811,159</b> | <b>514,404</b> | <b>30,068,348</b> | <b>688,225</b>     | <b>30,756,573</b> |
| Loss for the year   | -                 | (1,228,139)         | -                  | -          | -                | -              | (1,228,139)       | (163,852)          | (1,391,991)       |
| Other comprehensive income                                  | -                 | -                   | (4,471,465)        | -          | -                | -              | -                 | (2,362,621)        | (6,834,086)       |
| Total comprehensive loss for the period                     | -                 | (1,228,139)         | (4,471,465)        | -          | -                | -              | (5,699,604)       | (2,526,473)        | (8,226,077)       |
| <b>Transactions with owners in their capacity as owners</b> |                   |                     |                    |            |                  |                |                   |                    |                   |
| Issue of ordinary shares                                    | 5,291,560         | -                   | -                  | -          | -                | -              | 5,291,560         | -                  | 5,291,560         |
| Exercise of options   | 825,000           | -                   | -                  | -          | -                | -              | 825,000           | -                  | 825,000           |
| Transaction costs on share issue                            | (285,292)         | -                   | -                  | -          | -                | -              | (285,292)         | -                  | (285,292)         |
| <b>At 30 June 2012</b>                                      | <b>60,195,661</b> | <b>(26,481,861)</b> | <b>(7,839,901)</b> | <b>550</b> | <b>3,811,159</b> | <b>514,404</b> | <b>30,200,012</b> | <b>(1,838,248)</b> | <b>28,361,764</b> |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



### 1. CORPORATE INFORMATION

The financial report of Signature Metals Limited ("Signature Metals" or "the Company") and its controlled entities ("the Group") for the 9 month reporting period ended 31 March 2013 was authorised for issue in accordance with a resolution of the directors on 28 June 2013.

On 15 January, the Company announced that it had notified ASIC of a change to the financial year end from 30 June to 31 March with effect from 1 July 2012. This change was made in the best interests of the Company with a purpose of increasing the efficiencies of the reporting process by aligning to the financial year end of LionGold. This reporting period is therefore for the 9 month period commencing 1 July 2012 and ending 31 March 2013. Prior year comparatives are for the 12 month period ending 30 June 2012. The differing comparative periods are noted throughout the financial report.

Signature Metals Limited is a for profit Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Accounting Interpretations and the *Corporations Act 2001*. The financial report has also been prepared on a historical cost basis. The presentation currency is Australian dollars.

#### Going Concern

This report has been prepared on the going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the reporting period ended 31 March 2013 of \$12,066,808 (2012: \$1,391,991) and experienced net cash outflows from operating activities of \$3,285,814 (2012: \$619,901).

At 31 March 2013, the Group had a working capital deficit of \$3,257,501 (2012: \$5,925,697) and net assets of \$15,734,134 (2012: \$28,361,764). The cash position of the Group at 31 March 2013 was \$282,628 (2012: \$996,706).

In July 2012 the Company announced via an ASX Release that it had entered into an unsecured loan facility agreement with the 76% shareholder LionGold for US\$11,000,000, available for a period of at least 5 years. On 11 March 2013 the group announced an increase to the loan facility to US\$50,000,000 under the same repayment terms and conditions. Working capital funds were drawn down under this facility during the course of the reporting period to fund the more aggressive exploration program for near-surface oxide mineralisation and a deeper exploration drilling program that will evaluate the higher grade sulphide mineralisation. Funds have also been allocated to the suspension of trial mining, batch processing and the retrenchment of some of the operational workforce.

On 30 January 2013, the group announced that it was proceeding with a technical Life of Mine Study at the Konongo Gold project to accelerate the assessment of the underground mining potential. Commensurate with this effort, exploration activities in key prospective zones were stepped up at the beginning of January 2013. While exploration drilling results have been encouraging, further development of open pit operations has not proven justifiable. The shift in strategy to one of accelerating exploration efforts to identify near-surface oxide ore and to test the large potential of the deeper sulphide mineralisation resulted in trial mining being suspended in the interim and the consequential retrenchment of some of the operational workforce.

As a result of the matters discussed above, there is a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of

## Notes to the Financial Statements

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business and at the amounts stated in the financial report. However, the directors believe that the Group will be successful in securing funds through the financial support of LionGold in the interim, and that ultimately the Group will generate profits from future mining operations or raise additional equity to repay all debts as they fall due. Accordingly the directors have prepared the financial report on a going concern basis.

The financial report does not contain any adjustments relating to the recoverability or classification of recorded assets nor to the amounts or classifications of recorded assets or liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

### (b) Compliance statement

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### (c) Changes in accounting policies and disclosures

In the reporting period ended 31 March 2013, the Group has adopted all of the new and adopted Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

### New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the reporting period ended 31 March 2013:

| Reference   | Title  | Summary   | Impact on Group financial report   | Application date for Group |
|-------------|--|---|--|----------------------------|
| AASB 2011-4 | Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] | This Standard removes the requirements to include individual key management personnel disclosures in the notes to and forming part of the Financial Report. | This Standard will only impact the disclosure requirements of the Group. | 1 April 2014               |

## Notes to the Financial Statements

| Reference  | Title  | Summary  | Impact on Group financial report   | Application date for Group |
|--|--|--|--|----------------------------|
| AASB 9<br><br>AASB 2010-7<br>[AASB<br>1,3,4,5,7,101,1<br>02,108,112,118<br>,120,121,127,1<br>28,131,132,136<br>,137,139,1023<br>& 1038 and<br>Interpretations<br>2,5,10,2,19 &<br>127]   | Financial Instruments<br><br>Amendments to<br>Australian Accounting<br>Standards arising<br>from AASB 9      | AASB 9 includes requirements for the classification and measurement of financial assets as well as recognition and de-recognition requirements for financial instruments. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.<br><br>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.<br><br>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.   | The Group has not yet determined the impact on the Group's financial statements. | 1 April 2015               |
| AASB 13<br><br>AASB 2011-8<br>[AASB<br>1,2,3,4,5,7,<br>9,2009-<br>11,2010-<br>7,101,102,108,<br>110,116,117,11<br>8,119,120,121,<br>128131,132,13<br>3,134136.138,1<br>39,140141,100<br>4 1023 & 1038<br>and<br>Interpretations<br>2,4,12,13,14,17<br>,19,131 & 132] | Fair Value<br>Measurement<br><br>Amendments to<br>Australian Accounting<br>Standards arising<br>from AASB 13 | AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.<br><br>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.<br><br>Consequential amendments were also made to other standards via AASB 2011-8. | These Standards are not expected to significantly impact the Group.              | 1 April 2013               |

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| Reference   | Title   | Summary  | Impact on Group financial report   | Application date for Group |
|-------------|---|--|--|----------------------------|
| AASB 2012-5 | Annual Improvements 2009–2011 Cycle   | <p>This standard sets out amendments to various Standards and the related bases for conclusions and guidance</p> <p>The following items are addressed by this standard:</p> <p>AASB1 First-time Adoption of International Financial Reporting Standards</p> <ul style="list-style-type: none"> <li>• Repeated application of AASB 1</li> <li>• Borrowing costs</li> </ul> <p>AASB 101 Presentation of Financial Statements</p> <ul style="list-style-type: none"> <li>• Clarification of the requirements for comparative information</li> </ul> <p>AASB 116 Property, Plant and Equipment</p> <ul style="list-style-type: none"> <li>• Classification of servicing equipment</li> </ul> <p>AASB 132 Financial Instruments: Presentation</p> <ul style="list-style-type: none"> <li>• Tax effect of distribution to holders of equity instruments</li> </ul> <p>AASB 134 Interim Financial Reporting</p> <p>Interim financial reporting and segment information for total assets and liabilities</p> | The Group has not yet determined the impact on the Group's financial statements. | 1 April 2013               |
| AASB 2012-2 | Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities | AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.  | The Group has not yet determined the impact on the Group's financial statements. | 1 April 2013               |
| AASB 2012-3 | Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]    | This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.   | This Standard is not expected to significantly impact the Group.                 | 1 April 2014               |

## Notes to the Financial Statements

| Reference   | Title   | Summary  | Impact on Group financial report   | Application date for Group |
|---|---|--|--|----------------------------|
| AASB 10   | Consolidated Financial Statements   | AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. | The Group has not yet determined the impact on the Group's financial statements. | 1 April 2013               |
| AASB127   | Separate Financial Statements   | To facilitate the application of AASB 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.                            |  |                            |
| AASB 128  | Investments in Associates and Joint Ventures  |  |  |                            |
| AASB 2011-7   | Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards |  |  |                            |
| [AASB1,2,3,5,7,8,2009-11,101,107,112,118,121,124,132,133,136,138,139,1023 & 1038 and Interpretations 5,9,16 & 17] |   |  |  |                            |

### (d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Signature Metals Limited and its subsidiaries ('the Group') and are reported at 31 March 2013. The change to the financial year end disclosed in Note 1 has necessitated the completion of the Financial Report for a 9 month period ending 31 March 2013.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Group, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

## Notes to the Financial Statements

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The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

### **(e) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Signature Metals Limited.

### **(f) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and amounts collected on behalf of third parties.

The following specific recognition criteria must also be met before revenue is recognised:

#### *Gold sales*

Revenue from the sale of gold is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. Revenue is measured at the fair value of the consideration received or receivable. During the evaluation of trial mining and batch processing at the Konongo Gold Project, the proceeds from the sales of pre-production gold are offset against the exploration and evaluation or mine development expenditure and not recognised separately as revenue in the Statement of Comprehensive Income.

#### *Interest income*

Interest income is recognised as revenue on a time proportion basis using the effective interest rate of respective instruments.

### **(g) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised on the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be charged or credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for the carried forward values of unused tax assets and unused tax losses and all deductible temporary differences to the extent that it is probable that future tax profits will be available against which unused tax assets and tax losses and deductible temporary differences can be utilised.

## Notes to the Financial Statements

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The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **(h) Business combinations**

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their fair value as at the acquisition date based on the best available evidence of the price at which the instruments could be exchanged between knowledgeable, willing parties in an arm's length transaction. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the company's share of the fair value of the identifiable net assets of the business acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

### **(i) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the statement of profit or loss and other comprehensive income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its

recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### **(j) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above and bank overdrafts.

### **(k) Inventories**

Raw material and stores, gold in ore stockpiles, gold in the process of being recovered or in unshipped dore bars are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make sale. Pre-production inventory stockpiles are included in mine properties development.

### **(l) Trade and other receivables**

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade and other receivables is reviewed on an ongoing basis. An estimate for doubtful debts is made when collection of the full amount is no longer probable and when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. Bad debts are written off when identified.

### **(m) Mineral properties in development**

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost of mineral properties are capitalised to the extent that these costs are expected to be recouped through the successful development and commercial exploitation or alternatively the sale, of the respective area of interest.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. Mineral properties are amortised on a units of production basis. The mineral properties asset is stated at cost less accumulated amortisation.

In January 2013, the Group announced that the mining and processing operations would be suspended at the Konongo Gold Project and during the first quarter of 2013 would be placed on care and maintenance while the group focuses efforts on accelerating exploration in key prospective areas.

Effective 31 December 2012, mineral properties in development expenditure was reclassified to exploration, evaluation and development expenditure.



### (n) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately in respect of each identifiable area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources. Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that:

- the right of tenure is current or is expected to be renewed
- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and exploration activities in relation to the area are continuing.

The directors regularly review the exploration and evaluation expenditure for indicators of impairment as set out in AASB6 and above. Where indicators are identified the assets are assessed for impairment and written off if the values are not expected to be recoverable. Accumulated costs in relation to an abandoned area are written-off in full against profit or loss in the year in which the decision to abandon the area is made.

When the entity has sufficient information to make a decision whether an area of interest is economically feasible, the accumulated costs will either be reclassified to capitalised mine development expenditure, or written off if the decision is made to abandon the area.

### (o) Property, plant and equipment

All assets acquired including property plant and equipment are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus costs incidental to the acquisition or placement of the asset. Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

#### *Derecognition*

Additions of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the statement of profit or loss and other comprehensive income.

#### *Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

| <i>Class of Fixed Asset</i> | <i>Depreciation Rate</i> |
|-----------------------------|--------------------------|
| Plant and equipment         | 10 - 25 %                |

## Notes to the Financial Statements

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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

### **(p) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

### **(q) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### *Rehabilitation*

The rehabilitation provision is based on the costs expected to be incurred at the expiry of the respective mining licence agreements and tenements or the completion of mining activity. Such costs have been determined based on estimates of future costs, current legal and government requirements and technology and any changes in the estimates for the costs are accounted on a prospective basis establishing a rehabilitation and mine closure plan.

#### *Employee leave benefits*

##### *(i) Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months are recognised as current liabilities. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

##### *(ii) Long service leave*

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### **(r) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **(s) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity on or before the end of the financial period but not distributed at the end of the reporting period.

### (t) Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares during the reporting period, adjusted for any bonus elements.

#### *Diluted earnings per share*

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

### (u) Goods and services tax and other similar taxes overseas

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

A Value Added Tax (VAT) applies to the value of goods and services purchased at the Konongo Gold Project. This system is administered by the Ghana Revenue Authority (GRA) and is accounted for in the same manner as GST where appropriate.

The net amount of GST / VAT recoverable from, or payable to, the ATO or GRA is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST/VAT component of investing and financing activities, which is receivable from or payable to the ATO or GRA, which is disclosed as operating cash flows.

### (v) Parent entity financial information

The financial information for the parent entity, Signature Metals Limited, disclosed in note 35 has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### (i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of Signature Metals Limited unless there is uncertainty as to the recoverability of its investment or of any loans or advances. Where uncertainty as to recoverability exists a provision for diminution or loss is made.

#### (ii) Financial guarantees

No financial guarantees have been granted by the parent entity in relation to subsidiary requirements.

### (w) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted.

## Notes to the Financial Statements

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In valuing equity settled transactions, no account is taken of any performance or service conditions.

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings/loss per share.

### **(x) Foreign currency translation**

#### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Signature Metals Limited is Australian dollars. The functional currencies of the overseas subsidiaries are Ugandan Shillings and Ghanaian Cedis.

#### *Transactions and balances*

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

## Notes to the Financial Statements

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### *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale where applicable.

### **(y) Financial liabilities arising under asset purchase agreement**

Financial liabilities arising under an asset purchase agreement are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Expected cash flows under the financial liabilities are remeasured at each reporting date with reference to expected timing and discount rates applied when applying the amortised cost method.

### **(z) Borrowings costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of comprehensive income.

## **3. Critical Accounting Estimates and Judgements**

The preparation of financial statements requires directors and management to make evaluations, estimates and judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions. Estimates and judgements are continually evaluated and are based on historical knowledge, best available current information based on current trends and economic data obtained both externally and within the group including expectation of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is changed and in any future periods affected.

The Group has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made, and where actual results may differ from these estimates under different assumptions and conditions that could materially affect financial results or financial position reported in future periods.

### **(a) Impairment of property, plant and equipment and deferred exploration and evaluation expenditure**

In January 2013, the company suspended trial mining and batch processing activities at the Konongo Project to focus on an exploration programme that will be funded by LionGold as outlined in Note 2(a). Should LionGold not be able to provide sufficient financial support to fund additional exploration, there is material uncertainty that may cast significant doubt on whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

## Notes to the Financial Statements

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### *(i) Classification and measurement*

During the reporting period, the directors made a judgement to reclassify Mine Properties in Development of \$34,471,367 to Exploration and Evaluation assets on the basis that technical feasibility and commercial viability is not yet demonstrable. The directors believe this reclassification will result in more meaningful presentation of the Konongo Project assets as additional exploration and evaluation activities are required to obtain more information about the existence, or otherwise, of economically recoverable reserves.

### *(ii) Exploration and evaluation expenditure*

Exploration and evaluation expenditure has been carried forward in accordance with note 2(n) on the basis that exploration and evaluation of the area of interest is continuing and has not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. The mining license for Konongo Gold Project, that provides the right of tenure, remains current, and the company is still committed to exploration and ultimately development of the project if demonstrated to be economically viable.

The carrying forward of exploration and evaluation expenditure requires management to make estimates and judgements, in particular whether currently available information, permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. The directors believe that currently available information does not suggest that there are any impairment triggers. These estimates and judgements may change as new information becomes available. If, after having capitalised the expenditure, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of comprehensive income in the period in which the determination is made.

### *(iii) Property, plant and equipment*

The suspension of trial mining activities to focus on exploration has been identified as an indicator of impairment for the Konongo Gold Project plant and equipment. The Company has determined the Konongo Gold Project to be a single cash generating unit (CGU) as the plant and equipment cannot be separated from the mining license. It is currently impracticable to estimate future cash flows, as key assumptions relating to reserves and resources that in turn drive production estimates are yet to be established through further exploration. The directors have considered the fair value, less cost to sell for the Konongo project, taking into account the implied value from the recent transaction with LionGold and believe that the value of the related assets can be recovered through the successful development of the Konongo Project or its sale, and are carrying the assets on that basis.

The carrying values of property, plant and equipment and deferred exploration and evaluation expenditure for the Konongo Gold project will continue to be assessed as new information and exploration results become available. Future assessments may result in adjustments to carrying values of assets and these adjustments will be recognised in the statement of comprehensive income in the period in which the determination is made.

## **(b) Resources and Ore Reserves**

The group estimates Mineral Resources and Reserves based on information compiled by competent persons (as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as revised December 2004 (the JORC code). Resources, if applicable, determined in this way are taken into account in the calculation of impairment, mining properties and rehabilitation expenditure.

The Konongo Gold Project has Inferred and Indicated Mineral Resources, Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, operational cost, metal price, mining control, dilution or other relevant issues. There has been insufficient exploration to define these Inferred Mineral Resources as Indicated Mineral Resources or the Indicated Mineral Resources as Measured Mineral Resource as there is insufficient close-spaced drill hole data to adequately define grade and geological continuity for this structurally complex deposit. It is uncertain if further exploration will result in upgrading the Inferred Mineral Resource to an Indicated or Measured Mineral Resource category or to Ore Reserves.

## Notes to the Financial Statements

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The determination of Mineral Resources and mine life affects the Group's financial results and financial position including asset carrying values impacted by estimated future cash flows, depreciation and amortisation charges, impairment and the rehabilitation provision.

### (c) Rehabilitation and Mine Closure Provisions

During the course of the 9 month reporting period, the Group has undertaken a process of estimating future site rehabilitation and restoration requirements, the timing of such requirements and the associated costs. Such costs have been determined based on estimates of future costs, the expected timing of expenditure, current legal and government requirements, current technology, the Group's current environmental policy, the effects of inflation and an estimated risk free rate for cash flow discounting. Significant judgement is required in determining the provision for rehabilitation and mine closure. A change in any or a combination of the key assumptions used to determine the provisions could have a material impact on the carrying value of the provision. The provision recognised at each reporting date is based on the facts and circumstances available at the time with any changes to estimated future costs recognised the provision for that reporting period.

### (d) Financial Liabilities arising under Asset Purchase Agreement

Significant judgement is required to determine the estimated future cash flows of the financial liability based upon the probability of economically viable extraction of the mineral resource, timing of such extraction and the risk associated with the project. A change in any of the key judgements used to determine the cash flows could have material impact on the carrying value of this liability.

### (e) Konongo Gold Project Minority Interest

The minority shareholder in Owere Mines Limited has asserted that the intercompany balance of \$49,681,264 between Signature Metals and Owere Mines Limited should be owed and payable to Signature Metals and the minority shareholder in the proportion of 80:20 respectively. Although the complexities in the shareholder agreement are still in negotiation and no agreement has been finalised, the Directors of Signature Metals believe that it is appropriate to provide for the 80:20 minority shareholder proportion at this time. As a result of this a provision for \$9,936,253 has been recognised in the financial statements. Once an agreement has been finalised, any subsequent accounting impact of the arrangements will be adjusted for in that financial period.

### (f) Income Taxes

The Group is subject to income tax in Australia and Ghana. Significant judgement is required to determine the tax calculations and utilisation of tax losses for each entity within the Group. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax assets and liabilities based on the Group's current understanding of the tax law and the expected future utilisation of these assets and liabilities. Where the final tax outcome of these matters is different from the calculated amounts, such differences will impact on the period in which such determination is made.

## 4. Expenses

|  | <b>Consolidated</b>        |                             |
|--|----------------------------|-----------------------------|
|  | 9 months to<br>31 Mar 2013 | 12 months to<br>30 Jun 2012 |
|  | \$                         | \$                          |
| <b>(a) Directors and Employee Benefits</b> |                            |                             |
| Salaries, Wages and Director Fees          | 452,898                    | 238,247                     |
| Redundancy Payments                        | 755,502                    | -                           |
|  | <hr/> 1,208,400            | <hr/> 238,247               |

|  | <b>Consolidated</b>        |                             |
|--|----------------------------|-----------------------------|
|  | 9 months to<br>31 Mar 2013 | 12 months to<br>30 Jun 2012 |
|  | \$                         | \$                          |
| <b>(b) Administrative expenses</b>   |                            |                             |
| Travel and accommodation   | 476,121                    | 11,645                      |
| Printing and stationery  | 2,730                      | 46,279                      |
| Insurance  | 43,028                     | 19,974                      |
| Telephone and communications   | 13,217                     | 8,213                       |
| Rent and outgoings   | 70,774                     | 96,000                      |
| Conferences and seminars   | 13,280                     | 10,670                      |
| General administrative expenses  | 249,652                    | 62,165                      |
| Depreciation   | 43,999                     | 1,886                       |
| <b>Total administrative expenses</b>   | <b>912,801</b>             | <b>256,832</b>              |
| <br>   |                            |                             |
| <b>5. Income Tax</b>   |                            |                             |
| <br>   |                            |                             |
| <b>Income tax expense</b>  |                            |                             |
| Major component of tax expense for the reporting period:                                     |                            |                             |
| Current income tax   | -                          | -                           |
| Deferred income tax  | -                          | -                           |
| <b>Income tax reported in the statement of profit or loss and other comprehensive income</b> | <b>-</b>                   | <b>-</b>                    |
| Loss from continuing operations before income tax expense                                    | (12,066,806)               | (1,391,991)                 |
| Tax at the statutory income tax rate of 30%  | (3,620,042)                | (417,597)                   |
| Other deductible amounts not recognised  | (30,579)                   | (145,434)                   |
| Provision for minority interest on loans to Owere Mines Ltd                                  | 2,980,876                  | -                           |
| Income tax benefit not recognised  | 669,745                    | 563,031                     |
| Income tax expense   | -                          | -                           |



## Notes to the Financial Statements

|   | Consolidated               |                             |
|---|----------------------------|-----------------------------|
|   | 9 months to<br>31 Mar 2013 | 12 months to<br>30 Jun 2012 |
|   | \$                         | \$                          |
| Capitalised exploration expenditure                         | 10,948,922                 | 7,270,391                   |
| Offset by deferred tax assets                               | (10,948,922)               | (7,270,391)                 |
| <b>Assets</b>   |                            |                             |
| Losses available to offset against future taxable income    | 12,290,282                 | 8,365,362                   |
| Foreign exchange loss                                       | 70,642                     | 135,585                     |
| Share issue costs deductible over five reporting periods    | 321,029                    | -                           |
| Accrued expenses  | 36,211                     | 113,952                     |
|   | 12,718,164                 | 8,614,899                   |
| Deferred tax assets offset against deferred tax liabilities | (10,948,922)               | (7,270,391)                 |
| <b>Unrecognised deferred tax assets</b>                     | <b>1,769,242</b>           | <b>1,344,508</b>            |

The benefit for tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia and Ghana of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
- (iii) no changes in tax legislation in Australia or Ghana, adversely affect the Group in realising the benefit from the deductions for the losses.

### Tax Consolidation

Signature Metals Limited and its 100% owned Australian resident subsidiaries have not formed a tax consolidated group.

## 6. Trade and Other Receivables

|                      | Consolidated   |                  |
|----------------------|----------------|------------------|
|                      | 31 Mar 2013    | 30 Jun 2012      |
|                      | \$             | \$               |
| <b>Current</b>       |                |                  |
| GST receivables      | 8,470          | 18,699           |
| Advance to suppliers | 508,483        | 1,178,493        |
| Deposit              | -              | 24,588           |
| Other receivables    | 131,677        | 474,153          |
|                      | <b>648,630</b> | <b>1,695,933</b> |

Advance to suppliers, goods and services tax and other receivables are non-interest bearing and generally receivable on 30 day terms. The balances are neither past due nor impaired and are fully collectible. Due to the short term nature, their carrying value is assumed to approximate their fair value.

## Notes to the Financial Statements

|                    | <b>Consolidated</b> |                  |
|--------------------|---------------------|------------------|
|                    | 31 Mar 2013         | 30 Jun 2012      |
|                    | \$                  | \$               |
| <b>Non-current</b> |                     |                  |
| VAT Receivable     | <b>3,335,188</b>    | <b>1,671,087</b> |

VAT receivables will be the subject of an audit by the Ghanaian Revenue Authority to confirm the value of VAT claimed. These receivables relate to VAT charged on expenditure related to mine development and exploration and evaluation activities.

The carrying value of this statutory receivable is approximately the same value as the fair value.

### 7. Inventories

|                            |   |                |
|----------------------------|---|----------------|
| Supply inventories at cost | - | <b>672,020</b> |
|----------------------------|---|----------------|

### 8. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(d). Details of subsidiary companies are as follows:

| Name                      | Country of incorporation | % Equity Interest |      |
|---------------------------|--------------------------|-------------------|------|
|                           |                          | 2013              | 2012 |
| Uganda Minerals Pty Ltd   | Australia                | 100%              | 100% |
| Embuyaga Exploration Ltd  | Uganda                   | 100%              | 100% |
| Owere Mines Limited       | Ghana                    | 70%               | 70%  |
| Kenya Exploration Pty Ltd | Australia                | 100%              | 100% |

### 9. Mineral properties in development

|   | <b>Consolidated</b> |                   |
|---|---------------------|-------------------|
|   | 31 Mar 2013         | 30 Jun 2012       |
|   | \$                  | \$                |
| At Cost   | -                   | 26,139,399        |
| Accumulated impairment  | -                   | -                 |
| Total mineral properties in development                                   | -                   | <b>26,139,399</b> |
| Carrying amount at the beginning of period                                | 26,139,399          | -                 |
| Transfer from Deferred Exploration and Evaluation Expenditure 1 July 2011 | -                   | 18,447,068        |
| Transfer to Exploration and Evaluation Expenditure 31 December 2012       | (34,471,367)        | -                 |
| Foreign exchange difference   | 93,030              | (1,630,872)       |
| Expenditure during the period   | 16,725,930          | 23,175,587        |
| Revenue from sale of gold   | (8,486,992)         | (13,852,384)      |
| Carrying amount at the end of period                                      | -                   | <b>26,139,399</b> |

## Notes to the Financial Statements

In January 2013 the Group announced that the mining and processing operations would be suspended at the Konongo Gold Project and during the first quarter of 2013 would be placed on care and maintenance while the group focuses efforts on accelerating exploration in key prospective areas. As a result, mineral properties in development were reclassified to Exploration and evaluation. Refer note 3(a),

|                             | Consolidated |             |
|-----------------------------|--------------|-------------|
|                             | 31 Mar 2013  | 30 Jun 2012 |
|                             | \$           | \$          |
| <b>10. Reclamation bond</b> |              |             |
| Reclamation bond            | 192,731      | 197,693     |

As at 31 March 2013, the Group's carrying value of financial assets are approximately the same value as their fair value.

Reclamation bonds are short-term bank deposits to secure bank guarantees in favour of the Ghanaian authorities' equivalent in value to amounts prescribed as reclamation bonds.

### 11. Exploration, evaluation and development expenditure

|  |             |              |
|--|-------------|--------------|
| Carrying amount at the beginning of period                       | -           | 18,447,068   |
| Transfer to Mineral Properties in Development 1 July 2011        | -           | (18,447,068) |
| Transfer from Mineral Properties in Development 31 December 2012 | 34,471,367  | -            |
| Foreign exchange difference                                      | (375,430)   | -            |
| Expenditure during the period                                    | 5,086,486   | -            |
| Revenue from sale of gold  | (2,686,017) | -            |
| Carrying amount at the end of period                             | 36,496,406  | -            |

During the 9 month reporting period, Mineral properties in development expenditure was reclassified to Exploration, Evaluation and Development expenditure. The directors believe this will result in more meaningful presentation of the Konongo Project assets as additional exploration and evaluation activities are required to obtain more information about the existence, or otherwise, of economically recoverable reserves.

### 12. Property, plant and equipment

#### Land

|                          |       |       |
|--------------------------|-------|-------|
| Cost                     | 3,625 | 3,672 |
| Accumulated depreciation | -     | -     |
| Net carrying amount      | 3,625 | 3,672 |

#### Plant and Equipment

|                          |            |           |
|--------------------------|------------|-----------|
| Cost                     | 11,066,158 | 8,429,651 |
| Accumulated depreciation | (954,618)  | (375,467) |
| Net carrying amount      | 10,111,540 | 8,054,184 |

|  |                   |                  |
|--|-------------------|------------------|
| <b>Total Property, Plant and Equipment</b> | <b>10,115,165</b> | <b>8,057,856</b> |
|--|-------------------|------------------|

|   | <b>Consolidated</b>        |                             |
|---|----------------------------|-----------------------------|
|   | 9 months to<br>31 Mar 2013 | 12 months to<br>30 Jun 2012 |
|   | \$                         | \$                          |
| <b>Movements in Property, Plant and Equipment</b> |                            |                             |
| <b>Land</b>                                       |                            |                             |
| Opening balance                                   | 3,672                      | 4,514                       |
| Net exchange differences on translation           | (47)                       | (842)                       |
| Closing balance                                   | <u>3,625</u>               | <u>3,672</u>                |
| <b>Plant and Equipment</b>                        |                            |                             |
| Opening balance                                   | 8,054,184                  | 8,499,466                   |
| Additions   | 2,795,370                  | 1,336,503                   |
| Net exchange differences on translation           | (158,863)                  | (1,617,255)                 |
| Depreciation charge for the reporting period      | (579,151)                  | (164,530)                   |
| Closing balance                                   | <u>10,111,540</u>          | <u>8,054,184</u>            |
| <b>Total Property, Plant and Equipment</b>        | <b><u>10,115,165</u></b>   | <b><u>8,057,856</u></b>     |

**13. Trade and Other Payables**

|                               | <b>Consolidated</b>     |                         |
|-------------------------------|-------------------------|-------------------------|
|                               | 31 Mar 2013             | 30 Jun 2012             |
|                               | \$                      | \$                      |
| <b>Current</b>                |                         |                         |
| Trade creditors               | 2,516,256               | 1,982,927               |
| Accruals                      | 903,659                 | 1,588,900               |
| Amount due to holding company | -                       | 5,037,397               |
|                               | <b><u>3,419,915</u></b> | <b><u>8,609,224</u></b> |

Trade and other payables are contractually matured within 30 days. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. The amount due to the holding company was included in Current Trade and Other payables as the terms and conditions of the loan facility had not been finalised at the date of the report. Finalisation of these terms and conditions has resulted in the reclassification of this amount to a long term payable. Refer note 16.

**14. Interest bearing loan**

|                       |                       |                       |
|-----------------------|-----------------------|-----------------------|
| Interest bearing loan | <b><u>452,949</u></b> | <b><u>469,454</u></b> |
|-----------------------|-----------------------|-----------------------|

In March 2012 the group entered into a fixed rate loan agreement with a 1 year maturity. In March 2013 the Loan Agreement was amended to extend for an additional 6 months on the same interest rate terms.

## Notes to the Financial Statements

### 15. Employee entitlements

|                       | Consolidated   |                |
|-----------------------|----------------|----------------|
|                       | 31 Mar 2013    | 30 Jun 2012    |
|                       | \$             | \$             |
| <b>Current</b>        |                |                |
| Employee entitlements | <b>315,895</b> | <b>211,678</b> |

### 16. Unsecured loan facility

|                               |                   |   |
|-------------------------------|-------------------|---|
| Amount due to holding company | <b>18,846,325</b> | - |
|-------------------------------|-------------------|---|

On 27 July 2012 the Group announced that it had entered into an intercompany loan facility with its 76% shareholder LionGold Corp Ltd ("LionGold"). Under the terms of the facility, LionGold would provide the Group with up to US\$11 million in funding. On 11 March, 2013 the Company announced that the loan facility had been amended by agreement to increase the maximum cumulative draw down amount to US\$50 million. The amount due to the holding company is non-trade, unsecured and not repayable before 5 years, except in limited circumstances, with interest at 6% only commencing after 3 years.

An amount of \$5,037,397 was included in the 30 June 2012 Financial Report for the amount due to the holding company in Current Liabilities as a Trade and other payable. With the establishment of the loan facility and finalisation of all terms and conditions, this liability has been reclassified as non-current in this reporting period.

### 17. Financial liability arising under asset purchase agreement

#### Non Current

|  |                  |                  |
|--|------------------|------------------|
| Financial liability arising under asset purchase agreement | <b>1,676,488</b> | <b>1,778,574</b> |
|--|------------------|------------------|

The Group recognised deferred consideration on the option agreement to purchase 70% of the Konongo Gold Project. Refer note 34. The deferred consideration is recognised as a financial liability at amortised costs at an effective interest rate of 12% to be paid in 2016.

### 18. Provisions

|  |                   |   |
|--|-------------------|---|
| Rehabilitation Provision (i)                                     | 688,789           | - |
| Provision for minority interest in loans to Owere Mines Ltd (ii) | 9,936,253         | - |
| Closing balance  | <b>10,625,042</b> | - |

#### (i) Rehabilitation Provision

|   |                |   |
|---|----------------|---|
| Opening balance                           | -              | - |
| Establishment of Rehabilitation Provision | 688,789        | - |
| Closing balance                           | <b>688,789</b> | - |

During the course of the 9 month reporting period, the Group has continued to perform incremental rehabilitation of tenement areas at the Konongo Gold Project. The Group has undertaken a process of estimating costs of future site rehabilitation and

## Notes to the Financial Statements

restoration. Costs associated with previous mining and exploration activity are provided for as and when an obligation arises and are included in the cost of the related area of interest.

(ii) *Provision for minority interest in loans to Owere Mines Ltd*

|  | <b>Consolidated</b> |             |
|--|---------------------|-------------|
|  | 31 Mar 2013         | 30 Jun 2012 |
|  | \$                  | \$          |
| Opening balance                                    | -                   | -           |
| Provision for minority interest in Owere Mines Ltd | 9,936,253           | -           |
| Closing balance                                    | 9,936,253           | -           |

The minority shareholder in Owere Mines Limited has asserted that the intercompany balance of \$49,681,264 between Signature Metals and Owere Mines Limited should be owed and payable to Signature Metals and the minority shareholder in the proportion of 80:20 respectively. Although the complexities in the shareholder agreement are still in negotiation and no agreement has been finalised, the Directors of Signature Metals believe that it is appropriate to provide for the 80:20 minority shareholder proportion at this time. As a result of this a provision for \$9,936,253 has been recognised in the financial statements. Once an agreement has been finalised, any subsequent accounting impact of the arrangements will be adjusted for in that financial period.

### 19. Reserves

|                                      |                    |                    |
|--------------------------------------|--------------------|--------------------|
| Share based payment reserve          | 3,811,159          | 3,811,159          |
| Foreign currency translation reserve | (8,580,375)        | (7,839,901)        |
| Contingent consideration reserve     | 514,404            | 514,404            |
| Option reserve                       | 550                | 550                |
|                                      | <b>(4,254,262)</b> | <b>(3,513,788)</b> |

### Movements

|   | <b>Consolidated</b>        |                             |
|---|----------------------------|-----------------------------|
|   | 9 months to<br>31 Mar 2013 | 12 months to<br>30 Jun 2012 |
|   | \$                         | \$                          |
| <i>Share based payments reserve</i>         |                            |                             |
| Opening balance                             | 3,811,159                  | 3,811,159                   |
| Closing balance                             | 3,811,159                  | 3,811,159                   |
| <i>Foreign currency translation reserve</i> |                            |                             |
| Opening balance                             | (7,839,901)                | (3,368,436)                 |
| Foreign currency translation                | (740,474)                  | (4,471,465)                 |
| Closing balance                             | (8,580,375)                | (7,839,901)                 |

|   | <b>Consolidated</b>        |                        |
|---|----------------------------|------------------------|
|   | 9 months to<br>31 Mar 2013 | 12 months to<br>30 Jun |
|   | \$                         | \$                     |
| <i>Option reserve</i>                       |                            |                        |
| Opening balance                             | 550                        | 550                    |
| Closing balance                             | 550                        | 550                    |
| <br><i>Contingent consideration reserve</i> |                            |                        |
| Opening balance                             | 514,404                    | 514,404                |
| Closing balance                             | 514,404                    | 514,404                |

**Nature and purpose of reserves**

*Share based payment reserve*

The share based payment reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration.

*Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

*Option reserve*

The Options Premium reserve is used to record the premium paid on the issue of unlisted options on 18 October 2006 that expired on 31 December 2008, less any of those options exercised.

*Contingent consideration reserve*

The contingent consideration reserve is used to record the equity component of the consideration payable for the purchase of 70% of the Konongo Gold Project. Refer to note 34.

**20. Issued Capital**

**(a) Issued and paid up capital**

|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| Ordinary shares fully paid | <b>60,195,661</b> | <b>60,195,661</b> |
|----------------------------|-------------------|-------------------|

## Notes to the Financial Statements

|  | 9 months to 31 Mar 2013 |            | 12 months to 30 Jun 2012 |            |
|--|-------------------------|------------|--------------------------|------------|
|  | Number of shares        | \$         | Number of shares         | \$         |
| <b>(b) Movements in ordinary shares on issue</b> |                         |            |                          |            |
| At beginning of reporting period                 | 2,759,575,214           | 60,195,661 | 2,351,804,534            | 54,364,393 |
| Placement at \$0.015                             | -                       | -          | 352,770,680              | 5,291,560  |
| Exercise of options                              | -                       | -          | 55,000,000               | 825,000    |
| less share issue costs                           | -                       | -          | -                        | (285,292)  |
| At end of reporting period                       | 2,759,575,214           | 60,195,661 | 2,759,575,214            | 60,195,661 |

### Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

### Share options

At 31 March 2013 there were 17,333,000 unissued ordinary shares under options (2012: 46,333,333 options). At the date of this report there were 17,000,000 options as 333,333 options have expired since the end of the financial period.

The details of the options at 31 March 2013 were as follows:

| Number     | Exercise Price | Issue Date    | Expiry Date      |
|------------|----------------|---------------|------------------|
| 333,333    | 0.65           | 14 April 2005 | 14 April 2013    |
| 17,000,000 | 0.02           | 18 June 2010  | 31 December 2013 |

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

During the 9 month reporting period nil options were exercised to acquire fully paid ordinary shares (2012: 55,000,000 options at \$0.015). Since the end of the reporting period nil options have been exercised. During the reporting period 29,000,000 options at an exercise price of \$0.03 expired (2012: 333,333 options at \$0.65). 333,333 options have expired since the end of the reporting period.

### Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to \$15,734,134 at 31 March 2013 (2012: \$28,361,764). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was not subject to any externally imposed capital requirements. Refer to note 30 for further information on the Group's financial risk management policies.



**Consolidated**

9 months to 12 months to  
31 Mar 2013 30 Jun 2013

\$ \$

**21. Accumulated losses**

Movement in accumulated losses were as follows:

|                                    |                     |                     |
|------------------------------------|---------------------|---------------------|
| Balance at 1 July                  | (26,481,861)        | (25,253,722)        |
| Loss for the reporting period      | (11,539,808)        | (1,228,139)         |
| Balance at end of reporting period | <b>(38,021,669)</b> | <b>(26,481,861)</b> |

**22. Cash and Cash equivalents**

**Reconciliation of cash**

Cash comprises of:

|              |                |                |
|--------------|----------------|----------------|
| Cash on hand | 5,340          | 7,317          |
| Cash at bank | 277,288        | 989,389        |
|              | <b>282,628</b> | <b>996,706</b> |

The fair value is equal to the carrying value.

**Reconciliation of net profit / (loss) after tax to the net cash flows from operations**

|                |              |             |
|----------------|--------------|-------------|
| Loss after tax | (12,066,808) | (1,391,991) |
|----------------|--------------|-------------|

**Non-cash items**

|  |           |         |
|--|-----------|---------|
| Foreign exchange (gain) / loss         | (321,779) | 418,154 |
| Contingent consideration expense       | (102,086) | 176,254 |
| Depreciation                           | 13,071    | 1,886   |
| Provision payable to minority interest | 9,936,253 | -       |

**Changes in assets and liabilities**

|  |                    |                  |
|--|--------------------|------------------|
| Trade and other receivables              | -                  | (14,535)         |
| Trade and other creditors                | (744,465)          | 190,331          |
| Net cash flows from operating activities | <b>(3,285,814)</b> | <b>(619,901)</b> |

## Notes to the Financial Statements

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### 23. Expenditure commitments

#### (a) Rental and services agreement

During the 2012 year the Company entered into a three (3) year Lease Rental Agreement with 689 Burke Road Pty Ltd. In May 2013, the Company negotiated with the Landlord for the surrender of the lease with effect from 1 June 2013.

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | 31 Mar 2013         | 30 Jun 2012    |
|   | \$                  | \$             |
| Payable not later than one year                           | 78,185              | 83,692         |
| Payable later than one year and not later than five years | 74,097              | 145,075        |
|   | <u>152,282</u>      | <u>228,767</u> |

#### (b) Executive remuneration commitments

At 31 March 2013, there are no executive remuneration commitments (2012: nil).

### 24. Contingent Liabilities

There are no known contingent liabilities at the date of this report (2012: nil).

### 25. Subsequent Events

On 7 June the Company announced the conclusion of the sale of unmarketable parcels of shares in the Company. 753 shareholders, holding an aggregate 17,727,603 shares being 0.64% of the Company's total number of shares on issue participated in the sale. The aggregate shareholdings were sold to LionGold for \$A0.0053 per share pursuant to the agreement between the Company and LionGold.

There have been no other significant events after the balance date.

### 26. Loss per Share

|   | <b>Consolidated</b>        |                             |
|---|----------------------------|-----------------------------|
|   | 9 months to<br>31 Mar 2013 | 12 months to<br>30 Jun 2012 |
|   | \$                         | \$                          |
| Loss used in calculating basic and diluted EPS  | (11,539,808)               | (1,228,139)                 |
|   |                            |                             |
|   | <b>Number of Shares</b>    |                             |
|   | 2013                       | 2012                        |
| Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share: | <u>2,759,575,214</u>       | <u>2,602,600,845</u>        |
| Share options   | -                          | -                           |
| Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:   | <u>2,759,575,214</u>       | <u>2,602,600,845</u>        |

There is no impact from 17,333,333 options outstanding at 31 March 2013 (2012: 46,333,333 options) on the loss per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

## Notes to the Financial Statements

### 27. Auditors Remuneration

In January 2013, the Company announced the Australian Securities and Investments Commission's consent to the resignation of the current auditor Ernst & Young. PricewaterhouseCoopers were announced as the Company's auditor. Details of the amounts paid or payable to both Ernst & Young and PricewaterhouseCoopers are disclosed separately below.

| Ernst & Young (Australia)                                    | Consolidated               |                             |
|--|----------------------------|-----------------------------|
|  | 9 months to<br>31 Mar 2013 | 12 months to<br>30 Jun 2012 |
|  | \$                         | \$                          |
| Amounts received or due and receivable by Ernst & Young for: |                            |                             |
| Audit and review of the Financial Report of the entity       | 44,410                     | 49,000                      |
| Audit and review of the Financial Report of the subsidiary   | -                          | 33,000                      |
| Non-Audit services to the Group                              | 14,401                     | 13,000                      |
| Total  | 58,811                     | 95,000                      |

### PricewaterhouseCoopers

#### Amounts received or due and receivable by PricewaterhouseCoopers for:

|  |         |   |
|--|---------|---|
| Audit and review of the Financial Report of the entity     | 102,350 | - |
| Audit and review of the Financial Report of the subsidiary | 43,150  | - |
| Non-Audit services to the Group                            | -       | - |
| Total  | 145,500 | - |

### 28. Key Management Personnel Disclosures

#### (a) Details of Key Management Personnel

| Key management personal     | Title                          | Appointment       | Resignation       |
|-----------------------------|--------------------------------|-------------------|-------------------|
| Soo Khoo Raymond Tan        | Chairman                       | 25 June 2012      | -                 |
| Roland Kenneth Selvanayagam | Non-Executive Director         | 03 April 2012     | -                 |
| Denis Edmund Clarke         | Non-Executive Director         | 14 September 2012 | -                 |
| Peter Chen                  | Executive Director             | 04 October 2012   | -                 |
| Choy Yin Wong               | Executive Director             | 03 April 2012     | 01 November 2012  |
| William Alan Oliver         | Non-Executive Director         | 01 October 2008   | 04 October 2012   |
| Mark Gillie                 | Executive Director             | 03 April 2012     | 30 September 2012 |
| Theo Christodoulou          | Alternative Executive Director | 03 April 2012     | 30 September 2012 |
| Chris Gbyl                  | Chief Executive Officer        | 01 January 2013   | -                 |

## Notes to the Financial Statements

### (b) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial reporting periods are as follows:

|                              | <b>Consolidated</b> |                |
|------------------------------|---------------------|----------------|
|                              | 31 Mar 2013         | 30 Jun 2012    |
|                              | \$                  | \$             |
| Short term employee benefits | 149,897             | 345,397        |
| Share based payments         | -                   | -              |
| <b>Total remuneration</b>    | <b>149,897</b>      | <b>345,397</b> |

### (c) Share holdings Key Management Personnel

The number of shares in the Company held during the financial period by each key management personnel of Signature Metals Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

|                                  | Balance at the<br>start of the period<br>No. | Granted during<br>the period as<br>compensation<br>No. | Exercise of<br>options during<br>the period<br>No. | Other changes<br>during the period<br>No. | Balance at the<br>end of the period<br>No. |
|----------------------------------|--|--|--|---|--|
| <b>31 March 2013</b>             |  |  |  |   |  |
| Soo Khoo Raymond Tan             | -  | -  | -  | -   | -  |
| Roland Kenneth Selvanayagam      | -  | -  | -  | -   | -  |
| Denis Edmund Clarke              | -  | -  | -  | -   | -  |
| Peter Chen                       | -  | -  | -  | -   | -  |
| Choy Yin Wong                    | -  | -  | -  | -   | -  |
| William Alan Oliver              | -  | -  | -  | -   | -  |
| Mark Gillie                      | -  | -  | -  | -   | -  |
| Theo Christodoulou (Alternative) | -  | -  | -  | -   | -  |
| Chris Gbyl                       | -  | -  | -  | -   | -  |
| <b>30 June 2012</b>              |  |  |  |   |  |
| Soo Khoo Raymond Tan             | -  | -  | -  | -   | -  |
| Roland Kenneth Selvanayagam      | -  | -  | -  | -   | -  |
| Denis Edmund Clarke              | -  | -  | -  | -   | -  |
| Peter Chen                       | -  | -  | -  | -   | -  |
| Choy Yin Wong                    | -  | -  | -  | -   | -  |
| William Alan Oliver              | 1,624,220                                    | -  | 10,000,000   | (11,624,220)                              | -  |

## Notes to the Financial Statements

### (d) Option holdings of Key Management Personnel

The numbers of options over ordinary shares held during the 9 month reporting period by each director and specified executive of the Company, including their personally related parties, are set out below:

|                                  | Balance at the start<br>of the period<br>No. | Granted during<br>the period as<br>compensation<br>No. | Exercise of options<br>during the period<br>No. | Other changes<br>during the period<br>No. | Balance at the<br>end of the period<br>No. |
|----------------------------------|--|--|---|---|--|
| <b>9 months to 31 March 2013</b> |  |  |   |   |  |
| William Alan Oliver              | -  | -  | -   | -   | -  |
| <b>12 months to 30 June 2012</b> |  |  |   |   |  |
| William Alan Oliver              | 10,000,000                                   | -  | (10,000,000)                                    | -   | -  |

There were no other key management personnel to disclose for the financial periods ended 31 March 2013 or 30 June 2012. The share options are not subject to a performance hurdle as these options are issued as a form of retention bonus and incentive to contribute to the creation of shareholder wealth.

### (e) Other transactions with Key Management Personnel

Mr. Mark Gillie and his Alternate Executive Director Mr. Theo Christodoulou's remuneration are included within the fees paid to Stellar Services Limited under an agreement with the Company. Mr. Mark Gillie and Mr. Theo Christodoulou's resignation was effective from 30 September 2012. The agreed fee payable to Stellar Services Limited during the financial period for their services within the LionGold group relating to Signature Metals was US\$30,000.

Billandbry Consulting Pty Ltd, a company of which Mr. Bill Oliver is a Director, was paid consulting fees of \$30,000 during the reporting period (2012: \$250,000). This amount is included in Note 28(b) "Remuneration of Key Management Personnel". Nil was outstanding at the end of the reporting period (2012: \$10,000).

## 29. Related Party Disclosures

For Director related party transactions please refer to Note 28 "Key Management Personnel Disclosures".

All related party transactions were undertaken at arm's length.

The ultimate parent entity is LionGold Corp Ltd. There is currently a non-current liability for an amount due to LionGold. Refer to note 16 for the terms and conditions of the unsecured loan facility.

Refer to note 8 for list of all subsidiaries within the group.

## 30. Financial Risk Management

Exposure to interest rate, liquidity, foreign currency risk and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The terms and conditions of the unsecured loan facility with LionGold are included in note 16. The Group has no debt facilities outside of normal trading terms and thus the board does not deem necessary a formal Capital Risk Management charter.

### (a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business.

## Notes to the Financial Statements

### *Maturity analysis*

Financial liabilities of the Group comprise trade, other payables, short term and long term financial liabilities. As at 31 March 2013 and 30 June 2012, trade and other payables contractually mature within 12 months. The short term financial liabilities comprised of an interest bearing loan that falls due on 16 September 2013. The longer term financial liabilities are comprised of the amount due to the holding company and the financial liability arising under the Asset Purchase Agreement. This loan is non-trade, unsecured and not repayable before 5 years, except in limited circumstances, with interest at 6% only commencing after 3 years. The timing of the repayment of the loan is dependent on the extent of drawdown and the economic viability of the Konongo operation. The loan capacity is US\$50,000,000, with current drawdown on the loan at \$18,846,325.

### **(b) Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. Interest bearing liabilities are placed at fixed interest rates.

|                           | <b>Consolidated</b> |             |
|---------------------------|---------------------|-------------|
|                           | 31 Mar 2013         | 30 Jun 2012 |
|                           | \$                  | \$          |
| Cash and cash equivalents | 282,628             | 996,706     |

### *Interest rate sensitivity*

The following table demonstrates the sensitivity of the Group's statement of profit or loss and other comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

### **Consolidated**

| Judgements of reasonably possible movements | Effect on Post Tax Loss (\$)<br>Increase / (decrease) |         | Effect on Equity<br>excluding accumulated loss (\$)<br>Increase / (decrease) |      |
|---|---|---------|--|------|
|   | 2013  | 2012    | 2013   | 2012 |
| Increase 100 basis points                   | 2,826   | 9,967   | -  | -    |
| Decrease 100 basis points                   | 2,826   | (9,967) | -  | -    |

A *sensitivity* of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2012.

### **(c) Credit Risk Exposures**

Credit risk represents the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 31 March 2013, the Group held cash, term deposits. These were held with an institution covered under the Banking Act 1959 with a rating from Standard & Poors of AA- (long term). The Group has no past due or impaired debtors as at 31 March 2013 (2012: nil).

### **(d) Foreign Currency Risk**

The Group has United States Dollar and Ghanaian Cedi denominated bank accounts, advance to suppliers, amount due to holding company and trade creditors in Uganda and Ghana. The Group does not enter into any financial arrangement to mitigate these exposures to the foreign currencies. The exposure is as follows:

## Notes to the Financial Statements

|                               | Consolidated        |                    |
|-------------------------------|---------------------|--------------------|
|                               | 31 Mar 2013         | 30 Jun 2012        |
|                               | \$                  | \$                 |
| Cash and cash equivalents     | 164,936             | 816,017            |
| Advance to suppliers          | 508,483             | 1,178,493          |
| Amount due to holding company | (17,514,599)        | (4,500,397)        |
| Interest bearing loan         | -                   | (344,454)          |
| Trade payables                | (2,343,220)         | (1,788,847)        |
|                               | <u>(19,184,401)</u> | <u>(4,639,188)</u> |

### Foreign exchange sensitivity

The following table demonstrates the sensitivity of the Group's statement of profit or loss and other comprehensive income to a reasonably possible change in foreign exchange rates, with all other variables constant.

### Consolidated

| Judgements of reasonably possible movements between the US Dollar, Australian Dollar and Ghanaian Cedis | Effect on Post Tax Loss (\$)<br>Increase / (decrease) |           | Effect on Equity<br>excluding profit and loss (\$)<br>Increase / (decrease) |             |
|---|---|-----------|---|-------------|
|   | 2013  | 2012      | 2013  | 2012        |
| Increase 10%  | (1,918,440)   | (463,919) | 4,363,345   | 3,209,556   |
| Decrease 10%  | 1,918,440   | 463,919   | (4,363,345)   | (3,209,556) |

A sensitivity of 10% movement has been used as this is considered reasonable and is derived from a review of historical movements and management's judgement of future trends.

### 31. Segment Information

For management purposes, the Group is organised into one main operating segment, which involves mining and exploration for gold and other minerals. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total revenue earned by the Group is generated in Ghana and all non-current assets reside in Ghana.

### 32. Share Based Payment Plan

#### Recognised share based payment expenses

No expenses arising from share based payment transactions were recognised during the 9 month reporting period (2012: nil)

### 33. Dividends

No dividend was paid or declared by the Company in the period since the end of the 9 month reporting period and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the 9 month reporting period ended 31 March 2013 (2012: nil).

The balance of the franking account is Nil as at 31 March 2013 (2012: nil).

### 34. Investment in subsidiary

On 3 August 2009, the Company announced it had reached agreement to acquire 70% of Owere Mines Limited. On the 21 December 2009 the Company exercised the option to acquire the interest and issued 50 million shares to Alpina Group Limited as consideration to acquire the interest. Under the terms of the agreement a further payment of 50 million shares or A\$1 million cash will be made once the project achieves 1 million ounces in Measured and Indicated JORC resources (tranche 2). A final payment of A\$3 million in cash or shares at the sellers' discretion will be made following the production of 100,000 ounces of gold from the project (tranche 3).

## Notes to the Financial Statements

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### 35. Parent entity information

The following details information related to the parent entity, Signature Metals Limited, at 31 March 2013. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

|  | <i>Parent</i>       |                    |
|--|---------------------|--------------------|
|  | 31 Mar 2013         | 30 Jun 2012        |
|  | \$                  | \$                 |
| Current assets   | 101,667             | 234,214            |
| Non-current assets                                       | 46,921,137          | 36,015,365         |
| <b>Total Assets</b>                                      | <b>47,022,804</b>   | <b>36,249,579</b>  |
| Current liabilities                                      | 829,604             | 6,136,943          |
| Non-current liabilities                                  | 30,459,066          | 1,778,574          |
| <b>Total Liabilities</b>                                 | <b>31,288,670</b>   | <b>7,915,517</b>   |
| <b>Net Assets</b>  | <b>15,734,134</b>   | <b>28,334,062</b>  |
| Issued capital   | 60,195,661          | 60,195,661         |
| Share based payment reserve                              | 3,811,159           | 3,811,159          |
| Option reserve   | 550                 | 550                |
| Contingent consideration reserve                         | 514,404             | 514,404            |
| Accumulated losses                                       | (48,787,640)        | (36,187,712)       |
| <b>Total Equity</b>                                      | <b>15,734,134</b>   | <b>28,334,062</b>  |
| Loss for the reporting period                            | (12,599,928)        | (8,253,778)        |
| Other comprehensive loss for the reporting period        | -                   | -                  |
| <b>Total comprehensive loss for the reporting period</b> | <b>(12,599,928)</b> | <b>(8,253,778)</b> |



## Director's Declaration

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In accordance with a resolution of the Directors of Signature Metals Limited, I state that:

1. In the opinion of the directors:
  - (a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the financial position of the Group as at 31 March 2013 and of its performance, for the 9 month reporting period ended on that date; and
    - (ii) complying with Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
  - (b) subject to the achievement of matters set out in note 2(a) of the financial report there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
  - (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b);
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections of 295A of the *Corporations Act 2001* for the 9 month reporting period ending 31 March 2013.

On behalf of the Board



Peter Chen  
Executive Director

Dated: 30th day of June 2013



## **Independent auditor's report to the members of Signature Metals Limited**

### ***Report on the financial report***

We have audited the accompanying financial report of Signature Metals Limited (the company), which comprises the statement of financial position as at 31 March 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the period end or from time to time during the financial period.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
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### *Auditor's opinion*

In our opinion:

- (a) the financial report of Signature Metals Limited is 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 March 2013 and of its performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

### *Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our opinion, we draw attention to Note 2(a) and Note 3(a) in the financial report. These notes comment on the company's reliance on availability of funds under the debt facility from LionGold Corp Ltd to finance ongoing exploration activities and settle liabilities as they fall due. The ability to repay the LionGold Corp Ltd facility when it falls due is dependent on future mining success or refinancing. These conditions, along with other matters as set forth in Note 2(a) and Note 3(a) indicate the existence of a material uncertainty related to an event or condition that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

### *Report on the Remuneration Report*

We have audited the remuneration report included in pages 9 to 13 of the directors' report for the period ended 31 March 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Auditor's opinion*

In our opinion, the remuneration report of Signature Metals Limited for the period ended 31 March 2013, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Amanda Campbell'.

Amanda Campbell  
Partner

Melbourne  
30 June 2013

## ASX Additional Information

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere in this report is as follows. The information is current at 18 June 2013.

### Substantial Shareholders

| Shareholder Name  | Number of Shares | % of Issued Shares |
|-------------------|------------------|--------------------|
| LionGold Corp Ltd | 2,121,018,113    | 76.86              |

### Distribution of Shareholders

|                    | Ordinary Shares   |                  |
|--------------------|-------------------|------------------|
|                    | Number of Holders | Number of Shares |
| 1 - 1,000          | 76                | 7,755            |
| 1,001 - 5,000      | 19                | 48,723           |
| 5,001 - 10,000     | 7                 | 58,075           |
| 10,001 - 100,000   | 195               | 13,003,907       |
| 100,001 - and over | 795               | 2,746,456,754    |
| TOTAL              | 1,092             | 2,759,575,214    |

There were 491 holders of ordinary shares holding less than a marketable parcel.

### Top Twenty Shareholders

| Name   | Number of Ordinary Shares held | %     |
|--|--------------------------------|-------|
| LionGold Corp Ltd  | 2,121,018,113                  | 76.86 |
| Mr Jason Peterson & Mrs Lisa Peterson <J&L Peterson S/F A/C>               | 44,458,868                     | 1.61  |
| DMG & Partners Securities Pte Ltd <Non Clients A/C>                        | 22,205,357                     | 0.80  |
| CR Investments Pty Ltd   | 20,000,000                     | 0.72  |
| Ms Rosemarie Cremona & Mr David White <Whitecremona S/F A/C>               | 15,204,000                     | 0.55  |
| Mr James Gordon Pearce + Mrs Pamela Joy Pearce <Tesco Pearce Pen Fund A/C> | 13,181,250                     | 0.48  |
| Dr Ajita Kanthan   | 12,500,000                     | 0.45  |
| Mr Christopher Wayne Lutt  | 10,000,000                     | 0.36  |
| HSBC Custody Nominees (Australia) Limited                                  | 9,340,000                      | 0.34  |
| Mr Richard Geoffrey Wilson   | 8,017,313                      | 0.29  |
| Mr David Blair White   | 7,768,547                      | 0.28  |
| Mr Michael Locke   | 6,964,831                      | 0.25  |
| Dr Vanessa Lam   | 6,600,000                      | 0.24  |
| Mr Kendal Warne  | 6,308,416                      | 0.23  |
| Ms Rosemarie Cremona   | 6,239,381                      | 0.23  |
| Ms Cew Pty Ltd <MSCEW Family Super Fund A/C>                               | 5,760,000                      | 0.21  |
| Mrs Rosalie Buckley  | 5,500,000                      | 0.20  |
| Citicorp Nominees Pty Limited  | 5,213,055                      | 0.19  |
| Ms Alanna Lo-Schiavo   | 4,600,429                      | 0.17  |
| Mr Golshan Khan  | 4,579,756                      | 0.17  |
| Total Top 20   | 2,335,459,316                  | 84.63 |

### On-Market Buy Back

There is no current on-market buy back.

## Tenement Table

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### Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

| Tenement | Country | Project | Comment   |
|----------|---------|---------|---|
| ML749/03 | Ghana   | Konongo | Renewed until June 2023   |
| PL6/296  | Ghana   | Kurofa  | Granted, under application for renewal  |
| EL232    | Uganda  | Kaabong | Cessation of working requirements granted in previous years, application pending for 2012 |
| EL233    | Uganda  | Kotido  | Cessation of working requirements granted in previous years, application pending for 2012 |
| EL235    | Uganda  | ZWA     | Cessation of working requirements granted in previous years, application pending for 2012 |
| EL236    | Uganda  | Nebbi   | Cessation of working requirements granted in previous years, application pending for 2012 |
| EL249    | Uganda  | Kibaale | Cessation of working requirements granted in previous years, application pending for 2012 |
| EL250    | Uganda  | Kibaale | Cessation of working requirements granted in previous years, application pending for 2012 |