



ASX RELEASE

28 August 2012

For Immediate Release

Results for announcement to the market

RAMELIUS RESOURCES LIMITED **Consolidated Entity**

28 August 2012

ISSUED CAPITAL

Ordinary Shares: 336M

DIRECTORS

Chairman:
Robert Kennedy
Non-Executive Directors:
Kevin Lines
Managing Director:
Ian Gordon

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RAMELIUS RESOURCES LIMITED

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Appendix 4E

Directors Report **Annual Financial Report** **30 June 2012**

Attached is the Company's Appendix 4E and 2012 Annual Financial Report for the year ended 30 June 2012.

The Company's consolidated profit before income tax was \$4.4M. This result is after impairment of exploration and development assets of \$17M relating to the Wattle Dam project.
Profit after income tax was \$2.3M.

For further information contact:

Ian Gordon
Managing Director
Ph: 61 8 9202 1127

RAMELIUS RESOURCES LIMITED

APPENDIX 4E

Results for announcement to the market

Preliminary Final Report for the year ended 30 June 2012 (Rule 4.3A)

Previous corresponding period - 30 June 2011

Consolidated	30 June 2012	30 June 2011	Movement \$	Movement %
Revenue from ordinary activities (\$000's)	84,331	148,105	(63,774)	(43.06)
Net profit after tax (\$000's)	2,339	62,401	(60,062)	(96.25)
Net profit after tax attributable to members (\$000's)	2,339	62,401	(60,062)	(96.25)
Net asset backing per ordinary security (\$)	0.60	0.53	0.07	13.21
Dividend / capital return paid on:			Cents per share	Record Date
Capital return paid 20 August 2010	-	14,567,264	5.0	6 Aug 2010
Fully franked special dividend paid 17 December 2010	-	5,828,356	2.0	10 Dec 2010

The directors do not propose to pay any additional dividend or capital return for the year ended 30 June 2012.

Review of operations - highlights

- ▶ Commencement of mining and gold production at Mt Magnet
- ▶ Strong balance sheet at 30 June 2012 with closing cash balance of \$48.8m
- ▶ A strategic shareholding of 7.5% acquired in Doray Minerals Limited
- ▶ Acquisition of Kambalda West Project from Breakaway Resources Limited
- ▶ Acquisition of Coogee gold deposit from Terrain Minerals Limited
- ▶ Agreement to acquire the Vivien gold deposit from Agnew Gold Mining Company, a subsidiary of Gold Fields Limited
- ▶ Appointment of Chief Operating Officer in March 2012

RAMELIUS RESOURCES LIMITED

APPENDIX 4E

Key financial highlights

		12 months to 30 June 2012	12 months to 30 June 2011	Movement \$
Performance				
Total sales revenue		84,331	148,105	(63,774)
Cost of sales		(56,879)	(54,903)	(1,976)
Gross profit		27,452	93,202	(65,750)
Net profit after tax (NPAT)		2,339	62,401	(60,062)
Dividends / capital return (cps)		-	20,396	(20,396)
Basic EPS (cps)		0.73	21.4	(20.67)
Dilutive EPS (cps)		0.73	21.2	(20.47)
Cash flows				
Cash flow from operating activities		5,028	99,284	(94,256)
Financial position				
		As at 30 June 2012	As at 30 June 2011	Movement %
Net assets		203,020	153,704	32.09
Cash balance		48,764	89,546	(45.54)

The audited annual financial report follows.



RAMELIUS RESOURCES LIMITED

Consolidated Entity

**Annual Financial Report
30 June 2012**

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

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

Directors

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

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

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

Independent Non-Executive Chairman

Experience and expertise

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

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

Current and former directorships in the last 3 years

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

Responsibilities

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

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

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

Independent Non-Executive Director

Experience and expertise

Mr Nelson joined Ramelius Resources Limited as a non-executive director on 1 November 1995. He has had a career spanning four decades as an exploration geophysicist in the minerals and petroleum industries. He was chairman of the peak industry organisation, the Australian Petroleum Production and Exploration Association (APPEA) from 2004 to 2006. He is a former Chairman of the Nevoria Gold Mine Joint Venture in Western Australia. He has broad experience in gold exploration and mining operations in Western Australia, the Northern Territory and South Australia. Mr Nelson's contribution to the Board was his wide technical expertise and knowledge of the mining industry and corporate matters.

Current and former directorships in the last 3 years

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

Responsibilities

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Ian James Gordon *BCom, MAICD*

Managing Director

Experience and expertise

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

Current and former directorships in the last 3 years

None

Responsibilities

Chief Executive Officer.

Kevin James Lines *BSc (Geology), MAusIMM*

Independent Non-Executive Director

Experience and expertise

Mr Lines joined Ramelius Resources Limited as a non-executive director on 9 April 2008. He has over 30 years experience in mineral exploration and mining for gold, copper, lead, zinc and tin. He has held senior geological management positions with Newmont Australia Limited, Normandy Mining Limited and the CRA group of companies. He was the foundation Chief Geologist at Kalgoorlie Consolidated Gold Mines where he led the team that developed the ore-body models and geological systems for the Super-Pit Operations in Kalgoorlie, managed the Eastern Australian Exploration Division of Newmont Australia Limited that included responsibility for the expansive tenement holdings of the Tanami region. The contribution of Mr Lines to the Board is his extensive experience in the assessment and evaluation of exploration projects and development of properties and mining operations overseas.

Current and former directorships in the last 3 years

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

Responsibilities

Independent Non-Executive Director.

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

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

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

A Number of meetings attended

B Number of meetings held whilst a director

C Number of meetings held whilst a member

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Directors' interests

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

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

Company Secretary

Domenico Antonio Francese *BEC., FCA, FFin, ACSA, ACIS*

Experience and expertise

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

Responsibilities

Chief Financial Officer

Principal activities

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

Review of operations and results

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

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

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

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

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

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

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

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

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

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

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

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

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

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

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

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

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

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

Dividend and capital return

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

State of affairs

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Events occurring after reporting date

The following events occurred since 30 June 2012.

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

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

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

Likely developments and expected results of operations

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

Shares under option or right

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

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

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

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

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

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

Shares issued on the exercise of options or rights

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

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

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

Environmental regulation and performance

The operations of the group in Australia are subject to significant environmental regulations under both Commonwealth and State legislation in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the group on any of its tenements. In respect of the group's mine development, licences and permits exist to carry out these activities and the group has provided unconditional performance bonds to the regulatory authorities to provide for any future rehabilitation requirements. In respect of processing plants, the group has all the necessary licences and permits to operate the facilities and has provided unconditional performance bonds to the regulatory authorities to provide for any future rehabilitation requirements. The group's operations have been subjected to environmental audits both internally and by the various regulatory authorities and there have been no known breaches of any environmental obligations at any of the group's operations.

Indemnity of directors and officers

Indemnification

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

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

Insurance premiums

Since the end of the previous year Ramelius has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts. The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

Proceedings on behalf of Ramelius

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

Auditor independence and non-audit services

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration report

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

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

Ramelius' remuneration report:

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

Key management personnel

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

Directors and executives disclosed in this report

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

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

Changes since the end of the reporting period

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

Role of the Nomination and Remuneration Committee

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

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

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration Policy and Structure

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

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

Principles used to determine the nature and amount of remuneration

Non-executive directors remuneration policy

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

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

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

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

Details of remuneration

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

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

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Executive remuneration policy and framework

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

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

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

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

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

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

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

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

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

The executive remuneration framework has three components:

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

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

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

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

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

The elements of executive remuneration packages are set out below:

Base pay and benefits

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

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

Short-term performance incentives

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

To date, Ramelius has not emphasised payment for financial performance through the provision of a cash bonus scheme or other incentive payments based on key performance indicators. However the Nomination and Remuneration Committee may recommend to the Board the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives. This may result in the proportion of remuneration related to performance varying between individuals. The Board sets these bonuses in order to encourage the achievement of specific goals that may have been given high levels of importance in relation to growth and profitability of Ramelius.

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

Long-term performance incentives

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

Performance Rights Plan

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

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

Employee Share Acquisition Plan

The Employee Share Acquisition Plan enables the Board to offer eligible employees as a long-term incentive, ordinary fully paid shares in Ramelius and in accordance with the terms of the plan, shares may be offered at no consideration unless the Board determines that market value or some other value is appropriate. Any consideration may be by way of interest free loans repayable in accordance with the terms and conditions of the plan.

Other long-term incentives

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

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

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

Details of remuneration

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

RAMELIUS RESOURCES LIMITED

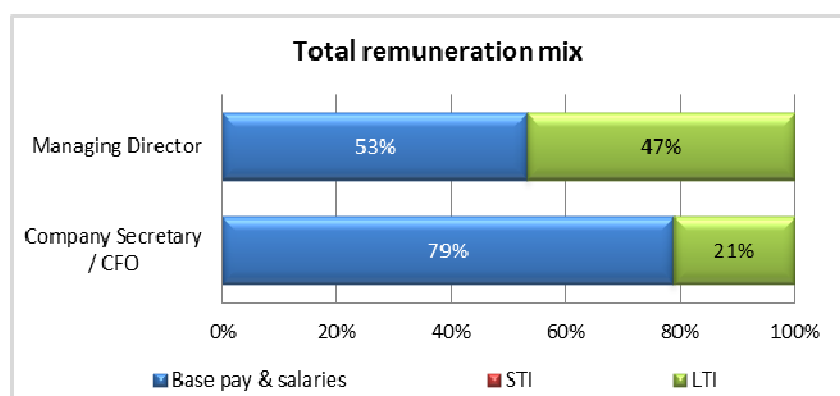
DIRECTORS' REPORT

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

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

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

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



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

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

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

Service agreements

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Managing Director

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

Mr Gordon is entitled to a termination payment equal to a maximum of twelve months remuneration where in certain circumstances the employment agreement is terminated. Mr Gordon's employment agreement has no fixed term and may be terminated by Ramelius with six months notice and by Mr Gordon with three months notice.

Other executives

Ramelius has also entered into employment agreements with other key management personnel in respect of their services. These agreements provide for the initial set salary per annum inclusive of superannuation guarantee contributions to be reviewed periodically.

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

- Mr D A Francese is entitled to a termination payment equal to a maximum of twelve months remuneration where in certain circumstances the employment agreement is terminated. Mr Francese's employment agreement has no fixed term and may be terminated by Ramelius with six month's notice and by Mr Francese with three months notice.

Generally, employment agreements of key management personnel enable Ramelius to terminate the contracts without cause by providing written notice or making a termination payment in lieu of notice including a minimum termination payment as provided for under the agreements. Termination payments are not generally payable on resignation or dismissal for serious misconduct. Any rights or options not vested or exercised before the date of termination will lapse.

Share-based compensation

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

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

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

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

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

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

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

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

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

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

Shares provided on exercise of rights

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

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

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

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

Details of remuneration: share-based compensation benefits

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

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

Interests in shares and options of key management personnel

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

Rounding of amounts

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

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



Robert Michael Kennedy
Chairman
Adelaide 27 August 2012

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Ramelius Resources Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



S J Gray
Partner

Adelaide, 27 August 2012

RAMELIUS RESOURCES LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

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

Earnings per share (EPS) (cents per share)

Basic earnings per share	8	0.73	21.4
Diluted earnings per share	8	0.73	21.2

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

RAMELIUS RESOURCES LIMITED

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

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

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

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

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

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

RAMELIUS RESOURCES LIMITED

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

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

1 Refer Note 22 for description of reserves.

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

RAMELIUS RESOURCES LIMITED

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

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

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

RAMELIUS RESOURCES LIMITED

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

a) Basis of preparation and statement of compliance

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

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the group

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

(iii) Early adoption of standards

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

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

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

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

(iv) Historical cost convention

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

(v) Critical accounting estimates

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

RAMELIUS RESOURCES LIMITED

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

(vi) Changes to presentation - classification of expenses

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

b) Principles of consolidation

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

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

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

c) Jointly controlled assets

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

d) Segment reporting

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

e) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

Translation of foreign operations

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

RAMELIUS RESOURCES LIMITED

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

f) Revenue recognition

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

Gold bullion and silver sales

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

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

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

g) Income tax

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

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

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

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

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

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

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

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

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

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

RAMELIUS RESOURCES LIMITED

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

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

h) Cash and cash equivalents

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

i) Trade and other receivables

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

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

j) Inventories

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

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

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

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

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

k) Deferred mining expenditure

Pre-production mine development

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

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

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

RAMELIUS RESOURCES LIMITED

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

Mining costs

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

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

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

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

1) Property, plant and equipment

Cost

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

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

The net carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation

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

RAMELIUS RESOURCES LIMITED

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

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

Estimates of remaining useful lives and depreciation methods are reviewed bi-annually for all major items of plant and equipment. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Income Statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

m) Leases

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

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

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

n) Exploration, evaluation and feasibility expenditure

Exploration and evaluation

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

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

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

Deferred feasibility

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

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

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

RAMELIUS RESOURCES LIMITED

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

o) Mine development

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

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

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

Amortisation

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

p) Mineral rights

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

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

q) Intangible assets

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

r) Impairment of non-financial assets

The carrying amounts of all non-financial assets are reviewed half-yearly to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. The recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed as an impairment loss to the Income Statement.

s) Available-for sale assets

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

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

t) Trade and other payables

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

RAMELIUS RESOURCES LIMITED

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

u) Employee benefits

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

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

Long service leave

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

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

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

Defined contribution superannuation plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Share-based payments

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

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

(i) Employee share acquisition plan

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

(ii) Performance rights plan

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

(iii) Other long-term incentives

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

RAMELIUS RESOURCES LIMITED

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

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

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

v) Provision for restoration and rehabilitation

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

Provision for restoration and rehabilitation

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

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

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

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

w) Financial instruments

Initial recognition and measurement

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed immediately.

Classification and subsequent measurement

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

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

(iii) Financial liabilities

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

RAMELIUS RESOURCES LIMITED

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

(iv) Derivative financial instruments

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

Fair value

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

Impairment

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

x) Issued capital

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

y) Earnings per share (EPS)

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

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

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

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

z) Goods and services tax (GST)

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

Receivables and payables are stated in the Consolidated Statement of Financial Position inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

RAMELIUS RESOURCES LIMITED

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

aa) Business combinations

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

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

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

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

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

bb) New accounting standards and interpretations

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

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

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

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

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

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

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

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

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

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

RAMELIUS RESOURCES LIMITED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RAMELIUS RESOURCES LIMITED

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

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

cc) Parent entity information

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

dd) Carbon tax impact

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

ee) Rounding of amounts

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

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

a) Exploration and evaluation expenditure

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

b) Development assets

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

c) Deferred mining expenditure

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

d) Ore reserve estimates

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

RAMELIUS RESOURCES LIMITED

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

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

e) Recovery of deferred tax assets

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

f) Impairment of assets

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

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

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

h) Provision for restoration and rehabilitation

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

i) Share based payments

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

j) Impairment of available-for-sale financial assets

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

RAMELIUS RESOURCES LIMITED

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

	Consolidated	
	2012	2011
	\$000's	\$000's
3 REVENUE AND EXPENSES		
Profit before tax includes the following revenue, income and expenses whose disclosure is relevant in explaining the performance of the group:		
a) Sales revenue		
Gold sales	84,075	147,627
Silver sales	-	175
Milling services	256	303
Total sales revenue	84,331	148,105
b) Cost of production		
Amortisation and depreciation	11,065	22,231
Employee benefits expense	10,911	2,917
Inventory movements	(28,624)	1,502
Inventory write-downs	5,295	-
Mining and milling production costs	56,028	24,315
Royalty costs	2,204	3,938
Total cost of production	56,879	54,903
c) Other expenses (income)		
Amortisation and depreciation	79	48
Cost of acquisition of investments and subsidiaries	18	2,074
Employee benefits expense	2,335	1,628
Equity settled share-based payments	1,521	706
Exploration costs written off	644	802
(Gain) loss on sale of non-current assets	(29)	22
Impairment of exploration and evaluation assets	2,560	292
Impairment of development assets	14,460	-
Loss on put option	2,153	3
Net foreign exchange (gains) losses	(17)	135
Other expenses (income)	2,076	1,353
Total other expenses	25,800	7,063
d) Net finance expenses/(income)		
Discount unwind on provisions/borrowings	1,860	65
Interest and finance charges paid/payable	8	7
Total finance costs	1,868	72
Interest income	(4,592)	(4,541)
Net finance expenses (income)	(2,724)	(4,469)
e) Profit before income tax includes the following specific expenses		
Defined contribution superannuation expense	1,030	481
Rental expenses relating to operating leases	218	183

RAMELIUS RESOURCES LIMITED

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

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

4 INCOME TAX EXPENSE

The components of tax expense comprise:

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

Income tax expense	2,037	28,207
---------------------------	--------------	---------------

Reconciliation of income tax expense to prima facie tax payable:

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

Income tax expense	2,037	28,207
---------------------------	--------------	---------------

Applicable weighted average effective tax rate	47%	31%
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30 June 2012 deferred tax movement

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

RAMELIUS RESOURCES LIMITED

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

30 June 2011 deferred tax movement

	Balance at 1 July 2010 \$000's	Recognised through acquisition \$000's	Charged / (credited) to income \$000's	Charged / (credited) to equity \$000's	Balance at 30 June 2011 \$000's
Deferred tax liability					
Exploration and evaluation	2,006	-	(283)	-	1,723
Development	4,109	461	10,482	-	15,052
Property, plant and equipment	-	387	(571)	272	88
Inventory	-	61	-	-	61
Receivables	-	-	414	-	414
Other non-current assets	-	-	-	7	7
Total deferred tax liability	6,115	909	10,042	279	17,345

Deferred tax asset

Issued equity transaction costs	297	-	(119)	-	178
Provisions	327	5,499	(94)	-	5,732
Other	97	-	60	-	157
Total deferred tax asset	721	5,499	(153)	-	6,067

Tax effects relating to comprehensive income

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

Current tax position

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

RAMELIUS RESOURCES LIMITED

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

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

5 DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel compensation

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

Detailed remuneration disclosures are provided in the remuneration report.

Equity instrument disclosures relating to key management personnel

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

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

1 Held directly

2 Held by entities in which a relevant interest is held

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

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

RAMELIUS RESOURCES LIMITED

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

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

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

RAMELIUS RESOURCES LIMITED

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

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

Loans to key management personnel

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

Other transactions with key management personnel

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

6 REMUNERATION OF AUDITORS

Audit and related services

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

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

7 DIVIDENDS AND CAPITAL RETURN

Capital return

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

Fully franked dividend

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

Total dividends and return of capital - 20,395

Franking account

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

22,342 21,837

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

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

RAMELIUS RESOURCES LIMITED

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

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

8 EARNINGS PER SHARE

Classification of securities

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

Classification of securities as potential ordinary shares

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

Earnings used in the calculation of earnings per share

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

Number for basic earnings per share

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

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

Cash at bank and in hand	16,094	3,411
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Deposits at call ¹	32,670	86,135
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Total cash and cash equivalents	48,764	89,546
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¹ Includes deposits provided as security against unconditional bank guarantees in favour of the WA Government in respect of restoration and rehabilitation costs required and to secure supply of gas and electricity.

Risk exposure

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

10 TRADE AND OTHER RECEIVABLES

Trade receivables ¹	280	111
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Other receivables ²	4,467	3,425
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Total trade and other receivables	4,747	3,536
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¹ Non-interest bearing and are generally expected to settle within 1 to 6 months.

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

Risk exposure

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

RAMELIUS RESOURCES LIMITED

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

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

Inventory expense

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

12 DERIVATIVE FINANCIAL INSTRUMENTS

Current

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

Risk exposures and fair value measurements

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

13 OTHER CURRENT ASSETS

Prepayments	686	472
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14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

RAMELIUS RESOURCES LIMITED

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

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

15 PROPERTY, PLANT, EQUIPMENT AND DEVELOPMENT ASSETS

PROPERTY, PLANT AND EQUIPMENT

Property

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

(a) Valuation of property

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

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

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

Property

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

Plant and equipment

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

(a) Leased assets

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

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

RAMELIUS RESOURCES LIMITED

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

	Consolidated	
	2012	2011
	\$000's	\$000's
(b) Assets in the course of construction		
Plant and equipment includes the following expenditure which is in the course of construction:		
Plant and equipment	1,280	-
Total assets in the course of construction	1,280	-
DEVELOPMENT ASSETS		
Development assets		
Development assets at cost	147,084	119,077
Less accumulated amortisation	(52,290)	(44,756)
Total development assets	94,794	74,321
Total property, plant, equipment and development assets	142,217	98,689
PROPERTY, PLANT AND EQUIPMENT AND DEVELOPMENT ASSET RECONCILIATIONS		
Property, plant and equipment		
Balance at beginning of financial year	24,368	6,776
Additions ¹	26,660	18,138
Revaluation	-	905
Disposals	(8)	(321)
Assets written-off	(6)	-
Depreciation	(3,591)	(1,130)
Total property, plant and equipment	47,423	24,368
Development assets		
Balance at beginning of financial year	74,321	21,158
Development cost additions ¹	6,570	5,091
Deferred mining cost additions	35,896	814
Impairment ²	(14,460)	-
Transfer from exploration and evaluation expenditure	-	68,451
Amortisation	(7,533)	(21,193)
Total development assets	94,794	74,321

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

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

RAMELIUS RESOURCES LIMITED

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

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

16 INTANGIBLE ASSETS

Intangible assets

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

Total intangible assets	353	90
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Reconciliation – intangible assets

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

Total intangible assets	353	90
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17 EXPLORATION AND EVALUATION EXPENDITURE

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

Reconciliations of the movements of exploration and evaluation expenditure.

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

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

18 TRADE AND OTHER PAYABLES

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

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

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

RAMELIUS RESOURCES LIMITED

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

		Consolidated	
	Note	2012 \$000's	2011 \$000's
19 BORROWINGS			
Current			
Finance lease liability - secured		4,239	915
Non-current			
Finance lease liability - secured		-	4,239
Total borrowings		4,239	5,154
Finance lease liability			
The group's lease liabilities represent deferred payments to the Mt Magnet mine camp contractor which are secured against the mine camp asset. In the event of default, the assets revert to the lessor.			
20 PROVISIONS			
Current			
Employee benefits		1,300	698
Non-current			
Employee benefits		301	173
Rehabilitation and restoration costs	1(v)	19,706	18,235
Total non-current		20,007	18,408
Total provisions		21,307	19,106
Number of employees at year end		119	60
EMPLOYEE BENEFIT RECONCILIATION			
Employee benefits			
Current			
Balance at beginning of financial year		698	499
Amount provided		1,199	492
Amount used		(597)	(293)
Balance at end of financial year		1,300	698
Non-current			
Balance at beginning of financial year		173	90
Amount provided		159	83
Amount used		(31)	-
Balance at end of financial year		301	173
Total provision for employee benefits		1,601	871

RAMELIUS RESOURCES LIMITED

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

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

Provision for long service leave

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

REHABILITATION AND RESTORATION RECONCILIATION

Rehabilitation and restoration

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

Provision for rehabilitation and restoration

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

21 ISSUED CAPITAL

a) Ordinary shares

Issued fully paid ordinary shares at 30 June 2010

Number of Shares	\$
291,342,923	79,864,456

Issued during the 2010-11 financial year

Exercise of options at \$1.50 per share	2,362	3,543
Issue of shares resulting from vesting of rights	450,000	-
Issue of shares under employee share acquisition plan	72,520	-
Return of capital of 5 cents per share	-	(14,567,264)
Less cost of share issues (net of tax)	-	(35)

Issued fully paid ordinary shares at 30 June 2011

291,867,805 65,300,700

Issued during the 2011-12 financial year

Issue of shares resulting from vesting of rights	1,140,000	-
Issue of shares under share purchase plan	8,179,246	9,406,133
Issue of shares under placement	34,782,608	39,999,999
Less cost of share issues (net of tax)	-	(2,050,225)

Issued fully paid ordinary shares at 30 June 2012

335,969,659 112,656,607

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

b) Options

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

c) Share and rights over shares

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

RAMELIUS RESOURCES LIMITED

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

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

22 RESERVES

Share-based payments reserve ¹	3,110	1,589
Available-for-sale reserve ²	(1,882)	17
Foreign currency translation reserve ³	2	3
Asset revaluation reserve ⁴	634	634
Total reserves	1,864	2,243

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

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

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

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

23 SHARE-BASED PAYMENTS

Shares

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

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

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

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

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

Share rights

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

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

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

RAMELIUS RESOURCES LIMITED

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

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

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

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

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

Options

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

Expenses arising from share-based payment transactions

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

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

24 FINANCIAL RISK MANAGEMENT POLICIES

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

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

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

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

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

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

The group holds the following financial instruments:

RAMELIUS RESOURCES LIMITED

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

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

a) Liquidity risk

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

Maturities of financial liabilities

Payables

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

Borrowings

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

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

b) Credit risk exposures

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

The credit risk on financial assets of the entity which have been recognised in the Consolidated Statement of Financial Position is the carrying amount, net of any provision for doubtful debts.

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

No receivables are considered past due or impaired.

RAMELIUS RESOURCES LIMITED

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

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

c) Foreign currency risk

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

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

d) Commodity price risk

The group's revenue is exposed to commodity price fluctuations, in particular to gold prices. Price risk relates to the risk that the fair value of future cash flows of gold sales will fluctuate because of changes in market prices largely due to demand and supply factors for commodities. The group is exposed to commodity price risk due to the sale of gold on physical delivery at prices determined by market at the time of sale.

Gold price risk is managed with the use of hedging strategies through the purchase of gold put options to establish gold "floor prices" in Australian dollars over the group's gold production; however this is generally at levels lower than current market prices. These put options enable Ramelius to retain full exposure to current, and any future rises in the gold price while providing protection to a fall in the gold price below the strike price. Gold prices, gold futures and economic forecasts are constantly monitored to determine whether to implement a hedging program.

Price sensitivity analysis

The group has performed a sensitivity analysis relating to its exposure to gold price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks. Notwithstanding this, the sensitivity analysis is still valid for gold prices above any floor prices that may be put in place. Any impacts from such hedging would be in relation to revenue from gold sales.

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

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

e) Interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The group has no long-term financial assets or liabilities upon which it earns or pays interest. Cash is held in an interest yielding cheque account and on short-term call deposits where the interest rate is both fixed and variable according to the financial asset.

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

RAMELIUS RESOURCES LIMITED

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

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

Interest rate sensitivity analysis

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks.

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

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

f) Capital risk management

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

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

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

Ramelius' capital structure consists of:

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

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

g) Net fair values of financial assets and liabilities

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

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

RAMELIUS RESOURCES LIMITED

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

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

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

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

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

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

25 COMMITMENTS FOR EXPENDITURE

a) Finance lease commitments

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

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

b) Capital expenditure commitments

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

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

c) Operating lease commitments

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

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

RAMELIUS RESOURCES LIMITED

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

	Consolidated	
	2012	2011
	\$000's	\$000's
d) Minimum exploration and evaluation commitments		
In order to maintain current rights of tenure to exploration tenements, the group is required to perform minimum exploration work to meet minimum expenditure requirements. These obligations are subject to renegotiation and may be farmed out or relinquished. These obligations are not provided for.		
Within 1 year	4,878	4,060
Later than 1 year but not later than 5 years	15,404	10,045
Due later than 5 years	20,905	18,324
Total minimum exploration and evaluation commitments	41,187	32,429

e) Other commitments

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

26 CONTINGENT LIABILITIES

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

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

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

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

(ii) Bank guarantees

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

RAMELIUS RESOURCES LIMITED

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

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

27 CASH FLOW INFORMATION

a) Reconciliation of cash

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

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

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

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

c) Non-cash investing and financing activities

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

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

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

28 RELATED PARTIES

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

a) Management personnel

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

b) Subsidiaries

Interests in subsidiaries are set out in Note 30.

c) Transactions with wholly-owned controlled entities

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

d) Transactions with other related parties

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

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

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

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

RAMELIUS RESOURCES LIMITED

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

29 DEED OF CROSS GUARANTEE

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

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

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

RAMELIUS RESOURCES LIMITED

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

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

RAMELIUS RESOURCES LIMITED

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

30 INVESTMENTS IN CONTROLLED ENTITIES

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

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

¹ Percentage of voting power is in proportion to ownership

² Acquired 20 July 2010

31 OPERATING SEGMENTS

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

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

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

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

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

RAMELIUS RESOURCES LIMITED

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

Segment position	Exploration		Wattle Dam		Mt Magnet		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Capitalised expenditure								
Mine development	-	-	4,040	3,647	38,426	2,258	42,466	5,905
Exploration assets	13,539	68,279	-	-	-	-	13,539	68,279

Segment assets	17,945	6,799	30,731	41,035	151,055	71,325	199,731	119,159
Corporate and unallocated assets								
Cash and cash equivalents							48,764	89,546
Trade and other receivables							4,907	3,768
Available-for-sale financial asset							4,652	421
Property, plant, equipment & development							472	247
Income tax benefit							7,754	-
Deferred tax assets							18,208	6,067
Total consolidated assets							284,488	219,208

Segment liabilities	2,301	1,060	8,128	6,959	38,536	24,986	48,965	33,005
Corporate and unallocated liabilities								
Trade and other payables							2,708	1,334
Short-term provisions							372	196
Current tax liabilities							-	13,608
Long-term provisions							99	16
Deferred tax liabilities							29,324	17,345
Total consolidated liabilities							81,468	65,504

Major customers

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

Segments assets by geographical location

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

32 INTERESTS IN UNINCORPORATED JOINT VENTURES

The group has a direct interest in a number of unincorporated joint ventures, as follows:

Joint venture project	Principal activities	Interest
Black Cat	Gold	90%
Hilditch	Nickel	90%
Wattle Dam	Nickel	80%
Logan's Larkinvile	Nickel	80%
	Gold and tantalum	75%
Nevada - Big Blue ¹	Gold	60%
Nevada - Angel Wing ¹	Gold	70%
Mt Windsor	Gold	60%

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

RAMELIUS RESOURCES LIMITED

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

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

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

33 EVENTS OCCURRING AFTER REPORTING DATE

The following events occurred since 30 June 2012.

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

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

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

34 PARENT ENTITY INFORMATION

	Parent entity	
	2012	2011
	\$000's	\$000's
a) Summary of financial information		
Financial statements for the parent entity show the following aggregate amounts:		
Current assets	72,009	99,977
Total assets	227,153	190,548
Current liabilities	(22,321)	(33,454)
Total liabilities	(20,127)	(36,987)
Net assets	207,026	153,561
Equity		
Issued capital	112,657	65,301
Reserves	1,228	1,607
Retained earnings	93,141	86,653
Total equity	207,026	153,561
b) Income Statement		
Profit after income tax	6,487	62,845
Total comprehensive income (loss)	4,588	62,862

RAMELIUS RESOURCES LIMITED

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

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

(iii) Other commitments

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

d) Contingent liabilities

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

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

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

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

(ii) Bank guarantees

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

e) Guarantees in relation to debts of subsidiaries

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

RAMELIUS RESOURCES LIMITED

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

35 COMPANY DETAILS

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

Suite 4, 148 Greenhill Road
PARKSIDE SA 5063

RAMELIUS RESOURCES LIMITED

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2012

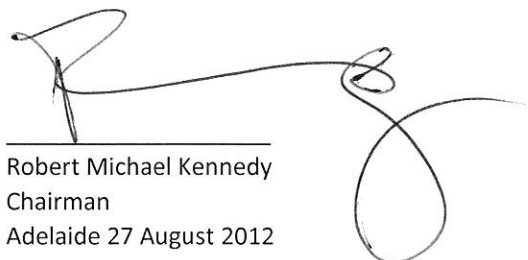
In the directors' opinion:

- a) the financial statements and notes set out on pages 16 to 63, are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated group's financial position as at 30 June 2012 and of its performance for the financial year ended on that date, and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and
- c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by the virtue of the deed of cross guarantee described in Note 29.

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

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

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



Robert Michael Kennedy
Chairman
Adelaide 27 August 2012

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

Report on the financial report

We have audited the accompanying financial report of Ramelius Resources Limited (the “Company”), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors’ declaration of the consolidated entity comprising the Company and the entities it controlled at the year’s end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor’s responsibility

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

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Ramelius Resources Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

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

Auditor's opinion on the remuneration report

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



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



S J Gray
Partner

Adelaide, 27 August 2012