



RAMELIUS RESOURCES LIMITED  
2009 ANNUAL REPORT



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## Ramelius Resources Limited

ACN 001 717 540  
ABN 51 001 717 540

## Annual General Meeting

The Annual General Meeting of Ramelius Resources Limited will be held at Enterprise House, 136 Greenhill Road, Unley, South Australia on Friday 27 November 2009 at 11.00 am Adelaide time.

## Stock Exchange

The Company is listed on the Australian Securities Exchange Limited. The Home Exchange is Adelaide.

## ASX Codes

Shares: RMS  
Options: RMSOC

Front Cover: Images at Wattle Dam Mine and Burbanks Mill  
Below: Development adjacent to Emergency Escapeway at Wattle Dam Mine



Dear Shareholder,

It is with pleasure that I present to you the 2009 Annual Report of Ramelius Resources Limited. Significant progress has been made over the past twelve months towards establishing the Company as a high grade underground miner.

As at June 30, 2009 the Company was in a strong financial position with cash on hand of \$26.7 million.

Significant milestones achieved by Ramelius during the year were as follows:

- A net profit after income tax expense of \$4.97 million for the 2009 financial year;
- Completion of the pit cut back at Wattle Dam;
- Production of 16,283 ounces of gold and revenue of \$19.8 million;
- Commencement of the Wattle Dam underground mine in May, 2009; and
- Substantially completed the rehabilitation of the Wattle Dam Waste Dump.

The financial result of a \$4.97 million net profit was an excellent result and is the third year that the Company has achieved this outcome. The result reflects the focus that the Company continues to have on low cost operations as the principle driver for its business activities.

The Company again benefited from the gold overcall at Wattle Dam. It was planned to produce 5,620 ounces of gold from the cut back to the open pit, with actual production of 16,283 ounces. This is a positive outcome for the mine, as we are about to commence production from the high grade underground resource.

In March 2009 the Company selected HWE Mining Pty Limited to undertake the mining of the underground project, and operations commenced in May, 2009 with the first cut of the portal. Significant progress was made by the end of the financial year, with over 253 metres of decline completed in two months.

The Company's Burbanks mill also performed well during the year, with over 158,000 tonnes of ore processed and recoveries above 96 percent. The Burbanks mill has been a significant purchase for the Company, ensuring cash flows are received in a timely manner without being reliant on third party mills.



Ramelius has also substantially completed the rehabilitation of waste dumps from its open pit operations to a high industry standard. This is an important step towards ensuring that regulatory and social expectations are met as the project moves forward.

It was also announced during the year that the Company's founding Managing Director Mr. Joe Houldworth would retire. I would like to thank Joe for his vision and enthusiasm to develop Ramelius into the position it is in today. It is also with great pleasure that I acknowledge that Joe will stay on as a Non-Executive Director.

I would like to thank shareholders for their loyalty and support throughout the year and together with my fellow directors, look forward to being able to deliver high grade production in 2009/10.

I also take this opportunity to sincerely thank our Directors, all our employees and consultants for their efforts throughout the year.

A handwritten signature in black ink, appearing to read 'Bob Kennedy'. The signature is stylized and fluid, with a large loop at the end.

**Bob Kennedy**  
Chairman



Dear Shareholder,

The past year has been a year of consolidated production and development for the Company.

The open pit cut back was expected to be completed by the end of 2008, but mining was slowed due to hard mining conditions and the large number of ore tonnes extracted. The pit did however produce over 16,000 ounces of gold, which was approximately three times that expected. This outcome, whilst not taken for granted, was in line with results from the original pit.

The pit cut back was designed to provide access to fresh rock in which the portal and decline could be established. The pit was completed in April 2009 and the underground portal and decline were established in the western wall of the pit in May 2009. The Company selected HWE Mining Pty Limited as its primary underground contractor and to date this arrangement has been very successful.

The underground mine is expected to be one of Australia's highest grade underground mines, producing an expected base case 68,000 ounces of gold up to November 2010. First development ore should be milled in November 2009 and high grade stoping ore from January 2010. At this time the mine will be in full production.

Deep exploration drilling continues below the current mine plan, with the current drilling defining the mine geology and visible gold up to 300 metres below surface. During the year, diamond drilling intersected a significant result of 5.5 metres at 148 g/t gold below the current mine plan. This and other deeper results will be followed up with drilling from underground in early 2010.



Regional exploration continued during the year, with significant results at the Golden Orb and 8500N prospects. These results will be followed up in the 2009/10 year. Several new projects were reviewed during the year, with none meeting the Company's criteria of acquiring projects with potential for low cost production.

The Company is now entering an exciting time where it is finally gaining access to the high grade zone at Wattle Dam. It is also a time where the Company will begin to look for growth opportunities; both through exploration and acquisition.

I would like to take this opportunity to thank the Ramelius team and our contractors for their dedication to getting the job done well in the 2009 year. I would also like to thank my fellow directors for their continued support and guidance.

A handwritten signature in black ink, appearing to read 'Ian Gordon', written in a cursive style.

**Ian Gordon**  
Chief Executive Officer

### Financial Highlights

- Sales revenue of \$19.8 million from gold sales of 15,393 ounces at an average price of A\$1,288 per ounce.
- Net profit after tax of \$4.97 million (up from \$0.61 million in 2008)
- \$17.9 million additional capital raised during the year
- Cash at the end of the financial year of \$26.7 million.

Revenue from gold sales of \$19.8 million was up 33.8% from the previous year and reflects a stronger average gold price during the current year of A\$1,288 per ounce.

Consolidated net profit after tax was \$4,973,356.

At 30 June 2009 the Company had no debt and held cash assets of \$26.7 million.

Additional capital totalling \$17.9 million was raised from a \$13.4 million placement of shares to institutional and sophisticated investors and an issue of \$4.5 million of shares to shareholders under the Company's Share Purchase Plan at \$0.53 per share.



## Operational Highlights

- Completion of the pit cut back at Wattle Dam in April 2009
- Production of 16,283 ounces of gold from the pit cut back
- Commencement of high grade underground mine in May 2009

### MINING AND MILLING OPERATIONS

The Wattle Dam Gold mine is located approximately 25km south-west of Kambalda in the Eastern Goldfields of Western Australia. The gold resource at Wattle Dam is hosted in sheared ultramafic rocks and has been drilled to a vertical depth of over 200 metres. The mine commenced production in March 2006 and as at 30 June 2009, two phases of mining had been completed. A cut back to the open pit was completed in April 2009 to establish access to fresh rock for the underground portal.

The Company appointed HWE Mining Pty Limited as its underground contractor in March 2009. The underground mine at Wattle Dam was commenced in May 2009 with the portal cut and by the end of June 2009, the decline was advanced by 253 metres (refer Figure 1 on page 29).

#### Mining

During the 2009 financial year a total of 158,038 tonnes of ore was mined from the pit cut back at a grade of 3.34 grams per tonne gold. In May 2009 the portal was established at a depth of 75 metres below surface into the west side of the pit (refer Figure 2 on page 29). The underground decline and cross cuts will intersect the top of the ore body at a depth of 99 metres below surface, immediately below the north western edge of the open pit.

#### Milling

A total of 151,697 tonnes of ore was processed during the 2009 financial year at the Company's gold treatment plant at Burbanks, near Coolgardie. The mill performed well during the year, treating ore at capacity since September 2008.

| Production Statistics – 2009 Financial Year | Unit   | Mined   | Grade g/t gold |
|---|--------|---------|----------------|
| Ore processed                               | tonnes | 151,697 | 3.59           |
| Recovery                                    | %      | 96      |                |
| Gold Production*                            | oz     | 16,283  |                |
| Gold Production*                            | kg     | 506.4   |                |

\* Includes G.I.C. recovered

#### Rehabilitation

During the year, the Company completed a substantial rehabilitation program over the open pit waste dump, including slope design, top soil replacement and vegetation spreading (refer Figure 3 on page 30).

At the date of this report, the underground mine was well advanced, with ore development commencing in September 2009 and full production expected by January 2010.

## EXPLORATION

Ramelius controls the gold rights and majority nickel rights over approximately 220 km<sup>2</sup> covering the Kunanalling and Spargos Reward Shears.

Gold exploration during the year was conducted at the Wattle Dam, Golden Orb, 8500N, West Wattle Dam and Black Cat prospects whilst nickel exploration was conducted at the 1A North prospect. Regional exploration focusing on both gold and nickel was also conducted within the project area (refer Figure 4 on page 30).

### Wattle Dam Project

**(Gold, Tantalum, Nickel) (100% Gold, Tantalum and earning 80% Nickel Rights; MLs; 15/1101; 15/1263; 15/1264; 15/1323; 15/1338; 15/1769-1773; PL 15/4479, 100% MLs 1774-1776; PL 15/4381 [MLA 15/1474])**

### Wattle Dam Gold Mine (Gold)

Exploration diamond drilling totalling 19 holes for 5,968.9 metres was completed at Wattle Dam. The drilling was focused on the definition of the high grade gold zone immediately beneath and to the north of the open pit and defining further high grade mineralisation further down plunge. High grade intersections returned from within the underground mine plan include 4 metres at 14.4g/t gold from 204 metres including 1 metre at 54.1g/t from 204 metres.

Further high grade intersections including 5.5 metres at 148g/t Au from 273.5 metres (including 0.2 metres at 1,846g/t gold from 273.9 metres and 0.6 metres at 738g/t gold from 277.4 metres) and 3 metres at 7.7g/t gold from 284 metres were received from drilling completed down plunge to the north of the mine plan. These intersections highlight the potential for further high grade resources underneath the current underground mine plan (refer Figure 5 on page 31). Further drilling is planned to extend and define mineralisation associated with these intersections.

An updated mineral resource estimate for the Wattle Dam Gold Deposit was completed. The mineral resource estimate included all resources outside of the Stage 1 pit. The total estimated contained ounces within the resource has increased by 43% since the initial resource estimate completed in 2007. Using a 1.0g/t gold lower cut, the total JORC compliant Indicated and Inferred resource is estimated at 677,000 tonnes @ 5.5 g/t gold containing 118,600 ounces of gold. Within the total mineral resource there are four higher grade ( $\geq 8.0\text{g/t Au}$ ) zones which are estimated to contain a total of 131,000 tonnes @ 18.8 g/t gold for 79,000 ounces, or 65% of the gold within the resource. A top cut of 400g/t gold was applied to the above four higher grade zones.

### Golden Orb (Gold)

A program of 15 diamond drill holes for 3,095.7 metres was completed to further evaluate interpreted north-northwest trending mineralised zones identified by previous RC drilling which returned a maximum result of 7 metres @ 10.9 g/t gold from 117 metres. The completed diamond drilling intersected zones of quartz-carbonate veining and minor visible gold within weak to moderate chlorite/carbonate/pyrite altered ultramafic lithologies. Maximum results returned from the drilling include 1 metre at 99.1g/t gold from 199 metres and 10 metres at 3.2g/t gold from 176 metres.

The drilling identified and intersected a structure which dips 48 degrees towards the east-northeast which is interpreted to offset mineralisation to the east and down the structure, (dextral dip-slip movement).

Further drilling at Golden Orb is likely to be orientated to evaluate the offsetting structure and the interpreted offset location of the mineralised trend at depth.

### 8500N (Gold)

The 8500N Prospect is located approximately 600 metres to the north of the Wattle Dam Gold Mine. The prospect is defined by an 800 metre long, >50ppb gold in soil anomaly. Drilling of the soil anomaly by previous explorers was completed at 200 metre line spacings.

A total of 21 RC drill holes for 2,317 metres were drilled over the most significant portion of the soil anomaly in order to infill previous drilling to 20 metres x 40 metres drill spacing. The drilling intersected predominantly felsic lithologies in contact with ultramafic lithologies to the east and west.

Two zones of mineralisation were interpreted from the results of the drilling, comprising a supergene zone within the weathering profile overlying the felsic lithologies and a fresh rock zone associated with the eastern felsic/ultramafic contact. Maximum results returned from the zone include 20 metres at 5.3g/t gold from 40 metres including 9 metres at 8.5g/t gold from 40 metres and 4 metres at 4.9g/t gold from 84 metres including 1 metre at 10.1g/t gold from 86 metres respectively.



A program of 10 RC drill holes has been generated to follow up the above zones of mineralisation along strike to the north and south and down dip.

Two lines of Aircore drilling spaced 200 metres to the north and south of the above significant RC drilling were completed for a total of 21 holes for 1,001 metres. The drilling was designed to test for extensions of the supergene mineralisation and contact associated mineralisation identified at 8500N. Anomalous results were received from this drilling associated with both the supergene and contact related zones identified at 8500N, however the grades within the zone ranged from 0.1 to 0.8 g/t gold.

### **West Wattle Dam (Gold)**

A program of 40 Aircore (hammer) holes for 1,476 metres was completed in order to evaluate an area of auger gold anomalism associated with physical gold within quartz veining located at the surface. The drilling was completed at spacings of 20 metres x 25/50 metres.

Drilling results returned a maximum intercept of 8 metres at 0.27g/t gold from 16 metres from drilling completed underneath the identified gold mineralised quartz veining at surface.

### **1A North (Nickel)**

One diamond drill hole for 297 metres was completed to evaluate a strong off-hole conductor identified by Down Hole Transient Electromagnetics (DHTEM) in earlier drilling. The hole consisted of a 198 metre RC precollar with a 99 metre diamond tail. The drill hole intersected a complex range of lithologies, with the conductor identified as a narrow interval of pyrrhotite rich ultramafic. Subsequent DHTEM of this hole identified a moderate in hole anomaly at this depth.

### **Regional RAB/Aircore Drilling (Gold and Nickel)**

A large program of Aircore drilling (199 holes for approximately 7,245 metres) was completed. The drilling was designed to evaluate several areas anomalous in gold and nickel and trends to the east and south of the Wattle Dam Gold Mine as well as infill anomalous regional drilling to the north of Wattle Dam (Central Area) to a drill spacing of 40 metres x 200 metres.

A number of nickel anomalies were generated from the drilling program. The most significant results, including 11 metres at 6,858ppm Nickel from 28 metres (SRAC0338) and 12 metres at 6,053ppm Nickel from 28 metres (SRAC0312), lie adjacent and along strike of the western contact of an ultramafic belt to the east of the Wattle Dam Gold Mine.

The gold results from the completed drilling highlighted a number of significant ( $\geq 0.5\text{g/t}$  gold) anomalies. A maximum intercept of 20 metres at 1.0g/t gold from 32 metres including 4 metres at 3.1g/t gold from 32 metres within SRAC0277 was received. This intercept is located 40 metres to the north of a significant intersection of 4 metres @ 4.7g/t gold from 49 metres within previous RC drilling, (WDRC086).

Further Aircore drilling designed to infill areas of nickel and gold anomalism and to extend the completed drilling is planned for the coming year.

### **North Widgiemooltha Blocks (100% Gold Rights) (MLs 15/97; 15/99; 15/100; 15/101; 15/102; 15/653; ML 15/1271)**

### **North Widgiemooltha Regional**

A total of three RC holes for 231 metres were drilled to follow up a significant intercept of 12 metres @ 5.5g/t gold from 28 metres including 4 metres at 10.5g/t gold from 32 metres, located 300 metres south of Golden Orb. Drilling was completed over a single line with holes drilled every 10 metres. A significant result of 3 metres at 2.2g/t gold from 36 metres (NWRC0016) was returned down dip from the above significant result. No immediate follow up drilling is planned.

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The information in this report that relates to Exploration Results is based on information compiled by Matthew Svensson and Diane Tily-Laurie.

Matthew Svensson is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting on Exploration Results. Matthew Svensson is a full-time employee of the Company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Diane Tily-Laurie is a Member of the Australian 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 she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting on Exploration Results. Diane Tily-Laurie is a full-time employee of the Company and consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this report that relates to in-situ mineral resources is based on information compiled by Scott Jarvis of Ramelius Resources Limited. Scott Jarvis has taken overall responsibility for the report. He is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition). Scott Jarvis consented to the inclusion of such information in this report in the form and context in which it appears.



# REVIEW OF OPERATIONS

## Interests in Mining Tenements

The Company's interests in mining tenements are as follows:

| Project  | Location   | Tenement   | Status  | Application Date  | Grant Date   | Expiry Date  | Associated Tenement ID | Acquiring % | Acquired %  | Registered Owner                              | Beneficial Owner   |
|--|--|--|---|---|--|--|------------------------|-------------|---|---|--|
| Bullabulling<br>Bullabulling<br>Bullabulling   | Coolgardie<br>Coolgardie<br>Coolgardie   | P15/5399<br>P15/5400<br>P15/5462   | Application<br>Application<br>Application                                 | 13-May-09<br>13-May-09<br>1-Sep-09  |  |  |                        | 90%         | 100%<br>100%  | Ramelius<br>Ramelius<br>Chitty                | Ramelius<br>Ramelius<br>Ramelius   |
| Jaurdi/<br>Black Cat   | Coolgardie   | M16/34   | Granted   | 15-Sep-86   | 28-Jan-87  | 27-Jan-29  |                        |             | 90%   | Ramelius                                      | Ramelius   |
| Jaurdi/<br>Black Cat   | Coolgardie   | M16/115  | Granted   | 29-Sep-88   | 10-Sep-90  | 9-Sep-11   |                        |             | 90%   | Ramelius                                      | Ramelius   |
| Hilditch   | Coolgardie   | M15/1448   | Granted   | 9-Mar-04  | 30-Jun-08  | 29-Jun-29  |                        |             | 90%   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1101   | Granted   | 26-Mar-97   | 19-Mar-04  | 18-Mar-25  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1263   | Granted   | 23-Oct-98   | 24-Aug-04  | 23-Aug-25  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1264   | Granted   | 23-Oct-98   | 24-Aug-04  | 23-Aug-25  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1323   | Granted   | 10-Feb-00   | 30-Jun-08  | 29-Jun-29  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1338   | Granted   | 9-Jun-00  | 30-Jun-08  | 29-Jun-29  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1474   | Application   | 12-Apr-04   |  |  | P15/4381               |             | 100%  | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1769   | Granted   | 1-Feb-06  | 30-Jun-08  | 29-Jun-29  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1770   | Granted   | 1-Feb-06  | 30-Jun-08  | 29-Jun-29  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1771   | Granted   | 1-Feb-06  | 30-Jun-08  | 29-Jun-29  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1772   | Granted   | 1-Feb-06  | 30-Jun-08  | 29-Jun-29  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1773   | Granted   | 1-Feb-06  | 30-Jun-08  | 29-Jun-29  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1774   | Granted   | 1-Feb-06  | 30-Jun-08  | 29-Jun-29  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1775   | Granted   | 1-Feb-06  | 30-Jun-08  | 29-Jun-29  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam   | Coolgardie   | M15/1776   | Granted   | 1-Feb-06  | 30-Jun-08  | 29-Jun-29  |                        |             | 100% & 80% of Ni Rights   | Ramelius                                      | Ramelius   |
| Wattle Dam<br>Wattle Dam   | Coolgardie<br>Coolgardie   | P15/4381<br>P15/4444   | Granted<br>Granted  | 5-May-00<br>2-Feb-01  | 9-Jan-01<br>5-May-06   | 8-Jan-05<br>4-May-10   | M15/1474               |             | 100%<br>100%  | Ramelius<br>Ramelius                          | Ramelius<br>Ramelius   |
| North Widgie<br>North Widgie<br>North Widgie<br>North Widgie<br>North Widgie<br>North Widgie<br>North Widgie | Coolgardie<br>Coolgardie<br>Coolgardie<br>Coolgardie<br>Coolgardie<br>Coolgardie<br>Coolgardie | M15/97<br>M15/99<br>M15/100<br>M15/101<br>M15/102<br>M15/653<br>M15/1271 | Granted<br>Granted<br>Granted<br>Granted<br>Granted<br>Granted<br>Granted | 9-Dec-83<br>9-Dec-83<br>9-Dec-83<br>9-Dec-83<br>9-Dec-83<br>20-Nov-92<br>7-Dec-98 | 26-Jul-84<br>26-Jul-84<br>26-Jul-84<br>26-Jul-84<br>11-Apr-85<br>29-Jan-93<br>7-Feb-07 | 25-Jul-26<br>25-Jul-26<br>25-Jul-26<br>25-Jul-26<br>10-Apr-27<br>28-Jan-14<br>6-Feb-28 |                        |             | Gold Rights<br>Gold Rights<br>Gold Rights<br>Gold Rights<br>Gold Rights<br>Gold Rights<br>Gold Rights | ANM<br>ANM<br>ANM<br>ANM<br>ANM<br>ANM<br>ANM | Ramelius<br>Ramelius<br>Ramelius<br>Ramelius<br>Ramelius<br>Ramelius<br>Ramelius |
| Larkinville  | Coolgardie   | E15/689  | Granted   | 2-Jun-00  | 20-Apr-05  | 19-Apr-10  |                        |             | 75% & 80% Ni Rights   | Ramelius & Pioneer                            | Ramelius & Pioneer   |
| Larkinville  | Coolgardie   | E15/742  | Granted   | 26-Oct-01   | 20-Apr-05  | 19-Apr-10  |                        |             | 75% & 80% Ni Rights   | Ramelius & Pioneer                            | Ramelius & Pioneer   |

# REVIEW OF OPERATIONS

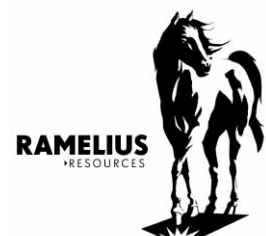
| Project     | Location    | Tenement | Status      | Application Date | Grant Date | Expiry Date | Associated Tenement ID | Acquiring % | Acquired %          | Registered Owner                  | Beneficial Owner                  |
|-------------|-------------|----------|-------------|------------------|------------|-------------|------------------------|-------------|---------------------|-----------------------------------|-----------------------------------|
| Larkinvile  | Coolgardie  | E15/896  | Granted     | 13-Jul-05        | 9-Jan-07   | 8-Jan-12    |                        |             | 75% & 80% Ni Rights | Pioneer                           | Ramelius & Pioneer                |
| Larkinvile  | Coolgardie  | E15/1039 | Granted     | 3-Sep-07         | 13-Mar-09  | 12-Mar-14   |                        |             | 75% & 80% Ni Rights | Pioneer                           | Ramelius & Pioneer                |
| Larkinvile  | Coolgardie  | E15/1062 | Granted     | 8-Feb-08         | 3-Dec-08   | 2-Dec-13    |                        |             | 100%                | Ramelius                          | Ramelius                          |
| Larkinvile  | Coolgardie  | M15/1449 | Application | 9-Mar-04         |            |             | P15/4213-4214          |             | 75% & 80% Ni Rights | Ramelius & Pioneer                | Ramelius & Pioneer                |
| Larkinvile  | Coolgardie  | P15/4213 | Granted     | 17-Feb-99        | 28-Mar-00  | 27-Mar-04   | M15/1449               |             | 75% & 80% Ni Rights | Ramelius & Pioneer                | Ramelius & Pioneer                |
| Larkinvile  | Coolgardie  | P15/4214 | Granted     | 17-Feb-99        | 28-Mar-00  | 27-Mar-04   | M15/1449               |             | 75% & 80% Ni Rights | Ramelius & Pioneer                | Ramelius & Pioneer                |
| Larkinvile  | Coolgardie  | P15/4765 | Application | 17-Jan-06        |            |             |                        |             | 75% & 80% Ni Rights | Pioneer                           | Ramelius & Pioneer                |
| Larkinvile  | Coolgardie  | P15/4790 | Granted     | 19-Apr-06        | 14-Aug-07  | 13-Aug-11   |                        |             | 75% & 80% Ni Rights | Ramelius & Pioneer                | Ramelius & Pioneer                |
| Larkinvile  | Coolgardie  | P15/4904 | Application | 22-Jan-07        |            |             | M15/1449               |             | 75% & 80% Ni Rights | Ramelius & Pioneer                | Ramelius & Pioneer                |
| Larkinvile  | Coolgardie  | P15/4905 | Application | 22-Jan-07        |            |             | M15/1449               |             | 75% & 80% Ni Rights | Ramelius & Pioneer                | Ramelius & Pioneer                |
| Larkinvile  | Coolgardie  | P15/5185 | Granted     | 25-May-07        | 11-Apr-08  | 10-Apr-12   |                        |             | 100%                | Ramelius                          | Ramelius                          |
| Eucalyptus  | Mt Margaret | M39/803  | Granted     | 15-Aug-00        | 22-May-08  | 21-May-29   |                        |             | 50% of Gold Rights  | NiWest                            | NiWest                            |
| Eucalyptus  | Mt Margaret | M39/804  | Granted     | 15-Aug-00        | 22-May-08  | 21-May-29   |                        |             | 50% of Gold Rights  | NiWest                            | NiWest                            |
| Groundlark  | Coolgardie  | M15/1290 | Granted     | 29-Jun-99        | 25-Oct-02  | 24-Oct-23   |                        |             | 100%                | Ramelius                          | Ramelius                          |
| Eagles Nest | Coolgardie  | M15/1475 | Granted     | 12-Jul-04        | 29-Sep-04  | 28-Sep-25   |                        |             | 100%                | Ramelius                          | Ramelius                          |
| Burbanks    | Coolgardie  | M15/1273 | Granted     | 16-Dec-98        | 30-Mar-99  | 29-Mar-20   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | M15/1369 | Granted     | 22-May-01        | 31-Dec-01  | 30-Dec-22   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | M15/1370 | Granted     | 22-May-01        | 31-Dec-01  | 30-Dec-22   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | P15/5269 | Granted     | 19-May-08        | 29-Jun-09  | 28-Jun-13   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | G15/10   | Granted     | 22-Mar-91        | 20-May-92  | 19-May-13   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | G15/11   | Granted     | 22-Mar-91        | 20-May-92  | 19-May-13   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | G15/12   | Granted     | 22-Mar-91        | 20-May-92  | 19-May-13   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | G15/13   | Granted     | 22-Mar-91        | 20-May-92  | 19-May-13   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | L15/109  | Granted     | 3-Jul-89         | 22-Jun-90  | 21-Jun-10   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | L15/110  | Granted     | 3-Jul-89         | 22-Jun-90  | 21-Jun-10   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | L15/189  | Granted     | 10-Mar-94        | 21-Jun-94  | 20-Jun-14   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | L15/234  | Granted     | 31-Jan-02        | 27-Nov-03  | 26-Nov-24   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |
| Burbanks    | Coolgardie  | L15/284  | Granted     | 21-Sep-07        | 25-May-09  | 24-May-30   |                        |             | 100%                | Ramelius Milling Services Pty Ltd | Ramelius Milling Services Pty Ltd |

## Royalty Interests

The Current status of the Company's Royalty Interests is as follows:

| Project Name                   | Location        | Tenement                             | Current Holder               | Nature of Ramelius' Royalty  | Comments  |
|--------------------------------|-----------------|--------------------------------------|------------------------------|--|---|
| SANDSTONE*<br>– Gold           | East Murchison  | Various                              | Troy Resources NL            | Production based Royalty Capped at \$300,000   | No Current Activity by Holder on the Royalty Tenements        |
| BULONG*<br>– Gold              | East Coolgardie | Various                              | Yilgarn Gold Ltd             | Production based Royalty Not Capped  | No Current Activity by Holder on the Royalty Tenements        |
| SPARGOS REWARD*<br>– Gold      | Coolgardie      | Various                              | Breakaway Resources Ltd      | 3% Gross Gold Royalty  | No Current Mining Activity by Holder on the Royalty Tenements |
| SIBERIA*<br>– Gold/Nickel      | Broad Arrow     | Various                              | Siberia Mining Corp Ltd      | Nickel and Gold Royalty Collectively capped at \$100,000                                     | No Current Activity by Holder on the Royalty Tenements        |
| EDJUDINA*<br>– Gold            | Mt Margaret     | Various                              | Saracen Mineral Holdings Ltd | Production based Royalty Capped at \$500,000   | Currently Subject to Proposed Development                     |
| EUCALYPTUS*<br>– Nickel        | Mt Margaret     | M39/803,<br>M39/804                  | GME Resources Ltd            | Option to purchase on commencement of mining Nickel Laterites at \$0.10/tonne of Proven Ore. | No Current Activity by Holder on the Royalty Tenements        |
| PARKER RANGE<br>– All minerals | Yilgarn         | E77/1403,<br>P77/3764-5,<br>P77/3481 | Cazaly Iron Pty Ltd          | Royalty of 1% of value of minerals produced capped at \$500,000.                             | No Current Activity by Holder on the Royalty Tenements        |

\* These royalty assets have been impaired and their carrying costs written off.



Exploration and mining areas held by the Company may be subject to issues associated with Native Title. Whilst it is not appropriate to comment in any detail upon specific negotiations with Native Title parties, the directors of Ramelius believe it is important to state the Company's policy and approach to Native Title and dealings with indigenous communities. The directors believe that the following Native Title policy statement summarises the Company's desire to develop a spirit of cooperation in its dealings with indigenous people, create goodwill, mutual awareness and understanding and most importantly, respect and commitment.

### **Recognition and Respect**

Ramelius recognises Aboriginal regard for land and respects their culture, traditions and cultural sites.

### **Understanding and Trust**

Ramelius listens to Aboriginal community representatives in order to understand their views and beliefs. Recognising that communities may not be fully appreciative of how the Company's business and industry operates, Ramelius works towards increasing their understanding, respect and trust and to promote the Company's obligations and economic constraints amongst indigenous communities. Ramelius ensures that its employees and contractors approach the Company's activities at local sites with respect and a clear understanding of important issues and priorities.

### **Communication and Commitment**

Ramelius adopts practical measures to develop trust. Acknowledging that community leaders and representatives have an obligation to consult its people in order to determine their opinions and wishes and that this may often not be achieved as quickly as is desired, Ramelius uses its best endeavours to expedite the process and ensure that its commercial interests are not adversely impacted. The Company also uses its best endeavours to ensure reasonable rights of consultation and continued access to land are facilitated and the integrity of land is preserved. The Company is committed to taking appropriate steps to identify and reduce the effects of any unforeseen impacts from its activities.

### **Achievements**

During the year, Ramelius made production related payments to both the Widji People and the Central West Goldfields People and continued its business development arrangements with the Widji People.

### **Acknowledgement**

The directors of Ramelius publicly acknowledge the continued co-operation and goodwill shown by the Widji and Central West Goldfields People and their representatives in the course of their interactions with the Company during the year.



## Part A: Introduction

- A1. The Board of Directors are responsible for the overall Corporate Governance of the Company including strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting. In discharging this responsibility, the Board seeks to take into account the interests of all key stakeholders of the Company, including shareholders, employees, customers and the broader community.
- A2. As a listed entity, Ramelius Resources Limited is required to adhere to the ASX Listing Rules of the Australian Securities Exchange. This includes the requirement to annually report the extent to which the entity has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council ("ASXCGC"). The recommendations are based on eight core principles of best practice for corporate governance which are not intended to be prescriptions to be followed by all ASX listed companies, but rather guidelines designed to produce an outcome that is effective and of high quality and integrity. In considering corporate governance practices, the Board is mindful of the recognition by the ASXCGC that a "one size fits all" approach to Corporate Governance is not required. Instead, the ASXCGC states suggestions for best practice designed to optimise corporate performance and accountability in the interests of shareholders and the broader economy. A company may consider that a recommendation is inappropriate to its particular circumstances and has flexibility not to adopt it and explain why.
- A3. Except for those specifically identified and disclosed below, the Company has not to date adopted all ASXCGC best practice recommendations because the Board believes it cannot justify the necessary cost given the size and stage of the entity's life as a public listed exploration company. The Board is, nevertheless, committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the principles outlined by the ASXCGC, including those that comply with best practice and which unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2009.

| Summary of Corporate Governance Principles and Recommendations  | Reference                         |
|---|-----------------------------------|
| <b>Principle 1 – Lay solid foundations for management and oversight</b>   |                                   |
| 1.1 Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.  | B4, B6, B8, B18, B20              |
| 1.2 Disclose the process for evaluating the performance of senior executives.   | B9                                |
| 1.3 Provide the information indicated in the Guide to reporting on Principle 1.   | B11, B66                          |
| <b>Principle 2 – Structure the Board to add value</b>   |                                   |
| 2.1 A majority of the Board should be independent directors.  | B14                               |
| 2.2 The chair should be an independent director.  | B12, B14                          |
| 2.3 The roles of the chair and chief executive officer should not be exercised by the same individual.  | B15                               |
| 2.4 The board should establish a nomination committee.  | B7                                |
| 2.5 Disclose the process for evaluating the performance of the board, its committees and individual directors.  | B11                               |
| 2.6 Provide the information indicated in the Guide to reporting on Principle 2.   | B11, B12, B13, B14, B16, B17, B66 |
| <b>Principle 3 – Promote ethical and responsible decision making</b>  |                                   |
| 3.1 Establish a code of conduct and disclose the code or summary of the code as to: <ul style="list-style-type: none"> <li>The practices necessary to maintain confidence in the company's integrity;</li> <li>The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;</li> <li>The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul> | B22, B23                          |

|   |   |                         |
|---|---|-------------------------|
| 3.2   | Establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.   | B26, B27                |
| 3.3   | Provide the information indicated in the Guide to reporting on Principle 3.   | B66                     |
| <b>Principle 4 – Safeguard integrity in financial reporting</b> |   |                         |
| 4.1   | The board should establish an audit committee.  | B25                     |
| 4.2   | The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• Consists only of non-executive;</li> <li>• Consists of a majority of independent directors;</li> <li>• Is chaired by an independent chair, who is not chair of the board;</li> <li>• Has at least three members.</li> </ul>   | B12, B14, B29, B34      |
| 4.3   | The audit committee should have a formal charter.   | B30                     |
| 4.4   | Provide the information indicated in the Guide to reporting on Principle 4.   | B12, B13, B34, B36, B66 |
| <b>Principle 5 – Making timely and balanced disclosure</b>      |   |                         |
| 5.1   | Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.  | B38                     |
| 5.2   | Provide the information indicated in the Guide to reporting on Principle 5.   | B37, B66                |
| <b>Principle 6 – Respect the rights of shareholders</b>         |   |                         |
| 6.1   | Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of the policy.  | B39                     |
| 6.2   | Provide the information indicated in the Guide to reporting on Principle 6.   | B40, B66                |
| <b>Principle 7 – Recognise and manage risks</b>                 |   |                         |
| 7.1   | Establish policies for the oversight and management of material business risks and disclose a summary of those policies.  | B41, B42                |
| 7.2   | The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.   | B42                     |
| 7.3   | The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system or risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. | B44                     |
| 7.4   | Provide the information indicated in the Guide to reporting on Principle 7.   | B44, B66                |

|  |                    |
|--|--------------------|
| <b>Principle 8 – Remunerate fairly and responsibly</b>   |                    |
| 8.1 The board should establish a remuneration committee.   | B49                |
| 8.2 Clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives. | B48, B50, B56      |
| 8.3 Provide the information indicated in the Guide to reporting on Principle 8.  | B12, B13, B48, B66 |

## Part B: Corporate Governance Disclosure

### Principle 1 – Lay solid foundations for management and oversight

#### Role of the Board

- B1. The Board is governed by the Corporations Act 2001, ASX Listing Rules and a formal constitution adopted by the Company in 2002 on its conversion from a proprietary limited company to a public company limited by shares and as subsequently amended by shareholders.
- B2. The Board's primary role is the protection and enhancement of long-term shareholder value.
- B3. The Board takes responsibility for the overall Corporate Governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting. In discharging this responsibility, the Board seeks to take into account the interests of all key stakeholders of the Company, including shareholders, employees, customers and the broader community.
- B4. The Board has adopted a formal Board Charter in accordance with ASXCGC best practice recommendation 1.1. The Board Charter details the functions and responsibilities of the Board of Directors including the Chairman and the Managing Director/Chief Executive Officer of the company.
- B5. The Board of Directors is responsible for the overall Corporate Governance of the Company. The Board oversees the formulation of strategies and participates in setting objectives for the Company and the establishment of policies to be implemented by management. The Board monitors the activities of the Company and ensures the entity is accountable to external stakeholders.
- B6. The Board's responsibilities are extensive and include the following:
- Determining the size and composition of the Board of Directors, remuneration of directors (subject to the maximum aggregate amount as approved from time to time by the company in general meeting) and assessing the effectiveness of individual directors and the Board as a whole;
  - Establishing committees of the Board and determining terms of reference and reporting requirements;
  - Selecting and appointing (and where appropriate, removing) the Chief Executive, determining conditions of service including remuneration and reviewing performance against key objectives;
  - Ratifying the appointment (and where appropriate, removal) of senior management including the Chief Financial Officer and Company Secretary and approving conditions of service including remuneration and performance monitoring;
  - Reviewing senior management succession planning and development;
  - Approving strategic directions and performance objectives for the Company and monitoring implementation by management;
  - Ensuring adequate financial, and human resources are available to achieve the Company's objectives;
  - Delegating appropriate levels of authority to management;
  - Overseeing the activities of the Company and ensuring effective systems of audit, risk management and internal controls are in place to protect the entity's assets and minimise operations beyond legal and regulatory requirements or acceptable risk thresholds;
  - Monitoring compliance with legal and other regulatory requirements including accounting standards, continuous disclosure and ASX Listing Rules;
  - Approving and monitoring financial budgets, capital management, major expenditures and significant acquisitions and divestments;
  - Approving and monitoring financial and other reporting;
  - Approving and monitoring appropriate policies, procedures, codes of conduct and ethical standards for directors and employees;
  - Ensuring effective communication and reporting to shareholders and other key stakeholders of the Company.

## Board processes and management

- B7. The Board has an established framework for the management of the entity including a system of internal control, a business risk management process and appropriate ethical standards. To assist in the execution of its responsibilities, the Board has an Audit Committee to deal with internal control, ethical standards and financial reporting. The Audit Committee's role and responsibilities, composition, structure and membership are set out in a formal Charter. In August 2008 the Board established a Remuneration Committee to deal executive performance, remuneration, recruitment, retention and termination policies for senior management and incentive schemes. In August 2009 the Committee was renamed the Nomination and Remuneration Committee.
- B8. The Board appoints a Managing Director/Chief Executive Officer responsible for the day to day management of the Company. The role of the Managing Director is documented in the Board Charter (refer Principle 2 below).

## Performance Evaluation

- B9. The Nomination and Remuneration Committee evaluates the performance of the Managing Director/Chief Executive Officer, Chief Financial Officer/Company Secretary and other senior executives on a regular basis and makes recommendations to the Board on any performance related remuneration matters. The Board encourages continuing professional development of senior executives and other employees. The Company's remuneration practices are disclosed in the Remuneration Report section of the Directors Report.
- B10. The Nomination and Remuneration Committee's responsibilities include the following:
- Evaluating the necessary and desirable competencies for members of the Board of Directors;
  - Assessing skills, experience and expertise and making recommendations to the Board on candidates for appointment and re-appointment as directors on the Board;
  - Reviewing and making recommendations on processes for evaluating the performance of members of the Board and its Committees and for assessing and enhancing director competencies;
  - Reviewing and monitoring progress of succession plans and making recommendations to the Board;
  - Reviewing and making recommendations to the Board on the remuneration of the Managing Director/CEO;
  - Reviewing and making recommendations to the Board, on advice from the Managing Director/CEO, on remuneration of senior executives of the Company (other than the Managing Director/CEO) and in respect of remuneration matters generally;
  - Evaluating and making recommendations to the Board on the Company's recruitment, retention and termination policies and procedures;
  - Assessing and making recommendations to the Board on remuneration policies and practices including superannuation arrangements, incentive schemes and performance targets for senior executives and other employees of the Company.
  - Reviewing and assessing annually the performance of the Committee and the adequacy of its charter.
- B11. A performance evaluation for the Board and its members is conducted by the Chairman on an informal basis as considered necessary. There was no performance evaluation of the Board undertaken during the 2009 financial year because this was planned for completion by December 2009. Performance evaluations for relevant senior executives were undertaken by the remuneration committee during the 2009 financial year in accordance with the Company's performance evaluation process.

## Principle 2 – Structure the Board to add value

### Composition of the Board

- B12. The names of the directors of the Company and terms in office at the date of this Statement together with their skills, experience and expertise are set out below. The directors' terms in office are considered appropriate in light of the fact that the Company was a dormant company prior to its ASX listing in March 2003.

**Robert Michael Kennedy** *Non-Executive Chairman - ASAIT, Grad, Dip (Systems Analysis), FCA, ACIS, Life member AIM, FAICD.*

Mr Kennedy joined Ramelius Resources Limited on 1 November 1995 as a non-executive chairman. He is a chartered accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded. He is also a director of ASX listed companies Beach Petroleum Limited (since 1991), Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004), Monax Mining Ltd (since 2004), Eromanga Uranium Limited (since



2006), and Marmota Energy Limited (since 2007). His special responsibilities include membership of the Audit Committee and the Nomination & Remuneration Committee. Mr Kennedy brings to the Board his expertise in finance and management consultancy and extensive experience as chairman and non-executive director of a range of listed public companies including in the resources sector. Mr Kennedy leads the development of strategies for the development and future growth of the Company.

**Reginald George Nelson** *Non-Executive Director - BSc, Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD.*

Mr Nelson joined Ramelius Resources Limited as a non-executive director on 1 November 1995. He has had a career spanning nearly four decades as an exploration geophysicist in the minerals and petroleum industries. He was chairman of the peak industry organisation, the Australian Petroleum Production and Exploration Association (APPEA) from 2004 to 2006 and remains a member of its Council. He is a former Chairman of the Nevorio Gold Mine Joint Venture in Western Australia. He has broad experience in gold exploration and mining operations in Western Australia, the Northern Territory and South Australia. He is also a director of ASX listed companies, Beach Petroleum Limited (since 1992), Monax Mining Ltd (since 2004) and Marmota Energy Limited (since 2007). His special responsibilities include Chairmanship of the Audit Committee and the Nomination & Remuneration Committee. Mr Nelson's contribution to the Board is his wide technical expertise and knowledge of the mining industry and corporate matters.

**Ian James Gordon** *Executive Director and Chief Executive Officer - B.Com, MAICD.*

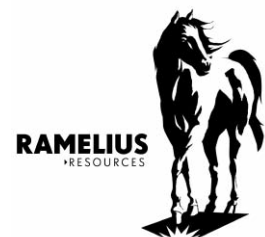
Mr Gordon joined Ramelius Resources Limited as an executive director on 18 October 2007. He has more than 20 years experience in the resources industry in gold, diamonds and base metals. He has held management positions with Rio Tinto Exploration Pty Ltd, Gold Fields Australia Pty Ltd and Delta Gold Limited. He was a director of ASX listed company, Glengarry Resources Limited (2004 to 2005). His special responsibilities relate to directing the exploration program and development of the Wattle Dam gold mine. Mr Gordon's contribution to the Board is his broad experience in gold exploration and mining operations in Australia and knowledge of industry issues is directed towards expanding and strengthening the future growth of the Company.

**Joseph Fred Houldsworth** *Non-Executive Director*

Mr Houldsworth joined Ramelius Resources Limited as an executive director on 18 February 2002 and was Managing Director and Chief Executive Officer until 31 July 2009. He has extensive practical experience in the resource industry having worked in the mining and exploration industry for more than 30 years at both operational and management levels primarily in the Western Australian Goldfields. He was instrumental in turning around the troubled Nevorio Gold Mine in 1993 and is a former consultant for 10 years to insolvency specialists on both mining and exploration. Mr Houldsworth's contribution to the Board is his considerable experience and knowledge of the mining industry and as the former chief executive of the company as well as his background in asset management for various mining entities.

**Kevin James Lines** *Non-Executive Director - BSc (Geology), MAusIMM.*

Mr Lines joined Ramelius Resources Limited as a non-executive director on 9 April 2008. He has over 25 years experience in mineral exploration and mining for gold, copper, lead/zinc and tin. He has held senior geological management positions with Newmont Australia Limited, Normandy Mining Limited and the CRA group of companies. He was the foundation Chief Geologist at Kalgoorlie Consolidated Gold Mines where he led the team that developed the ore-body models and geological systems for the Super-Pit Operations in Kalgoorlie, managed the Eastern Australian Exploration Division of Newmont Australia that included responsibility for the expansive tenement holdings of the Tanami region. He is also managing director of ASX listed company, Eromanga Uranium Limited (since 2006). Mr Line's contribution to the Board is his extensive experience in the assessment and evaluation of exploration projects and development of properties and mining operations overseas.



B13. The Company held 22 meetings of directors (including committees of directors) during the financial year. The number of directors' meetings and number of meetings attended by each of the directors of the Company (including committees of directors) during the financial year were as follows:

| Director                             | Directors' Meetings       |                 | Audit Committee Meetings  |                 | Nomination & Remuneration Committee Meetings |                 |
|--------------------------------------|---------------------------|-----------------|---------------------------|-----------------|--|-----------------|
|                                      | Number Eligible to attend | Number Attended | Number Eligible to attend | Number Attended | Number Eligible to attend                    | Number Attended |
| Robert Michael Kennedy               | 17                        | 17              | 3                         | 3               | 2  | 2               |
| Reginald George Nelson               | 17                        | 17              | 3                         | 3               | 2  | 2               |
| Joseph Fred Houldsworth <sup>1</sup> | 17                        | 17              | N/A                       | N/A             | N/A  | N/A             |
| Ian James Gordon <sup>1</sup>        | 17                        | 17              | N/A                       | N/A             | N/A  | N/A             |
| Kevin James Lines <sup>1</sup>       | 17                        | 17              | N/A                       | N/A             | N/A  | N/A             |

<sup>1</sup> Messrs Houldsworth, Gordon and Lines are not members of the Audit Committee or the Nomination & Remuneration Committee.

B14. The composition of the Board currently consists of five directors, Mr RM Kennedy (Chairman), Mr RG Nelson, Mr JF Houldsworth, Mr KJ Lines and Mr IJ Gordon. Apart from Mr Gordon (Chief Executive Officer), all other directors including the Chairman, are non-executives. Although the composition of the Board is comprised of a majority of non-executive directors, the majority of the Board is however not regarded as meeting the criteria of being independent because two of the non-executive directors (Messrs Kennedy and Nelson) are officers of a substantial shareholder of the Company and Mr Houldsworth was Managing Director until July 2009. One director (Mr Lines) meets the independent director criteria contained in ASXCGC best practice recommendation 2.1. Notwithstanding the criteria set out in best practice recommendation 2.1, the Board considers that all non-executive directors act independent from any conflict of interest and in the best interests of stakeholders because all directors are required to disclose any conflict or material interest in any matter being considered by the Board in accordance with the provisions of the Section 191 of the Corporations Act.

B15. Mr Kennedy's role as Chairman of the Board is separate from that of the Managing Director/Chief Executive Officer, Mr Houldsworth (until 31 July 2009)/Mr Gordon (since 1 August 2009) who is responsible for the day to day management of the Company and is in compliance with the ASXCGC best practice recommendation 2.3 that these roles not be exercised by the same individual.

B16. The Company's constitution specifies the number of directors must be at least three and at most ten. The Board may at any time appoint a director to fill a casual vacancy. Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the Managing Director) are subject to re-election at least every two years. The tenure for executive directors is linked to their holding of executive office.

B17. Formal deeds were entered into by the Company with directors whereby all directors are entitled to take such legal advice as they require at any time and from time to time on any matter concerning or in relation to their rights, duties and obligations as directors in relation to the affairs of the Company.

B18. The Board Charter details the roles of the Chairman and Managing Director as follows.

## Role of the Chairman

B19. The role of Chairman is non executive and central to the effective corporate governance of the Company. The Chairman leads the Board and General Meetings of the Company and is instrumental in ensuring effective communications exist between the Board of Directors and senior management. The Chairman is also responsible for the following:

- Ensuring the Company has an effective Board and that there are appropriate procedures in place to evaluate the performance of the Board as a whole, its individual directors and committees;
- Ensuring that meetings of the Board are conducted efficiently and effectively and that the quality of agenda and Board papers properly inform directors on the operations of the Company so as to facilitate effective review, analysis, discussion and decision making by directors;
- Promoting high standards of integrity and ethics;
- Establishing and maintaining a close working relationship with the Managing Director/Chief Executive Officer and providing ongoing support and advice;
- Overseeing communications with shareholders and other key stakeholders and representing the Board of Directors as required.

## Role of the Managing Director/Chief Executive Officer

B20. The role of the Managing Director/Chief Executive Officer is separate from the Chairman and is appointed by the non executive directors of the Board. The responsibilities of the Managing Director/Chief Executive Officer include the following:

- Recommending strategic directions and implementing business plans approved by the Board;
- Managing the day to day operations of the Company including its financial, physical and human resources;
- Developing and implementing risk management procedures;
- Developing and implementing internal control and regulatory compliance policies and procedures;
- Providing timely, accurate and relevant information to the Board.

## Principle 3 – Promote ethical and responsible decision making

### Ethical standards

B21. The Company aims to a high standard of corporate governance and ethical conduct by directors and employees.

B22. The Company has a Policy Manual which contains a code of conduct that provides guidance to employees regarding expected standards of behaviour, ethics and integrity as a condition of their employment.

B23. The Company's code of conduct requires Directors and officers to:

- act in good faith and in the best interests of the Company;
- exercise care and diligence that a reasonable person in that role would exercise;
- exercise their powers in good faith for a proper purpose and in the best interests of the Company;
- not improperly use their position or information obtained through their position to gain a personal advantage or for the advantage of another person to the detriment of the Company;
- disclose material personal interests and avoid actual or potential conflicts of interests;
- keep themselves informed of relevant Company matters;
- keep confidential the business of all directors meetings; and
- observe and support the Board's Corporate Governance practices and procedures.

B24. All directors have signed deeds with the Company which require them to provide the Company with details of all securities registered in the director's name or an entity in which the director has a relevant interest within the meaning of section 9 of the Corporations Act 2001 and details of all contracts, other than contracts to which the Company is a party to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in the Company and the nature of the director's interest under the contract.



B25. Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with Section 195 of the Corporations Act 2001, a director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter.

## **Trading in the Company's Securities**

B26. The Company has a policy whereby directors, officers and employees are not permitted to trade in securities of the Company at any time whilst in possession of price sensitive information not readily available to the market. Section 1043A of the Corporations Act 2001 also prohibits the acquisition and disposal of securities where a person possess information that is not generally available and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available.

B27. In addition the Board has approved a formal policy regarding notification of Directors' interests in securities of the Company and contracts.

## **Principle 4 – Safeguard integrity in financial reporting**

### **CEO/CFO declarations on financial reports**

B28. The Chief Executive Officer and Chief Financial Officer are required to provide written declarations to the Board stating that in their opinions the Company's annual financial reports present a true and fair view, in all material respects, of the Company's financial position and financial performance are in accordance with relevant accounting standards.

### **Audit Committee**

B29. Ramelius is not a Company required by ASX Listing Rule 12.7 to have an Audit Committee during the year although it is a best practice recommendation of the ASXCGC. Notwithstanding the Listing Rule requirement, the Company has established an Audit Committee in accordance with ASXCGC best practice recommendation 4.1 to oversee the Company's internal controls, ethical standards, financial reporting, and external accounting and compliance procedures.

B30. The Board has adopted a formal Charter for the Audit Committee in accordance with ASXCGC best practice recommendation 4.3. The Charter details the Audit Committee's role and responsibilities, composition and membership requirements. The role of the Chairman of the Audit Committee is also detailed in the Charter.

B31. The Audit Committee is generally responsible for the integrity of the Company's financial reporting and overseeing the performance and independence of the external auditor.

B32. Members of the Audit Committee have full rights to access all information and records of the Company and to discuss any matter with the external auditor and senior management. The Committee also has the right to seek external professional advice at the cost of the Company.

B33. The Audit Committee's responsibilities are as follows:

- Overseeing establishment, maintenance and reviewing the effectiveness of the Company's internal control and ensuring efficacy and efficiency of operations, reliability of financial reporting and compliance with applicable Accounting Standards, Regulations and ASX Listing Rules;
- Reviewing, assessing and making recommendations to the Board on the annual and half year financial reports and other financial information or formal announcements published or released by the Company;
- Assessing and ensuring that any significant transactions and related party dealings are properly recognised, recorded and disclosed in the Company's financial reports;
- Obtaining and reviewing statements from the Chief Executive Officer and Chief Financial Officer expressing opinions on whether the Company's financial records have been properly maintained and whether financial statements comply with accounting standards and present a true and fair view;
- Reviewing the effectiveness of the Company's risk management and internal compliance systems;
- Approving and monitoring appropriate policies, procedures, codes of conduct and ethical standards for directors and employees and receiving and assessing management reports on any deficiencies or weaknesses that may arise;
- Liaising and discussing any relevant issues with the Chief Executive Officer and Chief Financial Officer;

- Assessing the scope of the annual audit and half year review, ensuring emphasis is placed on any areas requiring special attention;
- Liaising with and reviewing all reports of the external auditor including audit reports, management letters and independence declarations;
- Reviewing performance and assessing independence of the external auditor having regard for the provision of any non audit services and where necessary, making recommendations relating to audit fees, selection process, appointment, and removal of the Company's external auditor;
- Obtaining and reviewing statements confirming the external auditor's independence;
- Reviewing and monitoring management's response to any significant external auditor findings and recommendations;
- Reporting generally to the Board on the activities of the Committee and making any necessary recommendations relating to areas of improvement;
- Reviewing the contents of statements to be included in the annual report on the activities of the Committee;
- Ensuring effective communication and reporting of the role of the Committee to shareholders and other key stakeholders of the Company;
- Reviewing and assessing annually the performance of the Committee and the adequacy of this Charter.

B34. The Audit Committee currently consists of the two non-executive Board directors, Messrs Kennedy & Nelson, and is chaired by Mr Nelson. Mr Kennedy is a qualified Chartered Accountant. Details of these directors' qualifications and attendance at meetings are set out in the Directors' Report section of this report. The Audit Committee currently consist of less than three members and does not have a majority of independent directors including an independent Chairman. The members of the Committee are not regarded as being independent according to the criteria set out in the ASXCGC best practice recommendations because they are officers of a substantial shareholder of the Company. Notwithstanding the criteria set out in best practice recommendation 2.1 regarding independence, the Board considers that all members of the Committee act independent from any conflict of interest and in the best interests of stakeholders because all directors are required to disclose any conflict or material interest in any matter being considered by the Committee in accordance with the provisions of the Section 191 of the Corporations Act. Nevertheless, notwithstanding that the Company is not required to have an Audit Committee by ASX Listing Rule 12.7, the Audit Committee established by the Board is in partial compliance with ASXCGC best practice recommendation 4.2 in that it consists of only non-executive directors with a Chairman who is not the Chairman of the Board. The Board considers the current composition of the Audit Committee is appropriate given the current composition and size of the Board of Directors.

B35. The role of Chairman is non executive and central to the effectiveness of the Audit Committee and its contribution to the Board's overall responsibility for the Corporate Governance of the Company. The Chairman leads the Committee and its meetings and is instrumental in ensuring effective communications exist between the Committee and the Board of Directors, senior management and external auditor. The Chairman is also responsible for the following:

- Ensuring the Audit Committee has appropriate procedures in place to evaluate the performance and effectiveness of the Committee as a whole and its individual Members;
- Ensuring that meetings of the Audit Committee are conducted efficiently and effectively and that the quality of agendas and papers properly inform Members on matters before the Committee that facilitates effective review, analysis, discussion and decision making by Members of the Committee;
- Promoting high standards of integrity and ethics;
- Maintaining a close working relationship with the Managing Director/Chief Executive Officer, senior management and external auditor so as to facilitate an effective flow of relevant and appropriate information to the Committee;
- Ensuring that the Board is kept informed on all matters relating to the activities of the Committee and overseeing any communications concerning its activities with shareholders and other key stakeholders.

B36. The Committee meets at least two times per annum and reports to the Board. The Managing Director/Chief Executive Officer, Chief Financial Officer and external auditor may by invitation attend meetings at the discretion of the Committee.



## Principle 5 – Making timely and balanced disclosure

### Continuous Disclosure

B37. The Company operates under the continuous disclosure requirements of the ASX Listing Rules and ensures that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

B38. Although the Company has a procedure in place to promote timely disclosure of material information, proper vetting and authorisation of announcements that are factual and properly presented, such procedures have only been summarised and not formally documented in detail. The Board does not consider this to have impeded compliance with the continuous compliance requirements of the ASX Listing Rules given the size of the Company.

## Principle 6 – Respect the rights of shareholders

### The Role of Shareholders

B39. The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASXCGC best practice recommendation 6.1, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the Australian Securities Exchange and thereby the Australian Securities and Investments Commission and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's internet web-site at [www.rameliusresources.com.au](http://www.rameliusresources.com.au) and sent by email to shareholders who request to receive such information electronically; and
- disclosure of the Company's Corporate Governance practices and communications strategy on the entity's internet web-site.

B40. The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. In accordance with ASXCGC best practice recommendations, the external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

## Principle 7 – Recognise and manage risks

### Risk Assessment and Management

B41. The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, title and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. The Board of Directors believe that consistent with the operations of the Company, its key stakeholders, principally shareholders, are willing to accept a higher level of risk than may otherwise be expected with other listed companies in return for higher potential rewards. Nevertheless, the Directors consider that there is value in formalising a process for monitoring material business risks in order to assist it with its overall responsibility for mitigating such risks.

- B42. The Board has approved a policy manual the contents of which assists with risk mitigation, oversight and management. However the Board has not to date requested management to formally design and implement a risk management and internal control system to manage the entity's material business risks because the Board considers the size of the Company renders the costs associated with this to be prohibitive. Consequently management does not currently report to the Board against a formal risk management and internal control system. Notwithstanding this, the Company has during the year commenced and is currently in the process of reviewing its risk management system.
- B43. Although the Board recognises its ultimate responsibility for risk management and oversight, in discharging its duties, considerable reliance is placed on information provided by management to mitigate material business risks. Ramelius does not have a separate Risk Management Committee as the Directors do not consider this would be efficient given the size of the Board and in view of the size of the Company and the environment in which it operates. Instead Directors prefer to proactively and continually assess all material business risks as part of the Board's overall decision making process. Whilst every effort is made by Directors to weigh up material business risks against potential rewards in their decision making process, the Board acknowledges that no process can guarantee elimination of potential material loss.
- B44. The Chief Executive Officer and Chief Financial Officer are required to declare to the Board in writing that the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001 the financial statements and associated notes comply in all material respects with the accounting standards as required by Section 296 of the Corporations Act 2001; and the financial statements and associated notes give a true and fair view, in all material respects, of the financial position as at balance date and performance of the Company for the year as required by Section 297 of the Corporations Act 2001. The declarations were provided to the Board in respect of the 2009 financial year. However these officers are not presently required to state in writing that the integrity of the financial statements are based on a sound system of risk management and internal control because the Board considers the size of the Company renders the costs of implementing such systems and controls prohibitive.

## Principle 8 – Remunerate fairly and responsibly

### Remuneration Policy

- B45. In accordance with ASXCGC best practice recommendations, the Company's remuneration practices are set out as follows:

### Remuneration Practices

- B46. The Company's policy for determining the nature and amounts of emoluments of board members and Key Management Personnel of the Company is as follows.
- B47. The Company's Constitution specifies that the total amount of remuneration of non-executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non-executive directors has been set at \$400,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non-executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The remuneration of the Managing Director/Chief Executive Officer is determined by the non-executive directors on the Nomination and Remuneration Committee and approved by the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director/Chief Executive Officer subject to the approval of the Board.
- B48. Non-executive director remuneration is by way of fees and statutory superannuation contributions. Non-executive directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.



- B49. The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Nomination and Remuneration Committee is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel. In August 2008, a Nomination and Remuneration Committee was established to assist the Board by overseeing remuneration policies and make recommendations to the Board. The Company may also engage external consultants to advise on remuneration policy and to benchmark remuneration of senior executives against comparable entities so as to ensure that remuneration packages are consistent with the market and are appropriate for the organisation.
- B50. All key management personnel receive a base salary based on factors such as experience, length of service, superannuation and performance incentives. Performance incentives are generally paid once predetermined key performance indicators have been met. Key management personnel receive a statutory superannuation guarantee contribution, however do not receive any other form of retirement benefits. Individuals may elect to salary sacrifice part of their salary to increase payments towards superannuation. On retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement.
- B51. To date, the Company has not emphasised payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators. However the Nomination and Remuneration Committee may recommend to the Board the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Nomination and Remuneration Committee. Cash bonuses paid during the financial year are disclosed in the Remuneration Report.
- B52. All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

### **Employee Incentive Plan**

- B53. The Company has an Employee Share Acquisition Plan and a Performance Rights Plan which have been approved by shareholders in November 2007. The Share Acquisition Plan enables the Board to offer eligible employees as a long-term incentive, ordinary fully paid shares in the Company and in accordance with the terms of the Plan, shares may be offered at no consideration unless the Board determines that market value or some other value is appropriate. Any consideration may be by way of interest free loans repayable in accordance with the terms and conditions of the Plan. The Performance Rights Plan enables the Board to grant Performance Rights (being entitlements to shares in the Company that are subject to satisfaction of vesting conditions) to selected key senior executives as a long-term incentive as determined by the Board in accordance with the terms and conditions of the Plan.
- B54. The objective of the Share Acquisition Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long-term performance of the Company. The objective of the Performance Rights Plan is to provide selected senior executives the opportunity to participate in the equity of the Company through the issue of Performance Rights as a long-term incentive that is aligned to the long-term interests of shareholders.
- B55. During the year ended 30 June 2009 a total of 72,090 shares with a fair value of \$39,650 were issued to employees under the Employee Share Acquisition Plan.

### **Performance Based Remuneration**

- B56. Key Management Personnel receive performance based remuneration as considered appropriate by the Nomination and Remuneration Committee and the Board. The intention of this remuneration is to facilitate goal congruence between Key Management Personnel with that of the business and shareholders.
- B57. The remuneration policy of the Company has been tailored to increase goal congruence between shareholders, directors and senior executives. Two methods have been used to achieve this aim.
- B58. The first method was the issue of options to Key Management Personnel. During the 2008 financial year a total of 800,000 options (each exercisable at \$1.90 by 30 June 2009) with a fair value of \$272,000 were issued to certain Key Management Personnel. These options were not exercised and lapsed at expiry. No options were issued to Key Management Personnel during the 2009 financial year.
- B59. The second method was through a Performance Rights Plan based on Key Performance Indicators ("KPI's") set by the Board. The KPI conditions attached to the Performance Rights Plan include a vesting period of three years from grant date (7 April 2008) and a requirement for the Company's share price to be within the top 40% comparator group of companies as set by the Board. The Companies in the comparator group are as follows.



|                              |                                     |
|------------------------------|-------------------------------------|
| Avoca Resources Limited      | Dioro Exploration NL                |
| Alkane Resources Limited     | Gryphon Minerals Limited            |
| Apex Minerals NL             | Integra Mining Limited              |
| Barra Resources Limited      | Monarch Gold Mining Company Limited |
| Bendigo Mining Limited       | Norton Gold Fields Limited          |
| Carrick Gold Limited         | Silver Lake Resources Limited       |
| Citigold Corporation Limited | Tanami Gold NL                      |
| Crescent Gold Limited        | Troy Resources NL                   |

- B60. During the 2008 financial year a total of 900,000 Performance Rights with a fair value of \$576,000 were granted under the Performance Rights Plan to selected Key Management Personnel. No Performance Rights were granted during the 2009 financial year. These Rights are recognised on a pro-rata basis over the vesting period. Any Rights that do not vest on the vesting date will lapse. The Rights are subject to performance conditions which are to be tested in future financial periods.
- B61. The employment conditions of Executive Directors including the Chief Executive Officer and Key Management Personnel are formalised in contracts of employment. During the year the new employment contracts of the former Managing Director, Chief Executive Officer and the Chief Financial Officer/Company Secretary were entered into. The contracts have no fixed term with 3 months and 6 months notice of termination by the executive and Company respectively. Generally, employment contracts of senior executives enable the Company to terminate the contracts without cause by providing written notice or making a termination payment in lieu of notice including a minimum termination payment as provided for under the contracts. However any such termination payments to officers of the Company are subject to the requirements of ASX Listing Rule 10.19, and in the event that the value of termination benefits to be paid and the value of all other termination benefits that are or may be payable to all officers of the Company together exceed 5% of the equity interests of the Company as set out in the latest accounts given to the ASX, the payment shall be pro-rata based on the maximum total termination benefits allowable under ASX Listing Rule 10.19. Termination payments are not generally payable on resignation or dismissal for serious misconduct. Any performance rights or options not vested or exercised before the date of termination will lapse.
- B62. Details of directors' and executives/officers' remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report.
- B63. In August 2008 the Board established a Remuneration Committee to deal with executive performance, remuneration, recruitment, retention and termination policies for senior management and incentive schemes. In August 2009 the committee was renamed the Nomination and Remuneration Committee.
- B64. The Nomination and Remuneration Committee currently consists of the two non-executive Board directors, Messrs Kennedy & Nelson, and is chaired by Mr Nelson. Details of these directors' qualifications and attendance at meetings are set out in the Directors' Report section of this report. The Board considers the current composition of the Nomination and Remuneration Committee is appropriate given the current composition and size of the Board of Directors.

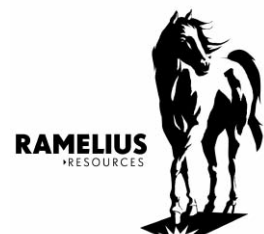
## Products limiting risk

- B65. The Company has a policy that Directors should not engage in hedge contracts over securities of the company.

## Corporate Governance Statements

- B66. Corporate governance statements relating to the following matters are publicly available from the Company's website at [www.rameliusresources.com.au](http://www.rameliusresources.com.au)

- Functions and responsibilities of the Board, Chairman & Managing Director/Chief Executive Officer;
- Board charter;
- Audit Committee charter;
- Nomination and Remuneration Committee charter;
- Code of Conduct;
- Trading Policy;
- Continuous Disclosure;
- Risk oversight and management;
- Products limiting risk.



**ADSORPTION**

The attraction of molecules (of gold) in solution to the surface of solid bodies (carbon).

**AEROMAGNETICS**

A geophysical technique measuring changes in the earth's magnetic field from an airborne craft.

**AIRCORE**

A method of rotary drilling whereby rock chips are recovered by air flow returning inside the drill rods rather than outside, thereby providing usually reliable samples.

**ANOMALOUS**

A departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical values higher or lower than the norm.

**ARCHAEAN**

The oldest rocks of the Earth's crust – older than 2,400 million years.

**AURIFEROUS**

Gold bearing material

**AUGER**

A screw-like boring or drilling tool for use in clay or soft sediments.

**ASX**

The Australian Securities Exchange Limited (ACN 008 629 691)

**AU**

Gold

**AZ**

Azimuth, a surveying term, the angle of horizontal difference, measured clockwise, of a bearing from a standard direction, as from north.

**BASE METAL**

Non precious metal, usually referring to copper, zinc and lead.

**BCM**

Bank Cubic Metre. Usually refers to the volume of waste measured in situ.

**BERM**

A horizontal bench left in the wall of an open pit to provide stability to the wall.

**BIOTITE**

A mineral of the mica group widely distributed in a variety of rock types.

**CALCRETE**

Soil and superficial material cemented by calcium carbonate.

**CARBONATE**

A common mineral type consisting of carbonates of calcium, iron, and/or magnesium.

**CHLORITE**

A representative of a group of micaceous greenish minerals which are common in low grade schists and is also is a common mineral associated with hydrothermal ore deposits.

**CIL CIRCUIT**

That part of the gold treatment plant where gold is dissolved from the pulverised rock and subsequently adsorbed onto carbon particles from which the gold is ultimately recovered.

**COMPANY**

Ramelius Resources Limited (ACN 001 717 540)

**COSTEAN**

A trench dug through soil to expose the bedrock.

**CU**

Copper.

**CUT**

A term used when referring to average assays where the grade of a particularly high-grade interval is reduced to a lesser value.

**DISSEMINATED**

Usually referring to minerals of economic interest scattered or diffused through out the host rock.

**DIP**

The angle at which rock stratum or structure is inclined from the horizontal.

**DYKE**

Tabular igneous intrusive cutting the bedding or planar features in the country rock.

**EL**

Exploration Licence.

**ELA**

Exploration Licence application.

**EM**

Electromagnetic, a geophysical technique used to detect conductive material in the earth.

**EOH**

End of Hole.

**FAULT**

A fracture in rocks along which rocks on one side have been moved relative to the rocks on the other.

**F.C.I.**

Free carried interest.

**FELSIC**

Light coloured rock containing an abundance of any of the following: - feldspars, feldspathoids and silica.

**FERRUGINOUS**

Containing iron.

**FLITCH**

A Mining Term for the different levels in an open pit.

**GEOCHEMICAL EXPLORATION**

Used in this report to describe a prospecting technique, which measures the content of certain metals in soils and rocks and defines anomalies for further testing.

**GEOPHYSICAL EXPLORATION:**

The exploration of an area in which physical properties (eg. Resistivity, gravity, conductivity and magnetic properties) unique to the rocks in the area quantitatively measured by one or more geophysical methods.

**g/cc**

grams per cubic centimetre

**G.I.C.**

Gold in circuit

**g/t**

grams per tonne

**GOSSAN**

The oxidised, near surface part of underlying primary sulphide minerals.

**GROSS GOLD ROYALTY**

A royalty payment based on the total amount of product (gold) produced.

**GRADE**

g/t – grams per tonne, ppb – part per billion, ppm – parts per million.

**GRATICULAR BLOCK**

With respect to Exploration Licences, that area of land contained within one minute of Latitude and one minute of Longitude.

**GRAVITY CIRCUIT**

Part of the Gold Treatment Plant where gold particles are accumulated by virtue of their density.

**GSWA**

The Geological Survey of Western Australia.

**ha**

Hectare

**JORC**

The Australasian Code for Reporting of Mineral Resources and Ore Reserves

**km**

kilometre

**KOMATIITE**

An ultramafic rock with high magnesium content extruded from a volcano.

**LAG**

A residual deposit remaining after finer particles have been blown away by wind.

**LATERITE**

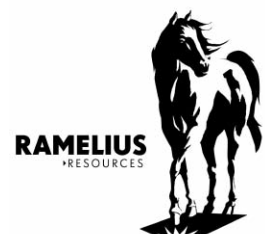
Highly weathered residual material rich in secondary oxides of iron and/or aluminium.

**LEACHWELL**

An analytical method.

**LODE DEPOSIT**

A vein or other tabular mineral deposit with distinct boundaries.



## **MASSIVE**

Large in mass, having no stratification. Homogeneous structure.

## **MINERALISED**

Rock impregnated with minerals of economic importance.

## **M TONNES**

million tonnes

## **M**

metre

## **ML**

Mining Lease.

## **MLA**

Mining Lease Application.

## **NATIVE TITLE**

Native Title is the recognition in Australian law of indigenous Australian's rights and interests in land and waters according to their own traditional laws and customs. In June 1992, the High Court of Australia, in the case of *Mabo v Queensland (1992) 175 Commonwealth Law Reports 1*, overturned the idea that the Australian continent belonged to no one at the time of European's arrival. It recognised for the first time that indigenous Australians may continue to hold native title. Indigenous Australians may now make native title claimant applications seeking recognition under Australian law of their native title rights.

## **NATIVE TITLE TRIBUNAL**

The Native Title Tribunal set up under the Native Title Act 1993.

## **Ni**

Nickel.

## **OPEN PIT**

A mine excavation produced by quarrying or other surface earth-moving equipment.

## **ORE GRADE**

The grade of material that can be (or has been) mined and treated for an economic return.

## **OVERCALL**

Refers to more metal (gold) being recovered than anticipated.

## **OXIDISED**

Near surface decomposition by exposure to the atmosphere and groundwater, compare to weathering.

## **oz**

Troy ounces = 31.103477 grams

## **PEDOGENIC**

The development of soil.

## **PENTLANDITE**

An important ore of nickel (FeNi)<sub>9</sub>S<sub>8</sub>

## **PETROLOGICAL**

Pertains to a study of the origin, distribution, structure and history of rocks.

## **PERCUSSION DRILLING**

Method of drilling where rock is broken by the hammering action of a bit and the cuttings are carried to the surface by pressurised air returning outside the drill pipe.

## **Pd**

Palladium.

## **PL**

Prospecting Licence.

## **PLA**

Prospecting Licence application

## **PORPHYRY**

A felsic or sub volcanic rock with larger crystals set in a fine groundmass.

## **ppb**

parts per billion

## **PRIMARY GOLD**

Gold mineralisation that has not been subject to weathering processes, as opposed to Secondary Gold.

## **PROTEROZOIC**

The Precambrian era after Archaean.

## **Pt**

Platinum.

## **PYRITE**

A common, pale bronze iron sulphide mineral.

**PYRRHOTITE**

An iron sulphide mineral.

**QUARTZ**

Mineral species composed of crystalline silica.

**RAB DRILLING**

Rotary Air Blast Drilling: Method of drilling in which the cuttings from the bit are carried to the surface by pressurised air returning outside the drill pipe. Most "RAB" drills are very mobile and designed for shallow, low-cost drilling of relatively soft rocks.

**RC DRILLING**

Reverse Circulation Drilling: A method of drilling whereby rock chips are recovered by air flow returning inside the drill rods rather than outside, thereby providing usually reliable samples.

**REIDEL FAULT**

A slip surface that develops during the early stage of shearing.

**REGOLITH**

A layer of fragmented and unconsolidated material that overlies or covers basement.

**RESERVE**

The mineable part of a resource to which a tonnage and grade has been assigned according to the JORC code.

**RESOURCE**

Mineralisation to which a tonnage and grade has been assigned according to the JORC code.

**ROCK CHIP SAMPLE**

A series of rock chips or fragments taken at regular intervals across a rock exposure.

**SECONDARY GOLD**

Gold mineralisation that has been subject to and usually enriched by weathering processes.

**SEDIMENTARY ROCKS**

Rocks formed by deposition of particles carried by air, water or ice.

**SHEAR ZONE**

A generally linear zone of stress along which deformation has occurred by translation of one part of a rock body relative to another part.

**SILICIFIED**

Alteration of a rock by introduction of silica.

**STRATIGRAPHY**

The study of formation, composition and correlation of sedimentary rocks.

**STRIKE**

The direction of bearing of a bed or layer of rock in the horizontal plane.

**SULPHIDES**

Minerals consisting of a chemical combination of sulphur with a metal.

**t**

tonnes

**TEM**

Transient Electromagnetic, a geophysical technique used to detect conductive material in the earth.

**TOLL TREATMENT**

The treatment of ores where payment is made to the operator of the treatment plant according to the amount of material being treated.

**TONNE**

32,125 Troy ounces.

**OZ**

Troy ounce = 31.103477 grams

**TREMOLITE**

A pale coloured amphibole mineral.

**ULTRAMAFIC**

An igneous rock comprised chiefly of mafic minerals.

**UNCUT**

A term used when referring to average assays where the grade of a particularly high-grade interval is not reduced to a lesser value.

**VACUUM DRILLING**

A method of rotary drilling where the drill cuttings are recovered inside the drill rods by a vacuum system.







**Figure 1** Twin Boom Jumbo underground at Wattle Dam



**Figure 2** Wattle Dam Pit and Underground Mine Portal



Figure 3 Waste Dump Rehabilitation

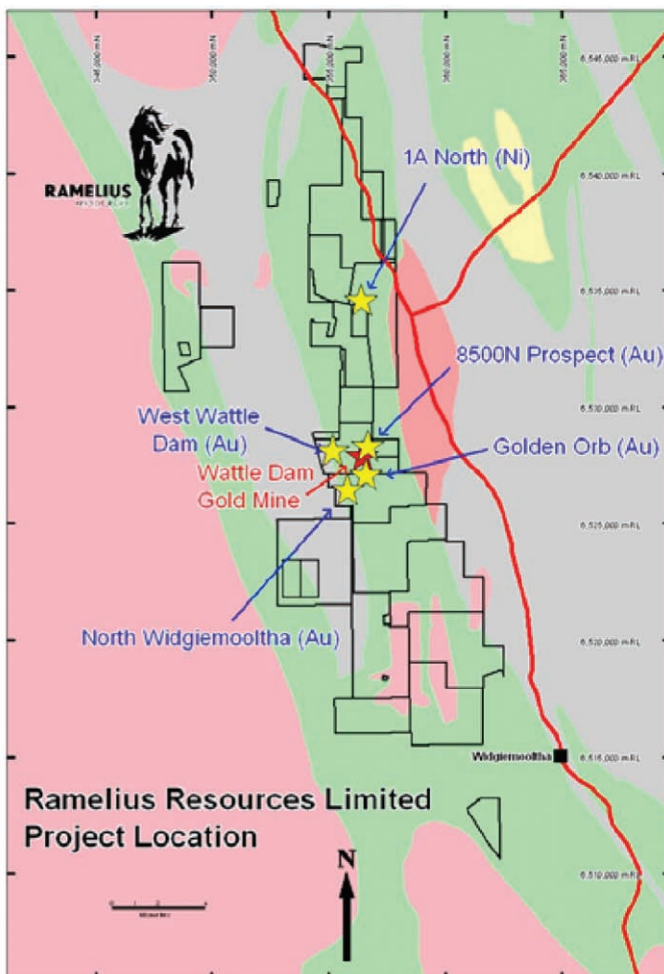
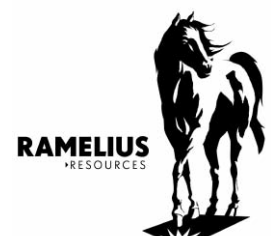


Figure 4 Project Location Plan



Figure 4A Preparing to go underground





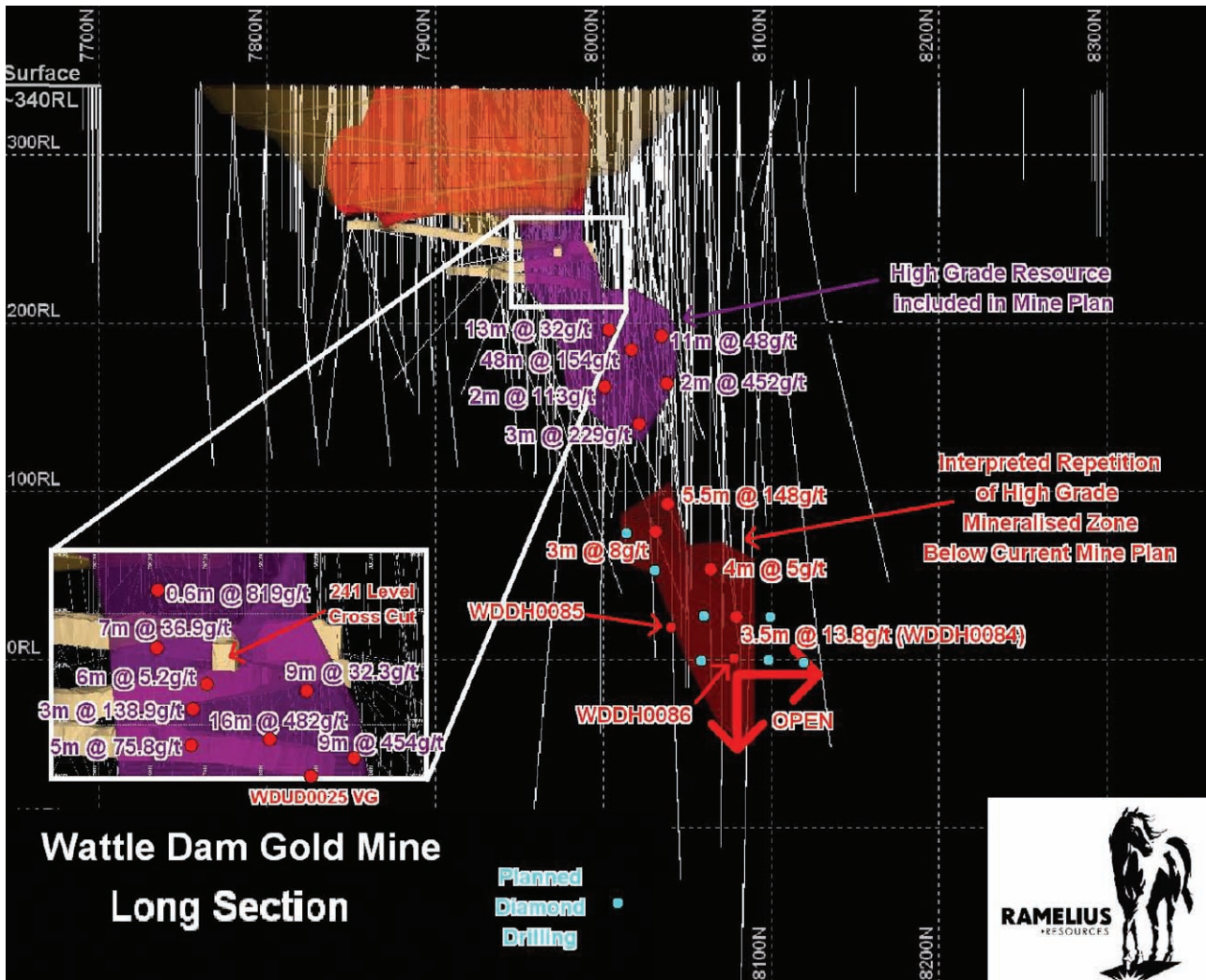


Figure 5 Wattle Dam Diagrammatic Long Section showing selected drill intersections



Figure 6 Wattle Dam Mine Portal



Figure 7 Inspecting progress at Wattle Dam



Figure 8 Preparation work for portal development





**Ramelius Resources Limited  
and Controlled Entities**

**Annual Financial Report**

**30 June 2009**

## Ramelius Resources Limited and Controlled Entities Directors' Report

The directors present their report together with the financial report of the Group, consisting of Ramelius Resources Limited ("the Company") and its controlled entities for the year ended 30 June 2009 and the auditor's report thereon.

### Directors

The directors of the Company at any time during or since the end of the financial year are as set out below. Details of directors' qualifications, experience and special responsibilities are as follows.

**Robert Michael Kennedy** *Non-Executive Chairman - ASAIT, Grad, Dip (Systems Analysis), FCA, ACIS, Life member AIM, FAICD.*

Mr Kennedy joined Ramelius Resources Limited on 1 November 1995 as a non-executive chairman. He is a Chartered Accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded. He is also a director of ASX listed companies Beach Petroleum Limited (since 1991), Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004), Monax Mining Ltd (since 2004), Eromanga Uranium Limited (since 2006), and Marmota Energy Limited (since 2007). His special responsibilities include membership of the Audit Committee and the Nomination & Remuneration Committee. Mr Kennedy brings to the Board his expertise in finance and management consultancy and extensive experience as chairman and non-executive director of a range of listed public companies including in the resources sector. Mr Kennedy leads the development of strategies for the development and future growth of the Company.

**Reginald George Nelson** *Non-Executive Director - BSc, Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD.*

Mr Nelson joined Ramelius Resources Limited as a non-executive director on 1 November 1995. He has had a career spanning nearly four decades as an exploration geophysicist in the minerals and petroleum industries. He was chairman of the peak industry organisation, the Australian Petroleum Production and Exploration Association (APPEA) from 2004 to 2006 and remains a member of its Council. He is a former Chairman of the Nevorio Gold Mine Joint Venture in Western Australia. He has broad experience in gold exploration and mining operations in Western Australia, the Northern Territory and South Australia. He is also a director of ASX listed companies, Beach Petroleum Limited (since 1992), Monax Mining Ltd (since 2004) and Marmota Energy Limited (since 2007). His special responsibilities include Chairmanship of the Audit Committee and the Nomination & Remuneration Committee. Mr Nelson's contribution to the Board is his wide technical expertise and knowledge of the mining industry and corporate matters.

**Ian James Gordon** *Executive Director and Chief Executive Officer - BCom, MAICD.*

Mr Gordon joined Ramelius Resources Limited as an executive director on 18 October 2007. He has more than 20 years experience in the resources industry in gold, diamonds and base metals. He has held management positions with Rio Tinto Exploration Pty Ltd, Gold Fields Australia Pty Ltd and Delta Gold Limited. He was a director of ASX listed company, Glengarry Resources Limited (2004 to 2005). His special responsibilities relate to directing the exploration program and development of the Wattle Dam gold mine. Mr Gordon's contribution to the Board is his broad experience in gold exploration and mining operations in Australia and knowledge of industry issues is directed towards expanding and strengthening the future growth of the Company.

**Joseph Fred Houldsworth** *Non-Executive Director*

Mr Houldsworth joined Ramelius Resources Limited as an executive director on 18 February 2002 and was Managing Director and Chief Executive Officer until 31 July 2009. He has extensive practical experience in the resources industry having worked in the mining and exploration industry for more than 30 years at both operational and management levels primarily in the Western Australian Goldfields. He was instrumental in turning around the troubled Nevorio Gold Mine in 1993 and is a former consultant for 10 years to insolvency specialists on both mining and exploration. Mr Houldsworth's contribution to the Board is his considerable experience and knowledge of the mining industry and as the former chief executive of the company as well as his background in asset management for various mining entities.

**Kevin James Lines** *Non-Executive Director - BSc. (Geology), MAusIMM.*

Mr Lines joined Ramelius Resources Limited as a non-executive director on 9 April 2008. He has over 25 years experience in mineral exploration and mining for gold, copper, lead/zinc and tin. He has held senior geological management positions with Newmont Australia Limited, Normandy Mining Limited and the CRA group of companies. He was the foundation Chief Geologist at Kalgoorlie Consolidated Gold Mines where he led the team that developed the ore-body models and geological systems for the Super-Pit Operations in Kalgoorlie, managed the Eastern Australian Exploration Division of Newmont Australia that included responsibility for the expansive tenement holdings of the Tanami region. He is also managing director of ASX listed company, Eromanga Uranium Limited (since 2006). Mr Line's contribution to the Board is his extensive experience in the assessment and evaluation of exploration projects and development of properties and mining operations overseas.

**Ramelius Resources Limited and Controlled Entities**

**Directors' Report (continued)**

**Directors' meetings**

The Company held 22 meetings of directors (including committees of directors) during the financial year. The number of directors' meetings and number of meetings attended by each of the directors of the Company (including committees of directors) during the financial year were as follows:

| <b>Director</b>                      | <b>Directors' Meetings</b>       |                        | <b>Audit Committee Meetings</b>  |                        | <b>Nomination &amp; Remuneration Committee Meetings</b> |                        |
|--------------------------------------|----------------------------------|------------------------|----------------------------------|------------------------|---|------------------------|
|                                      | <i>Number Eligible to attend</i> | <i>Number Attended</i> | <i>Number Eligible to attend</i> | <i>Number Attended</i> | <i>Number Eligible to attend</i>                        | <i>Number Attended</i> |
| Robert Michael Kennedy               | 17                               | 17                     | 3                                | 3                      | 2   | 2                      |
| Reginald George Nelson               | 17                               | 17                     | 3                                | 3                      | 2   | 2                      |
| Joseph Fred Houldsworth <sup>1</sup> | 17                               | 17                     | N/A                              | N/A                    | N/A   | N/A                    |
| Ian James Gordon <sup>1</sup>        | 17                               | 17                     | N/A                              | N/A                    | N/A   | N/A                    |
| Kevin James Lines <sup>1</sup>       | 17                               | 17                     | N/A                              | N/A                    | N/A   | N/A                    |

<sup>1</sup> Messrs Houldsworth, Gordon and Lines are not members of the Audit Committee or the Nomination & Remuneration Committee.

**Company Secretary**

The following person held the position of Company Secretary at the end of the financial year.

**Domenico Antonio Francese** – *B.Ec., FCA, FFin, ACIS*. Appointed Company Secretary on 21 September 2001. A Chartered Accountant with an audit and investigations background and more than 12 years experience in a regulatory and supervisory role with ASX. He has been employed by the Company since 1 April 2003 and was appointed Chief Financial Officer in June 2005.

**Principal activities**

The Company's principal activity is minerals exploration with a focus on gold, mining and milling services.

**Review and results of operations**

**Mining**

During the year the Company mined 158,038 tonnes of ore from the Wattle Dam pit cut-back at an estimated grade of 3.341 g/t gold. A total of 151,697 tonnes of gold ore was milled during the year to produce 16,283 ounces of gold. This production was approximately three times the original mining inventory of 5,620 ounces, calculated when the pit was designed.

HWE Mining Pty Limited was selected as preferred underground contractor for the Wattle Dam mine.

Development of the underground decline at the Wattle Dam mine commenced with a "first cut" for the portal taking place on 1 May 2009. As at 30 June 2009, a total of 382 metres of development had been completed, including 253 metres of decline development, which was in line with the mine plan.

Gold sales for the year totalled \$19,830,035. The average gold sales price received during the period was \$1,288.23 per ounce.

**Exploration**

During the year the Company completed drilling programs at its Golden Orb, 8500N, 1A North prospects and the Wattle Dam Mine.

At Golden Orb a program of diamond drilling intersected several zones of gold mineralisation within an ultramafic contact similar to Wattle Dam.

## Ramelius Resources Limited and Controlled Entities

### Directors' Report (continued)

At the 8500N prospect, drilling located two zones of mineralisation, comprising a supergene zone within the weathering profile overlying the felsic lithologies and a fresh rock zone associated with the eastern felsic/ultramafic contact.

Diamond drilling at Wattle Dam was also successful in further defining high grade gold mineralised within and below the current mine plan. In August 2008 the Company announced a visible gold intercept in a diamond drill hole at Wattle Dam which returned an intercept of 3 metres at 229 g/t (7.36 oz/t) gold from 253 metres down hole including 0.16 metres at 4,288 g/t (137.8 oz/t) gold from 254.46 metres from within the current mine plan. In October 2008 further visible gold was intersected in another diamond drill hole which returned 1 metre at 79 g/t (2.54 oz per tonne) gold from 268 metres down hole; and 5.5 metres at 148 g/t (4.75 oz per tonne) gold from 273.5 metres down hole including 0.2 metres at 1,846 g/t (59 oz per tonne) gold and 0.6 metres at 738 g/t (24 oz per tonne) gold from underneath the current mine plan.

In June 2009 infill drilling of the Wattle Dam high grade underground resource commenced from the base of the open pit, with 11 holes completed to test the zone between the pit and underground resource as well as the top stope of the underground mine plan. Three of the holes which tested the top of the mine plan intersected good alteration and visible gold, with significant results returned of 9 metres at 32.3 g/t Au from 39 metres (WDDH0077), 3 metres at 138.9 g/t Au from 37 metres (WDDH0079) and 5 metres at 75.8 g/t Au from 37 metres (WDDH0081).

The Company announced a new underground resource estimate of 677,000 tonnes at 5.5 g/t gold for 118,600 ounces for Wattle Dam which was estimated to a depth of 230 metres below surface. This resource represents an increase of 43% on the previous resource of 83,200 oz.

#### *Other*

On 9 June 2009 the Company announced the appointment of Mr Kevin Seymour as Manager, Business Development and Mr Rob Hutchison as Senior Underground Mine Geologist.

During the reporting period, the Company also:

- acquired West Wattle Dam tenements PL15/4381 and MLA15/1474 through the issue of 100,000 shares in the Company as consideration at a fair value of \$80,000;
- sold Parker Range tenements EL77/1403, PL's 77/3481, 77/3740, 77/3764, 77/3765 and MLA77/1085 for a consideration of \$100,000 cash and a 1% royalty on the sale of any minerals from the tenements, capped at \$500,000.

#### *Results*

The consolidated net profit after income tax for the year was \$4,973,356 and compares with an after tax profit of \$611,697 for the previous financial year.

#### *Dividends*

No dividends have been paid or provided by the Company since the end of the previous financial year.

#### *Significant changes in state of affairs*

Significant changes in the state of affairs of the Company during the year were as follows:

In March 2009 the Company successfully completed a \$13.4 million placement to institutional and sophisticated investors which strengthened the Company's balance sheet prior to the commencement of underground mining at the high-grade Wattle Dam gold mine in Western Australia. A total of 25,283,017 shares were placed at \$0.53 per share.

In May 2009 the Company raised a further \$4.5 million through the issue of 8,444,271 shares at \$0.53 to shareholders under a share purchase plan.

During the financial year the Company completed a cut back to the Wattle Dam pit to enable the development of a portal for the underground gold mine. Overall, open pit production from the cut back pit to the end of the financial year was 16,283 ounces of gold which was approximately three times the mining inventory of 5,620 ounces calculated when the pit was designed.

**Ramelius Resources Limited and Controlled Entities**

**Directors' Report (continued)**

*Events subsequent to balance date*

Since 30 June 2009:

- Mr Joe Houldsworth retired as founding Managing Director after more than six years in the role however he continues to serve on the Ramelius Board, as a Non-Executive Director. In addition to accrued leave entitlements, Mr Houldsworth on retirement was paid a separation payment totalling \$234,712. As a result of his retirement, Mr Houldsworth's entitlement to 450,000 rights in Ramelius shares which were granted on 7 April 2008 at a fair value of \$288,000, lapsed (refer Note 21(ii) to the Financial Statements).
- Chief Operating Officer and Executive Director, Mr Ian Gordon, was appointed as Chief Executive Officer, effective from 1 August 2009.
- The Burbanks processing facility commenced toll treating third party ore pending underground ore becoming available from the Company's Wattle Dam mine.
- A merger proposal with Dioro Exploration NL ("Dioro") was announced on 30 July 2009 whereby Ramelius offered Dioro shareholders two Ramelius shares for every one Dioro share held. The 2 for 1 scrip offer valued Dioro shares at \$1 per share with total equity value at approximately \$92 million. On 11 August 2009 the Company announced that it had waived all conditions on the offer (including the minimum requirement of 50.1% acceptances) except for Foreign Investment Review Board approval, which was subsequently received on 22 September 2009. Dioro shareholders were sent a Bidder's Statement on 9 September 2009. The offer opened on 10 September 2009 and is due to close on 12 October 2009 unless extended.

Apart from the above, there has not arisen in the interval between 30 June 2009 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

*Likely developments*

Development of the Wattle Dam underground mine is expected to continue during the 2009/10 financial year with the first parcel of high grade development ore anticipated to be available for treatment by the Company's 100% owned Burbanks Mill, in November 2009.

Further information about likely developments in the operations of the Company and the expected results of those operations in future years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

*Options*

At the date of this report unissued ordinary shares of the Company under option are:

| Issue date  | Expiry date* | Exercise price | Number of shares |
|-------------|--------------|----------------|------------------|
| 12 May 2008 | 30 June 2010 | \$1.50         | 18,452,620       |

\* All options may be exercised at any time before expiry. Option holders will receive one ordinary share in the capital of the Company for each option exercised.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

At various times during the financial year, the Company issued ordinary shares as a result of the exercise of options as follows. There were no amounts unpaid on shares issued.

| Number of shares | Amount paid on each share |
|------------------|---------------------------|
| 1,853            | \$1.50                    |
| 3,847            | \$1.00                    |
| <u>5,700</u>     |                           |

## Ramelius Resources Limited and Controlled Entities

### Directors' Report (continued)

Since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows. There were no amounts unpaid on shares issued.

| Number of shares | Amount paid on each share |
|------------------|---------------------------|
| 2,468            | \$1.00                    |

During the financial year a total of 13,709,948 options with an exercise price of \$1.00 and 800,000 unlisted incentive options with an exercise price of \$1.90 expired as they had not been exercised by the 30 June 2009 expiry date.

#### *Environmental regulation and performance statement*

The Consolidated Group's operations are subject to significant environmental regulations under both Commonwealth and Western Australian legislation in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Company on any of its tenements. In respect of the Wattle Dam Mine Development, the Consolidated Group has the necessary licences and permits to carry out these activities and has provided unconditional Performance Bonds to the regulatory authorities to provide for any future rehabilitation requirements. In respect of the Processing Plant, the Consolidated Group also has all the necessary licences and permits to operate this facility and has provided unconditional Performance Bonds to the regulatory authorities to provide for any future rehabilitation requirements. The Consolidated Entity's operations have been subjected to Environmental Audits both internally and by the various regulatory authorities and there have been no known breaches of any environmental obligations at any of the Consolidated Group's operations.

#### *Indemnification and insurance of officers*

##### **Indemnification**

The Company is required to indemnify the directors and other officers of the company against any liabilities incurred by the directors and officers that may arise from their position as directors and officers of the Company. No costs were incurred during the year pursuant to this indemnity.

The Company has entered into deeds of indemnity with each director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

##### **Insurance premiums**

Since the end of the previous year the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses' insurance contracts.

The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

#### *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 to 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. There were no such proceedings brought or interventions on behalf of the Company with leave from the Court under section 237 of the Corporations Act 2001.

#### *Auditor of the Company*

The auditor of the Company for the financial year was Grant Thornton.

#### *Non-audit services*

There were no non-audit services provided by the external auditors during the year ended 30 June 2009.

#### *Auditor's Independence Declaration*

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 30 June 2009 has been received as set out immediately following the end of the Directors' report.



## Ramelius Resources Limited and Controlled Entities

### Directors' Report (continued)

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#### *Remuneration Report (Audited)*

This report forms part of the Directors Report and details the nature and amount of remuneration for each Director and Key Management Person of Ramelius Resources Limited and for executives receiving the highest remuneration.

#### **Remuneration Practices**

The Company's policy for determining the nature and amounts of emoluments of board members and Key Management Personnel of the Company is as follows.

The Company's Constitution specifies that the total amount of remuneration of non-executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non-executive directors has been set at \$400,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non-executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The remuneration of the Managing Director/Chief Executive Officer is determined by the non-executive directors on the Nomination and Remuneration Committee and approved by the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director/Chief Executive Officer subject to the approval of the Board.

Non-executive director remuneration is by way of fees and statutory superannuation contributions. Non-executive Directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Nomination and Remuneration Committee is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel. In August 2008, a Nomination and Remuneration Committee was established to assist the Board by overseeing remuneration policies and make recommendations to the Board. The Company may also engage external consultants to advise on remuneration policy and to benchmark remuneration of senior executives against comparable entities so as to ensure that remuneration packages are consistent with the market and are appropriate for the organisation.

All key management personnel receive a base salary based on factors such as experience, length of service, superannuation and performance incentives. Performance incentives are generally paid once predetermined key performance indicators have been met. Key management personnel receive a statutory superannuation guarantee contribution, however do not receive any other form of retirement benefits. Individuals may elect to salary sacrifice part of their salary to increase payments towards superannuation. On retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement.

To date, the Company has not emphasised payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators. However the Nomination and Remuneration Committee may recommend to the Board the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Nomination and Remuneration Committee. Cash bonuses paid during the financial year are disclosed in the Remuneration Report.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

#### **Employee Incentive Plan**

The Company has an Employee Share Acquisition Plan and a Performance Rights Plan which have been approved by shareholders in November 2007. The Share Acquisition Plan enables the Board to offer eligible employees as a long-term incentive, ordinary fully paid shares in the Company and in accordance with the terms of the Plan, shares may be offered at no consideration unless the Board determines that market value or some other value is appropriate. Any consideration may be by way of interest free loans repayable in accordance with the terms and conditions of the Plan. The Performance Rights Plan enables the Board to grant Performance Rights (being entitlements to shares in the Company that are subject to satisfaction of vesting conditions) to selected key senior executives as a long-term incentive as determined by the Board in accordance with the terms and conditions of the Plan.

The objective of the Share Acquisition Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company. The objective of the Performance Rights Plan is to provide selected senior executives the opportunity to participate in the

## Ramelius Resources Limited and Controlled Entities

### Directors' Report (continued)

equity of the Company through the issue of Performance Rights as a long term incentive that is aligned to the long term interests of shareholders.

During the year ended 30 June 2009 a total of 72,090 shares with a fair value of \$39,650 were issued to employees under the Employee Share Acquisition Plan.

#### Performance Based Remuneration

Key Management Personnel receive performance based remuneration as considered appropriate by the Nomination and Remuneration Committee and the Board. The intention of this remuneration is to facilitate goal congruence between Key Management Personnel with that of the business and shareholders.

The remuneration policy of the Company has been tailored to increase goal congruence between shareholders, directors and senior executives. Two methods have been used to achieve this aim.

The first method was the issue of options to Key Management Personnel. During the 2008 financial year a total of 800,000 options (each exercisable at \$1.90 by 30 June 2009) with a fair value of \$272,000 were issued to certain Key Management Personnel. These options were not exercised and lapsed at expiry. No options were issued to Key Management Personnel during the 2009 financial year.

The second method was through a Performance Rights Plan based on Key Performance Indicators ("KPI's") set by the Board. The KPI conditions attached to the Performance Rights Plan include a vesting period of three years from grant date (7 April 2008) and a requirement for the Company's share price to be within the top 40% comparator group of companies as set by the Board. The Companies in the comparator group are as follows.

|                              |                                     |
|------------------------------|-------------------------------------|
| Avoca Resources Limited      | Dioro Exploration NL                |
| Alkane Resources Limited     | Gryphon Minerals Limited            |
| Apex Minerals NL             | Integra Mining Limited              |
| Barra Resources Limited      | Monarch Gold Mining Company Limited |
| Bendigo Mining Limited       | Norton Gold Fields Limited          |
| Carrick Gold Limited         | Silver Lake Resources Limited       |
| Citigold Corporation Limited | Tanami Gold NL                      |
| Crescent Gold Limited        | Troy Resources NL                   |

During the 2008 financial year a total of 900,000 Performance Rights with a fair value of \$576,000 were granted under the Performance Rights Plan to selected Key Management Personnel. No Performance Rights were granted during the 2009 financial year. These Rights are recognised on a pro-rata basis over the vesting period. Any Rights that do not vest on the vesting date will lapse. The Rights are subject to performance conditions which are to be tested in future financial periods.

The employment conditions of Executive Directors including the Chief Executive Officer and Key Management Personnel are formalised in contracts of employment. During the year the new employment contracts of the former Managing Director, Chief Executive Officer and the Chief Financial Officer/Company Secretary were entered into. The contracts have no fixed term with 3 months and 6 months notice of termination by the executive and Company respectively. Generally, employment contracts of senior executives enable the Company to terminate the contracts without cause by providing written notice or making a termination payment in lieu of notice including a minimum termination payment as provided for under the contracts. However any such termination payments to officers of the Company are subject to the requirements of ASX Listing Rule 10.19, and in the event that the value of termination benefits to be paid and the value of all other termination benefits that are or may be payable to all officers of the Company together exceed 5% of the equity interests of the Company as set out in the latest accounts given to the ASX, the payment shall be pro-rata based on the maximum total termination benefits allowable under ASX Listing Rule 10.19. Termination payments are not generally payable on resignation or dismissal for serious misconduct. Any performance rights or options not vested or exercised before the date of termination will lapse.

## Ramelius Resources Limited and Controlled Entities

### Directors' Report (continued)

#### Remuneration of Directors and Key Management Personnel

This Report details the nature and amount of remuneration for each Director and Key Management Person of the Company and for the Executives receiving the highest remuneration.

#### (a) Directors and Key Management Personnel

The names and positions held by directors and Key Management Personnel of the Company during the financial year are:

| Directors                       | Positions                                      |
|---------------------------------|--|
| Mr RM Kennedy                   | Chairman – Non-Executive                       |
| Mr RG Nelson                    | Director – Non-Executive                       |
| Mr JF Houldsworth <sup>1</sup>  | Managing Director / Chief Executive Officer    |
| Mr IJ Gordon <sup>2</sup>       | Director – Executive / Chief Operating Officer |
| Mr KJ Lines                     | Director – Non-Executive                       |
| <b>Key Management Personnel</b> |  |
| Mr DA Francese                  | Chief Financial Officer / Company Secretary    |
| Mr DA Doherty <sup>3</sup>      | Wattle Dam Underground Mine Manager            |
| Mr BT Kelty <sup>4</sup>        | Wattle Dam Mine Manager                        |
| Mr MI Svensson                  | Exploration Manager                            |
| Mr AP Webb                      | Burbanks Mill Process Manager                  |

<sup>1</sup> Mr Houldsworth held the position of Managing Director and Chief Executive Officer until his retirement as an executive of the Company on 31 July 2009. Mr Houldsworth continues to serve on the Board as a non-executive director.

<sup>2</sup> Mr Gordon held the position of Executive Director and Chief Operating Officer until the retirement of Mr Houldsworth as an executive of the Company. On 1 August 2009 Mr Gordon was appointed Chief Executive Officer.

<sup>3</sup> Mr Doherty commenced as a qualified underground Mine Manager of the Company on 21 July 2008.

<sup>4</sup> Mr Kelty retired as the Wattle Dam Mine Manager on 31 July 2008 following the appointment of a qualified underground mine manager.

#### (b) Non-Executive Directors' Remuneration

Benefits and payments during the financial year and components of remuneration for Non-Executive Directors of the Consolidated Group are detailed as follows.

| Primary Benefits | Year | Directors Fees<br>\$ | Super Contributions<br>\$ | Non Cash Benefits<br>\$ | Total<br>\$ | Performance Related<br>% |
|------------------|------|----------------------|---------------------------|-------------------------|-------------|--------------------------|
| Mr RM Kennedy    | 2009 | 154,128              | 13,872                    | -                       | 168,000     | -                        |
|                  | 2008 | 135,841              | 12,226                    | -                       | 148,067     | -                        |
| Mr RG Nelson     | 2009 | 77,064               | 6,936                     | -                       | 84,000      | -                        |
|                  | 2008 | 67,095               | 6,039                     | -                       | 73,134      | -                        |
| Mr KJ Lines      | 2009 | 77,064               | 6,936                     | -                       | 84,000      | -                        |
|                  | 2008 | 16,857               | 1,517                     | -                       | 18,374      | -                        |
|                  | 2009 | 308,256              | 27,744                    | -                       | 336,000     | -                        |
|                  | 2008 | 219,793              | 19,782                    | -                       | 239,575     | -                        |

Apart from the potential termination payment referred to above, there are no other post-employment benefits payable to non-executive directors.

## Ramelius Resources Limited and Controlled Entities

### Directors' Report (continued)

#### (e) Executive Director / Key Management Personnel

Benefits and payments during the financial year and components of remuneration for Executive Directors and Key Management Personnel of the Consolidated Group are detailed as follows.

| Non-Executive<br>Directors and<br>Group Key<br>Management<br>Personnel | Year              | Short-term benefits              |                     |                        | Post-<br>employment<br>benefits | Long-term<br>benefits    | Share-based payments             |  |             | Performance<br>Related<br>% |
|--|-------------------|----------------------------------|---------------------|------------------------|---------------------------------|--------------------------|----------------------------------|--|-------------|-----------------------------|
|  |                   | Salary,<br>Fees &<br>Leave<br>\$ | Cash<br>Bonus<br>\$ | Non-<br>Monetary<br>\$ | Super<br>Contributions<br>\$    | Incentive<br>Plans<br>\$ | LTI<br>Shares <sup>3</sup><br>\$ | LTI<br>Rights/<br>Options <sup>4</sup><br>\$ | Total<br>\$ |                             |
| JF Houldsworth   | 2009              | 251,457                          | -                   | -                      | 22,631                          | -                        | -                                | 44,713                                       | 318,801     | 14.02                       |
|  | 2008              | 329,358                          | 114,000             | -                      | 39,902                          | -                        | -                                | 25,775                                       | 509,035     | 27.45                       |
| IJ Gordon  | 2009              | 306,330                          | -                   | -                      | 27,569                          | -                        | -                                | 29,808                                       | 363,707     | 8.19                        |
|  | 2008              | 207,187                          | -                   | -                      | 18,647                          | -                        | -                                | 153,184                                      | 379,018     | 40.42                       |
| DA Francese <sup>5</sup>   | 2009              | 253,431                          | -                   | -                      | 22,808                          | -                        | -                                | 14,905                                       | 291,144     | 5.11                        |
|  | 2008              | 205,994                          | 10,000              | -                      | 19,439                          | -                        | 15,559                           | 8,592  | 259,584     | 13.15                       |
| DA Doherty   | 2009              | 227,232                          | -                   | -                      | 20,450                          | -                        | -                                | -  | 247,682     | -                           |
|  | 2008              | -                                | -                   | -                      | -                               | -                        | -                                | -  | -           | -                           |
| BT Kely  | 2009              | 37,785                           | -                   | -                      | 3,400                           | -                        | -                                | -  | 41,185      | -                           |
|  | 2008              | 203,670                          | -                   | -                      | 18,330                          | -                        | -                                | -  | 222,000     | -                           |
| MI Svensson  | 2009              | 163,761                          | 13,647              | -                      | 15,966                          | -                        | -                                | -  | 193,374     | 7.05                        |
|  | 2008              | 141,988                          | -                   | -                      | 12,779                          | -                        | -                                | -  | 154,767     | -                           |
| AP Webb  | 2009 <sup>1</sup> | 188,575                          | -                   | -                      | 62,092                          | -                        | -                                | -  | 250,667     | -                           |
|  | 2008 <sup>2</sup> | 161,590                          | -                   | -                      | 43,157                          | -                        | -                                | 136,000                                      | 340,747     | 39.91                       |
|  | 2009              | 1,428,571                        | 13,647              | -                      | 174,916                         | -                        | -                                | 89,426                                       | 1,706,560   | 6.04                        |
|  | 2008              | 1,249,787                        | 124,000             | -                      | 152,254                         | -                        | 15,559                           | 323,551                                      | 1,865,151   | 24.83                       |

- 1 Super contributions for Mr Webb for 2009 include salary of \$41,394.75 sacrificed for super.
- 2 Super contributions for Mr Webb for 2008 include salary of \$26,251.36 sacrificed for super.
- 3 LTI Shares for 2008 relate to employee share issued under the Employee Share Acquisition Plan as detailed in Note 21.
- 4 LTI Rights/Options for 2008 relate to performance related rights to shares issued under the performance Rights Plan and, in the case of Mr Gordon & Mr Webb, also options as detailed in Note 21.
- 5 During part of the 2008 financial year Mr Francese acted as a Company Secretary and Chief Financial Officer of another listed entity. Refer to Note 26 for details of payments received from that listed entity in relation to his services.

#### Performance income as a proportion of total remuneration

Executive Directors and Key Management Personnel may be paid performance based bonuses based on set monetary amounts rather than proportions of their fixed salary and also performance based rights to shares and options. This has resulted in the proportion of remuneration related to performance varying between individuals. The Board has set these bonuses in order to encourage the achievement of specific goals that have been given high levels of importance in relation to future growth and profitability of the Consolidated Entity.

The terms and conditions relating to options and bonuses granted as remuneration during the year to Non-Executive Directors and Key Management Personnel are as follows.

**Ramelius Resources Limited and Controlled Entities**

**Directors' Report (continued)**

| <b>Non-Executive<br/>Directors and<br/>Group Key<br/>Management<br/>Personnel</b> | <b>Remuneration<br/>Type</b> | <b>Grant<br/>Date</b> | <b>Reason<br/>For<br/>Grant</b> |
|---|------------------------------|-----------------------|---------------------------------|
| MI Svensson   | Cash                         | 1/10/2008             | Bonus*                          |

\* A cash bonus was paid to Mr Svensson as reward for general performance in accordance with a recommendation made to the Board by the Managing Director.

**(c) Executive Director and Key Management Personnel Service Agreements**

During the financial year the Company entered into an employment agreement with Mr Houldsworth in respect of his services as Managing Director and Chief Executive Officer commencing 1 July 2008. A full time equivalent initial salary of \$407,925 per annum inclusive of superannuation guarantee contributions was subject to review periodically. In June 2009, Mr Houldsworth announced his intention to retire as an executive of the Company effective on 31 July 2009. A separation payment totalling \$234,712 was payable to Mr Houldsworth on his retirement. Upon his retirement, Mr Houldsworth's entitlement to 450,000 rights in Ramelius shares which were granted on 7 April 2008 at a fair value of \$288,000, lapsed (refer Note 21(ii) to the Financial Statements).

During the financial year the Company entered into an employment agreement with Mr Gordon in respect of his services as Chief Operating Officer commencing 1 May 2008. The initial salary of \$318,000 per annum inclusive of superannuation guarantee contributions is reviewed periodically. In June 2009, Mr Gordon was appointed to the role of Chief Executive Officer effective 1 August 2009 and his salary increased to \$399,425 per annum inclusive of superannuation from that date. Mr Gordon is entitled to receive a general performance bonus of up to \$70,000 subject to the discretion of the Board. Mr Gordon is entitled to a termination payment equal to six months remuneration where in certain circumstances the employment agreement is terminated. Mr Gordon's employment agreement has no fixed term and may be terminated by the Company with six month's notice and by Mr Gordon with three month's notice.

During the financial year the Company entered into an employment agreement with Mr Francese in respect of his services as Company Secretary and Chief Financial Officer commencing 1 July 2008. The initial salary of \$248,640 per annum inclusive of superannuation guarantee contributions is reviewed periodically. Mr Francese is entitled to a termination payment equal to six months remuneration where in certain circumstances the employment agreement is terminated. Mr Francese's employment agreement has no fixed term and may be terminated by the Company with six month's notice and by Mr Francese with three month's notice.

During the financial year the Company entered into an employment agreement with Mr Doherty in respect of his services as Underground Mine Manager commencing 21 July 2008. The initial salary of \$261,600 per annum inclusive of superannuation guarantee contributions is reviewed periodically. Mr Doherty is entitled to a termination payment equal to three months remuneration where in certain circumstances the employment agreement is terminated. Mr Doherty's employment agreement has no fixed term and may be terminated by either the Company or Mr Doherty with three month's notice.

The Company has previously entered into employment agreements with other key management personnel in respect of their services. These agreements provide for the initial set salary per annum inclusive of superannuation guarantee contributions to be reviewed periodically. In the event that the Company terminates the agreements without notice, the key management personnel are entitled to a termination payment including a minimum termination payment as provided for in the agreements. Messrs Svensson and Webb are entitled to a termination payment equal to one month and three month's remuneration respectively where in certain circumstances the employment is terminated. Mr Svensson's employment agreement is for a fixed term of one year, is renewable annually and may be terminated by either the Company or Mr Svensson with one month's notice. Mr Webb's employment agreement has no fixed term and may be terminated by the Company with three month's notice and by Mr Webb with one month's notice. In July 2008 Mr Kelty terminated his employment agreement giving one month's notice in accordance with his employment agreement.

Any termination payments to officers of the Company are subject to the requirements of ASX Listing Rule 10.19, and in the event that the value of termination benefits to be paid and the value of all other termination benefits that are or may be payable to all officers of the Company together exceed 5% of the equity interests of the Company as set out in

**Ramelius Resources Limited and Controlled Entities**

**Directors' Report (continued)**

the latest accounts given to the ASX, the payment shall be pro-rata based on the maximum total termination benefits allowable under ASX Listing Rule 10.19.

**Executive Director and Key Management Personnel post employment/retirement benefits**

There were no other post employment retirement benefits payable to Executive Directors and Key Management Personnel other than those referred to above.

**(d) Director Related Entities**

During the year ended 30 June 2009 the Parent Entity made the following payments to Director Related Entities.

| Director       | Nature of Payment   | Amount<br>\$  |
|----------------|---|---------------|
| JF Houldsworth | Wages inclusive of superannuation paid to a brother of the director for mine security | 71,082        |
|                | Living away from home expenses paid to a brother of the director                      | <u>7,781</u>  |
|                |   | <u>78,863</u> |

**Options Granted as Remuneration**

Apart from the incentive options and those granted under the Performance Rights Plan as detailed above, no other options were granted to Directors or Key Management Personnel of the Company during the financial year.

**Shares Issued on Exercise of Remuneration Options**

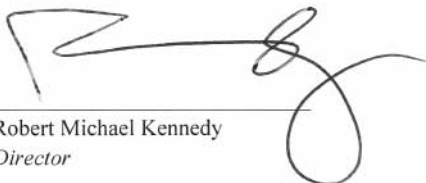
Apart from shares granted under the Company's Employee Share Acquisition Plan and the Performance Rights Plan as detailed above, no other shares were granted to Directors or Key Management Personnel or as result of the exercise of remuneration options during the financial year.

**Directors' Interests in Shares and Options**

Directors' relevant interests in shares and options of the Company are disclosed in Note 5 to the Financial Statements.

The Report of Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.

Dated at UNLEY this 30<sup>th</sup> day of SEPTEMBER 2009.



Robert Michael Kennedy  
Director

## **Ramelius Resources Limited and Controlled Entities**

### **Directors' Report (continued)**

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#### ***Competent Person Statement***

*The Information in this report that relates to Exploration Results is based on information compiled by Matthew Svensson. Matthew Svensson is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting on Exploration Results. Matthew Svensson is a full-time employee of the company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to in-situ mineral resources is based on information compiled by Scott Jarvis of Ramelius Resources Limited. Scott Jarvis takes overall responsibility for the report. He is a member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a competent person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Scott Jarvis consents to the inclusion of such information in this report in the form and context in which it appears.*



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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF RAMELIUS RESOURCES LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Ramelius Resources Limited for the year ended 30 June 2009, 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.

GRANT THORNTON  
South Australian Partnership  
Chartered Accountants

P S Paterson  
Partner

Signed at *Wayville* on this *30* day of *September* 2009

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# INCOME STATEMENT

## Ramelius Resources Limited and Controlled Entities

### Income Statement

For the year ended 30 June 2009

|   | Note | Consolidated Group |                   | Parent Entity     |                   |
|---|------|--------------------|-------------------|-------------------|-------------------|
|   |      | 2009               | 2008              | 2009              | 2008              |
|   |      | \$                 | \$                | \$                | \$                |
| Revenue   | 2    | 19,861,748         | 14,856,597        | 19,861,748        | 14,856,597        |
| Other income  | 2    | 819,532            | 774,478           | 728,288           | 683,384           |
| <b>Total revenue</b>  |      | <b>20,681,280</b>  | <b>15,631,075</b> | <b>20,590,036</b> | <b>15,539,981</b> |
| Administrative expenses   |      | (689,524)          | (1,135,645)       | (669,363)         | (1,087,237)       |
| Change in inventories   |      | 995,815            | (3,398,693)       | 848,644           | (3,398,693)       |
| Consultant expenses   |      | (120,000)          | (157,689)         | (120,000)         | (157,689)         |
| Depreciation and amortisation   | 3    | (5,077,221)        | (1,092,894)       | (4,707,514)       | (822,945)         |
| Employment expenses   |      | (843,140)          | (1,079,631)       | (843,140)         | (1,079,631)       |
| Impairment of exploration assets  |      | (126,515)          | (802,670)         | (126,515)         | (802,670)         |
| Exploration costs written off   |      | (21,407)           | (1,725)           | (21,407)          | (1,725)           |
| Listing expenses  |      | (29,318)           | (29,018)          | (29,318)          | (29,018)          |
| Loss on disposal of assets  |      | -                  | (2,704)           | -                 | (2,704)           |
| Mining and milling expenses   |      | (7,541,576)        | (6,789,993)       | (7,848,144)       | (7,017,256)       |
| Occupancy expenses  |      | (34,810)           | (72,277)          | (34,810)          | (72,277)          |
| Other expenses from ordinary activities   |      | (35,978)           | (30,164)          | (35,977)          | (30,164)          |
| <b>Profit/(loss) from ordinary activities before related income tax expense</b> |      | <b>7,157,606</b>   | <b>1,037,972</b>  | <b>7,002,492</b>  | <b>1,037,972</b>  |
| Income tax (expense)/benefit relating to ordinary activities                    | 4    | (2,184,250)        | (426,275)         | (2,142,656)       | (427,314)         |
| <b>Profit/(loss) from ordinary activities after related income tax expense</b>  |      | <b>4,973,356</b>   | <b>611,697</b>    | <b>4,859,836</b>  | <b>610,658</b>    |
| Basic earnings per share (cents)  | 8    | 2.6                | 0.4               | 2.6               | 0.4               |
| Diluted earnings per share (cents)  | 8    | 2.6                | 0.4               | 2.6               | 0.4               |

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

# BALANCE SHEET

## Ramelius Resources Limited and Controlled Entities

### Balance Sheet

As at 30 June 2009

|  | Note | Consolidated Group |                   | Parent Entity     |                   |
|--|------|--------------------|-------------------|-------------------|-------------------|
|  |      | 2009               | 2008              | 2009              | 2008              |
|  |      | \$                 | \$                | \$                | \$                |
| <b>Current Assets</b>                  |      |                    |                   |                   |                   |
| Cash and cash equivalents              | 9    | 26,692,626         | 16,170,847        | 22,461,320        | 15,938,210        |
| Trade and other receivables            | 10   | 1,438,035          | 667,674           | 1,246,477         | 590,024           |
| Inventories                            | 11   | 1,147,458          | 151,643           | 913,688           | 65,043            |
| Derivatives                            | 12   | -                  | 353,823           | -                 | 353,823           |
| Other current assets                   | 13   | 205,861            | 162,940           | 156,696           | 109,110           |
| <b>Total current assets</b>            |      | <b>29,483,980</b>  | <b>17,506,927</b> | <b>24,778,181</b> | <b>17,056,210</b> |
| <b>Non-current assets</b>              |      |                    |                   |                   |                   |
| Trade and other receivables            | 10   | -                  | -                 | 8,416,503         | 4,522,218         |
| Financial assets                       | 14   | -                  | -                 | 1                 | 1                 |
| Plant, equipment & development assets  | 15   | 24,983,428         | 13,465,084        | 20,436,438        | 9,181,637         |
| Exploration and evaluation expenditure | 16   | 12,084,996         | 8,041,534         | 12,084,996        | 8,041,535         |
| Deferred tax asset                     | 17   | 5,214,266          | 2,879,980         | 5,172,927         | 2,838,559         |
| <b>Total non-current assets</b>        |      | <b>42,282,690</b>  | <b>24,386,598</b> | <b>46,110,865</b> | <b>24,583,950</b> |
| <b>Total assets</b>                    |      | <b>71,766,670</b>  | <b>41,893,525</b> | <b>70,889,046</b> | <b>41,640,160</b> |
| <b>Current liabilities</b>             |      |                    |                   |                   |                   |
| Trade and other payables               | 18   | 6,518,303          | 3,162,274         | 5,805,980         | 2,850,079         |
| Short term provisions                  | 19   | 421,563            | 257,858           | 324,101           | 221,898           |
| Current tax liabilities                | 17   | 41,512             | -                 | -                 | -                 |
| <b>Total current liabilities</b>       |      | <b>6,981,378</b>   | <b>3,420,132</b>  | <b>6,130,081</b>  | <b>3,071,977</b>  |
| <b>Non-current liabilities</b>         |      |                    |                   |                   |                   |
| Long term provisions                   | 19   | 285,493            | 285,214           | 275,878           | 283,196           |
| Deferred tax liability                 | 17   | 8,401,361          | 4,556,099         | 8,401,361         | 4,556,099         |
| <b>Total non-current liabilities</b>   |      | <b>8,686,854</b>   | <b>4,841,313</b>  | <b>8,677,239</b>  | <b>4,839,295</b>  |
| <b>Total liabilities</b>               |      | <b>15,668,232</b>  | <b>8,261,445</b>  | <b>14,807,320</b> | <b>7,911,272</b>  |
| <b>Net assets</b>                      |      | <b>56,098,438</b>  | <b>33,632,080</b> | <b>56,081,726</b> | <b>33,728,888</b> |
| <b>Equity</b>                          |      |                    |                   |                   |                   |
| Issued capital                         | 20   | 45,929,967         | 28,661,250        | 45,929,967        | 28,661,250        |
| Share based payments reserve           | 21   | 779,697            | 555,412           | 779,697           | 555,412           |
| Retained profits/(losses)              |      | 9,388,774          | 4,415,418         | 9,372,062         | 4,512,226         |
| <b>Total Equity</b>                    |      | <b>56,098,438</b>  | <b>33,632,080</b> | <b>56,081,726</b> | <b>33,728,888</b> |

The above balance sheet should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

## Ramelius Resources Limited and Controlled Entities

### Statement of Changes in Equity

For the year ended 30 June 2009

| <b>Consolidated Entity</b>  | Issued<br>Capital<br>\$ | Share Based<br>Payments<br>Reserve<br>\$ | Retained<br>Profits /<br>(Losses)<br>\$ | Total<br>\$  |
|---|-------------------------|--|---|--------------|
| <b>Balance as at 1 July 2007</b>  | 21,735,396              | 56,900                                   | 3,803,721                               | 25,596,017   |
| Fair value of 800,000 incentive options issued to executives                  | -                       | 272,000                                  | -                                       | 272,000      |
| Fair value of 152,140 shares issued to employees                              | -                       | 174,961                                  | -                                       | 174,961      |
| Fair value of unvested performance rights for executives                      | -                       | 51,551                                   | -                                       | 51,551       |
| 3,529,960 options exercised during the period at \$0.18687                    | 659,642                 | -  | -                                       | 659,642      |
| 6,415,122 options exercised during the period at \$0.11187                    | 717,659                 | -  | -                                       | 717,659      |
| 2,208,756 options exercised during the period at \$1.00                       | 2,208,756               | -  | -                                       | 2,208,756    |
| 1,456 options exercised during the period at \$1.50                           | 2,184                   | -  | -                                       | 2,184        |
| 16,839,675 shares issued during the period at \$0.95                          | 15,997,691              | -  | -                                       | 15,997,691   |
| Transaction costs associated with the issue of shares net of tax              | (684,262)               | -  | -                                       | (684,262)    |
| Return of capital to shareholders   | (11,975,816)            | -  | -                                       | (11,975,816) |
| Profit/(loss) attributable to shareholders                                    | -                       | -  | 611,697                                 | 611,697      |
| <b>Balance as at 30 June 2008</b>   | 28,661,250              | 555,412                                  | 4,415,418                               | 33,632,080   |
| Fair value of 72,090 shares issued to employees                               | -                       | 39,650                                   | -                                       | 39,650       |
| Fair value of unvested performance rights for executives                      | -                       | 184,635                                  | -                                       | 184,635      |
| Fair value of 100,000 shares issued as consideration for tenement acquisition | 80,000                  | -  | -                                       | 80,000       |
| 3,847 options exercised during the period at \$1.00                           | 3,847                   | -  | -                                       | 3,847        |
| 1,853 options exercised during the period at \$1.50                           | 2,779                   | -  | -                                       | 2,779        |
| 33,727,288 shares issued during the period at \$0.53                          | 17,875,463              | -  | -                                       | 17,875,463   |
| Transaction costs associated with the issue of shares net of tax              | (693,372)               | -  | -                                       | (693,372)    |
| Profit/(loss) attributable to shareholders                                    | -                       | -  | 4,973,356                               | 4,973,356    |
| <b>Balance as at 30 June 2009</b>   | 45,929,967              | 779,697                                  | 9,388,774                               | 56,098,438   |

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

# STATEMENT OF CHANGES IN EQUITY

## Ramelius Resources Limited and Controlled Entities

### Statement of Changes in Equity

For the year ended 30 June 2009

| Parent Entity   | Issued<br>Capital<br>\$ | Share Based<br>Payments<br>Reserve<br>\$ | Retained<br>Profits /<br>(Losses)<br>\$ | Total<br>\$       |
|---|-------------------------|--|---|-------------------|
| <b>Balance as at 1 July 2007</b>  | 21,735,396              | 56,900                                   | 3,901,568                               | 25,693,864        |
| Fair value of 800,000 incentive options issued to executives                  | -                       | 272,000                                  | -                                       | 272,000           |
| Fair value of 152,140 shares issued to employees                              | -                       | 174,961                                  | -                                       | 174,961           |
| Fair value of unvested performance rights for executives                      | -                       | 51,551                                   | -                                       | 51,551            |
| 3,529,960 options exercised during the period at \$0.18687                    | 659,642                 | -  | -                                       | 659,642           |
| 6,415,122 options exercised during the period at \$0.11187                    | 717,659                 | -  | -                                       | 717,659           |
| 2,208,756 options exercised during the period at \$1.00                       | 2,208,756               | -  | -                                       | 2,208,756         |
| 1,456 options exercised during the period at \$1.50                           | 2,184                   | -  | -                                       | 2,184             |
| 16,839,675 shares issued during the period at \$0.95                          | 15,997,691              | -  | -                                       | 15,997,691        |
| Transaction costs associated with the issue of shares net of tax              | (684,262)               | -  | -                                       | (684,262)         |
| Return of capital to shareholders   | (11,975,816)            | -  | -                                       | (11,975,816)      |
| Profit/(loss) attributable to shareholders                                    | -                       | -  | 610,658                                 | 610,658           |
| <b>Balance as at 30 June 2008</b>   | <b>28,661,250</b>       | <b>555,412</b>                           | <b>4,512,226</b>                        | <b>33,728,888</b> |
| Fair value of 72,090 shares issued to employees                               | -                       | 39,650                                   | -                                       | 39,650            |
| Fair value of unvested performance rights for executives                      | -                       | 184,635                                  | -                                       | 184,635           |
| Fair value of 100,000 shares issued as consideration for tenement acquisition | 80,000                  | -  | -                                       | 80,000            |
| 3,847 options exercised during the period at \$1.00                           | 3,847                   | -  | -                                       | 3,847             |
| 1,853 options exercised during the period at \$1.50                           | 2,779                   | -  | -                                       | 2,779             |
| 33,727,288 shares issued during the period at \$0.53                          | 17,875,463              | -  | -                                       | 17,875,463        |
| Transaction costs associated with the issue of shares net of tax              | (693,372)               | -  | -                                       | (693,372)         |
| Profit/(loss) attributable to shareholders                                    | -                       | -  | 4,859,836                               | 4,859,836         |
| <b>Balance as at 30 June 2009</b>   | <b>45,929,967</b>       | <b>779,697</b>                           | <b>9,372,062</b>                        | <b>56,081,726</b> |

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

# CASH FLOW STATEMENT

## Ramelius Resources Limited and Controlled Entities

### Cash Flow Statement

For the year ended 30 June 2009

|  | Note | Consolidated Group  |                    | Parent Entity       |                    |
|--|------|---------------------|--------------------|---------------------|--------------------|
|  |      | 2009                | 2008               | 2009                | 2008               |
|  |      | \$                  | \$                 | \$                  | \$                 |
| <b>Cash Flows from operating activities</b>                |      |                     |                    |                     |                    |
| Cash receipts in the course of operations                  |      | 19,931,625          | 15,764,152         | 19,862,038          | 15,709,657         |
| Cash payments in the course of operations                  |      | (9,572,962)         | (9,032,494)        | (5,098,271)         | (4,792,480)        |
| Interest received  |      | 620,764             | 541,525            | 590,857             | 525,615            |
| <b>Net cash provided by/(used in) operating activities</b> | 24   | <u>10,979,427</u>   | <u>7,273,183</u>   | <u>15,354,624</u>   | <u>11,442,792</u>  |
| <b>Cash Flows from investing activities</b>                |      |                     |                    |                     |                    |
| Payments for plant, equipment & development                |      | (12,386,113)        | (7,295,640)        | (11,772,187)        | (6,678,854)        |
| Proceeds from sale of mining tenements                     |      | 100,000             | -                  | 100,000             | -                  |
| Proceeds from sale of plant and equipment                  |      | -                   | 15,891             | -                   | -                  |
| Payments for mining tenements & exploration                |      | (4,832,861)         | (2,224,604)        | (4,832,861)         | (2,224,604)        |
| <b>Net cash provided by/(used in) investing activities</b> |      | <u>(17,118,974)</u> | <u>(9,504,353)</u> | <u>(16,505,048)</u> | <u>(8,903,458)</u> |
| <b>Cash Flows from Financing activities</b>                |      |                     |                    |                     |                    |
| Proceeds from issue of shares                              |      | 17,884,557          | 19,585,934         | 17,884,557          | 19,585,934         |
| Transaction costs from issue of shares                     |      | (1,119,991)         | (821,268)          | (1,119,991)         | (821,268)          |
| Payments to subsidiary                                     |      | -                   | -                  | (8,987,792)         | (4,639,781)        |
| Payments for hedge options                                 |      | (103,240)           | (590,800)          | (103,240)           | (590,800)          |
| Payment of dividend to shareholders                        |      | -                   | (780,739)          | -                   | (780,739)          |
| Return of capital to shareholders                          |      | -                   | (11,975,816)       | -                   | (11,975,816)       |
| <b>Net cash provided by/(used in) financing activities</b> |      | <u>16,661,326</u>   | <u>5,417,311</u>   | <u>7,673,534</u>    | <u>777,530</u>     |
| <b>Net increase/(decrease) in cash held</b>                |      | <u>10,521,779</u>   | <u>3,186,141</u>   | <u>6,523,110</u>    | <u>3,316,864</u>   |
| <b>Cash at the beginning of the financial year</b>         |      | <u>16,170,847</u>   | <u>12,984,706</u>  | <u>15,938,210</u>   | <u>12,621,346</u>  |
| <b>Cash at the end of the financial year</b>               | 9    | <u>26,692,626</u>   | <u>16,170,847</u>  | <u>22,461,320</u>   | <u>15,938,210</u>  |

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

## Ramelius Resources Limited and Controlled Entities

### Notes to the financial statements

#### For the year ended 30 June 2009

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#### 1 *Statement of significant accounting policies*

This financial report includes the consolidated financial statements and notes of Ramelius Resources Limited and controlled entities ("Consolidated Group" or "Group"), and the separate financial statements and notes of the individual parent entity, Ramelius Resources Limited ("Parent Entity").

##### (a) *Basis of preparation*

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporation Act 2001.

Ramelius Resources Limited is a listed public company, incorporated and domiciled in Australia.

##### *Compliance with International Financial Reporting Standards*

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

##### *Historical cost convention*

The financial report has been prepared on an accruals basis under the historical cost convention, modified where applicable by the measurement at fair value of relevant non current assets, financial assets and financial liabilities.

##### *Accounting Policies*

The material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

##### (b) *Principles of consolidation*

The consolidated financial statements incorporate the assets and liabilities of all controlled entities as at 30 June 2009 and their results for the year then ended. Ramelius Resources Limited and its subsidiaries together are referred to in this financial report as the Group or Consolidated Group.

A controlled entity is any entity over which Ramelius Resources Limited has power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 14 to the financial statements. All controlled entities have a 30 June financial year end.

All inter-group balances and transactions between entities in the consolidated group, including any realised profits or losses, have been eliminated on consolidation.

Accounting policies of subsidiaries are consistent with those adopted by the parent entity.

##### (c) *Income Tax*

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates that have been enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

**Ramelius Resources Limited and Controlled Entities****Notes to the financial statements****For the year ended 30 June 2009**

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Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(d) Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

**(e) Plant & equipment**

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

***Plant and equipment***

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

***Depreciation***

The depreciation of all fixed assets is depreciated on a straight line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

The depreciation rates used for each class of depreciable assets are:

| <i>Class of fixed asset</i> | <i>Depreciation<br/>Rate</i> |
|-----------------------------|------------------------------|
| Plant and equipment         | 1% – 50%                     |

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(f) Exploration and evaluation expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to development assets (refer note 1(g) below).

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

**(g) Development assets**

Development costs are amortised over the life of the area of interest according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when development commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations



## Ramelius Resources Limited and Controlled Entities

### Notes to the financial statements

#### For the year ended 30 June 2009

and future legislation. Accordingly, the costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

#### (h) Leases

Leased payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### (i) Financial instruments

**Recognition:** Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified “at fair value through profit or loss” in which case transaction costs are expensed to the profit or loss immediately.

**Classification and subsequent measurement:** Financial instruments are subsequently measured at either fair value, amortised cost using the interest rate method or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties. Where available, quoted prices in an active market are used to determine fair value.

The Group does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

**Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

**Held-to-maturity investments:** These investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost.

**Financial liabilities:** Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Derivative instruments:** Ramelius Resources Limited and Controlled Entities designate certain derivatives as either:

- i. Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedging); or
- ii. Hedges of highly probable forecast transactions (cash flow hedges).

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedging items, are also made.

#### (i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

#### (ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

**Fair value:** Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

## Ramelius Resources Limited and Controlled Entities

### Notes to the financial statements

#### For the year ended 30 June 2009

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**Impairment:** At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

**(j) Impairment of assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

**(k) Employee benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**Superannuation contributions:** Employees may nominate their own superannuation fund into which the Group pays superannuation contributions. The Group currently contributes 9% of employee's salary to each employee's nominated fund or where a fund is not nominated by an employee, to a superannuation fund chosen by the Group.

**Share-based payments:** The Group has an Employee Share Acquisition Plan and a Performance Rights Plan where employees and senior executives may be provided with shares or rights to shares in the Parent Entity. The Company may also grant performance related options over shares to Key Management Personnel. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**(l) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(m) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**(n) Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of goods or rendering of a service is recognised upon delivery of the goods or service to customers as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement with those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of goods and services tax (GST).

## Ramelius Resources Limited and Controlled Entities

### Notes to the financial statements

#### For the year ended 30 June 2009

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**(o) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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 the expense.

Receivables and payables are stated in the Balance Sheet inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(p) Transaction costs on the issue of equity instruments**

Transaction costs arising from the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

**(q) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(r) Earnings per share**

*(i) Basic earning per share*

Basic earnings per share is calculated by dividing the profit attribute to equity holders of the entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issues during the year.

*(ii) Diluted Earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account after income tax effect of interest and other financial costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(s) New accounting standards and interpretations**

The AASB has issued revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion on those future requirements and their impact on the Group follows:

*(i) AASB 8 Operating Segments and AASB 2007-3*

Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management however does not presently believe impairment will result.

## Ramelius Resources Limited and Controlled Entities

### Notes to the financial statements

#### For the year ended 30 June 2009

*(ii) AASB 101: Presentation of Financial Statements, AASB 2007-8*

Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

*(iii) AASB 2008 – 1: Amendments to Australian Accounting Standard – Share-based Payments*

Vesting Conditions and Cancellations [ASAB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

*(iv) AASB 2008 – 5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6*

Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

**(t) Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*Key Estimates and Judgements*

*(i) Impairment*

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

*(ii) Exploration and Evaluation Expenditure*

The Group capitalises exploration and evaluation expenditure where it is considered likely to be recoverable or where activities have not reached a stage to permit a reasonable assessment of the existence of reserves. While there are certain areas of interest for which no reserves have been extracted the directors continue to believe that such expenditure should not be written off, as evaluation in those areas has not yet been concluded.

*(iii) Development*

The group capitalises development expenditure which is amortised over the life of the economic resource. The recoverable economic resource is subject to estimates and assumptions that impact on the rate of depletion of the economic resource (amortisation), depreciation and assessment of impairment of assets. Assessment of future development involves various assumptions including commodity gold price, exchange rates for Australian and US dollars and general economic conditions.

*(iv) Provision for Restoration*

The Group estimates future mine site restoration costs that are expected to be incurred. Such estimates are based on the assumption that amounts required by the Western Australian Department of Mines to be lodged as environmental bonds which the Company effects via unconditional bank guarantees, closely approximate the site restoration costs.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

|  | Consolidated Group |                   | Parent Entity     |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | 2009               | 2008              | 2009              | 2008              |
|  | \$                 | \$                | \$                | \$                |
| <b>2 Revenue and other income</b>  |                    |                   |                   |                   |
| <b>Revenues:</b>   |                    |                   |                   |                   |
| <i>From operating activities</i>   |                    |                   |                   |                   |
| Refined gold sales   | 19,830,035         | 14,825,205        | 19,830,035        | 14,825,205        |
| Refined silver sales   | 31,713             | -                 | 31,713            | -                 |
| Gold nugget sales  | -                  | 31,392            | -                 | 31,392            |
| <b>Total revenue</b>   | <b>19,861,748</b>  | <b>14,856,597</b> | <b>19,861,748</b> | <b>14,856,597</b> |
| <i>Other income</i>  |                    |                   |                   |                   |
| Interest received from other parties   | 648,856            | 665,460           | 593,187           | 648,264           |
| Gain on disposal of tenements  | 38,443             | -                 | 38,443            | -                 |
| Other revenue  | 132,233            | 109,018           | 96,658            | 35,120            |
| <b>Total other income</b>  | <b>819,532</b>     | <b>774,478</b>    | <b>728,288</b>    | <b>683,384</b>    |
| <b>3 Profit from ordinary activities before income tax expense has been determined after</b> |                    |                   |                   |                   |
| <i>Expenses</i>  |                    |                   |                   |                   |
| Depreciation and amortisation of non current assets  |                    |                   |                   |                   |
| Plant and equipment - depreciation   | 27,462             | 18,911            | 27,462            | 18,911            |
| Mining and milling - depreciation  | 377,817            | 238,349           | 78,168            | 21,085            |
| Mining and milling - amortisation  | 4,671,942          | 835,634           | 4,601,884         | 782,949           |
|  | <b>5,077,221</b>   | <b>1,092,894</b>  | <b>4,707,514</b>  | <b>822,945</b>    |
| Finance costs  |                    |                   |                   |                   |
| Interest paid to external entities   | -                  | 592               | -                 | 509               |
| Rental expense on operating leases   |                    |                   |                   |                   |
| Minimum lease payments   | 100,002            | 84,510            | 100,002           | 84,510            |
| Write off of capitalised exploration & evaluation expenditure                                | 21,407             | 1,725             | 21,407            | 1,725             |
| Diminution in value of gold hedge put options  | 457,063            | 307,460           | 457,063           | 307,460           |
| Impairment of exploration & evaluation assets  | 126,515            | 802,670           | 126,515           | 802,670           |
| Provision in employee entitlements   | 103,884            | 183,738           | 34,786            | 158,902           |
| <i>Other revenue and expenses</i>  |                    |                   |                   |                   |
| Consideration on disposal of mining tenements  | 100,000            | -                 | 100,000           | -                 |
| Carrying amount of listed mining tenements   | 61,557             | -                 | 61,557            | -                 |
| Net gain on disposal   | <b>38,443</b>      | <b>-</b>          | <b>38,443</b>     | <b>-</b>          |
| Consideration on disposal of assets  | -                  | 1,818             | -                 | 1,818             |
| Carrying amount of assets disposed   | -                  | (4,522)           | -                 | (4,522)           |
| Carrying amount of assets written off  | (22,957)           | -                 | (770)             | -                 |
| Net loss on disposal   | <b>(22,957)</b>    | <b>(2,704)</b>    | <b>(770)</b>      | <b>(2,704)</b>    |

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

|  | Note | Consolidated Group |      | Parent Entity |      |
|--|------|--------------------|------|---------------|------|
|  |      | 2009               | 2008 | 2009          | 2008 |
|  |      | \$                 | \$   | \$            | \$   |

**4 Income tax expense**

(a) The components of tax expense comprise:

|   |                  |                |                  |                |
|---|------------------|----------------|------------------|----------------|
| Current tax                               | 41,512           | -              | -                | -              |
| Deferred tax                              | 2,120,063        | 461,539        | 2,142,656        | 461,539        |
| Recoupment of prior year tax losses       | 22,675           | -              | -                | -              |
| Under provision in respect of prior years | -                | (35,264)       | -                | (34,225)       |
|   | <u>2,184,250</u> | <u>426,275</u> | <u>2,142,656</u> | <u>427,314</u> |

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30%

|                      |           |         |           |         |
|----------------------|-----------|---------|-----------|---------|
| - Consolidated group | 2,147,282 | 311,391 | -         | -       |
| - Parent entity      | -         | -       | 2,100,748 | 311,391 |

Add:

Tax effect of:

|  |                  |                |                  |                |
|--|------------------|----------------|------------------|----------------|
| - Share based payments                               | 67,285           | 149,554        | 67,285           | 149,554        |
| - costs of capital raising                           | -                | -              | -                | -              |
| - other non allowable items                          | 966              | 594            | 945              | 594            |
| Deferred tax asset in respect of tax losses utilised | 22,675           | -              | -                | -              |
|  | <u>2,238,208</u> | <u>461,539</u> | <u>2,168,978</u> | <u>461,539</u> |

Less:

Tax effect of:

|   |                  |                |                  |                |
|---|------------------|----------------|------------------|----------------|
| Other allowable items   | 31,283           | -              | 26,322           | -              |
| Recognition of timing differences not previously brought to account | 22,675           | -              | -                | -              |
| Under/(over) provision in respect of prior years                    | -                | (35,264)       | -                | (34,225)       |
| Income tax attributable to entity                                   | <u>2,184,250</u> | <u>426,275</u> | <u>2,142,656</u> | <u>427,314</u> |

The applicable weighted average effective tax rates are as follows:

|  |     |     |     |     |
|--|-----|-----|-----|-----|
|  | 31% | 41% | 31% | 41% |
|--|-----|-----|-----|-----|

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

**5 Directors and Key Management Personnel Remuneration**

**(a) Remuneration of Directors and Key Management Personnel**

The names and positions held by Directors and Key Management Personnel of the Company during the financial year are:

| Directors                      | Positions                                      |
|--------------------------------|--|
| Mr RM Kennedy                  | Chairman – Non-Executive                       |
| Mr RG Nelson                   | Director – Non-Executive                       |
| Mr JF Houldsworth <sup>1</sup> | Managing Director / Chief Executive Officer    |
| Mr IJ Gordon <sup>2</sup>      | Director – Executive / Chief Operating Officer |
| Mr KJ Lines                    | Director – Non-Executive                       |
| Key Management Personnel       |  |
| Mr DA Francese                 | Chief Financial Officer / Company Secretary    |
| Mr DA Doherty <sup>3</sup>     | Wattle Dam Underground Mine Manager            |
| Mr BT Kelty <sup>4</sup>       | Wattle Dam Mine Manager                        |
| Mr MI Svensson                 | Exploration Manager                            |
| Mr AP Webb                     | Burbanks Mill Process Manager                  |

<sup>1</sup> Mr Houldsworth held the position of Managing Director and Chief Executive Officer until his retirement as an executive of the Company on 31 July 2009. Mr Houldsworth continues to serve on the Board as a non-executive director.

<sup>2</sup> Mr Gordon held the position of Executive Director and Chief Operating Officer until the retirement of Mr Houldsworth as an executive of the Company. On 1 August 2009 Mr Gordon was appointed Chief Executive Officer.

<sup>3</sup> Mr Doherty commenced as a qualified underground Mine Manager of the Company on 21 July 2008.

<sup>4</sup> Mr Kelty retired as the Wattle Dam Mine Manager on 31 July 2008 following the appointment of a qualified underground mine manager.

Director and Key Management Personnel remuneration has been included in the Remuneration Report section of the Directors Report.

The totals of remuneration paid to Directors and Key Management Personnel of the Parent Entity and the Group during the year are as follows:

|                              | Directors &<br>Key Management<br>Personnel |                  |
|------------------------------|--|------------------|
| Short-term employee benefits | 1,778,218                                  | 1,613,362        |
| Post-employment benefits     | 174,916                                    | 147,254          |
| Other long-term benefits     | -  | -                |
| Termination benefits         | -  | -                |
| Share-based payments         | 89,426                                     | 339,110          |
|                              | <u>2,042,560</u>                           | <u>2,099,726</u> |

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

**(b) Directors and Key Management Personnel equity remuneration holdings and transactions**

| Shares  | Year | Opening<br>Balance | Received<br>as<br>Remuneration | Options<br>Exercised | Net<br>Change<br>Other <sup>1</sup> | Closing<br>Balance |
|---|------|--------------------|--------------------------------|----------------------|-------------------------------------|--------------------|
| <b>Held by Directors in own name</b>                |      |                    |                                |                      |                                     |                    |
| Mr RM Kennedy                                       | 2009 | -                  | -                              | -                    | -                                   | -                  |
|   | 2008 | -                  | -                              | -                    | -                                   | -                  |
| Mr RG Nelson  | 2009 | 105,480            | -                              | -                    | -                                   | 105,480            |
|   | 2008 | 100,217            | -                              | -                    | 5,263                               | 105,480            |
| Mr JF Houldsworth                                   | 2009 | 4,570,581          | -                              | -                    | 9,433                               | 4,580,014          |
|   | 2008 | 4,565,318          | -                              | -                    | 5,263                               | 4,570,581          |
| Mr IJ Gordon  | 2009 | 10,263             | -                              | -                    | 4,716                               | 14,979             |
|   | 2008 | -                  | -                              | -                    | 10,263                              | 10,263             |
| Mr KJ Lines   | 2009 | -                  | -                              | -                    | -                                   | -                  |
|   | 2008 | -                  | -                              | -                    | -                                   | -                  |
|   | 2009 | 4,686,324          | -                              | -                    | 14,149                              | 4,700,473          |
|   | 2008 | 4,665,535          | -                              | -                    | 20,789                              | 4,686,324          |
| <b>Held by personally related entities</b>          |      |                    |                                |                      |                                     |                    |
| Mr RM Kennedy                                       | 2009 | 7,701,273          | -                              | -                    | 28,299                              | 7,729,572          |
|   | 2008 | 7,685,484          | -                              | -                    | 15,789                              | 7,701,273          |
| Mr RG Nelson  | 2009 | 5,217,071          | -                              | -                    | 9,433                               | 5,226,504          |
|   | 2008 | 3,411,808          | -                              | 1,800,000            | 5,263                               | 5,217,071          |
| Mr JF Houldsworth                                   | 2009 | 35,263             | -                              | -                    | 9,433                               | 44,696             |
|   | 2008 | 30,000             | -                              | -                    | 5,263                               | 35,263             |
| Mr IJ Gordon  | 2009 | -                  | -                              | -                    | -                                   | -                  |
|   | 2008 | -                  | -                              | -                    | -                                   | -                  |
| Mr KJ Lines   | 2009 | -                  | -                              | -                    | -                                   | -                  |
|   | 2008 | -                  | -                              | -                    | -                                   | -                  |
| <b>Total held by Directors</b>                      | 2009 | 17,639,931         | -                              | -                    | 61,314                              | 17,701,245         |
|   | 2008 | 15,792,827         | -                              | 1,800,000            | 47,104                              | 17,639,931         |
| <b>Key Management Personnel excluding Directors</b> |      |                    |                                |                      |                                     |                    |
| Mr DA Doherty                                       | 2009 | -                  | -                              | -                    | -                                   | -                  |
|   | 2008 | -                  | -                              | -                    | -                                   | -                  |
| Mr DA Francese                                      | 2009 | 814,010            | -                              | -                    | 9,433                               | 823,443            |
|   | 2008 | 795,217            | 13,530*                        | -                    | 5,263                               | 814,010            |
| Mr BT Kelty   | 2009 | 338,683            | -                              | -                    | (10,567)                            | 328,116            |
|   | 2008 | 600,000            | 13,420*                        | -                    | (274,737)                           | 338,683            |
| Mr MI Svensson                                      | 2009 | 513,663            | -                              | -                    | (290,182)                           | 223,481            |
|   | 2008 | 500,000            | 8,400*                         | -                    | 5,263                               | 513,663            |
| Mr AP Webb  | 2009 | 12,310             | -                              | -                    | 9,433                               | 21,743             |
|   | 2008 | -                  | 12,310*                        | -                    | -                                   | 12,310             |
| <b>Total</b>  | 2009 | 19,318,597         | -                              | -                    | (220,569)                           | 19,098,028         |
|   | 2008 | 17,688,044         | 47,660                         | 1,800,000            | (217,107)                           | 19,318,597         |

\* These shares were issued under the Employee Share Plan on 15 April 2008 and vest at the earliest of three years from the date of issue or the time of ceasing to be an employee.



**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

| Performance Rights to Shares*                       | Year | Opening Balance | Received as Remuneration | Options Exercised | Net Change Other <sup>1</sup> | Closing Balance | Total Vested at Year End | Total Exercisable at Year End |
|---|------|-----------------|--------------------------|-------------------|-------------------------------|-----------------|--------------------------|-------------------------------|
| <b>Held by Directors in own name</b>                |      |                 |                          |                   |                               |                 |                          |                               |
| Mr RM Kennedy                                       | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr RG Nelson  | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr JF Houldsworth                                   | 2009 | 450,000         | -                        | -                 | -                             | 450,000         | -                        | -                             |
|   | 2008 | -               | 450,000*                 | -                 | -                             | 450,000         | -                        | -                             |
| Mr IJ Gordon  | 2009 | 300,000         | -                        | -                 | -                             | 300,000         | -                        | -                             |
|   | 2008 | -               | 300,000*                 | -                 | -                             | 300,000         | -                        | -                             |
| Mr KJ Lines   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2009 | 750,000         | -                        | -                 | -                             | 750,000         | -                        | -                             |
|   | 2008 | -               | 750,000                  | -                 | -                             | 750,000         | -                        | -                             |
| <b>Held by personally related entities</b>          |      |                 |                          |                   |                               |                 |                          |                               |
| Mr RM Kennedy                                       | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr RG Nelson  | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr JF Houldsworth                                   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr IJ Gordon  | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr KJ Lines   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| <b>Total held by Directors</b>                      | 2009 | 750,000         | -                        | -                 | -                             | 750,000         | -                        | -                             |
|   | 2008 | -               | 750,000                  | -                 | -                             | 750,000         | -                        | -                             |
| <b>Key Management Personnel excluding Directors</b> |      |                 |                          |                   |                               |                 |                          |                               |
| Mr DA Doherty                                       | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr DA Francese                                      | 2009 | 150,000         | -                        | -                 | -                             | 150,000         | -                        | -                             |
|   | 2008 | -               | 150,000*                 | -                 | -                             | 150,000         | -                        | -                             |
| Mr BT Kelty   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr MI Svensson                                      | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr AP Webb  | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| <b>Total</b>  | 2009 | 900,000         | -                        | -                 | -                             | 900,000         | -                        | -                             |
|   | 2008 | -               | 900,000                  | -                 | -                             | 900,000         | -                        | -                             |

\* These Rights to shares were granted under the Performance Rights Plan on 7 April 2008. The KPI conditions attached to the performance Rights include a vesting period of three years from the grant date and a requirement for the Company's share price to be within the top 40% comparator group of companies as set by the Board. The Companies in the comparator group are set out in the Remuneration Report section of the Directors Report.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

| <b>Options Exercisable at \$0.18687* by 31 December 2007 Held by Directors in own name</b> | <b>Year</b> | <b>Opening Balance</b> | <b>Received as Remuneration</b> | <b>Options Exercised</b> | <b>Net Change Other<sup>1</sup></b> | <b>Closing Balance</b> | <b>Total Vested at Year End</b> | <b>Total Exercisable at Year End</b> |
|--|-------------|------------------------|---------------------------------|--------------------------|-------------------------------------|------------------------|---------------------------------|--------------------------------------|
| Mr RM Kennedy  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr RG Nelson   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr JF Houldsworth  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr IJ Gordon   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr KJ Lines  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| <b>Held by Directors' Personally Related Entities</b>                                      |             |                        |                                 |                          |                                     |                        |                                 |                                      |
| Mr RM Kennedy  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr RG Nelson   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | 1,800,000              | -                               | (1,800,000)              | -                                   | -                      | -                               | -                                    |
| Mr JF Houldsworth  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr IJ Gordon   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr KJ Lines  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| <b>Total held by Directors</b>   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | 1,800,000              | -                               | (1,800,000)              | -                                   | -                      | -                               | -                                    |
| <b>Key Management Personnel excluding Directors</b>  |             |                        |                                 |                          |                                     |                        |                                 |                                      |
| Mr DA Francese   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr BT Kelty  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr MI Svensson   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr AP Webb   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| <b>Total</b>   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | 1,800,000              | -                               | (1,800,000)              | -                                   | -                      | -                               | -                                    |

\* The exercise price of these options was reduced during the 2008 financial year from \$0.18687 to \$0.11187 in accordance with the terms of the options and ASX Listing Rules following the Record date of 3 August 2007 for a Return of Capital of 7.5 cents per ordinary share paid to all eligible shareholders on 28 September 2007.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

| <b>Options Exercisable at \$1.00 by 30 June 2009</b> | <b>Year</b> | <b>Opening Balance</b> | <b>Received as Remuneration</b> | <b>Options Exercised</b> | <b>Net Change Other<sup>2</sup></b> | <b>Closing Balance</b> | <b>Total Vested at Year End</b> | <b>Total Exercisable at Year End</b> |
|--|-------------|------------------------|---------------------------------|--------------------------|-------------------------------------|------------------------|---------------------------------|--------------------------------------|
| <b>Held by Directors in own name</b>                 |             |                        |                                 |                          |                                     |                        |                                 |                                      |
| Mr RM Kennedy  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr RG Nelson   | 2009        | 10,022                 | -                               | -                        | (10,022)                            | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 10,022                              | 10,022                 | 10,022                          | 10,022                               |
| Mr JF Houldsworth                                    | 2009        | 456,532                | -                               | -                        | (456,532)                           | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 456,532                             | 456,532                | 456,532                         | 456,532                              |
| Mr IJ Gordon   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr KJ Lines  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2009        | 466,554                | -                               | -                        | (466,554)                           | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 466,554                             | 466,554                | 466,554                         | 466,554                              |
| <b>Held by personally related entities</b>           |             |                        |                                 |                          |                                     |                        |                                 |                                      |
| Mr RM Kennedy  | 2009        | 768,549                | -                               | -                        | (768,549)                           | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 768,549                             | 768,549                | 768,549                         | 768,549                              |
| Mr RG Nelson   | 2009        | 421,182                | -                               | -                        | (421,182)                           | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 421,182                             | 421,182                | 421,182                         | 421,182                              |
| Mr JF Houldsworth                                    | 2009        | 3,000                  | -                               | -                        | (3,000)                             | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 3,000                               | 3,000                  | 3,000                           | 3,000                                |
| Mr IJ Gordon   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr KJ Lines  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| <b>Total held by Directors</b>                       | 2009        | 1,659,285              | -                               | -                        | (1,659,285)                         | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 1,659,285                           | 1,659,285              | 1,659,285                       | 1,659,285                            |
| <b>Key Management Personnel excluding Directors</b>  |             |                        |                                 |                          |                                     |                        |                                 |                                      |
| Mr DA Doherty  | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| Mr DA Francese                                       | 2009        | 79,522                 | -                               | -                        | (79,522)                            | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 79,522                              | 79,522                 | 79,522                          | 79,522                               |
| Mr BT Kelty  | 2009        | 54,000                 | -                               | -                        | (54,000)                            | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 54,000                              | 54,000                 | 54,000                          | 54,000                               |
| Mr MI Svensson                                       | 2009        | 50,000                 | -                               | -                        | (50,000)                            | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 50,000                              | 50,000                 | 50,000                          | 50,000                               |
| Mr AP Webb   | 2009        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | -                                   | -                      | -                               | -                                    |
| <b>Total</b>   | 2009        | 1,842,807              | -                               | -                        | (1,842,807)                         | -                      | -                               | -                                    |
|  | 2008        | -                      | -                               | -                        | 1,842,807                           | 1,842,807              | 1,842,807                       | 1,842,807                            |

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

| Options Exercisable at \$1.50 by 30 June 2010       | Year | Opening Balance | Received as Remuneration | Options Exercised | Net Change Other <sup>1</sup> | Closing Balance | Total Vested at Year End | Total Exercisable at Year End |
|---|------|-----------------|--------------------------|-------------------|-------------------------------|-----------------|--------------------------|-------------------------------|
| <b>Held by Directors in own name</b>                |      |                 |                          |                   |                               |                 |                          |                               |
| Mr RM Kennedy                                       | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr RG Nelson  | 2009 | 10,548          | -                        | -                 | -                             | 10,548          | 10,548                   | 10,548                        |
|   | 2008 | -               | -                        | -                 | 10,548                        | 10,548          | 10,548                   | 10,548                        |
| Mr JF Houldsworth                                   | 2009 | 457,059         | -                        | -                 | -                             | 457,059         | 457,059                  | 457,059                       |
|   | 2008 | -               | -                        | -                 | 457,059                       | 457,059         | 457,059                  | 457,059                       |
| Mr IJ Gordon  | 2009 | 1,027           | -                        | -                 | -                             | 1,027           | 1,027                    | 1,027                         |
|   | 2008 | -               | -                        | -                 | 1,027                         | 1,027           | 1,027                    | 1,027                         |
| Mr KJ Lines   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2009 | 468,634         | -                        | -                 | -                             | 468,634         | 468,634                  | 468,634                       |
|   | 2008 | -               | -                        | -                 | 468,634                       | 468,634         | 468,634                  | 468,634                       |
| <b>Held by personally related entities</b>          |      |                 |                          |                   |                               |                 |                          |                               |
| Mr RM Kennedy                                       | 2009 | 770,128         | -                        | -                 | -                             | 770,128         | 770,128                  | 770,128                       |
|   | 2008 | -               | -                        | -                 | 770,128                       | 770,128         | 770,128                  | 770,128                       |
| Mr RG Nelson  | 2009 | 521,708         | -                        | -                 | -                             | 521,708         | 521,708                  | 521,708                       |
|   | 2008 | -               | -                        | -                 | 521,708                       | 521,708         | 521,708                  | 521,708                       |
| Mr JF Houldsworth                                   | 2009 | 3,527           | -                        | -                 | -                             | 3,527           | 3,527                    | 3,527                         |
|   | 2008 | -               | -                        | -                 | 3,527                         | 3,527           | 3,527                    | 3,527                         |
| Mr IJ Gordon  | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr KJ Lines   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| <b>Total held by Directors</b>                      | 2009 | 1,763,997       | -                        | -                 | -                             | 1,763,997       | 1,763,997                | 1,763,997                     |
|   | 2008 | -               | -                        | -                 | 1,763,997                     | 1,763,997       | 1,763,997                | 1,763,997                     |
| <b>Key Management Personnel excluding Directors</b> |      |                 |                          |                   |                               |                 |                          |                               |
| Mr DA Doherty                                       | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr DA Francese                                      | 2009 | 81,402          | -                        | -                 | -                             | 81,402          | 81,402                   | 81,402                        |
|   | 2008 | -               | -                        | -                 | 81,402                        | 81,402          | 81,402                   | 81,402                        |
| Mr BT Kelty   | 2009 | 33,869          | -                        | -                 | (32,527)                      | 1,342           | 1,342                    | 1,342                         |
|   | 2008 | -               | -                        | -                 | 33,869                        | 33,869          | 33,869                   | 33,869                        |
| Mr MI Svensson                                      | 2009 | 51,367          | -                        | -                 | -                             | 51,367          | 51,367                   | 51,367                        |
|   | 2008 | -               | -                        | -                 | 51,367                        | 51,367          | 51,367                   | 51,367                        |
| Mr AP Webb  | 2009 | 1,231           | -                        | -                 | -                             | 1,231           | 1,231                    | 1,231                         |
|   | 2008 | -               | -                        | -                 | 1,231                         | 1,231           | 1,231                    | 1,231                         |
| <b>Total</b>  | 2009 | 1,931,866       | -                        | -                 | (32,527)                      | 1,899,339       | 1,899,339                | 1,899,339                     |
|   | 2008 | -               | -                        | -                 | 1,931,866                     | 1,931,866       | 1,931,866                | 1,931,866                     |

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

| Options Exercisable at \$1.90 by 30 June 2009       | Year | Opening Balance | Received as Remuneration | Options Exercised | Net Change Other <sup>2</sup> | Closing Balance | Total Vested at Year End | Total Exercisable at Year End |
|---|------|-----------------|--------------------------|-------------------|-------------------------------|-----------------|--------------------------|-------------------------------|
| <b>Held by Directors in own name</b>                |      |                 |                          |                   |                               |                 |                          |                               |
| Mr RM Kennedy                                       | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr RG Nelson  | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr JF Houldsworth                                   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr IJ Gordon  | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr KJ Lines   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| <b>Held by personally related entities</b>          |      |                 |                          |                   |                               |                 |                          |                               |
| Mr RM Kennedy                                       | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr RG Nelson  | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr JF Houldsworth                                   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr IJ Gordon  | 2009 | 400,000         | -                        | -                 | (400,000)                     | -               | -                        | -                             |
|   | 2008 | -               | 400,000                  | -                 | -                             | 400,000         | 400,000                  | 400,000                       |
| Mr KJ Lines   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| <b>Total held by Directors</b>                      | 2009 | 400,000         | -                        | -                 | (400,000)                     | -               | -                        | -                             |
|   | 2008 | -               | 400,000                  | -                 | -                             | 400,000         | 400,000                  | 400,000                       |
| <b>Key Management Personnel excluding Directors</b> |      |                 |                          |                   |                               |                 |                          |                               |
| Mr DA Doherty                                       | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr DA Francese                                      | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr BT Kelty   | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr MI Svensson                                      | 2009 | -               | -                        | -                 | -                             | -               | -                        | -                             |
|   | 2008 | -               | -                        | -                 | -                             | -               | -                        | -                             |
| Mr AP Webb  | 2009 | 400,000         | -                        | -                 | (400,000)                     | -               | -                        | -                             |
|   | 2008 | -               | 400,000                  | -                 | -                             | 400,000         | 400,000                  | 400,000                       |
| <b>Total</b>  | 2009 | 800,000         | -                        | -                 | (800,000)                     | -               | -                        | -                             |
|   | 2008 | -               | 800,000                  | -                 | -                             | 800,000         | 800,000                  | 800,000                       |

1. Net change other in respect of shares and \$1.50 options refers to shares and options purchased and/or sold during the financial year.

2. Net change other in respect of \$1.00 and \$1.90 options refers to options which expired at 30 June 2009.

No options previously granted to Directors, Director related entities or Key Management Personnel were exercised during the year.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

**Other Key Management Personnel Transactions**

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with Directors or Key Management Personnel, refer Note 26: Related Parties.

|  | Note | Consolidated Group |      | Parent Entity |      |
|--|------|--------------------|------|---------------|------|
|  |      | 2009               | 2008 | 2009          | 2008 |
|  |      | \$                 | \$   | \$            | \$   |

**6 Auditors' remuneration**

Audit services:

Auditors of the Company – Grant Thornton

Audit and review of the financial reports

Other regulatory audit services

|               |               |               |               |
|---------------|---------------|---------------|---------------|
| 46,564        | 45,000        | 46,564        | 45,000        |
| -             | -             | -             | -             |
| <u>46,564</u> | <u>45,000</u> | <u>46,564</u> | <u>45,000</u> |

**7 Dividends and return of capital**

Dividend paid: 0.5 cents per share fully franked declared on 9 May 2007 and paid on 3 August 2007

Return of capital to shareholders

|   |                   |   |                   |
|---|-------------------|---|-------------------|
| - | 780,739           | - | 780,739           |
| - | 11,975,816        | - | 11,975,816        |
| - | <u>12,756,555</u> | - | <u>12,756,555</u> |

(a) Proposal final 2009 dividend

(b) Balance of franking account at year end adjusted for franking credits arising from:

- payment of provision for income tax

- dividends recognised as receivables and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years

|         |   |         |   |
|---------|---|---------|---|
| -       | - | -       | - |
| -       | - | -       | - |
| 334,603 | - | 334,603 | - |

**8 Earnings per share**

**(a) Classification of securities**

All ordinary shares have been included in basic earnings per share.

**(b) Classification of securities as potential ordinary shares**

All of the following options on issue at the end of the financial year are included as potential ordinary shares.

| No. of Options* | Exercise Price | Exercise Date |
|-----------------|----------------|---------------|
| 18,452,620      | \$1.50         | 30/6/2010     |

\* These options are listed on ASX Limited.

**(c) Earnings used in the calculation of earnings per share**

Profit/(loss) from ordinary activities after related income tax expense

|           |         |           |         |
|-----------|---------|-----------|---------|
| 4,973,356 | 611,697 | 4,859,836 | 610,658 |
|-----------|---------|-----------|---------|

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

**(d) Weighted average number of shares outstanding during the year used in calculating earnings per share**

|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| <b>Number for basic earnings per share</b>    |                    |                    |                    |                    |
| Ordinary shares                               | 192,844,130        | 168,246,390        | 192,844,130        | 168,246,390        |
| <b>Number for dilutive earnings per share</b> |                    |                    |                    |                    |
| Ordinary shares                               | 192,844,130        | 168,246,390        | 192,844,130        | 168,246,390        |
| Options                                       | -                  | -                  | -                  | -                  |
|   | <u>192,844,130</u> | <u>168,246,390</u> | <u>192,844,130</u> | <u>168,246,390</u> |

**9 Cash and cash equivalents**

|                   |                   |                   |                   |                   |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash              | 673,726           | 870,178           | 668,420           | 863,540           |
| Deposits at call* | 26,018,900        | 15,300,669        | 21,792,900        | 15,074,670        |
|                   | <u>26,692,626</u> | <u>16,170,847</u> | <u>22,461,320</u> | <u>15,938,210</u> |

\* Includes deposits of \$458,900 for the Consolidated Group (\$282,900 for the Parent Entity) provided as security against unconditional bank guarantees in favour of the Western Australian Government in respect of restoration costs required for the Wattle Dam Mine and Burbanks Gold Processing Mill; and in respect of the Burbanks Gold Processing Mill, bank guarantees to secure supply of gas and electricity.

**10 Trade and other receivables**

|                |                  |                |                  |                |
|----------------|------------------|----------------|------------------|----------------|
| <b>Current</b> |                  |                |                  |                |
| Trade debtors  | 77,173           | 72,825         | 77,173           | 30,068         |
| Other debtors  | 1,360,862        | 594,849        | 1,169,304        | 559,956        |
|                | <u>1,438,035</u> | <u>667,674</u> | <u>1,246,477</u> | <u>590,024</u> |

Other debtors represent accrued interest receivable, refundable security deposits and amounts due from taxation authorities. Receivables are not considered to be past due and/or impaired.

**Non current**

|                                    |   |   |           |           |
|------------------------------------|---|---|-----------|-----------|
| Amounts receivable from subsidiary | - | - | 8,416,503 | 4,522,218 |
|------------------------------------|---|---|-----------|-----------|

**11 Inventory**

|  |                  |                |                |               |
|--|------------------|----------------|----------------|---------------|
| <b>Current</b>                               |                  |                |                |               |
| Gold nuggets at cost                         | 5,251            | 1,862          | 5,251          | 1,862         |
| Raw materials - unprocessed gold ore at cost | 148,653          | -              | 148,653        | -             |
| Finished goods - gold bullion at cost        | -                | 28,414         | -              | 28,414        |
| Work in progress - unrefined gold at cost    | 717,603          | 7,590          | 717,603        | 7,590         |
| Consumables and spare parts at cost          | 275,951          | 113,777        | 42,181         | 27,177        |
|  | <u>1,147,458</u> | <u>151,643</u> | <u>913,688</u> | <u>65,043</u> |

**12 Derivatives**

|                          |   |         |   |         |
|--------------------------|---|---------|---|---------|
| <b>Current</b>           |   |         |   |         |
| Gold hedge - put options | - | 353,823 | - | 353,823 |

Put options are used to hedge cash flow risk associated with future transactions. Gains and losses arising from changes in the fair value of derivatives are initially recognised in the income statement to the extent that the cash flow hedges are ineffective.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

|                                | Note | Consolidated Group |         | Parent Entity |         |
|--------------------------------|------|--------------------|---------|---------------|---------|
|                                |      | 2009               | 2008    | 2009          | 2008    |
|                                |      | \$                 | \$      | \$            | \$      |
| <b>13 Other current assets</b> |      |                    |         |               |         |
| <b>Current</b>                 |      |                    |         |               |         |
| Prepayments                    |      | 205,861            | 162,940 | 156,696       | 109,110 |

**14 Financial assets – non-current**

|                      |   |   |   |   |
|----------------------|---|---|---|---|
| Unlisted investments | - | - | 1 | 1 |
|----------------------|---|---|---|---|

The parent entity holds investments in the following company:

**(a) Controlled entities consolidated**

|   | Country of Incorporation | Percentage Owned (%)* |      |
|---|--------------------------|-----------------------|------|
|   |                          | 2009                  | 2008 |
| Parent entity:                              |                          |                       |      |
| Ramelius Resources Limited                  | Australia                |                       |      |
| Subsidiaries of Ramelius Resources Limited: |                          |                       |      |
| Ramelius Milling Services Pty Ltd           | Australia                | 100                   | 100  |

\* percentage of voting power is in proportion to ownership

The investment in Ramelius Milling Services Pty Ltd has been classified as a financial asset at a cost of \$1 in the Balance Sheet.

**15 Plant, equipment & development assets**

**Plant and equipment**

|                                       |               |           |           |           |
|---------------------------------------|---------------|-----------|-----------|-----------|
| At cost                               | 6,621,044     | 5,304,276 | 1,340,005 | 655,124   |
| Accumulated depreciation/amortisation | (961,249)     | (465,714) | (227,200) | (100,009) |
| Net book value                        | (i) 5,659,795 | 4,838,562 | 1,112,805 | 555,115   |

**Development expenditure**

|                          |                 |             |             |             |
|--------------------------|-----------------|-------------|-------------|-------------|
| Production phase at cost | 25,109,250      | 9,810,255   | 25,109,250  | 9,810,255   |
| Accumulated amortisation | (5,785,617)     | (1,183,733) | (5,785,617) | (1,183,733) |
| Net book value           | (ii) 19,323,633 | 8,626,522   | 19,323,633  | 8,626,522   |

|                                     |            |            |            |           |
|-------------------------------------|------------|------------|------------|-----------|
| Total property, plant and equipment | 24,983,428 | 13,465,084 | 20,436,438 | 9,181,637 |
|-------------------------------------|------------|------------|------------|-----------|

**Reconciliations**

Reconciliations of the carrying amounts for each class of plant, equipment and development assets are set out below:



**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

|                                      | Note | Consolidated Group |           | Parent Entity |          |
|--------------------------------------|------|--------------------|-----------|---------------|----------|
|                                      |      | 2009               | 2008      | 2009          | 2008     |
|                                      |      | \$                 | \$        | \$            | \$       |
| <b>(i) Reconciliation</b>            |      |                    |           |               |          |
| <b>Plant and equipment</b>           |      |                    |           |               |          |
| Carrying amount at beginning of year |      | 4,838,562          | 4,557,801 | 555,115       | 319,300  |
| Additions                            |      | 1,341,558          | 701,768   | 687,484       | 303,972  |
| Disposals/written off                |      | (22,957)           | (20,412)  | (770)         | (4,522)  |
| Depreciation/amortisation            |      | (497,368)          | (400,595) | (129,024)     | (63,635) |
| Carrying amount at end of year       |      | 5,659,795          | 4,838,562 | 1,112,805     | 555,115  |

**(ii) Reconciliation**

**Development expenditure\***

|  |  |             |           |             |           |
|--|--|-------------|-----------|-------------|-----------|
| Carrying amount at beginning of year                 |  | 8,626,522   | 782,949   | 8,626,522   | 782,949   |
| Transfer from exploration and evaluation expenditure |  | -           | 7,039,673 | -           | 7,039,673 |
| Capitalised development additions                    |  | 15,298,994  | 1,586,848 | 15,298,994  | 1,586,848 |
| Amortisation   |  | (4,601,883) | (782,948) | (4,601,883) | (782,948) |
| Carrying amount at end of year                       |  | 19,323,633  | 8,626,522 | 19,323,633  | 8,626,522 |

\* Development assets relate to the Wattle Dam Mine with initial production from the pit cut-back in the September 2008 quarter and to be followed by underground ore expected to be accessed during the December 2009 quarter. Amortisation of capitalised development costs commenced from the beginning of the pit cut-back and will continue over the estimated life of the mine.

**16 Exploration and evaluation expenditure**

Costs carried forward in respect of areas of interest in:

|  |     |            |           |            |           |
|--|-----|------------|-----------|------------|-----------|
| Exploration and evaluation                   | (i) | 12,084,996 | 8,041,534 | 12,084,996 | 8,041,535 |
| Total exploration and evaluation expenditure |     | 12,084,996 | 8,041,534 | 12,084,996 | 8,041,535 |

The ultimate recoupment of costs carried forward for exploration phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

**(i) Reconciliation**

A reconciliation of the carrying amount of exploration and/or evaluation phase expenditure is set out below.

|  |  |            |             |            |             |
|--|--|------------|-------------|------------|-------------|
| Carrying amount at beginning of year           |  | 8,041,535  | 6,680,152   | 8,041,535  | 6,680,152   |
| Additional costs capitalised during the year   |  | 4,231,533  | 9,203,725   | 4,231,533  | 9,203,726   |
| Exploration costs written off during the year  |  | (188,072)  | (802,670)   | (188,072)  | (802,670)   |
| Amounts transferred to development expenditure |  | -          | (7,039,673) | -          | (7,039,673) |
| Carrying amount at end of year                 |  | 12,084,996 | 8,041,534   | 12,084,996 | 8,041,535   |

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

|  | Note | Consolidated Group |      | Parent Entity |      |
|--|------|--------------------|------|---------------|------|
|  |      | 2009               | 2008 | 2009          | 2008 |
|  |      | \$                 | \$   | \$            | \$   |

**17 Tax**

**Consolidated entity**

**Liabilities**

**Current**

|            |        |   |   |   |
|------------|--------|---|---|---|
| Income tax | 41,512 | - | - | - |
|------------|--------|---|---|---|

**Parent entity**

**Liabilities**

**Current**

|            |   |   |   |   |
|------------|---|---|---|---|
| Income tax | - | - | - | - |
|------------|---|---|---|---|

**Assets and liabilities**

**Non current**

|   | Opening Balance  | Other          | Charged to Income | Charged Directly to Equity | Closing Balance  |
|---|------------------|----------------|-------------------|----------------------------|------------------|
|   | \$               | \$             | \$                | \$                         | \$               |
| <b>Consolidated group</b>                             |                  |                |                   |                            |                  |
| Deferred tax liability                                |                  |                |                   |                            |                  |
| Exploration and evaluation                            | 2,412,460        | -              | 1,213,039         | -                          | 3,625,499        |
| Development   | 2,143,639        | -              | 2,632,223         | -                          | 4,775,862        |
| <b>Balance at 30 June 2009</b>                        | <b>4,556,099</b> | <b>-</b>       | <b>3,845,262</b>  | <b>-</b>                   | <b>8,401,361</b> |
| Deferred tax asset                                    |                  |                |                   |                            |                  |
| Issued equity transaction costs                       | 255,383          | -              | (129,782)         | 297,160                    | 422,761          |
| Provisions  | 162,922          | -              | 31,165            | -                          | 194,087          |
| Future income tax benefits attributable to tax losses | 2,430,923        | -              | 1,796,973         | -                          | 4,227,896        |
| Franking deficit tax offset                           | -                | 334,603        | -                 | -                          | 334,603          |
| Other   | 30,752           | -              | 4,167             | -                          | 34,919           |
| <b>Balance at 30 June 2009</b>                        | <b>2,879,980</b> | <b>334,603</b> | <b>1,702,523</b>  | <b>297,160</b>             | <b>5,214,266</b> |
| <b>Parent Entity</b>                                  |                  |                |                   |                            |                  |
| Deferred tax liability                                |                  |                |                   |                            |                  |
| Exploration and evaluation                            | 2,412,460        | -              | 1,213,039         | -                          | 3,625,499        |
| Development   | 2,143,639        | -              | 2,632,223         | -                          | 4,775,862        |
| <b>Balance at 30 June 2009</b>                        | <b>4,556,099</b> | <b>-</b>       | <b>3,845,262</b>  | <b>-</b>                   | <b>8,401,361</b> |
| Deferred tax asset                                    |                  |                |                   |                            |                  |
| Issued equity transaction costs                       | 255,383          | -              | (129,782)         | 297,160                    | 422,761          |
| Provisions  | 151,528          | -              | 10,436            | -                          | 161,963          |
| Future income tax benefits attributable to tax losses | 2,408,248        | -              | 1,819,649         | -                          | 4,227,896        |
| Franking deficit tax offset                           | -                | 334,603        | -                 | -                          | 334,603          |
| Other   | 23,400           | -              | 2,303             | -                          | 25,704           |
| <b>Balance at 30 June 2009</b>                        | <b>2,838,559</b> | <b>334,603</b> | <b>1,702,606</b>  | <b>297,160</b>             | <b>5,172,927</b> |

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

|                                    | Note | Consolidated Group |                  | Parent Entity    |                  |
|------------------------------------|------|--------------------|------------------|------------------|------------------|
|                                    |      | 2009               | 2008             | 2009             | 2008             |
|                                    |      | \$                 | \$               | \$               | \$               |
| <b>18 Trade and other payables</b> |      |                    |                  |                  |                  |
| Trade creditors                    |      | 6,079,894          | 2,874,480        | 5,597,768        | 2,685,277        |
| Other creditors and accruals       |      | 438,409            | 287,794          | 208,212          | 164,802          |
|                                    |      | <u>6,518,303</u>   | <u>3,162,274</u> | <u>5,805,980</u> | <u>2,850,079</u> |
| <b>19 Provisions</b>               |      |                    |                  |                  |                  |
| <b>Current</b>                     |      |                    |                  |                  |                  |
| Employee entitlements              |      | 421,563            | 257,858          | 324,101          | 221,898          |
| <b>Non current</b>                 |      |                    |                  |                  |                  |
| Employee entitlements              |      | 42,493             | 102,314          | 32,878           | 100,296          |
| Restoration costs                  | 1(f) | 243,000            | 182,900          | 243,000          | 182,900          |
|                                    |      | <u>285,493</u>     | <u>285,214</u>   | <u>275,878</u>   | <u>283,196</u>   |

**Provision for long service leave**

A provision for long service leave has been recognised for employee entitlements. In calculating the present value of future cash flow in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

**Provision for restoration**

In calculating the provision for restoration, the estimated provision has been assumed to be the sum of guarantees required by the Western Australia Department of Mines for the Wattle Dam mine. The measurement and recognition criteria relating to restoration provisions have been included in Note 1 to this report.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

|   | Note  | Consolidated Group |              | Parent Entity |              |
|---|-------|--------------------|--------------|---------------|--------------|
|   |       | 2009               | 2008         | 2009          | 2008         |
|   |       | \$                 | \$           | \$            | \$           |
| <b>20 Issued capital</b>  |       |                    |              |               |              |
| <b>Issued and paid-up share capital</b>   |       |                    |              |               |              |
| 219,199,754 (2008: 185,294,676) ordinary shares, fully paid                           | 20(a) | 45,929,967         | 28,661,250   | 45,929,967    | 28,661,250   |
| <b>(a) Ordinary shares</b>  |       |                    |              |               |              |
| Balance at the beginning of year  |       | 28,661,250         | 21,735,396   | 28,661,250    | 21,735,396   |
| Shares issued during the year   |       |                    |              |               |              |
| 25,283,017 shares placed at \$0.53  |       | 13,399,999         | -            | 13,399,999    | -            |
| 8,444,271 shares issued through share purchase plan at \$0.53                         |       | 4,475,464          | -            | 4,475,464     | -            |
| 11,578,948 shares placed at \$0.95  |       | -                  | 11,000,000   | -             | 11,000,000   |
| 5,260,727 shares issued through share purchase plan at \$0.95                         |       | -                  | 4,997,691    | -             | 4,997,691    |
| Less transaction costs arising from share issues for cash net of tax                  |       | (693,372)          | (684,262)    | (693,372)     | (684,262)    |
| 3,529,960 shares issued to option-holders on exercise of options at \$0.18687 in cash |       | -                  | 659,642      | -             | 659,642      |
| 100,000 shares issued as consideration for tenement acquisition                       |       | 80,000             | -            | 80,000        | -            |
| 72,090 shares issued to employees at nil consideration                                |       | -                  | -            | -             | -            |
| 6,415,122 shares issued to option-holders on exercise of options at \$0.11187 cash    |       | -                  | 717,659      | -             | 717,659      |
| 3,847 shares issued to option-holders on exercise of options at \$1.00 cash           |       | 3,847              | 2,208,756    | 3,847         | 2,208,756    |
| 1,853 shares issued to option-holders on exercise of options at \$1.50 cash           |       | 2,779              | 2,184        | 2,779         | 2,184        |
| Return of capital of \$0.075 cash per share on 159,677,527 shares                     |       | -                  | (11,975,816) | -             | (11,975,816) |
| Balance at end of year  |       | 45,929,967         | 28,661,250   | 45,929,967    | 28,661,250   |

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

**Capital Management**

Management effectively monitors the capital of the Group by assessing the financial risks and adjusting the capital structure in response to changes in these risks and the market. The responses include the management of dividends to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital during the year.

**(b) Options**

At 30 June 2009, there were 18,452,620 (30 June 2008: 32,970,736) unissued shares for which options were outstanding. The 18,452,620 options are exercisable at \$1.50 by 30 June 2010 (2008: 13,716,263 options were exercisable at \$1.00 by 30 June 2009; 18,454,473 options were exercisable at \$1.50 by 30 June 2010 and 800,000 options were exercisable at \$1.90 by 30 June 2009).

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

- (i) For information relating to the Ramelius Resources Limited Incentive Options issued to Key Management Personnel including details of any options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 21.
- (ii) For information relating to share options issued to Key Management Personnel during the financial year refer to Note 5.

| Note | Consolidated Group |      | Parent Entity |      |
|------|--------------------|------|---------------|------|
|      | 2009               | 2008 | 2009          | 2008 |
|      | \$                 | \$   | \$            | \$   |

**21 Share based payments reserve**

|                              |         |         |         |         |
|------------------------------|---------|---------|---------|---------|
| Share based payments reserve | 779,697 | 555,412 | 779,697 | 555,412 |
|------------------------------|---------|---------|---------|---------|

The following share-based payments arrangements existed at 30 June 2009:

**(i) Shares**

Shares granted to Key Management Personnel and other employees as share based payments are as follows:

| Shares granted to Key Management Personnel and other employees as share based payments |                            |               |   |
|--|----------------------------|---------------|---|
| Name   | No. of Shares <sup>1</sup> | Grant Date    | Fair Value per Share at grant date <sup>1</sup> |
| Key Management Personnel   | 47,660                     | 15 April 2008 | 54,809  |
| Other Employees  | 104,480                    | 15 April 2008 | 120,152   |
| Other Employees  | 72,090                     | 20 April 2009 | 39,650  |
| <b>TOTAL</b>   | <b>224,230</b>             |               | <b>214,611</b>                                  |

<sup>1</sup> Each fully paid ordinary share was issued for no consideration.

On 20 April 2009, 72,090 (2008: 152,140) shares were issued to employees at no consideration pursuant to the Employee Share Acquisition Plan which was approved by shareholders in November 2007. The fair value of these shares at the date of issue was \$39,650 (2008: \$174,961). Vesting of these shares occurs three years after the issue date or the time the holder ceases to be an employee, whichever is the earlier. Given that vesting is certain to occur, the market value of the shares at the issue date was used to determine their fair value.

**(ii) Performance Rights**

On 7 April 2008, a total of 900,000 Performance Rights were granted to three senior executives and Key Management Personnel pursuant to a Performance Right Plan which was approved by shareholders in November 2007. The Performance Rights, being an entitlement to shares in the Company, will vest in three years after the grant date subject to satisfaction of certain performance conditions at which time shares will be issued to the executives. The fair value of these Performance Rights at grant date was \$576,000 of which \$184,635 was recognised during the 2009 financial year in Share Based Payments Reserve (2008: \$51,551). At balance date, none of the 900,000 Performance Rights had vested. The fair value was determined using the market price of the underlying shares at the date the Performance Rights were granted and assuming that all holders continue to be employees of the Group until the end of the vesting period and that the performance condition, which requires the Company's share price to be within the top 40% of the comparator group as detailed in the Remuneration Report section of the Directors Report, is met and the Rights vest.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

**Performance Rights granted by the Parent Entity during the 2008 financial year**

| Name                        | No. of Rights <sup>1</sup> | Grant Date   | Fair Value per Right at grant date <sup>2</sup> | Exercise price per Right | Rights expiry date | Rights first exercise date | Rights last exercise date | Performance measurement period |
|-----------------------------|----------------------------|--------------|---|--------------------------|--------------------|----------------------------|---------------------------|--------------------------------|
|                             |                            |              |   | \$                       |                    |                            |                           |                                |
| JF Houldsworth <sup>3</sup> | 450,000                    | 7 April 2008 | 288,000   | -                        | 7 April 2011       | 7 April 2011               | 7 April 2011              | 3 years                        |
| IJ Gordon                   | 300,000                    | 7 April 2008 | 192,000   | -                        | 7 April 2011       | 7 April 2011               | 7 April 2011              | 3 years                        |
| DA Francese                 | 150,000                    | 7 April 2008 | 96,000  | -                        | 7 April 2011       | 7 April 2011               | 7 April 2011              | 3 years                        |
| TOTAL                       | 900,000                    |              | 576,000   | -                        |                    |                            |                           |                                |

- Each Right is issued for no consideration. Once exercisable, a Right entitles the holder to one fully paid ordinary share in the Parent Entity on payment of the exercise price.
- The aggregate value of Rights at the grant date is \$576,000 of which \$184,635 has been expensed in the 2009 financial year (2008: \$51,551) and \$339,814 to be expensed in subsequent years (2008: \$524,449). In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The notional value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the Rights vest. The notional value of Rights as at grant date has been determined in accordance with AASB2. The calculations are performed using an appropriate valuation methodology. The total minimum value of Rights, if the performance conditions are not met, is nil.
- Since 30 June 2009 Mr Houldsworth retired as an executive of the Company and as a result, his entitlement to these Rights lapsed.

**(iii) Options**

Options granted to Key Management Personnel as share based payments are as follows:

|  | 2009              |                                    | 2008              |                                    |
|--|-------------------|------------------------------------|-------------------|------------------------------------|
|  | Number of Options | Weighted Average Exercise Price \$ | Number of Options | Weighted Average Exercise Price \$ |
| Outstanding at the beginning of the year | 800,000           | 1.90                               | -                 | -                                  |
| Granted                                  | -                 | -                                  | 800,000           | 1.90                               |
| Forfeited                                | -                 | -                                  | -                 | -                                  |
| Exercised                                | -                 | -                                  | -                 | -                                  |
| Expired                                  | (800,000)         | 1.90                               | -                 | -                                  |
| Outstanding at year-end                  | -                 | -                                  | 800,000           | 1.90                               |
| Exercisable at year-end                  | -                 | -                                  | 800,000           | 1.90                               |

The weighted average fair value of the options granted during the 2008 financial year was \$0.34. This price was calculated by using Black Scholes option pricing model applying the following inputs:

|  |        |
|--|--------|
| Weighted average exercise price            | \$1.90 |
| Weighted average life of the option (days) | 522    |
| Underlying share price                     | \$0.99 |
| Expected share price volatility            | 107%   |
| Risk free interest rate                    | 7.75%  |

The life of the options was based on the days remaining until expiry.

On 25 January 2008, a total of 800,000 incentive share options were granted to two Key Management Personnel to take up ordinary shares at an exercise price of \$1.90 each by 30 June 2009. The options were non transferable and not quoted securities. The fair value of the 800,000 options was \$272,000. At balance date, none of the 800,000 share options had been exercised and therefore lapsed. The fair value of these options was determined using the Black-Scholes Pricing model as detailed below.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

Options and Performance Rights granted to Key Management Personnel are over ordinary shares in Ramelius Resources Limited, which confer a right of one ordinary share for every option held.

Included under employee benefits expense in the income statement is \$224,285 (2008: \$498,512), and relates, in full, to equity-settled share-based payment transactions.

**22 Financial risk management policies**

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payables. The main risks the group is exposed to through its financial instruments are interest rate risk, credit risk, liquidity risk and treasury risk.

**(a) Treasury risk management**

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst maintaining the effects on financial performance.

**(b) Interest rate risk**

The group has no long term financial assets or liabilities upon which it earns or pays interest. Cash is held in an interest yielding cheque account and on short term call deposits where the interest rate is both fixed and variable according to the financial asset.

**(i) Risk management**

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. The Group has, where possible, placed funds with financial institutions in order to receive the benefit of available government guarantees.

|                             | Weighted average effective interest rate |           | Interest bearing |            | Non-Interest bearing |             | Total       |             |
|-----------------------------|--|-----------|------------------|------------|----------------------|-------------|-------------|-------------|
|                             | 2009<br>%                                | 2008<br>% | 2009<br>\$       | 2008<br>\$ | 2009<br>\$           | 2008<br>\$  | 2009<br>\$  | 2008<br>\$  |
| Financial assets            |  |           |                  |            |                      |             |             |             |
| Cash at bank                | 5.38                                     | 5.43      | 655,905          | 869,678    | 17,821               | 500         | 673,726     | 870,178     |
| Deposits                    | 5.37                                     | 6.03      | 26,018,900       | 15,300,669 | -                    | -           | 26,018,900  | 15,300,669  |
| Receivables                 | -  | -         | -                | -          | 1,438,035            | 667,674     | 1,438,035   | 667,674     |
| Total financial assets      |  |           | 26,674,805       | 16,170,347 | 1,455,856            | 668,174     | 28,130,661  | 16,838,521  |
| Financial liabilities       |  |           |                  |            |                      |             |             |             |
| Payables                    | -  | -         | -                | -          | (6,518,303)          | (3,162,274) | (6,518,303) | (3,162,274) |
| Total financial liabilities |  |           | -                | -          | (6,518,303)          | (3,162,274) | (6,518,303) | (3,162,274) |
| Total net financial assets  |  |           | 26,674,805       | 16,170,347 | (5,062,447)          | (2,494,100) | 21,612,358  | 13,676,247  |

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

|                             | Weighted average effective interest rate |        | Interest bearing |            | Non-Interest bearing |             | Total       |             |
|-----------------------------|--|--------|------------------|------------|----------------------|-------------|-------------|-------------|
|                             | 2009 %                                   | 2008 % | 2009 \$          | 2008 \$    | 2009 \$              | 2008 \$     | 2009 \$     | 2008 \$     |
| Parent Entity               |  |        |                  |            |                      |             |             |             |
| Financial assets            |  |        |                  |            |                      |             |             |             |
| Cash at bank                | 5.42                                     | 5.43   | 650,599          | 863,040    | 17,821               | 500         | 668,420     | 863,540     |
| Deposits                    | 5.53                                     | 5.99   | 21,792,900       | 15,074,670 | -                    | -           | 21,792,900  | 15,074,670  |
| Receivables                 | -  | -      | -                | -          | 1,246,477            | 590,024     | 1,246,477   | 590,024     |
| Total financial assets      |  |        | 22,443,499       | 15,937,710 | 1,264,298            | 590,524     | 23,707,797  | 16,528,234  |
| Financial liabilities       |  |        |                  |            |                      |             |             |             |
| Payables                    | -  | -      | -                | -          | (5,805,980)          | (2,850,079) | (5,805,980) | (2,850,079) |
| Total financial liabilities |  |        | -                | -          | (5,805,980)          | (2,850,079) | (5,805,980) | (2,850,079) |
| Total net financial assets  |  |        | 22,443,499       | 15,937,710 | (4,541,682)          | (2,259,555) | 17,901,817  | 13,678,155  |

**(ii) Sensitivity analysis**

**Interest rate risk**

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks. It should be noted that the group does not have borrowings and any impacts would be in relation to deposit yields on cash assets.

**Interest rate sensitivity analysis**

Based on the cash at the end of the financial year, if interest rates were to change by + / - 2% with all other variables remaining constant, the estimated impact on pre-tax profits would have been as follows:

|                                 | Consolidated |           | Parent Entity |           |
|---------------------------------|--------------|-----------|---------------|-----------|
|                                 | 2009 \$      | 2008 \$   | 2009 \$       | 2008 \$   |
| Impact on pre-tax profit        |              |           |               |           |
| Increase in interest rate by 2% | 533,496      | 323,407   | 448,870       | 318,754   |
| Decrease in interest rate by 2% | (533,496)    | (323,407) | (448,870)     | (318,754) |
| Impact on equity                |              |           |               |           |
| Increase in interest rate by 2% | 533,496      | 323,407   | 448,870       | 318,754   |
| Decrease in interest rate by 2% | (533,496)    | (323,407) | (448,870)     | (318,754) |

**(c) Price risk**

Price risk relates to the risk that the fair value of future cash flows of gold sales will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.



## Ramelius Resources Limited and Controlled Entities

### Notes to the financial statements

#### For the year ended 30 June 2009

The Group sells gold produced from the Wattle Dam Mine through a gold refiner in Perth, Western Australia.

The Group is exposed to commodity price risk as a result of the sale of gold on physical delivery at prices determined by market gold prices at time of sale.

#### (i) Risk management

Gold price risk is managed with the use of hedging strategies through the purchase of gold put options to establish gold "floor prices" in Australian dollars over the Group's gold production. Gold prices, gold futures and economic forecasts are constantly monitored to determine whether to implement a hedging program.

#### (ii) Sensitivity analysis

##### Price risk

The Group has performed a sensitivity analysis relating to its exposure to gold price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks. It should be noted that the group may also hedge part of its gold production by implementing gold "floor prices" through the purchase of gold put options however this is generally at levels lower than current market prices. Notwithstanding this, the sensitivity analysis is still valid for gold prices above any "floor prices" that may be put in place. Any impacts from such hedging would be in relation to revenue from gold sales.

##### Price sensitivity analysis

Based on the gold sales of 16,894oz and 15,393oz for the 2008 and 2009 financial years respectively, if the gold price in Australian dollars changed by +/- A\$100, with all other variables remaining constant, the estimated impact on pre-tax profits would have been as follows:

|                                  | Consolidated |             | Parent Entity |             |
|----------------------------------|--------------|-------------|---------------|-------------|
|                                  | 2009         | 2008        | 2009          | 2008        |
|                                  | \$           | \$          | \$            | \$          |
| Impact on pre-tax profit         |              |             |               |             |
| Increase in gold price by A\$100 | 1,539,300    | 1,689,400   | 1,539,300     | 1,689,400   |
| Decrease in gold price by A\$100 | (1,539,300)  | (1,689,400) | (1,539,300)   | (1,689,400) |
| Impact on equity                 |              |             |               |             |
| Increase in gold price by A\$100 | 1,539,300    | 1,689,400   | 1,539,300     | 1,689,400   |
| Decrease in gold price by A\$100 | (1,539,300)  | (1,689,400) | (1,539,300)   | (1,689,400) |

#### (d) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the entity which have been recognised in the Balance Sheet, is the carrying amount, net of any provision of doubtful debts.

In respect to the parent entity, credit risk also incorporates the exposure of Ramelius to the liabilities of all members of the Group.

No receivables are considered past due or impaired.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

**(e) Liquidity risk**

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts of otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows.

**(f) Net fair values of financial assets and liabilities**

Fair values are amounts at which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The net fair values of financial assets and liabilities are determined by the entity on the following bases:

- (i) Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value and where relevant adjusted for any changes in exchange rates.
- (ii) Non monetary financial assets and liabilities are recognised at their carrying values in the balance sheet.

| Note | Consolidated Group |      | Parent Entity |      |
|------|--------------------|------|---------------|------|
|      | 2009               | 2008 | 2009          | 2008 |
|      | \$                 | \$   | \$            | \$   |

**23 Commitments & contingent liabilities**

**Exploration expenditure commitments**

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the State Government of Western Australia. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable as follows.

|  |            |            |           |            |
|--|------------|------------|-----------|------------|
| Within one year                                | 682,060    | 643,580    | 650,060   | 613,580    |
| One year or later and no later than five years | 2,324,500  | 2,295,160  | 2,198,500 | 2,175,160  |
| Later than five years                          | 7,306,600  | 7,836,000  | 7,086,600 | 7,586,000  |
|  | 10,313,160 | 10,774,740 | 9,935,160 | 10,374,740 |

The Group sub-leases a serviced office in Adelaide under a non-cancellable annual operating lease expiring in October 2009 and leases two properties in Kambalda WA expiring in July and September 2009. The Group also leases office accommodation in Perth under a non-cancellable operating lease expiring in March 2010. The lease generally provides the Group with a right of renewal for a further year after which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on movements in the Consumer Price Index and operating criteria.

**Non-cancellable operating lease expense commitments**

Future operating lease commitments not provided for in the financial statements and payable:

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| Within one year                                | 37,177 | 36,131 | 37,177 | 36,131 |
| One year or later and no later than five years | -      | -      | -      | -      |
| Later than five years                          | -      | -      | -      | -      |
|  | 37,177 | 36,131 | 37,177 | 36,131 |

**Tenement acquisitions**

No contracts exist at year end for acquisition of tenements.

## Ramelius Resources Limited and Controlled Entities

### Notes to the financial statements

#### For the year ended 30 June 2009

The details and estimated maximum amounts of contingent liabilities (excluding unquantifiable royalties) that may become payable are set out below. The contingent liabilities arise from certain agreements for acquisition/earning of interests in mining tenements that are subject to certain precedent conditions being satisfied. At the date of this report there is no certainty that these liabilities will crystallise and therefore no provisions are included in the financial statements in respect of these matters. Exploration expenditure obligations may be subject to renegotiation, farm-out or relinquishment. In addition to the contingent liabilities detailed below, the Company is also required under various agreements to maintain tenements in good standing and pay all rates, rents and taxes and do all things necessary to renew tenements during the conditions precedent period.

|   | Note  | Consolidated Group |                  | Parent Entity    |                  |
|---|-------|--------------------|------------------|------------------|------------------|
|   |       | 2009               | 2008             | 2009             | 2008             |
|   |       | \$                 | \$               | \$               | \$               |
| <b>Contingent liabilities</b>   |       |                    |                  |                  |                  |
| Termination benefits  | 22(a) | 913,287            | 218,727          | 806,171          | 166,815          |
| Mine development services   | 22(b) | 1,000,000          | -                | 1,000,000        | -                |
| Exploration expenditure to earn mineral rights on tenements in addition to minimum exploration expenditure commitment disclosed above | 22(c) | 152,143            | 251,824          | 152,143          | 251,824          |
|   |       | <u>2,065,430</u>   | <u>470,551</u>   | <u>1,958,314</u> | <u>418,639</u>   |
| <b>Gold royalties &amp; gold production payments</b>  |       |                    |                  |                  |                  |
| Within one year   |       | 1,774,000          | 1,145,989        | 1,774,000        | 1,145,989        |
| One year or later and no later than five years  |       | 237,438            | 562,819          | 237,438          | 562,819          |
|   | 22(d) | <u>2,011,438</u>   | <u>1,708,808</u> | <u>2,011,438</u> | <u>1,708,808</u> |

**(a) Termination benefits**

Service agreements exist with the Managing Director, executive officers and other employees under which termination benefits may, in appropriate circumstances, become payable. The maximum total contingent liability at 30 June 2009 under the service agreements is the amount disclosed above.

**(b) Mine development services**

Mine development services relate to termination of contractor services that may, in certain circumstances, become payable. The maximum total contingent liability at 30 June 2009 under the services agreement is the amount disclosed above.

**(c) Exploration expenditure**

Exploration expenditure relates to periods up to 4 years in accordance with terms set out in relevant agreements. During the earning period the Parent Entity is associated with other entities in joint ventures whereby the Parent Entity sole funds certain exploration expenditure of not less than \$1.02 million which at 30 June 2009 had substantially been spent with only the sum disclosed above yet to be incurred.

**(d) Gold royalties and gold production payments**

Gold royalties and gold production payments relate to royalties payable to Western Australian Government and production payments to Native Title Parties in accordance with gold production agreements.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

|  | Note | Consolidated Group |      | Parent Entity |      |
|--|------|--------------------|------|---------------|------|
|  |      | 2009               | 2008 | 2009          | 2008 |
|  |      | \$                 | \$   | \$            | \$   |

**Performance guarantees**

Unconditional bank guarantees have been provided by the Consolidated Group's bankers in favour of the Western Australian Government in respect of restoration costs required for the Company's projects including the Wattle Dam Mine and Burbanks Gold Processing Mill; and in respect of the Burbanks Gold Processing Mill, to secure supply of gas and electricity. Deposits of \$458,900 for the Consolidated Group (\$282,900 for the Parent Entity) have been provided as security against these unconditional bank guarantees (refer Note 9).

**Credit facilities**

The Group has established corporate credit card facilities with its bankers which are used by senior executives to incur business related expenditure. These cards each have a maximum available facility limit which is drawn down as corporate expenditure is incurred. Drawn down amounts are repaid monthly. The total maximum facility limit available to the Group at 30 June 2009 was \$47,500.

**24 Notes to the statements of cash flows**

**Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities**

|   |  |             |             |             |             |
|---|--|-------------|-------------|-------------|-------------|
| Profit/(Loss) from ordinary activities after income tax |  | 4,973,356   | 611,697     | 4,859,836   | 610,658     |
| Add/(less) non cash items                               |  |             |             |             |             |
| Depreciation  |  | 395,336     | 377,843     | 25,629      | 39,518      |
| Amortisation of development expenditure                 |  | 4,601,884   | 782,948     | 4,601,884   | 782,948     |
| (Increase)/decrease in prepayments                      |  | (85,335)    | (88,585)    | (99,180)    | (62,089)    |
| (Increase)/decrease in receivables                      |  | (401,732)   | 470,560     | 4,779,001   | 5,223,994   |
| (Increase)/decrease in inventories                      |  | (995,814)   | 3,312,093   | (848,644)   | 3,398,693   |
| (Increase)/decrease in non-current assets               |  | 111,799     | 647,014     | 89,612      | 689,318     |
| (Increase)/decrease in other financial assets           |  | 457,063     | 357,710     | 457,063     | 357,710     |
| (Increase)/decrease in deferred tax assets              |  | (2,334,287) | (2,431,033) | (2,334,368) | (2,429,994) |
| (Decrease)/increase in accounts payable                 |  | (216,613)   | (306,622)   | (534,564)   | (682,685)   |
| (Decrease)/increase in provisions                       |  | 65,553      | 183,738     | (8,350)     | 158,901     |
| (Decrease)/increase in current tax liabilities          |  | 41,512      | -           | -           | -           |
| (Decrease)/increase in deferred tax liability           |  | 3,845,262   | 2,564,053   | 3,845,262   | 2,564,053   |
| (Decrease)/increase in share based payments reserve     |  | 224,284     | 498,512     | 224,284     | 498,512     |
| (Decrease)/increase in issued capital                   |  |             |             |             |             |
| Transaction costs – tax effect                          |  | 297,159     | 293,255     | 297,159     | 293,255     |
| Net cash provided by/(used in) operating activities     |  | 10,979,427  | 7,273,183   | 15,354,624  | 11,442,792  |

**25 Employee entitlements**

Aggregate liability for employee entitlements, including on-costs

|             |    |         |         |         |         |
|-------------|----|---------|---------|---------|---------|
| Current     | 19 | 421,563 | 257,858 | 324,101 | 221,898 |
| Non-current | 19 | 42,493  | 102,314 | 32,878  | 100,296 |
|             |    | 464,056 | 360,172 | 356,979 | 322,194 |

**Number of employees**

|                                 |  |    |    |    |    |
|---------------------------------|--|----|----|----|----|
| Number of employees at year end |  | 35 | 28 | 20 | 17 |
|---------------------------------|--|----|----|----|----|

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

**26 Related parties**

**Directors' transactions with the Company**

A number of directors of the Company, or their director related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions of the transactions with directors and their director related entities were no more favourable to the directors and their director related entities than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year (excluding reimbursement of expenses incurred on behalf of the Company) relating to directors and their director-related entities were as follows:

| Director               | Transaction   | Note | Consolidated Group |        | Parent Entity |        |
|------------------------|---|------|--------------------|--------|---------------|--------|
|                        |   |      | 2009               | 2008   | 2009          | 2008   |
|                        |   |      | \$                 | \$     | \$            | \$     |
| RM Kennedy & RG Nelson | <b>Amount received</b> from a director related entity for Company Secretarial services and associated costs.  | (i)  | -                  | 86,839 | -             | 86,839 |
| RM Kennedy             | <b>Amount received</b> from a director related entity for the sale of a gold gravity bar (2007 gold nuggets) at market value.   |      | -                  | 37,535 | -             | 37,535 |
| JF Houldsworth         | <b>Amount paid</b> to spouse of the director in respect of wages inclusive of superannuation during a period of six weeks due to illness of existing administrative assistance. |      | -                  | 6,863  | -             | 6,863  |
|                        | <b>Amount paid</b> to a relative of the director in respect of wages inclusive of superannuation in respect of mine security and living away from home expenses.                |      | 78,863             | 91,020 | 78,863        | 91,020 |
|                        | <b>Amount received</b> from a relative of the director in respect of the sale of a second hand vehicle.   |      | -                  | 2,000  | -             | 2,000  |

(i) This amount relates to the services of Mr Francese who was a Company Secretary and Financial Officer of listed entity, Monax Mining Limited between December 2005 and August 2007 (a company associated with RM Kennedy and RG Nelson). Monax Mining Limited reimbursed the Company 50% of his remuneration, on-costs and other associated expenses relating to secretarial and financial services provided to it.

**Ramelius Resources Limited and Controlled Entities**

**Notes to the financial statements**

**For the year ended 30 June 2009**

| Key Management Transaction<br>Personnel | Note  | Consolidated Group |            | Parent Entity |            |
|---|---|--------------------|------------|---------------|------------|
|   |   | 2009<br>\$         | 2008<br>\$ | 2009<br>\$    | 2008<br>\$ |
| BT Kelty                                |   |                    |            |               |            |
|   | <b>Amount paid</b> to a related entity for mine security and field staff costs. | -                  | 26,412     | -             | 26,412     |
|   | <b>Amount received</b> from spouse and relatives for sale of gold nuggets.      | -                  | 680        | -             | 680        |

Amounts receivable from and payable to directors and their director-related entities at balance date arising from these transactions were as follows:

|                     |                    |   |   |           |           |
|---------------------|--------------------|---|---|-----------|-----------|
| Current receivables |                    |   |   |           |           |
|                     | Trade debtors      | - | - | -         | -         |
|                     | Loan to subsidiary | - | - | 8,416,503 | 4,522,218 |
| Current payables    |                    |   |   |           |           |
|                     | Trade creditors    | - | - | -         | -         |

The 100% owned subsidiary, Ramelius Milling Services Pty Ltd processes gold ore for the holding company and the cost incurred for this is charged as a milling fee.

**27 Segment reporting**

The Group operates in the mineral exploration, mining and milling business segment located in Australia.

**28 Interests in unincorporated joint ventures**

(a) The Company has a direct interest in a number of unincorporated joint ventures, as follows:

| Joint Venture Project | Principal Activities | Interest |
|-----------------------|----------------------|----------|
| Black Cat             | Gold                 | 90%      |
| Hilditch              | Nickel               | 90%      |
| Wattle Dam            | Nickel               | 80%      |
| Logan's Larkinville   | Nickel               | 80%      |
|                       | Gold and Tantalum    | 75%      |

(b) The Company's share of assets in unincorporated joint ventures is as follows:

| Non current assets   |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Exploration and evaluation expenditure (included in Note 16) | 4,953,040        | 4,484,503        | 4,953,040        | 4,484,503        |
| <b>Total assets employed in joint ventures</b>               | <b>4,953,040</b> | <b>4,484,503</b> | <b>4,953,040</b> | <b>4,484,503</b> |

## Ramelius Resources Limited and Controlled Entities

### Notes to the financial statements

#### For the year ended 30 June 2009

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#### 29 *Events subsequent to balance date*

Since 30 June 2009, the Company;

- Mr Joe Houldsworth retired as founding Managing Director after more than six years in the role however he continues to serve on the Ramelius Board, as a Non-Executive Director. In addition to accrued leave entitlements, Mr Houldsworth on retirement was paid a separation payment totalling \$234,712. As a result of his retirement, Mr Houldsworth's entitlement to 450,000 rights in Ramelius shares which were granted on 7 April 2008 at a fair value of \$288,000, lapsed (refer Note 21(ii) to the Financial Statements).
- Chief Operating Officer and Executive Director, Mr Ian Gordon, was appointed as Chief Executive Officer, effective from 1 August 2009.
- The Burbanks processing facility commenced toll treating third party ore pending underground ore becoming available from the Company's Wattle Dam mine.
- A merger proposal with Dioro Exploration NL ("Dioro") was announced on 30 July 2009 whereby Ramelius offered Dioro shareholders two Ramelius shares for every one Dioro share held. The 2 for 1 scrip offer valued Dioro shares at \$1 per share with total equity value at approximately \$92 million. On 11 August 2009 the Company announced that it had waived all conditions on the offer (including the minimum requirement of 50.1% acceptances) except for Foreign Investment Review Board approval, which was subsequently received on 22 September 2009. Dioro shareholders were sent a Bidder's Statement on 9 September 2009. The offer opened on 10 September 2009 and is due to close on 12 October 2009 unless extended.

Apart from the above, there has not arisen in the interval between 30 June 2009 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

#### 30 *Reserves*

Share options reserve: The share options reserve records items recognised as expenses on valuation of employee share options.

#### 31 *Company details*

The registered office and principal place of business of the company is:

140 Greenhill Road  
UNLEY SA 5061

## Ramelius Resources Limited and Controlled Entities

### Directors' declaration

For the year ended 30 June 2009

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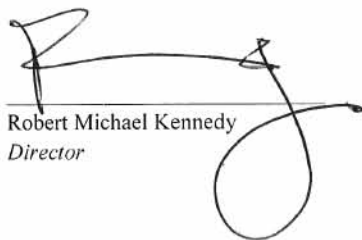
### Directors' declaration

The Directors of Ramelius Resources Limited declare that:

- (a) the financial statements and notes, as set out on pages 15 to 53, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company and Consolidated Group; and
  - (ii) complying with Accounting Standards;
- (b) The Chief Executive Officer and Chief Financial Officer have declared that:
  - (i) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (ii) the financial statements and notes for the financial year comply with the accounting standards; and
  - (iii) the financial statements and notes for the financial year give a true and fair view; and
- (c) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated at VNLEY this 30<sup>th</sup> day of SEPTEMBER 2009.



Robert Michael Kennedy  
Director





Level 1,  
67 Greenhill Rd  
Wayville SA 5034  
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Adelaide SA 5001

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMELIUS RESOURCES LIMITED**

### **Report on the Financial Report**

We have audited the accompanying financial report of Ramelius Resources Limited, (the company) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### **Auditor's responsibility**

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

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF RAMELIUS RESOURCES LIMITED Cont**

**Auditor's responsibility Cont**

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

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

**Independence**

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

**Auditor's opinion**

In our opinion:

- a the financial report of Ramelius Resources Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF RAMELIUS RESOURCES LIMITED Cont**

**Auditor's opinion**

In our opinion the Remuneration Report of Ramelius Resources Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON  
South Australian Partnership  
Chartered Accountants

A handwritten signature in black ink, appearing to read "P S Paterson".

P S Paterson  
Partner

Signed at *Wagville* on this *30* day of *September* 2009

## Ramelius Resources Limited

### Shareholder Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

#### *Shareholdings as at 30 September 2009*

##### **Substantial shareholders**

The number of shares held by substantial shareholders and their associates as disclosed in substantial holding notices given to the Company are set out below:

| <b>Substantial shareholder</b>           | <b>Number of fully paid ordinary shares held</b> |
|--|--|
| Beach Petroleum Limited                  | 20,100,003                                       |
| Sprott Asset Management Inc.             | 34,267,648                                       |
| J P Morgan Chase & Co and its affiliates | 11,046,087                                       |

##### **Voting rights**

###### *Fully paid ordinary shares*

Subject to any rights or restrictions attached to any class of shares, at a meeting of members, on a show of hands, each member present (in person, by proxy, attorney or representative) has one vote and on a poll, each member present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

##### **Options**

Details of options on issue by the Company as at 30 September 2009 are as follows:

| <b>Expiry date</b> | <b>Exercise price</b> | <b>Number of Options</b> |
|--------------------|-----------------------|--------------------------|
| 30/06/2010         | \$1.50                | 18,452,620               |

Option holders will be entitled on payment of the exercise price shown above to be allotted one ordinary fully paid share in the Company for each Option exercised. Options are exercisable in whole or in part at any time until the expiry dates. Any Options not exercised before expiry will lapse.

##### **Distribution of equity security holders**

| <b>Category</b>                  | <b> Holders of Ordinary shares</b> | <b> Holders of 30 June 2010 \$1.50 Options</b> |
|----------------------------------|------------------------------------|--|
| 1 – 1,000                        | 660                                | 2,038  |
| 1,001 – 5,000                    | 1,240                              | 964  |
| 5,001 – 10,000                   | 877                                | 199  |
| 10,001 – 100,000                 | 1,862                              | 172  |
| 100,001 and over                 | 234                                | 22   |
| Total Number of security holders | 4,873                              | 3,395  |

The number of shareholders holding less than a marketable parcel of ordinary shares is 701.

##### **On market buy-back**

There is no current on-market buy-back.

## Ramelius Resources Limited

### Shareholder Information

#### Twenty largest shareholders

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the Australian Securities Exchange Limited including the number and percentage held by those holders at 30 September 2009 are as follows.

| Name  | Number of fully paid ordinary shares held | Percentage held |
|---|---|-----------------|
| HSBC Custody Nominees (Australia) Limited                                   | 23,964,421                                | 10.58           |
| ANZ Nominees Limited  | 23,084,493                                | 10.20           |
| Beach Petroleum Limited   | 20,100,003                                | 8.88            |
| J P Morgan Nominees Australia Limited                                       | 12,259,770                                | 5.41            |
| Mandurang Pty Ltd   | 6,429,813                                 | 2.84            |
| Aurelius Resources Pty Ltd  | 5,331,984                                 | 2.36            |
| Joseph Fred Houldsworth   | 4,580,014                                 | 2.02            |
| Goldfields Hotels Pty Ltd   | 2,280,263                                 | 1.01            |
| Citicorp Nominees Pty Ltd   | 2,276,786                                 | 1.01            |
| Mr Stig Hakan Hellsing Mrs Patricia Anne Hellsing <Hellsing S/F a/c >       | 2,090,000                                 | 0.92            |
| Dr Richard Kenneth Hart & Ms Lynette Mary Hart <Hart Super Fund Account>    | 1,229,789                                 | 0.54            |
| Mr Brian Burg   | 1,190,567                                 | 0.53            |
| RMK Super Pty Ltd <RMK Personal S/F a/c>                                    | 1,144,846                                 | 0.51            |
| Mrs Marie Helen Harrex  | 1,049,391                                 | 0.46            |
| Mr Charles Randolph Caskey & Mrs Margaret Caskey <Charles R Caskey S/F a/c> | 1,000,000                                 | 0.44            |
| Mr Stig Hakan Hellsing  | 1,000,000                                 | 0.44            |
| Warman Investments Pty Ltd  | 921,739                                   | 0.41            |
| NEFCO Nominees Pty Ltd  | 870,003                                   | 0.38            |
| National Nominees Limited   | 821,950                                   | 0.36            |
| Dr John Larking <Larking Family Fund a/c>                                   | 659,000                                   | 0.29            |
|   | <b>112,284,832</b>                        | <b>49.59</b>    |

## Ramelius Resources Limited

### Shareholder Information

#### Twenty largest RMSOC option holders

The names of the 20 largest holders of options exercisable at \$1.50 by 30 June 2010 constituting a class of quoted equity securities on the Australian Securities Exchange Limited including the number and percentage held by those holders as at 30 September 2009 are as follows.

| Name  | Number of options held | Percentage held |
|---|------------------------|-----------------|
| Beach Petroleum Limited   | 2,010,001              | 10.89           |
| HSBC Custody Nominees (Australia) Limited                                 | 1,962,358              | 10.64           |
| ANZ Nominees Limited  | 1,827,254              | 9.90            |
| Mandurang Pty Ltd   | 642,038                | 3.48            |
| Aurelius Resources Pty Ltd  | 532,256                | 2.88            |
| Mr Peter Cecil Langsford <Nipponerrow a/c>                                | 476,565                | 2.58            |
| Joseph Fred Houldsworth   | 457,059                | 2.48            |
| Goldfields Hotels Pty Ltd   | 260,527                | 1.41            |
| Mr Stig Hakan Hellsing  | 222,027                | 1.20            |
| Mr Stig Hakan Hellsing & Mrs Patricia Anne Hellsing <Hellsing S/F a/c >   | 193,027                | 1.05            |
| Mrs Marie Helen Harrex  | 172,619                | 0.94            |
| Dr Richard Kenneth Hart & Ms Lynette Mary Hart <Hart Super Fund Account>  | 170,601                | 0.92            |
| TTF Maintenance Co Pty Ltd  | 162,420                | 0.88            |
| Mr Brian Burg   | 161,081                | 0.87            |
| Citicorp Nominees Pty Ltd   | 159,338                | 0.86            |
| Mrs Rosalind Mary Smart   | 150,000                | 0.81            |
| Mr Charles Watson Harrex  | 119,850                | 0.65            |
| RMK Super Pty Ltd <RMK Personal S/F a/c>                                  | 113,542                | 0.62            |
| Mr David Ian Kerr & Mrs Cheryl Dorothea Kerr <Edwinstowe Nom P/L Sup a/c> | 110,000                | 0.60            |
| Randalea Pty Ltd <CH Wilson Fam Retire/F a/c>                             | 102,527                | 0.56            |
|   | 10,005,090             | 54.22           |

#### Unquoted and Restricted Equity Securities

##### Fully paid ordinary Shares

Details of fully paid ordinary shares on issue as at 30 September 2009 which are unquoted restricted securities are as follows.

| Date until securities are restricted | Number of unquoted fully paid ordinary shares on issue | Number of holders |
|--------------------------------------|--|-------------------|
| 15 April 2011*                       | 119,360  | 21                |
| 20 April 2012**                      | 72,090   | 10                |

\* These securities are issued to employees and do not vest until 3 years from the date of issue of 15 April 2008 or the holder ceases as an employee, whichever occurs first.

\*\* These securities are issued to employees and do not vest until 3 years from the date of issue of 20 April 2009 or the holder ceases as an employee, whichever occurs first.



## Principal Registered Office

Ramelius Resources Limited  
140 Greenhill Road UNLEY SA 5061  
GPO Box 1373 ADELAIDE SA 5001  
Telephone: (08) 8373 6473 / (08) 8373 5588  
Facsimile: (08) 83735917  
Email: [info@rameliusresources.com.au](mailto:info@rameliusresources.com.au)  
Website: [www.rameliusresources.com.au](http://www.rameliusresources.com.au)

## Perth Exploration Office

Suite 3, 14 The Avenue  
MIDLAND WA 6056  
P.O. BOX 1527 MIDLAND WA 6936  
Telephone: (08) 9250 6644  
Facsimile: (08) 9250 6699  
Email: [rameliuswa@tpg.com.au](mailto:rameliuswa@tpg.com.au)

## Directors and Senior Management

ROBERT MICHAEL KENNEDY  
ASIT, Grad. Dip. (Systems Analysis)  
FCA, ACIS, FAIM, FAICD  
Non-Executive Chairman

JOSEPH FRED HOULDSWORTH  
Non-Executive Director

REGINALD GEORGE NELSON  
BSc (MATHS), FAusIMM, FAICD  
Non-Executive Director

IAN JAMES GORDON  
BCom, MAICD  
Executive Director &  
Chief Executive Officer

KEVIN JAMES LINES  
BSc (Geology), MAusIMM.  
Non-Executive Director

DOMENICO ANTONIO FRANCESE  
BEc, FCA, FFin, ACIS  
Company Secretary and  
Chief Financial Officer

DANNY DOHERTY  
BSc, Applied (Mining Engineering)  
MAusIMM, Registered  
Mine Manager, WA  
Operations Manager

ANTONY WEBB  
BSc. (Metallurgy)  
Process Manager

## Australian Securities

### Exchange Code

RMS: Shares  
RMSOC: Options  
Listed on Australian Securities  
Exchange Limited  
Home Exchange: Adelaide  
Level 19, 91 King William Street  
Adelaide SA 5000

## Share Registrar

Location of Share Register  
Computershare Investor  
Services Pty Limited  
Level 5, 115 Grenfell Street  
ADELAIDE SA 5000  
Telephone: (08) 8236 2300 or  
1300 556 161  
Facsimile: (08) 8236 2305  
Email: [info@computershare.com.au](mailto:info@computershare.com.au)

## Auditors

Grant Thornton  
Chartered Accountants  
67 Greenhill Road  
WAYVILLE SA 5034

## Lawyers

DMAW Lawyers  
Level 3, 80 King William Street  
ADELAIDE SA 5000