

30 July 2009
For Immediate Release

ISSUED CAPITAL

Ordinary Shares: 219M
Options: 18.45M

DIRECTORS

Chairman:
Robert Kennedy
Managing Director:
Joe Houldsworth
Non Executive Directors:
Reg Nelson
Kevin Lines
Executive Director:
Ian Gordon

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RAMELIUS RESOURCES LIMITED ANNOUNCES A\$92 MILLION MERGER PROPOSAL WITH DIORO EXPLORATION NL

- Ramelius to make a 2-for-1 scrip offer for a merger with Dioro, valuing Dioro at one dollar (A\$1.00) per share (total equity value of circa A\$92 million).
- The offer represents premiums of 40% to the implied value of the current Avoca offer; 48% to the 3 month Dioro VWAP; and 153% to the last traded price before the Avoca offer.
- Dioro shareholders have the opportunity to merge with a like-sized peer and share in a far higher degree of upside as part of a very profitable, high-grade WA based gold miner on superior terms to the Avoca offer.
- Substantial combined FY10 gold production with low operating costs and significant synergies relating to mining, processing and corporate costs.

Ramelius Resources Limited ("Ramelius" ASX:RMS) today announced a A\$92 million conditional offer (the "Offer") to merge with Dioro Exploration NL ("Dioro" ASX:DIO).

The Offer is an all share offer in which Ramelius will offer Dioro shareholders two Ramelius shares for every one Dioro share held (2-for-1). As at market close on 29 July 2009, the superior Ramelius merger ratio values Dioro at A\$1.00 per share and represents a:

- 40% premium to the A\$0.715 implied value of the Avoca bid¹;
- 41% premium to Dioro's closing price of A\$0.71 on 29 July 2009;
- 48% premium to Dioro's A\$0.67 three month volume weighted average price² (VWAP); and
- 153% premium to the last traded price of A\$0.395 before the Avoca bid³.

Rationale for the merger

If Ramelius acquires 100% of Dioro's shares on the basis of a 2-for-1 merger ratio, Dioro shareholders will hold approximately 45% of the merged entity, with Ramelius shareholders holding the balance.

¹ Based on Avoca's closing price of A\$1.645 on 29 July 2009 divided by a merger ratio of 2.3:1

² VWAP calculated for the period from 30 April 2009 to 29 July 2009.

³ The Avoca offer was announced on Tuesday 14 April 2009. The last Dioro trade prior to that was 9 April 2009.



The proposed merger will:

- Bring together two of Australia's most promising gold developers into a single entity that will have exceptional mining assets and strong cash flows, making it one of the highest-grade miners in the Eastern goldfields of WA;
- Result in a merged entity with substantial FY10 gold production with low cash costs and significant scope for further cost reduction;
- Provide an opportunity for Dioro shareholders to retain a far greater proportion of the upside in their company's assets, with Ramelius' financial strength and near term cash flows allowing flexibility in managing working capital requirements and the discharge of Dioro's current debt obligations;
- Lead to significant future synergies in rationalising mining, milling and corporate overheads;
- Entrust the Dioro assets to a very reputable management team with an exceptional track record of adding value for shareholders; and
- Result in the merged entity being a powerful force for consolidation and growth within the WA gold sector.

The map below shows the very close proximity between Wattle Dam (100% Ramelius), Burbanks (100% Ramelius) and Frog's Leg (49% Dioro) and Jubilee (100% Dioro), illustrating the potential operating synergies between the groups.





Why Dioro Shareholders should accept the Ramelius offer:

Dioro shareholders will gain access to the benefits of:

- A substantially higher premium than the current Avoca bid⁴;
- Exposure to the strong cash flow generation of the Ramelius' Wattle Dam gold mine, Australia's highest grade underground mining development;
- Significantly greater exposure to upside from mining operations, future consolidation and development opportunities than would be the case as a minority position within Avoca;
- Ramelius' strong balance sheet – Ramelius has a **strong cash balance**, is **debt free** and is the 100% owner of a **strong cash flow generating asset**; and
- An investment in a company with a strong track record of delivering shareholder value.

Conditions of the Offer

The offer is subject to certain conditions including a 50.1% minimum acceptance condition. The principal conditions are summarised in the Annexure. More detailed information about the offer will be contained in the bidder's statement and offer document to be lodged with ASIC in respect of the offer.

Advisors

Ramelius has engaged Adelaide Equity Partners Limited as corporate and financial advisor and DMAW Lawyers as legal advisor to the transaction.

Joe Houldsworth
Managing Director
Ramelius Resources Limited

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The Information in this report that relates to Exploration Results is based on information compiled by Matthew Svensson. Matthew Svensson is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting on Exploration Results. Matthew Svensson is a full-time employee of the company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

⁴ The Ramelius offer represents a 41% premium to Dioro's closing price of \$0.71 on 29 July 2009, whereas the implied value of the Avoca offer as at the same date (\$0.715) represents a premium of less than 1%.



About Ramelius Resources

Ramelius Resources Limited (ASX: RMS) owns 100% of the high margin Wattle Dam gold mine and c. 300sqkm of surrounding exploration tenements 25km west of Kambalda, WA which is in the final stages of underground development prior to the commencement of gold production and sales in Q4 2009.

Wattle Dam is anticipated to be Australia's highest grade underground gold mine with current mining plans for 2010 anticipating production of 67,000oz at 20.5g/t with the resource open at depth. Previous drilling at Wattle Dam resulted in gold intersections including 16m@482g/t and 48m@154g/t located within the current mining plan.

Ramelius owns 100% of the Burbanks treatment plant to process Wattle Dam ore, is debt-free with cash on hand as at 30 June 2009 of A\$26.7m. Further resource delineation drilling is planned alongside Wattle Dam mining operations as well as a comprehensive regional exploration program to follow up near term production opportunities at Eagle's Nest and Golden Orb, both located close to the current Wattle Dam resource.



Annexure – Conditions

Ramelius' offer and the contracts arising from acceptance of the offer will be subject to the following conditions:

Minimum acceptance condition

Before the end of the offer period, Ramelius and its associates have relevant interests in at least 50.1% (by number) of all Dioro Shares.

Regulatory approval

Before the end of the offer period, Ramelius has obtained any Regulatory Approval required in respect of its intended ownership of Dioro and its operation of the business of Dioro.

“Regulatory Approval” means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Government Agency; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way after lodgement, filing, registration or notification:
 - (i) the expiry of any applicable period without intervention or action; or
 - (ii) the receipt of a statement in writing from the Government Agency that it does not intend to intervene or take action.

“Government Agency” means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal agency or entity including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange.

No restraint adversely affecting the Takeover Bid

No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the takeover bid or the transactions contemplated by the takeover bid is in effect at the close of the offer period.

No Prescribed Occurrence

Between the Announcement Date and the end of the offer period (each inclusive) none of the following have occurred without the prior written approval of Ramelius:



- (a) Dioro converting all or any of its shares into a larger or smaller number of shares, resolving to reduce its share capital in any way;
- (b) Dioro or a subsidiary resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) Dioro or a subsidiary:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) Dioro or a subsidiary issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option other than issuing shares pursuant to the exercise of options in accordance with their terms;
- (e) Dioro or a subsidiary issuing, or agreeing to issue, convertible notes;
- (f) Dioro or a subsidiary disposing, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Dioro or a subsidiary charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) Dioro or a Related Party of Dioro making any change or amendment to its constitution;
- (i) Dioro or a subsidiary resolving to be wound up;
- (j) a liquidator or provisional liquidator of Dioro or of a subsidiary is appointed;
- (k) a court makes an order for the winding up of Dioro or of a subsidiary;
- (l) an administrator of Dioro, or of a subsidiary, is appointed under the Corporations Act;
- (m) Dioro or a subsidiary executes a deed of company arrangement;
- (n) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Dioro or of a subsidiary.

No Dioro Material Adverse Change

Between the Announcement Date and the end of the offer period (each inclusive), no event, change or condition occurs, is announced or becomes known to Ramelius (whether or not it becomes public) where that event,

change or condition has had, or could reasonably be expected to have, a material adverse effect on:

- (a) the business, assets, liabilities, financial or trading position, profitability or prospects of Dioro or any subsidiary of Dioro, since 1 January 2009; or
- (b) the status or terms of arrangements entered into by Dioro or any subsidiary of Dioro, or on the status or terms of any approvals, licences or permits from public authorities applicable to Dioro or any subsidiary of Dioro,

except for events, changes and conditions publicly announced by Dioro or otherwise disclosed in public filings by Dioro or any of its subsidiaries before the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading.