



# **Ramelius Resources Limited**

## **Annual Financial Report**

**30 June 2005**

## **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 2005 and the auditor's report thereon.

#### ***Directors***

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

**Robert Michael Kennedy** *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.

Special responsibilities include Chairmanship of the Audit Committee.

Other listed company directorships are: Chairman of Beach Petroleum Limited (since 1995 and a director since 1991), Flinders Diamonds Limited (since 2001) and Monax Mining Limited (since 2004).

**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 35 years experience in the minerals and petroleum industries and Chairman of the Australian Petroleum Production and Exploration Association Council. He has wide experience in technical, corporate and government affairs. Experience in gold exploration and mining operations in Western Australia, the Northern Territory and South Australia. Former Chairman of the Neveoria Gold Mine Joint Venture in Western Australia.

Special responsibilities include membership of the Audit Committee.

Other listed company directorships are: Managing Director of Beach Petroleum Limited (since 1992) and director of Anzon Australia Limited (since 2004) and Monax Mining Limited (since 2004).

#### **Joseph Fred Houldsworth**

*Chief Executive Officer and Managing Director.* Board member since 18 February 2002. 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 Neveoria 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.

#### **Nicholas John Smart**

*Alternate Director.* Alternate Director for Mr JF Houldsworth during the period 1 to 2 June 2005 and for Mr RM Kennedy during the period 1 August 2005 to 5 September 2005. Held positions as a General Manager in France and Australia in the wool, textile, leather and meat industries with responsibilities including human resources, factory operations, currency movements and commodity trading. Previously a full Associate Member of the Sydney Futures Exchange, Managing Director of Goldsmith Futures Pty Ltd and client advisor with sharebroking firm, D&D-Tolhurst Ltd with experience in the corporate area including capital raising. Other experience includes start up companies in technology development such as laser shearing of sheep skins, commercialisation of the Synroc process for safe storage of high level nuclear waste and controlled temperature and atmosphere transport systems. Current consultant to various public and private companies.

#### **Domenico Antonio Francese**

*Alternate Director, Chief Financial Officer and Company Secretary.* Alternate Director for Mr RG Nelson for one day on 2 June 2005. A Chartered Accountant with an extensive audit and investigations background including more than 12 years experience in a regulatory and supervisory role with Australian Stock Exchange Limited.

#### ***Directors' meetings***

The Company held 19 meetings of directors (including committees of directors) during the financial year. The number of directors' meetings and number of meetings attended by each of the directors of the Company (including committees of directors) during the financial year were as follows:

# Ramelius Resources Limited

## Directors' Report (continued)

|                                                     | 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> |
| <b>Director</b>                                     |                                  |                        |                                  |                        |
| Robert Michael Kennedy                              | 15                               | 15                     | 4                                | 4                      |
| Reginald George Nelson                              | 15                               | 14                     | 4                                | 4                      |
| Joseph Fred Houldsworth*                            | 15                               | 15                     | N/A                              | N/A                    |
| Nicholas John Smart (alternate for Mr Houldsworth)  | 1                                | 1                      | N/A                              | N/A                    |
| Domenico Antonio Francese (alternate for Mr Nelson) | 1                                | 1                      | N/A                              | N/A                    |

\* Mr Houldsworth is not a member of the Audit Committee.

### Company Secretary

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

**Domenico Antonio Francese** – *B.Ec., FCA, ASIA.* Appointed Company Secretary on 21 September 2001. A chartered Accountant with an audit and investigations background and more than 12 years experience in a regulatory and supervisory role with ASX. Employed by Ramelius since 1 April 2003 and appointed Chief Financial Officer in June 2005.

### Principal activities

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

### 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 \$585,081.

### 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 2005 financial year.

### State of affairs

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

- On 22 October 2004, the Company issued 1,500,000 options over unissued shares to a number of consultants as a performance incentive. The options which are exercisable at \$0.18687 each by the expiry date of 31 December 2007 are not transferable and are not quoted. However the underlying shares to be issued on exercise of the options will rank equally with existing shares upon issue.
- On 1 April 2005, 14,277,152 ordinary shares and 10,288,575 options over unissued shares were released from escrow following expiry of a two year escrow period that commenced from the date of the Company's ASX listing. These securities were listed on the Australian Stock Exchange on 1 April 2005.

### Events subsequent to balance date

Since 30 June 2005, the Company;

- raised gross funds of \$1.3m from a placement of 8,666,666 ordinary fully paid shares at \$0.15 per share and free attaching options for the purpose of fast-tracking the development of the Company's Wattle Dam discovery, expand regional exploration in the Spargoville belt and for working capital. The placement was to a major Canadian institutional investor, Sprott Asset Management. The placement shares were issued during August 2005

# Ramelius Resources Limited

## Directors' Report (continued)

however issue of the free attaching options is subject to shareholder approval at the Company's next annual general meeting.

- entered into three year employment agreements with Messrs Houldsworth and Francese in respect to their services as Managing Director and Company Secretary respectively.

Other than the matters discussed above, there has not arisen in the interval between 30 June 2005 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

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.

### Remuneration Report

#### Remuneration of Directors and Executives/Officers (audited)

##### (a) Directors and Specified Executives/Officers (audited)

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

| Directors                     | Positions                                   |
|-------------------------------|---------------------------------------------|
| Mr RM Kennedy                 | Chairman — Non-Executive                    |
| Mr RG Nelson                  | Director — Non-Executive                    |
| Mr JF Houldsworth             | Managing Director - Executive               |
| Mr NJ Smart*                  | (alternate for JF Houldsworth)              |
| Mr DA Francese**              | (alternate for RG Nelson)                   |
| Specified Executives/Officers |                                             |
| Mr DA Francese                | Chief Financial Officer / Company Secretary |

\* Mr Smart was appointed as an alternate director for Mr Houldsworth for the period 1 to 2 June 2005.

\*\* Mr Francese was appointed an alternate director for Mr Nelson for a period of one day on 2 June 2005.

##### (b) Directors' Remuneration (audited)

| 2005 Primary Benefits                | Directors<br>Fees<br>\$ | Salary<br>\$ | Cash Bonus<br>\$ | Super<br>Contributions<br>\$ | Non Cash<br>Benefits<br>\$ | Total<br>\$ |
|--------------------------------------|-------------------------|--------------|------------------|------------------------------|----------------------------|-------------|
| <b>Directors</b>                     |                         |              |                  |                              |                            |             |
| Mr RM Kennedy                        | 70,000                  | -            | -                | 6,300                        | -                          | 76,300      |
| Mr RG Nelson                         | 30,000                  | -            | -                | 2,700                        | -                          | 32,700      |
| Mr JF Houldsworth                    | -                       | 150,000      | 5,769            | 14,019                       | -                          | 169,788     |
| Mr NJ Smart                          | -                       | -            | -                | -                            | -                          | -           |
| Mr DA Francese                       | -                       | 125,000      | 4,808            | 11,683                       | -                          | 141,491     |
| Less: Remuneration<br>as an employee | -                       | (125,000)    | (4,808)          | (11,683)                     | -                          | (141,491)   |
| Remuneration as a<br>director        | -                       | -            | -                | -                            | -                          | -           |
|                                      | 100,000                 | 150,000      | 5,769            | 23,019                       | -                          | 278,788     |

**Ramelius Resources Limited**  
**Directors' Report (continued)**

| 2004 Primary Benefits | Directors<br>Fees<br>\$ | Salary<br>\$ | Cash Bonus<br>\$ | Super<br>Contributions<br>\$ | Non Cash<br>Benefits<br>\$ | Total<br>\$ |
|-----------------------|-------------------------|--------------|------------------|------------------------------|----------------------------|-------------|
| <b>Directors</b>      |                         |              |                  |                              |                            |             |
| 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     |

No shares or options over unissued ordinary shares were granted to directors or director related entities during the financial year. No options previously granted to directors or director related entities were exercised during the year.

**(c) Directors' post-employment/retirement benefits (audited)**

There were neither retirement benefits previously approved by members of the Company in a general meeting nor any paid to directors of the Company. Since the end of the financial year, the Company entered into a three year employment agreement with Mr Houldsworth in respect to his services as Managing Director commencing 1 July 2005. The salary is currently set at \$171,675 per annum inclusive of superannuation guarantee contributions to be reviewed annually. 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 twelve months remuneration. However any such termination payment is subject to the requirements of ASX Listing Rule 10.19, and in the event that the value of termination benefits to be paid and the value of all other termination benefits that are or may be payable to all officers of the Company together exceed 5% of the equity interests of the Company as set out in the latest accounts given to the ASX, the payment shall be pro-rata based on the maximum total termination benefits allowable under ASX Listing Rule 10.19.

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

**Director Related Entities (audited)**

During the year to 30 June 2005 the Company paid \$2,000 for the acquisition of a mining tenement from an entity that is a director related entity of the Managing Director, Mr Houldsworth.

**(d) Specified Executives/Officers' remuneration (audited)**

| 2005 Primary Benefits                                        | Salary<br>\$ | Bonus<br>\$ | Super<br>Contributions<br>\$ | Non Cash<br>Benefits<br>\$ | Total<br>\$ |
|--------------------------------------------------------------|--------------|-------------|------------------------------|----------------------------|-------------|
| <b>Specified Executives/Officers<br/>excluding Directors</b> |              |             |                              |                            |             |
| Mr DA Francese                                               | 125,000      | 4,808       | 11,683                       | -                          | 141,491     |

| 2004 Primary Benefits                                        | Salary<br>\$ | Bonus<br>\$ | Super<br>Contributions<br>\$ | Non Cash<br>Benefits<br>\$ | Total<br>\$ |
|--------------------------------------------------------------|--------------|-------------|------------------------------|----------------------------|-------------|
| <b>Specified Executives/Officers<br/>excluding Directors</b> |              |             |                              |                            |             |
| Mr DA Francese                                               | 95,833       | 25,000      | 10,875                       | -                          | 131,708     |

**Specified Executives/Officers' Post-employment/retirement benefits (audited)**

Since the end of the financial year, the Company entered into a three year employment agreement with Mr Francese in respect to his services as Company Secretary commencing 1 July 2005. The salary is currently set at \$143,062 per annum inclusive of superannuation guarantee contributions to be reviewed annually. In the event that the Company terminates the agreement without six months notice, Mr Francese is entitled to a termination payment equal to half the

## Ramelius Resources Limited

### Directors' Report (continued)

remuneration to be paid for the remainder of the employment period with a minimum termination payment equal to twelve months remuneration. However any such termination payment is subject to the requirements of ASX Listing Rule 10.19, and in the event that the value of termination benefits to be paid and the value of all other termination benefits that are or may be payable to all officers of the Company together exceed 5% of the equity interests of the Company as set out in the latest accounts given to the ASX, the payment shall be pro-rata based on the maximum total termination benefits allowable under ASX Listing Rule 10.19.

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

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

| Shares                                                           | Balance<br>1/7/04 | Received<br>as<br>Remun-<br>eration | Options<br>Exercised | Net<br>Change<br>Other <sup>1</sup> | Balance<br>30/6/05 | Total held<br>in Escrow <sup>2</sup><br>30/6/05 |
|------------------------------------------------------------------|-------------------|-------------------------------------|----------------------|-------------------------------------|--------------------|-------------------------------------------------|
| <b>Held by Directors in<br/>own name</b>                         |                   |                                     |                      |                                     |                    |                                                 |
| Mr RM Kennedy                                                    | -                 | -                                   | -                    | -                                   | -                  | -                                               |
| Mr RG Nelson                                                     | 20,000            | -                                   | -                    | -                                   | 20,000             | -                                               |
| Mr JF Houldsworth                                                | 2,620,000         | -                                   | -                    | -                                   | 2,620,000          | -                                               |
| Mr NJ Smart                                                      | -                 | -                                   | -                    | -                                   | -                  | -                                               |
| Mr DA Francese*                                                  | -                 | -                                   | -                    | -                                   | -                  | -                                               |
|                                                                  | 2,640,000         | -                                   | -                    | -                                   | 2,640,000          | -                                               |
| <b>Held by Directors'<br/>Personally Related<br/>Entities</b>    |                   |                                     |                      |                                     |                    |                                                 |
| Mr RM Kennedy                                                    | 3,198,600         | -                                   | -                    | -                                   | 3,198,600          | -                                               |
| Mr RG Nelson                                                     | 1,627,727         | -                                   | -                    | -                                   | 1,627,727          | -                                               |
| Mr JF Houldsworth <sup>3</sup>                                   | 1,020,000         | -                                   | -                    | (600,000)                           | 420,000            | -                                               |
| Mr NJ Smart                                                      | -                 | -                                   | -                    | -                                   | -                  | -                                               |
| Mr DA Francese*                                                  | -                 | -                                   | -                    | -                                   | -                  | -                                               |
| <b>Total held by<br/>Directors</b>                               | 8,486,327         | -                                   | -                    | (600,000)                           | 7,886,327          | -                                               |
| <b>Specified<br/>Executives/Officers<br/>excluding Directors</b> |                   |                                     |                      |                                     |                    |                                                 |
| Mr DA Francese                                                   | 70,000            | -                                   | -                    | -                                   | 70,000             | -                                               |
| <b>Total</b>                                                     | 8,556,327         | -                                   | -                    | (600,000)                           | 7,956,327          | -                                               |

**Ramelius Resources Limited**  
**Directors' Report (continued)**

| Options                                                          | Balance<br>1/7/04 | Received<br>as<br>Remun-<br>eration | Options<br>Exercised | Net<br>Change<br>Other | Balance<br>30/6/05 <sup>2</sup> | Total<br>Vested<br>30/6/05 | Total<br>Exer-<br>cisable<br>30/6/05 |
|------------------------------------------------------------------|-------------------|-------------------------------------|----------------------|------------------------|---------------------------------|----------------------------|--------------------------------------|
| <b>Held by Directors in<br/>own name</b>                         |                   |                                     |                      |                        |                                 |                            |                                      |
| 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                            |
| Mr NJ Smart                                                      | -                 | -                                   | -                    | -                      | -                               | -                          | -                                    |
| Mr DA Francese*                                                  |                   |                                     |                      |                        |                                 |                            |                                      |
|                                                                  | 2,005,000         | -                                   | -                    | -                      | 2,005,000                       | 2,005,000                  | 2,005,000                            |
| <b>Directors' Personally<br/>Related Entities</b>                |                   |                                     |                      |                        |                                 |                            |                                      |
| Mr RM Kennedy                                                    | 2,707,150         | -                                   | -                    | -                      | 2,707,150                       | 2,707,150                  | 2,707,150                            |
| Mr RG Nelson                                                     | 2,705,000         | -                                   | -                    | -                      | 2,705,000                       | 2,705,000                  | 2,705,000                            |
| Mr Houldsworth <sup>3</sup>                                      | 500,000           | -                                   | -                    | -                      | 500,000                         | 500,000                    | 500,000                              |
| Mr NJ Smart                                                      | 1,500,000         | -                                   | -                    | -                      | 1,500,000                       | 1,500,000                  | 1,500,000                            |
| Mr DA Francese*                                                  |                   |                                     |                      |                        |                                 |                            |                                      |
| <b>Total held by<br/>Directors</b>                               | 9,417,150         | -                                   | -                    | -                      | 9,417,150                       | 9,417,150                  | 9,417,150                            |
| <b>Specified<br/>Executives/Officers<br/>excluding Directors</b> |                   |                                     |                      |                        |                                 |                            |                                      |
| Mr DA Francese                                                   | 625,000           | -                                   | -                    | -                      | 625,000                         | 625,000                    | 625,000                              |
| <b>Total</b>                                                     | 10,042,150        | -                                   | -                    | -                      | 10,042,150                      | 10,042,150                 | 10,042,150                           |

1. Net change other than in respect of shares refers to shares purchased and/or sold during the financial year.
  2. All securities previously held by directors and their personally related entities that were subject to an escrow period of 2 years from the date of the Company's listing on ASX, were released from escrow following expiration of that period on 31 March 2005.
  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 400,000 shares and 500,000 options in the Company through the shares and options held by Far Corners Minerals NL.
- \* Refer disclosure as an employee under Specified Executives/Officers

**Employee Share/Option Scheme (audited)**

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.

**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.

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 non-executive directors on the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

## **Ramelius Resources Limited**

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

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

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The 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 does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of Ramelius given the nature of the Company's business as a recently listed mineral exploration entity and the current status of its activities. However the Board may pay cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board. Cash bonuses were paid in December 2004 to the Managing Director and Company Secretary in accordance with this policy as disclosed above.

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.

The employment conditions of the Managing Director, Mr Houldsworth and specified executives are formalised in contracts of employment commencing 1 July 2005 and expiring on 30 June 2008. The Company may terminate the contracts without cause by providing six months written notice or making a termination payment in lieu of notice of an amount equal to half of the remuneration to be paid for the remainder of the of the contract with a minimum termination payment equal to twelve months remuneration under the contract. However any such termination payment is subject to the requirements of ASX Listing Rule 10.19, and in the event that the value of termination benefits to be paid and the value of all other termination benefits that are or may be payable to all officers of the Company together exceed 5% of the equity interests of the Company as set out in the latest accounts given to the ASX, the payment shall be pro-rata based on the maximum total termination benefits allowable under ASX Listing Rule 10.19. Termination payments are not generally payable on resignation or dismissal for serious misconduct.

#### ***Options Granted as Remuneration***

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

#### ***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 section (e) of the Remuneration Report above.

#### ***Options***

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

| <b>Expiry date*</b> | <b>Exercise price**</b> | <b>Number of shares</b> |
|---------------------|-------------------------|-------------------------|
| 31 December 2007    | \$0.18687               | 24,680,750              |

\* 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.

**Ramelius Resources Limited**  
**Directors' Report (continued)**

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

| Number of shares | Amount paid on each share |
|------------------|---------------------------|
| 5,000            | \$0.18687                 |

***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.

***Indemnification and insurance of officers***

***Indemnification***

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

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

***Insurance premiums***

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

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

***Proceedings on behalf of the Company***

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

***Auditor of the Company***

The auditor of the Company for the financial year was Grant Thornton and the audit partner responsible for the audit was Mr Simon Gray.

***Non-audit Services***

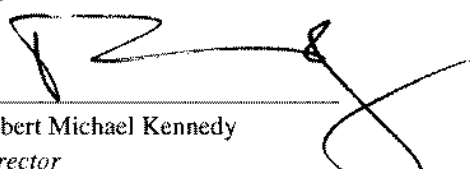
No amounts were paid or payable to the Company's auditor for non-audit services as there were no such services provided by the auditor during the year.

***Auditor's Independence Declaration***

The lead auditor's independence declaration for the year ended 30 June 2005 has been received and can be found immediately following the end of the directors' report.

Dated at Adelaide this 30 day of September 2005.

Signed in accordance with a resolution of the directors:

  
Robert Michael Kennedy  
Director

**AUDITOR'S INDEPENDENCE DECLARATION**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Ramelius Resources Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Regulations 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

**GRANT THORNTON**  
**CHARTERED ACCOUNTANTS**



**S.J. GRAY**  
Partner

Dated this 30 day of September 2005

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**Ramelius Resources Limited**  
**Statement of financial performance**  
**For the year ended 30 June 2005**

|                                                                                                   | Note | 2005<br>\$       | 2004<br>\$       |
|---------------------------------------------------------------------------------------------------|------|------------------|------------------|
| Other Revenues from ordinary activities                                                           | 3    | 67,827           | 121,098          |
| Total revenue                                                                                     |      | 67,827           | 121,098          |
| Administrative expenses                                                                           |      | (150,952)        | (135,382)        |
| Consultant expenses                                                                               |      | (22,770)         | (33,522)         |
| Depreciation                                                                                      |      | (3,815)          | (2,300)          |
| Diminution of investments                                                                         |      | 600              | (38,700)         |
| Employment expenses                                                                               |      | (310,619)        | (315,483)        |
| Exploration costs written off                                                                     |      | (99,731)         | (8,676)          |
| Listing expenses                                                                                  |      | (15,741)         | (13,796)         |
| Loss on disposal of listed securities                                                             |      | (3,833)          | -                |
| Occupancy expenses                                                                                |      | (35,765)         | (21,966)         |
| Other expenses from ordinary activities                                                           |      | (10,282)         | (13,525)         |
| <b>Profit/(loss) from ordinary activities before related income tax expense</b>                   |      | <b>(585,081)</b> | <b>(462,252)</b> |
| Income tax (expense)/benefit relating to ordinary activities                                      |      | -                | -                |
| <b>Profit/(loss) from ordinary activities after related income tax expense</b>                    |      | <b>(585,081)</b> | <b>(462,252)</b> |
| Profit/(loss) from extraordinary item after related income tax expense                            |      | -                | -                |
| <b>Total changes in equity other than those resulting from transactions with owners as owners</b> |      | <b>(585,081)</b> | <b>(462,252)</b> |
| Basic earnings per share                                                                          | 7    | (\$0.010)        | (\$0.011)        |
| Diluted earnings per share                                                                        | 7    | (\$0.010)        | (\$0.011)        |

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 14 - 30.

**Ramelius Resources Limited**  
**Statement of financial position**  
**As at 30 June 2005**

|                                                   | Note | 2005<br>\$       | 2004<br>\$       |
|---------------------------------------------------|------|------------------|------------------|
| <b>Current Assets</b>                             |      |                  |                  |
| Cash assets                                       | 9    | 442,603          | 2,033,506        |
| Receivables                                       | 10   | 37,868           | 47,503           |
| Other Financial Assets                            | 11   | 250              | 21,800           |
| Other                                             | 12   | 23,139           | 21,292           |
| <b>Total current assets</b>                       |      | <b>503,860</b>   | <b>2,124,101</b> |
| <b>Non-current assets</b>                         |      |                  |                  |
| Property, Plant and Equipment                     | 13   | 16,236           | 14,994           |
| Exploration, evaluation & development expenditure | 14   | 4,482,183        | 3,393,227        |
| <b>Total non-current assets</b>                   |      | <b>4,498,419</b> | <b>3,408,221</b> |
| <b>Total assets</b>                               |      | <b>5,002,279</b> | <b>5,532,322</b> |
| <b>Current liabilities</b>                        |      |                  |                  |
| Payables                                          | 15   | 187,810          | 148,301          |
| Provisions                                        | 16   | 36,287           | 28,301           |
| <b>Total current liabilities</b>                  |      | <b>224,097</b>   | <b>176,602</b>   |
| <b>Non-current liabilities</b>                    |      |                  |                  |
| Provisions                                        | 16   | 15,107           | 7,564            |
| <b>Total non-current liabilities</b>              |      | <b>15,107</b>    | <b>7,564</b>     |
| <b>Total liabilities</b>                          |      | <b>239,204</b>   | <b>184,166</b>   |
| <b>Net assets</b>                                 |      | <b>4,763,075</b> | <b>5,348,156</b> |
| <b>Equity</b>                                     |      |                  |                  |
| Contributed equity                                | 17   | 5,937,938        | 5,937,938        |
| Retained profits/(losses)                         | 18   | (1,174,863)      | (589,782)        |
| <b>Total Equity</b>                               | 19   | <b>4,763,075</b> | <b>5,348,156</b> |

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 14 - 30.

# Ramelius Resources Limited

## Statement of cash flows

For the year ended 30 June 2005

|                                                            | Note | 2005<br>\$  | 2004<br>\$  |
|------------------------------------------------------------|------|-------------|-------------|
| <b>Cash Flows from operating activities</b>                |      |             |             |
| Cash receipts in the course of operations                  |      | 15,728      | 106,438     |
| Cash payments in the course of operations                  |      | (544,239)   | (666,800)   |
| Interest received                                          |      | 67,007      | 70,474      |
| <b>Net cash provided by/(used in) operating activities</b> | 22   | (461,504)   | (489,888)   |
| <b>Cash Flows from investing activities</b>                |      |             |             |
| Payments for Property, Plant and Equipment                 |      | (5,174)     | (7,756)     |
| Payments for Investments                                   |      | -           | (500)       |
| Proceeds from sale of Investments                          |      | 18,317      | -           |
| Payments for Mining Tenements & Exploration                |      | (1,142,542) | (1,231,368) |
| <b>Net cash provided by/(used in) investing activities</b> |      | (1,129,399) | (1,239,624) |
| <b>Cash Flows from Financing activities</b>                |      | -           | -           |
| <b>Net cash provided by/(used in) financing activities</b> |      | -           | -           |
| <b>Net increase/(decrease) in cash held</b>                |      | (1,590,903) | 475,669     |
| <b>Cash at the beginning of the financial year</b>         |      | 2,033,506   | 1,557,837   |
| <b>Cash at the end of the financial year</b>               | 9    | 442,603     | 2,033,506   |

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 14 - 30.

# **Ramelius Resources Limited**

## **Notes to the financial statements**

**For the year ended 30 June 2005**

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### **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 2005**

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**(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 collectability 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 2005

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### (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:

|                                                   | 2005      | 2004      |
|---------------------------------------------------|-----------|-----------|
| <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 2005**

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#### **(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 has been preparing for the introduction of International Financial Reporting Standards (IFRS) effective for reporting periods commencing from 1 January 2005. The Australian Accounting Standards Board (AASB) has adopted IFRS and has issued Australian equivalents to IFRS, hereafter referred to as AIFRS. The Urgent Issues Group has issued interpretations equivalent to International Accounting Standards Board interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee.

The adoption of AIFRS by the Company will first be reflected in the financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006. On first time adoption of AIFRS, comparatives in financial statements are required to be restated to reflect the application of AIFRS to the comparative period. The majority of AIFRS transitional adjustments will be made retrospectively against opening retained earnings at 1 July 2004.

The Company has been assessing the significance of these changes and preparing for their implementation. The Audit Committee is overseeing and managing the Company's transition to AIFRS. The impact of the alternative treatments and elections under AASBI: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the Company's accounting policies on conversion to AIFRS and the financial effect of the differences where known, are as follows. However, users of financial statements should note that the amounts disclosed represent the Company's best estimates as at the date of preparing the 2005 financial report and could change from these estimates if there are any amendments or additional standards to the current AIFRS or interpretation of the AIFRS requirements changes from the ongoing work of the Company and Audit Committee. Consequently, until the Company prepares its first full financial statements under AIFRS, the possibility exists that the following disclosures may need to be adjusted.

On transition to AIFRS, the estimated financial effect on the Company's reported net profit and equity as at 30 June 2005 is disclosed below. No impacts are expected in relation to the Company's statement of cash flows. As noted above, the amounts disclosed in this summary represent the Company's best estimates as at the date of preparing the 2005 financial report and may differ from actuals reported under AIFRS.

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

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#### (a) 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 asset's 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. Under AASB136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

The Company has tested all assets for impairment as at 1 July 2005 and no assets have been assessed as impaired.

#### (b) 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 benefit. Future income tax benefits are only brought to account where 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.

Under AASB112: Income Taxes, 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. The standard requires the recognition of temporary differences when it is probable that the Company will generate sufficient taxable profits in the same period as the reversal of the deductible temporary difference or taxation loss or in the periods into which a tax loss arising from the deferred tax asset can be carried back or forward. At the date of this report, the directors consider that the Company would not meet this condition.

The Company has previously recognised costs associated with capital raisings directly to equity. AASB 112 requires recognition of temporary differences associated with revenues and expenses taken directly to equity, the effect of which will be to increase share capital and accumulated losses by \$209,752 as at 1 July 2004 and to decrease share capital and accumulated losses by \$65,295 for the period ended 30 June 2005. The adjustment to accumulated losses reflects the directors' opinion that the criterion for recognition of such assets has not been met.

#### (c) Exploration and Evaluation Expenditure

The Company currently accumulates exploration, evaluation and development costs 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.

AASB 6 was issued in December 2004 to facilitate the introduction of Australian equivalents to IFRS in respect of the treatment of exploration of exploration expenditure. At the date of this report there was still no comprehensive international accounting standard covering extractive industries and AASB 6 provided no real guidance other than allowing to "grandfather" previous accounting policies adopted for the extractive industries. The new AASB 6 retains the Area of Interest approach as contained in AASB 1022.

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

In light of these changes, the Board initiated a review of the Company's accounting policy for exploration and evaluation expenditure and as a result, elected to adopt the following key policies keeping strictly in line with AASB 6:

- The Company will continue to use the Area of Interest Method to define its Exploration and Evaluation expenditure, further defining areas to geological systems;
- Only expenditures which fall within the definition of Exploration and Evaluation activities will be allowed to be capitalised;
- Initial recognition will only be permitted on the basis of historical costs; and
- All Exploration and Evaluation expenditure will be capitalised until a "trigger event" occurs that will enact impairment testing. A trigger event could involve a series of drill holes returning no or sub-economic mineralisation, the relinquishment of an area of interest, a significant farm-out of an area of interest or any similar type event. Once a trigger event occurs, the Company will complete a full assessment of the recoverable value of the area of interest, which may result in a write down of the carrying value of the area of interest.

In the transition to AASB 6, the Company completed Impairment Testing on all its Exploration and Evaluation expenditure previously capitalised which resulted in no write downs.

#### (d) Equity-based compensation benefits

The Company currently does not recognise any expense for any equity based payments to suppliers. During the financial year to 30 June 2005 the Company issued 1,500,000 options to a number of consultants as a performance incentive.

Under AASB 2 Share-based Payment, the Company is required from 1 July 2004 to recognise an expense for those options that were issued to suppliers whereby the goods and services received and the corresponding increase to equity is measured directly, at the fair value of the goods or services received unless that fair value cannot be estimated in which case the value is measured indirectly by reference to the fair value of the equity instruments granted.

This will result in a change to the current accounting policy under which no expense is recognised for equity-based payments.

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, the Company's retained losses would have been \$1,650 higher, with a corresponding increase in the net movement in the share-based payment reserve.

|                                               | Note | 2005<br>\$    | 2004<br>\$     |
|-----------------------------------------------|------|---------------|----------------|
| <b>3 Revenue from ordinary activities</b>     |      |               |                |
| <b>Other revenues:</b>                        |      |               |                |
| <i>From operating activities</i>              |      |               |                |
| Government Subsidies received:                |      | -             | 1,500          |
| Interest received from other parties          |      | 65,198        | 67,595         |
| Profit on Sale of Mineral Tenement            |      | -             | 39,699         |
| Revenue received from Option granted          |      | -             | 10,000         |
| Other Revenue                                 |      | 2,629         | 2,304          |
| <b>Total revenue from ordinary activities</b> |      | <b>67,827</b> | <b>121,098</b> |

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

|                                                                                                                                           | Note | 2005<br>\$ | 2004<br>\$ |
|-------------------------------------------------------------------------------------------------------------------------------------------|------|------------|------------|
| <b>4 Profit from ordinary activities before income tax expense</b>                                                                        |      |            |            |
| <b>(a) Individually significant items included in profit from ordinary activities before income tax expense</b>                           |      |            |            |
| Exploration, evaluation and development expenditure written-off in respect of tenements surrendered                                       |      | 99,731     | -          |
| Proceeds from sale of mineral tenement                                                                                                    |      |            |            |
| Cash                                                                                                                                      |      | -          | 40,000     |
| 300,000 shares in listed securities at \$0.20                                                                                             |      | -          | 60,000     |
| Less: Book value of tenement sold                                                                                                         |      | -          | (60,301)   |
| Net Profit on sale of mineral tenement                                                                                                    |      | -          | 39,699     |
| Proceeds from sale of listed securities                                                                                                   |      | 18,317     | -          |
| Less: Book value of listed securities sold                                                                                                |      | (22,150)   | -          |
| Net Loss on sale of investments in listed securities                                                                                      |      | 3,833      | -          |
| <b>(b) Profit from ordinary activities before income tax expense has been arrived at after charging/ (crediting) the following items:</b> |      |            |            |
| Depreciation of:                                                                                                                          |      |            |            |
| Plant and equipment                                                                                                                       |      | 3,815      | 2,300      |
| Provision in employee entitlements                                                                                                        |      | 15,529     | 30,690     |
| Operating lease rental expense                                                                                                            |      |            |            |
| Minimum Lease payments                                                                                                                    |      | 17,702     | 10,135     |
| Diminution in value of Investments to recoverable amount                                                                                  |      | 600        | 38,700     |
| Exploration, evaluation and development expenditure written-off in respect of mineral tenement sold                                       |      | -          | 8,676      |
| <b>5 Auditors' remuneration</b>                                                                                                           |      |            |            |
| Audit services:                                                                                                                           |      |            |            |
| Auditors of the Company – Grant Thornton                                                                                                  |      |            |            |
| Audit and review of the financial reports                                                                                                 |      | 12,300     | 11,500     |
| Other regulatory audit services                                                                                                           |      | -          | -          |
|                                                                                                                                           |      | 12,300     | 11,500     |

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

|          | Note                                                                                                                                                                                                                                                                                                                                                | 2005<br>\$ | 2004<br>\$ |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| <b>6</b> | <b><i>Income tax expense</i></b>                                                                                                                                                                                                                                                                                                                    |            |            |
|          | Prima facie income tax benefit calculated at 30% on loss from ordinary activities                                                                                                                                                                                                                                                                   | 175,524    | 138,676    |
|          | Future income tax benefit in respect of tax losses not brought to account                                                                                                                                                                                                                                                                           | 175,524    | 138,676    |
|          | Income tax expense attributable to loss from ordinary activities                                                                                                                                                                                                                                                                                    | -          | -          |
|          | Tax losses recoverable but not recognised amount to \$352,459 (2004: \$176,935).                                                                                                                                                                                                                                                                    |            |            |
| <b>7</b> | <b><i>Earnings per share</i></b>                                                                                                                                                                                                                                                                                                                    |            |            |
|          | <b>(a) Classification of securities</b>                                                                                                                                                                                                                                                                                                             |            |            |
|          | All ordinary shares have been included in basic earnings per share.                                                                                                                                                                                                                                                                                 |            |            |
|          | <b>(b) Classification of securities as potential ordinary shares</b>                                                                                                                                                                                                                                                                                |            |            |
|          | 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. |            |            |
|          | <b>(c) Earnings used in the calculation of earnings per share</b>                                                                                                                                                                                                                                                                                   |            |            |
|          | Profit/(loss) from ordinary activities after related income tax expense                                                                                                                                                                                                                                                                             | (585,081)  | (462,252)  |
|          | <b>(d) Weighted average number of shares used as the denominator</b>                                                                                                                                                                                                                                                                                |            |            |
|          | <b>Number for basic and diluted earnings per share</b>                                                                                                                                                                                                                                                                                              |            |            |
|          | Ordinary shares                                                                                                                                                                                                                                                                                                                                     | 59,016,275 | 42,215,998 |
|          | The comparative number of shares used as the denominator for calculating earnings per share has been re-stated from 26,575,073 to 42,215,998 due to a clerical error in 2004. As a result, the comparative basic and diluted earnings per share has also been restated from (\$0.017) to (\$0.011) in the Statement of Financial Position.          |            |            |
|          | <b>(e) Adjustment factor for bonus element</b>                                                                                                                                                                                                                                                                                                      |            |            |
|          | No rights issues were made during the year and therefore no adjustment factor was required to be applied in order to restate the comparative earnings per share.                                                                                                                                                                                    |            |            |

### **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 2005

|                                                                                                                                                                                                                                                                                                                                                                                                                             | Note                                      | 2005<br>\$     | 2004<br>\$       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------|------------------|
| <b>9</b>                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Cash assets</b>                        |                |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | Cash                                      | 18,419         | 480,203          |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | Deposits at call                          | 424,184        | 1,553,303        |
|                                                                                                                                                                                                                                                                                                                                                                                                                             |                                           | <u>442,603</u> | <u>2,033,506</u> |
| <b>10</b>                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Receivables</b>                        |                |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Current</b>                            |                |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | Other debtors                             | 37,868         | 47,503           |
| <b>11</b>                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Other Financial Assets</b>             |                |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Current</b>                            |                |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | Shares in listed entities at market value | -              | 21,300           |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | Options in listed entities at cost        | 250            | 500              |
|                                                                                                                                                                                                                                                                                                                                                                                                                             |                                           | <u>250</u>     | <u>21,800</u>    |
| 50,000 options (2004: 300,000 shares and 100,000 options) were held in a listed entity whose principal activity was gold exploration. The shares were received in the previous financial year as part consideration for the sale to the listed entity of mining tenement M20/245 and the options were acquired during the previous financial year pursuant to a 1 for 3 non-renounceable entitlement at \$0.005 per option. |                                           |                |                  |
| <b>12</b>                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Other current assets</b>               |                |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | Prepayments                               | 23,139         | 21,292           |
| <b>13</b>                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Property, plant and equipment</b>      |                |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Plant and equipment</b>                |                |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | At cost                                   | 22,709         | 17,652           |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | Accumulated depreciation                  | (6,473)        | (2,658)          |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | Total property, plant and equipment       |                |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | Net book value                            | <u>16,236</u>  | <u>14,994</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 | 14,994         | 9,421          |
| Additions                            | 5,057          | 7,873          |
| Disposals                            | -              | -              |
| Depreciation                         | <u>(3,815)</u> | <u>(2,300)</u> |
| Carrying amount at end of year       | <u>16,236</u>  | <u>14,994</u>  |

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

|                                                               | Note | 2005<br>\$ | 2004<br>\$ |
|---------------------------------------------------------------|------|------------|------------|
| <b>14 Exploration, evaluation and development expenditure</b> |      |            |            |
| Costs carried forward in respect of areas of interest in:     |      |            |            |
| Production phase at cost                                      |      | -          | -          |
| Accumulated amortisation                                      |      | -          | -          |
| Development phase                                             |      | -          | -          |
| Exploration and/or evaluation phase                           | (i)  | 4,482,183  | 3,393,227  |
| Total Exploration, evaluation and development expenditure     |      | 4,482,183  | 3,393,227  |

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                         | 3,393,227 | 1,819,129 |
| Additional costs capitalised during the year                 | 1,188,687 | 1,643,074 |
| Exploration costs written off during the year                | (99,731)  | (8,675)   |
| Carrying amount of capitalised tenement sold during the year | -         | (60,301)  |
| Carrying amount at end of year                               | 4,482,183 | 3,393,227 |

### 15 Payables

|                                              |         |         |
|----------------------------------------------|---------|---------|
| Trade creditors                              | 125,117 | 43,793  |
| Other creditors and accruals                 | 60,171  | 92,533  |
| Amounts payable to director related entities | 2,522   | 11,975  |
|                                              | 187,810 | 148,301 |

### 16 Provisions

#### Current

|                       |        |        |
|-----------------------|--------|--------|
| Employee entitlements | 36,287 | 28,301 |
|-----------------------|--------|--------|

#### Non Current

|                       |        |       |
|-----------------------|--------|-------|
| Employee entitlements | 15,107 | 7,564 |
|-----------------------|--------|-------|

**Ramelius Resources Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2005**

|                                                                                  | Note  | 2005<br>\$ | 2004<br>\$ |
|----------------------------------------------------------------------------------|-------|------------|------------|
| <b>17 Contributed equity</b>                                                     |       |            |            |
| <b>Issued and paid-up share capital</b>                                          |       |            |            |
| 59,016,275 (2004: 59,016,275) ordinary shares, fully paid                        | 17(a) | 5,937,938  | 5,937,938  |
| <b>(a) Ordinary shares</b>                                                       |       |            |            |
| Balance at the beginning of year                                                 |       | 5,937,938  | 3,467,165  |
| Shares issued during the year                                                    |       |            |            |
| Nil (2004: 1,500,000) to Vendors in consideration for tenements                  |       | -          | 200,902    |
| Nil (2004 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)  |
| Nil (2004: 5,000) to Option-holders on exercise of options at \$0.20 in cash     |       | -          | 1,000      |
| Balance at end of year                                                           |       | 5,937,938  | 5,937,938  |

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

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

**(b) Options**

- (i) For information relating to the Ramelius Resources Limited Employee Share / Option Scheme including details of any options issued, exercised and lapsed during the financial year, refer to Note 24.
- (ii) For information relating to share options issued to executive directors during the financial year, refer to Note 24.

At 30 June 2005, there were 24,685,750 (30 June 2004: 23,185,750) unissued shares for which options were outstanding. All options are exercisable at \$0.18687 and have an expiry date of 31 December 2007.

**18 Retained profits / (losses)**

|                                                  |             |           |
|--------------------------------------------------|-------------|-----------|
| Retained losses at beginning of year             | (589,782)   | (127,530) |
| Net loss attributable to members of the company  | (585,081)   | (462,252) |
| Retained profits/(losses) at the end of the year | (1,174,863) | (589,782) |

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

|                                                                                                    | Note                                      | 2005<br>\$ | 2004<br>\$ |
|----------------------------------------------------------------------------------------------------|-------------------------------------------|------------|------------|
| <b>19</b>                                                                                          | <b><i>Total equity reconciliation</i></b> |            |            |
| Total equity at beginning of year                                                                  |                                           | 5,348,156  | 3,339,635  |
| Total changes in parent entity interest in equity recognised in statement of financial performance |                                           | (585,081)  | (462,252)  |
| Transactions with owners as owners:                                                                |                                           |            |            |
| Contributions of equity                                                                            |                                           | -          | 2,701,902  |
| Less transaction costs arising from transactions with owners as owners                             |                                           | -          | (231,129)  |
| Total equity at end of year                                                                        |                                           | 4,763,075  | 5,348,156  |

## **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 3.71% (2004: 4.86%)

### **(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                                | 512,820          | 385,580          |
| One year or later and no later than five years | 1,499,481        | 1,010,537        |
| Later than five years                          | 1,272,143        | 844,219          |
|                                                | <u>3,284,444</u> | <u>2,240,336</u> |

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

|  | Note | 2005<br>\$ | 2004<br>\$ |
|--|------|------------|------------|
|--|------|------------|------------|

Ramelius sub-leases a serviced office in Adelaide under a non cancellable annual operating lease expiring in October 2005. The Company also leases office accommodation in Perth under a non-cancellable operating lease expiring in March 2006. 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.

#### Non-cancellable operating lease expense commitments

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

|                                                |  |               |               |
|------------------------------------------------|--|---------------|---------------|
| Within one year                                |  | 18,204        | 16,936        |
| One year or later and no later than five years |  | 20,000        | 12,702        |
| Later than five years                          |  | -             | -             |
|                                                |  | <u>38,204</u> | <u>29,638</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. These obligations may be subject to renegotiation, farm-out or relinquishment. In addition to the contingent liabilities detailed below, the Company is also required under various agreements to maintain tenements in good standing and pay all rates, rents and taxes and do all things necessary to renew tenements during the conditions precedent period.

#### Contingent Liabilities

|                                                                                                                                            |       |                |                |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------|----------------|----------------|
| 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) | <u>402,787</u> | <u>680,581</u> |
|                                                                                                                                            |       | <u>442,687</u> | <u>720,481</u> |

#### (a) Acquisition of mining tenements

The Company has certain mining tenements which it acquired in September 2003 for a cash consideration, a production based royalty up to a maximum of \$1 million that may also become payable but which 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 an agreement over this period is \$150,000 (of which \$86,558 has been spent at 30 June 2005) with a minimum of \$50,000 per year.

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

|  | Note | 2005<br>\$ | 2004<br>\$ |
|--|------|------------|------------|
|--|------|------------|------------|

#### (c) Director Related Entities

The Company has mining tenements which it acquired in 2003 from a vendor that is a director related entity of the Managing Director, Mr Houldsworth. The contractual agreement with the entity provided for a production based royalty that may become payable. However at the date of the report, the maximum amount of royalties that may be payable cannot be quantified.

#### 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 |  | (585,081) | (462,252) |
| Add/(less) non cash items                               |  |           |           |
| Depreciation                                            |  | 3,815     | 2,300     |
| (Increase)/decrease in prepayments                      |  | (1,847)   | (3,341)   |
| (Increase)/decrease in receivables                      |  | 9,661     | 38,807    |
| (Increase)/decrease in non-current assets               |  | 21,858    | (82,751)  |
| (Decrease)/increase in accounts payable                 |  | 71,328    | 7,959     |
| (Decrease)/increase in provisions                       |  | 15,528    | 30,690    |
| (Decrease)/increase in investments                      |  | 3,233     | (21,300)  |
| Net cash provided by/(used in) operating activities     |  | (461,505) | (489,888) |

## 23 Employee entitlements

Aggregate liability for employee entitlements, including on-costs

|             |    |        |        |
|-------------|----|--------|--------|
| Current     | 16 | 36,287 | 28,301 |
| Non-current | 16 | 15,107 | 7,564  |
|             |    | 51,394 | 35,865 |

#### Number of employees

|                                 |  |   |   |
|---------------------------------|--|---|---|
| Number of employees at year end |  | 3 | 2 |
|---------------------------------|--|---|---|

## 24 Directors and Executives/Officers Disclosure

Directors and Executives/Officers disclosures including remuneration, post-employment/retirement benefits, equity remuneration, holdings and transactions are shown in the Remuneration Report section of the Directors Report.

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

#### 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, Joseph Fred Houldsworth, Nicholas John Smart (alternate for Joseph Fred Houldsworth during the period 1 to 2 June 2005) and Domenico Antonio Francese (alternate for Reginald George Nelson for one day on 2 June 2005).

Details of directors' remuneration and post-employment/retirement benefits are set out in the Remuneration Report section of the Directors Report.

##### (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 2005 are set out in the Remuneration Report section of the Directors Report.

##### (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 the Remuneration Report section of the Directors Report and Note 25(e).

##### (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 | 2005<br>\$ | 2004<br>\$ |
|----------------|---------------------------------------------------------------------------------------------------------------------------|------|------------|------------|
| RM Kennedy     | Payments to an accounting firm of which the director was a partner for professional fees                                  | (i)  | -          | 15,152     |
|                | Payments to an entity of which the director was a director for serviced office accommodation.                             | (i)  | -          | 3,126      |
|                | Payments to an information technology entity of which the director is a director and shareholder for website maintenance. |      | 3,569      | 5,095      |
| JF Houldsworth | Payments to an entity of which the director is a director in respect of labour & equipment hire.                          |      | 48,564     | 39,385     |
|                | Payments to an entity of which the director is a director in respect of vehicle & trailer hire.                           |      | 13,664     | 12,680     |

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

| Director | Transaction                                                                                     | Note | 2005<br>\$ | 2004<br>\$ |
|----------|-------------------------------------------------------------------------------------------------|------|------------|------------|
|          | Payments to an entity of which the director is a director for acquisition of a mining tenement. | 24   | 2,000      | -          |

- (i) The relevant period for the amounts disclosed in the previous financial year and during which Mr Kennedy was a partner or director of the entities concerned was for six months to 31 December 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              | 212          | 9,725         |
| Other creditors and accruals | 2,250        | 2,250         |
|                              | <u>2,462</u> | <u>11,975</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<br>1/7/04 | Options<br>Exercised | Net<br>Change<br>Other* | Balance<br>30/6/05** |
|---------|-------------------|----------------------|-------------------------|----------------------|
| Shares  | 13,400,002        | -                    | -                       | 13,400,002           |
| Options | -                 | -                    | -                       | -                    |

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

\*\* All securities previously held by Beach Petroleum Limited that were subject to an escrow period of 2 years from the date of the Company's listing on ASX, were released from escrow following expiration of that period on 31 March 2005.

#### Transactions

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

# Ramelius Resources Limited

## Notes to the financial statements

### For the year ended 30 June 2005

|  | Note | 2005<br>\$ | 2004<br>\$ |
|--|------|------------|------------|
|--|------|------------|------------|

**(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 Interests in Joint Ventures**

(a) The Company has a direct interest in a number of unincorporated joint ventures, the details of which are disclosed in the Review of Operations section of the Annual Report.

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

**Non Current Assets**

Exploration and evaluation expenditure

(included in Note 14)

**Total Assets employed in joint ventures**

2,272,120 1,715,277

2,272,120 1,715,277

#### **27 Events subsequent to balance date**

Since 30 June 2005, the Company;

- raised gross funds of \$1.3m from a placement of 8,666,666 ordinary fully paid shares at \$0.15 per share and free attaching options for the purpose of fast-tracking the development of the Company's Wattle Dam discovery, expand regional exploration in the Spargoville belt and for working capital. The placement was to a major Canadian institutional investor, Sprott Asset Management. The placement shares were issued during August 2005 however issue of the free attaching options is subject to shareholder approval at the Company's next annual general meeting.
- entered into three year employment agreements with Messrs Houldsworth and Francese in respect to their services as Managing Director and Company Secretary respectively.

Apart from the above, there has not arisen in the interval between 30 June 2005 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 2005

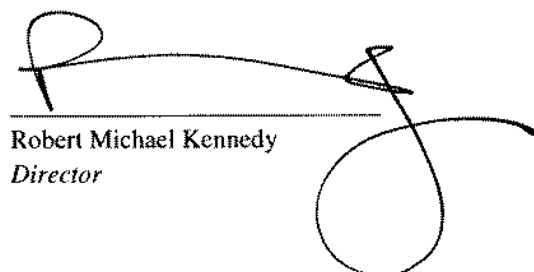
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### Directors' declaration

- 1 In the opinion of the directors of Ramelius Resources Limited:
- (a) the financial statements and the additional disclosures included in the Directors' Report designated as audited and notes, set out on pages 14 to 30, 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 2005 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.
- 2 The Managing Director and Chief Financial Officer have given the Directors the declarations required by section 295A of the Corporations Act 2001.

Dated at Adelaide this 30 day of September 2005.

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, the disclosures made by the Company in accordance with the Corporations Regulations 2001 as required by AASB 1046 "Directors and Executive Disclosures by Disclosing Entities" in the "Remuneration Report" in the Directors Report designated as "Audited" and the directors' declaration for Ramelius Resources Limited (the company) and consolidated entities, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

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](http://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 2005, and of its performance for the year ended on that date; and
  - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

**GRANT THORNTON**  
**CHARTERED ACCOUNTANTS**



**S J GRAY**  
Partner

Signed at Adelaide this 30 day of September 2005

# **Ramelius Resources Limited**

## **Review of Operations**

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### ***Operational Highlights***

#### **WATTLE DAM PROJECT (Gold)**

(100% Gold Rights; EL 15/718; ML's 15/1101; 1263; 1264; MLA's 15/1323; 1338; PL's 15/3767; 3873; 4479)  
(100% Gold and Nickel; PL's 15/4651; 4652; 4653)

#### **Wattle Dam 7800N Prospect**

The Company completed 4814 metres of resource definition RC and aircore drilling for 132 holes to better define the resource and bring the high grade eastern zone to a nominal 10 metre drilling density.

Spectacular gold grades have been returned from near surface such as **10 metres at 67 g/t gold** from 9 metres (including **4 metres at 151 g/t gold** from 11 metres) in drill hole WAC064 and at depth, one of the spectacular results was **20 metres at 62 g/t gold** from 42 metres (uncut), including **1 metre at 150 g/t gold** from 56 metres and **1 metre at 950 g/t gold** from 57 metres, in drill hole WAC082.

The high grade gold mineralisation encountered so far in this drilling program is the subject of ongoing geological interpretation of the resource model and the ease with which it can be mined will likely significantly enhance the economic benefit to the Company of mining the Wattle Dam 7800N gold resource. Preliminary metallurgical test work indicates that the ores are free milling, low reagent consumers and offer significant gravity gold recovery potential.

Environmental studies have been undertaken and statutory approvals applied for in anticipation of an imminent decision to mine.

#### **Outlook**

Development of the 7800N resource is expected to commence by the end of this quarter. Drill testing of numerous gold targets within the Wattle Dam area and the greater Spargoville Regional area is expected to commence later in the December 2005 quarter.

#### **HILDITCH PROJECT (Nickel and Gold)**

(90% PL's 15/4127 – 4130; MLA 15/1448)

Massive, disseminated and stringer nickel sulphides intersected below nickel sulphide gossans in the north-eastern sector of the tenements became the focus for nickel exploration during the year.

#### **Hilditch North Nickel Prospect**

During the year 45 RC holes were drilled for a total of 4175 metres. The initial 24 holes were targeted on the gossan locations and follow up drilling of anomalous nickel and copper intercepts in this drilling lead to the massive sulphide intersection of 2 metres at 2.4% nickel and 0.3% copper at 73 metres depth in hole HRC025. Subsequent drilling intersected disseminated nickel sulphides over 2 metres grading 1.1% nickel and 0.08% copper at a depth of 74 metres in hole HRC041 located 65 metres further north. Follow up drill hole HRC052 intersected 5 metres at 1.6% nickel and 0.36% copper in gossan about 45 metres up dip of the intersection in hole HRC041.

Only three drill holes have penetrated the prospective horizon below a vertical depth of 100 metres.

#### **Hilditch Central Nickel Prospect**

Located 1400 metres to the south of the Northern Prospect, 10 RC holes for 796 metres were drilled to test nickel sulphide gossans some of which contained combined platinum and palladium values in excess of 1 g/t. Some of the initial shallow holes returned anomalous nickel values, up to 0.4% nickel over 8 metres in hole HRC035 however deeper drilling in hole HRC044 returned only weak nickel mineralisation grading 0.4% nickel over 2 metres from 148 metres.

#### **Outlook**

Further deep RC drilling is expected to commence on the Hilditch North Nickel Prospect by the end of the December 2005 quarter, and first pass drilling on the New Wattle Dam Nickel Prospect during the first quarter of 2006.

# Ramelius Resources Limited

## Review of Operations

### Financial Highlights

#### Corporate

Since the end of the financial year, Ramelius Resources Limited successfully completed a placement of 8,666,666 new fully paid ordinary shares at \$0.15 each together with 4,333,333 free attaching listed options to raise gross funds of AUD \$1,300,000 ("Placement Shares").

Funds raised from the issue of the Placement Shares will be used to fast track development of the high-grade Wattle Dam discovery, expand regional exploration for both gold and nickel at what is emerging as a major prospective belt covering many kilometres at Spargoville and for working capital. The placement was made to Sprott Asset Management, a major Canadian institutional investor with a proven track record in gold and precious metals investments and pursuant to the ASX Listing Rules, was placed under the Company's 15% capacity. However, the issue of the attaching options is subject to shareholder approval. The placement was coordinated by Rundle Capital Partners Ltd (Australia) and Max Capital Markets (Canada).

### 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      |
|------------------|------------|----------|-------------|------------------------|-------------|-------------|------------------|------------------|-----------|
| Jaurdi/Black Cat | Coolgardie | M16/34   | Granted     |                        |             | 90%         | Ramelius         | Ramelius         | 341.25 ha |
| Jaurdi/Black Cat | Coolgardie | M16/115  | Granted     |                        |             | 90%         | Ramelius         | Ramelius         | 228.80 ha |
| 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 | Granted     | 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 | Granted     |                        |             | 100%        | Ramelius         | Ramelius         | 138.00 ha |
| Wattle Dam       | Coolgardie | P15/4651 | Granted     |                        |             | 100%        | Ramelius         | Ramelius         | 29.00 ha  |
| Wattle Dam       | Coolgardie | P15/4652 | Granted     |                        |             | 100%        | Ramelius         | Ramelius         | 193.50 ha |
| Wattle Dam       | 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        | ANM              | Ramelius         | 984.05 ha |

# Ramelius Resources Limited

## Review of Operations

|                |             |          |             |                   |     |                          |                |          |                  |
|----------------|-------------|----------|-------------|-------------------|-----|--------------------------|----------------|----------|------------------|
| North Widgie   | Coolgardie  | M15/100  | Granted     |                   |     | Rights<br>Gold<br>Rights | ANM            | Ramelius | 957.80 <b>ha</b> |
| North Widgie   | Coolgardie  | M15/101  | Granted     |                   |     | Rights<br>Gold<br>Rights | ANM            | Ramelius | 964.25 <b>ha</b> |
| North Widgie   | Coolgardie  | M15/102  | Granted     |                   |     | Rights<br>Gold<br>Rights | ANM            | Ramelius | 931.90 <b>ha</b> |
| North Widgie   | Coolgardie  | M15/653  | Granted     |                   |     | Rights<br>Gold<br>Rights | ANM            | Ramelius | 999.10 <b>ha</b> |
| North Widgie   | Coolgardie  | M15/1271 | Application | P15/3666          |     | Rights<br>Gold<br>Rights | ANM            | Ramelius | 485.70 <b>ha</b> |
| North Widgie   | Coolgardie  | P15/3666 | Granted     | M15/1271          |     | Rights<br>Gold<br>Rights | ANM            | Ramelius | 121.40 <b>ha</b> |
| Larkinvile     | Coolgardie  | E15/689  | Granted     |                   | 75% |                          | Heron          | Heron    | 28.00 <b>bk</b>  |
| Larkinvile     | Coolgardie  | E15/742  | Granted     |                   | 75% |                          | Heron          | Heron    | 7.00 <b>bk</b>   |
| Larkinvile     | Coolgardie  | M15/1449 | Application | P15/4213-<br>4214 | 75% |                          | Pioneer        | Pioneer  | 243.00 <b>ha</b> |
| Larkinvile     | Coolgardie  | P15/4213 | Granted     | M15/1449          | 75% |                          | Pioneer        | Pioneer  | 121.60 <b>ha</b> |
| Larkinvile     | Coolgardie  | P15/4214 | Granted     | M15/1449          | 75% |                          | Pioneer        | Pioneer  | 121.40 <b>ha</b> |
| Larkinvile     | Coolgardie  | P15/4464 | Granted     |                   | 75% |                          | Pioneer        | Pioneer  | 22.00 <b>ha</b>  |
| Bonnievale     | Coolgardie  | M15/70   | Granted     |                   |     | 100%                     | Ramelius       | Ramelius | 52.58 <b>ha</b>  |
| Bonnievale     | Coolgardie  | M15/220  | Granted     |                   |     | 85%                      | Ramelius       | Ramelius | 25.02 <b>ha</b>  |
| Gnarlbine      | Coolgardie  | E15/762  | Granted     |                   | 75% |                          | Linden<br>Gold | Ramelius | 32.00 <b>bk</b>  |
| Gnarlbine      | Coolgardie  | P15/4507 | Granted     |                   |     | 100%                     | Ramelius       | Ramelius | 191.00 <b>ha</b> |
| Gnarlbine      | Coolgardie  | P15/4508 | Granted     |                   |     | 100%                     | Ramelius       | Ramelius | 200.00 <b>ha</b> |
| Ida Fault      | Coolgardie  | E16/269  | Granted     |                   | 75% |                          | Avoca          | Avoca    | 36.00 <b>bk</b>  |
| Bullabulling   | Coolgardie  | E15/679  | Granted     |                   | 75% |                          | Pioneer        | Pioneer  | 41.00 <b>bk</b>  |
| Bullabulling   | Coolgardie  | P15/4435 | Granted     |                   | 75% |                          | Pioneer        | Pioneer  | 162.20 <b>ha</b> |
| Bullabulling   | Coolgardie  | P15/4436 | Granted     |                   | 75% |                          | Pioneer        | Pioneer  | 190.03 <b>ha</b> |
| Bullabulling   | Coolgardie  | P15/4437 | Granted     |                   | 75% |                          | Pioneer        | Pioneer  | 187.20 <b>ha</b> |
| Bullabulling   | Coolgardie  | P15/4438 | Granted     |                   | 75% |                          | Pioneer        | Pioneer  | 192.00 <b>ha</b> |
| Bullabulling   | Coolgardie  | P15/4439 | Granted     |                   | 75% |                          | Pioneer        | Pioneer  | 200.00 <b>ha</b> |
| Bullabulling   | Coolgardie  | P15/4440 | Granted     |                   | 75% |                          | Pioneer        | Pioneer  | 27.40 <b>ha</b>  |
| Cuddingwarra   | Murchison   | M20/79   | Granted     |                   |     | 80%                      | Ramelius       | Ramelius | 219.00 <b>ha</b> |
| Ingebong Hills | Warburton   | E69/1549 | Granted     |                   |     | 80%                      | Ramelius       | Ramelius | 9.00 <b>bk</b>   |
| Rhodes         | Warburton   | E69/1653 | Granted     |                   |     | 80%                      | Ramelius       | Ramelius | 6.00 <b>bk</b>   |
| Troy Creek     | Warburton   | E69/1921 | Application |                   |     | 100%                     | Ramelius       | Ramelius | 33.00 <b>bk</b>  |
| West Rhodes    | Warburton   | E69/1924 | Application |                   |     | 80%                      | Ramelius       | Ramelius | 32.00 <b>bk</b>  |
| Eucalyptus     | Mt Margaret | M39/464  | Application |                   |     | 50%                      | Audax          | Ramelius | 520.00 <b>ha</b> |

## Ramelius Resources Limited

### Review of Operations

|               |             |          |             |             |  |                    |             |          |                  |
|---------------|-------------|----------|-------------|-------------|--|--------------------|-------------|----------|------------------|
| Eucalyptus    | Mt Margaret | M39/465  | Application |             |  | 50%                | Audax       | Ramelius | 898.00 <b>ha</b> |
| Eucalyptus    | Mt Margaret | M39/466  | Application |             |  | 50%                | Audax       | Ramelius | 398.00 <b>ha</b> |
| Eucalyptus    | Mt Margaret | E39/480  | Granted     | M39/803-804 |  | 50% of Gold Rights | NiWest      | Ramelius | 4.00 <b>bk</b>   |
| Eucalyptus    | Mt Margaret | M39/803  | Application | E39/480     |  | 50% of Gold Rights | NiWest      | Ramelius | 599.00 <b>ha</b> |
| Eucalyptus    | Mt Margaret | M39/804  | Application | E39/480     |  | 50% of Gold Rights | NiWest      | Ramelius | 598.00 <b>ha</b> |
| Lake Seabrook | Yilgarn     | M77/943  | Application |             |  | 90%                | Enterprise  | Ramelius | 60.00 <b>ha</b>  |
| Lake Seabrook | Yilgarn     | E77/1103 | Application |             |  | 100%               | Far Corners | Ramelius | 1.00 <b>bk</b>   |
| Parker Range  | Yilgarn     | E77/955  | Granted     | M77/1085    |  | 100%               | Ramelius    | Ramelius | 3.00 <b>bk</b>   |
| Parker Range  | Yilgarn     | M77/1085 | Application | E77/955     |  | 100%               | Ramelius    | Ramelius | 768.00 <b>ha</b> |
| Parker Range  | Yilgarn     | P77/3481 | Application |             |  | 100%               | Ramelius    | Ramelius | 38.00 <b>ha</b>  |

#### Royalties

|                |                 |         |  |           |  |                            |                      |          |                |
|----------------|-----------------|---------|--|-----------|--|----------------------------|----------------------|----------|----------------|
| 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 (Nickel & Gold) | Siberia Mining       | Ramelius | Various        |
| Edjudina       | Mt Margaret     | Various |  |           |  | \$0.50M cap (Gold)         | St Barbara           | Ramelius | Various        |
| Eucalyptus     | Mt Margaret     | E39/480 |  | M39/803-4 |  | Production (Nickel)        | GME                  | Ramelius | 4.00 <b>bk</b> |

### OPERATIONS REVIEW

- WATTLE DAM PROJECT (Gold)** (100% Gold Rights; EL 15/718; ML's 15/1101; 1263; 1264; MLA's 15/1323; 1338; PL's 15/3767; 3873; 4479) (100% Gold and Nickel; PL's 15/4651; 4652; 4653)

#### Wattle Dam 7800N Gold Deposit

Resource definition drilling has been completed to a depth of approximately 60 metres particularly along the high grade eastern zone with the drilling density at a nominal 10 metres along strike and 15 metres in the dip direction. This was undertaken with one program of RC drilling consisting of 1702 metres for 23 holes and three aircore drilling programs consisting of 3112 metres for 109 holes.

Drilling was conducted on lines spaced 10 metres apart with drill hole collars on the eastern side generally spaced at 10 metre intervals along the drill lines. Most of these holes were inclined at 60° to the east while some were inclined at

## Ramelius Resources Limited

### Review of Operations

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60° to the west to confirm dip directions and provide scissor holes into some of the high grade intercepts. In the north western portion of the deposit where the mineralisation strikes transverse to the grid the holes were inclined at 60° and oriented at 45° to the grid.

All of this drilling is located within the internal limits of the resource, estimated last year at 155,000 tonnes at 3.3 g/t gold of which 80,000 tonnes at 3.6 g/t gold was assigned Indicated Resource status and 75,000 tonnes at 3.0 g/t gold Inferred Resource status.

The 7800N deposit is contained within a lens shaped gold mineralised system that extends 200 metres north-south along strike and is up to 80 metres wide that contains wide zones of gold mineralisation within which the gold intercepts that comprise the resource were returned. It is hosted by ultramafic rocks that have been variably weathered to a depth of 50 to 60 metres. There is a noticeable lack of variation in the geology throughout the deposit with the dominant lithology being tremolite-chlorite-talc rock other than on the eastern side where fine grained amphibole-chlorite lithologies are present. No lithological control to the gold mineralisation has been recognised nor is there an obvious relationship between the mineralisation and interfaces in the weathering profile.

The gold mineralisation is associated with shear zones however these are not always reliably recognisable within the powdery drill cuttings. Within these shear zones biotite alteration is common, quartz is rare and sulphides are occasionally present at depth.

There are four mineralised zones, the main one being the high grade Eastern zone, while the North Western zone, the Northern zone and the Western zone that includes the former South Western portion and Central zone contain lower grade gold mineralisation. For the most part the mineralised zones appear to be vertical to sub-vertical.

The Eastern zone is a composite body of gold mineralisation interpreted to contain four main “lenses” that hosts a number of high grade intercepts along a strike length of 100 metres and to a depth of 50 to 60 metres. At its northern end the strike changes from north to north-west and it becomes the North Western zone. The Eastern, North Western and Northern zones are considered to be the key zones of the deposit. An area of near surface gold enrichment overlies the Eastern zone.

The drilling along the eastern zone continued to return gold mineralisation with substantial grades and widths some of which are tabulated below, (Table 1). Embedded within many of these intersections are spectacular one to two metre intercepts with grades in excess of 50 g/t and up to 950 g/t gold. The frequency of occurrence of these high grade intercepts indicates that they may be a characteristic of this mineralised zone, a factor that has been taken into account in compiling the resource estimate that is presented below. It is notable that in the drilling in the vicinity of 6527930N to 6527950N, each hole that intersected the eastern zone around the 50 metre depth, (holes WAC082, 83, 85, 106 and WDRC053) returned at least one metre of these spectacular grades within the mineralised zone. This implies that a high grade sub-zone may be present at this position.

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## Review of Operations

**Table 1**  
**Examples of Significant Intersections**

| Hole ID | GDA     |        | Azi | Dip | From (m) | To (m) | Length (m) | No Cut | max 50g/t |
|---------|---------|--------|-----|-----|----------|--------|------------|--------|-----------|
|         | North   | East   |     |     |          |        |            | Au g/t | Au g/t    |
| WAC042  | 6527954 | 356228 | 90  | -60 | 22       | 31     | 9          | 8.9    | 8.9       |
|         |         |        |     |     | 25       | 26     | 1          | 45     |           |
| WAC050  | 6527928 | 356248 | 90  | -60 | 4        | 14     | 10         | 27     | 16        |
|         |         |        |     |     | 9        | 14     | 5          | 53     |           |
| WAC064  | 6527868 | 356248 | 90  | -60 | 9        | 19     | 10         | 67     | 26        |
|         |         |        |     |     | 11       | 15     | 4          | 151    |           |
|         |         |        |     |     | 17       | 18     | 1          | 33     |           |
| WAC082  | 6527936 | 356230 | 90  | -60 | 42       | 58     | 16         | 76     | 14        |
|         |         |        |     |     | 56       | 57     | 1          | 150    |           |
|         |         |        |     |     | 57       | 58     | 1          | 950    |           |
| WAC085  | 6527927 | 356230 | 90  | -60 | 48       | 54     | 6          | 133    | 10.3      |
|         |         |        |     |     | 51       | 52     | 1          | 800    |           |
| WAC092  | 6527897 | 356249 | 90  | -60 | 19       | 23     | 4          | 135    | 43        |
|         |         |        |     |     | 20       | 21     | 1          | 300    |           |
|         |         |        |     |     | 21       | 22     | 1          | 170    |           |
| WAC099  | 6527868 | 356261 | 270 | -60 | 11       | 17     | 6          | 14     | 14        |
| WAC100  | 6527868 | 356271 | 270 | -60 | 26       | 30     | 4          | 11     | 11        |
| WAC103  | 6527849 | 356237 | 90  | -60 | 36       | 40     | 4          | 20     | 14        |
|         |         |        |     |     | 39       | 40     | 1          | 75     |           |
| WAC106  | 6527927 | 356270 | 270 | -60 | 34       | 44     | 10         | 86     | 13.5      |
|         |         |        |     |     | 38       | 39     | 1          | 90     |           |
|         |         |        |     |     | 41       | 42     | 1          | 730    |           |
| WDRC053 | 6527936 | 356270 | 270 | -60 | 43       | 52     | 9          | 14     | 14        |

A resource based on all the drilling undertaken at the 7800N prospect area has been estimated using the cross sectional area method. This estimate used a cut off of 4 gram-metres gold with a minimum down hole length of 4 metres and a maximum of 2 metres down hole for included dilution. Density has been derived from down hole density logging of seven holes along the eastern side of the deposit. Densities are 2.5 g/cc near the surface decreasing to 2.0 g/cc at a depth of 20 metres and then increasing to 3.2 g/cc at 40 metres depth. In respect of cutting the values of high grade gold intercepts, the statistical and physical distribution of these values were examined and it is considered that within the Eastern zone a "cut" should only be applied to values greater than 50 g/t while in the remainder of the deposit a cut to 12 g/t is applicable. The resources have been collated into the recognised four zones and a surface zone that overlies the Eastern zone from the surface to a depth of three metres.

| ZONE          | INDICATED     |                | INFERRED     |                | TOTAL         |                |
|---------------|---------------|----------------|--------------|----------------|---------------|----------------|
|               | Tonnes        | Grade g/t gold | Tonnes       | Grade g/t gold | Tonnes        | Grade g/t gold |
| Eastern       | 57000         | 6.1            | 19000        | 5.2            | 76000         | 5.9            |
| North Western | 7000          | 2.8            | 1000         | 1.8            | 8000          | 2.7            |
| Northern      | 16000         | 2.0            | 12000        | 2.2            | 28000         | 2.1            |
| Western       | 31000         | 2.0            | 28000        | 1.7            | 59000         | 1.8            |
| Surface       | 9000          | 1.9            |              |                | 9000          | 1.9            |
| <b>TOTAL</b>  | <b>120000</b> | <b>4.0</b>     | <b>60000</b> | <b>2.9</b>     | <b>180000</b> | <b>3.6</b>     |

Metallurgical test work was undertaken by Amdel Limited on three samples composited from drill cuttings so as to represent the Eastern zone upper, Eastern zone lower and the Western zone. The company's metallurgical consultant

## Ramelius Resources Limited

### Review of Operations

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examined the results of this test work and advised that the ores are free milling, low reagent consumers and offer significant gravity gold recovery potential. At a coarse grind size potential recoveries are 83% to 96%.

Initial open pit optimisation studies undertaken by mine planning consultants based on the original resource estimate of September 2004 and using metallurgical recoveries indicated by the test work with toll treatment and operational costs estimated as industry standard indicated a return commensurate with a resource of this magnitude. The high grade eastern zone formed the bulk of the return from the optimisation. The additional drilling undertaken since the optimisation has enabled the new resource estimate to be made in which the Eastern zone combined **indicated and inferred resource has been increased** from 53,000 tonnes at 4.3 g/t gold to **76,000 tonnes at 5.9 g/t gold**. This resource increase is expected to favourably impact on the viability of the deposit.

As a precursor of a Notice of Intent to Mine, a flora survey was conducted in the area of the deposit and along a proposed haul route. No Declared Rare or Priority Flora species are evident. Additional environmental studies to characterise the waste, ore and any discharge water have been undertaken and no impediments have been recognised.

#### Wattle Dam 7800N Exploration

A RAB drilling program comprising 66 holes for 2814 metres was undertaken to the immediate north and south of the 7800N deposit. An anomalous result of 8 metres @ 0.56g/t Au from 36 metres associated with a structural trend associated with the 7800N resource was returned 400 metres north-west of the 7800N deposit. The intercept lies within sheared ultramafic lithologies adjacent to a contact with sediments to the west. The anomalism remains open to the north. Further drilling is to be undertaken at this location.

Approximately 250 metres to the east of the 7800N resource several anomalous values were returned, including 12 metres @ 0.21 g/t Au from 51 metres that are interpreted to be associated with contacts between ultramafic and felsic lithologies similar to the mineralisation 700 metres along strike at the 8500N prospect. Further RAB drilling along this anomalous trend is yet to be undertaken.

Eight hundred metres to the south at the 7000N prospect, broad low grade gold mineralisation (70 metres at 0.37 g/t gold) has been intersected in RC and RAB drilling. While this target area appears to have been adequately tested, a structural reinterpretation has identified shears that extend south east from this area and intersect with north-south shears associated with gold mineralisation in an area of alluvial cover. This target, which lies within the North Widgie Project area, is to be RAB drilled.

#### New Wattle Dam Gold and Nickel Prospect

A gossan search over P15/4651, which lies along strike to the south of the Hilditch Nickel prospect, identified an area of gossanous ironstones that exhibit the geochemistry of nickel sulphide gossans, some of which are tabulated below. Anomalous Au was also returned from three samples returning a maximum result of 0.4 g/t Au.

#### New Wattle Dam Prospect Gossan Geochemistry

| Northing<br>(GDA) | Easting<br>(GDA) | Cu<br>(ppm) | Ni<br>(ppm) | Pd<br>(ppb) | Pt<br>(ppb) | Zn<br>(ppm) |
|-------------------|------------------|-------------|-------------|-------------|-------------|-------------|
| 6532425           | 355639           | 3658        | 7730        | 159         | 309         | 340         |
| 6532334           | 355672           | 1828        | 6430        | 10          | 82          | 455         |
| 6532397           | 355680           | 5245        | 3903        | 1134        | 241         | 434         |

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### Review of Operations

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#### 2. HILDITCH PROJECT (Nickel and Gold) (90% PL's 15/4127 – 4130; MLA 15/1448)

Following from the discovery of massive, disseminated and stringer nickel sulphides below nickel sulphide gossans the focus of the nickel exploration shifted during the year from the south western sector to drilling below identified gossans along the eastern side and a continuing gossan search.

##### **Hilditch North Nickel Prospect**

Gossan occurrences located along a strike length of 300 metres in the north east of the tenements and identified as being after nickel sulphides were drill tested by 24 shallow RC holes for a total of 974 metres using a three hole scissor pattern at each location. Of these, three holes HRC001, 02 and 03 returned anomalous nickel and copper values to 2 metres at 1.2% nickel and 0.5% copper. These intercepts were all within the weathered, oxide, zone that a depth of approximately 50 metres becomes fresh (unweathered) and sulphides are preserved. A deeper RC hole, HRC025 testing the fresh material below these holes intersected massive nickel sulphides grading 2.4% nickel and 0.3% copper at a down hole depth of 73 to 75 metres on the contact of ultramafics and a mafic unit. The massive sulphide mineral assemblage is dominantly pyrite and violarite. A further zone of nickel bearing sulphides grading 1.3% nickel and 0.1% copper was intersected over one metre at 93 metres down hole in sediments adjacent to an ultramafic lithology that contains several one metre intervals with 0.3 to 0.4% nickel and enhanced copper and cobalt values that suggests "minor sulphides" may be present within this unit.

Of the four additional holes drilled in this program, anomalous nickel and copper values to 0.8% Nickel and 0.4% copper, were returned in the oxide zone on the same mafic – ultramafic contact in holes 40 metres north and south of HRC025.

A further fifteen RC holes totalling 2703 metres have been drilled with disseminated nickel sulphides being intersected over 2 metres at 1.1% nickel and 0.08% copper from 74 metres depth in hole HRC041 located 65 metres north of the massive sulphides in HRC025. Petrological examination indicates a magmatic origin for this sulphide assemblage that comprises pyrite-pyrrhotite-pentlandite-violarite. It is located on the contact of a moderate to high magnesium ultramafic and a sedimentary unit. Drilling up dip of the nickel sulphides in HRC041, in the oxide zone, intersected a 5 metre intercept of gossan grading 1.6% nickel and 0.4% copper within HRC052. Two metres of this gossan interval is considered to be after massive sulphides and the remainder after disseminated sulphides. This interval is located on the contact of an amphibole-chlorite ultramafic and a mafic unit.

Down hole EM has been conducted on several holes. It obtained a weak response associated with the sulphides in HRC025 and a weak, unexplained, off hole response in HRC055. This is yet to be evaluated.

The nickel mineralisation at this prospect is associated with the western contact of a moderate to high magnesium ultramafic and the eastern contact of an amphibole-chlorite ultramafic. Sedimentary units are developed along this contact as are fine to medium grained mafic units. The contacts of the mafic units often display strong shearing and is likely that the massive sulphides that occur along these contacts have been remobilised into these positions, whereas the sulphides, such as in HRC041 occurring on the contact of the high magnesium ultramafic may be in their original position. The sequence strikes west of north at about 340° and dips around the vertical. True widths are a factor of 0.5 of the down hole length.

Of all the holes drilled at this locality only three have penetrated the prospect horizon below 100 metres depth. This is an indication of the continuing potential of this prospect.

Tabulated below are nickel and copper intersections greater than 0.4% nickel.

## Ramelius Resources Limited

### Review of Operations

| Hole Number | Northing (GDA) | Easting (GDA) | Az  | Dip | Depth (m) | From (m) | To (m) | Length (m) | Ni% | Cu% |
|-------------|----------------|---------------|-----|-----|-----------|----------|--------|------------|-----|-----|
| HRC025      | 6537110        | 355113        | 90  | -60 | 120       | 73       | 75     | 2          | 2.4 | 0.3 |
|             |                |               |     |     |           | 75       | 76     | 1          | 0.5 | 0.1 |
|             |                |               |     |     |           | 93       | 94     | 1          | 1.3 | 0.1 |
|             |                |               |     |     |           | 97       | 98     | 1          | 0.5 | 0.4 |
|             |                |               |     |     |           | 100      | 101    | 1          | 0.4 |     |
| HRC027      | 6537090        | 355134        | 90  | -60 | 80        | 48       | 50     | 2          | 0.5 | 0.1 |
| HRC028      | 6537150        | 355133        | 90  | -60 | 60        | 19       | 20     | 1          | 0.8 | 0.1 |
|             |                |               |     |     |           | 24       | 25     | 1          | 0.5 | 0.4 |
|             |                |               |     |     |           | 27       | 28     | 1          | 0.8 | 0.1 |
| HRC029      | 6537150        | 355118        | 90  | -60 | 78        | 63       | 64     | 1          | 0.4 |     |
| HRC030      | 6536978        | 355253        | 60  | -60 | 120       | 87       | 89     | 2          | 0.4 |     |
| HRC037      | 6537095        | 355100        | 90  | -60 | 156       | 106      | 107    | 1          | 0.6 |     |
|             |                |               |     |     |           | 149      | 150    | 1          | 0.4 |     |
| HRC039      | 6537140        | 355100        | 90  | -60 | 132       | 92       | 93     | 1          | 0.6 | 0.1 |
|             |                |               |     |     |           | 97       | 101    | 4          | 0.6 | 0.1 |
|             |                |               |     |     |           | 119      | 120    | 1          | 0.5 |     |
| HRC040      | 6537160        | 355080        | 90  | -60 | 150       | 143      | 144    | 1          | 0.6 |     |
| HRC041      | 6537180        | 355100        | 90  | -60 | 126       | 74       | 76     | 2          | 1.1 | 0.1 |
|             |                |               |     |     |           | 85       | 86     | 1          | 0.4 |     |
|             |                |               |     |     |           | 112      | 113    | 1          | 0.4 |     |
| HRC042      | 6537075        | 355100        | 90  | -60 | 156       | 142      | 144    | 2          | 0.5 |     |
| HRC043      | 6537055        | 355110        | 90  | -60 | 144       | 102      | 103    | 1          | 0.5 |     |
|             |                |               |     |     |           | 137      | 138    | 1          | 0.4 |     |
| HRC044      | 6535645        | 355400        | 270 | -60 | 156       | 148      | 150    | 2          | 0.4 |     |
| HRC050      | 6537075        | 355230        | 270 | -60 | 186       | 76       | 77     | 1          | 0.4 |     |
|             |                |               |     |     |           | 86       | 88     | 2          | 0.8 | 0.1 |
| HRC051      | 6537035        | 355200        | 270 | -60 | 96        | 23       | 24     | 1          | 0.5 |     |
| HRC052      | 6537180        | 355150        | 270 | -60 | 50        | 25       | 30     | 5          | 1.6 | 0.4 |
| HRC054      | 6537220        | 355180        | 270 | -60 | 131       | 20       | 21     | 1          | 0.4 |     |
|             |                |               |     |     |           | 87       | 88     | 1          | 0.5 |     |

The drill holes were geologically logged and samples collected on a metre interval via a cyclone and riffle split\* providing a sub-sample for analysis for Ni, Al, Co, Cr, Cu, Fe, Mg and Zn using a multi acid digestion with an ICP finish, (AT/OES) provided by Genalysis Laboratory Services.

\* Holes HRC025 to HRC030 were grab sampled.

#### Hilditch Central Nickel Prospect

Gossan sampling conducted over the tenement highlighted the prospective nature of this Central Prospect with the following gossans having been located over a strike length of 200 metres

| Sample No | Co-ordinates |        | Cu ppm | Ni ppm | Pd ppb | Pt ppb | Zn ppm |
|-----------|--------------|--------|--------|--------|--------|--------|--------|
|           | North        | East   |        |        |        |        |        |
| HR145     | 6535585      | 355371 | 1592   | 12669  | 722    | 410    | 27     |
| HR143     | 6535594      | 355368 | 1215   | 13082  | 156    | 241    | 50     |
| HR144     | 6535599      | 355365 | 1035   | 6121   | 108    | 113    | 222    |
| HR133     | 6535645      | 355354 | 1431   | 12261  | 2594   | 70     | 830    |
| HR123     | 6535811      | 355301 | 1232   | 2490   | 421    | 225    | 834    |
| HR117     | 6535863      | 355316 | 429    | 2031   | 35     | 40     | 107    |

## Ramelius Resources Limited

### Review of Operations

Ten RC holes for 796 metres were drilled to test these nickel sulphide gossans. Initially three lines of shallow holes with two holes on each line oriented in a scissor configuration were drilled. Anomalous nickel values, up to 0.4% nickel over 8 metres in hole HRC035 that includes 2 metres at 0.5% nickel and 0.11% copper were returned however the deeper drilling of four holes only returned weak nickel mineralisation grading 0.4% nickel over 2 metres from 148 metres in HRC044.

#### Hilditch South-West Nickel Prospect

With priority being assigned to the gossan locations further to the east the EM targets at this prospect remain to be drill tested.

### 3. JAURDI/BLACK CAT (Gold) (M16/34, M16/115 – 90%)

Located 35 kilometres north from Coolgardie adjacent to the Jaudie Hills road, a public haul road, the Black Cat project has two resources, Black Cat North that is immediately north of the Black Cat open pit and Black Cat South located 80 metres to the south. These resources are tabulated below

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

\* rounded for reporting purposes

The company's mine planning consultants have modelled a cut back of the Black Cat open pit to access the Black Cat North resource and to develop a site layout plan as the precursor to lodging a Notice of Intent to Mine. Discussions have been held with parties interested in jointly developing these resources and it is expected that these will be progressed, particularly in view of the firming gold price.

### 4. NORTH WIDGIE PROJECT (Gold Rights) (100% ML's 15/97; 15/99; 15/100; 15/101; 15/102; 15/653; MLA 15/1271; PL15/3666)

Exploration on this project area commenced, albeit in a modest way, during the year with RAB drilling undertaken at several areas, one of which is the southern portion of the 7000N prospect described above under Wattle Dam. During the forthcoming year the exploration activity will increase with RAB drilling south of the 7000N prospect being a priority.

### 5. BONNIEVALE PROJECT (Gold) (100% ML15/70; 85% ML15/220)

Exploration, targeting gold has been conducted over the past two years at this project with limited success. The most recent work was pedogenic carbonate geochemistry that outlined a zone of anomalous gold north of the historical mine workings and the previous drilling. Ground inspection showed the area to be underlain by transported lateritic material and follow up work has been deferred.

The company is considering the tenement's further exploration potential.

## Ramelius Resources Limited

### Review of Operations

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#### 6. GNARLBINE (Gold) (100% PL's 15/4507-4508; Earning 75% E15/762)

An Aircore drilling program across the Titan anomaly was completed without significant or anomalous gold values being returned.

Future exploration on this project will be directed towards testing the "Canyon Anomaly" where anomalous gold along the interface of oxidised and partially oxidised bedrock below transported overburden was identified by previous explorers in the area.

#### 7. INGEBONG HILLS (Copper/Lead/Zinc) (80% EL 69/1549)

The Ingebong Hills Licence is the Company's key project in the Earraheedy Basin, located approximately 180 kilometres north east of Wiluna. Elevated and anomalous copper and zinc values in soil had previously been delineated in six individual zones by the company. These zones were infill sampled to a 200 by 50 metre density that showed the copper anomalous areas to be discrete and about 1.5 kilometres in strike length while the zinc anomalies are more attenuated along strike. The company is considering progressing this project in conjunction with a third party.

#### 8. RHODES (Gold/Copper/Lead/Zinc) (EL 69/1653 - 80%)

A reconnaissance stream sediment sampling program in the western portion of the licence returned several elevated gold vales to a maximum of 2.3ppb gold. Infill sampling has yet to be undertaken. The eastern portion of the licence was relinquished following a lag and soil sampling program that did not return any significant results.

#### 9. ROYALTY INTERESTS

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

| <b><u>PROJECT NAME</u></b>       | <b><u>CURRENT HOLDER</u></b> | <b><u>NATURE OF RAMELIUS' ROYALTY</u></b>                                                             | <b><u>COMMENTS</u></b>                                       |
|----------------------------------|------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| <b>SANDSTONE<br/>– Gold</b>      | Troy Resources NL            | Production based Royalty<br>Capped at \$300,000                                                       | No Current Activity by<br>Holder on the Royalty<br>Tenements |
| <b>BULONG<br/>- Gold</b>         | Yilgarn Gold Ltd             | Production based Royalty<br>Not Capped                                                                | No Current Activity by<br>Holder on the Royalty<br>Tenements |
| <b>SPARGOS REWARD<br/>– Gold</b> | Breakaway Resources Ltd      | 3% Gross Gold Royalty                                                                                 | No Current Activity by<br>Holder on the Royalty<br>Tenements |
| <b>SIBERIA<br/>– Gold/Nickel</b> | Siberia Mining Corp Ltd      | Nickel and Gold Royalty<br>Collectively capped at<br>\$100,000                                        | No Current Activity by<br>Holder on the Royalty<br>Tenements |
| <b>EDJUDINA<br/>– Gold</b>       | St. Barbara Mines Ltd.       | Production based Royalty<br>Capped at \$500,000                                                       | No Current Activity by<br>Holder on the Royalty<br>Tenements |
| <b>EUCALYPTUS<br/>– Nickel</b>   | GME Resources Ltd            | Option to purchase on<br>commencement of mining<br>Nickel Laterites at \$0.10/tonne<br>of Proven Ore. | No Current Activity by<br>Holder on the Royalty<br>Tenements |

## **Ramelius Resources Limited**

### **Review of Operations**

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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 2004 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.

The Information in this report that relates to Exploration Results is based on information compiled by Matthew Svensson and Gordon Dunbar.

Gordon Dunbar who is a Fellow of the Institute of Mining and Metallurgy, is employed by Rangewest Pty Ltd, trading as Dunbar Resource Management. Gordon Dunbar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting on Exploration Results. Gordon Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Matthew Svensson is a Member of the Australian Institute of Geoscientists and is a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting on Exploration Results. Matthew Svensson is a full-time employee of the company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# Ramelius Resources Limited

## Native Title Statement

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

- The Birriliburu People

The Company also executed a Deed of Acknowledgment and Waiver in respect of a 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 Birriliburu, Ballardong, Widji and Central West Goldfields People and their representatives in the course of negotiations with the Company during the year.

# Ramelius Resources Limited

## Glossary of Terms

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|                                 |                                                                                                                                                                                                                      |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AEROMAGNETICS:</b>           | A geophysical technique measuring changes in the earth's magnetic field from an airborne craft.                                                                                                                      |
| <b>AIRCORE:</b>                 | 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.                                            |
| <b>ANOMALOUS:</b>               | 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.                                                 |
| <b>ARCHAEAN:</b>                | The oldest rocks of the Earth's crust – older than 2,400 million years.                                                                                                                                              |
| <b>AURIFEROUS:</b>              | Gold bearing material                                                                                                                                                                                                |
| <b>AUGER:</b>                   | A screw-like boring or drilling tool for use in clay or soft sediments.                                                                                                                                              |
| <b>ASX:</b>                     | The Australian Stock Exchange Limited (ACN 008 629 691)                                                                                                                                                              |
| <b>AU:</b>                      | Gold                                                                                                                                                                                                                 |
| <b>AZ:</b>                      | Azimuth, a surveying term, the angle of horizontal difference, measured clockwise, of a bearing from a standard direction, as from north.                                                                            |
| <b>BASE METAL:</b>              | Non precious metal, usually referring to copper, zinc and lead.                                                                                                                                                      |
| <b>CALCRETE:</b>                | Soil and superficial material cemented by calcium carbonate.                                                                                                                                                         |
| <b>CARBONATE:</b>               | A common mineral type consisting of carbonates of calcium, iron, and/or magnesium                                                                                                                                    |
| <b>COMPANY:</b>                 | Ramelius Resources Limited (ACN 001 717 540)                                                                                                                                                                         |
| <b>COSTEAN:</b>                 | A trench dug through soil to expose the bedrock.                                                                                                                                                                     |
| <b>CUT:</b>                     | A term used when referring to average assays where the grade of a particularly high-grade interval is reduced to a lesser value.                                                                                     |
| <b>DISSEMINATED:</b>            | Usually referring to minerals of economic interest scattered or diffused through out the host rock.                                                                                                                  |
| <b>DIP:</b>                     | The angle at which rock stratum or structure is inclined from the horizontal.                                                                                                                                        |
| <b>DYKE:</b>                    | Tabular igneous intrusive cutting the bedding or planar features in the country rock.                                                                                                                                |
| <b>EL:</b>                      | Exploration Licence.                                                                                                                                                                                                 |
| <b>ELA:</b>                     | Exploration Licence application.                                                                                                                                                                                     |
| <b>EM:</b>                      | Electromagnetic, a geophysical technique used to detect conductive material in the earth.                                                                                                                            |
| <b>EOH:</b>                     | End of Hole.                                                                                                                                                                                                         |
| <b>FAULT:</b>                   | A fracture in rocks along which rocks on one side have been moved relative to the rocks on the other.                                                                                                                |
| <b>F.C.I.:</b>                  | Free carried interest.                                                                                                                                                                                               |
| <b>FELSIC:</b>                  | Light coloured rock containing an abundance of any of the following: - feldspars, feldspathoids and silica.                                                                                                          |
| <b>FERRUGINOUS:</b>             | Containing iron.                                                                                                                                                                                                     |
| <b>GEOCHEMICAL EXPLORATION:</b> | 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.                                                  |
| <b>GEOPHYSICAL EXPLORATION:</b> | 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. |
| <b>g/cc:</b>                    | grams per cubic centimetre                                                                                                                                                                                           |
| <b>g/t:</b>                     | grams per tonne                                                                                                                                                                                                      |
| <b>GOSSAN:</b>                  | The oxidised, near surface part of underlying primary sulphide minerals.                                                                                                                                             |
| <b>GROSS GOLD ROYALTY:</b>      | A royalty payment based on the total amount of product (gold) produced.                                                                                                                                              |
| <b>GRADE:</b>                   | g/t – grams per tonne, ppb – part per billion, ppm – parts per million.                                                                                                                                              |
| <b>GRATICULAR BLOCK:</b>        | With respect to Exploration Licences, that area of land contained within one minute of Latitude and one minute of Longitude.                                                                                         |
| <b>GSWA:</b>                    | The Geological Survey of Western Australia.                                                                                                                                                                          |
| <b>ha:</b>                      | Hectare                                                                                                                                                                                                              |
| <b>JORC:</b>                    | The Australasian Code for Reporting of Mineral Resources and Ore Reserves                                                                                                                                            |
| <b>km:</b>                      | kilometre                                                                                                                                                                                                            |

# Ramelius Resources Limited

## Glossary of Terms

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|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>KOMATIITE:</b>             | An ultramafic rock with high magnesium content extruded from a volcano.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>LAG:</b>                   | A residual deposit remaining after finer particles have been blown away by wind.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>LATERITE:</b>              | Highly weathered residual material rich in secondary oxides of iron and/or aluminium.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>LEACHWELL:</b>             | An analytical method.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>LODE DEPOSIT:</b>          | A vein or other tabular mineral deposit with distinct boundaries.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>MASSIVE:</b>               | Large in mass, having no stratification. Homogeneous structure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>MINERALISED:</b>           | Rock impregnated with minerals of economic importance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>M TONNES:</b>              | million tonnes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>M:</b>                     | metre                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>ML:</b>                    | Mining Lease.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>MLA:</b>                   | Mining Lease Application.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>NATIVE TITLE:</b>          | Native Title is the recognition in Australian law of indigenous Australian's rights and interests in land and waters according to their own traditional laws and customs. In June 1992, the High Court of Australia, in the case of Mabo v Queensland (1992) 175 Commonwealth Law Reports 1, overturned the idea that the Australian continent belonged to no one at the time of European's arrival. It recognised for the first time that indigenous Australians may continue to hold native title. Indigenous Australians may now make native title claimant applications seeking recognition under Australian law of their native title rights. |
| <b>NATIVE TITLE TRIBUNAL:</b> | The Native Title Tribunal set up under the Native Title Act 1993.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>OPEN PIT:</b>              | A mine excavation produced by quarrying or other surface earth-moving equipment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>ORE GRADE:</b>             | The grade of material that can be (or has been) mined and treated for an economic return.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>OXIDISED:</b>              | Near surface decomposition by exposure to the atmosphere and groundwater, compare to weathering.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>oz:</b>                    | ounces                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>PEDOGENIC:</b>             | The development of soil.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>PENTLANDITE:</b>           | An important ore of nickel $(\text{FeNi})_9\text{S}_8$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>PETROLOGICAL:</b>          | Pertains to a study of the origin, distribution, structure and history of rocks.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>PERCUSSION DRILLING:</b>   | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>PL:</b>                    | Prospecting Licence.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>PLA:</b>                   | Prospecting Licence application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>PORPHYRY:</b>              | A felsic or sub volcanic rock with larger crystals set in a fine groundmass.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>ppb:</b>                   | parts per billion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>PRIMARY GOLD:</b>          | Gold mineralisation that has not been subject to weathering processes, as opposed to Secondary Gold.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>PROTEROZOIC:</b>           | The Precambrian era after Archaean.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>PYRITE:</b>                | A common, pale bronze iron sulphide mineral.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>PYRRHOTITE:</b>            | An iron sulphide mineral.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>QUARTZ:</b>                | Mineral species composed of crystalline silica.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>RAB DRILLING:</b>          | 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.                                                                                                                                                                                                                                                                                                                                                                           |
| <b>RC DRILLING:</b>           | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>REIDEL FAULT:</b>          | A slip surface that develops during the early stage of shearing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>REGOLITH:</b>              | A layer of fragmented and unconsolidated material that overlies or covers basement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>RESERVE:</b>               | The mineable part of a resource to which a tonnage and grade has been assigned according to the JORC code.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

## Ramelius Resources Limited

### Glossary of Terms

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|                           |                                                                                                                                            |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <b>RESOURCE:</b>          | Mineralisation to which a tonnage and grade has been assigned according to the JORC code.                                                  |
| <b>ROCK CHIP SAMPLE:</b>  | A series of rock chips or fragments taken at regular intervals across a rock exposure.                                                     |
| <b>SECONDARY GOLD:</b>    | Gold mineralisation that has been subject to and usually enriched by weathering processes.                                                 |
| <b>SEDIMENTARY ROCKS:</b> | Rocks formed by deposition of particles carried by air, water or ice.                                                                      |
| <b>SHEAR ZONE:</b>        | A generally linear zone of stress along which deformation has occurred by translation of one part of a rock body relative to another part. |
| <b>SILICIFIED:</b>        | Alteration of a rock by introduction of silica.                                                                                            |
| <b>STRATIGRAPHY:</b>      | The study of formation, composition and correlation of sedimentary rocks.                                                                  |
| <b>STRIKE:</b>            | The direction of bearing of a bed or layer of rock in the horizontal plane.                                                                |
| <b>SULPHIDES:</b>         | Minerals consisting of a chemical combination of sulphur with a metal.                                                                     |
| <b>t:</b>                 | tonnes                                                                                                                                     |
| <b>TEM:</b>               | Transient Electromagnetic, a geophysical technique used to detect conductive material in the earth.                                        |
| <b>TOLL TREATMENT:</b>    | The treatment of ores where payment is made to the operator of the treatment plant according to the amount of material being treated.      |
| <b>TREMOLITE:</b>         | A pale coloured amphibole mineral.                                                                                                         |
| <b>ULTRAMAFIC:</b>        | An igneous rock comprised chiefly of mafic minerals.                                                                                       |
| <b>UNCUT:</b>             | A term used when referring to average assays where the grade of a particularly high-grade interval is not reduced to a lesser value.       |
| <b>VACUUM DRILLING:</b>   | A method of rotary drilling where the drill cuttings are recovered inside the drill rods by a vacuum system.                               |

### Corporate Governance Statement

During 2003 the Australian Stock Exchange Corporate Governance Council ("ASXCGC") released its best practice recommendations based on ten core principles for corporate governance. These recommendations are 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 not to adopt it and explain why. Except for those specifically identified and disclosed below, the Company has not to date adopted all ASXCGC best practice recommendations because the Board believes it cannot justify the necessary cost given the size and early stage of the entity's life as a public listed exploration company. The Board is, nevertheless, committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the principles outlined by the ASXCGC, including those that comply with best practice and which unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2005.

### *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. In discharging this responsibility, the Board seeks to take into account the interests of all key stakeholders of the Company, including shareholders, employees, customers and the broader community.

In June 2005 the Board adopted a formal Board Charter in accordance with ASXCGC best practice recommendation 1.1. The Board Charter details the functions and responsibilities of the Board of Directors.

The Board of Directors is responsible for the overall Corporate Governance of the Company. The Board oversees the formulation of strategies and participates in setting objectives for the Company and the establishment of policies to be implemented by management. The Board monitors the activities of the Company and ensures the entity is accountable to external stakeholders.

The Board's responsibilities are extensive and include the following.

- Determining the size and composition of the Board of Directors, remuneration of directors (subject to the maximum aggregate amount as approved from time to time by the company in general meeting) and assessing the effectiveness of individual directors and the Board as a whole;
- Establishing committees of the Board and determining terms of reference and reporting requirements;
- Selecting and appointing (and where appropriate, removing) the Chief Executive, determining conditions of service including remuneration and reviewing performance against key objectives;
- Ratifying the appointment (and where appropriate, removal) of senior management including the Chief Financial Officer and Company Secretary and approving conditions of service including remuneration and performance monitoring;
- Reviewing senior management succession planning and development;
- Approving strategic directions and performance objectives for the Company and monitoring implementation by management;
- Ensuring adequate financial, and human resources are available to achieve the Company's objectives;
- Delegating appropriate levels of authority to management;
- Overseeing the activities of the Company and ensuring effective systems of audit, risk management and internal controls are in place to protect the entity's assets and minimise operations beyond legal and regulatory requirements or acceptable risk thresholds;
- Monitoring compliance with legal and other regulatory requirements including accounting standards, continuous disclosure and ASX Listing Rules;

# Ramelius Resources Limited

## Corporate Governance

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- Approving and monitoring financial budgets, capital management, major expenditures and significant acquisitions and divestments;
- Approving and monitoring financial and other reporting;
- Approving and monitoring appropriate policies, procedures, codes of conduct and ethical standards for directors and employees;
- Ensuring effective communication and reporting to shareholders and other key stakeholders of the Company.

### Board processes and management

The Board has an established framework for the management of the entity including a system of internal control, a business risk management process and appropriate ethical standards. To assist in the execution of its responsibilities, the Board has an Audit Committee to deal with internal control; ethical standards and financial reporting. The Audit Committee's role and responsibilities, composition, structure and membership are set out in a formal Charter.

The Board appoints a Managing Director responsible for the day to day management of the Company. The role of the Managing Director is documented in the Board Charter (refer Principle 2 below).

### *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 2.3 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 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 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.

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

#### Role of the Chairman

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

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

# Ramelius Resources Limited

## Corporate Governance

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### Role of the Managing Director

The role of the Managing Director is separate from the Chairman and is appointed by the non executive directors of the Board. The responsibilities of the Managing Director include the following.

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

### *Principle 3 – Promote ethical and responsible decision making*

#### Ethical standards

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*

#### CEO/CFO declarations on financial reports

In accordance with ASXCGC best practice recommendation 4.1 the Chief Executive Officer and Chief Financial Officer are required to provide written declarations to the Board stating that in their opinions the Company's financial reports present a true and fair view, in all material respects, of the Company's financial position and financial performance are in accordance with relevant accounting standards.

#### Audit Committee

Ramelius is not a Company required by ASX Listing Rule 12.7 to have an Audit Committee during the year although it is a best practice recommendation of the ASXCGC. Notwithstanding the Listing Rule requirement, the Company has an Audit Committee in accordance with ASXCGC best practice recommendation 4.2 to oversee the Company's internal controls, ethical standards, financial reporting, and external accounting and compliance procedures.

In June 2005 the Board adopted a formal Charter for the Audit Committee in accordance with ASXCGC best practice recommendation 4.4. The Charter details the Audit Committee's role and responsibilities, composition and membership requirements. The role of the Chairman of the Audit Committee is also detailed in the Charter.

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

# Ramelius Resources Limited

## Corporate Governance

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

The Audit Committee's responsibilities are as follows.

- Overseeing establishment, maintenance and reviewing the effectiveness of the Company's internal control and ensuring efficacy and efficiency of operations, reliability of financial reporting and compliance with applicable Accounting Standards, Regulations and ASX Listing Rules;
- Reviewing, assessing and making recommendations to the Board on the annual and half year financial reports and other financial information or formal announcements published or released by the Company;
- Assessing and ensuring that any significant transactions and related party dealings are properly recognised, recorded and disclosed in the Company's financial reports;
- Obtaining and reviewing statements from the Chief Executive Officer and Chief Financial Officer expressing opinions on whether the Company's financial records have been properly maintained and whether financial statements comply with accounting standards and present a true and fair view;
- Reviewing the effectiveness of the Company's risk management and internal compliance systems;
- Approving and monitoring appropriate policies, procedures, codes of conduct and ethical standards for directors and employees and receiving and assessing management reports on any deficiencies or weaknesses that may arise;
- Liaising and discussing any relevant issues with the Chief Executive Officer and Chief Financial Officer;
- Assessing the scope of the annual audit and half year review, ensuring emphasis is placed on any areas requiring special attention;
- Liaising with and reviewing all reports of the external auditor including audit reports, management letters and independence declarations;
- Reviewing performance and assessing independence of the external auditor having regard for the provision of any non audit services and where necessary, making recommendations relating to audit fees, selection process, appointment, and removal of the Company's external auditor;
- Obtaining and reviewing statements confirming the external auditor's independence;
- Reviewing and monitoring management's response to any significant external auditor findings and recommendations;
- Reporting generally to the Board on the activities of the Committee and making any necessary recommendations relating to areas of improvement;
- Reviewing the contents of statements to be included in the annual report on the activities of the Committee
- Ensuring effective communication and reporting of the role of the Committee to shareholders and other key stakeholders of the Company;
- Reviewing and assessing annually the performance of the Committee and the adequacy of this charter.

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

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

# Ramelius Resources Limited

## Corporate Governance

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

### *Principle 5 – Making timely and balanced disclosure*

#### **Continuous Disclosure**

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 recommendation 6.1, information is communicated to shareholders as follows:

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

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. In accordance with ASXCGC best practice recommendation 6.2 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.

# Ramelius Resources Limited

## Corporate Governance

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### *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. The Company's remuneration practices are disclosed in the Remuneration Report section of the Directors Report.

### *Principle 9 – Remunerate fairly and responsibly*

#### **Remuneration Policy**

In accordance with ASXCGC best practice recommendation 9.1 the Company's remuneration practices are set out as follows.

The Company's Constitution specifies that the total amount of remuneration of non executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non executive directors has been set at \$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 non-executive directors on the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

In accordance with ASXCGC best practice recommendation 9.3 non-executive director remuneration is by way of fees and statutory superannuation contributions. Non-executive directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments and are not provided with retirement benefits other than statutory superannuation.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The 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 does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of Ramelius given the nature of the Company's business as a recently listed mineral exploration entity and the current status of its activities. However the Board may pay cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board. Cash bonuses were paid in December 2004 to the Managing Director and Company Secretary in accordance with this policy as disclosed in the Remuneration Report section of the Directors Report.

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.

The employment conditions of the Managing Director, Mr Houldsworth and specified executives are formalised in contracts of employment commencing 1 July 2005 and expiring on 30 June 2008. The Company may terminate the contracts without cause by providing six months written notice or making a termination payment in lieu of notice of an amount equal to half of the remuneration to be paid for the remainder of the of the contract with a minimum termination payment equal to twelve months remuneration under the contract. However any such termination payment is subject to the requirements of ASX Listing Rule 10.19, and in the event that the value of termination benefits to be paid and the value of all other termination benefits that are or may be payable to all officers of the Company together exceed 5% of the equity interests of the Company as set out in the latest accounts given to the ASX, the payment shall be pro-rata

# **Ramelius Resources Limited**

## **Corporate Governance**

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based on the maximum total termination benefits allowable under ASX Listing Rule 10.19. Termination payments are not generally payable on resignation or dismissal for serious misconduct.

Details of directors' and executives/officers' remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report.

### **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 in accordance with ASXCGC best practice recommendation 9.4. The non-executive directors are not eligible to participate in the Plan. No shares or options were issued to employees during the 2005 financial year. Further details of the terms of the Plan are disclosed in the Remuneration Report section of the Directors' Report.

### ***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 19 September 2005*

##### **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                                | 19.80           |
| ANZ Nominees Limited                                              | 4,945,984                                 | 7.31            |
| Bank of New York Nominees Limited<br><Bank of NY Global Cust a/c> | 3,784,000                                 | 5.59            |

##### **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                        | 5                          | 1                  |
| 1,001 – 5,000                    | 45                         | 291                |
| 5,001 – 10,000                   | 269                        | 94                 |
| 10,001 – 100,000                 | 589                        | 102                |
| 100,001 and over                 | 71                         | 33                 |
| Total Number of security holders | 979                        | 521                |

The number of shareholders holding less than a marketable parcel of ordinary shares is 27.

##### **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 19 September 2005 are as follows.

| Name                                                              | Number of fully paid ordinary shares held | Percentage held |
|-------------------------------------------------------------------|-------------------------------------------|-----------------|
| Beach Petroleum Limited                                           | 13,400,002                                | 19.80           |
| ANZ Nominees Limited                                              | 4,945,984                                 | 7.31            |
| Bank of New York Nominees Limited <Bank of<br>NY Global Cust a/c> | 3,784,000                                 | 5.59            |
| Mandurang Pty Ltd                                                 | 3,148,600                                 | 4.65            |
| Joseph Fred Houldsworth                                           | 2,620,000                                 | 3.87            |
| Aurelius Resources Pty Ltd                                        | 1,627,727                                 | 2.40            |

## Ramelius Resources Limited

### Shareholder Information

|                                                                     |            |       |
|---------------------------------------------------------------------|------------|-------|
| HFT Nominees Pty Ltd <HFT Super Fund a/c>                           | 1,000,000  | 1.48  |
| Dovido Pty Ltd                                                      | 759,151    | 1.12  |
| Mr David Ian Kerr, Mrs Cheryl Dorothea Kerr                         | 536,385    | 0.79  |
| RBC Global Services Australia Nominees Pty Limited <MLCI a/c>       | 500,000    | 0.74  |
| Warman Investments Pty Ltd                                          | 500,000    | 0.74  |
| Mrs Joan Margaret Cubbin                                            | 400,000    | 0.59  |
| Far Corners Minerals NL                                             | 380,000    | 0.56  |
| Mr John Caskey, Mrs Kathleen Caskey                                 | 300,000    | 0.44  |
| Mr Anthony Conen                                                    | 300,000    | 0.44  |
| Hawgood Pty Ltd                                                     | 300,000    | 0.44  |
| Jarra Glen Pty Ltd                                                  | 300,000    | 0.44  |
| Pitt Capital Partners Limited                                       | 295,734    | 0.44  |
| Mrs Marie Helen Harrex                                              | 295,000    | 0.44  |
| Dr Richard Kenneth Hart, Ms Lynette Mary Hart (Hart Super Fund a/c) | 285,400    | 0.42  |
|                                                                     | 35,677,983 | 52.70 |

#### Twenty largest option holders

The names of the 20 largest holders of options constituting a class of quoted equity securities on the Australian Stock Exchange Limited including the number and percentage held by those holders as at 19 September 2005 are as follows.

| Name                                                       | Number of options held | Percentage held |
|------------------------------------------------------------|------------------------|-----------------|
| Mandurang Pty Ltd                                          | 2,707,150              | 10.97           |
| Aurelius Resources Pty Ltd                                 | 2,705,000              | 10.96           |
| Joseph Fred Houldsworth                                    | 2,000,000              | 8.10            |
| Mr Stig Hakan Hellsing                                     | 1,500,000              | 6.08            |
| Rosalind Mary Smart                                        | 1,500,000              | 6.08            |
| Domenico Antonio Francese                                  | 625,000                | 2.53            |
| Mr Terry Ronald Sharp & Ms Lynette Catherine Sharp         | 538,000                | 2.18            |
| Far Corners Minerals Pty Ltd                               | 500,000                | 2.03            |
| Colin John Hough                                           | 500,000                | 2.03            |
| JP Morgan Nominees Australia Limited                       | 500,000                | 2.03            |
| Mrs Gaylene Sue McLean                                     | 500,000                | 2.03            |
| Rangewest Pty Ltd <Dunbar Family a/c>                      | 500,000                | 2.03            |
| Alan Paul Rudd                                             | 500,000                | 2.03            |
| Trent Paterson Stehn                                       | 500,000                | 2.03            |
| Mr Raul Used                                               | 400,000                | 1.62            |
| Kinver Mining NL                                           | 250,000                | 1.01            |
| Estate Mr Derek Anthony Lashmar                            | 212,500                | 0.86            |
| M & K Korkidas Pty Ltd <Superannuation a/c>                | 200,000                | 0.81            |
| First Avenue Investments Pty Ltd                           | 184,565                | 0.75            |
| Phoenix Silver Holdings Pty Ltd <Lil-Leste Investment a/c> | 175,000                | 0.71            |
|                                                            | 16,497,215             | 66.87           |

## Ramelius Resources Limited

### Shareholder Information

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#### Unquoted equity securities

##### *Fully paid ordinary Shares*

There are no unquoted fully paid ordinary shares on issue.

##### *Options*

Details of options exercisable by 31 December 2007 at \$0.18687 on issue which are unquoted securities are as follows.

| <b>Number of unquoted options<br/>on issue</b> | <b>Number of holders</b> |
|------------------------------------------------|--------------------------|
|                                                |                          |
| 1,500,000                                      | 3                        |
|                                                |                          |

# Ramelius Resources Limited

## Corporate Directory

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### PRINCIPAL REGISTERED OFFICE:

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

### PERTH EXPLORATION OFFICE:

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

### DIRECTORS, SENIOR MANAGEMENT AND CONSULTANTS:

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

JOSEPH FRED HOULDSWORTH  
Chief Executive Officer  
Managing Director

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

DOMENICO ANTONIO FRANCESE  
BEc, FCA, ASIA  
Company Secretary

GORDON JOHN DUNBAR  
BSc (Hons), MSc, Dip. Imperial College,  
FAusIMM, FAIG, AusIMM Chartered Professional  
(Geology) Consultant Geologist

ALAN PAUL RUDD  
B.APP.SC, MAIG  
Consulting Goldfields Exploration Manager

MATTHEW IAN SVENSSON  
B.APP.SC, MAIG  
Project Geologist

YVONNE WEISSGERBER  
Consulting Tenement Manager

### STOCK EXCHANGE CODE:

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

### SHARE REGISTRAR:

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

### AUDITORS:

Grant Thornton  
Chartered Accountants  
67 Greenhill Road  
WAYVILLE SA 5034

### LAWYERS:

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