

## **SIGNATURE METALS LIMITED – ANNUAL REPORT YEAR ENDED 31 MARCH 2014**

Signature Metals (**Signature or the Company**) attaches the Company's Annual Report for the year ended 31 March 2014. The Directors note the following:

- Loss from continuing operations after income tax for the year ended 31 March 2014 was \$27,940,868 and total comprehensive loss for the period was \$36,067,038;
- The Company continues to be reliant on the unsecured loan facility of US\$50 million from its majority shareholder LionGold Corp Ltd (LionGold), of which approximately US\$17.4 million was undrawn as at 31 March 2014.
- Impairment of capitalised exploration costs amounting to \$13,153,448 primarily due to a significant decline in gold price which resulted in the compression of valuations in the gold industry and the expected delay with respect to the production commencement date of the Konongo Gold Project.
- Certain matters have affected LionGold's immediate cash resources available to fund the Company's mining operations, which are currently suspended. LionGold Management have initiated a range of measures to stabilise the operations of Signature, refer Note 2 to the Financial Statements.

### **Audit Opinion - Disclaimer**

The Company's auditors PwC have issued a disclaimer of opinion in respect of the Company's financial statements for the year ended 31 March 2014, specifically regarding the Company's ability to continue as a going concern. PwC has noted that the Company's ability to continue as a going concern is dependent on continued reliance on availability of ongoing financial support from LionGold. The LionGold auditor has issued a disclaimer of opinion on going concern as disclosed in the LionGold annual report for the year ended 31 March 2014. As a result, PwC have been unable to obtain sufficient appropriate audit evidence to support management's assessment of the Company's ability to continue as a going concern, and hence remove significant doubt of its ability to continue as a going concern within 12 months of the date of PwC's audit report.

Because of the significance of the matter, PwC have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, PwC does not express an opinion on the financial report.

### **Outstanding Reporting Obligations & Annual General Meeting**

As advised in its market releases dated 1 July and 12 September 2014, the Company's shares were suspended from quotation on ASX on 1 July, due to the Company not lodging its annual report within the timeframe required by the ASX Listing Rules.

The Company is aware of its obligations under the ASX Listing Rules and *Corporations Act 2001* (Cth) in relation to both periodic (including financial) reporting and the holding of its Annual General Meeting, and regrets the delay in this regard. The Company is working to provide all outstanding periodic reports to the market, including its Quarterly Report, as soon as possible.

Signature expects to hold its Annual General Meeting in December and will shortly advise the date of that meeting.



ABN: 86 106 293 190

**Annual Report**  
**Year ended 31 March 2014**

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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

Catherine Officer

## 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

## Directors' 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 year ended 31 March 2014.

### 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 ("LionGold"), the significant shareholder. Mr Tan was formerly a partner at Robert Wang & Woo LLP where he was the head of its Corporate and Commercial Department. With over 30 years of experience as a practicing lawyer specialising in corporate and commercial work, he has acted for public-listed companies in various corporate finance matters and advised them in areas of compliance and corporate governance. Mr Tan was previously an Independent Director of ISR Capital Limited and the Lead Independent Director of Annica Holdings Limited. He obtained his degree in law from the National University of Singapore in 1982 and was admitted to the Singapore Bar in 1983.

#### **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 (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 (the significant shareholder). He is a professionally qualified accountant with more than 30 years of management experience and a member of the Singapore Institute of Directors. As President of the Chartered Institute of Management Accountants, Malaysia Division from 1996 to 1998, he was awarded the Institute Bronze medal for his contribution to the Institute and the profession at large.

He has worked for and managed multinational and local companies in Asia and Australia and held directorships in Singapore, Thailand, Sri Lanka, Malaysia, Australia and South Africa. He serves as a Director of Mitrajaya Holdings Bhd, which is listed on Bursa Malaysia.

Mr Selvanayagam also served on the Council of the Federation of Malaysian Manufacturers for a number of years and was the Chairman of the Audit Committee and Deputy Chairman of the Malaysian Food Manufacturer's Group.

#### **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 (the significant shareholder).

## Directors' Report

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Dr. Clarke possesses over 40 years of experience in senior technical, financial and corporate positions in the mining and exploration industry globally. In particular, Dr Clarke played a significant role in the extraordinary growth of Plutonic Resources Limited through his positions as General Manager of Exploration, Finance and Administration, and Corporate divisions of the company. He was part of the team who transformed Plutonic Resources Limited to one of Australia's largest gold producers with up to five operating mines and a market capitalisation of over A\$1 billion before it was absorbed by Homestake Mining Company in 1998. Prior to joining Plutonic, he spent 10 years in exploration mostly in Canada with Rio Algom Limited (a subsidiary of Rio Tinto). He is currently the Non-Executive Chairman of Hill End Gold Limited and Cullen Resources Limited which are listed on the Australian Securities Exchange.

### **Chief Executive Officer**

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

Mr. Chris Gbyl joined the Company as Chief Executive Officer on 1 January 2013. Mr. 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.

### **Company Secretary**

#### **Ms. Catherine Officer**

Ms. Catherine Officer was appointed Company Secretary on 21 August 2013. Ms. Officer is an experienced company secretary and corporate lawyer with over 15 years' experience in the listed company environment, gained from working for both a regulator (ASX Limited) and a major listed financial services company (Macquarie). Ms. Officer holds a Bachelor of Law from the University of Melbourne.

## **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 year ended 31 March 2014 was \$21,672,696 (2013: \$11,539,808).

## **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.

## **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 Ltd.

## **NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES**

The principal activities of companies within the group during the year were mineral exploration and examination of new resource opportunities.

## **EMPLOYEES**

The Group had 80 employees as at 31 March 2014 (2013: 109).

### OPERATING AND FINANCIAL REVIEW

#### **KONONGO GOLD PROJECT, GHANA**

Operations are focused on the Konongo Gold Project ("the Project") in Ghana, which contains 16 known gold deposits along 12 kilometres of the gold-prospective west margin of the world class Ashanti Gold Belt. The concession includes maintained mining infrastructure (a 320ktpa CIL processing plant as well as access to power, water, haul roads and sealed roads).

During the reporting period, the Project focus has centred on the potential of sulphide-hosted gold resources in fresh rock, particularly the Obenemase group of deposits.

Trial mining was suspended in early 2013 and no development or mining activities occurred during the financial year. The oxide processing plant and supporting mine infrastructure have remained on care and maintenance during this period.

The Konongo licence boundaries have been transformed to a national graticular cadastre. The cadastre is a grid that divides the country into a series of 15" by 15" (about 140m by 140m) blocks, aligned north-south and east-west. The historic licence boundary has been adjusted to use the closest block edges for the revised lease boundaries. The transformation only affects the margins of the concession, and has no material effects on any of the known deposits or prospects on the Project.

The Kurofa Prospecting, one of the tenements, concession has also been revised to conform to the graticular cadastre. A compulsory area reduction of 50% has been stalled during the conversion process. An additional delay has been incurred by a moratorium on processing new and revised tenements in Ghana, effective since June 2014.

#### **EXPLORATION**

In March 2013, the Project initiated a change to sulphide and oxide exploration, as well as commencement of a technical life of mine study ("Scoping Study") to accelerate the assessment of sulphide gold mining potential. Exploration included:

- Air core and reverse circulation drilling of near-surface targets to test oxide ore potential and potential for immediately adjacent shallow sulphide ore. Targets for the oxide program assessed remaining potential adjacent to historic mining areas, as well as new targets from reinterpreted data (geophysics, geochemistry and previous exploration). Mineralisation models included a reinterpretation of the position of the Ashanti Shear to the west of the historic mining trend.
- Diamond drilling of deeper (down to 300m vertical depth) targets to identify the extents of shallow sulphide mineralisation at Obenemase.

During the financial year, approximately 56,800 metres were drilled. Drilling included:

- 16,488m of surface diamond drill,
- 9,096m of surface reverse circulation drilling, and
- 31,273m of air core drilling.

The intent was to confirm geological conditions related to gold mineralisation and to identify mineralisation and interpreted structures. The drilling programs were focused on exploration for near-surface gold oxide deposits at historic and untested areas for mineralisation potential, and for sulphide mineralisation at shallow to moderate depths, principally around established resources.

The main areas of interest were:-

- All diamond drilling focused on the Obenemase deposit, including the newly discovered R Zone, a sub-horizontal zone of mineralisation linking the two main shears.
- Reverse circulation drilling focussed on the Obenemase, Kwakawkaw South and Apan deposits, and

## Directors' Report

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- Air core drilling along the Main Shear and the re-interpreted position of the Ashanti Shear. Drilling areas included eight areas of interest – Kyekyewere, Akyenase, Agyereago, Patriensa, Patriensa East, Ashanti North, Domeabra and Kyereben east.

In concert with the drilling programs, the Company engaged Snowden Mining Industry Consultants ("Snowden") to conduct a high level scoping study to support the exploration effort at Konongo. This Snowden scoping study is assessing the technical and economic merits of the Konongo Project based on a portion of the resources of the Obenemase A, Obenemase B, Boabedroo Nth and Boabedroo Sth sections of the deposits. Drafts of the report have been submitted to Owere Mines Ltd and it is noted that Snowden have concluded that "there are reasonable prospects of economic extraction" at Konongo. The study includes only four of the eight resources reviewed by Snowden and does not include the results of recent drilling (post-February 2014) or other previously quoted resources that Snowden had not re-estimated. These are considered as potential upside for the Project.

Drilling was suspended in mid-May 2014. This was mainly due to restricted funding options to service the remaining drilling program. The Scoping Study and in-house mineralisation and data reviews continued, further refining datasets and potential development targets. Since the end of the financial period, the Company decided to scale back exploration activities to a minimum. Exploration activities will resume once the funding plans have been determined in collaboration with the significant shareholder, LionGold.

Currently, two sulphide targets are the focus of additional work – a shallow zone of high grade sulphide mineralisation directly beneath the historic Obenemase A Lode pit and a high grade sulphide zone identified beneath the Boabedroo South Extended pit. Both areas require metallurgical review and may require additional surface drilling to demonstrate mining potential. The work is expected to continue over 8-15 months. Oxide potential at Akyenase and Obenemase is also being reviewed in a similar timeframe.

The Company capitalised \$7,346,791 in exploration and evaluation (as described in note 10) in the ordinary course of its activities on site.

## FINANCIAL RESULTS AND POSITION

There were no gold sales during the reporting period due to the cessation of trial mining and batch processing at the Konongo Project during the March 2013 reporting period. Expenditure during the current year focussed on the accelerated exploration programme and care and maintenance expenditure to maintain the Konongo Project facilities and infrastructure. Expenses for the reporting period totalled \$27,940,868. In the previous reporting periods, development expenditure relating to trial mining and batch processing was capitalised to Exploration, Evaluation and Development (E&E) asset. With the suspension of trial mining and batch processing operations, the Konongo Project has transitioned to a care and maintenance regime with all associated expenditure expensed thereby increasing expenditure levels in comparison to prior reporting periods.

Expenditure on the current exploration programme continues to be capitalised to Exploration, Evaluation and Development asset consistent with the Group's accounting policies. Exploration, evaluation and development expenditure recorded a net decrease of \$12,369,902 mainly due to an impairment of capitalised costs of \$13,153,448 and depreciation of the Ghanaian New Cedi against Australian Dollars as the E&E assets were recorded in Ghanaian New Cedi. This was partially offset by the additional expenditure capitalised from the exploration activities carried out during the current financial year. Please refer to note 10 for details.

The minority shareholder loans to the Konongo Project / Owere were initially recognised in the March 2013 results resulting in an expense of \$9,936,253. A loan repayment agreement had since been finalised and the expense associated with the minority shareholder's interest of \$2,762,426 in relation to the additional funding supplied during the year has been recognised.



## Directors' Report

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The Group has also recorded a \$4,203,318 foreign exchange loss as compared to a gain of \$321,781 in the preceding year primarily due to the depreciation of the Australian Dollar against the US Dollar. This was predominately driven by the outstanding loan amount payable to LionGold of \$37,576,122 as of 31 March 2014.

The loss after tax for the year ended 31 March 2014 was \$27,940,868 (31 March 2013: \$12,066,808).

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 7 June 2013 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.

On 16 August 2013, a loan repayment agreement was signed between the Company, Talos Ghana Limited ("Talos") and Owere Mines Limited ("Owere") (70% Signature Metals) whereby the intercompany loan as at 31 March 2013 of A\$49,681,264 between the Company and Owere represents amounts owed by Owere to the Company and Talos in the ratio of 80:20. Any amount of this loan repaid by Owere shall be paid pro-rate to the Company and Talos in the ratio of 80:20.

On 22 November 2013, the Company announced that Owere had entered into a Heads of Agreement with B&C Gold Pty Ltd ("B&C") concerning procurement and processing of a minimum of 1 million dry metric tonnes of tailings over a three year period. On 13 January 2014, the Company further announced that a formal agreement with B&C had been signed. The commencement date of production was postponed pending approval permits to be obtained from the relevant authorities. Following delays in obtaining approvals from the relevant authorities, the Company is in the process of terminating this agreement with B&C.

On 6 March 2014, the Company announced that it had entered into a partnership with CBMI Construction Co. Ltd. ("CBMI") to modify, commission, operate and manage the gold processing plant at Konongo. CBMI is a wholly-owned subsidiary of China's state-owned engineering contractor, SINOMA Group Ltd. This collaboration has been currently put on hold following the delays in obtaining approvals for the tailings project with B&C as well as the Company's decision to scale back its operations.

### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 1 July 2014, the Company's shares were suspended from quotation on the ASX due to the Company failing to lodge its annual report within the timeframe required under the ASX Listing Rules as it worked through its funding requirements with its significant shareholder LionGold Corp Ltd. Since the end of the financial year, the significant shareholder has taken numerous measures to raise funds to meet the funding requirements of LionGold together with its subsidiaries and associated companies (the "LionGold Group"). These have been disclosed in Note 2. In addition, following a valuation performed of the Company's E&E asset, an impairment of \$13,153,448 has been recognised. This has been disclosed in Note 3(a)(iii) and Note 10.

Save as disclosed above, there have been no other significant events after the balance date.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The likely developments in the operations of the Company including the future funding and exploration plans and expected results of those operations have been discussed in other areas of this Annual Report.

### 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.

## Directors' Report

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### SHARE OPTIONS

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 12 month reporting period and since the end of the financial period, no options were exercised.

### 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.

### DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Soo Khoon Raymond Tan	4	4
Roland Kenneth Selvanayagam	4	4
Denis Edmund Clarke	4	4
Peter Chen	4	3

During the year as and when 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.

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 12 month reporting period financial report. A copy of that declaration is included at page 12 of this report.

## Directors' Report

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### 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.

#### Details of Key Management Personnel

Key management personnel	Title	Appointment	Resignation
Soo Khoon Raymond Tan	Non-Executive Chairman	25 June 2012	-
Peter Chen	Executive Director	4 October 2012	-
Roland Kenneth Selvanayagam	Non-Executive Director	3 April 2012	-
Denis Edmund Clarke	Non-Executive Director	14 September 2012	-
Chris Gbyl	Chief Executive Officer	1 January 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 Board aims to link the nature and amount of executive and directors' emoluments to the Company's financial and 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 reporting period. Directors receive director fees only and do 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.

## Directors' Report

Details of the nature and amount of each element of the emolument of key management personnel of the Group for the 12 month reporting period are as follows:

	Short Term			Options	Post-Employment	Total	
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share Based Payments \$	Superannuation \$	Total \$	Option Related %
<b>12 months to 31 March 2014</b>							
<b>Non-Executive Directors</b>							
Soo Khoon Raymond Tan <sup>1</sup>	-	-	-	-	-	-	-
Roland Kenneth Selvanayagam	-	25,000	-	-	-	25,000	-
Denis Edmund Clarke	-	25,000	-	-	-	25,000	-
<b>Executive Directors</b>							
Peter Chen <sup>1</sup>	-	-	-	-	-	-	-
<b>Management</b>							
Chris Gbyl <sup>2</sup>	350,000	-	-	-	-	350,000	-
<b>Total</b>	350,000	50,000	-	-	-	400,000	-
<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>	-	-	-	-	-	-	-
<b>Management</b>							
Chris Gbyl <sup>2</sup>	87,500	-	-	-	-	87,500	-
<b>Total</b>	87,500	32,397	30,000	-	-	149,897	-

- 1 Mr. Raymond Tan and Mr. Peter Chen currently hold 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.

There were no other key management personnel of the Group other than those disclosed above during the periods ended 31 March 2013 and 31 March 2014. Director's remuneration is not performance related.

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

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. 333,333 options at an exercise price of \$0.03 expired during the reporting period (2013: 29,000,000). There were no outstanding options at the end of the financial year.

### Shares issued on exercise of options

There were no shares issued on exercise of options during the year (2013: nil).

## Directors' Report

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### **Executive Director**

Mr. Peter Chen did not receive any remuneration for the year ended 31 March 2014. 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 and Mr. Peter Chen currently hold 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 is not significant compared to that for the LionGold group.

Mr. Roland Kenneth Selvanayagam and Dr. Denis Edmund Clarke are each paid an annual fee of \$25,000. There is no employment contract between the Group and Mr. Selvanayagam and Dr. Clarke.

### **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.

Ms. Catherine Officer – Company Secretary

Ms. Officer 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 PricewaterhouseCoopers during their term of appointment as the Company's auditor are disclosed in note 26 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.

## Directors' Report

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### 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 12.

This report is signed in accordance with a resolution of the directors.



Peter Chen  
Executive Director  
27 October 2014

### 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Reid is an employee of LionGold 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 year ended 31 March 2014, 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, appearing to read 'Amanda Campbell'.

Amanda Campbell  
Partner  
PricewaterhouseCoopers

Melbourne  
27 October 2014

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
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## Corporate Governance Report

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### Corporate Governance Statement

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.

### PRINCIPLE 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 individually, 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, 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.



### ***Performance Review/Evaluation***

Senior Executives' performances are to be reviewed annually, with performance appraised by the Executive Directors. Performance reviews were not undertaken during the 2014 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. Denis 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 significant 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.

### **PRINCIPLE 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 a whole. This Code governs Signature Metals' operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent the Company.

## **Corporate Governance Report**

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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".

### ***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 7.5% 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 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".

### 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 maintains an up-to-date website at [www.signaturemetals.com.au](http://www.signaturemetals.com.au) where shareholders and investors can access information on the Company including press releases, corporate announcements and financial statements.

### 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.

#### *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.

**Statement of Comprehensive Income for the reporting period ended 31 March 2014**

	Notes	Consolidated	
		12 months to 31 Mar 2014 \$	9 Months to 31 Mar 2013 \$
<b>Revenue from continuing operations</b>			
Interest income		701	1,962
<b>Revenue</b>		<b>701</b>	<b>1,962</b>
Listing and share registry expenses		(60,307)	(43,011)
Accounting and audit fees	26	(282,119)	(204,311)
Legal fees		(41,413)	(107,478)
Consulting fee expense		(512,583)	(51,697)
Foreign exchange gain/(loss)		(4,203,318)	321,781
Directors and employees benefits	4(a)	(1,738,043)	(1,208,400)
Gain/(Loss) from remeasuring the contingent consideration		290,961	102,086
Expenses for minority interest in loans to Owere Mines Ltd		(2,762,426)	(9,936,253)
Finance cost		(16,360)	(28,686)
Administrative expenses	4(b)	(5,262,176)	(912,801)
Impairment of capitalised exploration costs	4(c)	(13,153,448)	-
Finance cost for rehabilitation		(200,337)	-
<b>Loss from continuing operations before income tax</b>		<b>(27,940,868)</b>	<b>(12,066,808)</b>
Income tax expense	5	-	-
<b>Loss from continuing operations after income tax</b>		<b>(27,940,868)</b>	<b>(12,066,808)</b>
<b>Other Comprehensive loss</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation		(4,314,461)	(560,822)
Option reserve		(550)	-
Share-based payments reserve		(3,811,159)	-
<b>Other comprehensive loss for the reporting period</b>		<b>(8,126,170)</b>	<b>(560,822)</b>
<b>Total comprehensive loss for the reporting period</b>		<b>(36,067,038)</b>	<b>(12,627,630)</b>
<b>Loss for the reporting period is attributable to:</b>			
Owners of Signature Metals Limited		(21,672,696)	(11,539,808)
Non-controlling interest		(6,268,172)	(527,000)
		<b>(27,940,868)</b>	<b>(12,066,808)</b>
<b>Total comprehensive income for the reporting period is attributable to:</b>			
Owners of Signature Metals Limited		(25,392,437)	(12,280,282)
Non-controlling interest		(10,674,601)	(347,348)
		<b>(36,067,038)</b>	<b>(12,627,630)</b>
<b>Earnings/(loss) per share:</b>			
Basic and diluted loss per share (cents per share)	25	(0.79)	(0.42)

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

## Statement of Financial Position as at 31 March 2014

	Notes	Consolidated	
		31 Mar 2014	31 Mar 2013
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	21	73,836	282,628
Trade and other receivables	6(a)	124,315	648,630
<b>TOTAL CURRENT ASSETS</b>		<b>198,151</b>	<b>931,258</b>
<b>NON CURRENT ASSETS</b>			
Trade and other receivables	6(b)	3,559,061	3,335,188
Mineral properties in development	8	-	-
Reclamation bonds	9	217,138	192,731
Exploration, evaluation and development expenditure	10	24,126,504	36,496,406
Property, plant and equipment	11	7,586,179	10,115,165
<b>TOTAL NON CURRENT ASSETS</b>		<b>35,488,882</b>	<b>50,139,490</b>
<b>TOTAL ASSETS</b>		<b>35,687,033</b>	<b>51,070,748</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,784,323	3,419,915
Interest bearing loan	13	-	452,949
Employee Entitlements	14	129,248	315,895
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,913,571</b>	<b>4,188,759</b>
<b>NON CURRENT LIABILITIES</b>			
Unsecured loan facility	15	37,576,122	18,846,325
Financial liability	16	15,394,981	1,676,488
Provisions	17	1,135,263	10,625,042
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>54,106,366</b>	<b>31,147,855</b>
<b>TOTAL LIABILITIES</b>		<b>56,019,937</b>	<b>35,336,614</b>
<b>NET (LIABILITIES) / ASSETS</b>		<b>(20,332,904)</b>	<b>15,734,134</b>
<b>EQUITY</b>			
Issued capital	19	60,195,661	60,195,661
Reserves	18	(11,785,713)	(4,254,262)
Accumulated losses	20	(55,882,655)	(38,021,669)
<b>PARENT INTERESTS</b>		<b>(7,472,707)</b>	<b>17,919,730</b>
Non-controlling interests		(12,860,197)	(2,185,596)
<b>TOTAL EQUITY</b>		<b>(20,332,904)</b>	<b>15,734,134</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 2014

	Notes	Consolidated	
		12 months to 31 Mar 2014	9 Months to 31 Mar 2013
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(7,352,584)	(3,287,776)
Interest received		701	1,962
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	21	<b>(7,351,883)</b>	<b>(3,285,814)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(176,174)	(2,795,370)
Proceeds from gold sales during the trial mining phase		-	11,173,009
Decrease/(Increase) in reclamation bond		-	4,963
Expenditure on exploration, evaluation and development		(7,145,204)	(19,496,006)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(7,321,378)</b>	<b>(11,113,404)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings and advances		14,842,431	13,624,992
Repayment of borrowings		(452,949)	-
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>		<b>14,389,482</b>	<b>13,624,992</b>
Net decrease in cash and cash equivalents		(283,779)	(774,226)
Cash and cash equivalents at beginning of reporting period		282,628	996,706
Net foreign exchange variances on cash		74,987	60,148
<b>CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD</b>	21	<b>73,836</b>	<b>282,628</b>

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

## Statement of Changes in Equity for the reporting period ended 31 March 2014

	Consolidated	Issued capital	Accumulated losses	Foreign Currency Translation reserves	Option reserves	Share Based payment reserves	Contingent Consideration reserve	Total	Non-controlling interest	Total equity
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>At 1 April 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>
Loss for the year		-	(21,672,696)	-	-	-	-	(21,672,696)	(6,268,172)	(27,940,868)
Other comprehensive income		-	3,811,710	(3,719,742)	(550)	(3,811,159)	-	(3,719,742)	(4,406,429)	(8,126,170)
Total comprehensive loss for the period		-	(17,860,987)	(3,719,742)	(550)	(3,811,159)	-	(25,392,438)	(10,674,601)	(36,067,039)
<b>At 31 March 2014</b>		<b>60,195,661</b>	<b>(55,882,655)</b>	<b>(12,300,117)</b>	<b>-</b>	<b>-</b>	<b>514,404</b>	<b>(7,472,708)</b>	<b>(12,860,197)</b>	<b>(20,332,904)</b>
<b>At 1 July 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>
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>

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 financial year ended 31 March 2014 was authorised for issue in accordance with a resolution of the directors on 24 October 2014.

On 15 January 2013, 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. Prior year comparatives are for the 9 month period ending 31 March 2013. 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 2014 of \$27,940,868 (2013: \$12,066,808) and experienced net cash outflows from operating activities of \$7,351,883 (2013: \$3,285,814).

At 31 March 2014, the Group had a working capital deficit of \$1,715,420 (2013: \$3,257,501) and net liabilities of \$20,332,904 (2013: net assets \$15,734,134). The cash position of the Group at 31 March 2014 was \$73,836 (2013: \$282,628).

In January 2013 the Group announced that mining and processing operations would be suspended at the Konongo Project and would be placed on care and maintenance while the Group focused efforts on accelerating exploration in key prospective areas. These exploration activities were however discontinued in May 2014.

Drilling was suspended in mid-May 2014. This was mainly due to restricted funding options to service the remaining drilling program. The Scoping Study and in-house mineralisation and data reviews were continued, further refining datasets and potential development targets.

Although the Group was able to secure funds through the financial support of LionGold, the significant decline in the share price of LionGold after 4 October 2013 and the investigations by the Commercial Affairs Department in Singapore into the trading of shares in LionGold, have impacted LionGold's immediate cash resources available to fund the Group's mining operations. This has resulted in the suspension of exploration drilling until such time sufficient cash is available to fund the



## Notes to the Financial Statements

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Group's exploration strategy. The Group has been unable to source independent funding and thus continues to rely on LionGold for funding to meet its debts as and when they fall due.

Subsequent to the end of the financial year, LionGold management has taken a number of measures to provide funding and to stabilise the operations of the LionGold group. The funding obtained from these measures will partially be used to support the operations of the Group over the next 18 months.

Subject to obtaining approval from LionGold's shareholders in respect of items 2 and 4 the following matters have been completed:

1. Concluded a private placement of 52 million new shares and received funds of approximately S\$4.2 million (A\$3.6 million);
2. Entered into a bond restructuring agreement, a set-off and subscription agreement and a convertible bond subscription agreement on 30 June 2014 with a bondholder to restructure the outstanding US\$20 million (A\$21.2 million) in aggregate principal amount of 9% convertible bonds due 2015. The bond restructuring agreement provides for a conversion of US\$10.0 million (A\$10.6 million) of convertible bonds into equity and the cancellation of the remaining US\$10.0 million (A\$10.6 million) of convertible bonds and the issuance of US\$10.0 million (A\$10.6 million) of new convertible bonds with a tenor of 3 years. The above agreements are subject to approval from shareholders at an extraordinary general meeting to be convened;
3. Disposed of the LionGold group's 100% interest in Acadian Mining for approximately C\$8.5 million (A\$8.7 million). The total consideration consisted of cash of C\$4.3 million (A\$4.4 million), which has been received by the Group and 8.9 million shares in the purchaser, Atlantic Gold Corporation, a company listed on the Toronto Stock Exchange, which at the date of the announcement of the disposal had a market value of approximately C\$2.7 million (A\$2.8 million). Under the terms of the share purchase agreement, the Group agreed not to transfer, sell, assign or dispose of the shares for a period of 1 year from 22 September 2014;
4. Disposed of the LionGold group's 100% interest in Ivy Bushes, the LionGold group's PRC manufacturing operations, for S\$11.0 million (A\$9.4 million). The disposal is subject to approval from shareholders at an extraordinary general meeting to be convened. Included in the consideration is an offset of amounts owed by LionGold to Ivy Bushes of S\$4 million (A\$3.4 million). The LionGold group received S\$3 million (A\$2.6 million) of the net consideration upon signing of the agreement and will receive S\$1 million (A\$ 0.9 million) upon receipt of shareholder approval for the disposal, S\$1 million (A\$0.9 million) on a date falling six months after receipt of shareholder approval and a final tranche of S\$2 million (A\$1.7 million) on a date falling 12 months after receipt of shareholder approval;
5. Dilution of the LionGold group's interest in the Amayapampa Gold Project in Bolivia from 100% to approximately 10% as a result of entering into an investment agreement with Silvermane Investment Limited. Whilst the sale will not generate any cash inflows to the Group, the investor will be responsible for bearing the existing liabilities as well as future operating costs and development funding of the project.

In addition to the above, the following actions have commenced with a view to raising additional funding which will be required to enable the LionGold group to continue operations for the foreseeable future. Management expect the LionGold group's funding needs to be met primarily from the proposed rights issue described below. However given the uncertainties regarding the amount of funds that will be raised through the rights issue alternative funding sources have been arranged which can be drawn on as needed and these are set out in items 7 and 8 below.

6. Announced a 2 for 5 non-underwritten rights issue together with free warrants on a 1 for 5 basis to raise approximately S\$18.5 million (A\$15.8 million). The rights issue is subject to approval from shareholders. Shareholder approval will be sought at an extraordinary general meeting to be convened and the funds arising are expected to be received in the first half of the 2015 financial year;
7. Entered into bond subscription agreements to raise S\$15 million (A\$13.5 million) by the issuance of unsecured redeemable convertible bonds due 2018 (assuming the Convertible Bonds are issued in 2015) to two investors, Mr Awang Ahmad Sah and Dr Vigneswaran Subramaniam. The issue of the convertible bonds is subject to approval from shareholders at an extraordinary general meeting to be convened;
8. Entered into a loan agreement with Mr Awang Ahmad Sah under which the Company can obtain cash advances of up to S\$7.5 million (A\$6.8 million) which can be used for working capital purposes. This loan is available until the issuance of the convertible bonds due 2018 as mentioned in (7) above. As at date of the issue of the LionGold financial statements, the outstanding drawn down amount is S\$180,000 (A\$154,000); and
9. Rationalised and effected cost savings initiatives at our gold mining operations in Ballarat, Victoria, Australia (Castlemaine Goldfields Pty Ltd) and Konongo, Ghana (Owere Mines Limited).

The ability to obtain the shareholders' approvals and the certainty of receiving the funds as provided for in the proposed fund raising represent a material uncertainty that may cast a significant doubt on LionGold's ability to continue as a going concern. The LionGold Board is satisfied that the steps proposed by the LionGold management have been carefully considered and while a material uncertainty exists, the LionGold Board believes that the LionGold will be able to achieve the desired outcome of raising sufficient funds to enable the LionGold to fund its operations for the foreseeable future, including continuing to provide financial support to the Group.

The above represent measures LionGold requires to continue funding the operations of its wider group. The Group has taken measures to scale back expenditure and the minimum level of activities are expected to cost the Group approximately US\$250,000 (A\$282,000) per month, which LionGold has agreed to continue funding. Whilst the minimum spend will enable the Company to settle its debts as they fall due under a care and maintenance regime, Note 3(a)(iii) discloses the funding and capital requirements to recommence exploration drilling and achieve the Company's long term strategy of commercial production by FY19.

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 business and at the amounts stated in the financial report.

Based on the reasons set out above and the letter of financial support received from the Board of Directors of LionGold which confirms its intention to continue funding the operations of the Group and to honour the terms of the funding arrangements, the directors are of the view that the steps proposed by the LionGold management will allow the Group to meet its debts as and when 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.

## Notes to the Financial Statements

### (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 2014, the Group has adopted all of the new and amended 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 2014:

Reference	Title	Summary	Impact on Group financial report	Application date for Group
AASB 9  AASB 2010-7 [AASB 1,3, 4,5,7,101, 102,108, 112,118, 120,121, 127,128, 131,132, 136,137, 139,1023 & 1038 and Interpretations 2,5,10,19 & 127]	Financial Instruments  Amendments to Australian Accounting Standards arising 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.  These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.  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 2017
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 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
AASB Interpretation 21	Levies	The interpretation sets out guidance for an obligation to pay a levy imposed by a government in accordance with legislation. It clarifies that a liability must be recognised when the obligating event occurs, being the event that triggers the obligation to pay the levy.	This Standard is not expected to significantly impact the Group.	1 April 2014
AASB 2013-3	Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	This standard requires additional disclosures under AASB 136 Impairment of Assets, if the group recognises an impairment loss or the reversal of an impairment loss during the period.	This Standard will only impact the disclosure requirements of the Group.	1 April 2014
AASB 2013-4	Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting - [AASB 139]	The standard allows continuation of hedge accounting, where a derivative contract that was designated as a hedge has been novated to a central counterparty as a consequence of laws or regulations.	This Standard is not expected to significantly impact the Group.	1 April 2014
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments	The standard is amended to align with various changes made in other AASB.	This Standard is not expected to significantly impact the Group.	The group will adopt the relevant changes together with other AASB

### **(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 2014.

Subsidiaries are all those entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through the power to direct the activities of the 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.

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.

#### **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.

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**

Property, plant and equipment and exploration, evaluation and development expenditure are tested for impairment whenever there is any objective evidence or indication that these assets have been impaired. If any such indication exists, an impairment testing has to be undertaken.

For the purpose of impairment testing of these assets, the recoverable amount is assessed by reference to the higher of value in use (being the net present value of expected future cash flows of the relevant cash-generating unit in its current condition) and fair value less costs to sell ("FVLCS"). The best evidence of FVLCS is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCS is based on the best information available to reflect the amount the Group could receive for the cash generating unit in an arm's length transaction. This is often estimated using discounted cash flow techniques.

Where recoverable amount is assessed using FVLCS based on discounted cash flow techniques, the resulting estimates are based on detailed "life of mine" and/or production plans. For value in use, recent cost levels are considered, together with expected changes in costs that are compatible with the current condition of the business and which meet the requirements of IAS 36.

The cash flow forecasts for FVLCS purposes are based on management's best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, closure, restoration and environmental clean-up. For the purposes of determining FVLCS from a market participant's perspective, the cash flows incorporate management's price and cost assumptions in the short and long term. In the longer term, operating margins are assumed to remain constant where appropriate, as it is considered unlikely that a market participant would prepare detailed forecasts over a longer term period. The cash flow forecasts may include net cash flows expected to be realised from extraction, processing and sale of mineral resources that do not currently qualify for inclusion in proven or probable ore reserves. Such non-reserve material is only included where there is a reasonable degree of confidence in its economic extraction. This expectation is usually based on preliminary drilling and sampling of areas of mineralisation that are contiguous with existing reserves. Typically, the additional evaluation to achieve reserve status for such material has not yet been done because this would involve incurring costs earlier than is required for the efficient planning and operation of the mine.

### **(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.

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

### **(n) Exploration, evaluation and development expenditure**

Exploration, evaluation and development 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, evaluation and development expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above.

Exploration, evaluation and development 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;
- further exploration or evaluation is planned or budgeted;
- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale;



- 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; or
- there is no data to indicate that the book value will not be fully recovered from future development and production.

The directors regularly review the exploration, evaluation and development expenditure for indicators of impairment as set out in AASB6. 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 mining properties in development, 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 are 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:

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

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.

## Notes to the Financial Statements

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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);

## Notes to the Financial Statements

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- 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.

### **(v) Parent entity financial information**

The financial information for the parent entity, Signature Metals Limited, disclosed in note 33 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.

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.

## Notes to the Financial Statements

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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.

#### **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, evaluation, development 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. In May 2014, exploration drilling was suspended due to restricted funding options available to LionGold to service the remaining drilling program. The longer term plan is for the Group to recommence its drilling program using funding from 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.

#### **(i) Exploration, evaluation and development expenditure**

Exploration, evaluation and development 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 the Konongo 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, evaluation and development 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.

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

The Company has determined the Konongo Project to be a single cash generating unit (CGU) ("Konongo CGU") as the plant and equipment cannot be separated from the mining license.

### *(iii) Impairment Testing*

Due to a significant decline in gold price which resulted in the compression of valuations in the gold industry during the March 2014 financial year, there were reasons for the directors to believe that the book value of Exploration, evaluation and development expenditure would not be fully recovered from future development and production. Furthermore, a valuation of the project performed by LionGold to support the goodwill balance held in relation to the acquisition of the Company indicated that the value recognised may not be fully recoverable. As a result, an impairment test was performed to assess the recoverable amount of the Konongo CGU.

An impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of the Konongo CGU has been determined on its fair value less costs to sell ("Fair Value"), which is a common valuation method for exploration entities.

The Fair Value was estimated based on discounted cash flows ("DCF") using market based commodity price and exchange rate assumptions, estimated quantities of recoverable minerals, production levels, operating costs, capital and rehabilitation requirements, based on CGU life-of-mine ("LOM") plans.

Estimates of quantities of recoverable minerals, production levels, operating costs, capital and rehabilitation requirements are sourced from the Company's planning process documents, including LOM plans and budgets, as well as reports prepared by management's experts. The Company's budget was developed in the context of the current market environment and outlook, including deterioration in the gold price.

Significant judgements and assumptions are required in making estimates of Fair Value. This is particularly so in the assessment of long life assets (for example, the Konongo Project which has a LOM plan of up to approximately 19 years). It should be noted that the CGU valuations are subject to variability in key assumptions including, but not limited to, long-term gold prices, currency exchange rates, discount rates, production and operating costs. An adverse change in one or more of the assumptions used to estimate Fair Value could result in a reduction in a CGU's Fair Value.

A DCF valuation was prepared based on the following key assumptions:

- a. Cash flows were projected based on a LOM of up to 19 years
- b. Revenue was projected at a projected long term gold price of US\$1,314
- c. Operating costs and capital expenditure were projected by taking reference to projects that are adjacent to the Konongo mine
- d. Start-up capital expenditure of between US\$29.5 million and US\$51.5 million depending on the throughput capacity of the plant
- e. A post tax discount rate of 10%
- f. A probability weightage of 2 possible production output scenarios, namely i) 350 kilo tonne pa annum (50%), and ii) 1 metric tonne per annum (50%).

The Fair Value is prepared on the basis that the Group is a going concern and will be able to obtain funding to fund further exploration and development activities. The Fair Value assumes that there will be minimal activities for the first three years, followed by an exploration and development strategy for 24 months prior to successful commercial production in FY2019.

The Fair Value of the Konongo CGU was assessed by the Company to be lower than its carrying values and thus an impairment of \$13,153,448 was recognised. Sensitivities to gold price, discount rate, operating costs and probability weightage to the 2 possible production output scenarios were completed to provide possible variations that may occur in the amount of future cash flows.

	Resultant Additional Impairment \$
US\$50 per ounce decrease in gold price	10,756,416
1 percentage point increase in discount rate	4,828,567
10% increase in operating costs	19,703,745
Probability weightage redistributed and skewed towards the 350kilo tonne per annum scenario with 60% weightage attributed to the 350kilo tonne per annum scenario, 40% to the 1million tonne per annum scenario	4,754,691

It must be noted that each of the sensitivities above assumes that the specific assumption moves in isolation, while all other assumptions are held constant.

The carrying values of property, plant and equipment and deferred exploration and evaluation expenditure for the Konongo 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 2012 (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 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 a 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.

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 year, 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**

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) 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.

### **(f) Value Added Taxes**

The VAT receivable recorded in the balance sheet (see Note 6) is expected to be refunded by the Ghanaian Revenue Authority to the Company. Should it be determined after the date of issue of this financial report that such VAT is not recoverable, the amount of VAT receivable of A\$3,222,286 would be written off and charged to the income statement. This receivable has not been discounted.



## 4. EXPENSES

### Consolidated

	12 months to 31 Mar 2014	9 months to 31 Mar 2013
	\$	\$
<b>(a) Directors and Employee Benefits</b>		
Salaries, wages and director fees	1,601,682	452,898
Redundancy payments	136,361	755,502
	<u>1,738,043</u>	<u>1,208,400</u>
<b>(b) Administrative expenses</b>		
Travel and accommodation	218,426	476,121
Printing and stationery	25,583	2,730
Insurance	61,980	43,028
Telephone and communications	126,534	13,217
Rent and outgoings	81,400	70,774
Conferences and seminars	-	13,280
General administrative expenses	3,838,114	249,652
Depreciation	910,139	43,999
<b>Total administrative expenses</b>	<u>5,262,176</u>	<u>912,801</u>
<b>(c) Impairment of capitalised costs</b>		
<b>Total impairment of capitalised costs</b>	<u>13,153,448</u>	<u>-</u>

## 5. INCOME TAX

### Consolidated

12 months to  
31 Mar 2014

9 months to  
31 Mar 2013

\$

\$

### Income tax expense

Major component of tax expense for the reporting period:

Current income tax - -

Deferred income tax - -

### Income tax reported in the statement of profit or loss and other comprehensive income

Loss from continuing operations before income tax expense (27,940,868) (12,066,806)

Tax at the statutory income tax rate of 30% (8,382,260) (3,620,042)

Other deductible amounts not recognised (87,288) (30,579)

Provision for minority interest on loans to Owere Mines Ltd 828,728 2,980,876

Income tax benefit not recognised 7,640,820 669,745

Income tax expense - -

### Deferred tax liabilities

Capitalised exploration expenditure 7,237,951 10,948,922

Foreign exchange gain 754,102 -

7,992,053 10,948,922

Offset by deferred tax assets (7,992,053) (10,948,922)

- -

### Deferred tax assets

Losses available to offset against future taxable income 18,844,134 12,290,282

Foreign exchange loss - 70,642

Share issue costs deductible over five reporting periods 173,135 321,029

Accrued expenses 28,875 36,211

19,046,144 12,718,164

Deferred tax assets offset against deferred tax liabilities (7,992,053) (10,948,922)

Unrecognised deferred tax assets 11,054,091 1,769,242

## Notes to the Financial Statements

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 2014	31 Mar 2013
	\$	\$

#### (a) Current

GST receivables	5,617	8,470
Advance to suppliers	105,727	508,483
Other receivables	12,971	131,677
	<b>124,315</b>	<b>648,630</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.

#### (b) Non-Current

VAT Receivable	3,222,286	3,335,188
Prepayment - Goods	336,775	-
	<b>3,559,061</b>	<b>3,335,188</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.

The prepayment for goods pertains to payments made to Kamsak Ltd for the purchase of sodium cyanide in 2011 when the plant was processing gold. This amount has been classified as non-current as the Company does not expect to resume production in the next 12 months.

## Notes to the Financial Statements

### 7. 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	
		2014	2013
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%

Kenya Exploration Pty Ltd was deregistered on 14 May 2014.

### 8. MINERAL PROPERTIES IN DEVELOPMENT

	Consolidated	
	31 Mar 2014	31 Mar 2013
	\$	\$
At Cost	-	-
Accumulated impairment	-	-
Total mineral properties in development	-	-
Carrying amount at the beginning of period	-	26,139,399
Transfer to Exploration, evaluation and development expenditure	-	(34,471,367)
Foreign exchange difference	-	93,030
Expenditure during the period	-	16,725,930
Revenue from sale of gold	-	(8,486,992)
Carrying amount at the end of period	-	-

In January 2013 the Group announced that the mining and processing operations would be suspended at the Konongo 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 to note 3(a).

### 9. RECLAMATION BOND

Reclamation bond	217,138	192,731
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As at 31 March 2014, the Group's carrying value of financial assets are approximately the same value as their fair value.

## Notes to the Financial Statements

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.

### 10. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	<b>Consolidated</b>	
	31 Mar 2014	31 Mar 2013
	\$	\$
Carrying amount at the beginning of period	36,496,406	-
Transfer from Mineral properties in development	-	34,471,367
Foreign exchange difference	(6,563,245)	(375,430)
Expenditure during the period	7,346,791	5,086,486
Revenue from sale of gold	-	(2,686,017)
Impairment of exploration, evaluation and development	(13,153,448)	-
Carrying amount at the end of period	24,126,504	36,496,406

In the prior 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.

During the year, an impairment loss of \$13,153,448 was recognised pertaining to exploration, evaluation and development assets. The assumptions used and sensitivity analysis has been disclosed in Note 3a.

### 11. PROPERTY, PLANT AND EQUIPMENT

#### (a) Tangible Assets

##### Land

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

##### Plant and Equipment

Cost	9,068,579	11,066,158
Accumulated depreciation	(1,504,454)	(954,618)
Net carrying amount	7,564,125	10,115,165

<b>Total Property, Plant and Equipment</b>	<b>7,564,125</b>	<b>10,115,165</b>
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**Consolidated**

12 months to	9 months to
31 Mar 2014	31 Mar 2013
\$	\$

**Movements in Property, Plant and Equipment**

**Land**

Opening balance	3,625	3,672
Net exchange differences on translation	(421)	(47)
Disposal / write off	(3,204)	-
Closing balance	-	3,625

**Plant and Equipment**

Opening balance	10,111,540	8,054,184
Additions	176,175	2,795,370
Net exchange differences on translation	(1,851,943)	(158,863)
Depreciation charge for the reporting period	(808,949)	(579,151)
Disposal / write off	(62,698)	-
Closing balance	7,564,125	10,111,540

<b>Total Property, Plant and Equipment</b>	<b>7,564,125</b>	<b>10,115,165</b>
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The carry values of the plant and equipment are primarily limited to the improvements that were made to the existing plant and equipment that is owned by the Ghanaian government, and which Signature Metals has rights of access through the mining tenements granted by the Ghanaian government.

**(b) Software Costs**

Opening balance	-	-
Additions	25,306	-
Net exchange differences on translation	304	-
Amortization for the reporting period	(3,556)	-
Closing balance	22,054	-

<b>Total Software Costs</b>	<b>22,054</b>	<b>-</b>
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## 12. TRADE AND OTHER PAYABLES

### Consolidated

	31 Mar 2014	31 Mar 2013
	\$	\$
<b>Current</b>		
Trade creditors	1,580,088	2,516,256
Accruals	204,235	903,659
	<b>1,784,323</b>	<b>3,419,915</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.

## 13. INTEREST BEARING LOAN

Interest bearing loan	-	<b>452,949</b>
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## 14. EMPLOYEE ENTITLEMENTS

### Current

Employee entitlements	<b>129,248</b>	<b>315,895</b>
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## 15. UNSECURED LOAN FACILITY

### Non-Current

Amount due to LionGold Corp Ltd	<b>37,576,122</b>	<b>18,846,325</b>
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On 27 July 2012 the Group announced that it had entered into an intercompany loan facility with its significant shareholder 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. 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.

## Notes to the Financial Statements

### 16. FINANCIAL LIABILITY

#### Consolidated

	31 Mar 2014	31 Mar 2013
	\$	\$
Financial liability arising under asset purchase agreement	1,385,527	1,676,488
Amount due to minority interest	14,009,454	-
	<b>15,394,981</b>	<b>1,676,488</b>

The Group recognised deferred consideration on the option agreement to purchase 70% of the Konongo Project. Refer to note 32. The deferred consideration is recognised as a financial liability at amortised costs at an effective interest rate of 12% to be paid in 2016.

The loan agreement between the Company, Talos and Owere stipulates that the intercompany balance of \$70,047,269 between the Company and Owere should be owed and payable to the Company and Talos in the proportion of 80:20 respectively. As a result of this, a financial liability of \$14,009,454 has been recognised as at 31 March 2014, out of which \$2,762,426 has been recorded as an expense during the year.

### 17. PROVISIONS

Rehabilitation provision (i)	1,135,263	688,789
Provision for minority interest in loans to Owere Mines Ltd (ii)	-	9,936,253
Closing balance	<b>1,135,263</b>	<b>10,625,042</b>

#### (i) Rehabilitation Provision

Opening balance	688,789	-
Provision made during the year / Establishment of Rehabilitation Provision	419,414	688,789
Amortisation on discount	200,337	-
Net exchange difference on translation	(173,277)	-
Closing balance	<b>1,135,263</b>	<b>688,789</b>

During the year, the Group has continued to perform incremental rehabilitation of tenement areas at the Konongo Project. The Group has undertaken a process of estimating costs of future site rehabilitation and restoration. Costs associated with previous mining and exploration activity are provided for as and when an obligation arises and is included in the cost of the related area of interest.



## Notes to the Financial Statements

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

### Consolidated

31 Mar 2014      31 Mar 2013

\$                      \$

Provision for minority interest in Owere Mines Ltd                      -      **9,936,253**

## 18. RESERVES

Share based payment reserve	-	3,811,159
Foreign currency translation reserve	(12,300,117)	(8,580,375)
Contingent consideration reserve	514,404	514,404
Option reserve	-	550
	<b>(11,785,713)</b>	<b>(4,254,262)</b>

### Consolidated

12 months to      9 months to  
31 Mar 2014      31 Mar 2013

\$                      \$

#### Movements

##### *Share based payments reserve*

Opening balance	3,811,159	3,811,159
Increase/(decrease)	(3,811,159)	-
Closing balance	-	3,811,159

##### *Foreign currency translation reserve*

Opening balance	(8,580,375)	(7,839,901)
Foreign currency translation	(3,719,742)	(740,474)
Closing balance	(12,300,117)	(8,580,375)

##### *Option reserve*

Opening balance	550	550
Increase/(decrease)	(550)	-
Closing balance	-	550

### Consolidated

	12 months to 31 Mar 2014	9 months to 31 Mar 2013
	\$	\$

#### **Contingent consideration reserve**

Opening balance	514,404	514,404
Increase/(decrease) on re-measurement	-	-
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. It was recycled to accumulated losses.

##### **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 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. It was recycled to accumulated losses.

##### **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 Project. Refer to note 32.

## 19. ISSUED CAPITAL

	Consolidated			
	31 Mar 2014		31 Mar 2013	
	\$		\$	
(a) Issued and paid up capital				
Ordinary shares fully paid	60,195,661		60,195,661	
	12 months to 31 Mar 2014		9 months to 31 Mar 2013	
	Number of		Number of	
	shares	\$	shares	\$
<b>Movements in ordinary shares on issue</b>				
Opening balance	2,759,575,214	60,195,661	2,759,575,214	60,195,661
Closing balance	2,759,575,214	60,195,661	2,759,575,214	60,195,661

### Ordinary shares

The Company does not have authorised capital or 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 2014 there was nil unissued ordinary share (2013: 17,333,000 options).

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 year nil options were exercised to acquire fully paid ordinary shares (2013: nil). Since the end of the reporting period nil options have been exercised. During the year 17,000,000 options at an exercise price of \$0.02 expired (2013: 29,000,000 options at \$0.03).

### Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to \$ (20,332,904) at 31 March 2014 (2013: \$15,734,134). The Group secures funding through the financial support of LionGold. Despite the significant decline in the share price of LionGold after 4 October 2013 and the investigations by the Commercial Affairs Department in Singapore into the trading of shares in LionGold, which have impacted LionGold's immediate cash resources available to fund the Group's mining operations, the management of LionGold has taken various measures to stabilise the operations of the Group as described in note 2.

The Group was not subject to any externally imposed capital requirements. Refer to note 29 for further information on the Group's financial risk management policies.

20. ACCUMULATED LOSSES

Consolidated

12 months to 9 months to  
31 Mar 2014 31 Mar 2013

\$ \$

Movement in accumulated losses were as follows:

Opening balance	(38,021,669)	(26,481,861)
Recycling of other reserves to accumulated losses	3,811,709	-
Loss for the reporting period	(21,672,695)	(11,539,808)
Closing balance	<b>(55,882,655)</b>	<b>(38,021,669)</b>

21. CASH AND CASH EQUIVALENTS

Reconciliation of cash

Cash comprises of

Cash on hand	4,619	5,340
Cash at bank	69,217	277,288
	<b>73,836</b>	<b>282,628</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	(27,940,868)	(12,066,808)
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Non-cash items

Foreign exchange (gain)/loss	4,203,318	(321,779)
Contingent consideration expense	(290,961)	(102,086)
Depreciation	910,139	13,071
Provision payable to minority interest	2,762,426	9,936,253
Impairment of capitalised costs	13,153,448	-

### Consolidated

12 months to 31 Mar 2014      9 months to 31 Mar 2013

\$                                  \$

### Changes in assets and liabilities

Trade and other receivables	-	-
Trade and other creditors	(149,385)	(744,465)
Net cash flows from operating activities	<b>(7,351,883)</b>	<b>(3,285,814)</b>

## 22. EXPENDITURE COMMITMENTS

### (a) Rental and services agreement

### Consolidated

31 Mar 2014      31 Mar 2013

\$                                  \$

Payable not later than one year	-	78,185
Payable later than one year and not later than five years	-	74,097
	-	<b>152,282</b>

### (b) Executive remuneration commitments

At 31 March 2014, there are nil executive remuneration commitments (2013: nil).

## 23. CONTINGENT LIABILITIES

There are no known contingent liabilities at the date of this report (2013: nil).

## 24. SUBSEQUENT EVENTS

On 1 July 2014, the Company's shares were suspended from quotation on the ASX due to the Company failing to lodge its annual report within the timeframe required under the ASX Listing Rules as it worked through its funding requirements with its significant shareholder LionGold Corp Ltd. Since the end of the financial year, the significant shareholder has taken numerous measures to raise funds to meet the funding requirements of the LionGold Group. These have been disclosed in Note 2. In addition, following a valuation performed of the Company's Exploration, Evaluation and Development asset, an impairment of \$13,153,448 has been recognised. This has been disclosed in Note 3(a)(iii) and Note 10.

## 25. LOSS PER SHARE

### Consolidated

12 months to 31 Mar 2014	9 months to 31 Mar 2013
-----------------------------	----------------------------

\$	\$
----	----

Loss used in calculating basic and diluted EPS

(21,672,696)	(11,539,808)
--------------	--------------

### Number of Shares

2014	2013
------	------

Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:

2,759,575,214	2,759,575,214
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Share options

-	-
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Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:

2,759,575,214	2,759,575,214
---------------	---------------

There is nil option outstanding. (2013: 17,333,333 options).

## 26. AUDITOR'S 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.

### Consolidated

12 months to 31 Mar 2014	9 months to 31 Mar 2013
-----------------------------	----------------------------

\$	\$
----	----

#### Ernst & Young (Australia)

Amounts received or due and receivable by Ernst & Young for:

Audit and review of the Financial Report of the entity

-	44,410
---	--------

Audit and review of the Financial Report of the subsidiary

-	-
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Non-Audit services to the Group

-	14,401
---	--------

Total

-	58,811
---	--------

## Consolidated

12 months to 31 Mar 2014	9 months to 31 Mar 2013
\$	\$

### PricewaterhouseCoopers

Amounts received or due and receivable by  
PricewaterhouseCoopers for:

Audit and review of the Financial Report of the entity	159,500	102,350
Audit and review of the Financial Report of the subsidiary	40,000	43,150
Other Auditor fees to Non-Audit services to the Group	51,326	-
Total	250,826	145,500

## 27. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Details of Key Management Personnel

Key management personal	Title	Appointment	Resignation
Soo Khoon Raymond Tan	Chairman	25 June 2012	-
Peter Chen	Executive Director	04 October 2012	-
Roland Kenneth Selvanayagam	Non-Executive Director	03 April 2012	-
Denis Edmund Clarke	Non-Executive Director	14 September 2012	-
Chris Gbyl	Chief Executive Officer	01 January 2013	-

### (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:

	Consolidated	
	12 months to 31 Mar 2014	9 months to 31 Mar 2013
	\$	\$
Short term Employee Benefits	400,000	149,897
Share based payments	-	-
Total	400,000	149,897

### (c) Share holdings Key Management Personnel

There were no shares granted for the financial periods ended 31 March 2014 and March 2013.

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

There is no option over ordinary shares held during the year by any director and specified executive of the Company.

There were no other key management personnel to disclose for the financial periods ended 31 March 2014 or 31 March 2013.

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

There is no other transaction with key management personnel.

Directors' fees and related salaries are paid by LionGold Corp Ltd, on behalf of the Company.

### 28. RELATED PARTY DISCLOSURES

For Director related party transactions please refer to Note 27 "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 15 for the terms and conditions of the unsecured loan facility.

The Group also has a liability owing to Talos Ghana Limited amounting to \$14,009,454 as disclosed in Note 16.

In addition to the related party information disclosed above, the following were transactions entered into by the group with related parties on terms agreed between the parties as follows:

	<b>Consolidated</b>	
	12 months to 31 Mar 2014	9 months to 31 Mar 2013
	\$	\$
Management fees paid to a shareholder of a subsidiary	435,858	-

Refer to note 7 for list of all subsidiaries within the group.

### 29. 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 15. 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 securing funds through financial support from LionGold to meet the operating requirements of the business. Despite the significant decline in the share price of LionGold after 4 October 2013 and the investigations by the Commercial Affairs Department in Singapore into the trading of shares in LionGold, which have impacted LionGold's immediate cash resources available to fund the Group's mining operations, the management of LionGold has taken various measures to stabilise the operations of the Group as described in note 2.

### Maturity analysis

Financial liabilities of the Group comprise trade, other payables, the long term financial liabilities are comprised of the amount due to the holding company, amount due to a minority interest 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 \$37,576,122.

In addition, the Group also has a financial liability in relation to an amount due to minority interest in loans to Owere Mines Ltd of \$14,009,454. This is only due upon the repayment of the intercompany loans from Owere Mines Ltd to the Company. The details of this loan provision are included in note 16.

### (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.

	Consolidated	
	31 Mar 2014	31 Mar 2013
	\$	\$
Cash and cash equivalents	73,836	282,628

### 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 (\$)		Effect on Equity excluding accumulated loss (\$)	
	Increase/(decrease)		Increase/(decrease)	
	2014	2013	2014	2013
Increase 100 basis points	-	2,826	-	-
Decrease 100 basis points	-	2,826	-	-

## Notes to the Financial Statements

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 2013.

### (c) Credit Risks 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 2014, the Group held cash term deposits. These were held with an institution covered under the Banking Act 1959 with a rating from Standard & Poor's of AA- (long term). The Group has no past due or impaired debtors as at 31 March 2014 (2013: nil).

### (d) Foreign Currency Risk

The Group has United States Dollar and Ghanaian Cedi denominated bank accounts, advance to suppliers, amount due to LionGold Corp Ltd 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:

	Consolidated	
	31 Mar 2014	31 Mar 2013
	\$	\$
Cash and cash equivalents	69,169	164,936
Advance to suppliers	407,476	508,483
Amount due to holding company	(35,053,582)	(17,514,599)
Trade payables	1,686,598	(2,343,220)
	(32,890,339)	(19,184,400)

### 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 (\$)		Effect on Equity excluding profit and loss (\$)	
	Increase/(decrease)		Increase/(decrease)	
	2014	2013	2014	2013
Increase 10%	(2,779,806)	(1,918,440)	2,033,290	4,363,345
Decrease 10%	2,779,806	1,918,440	(2,033,290)	(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.

### 30. 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.

### 31. DIVIDENDS

No dividend was paid or declared by the Company during the year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the year ended 31 March 2014 (2013: nil).

The balance of the franking account is nil as at 31 March 2014 (2013: nil).

### 32. INVESTMENT IN SUBSIDIARY

On 3 August 2009, the Company announced it had reached agreement to acquire 70% of Owere Mines Limited. On 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).

### 33. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Signature Metals Limited, at 31 March 2014. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	Parent	
	31 Mar 2014	31 Mar 2013
	\$	\$
Current assets	55,115	101,667
Non-current assets	31,434,190	46,921,137
Total Assets	<b>31,489,305</b>	<b>47,022,804</b>
Current liabilities	97,726	829,604
Non-current liabilities	51,724,483	30,459,066
Total Liabilities	<b>51,822,209</b>	<b>31,288,670</b>
Net Assets	<b>(20,332,904)</b>	<b>15,734,134</b>

## Notes to the Financial Statements

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### Parent

	31 Mar 2014	31 Mar 2013
	\$	\$
Issued capital	60,195,661	60,195,661
Share based payment reserve	-	3,811,159
Option reserve	-	550
Contingent consideration reserve	514,404	514,404
Accumulated losses	(81,042,969)	(48,787,640)
<b>Total Equity</b>	<b>(20,332,904)</b>	<b>15,734,134</b>
Loss for the reporting period	(36,067,037)	(12,599,928)
Other comprehensive income for the reporting year / period	3,811,709	-
<b>Total comprehensive loss for the reporting year / period</b>	<b>(32,25,328)</b>	<b>(12,599,928)</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 2014 and of its performance, for the 12 month 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 year ended 31 March 2014.

On behalf of the Board



Peter Chen  
Executive Director

Dated: 27 October 2014



## **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 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Signature Metals Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

### ***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. Those 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 consolidated 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 opinion.

### ***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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***Basis for Disclaimer of Opinion***

The Company's ability to continue as a going concern is dependent on continued reliance on availability of ongoing financial support from LionGold Corp Ltd, the majority shareholder. Note 2(a) of the annual report discloses the measures undertaken by LionGold Corp Ltd to obtain funding to continue as a going concern themselves and thus continue supporting the Company.

LionGold Corp Ltd's auditor has issued a disclaimer of opinion on going concern as disclosed in LionGold Corp Ltd's annual report for the year ended 31 March 2014. As a result, we have been unable to obtain sufficient appropriate audit evidence to support management's assessment of the company's ability to continue as a going concern, and hence remove significant doubt of its ability to continue as a going concern within 12 months of the date of this auditor's report.

Note 2(a) and 3(a) of the annual report makes reference to the fact that should the Company not continue as a going concern, 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.

***Disclaimer of Opinion***

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

***Report on the Remuneration Report***

We have audited the remuneration report included in pages 8 to 10 of the directors' report for the year ended 31 March 2014. 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 year ended 31 March 2014 complies with section 300A of the *Corporations Act 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Amanda Campbell*

Amanda Campbell  
Partner

Melbourne  
27 October 2014

## ASX Additional Information

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Annual Report is set out below. This information contained in this disclosure is at 18 September 2014.

### Substantial shareholders

The number of securities held by substantial shareholders and their associates are set out below:

Name	Number of Shares	%
LionGold Corp Ltd	2,121,018,113	76.86

### Number of shareholders and shares on issue

Signature Metals Limited has on issue 2,759,575,214 fully paid ordinary shares held by 1,025 shareholders.

### Voting rights

#### Fully paid ordinary shares

The voting rights attached to ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

### Distribution of shareholders

Category	Fully paid ordinary shares	
	Number of Holders	Number of Shares
1 – 1,000	75	7,750
1,001 – 5,000	19	48,723
5,001 – 10,000	7	58,075
0,001 – 100,000	178	11,847,191
100,001 and over	746	2,747,613,475
<b>Total</b>	<b>1,025</b>	<b>2,759,575,214</b>

### Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of ordinary shares is 762. 500,000 shares comprise a marketable parcel at Signature Metals Limited's closing share price of \$0.001.

### Twenty largest shareholders

	Name	Number of shares	%
1	LionGold Corp Ltd	2,121,018,113	76.86
2	Mr Jason Peterson & Mrs Lisa Peterson <J & L Peterson S/F A/C>	97,944,810	3.55
3	Ms Rosemarie Cremona & Mr David White <WhiteCremona Family S/F A/C>	15,204,000	0.55
4	Mr James Gordon Pearce & Mrs Pamela Joy Pearce <Tesco Pearce Pen Fund A/C>	13,181,250	0.48
5	Mr Golshan Khan	12,079,757	0.44
6	Mr Ronnie Benatar <Ronnie Benatar Fam A/C>	10,924,483	0.40
7	Mr Christopher Wayne Lutt	10,000,000	0.36
8	HSBC Custody Nominees (Australia) Limited	9,385,587	0.34
9	Mr Richard Geoffrey Wilson	8,017,313	0.29
10	Mr Lenard Samuel Hermiz	7,275,166	0.26
11	Mr Michael Locke	6,964,831	0.25
12	Dr Vanessa Lam	6,600,000	0.24
13	Mr Kendal Warne	6,308,416	0.23
14	Ms Cew Pty Ltd <MsCew Family Super Fund A/C>	5,760,000	0.21
15	Ms Hai Phuong Lam	5,614,606	0.20
16	Mrs Rosalie Buckley	5,500,000	0.20
17	Avanteos Investments Limited <2477966 DNR A/C>	4,595,938	0.17
18	Ms Su Hwa Law	4,550,000	0.16
19	Ms Rosemarie Cremona	4,539,381	0.16
20	Ms Franciska Lasic	4,500,000	0.16
	<b>Total</b>	<b>2,359,963,651</b>	<b>85.51</b>



## ASX Additional Information

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### On-Market Buy Back

There is no current on-market buy back.

### Voting Rights

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

## Tenement Table

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Tenement	Country	Project	Comment
ML749/03	Ghana	Konongo	Renewed until June 2023
PL6/296	Ghana	Kurofa	Granted, under application for renewal and reduction