

RAMELIUS RESOURCES LIMITED 2012 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 29 November 2012 at 11.00 am Adelaide time.

STOCK EXCHANGE
The Company is listed on the Australian Securities Exchange Limited.

ASX CODE
Shares: RMS



Front and Back Cover: The Morning Star pit at Mt Magnet



CHAIRMAN'S REPORT



Dear Shareholder,

It is my pleasure to present the 2012 Annual Report of Ramelius Resources Limited ("Ramelius" or "the Company").

The focus of the past year has been the commencement of a long term mining operation at Mt Magnet whilst extracting the remaining benefits of our high grade gold mine at Wattle Dam. In addition we have vigorously pursued our exploration program with the aim of adding to our gold resources through a significant discovery as well as by acquisition.

Ramelius conducted exploration activities in Western Australia, Queensland and in Nevada USA. At Mt Magnet, exploratory drilling was carried out near the Morning Star, Brown Hill, Reno, Vegas and Hesperus historical pits as well as at Bullocks and below the historic Hill 50 tails dump located north of the Galaxy project.

Geotechnical and hydrogeological holes were drilled at Western Queen South resulting in a new resource model being generated and an updated pit optimisation design.

Additional drilling was conducted at Eagles Nest and at Wattle Dam where deep drill holes were carried out below the current underground mine. A number of exploration targets were also drilled at Mt Windsor in Queensland and additional work carried out in Nevada at the Big Blue and Angel Wing projects.

Recent high grade gold mineralisation intersected at Water Tank Hill 4kms south of the Checkers Mill at Mt Magnet as well as promising drill results at Angel Wing are very pleasing and encouraging.

Significant activities at the Mt Magnet gold project included site mobilisation and establishment of infrastructure, recruitment of employees, refurbishment of the Checkers plant, and commencement of mining and milling of gold.

Mining at Mt Magnet commenced in September 2011 and by the end of the financial year, the company had moved 4.8 million BCM from the Galaxy pit cut-back. Following completion of the plant refurbishment, the Checkers mill was commissioned in early 2012 with low grade ore and by March 2012, first gold production at Mt Magnet was achieved. Gold production has continued since that time and is expected to increase as the operation builds towards full production which is scheduled to be achieved in December 2012 at a rate of approximately 20,000 ounces per quarter.

At Wattle Dam mining commenced on the new mine plan for Blocks "C" and "D" and whilst productivity and safety continued to be excellent, the lower part of the mine which was characterised by lower frequency coarse visible gold resulted in lower production of gold. This saw the Company's 100% owned Burbanks Plant mill produce approximately 42,500 ounces of gold from 163,000 tonnes of ore compared to over 100,000 ounces from 153,000 tonnes in the previous year that significantly impacted directly on gold sales for the year and net profit. As we come to the end of mining it is worth remembering that Wattle Dam production since gold was first discovered there has been in excess of 250,000 ounces. It is also pleasing to note that despite lower Wattle Dam gold production during the year, Ramelius was still able to report a profit for the sixth consecutive year.

Other key achievements during the year were the acquisition of a 100% interest in the Coogee gold project as well as various exploration, prospecting and mining tenements located near Kambalda in Western Australia and an agreement to purchase the Vivien gold project located to the west of Leinster, Western Australia.

Revenue from gold sales during the year was \$84 million. Profit before income tax after Wattle Dam related impairment costs of \$17 million was \$4.4 million and net profit after tax was \$2.3 million.

At year end Ramelius was in a strong capital position with \$60 million in cash and gold on hand, net assets of \$203 million and no debt.

I thank our directors, employees and consultants for their continued efforts during the year.

Finally, I thank shareholders for their ongoing support and together with my fellow directors, look forward to the year ahead.

A handwritten signature in blue ink, appearing to read 'Bob Kennedy'. The signature is stylized and fluid, written over a white background.

Bob Kennedy
Chairman

MANAGING DIRECTOR'S REPORT



Dear Shareholder,

The 2011-12 financial year generated challenging conditions as your Company prepared for and then entered the transition process to move Ramelius from a single mine to a multi-mine gold producer.

Compared to FY 2010-11, the year was a disappointing one for your Company in terms of our operating performance and profit.

This was primarily a direct result of the lower grade mined at Wattle Dam during the year. Wattle Dam has always been an erratic, high nugget gold deposit, which unfortunately during the past year did not reach the highs of 2010-11.

On the other hand, the Company was able to make significant strides in bringing on new long-term production at our Mt Magnet project in an extremely difficult operating environment; where people were scarce and costs continued to inflate.

Wattle Dam produced under expectations, achieving gold production of 42,538 ounces for the year to 30 June 2012, at a grade of 8.13 g/t from 162,784 tonnes milled. The mine provided the Company with cash flow of approximately A\$25m, significantly less than the previous corresponding period.

Total production at Wattle Dam to June 30, 2012 is slightly over 250,000 ounces of gold, which has been a significant achievement for such a small orebody. As flagged during the year, it is expected that the last ore from Wattle Dam will be milled in the first half of calendar 2013.

Ramelius however, remained acquisitive through the year under our well detailed growth strategy and purchased the Coogee gold project in WA. Ore from this deposit is expected to replace Wattle Dam ore from mid 2013.

In July 2011, the Company commenced work to refurbish the Mt Magnet treatment plant and in September of the same year, commenced pre-stripping the project's open pits. First gold for Mt Magnet was poured in March, 2012 and by the end of June, 2012, more than 10,000 ounces of gold had been produced.

As the Mt Magnet project is currently primarily cut-backs of existing open pits, significant cash flow is not expected until calendar 2013, when the pits reach a depth where their primary ore zones will be mined.

In addition, Ramelius drilled the Western Queen deposit during the year. Western Queen is a satellite gold deposit located 90km from Mt Magnet and has a planned mined grade of 4 g/t gold. Once all statutory and other approvals are received, the Company plans to mine this deposit and deliver the ore for processing at Mt Magnet in the 2013/14 financial year.

Mt Magnet is now the primary asset of the Company and your Board is committed to the project being successful. To this end, the majority of the exploration effort is focused at Mt Magnet. We are confident that the reserves at Mt Magnet can be extended with successful exploration in coming years. Exploration is also being carried out at Mt Windsor in Queensland and in Nevada, where efforts are directed to discovery of breccia and epithermal style gold deposits.

Our focus for the 2012-13 financial year will be on ramping up production at Mt Magnet and delivering additional higher grade ore from satellite deposits. In addition, it is likely that the Company will commence mining at the high grade Coogee project to ensure our Burbanks milling facility is fully utilised.

I thank our Board for the support shown to the management team, and to our employees who have made a significant contribution in a difficult year for the Company.

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

Ian Gordon
Managing Director



Haulage Operations - Galaxy pits

REVIEW OF OPERATIONS

Financial Summary

- > Sales revenue of \$84.3 million (down from \$148.1 million in 2011)
- > Gold sales of \$84.1 million (down from \$147.6 million in 2011)
- > Net profit after tax of \$2.3 million (down from \$62.4 million in 2011)
- > Cash assets at financial year end of \$48.8 million (down from \$89.5 million in 2011)

Total consolidated profit before income tax was \$4.3 million compared with \$90.6 million from the previous year.

Revenue from gold sales was \$84.1 million from sale of 52,650 ounces of gold during the year at an average price of A\$1,597 per ounce compared to 106,000 ounces at an average price of \$1,387 per ounce in 2011. Gold sales during the year were significantly affected by lower gold ore grade from the Wattle Dam underground mine.

Total net assets increased during the year from \$153.7 million to \$203 million.

At 30 June 2012 the consolidated entity was debt free and held cash assets of \$48.8 million.



Operational Summary

- > 54,114 ounces of gold milled during the financial year
- > Commencement of Operations at Mt Magnet
- > Letter of Intent signed with Gold Fields Limited to acquire the Vivien gold project
- > Acquisition of the Coogee gold project from Terrain Minerals Limited



REVIEW OF OPERATIONS

Mining and Milling Operations (WA)

During the 2012 financial year, the major achievement for Ramelius was bringing the Mt Magnet gold mine into production, while continuing to produce from its Wattle Dam underground gold mine. Overall gold produced was lower than the previous financial year, mainly reflecting the lower ore grades mined at Wattle Dam. Mining at Mt Magnet commenced in September 2011, with milling commencing in March 2012. Combined production for the operations was 681,500 tonnes at 2.47 g/t for 54,114 ounces of milled gold.

Operation	Tonnes	Grade	Gold Produced
Wattle Dam/Burbanks	162,784	8.13	42,538
Mt Magnet	518,716	0.69	11,576
Total Production	681,500	2.47	54,114

Table 1: Total 2011/12 Production



Figure 1: Project Location Plan

Wattle Dam Gold Mine

The Wattle Dam gold mine is located approximately 25km south-west of Kambalda in the Eastern Goldfields of Western Australia. The deposit is located within ultramafic stratigraphy and hosted by a shear zone, forming a steeply dipping and plunging lode zone. The lode zone is characterised by strong biotite-chlorite-actinolite alteration and contains very coarse, erratically distributed gold. The lode has been now been mined to 350m below surface.

The mine commenced as an open-pit operation in March 2006. In May 2009, underground mining commenced. By 30 June 2012, Wattle Dam had produced in excess of 250,000 ounces of gold.

Mining

Underground mining operations continued to plan throughout the year. Mining of the upper stoping area (Blocks A & B) was completed and subsequently mining activities switched to the lower stoping areas (Blocks C & D). The majority of the footwall side of the ore stoping was complete by year end with stoping switching to hangingwall areas. The lower area of the mine is characterised by a lower frequency of coarse visible gold and grades are consequently lower. Productivity and safety performance remained excellent, with the site reaching 3 years LTI free. The current mine plan will see production continuing to early 2013. Milling is expected to continue on stockpiled ore for approximately 3-4 months after completion of mining.

Milling

During the year the Company's gold treatment plant at Burbanks, located near Coolgardie and to the north-west of Wattle Dam, milled 162,784 tonnes of gold ore at a recovered grade of 8.13 g/t for 42,538 ounces of gold. Approximately 25,000 tonnes of high grade ore was stockpiled at the mine and mill ROM at the end of June 2012.

Underground Drilling Results

Exploratory drilling continued in 2011/12, testing the downplunge and along strike positions of the Wattle Dam lode. Drilling failed to identify significant lode style alteration or gold mineralisation. Generally it appears the same stratigraphy can be traced at depth, however the lode alteration becomes weak and patchy and no longer hosts the coarse gold mineralisation.

Mt Magnet Gold Project

A significant achievement during the 2011/12 year was the commencement of mining operations at Mt Magnet. Activities including staff recruitment, commencement of mining, refurbishment and commissioning of the mill, construction of a new camp and initial gold production were all achieved during the year. While the initial period of operation is relatively high cost, Ramelius is confident on the overall project economics as the cutback deepens and higher grade ore tonnes increase.

The Mt Magnet gold project was wholly acquired by Ramelius in July 2010 from Harmony Gold (Australia) Pty Ltd for A\$40m. The project is located 600km north-west of Perth in the Murchison region of Western Australia (Figure 1).

At Mt Magnet, a number of Banded Iron Formation (BIF) units occur within a typical greenstone stratigraphy of mafic and ultramafic units. In addition, a number of felsic volcanic rocks intrude the sequence. Mineralisation tends to be concentrated in BIF units associated with cross-cutting north-east faults. Mineralisation also occurs associated with felsic intrusives and structurally controlled breccia zones.

The project consists of numerous deposits, situated on established mining and prospecting leases, covering a total of 225km². Mt Magnet has produced 5.6 million ounces of gold since its discovery in 1891. The Hill 50 underground mine was a major producer until 2007 and has been mined to 1,500m below surface, demonstrating the depth continuity potential of the project area. Current gold resources for the project are approximately 2.8 Moz. The detailed resource report is shown in Table 3.

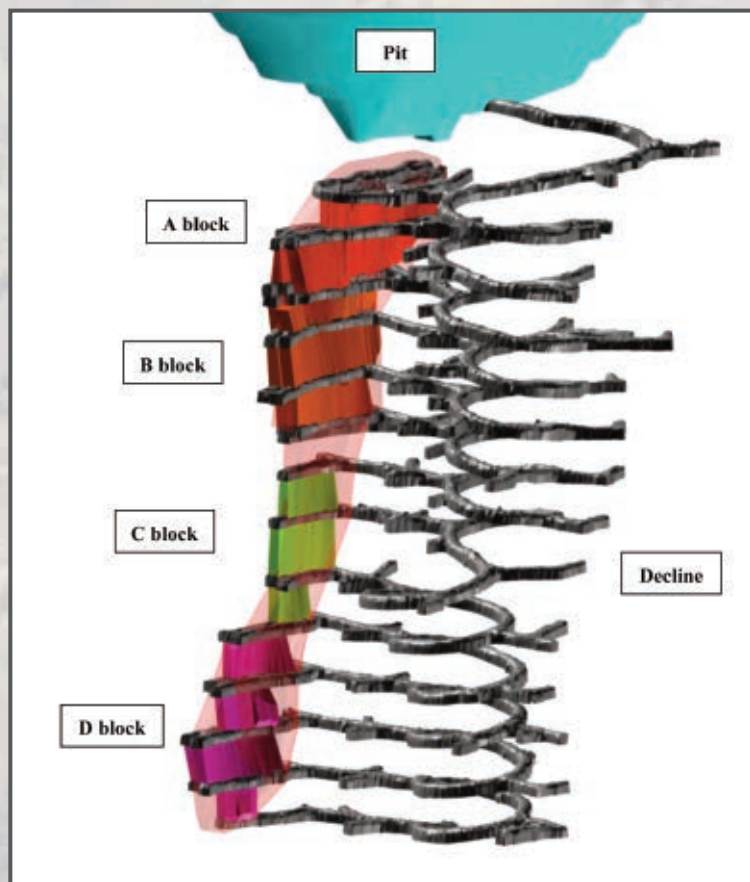


Figure 2: Oblique view toward SE – mine development (20m levels) and stoping at end June 2012

REVIEW OF OPERATIONS



Figure 3: Galaxy mining – Mars pit

Mining

Significant progress was made at Mt Magnet during the year with the engagement of the mining contractor – Watpac Civil and Mining, mobilisation and establishment of infrastructure, employment of contract and technical teams and implementation of mining and safety systems and procedures. Mining commenced in September 2011. By June 2012 the Galaxy pit cutback was well underway with 4.8 M bcm moved during the year and cutback depth reaching between 25-40m. Monthly movement rates are now averaging 500,000-600,000 bcm/month. The Galaxy pit currently comprises of the Saturn, Mars and Titan pits, which partially combine in the cutback phase.

Reported production for the year was 470,000 tonnes at 1.2 g/t for 17,500 ounces of high-grade ore (+ 0.7 g/t) and 440,000 tonnes at 0.6 g/t for 8,000 ounces of low-grade ore (0.4 to 0.7 g/t).

Subsequent to the end of the financial year a revised resource model has been generated and will be used for mine planning for the next 12 months.

Milling

Mill commissioning began in late January 2012 and continuous production occurred from March 2012.

Lower grade ore was used for the commissioning phase and to make up tonnes for the initial production phase. The predominance of soft oxidised ore has partly restricted mill tonnage rates as SAG mill performance is reduced by softer materials. Mill production was 518,716 tonnes at 0.69 g/t for 11,576 ounces. As the cutback deepens the volume and grade of ore is forecast to improve to a point where ore feed will be all high grade ore.

Mine Planning and Development

Western Queen South

The Western Queen South pit is located 90km north-west of Mt Magnet. Significant progress was made on bringing a pit cutback into operation. This included resource drilling, generation of a revised resource model, pit optimisation, design and reserves, metallurgical testwork and further development of the Mining Proposal. A new reserve was generated and is tabled below.

The pit will form a satellite ore source to the Mt Magnet operations with ore hauled to the Checkers Mill. Subject to mining approvals, Ramelius expects to commence mining in early 2013.

Deposit	Proven			Probable			Total Reserve		
	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz
Western Queen South				182	3.9	23,000	182	3.9	23,000

Table 2: Western Queen South Ore Reserve

MINERAL RESOURCES AS AT 30 JUNE 2012 – INCLUSIVE OF RESERVES												
Deposit	Measured			Indicated			Inferred			Total Resource		
	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz
Galaxy	1,838	1.7	103,000	8,494	1.9	531,000	5,508	1.3	230,000	15,840	1.7	864,000
Morning Star				3,736	2.0	240,000	4,179	2.2	299,000	7,915	2.1	539,000
Hill 50 Deeps	279	5.5	49,000	932	7.0	209,000	396	6.4	81,000	1,607	6.6	340,000
Morning Star Deeps	75	6.5	16,000	860	4.9	135,000	1,763	4.1	234,000	2,697	4.4	385,000
Mt Magnet Satellite Deposits	1,282	2.5	101,000	3,227	2.3	237,000	2,989	2.2	212,000	7,497	2.3	549,000
Western Queen Deposits				475	2.9	45,000	514	2.2	36,000	990	2.6	82,000
Mt Magnet Stockpiles	412	1.0	13,000	1,164	0.8	30,000	100	1.2	4,000	1,676	0.9	47,000
MT MAGNET TOTAL	3,886	2.3	282,000	18,887	2.3	1,427,000	15,450	2.2	1,096,000	38,223	2.3	2,806,000
Coogee Deposit				165	4.6	24,000	59	3.0	6,000	224	4.1	30,000
TOTAL RESOURCES	3,886	2.3	282,000	19,052	2.4	1,451,000	15,509	2.2	1,102,000	38,447	2.3	2,836,000

Note: Differences in totals may occur due to rounding. For further information relating to this Mineral Resources Statement refer to ASX Release dated 28 September 2012.

Table 3: Mineral Resource Statement

Coogee Project

The Coogee gold deposit was purchased from Terrain Minerals Ltd during the financial year for A\$0.90m. The Coogee gold deposit is located on mining lease 26/477, 23km northeast of Kambalda.

In the June 2012 quarter Ramelius carried out a drilling program of resource infill, geotechnical and hydrogeological holes. A new resource model and evaluation of the project was carried out in the September 2012 quarter.

REVIEW OF OPERATIONS

ORE RESERVE STATEMENT AS AT 30 JUNE 2012									
Pit	Proven			Probable			Total Reserve		
	Tonnes (’000s)	Au g/t	Au Oz	Tonnes (’000s)	Au g/t	Au Oz	Tonnes (’000s)	Au g/t	Au Oz
Mt Magnet - Galaxy Pits									
Saturn	743	1.8	42,000	1,100	1.4	50,000	1,843	1.6	92,000
Mars	171	2.1	11,000	489	2.1	34,000	660	2.1	45,000
Titan	672	1.4	30,000	188	1.2	7,000	860	1.3	37,000
Perseverance				981	2.5	79,000	981	2.5	79,000
Vegas				64	1.2	2,000	64	1.2	2,000
Brown Hill				393	2.1	26,000	393	2.1	26,000
Mt Magnet - Stockpiles	412	1.0	13,000	1,164	0.8	30,000	1,576	0.8	43,000
Mt Magnet - Morning Star									
Morning Star Pit				2,133	1.8	120,000	2,133	1.8	120,000
Mt Magnet – Satellite Pits									
Boomer				583	1.6	30,000	583	1.6	30,000
Hesperus				352	1.1	12,000	352	1.1	12,000
Lone Pine				258	1.8	15,000	258	1.8	15,000
O’Meara				150	2.6	12,000	150	2.6	12,000
Welcome Baxter				191	1.1	7,000	191	1.1	7,000
Golden Stream				90	2.9	9,000	90	2.9	9,000
Western Queen									
Western Queen South Pit				182	3.9	23,000	182	3.9	23,000
Coogee Pit				109	5.1	18,000	109	5.1	18,000
	1,997	1.5	96,000	8,427	1.7	474,000	10,424	1.7	570,000

Note: Differences in totals may occur due to rounding. For further information relating to this Ore Reserve Statement refer to SX Release dated 28 September 2012.

Table 4: Ore Reserve Statement

EXPLORATION

MURCHISON GOLDFIELDS

(Ramelius 100%)

Mt Magnet

The Company completed limited deeper exploration RC drilling into the Mercury Lodes below the cutback to the Mars pit at Mt Magnet prior of the commencement of mining in September 2011.

Better exploration results from this drilling included:

- Mercury Lodes – 14m @ 2.35 g/t Au in GXRC1196
- Mercury Lodes – 24m @ 2.49 g/t Au (including 1m @ 10.4 g/t Au and 2m @ 13.9 g/t Au) in GXRC1197

Upon commencement of mining at Mt Magnet, access restrictions prohibited the establishment of suitable drill pads within the active mining area. Consequently exploration drilling focussed on a number of satellite drill targets aiming to delineate high grade mineralisation amenable to open pit and underground mining.

Reverse circulation (RC) drilling was completed below the Morning Star pit, the Spearpoint and Galtee More pits, the Water Tank Hill pit, the Boomer pit and within previously untested shallow targets located within 10km of the Checkers Milling Facility, including Saturn South and Bullocks.

Better exploration drill results reported throughout the year include:

- Morning Star – 9m @ 11.5 g/t Au (including 4m @ 22.7 g/t Au) in GXRC0297
- Galtee More – 6m @ 13.3 g/t Au in LVRC0019
- Galtee More – 22m @ 1.30 g/t Au in LVRC0024
- Saturn South – 6m @ 21.0 g/t Au in GXRC1247
- Bullocks – 6m @ 7.36 g/t Au in GXRC1206
- Bullocks – 15m @ 5.37 g/t Au in GXRC1207
- Water Tank Hill – 10m @ 6.24 g/t Au in GXRC1258
- Boomer – 9m @ 2.98 g/t Au in GXRC1262

- Boomer – 17m @ 1.69 g/t Au in GXRC1263
- Boomer – 8m @ 12.8 g/t Au (including 1m @ 113 g/t Au) in GXRC1264

In total an aggregate of 19,080m from 111 exploration reverse circulation (RC) drill holes was completed at Mt Magnet during the year. A complete list of significant (>0.5g/t Au) drill intersections reported during the year is presented in Table 5.

Ramelius undertook reconnaissance Aircore drilling; 11,760m from 221 holes along the Lennonville Trend during the year. The Lennonville Trend is a north-south trending shear that juxtaposes the folded Hill 50 banded iron formation stratigraphy against north-south trending, sheared mafic dominated stratigraphy to the east. The Aircore drilling was located along the trend between the Mt Magnet townsite and the Black Cat offices, southeast of the Checkers Mill.

The drilling returned a number of anomalous responses including 12m @ 0.48 g/t Au, 8m @ 1.20 g/t Au and 12m @ 0.53 g/t Au. Significant results (≥4m over ≥0.10 g/t Au) are summarised in Table 6.

Follow-up RC drilling failed to enhance these results. No further exploration was proposed.

Three-Dimensional geological modelling and interrogation of the project geology continued throughout the year to assist in deeper exploratory drill target selection.

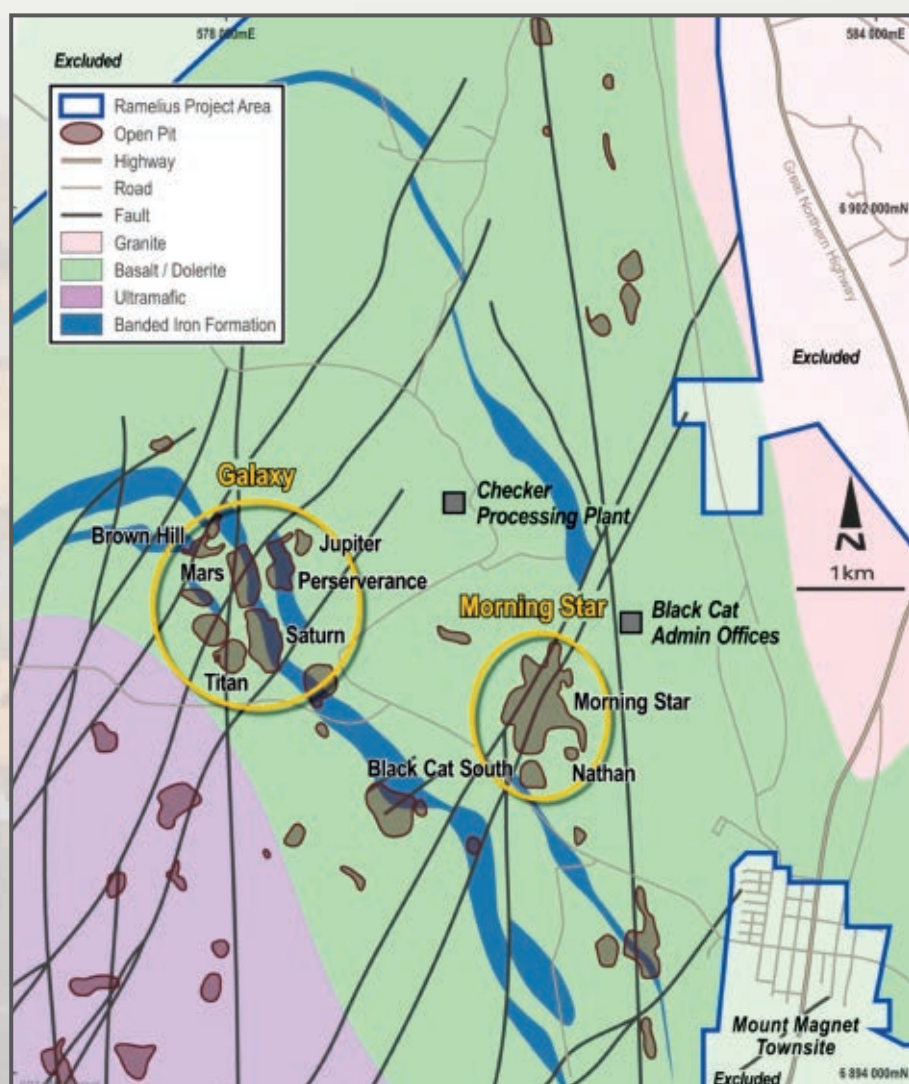


Figure 4: Mt Magnet gold project



REVIEW OF OPERATIONS

EASTERN GOLDFIELDS

(Ramelius 100%)

Ramelius controls 100% gold rights and majority nickel rights over tenure centred on the Spargoville Shear Zone, a north-south trending anastomosing and strain partitioned shear, interpreted as a splay off the regionally extensive Zuleika Shear Zone. The Spargoville Shear Zone hosts the Wattle Dam deposit.

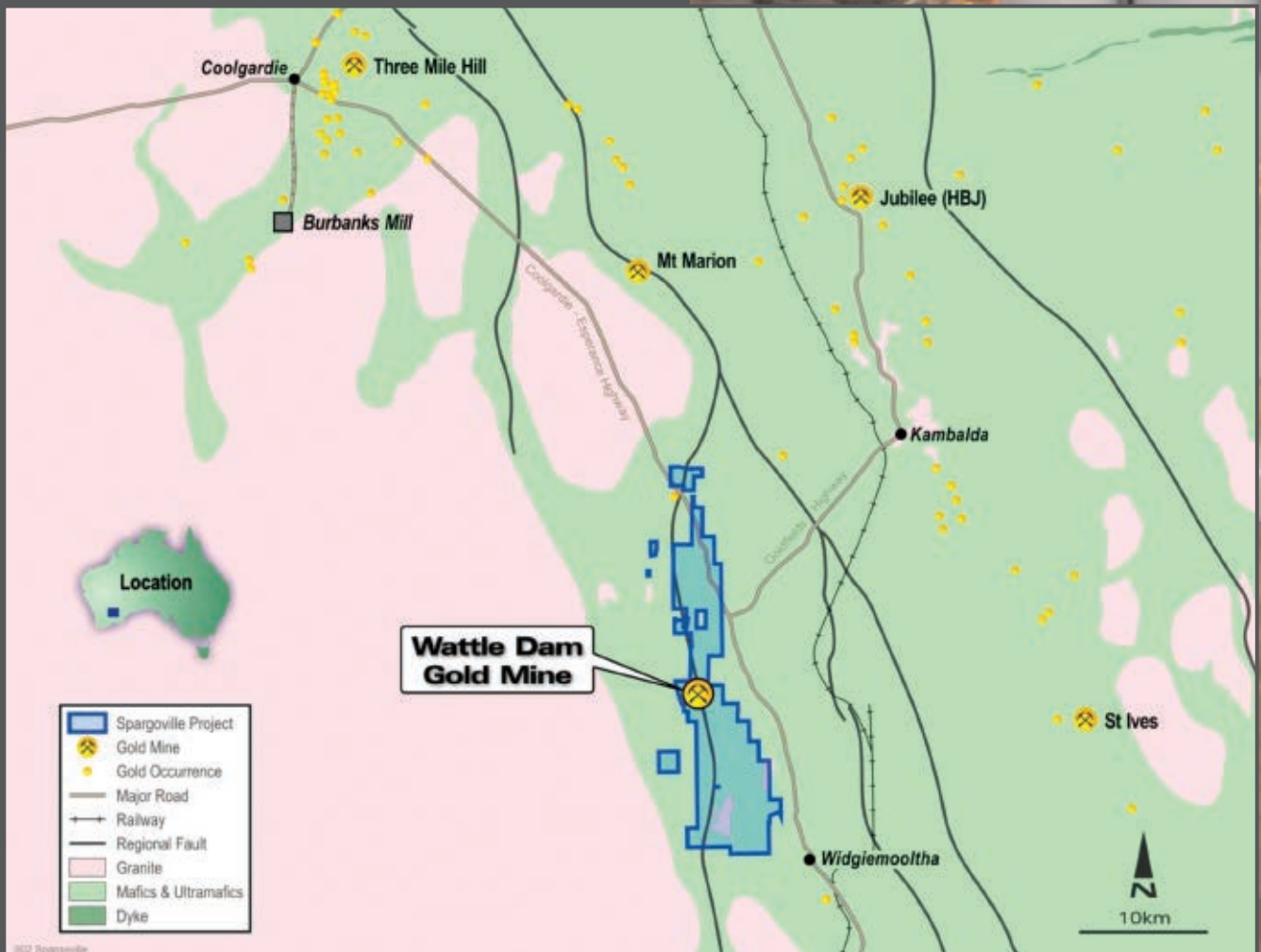


Figure 5: Wattle Dam Project Location

The land package around Wattle Dam was increased during the year to over 120km² with the acquisition of ten granted tenements from Breakaway Resources Limited (ASX:BRW). The Breakaway tenements are contiguous to Ramelius' project holding. Under the terms of the sale agreement, Ramelius is entitled to all mineral rights other than nickel from Breakaway Resources Limited.

Wattle Dam Project

(100% Gold Rights and 80% Nickel Rights)

Deeper exploratory underground diamond drilling, designed to test the plunge projection of the mineralised system at Wattle Dam was terminated during the year when it became apparent the underlying Spargoville Shear was inhibiting drill access from the available underground drill cuddies.

Two surface diamond holes with co-funding assistance from the Western Australian Department of Mines and Petroleum (DMP) were subsequently completed for an aggregate of 1,773.6m. The drilling aimed to test the dip and plunge projection of the high grade underground Wattle Dam mineralised system but failed to intersect any anomalous gold mineralisation, beyond 5m @ 0.97 g/t Au from 836m in WDDDo092. The main lode position was also intersected in WDDHo093 but no anomalous gold mineralisation (>0.5 g/t Au) was returned.

Anomalous pathfinder geochemistry associated with the main lode position within both the deeper diamond holes highlighted the potential for blind gold mineralisation to be developed along shear zones proximal to the Wattle Dam mine. Future exploration will focus on prioritising and drill testing several selected targets.

Eagles Nest Project

(Ramelius 100%)

A program of eight RC holes for 1,545m was completed during the year around Eagles Nest (located 10km south of the Wattle Dam mine).

Significant assay results from the Eagles Nest holes (>0.5 g/t Au) are summarised in Table 7. Better results include 14m at 2.05 g/t Au from 173m and 4m at 2.10 g/t Au from 118m.

The anomalous gold mineralisation at Eagles Nest can now be traced over 300m strike and is associated with a magnetic low corridor; predominantly in ultramafic rocks associated with the southern trace of the Spargoville Shear. The stratigraphy appears analogous to Wattle Dam and is dominated by mafics to the east and non-magnetic ultramafics plus shale/siliceous sediments to the west.

Coogee Gold Project

(Ramelius 100%)

Subsequent to acquiring the tenements Ramelius undertook a six hole, 892m RC exploration drilling program to test a number of discrete magnetic anomalies proximal to the Coogee mineralised system. Best intersection was 3m @ 1.36 g/t Au from 161m. Additional targets, inaccessible because of water within Lake Lefroy will be targeted next financial year.

Significant assay results from the Coogee holes (>0.5 g/t Au) are summarised in Table 7.



Mt Magnet site visit - Managing Director, Ian Gordon (left) and Non-Executive Director, Kevin Lines

REVIEW OF OPERATIONS

MT WINDSOR GOLD PROJECT (QLD)

(Ramelius earning 60%)

During the year Ramelius continued to explore the Mt Windsor project in north Queensland.

A detailed aeromagnetic survey encompassing 246km² of the northeast trending Pajingo–Ravenswood Gold Corridor was carried out during the year. The survey highlighted a number of key reversely polarised magnetic high features as potential targets for buried intrusive breccia related gold mineralisation.

A 50m line spaced induced polarisation (IP) gradient array survey was completed over the Warrawee Epithermals, located south of Nightjar.

Exploration drilling during the year targeted low sulphidation epithermal vein and/or intrusive breccia hosted gold mineralisation at Mt Redan, Mosquito Hill, Nightjar/Plateau North/Warrawee and Cardigan Dam. 25 RC holes were completed for 4,586m and 7 diamond holes were drilled for 1,566.9m. Diamond drilling was completed at Mt Redan and the Cardigan Dam intrusive hosted breccia gold target.

Despite several broad zones of anomalous silver-lead-zinc and arsenic intersected in the Cardigan Dam drilling, overall the results were disappointing with no significant gold mineralisation (>0.5 g/t Au) intersected in any of the holes.

Field mapping and rock chip sampling continued throughout the year to delineate new drill targets within the project land holding.

An Amending Deed was signed between Ramelius and Liontown Resources Limited (ASX:LTR) subsequent to the end of the financial year. The Deed allows for several drill ready targets within Liontown's Panhandle EPMS, located 40km southwest of Evolution Gold's Mt Carlton/Silver Hills deposit and the Marlow EPM located 40km to the north of Charters Towers, to be included into the existing Mt Windsor Exploration Farm-in and Joint Venture Agreement.



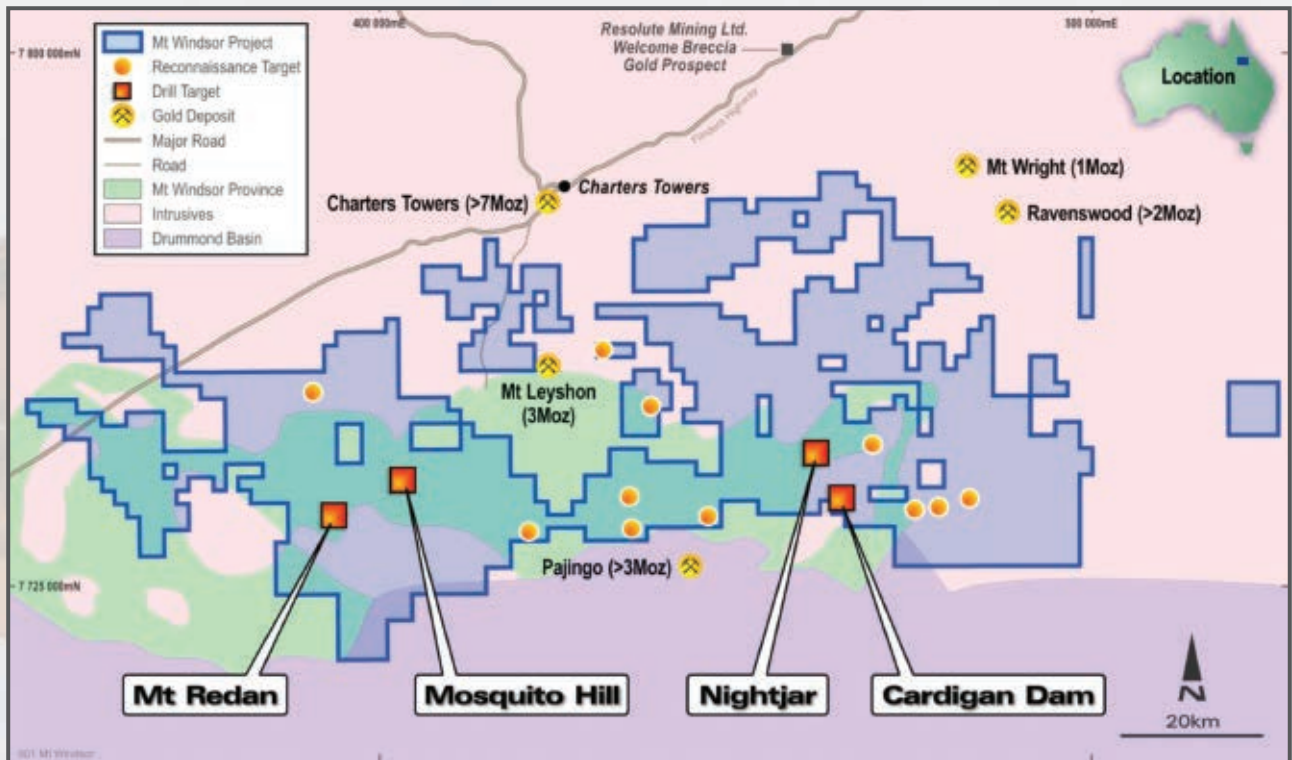


Figure 6: Mt Windsor JV Project tenements highlighting exploration targets

NEVADA PROJECTS (United States)

BIG BLUE JOINT VENTURE NEVADA (USA) (Ramelius and Marmota Energy Limited earning 70%)

During the year five deep exploratory RC holes were drilled into the West Cottonwood anomaly at Big Blue for an aggregate of 1,452.3m. The drilling was targeting high grade, Carlin-style, vertical feeder structures below surface rock chip values up to 56 g/t Au.

Best drilling results were 13.7m @ 0.15 g/t Au from 350m and 44.2m @ 0.12 g/t Au from 306m, including 1.52m @ 1.62 g/t Au. Despite intersecting favourable Carlin-style decalcified stratigraphy the results were considered disappointing. In June 2012 Ramelius announced its intention to withdraw from the Big Blue Exploration Farm-in and Joint Venture Agreement.



Figure 7: Location of Big Blue and Angel Wing Projects – Nevada USA



REVIEW OF OPERATIONS

ANGEL WING JOINT VENTURE NEVADA (USA) (Ramelius and Marmota Energy Limited earning 70%)

The Angel Wing joint venture gold project represents a largely unexplored low sulphidation epithermal gold vein field in north-eastern Nevada USA. Classic lattice bladed quartz and carbonate plus subordinate colloform textured quartz veins up to 3m wide (true width) are mapped within the project. The epithermal veins are exposed in Triassic platform carbonate (bedded limestone) rock unconformably overlain by Tertiary delta fan conglomerates plus volcanic rhyolite tuffs.

During the year seventeen RC holes were drilled for 2,869.9m and three diamond holes for 240.17m. The programs consisted of deeper RC and diamond drilling into the exposed DaVinci veins plus reconnaissance drilling into a magnetic rimmed rhyolite flow dome vent structure located 700m north and along strike from the DaVinci veins.

Drilling below the DaVinci veins was disappointing and failed to enhance the prospectivity of the target. The magnetic anomaly to the north returned 14m @ 0.32 g/t Au from 235m and was followed up with 19.8m @ 1.01 g/t Au

from 222.5m, including 9.14m @ 1.87 g/t Au from 225.5m. Mineralisation has been identified over 100m and remains open in all directions.

Further drill testing to scope the size of this newly discovered mineralised system is scheduled for the 2012/13 financial year.

VIVIEN PROJECT

In February 2012 Ramelius signed a Letter of Intent to purchase the Vivien gold deposit from Agnew Gold Mining Company, a subsidiary of Gold Fields Limited, for A\$10m cash and a production royalty.

The Vivien gold deposit is located near the Agnew Gold Mine, west of the town of Leinster in Western Australia. The deposit is a high grade vein style deposit and has an Indicated Resource of 579,000 tonnes at 8.3 g/t Au for 154,000 ounces of gold.

After completion of the formal agreements and government consents, Ramelius intends to undertake exploratory drilling and subject to results, a mining study for the project will be completed.

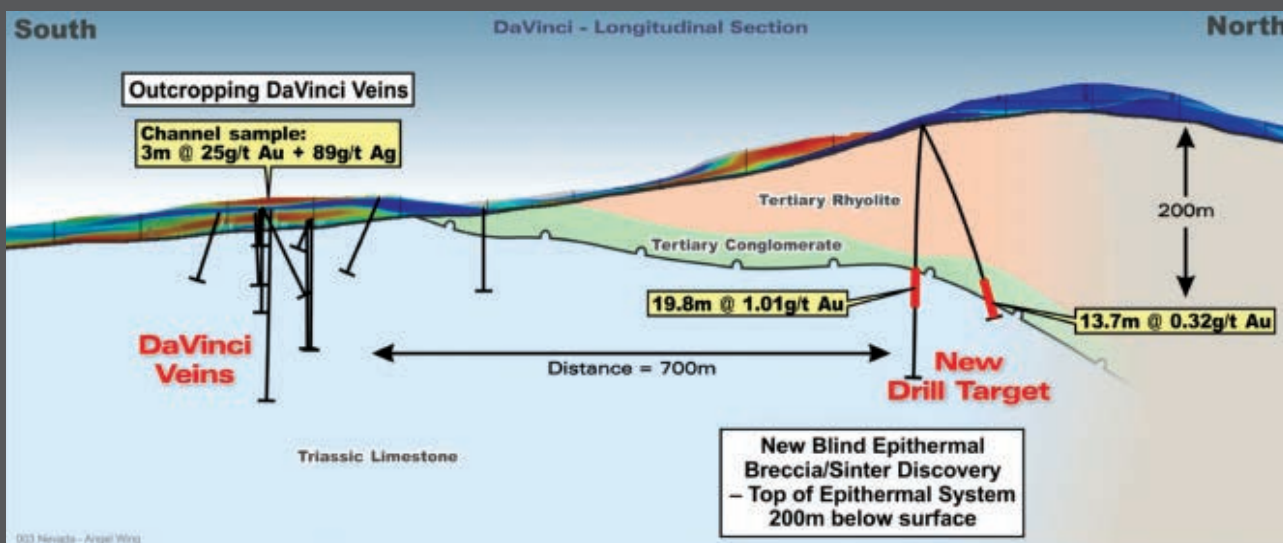


Figure 8: North-south long section through the DaVinci Vein at Angel Wing, highlighting anomalous gold results.

The Information in this report that relates to Exploration Results is based on information compiled by Kevin Seymour.

Kevin Seymour is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the styles of mineralisation and type of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person. Kevin Seymour 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 resources and estimated mine grade is based on information compiled by Rob Hutchison.

Rob Hutchison is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person. Rob Hutchison 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.

Table 5: Significant (>0.50g/t Au) 1m RC drilling results for the Mt Magnet Gold Project WA

Hole Id	Easting**	Northing**	Az/Dip	F/Depth(m)	From (m)	To (m)	Interval (m)	g/t Au
GXDD0026*	47291	80450	270/62	219.75	324.1	334.7	10.6	1.90
					342.7	347.8	5.10	1.22
GXDD0027*	46950	80600	090/58	307	179.7	180.9	1.20	19.7
					214.4	215.4	1.00	15.0
					235.7	239.65	3.95	8.68
GXDD0028*	47375	80060	270/60	519.8	455.5	456.55	1.05	9.83
GXRC0295	49339	78313	090/65	150	86	89	3	1.60
GXRC0296	49713	78963	270/45	108	87	88	1	2.17
GXRC0297	49583	78660	040/53	114 Incl.	66	75	9	11.5
					67	71	4	22.7
GXRC0298	49564	78625	090/59	144	136	138	2	1.85
GXRC0299	49566	78647	312/51	220	84	96	12	1.20
					101	108	7	1.69
					182	186	4	1.26
GXRC0300	49564	78613	090/59	144	109	111	2	3.55
GXRC0301	49630	78563	090/60	60	33	36	3	2.01
GXRC0302	49615	78563	090/60	60	44	47	3	2.68
GXRC0303	49615	78550	090/60	84	39	54	15	1.28
GXRC1188	47850	79720	270/64	120	40	41	1	3.28
					84	87	3	3.14
					90	94	4	1.21
GXRC1189	47570	79695	270/60	90	3	4	1	12.5
					76	88	12	1.94
GXRC1190	46950	79710	090/60	132	7	8	1	3.58
GXRC1191	47060	81175	090/60	84 Incl.	30	51	21	2.56
					32	33	1	11.3
					45	46	1	9.24
GXRC1192	47080	81175	270/60	120 Incl.	55	59	4	4.51
					55	56	1	9.46
					70	72	2	3.17
GXRC1194	46690	81105	180/47	164	128	135	7	2.33
GXRC1195	47235	80435	270/62	240	7	12	5	2.20
GXRC1196	47225	80395	270/70	264 Incl.	216	230	14	2.35
					224	226	2	9.24
GXRC1197	47223	80395	270/64	260 Incl. Incl.	186	210	24	2.49
					187	188	1	10.4
					195	197	2	13.9
GXRC1199	48979	77393	090/60	100 Incl.	71	75	4	2.97
					74	75	1	10.1
GXRC1200	48896	77397	090/60	190	126	128	2	3.69
GXRC1201	48959	77438	090/60	120	81	85	4	3.52
GXRC1202	48995	77436	090/60	80	19	22	3	1.66
					26	36	10	1.16
					42	50	8	1.67
GXRC1203	48894	77435	090/60	180	151	155	4	3.19
GXRC1204	48855	77423	090/60	198	152	159	7	1.13
					185	188	3	2.57

Hole Id	Easting**	Northing**	Az/Dip	F/Depth(m)	From (m)	To (m)	Interval (m)	g/t Au
GXRC1205	48973	77550	090/60	120	42	43	1	2.62
GXRC1206	48956	77636	090/60	110 Incl.	60 63	66 65	6 2	7.36 20.7
GXRC1207	48937	77627	090/60	130 Incl.	94 99	109 100	15 1	5.37 60.0
GXRC1208	48934	77618	090/60	140	36 116	38 118	2 2	2.47 3.36
GXRC1210	47345	80070	270/55	300	261	266	5	1.42
GXRC1211	46940	81125	090/55	140	75 80	76 85	1 5	4.27 2.44
GXRC1214	47160	79480	090/60	100	27	31	4	2.19
GXRC1217	46625	80437	063/90	270	205	210	5	2.17
GXRC1218	46985	80250	270/58	432	370 413	374 415	4 2	3.13 2.06
GXRC1219	47185	80975	090/55	486	451	456	5	2.87
GXRC1220	47273	80943	105/59	378	316	322	6	1.49
GXRC1221	47270	80940	130/57	324	278 283 317	280 288 319	2 5 2	1.30 5.25 19.8
GXRC1224	578194	6899743	250/60	90	25	26	1	3.33
GXRC1229	579453	6898570	250/60	90	54	56	2	1.35
GXRC1234	579395	6899505	250/60	84	52	53	1	4.96
GXRC1238	579625	6899588	250/60	60	44	45	1	2.03
LVRC0008	581763	6902225	250/60	204	90	92	2	0.90
LVRC0009	581474	6903420	270/60	90	80	83	3	3.53
LVRC0014	581859	6900278	090/50	138	48	49	1	2.52
LVRC0017	581890	6900239	090/60	120 Incl.	22 43 43	26 53 46	4 10 3	1.36 1.51 3.10
LVRC0018	581978	6900215	270/60	174	146	154	8	1.02
VQRC0001	580165	6901265	245/60	90	20	22	2	0.93
VQRC0002	580097	6900704	240/60	216	153	155	2	1.04
VQRC0003	580122	6900620	270/60	186	135	138	3	0.97
VQRC0004	580169	6900559	240/60	108	89	90	1	2.99
LVRC0019	581777	6901229	260/-60	151 Incl.	20 90 91 101	21 96 94 104	1 6 3 3	1.99 13.3 25.5 0.96
LVRC0023	581790	6901211	260/-60	156	110	111	1	2.20
LVRC0024	581773	6901248	260/-60	150 Incl.	82 82 86 93 103	104 83 87 97 104	22 1 1 4 1	1.30 5.80 4.30 2.30 4.10
LVRC0025	581816	6901235	260/-60	200 Incl.	117 119	122 121	5 2	1.70 3.60
LVRC0026	581830	6902450	270/-60	391	344	348	4	2.10
GXRC1245	578513	6897550	250/-60	176	95 169	96 176	1 7	1.04 0.57

Hole Id	Easting**	Northing**	Az/Dip	F/Depth(m)	From (m)	To (m)	Interval (m)	g/t Au	
GXRC1246	578527	6897471	250/-60	151	32	36	4	0.93	
					39	42	3	0.79	
					134	135	1	1.10	
					171	174	3	2.87	
GXRC1247	578610	6897320	250/-60	194	88	89	1	2.78	
					93	101	8	1.60	
					169	175	6	20.9	
					Incl.	169	173	4	29.2
					180	181	1	11.1	
GXRC1248	578859	6896866	250/-60	151	66	67	1	2.91	
GXRC1250	578660	6897338	250/-60	280	135	136	1	2.10	
GXRC1252	578590	6897365	250/-60	180	149	151	2	1.60	
					162	163	1	8.00	
GXRC1253	578611	6897266	250/-60	222	26	29	3	2.60	
					90	94	4	8.80	
					Incl.	90	91	1	26.5
					156	157	1	16.6	
GXRC1255	581080	6896528	070/-60	140	49	55	6	1.60	
					Incl.	52	55	3	2.40
					127	131	4	1.60	
GXRC1257	581115	6896510	070/-60	138	40	42	2	1.00	
					105	106	1	4.30	
GXRC1258	581265	6895400	070/-60	276	139	149	10	6.24	
					139	145	6	9.97	
					Incl.	139	143	4	13.7
GXRC1260	579279	6896789	090/-60	252	51	57	6	0.6	
					230	231	1	1.89	
					244	246	2	1.40	
GXRC1261	579240	6896749	090/-60	300	147	150	3	1.06	
					214	216	2	1.18	
					294	300	6	1.23	
GXRC1262	579745	6896711	270/-60	280	31	32	1	7.53	
					46	47	1	1.37	
					56	57	1	1.30	
					59	60	1	3.15	
					91	93	2	2.80	
					118	119	1	1.25	
					123	132	9	2.98	
					Incl.	130	132	2	0.85
					162	183	21	0.75	
					GXRC1263	579583	6896720	270/-60	250
170	187	17	1.69						
Incl.	177	180	3	5.52					
190	196	6	1.82						
200	201	1	1.97						
204	205	1	2.72						
GXRC1264	579777	6896789	270/-60	264	46	54	8	12.8	
					Incl.	52	53	1	113
GXRC1265	579873	6896625	270/-55	300	167	171	4	0.78	
					195	201	6	1.90	
					Incl.	199	201	2	4.36
GXRC1266	579900	6896540	270/-60	210	51	55	4	1.32	
					203	204	1	1.66	
GXRC1267	579615	6896267	320/-60	234	2	3	1	1.13	
					116	119	3	2.22	
					129	132	3	0.76	

* Denotes hole drilled in 2010/11 financial year but results not available until 2011/12.

** Denotes Galaxy local Hill 50 mine grid or MGA-94 Zone 50 grid coordinates

Reported significant gold assay intersections (using a 0.5g/t Au lower cut) are calculated over a minimum down hole interval of 1m at plus 0.5g/t gold and may contain up to 2m of internal dilution. ABN denotes the hole was abandoned before reaching its target depth. NSR denotes no significant results. Gold determination was by Fire Assay using a 50 gram charge and AAS finish, with a lower limit of detection of 0.001g/t Au. True widths are estimated at 66% of reported down hole intersections.

Table 6: Significant (>0.10g/t Au) 4m composites angled Aircore drilling results for the Mt Magnet Gold Project WA

Hole ID	Area / Prospect	Depth From	Depth To	Interval (m)	g/t Au (>0.1)	Lithology
GXAC0056	Lennonville Shear Ext.	4	8	4	0.11	Mafic
GXAC0059	Lennonville Shear Ext.	20	28	8	0.16	Mafic
GXAC0085	Lennonville Shear Ext.	12	16	4	0.16	Mafic
GXAC0093	Lennonville Shear Ext.	23	25 (EOH)	2	0.20	Mafic
GXAC0099	Lennonville Shear Ext.	12	24	12	0.48	Saprolite over Mafic
GXAC0100	Lennonville Shear Ext.	28	32	4	0.13	Saprolite over Mafic
GXAC0101	Lennonville Shear Ext.	20	24	4	0.12	Saprolite over Mafic
GXAC0102	Lennonville Shear Ext.	36	40	4	0.55	Saprolite over Mafic
GXAC0102	Lennonville Shear Ext.	48	52	4	0.32	Saprolite over Mafic
GXAC0103	Lennonville Shear Ext.	24	32	8	1.20	Saprolite over Mafic
incl.	Lennonville Shear Ext.	24	28	4	2.17	Saprolite over Mafic
GXAC0104	Lennonville Shear Ext.	48	52	4	0.18	coarse clastic sed.
GXAC0106	Lennonville Shear Ext.	44	48	4	0.11	Mafic
GXAC0108	Lennonville Shear Ext.	16	20	4	0.15	Saprolite over Mafic
GXAC0111	Lennonville Shear Ext.	36	40	4	0.45	Mafic
GXAC0119	Lennonville Shear Ext.	12	20	8	0.37	Saprolite over Mafic
GXAC0131	Lennonville Shear Ext.	40	44	4	0.68	Mafic
GXAC0159	Lennonville Shear Ext.	0	4	4	0.26	Transported/Mafic interface
GXAC0165	Lennonville Shear Ext.	20	24	4	0.59	Mafic
GXAC0170	Lennonville Shear Ext.	20	24	4	0.75	Mafic
GXAC0172	Lennonville Shear Ext.	16	20	4	0.56	Mafic
GXAC0174	Lennonville Shear Ext.	48	52	4	0.52	Mafic
GXAC0185	Lennonville Shear Ext.	44	56	12	0.53	Mafic
GXAC0205	Lennonville Shear Ext.	16	20	4	0.27	Mafic
GXAC0207	Lennonville Shear Ext.	48	56	8	0.33	Mafic

Reported anomalous gold assay intersections (using a 0.10g/t Au lower cut) are calculated over a minimum down hole interval of 4m at plus 0.10g/t gold and may contain up to 4m of internal dilution. ABN denotes the hole was abandoned before reaching its target depth. NSR denotes no significant results. Gold determination was by Fire Assay using a 50 gram charge and AAS finish, with a lower limit of detection of 0.001g/t Au. EOH denotes the end of the drill hole. True widths are estimated at 66% of reported down hole intersections.

Table 7: Significant (>0.50g/t Au) 1m RC drilling results for the Wattle Dam, Eagles Nest and Coogee Gold Projects WA

Hole Id	Easting	Northing	Az/Dip	F/Depth (m)	From (m)	To (m)	Interval (m)	g/t Au
GORC0053	356583	6527025	90/-60	266	77 139 146	78 152 151	1 13 5	2.34 0.76 1.04
GORC0054	356613	6526945	90/-60	229	86	87	1	2.40
GORC0056	356559	6527255	270/-55	380	279	280	1	3.54
ENRC0053	357570	6520871	270/-55	343	173 182	187 186	14 4	2.05 4.02
ENRC0054	357594	6520801	270/-60	263	205 214 235	210 223 239	5 9 4	0.74 1.22 0.90
ENRC0055	357502	6520645	270/-60	200	118	122	4	2.10
WDDH0092	356702	6528088	270/-60	978.1	600 836	602 841	2 5	2.58 0.97
WDDH0093	356536	6528279	270/-56	795.5	206	210	4	1.03
CORC0001	392921	6554800	046/-60	108	104	105	1	1.33
CORC0002	393159	6554900	046/-60	200	161	164	3	1.63
CORC0003	392599	6555127	226/-60	150	39	44	5	0.76
CORC0004	393565	6555395	046/-60	150	148	149	1	0.64
CORC0006	393085	6555695	046/-70	140	121	124	3	0.89

Reported significant gold assay intersections (using a 0.5g/t Au lower cut) are calculated over a minimum down hole interval of 1m at plus 0.5g/t gold and may contain up to 2m of internal dilution. ABN denotes the hole was abandoned before reaching its target depth. NSR denotes no significant results. Gold determination was by Fire Assay using a 50 gram charge and AAS finish, with a lower limit of detection of 0.001g/t Au. True widths are estimated at 66% of reported down hole intersections.

Table 8: Anomalous (>0.10g/t Au) 1m RC drilling results for the Big Blue Project – Nevada USA

Hole Id	Easting	Northing	Az/Dip	F/Depth (m)	From (m)	To (m)	Interval (m)	g/t Au
BBR12-01	506162	4387188	070/-85	451	7.62	12.19	4.57	0.26
					350.52	355.09	4.57	0.38
					Incl. 352.05	353.57	1.52	0.55
					362.72	364.24	1.52	0.12
					379.48	381.00	1.52	0.20
BBR12-02	506162	4387071	090/-75	420	65.53	70.10	4.57	0.76
					Incl. 67.06	68.58	1.52	1.19
					306.32	307.84	1.52	0.37
					310.90	312.42	1.52	0.15
					316.99	318.51	1.52	1.66
					329.18	330.70	1.52	0.38
					341.38	342.90	1.52	0.22
					349.00	350.52	1.52	0.15
				376.42	377.94	1.52	0.15	

Reported significant gold assay intersections (using a 0.1g/t Au lower cut) are calculated over a minimum down hole interval of 1m at plus 0.10g/t gold and may contain up to 2m of internal dilution. ABN denotes the hole was abandoned before reaching its target depth. BLD denotes below analytical detection. Gold determination was by Fire Assay using a 30 gram charge and AAS finish, with a lower limit of detection of 0.001g/t Au. Trace element determination was by ICP-MS. True widths are estimated at 90% of reported down hole intersections.

Table 9: Anomalous (>0.10g/t Au) 1m RC and diamond drilling results for the Angel Wing Project – Nevada USA

Hole Id	Easting	Northing	Az/Dip	F/Depth (m)	From (m)	To (m)	Interval (m)	g/t Au
AW11-C01	742676	4618406	225/-60	47.24	25.7	27.3	1.60	0.61
					27.3	28.6	1.30	Void
					28.6	32.6	4.00	0.77
AW11-C03	742748	4618304	132/-60	93.57	27.58	29.04	1.46	0.76
					35.66	36.11	0.45	1.37
					36.11	36.57	0.46	Void
					36.57	39.62	3.05	1.21
					63.39	69.49	6.10	0.23
					Incl. 67.97	69.49	1.52	0.63
				81.68	87.78	6.10	0.72	
AW11-04	742958	4619821	360/-90	30.48	4.60	9.10	4.50	0.18
AW11-07	742987	4618889	050/-50	129.54	22.9	24.4	1.50	1.03
AW12-01	742587	4619103	040/-55	251.5	207.26	211.83	4.57	0.23
					234.69	248.41	13.72	0.32
				Incl.	237.74	239.26	1.52	1.71
AW12-02	742800	4618205	070/-55	248.4	1.52	3.04	1.52	0.15
					24.38	28.95	4.57	0.55
					86.86	89.91	3.05	0.12
AW12-03	742700	4618351	093/-62	233.2	0	3.04	3.04	0.10
					19.81	22.85	3.04	0.63
					100.58	102.10	1.52	0.11
					121.92	131.06	9.14	0.11
AW12-04	742717	4618340	270/-50	152.4	28.95	39.62	10.67	0.64
					Incl. 30.48	35.05	4.57	0.81
					+	38.10	39.62	1.52
AW12-05	742587	4619103	095/-50	332.2	172.21	184.40	12.19	0.14
					195.07	208.78	13.71	0.35
					Incl. 205.74	208.78	3.04	0.91
					222.50	242.31	19.81	1.01
				Incl.	225.55	234.69	9.14	1.87

NATIVE TITLE STATEMENT



Tree planting at Wattle Dam on National Tree Day

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. Ramelius also conducted several heritage clearance programs at its Mt Windsor joint venture projects in Queensland.

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.



Wattle Dam Operations Manager, Danny Doherty (right) with HWE Project Manager Mark Lindsay

CORPORATE GOVERNANCE STATEMENT

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 of the 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 2012.

Summary of Corporate Governance Principles and Recommendations		Reference
Principle 1 – Lay solid foundations for management and oversight		
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
Principle 2 – Structure the Board to add value		
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
Principle 3 – Promote ethical and responsible decision making		
3.1	Establish a code of conduct and disclose the code or summary of the code as to: <ul style="list-style-type: none"> The practices necessary to maintain confidence in the company's integrity; The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; The responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	B22, B23

3.2	Establish a policy concerning diversity, and disclose the policy or a summary of that policy.	B27
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	B27
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	B27
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	B66
<i>Principle 4 – Safeguard integrity in financial reporting</i>		
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"> • Consists only of non-executive directors; • Consists of a majority of independent directors; • Is chaired by an independent chair, who is not chair of the board; • Has at least three members. 	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
<i>Principle 5 – Making timely and balanced disclosure</i>		
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
<i>Principle 6 – Respect the rights of shareholders</i>		
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
<i>Principle 7 – Recognise and manage risks</i>		
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
<i>Principle 8 – Remunerate fairly and responsibly</i>		
8.1	The board should establish a remuneration committee.	B49

CORPORATE GOVERNANCE STATEMENT

8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • Consists of a majority of independent directors; • Is chaired by an independent chair; • Has at least three members. 	B64
8.3	Clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	B48, B50, B56
8.4	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 overviews 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. The Board has a Nomination and Remuneration Committee to deal with nominations to the Board and executive performance, remuneration, recruitment, retention and termination policies for senior management and incentive schemes.
- 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. Such evaluation was undertaken by the Chairman during the 2012 financial year. Performance evaluations for relevant senior executives were undertaken by the remuneration committee during the 2012 financial year in accordance with the Company's performance evaluation process.



Mining at Mars pit near historic Hill 50 headframe





CORPORATE GOVERNANCE STATEMENT

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

Experience and expertise

Mr Kennedy has been the non-executive chairman of Ramelius Resources Limited since the Company was listed on ASX in March 2003¹. He is a Chartered Accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded. Mr Kennedy brings to the Board his expertise and extensive experience as chairman and non-executive director of a range of listed public companies in the resources sector.

He conducts the review of the Board including the Managing Director in his executive role. Mr Kennedy oversees the development of strategies for the development and future growth of the Company. Apart from his attendance at Board and Committee meetings Mr Kennedy also contributes to the Board's external engagement of the Company meeting with Government, investors and the media. He is a regular attendee of Audit Committee functions of the major accounting firms and is a regular presenter on topics relating to directors with the AICD and the CSA. During the year he attended the Masterclass of the Australian Institute of Directors with members of top ASX200 company boards.

Current and former directorships in the last 3 years

Mr Kennedy is a director of ASX listed companies Beach Energy Limited (since 1991), Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004), Monax Mining Limited (since 2004), ERO Mining Limited (since 2006), Marmota Energy Limited (since 2007) and Somerton Energy Limited (2010 to 2012). He was appointed the Chairman of the University of Adelaide's Institute of Minerals and Energy Resources in 2008.

Responsibilities

Membership of the Audit Committee and the Nomination and Remuneration Committee.

¹ From 1995 to the date of listing, Mr Kennedy was a director of the entity which was a dormant proprietary company.

Ian James Gordon *BCom, MAICD*
Managing Director

Experience and expertise

Mr Gordon joined Ramelius Resources Limited in June 2007 and was appointed 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). Mr Gordon's contribution to the Board is his broad experience in gold exploration and mining operations in Australia and knowledge of industry issues directed towards expanding and strengthening the future growth of Ramelius.

Current and former directorships in the last 3 years

None

Responsibilities

Chief Executive Officer.

Kevin James Lines BSc (Geology), MAusIMM

Independent Non-Executive Director

Experience and expertise

Mr Lines joined Ramelius Resources Limited as a non-executive director on 9 April 2008. He has over 30 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 Limited that included responsibility for the expansive tenement holdings of the Tanami region. The contribution of Mr Lines to the Board is his extensive experience in the assessment and evaluation of exploration projects and development of properties and mining operations overseas.

Current and former directorships in the last 3 years

He is former Managing Director of ASX listed ERO Mining Limited (2006 to 2011) and former director of Flinders Mines Limited (2008 to 2009).

Responsibilities

Independent Non-Executive Director.

- B13. The Company held 17 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:

	Board of Directors		Audit Committee		Nomination and Remuneration Committee	
	A	B	A	C	A	C
Mr Robert Michael Kennedy	13	13	3	3	1	1
Mr Reginald George Nelson	13	13	3	3	1	1
Mr Ian James Gordon	13	13	-	-	-	-
Mr Kevin James Lines	13	13	-	-	-	-

A Number of meetings attended

B Number of meetings held whilst a director

C Number of meetings held whilst a member

The due diligence committee did not meeting during the financial year.

- B14. The composition of the Board at the date of this statement consists of three directors, Mr RM Kennedy (Chairman), Mr KJ Lines and Mr IJ Gordon. Mr Nelson resigned as a director on 1 August 2012. Apart from Mr Gordon (Managing Director and Chief Executive Officer), all other directors including the Chairman, are non-executives. The composition of the Board is comprised of a majority of non-executive directors, who the Board considers meet the independent director criteria contained in ASXCGC best practice recommendation 2.1. The Board seeks to have a Board of Directors with a mixture of skills including business, financial and mining related competencies, diverse backgrounds and experiences and seeks to fill any vacant positions with the best candidates available regardless of gender, religion, cultural background or marital status.
- B15. Mr Kennedy's role as Chairman of the Board is separate from that of the Managing Director/Chief Executive Officer, Mr Gordon 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.

CORPORATE GOVERNANCE STATEMENT

B18. The Board Charter details the roles of the Chairman and Managing Director/Chief Executive Officer 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. In addition the Board has approved a formal policy regarding notification of Directors' interests in securities of the Company and contracts

Diversity

B27. The Company has a diversity policy which acknowledges that benefits flow from a workforce comprised of individuals with diverse backgrounds, experiences, values and skills. The Company is committed to promoting diversity through the following key objectives:

- Establishment of formal responsibility for setting measurable objectives, and for overseeing and monitoring Ramelius' commitment to diversity;
- Documentation and promotion of a formal diversity policy;
- Documentation and endorsement of other relevant policies which reflect the Company's position on diversity;
- Recruitment based on qualifications, skills, abilities and merit to ensure workforce vacancies are filled with the most suitable employees available;
- Encouragement of personal development and training of employees to achieve their full potential for the mutual benefit of Ramelius and employee;
- Annual assessment of objectives and progress towards their achievement.

The Board is responsible for setting and reviewing measurable objectives. A summary of the Company's progress to date on diversity is as follows:

- Responsibility for implementing the Company's diversity policy has been delegated to the Managing Director;
- The Company's diversity policy has been disclosed on the Ramelius website;
- A review of a workplace gender profile has been completed.

30 June 2012	Males	Females	Total
Board (non-executive)	3	0	3
Senior Executives	4	0	4
Other employees	88	24	112
Total	95	24	119
30 June 2011	Males	Females	Total
Board (non-executive)	3	0	3
Senior Executives	3	0	3
Other Employees	36	18	54
Total	42	18	60



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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 had an Audit Committee during the whole financial year and in accordance with ASXCGC best practice recommendation 4.1 was established 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. The external lead audit partner and reviewing partner must rotate every five years as required by the Corporations Act.

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. During the financial year ended 30 June 2012, the Audit Committee consisted of two non executive Board directors, Messrs Kennedy & Nelson, and was 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. Although the Audit Committee consisted of less than three members it had a majority of independent directors including an independent Chairman who was not the Chairman of the Board. In June 2012 Mr Lines was appointed as a third member of the Committee however due to the resignation of Mr Nelson in August 2012, the Committee currently does not meet the minimum number of three members required by ASXCGC best practice recommendation 4.2. The Board intends to review the current composition of the Audit Committee as soon as possible.
- 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 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.

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- 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 conducted a risk review and developed a risk register.
- 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 respect, 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 2012 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 of 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.



CORPORATE GOVERNANCE STATEMENT

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 \$550,000 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. 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. Details of share based compensation to key management personnel are disclosed in the Remuneration Report section of the Directors' Report.

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. No options were issued to Key Management Personnel during the 2012 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.
- B60. 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 may be subject to performance conditions which are to be tested in future financial periods. Details of share based compensation to key management personnel are disclosed in the Remuneration Report section of the Directors’ Report.
- B61. The employment conditions of Executive Directors including the Chief Executive Officer and Key Management Personnel are formalised in contracts of employment. The contracts have no fixed term with specific terms not greater than 12 months notice of termination by the executive and Company. 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 key management personnel 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 during the financial year consisted of the two non executive Board directors, Messrs Kennedy & Nelson, and was chaired by Mr Nelson. Details of these directors’ qualifications and attendance at meetings are set out in the Directors’ Report section of this report. Although the Committee consisted of less than three members it had a majority of independent directors including an independent Chairman. In August 2012 Mr Lines was appointed as Chairman of the Nomination and Remuneration Committee following the resignation of Mr Nelson as a Director of the Company. 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
- 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
 - Diversity
 - Continuous Disclosure
 - Risk oversight and management
 - Products limiting risk



GLOSSARY OF TERMS

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.

As: Arsenic

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.

BIF: Banded Iron Formation.

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.



Drill rig at Mt Magnet

GLOSSARY OF TERMS

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

Hg: Mercury

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 or iron and/or aluminium.

LEACHWELL: An analytical method.

LODE DEPOSIT: A vein or other tabular mineral deposit with distinct boundaries.

LTI: Loss Time Injury.

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

Pb: lead

PEDOGENIC: The development of soil.

PENTLANDITE: An important ore of nickel (FeNi)₉S₈

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.

Sb: Antimony

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.

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.

Chairman, Bob Kennedy (front)
and Managing Director, Ian Gordon
inspecting Checkers Mill at Mt Magnet





RAMELIUS RESOURCES LIMITED

Consolidated Entity

**Annual Financial Report
30 June 2012**

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Your directors present their report on the group consisting of Ramelius Resources Limited and the entities it controlled at the end of, or during the year ended 30 June 2012.

Directors

The directors of Ramelius Resources Limited ('Ramelius' or 'Company') at any time during the financial year were, and until the date of this report are set out below.

Details of directors' qualifications, experience and special responsibilities are as follows:

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

Experience and expertise

Mr Kennedy has been the non-executive chairman of Ramelius Resources Limited since the Company was listed on ASX in March 2003¹. He is a Chartered Accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded. Mr Kennedy brings to the Board his expertise and extensive experience as chairman and non-executive director of a range of listed public companies in the resources sector.

He conducts the review of the Board including the Managing Director in his executive role. Mr Kennedy oversees the development of strategies for the development and future growth of the Company. Apart from his attendance at Board and Committee meetings Mr Kennedy also contributes to the Board's external engagement of the Company meeting with Government, investors and the media. He is a regular attendee of Audit Committee functions of the major accounting firms and is a regular presenter on topics relating to directors with the AICD and the CSA. During the year he attended the Masterclass of the Australian Institute of Directors with members of top ASX200 company boards.

Current and former directorships in the last 3 years

Mr Kennedy is a director of ASX listed companies Beach Energy Limited (since 1991), Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004), Monax Mining Limited (since 2004), ERO Mining Limited (since 2006), Marmota Energy Limited (since 2007) and Somerton Energy Limited (2010 to 2012). He was appointed the Chairman of the University of Adelaide's Institute of Minerals and Energy Resources in 2008.

Responsibilities

Membership of the Audit Committee and the Nomination and Remuneration Committee.

¹ From 1995 to the date of listing, Mr Kennedy was a director of the entity which was a dormant proprietary company.

Reginald George Nelson *BSc, Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD* (resigned 1 August 2012)

Independent Non-Executive Director

Experience and expertise

Mr Nelson joined Ramelius Resources Limited as a non-executive director on 1 November 1995. He has had a career spanning 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. He is a former Chairman of the Nevoria 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. Mr Nelson's contribution to the Board was his wide technical expertise and knowledge of the mining industry and corporate matters.

Current and former directorships in the last 3 years

Mr Nelson is a director of ASX listed companies, Beach Energy Limited (since 1992), Monax Mining Limited (2004 to 2012), Marmota Energy Limited (2007 to 2012) and Sundance Energy Limited (since 2010).

Responsibilities

Chairman of the Audit Committee and the Nomination and Remuneration Committee.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Ian James Gordon *BCom, MAICD*

Managing Director

Experience and expertise

Mr Gordon joined Ramelius Resources Limited in June 2007 and was appointed 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). Mr Gordon's contribution to the Board is his broad experience in gold exploration and mining operations in Australia and knowledge of industry issues directed towards expanding and strengthening the future growth of Ramelius.

Current and former directorships in the last 3 years

None

Responsibilities

Chief Executive Officer.

Kevin James Lines *BSc (Geology), MAusIMM*

Independent Non-Executive Director

Experience and expertise

Mr Lines joined Ramelius Resources Limited as a non-executive director on 9 April 2008. He has over 30 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 Limited that included responsibility for the expansive tenement holdings of the Tanami region. The contribution of Mr Lines to the Board is his extensive experience in the assessment and evaluation of exploration projects and development of properties and mining operations overseas.

Current and former directorships in the last 3 years

He is former Managing Director of ASX listed ERO Mining Limited (2006 to 2011) and former director of Flinders Mines Limited (2008 to 2009).

Responsibilities

Independent Non-Executive Director.

Directors' attendance at meetings (1 July 2011 to 30 June 2012)

The number of directors' meetings (including meetings of Committees of directors) and number of meetings attended by each of the directors of Ramelius during the financial year are:

	Board of Directors		Audit Committee		Nomination and Remuneration Committee	
	A	B	A	C	A	C
Mr Robert Michael Kennedy	13	13	3	3	1	1
Mr Reginald George Nelson	13	13	3	3	1	1
Mr Ian James Gordon	13	13	-	-	-	-
Mr Kevin James Lines	13	13	-	-	-	-

A Number of meetings attended

B Number of meetings held whilst a director

C Number of meetings held whilst a member

The due diligence committee did not meet during the financial year.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Directors' interests

At the date of this report, the interest of each director in shares and rights of Ramelius Resources Limited are:

	Number of ordinary shares	Nature of interest	Rights over ordinary shares
Mr R M Kennedy	7,768,701	Indirect	-
Mr R G Nelson	5,331,984	Direct and indirect	-
Mr I J Gordon	499,021	Direct and indirect	1,000,000
Mr K J Lines	-	-	-

Company Secretary

Domenico Antonio Francese BEc., FCA, FFin, ACSA, ACIS

Experience and expertise

Appointed Company Secretary on 21 September 2001. Mr Francese is a Chartered Accountant with an audit and investigations background and more than 12 years experience in a regulatory and supervisory role with the ASX.

Responsibilities

Chief Financial Officer

Principal activities

The principal activities of the group during the year included exploration, mine development, mine operations, the sale of gold and milling services.

Review of operations and results

During the financial year the Ramelius Group continued mining activities at its Wattle Dam underground gold mine. The Wattle Dam decline was extended to the 980mRL and mining operations included stoping within Blocks C and D. Lower than expected gold grades from these blocks impacted on revenue for the year.

A mining proposal for the Mt Magnet Galaxy project was approved by the Department of Mines and Petroleum of Western Australia. Mining at Mt Magnet commenced in September 2011 and following completion of refurbishment work on the Mt Magnet treatment plant, gold production commenced in March 2012.

Deep exploratory drilling was carried out below the current underground mine at Wattle Dam with no significant results.

At Mt Magnet, exploration drilling continued outside the optimised Galaxy cut-back project which encompasses the Saturn, Mars and Perseverance pits. Exploratory drilling was carried out around the historical Morning Star, Brown Hill, Reno, Vegas and Hesperus pits. Reconnaissance drilling was undertaken at Bullocks and below the historical Hill 50 tails dump to the north of the Galaxy project. Other exploration drilling was carried out within the saddle between the Spearment and Galtee-More open pits, as well as near the Paris North, Water Tank Hill and Boomer pits.

A number of geotechnical and hydrogeological drill holes were completed at Western Queen South and optimisation work carried out for a potential pit cut-back. A new resource model was generated from all available drilling information and an updated pit optimisation and design was prepared.

Further exploration drilling was conducted at the Eagles Nest project in Western Australia, Mt Windsor project in Queensland and the Big Blue and Angel Wing projects in Nevada USA. As drilling results at Big Blue were not sufficiently encouraging to warrant any follow up work, Ramelius gave notice in June 2012 of its intention to withdraw from the Big Blue Farm-in and Joint Venture Agreement. Some reconnaissance exploration drilling was also conducted at the newly acquired Coogee project.

Capitalised exploration expenditure during the financial year was \$13.5 million.

Put options over 92,710 ounces of gold were purchased at a strike price of A\$1,250 per ounce to underpin revenue for the Mt Magnet development project. The put options enable Ramelius to retain full exposure to the current, and any future rises in the gold price while providing protection against a fall in the gold price below the strike price.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

On 1 March 2012 the Company appointed Mr Mark Zeptner as Chief Operating Officer.

A strategic shareholding of 7.5% was acquired in Doray Minerals Limited which at the end of the financial year had a market value of \$4.7 million.

A placement of 34,782,608 shares at \$1.15 per share was completed in November 2011 primarily to institutional investors in North America which raised \$40 million before costs. An additional \$9.4 million before costs was raised in December 2011 under the Company's Share Purchase Plan involving the issue of 8,179,246 shares to shareholders at \$1.15 per share. These funds were raised to enable a more aggressive development of the Mt Magnet gold mine and to facilitate asset level acquisition opportunities.

Ramelius acquired 100% of Terrain Minerals Limited's Coogee gold deposit located near Kambalda in Western Australia for a total consideration of \$900,000. In addition, various exploration, prospecting and mining tenements located in the West Kambalda region of Western Australia and immediately north of the Wattle Dam gold mine were acquired from Breakaway Resources Limited for a consideration of \$300,000 cash and a royalty of 1.5% on the net smelter return on all minerals other than nickel.

Ramelius also agreed to purchase the Vivien gold deposit from Agnew Gold Mining Company, a subsidiary of Gold Fields Limited. The acquisition of the gold deposit which is located west of Leinster in Western Australia is subject to completion of formal agreements and consents from relevant government authorities. The consideration for the purchase is \$10 million cash and a production royalty. A deposit for the acquisition of \$500,000 was paid prior to the end of the financial year.

The group's performance for the year and a comparison for the last 5 years is presented below. The profit for 2012 was a result of continued mining at the 100% owned Wattle Dam and commencement of mining operations at Mt Magnet gold project. Ramelius mined 1,109,226 (2011: 154,730) tonnes of gold bearing ore and milled, inclusive of acquired third party ore, a total of 650,275 (2011: 153,060) tonnes of gold bearing ore during the year which produced 51,805 (2011: 100,720) ounces of gold.

	2012	2011	2010	2009	2008
Net profit (loss) after tax (\$000)	2,339	62,401	20,199	4,973	612
Dividends paid / capital returned (\$000)	-	20,395	-	-	11,976
Share price 30 June (\$)	0.49	1.28	0.45	0.50	0.76
Basic earnings per share (cents)	0.73	21.4	7.5	2.6	0.4
Diluted Earnings per share (cents)	0.73	21.2	7.5	2.6	0.4

Gold sales for the year to 30 June 2012 were \$84.1 million and compares to \$147.6 million in the previous year. The average gold sales price received during the financial year was \$1,597 per ounce compared to \$1,387 per ounce in 2011.

During the year 1,140,000 shares were issued to executives and senior management due to the vesting of granted share rights. An additional 2,010,000 share rights were granted to other senior management.

A detailed review of operations of the group during the financial year and the results of those operations is included in the Review of Operations section of the Annual Report.

Dividend and capital return

Ramelius has not paid, declared or recommended a capital return or dividend since the end of the preceding year.

State of affairs

There were no significant changes in the state of affairs of the group that occurred during the financial year not otherwise disclosed in this report or the consolidated financial statements.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Events occurring after reporting date

The following events occurred since 30 June 2012.

Mr R G Nelson resigned as a Director on 1 August 2012.

Apart from the above, no other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

- The group's operations in future financial years,
- The results of operations in future financial years, or
- The group's state of affairs in future financial years.

Likely developments and expected results of operations

Further information on likely developments in the operations of the group and expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the group.

Shares under option or right

Unissued ordinary shares of Ramelius under right at the date of this report are as follows:

Effective date share rights granted	Expiry date	Issue price of rights	Number of ordinary shares under right
26 November 2010*	26 November 2013	Nil	2,080,000
28 March 2011	28 March 2014	Nil	140,000
1 May 2011^	1 May 2014	Nil	200,000
18 July 2011	18 July 2014	Nil	210,000
25 July 2011	25 July 2014	Nil	210,000
15 August 2011	15 August 2014	Nil	210,000
22 August 2011	22 August 2014	Nil	210,000
1 March 2012	1 March 2015	Nil	450,000
1 April 2012	1 April 2015	Nil	210,000

The share right does not entitle the holder to participate in any other share issues of the company or any other entity. There were no other unissued ordinary shares of Ramelius under option at the date of this report.

*Included in these share rights were rights granted as remuneration to the managing director and the five most highly remunerated officers during the year. Details of rights granted to key management personnel are disclosed in the Remuneration Report.

^In addition, the following rights were granted to officers who are among the five highest remunerated officers of the company and the group, but are not key management persons and hence not disclosed in the remuneration report:

Name of officer	Effective date share rights granted	Issue price of rights	Number of ordinary shares under right
Mr A P Webb	26 November 2010	Nil	200,000
Mr D A Doherty	26 November 2010	Nil	200,000
Mr M C Casey	1 May 2011	Nil	200,000

Shares issued on the exercise of options or rights

The following ordinary shares of Ramelius were issued during the financial year ended 30 June 2012 as a result of the exercise of rights due to the satisfaction of vesting conditions. No amounts are unpaid on any of the shares.

Effective date share rights granted	Expiry date	Issue price of rights	Number of ordinary shares issued
26 November 2010	26 November 2013	Nil	1,040,000

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Effective date share rights granted	Expiry date	Issue price of rights	Number of ordinary shares issued
1 May 2011	1 May 2014	Nil	100,000

Environmental regulation and performance

The operations of the group in Australia are subject to significant environmental regulations under both Commonwealth and State legislation in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the group on any of its tenements. In respect of the group's mine development, licences and permits exist to carry out these activities and the group has provided unconditional performance bonds to the regulatory authorities to provide for any future rehabilitation requirements. In respect of processing plants, the group has all the necessary licences and permits to operate the facilities and has provided unconditional performance bonds to the regulatory authorities to provide for any future rehabilitation requirements. The group'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 group's operations.

Indemnity of directors and officers

Indemnification

Ramelius is required to indemnify its directors and officers against any liabilities incurred by the directors and officers that may arise from their position as directors and officers of Ramelius and its controlled entities. No costs were incurred during the year pursuant to this indemnity.

Ramelius has entered into deeds of indemnity with each director whereby, to the extent permitted by the Corporations Act 2001, Ramelius 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 Ramelius 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 Ramelius

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of Ramelius or to intervene in any proceedings to which Ramelius is a party, for the purpose of taking responsibility on behalf of Ramelius for all or part of those proceedings. There were no such proceedings brought or interventions on behalf of Ramelius with leave from the Court under section 237 of the Corporations Act 2001.

Auditor independence and non-audit services

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached. There were no non-audit services provided by Grant Thornton (auditor of Ramelius) during the financial year ended 30 June 2012.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration report

The directors are pleased to present your company's remuneration report which sets out remuneration information for Ramelius' non-executive directors, executive directors and other key management personnel. The remuneration report forms part of the directors' report. It outlines the overall remuneration strategy, framework and practices adopted by Ramelius and its controlled entities for the period 1 July 2011 to 30 June 2012. The remuneration report has been prepared in accordance with Section 300A of the Corporations Act 2001 and its regulations and is designated as audited.

In accordance with the Corporations Act 2001, remuneration details are disclosed for the group's key management personnel.

Ramelius' remuneration report:

- Details Board policies for determining remuneration of directors and executives,
- Specifies the relationship between remuneration policies and performance, and
- Identifies remuneration particulars for directors and executives.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling major activities of the group, directly and indirectly, being the Ramelius directors and senior executive managers.

Directors and executives disclosed in this report

Names	Position
Directors of Ramelius	
Mr R M Kennedy	Independent Non-Executive Chairman
Mr R G Nelson	Independent Non-Executive Director
Mr K J Lines	Independent Non-Executive Director
Mr J F Houldsworth ¹	Non-Executive Director
Mr I J Gordon	Managing Director and Chief Executive Officer
Other key management personnel	
Mr D A Francese	Company Secretary and Chief Financial Officer

¹ Mr J F Houldsworth resigned from the position of Non-Executive Director on 26 May 2011.

Changes since the end of the reporting period

Mr R G Nelson resigned from the position of Independent Non-Executive Director on 1 August 2012.

Role of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-executive director fees,
- Executive remuneration (directors and other executives), and
- The executive remuneration framework and incentive plan policies.

The objective of the Committee is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. In performing its functions, the Nomination and Remuneration Committee may seek advice from independent remuneration consultants. No independent remuneration consultants were used during the financial year.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration Policy and Structure

The Nomination and Remuneration Committee oversees remuneration matters and makes recommendations to the Board on remuneration policy, fees and remuneration packages for non-executive directors and also for executives on advice from the Managing Director.

The group's policy for determining the nature and amount of emoluments of Board members and executives is detailed below:

Principles used to determine the nature and amount of remuneration

Non-executive directors remuneration policy

Fees paid to non-executive directors are determined using the following guidelines. Fees are:

- Determined by the nature of the role, responsibility and time commitment necessary to perform required duties,
- Not performance or incentive based but are fixed amounts, and
- Determined by the desire to attract a well-balanced group of individuals with pertinent knowledge and experience.

In accordance with Ramelius' Constitution, the total amount of remuneration of non-executive directors is within the aggregate limit of \$550,000 per annum as approved by shareholders at the 2010 Annual General Meeting. Directors may apportion any amount up to this maximum level amongst the non-executive directors as they determine. Remuneration consists of directors' fees, Committee fees and superannuation contributions. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors.

Non-executive directors do not participate in schemes designed for remuneration of executives, do not receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and superannuation.

Details of remuneration

Details of fees paid to non-executive directors are set out below.

	Directors' fees (\$000)	Super contribution (\$000)	Total (\$000)
Mr R M Kennedy			
2012	154	14	168
2011	154	14	168
Mr R G Nelson			
2012	77	7	84
2011	77	7	84
Mr K J Lines			
2012	77	7	84
2011	77	7	84
Mr J F Houldsworth¹			
2012	-	-	-
2011	71	6	77
Total			
2012	308	28	336
2011	379	34	413

¹ Mr J F Houldsworth's remuneration for 2011 is for the period until his resignation on 26 May 2011.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Executive remuneration policy and framework

Ramelius aims to attract, motivate and retain a skilled executive team focused on contributing to Ramelius' objective of creating wealth and adding value for its shareholders. Ramelius' remuneration structure is formed on this basis.

The remuneration structure is based on a number of factors including, the particular experience and performance of the individual in meeting key objectives of Ramelius.

The Board, based on the recommendation of the Nomination and Remuneration Committee approves the remuneration package of the Managing Director. On advice of the Managing Director, the Committee also makes recommendations to the Board for approval of the remuneration packages of its senior executive team.

Ramelius may also engage external consultants to advise on remuneration policy and to benchmark remuneration of executives against comparable entities so as to ensure that remuneration packages are consistent with the market and are appropriate for the organisation. No independent remuneration consultants were engaged during the financial year.

The objective of Ramelius' executive remuneration framework includes incentives that seek to encourage alignment of management performance and shareholder interests. The framework aligns executive rewards with strategic objectives and the creation of value for shareholders, and conforms to market practices for delivery of rewards.

The Board ensures that executive rewards satisfy the following key criteria ensuring good reward governance practices:

- Competitiveness and reasonableness,
- Acceptability to shareholders,
- Performance linkage / alignment of executive compensation,
- Transparency, and
- Capital management.

The group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. The remuneration of executives is:

- Benchmarked from time to time against similar organisations both within the industry and of comparable market size to ensure uniformity with market practices,
- A reflection of individual roles, levels of seniority and responsibility that key personnel hold,
- Structured to take account of prevailing economic conditions, and
- A mix of fixed remuneration and at risk performance based elements using short and long-term incentives.

The executive remuneration framework has three components:

- Base pay and benefits, including superannuation,
- Short-term performance incentives, and
- Long-term incentives through participation in Ramelius' Employee Share Acquisition Plan, Performance Rights Plan and as approved by the Board.

The combination of these comprises an executive's total remuneration package. The group regularly reviews incentive plans to ensure continued alignment with financial and strategic objectives.

The performance aspects of remuneration include issues of shares, options and rights to executives. It is Ramelius' policy that the ability for an executive to deal with an option or a right is to be restricted by the terms of issue and the plan rules which do not allow dealings in any unvested security.

Ramelius' Share Trading Policy specifically prohibits an executive from entering into transactions that limit the economic risk of participating in unvested entitlements such as equity based remuneration schemes.

The policy is enforced through a system that includes a requirement that executive's confirm compliance with the policy and provide confirmation of dealings in Ramelius securities on request. The Share Trading Policy can be viewed on Ramelius' website.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

The elements of executive remuneration packages are set out below:

Base pay and benefits

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. When required, external remuneration consultants are utilised to provide analysis and advice to ensure base pay reflects the market for a comparable role.

Base pay for executives is reviewed annually in order to ensure pay remains competitive with the market. An executive's pay is also reviewed on promotion. The Managing Director and executives may elect to salary sacrifice part of their fixed remuneration for additional superannuation contributions and other benefits.

Short-term performance incentives

Short-term incentives (STI) are provided to certain executives under the direction of the Nomination and Remuneration Committee.

To date, Ramelius has not emphasised payment for financial performance through the provision of a cash bonus scheme 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. This may result in the proportion of remuneration related to performance varying between individuals. The Board sets these bonuses in order to encourage the achievement of specific goals that may have been given high levels of importance in relation to growth and profitability of Ramelius.

There were no cash bonuses granted as remuneration during the year.

Long-term performance incentives

Long-term incentives (LTI) are provided to certain executives and employees via the Ramelius Performance Rights Plan, Employee Share Acquisition Plan and as approved by the Board.

Performance Rights Plan

The Performance Rights Plan enables the Board to grant performance rights (being entitlements to shares in Ramelius subject to satisfaction of vesting conditions) to selected key executives as a long-term incentive as determined by the Board in accordance with the terms and conditions of the plan.

The plan provides selected executives the opportunity to participate in the equity of Ramelius through the issue of performance rights as a long-term incentive that is aligned to the long-term interests of shareholders.

Employee Share Acquisition Plan

The Employee Share Acquisition Plan enables the Board to offer eligible employees as a long-term incentive, ordinary fully paid shares in Ramelius 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.

Other long-term incentives

The Board may at its discretion provide share rights as a long-term retention incentive to key executives and employees.

Voting and comments made at the company's 2011 Annual General Meeting

Ramelius received 96% of "yes" votes on its remuneration report for the 2011 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of remuneration

Details of the remuneration package by value and by component for key management personnel in the reporting period and previous period are set out below:

RAMELIUS RESOURCES LIMITED

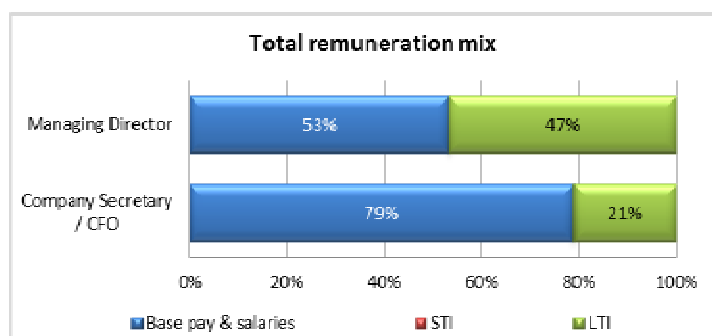
DIRECTORS' REPORT

Key management personnel	Short-term benefits		Post-employment benefits		Long-term benefits	Share-based payments		Total \$000
	Salary and leave \$000	Cash bonus \$000	Super \$000	Other \$000	Long service leave \$000	LTI rights ¹ \$000	Employee shares \$000	
Mr I J Gordon								
2012	426	-	38	-	31	435	-	930
2011	459	155	55	-	19	307	-	995
Mr D A Francese								
2012	264	-	47	-	13	87	-	411
2011	255	61	51	-	10	76	-	453

1 LTI rights relate to rights over ordinary fully paid shares issued to key management personnel.

2 Messrs K M Seymour, A P Webb, D A Doherty and M C Casey have been excluded from the above table of key management personnel during the 2012 financial year.

In accordance with the company's objective to ensure that executive remuneration is aligned to company performance, a significant portion of the executives' target pay is "at risk". The following chart sets out the executives' total remuneration mix.



The relative proportions of remuneration that are 'at risk' and those that are fixed are as follows:

Executive director	Fixed remuneration	At risk - short term incentive (STI)	At risk - long term incentive (LTI) ¹
Mr I J Gordon			
2012	53.23%	-	46.77%
2011	53.57%	15.58%	30.85%
Key management personnel			
Mr D A Francese			
2012	78.83%	-	21.17%
2011	69.76%	13.47%	16.77%

¹ Since the long-term incentives are provided exclusively by way of right, the percentages disclosed also reflect the value of remuneration consisting of rights, based on the value of rights expensed in the year.

Service agreements

Executives have employment agreements with Ramelius. The provisions relating to duration of employment, notice periods and termination entitlements are as follows:

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Managing Director

Mr I J Gordon was appointed to the role of Chief Executive Officer effective 1 August 2009 and on 21 October 2010 he was appointed Managing Director. Mr Gordon's employment agreement provides for the initial set salary per annum inclusive of superannuation guarantee contributions. Mr Gordon is also entitled to participate in incentive remuneration as approved by the Board.

Mr Gordon is entitled to a termination payment equal to a maximum of twelve 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 Ramelius with six months notice and by Mr Gordon with three months notice.

Other executives

Ramelius has also 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.

Key management personnel are also entitled to participate in incentive remuneration as approved by the Board. In the event that Ramelius terminates the employment agreements without notice, the key management personnel are entitled to a termination payment including a minimum termination payment as provided for in the agreements and detailed below.

- Mr D A Francese is entitled to a termination payment equal to a maximum of twelve 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 Ramelius with six month's notice and by Mr Francese with three months notice.

Generally, employment agreements of key management personnel enable Ramelius 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 agreements. Termination payments are not generally payable on resignation or dismissal for serious misconduct. Any rights or options not vested or exercised before the date of termination will lapse.

Share-based compensation

The terms of each grant of share right affecting remuneration of key management personnel in the current or future reporting period are as follows:

Effective grant date	Date rights first vest and become exercisable ¹	Exercise price \$	Value per right at grant date \$	Vesting conditions achieved	Vested & exercised %
26 November 2010	26 November 2011	-	0.869	one third	33.33%

¹ Rights first become exercisable, subject to satisfaction of vesting at each anniversary date. Rights vest evenly over three years at each anniversary date of the effective grant date.

Rights granted carry no dividend or voting right. When exercisable, each right is convertible into one ordinary share.

Details of rights over ordinary shares in the company provided as remuneration to each director of Ramelius and each of the key management personnel are set out below. Further information is set out in the notes to the financial statements.

Key management personnel	Effective grant date	Rights on issue at 30 Jun 2011	Fair value ¹ \$	Exercise price \$	Rights vested & exercised	Rights on issue at 30 Jun 2012	Date rights first vest & become exercisable ²
Mr I J Gordon	26 Nov 2010	1,500,000	0.869	-	500,000	1,000,000	26 Nov 2011
Mr D A Francese	26 Nov 2010	300,000	0.869	-	100,000	200,000	26 Nov 2011

¹ The fair value of rights granted as remuneration shown above was determined in accordance with applicable accounting standards.

² Rights first become exercisable, subject to satisfaction of vesting at each anniversary date. Rights vest evenly over three years at each anniversary of the effective grant date.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

The assessed fair value at effective grant date of share rights granted to the individuals is allocated equally over the period from effective grant date to vesting date, and the amount is included in the remuneration tables above. The fair value of share rights is determined using the market price of the underlying shares at the date the rights were granted and assumes that all holders continue to be employees of the group until the end of the vesting period, the risk that this vesting condition is not met is 10%.

Shares provided on exercise of rights

Details of ordinary shares in the company provided as a result of the exercise of rights to each director of Ramelius and other key management personnel of the group are as set out below.

Key management personnel	Date rights first vest and become exercisable ²	Number of ordinary shares issued on exercise of rights during the year	Value at effective grant date ¹
Mr I J Gordon	26 November 2011	500,000	\$434,500
Mr D A Francese	26 November 2011	100,000	\$86,900

¹ The fair value of rights granted as remuneration shown above was determined in accordance with applicable accounting standards.

² Rights first become exercisable, subject to satisfaction of vesting at each anniversary date. Rights vest evenly over three years at each anniversary of the effective grant date.

Details of remuneration: share-based compensation benefits

For each grant of rights included in the tables above, the percentage of the available grant that vested, in the financial year, and percentage that was forfeited because the person did not meet service criteria is set out below. The rights first become exercisable, subject to satisfaction of vesting at each anniversary date. Rights vest evenly over three years at each anniversary of the effective grant date.

Key management personnel	Share-based compensation benefits			
	Year granted	Vested & exercised %	Forfeited %	Financial years in which rights vest
Mr I J Gordon	2010	-	-	30/6/2014
	2010	-	-	30/6/2013
	2010	33.33	-	30/6/2012
Mr D A Francese	2010	-	-	30/6/2014
	2010	-	-	30/6/2013
	2010	33.33	-	30/6/2012

Interests in shares and options of key management personnel

Relevant interests in Ramelius shares and options of key management personnel are disclosed in Note 5 to the Financial Statements.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to 'rounding off' of amounts in the directors report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, or in certain cases, to the nearest dollar.

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



Robert Michael Kennedy
Chairman
Adelaide 27 August 2012



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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 2012, 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

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

A handwritten signature in blue ink, appearing to read "S J Gray".

S J Gray
Partner

Adelaide, 27 August 2012

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RAMELIUS RESOURCES LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated	
		2012 \$000's	2011 \$000's
Sales revenue	3(a)	84,331	148,105
Cost of production	3(b)	(56,879)	(54,903)
Gross profit		27,452	93,202
Other (expenses) income	3(c)	(25,800)	(7,063)
Operating profit before interest income and finance cost		1,652	86,139
Interest income	3(d)	4,592	4,541
Finance costs	3(d)	(1,868)	(72)
Profit before income tax		4,376	90,608
Income tax expense	4	(2,037)	(28,207)
Profit for the year		2,339	62,401
Earnings per share (EPS) (cents per share)			
Basic earnings per share	8	0.73	21.4
Diluted earnings per share	8	0.73	21.2

The above Consolidated Income Statement should be read in conjunction with the accompanying notes

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's
Profit for the year	2,339	62,401
Other comprehensive income		
Net change in fair value of available-for-sale assets	(1,899)	17
Gain on revaluation of property, plant and equipment	-	634
Foreign currency translation	(1)	(1)
Other comprehensive income for the year, net of tax	(1,900)	650
Total comprehensive income for the year	439	63,051

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated	
		2012 \$000's	2011 \$000's
Current assets			
Cash and cash equivalents	9	48,764	89,546
Trade and other receivables	10	4,747	3,536
Inventories	11	39,451	14,084
Derivative financial instruments	12	374	-
Other current assets	13	686	472
Current income tax benefit	4	7,754	-
Total current assets		101,776	107,638
Non-current assets			
Available-for-sale financial assets	14	4,652	421
Property, plant, equipment and development assets	15	142,217	98,689
Intangible assets	16	353	90
Exploration and evaluation expenditure	18	17,282	6,303
Deferred tax assets	4	18,208	6,067
Total non-current assets		182,712	111,570
Total assets		284,488	219,208
Current liabilities			
Trade and other payables	18	26,598	10,291
Borrowings	19	4,239	915
Provisions	20	1,300	698
Current tax liabilities	4	-	13,608
Total current liabilities		32,137	25,512
Non-current liabilities			
Borrowings	19	-	4,239
Provisions	20	20,007	18,408
Deferred tax liabilities	4	29,324	17,345
Total non-current liabilities		49,331	39,992
Total liabilities		81,468	65,504
Net assets		203,020	153,704
Equity			
Issued capital	21	112,657	65,301
Reserves	22	1,864	2,243
Retained earnings		88,499	86,160
Total equity		203,020	153,704

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Issued capital \$000's	Share-based payment reserve ¹ \$000's	Available- for-sale reserve ¹ \$000's	Foreign exchange translation reserve ¹ \$000's	Asset revaluation reserve ¹ \$000's	Retained earnings \$000's	Total equity \$000's
Balance at 1 July 2010	79,864	884	-	4	-	29,587	110,339
Shares issued during the year	4	-	-	-	-	-	4
Share-based payments	-	705	-	-	-	-	705
Transaction costs net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	17	(1)	634	62,401	63,051
Dividends paid	-	-	-	-	-	(5,828)	(5,828)
Return of capital	(14,567)	-	-	-	-	-	(14,567)
Balance at 30 June 2011	65,301	1,589	17	3	634	86,160	153,704
Shares issued during the year	49,406	-	-	-	-	-	49,406
Share-based payments	-	1,521	-	-	-	-	1,521
Transaction costs net of tax	(2,050)	-	-	-	-	-	(2,050)
Total comprehensive income	-	-	(1,899)	(1)	-	2,339	439
Balance at 30 June 2012	112,657	3,110	(1,882)	2	634	88,499	203,020

¹ Refer Note 22 for description of reserves.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated	
		2012 \$000's	2011 \$000's
Cash flows from operating activities			
Receipts from operations		84,548	151,395
Payments to suppliers and employees		(60,737)	(43,252)
Transaction costs relating to acquisition of subsidiary		-	(2,074)
Interest received		5,612	3,941
Payment for derivatives		(2,528)	-
Income taxes paid		(21,867)	(10,726)
Net cash provided by (used in) operating activities	27	5,028	99,284
Cash flows from investing activities			
Payments for property, plant, equipment and development		(71,788)	(9,856)
Proceeds from sale of property, plant and equipment		16	292
Payment for acquisition of subsidiary		-	(35,347)
Payments for available for sale financial assets		(6,963)	(421)
Payments for mining tenements and exploration		(12,252)	(24,016)
Proceeds from sale of mining tenements		-	10
Net cash provided by (used in) investing activities		(90,987)	(69,338)
Cash flows from financing activities			
Repayment of borrowings		(1,304)	(153)
Proceeds from issue of shares		49,406	3
Transaction costs from issue of shares		(2,929)	-
Payment of dividends		-	(5,828)
Return of capital		-	(14,567)
Net cash provided by (used in) financing activities		45,173	(20,545)
Net increase in cash and cash equivalents		(40,786)	9,401
Cash at beginning of financial year		89,546	80,227
Effects of exchange rate changes on cash held		4	(82)
Cash and cash equivalents at end of financial year	9	48,764	89,546

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The financial report of Ramelius Resources Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 27 August 2012. Ramelius Resources Limited is a listed public company, incorporated and domiciled in Australia whose shares are publicly listed on the Australian Securities Exchange Limited (ASX).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this financial report are presented below. These policies have been consistently applied to all years presented, unless otherwise stated.

This annual financial report includes the consolidated financial statements and notes of Ramelius Resources Limited and its controlled entities.

a) Basis of preparation and statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board (AASB) and the Corporations Act 2001. Ramelius is a for-profit entity for the purposes of preparing the financial statements. The financial report has been presented in Australian dollars.

(i) Compliance with IFRS

The consolidated financial statements of the group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affects any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The group has elected to apply the following pronouncements before their operative date in the annual reporting period beginning 1 July 2011:

AASB Interpretation 20 Stripping Costs and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 (effective 1 January 2013).

The interpretation provides guidance on the accounting for waste removal (stripping) costs in the production phase of a mine. Such stripping costs can only be recognised as an asset if they generate a benefit of improved access to an identifiable component of the ore body, it is probable that the benefits will flow and the costs can be measured reliably. Capitalised stripping costs are amortised over the useful life of the identified component. On transition, existing production phase stripping costs will have to be written off to retained earnings unless they can be attributed to an identifiable component of an ore body.

The group has not elected to apply any other pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss and certain classes of property, plant and equipment.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements are disclosed in Note 2.

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(vi) Changes to presentation - classification of expenses

In the current financial year Ramelius changed the classification of certain expenses in the income statement to better reflect the nature of the expenditure. This is believed to provide more relevant information to stakeholders as it is more in line with common practice in the industries Ramelius operates in. The comparative information has been reclassified accordingly.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the parent entity, Ramelius Resources Limited, and its controlled entities (referred to as the 'consolidated group' or 'group' in these financial statements). A list of controlled entities is contained in Note 30 to the consolidated financial statements. All controlled entities have a 30 June financial year end.

Controlled entities are all those entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Controlled entities are consolidated from the date on which control commences until the date that control ceases.

All intercompany balances and transactions between entities in the consolidated group, including any realised and unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those adopted by the parent entity. The acquisition method of accounting is used to account for business combinations by the group, refer Note 1(aa).

c) Jointly controlled assets

Where the group's activities are conducted through unincorporated joint ventures that are jointly controlled assets, its proportionate share of the assets, liabilities, sales and related operating costs are included in the consolidated financial statements. Details of the group's interests in jointly controlled assets are shown in Note 32.

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

e) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Ramelius Resources Limited and its Australian controlled entities are Australian dollars (\$). Each entity in the group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The functional currency of the group's foreign entity is US dollars (US\$).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at exchange rates at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

All exchange differences in the consolidated financial report are taken to the Income Statement.

Translation of foreign operations

The assets and liabilities of the controlled entity incorporated overseas with functional currency other than Australian dollars are translated into the presentation currency of Ramelius Resources Limited (Australian dollars) at the rate of exchange at the reporting date and the Income Statements are translated at the weighted average exchange rate for the period (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions). Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

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f) Revenue recognition

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.

Gold bullion and silver sales

Revenue from gold bullion and silver sales is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated.

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).

g) 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 by the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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 profits 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 group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Ramelius Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

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The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

h) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank, demand deposits held with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

i) Trade and other receivables

Trade receivables comprising bullion awaiting settlement are initially recorded at the fair value of contracted sale proceeds expected to be received only when there is a passing of significant risks and rewards of ownership to the customer. Collectability of debtors is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off and an allowance for doubtful debts is raised where objective evidence exists that the debt will not be collected.

Other receivables are initially measured at fair value then amortised at cost, less an allowance for impairment.

j) Inventories

Gold ore, gold in circuit and poured gold bars are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost incurred in converting ore into finished goods and includes direct costs and an appropriate allocation of fixed and variable production overhead costs, including depreciation and amortisation.

By-products inventory on hand obtained as a result of the gold production process are valued at the lower of cost and net realisable value.

Consumables and stores are valued at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting any applicable rebates and discounts. A periodic review is undertaken to establish the extent of any surplus or obsolete items and where necessary a provision is made.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion of sale.

Gold ore represents stockpiled ore that has been mined or otherwise acquired and is available for further processing. If there is significant uncertainty as to whether the stockpiled ore will be processed, it is expensed. Where future processing of ore can be predicted with confidence (e.g. it exceeds the mine cut off grade), it is valued at the lower of cost and net realisable value. If ore is not expected to be processed within 12 months after balance sheet date, it is classified as non-current assets. Ramelius believes processing ore stockpiles will have a future economic benefit to the group and accordingly ore is valued at lower of cost and net realisable value.

k) Deferred mining expenditure

Pre-production mine development

Pre-production mining costs incurred by the group in relation to accessing recoverable reserves are carried forward as part of 'development assets' when future economic benefits are established, otherwise such expenditure is expensed as part of the cost of production.

Development assets are amortised based on the unit-of-production method which results in an amortisation charge proportional to the depletion of the estimated recoverable reserves.

Where there is a change in the reserves the amortisation rate is adjusted prospectively in the reporting period in which the change occurs.

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Mining costs

Mining costs incurred during the production stage of operations are deferred as part of determining the cost of inventories. This is generally the case where there are fluctuations in deferred mining costs over the life of the mine, and the effect is material. The amount of mining costs deferred is based on the ratio obtained by dividing the amount of waste mined by the quantity of gold ounces contained in the ore. Mining costs incurred in the period are deferred to the extent that the current period waste to contained gold ounce ratio exceeds the life-of-mine waste-to-ore (life-of-mine) ratio. The life-of-mine ratio is based on economically recoverable reserves of the operation.

The life-of-mine ratio is a function of an individual mine's design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life-of-mine ratio even if they do not affect the mine's design. Changes to the life-of-mine ratio are accounted for prospectively.

In the production stage of some operations, further developments of the mine require a phase of unusually high overburden removal activity that is similar in nature to pre-production mine development. The costs of such unusually high overburden removal activity are deferred and charged against reported profits in subsequent periods on a unit-of-production basis. The accounting treatment is consistent with that of overburden removal costs incurred during the development phase of a mine, before production commences.

Deferred mining costs that relate to the production phase of the operation are carried forward as part of 'development assets'. The release of deferred mining costs is included in site operating costs.

l) Property, plant and equipment

Cost

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

Properties are shown at fair value based on valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The net 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. 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.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate. Assets are depreciated or amortised from the date they are installed and are ready for use, or in respect of internally constructed assets, from the time the asset is completed and deemed ready for use.

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

Items of plant and equipment are depreciated on a straight line basis over their estimated useful lives, the duration of which reflects the useful lives depending on the nature of the asset. The group uses the unit-of-production basis when depreciating certain mine specific assets, which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. For the remainder of assets the straight line method is used, resulting in estimated useful lives for each class of depreciable assets as follows:

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Class of fixed asset	Useful life
Properties	40 years
Plant and equipment	2.5 - 25 years
Mine and exploration equipment	2 - 33.3 years
Motor vehicles	5 - 20 years

Estimates of remaining useful lives and depreciation methods are reviewed bi-annually for all major items of plant and equipment. 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.

m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset. Leases of plant and equipment under which the group assumes substantially all the risks and benefits incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised, with a lease asset and a lease liability equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments determined at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. The finance charge component within the lease payments is expensed. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the group will obtain ownership by the end of the lease term.

Payments made under operating leases are expensed on a straight-line basis over the leased term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

n) Exploration, evaluation and feasibility expenditure

Exploration and evaluation

Exploration and evaluation costs related to areas of interest are capitalised and carried forward to the extent that:

- (i) Rights to tenure of the area of interest are current; and
- (ii) a) Costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by sale; or
- b) Where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, active and significant operations in, or in relation to, the areas are continuing.

Such expenditure consists of an accumulation of acquisition costs and direct net exploration and evaluation costs incurred by or on behalf of the group, together with an appropriate portion of directly related overhead expenditure.

Deferred feasibility

Feasibility expenditure represents costs related to the preparation and completion of feasibility studies to enable a development decision to be made in relation to an area of interest and is capitalised as incurred.

When production commences, all past exploration, evaluation and feasibility expenditure in respect of an area of interest that has been capitalised is transferred to mine development where it is amortised over the life of the area of interest to which it relates on a unit-of-production basis (refer Note 1(o)).

When an area of interest is abandoned or the directors decide it is not commercial, any accumulated costs in respect of that area are written off in the year the decision is made. Each area of interest is reviewed at the end of each reporting period and accumulated costs written off to the extent they are not expected to be recoverable in the future.

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o) Mine development

Development assets represent expenditure in respect of exploration, evaluation, feasibility and development incurred by or on behalf of the group, including overburden removal and construction costs, previously accumulated and carried forward in relation to areas of interest in which mining has now commenced. Such expenditure comprises net direct costs and an appropriate allocation of directly related overhead expenditure.

All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is reasonably assured.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of development assets being amortised.

Amortisation

Amortisation of costs is provided using the unit-of-production method. The net carrying values of development expenditure carried forward are reviewed half-yearly by directors to determine whether there is any indication of impairment.

p) Mineral rights

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves, which are acquired as part of a business combination or a joint venture and are recognised at fair value at date of acquisition. Mineral rights are attributable to specific areas of interest and are classified within exploration and evaluation assets.

Mineral rights attributable to each area of interest are amortised when commercial production commences on a unit-of-production basis over the estimated economic reserve of the mine to which the rights related.

q) Intangible assets

Costs incurred in acquiring software are capitalised as intangible assets. Costs capitalised include external costs of materials and services. Costs associated with administration and maintenance of software is expensed as incurred in other expenses in the Income Statement. Amortisation is calculated on the useful life, ranging from three to five years.

r) Impairment of non-financial assets

The carrying amounts of all non-financial assets are reviewed half-yearly to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. 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 as an impairment loss to the Income Statement.

s) Available-for sale assets

The group's investments in listed securities are designated as available-for-sale financial assets. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Income Statement.

The fair value of listed equity securities are determined by reference to quoted market prices.

t) Trade and other payables

Liabilities for trade and other payables are initially recorded at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group, and then subsequently at amortised cost.

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u) Employee benefits

Wages, salaries, salary at risk, annual leave and sick leave

Liabilities arising in respect of wages and salaries, salary at risk, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liabilities are settled. These amounts are recognised in 'trade and other payables' (for amounts other than annual leave and salary at risk) and 'current provisions' (for annual leave and salary at risk) in respect of employee services up to the reporting date. Costs incurred in relation to non-accumulating sick leave are recognised when the leave is taken and are measured at the rate paid or payable.

Long service leave

The liability for long service leave is measured at the present value of the estimated future cash outflows to be made by the group resulting from employees' services provided up to the reporting date.

Liability for long services leave benefits not expected to be settled within 12 months are discounted using the rates attaching to notional government securities at the reporting date, which most closely match the terms of maturity of the related liability. In determining the liability for these long term employee benefits, consideration has been given to expected future increases in wage and salary rates, the groups experience with staff departures and periods of service. Related on-costs have also been included in the liability.

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. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Defined contribution superannuation plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Share-based payments

The group provides benefits to employees (including the executive director) in the form of share-based compensation, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The group issues share-based remuneration in accordance with the employee share acquisition plan, the performance rights plan or as approved by the Board as follows:

(i) Employee share acquisition plan

The group operates an Employee Share Acquisition Plan where employees may be issued shares and/or options. Fair value of the equity to which employees become entitled is measured at grant date and recognised as an employee expense over the vesting period with a corresponding increase in equity. Fair value of shares issued is determined with reference to the latest ASX share price. Options are valued using an appropriate valuation technique which takes vesting conditions into account.

(ii) Performance rights plan

The group has a Performance Rights Plan where key management personnel may be provided with rights to shares in Ramelius. Fair values of rights issued are recognised as an employee expense, with a corresponding increase in equity. Fair value of rights are measured at effective grant date and recognised over the vesting period during which key management personnel become entitled to the rights. There are a number of different methodologies that are appropriate to use in valuing rights. Fair value of rights granted is measured using the most appropriate method in the circumstances, taking into consideration the terms and conditions upon which the rights were issued.

(iii) Other long-term incentives

The Board may at its discretion provide share rights as a long-term retention incentive to key executives and employees.

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The fair value of rights granted is adjusted to reflect market and non-market vesting conditions. The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired. The Income Statement charge for a period represents the movement in cumulative expense recognised at the beginning and end of that period. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity.

Upon exercise of the rights, the balance of the Share-Based Payments Reserve relating to those rights remains in the Share-based Payments Reserve.

v) Provision for restoration and rehabilitation

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

Provision for restoration and rehabilitation

Estimated costs of decommissioning and removing an asset and restoring the site are included in the cost of the asset as at the date the obligation first arises and to the extent that it is first recognised as a provision. The group records the present value of the estimated cost of constructive and legal obligations to restore operating locations in the period in which the obligation is incurred. The nature of decommissioning activities includes dismantling and removing structures, rehabilitating mine sites, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed or the environment is disturbed at the development location. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in decommissioning costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding effect of discounting the provision is recorded as a finance cost in the Income Statement and the carrying amount capitalised as a part of mining assets is amortised on a unit-of-production basis.

Costs incurred that relate to an existing condition caused by past operations, but do not have future economic benefits are expensed as incurred.

w) Financial instruments

Initial recognition and measurement

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 immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties. Quoted prices in an active market are used to determine fair value where possible.

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.

(i) 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.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. The group's accounting policy for available-for-sale financial assets is discussed at Note 1(s).

(iii) Financial liabilities

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

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(iv) Derivative financial instruments

The group uses derivative financial instruments to hedge its exposure to changes in commodity prices arising in the normal course of business. The principal derivative used is gold put options. Their use is subject to approval by the Board of directors. The group does not trade in derivatives for speculative purposes. Derivative financial instruments are recognised at fair value. These derivatives are valued on a mark to market valuation and the gain or loss on re-measurement to fair value is recognised through the Income Statement.

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.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. If there is objective evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously not recognised in the profit or loss - is removed from equity and recognised in profit or loss.

x) Issued capital

Issued ordinary share capital is classified as equity and is recognised at fair value of the consideration received by the group. Any transaction costs arising on the issue of ordinary shares and the associated tax are recognised directly in equity as a reduction of the share proceeds received.

y) Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to equity holders, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to equity holders, adjusted for:

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

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

z) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax, 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 Consolidated Statement of Financial Position 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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows 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. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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aa) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the:

- assets transferred by the group,
- liabilities incurred by the acquirer to former owners of the acquiree,
- equity issued by the group, and
- the amount of any non-controlling interest in the acquiree.

Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange, unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other valuation methods provide a more reliable measure of fair value.

Acquisition-related costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the group's share of identifiable net assets acquired is recognised as an increase in the assets acquired.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic condition, the group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

bb) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The group's assessment of the impact of these applicable new standards and interpretations is set out below.

- (i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013*).

The AASB aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

*In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

- (ii) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective from 1 July 2013).

Removes the individual key management personnel disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001.

Application of the new standard will impact the type of information disclosed in the Annual Financial Report. The amendments cannot be adopted early.

- (iii) AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Other Comprehensive Income arising from AASB 101 Presentation of Financial Statements (effective from 1 July 2012).

AASB 101 addresses the separation and classification of components within the other comprehensive income between reclassification and non-reclassification adjustments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in subsequent periods (reclassification adjustments).

Application of the new standard will impact the type of information disclosed in the Statement of Comprehensive Income. The group does not expect to adopt the new standards before their operative date.

- (iv) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013).

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The group is still assessing the impact of these amendments.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. The group does not expect to adopt the new standards before their operative date.

- (v) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013).

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

The group does not intend to adopt the new standard before its operative date.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

cc) Parent entity information

The financial information of the parent entity, Ramelius Resources Limited, disclosed in Note 34 has been prepared on the same basis as the consolidated financial statements.

dd) Carbon tax impact

On 8 November 2011, the Commonwealth Government announced the "Clean Energy Legislative Package". Whilst the announcement provides further details on the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the group. In addition, the directors do not anticipate the group will fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and / or going concern of the business.

ee) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Estimates and assumptions made assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. The judgements, estimates and assumptions will, by definition, seldom equal actual results. The judgements, estimates and assumptions having a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are detailed below.

a) Exploration and evaluation expenditure

The group's policy for exploration and evaluation is discussed at Note 1(n). Application of this policy requires management to make estimates and assumptions as to future events and circumstances, in particular the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

b) Development assets

The group defers pre-production mining costs which are calculated in accordance with policy Note 1(k). Changes in an individual mine's design generally results in changes to life-of-mine assumption. Changes in other technical and economic parameters that impact reserves will also have an impact on the life-of-mine ratio even if they do not affect the mine's design. Changes to the life-of-mine are accounted for prospectively.

c) Deferred mining expenditure

The group defers mining costs incurred during the production stage of its operations, which are calculated in accordance with accounting policy Note 1(k). Changes in an individual mines design will generally result in changes to the life-of-mine waste to contained gold ounces (life-of-mine) ratio. Changes in other technical and economic parameters that impact reserves will also have an impact on the life-of-mine ratio even if they do not affect the mine's design. Changes to the life-of-mine are accounted for prospectively.

d) Ore reserve estimates

The group estimates ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australian code for reporting Exploration Results, Mineral Resources and Ore Reserves of December 2004 ('JORC code'). Estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made including estimates of short and

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

long-term commodity prices, exchange rates, future operating performance and capital requirements. Changes in reported reserve estimates can impact the carrying value of plant and equipment and development, provision for restoration and rehabilitation obligations as well as the amount of depreciation and amortisation.

e) Recovery of deferred tax assets

Deferred tax assets, including those arising from unutilised tax losses require management to assess the likelihood that the group comply with the relevant taxation legislation and will generate sufficient taxable earnings in future periods, in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in the relevant jurisdictions. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets reported at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain deductions in future periods.

f) Impairment of assets

The group assesses impairment at each reporting date by evaluating conditions and events specific to the group that may lead to impairment. This requires an estimation of the recoverable amount of the area of interest to which the asset belongs. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Value in use is assessed on the basis of the expected net cash flows that will be recovered from the assets continued employment and subsequent disposal. For mining assets the estimated future cash flows are based on estimates of ore reserves, future production, commodity prices, exchange rates, operating costs and any future development cost necessary to produce the reserves (including the magnitude and timing of cash flows). A recoverable amount is then determined by discounting the expected net cash flows to their present values.

g) Unit-of-production method of depreciation and amortisation

The group uses the unit-of-production basis when depreciating / amortising mine specific assets which results in a depreciation / amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. Economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property. These calculations require the use of estimates and assumptions.

h) Provision for restoration and rehabilitation

The group assess its mine restoration and rehabilitation provision bi-annually in accordance with the accounting policy Note 1(v). Significant judgement is required in determining the provision for restoration and rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate and restore the mine sites. The estimate of future costs therefore requires management to make assessment of the future restoration and rehabilitation date, future environmental legislation, changes in regulations, price increases, changes in discount rates, the extent of restoration activities and future removal technologies. When these factors change or become known in the future, such differences will impact the restoration and rehabilitation provision in the period in which they change or become known.

i) Share based payments

The group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using the assumptions detailed in Note 23.

j) Impairment of available-for-sale financial assets

The group follows the guidance of AASB 139 Financial Instruments: Recognition and Measurement to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. On evaluation of the abovementioned factors it is considered premature to impair the available-for-sale financial assets.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's

3 REVENUE AND EXPENSES

Profit before tax includes the following revenue, income and expenses whose disclosure is relevant in explaining the performance of the group:

a) Sales revenue

Gold sales	84,075	147,627
Silver sales	-	175
Milling services	256	303

Total sales revenue	84,331	148,105
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b) Cost of production

Amortisation and depreciation	11,065	22,231
Employee benefits expense	10,911	2,917
Inventory movements	(28,624)	1,502
Inventory write-downs	5,295	-
Mining and milling production costs	56,028	24,315
Royalty costs	2,204	3,938

Total cost of production	56,879	54,903
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c) Other expenses (income)

Amortisation and depreciation	79	48
Cost of acquisition of investments and subsidiaries	18	2,074
Employee benefits expense	2,335	1,628
Equity settled share-based payments	1,521	706
Exploration costs written off	644	802
(Gain) loss on sale of non-current assets	(29)	22
Impairment of exploration and evaluation assets	2,560	292
Impairment of development assets	14,460	-
Loss on put option	2,153	3
Net foreign exchange (gains) losses	(17)	135
Other expenses (income)	2,076	1,353

Total other expenses	25,800	7,063
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d) Net finance expenses/(income)

Discount unwind on provisions/borrowings	1,860	65
Interest and finance charges paid/payable	8	7
Total finance costs	1,868	72
Interest income	(4,592)	(4,541)

Net finance expenses (income)	(2,724)	(4,469)
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e) Profit before income tax includes the following specific expenses

Defined contribution superannuation expense	1,030	481
Rental expenses relating to operating leases	218	183

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's

4 INCOME TAX EXPENSE

The components of tax expense comprise:

Current tax	516	17,938
Deferred tax	1,532	10,125
Adjustments for current and deferred tax of prior years	(11)	144

Income tax expense	2,037	28,207
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Reconciliation of income tax expense to prima facie tax payable:

Accounting profit before tax	4,376	90,608
Income tax expense calculated at 30% (2011: 30%)	1,313	27,182
Add / less tax effects of:		
- share-based payments	457	212
- other non-allowable items	278	669
Under/(over) provision in respect of prior years	(11)	144

Income tax expense	2,037	28,207
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Applicable weighted average effective tax rate	47%	31%
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30 June 2012 deferred tax movement

	Balance at 1 July 2011 \$000's	Recognised through acquisition \$000's	Charged / (credited) to income \$000's	Charged / (credited) to equity \$000's	Balance at 30 June 2012 \$000's
Deferred tax liability					
Exploration and evaluation	1,723	-	3,060	-	4,783
Development	15,052	-	9,211	-	24,263
Property, plant and equipment	88	-	46	-	134
Inventory - consumables	61	-	76	-	137
Receivables	414	-	(414)	-	-
Unrealised foreign exchange gains (losses)	-	-	7	-	7
Available-for-sale assets	7	-	-	(7)	-
Total deferred tax liability	17,345	-	11,986	(7)	29,324
Deferred tax asset					
Issued equity transaction costs	178	-	(294)	878	762
Inventory - deferred mining costs	-	-	10,072	-	10,072
Provisions	5,732	-	660	-	6,392
Available-for-sale assets	-	-	-	807	807
Other	157	-	18	-	175
Total deferred tax asset	6,067	-	10,456	1,685	18,208

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

30 June 2011 deferred tax movement

	Balance at 1 July 2010 \$000's	Recognised through acquisition \$000's	Charged / (credited) to income \$000's	Charged / (credited) to equity \$000's	Balance at 30 June 2011 \$000's
Deferred tax liability					
Exploration and evaluation	2,006	-	(283)	-	1,723
Development	4,109	461	10,482	-	15,052
Property, plant and equipment	-	387	(571)	272	88
Inventory	-	61	-	-	61
Receivables	-	-	414	-	414
Other non-current assets	-	-	-	7	7
Total deferred tax liability	6,115	909	10,042	279	17,345
Deferred tax asset					
Issued equity transaction costs	297	-	(119)	-	178
Provisions	327	5,499	(94)	-	5,732
Other	97	-	60	-	157
Total deferred tax asset	721	5,499	(153)	-	6,067

Tax effects relating to comprehensive income

	2012			2011		
	Pre-tax amount \$000's	Income tax effect \$000's	Net of tax amount \$000's	Pre-tax amount \$000's	Income tax effect \$000's	Net of tax amount \$000's
Revaluation of available-for-sale assets	2,713	(814)	1,899	25	(7)	17
Revaluation of property, plant and equipment	-	-	-	905	(272)	634
Exchange difference on translating foreign controlled entity	1	-	1	(1)	-	(1)

Current tax position

	Consolidated	
	2012 \$000's	2011 \$000's
Income tax payable (benefit)	(7,754)	13,608

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's

5 DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel compensation

Short-term employee benefits	997	1,237
Post-employment benefits	114	135
Other long-term benefits	44	29
Share-based payments	522	383
Total key management personnel compensation	1,677	1,784

Detailed remuneration disclosures are provided in the remuneration report.

Equity instrument disclosures relating to key management personnel

The relevant interest of each key management personnel in the ordinary share capital of Ramelius or in a related body corporate at the date of this report are:

Names	Shares	Rights
Directors of Ramelius		
Mr R M Kennedy	7,768,701 ²	-
Mr R G Nelson	105,480 ¹	-
	5,226,504 ²	-
Mr K J Lines	-	-
Mr I J Gordon	430,326 ¹	1,000,000 ¹
	68,695 ²	
Other key management personnel		
Mr D A Francese	986,486 ¹	200,000

¹ Held directly

² Held by entities in which a relevant interest is held

Movements in equity instruments held by key management personnel are as follows:

	Shares	Rights ¹
Mr R M Kennedy		
1 July 2010	7,729,572	-
Movement	-	-
Balance at 30 June 2011	7,729,572	-
Acquired	39,129	-
Balance at 30 June 2012	7,768,701	-

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Shares	Rights ¹
Mr R G Nelson		
1 July 2010	5,331,984	-
Movement	-	-
Balance at 30 June 2011	5,331,984	-
Movement	-	-
Balance at 30 June 2012	5,331,984	-
Mr K J Lines		
1 July 2010	-	-
Movement	-	-
Balance at 30 June 2011	-	-
Movement	-	-
Balance at 30 June 2012	-	-
Mr I J Gordon		
1 July 2010	14,979	300,000
Vested and exercised	300,000	(300,000)
Sold	(300,000)	-
Acquired	220,000	-
Issued	-	1,500,000
Balance at 30 June 2011	234,979	1,500,000
Vested and exercised	500,000	(500,000)
Sold	(249,000)	-
Acquired	13,042	-
Balance at 30 June 2012	499,021	1,000,000
Mr D A Francese		
1 July 2010	823,443	150,000
Vested and exercised	150,000	(150,000)
Sold	(150,000)	-
Acquired	50,000	-
Issued	-	300,000
Balance at 30 June 2011	873,443	300,000
Vested and exercised	100,000	(100,000)
Sold	-	-
Acquired	13,043	-
Balance at 30 June 2012	986,486	200,000

¹ Details of the rights issued are included in the remuneration report section of the directors' report. All equity-based remuneration is 'at risk' and will lapse or is forfeited, in the event that minimum prescribed vesting conditions are not met by the group or individual employees, as applicable.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Consolidated	
	2012	2011
	\$000's	\$000's

Loans to key management personnel

There were no loans made to key management personnel or their personally related parties during the current or prior periods.

Other transactions with key management personnel

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with Ramelius or the group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end. For details or other transactions with key management personnel, refer Note 28 - Related Party Disclosures.

6 REMUNERATION OF AUDITORS

Audit and related services

Amounts received or due and receivable by the auditor of Ramelius (Grant Thornton) for:

Audit and review of financial statements	91	74
Total audit and related services	91	74

7 DIVIDENDS AND CAPITAL RETURN

Capital return

5 cents per share proposed on 5 May 2010, paid 20 August 2010 - 14,567

Fully franked dividend

2 cents per share proposed on 26 November 2010, paid 17 December 2010 - 5,828

Total dividends and return of capital - 20,395

Franking account

Franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%)

22,342 21,837

The above represents the balance of the franking account as at the end of the reporting period, adjusted for:

- franking credits (debits) that will arise from payment of the provision for income tax (income tax benefit), and
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Consolidated	
	2012	2011
	\$000's	\$000's

8 EARNINGS PER SHARE

Classification of securities

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

Classification of securities as potential ordinary shares

Ramelius had no options listed on the ASX at the close of business on 30 June 2012.

Earnings used in the calculation of earnings per share

Profit after income tax expense	2,339	62,401
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Weighted average number of shares used as the denominator

Number for basic earnings per share

Ordinary shares	318,631	291,501
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Number for dilutive earnings per share

Rights	3,920	3,330
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Total number of dilutive earnings per share	322,551	294,831
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9 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	16,094	3,411
Deposits at call ¹	32,670	86,135

Total cash and cash equivalents	48,764	89,546
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¹ Includes deposits provided as security against unconditional bank guarantees in favour of the WA Government in respect of restoration and rehabilitation costs required and to secure supply of gas and electricity.

Risk exposure

The group's exposure to interest rate risk is discussed in Note 24. Maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

10 TRADE AND OTHER RECEIVABLES

Trade receivables ¹	280	111
Other receivables ²	4,467	3,425

Total trade and other receivables	4,747	3,536
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¹ Non-interest bearing and are generally expected to settle within 1 to 6 months.

² Comprises accrued interest, refundable deposits and amounts due from taxation authorities that are generally expected to settle within 1 to 6 months.

Risk exposure

Refer Note 24 for more information on the risk management policy of the group and the credit quality of group trade receivables.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's
11 INVENTORIES		
Gold nuggets at cost	80	80
Ore stockpiles	19,849	7,889
Gold in circuit	5,479	1,454
Gold bullion	10,919	3,312
Consumables and supplies	3,124	1,349
Total inventories	39,451	14,084

Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2012 amounted to \$5,295,164. The expense has been included in 'cost of sales' in profit and loss.

12 DERIVATIVE FINANCIAL INSTRUMENTS

Current

Derivative assets	374	-
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Derivatives are used to hedge cash flow risk associated with future transactions. Current assets and liabilities reflect those instruments which are due for settlement within one year based on a valuation at year end including those instruments which have been settled prior to their expiry but subsequent to 30 June 2012.

Risk exposures and fair value measurements

Information about the group's exposure to credit risk, foreign exchange risk and interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 24. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of derivative financial assets mentioned above.

13 OTHER CURRENT ASSETS

Prepayments	686	472
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14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Shares in listed corporations at fair value	4,652	421
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Risk exposures and fair value measurements

Information about the group's exposure to credit risk and about the methods and assumptions used in determining fair values is provided in Note 24.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's

15 PROPERTY, PLANT, EQUIPMENT AND DEVELOPMENT ASSETS

PROPERTY, PLANT AND EQUIPMENT

Property

Properties at fair value	1,512	1,512
Accumulated depreciation	(19)	-
Total property assets	1,493	1,512

(a) Valuation of property

The valuation basis of property is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2011 revaluations were made by independent valuers. At 30 June 2012, the directors are of the opinion that the carrying amounts of properties approximate their fair values. The revaluation surplus of applicable deferred income taxes was credited to the asset revaluation reserve.

(b) Carrying amounts that would have been recognised if land and buildings were stated at cost

If properties were stated on the historical cost basis, the amounts would be as follows:

Property

Properties at cost	607	607
Accumulated depreciation	(7)	-
Total property assets	600	607

Plant and equipment

Plant and equipment at cost	52,164	25,540
Less accumulated depreciation	(6,234)	(2,684)
Total plant and equipment	45,930	22,856
Total property, plant and equipment	47,423	24,368

(a) Leased assets

Plant and equipment includes the following amounts where the group is a lessee under a finance lease:

Leasehold equipment at cost	5,306	5,306
Accumulated depreciation	(808)	-
Total leased assets	4,498	5,306

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's

(b) Assets in the course of construction

Plant and equipment includes the following expenditure which is in the course of construction:

Plant and equipment	1,280	-
Total assets in the course of construction	1,280	-

DEVELOPMENT ASSETS

Development assets

Development assets at cost	147,084	119,077
Less accumulated amortisation	(52,290)	(44,756)

Total development assets	94,794	74,321
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Total property, plant, equipment and development assets	142,217	98,689
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PROPERTY, PLANT AND EQUIPMENT AND DEVELOPMENT ASSET RECONCILIATIONS

Property, plant and equipment

Balance at beginning of financial year	24,368	6,776
Additions ¹	26,660	18,138
Revaluation	-	905
Disposals	(8)	(321)
Assets written-off	(6)	-
Depreciation	(3,591)	(1,130)

Total property, plant and equipment	47,423	24,368
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Development assets

Balance at beginning of financial year	74,321	21,158
Development cost additions ¹	6,570	5,091
Deferred mining cost additions	35,896	814
Impairment ²	(14,460)	-
Transfer from exploration and evaluation expenditure	-	68,451
Amortisation	(7,533)	(21,193)

Total development assets	94,794	74,321
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¹ Includes additions for acquisition of Mt Magnet Gold NL in 2011 financial year of \$4,271,436 property, plant and equipment and \$37,430,898 development assets

² Impairment of development assets associated with the Wattle Dam mine. Development assets are assessed on a bi-annual basis and compared to the carrying values to determine if any impairment exists.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$000's	\$000's

16 INTANGIBLE ASSETS

Intangible assets

Intangible assets at cost	545	196
Accumulated amortisation	(192)	(106)

Total intangible assets	353	90
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Reconciliation – intangible assets

Balance at beginning of financial year	90	26
Additions	349	106
Amortisation	(86)	(42)

Total intangible assets	353	90
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17 EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation	17,282	6,303
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Reconciliation - exploration and evaluation

Reconciliations of the movements of exploration and evaluation expenditure.

Balance at beginning of financial year	6,303	6,767
Additions	13,539	68,280
Transfers to development assets	-	(68,452)
Impairment and tenement costs written off ¹	(2,560)	(292)

Total exploration and evaluation expenditure	17,282	6,303
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¹ Impairment of exploration assets associated with the Wattle Dam mine and exploration and evaluation expenditure where senior management concludes that capitalised expenditure is unlikely to be recovered by sale or future exploration.

18 TRADE AND OTHER PAYABLES

Trade payables	11,284	7,729
Other payables and accrued expenditure	15,314	2,562

Total trade and other payables	26,598	10,291
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Risk exposure

Refer Note 24 for more information on the risk exposure to foreign exchange risk.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated	
	Note	2012 \$000's	2011 \$000's

19 BORROWINGS

Current

Finance lease liability - secured		4,239	915
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Non-current

Finance lease liability - secured		-	4,239
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Total borrowings		4,239	5,154
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Finance lease liability

The group's lease liabilities represent deferred payments to the Mt Magnet mine camp contractor which are secured against the mine camp asset. In the event of default, the assets revert to the lessor.

20 PROVISIONS

Current

Employee benefits		1,300	698
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Non-current

Employee benefits		301	173
Rehabilitation and restoration costs	1(v)	19,706	18,235

Total non-current		20,007	18,408
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Total provisions		21,307	19,106
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Number of employees at year end		119	60
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EMPLOYEE BENEFIT RECONCILIATION

Employee benefits

Current

Balance at beginning of financial year		698	499
Amount provided		1,199	492
Amount used		(597)	(293)

Balance at end of financial year		1,300	698
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Non-current

Balance at beginning of financial year		173	90
Amount provided		159	83
Amount used		(31)	-

Balance at end of financial year		301	173
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Total provision for employee benefits		1,601	871
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RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$000's	\$000's

Provision for long service leave

Provision for long service leave is recognised for employee benefits. In calculating its present value, the probability of leave being taken is based on historical data. Refer Note 1(u) for measurement and recognition criteria.

REHABILITATION AND RESTORATION RECONCILIATION

Rehabilitation and restoration

Balance at beginning of financial year	18,235	500
Amount capitalised	-	17,735
Discount unwind	1,471	-
Total provision for rehabilitation and restoration	19,706	18,235

Provision for rehabilitation and restoration

Provision for rehabilitation and restoration represents management's assessment of expenditure expected to be incurred for Wattle Dam and Mt Magnet mines and the groups processing plants. Refer Note 1(v) for measurement and recognition criteria.

21 ISSUED CAPITAL

a) Ordinary shares

	Number of Shares	\$
Issued fully paid ordinary shares at 30 June 2010	291,342,923	79,864,456
Issued during the 2010-11 financial year		
Exercise of options at \$1.50 per share	2,362	3,543
Issue of shares resulting from vesting of rights	450,000	-
Issue of shares under employee share acquisition plan	72,520	-
Return of capital of 5 cents per share	-	(14,567,264)
Less cost of share issues (net of tax)	-	(35)
Issued fully paid ordinary shares at 30 June 2011	291,867,805	65,300,700
Issued during the 2011-12 financial year		
Issue of shares resulting from vesting of rights	1,140,000	-
Issue of shares under share purchase plan	8,179,246	9,406,133
Issue of shares under placement	34,782,608	39,999,999
Less cost of share issues (net of tax)	-	(2,050,225)
Issued fully paid ordinary shares at 30 June 2012	335,969,659	112,656,607

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.

b) Options

There were no options on issue at any time during the 30 June 2011 and 30 June 2012 financial years.

c) Share and rights over shares

Refer Note 23 for further information on shares and rights, including details of any shares and rights issued, exercised and lapsed during the financial year and rights outstanding at financial year end.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's
22 RESERVES		
Share-based payments reserve ¹	3,110	1,589
Available-for-sale reserve ²	(1,882)	17
Foreign currency translation reserve ³	2	3
Asset revaluation reserve ⁴	634	634
Total reserves	1,864	2,243

1 Share-based payments reserve records items recognised as expenses on valuation of employees share options and rights.

2 Available-for-sale reserve records changes in the fair value of available for sale financial assets.

3 Foreign currency translation reserve records exchange differences arising on translations of a foreign controlled subsidiary.

4 Asset revaluation reserve records revaluations of non-current assets.

23 SHARE-BASED PAYMENTS

Shares

Under Ramelius' Employee Share Acquisition Plan, which was approved by shareholders in November 2007, eligible employees are granted ordinary fully paid shares in Ramelius for no cash consideration.

All Australian resident permanent employees who are employed by the group are eligible to participate in the plan.

No shares were issued to employees during the 2012 (2011: 72,520) financial year. The fair value of these shares at the date of issue was nil (2011: \$59,104) which was recognised in share-based payments reserve and included under employee expenses in the Income Statement.

Given that vesting is certain to occur, the market value of the shares at issue date was used to determine fair value.

Members of the plan receive all the rights of ordinary shareholders. Unrestricted possession of these shares occurs at the earliest of, three years from date of issue or the date employment ceases.

Share rights

As approved by the Board, eligible executives were granted rights to ordinary fully paid shares in Ramelius for no cash consideration. Executives and senior management of Ramelius participate in this plan.

Set out below are summaries of the rights granted to employees:

Effective grant date	Expiry date	Exercise price \$	Fair value per right ¹ \$	Rights at start of year	Rights granted	Rights vested & exercised	Rights lapsed ²	Rights at end of year	Date rights next vest and become exercisable
2012									
26 Nov 2010	26 Nov 2013	-	0.869	3,330,000	-	1,040,000	210,000	2,080,000	26 Nov 2012
28 Mar 2011	28 Mar 2014	-	1.296	-	210,000	70,000	-	140,000	28 Mar 2013
1 May 2011	1 May 2014	-	1.125	-	300,000	100,000	-	200,000	1 May 2013
18 Jul 2011	18 Jul 2014	-	1.305	-	210,000	-	-	210,000	18 Jul 2012
25 Jul 2011	25 Jul 2014	-	1.296	-	210,000	-	-	210,000	25 Jul 2012
15 Aug 2011	15 Aug 2014	-	1.368	-	210,000	-	-	210,000	15 Aug 2012
22 Aug 2011	22 Aug 2014	-	1.494	-	210,000	-	-	210,000	22 Aug 2012
1 Mar 2012	1 Mar 2015	-	0.936	-	450,000	-	-	450,000	1 Mar 2013
1 Apr 2012	1 Apr 2015	-	0.774	-	210,000	-	-	210,000	1 Apr 2013
Total				3,330,000	2,010,000	1,210,000	210,000	3,920,000	

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Effective grant date	Expiry date	Exercise price \$	Fair value per right ¹ \$	Rights at start of year	Rights granted	Rights vested & exercised	Rights lapsed ²	Rights at end of year	Date rights next vest and become exercisable
2011									
7 Apr 2008	7 Apr 2011	-	0.640	900,000	-	450,000	450,000	-	-
26 Nov 2010	26 Nov 2013	-	0.869	-	3,330,000	-	-	3,330,000	26 Nov 2011
Total				900,000	3,330,000	450,000	450,000	3,330,000	

1 The fair value of rights granted as remuneration shown above was determined in accordance with applicable accounting standards.

2 Value of rights that lapsed due to vesting conditions not being satisfied have been determined at the time the rights lapsed as if vesting conditions were satisfied.

The fair value of share rights is determined using the market price of the underlying shares at the date the rights were granted and assumes that all holders continue to be employees of the group until the end of the vesting period, the risk that this vesting condition is not met is 10%.

Options

There were no options granted as share-based payments in the financial year (2011: nil). There are no outstanding options on issue as at 30 June 2012.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transaction recognised during the period as part of employee benefits expense were as follows:

	Consolidated	
	2012 \$000's	2011 \$000's
Shares issued during the year	-	58
Rights issued during the year	1,521	647
Total share-based payment expense	1,521	705

24 FINANCIAL RISK MANAGEMENT POLICIES

The group's management of financial risk is aimed at ensuring cash flows are sufficient to:

- Withstand significant changes in cash flow at risk scenarios and still meet all financial commitments as and when they fall due; and
- Maintain the capacity to fund future project development, exploration and acquisition strategies.

The group continually monitors and tests its forecast financial position against these criteria.

The group is exposed to the following financial risks: liquidity risk, credit risk and market risk (including foreign exchange risk, commodity price risk and interest rate risk).

The directors are responsible for monitoring and managing financial risk exposures of the group.

The group's financial instruments consist mainly of deposits with banks, derivatives, accounts receivable and payable.

The group holds the following financial instruments:

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's
Financial assets		
Cash at bank	16,094	3,411
Term deposits	32,670	86,135
Receivables	4,747	3,536
Derivative financial instruments	374	-
Available-for-sale financial assets	4,652	471
Total financial assets	58,537	93,553
Financial liabilities		
Payables	26,598	10,291
Borrowings	4,239	5,154
Total financial liabilities	30,837	15,445

a) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. The group manages liquidity risk by monitoring forecast cash flows.

Maturities of financial liabilities

Payables

Trade and other payables are expected to be settled within 6 months.

Borrowings

The table below analyses the group's financial arrangements at 30 June 2012 into relevant maturity groupings based on their contractual maturities. The amounts disclosed below represent discounted contractual cash flows which relate to deferred payments to the Mt Magnet mine camp contractor which are secured against the mine camp asset.

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	1 - 2 years	Total
Finance lease liabilities	457	3,782	-	4,239

b) 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 Consolidated Statement of Financial Position is the carrying amount, net of any provision for doubtful debts.

Credit risk is managed through the maintenance of procedures which ensure to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

No receivables are considered past due or impaired.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$000's	\$000's

c) Foreign currency risk

The group undertakes transactions impacted by foreign currencies; hence exposures to exchange rate fluctuations arise. The majority of the group's revenue is affected by movements in USD:AUD exchange rate that impacts on the Australian gold price whereas the majority of costs (including capital expenditure) are in Australian dollars.

Currently, the group does not hedge against this risk. The group considers the effects of foreign currency risk on its financial position and financial performance and assesses its option to hedge based on current economic conditions and available market data.

d) Commodity price risk

The group's revenue is exposed to commodity price fluctuations, in particular to gold prices. 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. The group is exposed to commodity price risk due to the sale of gold on physical delivery at prices determined by market at the time of sale.

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; however this is generally at levels lower than current market prices. These put options enable Ramelius to retain full exposure to current, and any future rises in the gold price while providing protection to a fall in the gold price below the strike price. Gold prices, gold futures and economic forecasts are constantly monitored to determine whether to implement a hedging program.

Price sensitivity analysis

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. 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.

Based on the gold sales of 106,148oz and 52,650oz for the 2011 and 2012 financial years respectively, if gold price in Australian dollars changed by + / - A\$100, with all other variables remaining constant, the estimated impact on pre-tax profits and equity would have been as follows:

Impact on pre-tax profit		
Increase in gold price by A\$100	5,265	10,615
Decrease in gold price by A\$100	(5,265)	(10,615)
Impact on equity		
Increase in gold price by A\$100	5,265	10,615
Decrease in gold price by A\$100	(5,265)	(10,615)

e) Interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. 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.

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.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's

Interest rate sensitivity analysis

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.

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 and equity would have been as follows:

Impact on pre-tax profit		
Increase in interest rate by 2%	975	1,790
Decrease in interest rate by 2%	(975)	(1,790)
Impact on equity		
Increase in interest rate by 2%	975	1,790
Decrease in interest rate by 2%	(975)	(1,790)

f) Capital risk management

Ramelius' objective when managing capital is to maintain a strong capital base capable of withstanding cash flow variability, whilst providing flexibility to pursue its growth aspirations. Ramelius aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns.

Ramelius' capital structure consists of cash, cash equivalents, borrowings and equity. Management effectively monitors the capital of Ramelius by assessing financial risks and adjusting capital structure in response to changes in these risks and the market. Responses include the management of dividends and capital returns to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital during the year.

Ramelius' capital structure consists of:

Cash and cash equivalents	48,764	89,546
Finance lease	(4,239)	(5,154)
Net cash and cash equivalents	44,525	84,392
Equity	203,020	153,704
Total capital (net cash and equity)	247,545	238,096

The group is not subject to any externally imposed capital requirements.

g) Net fair values of financial assets and liabilities

The financial assets and liabilities of the group are recognised on the Consolidated Statement of Financial Position at their fair value in accordance with the accounting policies in Note 1. Measurement of fair value is grouped into levels based on the degree to which fair value is observable in accordance with AASB 7 Financial Instruments: Disclosure.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's

The following is an analysis of financial instruments measure subsequent to initial recognition at fair value

Derivative financial assets are measured at fair value using the valuation provided from the relevant financial institution. The valuations would be recognised as a Level 2 in the fair value hierarchy as they have been derived using inputs from a variety of market data.

Available-for-sale financial assets are measured at fair value using the closing price on the reporting date as listed on the Australian Securities Exchange Limited (ASX). Available for sale financial assets are recognised as a Level 1 in the fair value hierarchy as defined under AASB 7 Financial Instruments: Disclosures.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

25 COMMITMENTS FOR EXPENDITURE

a) Finance lease commitments

Finance leases were entered into as a means of financing the acquisition of mine camp facilities at Mt Magnet. These obligations are provided for in the financial statements.

Within 1 year	4,564	1,304
Later than 1 year but not later than 5 years	-	4,564
Later than 5 years	-	-
Total minimum lease payments	4,564	5,868
Less future finance charges	(325)	(714)
Present value of minimum lease payments	4,239	5,154
Included in the financial statements as borrowings (Note 19):		
Current	4,239	915
Non-current	-	4,239

b) Capital expenditure commitments

Capital expenditure contracted but not provided for in the financial statements.

Within 1 year	150	12,076
Later than 1 year but not later than 5 years	-	-
Total capital expenditure commitments	150	12,076

c) Operating lease commitments

Future minimum rentals payable on non-cancellable operating leases due:

Within 1 year	398	336
Later than 1 year but not later than 5 years	285	448
Total operating lease commitments	683	784

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$000's	\$000's

d) Minimum exploration and evaluation commitments

In order to maintain current rights of tenure to exploration tenements, the group is required to perform minimum exploration work to meet minimum expenditure requirements. These obligations are subject to renegotiation and may be farmed out or relinquished. These obligations are not provided for.

Within 1 year	4,878	4,060
Later than 1 year but not later than 5 years	15,404	10,045
Due later than 5 years	20,905	18,324
Total minimum exploration and evaluation commitments	41,187	32,429

e) Other commitments

The group has contractual obligations for various expenditures such as royalties, production based payments, exploration and the cost of goods and services supplied to the group. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business. These obligations are not provided.

26 CONTINGENT LIABILITIES

The directors are of the opinion that the recognition of a provision is not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

(i) Expenditure to earn mineral rights on tenements in addition to minimum exploration expenditure commitments

During the earning period Ramelius is associated with other entities in joint ventures whereby Ramelius funds certain exploration expenditure of not less than \$2,456,064 before Ramelius may withdraw, which at 30 June 2012 had been exceeded.

In addition, Ramelius has agreed to purchase the Vivien gold project from Agnew Gold Mining Company, subsidiary of Gold Fields Limited. The settlement balance for the acquisition totalling \$9.5 million and a production royalty is subject to certain conditions precedent.

(ii) Bank guarantees

The group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is \$8,968,290 (2011: \$5,066,400). These bank guarantees are fully secured by cash on term deposit.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated	
		2012 \$000's	2011 \$000's

27 CASH FLOW INFORMATION

a) Reconciliation of cash

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and at bank and highly liquid investments in money market instruments, net of outstanding bank overdrafts. Cash at end of the financial year as shown in Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

Cash		16,094	3,411
Cash on deposit		32,670	86,135
Total cash	9	48,764	89,546

b) Reconciliation of net profit to net cash provided by operating activities

Profit after income tax		2,339	62,401
Non-cash items			
- Share-based payments		1,521	706
- Depreciation and amortisation		11,146	22,279
- Stock write-downs		5,295	-
- Impairment of exploration and development		17,071	292
- Discount unwind on provisions		1,860	65
- Effect of exchange rate		(4)	99
- Net fair value of derivative instruments		(375)	3
Items presented as investing or financing activities			
- Available-for-sale investments		19	1
- (Gain) loss on disposal of non-current assets		(9)	22
- Non-current assets written off		6	21
Changes in assets and liabilities			
(Increase)/decrease in:			
- Prepayments		(244)	(278)
- Trade and other receivables		262	(168)
- Inventories		(28,990)	(2,465)
- Deferred tax assets		(9,939)	(5,346)
- Other non-current assets		-	(738)
(Decrease)/increase			
- Trade and other payables		14,315	(623)
- Provisions		645	4,647
- Current tax liabilities		(21,362)	7,286
- Deferred tax liabilities		11,472	11,080
Net cash provided by operating activities		5,028	99,284

c) Non-cash investing and financing activities

Acquisition of plant and equipment via finance lease		-	5,306
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RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated	
		2012	2011
		\$000's	\$000's

28 RELATED PARTIES

Transactions with related parties are on normal commercial terms and at conditions no more favourable than those available to other parties unless otherwise stated.

a) Management personnel

Disclosures relating to key management personnel are set out in Note 5. There were no transactions with key management personnel and their related entities during the financial year other than as shown in (d) below.

b) Subsidiaries

Interests in subsidiaries are set out in Note 30.

c) Transactions with wholly-owned controlled entities

Ramelius advanced interest free loans to wholly-owned controlled entities. In addition to these loans, Ramelius Milling Services Pty Ltd provides milling services for Ramelius Resources Limited. These transactions and inter-company loans have been eliminated in full on consolidation.

d) Transactions with other related parties

The terms and conditions of 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 re-imburement of expenses incurred on behalf of Ramelius) relating to directors and their director-related entities were as follows:

Director	Transaction	2012 \$000's	2011 \$000's
Mr J F Houldsworth	Amount paid to a relative of the director in respect of a leased property at Kambalda WA on an arm's length basis from 1 July 2010 to 26 May 2011 (date of retirement of director).	-	13
	Amount paid to the director in respect of assessment of Mt Magnet processing plant	-	8
Mr R M Kennedy	Amount paid to a related party of the director in respect of a leased property in Adelaide SA on an arm's length basis from 1 December 2011 to 30 June 2012.	68	-

A \$13,935 bond has been paid to related party of Mr Kennedy in relation to the leased property in Adelaide SA which is receivable on completion of the lease term or upon termination. There was no other amounts receivable from or payable to directors and their related entities at reporting date.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

29 DEED OF CROSS GUARANTEE

Pursuant to Class Order 98/1418, wholly-owned subsidiary Mt Magnet Gold Pty Ltd (formerly Mt Magnet Gold NL) (Subsidiary) is relieved from the Corporations Act requirements for preparation, audit and lodgement of its financial reports.

As a condition of the Class Order, Ramelius and Mt Magnet Gold Pty Ltd (the Closed Group) entered into a Deed of Cross Guarantee on 15 December 2011 (Deed). The effect of the Deed is that Ramelius has guaranteed to pay any deficiency in the event of winding up of the abovementioned Subsidiary under certain provisions of the Corporations Act 2001. Mt Magnet Gold Pty Ltd has also given a similar guarantee in the event that Ramelius is wound up. The Consolidated Income Statement and Statement of Financial Position of the Closed Group are as follows:

	Closed Group 2012 \$000's
Consolidated Statement of Comprehensive Income	
Sales revenue	84,075
Cost of production	(59,308)
Gross profit	24,767
Other income (expenses)	(25,760)
Operating profit before interest income and finance cost	(993)
Interest income	4,385
Finance costs	(1,808)
Profit before income tax	1,584
Income tax expense	(1,194)
Profit for the year	390
Other comprehensive income	
Net change in fair value of available-for-sale assets	(1,899)
Other comprehensive income for the year, net of tax	(1,899)
Total comprehensive income for the year	(1,509)

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Closed Group 2012 \$000's
Consolidated Statement of Financial Position	
Current assets	
Cash and cash equivalents	46,165
Trade and other receivables	4,327
Inventories	38,919
Derivative financial instruments	375
Other current assets	617
Current income tax benefit	8,830
Total current assets	99,233
Non-current assets	
Available-for-sale financial assets	4,652
Exploration and evaluation expenditure	15,944
Property, plant, equipment and development assets	136,715
Loans receivable	4,727
Intangible assets	353
Deferred tax assets	17,881
Total non-current assets	180,272
Total assets	279,505
Current liabilities	
Trade and other payables	25,123
Borrowings	4,239
Provisions	1,117
Total current liabilities	30,479
Non-current liabilities	
Provisions	19,140
Deferred tax liabilities	29,143
Total non-current liabilities	48,283
Total liabilities	78,762
Net assets	200,743
Equity	
Issued capital	112,657
Reserves	1,862
Retained earnings	86,224
Total equity	200,743

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

30 INVESTMENTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate assets, liabilities and results of the ultimate parent entity, Ramelius Resources Limited, and the following subsidiaries in accordance with the accounting policy described in Note 1(b).

	Country of Incorporation	Percentage Owned (%) ¹	
		2012	2011
Parent entity			
Ramelius Resources Limited	Australia		
Subsidiaries of Ramelius Resources Limited			
Ramelius Milling Services Pty Ltd	Australia	100	100
Ramelius Nevada LLC	United States	100	100
Mt Magnet Gold Pty Ltd ² (previously Mt Magnet Gold NL)	Australia	100	100

¹ Percentage of voting power is in proportion to ownership

² Acquired 20 July 2010

31 OPERATING SEGMENTS

Management has determined the operating segments based on internal reports about components of the group that are regularly reviewed by the Chief Operating Decision Maker, the Managing Director, in order to make strategic decisions. The reportable operating segments have changed from the previous year to reflect the Groups current strategic business units. The following summary describes the operations in each of the Groups reportable segments:

- (i) Exploration,
- (ii) Wattle Dam, and
- (iii) Mt Magnet.

The Managing Director monitors performance in these areas separately. Unless stated otherwise, all amounts reported to the Managing Director are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the group.

The group operates primarily in one business segment, namely the exploration, development and production of minerals with a focus on gold. Details of the performance of each of these operating segments for the financial years ended 30 June 2012 and 30 June 2011 are set out below:

Segment performance	Exploration		Wattle Dam		Mt Magnet		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Segment revenue								
Sales revenue	-	-	74,277	148,105	10,054	-	84,331	148,105
Segment results								
Gross segment result before:	-	-	38,494	115,559	(3,224)	(653)	35,270	114,906
- Amortisation cost	-	-	(4,653)	(21,675)	(3,164)	-	(7,817)	(21,675)
- Discount unwind & restoration revision	-	-	(145)	152	(1,715)	(65)	(1,860)	87
- Impairment & exploration write off	(3,204)	(1,093)	(14,460)	-	-	-	(17,664)	(1,093)
	(3,204)	(1,093)	19,236	94,036	(8,103)	(718)	7,929	92,225
Interest income							4,592	4,541
Finance cost							(8)	(7)
Other income (expenses)							(8,137)	(6,151)
Profit before income tax							4,376	90,608

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Segment position	Exploration		Wattle Dam		Mt Magnet		Total	
	2012 \$000's	2011 \$000's	2012 \$000's	2011 \$000's	2012 \$000's	2011 \$000's	2012 \$000's	2011 \$000's
Capitalised expenditure								
Mine development	-	-	4,040	3,647	38,426	2,258	42,466	5,905
Exploration assets	13,539	68,279	-	-	-	-	13,539	68,279
Segment assets	17,945	6,799	30,731	41,035	151,055	71,325	199,731	119,159
Corporate and unallocated assets								
Cash and cash equivalents							48,764	89,546
Trade and other receivables							4,907	3,768
Available-for-sale financial asset							4,652	421
Property, plant, equipment & development							472	247
Income tax benefit							7,754	-
Deferred tax assets							18,208	6,067
Total consolidated assets							284,488	219,208
Segment liabilities	2,301	1,060	8,128	6,959	38,536	24,986	48,965	33,005
Corporate and unallocated liabilities								
Trade and other payables							2,708	1,334
Short-term provisions							372	196
Current tax liabilities							-	13,608
Long-term provisions							99	16
Deferred tax liabilities							29,324	17,345
Total consolidated liabilities							81,468	65,504

Major customers

Ramelius provides goods that are more than 10% of external revenue to one major customer. This customer which is located in Australia, accounts for 99.7% (2011: 99.7%) of sales revenue.

Segments assets by geographical location

Segment assets of Ramelius are geographically located in Australia other than those relating to the US subsidiary of \$1,552,920 (2011: \$620,260).

32 INTERESTS IN UNINCORPORATED JOINT VENTURES

The group 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%
Nevada - Big Blue ¹	Gold	60%
Nevada - Angel Wing ¹	Gold	70%
Mt Windsor	Gold	60%

¹ Under an alliance with Marmota Energy Limited, Marmota may participate and earn 40% in Ramelius' interest. In June 2012, Ramelius gave notice of its intention to withdraw from Nevada - Big Blue.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Ramelius' share of assets in unincorporated joint ventures is as follows:

	Consolidated	
	2012 \$000's	2011 \$000's
Non-current assets		
Exploration and evaluation expenditure (Note 17)	7,128	3,807
Total assets employed in joint ventures	7,128	3,807

33 EVENTS OCCURRING AFTER REPORTING DATE

The following events occurred since 30 June 2012.

Mr R G Nelson resigned as a Director on 1 August 2012.

Apart from the above, no other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

- (a) The group's operations in future financial years,
- (b) The results of operations in future financial years, or
- (c) The group's state of affairs in future financial years.

34 PARENT ENTITY INFORMATION

	Parent entity	
	2012 \$000's	2011 \$000's

a) Summary of financial information

Financial statements for the parent entity show the following aggregate amounts:

Current assets	72,009	99,977
Total assets	227,153	190,548
Current liabilities	(22,321)	(33,454)
Total liabilities	(20,127)	(36,987)
Net assets	207,026	153,561
Equity		
Issued capital	112,657	65,301
Reserves	1,228	1,607
Retained earnings	93,141	86,653
Total equity	207,026	153,561
b) Income Statement		
Profit after income tax	6,487	62,845
Total comprehensive income (loss)	4,588	62,862

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$000's	2011 \$000's
c) Commitments		
(i) Operating lease commitments		
Future minimum rentals payable on non-cancellable operating leases due:		
Within 1 year	207	144
Later than 1 year but not later than 5 years	118	89
Total operating lease commitments	325	233
(ii) Minimum exploration and evaluation commitments		
In order to maintain current rights of tenure to exploration tenements, Ramelius is required to perform minimum exploration work to meet minimum expenditure requirements. These obligations are subject to renegotiation and may be farmed out or relinquished. These obligations are not provided for in the parent entity financial statements.		
Within 1 year	2,756	1,973
Later than 1 year but not later than 5 years	10,241	5,581
Later than 5 years	6,711	7,575
Total minimum exploration and evaluation commitments	19,708	15,129

(iii) Other commitments

Ramelius Resources Limited has contractual obligations for various expenditures such as royalties, production based payments, exploration and the cost of goods and services supplied to the parent entity. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business. These obligations are not provided for in the parent entity financial statements.

d) Contingent liabilities

The directors are of the opinion that the recognition of a provision is not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

(i) Expenditure to earn mineral rights on tenements in addition to minimum exploration expenditure commitments

During the earning period Ramelius is associated with other entities in joint ventures whereby Ramelius funds certain exploration expenditure of not less than \$2,250,000 before Ramelius may withdraw, which at 30 June 2012 had been exceeded.

In addition, Ramelius has agreed to purchase the Vivien gold project from Agnew Gold Mining Company, subsidiary of Gold Fields Limited. The settlement balance for the acquisition totalling \$9.5 million and a production royalty is subject to certain conditions precedent.

(ii) Bank guarantees

Ramelius has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is \$8,792,290 (2011: \$4,890,400). These bank guarantees are fully secured by cash on term deposit.

e) Guarantees in relation to debts of subsidiaries

Ramelius and Mt Magnet Gold Pty Ltd (the Closed Group) entered into a Deed of Cross Guarantee on 15 December 2011 (Deed) as noted in Note 29 above. The effect of the Deed is that Ramelius has guaranteed to pay any deficiency in the event of winding up of the abovementioned Subsidiary under certain provisions of the Corporations Act 2001. Mt Magnet Gold Pty Ltd has also given a similar guarantee in the event that Ramelius is wound up.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

35 COMPANY DETAILS

The registered office and principal place of business of Ramelius is:

Suite 4, 148 Greenhill Road
PARKSIDE SA 5063

RAMELIUS RESOURCES LIMITED

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2012

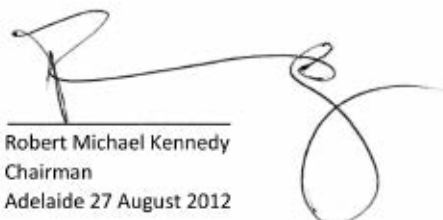
In the directors' opinion:

- a) the financial statements and notes set out on pages 60 to 107, are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated group's financial position as at 30 June 2012 and of its performance for the financial year ended on that date, and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and
- c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by the virtue of the deed of cross guarantee described in Note 29.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Australian Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

The declaration is made in accordance with a resolution of the directors.



Robert Michael Kennedy
Chairman
Adelaide 27 August 2012

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 consolidated statement of financial position as at 30 June 2012, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, 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 which require us to 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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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 Company'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 Company's internal control. An audit also includes evaluating the **appropriateness** of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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 consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Ramelius Resources Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

A handwritten signature in blue ink, appearing to read "SJ Gray".

SJ Gray
Partner

Adelaide, 27 August 2012

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 14 September 2012

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:

Substantial shareholder	Number of fully paid ordinary shares held
Sprott Asset Management Inc.	29,766,197
Van Eck Associates Corporation	23,648,913

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

There were no options on issue by the Company as at 14 September 2012.

Distribution of equity security holders

Category	 Holders of Ordinary shares
1 – 1,000	1,052
1,001 – 5,000	2,130
5,001 – 10,000	1,353
10,001 – 100,000	2,394
100,001 and over	276
Total Number of security holders	7,205

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,076.

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 14 September 2012 are as follows.

Name	Number of fully paid ordinary shares held	Percentage held
HSBC Custody Nominees (Australia) Limited	50,132,572	14.91
National Nominees Limited	47,121,319	14.01
J P Morgan Nominees Australia Limited	33,305,082	9.90
JP Morgan Nominees Australia Limited <Cash Income a/c>	12,155,764	3.61
Mandurang Pty Ltd	6,442,856	1.92
Citicorp Nominees Pty Ltd	5,486,495	1.63
Aurelius Resources Pty Ltd	5,074,091	1.51
HSBC Custody Nominees (Australia) Limited – GSCO ECA	4,320,743	1.28
Mr George Chien Hsun Lu & Mrs Jenny Chin Pao Lu	2,813,000	0.84
HSBC Custody Nominees (Australia) Limited <NT-Commwth Super Corp a/c>	2,568,477	0.76
Mr Stig Hakan Hellsing & Mrs Patricia Anne Hellsing <Hellsing S/F a/c >	2,540,000	0.76
NEFCO Nominees Pty Ltd	1,790,653	0.53
Triple Eight Gold Pty Ltd <The Blue Sky a/c>	1,207,775	0.36
Pershing Australia Nominees Pty Ltd <Phillip Securities (HK) a/c>	1,200,000	0.36
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee a/c>	1,187,362	0.35
Century Three X Seven Resource Fund Inc	1,130,765	0.34
Pershing Australia Nominees Pty Ltd <Argonaut Account>	1,085,000	0.32
N & R Smart Pty Ltd <Smart Family Super Fund a/c>	1,062,458	0.32
QIC Limited	971,215	0.29
Comsec Nominees Pty Limited	960,638	0.29
	182,556,265	54.29

Unquoted and Restricted Equity Securities

Fully paid ordinary Shares

Details of fully paid ordinary shares on issue as at 14 September 2012 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
14 September 2013*	62,710	5

* These securities are issued to employees and do not vest until 3 years from the date of issue of 14 September 2010 or the holder ceases as an employee, whichever occurs first.



RAMELIUS
RESOURCES
WATTLE DAM
GOLD MINE

CORPORATE DIRECTORY

PRINCIPAL REGISTERED OFFICE:

RAMELIUS RESOURCES LIMITED

Suite 4, 148 Greenhill Road PARKSIDE SA 5063

PO Box 506 UNLEY SA 5061

Telephone: (08) 8271 1999

Facsimile: (08) 8271 1988

Email: info@rameliusresources.com.au

Website: www.rameliusresources.com.au

PERTH EXPLORATION OFFICE:

Level 1, 130 Royal Street EAST PERTH WA 6004

P.O. Box 6070 EAST PERTH WA 6892

Telephone: (08) 9202 1127

Facsimile: (08) 9202 1138

DIRECTORS, SENIOR MANAGEMENT AND CONSULTANTS:

ROBERT MICHAEL KENNEDY

ASAIT, Grad. Dip. (Systems Analysis)

FCA, ACIS, FAIM, FAICD

Independent Non-Executive Chairman

IAN JAMES GORDON

BCom, MAICD

Managing Director and Chief Executive Officer

KEVIN JAMES LINES

BSc (Geology), MAusIMM.

Independent Non-Executive Director

DOMENICO ANTONIO FRANCESE

BEc, FCA, FFin, ACSA, ACIS

Company Secretary and Chief Financial Officer

MARK ZEPTNER

BEng (Hons) Mining, MAusIMM, MAICD

Chief Operating Officer

KEVIN MARK SEYMOUR

BSc, (Geology), MAusIMM,

General Manager, Exploration

& Business Development

DANNY DOHERTY

BSc, Applied (Mining Engineering), MAusIMM

Registered Mine Manager, WA,

Operations Manager, Wattle Dam

ANTONY WEBB

BSc. (Metallurgy)

Process Manager, Burbanks

MIKE CASEY

BE (Mining), MAusIMM

Registered Mine Manager, WA

General Manager, Mt Magnet

AUSTRALIAN SECURITIES EXCHANGE CODE:

RMS: Shares

Listed on Australian Securities Exchange Limited

Exchange Centre, 20 Bridge Street

SYDNEY, NSW, 2000

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

AUDITORS:

Grant Thornton

Chartered Accountants

67 Greenhill Road

WAYVILLE SA 5034

LAWYERS:

DMAW Lawyers

Level 3, 80 King William Street

ADELAIDE SA 5000

