
NEWS

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FOR IMMEDIATE RELEASE
Tuesday 11 March 2008

CANADIANS BACK UNDERGROUND MINE EXPANSION

BY AUSTRALIAN GOLD PRODUCER, RAMELIUS

Major Canadian investors have thrown their weight behind plans to expand one of Australia's newest gold mines from an open-pit to an underground mining operation from mid-year.

The Canadian interests have dominated an A\$11 million placement announced today by Ramelius Resources Limited (**ASX Code: RMS**) as part of a larger A\$15 million capital raising strategy.

The bulk of the proceeds will be used to fund maiden underground development at Ramelius' high grade Wattle Dam gold mine in the Spargoville Belt, 25 kilometres west of Kambalda in the Eastern Goldfields of Western Australia.

In a placement to institutions and fund managers of 11.6 million fully paid ordinary shares in Ramelius at an issue price of A\$0.95 per share, raising A\$11 million, major support for the issue came from Canadian-based Sprott Asset Management with Toronto-based Integral Wealth Limited acting as Lead Manager to the Placement.

Sprott is a Canadian fund manager with c\$7 billion funds under management and has specific expertise in investment opportunities within the gold sector.

South Australia's Adelaide Equity Partners acted as corporate advisers in the capital raising which includes a A\$4 million share purchase plan.

"The presence on our share register of such sophisticated and experienced international gold sector investors underscores the integrity and potential of now developing Wattle Dam as a long-term underground mining operation," Ramelius' Managing Director, Mr Joe Houldsworth said.

"We have set an aggressive resource definition diamond drilling program which is targeting 1 million ounces of resources at Wattle Dam in 2008," Mr Houldsworth said.

"Combined with the sustained price performance by gold, Wattle Dam presents a total attractive package in terms of grade, production potential, margin and sovereign risk and we are delighted within this environment, to attract the Canadian interest."

Mr Houldsworth said the Canadian investment, together with the share purchase plan, substantially derisked Ramelius' maiden underground mining operations and this work would now be accelerated with a view to first underground mining by July.

SPP terms same as placement

Mr Houldsworth said the \$4 million SPP announced today would be offered to shareholders under the same terms and conditions as the placement.

Details of this issue will shortly be sent to all shareholders.

Open-pit cutback

The Company also announced today that as an interim measure, it would proceed shortly with a cutback of the existing open-pit wall at Wattle Dam for processing through its wholly owned Burbanks mill.

"The existing gold resource at Wattle Dam has exceptional scope for growth, reinforced by recent drilling results - including visible gold encountered beneath the pit floor," Mr Houldsworth said.

"This warrants accelerated development of the mine and the continuation of gold and nickel exploration along the mineral-rich Spargoville Belt targeting further gold deposits and nickel mineralisation."

Diamond and RC drilling already completed this year at Wattle Dam has intersected high grade mineralization outside the current resource which Mr Houldsworth says is expected to increase the mining inventory substantially.

The 4,000 metres of diamond drilling is expected to continue until at least June and also aims to define further high grade zones at depth and provide the necessary geotechnical information to allow for the design of Wattle Dam's portal and decline.

Part proceeds of the capital raising announced today will also allow accelerated drilling and evaluation of gold prospects at nearby West Larkinvile and Eagle's Nest and the 1A North Nickel prospect.

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