

MARCH 2011 QUARTERLY REPORT

ASX Release

Friday 29 April 2011

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HIGHLIGHTS

- **First gold production imminent.**
- **Final plant commissioning has commenced.**
- **Mining progressing well, with over 30,000 tonnes of tailings hauled to ROM pad**
- **Total ROM stocks approximately 50,000 tonnes**
- **Excellent drilling results received from the Kyereben Prospect including:**
 - **13 metres at 2.90 g/t gold from 34 metres,**
 - **15 metres at 1.12 g/t gold from 12 metres,**
 - **7 metres at 1.05 g/t gold from 21 metres,**
 - **4 metres at 3.30 g/t gold from surface**
- **Konongo South trenching returns results of:**
 - **14 metres at 0.84 g/t gold,**
 - **20 metres at 0.47g/t gold,**
 - **16 metres at 0.43g/t gold.**
- **Total Inferred and Indicated Resources¹ stand at 1.47 million ounces of contained gold:**

Class	Tonnes	Grade (g/t)	Ounces Au
Indicated	10,506,500	2.03	687,070
Inferred	13,123,500	1.85	779,620
Total	23,355,000	1.95	1,466,690
- **Exploration Target² of 1.5 - 2.5 million ounces of gold (20 – 25 million tonnes at a resource grade of 2 - 4g/t gold).**
- **Company continues support for local communities**

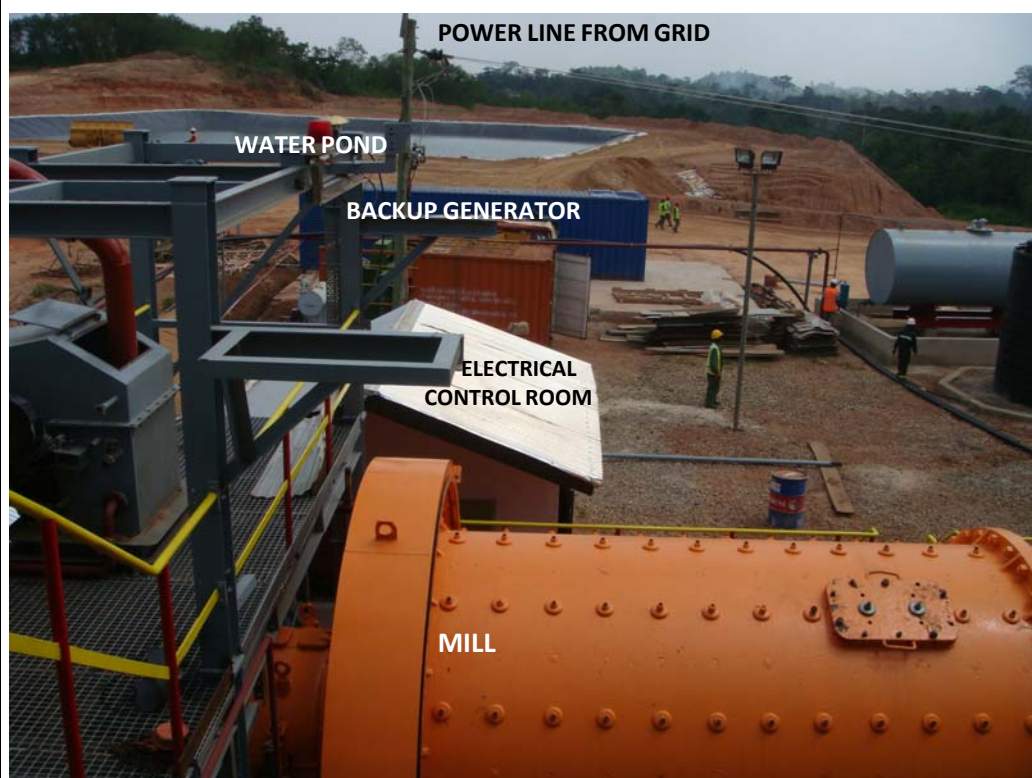
¹Further details on the Mineral Resource, including the Competent Person statement, can be found at the end of this release.

²This 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.

KONONGO GOLD PROJECT, GHANA

The Konongo Gold Project contains 16 known gold deposits along 12 kilometres of strike of the world class Ashanti Gold Belt in Ghana (Figures 1 and 2). The project currently contains approximately 1.47 million ounces of gold in JORC compliant resources (23.4 million tonnes at 1.95g/t gold in the Indicated and Inferred categories; Table 1). Considerable infrastructure remains on site including a 350ktpa CIL processing plant as well as access to power, water and sealed roads.

PLANT



The Company commenced final commissioning of the onsite processing plant last week, following the successful completion of mechanical and electrical testing and wet commissioning.

Commissioning work completed during the quarter included full testing and dry commissioning of the ball mill, test runs of both conveyors without ore, testing of the agitators in the leach and adsorption tanks, and electrical testing of the calcine and smelting furnaces as well as other items in the elution circuit. Following this the leach and adsorption tanks were filled with water enabling further testing of the agitators and water was run through the cyclones and grinding circuit. Minor issues were identified with individual components during commissioning which have now been rectified by replacing these components. The tailings line was installed, with lines to and from the tailings dam in a plastic lined trench. The tailings line has been successfully tested with water and found to be watertight with no leaks.

Ore has been introduced into the ball mill and fed into the leach tanks along with reagents and carbon. Extended operating trials were completed successfully over the Easter weekend with processing rates of up to 60 tonnes per hour achieved. This equates to an annual throughput of approximately 500,000 tonnes per annum. Feed for the processing trial was comprised wholly of tailings material. It is anticipated that when stockpile/crushed ore is blended with the tailings material the processing rate will be closer to the stated throughput of 350,000 tonnes per annum.

The Company looks forward to announcing first gold production from Konongo in coming weeks.



Ore on CV01 leading to mill



**Refurbished leach tank agitators
Adsorption tank filled with slurry**



MINING

Reclamation of the Old Konongo Tails Dam and haulage of ore to the ROM pad commenced during the quarter. The Company received the environmental permit required for the re-commencement of mining and processing by the Ghanaian Environmental Protection Agency (EPA) and engaged local earthmoving contractors to carry out mining and haulage as well as haul road maintenance. Further refurbishment of the haul road has been carried out in 2011, including the use of claycrete stabiliser, to enable haulage to be possible year round.

The Company has hauled over 30,000 tonnes of ore from the Old Konongo Tails Dam to the ROM pad. Between this material and the stockpiles already present on the ROM pad there is approximately 50,000 tonnes of ore stockpiled, representing at least 6 weeks of processing feed at the stated throughput of 350,000 tonnes per annum. Significantly haulage has been carried out at rates well above the anticipated daily throughput of the processing plant indicating sufficient feed will be available for production.



Loading of ore from the Old Konongo Tailings Dam

The Old Konongo Tails Dam contains a resource of approximately 61,150 ounces of gold in the Indicated and Inferred categories.

Class	Tonnes	Grade (g/t)	Ounces Au
Indicated	1,177,000	1.19	45,050
Inferred	575,000	0.87	16,100
Total	1,752,000	1.09	61,150

Included in this resource is a high grade zone containing approximately 448,000 tonnes at a grade of 1.66g/t. Material from this zone has been preferentially reclaimed and hauled during the first weeks of mining.

Class	Tonnes	Grade (g/t)	Ounces Au
Indicated	390,500	1.66	20,850
Inferred	58,000	1.68	3,100
Total	448,500	1.66	23,950

Stockpiled tailings material on the ROM pad, as seen from the plant



Remnant Stockpiles 4 and 5 on the ROM pad



EXPLORATION

During the quarter results were received from aircore drilling at Kyereben and Bimma South (Figure 3). Excellent results were received from the Kyereben Prospect including:

- **13 metres at 2.90 g/t gold from 34 metres***
 - **including 2 metres at 4.18g/t gold**
 - **including 2 metres at 5.06g/t gold**
- **15 metres at 1.12 g/t gold from 12 metres***
 - **including 3 metres at 2.41g/t gold**
- **7 metres at 1.05 g/t gold from 21 metres**
 - **including 3 metres at 2.01g/t gold**
- **4 metres at 3.30 g/t gold from surface**
- **5 metres at 1.46 g/t gold from surface**

** Mineralisation occurs at end of hole*

These are outstanding first drill results from a new discovery, including intersections of mineable widths and grades, and provides further evidence that new surface deposits can be found within the Konongo Gold Project. Importantly the Kyereben Prospect is located approximately 200 metres from the haul road in the centre of the project (Figure 4) thus should an economic gold deposit be delineated it can be immediately added to the mining schedule.

The Kyereben Prospect was identified based on anomalous soil geochemistry, with trenching during 2010 delineating a 200 metre long anomaly with results of 8 metres at 3.84g/t gold, 22 metres at 1.52g/t gold and 22 metres at 1.48 g/t gold. Drilling at the Kyereben prospect comprised 40 holes for 1,334 metres and defined an almost continuous mineralized zone for 200 metres (Figure 4). All results are shown on Figure 4 and listed in table 2.

Mineralisation is hosted within a graphitic metasediment package with quartz veins common. The variation in grade along strike indicates that there is likely to be a plunge component to the mineralised system, similar to other deposits within the project, with potential for higher grade zones to be defined with targeted drilling. The prospect is open along strike and further drilling will test the extents of the mineralisation as well as the relationship with the Kyereben West deposit to the north and the Atunsu deposit to the south. Mineralisation is also open down-dip, with the two best intersections occurring at end of hole.

At the Bimma South prospect a single line was drilled comprising 16 holes for 646 metres and intersected a deeply weathered sequence of siltstone and graphitic shale. Gold mineralisation was associated with quartz veining within graphitic metasediments. Holes at the eastern end often terminated in chloritic clays and could not be drilled deeper due to water pressure in the hole. Results included:

- **1 metres at 6.87 g/t gold from 46 metres**
- **5 metres at 1.04 g/t gold from 35 metres**
 - **following 32 metres at 0.24 g/t gold from surface**

All results are shown on Figure 5 and tabulated in Table 3. The Bimma South prospect is located within the eastern Birimian sequence which has been previously untested by drilling. Drilling was planned to provide a further test of a significant 600 metres long soil anomaly after trenching returned intersections of 2 metres at 39.8g/t gold, 2 metres at 4.80g/t gold and 54 metres at 0.22g/t gold. The trench intersections were constrained to the north of the soil anomaly indicating that the soil anomaly has in fact been transported by weathering.

The most western hole (KGAC146) contained the intersection of 5 metres at 1.04g/t gold from 35 metres and follow up drilling will be required to close off mineralisation to the west. Interestingly an intersection of 32 metres at 0.24g/t gold from surface was recorded in KGAC146 above the reported result. In addition results of 5 metres at 0.31g/t gold (from surface) and 8 metres at 0.27g/t gold were returned up-dip of KGAC146 indicating that drilling has successfully intersected a mineralised system in this area but further work is required to completely test it. This work will focus to the north and west of the recent drilling in an effort to identify the source of the soil anomaly.

Results are still pending from drilling at the Kyekyewere Prospect and the Boabedroo West Prospect. As a result the aircore rig has been allowed to move to another site, but will return in this quarter. An RC rig is currently being mobilised to site with drilling to commence in the next few days.

During the quarter the Company carried out trenching at the Kwakawkaw North prospect following up an anomalous result of 18 metres at 0.33g/t from a single trench across a magnetic anomaly. Results are pending. Trenching was also carried out at the Konongo South area with results including:

- **14 metres at 0.84 g/t gold.**
- **20 metres at 0.47g/t gold.**
- **16 metres at 0.43g/t gold.**

Follow up drilling is planned in this area.

COMMUNITY

The Company continues to be active in the communities close to the Konongo Gold Project as part of its commitment to assist in the development of the area. During the quarter a new ablution block was completed at the Konongo Police Station, a project substantially assisted by the Company. Other projects include using the Company's equipment and expertise to maintain the municipal water dam and construct retaining walls near the Zongo primary school to prevent flooding. The school is located in a low lying area and tuition is often cancelled in the wet season. In addition competitions were run in local schools aimed at supporting traditional Ashanti culture with outstanding achievers to be rewarded with assistance with their further education. Some footballs and football jerseys were also presented to the education service for use in developing sport within the schools as well as books to improve the schools library. Representatives of the Company, including the General Manager Roger Bannister and the Managing Director Bill Oliver, had the honour of being presented to Otumfuo Osei Tutu the Second, the traditional ruler of the Ashanti Region, as part of the Akwasidae celebrations in January.

CORPORATE

On 18 March 2011 the Company announced the raising of up to \$12.3 million via an entitlements issue and placement to continue the exploration and development of the Konongo Gold Project.

This was completed in April 2011, placing the Company in a strong financial position through the initial production phase.

Bill Oliver
Managing Director
SIGNATURE METALS LIMITED

This release contains certain forward-looking statements. These forward-looking statements are based on management's expectation and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Signature Metals Limited, that could cause actual results to differ materially from such statements.

Figure 1. Project Location

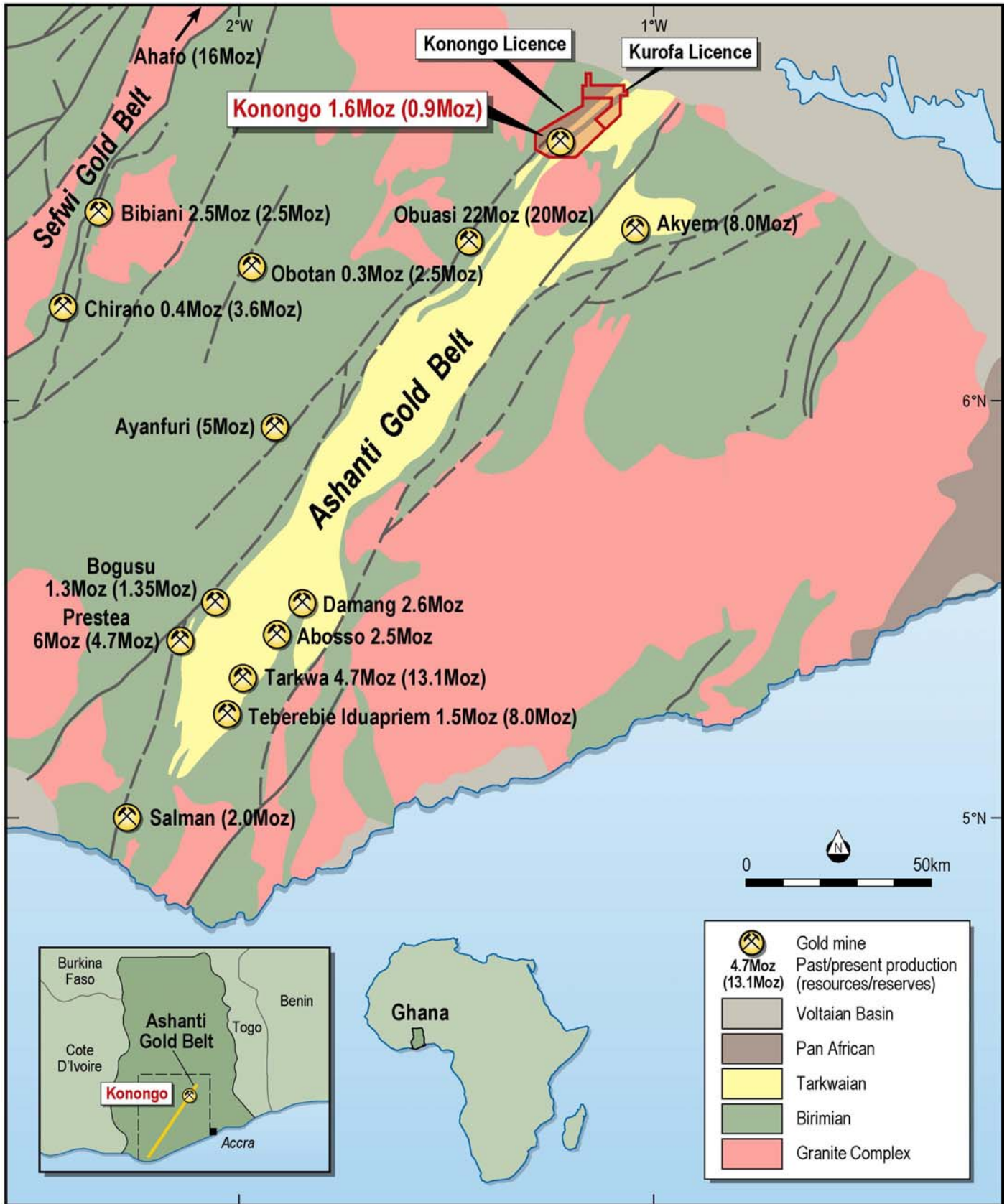


Figure 2. Deposits within the Konongo Gold Project and plant location.

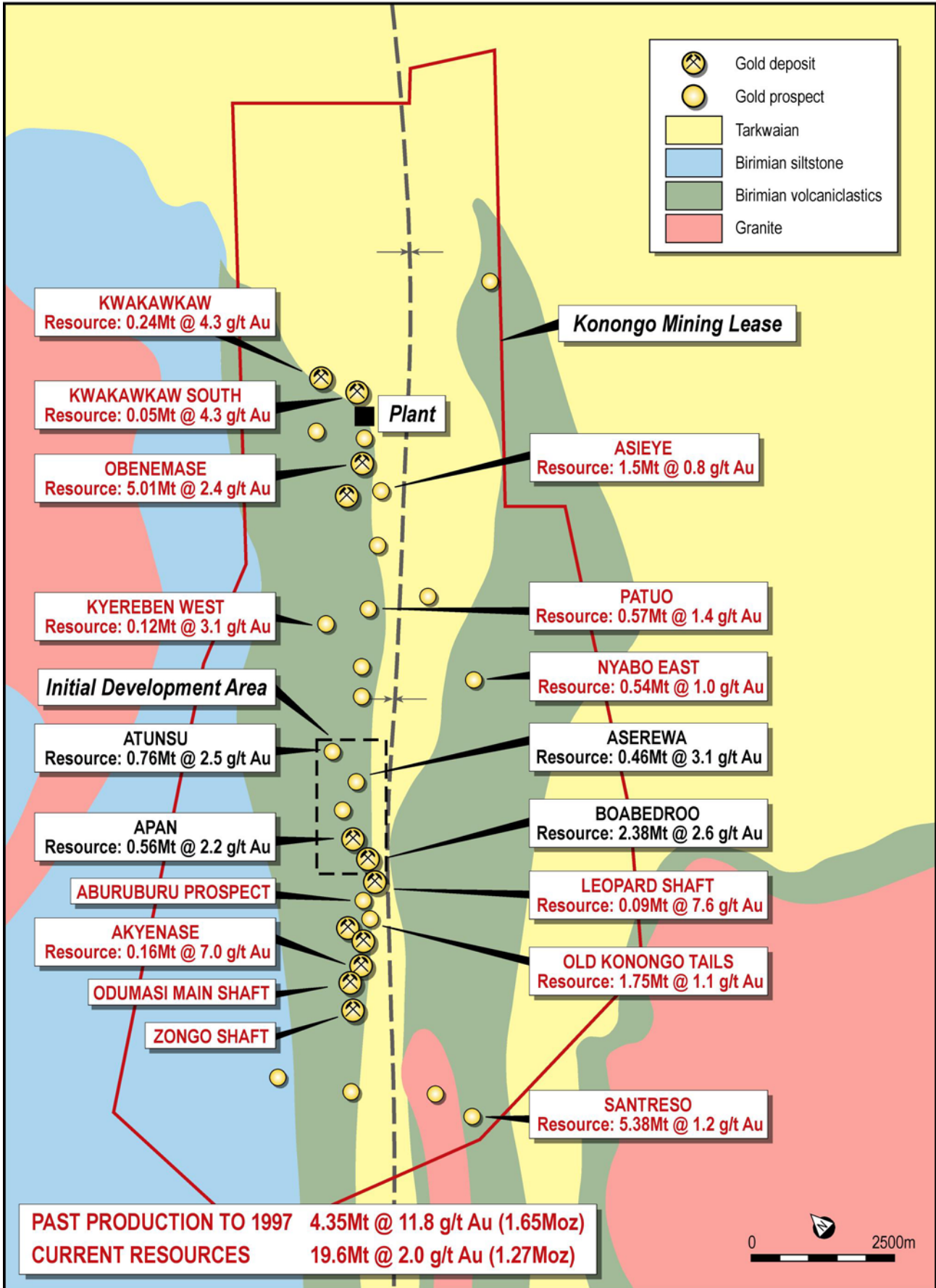


Figure 3. Plan showing results of soil geochemical surveys within the Konongo Gold Project and exploration prospects drilled to date.

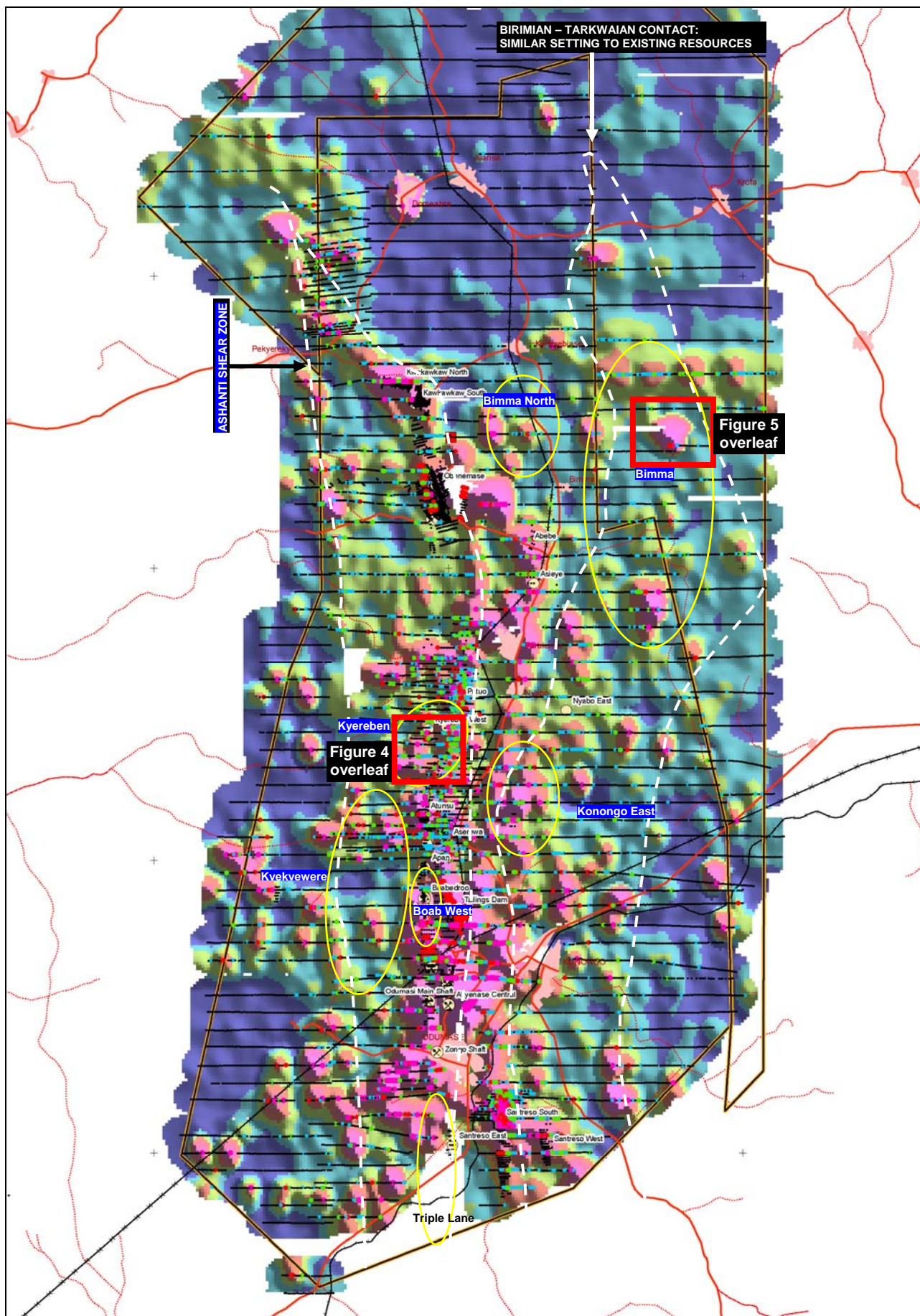


Figure 4. Plan showing drill and trench results from Kyereben West

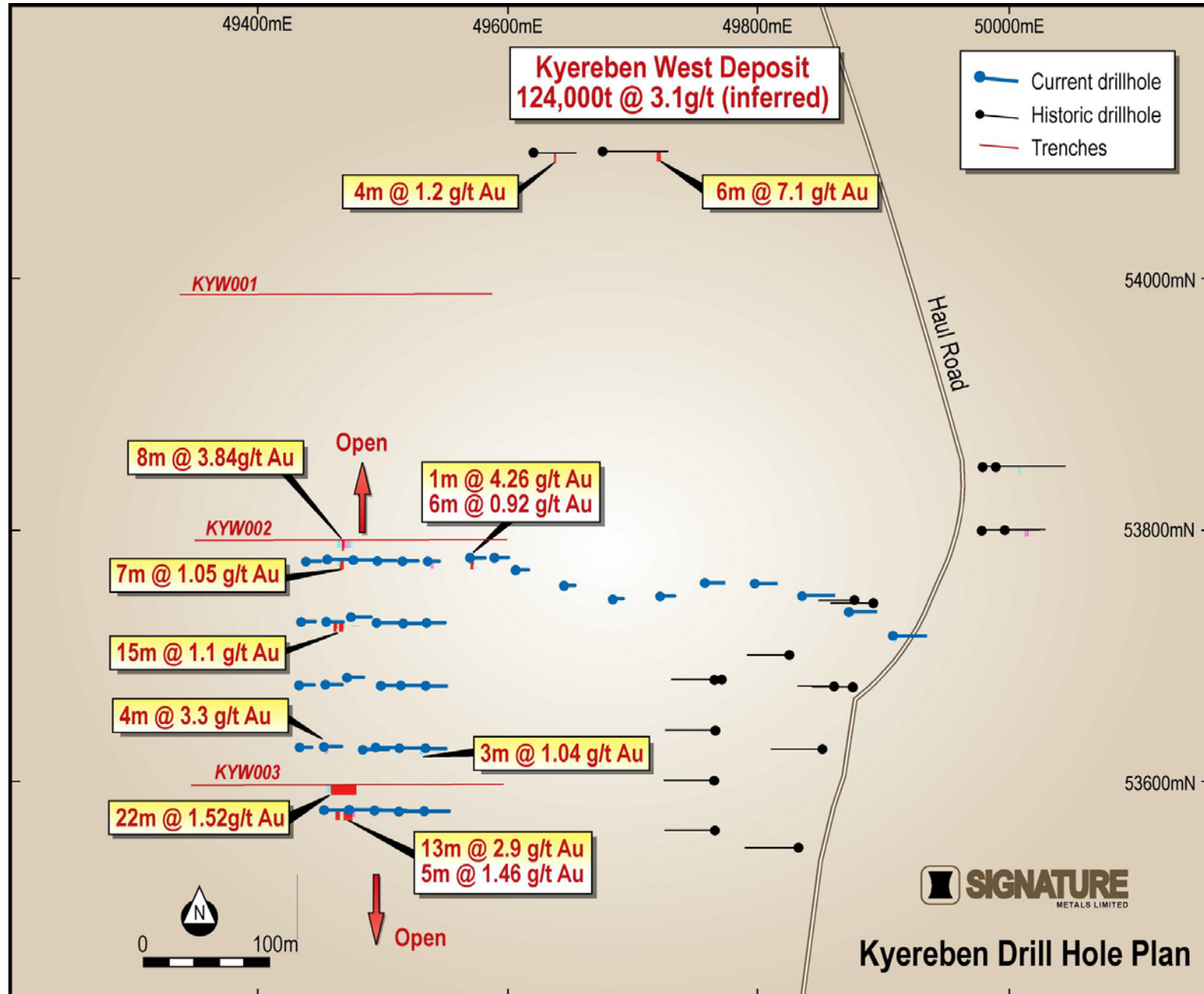


Figure 5. Plan showing drilling results from Bimma South overlain on gold anomalies from soil geochemistry.

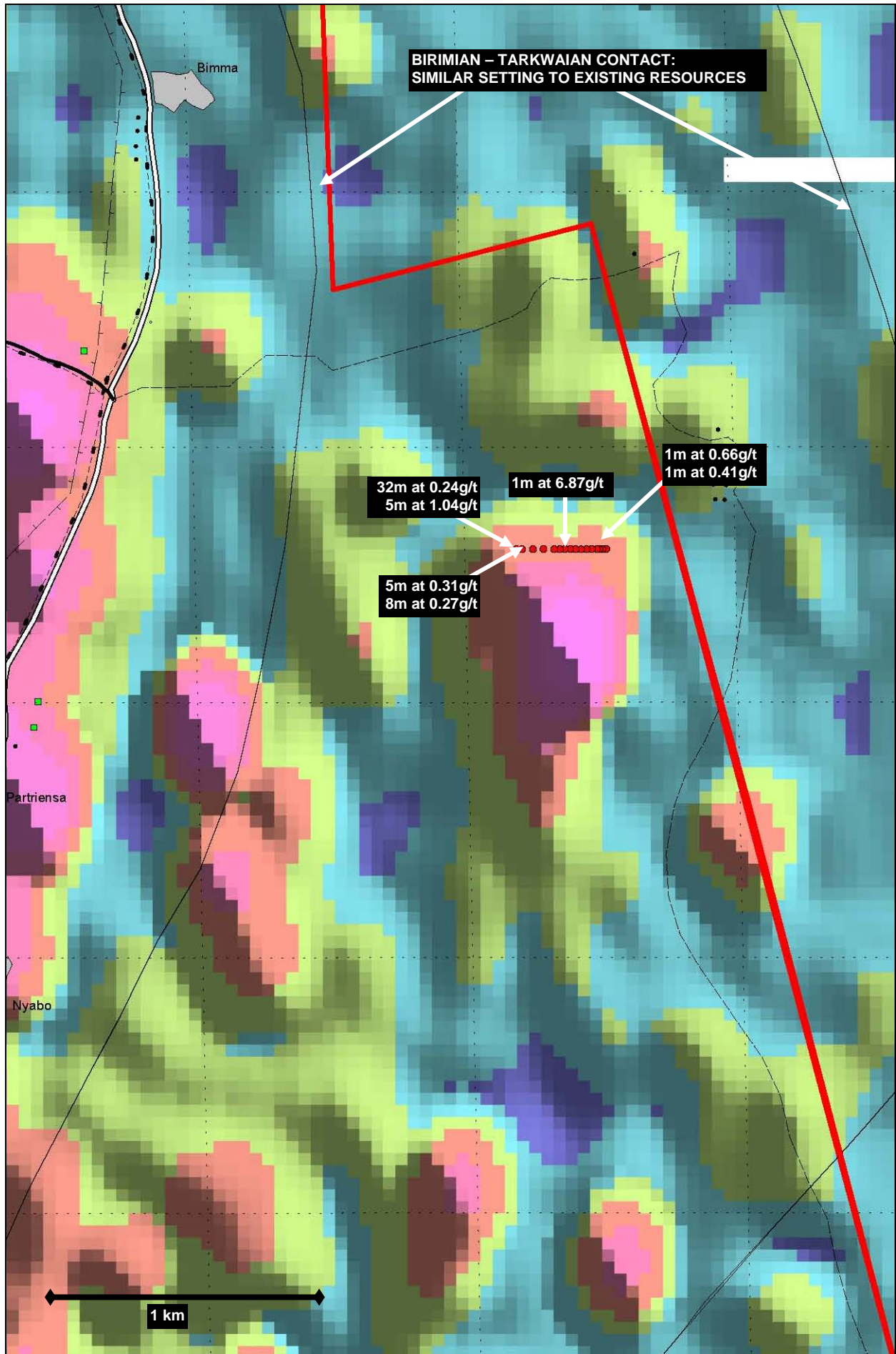


Table 1. Resources contained within the Konongo Gold Project. Re-estimated resources highlighted in bold.

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				3,802,500	2.91	355,440	3,073,000	2.00	197,630	6,875,500	2.50	553,125
Asieye							1,500,000	0.80	38,580	1,500,000	0.80	38,580
Kwakawkaw							985,000	1.72	54,575	985,000	1.72	54,575
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				1,359,000	2.36	103,300	2,244,000	2.36	170,490	3,603,000	2.36	273,790
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	135,805	810,000	1.25	32,555	4,330,000	1.21	168,360
Santreso South							340,000	1.16	12,680	340,000	1.16	12,680
Santreso East							700,000	1.27	28,615	700,000	1.27	28,615
Old Tailings Dam				1,177,000	1.19	45,050	575,000	0.87	16,100	1,752,000	1.09	61,150
Southern Tails							275,000	1.56	13,795	275,000	1.56	13,795
Total	0	0	0	10,506,500	2.03	687,070	13,123,500	1.85	779,620	23,355,000	1.95	1,466,690

The Mineral Resources presented in this table for the Obenemase, Boabedroo, Aserewa, Atunsu, Apan and Patuo Deposits, as well as for the Old Konongo Tailings Dam is based on information compiled by Mr Peter Ball who is a Member of the Australasian 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 'Australasian 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. For tailings material all material is included in 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 Australasian 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 'Australasian 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.

Table 2. Significant Aircore Intersections from Kyereben West

Hole Id	Project Grid		Total Depth	Dip/ Grid Azimuth	Intercept			
	Easting	Northing			From	To	Interval	Grade Au g/t
KGAC156	49606	53768	20	-60/90	15	16	1	4.26
KGAC158	49569	53777	24	-60/90	0	6	6	0.92
				<i>including</i>	2	3	1	2.92
KGAC163	49455	53776	41	-60/90	21	28	7	1.05
				<i>including</i>	21	24	3	2.01
KGAC169	49454	53726	27	-60/90	12	27	15	1.12
				<i>including</i>	13	16	3	2.41
					Mineralisation at end of hole			
KGAC174	49453	53627	28	-60/90	0	4	4	3.3
KGAC181	49513	53626	43	-60/90	32	35	3	1.04
KGAC183	49452	53576	50	-60/90	34	47	13	2.90
				<i>including</i>	34	36	2	4.18
				<i>including</i>	44	47	2	5.06
					Mineralisation at end of hole			
KGAC184	49473	53576	52	-60/90	0	5	5	1.46
				<i>including</i>	0	1	1	3.41

All intersections greater than 1m downhole with grade greater than 0.8g/t are reported and may include up to 2 metres internal waste. Samples are analysed by 50g Fire Assay method at internationally accredited laboratories in Ghana. QA/QC samples are inserted regularly by the Company including certified reference samples, blanks and duplicates and intersections are not reported unless results from these samples meet acceptable standards.

Table 3. Significant Aircore Intersections from Bimma South

Hole Id	Project Grid		Total Depth	Dip/ Grid Azimuth	Intercept			
	Easting	Northing			From	To	Interval	Grade Au g/t
KGAC133	53509	56600	33	-60/90	7	8	1	0.66
					27	28	1	0.41
KGAC134	53500	56599	36	-60/90	20	21	1	0.41
KGAC140	53391	56600	41	-60/90	18	19	1	0.22
KGAC142	53351	56600	50	-60/90	46	48	2	3.50
				<i>including</i>	46	47	1	6.87
KGAC146	53212	56601	23	-60/90	0	5	5	0.31
					11	19	8	0.27
KGAC147	53192	56601	40	-60/90	0	32	32	0.24
				<i>including</i>	31	32	1	1.29
					35	40	5	1.04

All intersections greater than 1m downhole with grade greater than 0.2g/t are reported and may include up to 2 metres internal waste. Samples are analysed by 50g Fire Assay method at internationally accredited laboratories in Ghana. QA/QC samples are inserted regularly by the Company including certified reference samples, blanks and duplicates and intersections are not reported unless results from these samples meet acceptable standards

The information in this release which relates to Exploration Results is based on information compiled by Mr Bill Oliver. Mr Oliver is a Member of the Australasian 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Oliver is the Managing Director of Signature Metals 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 to him.