

PLACEMENT TO RAISE \$5 MILLION

ASX Release

19 May 2010

**SIGNATURE METALS
LIMITED**

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Issued Capital:
935 million shares

ASX Symbol: SBL

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Signature Metals Limited (**Company**) is pleased to announce that it has secured subscribers to participate in a placement pursuant to which the Company will raise up to \$5 million (before costs) through the issue of up to 250 million shares at an issue price of 2 cent each (**Placement**).

The Placement will be undertaken via a prospectus to be lodged at ASIC in the near future (**Prospectus**) and Taylor Collison Limited and CPS Securities have been appointed Joint Lead Managers of the Placement.

The successful completion of the Placement will place the Company in a strong financial position given the current market conditions. The subscribers to the Placement are domestic and international clients of Taylor Collison Limited and CPS Securities.

The Placement will be issued in two tranches. The first tranche of 140 million shares will be issued immediately after lodgement of the Prospectus at ASIC under the Company's existing capacity under Listing Rule 7.1. The issue of the second tranche of 110 million shares is conditional on shareholders approving the issue of those shares at a general meeting of the Company to be held as soon as possible.

Funds raised pursuant to the Placement will be utilised to **immediately commence recommissioning of the CIL plant and associated on site infrastructure** and move the Konongo Gold Project rapidly into production. This will allow the Company to move quickly towards **generating cash flow and take advantage of current historical highs in the spot gold price**.

Funds will also be used to **significantly advance work programmes** to confirm the Company's Exploration Target¹ of 1.5 - 2.5 million ounces of gold (20-25 million tonnes at 2 - 4g/t gold). **Several targets have been identified outside the 16 known deposits** which the Company is eager to test in addition to its current exploration and resource delineation programme.

Table 1. Use of Funds assuming \$5 million raised pursuant to Placement

	A\$M
CIL Plant Recommissioning	3.60
Exploration of the Konongo Gold Project	0.70
Expansion Studies including Metallurgical Testwork	0.05
Working Capital	0.32
Expenses of the Placement	0.33
Total	5.00

The capital expenditure required to recommission the plant has been estimated by the Company's Project Manager and consultants based on tenders received for the different elements of the refurbishment as well as experience refurbishing other CIL plants around the world.

The Company envisages that approximately A\$3.6M will be required to refurbish the plant to operating order:

COST AREA	A\$M
Structural Refurbishment	1.00
Mechanical Repairs	1.25
Electrical Repairs	0.50
Tailings dam rehabilitation & reticulation	0.20
Labour	1.15
Contingency	0.50
CIL Plant Total	3.60

In the event the second tranche of Placement cannot be completed and only \$2.8 million is raised pursuant to the Placement, the Company may require additional funding in the future to expand its processing options at the Konongo Gold Project and to fund additional exploration and mining studies.

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- Aiming to develop the Konongo Gold Project into a +100,000 ounce per annum gold producer.
- Past production from Konongo Gold Project of 1.6 million ounces at a head grade of 11.8g/t gold.
- JORC Resources of over 1.27 million ounces (Table 2).
- Exploration Target¹ of 1.5 - 2.5 million ounces of gold (20 – 25 million tonnes at a resource grade of 2 - 4g/t gold).
- Exploration programmes progressing well, with high grade results received from drilling.

- Onsite CIL plant to be recommissioned at a fraction of the cost of purchasing a new/second hand plant. Lead time envisaged to be 6 - 12 months.
- Environmental studies well advanced.

Bill Oliver
Managing Director
SIGNATURE METALS LIMITED

¹This exploration target is conceptual in nature and relates to defined exploration targets/areas where mineralisation has been identified but resources have not been delineated. The quantity and grade of the exploration target is based on past production records and in comparison with currently defined Mineral Resources contained within the project. There has been insufficient exploration to define a Mineral Resource in these areas (aside from the resources presented earlier) and it is uncertain if further exploration will result in the determination of a Mineral Resource different to the JORC-Code compliant resource presented earlier. Signature Metals has an exploration strategy to systematically test these areas to determine if Mineral Resources are present.

The information in this release which relates to Mineral Resources is based on information compiled by Mr Peter Ball who a Member of the Australian Institute of Mining and Metallurgy and the Manager of Data Geo. Mr Ball 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 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ball consents to the inclusion in this release of matters relating to Mineral Resources in the form and context in which they appear based on the information presented to him.

Table 2. Resources contained within the Konongo Gold Project. Re-estimated resources highlighted in bold.

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces
Obenemase				3,267,000	3.08	323,605	1,739,000	2.37	132,695	5,006,000	2.83	456,300
Asieye							1,500,000	0.80	38,580	1,500,000	0.80	38,580
Kwakawkaw							344,000	4.31	47,675	344,000	4.31	47,675
Nyabo East							540,000	1.03	17,940	540,000	1.03	17,940
Patuo				128,000	1.43	5,905	445,000	1.44	20,660	573,000	1.44	26,565
Kyereben West							124,000	3.10	12,360	124,000	3.10	12,360
Aserewa				324,000	2.42	25,130	136,000	4.66	20,355	460,000	3.10	45,485
Atunsu				99,000	2.01	6,415	659,500	2.61	55,435	758,500	2.54	61,850
Apan				39,000	2.03	2,565	526,000	2.22	37,620	565,000	2.21	40,185
Leopard Shaft							95,000	7.55	23070	95,000	7.55	23,070
Boabedroo				192,500	2.63	16,295	2,184,500	2.58	180,900	2,377,000	2.58	197,195
Akyenase Central				58,000	4.00	7,460	96,000	8.80	27,160	154,000	6.99	34,620
Santreso West				3,520,000	1.20	135,810	810,000	1.25	32,555	4,330,000	1.21	168,365
Santreso South							340,000	1.16	12,680	340,000	1.16	12,680
Santreso East							700,000	1.27	28,610	700,000	1.27	28,610
Old Tailings Dam				1,177,000	1.19	45,050	575,000	0.87	16,100	1,752,000	1.09	61,150
Total	0	0	0	8,804,500	2.01	568,235	10,814,000	2.03	704,395	19,618,500	2.02	1,272,630

The Mineral Resources presented in this table for the Obenemase, Boabedroo, Aserewa, Atunsu, Apan and Patuo Deposits, and the Old Konongo Tailings Dam, is based on information compiled by Mr Peter Ball who is a Member of the Australian Institute of Mining and Metallurgy and is the Manager of Data Geo. Mr Ball 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 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ball consents to the inclusion of this table in the report in the form and context in which it appears based on the information presented to him.

The Mineral Resources for the Obenemase, Boabedroo, Aserewa, Atunsu, Apan and Patuo Deposits were derived from solid models of mineralised zones defined by geology and Au grade. Au grade was estimated into block models created from these zones using Inverse Distance². Tonnage was assigned by weathering condition (oxide, transition, fresh) using default SG values generated from historical drill core measurements. The Mineral Resources are classified according to geological continuity, grade continuity and geostatistical parameters relating to sample density. The Mineral Resource is reported below the recorded extents of open cut mining at a 1.0g/t cutoff for fresh rock material and a 0.5g/t cutoff for oxide & transition material. Material recorded as being mined by underground methods has also been removed from the Mineral Resource.

Other Mineral Resources presented in this table have been compiled and reviewed by Mr Bill Oliver from publically stated JORC-compliant information originally prepared in 2005 by RSG Global for Mwana Africa's AIM-listing document. This information, in the opinion of Mr Oliver, complies with the reporting standards of the 2004 JORC Code. Mr Oliver is a Member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Oliver is a Director of Signature Metals and consents to the inclusion of this table in the form and context in which it appears based on the information presented to him.