



Ramelius Resources Limited

Annual Financial Report

30 June 2004

Ramelius Resources Limited

Directors' report

The directors present their report together with the financial report of Ramelius Resources Limited ("the Company") for the year ended 30 June 2004 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are Robert Michael Kennedy, Reginald George Nelson and Joseph Fred Houldsworth. 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.*

Non-Executive Chairman. Board member since 1 November 1995 as a Non-Executive Chairman. A Chartered Accountant and Consultant to Kennedy & Co, Chartered Accountants, a firm he founded. Chairman of Beach Petroleum Limited, Flinders Diamonds Limited, GTL Energy Limited and Greyhound Racing (SA) Limited and also a Director of Friendly Societies Medical Association Limited, Monax Mining Ltd and Greyhound Australasia Ltd. Special responsibilities include Chairmanship of the Audit Committee.

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

Non-Executive Director. Board member since 1 November 1995. An exploration geophysicist with thirty-four years' experience in the minerals and petroleum industries and a Councillor of the Australian Petroleum Production and Exploration Association. He has wide experience in technical, corporate and government affairs. Managing Director of Beach Petroleum Limited and a director of GTL Energy Limited and Monax Mining Ltd. Experience in gold exploration and mining operations in Western Australia, the Northern Territory and South Australia. Former Chairman of the Nevoria Gold Mine Joint Venture in Western Australia. Special responsibilities include membership of the Audit Committee.

Joseph Fred Houldsworth

Chief Executive Officer and Managing Director. Board member since 18 February 2002. Director of Far Corners Minerals NL and Lone Hand & Associates Pty Ltd. Extensive practical experience in the resource industry having worked in the mining and exploration industry for more than 30 years at both operational and management levels primarily in the Western Australian Goldfields. Instrumental in turning around the troubled Nevoria Gold Mine in 1993. Former consultant for 10 years to insolvency specialists on both mining and exploration and has considerable experience in asset management for various mining entities. Special responsibilities include acquisition of the Ramelius portfolio and directing the Company's exploration program.

Directors' meetings

The Company held 15 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 are:

	Directors' Meetings		Audit Committee Meetings*	
	<i>Number Eligible to attend</i>	<i>Number Attended</i>	<i>Number Eligible to attend</i>	<i>Number Attended</i>
Director				
Robert Michael Kennedy	15	15	0	0
Reginald George Nelson	15	15	0	0
Joseph Fred Houldsworth	15	15	N/A	N/A

* The Audit Committee was only established in May 2004 and its functions were previously dealt with by Directors meetings.

Principal activities

The company's principal activity is gold and minerals exploration.

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Directors' report (continued)

Review and results of operations

A review of operations of the Company during the financial year and the results of those operations is contained elsewhere in the annual report.

Results

The net loss after extraordinary items and income tax was \$462,252.

Dividends

No dividends have been paid or provided by the Company since the end of the previous financial year. The Directors do not recommend payment of a dividend in respect of the 2004 financial year.

State of affairs

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

- On 24 July 2003, the Company issued 1,500,000 ordinary fully paid shares and 750,000 options exercisable at \$0.20 at any time until 31 December 2007 pursuant to an agreement with Fox Resources Limited to acquire its interest in both the Morning Star Project at Cuddingwarra (80%) and the Jasper Queen Project at Tuckabianna (100%). The issue of shares and options to Fox Resources Limited was approved by shareholders in November 2003.
- On 1 August 2003, the Company granted Westcoast Mining Limited an option to purchase a 100% interest in Mining Lease 20/245 near Tuckabianna in the Murchison Mineral Field of Western Australia. The option was granted for an Option Fee of \$10,000 that enabled Westcoast (which at the time of granting proposed to list on ASX), to exercise the Option at any time until 1 December 2003. In November 2003, Westcoast exercised this option and paid the exercise price of \$100,000 to Ramelius comprising \$40,000 cash and \$60,000 worth of ordinary shares in Westcoast. The 300,000 Westcoast shares which the Company received as consideration are restricted securities that cannot be traded for a period of 12 months from 5 November 2003.
- On 19 September 2004, the Company entered into a deed of indemnity with each director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.
- On 25 September 2003, the Company entered into an amended Option and Sale Agreement with Kinver Mining NL to increase the area acquired by the Company from Kinver's interest in the area defined as the "Black Cat Development Area" being a portion of mining tenements M16/34 and M16/115 (156ha) to Kinver's interest in the whole of mining tenements M16/34 and M16/115 (620ha).
- The Company subsequently exercised its option to acquire Kinver Mining NL's 90% interest in the area described as the "Black Cat Development Area" being a portion of mining tenements M16/34 and M16/115 adjacent to the Jaurdi Mining Centre, north of Coolgardie, W.A. for a consideration of \$300,000 plus a royalty of \$1/dry tonne of ore mined. The Company also acquired the additional area covered by the amended Option and Sale Agreement with Kinver Mining NL for a consideration of 300,000 Ramelius options each exercisable at 20 cents at any time until 31 December 2007.
- On 14 October 2003, the Company issued 300,000 options in Ramelius to Kinver Mining NL pursuant to the exercised amended Option and Sale Agreement. The issue of options to Kinver Mining NL was subsequently approved by shareholders in November 2003.
- On 24 October 2003, the Company entered into an agreement to acquire from Goldfields Australasia Pty Ltd the North Widgiemooltha Gold Rights on mining tenements M15/97, M15/99, M15/100, M15/101, M15/102, M15/653 and P15/3666 including any mining tenement issued under the Mining Act 1978 (WA) in substitution for the whole or any part of those mining leases for a consideration of \$250,000 cash.
- On 24 December 2003, the Company announced a one for one renounceable rights issue to raise additional capital through the issue of ordinary fully paid shares at \$0.11 per share and lodged an Offer Information Statement in respect of the issue with the Australian Securities and Investments Commission and the Australian Stock Exchange Limited. The Rights issue closed on 5 March 2004 and as result of an Underwriting Agreement with Pitt Capital Partners Limited dated 11 February 2004, the Company raised \$2,500,000 from the issue before costs.
- On 26 March 2004 the Company issued 22,727,273 ordinary fully paid shares to applicants pursuant to the Rights Issue Offer Information Statement.

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Directors' report (continued)

- As a consequence of the Rights Issue, the Exercise Price of the Company's 31 December 2007 options was reduced from \$0.20 to \$0.18687 in accordance with the terms of the options.

Events subsequent to balance date

Since 30 June 2004, the Company;

- Announced that resource definition drilling at the Black Cat Project indicated potentially economic grades and widths of gold mineralisation and a potential mining operation that could reasonably be expected to be developed and completed within 6 months of commencement.
- Announced that resource definition drilling at the Wattle Dam 7800N Prospect indicated shallow high grade gold intercepts and wide lower grade envelopes, that a mining operation could reasonably be expected to be developed at this prospect and that a total resource of 155,000 tonnes at 3.3 g/t gold [cut] for 16,500 ounces gold had been estimated to a depth of approximately 70 metres.

Other than the matters discussed above, there has not arisen in the interval between 30 June 2004 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

Likely developments

Decisions concerning two potential mining operations at the Company's Black Cat Project and Wattle Dam 7800N Prospect are expected to be made in the latter part of 2004 following new resource calculations and feasibility studies.

Subject to satisfactory feasibility studies, it is expected that mining operations will be commenced at both Black Cat and Wattle Dam during the 2004/5 financial year that will generate a cash flow for the Company. The mining operation at Black Cat could also reasonably be expected to be completed with 6 months of commencement.

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

Director's and Executives/Officers Remuneration

(a) Directors and Specified Executives/Officers

The names and positions held by directors and specified executives/officers of the Company during the financial year are:

Directors

Mr RM Kennedy	Chairman – Non-Executive
Mr RG Nelson	Director – Non-Executive
Mr JF Houldsworth	Managing Director - Executive

Specified Executives/Officers

Mr DA Francese	Company Secretary
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(b) Directors' Remuneration

2004	Directors Fees \$	Salary \$	Cash Bonus \$	Super Contributions \$	Non Cash Benefits \$	Total \$
Directors						
Mr RM Kennedy	72,500	-	-	6,250	-	78,750
Mr RG Nelson	32,500	-	-	2,925	-	35,425
Mr JF Houldsworth	-	133,333	25,000	14,250	-	172,583
	105,000	133,333	25,000	23,425	-	286,758

Ramelius Resources Limited

Directors' report

2003	Directors Fees \$	Salary \$	Cash Bonus \$	Super Contributions \$	Non Cash Benefits* \$	Total \$
Directors						
Mr RM Kennedy	15,000	-	-	1,350	-	16,350
Mr RG Nelson	5,000	-	-	450	-	5,450
Mr JF Houldsworth	-	40,154	-	3,614	-	43,768
	20,000	40,154	-	5,414	-	65,568

* During the previous financial year, the Company granted shares and options over unissued ordinary shares to directors of the Company or their director related entities in consideration for Initial Public Offer ("IPO") promotion. The shares and options were granted prior to the lodgement of an IPO capital raising prospectus with ASIC in November 2002. In this respect, Messrs Kennedy and Nelson's director related entities were each granted 1,500,000 shares and 2,700,000 options and Mr Houldsworth was granted 2,500,000 shares and 2,000,000 options. At the time of issue, the market value of the shares and options was nil. The options have an exercise price of \$0.18687 and an expiry date of 31 December 2007. During the previous financial year the company also issued 1,000,000 shares and 500,000 options to a vendor which is a director related entity of Mr Houldsworth as consideration for the acquisition of mineral tenements pursuant to the Company's IPO prospectus.

No options granted to directors or director related entities were exercised during the year.

(c) Directors' retirement benefits

There were neither retirement benefits previously approved by members of the Company in a general meeting nor any paid to directors of the Company. In 2003 the Company entered into a two year employment agreement with Mr Houldsworth in respect to his services as Managing Director. In the event that the Company terminates the agreement without six months notice, Mr Houldsworth is entitled to a termination payment equal to half the remuneration to be paid for the remainder of the employment period with a minimum termination payment equal to six months remuneration.

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

Specified Executives/Officers' remuneration

2004	Salary \$	Bonus \$	Super Contributions \$	Non Cash Benefits \$	Total \$
Specified Executives/Officers excluding Directors					
Mr DA Francese	95,833	25,000	10,875	-	131,708
2003					
Specified Executives/Officers excluding Directors					
Mr DA Francese	12,500	10,000	2,025	-	24,525

Options Granted as Remuneration

No options were granted to directors or officers of the Company during the financial year.

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Directors' report (continued)

Shares Issued on Exercise of Remuneration Options

No shares were issued to directors as result of the exercise of remuneration options during the financial year.

Directors' Interests in Shares and Options

Directors' relevant interests in shares and options of the Company are disclosed in Notes 24 and 25 of the Financial Report.

Remuneration Practices

The Company's policy for determining the nature and amounts of emoluments of board members and senior executive officers of the Company is as follows.

Remuneration of directors is in accordance with the Company's constitution. The remuneration for Mr JF Houldsworth, the Company's Managing Director, is determined by the Board. The remuneration of the Company's other executive officers is determined by the Managing director subject to the approval of the Board.

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 Board 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.

The Company also has an Employee Incentive Plan approved by shareholders that enables the Board to offer eligible employees ordinary fully paid shares and/or options to ordinary fully paid shares in the Company. Under the terms of the Plan, shares and/or options to shares may be offered to the Company's eligible employees by way of interest free loans repayable in accordance with the terms and conditions of the Plan. The objective of the 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.

No shares or options were issued to employees under the Plan during or since the end of the financial year.

Options

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

Expiry date*	Exercise price**	Number of shares
31 December 2007	\$0.18687	23,185,750

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

** As result of a 1 for 1 Rights Issue of ordinary shares in March 2004, the exercise price of the Company's options was reduced from \$0.20 to \$0.18687 in accordance with the terms of the options.

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

During or since the end of the financial year, the Company issued ordinary shares as result of the exercise of options as follows:

Number of shares	Amount paid on each share
5,000	\$0.20

There were no amounts unpaid on shares issued.

Environmental regulation and performance statement

The Company's operations are subject to significant environmental regulations under both Commonwealth and Western Australian legislation in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Company on any of its tenements. To date the Company has only carried out exploration activities and there have been no known breaches of any environmental obligations.

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Directors' report (continued)

Indemnification and insurance of officers

Indemnification

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

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

Insurance premiums

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

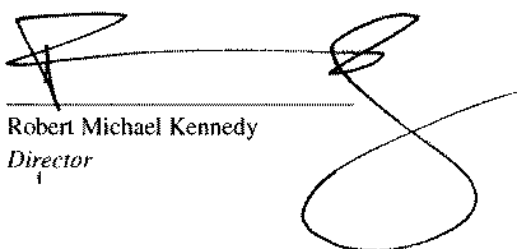
The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

Proceedings on behalf of the Company

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

Dated at UNLEY this 17th day of SEPTEMBER 2004.

Signed in accordance with a resolution of the directors:


Robert Michael Kennedy
Director

Ramelius Resources Limited
Statement of financial performance
For the year ended 30 June 2004

	Note	2004 \$	2003 \$
Other Revenues from ordinary activities	3	121,098	43,076
Total revenue		121,098	43,076
Administrative expenses		(135,382)	(38,199)
Consultant expenses		(33,522)	(7,500)
Depreciation		(2,300)	(358)
Diminution of investments		(38,700)	-
Employment expenses		(315,483)	(55,834)
Exploration costs written off		(8,676)	(30,647)
Listing expenses		(13,796)	(1,793)
Occupancy expenses		(21,966)	(4,660)
Other expenses from ordinary activities		(13,525)	(691)
Profit/(loss) from ordinary activities before related income tax expense		(462,252)	(96,606)
Income tax (expense)/benefit relating to ordinary activities		-	-
Profit/(loss) from ordinary activities after related income tax expense		(462,252)	(96,606)
Profit/(loss) from extraordinary item after related income tax expense		-	-
Total changes in equity other than those resulting from transactions with owners as owners		(462,252)	(96,606)
Basic earnings per share	7	(\$0.017)	(\$0.004)
Diluted earnings per share	7	(\$0.017)	(\$0.004)

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 11 - 27.

Ramelius Resources Limited
Statement of financial position
As at 30 June 2004

	Note	2004 \$	2003 \$
Current Assets			
Cash assets	9	2,033,506	1,557,837
Receivables	10	47,503	86,310
Other Financial Assets	11	21,800	-
Other	12	21,292	17,951
Total current assets		2,124,101	1,662,098
Non-current assets			
Property, Plant and Equipment	13	14,994	9,421
Exploration, evaluation & development expenditure	14	3,393,227	1,819,129
Total non-current assets		3,408,221	1,828,550
Total assets		5,532,322	3,490,648
Current liabilities			
Payables	15	148,301	145,837
Provisions	16	28,301	5,176
Total current liabilities		176,602	151,013
Non-current liabilities			
Provisions	16	7,564	-
Total non-current liabilities		7,564	-
Total liabilities		184,166	151,013
Net assets		5,348,156	3,339,635
Equity			
Contributed equity	17	5,937,938	3,467,165
Retained profits/(losses)	18	(589,782)	(127,530)
Total Equity	19	5,348,156	3,339,635

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 11 - 27.

Ramelius Resources Limited

Statement of cash flows

For the year ended 30 June 2004

	Note	2004	2003
		\$	\$
Cash Flows from operating activities			
Cash receipts in the course of operations		106,438	-
Cash payments in the course of operations		(666,800)	(173,684)
Interest received		70,474	37,038
Net cash provided by/(used in) operating activities	22	(489,888)	(136,646)
Cash Flows from investing activities			
Payments for Property, Plant and Equipment		(7,756)	(9,779)
Payments for Investments		(500)	-
Payments for Mining Tenements & Exploration		(1,231,368)	(510,401)
Net cash provided by/(used in) investing activities		(1,239,624)	(520,180)
Cash Flows from Financing activities			
Repayment of borrowings		-	(619,500)
Proceeds from issue of shares to seed capitalists		-	140,000
Proceeds from issue of shares pursuant to IPO prospectus		-	3,223,300
Proceeds from issue of shares pursuant to Rights Issue		2,500,000	-
Payments associated with capital raising		(295,819)	(740,563)
Proceeds from exercise of options		1,000	3,500
Net cash provided by/(used in) financing activities		2,205,181	2,006,737
Net increase/(decrease) in cash held		475,669	1,349,911
Cash at the beginning of the financial year		1,557,837	207,926
Cash at the end of the financial year	9	2,033,506	1,557,837

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 - 27.

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

1 *Statement of significant accounting policies*

The significant policies that have been adopted in the preparation of this financial report are:

(a) *Basis of preparation*

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the accruals basis and is based on historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

(b) *Revenue recognition*

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Any related balance in the asset revaluation reserve is transferred to the capital profits reserve on disposal.

(c) *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

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

Cash flows are included in the 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.

(d) *Taxation – Note [6]*

The company adopts the liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

(e) Acquisitions of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

Expenditure, including that on internally generated assets is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years.

Costs that do not meet the criteria for capitalisation are expensed as incurred.

(f) Receivables – Note [10]

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(g) Exploration, evaluation and development expenditure – Note [14]

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

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

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(h) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets except exploration, evaluation and development expenditure (see Note 1(g) above) valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

Except where specifically stated, non-current assets are recorded at the lower of cost and recoverable amount.

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

(i) Depreciation and amortisation

Complex assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

Useful lives

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives, with the exception of carried forward exploration, evaluation and development costs which is amortised on a units of production basis over the life of the economically recoverable reserves.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until commercial production commences. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

The depreciation/amortisation rates used for each class of asset are as follows:

	2004	2003
<i>Property, plant and equipment</i>		
Plant and equipment	7.5 – 25%	7.5 – 25%
<i>Other non-current assets</i>		
Exploration, evaluation & development expenditure	-	-

(j) Payables – Note [15]

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

(k) Employee entitlements – Note [16]

Wages, salaries, annual leave and sick leave

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the balance date, calculated at undiscounted amounts based on current wage and salary rates including related on-costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

	Note	2004	2003
		\$	\$

(l) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Restoration

Provisions are made for estimated costs relating to the remediation of soil, groundwater and untreated waste as soon as the need is identified.

Significant uncertainty exists as to the amount of restoration obligations that will be incurred due to the following factors:

- uncertainty as to life of sites;
- the impact of changes in environmental legislation.

(m) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

(n) Investments

Shares in listed entities held as current assets are valued by directors at lower of cost or their market value at each balance date. The gains or losses, whether realised or unrealised, are included in profit/loss from ordinary activities before income tax.

2 Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of next year.

The Company, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The Audit Committee will oversee and manage the Company's transition to IFRS.

The directors are of the opinion that the key differences in the Company's accounting policies which will arise from the adoption of IFRS are:

- **Impairment of Assets**

The Company currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: Impairment of Assets, the recoverable amount will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

- **Non Current Assets**

Under the pending AASB 139: Financial Instruments: Recognition and Measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non current investments at cost, with annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instruments.

- **Income Tax**

Currently, the Company adopts the liability method of tax effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

benefit. Under the Australian equivalent to IAS 12, the Company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable and accounting profit.

- **Extractive Industries**

In the Preface to ED 130, the AASB has stated that it plans to issue an amended AASB 1022, Accounting for the Extractive Industries to complement the Australian Standard arising from ED 130. It is expected that this standard will have an impact on the Company, however as this standard is yet to be released, the full impact of this potential standard is unknown at the date of this report.

3 Revenue from ordinary activities

Other revenues:

From operating activities

Government Subsidies received:	1,500	-
Interest received from other parties	67,595	43,076
Profit on Sale of Mineral Tenement	39,699	-
Revenue received from Option granted	10,000	-
Other Revenue	2,304	-
	<hr/>	<hr/>
Total revenue from ordinary activities	121,098	43,076

4 Profit from ordinary activities before income tax expense

(a) Individually significant items included in profit from ordinary activities before income tax expense

Exploration, evaluation and development expenditure written-off in respect of tenements not acquired following capital raising pursuant to IPO prospectus

- 30,647

Proceeds from Sale of Mineral Tenement

Cash	40,000	-
300,000 shares in Westcoast Mining Limited at \$0.20	60,000	-
Less: Book Value of Tenement Sold	(60,301)	-
Net Profit on Sale of Mineral Tenement	<hr/>	<hr/>
	39,699	-

(b) Profit from ordinary activities before income tax expense has been arrived at after charging/ (crediting) the following items:

Depreciation of:

Plant and equipment	2,300	358
Provision in employee entitlements	30,690	5,176
Operating lease rental expense		
Minimum Lease payments	10,135	1,967
Diminution in value of Investments to recoverable amount	38,700	-
Exploration, evaluation and development expenditure written-off in respect of Mineral Tenement sold	8,676	-

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
5	<i>Auditors' remuneration</i>		
Audit services:			
Auditors of the Company – Grant Thornton			
	Audit and review of the financial reports	11,500	3,000
	Other regulatory audit services*	-	3,450
		<u>11,500</u>	<u>6,450</u>

* This remuneration relates to services connected with the issue of the Company's prospectus and capitalised against equity raised.

6 *Income tax expense*

Prima facie income tax benefit calculated at 30% on loss from ordinary activities

138,676 28,982

Future income tax benefit in respect of tax losses not brought to account

138,676 28,982

Income tax expense attributable to loss from ordinary activities

- -

Tax losses recoverable but not recognised amount to \$176,935 (2003: \$38,259).

7 *Earnings per share*

(a) Classification of securities

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

(b) Classification of securities as potential ordinary shares

All options on issue exercisable at 18.687 cents by 31 December 2007 are not considered potential ordinary shares because the closing market value of the underlying securities at balance date was below the exercise price. Therefore no securities have been classified as potential ordinary shares and included in diluted earnings per share.

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

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

(462,252) (96,606)

(d) Weighted average number of shares used as the denominator

Number for basic and diluted earnings per share

Ordinary shares

26,575,073 17,791,050

(e) Adjustment factor for bonus element

The earnings per share for 2003 has been recalculated by multiplying the value disclosed in 2003 by an adjustment factor of 0.87931 to reflect the bonus element in the Company's 1 for 1 rights issue during 2004.

8 *Segment Reporting*

The Company operates in the gold exploration and mining business segment located in Australia.

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
9	<i>Cash assets</i>		
	Cash	480,203	1,557,837
	Deposits at call	1,553,303	-
		<u>2,033,506</u>	<u>1,557,837</u>
10	<i>Receivables</i>		
	Current		
	Other debtors	47,503	86,310
11	<i>Other Financial Assets</i>		
	Current		
	Shares in listed entities at market value	21,300	-
	Options in listed entities at cost	500	-
		<u>21,800</u>	<u>-</u>

300,000 shares and 100,000 options are held in listed entity, Westcoast Mining Limited whose principal activity is gold exploration. Ramelius Resources Limited has a 0.67% interest in Westcoast Mining Limited. The shares were received as part consideration for the sale to Westcoast Mining Limited of Jasper Queen mining tenement M20/245 and the options were acquired during the year pursuant to a 1 for 3 non-renounceable entitlement at \$0.005 per option. The 300,000 shares are held in escrow until 5 November 2004.

12	<i>Other current assets</i>		
	Prepayments	21,292	17,951
13	<i>Property, plant and equipment</i>		
	Plant and equipment		
	At cost	17,652	9,779
	Accumulated depreciation	(2,658)	(358)
	Total property, plant and equipment net book value	<u>14,994</u>	<u>9,421</u>

Reconciliations

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

Plant and equipment

Carrying amount at beginning of year	9,421	-
Additions	7,873	9,779
Disposals	-	-
Depreciation	(2,300)	(358)
Carrying amount at end of year	<u>14,994</u>	<u>9,421</u>

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
14	<i>Exploration, evaluation and development expenditure</i>		
Costs carried forward in respect of areas of interest in:			
Production phase at cost		-	-
Accumulated amortisation		-	-
Development phase		-	-
Exploration and/or evaluation phase	(i)	3,393,227	1,819,129
Total Exploration, evaluation and development expenditure		3,393,227	1,819,129

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

(i) Reconciliation

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

Carrying amount at beginning of year	1,819,129	447,626
Additional costs capitalised during the year	1,643,074	1,402,150
Exploration costs written off during the year	(8,675)	(30,647)
Carrying amount of capitalised tenement sold during the year	(60,301)	-
Carrying amount at end of year	3,393,227	1,819,129

15 Payables

Trade creditors	43,793	52,778
Other creditors and accruals	92,533	24,887
Amounts payable to director related entities	11,975	68,172
	148,301	145,837

16 Provisions

Current

Employee entitlements	28,301	5,176
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Non Current

Employee entitlements	7,564	-
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Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
17 Contributed equity			
Issued and paid-up share capital			
59,016,275 (2002: 34,784,002) ordinary shares, fully paid	17(a)	5,937,938	3,467,165
(a) Ordinary shares			
Balance at the beginning of year		3,467,165	107,482
Shares issued during the year			
Nil (2003: 5,500,000) to Directors in consideration for IPO Promotion		-	-
Nil (2003: 1,400,000) to Seed Capitalist in consideration for \$0.10 cash		-	140,000
Nil (2003: 16,116,500) to applicants pursuant to IPO prospectus in consideration for \$0.20 cash		-	3,223,300
1,500,000 (2003: 4,250,000) to Vendors in consideration for tenements		200,902	850,000
22,727,273 to applicants pursuant to a 1 for 1 Rights Issue at \$0.11		2,500,000	-
Less transaction costs arising from share issues for cash		(231,129)	(857,117)
5,000 (2003: 17,500) to Option-holders on exercise of options at \$0.20 in cash		1,000	3,500
		<u>5,937,938</u>	<u>3,467,165</u>
Balance at end of year		5,937,938	3,467,165

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.

Note 21(c) details shares issued pursuant to contracts entered into by the Company during the financial year.

18 Retained profits/(losses)

Retained losses at beginning of year	(127,530)	(30,924)
Net loss attributable to members of the company	<u>(462,252)</u>	<u>(96,606)</u>
Retained profits/(losses) at the end of the year	<u>(589,782)</u>	<u>(127,530)</u>

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
19	Total equity reconciliation		
Total equity at beginning of year		3,339,635	76,558
Total changes in parent entity interest in equity recognised in statement of financial performance		(462,252)	(96,606)
Transactions with owners as owners:			
Contributions of equity		2,701,902	4,216,800
Less transaction costs arising from transactions with owners as owners		(231,129)	(857,117)
Total equity at end of year		<u>5,348,156</u>	<u>3,339,635</u>

20 Financial instruments disclosure

(a) Interest rate risk

The company 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 deposit where the interest rate can vary from day to day. The weighted average interest rate achieved was 4.86% (2003: 3.98%)

(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, excluding investments, of the entity which have been recognised in the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

(c) Net fair values of financial assets and liabilities

Valuation approach

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

Recognised financial instruments

Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value and where relevant adjusted for any changes in exchange rates. Other than listed investments, the Company does not have any financial assets or liabilities that are readily traded on organised markets in a standardised form. The net fair values of listed investments have been valued at the quoted market bid price at balance date.

21 Commitments & Contingent liabilities

Exploration expenditure commitments

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

Within one year	385,580	229,400
One year or later and no later than five years	1,010,537	557,840
Later than five years	844,219	91,900
	<u>2,240,336</u>	<u>879,140</u>

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
<p>The Company leases office accommodation under a non-cancellable operating lease expiring in March 2005. The lease generally provides the Company with a right of renewal for a further year after which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on movements in the Consumer Price Index and operating criteria.</p>			
Non-cancellable operating lease expense commitments			
Future operating lease commitments not provided for in the financial statements and payable:			
Within one year		16,936	7,869
One year or later and no later than five years		12,702	5,902
Later than five years		-	-
		<u>29,638</u>	<u>13,771</u>

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

Contingent Liabilities

Acquisition of mining tenements	21(a)	-	300,000
Replacement of Performance Bonds	21(a)	39,900	39,900
Exploration / Farm-in expenditure to earn interests in tenements in addition to minimum exploration expenditure commitment disclosed above	21(b)	680,581	854,952
Issue of shares as consideration for acquisition of mining tenements	21(c)	-	258,750
		<u>720,481</u>	<u>1,453,602</u>

(a) Acquisition of mining tenements

In September 2003, the Company exercised an option to acquire certain mining tenements for a cash consideration of \$300,000, a production based royalty up to a maximum of \$1 million that may also become payable but cannot be presently quantified and a replacement performance bond of \$39,900. The Company has placed \$39,900 cash on deposit with its bankers as security against an unconditional performance bond for \$39,900 having been issued in favour of the Minister for State Development in Western Australia.

(b) Exploration/Farm-in expenditure

Exploration/Farm-in expenditure is to be made over periods between 1 and 4 years in accordance with terms set out in the relevant agreements. The Company may elect not to proceed to acquire or earn an interest in the relevant tenements provided it has first carried out the minimum exploration expenditure required. Total minimum exploration expenditure specified in the relevant agreements over this period is \$180,000 (of which \$70,618 has been spent at 30 June 2004) with a minimum of \$50,000 per year. The minimum annual amount will increase by \$30,000 per year at such time that an exploration licence is granted over a certain mining tenement.

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
(c) Shares to be issued			
<p>On 30 June 2003 the Company entered into a contractual agreement to acquire a 100% interest in mining tenement M20/245 and an 80% interest in mining tenement M20/79 for a total consideration of 1,500,000 shares in the capital of the Company and 750,000 attaching options to acquire shares in the capital of the Company. A director related entity of Mr Houldsworth which waived its first right of refusal for the acquisition of mining tenement M20/79, holds the remaining 20% interest (free carried until feasibility) in this tenement. The Company's acquisition was contingent on ministerial consent and the liability shown for 2003 represented the market value of the consideration securities. The contractual agreement was completed and the securities issued in July 2003.</p>			
(d) Director Related Entities			
<p>During the year to 30 June 2003 the Company paid \$25,000 and issued 1,000,000 shares and 500,000 options pursuant to a contractual agreement for the acquisition of mining tenements from a vendor that is a director related entity of the Managing Director, Mr Houldsworth. The contractual agreement with the this entity provides for a production based royalty that may also become payable. However at the date of the report, the maximum amount of royalties that may be payable cannot be quantified.</p>			

Tenement Restoration

The Company may become liable for costs associated with remediation of soil, groundwater and untreated waste and in accordance with normal industry practice has provided the Western Australian Government with security amounting to \$500 for every prospecting licence granted and \$5,000 for every exploration licence granted. These amounts are only payable if after the relevant licences are granted, the company does not attend to any required tenement restoration. The Company's policy on providing for such costs is disclosed in Note 1(f). At the date of this report, significant uncertainty exists on the amount of any restoration obligation that may arise from any securities provided and therefore, it is not possible to quantify the maximum contingent liability thereof.

22 Notes to the statements of cash flows

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

Profit/(Loss) from ordinary activities after income tax		(462,252)	(96,606)
Add/(less) non cash items			
Depreciation		2,300	358
Exploration costs written off		-	30,647
(Increase)/decrease in prepayments		(3,341)	(17,951)
(Increase)/decrease in receivables		38,807	(81,947)
(Increase)/decrease in non-current assets		(82,751)	(7,541)
(Decrease)/increase in accounts payable		7,959	31,218
(Decrease)/increase in provisions		30,690	5,176
(Decrease)/increase in investments		(21,300)	-
Net cash provided by/(used in) operating activities		(489,888)	(136,646)

23 Employee entitlements

Aggregate liability for employee entitlements, including on-costs

Current	16	28,301	5,176
Non-current	16	7,564	-

Number of employees

Number of employees at year end		2	1.5
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Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

24 Directors and Executives/Officers Disclosure

Remuneration of Directors and Executives/Officers

(a) Directors and Specified Executives/Officers

The names and positions held by directors and specified executives/officers of the Company during the financial year are:

Directors

Mr RM Kennedy	Chairman – Non-Executive
Mr RG Nelson	Director – Non-Executive
Mr JF Houldsworth	Managing Director - Executive

Specified Executives/Officers

Mr DA Francese	Company Secretary
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(b) Directors' Remuneration

2004 Primary Benefits	Directors			Super Contributions	Non Cash Benefits	Total
	Fees	Salary	Cash Bonus			
	\$	\$	\$	\$	\$	\$
Directors						
Mr RM Kennedy	72,500	-	-	6,250	-	78,750
Mr RG Nelson	32,500	-	-	2,925	-	35,425
Mr JF Houldsworth	-	133,333	25,000	14,250	-	172,583
	105,000	133,333	25,000	23,425	-	286,758

2003 Primary Benefits	Directors			Super Contributions	Non Cash Benefits*	Total
	Fees	Salary	Cash Bonus			
	\$	\$	\$	\$	\$	\$
Directors						
Mr RM Kennedy	15,000	-	-	1,350	-	16,350
Mr RG Nelson	5,000	-	-	450	-	5,450
Mr JF Houldsworth	-	40,154	-	3,614	-	43,768
	20,000	40,154	-	5,414	-	65,568

* During the previous financial year, the Company granted shares and options over unissued ordinary shares to directors of the Company or their director related entities in consideration for Initial Public Offer ("IPO") promotion. The shares and options were granted prior to the lodgement of an IPO capital raising prospectus with ASIC in November 2002. In this respect, Messrs Kennedy and Nelson's director related entities were each granted 1,500,000 shares and 2,700,000 options and Mr Houldsworth was granted 2,500,000 shares and 2,000,000 options. At the time of issue, the market value of the shares and options was nil. The options have an exercise price of \$0.18687 and an expiry date of 31 December 2007. During the previous financial year the company also issued 1,000,000 shares and 500,000 options to a vendor which is a director related entity of Mr Houldsworth as consideration for the acquisition of mineral tenements pursuant to the Company's IPO prospectus.

No options granted to directors or director related entities were exercised during the year.

(c) Directors' post-employment/retirement benefits

There were neither retirement benefits previously approved by members of the Company in a general meeting nor any paid to directors of the Company. In 2003 the Company entered into a two year employment agreement with Mr Houldsworth in respect to his services as Managing Director. In the event that the Company terminates

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

the agreement without six months notice, Mr Houldsworth is entitled to a termination payment equal to half the remuneration to be paid for the remainder of the employment period with a minimum termination payment equal to six months remuneration.

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

(d) Specified Executives/Officers' remuneration

2004 Primary Benefits		Salary	Bonus	Super Contributions	Non Cash Benefits	Total
		\$	\$	\$	\$	\$
Specified Executives/Officers excluding Directors						
Mr DA Francese		95,833	25,000	10,875	-	131,708
2003 Primary Benefits						
		Salary	Bonus	Super Contributions	Non Cash Benefits	Total
		\$	\$	\$	\$	\$
Specified Executives/Officers excluding Directors						
Mr DA Francese		12,500	10,000	2,025	-	24,525

Specified Executives/Officers' Post-employment/retirement benefits

There are no post-employment benefits payable to Specified Executives/Officers.

(e) Directors and Specified Executives/Officers' Equity Remuneration, Holdings and Transactions

Shares	Balance 1/7/03	Received as Remun- eration	Options Exercised	Net Change Other ¹	Balance 30/6/04	Total held in Escrow ² 30/6/04
Held by Directors in own name						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	10,000	-	-	10,000	20,000	-
Mr JF Houldsworth	2,500,000	-	-	120,000	2,620,000	2,500,000
	2,510,000	-	-	130,000	2,640,000	2,500,000
Held by Directors' Personally Related Entities						
Mr RM Kennedy	1,574,300	-	-	1,624,300	3,198,600	1,502,150
Mr RG Nelson	1,510,000	-	-	117,727	1,627,727	1,500,000
Mr JF Houldsworth ³	1,000,000	-	-	20,000	1,020,000	1,000,000
Total held by Directors	6,594,300	-	-	1,892,027	8,486,327	6,502,150
Specified Executives/Officers excluding Directors						
Mr DA Francese	-	-	-	70,000	70,000	-
Total	6,594,300	-	-	1,962,027	8,556,327	6,502,150

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

Options	Balance 1/7/03	Received as Remun- eration	Options Exercised	Net Change Other	Balance 30/6/04	Total Vested 30/6/04	Total Exer- cisable 30/6/04	Total held in Escrow ² 30/6/04
Held by Directors in own name								
Mr RM Kennedy	-	-	-	-	-	-	-	-
Mr RG Nelson	5,000	-	-	-	5,000	5,000	5,000	-
Mr JF Houldsworth	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	2,000,000
	2,005,000	-	-	-	2,005,000	2,005,000	2,005,000	2,000,000
Directors' Personally Related Entities								
Mr RM Kennedy	2,707,150	-	-	-	2,707,150	2,707,150	2,707,150	2,701,075
Mr RG Nelson	2,705,000	-	-	-	2,705,000	2,705,000	2,705,000	2,700,000
Mr Houldsworth) ³	500,000	-	-	-	500,000	500,000	500,000	500,000
Total held by Directors	7,917,150	-	-	-	7,917,150	7,917,150	7,917,150	7,901,075
Specified Executives/Officers excluding Directors								
Mr DA Francese	625,000	-	-	-	625,000	625,000	625,000	-
Total	8,842,150	-	-	-	8,542,150	8,542,150	8,542,150	7,901,075

1. Net change other in respect of shares refers to shares purchased and/or sold during the financial year and a renounceable Rights Issue that was made to all shareholders during the financial year on the basis of one new share for every one share held which shares were issued in respect of all shareholder acceptances (including directors) on 26 March 2004.
2. These securities are held in escrow for 2 years from 31 March 2003.
3. Includes a personally related entity of Mr Houldsworth which holds 26.6% of the capital of a tenement vendor, Far Corners Minerals NL. Mr Houldsworth and his spouse are also directors of that entity. As a consequence Mr Houldsworth has an interest in 1,000,000 shares and 500,000 options in the Company through the shares and options held by Far Corners Minerals NL.

Employee Share/Option Scheme

The Company has an Employee Incentive Plan approved by shareholders that enables the Board to offer eligible employees ordinary fully paid shares and/or options to ordinary fully paid shares in the Company. Under the terms of the Plan, shares and/or options to shares may be offered to the Company's eligible employees by way of interest free loans repayable in accordance with the terms and conditions of the Plan. No shares or options were issued to employees during or since the end of the financial year.

25 Related parties

(a) Directors

The names of each person holding the position of director of Ramelius Resources Limited during the financial year are Messrs Robert Michael Kennedy, Reginald George Nelson and Joseph Fred Houldsworth.

Details of directors' remuneration and post-employment/retirement benefits are set out in Note 24.

(b) Directors' holdings of shares and share options

The interests of directors of the reporting entity and their personally-related entities in securities of the Company at 30 June 2004 are set out in Note 24.

(c) Directors' transactions in shares and share options

Directors' transactions in shares and options in the Company during the financial year are set out in Notes 24 and 25(e).

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

(d) Directors' transactions with the Company

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

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

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

Director	Transaction	Note	2004 \$	2003 \$
RM Kennedy	Payments to an accounting firm of which the director was a partner for professional fees (2003 includes \$7,674 in reimbursement of expenses).	(i), (ii)	15,152	216,689
	Payments to an entity of which the director was a director for serviced office accommodation.	(ii)	3,126	-
	Payments to an information technology entity of which the director is a director and shareholder for IT equipment and website maintenance.		5,095	13,039
JF Houldsworth	Payments in respect of Tenement Administration and other expenses to an entity of which the director is a director (2003 includes \$23,697 in reimbursement of expenses)		-	28,697
	Payments in respect of labour hire (involving the director's son) to an entity of which the director is a director.		26,705	3,720
	Payment for acquisition of mining tenements to a vendor entity of which the director is a director.	21(d)	-	25,000

(i) \$210,447 of the amount disclosed for 2003 related to transaction costs associated with the preparation and issue of the Company's prospectus which was capitalised against capital raised.

(ii) The relevant period for the amounts disclosed in the current financial year and during which Mr Kennedy was a partner or director of the entities concerned was for the six months to 31 December 2003

Ramelius Resources Limited

Notes to the financial statements

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
Amounts receivable from and payable to directors and their director-related entities at balance date arising from these transactions were as follows:			
Current receivables		-	-
Current payables			
Trade creditors		9,725	66,372
Other creditors and accruals		2,250	1,800
		<u>11,975</u>	<u>68,172</u>

(e) Non-director related parties

The classes of non-director-related parties are:

- controlling entity and ultimate holding entity of the Company
- commonly controlled entities
- directors of related parties and their director-related entities

Pursuant to the related party disclosure requirements of accounting standard AASB 1017, a separately listed entity is deemed to be the controlling and ultimate holding entity of the Company. That entity is Beach Petroleum Limited which holds 13,400,002 shares representing 22.71% of the issued capital in the Company.

Messrs Kennedy and Nelson are directors and shareholders of Beach Petroleum Limited and as a consequence, during the financial year had the following indirect interest in the issued capital of the Company through the shares held by Beach Petroleum Limited.

	Balance 1/7/03	Options Exercised	Net Change Other*	Balance 30/6/04	Balance 30/6/04 held in Escrow**
Shares	15,000,002	-	(1,600,000)	13,400,002	7,500,002
Options	1,735,750	-	(1,735,750)	-	-

* Net change other refers to shares/options sold during the financial year.

** These securities are held in escrow for 2 years from 31 March 2003.

Transactions

There were no transactions with non-director related parties during the year.

(f) Directors of related parties (not being directors of the entity or their director-related entities)

From time to time it is possible that directors of related parties or their director-related entities may enter into transactions with the Company. There were no such transactions which took place during the year.

26 Events subsequent to balance date

There has not arisen in the interval between 30 June 2004 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

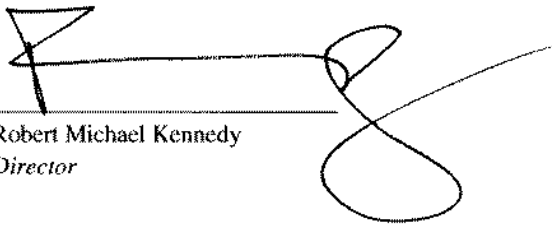
Ramelius Resources Limited
Directors' declaration
For the year ended 30 June 2004

Directors' declaration

- I In the opinion of the directors of Ramelius Resources Limited:
- (a) the financial statements and notes, set out on pages 11 to 27, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2004 and of its performance, as represented by the results of its operations and its cash flows, for the twelve months ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; 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.

Dated at UNLEY this 17th day of SEPTEMBER 2004.

Signed in accordance with a resolution of the directors:


Robert Michael Kennedy
Director

**INDEPENDENT AUDIT REPORT
TO MEMBERS OF RAMELIUS RESOURCES LIMITED****Scope****The financial report and directors' responsibility**

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Ramelius Resources Limited (the company), for the year ended 30 June 2004.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.


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W www.grantthornton.com.au

Audit opinion

In our opinion, the financial report of Ramelius Resources Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - i) giving a true and fair view of Ramelius Resources Limited's financial position as at 30 June 2004, and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards in Australia and the Corporations Act 2001; and
- (b) other mandatory financial reporting requirements in Australia.

GRANT THORNTON
CHARTERED ACCOUNTANTS



S J GRAY
Partner

Signed at Adelaide this *17* day of *September* 2004

Ramelius Resources Limited

Review of Operations

Operational Highlights

Black Cat Project: (90% M16/34 & M16/115) Gold

At the Company's Black Cat Project, located north of Coolgardie in Western Australia, additional drilling has increased the resource at Black Cat South to **255,000 tonnes at 2.7 g/t gold (approximately 21,700 ounces of gold)** and delineated a new resource of **35,000 tonnes at 2.7 g/t gold (approximately 3,000 ounces of gold)** to the immediate north of the Black Cat open pit.

Outlook

The Company is currently negotiating with parties in respect of a possible mining and milling operation at Black Cat.

Wattle Dam Project: (100% PL's 15/3767; 3873; PLA 15/4479; ML's 15/1101; 1263; 1264; MLA's 15/1323; 1338; EL 15/718) Gold

Two programs of Resource Definition drilling at the Company's 7800N prospect have identified shallow high grade gold intersections and wide, lower grade envelopes from which an indicated and inferred resource of 155,000 tonnes at 3.3 g/t gold has been estimated.

Along the eastern side of the prospect a number of high grade gold intersections, including 1 metre at 130 g/t at a depth of 7 to 8 metres and 2 metres at 47g/t at a depth of 17 to 19 metres occur within a zone with a total indicated and inferred resource estimated at 53,000 tonnes at 4.3 g/t gold (cut to 20g/t gold) from the surface to a depth of approximately 50m.

Outlook

The Company believes a profitable mining operation could reasonably be expected to be developed on this resource.

Hilditch Project: (90% PL's 15/4127-4130; MLA 15/1448) Nickel & Gold

Nickel Sulphide Gossans have been identified at a number of scree and sub-outcrop locations over a distance of 300 metres in the north eastern section of the Hilditch tenements. These samples were confirmed as sulphide bearing nickel gossans from Petrological and Geochemical analysis.

The geology and geochemistry in the vicinity of a TEM conductor on the western side of the tenements has been assessed by shallow drilling the results of which are to be used to target a deep drill test of the conductor.

Outlook

RC drilling of these Nickel Sulphide targets will be undertaken in September 2004 and the TEM conductor during the next quarter.

Ramelius Resources Limited

Review of Operations

Financial Highlights

Corporate

In March 2004, the Company completed a capital raising of \$2.5 million before costs through a one for one rights issue at \$0.11 per ordinary fully paid share. The additional capital enabled the Company to expedite its exploration program.

Interests in Mining Tenements

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

Project	Location	Tenement	Status	Associated Tenement ID	Acquiring %	Acquired %	Registered Owner	Beneficial Owner	Area
Cuddingwarra	Murchison	M20/79	Granted			80%	Ramelius	Ramelius	219.00 ha
Jaurdi/Black Cat	Coolgardie	M16/34	Granted			90%	Ramelius	Ramelius	341.25 ha
	Coolgardie	M16/115	Granted			90%	Ramelius	Ramelius	279.00 ha
Ingebong Hills	Warburton	E69/1549	Granted			80%	Ramelius	Ramelius	17.00 bk
Rhodes	Warburton	E69/1653	Granted			80%	Ramelius	Ramelius	11.00 bk
Blue Hills	Warburton	E69/1657	Granted			80%	Ramelius	Ramelius	34.00 bk
Troy Creek	Warburton	E69/1921	Application			100%	Ramelius	Ramelius	33.00 bk
West Rhodes	Warburton	E69/1924	Application			80%	Ramelius	Ramelius	32.00 bk
Hilditch	Coolgardie	M15/1448	Application	P15/4127-4130		90%	Ramelius	Ramelius	418.00 ha
Hilditch	Coolgardie	P15/4127	Granted	M15/1448		90%	Ramelius	Ramelius	102.58 ha
Hilditch	Coolgardie	P15/4128	Granted	M15/1448		90%	Ramelius	Ramelius	114.57 ha
Hilditch	Coolgardie	P15/4129	Granted	M15/1448		90%	Ramelius	Ramelius	95.67 ha
Hilditch	Coolgardie	P15/4130	Granted	M15/1448		90%	Ramelius	Ramelius	104.34 ha
Wattle Dam	Coolgardie	E15/718	Granted			100%	Ramelius	Ramelius	18.00 bk
Wattle Dam	Coolgardie	M15/1101	Granted			100%	Ramelius	Ramelius	522.00 ha
Wattle Dam	Coolgardie	M15/1263	Granted	P15/3637-3638		100%	Ramelius	Ramelius	217.00 ha
Wattle Dam	Coolgardie	M15/1264	Application	P15/3632		100%	Ramelius	Ramelius	85.00 ha
Wattle Dam	Coolgardie	M15/1323	Application	P15/3767		100%	Ramelius	Ramelius	50.00 ha
Wattle Dam	Coolgardie	M15/1338	Application	P15/3873		100%	Ramelius	Ramelius	87.00 ha
Wattle Dam	Coolgardie	P15/3767	Granted	M15/1323		100%	Ramelius	Ramelius	60.00 ha
Wattle Dam	Coolgardie	P15/3873	Granted	M15/1338		100%	Ramelius	Ramelius	84.00 ha
Wattle Dam	Coolgardie	P15/4479	Application			100%	Kiloran	Ramelius	138.00 ha
New Wattle	Coolgardie	P15/4651	Granted			100%	Ramelius	Ramelius	29.00 ha
New Wattle	Coolgardie	P15/4652	Granted			100%	Ramelius	Ramelius	193.50 ha
New Wattle	Coolgardie	P15/4653	Granted			100%	Ramelius	Ramelius	33.00 ha
North Widgie	Coolgardie	M15/97	Granted			Gold Rights	ANM	Ramelius	675.85 ha
North Widgie	Coolgardie	M15/99	Granted			Gold Rights	ANM	Ramelius	984.05 ha
North Widgie	Coolgardie	M15/100	Granted			Gold Rights	ANM	Ramelius	957.80 ha
North Widgie	Coolgardie	M15/101	Granted			Gold Rights	ANM	Ramelius	964.25 ha

Ramelius Resources Limited

Review of Operations

Project	Location	Tenement	Status	Associated Tenement ID	Acquiring %	Acquired %	Registered Owner	Beneficial Owner	Area
North Widgie	Coolgardie	M15/102	Granted			Gold Rights	ANM	Ramelius	931.90 ha
North Widgie	Coolgardie	M15/653	Granted			Gold Rights	ANM	Ramelius	999.10 ha
North Widgie	Coolgardie	M15/1271	Application	P15/3666		Gold Rights	ANM	Ramelius	485.70 ha
North Widgie	Coolgardie	P15/3666	Granted	M15/1271		Gold Rights	ANM	Ramelius	121.40 ha
Larkinville	Coolgardie	E15/689	Application		75%		Heron	Heron	36.00 bk
Larkinville	Coolgardie	E15/742	Application		75%		Heron	Heron	7.00 bk
Larkinville	Coolgardie	M15/1449	Application	P15/4213-4214	75%		Pioneer	Pioneer	243.00 ha
Larkinville	Coolgardie	P15/4213	Granted	M15/1449	75%		Pioneer	Pioneer	121.60 ha
Larkinville	Coolgardie	P15/4214	Granted	M15/1449	75%		Pioneer	Pioneer	121.40 ha
Larkinville	Coolgardie	P15/4464	Granted		75%		Pioneer	Pioneer	22.00 ha
Bonnievale	Coolgardie	M15/70	Granted			100%	Ramelius	Ramelius	52.58 ha
Bonnievale	Coolgardie	M15/220	Granted			85%	Ramelius	Ramelius	25.02 ha
Gnarlbine	Coolgardie	E15/762	Granted		75%		Linden Gold	Ramelius	32.00 bk
Gnarlbine	Coolgardie	P15/4507	Granted			100%	Ramelius	Ramelius	191.00 ha
Gnarlbine	Coolgardie	P15/4508	Granted			100%	Ramelius	Ramelius	200.00 ha
Ida Fault	Coolgardie	E16/269	Application		75%		Avoca	Avoca	36.00 bk
Bullabulling	Coolgardie	E15/679	Application		75%		Heron	Heron	41.00 bk
Bullabulling	Coolgardie	P15/4435	Application		75%		Heron	Heron	162.20 ha
Bullabulling	Coolgardie	P15/4436	Application		75%		Heron	Heron	190.03 ha
Bullabulling	Coolgardie	P15/4437	Application		75%		Heron	Heron	187.20 ha
Bullabulling	Coolgardie	P15/4438	Application		75%		Heron	Heron	192.00 ha
Bullabulling	Coolgardie	P15/4439	Application		75%		Heron	Heron	200.00 ha
Bullabulling	Coolgardie	P15/4440	Application		75%		Heron	Heron	27.40 ha
Eucalyptus	Mt Margaret	M39/464	Application			50%	Audax	Ramelius	520.00 ha
Eucalyptus	Mt Margaret	M39/465	Application			50%	Audax	Ramelius	898.00 ha
Eucalyptus	Mt Margaret	M39/466	Application			50%	Audax	Ramelius	398.00 ha
Eucalyptus	Mt Margaret	E39/480	Granted	M39/803-804		50% of Gold Rights	Old City	Ramelius	4.00 bk
Eucalyptus	Mt Margaret	M39/803	Application	E39/480		50% of Gold Rights	Old City	Ramelius	599.00 ha
Eucalyptus Lake	Mt Margaret	M39/804	Application	E39/480		50% of Gold Rights	Old City	Ramelius	598.00 ha
Seabrook	Yilgarn	M77/943	Application			90%	Enterprise	Ramelius	60.00 ha
Parker Range	Yilgarn	E77/955	Granted	M77/1085		100%	Ramelius	Ramelius	3.00 bk
Parker Range	Yilgarn	M77/1085	Application	E77/955		100%	Ramelius	Ramelius	768.00 ha
Parker Range	Yilgarn	P77/3481	Application			100%	Ramelius	Ramelius	38.00 ha

Ramelius Resources Limited

Review of Operations

Royalties

Project	Location	Tenement	Status	Associated Tenement ID	Acquiring %	Acquired %	Registered Owner	Beneficial Owner	Area
Sandstone	East Murchison	Various				Production (Gold)	Troy Resources	Ramelius	Various
Bulong	East Coolgardie	Various				Production (Gold)	Yilgarn Gold Limited	Ramelius	Various
Spargos Reward	Coolgardie	Various				3% GGR (Gold)	Breakaway	Ramelius	Various
Siberia	Broad Arrow	Various				Production (Ni & Gold)	Siberia Mining	Ramelius	Various
Edjudina	Mt Margaret	Various				\$0.50M cap (Gold)	SOG	Ramelius	Various
Eucalyptus	Mt Margaret	E39/480		M39/803-4		Production	GME	Ramelius	4.00 ha

Use of Cash and Assets

During the financial year, cash and assets in a form readily convertible to cash, were used in a manner consistent with the Company's business objectives.

Exploration

During the financial year, Ramelius was active on a number of projects.

OPERATIONS REVIEW

1. Black Cat Project: (90% M16/34 & M16/115) Gold

The Company completed three (RC) reverse circulation drilling programs and one Air-Core drilling program during the year at its Black Cat Project, located north of Coolgardie in Western Australia. This drilling located a new resource **35,000 tonnes at 2.7g/t gold at Black Cat North** and increased the resource at **Black Cat South** to a total resource of **250,000 tonnes at 2.7 g/t gold**.

Black Cat South

The primary mineralisation of this deposit is related to shear zones along and adjacent to the footwall contact of a moderately south dipping granodiorite unit within a mafic sequence. Ten to fifteen metres below this "main zone" a sub-parallel "footwall zone" (f/w) is weakly developed within mafic rocks while several patchy "hanging wall zones" (h/w) are developed adjacent to and above the upper contact of the granodiorite. The Black Cat south deposit is covered by approximately 25m of transported overburden.

The resource has been estimated to a depth of approximately 100m, the limit of drilling of which 200,000 tonnes at 2.7 g/t gold have been assigned an indicated resource category and 50,000 tonnes at 2.6 g/t gold an inferred resource category for a total of 21,700 oz of gold. The resource estimate shows a grade decrease with depth and to a depth of 50m the total resource is estimated at approximately 140,000 tonnes at 3 g/t gold. Of this resource approximately 115,000 tonnes at 3.2g/t gold has been assigned indicated resource status and the balance, 25,000 tonnes at 2.0 g/t gold, assigned an inferred resource status.

Ramelius Resources Limited

Review of Operations

The distribution of the resource into the various zones is:-

Zone	INDICATED		INFERRED		TOTAL	
	Tonnes	Grade g/t gold	Tonnes	Grade g/t gold	Tonnes	Grade g/t gold
main	176,000	2.8	16,000	1.3	192,000	2.7
h/w	18,000	1.8	21,000	1.9	39,000	1.9
f/w	11,000	1.9	13,000	5.4	24,000	3.7
TOTAL	205,000*	2.7	50,000	2.6	255,000**	2.7

* rounded to 200,000 tonnes for reporting purposes

** rounded to 250,000 tonnes for reporting purposes

Black Cat North

This deposit is located immediately north of the Black Cat open pit and is adjacent to the Black Cat South resource. It is associated with secondary gold mineralisation at the base of a mottled clay zone in a horizon containing laterite nodules above saprolite at a depth of approximately 35 metres. Overlying this “main zone” at a depth of approximately 20metres the drilling identified a horizon containing enhanced and potentially economic grade gold mineralisation. This has been termed the “hanging wall” (h/w) zone.

A total resource of **35,000 tonnes at 2.7 g/t gold (approximately 3,000 oz of gold)** has been estimated as tabulated below. Within this total resource approximately 24,000 tonnes at 3.2 g/t gold occurs in the central portion of the deposit within a depth of 35m of the surface. The distribution of the resource into the various zones is:-

Zone	INDICATED		INFERRED		TOTAL	
	Tonnes	Grade g/t gold	Tonnes	Grade g/t gold	Tonnes	Grade g/t gold
Main	21,000	3.2	11,000	1.3	32,000	2.6
h/w			3,000	4.0	3,000	4.0
TOTAL	21,000	3.2	14,000	2.0	35,000	2.7
Central Portion	20,000	3.2	4,000	3.4	24,000	3.2

Total Black Cat Resource

Following the delineation of the Black Cat North resource, the total resources for the Black Cat project are tabulated below.

Deposit	INDICATED		INFERRED		TOTAL	
	Tonnes	Grade g/t gold	Tonnes	Grade g/t gold	Tonnes	Grade g/t gold
Black Cat North	21,000	3.2	14,000	2.0	35,000	2.7
Black Cat South	205,000	2.7	50,000	2.6	255,000	2.7
TOTAL	225,000*	2.7	65,000*	2.5	290,000	2.7

* rounded for reporting purposes

Ramelius Resources Limited

Review of Operations

In September 2003, the Company exercised its Option to acquire the Black Cat Development Area, and the area acquired was increased four fold to encompass all of the underlying tenements. The Company is currently negotiating with parties in respect of a possible mining and milling operation at Black Cat.

2. SPARGOVILLE REGIONAL PROJECT

2.1 Wattle Dam Project: (100% PL's 15/3767; 3873; PLA 15/4479; ML's 15/1101; 1263; 1264; MLA's 15/1323; 1338; EL 15/718) Gold

The key tenements, E15/718 and M15/1101, 15/1263 and 15/1264 were granted during the year following the completion of Native Title Agreements and Heritage Surveys, which enabled exploration work to commence on E15/718 and the long awaited program of resource definition drilling at the 7800N prospect.

Wattle Dam 7800N prospect.

Ramelius has completed two reverse circulation drilling programs of 3602m in 48 holes at its 7800N prospect at Wattle Dam Project at Spargoville, approximately 50 kilometres south east of Coolgardie.

This drilling was to evaluate and better define the resource that had been previously estimated at the 7800N prospect. The drilling was conducted on lines spaced 20m apart with drill hole collars generally spaced at 20m intervals along the drill lines. All the holes were inclined at 60° to the east.

This work has defined a lensoid shaped gold mineralised system that extends 200m along strike and is up to 80m wide that contains wide zones of gold mineralisation within which potentially economic gold intercepts were returned. Of particular interest is the shallow high grade intersections obtained in several adjacent holes located along the eastern side of the mineralised area within a zone of 100m strike length and to a depth of approximately 50m. Some of these are tabulated below.

COLLAR DETAILS (AMG)					RESULTS			
Hole No	North	East	Azimuth	Dip	From m	To m	Length m	Gold g/t
WDRC006	6527740	356110	90	-60	7	8	1	130.0
				Within	5	10	5	6.1*
					45	46	1	14.7
				Within	39	47	8	3.2
WDRC008	6527720	356110	90	-60	17	19	2	47.0
				Within	12	24	12	6.1*
WDRC012	6527760	356110	90	-60	12	21	9	8.3
WDRC013	6527760	356090	90	-60	50	52	2	8.7
WDRC027	6527700	356100	90	-60	29	30	1	28.2
				Within	29	32	3	9.2*

* gold values greater than 20g/t cut to 20g/t.

The 7800N prospect is hosted by ultramafic rocks that have been variably weathered to a depth of 60 metres. All the drill cuttings were geologically logged, and somewhat surprisingly, there is a noticeable lack of variation in the geology throughout the prospect. It is thought that the mineralisation is associated with shear zones however these are not reliably recognisable within the powdery drill cuttings. In addition, zones of quartz are rare as is the presence of sulphides, both of which commonly associate with gold. Accordingly the geological relationships at this prospect are not yet well understood which reflects on the confidence with which the numerous gold intercepts may be related to each other.

Ramelius Resources Limited

Review of Operations

The deposit has been interpreted to contain an Eastern zone, a Western zone that is further subdivided into a South Western portion and a Central zone that links between the other two zones. For the most part the mineralised zones appear to be vertical to sub-vertical.

A resource estimate based on the recent Ramelius drilling and using the previous drilling where applicable, has been undertaken. This estimate used a cut off of 2 gram-metres gold with a minimum down hole length of 2 metres and a maximum of 2 metres down hole for included dilution. Individual values greater than 20 g/t gold were cut to 20 g/t gold. It assumed a density of 1.9gm/cc near surface increasing to 2.5 gm/cc in bedrock.

This resource is tabulated below.

Zone	INDICATED		INFERRED		TOTAL	
	Tonnes	Grade g/t gold	Tonnes	Grade g/t gold	Tonnes	Grade g/t gold
Eastern	44,000	4.3	9,000	3.9	53,000	4.3
South Western			13,000	2.7	13,000	2.7
Western	31,000	2.1	20,000	2.5	51,000	2.3
Central	5,000	5.9	24,000	3.6	29,000	4.0
Other			9,000	1.9	9,000	1.9
TOTAL	80,000	3.6	75,000	3.0	155,000	3.3

It is anticipated that with some further drilling targeted at resolving the geological relationships the majority of this resource will be assigned to at least the Indicated category.

Mining and metallurgical studies are to commence on the 7800N prospect at the earliest opportunity.

In the vicinity of the 7800N prospect are several locations where drilling by previous companies to test gold in soil geochemistry had identified potentially economic gold intersections that have not yet been addressed by Ramelius. Drill hole PNR08 with intercepts 3m at 4.0g/t gold and 5m at 3.1 g/t gold, is located 700 m south of the 7800N prospect while 650m to the north, wide spaced drilling returned a number of intercepts of 1 to 4 metres with grades of 1.0 to 3.5 g/t gold. These locations will become the focus for drilling early in 2005.

Wattle Dam Exploration

A program of 1506 auger samples collected on lines spaced 200m apart at an interval of 40m (across that part of E15/718 that had no previous sampling) has completed the gold in soil geochemistry for the Wattle Dam and Spargoville project area. Several anomalous areas have been defined for follow up sampling and RAB drilling.

These anomalies are evident on the accompanying geochemical gold in soil image. Also evident on this image is the "highlighting" of the Spargos Reward Shear by the elevated and anomalous gold values as it traverses the Ramelius "gold" tenements.

2.2 Hilditch Project: (90% PL's 15/4127-4130; MLA 15/1448) Nickel & Gold

Nickel

EM Conductors

In December, the Company, commenced nickel exploration by way of a SmarTEM (Moving Loop EM) geophysical survey to detect conductors that may be due to accumulations of nickel bearing sulphides.

The survey, undertaken during December 2003 and January 2004 comprised 14 lines for a total survey length of 22.5 kilometres with station readings at 100m and selected 50m infill. It identified a number of strong mid to late time

Ramelius Resources Limited

Review of Operations

anomalies that form part of a 1.2 kilometre semi-continuous conductive zone lying approximately 200m west of the main ultramafic as interpreted from the aeromagnetic data in the south western sector of the tenements.

Modelling of the data was achieved with three sub-vertical and horizontally offset conductors (C1, C2 and C3). The depth of the modelled conductors varied from 35m (C1), possibly the depth of oxidation, to about 170m (C2). This is substantially greater than the expected depth of oxidation indicating that the conductor may be blind. The modelled conductances are also quite variable which could indicate compositional or thickness variations along strike. A discrete magnetic high lies in juxtaposition with the modelled location of the C1 conductor. A weak TEM feature was also identified 200m to the east of the above conductive zone along the contact of the main ultramafic as interpreted from the aeromagnetic data.

A RAB and subsequent RC drilling program provided an assessment of the geology and geochemistry in the vicinity of the EM conductors. This drilling indicated the easterly dip of a tremolitic ultramafic unit on line 6536000N towards the C3 conductor and indicated that the dip of the main ultramafic contact along the eastern side of the area drilled is probably 80° to the west, also towards the modelled position of the conductor. Sediments were identified above the location of the modelled conductors C2 and C3 on lines 6535600N and 6536000N. The sediments are probably stratigraphic and are continuous from line to line after allowing for a small fault offset along the east west dyke. They may be the source of the conductors, however modelled depths of 176m and 115m for conductors C2 and C3 respectively, are not consistent with the observed near surface depths of 10m for the sediments and the preservation of sulphides from 30m depth, the interface of fresh rock. Accordingly, as there is no clear or single interpretation that appears to satisfy the observed geology and EM features, a deep drill test of the C3 conductor on line 6536000N is to be undertaken.

It is probable that the southern conductor (C1) and the weak conductor 200m to its east are due to chert and black shales.

Gossan Sampling

Mr Trent Stehn, who holds a 10% interest in the Hilditch tenements, recently located several gossan occurrences in the north eastern sector of the tenements. The analytical results of these gossans and those of subsequent gossan sampling undertaken by Ramelius demonstrate a geochemical signature that is indicative of their derivation from a nickel sulphide source. The geochemistry of these gossans is summarised as;

Element	Range
Nickel	2,200 to 16,700 ppm
Copper	800 to 7,000 ppm
Combined Platinum Palladium	140 to 753 ppb
Zinc	11 to 450 ppm

These results are consistent with the Petrological Report prepared on a sulphide bearing gossan sample from this occurrence, which concluded that the gossan was probably after a pyrrhotite rich ultramafic rock containing nickel and copper sulphides.

These gossans extend along a strike length of more than 300m within ultramafic rocks approximately 50m to the east of a belt of similar ultramafics that had been extensively costeained during the 1970 nickel era.

Drilling of these nickel sulphide gossan targets is expected to be undertaken during the September 2004 quarter.

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2.3 Logans/Larkinville: (Earning 75% PL's 15/4213; 4214; 4464; MLA 15/1449; ELA 15/689; 742) Gold & Tantalum

The company has applied to expedite the granting of the licences.

2.4 North Widgiemooltha: (100% Gold Rights Only – ML's 15/97; 99; 100; 101; 102; 653; PL 15/3666; MLA 15/1271) Gold

Ramelius has further consolidated its strong gold position in the Spargoville Region, with the acquisition of the "North Widgiemooltha Gold Rights" from Gold Fields Australasia Pty Ltd. This acquisition delivers to Ramelius all of the Gold Rights on a group of granted mining leases totalling in area 5,513ha. (approximately 55kms²) to the south of and adjacent to Ramelius' Wattle Dam Project. The consideration for this purchase was \$250,000. The base metal rights to this ground remain with the tenement holder, Titan Resources Ltd.

The underlying geology of this area is similar to that of the Spargoville area to the north and consists of komatiite ultramafic and basaltic units overlain by volcanoclastic and sedimentary rocks with minor dolerite, felsic and pegmatite intrusives. The Spargos Reward Shear, a reidel fault between the regional Kunanalling and Zuleika shear zones extends south from the Wattle Dam area through the North Widgiemooltha project area. A number of gold deposits, workings and occurrences are located along or in proximity to this shear, which within this project area is defined by anomalous gold in soils. Drilling (mainly RAB drilling) along this trend has returned numerous bedrock gold intersections containing potentially economic gold grades and widths.

The Company now holds the Gold Rights to contiguous tenements in this region focusing on over 30 km of prospective ground along the Spargos Reward and Kunanalling Shear Zones, north of the Widgiemooltha Dome. This region has yielded numerous gold and nickel deposits and mines.

3. Gnarlbine: (100% PL's 15/4507-4508; Earning 75% E15/762) Gold

This project area is located 35 kilometres south west of Coolgardie at the southern end of the Coolgardie greenstone belt. The area is largely obscured by transported overburden.

An Air-core drilling program was completed in September 2004 over the Triton gold in soil anomaly to scope the depth to bedrock and determine the nature of the geology and geochemistry of this anomaly.

4. Bullabulling: (Earning 75% ELA15/679; PL's 15/4435-4440) Gold & Nickel

The company has applied to expedite the granting of the licences.

5. Bonnievale: (100% ML 15/70; 85% ML 15/220) Gold

An Air-core drilling program of 500 metres for 13 holes was completed at Bonnievale to test the potential for a supergene gold resource associated with the main line of lode. The gold mineralisation encountered did not meet the company's expectation and further exploration at Bonnievale has been suspended.

6. Ingebong Group: (80% EL 69/1549-Ingebong; EL 69/1657-Blue Hills; EL 69/1653-Rhodes; 100% ELA 69/1921-Troy Creek; 80% ELA69/1924-West Rhodes) Copper/Lead/Zinc

The Ingebong Hills Licence is the Company's key project in the Earraheedy Basin, located approximately 180 kilometres north east of Wiluna in Western Australia. The Company also holds the adjacent Blue Hills and Rhodes Projects which are associated with GSWA regional base metal geochemical anomalies.

At Ingebong a soil sampling program of approximately 60 line kilometres was completed along a strike length of 13 kilometres where previous workers had identified elevated and anomalous copper and zinc values in soil and lag

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sampling. Elevated copper values, being approximately twice those of the background, were returned over a strike length of 10 kilometres within which, six individual anomalous zones, with peak copper values three times background were delineated. The zinc values show a similar distribution. Infill soil sampling is to be conducted.

At Rhodes, a Lag Sampling Program in the centre of the licence was completed. Although elevated copper and zinc values were returned they are considered not to be significant and no further work is planned for this portion of the licence.

Blue Hills: (80% E69/1657) Gold

Orientation and check sampling, followed by a repeat sampling program did not replicate the results of previous sampling undertaken by Ramelius that returned a five kilometre long zone of anomalous gold in stream sediments in the south eastern sector of the licence. This has led to the conclusion that the original sampling suffered from contamination or lack of sample hygiene.

Nevertheless this area is considered to remain prospective for "Sediment Hosted Gold Deposits" and further sampling for gold will be undertaken along strike along the Frere Formation both within the Blue Hills licence and the adjacent Troy Creek licence, which is yet to be granted.

Troy Creek (100% E69/ 1921) Gold

Application has been made for an Exploration Licence adjacent to and contiguous with the Blue Hills Licence, covering the eastern extension of the Frere Formation over the Troy Creek area.

West Rhodes(80% E69/ 1924) Gold and Base Metals

A joint application between Ramelius and the local Pastoralist was lodged during the year for a 32 block exploration licence to cover land anecdotally known to the pastoralist to contain gold. This application abuts the Company's Rhodes and Ingebong exploration licences.

7. Cuddingwarra: (80% ML 20/79) Gold

The Morning Star project is situated on a granted mining lease at Cuddingwarra near Cue in the Murchison Mineral Field.

A first pass 11 hole reverse circulation drilling program, totalling 690m was carried out adjacent to previous drilling which had returned exceptionally high values. While the tenor of the results returned was lower than the earlier work, it nevertheless returned some ore grade intercepts such as 4m at 4.3 g/t gold and 3m at 5.7 g/t gold, confirming the mineralised nature of the "footwall shear".

Further drilling is to be undertaken along this line of shearing.

8. Parker Range: (100% E77/955 and MLA77/1085) Gold and Nickel

Nickel and gold mineralisation was recognised on the land now held as Parker Range by previous workers in the 1980's. Ramelius has acquired detailed aeromagnetic data over the area and is to appraise the results of the previous work at the first step in assessing the potential of the area.

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9. Royalty Interests:

PROJECT NAME	CURRENT HOLDER	NATURE OF ROYALTY	COMMENTS
SANDSTONE – Gold	TROY RESOURCES NL	Production based Royalty. Capped at \$300,000	Tenements recently purchased by Troy from Herald Resources Ltd
BULONG – Gold	YILGARN GOLD LTD	Production based Royalty. Not Capped	No Current Activity
SPARGOS REWARD – Gold	BREAKAWAY RESOURCES	3% Gross Gold Royalty	No Current Activity
SIBERIA – Gold/Nickel	SIBERIA MINING CORP	Nickel and Gold Royalty. Collectively capped at \$100,000	Currently mining the adjacent Missouri Pit and exploring the royalty tenement
EDJUDINA – Gold	SONS OF GWALIA	Production based Royalty. Capped at \$500,000	Currently drilling the resource(s) with a view to mining up to eight (8) potential satellite ore bodies.
EUCALYPTUS – Nickel	GME RESOURCES	Option to purchase on commencement of mining Nickel Laterites at \$0.10/tonne of Proven Ore.	Currently drilling the laterite resource to upgrade its status.

The information in this report that relates to Mineral resources or Ore Reserves is based on information compiled by G.J.Dunbar of Dunbar Resource Management, who is a Fellow of the Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 1999 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. G.J.Dunbar consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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Native Title Statement

Exploration 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 first full year of operations since listing on ASX in March 2003, Ramelius developed a good working relationship with a number of Native Title Claimant groups whose Native Title Claim Areas cover mining tenements held by the Company.

During the past year, Ramelius executed "Standard Heritage Protection Agreements" in respect of a number of specific tenements with the following parties:

- The Ballardong People
- The Widji People
- The Central West Goldfields People

As result of the Company's good working relationship with these Native Title Claimant groups, Ramelius was able to execute "Alternative Standard Regional Heritage Agreements" in respect of all future applications by the Company for Prospecting and Exploration Licences within the claimants' areas with the following parties:

- The Widji People
- The Central West Goldfields People

The Company also has an "Ancillary Deed" (Deferred Production Agreement) with the following parties:

- The Widji People
- The Central West Goldfields People

Acknowledgement

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

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Glossary of Terms

AEROMAGNETICS:	A geophysical technique measuring changes in the earth's magnetic field from an airborne craft.
AIR-CORE:	A method of rotary drilling whereby rock chips are recovered by air flow returning inside the drill rods rather than outside, thereby providing usually reliable samples.
ANOMALOUS:	A departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical values higher or lower than the norm.
ARCHAEAN:	The oldest rocks of the Earth's crust – older than 2,400 million years.
AURIFEROUS:	Gold bearing material
AUGER:	A screw-like boring or drilling tool for use in clay or soft sediments.
ASX:	The Australian Stock 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.
BASALT:	A dark, fine-grained extrusive igneous rock composed of feldspar, iron and magnesium rich minerals.
BASE METAL:	Non precious metal, usually referring to copper, zinc and lead.
CALCRETE:	Soil and superficial material cemented by calcium carbonate.
CARBONATE:	A common mineral type consisting of carbonates of calcium, iron, and/or magnesium
CHERT:	A hard, extremely fine-grained sedimentary rock consisting almost entirely of interlocking quartz crystals, of which flint is a dark variety.
COMPANY:	Ramelius Resources Limited (ACN 001 717 540)
COSTEAN:	A trench dug through soil to expose the bedrock.
CUT:	A term used when referring to average assays where the grade of a particularly high-grade interval is reduced to a lesser value.
DIP:	The angle at which rock stratum or structure is inclined from the horizontal.
DOLERITE:	A medium-grained basic intrusive rock composed mostly of pyroxenes and sodium calcium feldspar.
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.
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.
gm/cc:	grams per cubic centimetre
g/t:	grams per tonne
GOSSAN:	The oxidised, near surface part of underlying primary sulphide minerals.
GROSS GOLD ROYALTY (GGR):	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.
GSWA:	The Geological Survey of Western Australia.

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Glossary of Terms

ha:	Hectare
JORC:	The Australasian Code for Reporting of Mineral Resources and Ore Reserves
KM:	kilometre
KOMATIITE:	An ultramafic rock with high magnesium content extruded from a volcano.
LAG:	A residual deposit remaining after finer particles have been blown away by wind.
LATERITE:	Highly weathered residual material rich in secondary oxides of iron and/or aluminium.
LEACHWELL:	An analytical method.
LODE DEPOSIT:	A vein or other tabular mineral deposit with distinct boundaries.
M TONNES:	million tonnes
M:	metre
ML:	Mining Lease.
MLA:	Mining Lease Application.
NATIVE TITLE TRIBUNAL:	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 <i>Mabo v Queensland (1992)</i> 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.
OPEN PIT:	The Native Title Tribunal set up under the Native Title Act 1993.
ORE GRADE:	A mine excavation produced by quarrying or other surface earth-moving equipment.
OXIDISED:	The grade of material that can be (or has been) mined and treated for an economic return.
oz:	near surface decomposition by exposure to the atmosphere and groundwater, compare to weathering.
PEDOGENIC:	ounces
PEGMATITE:	The development of soil.
PENTLANDITE:	A very coarse-grained intrusive felsic igneous rock.
PERCUSSION DRILLING:	An important ore of nickel (FeNi) ₉ S ₈
PL:	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.
PLA:	Prospecting Licence.
PORPHYRY:	Prospecting Licence application
ppb:	A felsic or sub volcanic rock with larger crystals set in a fine groundmass.
PRIMARY GOLD:	parts per billion
PROTEROZOIC:	Gold mineralisation that has not been subject to weathering processes, as opposed to Secondary Gold.
PYRITE:	The Precambrian era after Archaean.
PYRRHOTITE:	A common, pale bronze iron sulphide mineral.
QUARTZ:	An iron sulphide mineral.
RAB Drilling:	Mineral species composed of crystalline silica.
RC 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.
REGOLITH:	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:	A layer of fragmented and unconsolidated material that overlies or covers basement.
	A slip surface that develops during the early stage of shearing.

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Glossary of Terms

RESERVE:	The mineable part of a resource to which a tonnage and grade has been assigned according to the JORC code.
RESOURCE:	Mineralisation to which a tonnage and grade has been assigned according to the JORC code.
ROCK CHIP SAMPLE:	A series of rock chips or fragments taken at regular intervals across a rock exposure.
SECONDARY GOLD:	Gold mineralisation that has been subject to and usually enriched by weathering processes.
SEDIMENTARY ROCKS:	Rocks formed by deposition of particles carried by air, water or ice.
SHALE:	Fine-grained sedimentary rock with well defined bedding planes.
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.
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.
VOLCANICLASTIC:	Sediments comprising rock fragments derived by explosion or eruption from a volcanic vent.

Corporate Governance Statement

In March 2003 the Australian Stock Exchange Corporate Governance Council (“ASXCGC”) released its best practice recommendations based on ten core principles for corporate governance. These recommendations were not intended to be prescriptions to be followed by all ASX listed companies, but rather guidelines designed to produce an efficient, quality or integrity outcome. The Corporate Governance Council has recognised that a “one size fits all” approach to Corporate Governance is not required. Instead, it states aspirations of best practice for optimising 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 to not adopt it and explain why. The Company to date has not adopted the ASXCGC best practice recommendations other than those specifically identified and disclosed below because the Board believes that it cannot justify the necessary cost given the size and early stage of the entity’s life as a listed exploration company. However the Board is 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 in the ASXCGC including those that comply with best practice that unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2004.

Principle 1 – Lay solid foundations for management and oversight

Role of the Board

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.

The Board’s primary role is the protection and enhancement of long-term shareholder value.

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.

Board processes and management

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 established an Audit Committee in May 2004 to deal with internal control; ethical standards and financial reporting.

The Board appoints a Managing Director responsible for the day to day management of the Company including management of financial, physical and human resources, development and implementation of risk management, internal control and regulatory compliance policies and procedures, recommending strategic direction and planning for the operations of the business and the provision of relevant information to the Board.

Principle 2 – Structure the Board to add value

Composition of the Board

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 in the Directors’ Report section of this report. 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.

The composition of the Board consists of three directors of whom two, including the Chairman, are non-executives. Mr Kennedy’s role as Chairman of the Board is separate from that of the Managing Director, Mr Houldsworth who is responsible for the day to day management of the Company and is in compliance with the ASXCGC best practice recommendation that these roles not be exercised by the same individual.

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

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Corporate Governance

subject to re-election at least every two years. The tenure for executive directors is linked to their holding of executive office.

Formal deeds were entered into by the Company with directors in September 2003 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.

Principle 3 – Promote ethical and responsible decision making

Ethical standards

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

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.

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

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.

Principle 4 – Safeguard integrity in financial reporting

Audit Committee

Ramelius was not a Company required by ASX Listing Rule 12.7 to have an Audit Committee during the year although it is a best practice recommendation of the ASXCGC. Notwithstanding the Listing Rule requirement, an Audit Committee was set up in May 2004 to oversee the Company's internal controls, ethical standards, financial reporting, and external accounting and compliance procedures. This function was previously performed by the full Board. The Audit Committee currently consists of the two non executive Board directors, Messrs Kennedy & Nelson, and chaired by Mr Kennedy who is a qualified Chartered Accountant. Details of these directors' qualifications and attendance at meetings are set out in the Directors' Report section of this report.

The main responsibilities of the audit committee include;

- reviewing, assessing and making recommendations to the Board on the annual and half year financial reports and all other financial information published or released to the market by the Company;
- 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 and ASX Listing Rules;
- liaising with and reviewing reports of the external auditor; and
- reviewing performance and independence of the external auditor and where necessary making recommendations for appointment and removal of the Company's auditor.

The Committee meets at least two times per annum and reports to the Board. The Managing Director, Company Secretary and external auditor may by invitation attend meetings at the discretion of the Committee.

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Principle 5 – Making timely and balanced disclosure

Continuous Disclosure

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.

Principle 6 – Respect the rights of shareholders

The Role of Shareholders

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 recommendations, 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 Stock Exchange and 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
- disclosure of the Company's Corporate Governance practices and communications strategy on the entity's internet web-site.

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. 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

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.

Principle 8 – Encourage enhanced performance

Performance Evaluation

The Board evaluates the performance of the Managing Director and Company Secretary on a regular basis and encourages continuing professional development.

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Corporate Governance

Principle 9 – Remunerate fairly and responsibly

Remuneration Policy

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 \$200,000 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 is determined 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 employees is determined by the Managing Director subject to the approval of the Board.

Further details of directors' and executives/officers' remuneration, superannuation and retirement payments are set out in the Directors' Report and Note 24 to the Financial Statements.

Employee Share/Option Scheme

The Company has an Employee Incentive Plan approved by shareholders that enables the Board to offer eligible employees ordinary fully paid shares and/or options to ordinary fully paid shares in the Company. The non-executive directors are not eligible to participate in the Plan. No shares or options were issued to employees during the 2003 financial year. Further details of the terms of the Plan are disclosed in Note 24 of the Financial Statements.

Principle 10 – Recognise the legitimate interests of stakeholders

Code of Conduct

The Company requires all its directors and employees to abide by the highest standards of behaviour, business ethics and in accordance with the law. In discharging their duties, Directors of the Company are required 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.

Ramelius Resources Limited

Shareholder Information

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

Shareholdings as at 31 August 2004

Substantial shareholders

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

Substantial shareholder	Number of fully paid ordinary shares held	Percentage held
Beach Petroleum Limited	13,400,002	22.71
Mandurang Pty Ltd	3,148,600	5.34

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

Option holders will be entitled on payment of the exercise price of \$0.18687 per share to be allotted one ordinary fully paid share in the Company for each Option exercised. Options are exercisable in whole or in part at any time until 31 December 2007. Any Options not exercised before expiry will lapse.

Distribution of equity security holders

Category	Holders of Ordinary shares	Holders of Options
1 – 1,000	2	1
1,001 – 5,000	22	314
5,001 – 10,000	243	94
10,001 – 100,000	480	92
100,001 and over	47	27
Total Number of security holders	794	528

The number of shareholders holding less than a marketable parcel of ordinary shares is 26.

On market buy-back

There is no current on-market buy-back.

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 Stock Exchange Limited including the number and percentage held by those holders at 31 August 2004 are as follows.

Name	Number of fully paid ordinary shares held	Percentage held
Beach Petroleum Limited	13,400,002	22.71
Mandurang Pty Ltd	3,148,600	5.34
Joseph Fred Houldsworth	2,620,000	4.44
JP Morgan Nominees Australia Limited	2,000,000	3.39
Killoran NL & Kurana Pty Ltd	2,000,000	3.39
Pitt Capital Partners Limited	1,818,456	3.08
Aurelius Resources Pty Ltd	1,627,727	2.76
Far Corners Minerals NL	1,000,000	1.69

Ramelius Resources Limited

Shareholder Information

Mr John Roberts McIntosh & Ms Melanie Sarah Hughes (Chatten Super Fund a/c)	1,000,000	1.69
Dovido Pty Ltd	759,151	1.29
WHI Securities Pty Ltd (Nominees a/c)	756,536	1.28
Persal & Co Investments Pty	650,000	1.10
Pethol (Vic) Pty Ltd (a/c Macdy No. 5 Super Fund)	454,615	0.77
Paso Holdings Pty Ltd	421,141	0.71
Bumal Pty Ltd	400,000	0.68
Dr Richard Kenneth Hart & Ms Lynette Mary Hart (Hart Super Fund a/c)	350,000	0.59
Westex Resources Pty Ltd	350,000	0.59
Toltec Holdings Pty Ltd	340,159	0.58
Kinver Mining NL	300,000	0.51
Mrs Marie Helen Harrex	295,000	0.50
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	33,691,387	57.09

Twenty largest option holders

The names of the 20 largest holders of options constituting a class of quoted equity securities quoted on the Australian Stock Exchange Limited including the number and percentage held by those holders as at 31 August 2004 are as follows.

Name	Number of options held	Percentage held
Mandurang Pty Ltd	2,707,150	11.68
Aurelius Resources Pty Ltd	2,705,000	11.67
Joseph Fred Houldsworth	2,000,000	8.63
Killoran NL & Kurana Pty Ltd	2,000,000	8.63
Rosalind Mary Smart	1,500,000	6.47
Mr Raul Used	1,049,749	4.53
Domenico Antonio Francese	625,000	2.70
Dr Richard Kenneth Hart & Ms Lynette Mary Hart (Hart Super Fund a/c)	550,000	2.37
Mr Terry Ronald Sharp & Ms Lynette Catherine Sharp (Sharp Family a/c)	538,000	2.32
Far Corners Minerals NL	500,000	2.16
First Avenue Investments Pty Ltd	500,000	2.16
JP Morgan Nominees Australia Limited	500,000	2.16
Kinver Mining NL	350,000	1.51
College Street Nominees Pty Ltd	250,000	1.08
Mr Ladislav Kochman	250,000	1.08
Mr Derek Anthony Lashmar	212,500	0.92
Alandra Investments Pty Ltd	200,000	0.86
Mr William Mark Castleden	200,000	0.86
Westex Resources Pty Ltd	175,000	0.75
Push Button Pty Ltd	162,850	0.70
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	16,975,249	73.24

Ramelius Resources Limited

Shareholder Information

Unquoted equity securities

Fully paid ordinary Shares

Details of fully paid ordinary shares on issue which are unquoted restricted securities that are subject to the ASX escrow provisions are as follows.

Date until which securities are to be held in escrow	Number of unquoted fully paid ordinary shares on issue	Number of holders
31 March 2005	14,277,152	6

Options

Details of options exercisable by 31 December 2007 at \$0.18687 on issue which are unquoted restricted securities that are subject to the ASX escrow provisions are as follows.

Date until which securities are to be held in escrow	Number of unquoted options on issue	Number of holders
31 March 2005	10,288,575	8

Ramelius Resources Limited

Corporate Directory

Ramelius Resources Limited

ACN 001 717 540
ABN 51 001 717 540
Incorporated in NSW

Non-Executive Chairman

Robert Michael Kennedy, ASAFT, Grad, Dip (Systems Analysis), FCA, ACIS, Life Member AIM, FAICD

Non-Executive Director

Reginald George Nelson, BSc., Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD, Councilor of the Australian Petroleum Production and Exploration Association

Managing Director

Joseph Fred Houldsworth

Company Secretary

Mr D A Francesc, BEc, FCA, ASIA

Principal Registered Office

Ramelius Resources Limited
140 Greenhill Road
Unley SA 5061
GPO Box 1373
Adelaide SA 5001
Telephone: (08) 8373 6473
Facsimile: (08) 8373 5917
Email: info@rameliusresources.com.au

Website

www.rameliusresources.com.au

Exploration Office

Ramelius Resources Limited
Suite 3, 14 The Avenue
Midland WA 6056
PO Box 1527
Midland WA 6936

Location of Share Registrar

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000
Telephone: (08) 8236 2300
Facsimile: (08) 8236 2305
Email: info@computershare.com.au

Auditors

Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5034

Stock Exchange

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

ASX codes: Shares : RMS
Options: RMSO