



**Ramelius Resources Limited
and Controlled Entities**

Annual Financial Report

30 June 2008

Ramelius Resources Limited and Controlled Entities Directors' Report

The directors present their report together with the financial report of Ramelius Resources Limited ("the Company") and its controlled entities for the year ended 30 June 2008 and the auditor's report thereon.

Directors

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

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

Non-Executive Chairman. Board member since 1 November 1995 as a Non-Executive Chairman. A Chartered Accountant and Consultant to Kennedy & Co, Chartered Accountants, a firm he founded. He brings to the Board his expertise in finance and management consultancy and extensive experience as chairman and non-executive director of a range of listed public companies including in the resources sector.

Special responsibilities include membership of the Audit Committee and the Remuneration Committee.

Other listed company directorships are: Chairman of Beach Petroleum Limited (since 1995 and a director since 1991), Flinders Diamonds Limited (since 2001) Maximus Resources Limited (since 2004), Eromanga Uranium Limited (since 2006), Monax Mining Limited (since 2004) and Marmota Energy Limited (since 2006).

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

Non-Executive Director. Board member since 1 November 1995. An exploration geophysicist with extensive experience in the minerals and petroleum industries, former Chairman and current counsellor of the Australian Petroleum Production and Exploration Association Council. He has wide experience in technical, corporate and government affairs. Experience in gold exploration and mining operations in Western Australia, the Northern Territory and South Australia. Former Chairman of the Nevoria Gold Mine Joint Venture in Western Australia.

Special responsibilities include Chairman of the Audit Committee and the Remuneration Committee.

Other listed company directorships are: Managing Director of Beach Petroleum Limited (since 1992) and director of Anzon Australia Limited (between 2004 to December 2005), Monax Mining Limited (since 2004) and Marmota Energy Limited (since 2006).

Kevin James Lines *BSc (Geology), MAusIMM.*

Non-Executive Director. Board member since 9 April 2008. He has over 25 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 that included responsibility for the expansive tenement holdings of the Tanami region. He has extensive experience in the assessment and evaluation of exploration projects and development of properties and mining operations overseas.

Other listed company directorships are: Managing Director of Eromanga Uranium Limited.

Joseph Fred Houldsworth

Managing Director and Chief Executive Officer. Board member since 18 February 2002. Extensive practical experience in the resource industry having worked in the mining and exploration industry for more than 30 years at both operational and management levels primarily in the Western Australian Goldfields. Instrumental in turning around the troubled Nevoria Gold Mine in 1993. Former consultant for 10 years to insolvency specialists on both mining and exploration and has considerable experience in asset management for various mining entities.

Special responsibilities include acquisition of the Ramelius portfolio and directing the Company's exploration program.

Ian James Gordon *BCom, MAICD.*

Executive Director and Chief Operating Officer. Executive Director since 18 October 2007 and Alternate Director for Mr JF Houldsworth since 19 July 2007. 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.

Other listed company directorships are: Former director of Glengarry Resources Limited (2004 to 2005).

Special responsibilities relate to the development of the Company's business.

Directors' meetings

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

Ramelius Resources Limited and Controlled Entities

Directors' Report (continued)

Director	Directors' Meetings		Audit Committee Meetings	
	<i>Number Eligible to attend</i>	<i>Number Attended</i>	<i>Number Eligible to attend</i>	<i>Number Attended</i>
Robert Michael Kennedy	17	17	2	2
Reginald George Nelson	17	17	2	2
Joseph Fred Houldsworth ¹	17	16	N/A	N/A
Ian James Gordon ²	11	11	N/A	N/A
Kevin James Lines ³	4	4	N/A	N/A

1 Messrs Houldsworth, Gordon and Lines are not members of the Audit Committee.

2 Mr Gordon was appointed a director on 18 October 2007.

3 Mr Lines was appointed a director on 9 April 2008.

Company Secretary

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

Domenico Antonio Francese – *B.Ec., FCA, FFin, ACIS*. Appointed Company Secretary on 21 September 2001. A Chartered Accountant with an audit and investigations background and more than 12 years experience in a regulatory and supervisory role with ASX. He has been employed by the Company since 1 April 2003 and was appointed Chief Financial Officer in June 2005.

Principal activities

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

Review and results of operations

During the year the Company milled 96,910 tonnes of Wattle Dam ore to produce approximately 16,939 ounces of gold. Gold sales to 30 June 2008 were \$14.8 million.

In July 2007 the Company exercised an option to acquire 80% of Pioneer's nickel interests in both the "Wattle Dam tenement group" and the "Logans/Larkinville tenement group" at a total cost of \$700,000 cash.

On 28 September 2007 a return of capital of \$0.075 per share and totalling \$11,975,816 was paid to all registered shareholders as at 3 August 2007.

In January 2008 the Company issued 400,000 incentive options to Mr Ian James Gordon (Executive Director) and 400,000 incentive options to Mr Antony Philip Webb (Burbanks Process Manager) as approved by shareholders at the Company's Annual General Meeting in November 2007. These options are non transferable, unlisted and exercisable at \$1.90 by 30 June 2009.

In August 2007 the Company announced that resource extension drilling at Wattle Dam had identified several zones of visible gold mineralisation adjacent to hole WDRC226 which intersected 48 metres at 154g/t gold from 148 metres depth. The drilling program outlined high grade gold mineralisation in several holes including 16 metres @ 482g/t gold from 123 metres (uncut – WDRC289) and 9 metres @ 454g/t gold from 132 metres (uncut – WDRC290). These results included one metre intercepts of 6,770 g/t gold and 3,687 g/t gold respectively which coincide with visible gold intervals as previously reported by the Company in July 2007.

In November 2007 the Company announced that an initial mineral resource estimate and geological model had been completed for the Wattle Dam Project. The total indicated and inferred resource is estimated at 540,000 tonnes @ 4.8 g/t gold containing 83,200 ounces and within the total mineral resource, there are two higher grade zones which are estimated to contain 70% of the gold (~58,600 ounces). Zone 3 is estimated to contain 73,000 tonnes @ 16.5 g/t gold for 38,700 ounces and Zone 18 is estimated to contain 37,000 tonnes @ 16.7 g/t for 19,900 ounces. Zone 3 includes a top cut of 200 g/t and Zone 18 includes a top cut of 50 g/t.

On 3 June 2008 the Company announced that it had recommenced mining operations at Wattle Dam with a cut-back of the existing open pit to be followed by an underground development to access gold ore in the high grade zones discovered during 2007. The mine plan for this operation is expected to produce approximately 67,000 ounces of gold.

Ramelius Resources Limited and Controlled Entities

Directors' Report (continued)

Results

The consolidated net profit after income tax was \$611,697.

Dividends

A fully franked maiden dividend of \$0.005 per share was paid on 3 August 2007.

Significant changes in State of affairs

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

In August 2007 the Company issued 15,925,019 options over unissued shares to shareholders pursuant to a one for ten free Bonus Option issue as at 3 August 2007. The options are exercisable at \$1 each and have an expiry date of 30 June 2009.

In May 2008 the Company issued 18,455,929 options over unissued shares to shareholders pursuant to a one for ten free Bonus Option issue as at 5 May 2008. The options are exercisable at \$1.50 each and have an expiry date of 30 June 2010.

During the financial year, option-holders exercised 1,456 options at \$1.50; 2,208,756 options at \$1.00; 3,529,960 options at \$0.18687 and 6,415,122 options at \$0.11187 generating a total of \$3,588,243 in additional capital.

In April 2008 the Company raised \$11,000,000 through a placement of 11,578,948 shares to investors at \$0.95 per share.

In April 2008 the Company issued 5,260,727 shares at \$0.95 under a Share Purchase Plan which raised \$4,997,690.

Events subsequent to balance date

Since 30 June 2008, the Company;

- announced that RC drilling had intersected Wattle Dam style mineralisation at Golden Orb with intercepts of 7 metres at 10.8g/t gold from 117 metres (including 2 metres at 27g/t gold) and 4 metres at 6.9g/t gold from 103 metres (including 2 metres at 12.2g/t gold) which with previous drilling, had defined a new gold zone on the same contact as Wattle Dam that was open to the north, south and down dip and which had the potential to add to the existing Wattle Dam Resources as a low cost, high grade gold operation.
- acquired West Wattle Dam tenements PL15/4381 and MLA15/1474 through the issue of 100,000 shares in the Company as consideration at a fair value of \$80,000.
- sold Parker Range tenements EL77/1403, PL's 77/3481, 77/3740, 77/3764, 77/3765 and MLA77/1085 for a cash consideration of \$100,000 and a 1% royalty on the sale of any precious metals from the tenements capped at \$500,000.
- surrendered a small insignificant tenement holding, EL15/718 which the Controlling Entity elected not to convert to a mining lease.

Apart from the above, there has not arisen in the interval between 30 June 2008 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

Likely developments

Open pit mining at Wattle Dam is expected to continue during early financial year 2008/09 after which development of the underground mine is anticipated to commence. The Company expects that while accessing the underground high grade gold ore, processing of low grade ore from the open pit cut-back will continue at its 100% owned Burbanks Mill.

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

Ramelius Resources Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director and key management person of Ramelius Resources Limited and for executives receiving the highest remuneration.

Remuneration Practices

The Company's policy for determining the nature and amounts of emoluments of board members and key management personnel of the Company is as follows.

The Company's Constitution specifies that the total amount of remuneration of non executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non executive directors has been set at \$400,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors. The remuneration of the Managing Director is determined by the non-executive directors on the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

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

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Board is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

In the past, the Company did not emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of Ramelius. However the Board could pay cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board. The Company's remuneration policies are being reviewed in light of the employee incentive plans approved by shareholders in November 2007. Cash bonuses were paid during the financial year as disclosed in the Remuneration Report.

Employee Incentive Plan

The Company has an Employee Share Acquisition Plan and a Performance Rights Plan which have been approved by shareholders. The Share Acquisition Plan enables the Board to offer eligible employees ordinary fully paid shares in the Company 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. The Performance Rights Plan enables the Board to grant Performance Rights (being entitlements to shares in the Company that are subject to satisfaction of vesting conditions) to selected key senior executives as a long-term incentive as determined by the Board in accordance with the terms and conditions of the Plan.

The objective of the Share Acquisition Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company. The objective of the Performance Rights Plan is to provide selected senior executives the opportunity to participate in the equity of the Company through the issue of Performance Rights as a long term incentive that is aligned to the long term interests of shareholders.

During the year ended 30 June 2008 a total of 152,420 shares with a fair value of \$174,961 were issued to employees under the Employee Share Acquisition Plan.

Performance Based Remuneration

Key Management Personnel receive performance based remuneration as considered appropriate by the Board. The intention of this remuneration is to facilitate goal congruence between Key Management Personnel with that of the business and shareholders.

The remuneration policy of the Company has been tailored to increase goal congruence between shareholders, directors and senior executives. Two methods have been used to achieve this aim.

Ramelius Resources Limited and Controlled Entities

Directors' Report (continued)

The first method was the issue of options to Key Management Personnel. During the financial year a total of 800,000 options (each exercisable at \$1.90 by 30 June 2009) with a fair value of \$272,000 were issued to certain Key Management Personnel.

The second method was through a Performance Rights Plan based on Key Performance Indicators ("KPI's") set by the Board. The KPI conditions attached to the performance Rights Plan include a vesting period of three years from grant date (7 April 2008) and a requirement for the Company's share price to be within the top 40% comparator group of companies as set by the Board. The Companies in the comparator group are as follows.

Avoca Resources Limited	Dioro Exploration NL
Alkane Resources Limited	Gryphon Minerals Limited
Apex Minerals NL	Integra Mining Limited
Barra Resources Limited	Monarch Gold Mining Company Limited
Bendigo Mining Limited	Norton Gold Fields Limited
Carrick Gold Limited	Silver Lake Resources Limited
Citigold Corporation Limited	Tanami Gold NL
Crescent Gold Limited	Troy Resources NL

During the financial year a total of 900,000 Performance Rights with a fair value of \$576,000 were granted under the Performance Rights Plan to selected Key Management Personnel. These Rights are recognised on a pro-rata basis over the vesting period. Any Rights that do not vest on the vesting date will lapse. The Rights are subject to performance conditions which are to be tested in future financial periods.

The employment conditions of executive directors including the Managing Director, Mr Houldsworth and key management personnel are formalised in contracts of employment. At the date of this report, the employment contracts of the Managing Director and the Chief Financial Officer/Company Secretary had expired and the Company has negotiated new agreements for these executives subject to documentation. Generally, employment contracts of senior executives enable the Company 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 contracts. However any such termination payments to officers of the Company are subject to the requirements of ASX Listing Rule 10.19, and in the event that the value of termination benefits to be paid and the value of all other termination benefits that are or may be payable to all officers of the Company together exceed 5% of the equity interests of the Company as set out in the latest accounts given to the ASX, the payment shall be pro-rata based on the maximum total termination benefits allowable under ASX Listing Rule 10.19. Termination payments are not generally payable on resignation or dismissal for serious misconduct. Any performance rights or options not vested or exercised before the date of termination will lapse.

Remuneration of Directors and Key Management Personnel

(a) Directors and Key Management Personnel

The names and positions held by directors and key management personnel of the Company during the financial year are:

Directors	Positions
Mr RM Kennedy	Chairman – Non-Executive
Mr RG Nelson	Director – Non-Executive
Mr JF Houldsworth	Managing Director - Executive
Mr IJ Gordon ¹	Director - Executive
Mr KJ Lines ²	Director – Non-Executive
Key Management Personnel	
Mr DA Francese	Chief Financial Officer / Company Secretary
Mr BT Kelty ³	Wattle Dam Mine Manager
Mr MI Svensson ⁴	Exploration Manager
Mr AP Webb ⁵	Burbanks Mill Process Manager

1 Mr Gordon was appointed a Director on 18 October 2007.

2 Mr Lines was appointed a Director on 9 April 2008.

Ramelius Resources Limited and Controlled Entities

Directors' Report (continued)

- 3 Mr Kely commenced as an employee of the Parent Entity on 1 July 2007 (he was previously employed as a consultant) and retired as the Wattle Dam Mine Manager on 31 July 2008 following the appointment of a qualified underground Mine Manager.
- 4 Mr Svensson was promoted to the position of Exploration Manager on 22 February 2008.
- 5 Mr Webb commenced as an employee of a subsidiary of the Parent Entity on 1 July 2007 (he was previously employed as a consultant).

(b) Directors' Remuneration

2008 Primary Benefits	Directors			Super	Non Cash		Performance
	Fees	Salary	Cash Bonus	Contributions	Benefits ⁽³⁾	Total	Related
	\$	\$	\$	\$	\$	\$	%
Directors							
Mr RM Kennedy	135,841	-	-	12,226	-	148,067	-
Mr RG Nelson	67,095	-	-	6,039	-	73,134	-
Mr JF Houldsworth	-	329,358	114,000	39,902	25,775	509,035	27.45
Mr IJ Gordon	-	207,187	-	18,647	153,184	379,018	40.42
Mr KJ Lines	16,857	-	-	1,517	-	18,374	-
	219,793	536,545	114,000	78,331	178,959	1,127,628	

2007 Primary Benefits	Directors			Super	Non Cash		Performance
	Fees	Salary	Cash Bonus	Contributions	Benefits	Total	Related
	\$	\$	\$	\$	\$	\$	%
Directors							
Mr RM Kennedy	106,859	-	-	9,617	-	116,476	-
Mr RG Nelson ⁽¹⁾	21,820	-	-	34,464	-	56,284	-
Mr JF Houldsworth ⁽²⁾	-	217,125	130,887	106,654	-	454,666	28.78
	128,679	217,125	130,887	150,735	-	627,426	

(1) Super contributions for Mr Nelson for 2007 include directors fees of \$29,817 sacrificed for super.

(2) Super contributions for Mr Houldsworth for 2007 include a cash bonus of \$69,113 sacrificed for super.

(3) Non Cash Benefits for 2008 performance related rights to shares and in the case of Mr Gordon, also options as detailed in Note 21.

Performance income as a proportion of total remuneration

Executive Directors are paid performance based bonuses based on set monetary amounts rather than proportions of their fixed salary and also performance based rights to shares and options. This has resulted in the proportion of remuneration related to performance varying between individuals. The Board has set these bonuses in order to encourage the achievement of specific goals that have been given high levels of importance in relation to future growth and profitability of the Consolidated Entity.

(c) Director's Service Agreement

During the previous financial year the Company entered into an employment agreement with Mr Gordon in respect of his services as Manager Business Development commencing 15 June 2007. The initial salary of \$190,000 per annum inclusive of superannuation guarantee contributions is reviewed periodically. In May 2008, Mr Gordon was appointed to the role of Chief Operating Officer and his salary increased to \$318,000 per annum inclusive of superannuation. Mr Gordon is entitled to a termination payment equal to six months remuneration where in certain circumstances the employment agreement is terminated. At the date of this report, the employment agreement of Mr Houldsworth in respect of his services as Managing Director had expired and the Company has negotiated new employment agreements with both of the above directors subject to documentation.

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

Ramelius Resources Limited and Controlled Entities

Directors' Report (continued)

(d) Director Related Entities

During the year ended 30 June 2008 the Parent Entity made the following payments to Director Related Entities.

Director	Nature of Payment	Amount \$
JF Houldsworth	Wages inclusive of superannuation paid to spouse of the director during a period of six weeks due to illness of existing administrative assistance	6,863
	Wages inclusive of superannuation paid to a brother of the director for mine security	79,804
	Living away from home expenses paid to a brother of the director	11,216

(e) Key Management Personnel

2008 Primary Benefits

	Salary \$	Bonus \$	Super Contributions \$	Non Cash Benefits ⁽¹⁾ \$	Total \$	Performance Related %
Key Management Personnel excluding Directors						
Mr DA Francese ⁽²⁾	205,994	10,000	19,439	24,151	259,584	7.16
Mr BT Kelty	203,670	-	18,330	-	222,000	-
Mr MI Svensson	141,988	-	12,779	-	154,767	-
Mr AP Webb	161,590	-	43,157	136,000	340,747	39.91
	713,242	10,000	93,705	160,151	977,098	

2007 Primary Benefits

	Salary \$	Bonus \$	Super Contributions \$	Non Cash Benefits \$	Total \$	Performance Related %
Key Management Personnel excluding Directors						
Mr IJ Gordon	12,417	-	1,117	-	13,534	-
Mr DA Francese ⁽²⁾	173,930	31,000	18,444	-	223,374	13.88
	186,347	31,000	19,561	-	236,908	

(1) Non Cash Benefits 2008 for employee shares, and in the case of Mr Francese, also performance related rights to shares and in the case of Mr Webb, also incentive options as detailed in Note 21.

(2) During the 2007 and part of the 2008 financial year Mr Francese acted as a Company Secretary and Chief Financial Officer of another listed entity. Refer to Note 26 for details of payments received from that listed entity in relation to his services.

Performance income as a proportion of total remuneration

Key Management Personnel are paid performance based bonuses based on set monetary amounts rather than proportions of their fixed salary and also performance based rights to shares and options. This has resulted in the proportion of remuneration related to performance varying between individuals. The Board has set these bonuses in order to encourage the achievement of specific goals that have been given high levels of importance in relation to future growth and profitability of the Consolidated Entity.

Key Management Personnel Service Contract

The Company has entered into employment agreements with 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. In the event that the Company terminates the agreements without notice, the key management

Ramelius Resources Limited and Controlled Entities

Directors' Report (continued)

personnel are entitled to a termination payment including a minimum termination payment as provided for in the agreements. However any such termination payments to officers of the Company are subject to the requirements of ASX Listing Rule 10.19, and in the event that the value of termination benefits to be paid and the value of all other termination benefits that are or may be payable to all officers of the Company together exceed 5% of the equity interests of the Company as set out in the latest accounts given to the ASX, the payment shall be pro-rata based on the maximum total termination benefits allowable under ASX Listing Rule 10.19. At the date of this report, the employment agreement of Mr Francese in respect of his services as Chief Financial Officer/Company Secretary had expired and the Company has negotiated a new employment agreement with this executive subject to documentation.

There were no other termination benefits or other post employment benefits payable to Key Management Personnel other than those referred to above.

Key Management Personnel post employment/retirement benefits

There were no other post employment retirement benefits payable to Key Management Personnel other than those referred to above.

Options Granted as Remuneration

Apart from the incentive options and those granted under the Performance Rights Plan as detail above, no other options were granted to Directors or Key Management Personnel of the Company during the financial year.

Shares Issued on Exercise of Remuneration Options

Apart from shares granted under the Company's Employee Share Acquisition Plan and the Performance Rights Plan as detailed above, no other shares were granted to Directors or Key Management Personnel or as result of the exercise of remuneration options during the financial year.

Options

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

Issue Date	Expiry date*	Exercise price	Number of shares
17 August 2007	30 June 2009	\$1.00	13,716,263
25 January 2008	30 June 2009**	\$1.90	800,000
12 May 2008	30 June 2010	\$1.50	18,454,473

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

** All options exercisable at \$1.90 by 30 June 2009 are unlisted non transferable securities.

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

At various times during the financial year, the Company issued ordinary shares as result of the exercise of options as follows. There were no amounts unpaid on shares issued.

Number of shares	Amount paid on each share
2,208,756	\$1.00
3,529,960	\$0.18687
<u>6,415,122</u>	<u>\$0.11187</u>
<u>12,153,838</u>	

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

Ramelius Resources Limited and Controlled Entities

Directors' Report (continued)

Number of shares	Amount paid on each share
1,191	\$1.00

During the financial year a total of 116,000 options with an exercise price of \$0.11187 expired as they had not been exercised by the 31 December 2007 expiry date.

Environmental regulation and performance statement

The Consolidated Entity's operations are subject to significant environmental regulations under both Commonwealth and Western Australian legislation in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Company on any of its tenements. In respect of the Wattle Dam Mine Development, the Consolidated Entity has the necessary licences and permits to carry out these activities and has provided unconditional Performance Bonds to the regulatory authorities to provide for any future rehabilitation requirements. In respect of the Processing Plant, the Consolidated Entity also has all the necessary licences and permits to operate this facility and has provided unconditional Performance Bonds to the regulatory authorities to provide for any future rehabilitation requirements. The Consolidated Entity'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 Consolidated Entity's operations.

Indemnification and insurance of officers

Indemnification

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

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

Insurance premiums

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

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

Proceedings on behalf of the Company

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

Auditor of the Company

The auditor of the Company for the financial year was Grant Thornton.

Non-audit Services

The Board of directors, in accordance with advice from the Audit Committee, is satisfied that there was no provision of non-audit services during the year compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. No amounts were paid or payable to the Company's auditor for non-audit services.

Ramelius Resources Limited and Controlled Entities

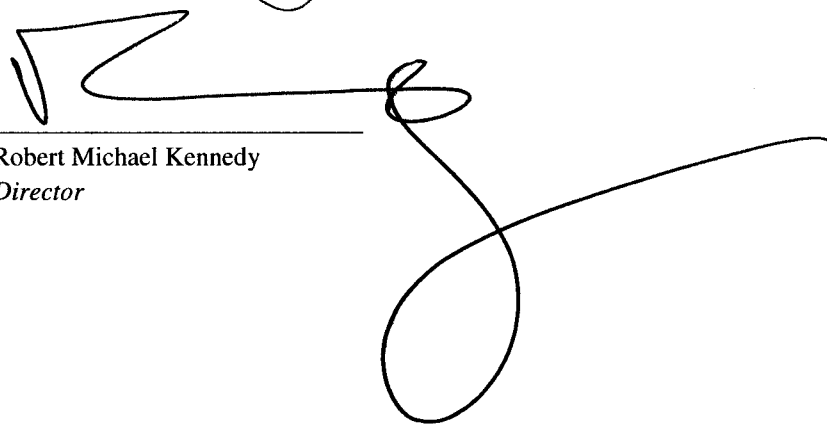
Directors' Report (continued)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 30 June 2008 is set out immediately following the end of the directors' report.

Dated at Warrington this 29 day of September 2008.

Signed in accordance with a resolution of the directors:



Robert Michael Kennedy
Director

**Grant Thornton South Australian
Partnership**
ABN 27 244 906 724

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Ramelius Resources Limited and Controlled Entities for the year ended 30 June 2008, 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
South Australian Partnership
Chartered Accountants



P S Paterson
Partner

Signed at Wayville on this *29* day of *September* 2008

Ramelius Resources Limited and Controlled Entities

Income Statement

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Sales	2	14,856,597	14,471,128	14,856,597	14,061,088
Other revenues from ordinary activities	2	774,478	412,402	683,384	405,848
Total revenue		15,631,075	14,883,530	15,539,981	14,466,936
Administrative expenses		(1,135,645)	(267,401)	(1,087,237)	(239,953)
Change in inventories		(3,398,693)	1,506,676	(3,398,693)	1,506,676
Consultant expenses		(157,689)	(66,082)	(157,689)	(66,082)
Depreciation and amortisation		(822,945)	(364,144)	(822,945)	(364,144)
Employment expenses		(1,079,631)	(717,333)	(1,079,631)	(717,333)
Impairment of exploration assets		(802,670)	(481,450)	(802,670)	(478,307)
Gain on disposal of listed securities		-	2,457	-	2,457
Exploration costs written off		(1,725)	(2,702)	(1,725)	(2,702)
Listing expenses		(29,018)	(19,129)	(29,018)	(19,129)
Loss on disposal of assets		(2,704)	(215)	(2,704)	(215)
Mining and milling expenses		(7,059,942)	(5,974,016)	(7,017,256)	(5,449,783)
Occupancy expenses		(72,277)	(49,851)	(72,277)	(49,851)
Other expenses from ordinary activities		(30,164)	(17,672)	(30,164)	(17,673)
Profit/(loss) from ordinary activities before related income tax expense		1,037,972	8,432,668	1,037,972	8,570,897
Income tax (expense)/benefit relating to ordinary activities	3	(426,275)	(1,554,578)	(427,314)	(1,594,960)
Profit/(loss) from ordinary activities after related income tax expense		611,697	6,878,090	610,658	6,975,937
Total changes in equity other than those resulting from transactions with owners as owners		611,697	6,878,090	610,658	6,975,937
Basic earnings per share (cents)	8	0.4	7.2	0.4	7.3
Diluted earnings per share (cents)	8	0.4	4.2	0.4	4.2

The above income statement should be read in conjunction with the accompanying notes.

Ramelius Resources Limited and Controlled Entities

Balance Sheet

As at 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	9	16,170,847	12,984,706	15,938,210	12,621,346
Trade and other receivables	10	667,674	931,548	590,024	881,770
Inventories	11	151,643	3,463,736	65,043	3,463,736
Other financial assets	12	353,823	120,733	353,824	120,734
Other current assets	13	162,940	71,860	109,110	44,526
Total current assets		<u>17,506,927</u>	<u>17,572,583</u>	<u>17,056,211</u>	<u>17,132,112</u>
Non-current assets					
Trade and other receivables	10	-	-	4,522,218	4,658,042
Property, plant, equipment & development assets	15	13,465,084	5,340,750	9,181,637	1,102,249
Exploration and evaluation expenditure	16	8,041,534	6,680,152	8,041,535	6,680,152
Deferred tax asset	17	2,879,980	448,947	2,838,559	408,565
Total non-current assets		<u>24,386,598</u>	<u>12,469,849</u>	<u>24,583,949</u>	<u>12,849,008</u>
Total assets		<u>41,893,525</u>	<u>30,042,432</u>	<u>41,640,160</u>	<u>29,981,120</u>
Current liabilities					
Trade and other payables	18	3,162,274	1,314,296	2,850,079	1,168,279
Short term provisions	19	257,858	914,038	221,898	900,896
Total current liabilities		<u>3,420,132</u>	<u>2,228,334</u>	<u>3,071,977</u>	<u>2,069,175</u>
Non-current liabilities					
Long term provisions	19	285,214	226,035	283,196	226,035
Deferred tax liability	17	4,556,099	1,992,046	4,556,099	1,992,046
Total non-current liabilities		<u>4,841,313</u>	<u>2,218,081</u>	<u>4,839,295</u>	<u>2,218,081</u>
Total liabilities		<u>8,261,445</u>	<u>4,446,415</u>	<u>7,911,272</u>	<u>4,287,256</u>
Net assets		<u>33,632,080</u>	<u>25,596,017</u>	<u>33,728,888</u>	<u>25,693,864</u>
Equity					
Issued capital	20	28,661,250	21,735,396	28,661,250	21,735,396
Share based payments reserve	21	555,412	56,900	555,412	56,900
Retained profits/(losses)		4,415,418	3,803,721	4,512,226	3,901,568
Total Equity		<u>33,632,080</u>	<u>25,596,017</u>	<u>33,728,888</u>	<u>25,693,864</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Ramelius Resources Limited and Controlled Entities
Statement of Changes in Equity
For the year ended 30 June 2008

Consolidated Entity	Note	\$ Share Capital Ordinary	\$ Share Based Payments Reserve	\$ Retained Profits / (Losses)	\$ Total
Balance as at 30 June 2006		10,005,636	2,150	(2,293,630)	7,714,156
Fair value of incentive options issued to consultants		-	54,750	-	54,750
Fair value of 100,000 shares issued as consideration for tenement acquisition		40,000	-	-	40,000
Transaction costs associated with the issue of shares net of tax		(26,783)	-	-	(26,783)
21,129,439 options exercised during the period at \$0.18687		3,948,519	-	-	3,948,519
44,388,706 options exercised during the period at \$0.175		7,768,024	-	-	7,768,024
Profit/(loss) attributable to shareholders		-	-	6,878,090	6,878,090
		<u>21,735,396</u>	<u>56,900</u>	<u>4,584,460</u>	<u>26,376,756</u>
Dividends provided for	7	-	-	(780,739)	(780,739)
Balance as at 30 June 2007		<u>21,735,396</u>	<u>56,900</u>	<u>3,803,721</u>	<u>25,596,017</u>
Fair value of 800,000 incentive options issued to executives		-	272,000	-	272,000
Fair value of 152,140 shares issued to employees		-	174,961	-	174,961
Fair value of unvested performance rights for executives		-	51,551	-	51,551
3,529,960 options exercise during the period at \$0.18687		659,642	-	-	659,642
6,415,122 options exercise during the period at \$0.11187		717,659	-	-	717,659
2,208,756 options exercise during the period at \$1.00		2,208,756	-	-	2,208,756
1,456 options exercise during the period at \$1.50		2,184	-	-	2,184
16,839,675 shares exercise during the period at \$0.95		15,997,691	-	-	15,997,691
Transaction costs associated with the issue of shares net of tax		(684,262)	-	-	(684,262)
Return of capital to shareholders		(11,975,816)	-	-	(11,975,816)
Profit/(loss) attributable to shareholders		-	-	611,697	611,697
Balance as at 30 June 2008		<u>28,661,250</u>	<u>555,412</u>	<u>4,415,418</u>	<u>33,632,080</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Ramelius Resources Limited and Controlled Entities
Statement of Changes in Equity
For the year ended 30 June 2008

Parent Entity	Note	\$ Share Capital Ordinary	\$ Share Based Payments Reserve	\$ Retained Profits / (Losses)	\$ Total
Balance as at 30 June 2006		10,005,636	2,150	(2,293,630)	7,714,156
Fair value of incentive options issued to consultants		-	54,750	-	54,750
Fair value of 100,000 shares issued as consideration for tenement acquisition		40,000	-	-	40,000
Transaction costs associated with the issue of shares net of tax		(26,783)	-	-	(26,783)
21,129,439 options exercised during the period at \$0.18687		3,948,519	-	-	3,948,519
44,388,706 options exercised during the period at \$0.175		7,768,024	-	-	7,768,024
Profit/(loss) attributable to shareholders		-	-	6,975,937	6,975,937
		<u>21,735,396</u>	<u>56,900</u>	<u>4,682,307</u>	<u>26,474,603</u>
Dividends provided for	7	-	-	(780,739)	(780,739)
Balance as at 30 June 2007		<u>21,735,396</u>	<u>56,900</u>	<u>3,901,568</u>	<u>25,693,864</u>
Fair value of 800,000 incentive options issued to executives		-	272,000	-	272,000
Fair value of 152,140 shares issued to employees		-	174,961	-	174,961
Fair value of unvested performance rights for executives		-	51,551	-	51,551
3,529,960 options exercise during the period at \$0.18687		659,642	-	-	659,642
6,415,122 options exercise during the period at \$0.11187		717,659	-	-	717,659
2,208,756 options exercise during the period at \$1.00		2,208,756	-	-	2,208,756
1,456 options exercise during the period at \$1.50		2,184	-	-	2,184
16,839,675 shares exercise during the period at \$0.95		15,997,691	-	-	15,997,691
Transaction costs associated with the issue of shares net of tax		(684,262)	-	-	(684,262)
Return of capital to shareholders		(11,975,816)	-	-	(11,975,816)
Profit/(loss) attributable to shareholders		-	-	610,658	610,658
Balance as at 30 June 2008		<u>28,661,250</u>	<u>555,412</u>	<u>4,512,226</u>	<u>33,728,888</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Ramelius Resources Limited and Controlled Entities

Cash Flow Statement

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash Flows from operating activities					
Cash receipts in the course of operations		15,764,152	13,656,680	15,709,657	13,655,280
Cash payments in the course of operations		(9,032,494)	(6,830,138)	(4,792,480)	(6,557,049)
Interest received		541,525	259,763	525,615	254,481
Net cash provided by/(used in) operating activities	24	<u>7,273,183</u>	<u>7,086,305</u>	<u>11,442,792</u>	<u>7,352,712</u>
Cash Flows from investing activities					
Payments for property, plant and equipment & Development		(7,295,640)	(4,283,586)	(6,678,854)	(255,310)
Proceeds from sale of investments		-	2,556	-	2,556
Proceeds from sale of property, plant and equipment		15,891	-	-	-
Payments for mining tenements & exploration		(2,224,604)	(2,797,858)	(2,224,604)	(2,797,858)
Net cash provided by/(used in) investing activities		<u>(9,504,353)</u>	<u>(7,078,888)</u>	<u>(8,903,458)</u>	<u>(3,050,612)</u>
Cash Flows from Financing activities					
Proceeds from issue of shares		19,585,934	11,716,542	19,585,934	11,716,542
Transaction costs from issue of shares		(821,268)	(78,202)	(821,268)	(78,202)
Loan to subsidiary		-	-	(4,639,781)	(4,658,043)
Payments for hedge options		(590,800)	(122,475)	(590,800)	(122,475)
Payment of dividend to shareholders		(780,739)	-	(780,739)	-
Return of capital to shareholders		(11,975,816)	-	(11,975,816)	-
Net cash provided by/(used in) financing activities		<u>5,417,311</u>	<u>11,515,865</u>	<u>777,530</u>	<u>6,857,822</u>
Net increase/(decrease) in cash held		<u>3,186,141</u>	<u>11,523,282</u>	<u>3,316,864</u>	<u>11,159,922</u>
Cash at the beginning of the financial year		<u>12,984,706</u>	<u>1,461,424</u>	<u>12,621,346</u>	<u>1,461,424</u>
Cash at the end of the financial year	9	<u><u>16,170,847</u></u>	<u><u>12,984,706</u></u>	<u><u>15,938,210</u></u>	<u><u>12,621,346</u></u>

The above cash flow statement should be read in conjunction with the accompanying notes.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

1 Statement of significant accounting policies

This financial report includes the consolidated financial statements and notes of Ramelius Resources Limited and controlled entities (“Consolidated Entity” or “Group”), and the separate financial statements and notes of the individual parent entity, Ramelius Resources Limited (“Parent Entity”). Ramelius Resources Limited is a listed public company, incorporated and domiciled in Australia.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporation Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Ramelius Resources Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

The financial statements have been prepared on an accruals basis under the historical cost convention, modified where applicable by the measurement at fair value of relevant non current assets, financial assets and financial liabilities.

Accounting Policies

The material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ramelius Resources Limited as at 30 June 2008 and the result of all subsidiaries for the year then ended. Ramelius Resources Limited and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the group has the power to control the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All inter-group balances and transactions between entities in the consolidated group, including any realised profits or losses, have been eliminated on consolidation.

A list of controlled entities is contained in Note 14 to the financial statement. All controlled entities have a 30 June financial year end.

(c) Income Tax

The Group adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

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.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences 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 taxation 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.

(d) *Inventories*

Inventories are measured at the lower of cost and net realisable value.

The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

(e) *Property, plant & equipment*

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The 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 assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciation of all fixed assets is depreciated on a straight line basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of fixed asset</i>	<i>Depreciation Rate</i>
Plant and equipment	1% – 50%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

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.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

(f) *Exploration and evaluation expenditure*

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to development assets (refer note 1(g) below).

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

(g) *Development assets*

Development costs are amortised over the life of the area of interest according to the rate of depletion of the economically recoverable reserves.

(h) *Leases*

Leased payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(i) *Financial instruments*

Recognition: Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Derivative instruments: Derivative instruments are measured at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Gains and losses arising from changes in fair value are taken to the income statement.

Impairment: At each reporting date, the Group assess whether there is objective evidence that a financial instrument has been impaired.

(j) *Impairment of assets*

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, 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 to the income statement.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

(k) Employee benefits

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.

Superannuation contributions: Employees may nominate their own superannuation fund into which the Group pays superannuation contributions. The Group currently contributes 9% of employee's salary to each employee's nominated fund or where a fund is not nominated by an employee, to a superannuation fund chosen by the Group.

Share-based payments: The Group has an Employee Share Acquisition Plan and a Performance Rights Plan where employees and senior executives may be provided with shares or rights to shares in the Parent Entity. The Company may also grant performance related options over shares to Key Management Personnel. The bonus element over the exercise price of the employee services rendered in exchange for the grant of options and/or shares is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined to the fair value of the shares granted. The fair value of options is ascertained using the Black-Scholes pricing model which incorporates all market vesting conditions.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(n) Revenue

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.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(o) Goods and services tax

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

Receivables and payables are stated in the Balance Sheet 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 Balance Sheet.

Cash flows are included in the Cash Flow Statement 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.

(p) Transaction costs on the issue of equity instruments

Transaction costs arising from the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(q) **Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) **New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The company's assessment of the impact of these new standards and interpretations is that there would be no material impact on the reported results of the company for the year ended 30 June 2008.

(s) **Earnings per share**

(i) *Basic earning per share*

Basic earnings per share is calculated by dividing the profit attribute to equity holders of the entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issues during the year.

(ii) *Diluted Earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account after income tax effect of interest and other financial costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) **Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates - Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
2	Revenue from ordinary activities				
	Revenues:				
	From operating activities				
	Refined gold sales	14,825,205	14,254,602	14,825,205	13,844,562
	Gold nugget sales	31,392	216,526	31,392	216,526
	Total revenue	14,856,597	14,471,128	14,856,597	14,061,088
	Other income				
	Interest received from other parties	665,460	272,329	648,264	267,046
	Gain on gold hedge options	-	129,658	-	129,658
	Other revenue	109,018	10,415	35,120	9,144
	Total other income	774,478	412,402	683,384	405,848

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$

3 *Income tax expense*

(a) The components of tax expense comprise:

Current tax	-	-	-	-
Deferred tax	461,539	1,554,578	461,539	1,594,960
Recoupment of prior year tax losses	-	-	-	-
Under provision in respect of prior years	(35,264)	-	(34,225)	-
	<u>426,275</u>	<u>1,554,578</u>	<u>427,314</u>	<u>1,594,960</u>

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30%

- Consolidated group	311,391	2,529,800	-	-
- Parent entity	-	-	311,391	2,571,269

Add:

Tax effect of:

- Share based payments	149,554	-	149,554	-
- costs of capital raising	-	11,479	-	11,479
- other non allowable items	594	13,643	594	12,556

Deferred tax asset in respect of tax losses not previously brought to account

	-	-	-	-
	<u>461,539</u>	<u>2,554,922</u>	<u>461,539</u>	<u>2,595,304</u>

Less:

Tax Effect of:

Recognition of timing differences not previously brought to account

	-	1,000,344	-	1,000,344
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Under/(over) provision in respect of prior years

	<u>(35,264)</u>	<u>-</u>	<u>(34,225)</u>	<u>-</u>
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Income tax attributable to entity

	<u>426,275</u>	<u>1,554,578</u>	<u>427,314</u>	<u>1,594,960</u>
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The applicable weighted average effective tax rates are as follows:

	41%	18%	41%	18%
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The significantly lower effective tax rate in 2007 is impacted by the first time recognition of timing differences.

4 *Profit from ordinary activities before income tax expense has been determined after*

Expenses

Depreciation and amortisation of non current assets

Plant and equipment - depreciation	18,911	10,502	18,911	10,502
Mining operation - depreciation & amortisation	804,034	353,642	804,034	353,642
	<u>822,945</u>	<u>364,144</u>	<u>822,945</u>	<u>364,144</u>

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Finance costs					
Interest paid to external entities		592	831	509	831
Rental expense on operating leases					
Minimum lease payments		84,510	20,781	84,510	20,781
Write off of capitalised exploration & evaluation expenditure		802,670	481,450	802,670	478,307
Diminution in value of gold hedge put options		307,460	81,000	307,460	81,000
Impairment of exploration & evaluation assets		1,725	2,702	1,725	2,702
Provision in employee entitlements		55,484	55,484	55,484	55,484
<i>Other revenue and expenses</i>					
Consideration on disposal of listed securities		-	2,557	-	2,557
Carrying amount of listed securities sold		-	(100)	-	(100)
Net gain on disposal		-	2,457	-	2,457
Consideration on disposal of assets		1,818	215	1,818	215
Carrying amount of assets disposed		(4,522)	-	(4,522)	-
Net loss on disposal		(2,704)	215	(2,704)	215

5 Directors and Key Management Personnel Remuneration

Remuneration of Directors and Key Management Personnel

(a) Directors and Key Management Personnel

The names and positions held by directors and key management personnel of the Company during the financial year are:

Directors	Positions
Mr RM Kennedy	Chairman – Non-Executive
Mr RG Nelson	Director – Non-Executive
Mr JF Houldsworth	Managing Director - Executive
Mr IJ Gordon ¹	Director - Executive
Mr KJ Lines ²	Director – Non-Executive
Key Management Personnel	
Mr DA Francese	Chief Financial Officer / Company Secretary
Mr BT Kelty ³	Wattle Dam Mine Manager
Mr MI Svensson ⁴	Exploration Manager
Mr AP Webb ⁵	Burbanks Mill Process Manager

1 Mr Gordon was appointed a Director on 18 October 2007.

2 Mr Lines was appointed a Director on 9 April 2008.

3 Mr Kelty commenced as an employee of the Parent Entity on 1 July 2007 (he was previously employed as a consultant) and retired as the Wattle Dam Mine Manager on 31 July 2008 following the appointment of a qualified underground Mine Manager.

4 Mr Svensson was promoted to the position of Exploration Manager on 22 February 2008.

5 Mr Webb commenced as an employee of a subsidiary of the Parent Entity on 1 July 2007 (he was previously employed as a consultant).

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

Key Management Personnel remuneration has been included in the Remuneration Report section of the Directors Report.

(b) Directors and Key Management Personnel equity holdings and transactions

Shares	Balance 1/7/07	Received as Remuneration	Options Exercised	Net Change Other ¹	Balance 30/6/08
Held by Directors in own name					
Mr RM Kennedy	-	-	-	-	-
Mr RG Nelson	100,217	-	-	5,263	105,480
Mr JF Houldsworth	4,565,318	-	-	5,263	4,570,581
Mr IJ Gordon	-	-	-	10,263	10,263
Mr KJ Lines	-	-	-	-	-
	4,665,535	-	-	20,789	4,686,324
Held by Directors' Personally Related Entities					
Mr RM Kennedy	7,685,484	-	-	15,789	7,701,273
Mr RG Nelson	3,411,808	-	1,800,000	5,263	5,217,071
Mr JF Houldsworth	30,000	-	-	5,263	35,263
Mr IJ Gordon	-	-	-	-	-
Mr KJ Lines	-	-	-	-	-
Total held by Directors	15,792,827	-	1,800,000	47,104	17,639,931
Key Management Personnel excluding Directors					
Mr DA Francese	795,217	13,530*	-	5,263	814,010
Mr BT Kelty	600,000	13,420*	-	(274,737)	338,683
Mr MI Svensson	500,000	8,400*	-	5,263	513,663
Mr AP Webb	-	12,310*	-	-	12,310
Total	17,688,044	47,660	1,800,000	(217,107)	19,318,597

*These shares were issued under the Employee Share Plan on 15 April 2008 and vest at the earliest of 3 years from the date of issue or the time of ceasing to be an employee.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

Performance Rights to Shares	Balance 1/7/07	Received as Remuneration	Options Exercised	Net Change Other ¹	Balance 30/6/08	Total Vested 30/6/08
Held by Directors in own name						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-
Mr JF Houldsworth	-	450,000*	-	-	450,000	-
Mr IJ Gordon	-	300,000*	-	-	300,000	-
Mr KJ Lines	-	-	-	-	-	-
	-	750,000	-	-	750,000	-
Held by Directors' Personally Related Entities						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-
Mr Houldsworth	-	-	-	-	-	-
Mr IJ Gordon	-	-	-	-	-	-
Mr KJ Lines	-	-	-	-	-	-
Total held by Directors	-	750,000	-	-	750,000	-
Key Management Personnel excluding Directors						
Mr DA Francese	-	150,000*	-	-	150,000	-
Mr BT Kilty	-	-	-	-	-	-
Mr MI Svensson	-	-	-	-	-	-
Mr AP Webb	-	-	-	-	-	-
Total	-	900,000	-	-	900,000	-

* These Rights to shares were granted under the Performance Rights Plan on 7 April 2008. The KPI conditions attached to the performance Rights include a vesting period of three years from the grant date and a requirement for the Company's share price to be within the top 40% comparator group of companies as set by the Board. The Companies in the comparator group are set out in the Remuneration Report section of the Directors Report.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

Options Exercisable at \$0.18687* by 31 December 2007	Balance 1/7/07	Received as Remun- eration	Options Exercised	Net Change Other ¹	Balance 30/6/08	Total Vested 30/6/08	Total Exer- cisable 30/6/08
Held by Directors in own name							
Mr RM Kennedy	-	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-	-
Mr JF Houldsworth	-	-	-	-	-	-	-
Mr IJ Gordon	-	-	-	-	-	-	-
Mr KJ Lines	-	-	-	-	-	-	-
Held by Directors' Personally Related Entities							
Mr RM Kennedy	-	-	-	-	-	-	-
Mr RG Nelson	1,800,000	-	(1,800,000)	-	-	-	-
Mr Houldsworth	-	-	-	-	-	-	-
Mr IJ Gordon	-	-	-	-	-	-	-
Mr KJ Lines	-	-	-	-	-	-	-
Total held by Directors	1,800,000	-	(1,800,000)	-	-	-	-
Key Management Personnel excluding Directors							
Mr DA Francese	-	-	-	-	-	-	-
Mr BT Kelty	-	-	-	-	-	-	-
Mr MI Svensson	-	-	-	-	-	-	-
Mr AP Webb	-	-	-	-	-	-	-
Total	1,800,000	-	(1,800,000)	-	-	-	-

* The exercise price of these options was reduced during the reporting period from \$0.18687 to \$0.11187 in accordance with the terms of the options and ASX Listing Rules following the Record date of 3 August 2007 for a Return of Capital of 7.5 cents per ordinary share paid to all eligible shareholders on 28 September 2007.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

Options Exercisable at \$1.00 by 30 June 2009	Balance 1/7/07	Received as Remun- eration	Options Exercised	Net Change Other ²	Balance 30/6/08	Total Vested 30/6/08	Total Exer- cisable 30/6/08
Held by Directors in own name							
Mr RM Kennedy	-	-	-	-	-	-	-
Mr RG Nelson	-	-	-	10,022	10,022	10,022	10,022
Mr JF Houldsworth	-	-	-	456,532	456,532	456,532	456,532
Mr IJ Gordon	-	-	-	-	-	-	-
Mr KJ Lines	-	-	-	-	-	-	-
	-	-	-	466,554	466,554	466,554	466,554
Held by Directors' Personally Related Entities							
Mr RM Kennedy	-	-	-	768,549	768,549	768,549	768,549
Mr RG Nelson	-	-	-	421,182	421,182	421,182	421,182
Mr Houldsworth	-	-	-	3,000	3,000	3,000	3,000
Mr IJ Gordon	-	-	-	-	-	-	-
Mr KJ Lines	-	-	-	-	-	-	-
Total held by Directors	-	-	-	1,659,285	1,659,285	1,659,285	1,659,285
Key Management Personnel excluding Directors							
Mr DA Francese	-	-	-	79,522	79,522	79,522	79,522
Mr BT Kelty	-	-	-	54,000	54,000	54,000	54,000
Mr MI Svensson	-	-	-	50,000	50,000	50,000	50,000
Mr AP Webb	-	-	-	-	-	-	-
Total	-	-	-	1,842,807	1,842,807	1,842,807	1,842,807

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

Options Exercisable at \$1.50 by 30 June 2010	Balance 1/7/07	Received as Remun- eration	Options Exercised	Net Change Other ³	Balance 30/6/08	Total Vested 30/6/08	Total Exer- cisable 30/6/08
Held by Directors in own name							
Mr RM Kennedy	-	-	-	-	-	-	-
Mr RG Nelson	-	-	-	10,548	10,548	10,548	10,548
Mr JF Houldsworth	-	-	-	457,059	457,059	457,059	457,059
Mr IJ Gordon	-	-	-	1,027	1,027	1,027	1,027
Mr KJ Lines	-	-	-	-	-	-	-
	-	-	-	468,634	468,634	468,634	468,634
Held by Directors' Personally Related Entities							
Mr RM Kennedy	-	-	-	770,128	770,128	770,128	770,128
Mr RG Nelson	-	-	-	521,708	521,708	521,708	521,708
Mr Houldsworth	-	-	-	3,527	3,527	3,527	3,527
Mr IJ Gordon	-	-	-	-	-	-	-
Mr KJ Lines	-	-	-	-	-	-	-
Total held by Directors	-	-	-	1,763,997	1,763,997	1,763,997	1,763,997
Key Management Personnel excluding Directors							
Mr DA Francese	-	-	-	81,402	81,402	81,402	81,402
Mr BT Kelty	-	-	-	33,869	33,869	33,869	33,869
Mr MI Svensson	-	-	-	51,367	51,367	51,367	51,367
Mr AP Webb	-	-	-	2,071	2,071	2,071	2,071
Total	-	-	-	1,932,706	1,932,706	1,932,706	1,932,706

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

Options Exercisable at \$1.90 by 30 June 2009	Balance 1/7/07	Received as Remun- eration	Options Exercised	Net Change Other ³	Balance 30/6/08	Total Vested 30/6/08	Total Exer- cisable 30/6/08
Held by Directors in own name							
Mr RM Kennedy	-	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-	-
Mr JF Houldsworth	-	-	-	-	-	-	-
Mr IJ Gordon	-	-	-	-	-	-	-
Mr KJ Lines	-	-	-	-	-	-	-
Held by Directors' Personally Related Entities							
Mr RM Kennedy	-	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-	-
Mr Houldsworth	-	-	-	-	-	-	-
Mr IJ Gordon	-	400,000	-	-	400,000	400,000	400,000
Mr KJ Lines	-	-	-	-	-	-	-
Total held by Directors	-	400,000	-	-	400,000	400,000	400,000
Key Management Personnel excluding Directors							
Mr DA Francese	-	-	-	-	-	-	-
Mr BT Kelty	-	-	-	-	-	-	-
Mr MI Svensson	-	400,000	-	-	400,000	400,000	400,000
Mr AP Webb	-	-	-	-	-	-	-
Total	-	800,000	-	-	800,000	800,000	800,000

1. Net change other in respect of shares and \$0.18687 options refers to share and/or options purchased and/or sold during the financial year.
2. Net change other in respect of \$1.00 options refers to options over unissued shares which were issued in August 2007 to all shareholders on the basis of one free Bonus Option for every ten Shares held at 3 August 2007. The options are exercisable at \$1.00 each and have an expiry date of 30 June 2009.
3. Net change other in respect of \$1.50 options refers to options over unissued shares which were issued in May 2008 to all shareholders on the basis of one free Bonus Option for every ten Shares held at 5 May 2008. The options are exercisable at \$1.50 each and have an expiry date of 30 June 2010.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$

6 Auditors' remuneration

Audit services:

Auditors of the Company – Grant Thornton

Audit and review of the financial reports

Other regulatory audit services

45,000	20,000	45,000	20,000
-	-	-	-
<u>45,000</u>	<u>20,000</u>	<u>45,000</u>	<u>20,000</u>

7 Dividends

Maiden dividend of 0.5 cent per share declared on

9 May 2007 out of 2006/7 profits was paid on

3 August 2007

-	780,739	-	780,739
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8 Earnings per share

(a) Classification of securities

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

(b) Classification of securities as potential ordinary shares

All of the following options on issue at the end of the financial year are included as potential ordinary shares.

No of Options	Exercise Price	Exercise Date
13,716,263	\$1.00	30/6/2009
18,454,473	\$1.50	30/6/2010
800,000	\$1.90	30/6/2009

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

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

633,527	6,878,090	632,488	6,975,937
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(d) Weighted average number of shares used as the denominator

Number for basic earnings per share

Ordinary shares

168,246,390	95,387,724	168,246,390	95,387,724
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Number for dilutive earnings per share

Ordinary shares

168,246,390	95,387,724	168,246,390	95,387,724
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Options

18,202,618	69,664,091	18,202,618	69,664,091
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<u>186,449,008</u>	<u>165,051,815</u>	<u>186,449,008</u>	<u>165,051,815</u>
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Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
9 Cash and cash equivalents					
Cash		870,178	6,557,458	863,540	6,504,099
Deposits at call*		15,300,669	6,427,248	15,074,670	6,117,247
		<u>16,170,847</u>	<u>12,984,706</u>	<u>15,938,210</u>	<u>12,621,346</u>
* Includes deposits of \$428,900 for the Consolidated Group (\$252,900 for the Parent Entity) provided as security against unconditional bank guarantees in favour of the Western Australian Government in respect of restoration costs required for the Wattle Dam Mine and Burbanks Gold Processing Mill; and in respect of the Burbanks Gold Processing Mill, bank guarantees to secure supply of gas and electricity.					
10 Trade and other receivables					
Current					
Trade debtors		72,825	653,732	30,068	653,732
Other debtors		594,849	192,548	559,956	142,770
Amounts receivable from director related entities	26	-	85,268	-	85,268
		<u>667,674</u>	<u>931,548</u>	<u>590,024</u>	<u>881,770</u>
Non current					
Amounts Receivable from Subsidiary		-	-	4,522,218	4,658,042
				<u>4,522,218</u>	<u>4,658,042</u>
11 Inventory					
Current					
Gold Nuggets at cost		1,862	1,757	1,862	1,757
Raw Materials - Unprocessed Gold Ore at cost		-	3,461,979	-	3,461,979
Finished Goods Gold Bullion at cost		28,414	-	28,414	-
Other		121,367	-	34,767	-
		<u>151,643</u>	<u>3,463,736</u>	<u>65,043</u>	<u>3,463,736</u>
12 Other financial assets					
Current					
Gold Hedge		353,823	120,733	353,823	120,733
Investments in Subsidiary		-	-	1	1
		<u>353,823</u>	<u>120,733</u>	<u>353,824</u>	<u>120,734</u>
13 Other current assets					
Current					
Prepayments		162,940	71,860	109,110	44,526
		<u>162,940</u>	<u>71,860</u>	<u>109,110</u>	<u>44,526</u>

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

14 Controlled Entities

(a) Controlled entities consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2008	2007
Parent Entity:			
Ramelius Resources Ltd	Australia		
Subsidiaries of Ramelius Resources Ltd:			
Ramelius Milling Services Pty Ltd	Australia	100	100

* percentage of voting power is in proportion to ownership

(b) Acquisition of controlled entities

On 16 November 2006 Ramelius Resources Limited incorporated a wholly owned subsidiary, Ramelius Milling Services Pty Ltd, for the purpose of acquiring and operating the Burbanks Gold Processing Mill.

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$

15 Property, plant, equipment & development assets

Plant and equipment

At cost		5,304,276	4,623,399	655,124	356,151
Accumulated depreciation/amortisation		(465,714)	(65,598)	(100,009)	(36,851)
Net book value	(i)	4,838,562	4,557,801	555,115	319,300

Development expenditure

Production Phase at cost		9,810,255	1,183,733	9,810,255	1,183,733
Accumulated amortisation		(1,183,733)	(400,784)	(1,183,733)	(400,784)
Net book value	(ii)	8,626,522	782,949	8,626,522	782,949

Total property, plant and equipment		13,465,084	5,340,750	9,181,637	1,102,249
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Reconciliations

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

(i) Reconciliation

Plant and equipment

Carrying amount at beginning of year		4,557,801	84,978	319,300	84,978
Additions		701,768	4,525,108	303,972	257,861
Disposals		(20,412)	(215)	(4,522)	(215)
Depreciation/amortisation		(400,595)	(52,070)	(63,635)	(23,324)
Carrying amount at end of year		4,838,562	4,557,801	555,115	319,300

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
(ii) Reconciliation					
Development expenditure*					
Carrying amount at beginning of year		782,949	1,125,419	782,949	1,125,419
Transfer from Exploration and Evaluation Expenditure		7,039,673	-	7,039,673	-
Phase 2 Development		1,586,848	-	1,586,848	-
Amortisation		(782,948)	(342,470)	(782,948)	(342,470)
Carrying amount at end of year		8,626,522	782,949	8,626,522	782,949

* Development assets relate to Phase 2 of the Wattle Dam Mine with production from the pit cut-back and underground development expected to commence in September/October 2008. Amortisation of capitalised development costs will commence at that date and continue over the estimated life of the mine.

16 **Exploration and evaluation expenditure**

Costs carried forward in respect of areas of interest in:

Exploration and/or evaluation	(i)	8,041,534	6,680,152	8,041,535	6,680,152
Total Exploration and evaluation expenditure		8,041,534	6,680,152	8,041,535	6,680,152

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

(i) Reconciliation

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

Carrying amount at beginning of year		6,680,152	4,117,469	6,680,152	4,117,469
Additional costs capitalised during the year		9,203,725	3,043,692	9,203,726	3,043,692
Exploration costs written off during the year		(802,670)	(481,009)	(802,670)	(481,009)
Amounts transferred to development expenditure		(7,039,673)	-	(7,039,673)	-
Carrying amount at end of year		8,041,534	6,680,152	8,041,535	6,680,152

17 **Tax**

Consolidated entity

Liabilities

Current

Income tax

	-	-	-	-
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Parent entity

Liabilities

Current

Income tax

	-	-	-	-
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Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

Assets and liabilities

Non current

	Opening Balance \$	Adjustment \$	Charged to Income \$	Charged directly to Equity \$	Closing Balance \$
Consolidated group					
Deferred tax liability					
Exploration and evaluation	1,992,046	12,000	2,520,316	-	4,524,362
Development	-	-	31,737	-	31,737
Balance at 30 June 2008	1,992,046	12,000	2,552,053	-	4,556,099

Deferred tax asset					
Issued Equity Transaction Costs	53,215	(6,870)	(740)	209,778	255,383
Provisions	107,801	-	55,121	-	162,922
Future income tax benefits attributable to tax losses	265,619	55,028	2,110,276	-	2,430,923
Other	22,312	(895)	9,335	-	30,752
Balance at 30 June 2008	448,947	47,263	2,173,992	209,778	2,879,980

Parent Entity

Deferred tax liability					
Exploration and evaluation	1,992,046	12,000	2,520,316	-	4,524,362
Development	-	-	31,737	-	31,737
Balance at 30 June 2008	1,992,046	12,000	2,552,053	-	4,556,099

Deferred tax asset					
Issued Equity Transaction Costs	53,215	(6,870)	(740)	209,778	255,383
Provisions	103,858	-	47,670	-	151,528
Future income tax benefits attributable to tax losses	234,265	53,094	2,120,889	-	2,408,248
Other	17,227	-	6,173	-	23,400
Balance at 30 June 2008	408,565	46,224	2,173,992	209,778	2,838,559

		Consolidated Group		Parent Entity	
	Note	2008	2007	2008	2007
		\$	\$	\$	\$

18 Trade and other payables

Trade creditors	2,874,480	903,956	2,685,277	846,708
Other creditors and accruals	287,794	410,340	164,802	321,571
	3,162,274	1,314,296	2,850,079	1,168,279

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
19 Provisions					
Current					
Employee entitlements		257,858	133,299	221,898	120,157
Dividend declared		-	780,739	-	780,739
		<u>257,858</u>	<u>914,038</u>	<u>221,898</u>	<u>900,896</u>
Non current					
Employee entitlements		102,314	43,135	100,296	43,135
Restoration costs	1(f)	182,900	182,900	182,900	182,900
		<u>285,214</u>	<u>226,035</u>	<u>283,196</u>	<u>226,035</u>
20 Issued capital					
Issued and paid-up share capital					
156,147,567 (2006: 90,529,422) ordinary shares, fully paid	20(a)	<u>28,661,250</u>	<u>21,735,396</u>	<u>28,661,250</u>	<u>21,735,396</u>
(a) Ordinary shares					
Balance at the beginning of year		21,735,396	10,005,636	21,735,396	10,005,636
Shares issued during the year					
11,578,948 shares placed at \$0.95		11,000,000	-	11,000,000	-
5,260,727 shares issued through share purchase plan at \$0.95		4,997,691	-	4,997,691	-
Less transaction costs arising from share issues for cash net of tax		(684,262)	(26,783)	(684,262)	(26,783)
3,529,960 shares issued to Option-holders on exercise of options at \$0.18687 in cash		659,642	3,948,519	659,642	3,948,519
100,000 shares issued as consideration for tenement acquisition		-	40,000	-	40,000
44,388,706 shares issued to Option-holders on exercise of options at \$0.175 in cash		-	7,768,024	-	7,768,024
6,415,122 shares issued to option-holders on exercise of options at \$0.11187 cash		717,659	-	717,659	-
2,208,756 shares issued to option-holders on exercise of options at \$1.00 cash		2,208,756	-	2,208,756	-
1,456 shares issued to option-holders on exercise of options at \$1.50 cash		2,184	-	2,184	-
Return of capital of \$0.075 cash per share on 159,677,527 shares		<u>(11,975,816)</u>	<u>-</u>	<u>(11,975,816)</u>	<u>-</u>
Balance at end of year		<u>28,661,250</u>	<u>21,735,396</u>	<u>28,661,250</u>	<u>21,735,396</u>

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.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

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

(b) Options ^{(i), (ii)}

At 30 June 2008, there were 32,970,736 (30 June 2007: 10,061,082) unissued shares for which options were outstanding. 13,716,263 options are exercisable at \$1.00 by 30 June 2009; 18,454,473 options are exercisable at \$1.50 by 30 June 2010 and 800,000 options are exercisable at \$1.90 by 30 June 2009 (30 June 2007: all options were exercisable at \$0.18687 by 31 December 2007).

(i) For information relating to the Ramelius Resources Limited Incentive Options issued to Key Management Personnel including details of any options issued, exercised and lapsed during the financial year, refer to Note 21.

(ii) For information relating to share options issued to Key Management Personnel during the financial year refer to Note 5.

21 Share based payments

The following share-based payments arrangements existed:

- On 15 April 2008, 152,140 shares were issued to employees at no consideration pursuant to the Employee Share Acquisition Plan which was approved by shareholders in November 2007. The fair value of these shares at the date of issue was \$174,961. Vesting of these shares occurs three years after the issue date or the time the holder ceases to be an employee, whichever is the earlier. Given that vesting is certain to occur, the market value of the shares at the issue date was used to determine their fair value.
- On 7 April 2008, a total of 900,000 Performance Rights were granted to three senior executives and Key Management Personnel pursuant to a Performance Right Plan which was approved by shareholders in November 2007. The Performance Rights, being an entitlement to shares in the Company, will vest in three years after the grant date subject to satisfaction of certain performance conditions at which time shares will be issued to the executives. The fair value of these Performance Rights at grant date was \$576,000 of which \$51,551 was recognised at 30 June 2008 in Share Based Reserves. At balance date, none of the 800,000 Performance Rights had vested. The fair value was determined using the market price of the underlying shares at the date the Performance Rights were granted and assuming that all holders continue to be employees of the Group until the end of the vesting period and that the performance condition, which requires the Company's share price to be within the top 40% of the comparator group as detailed in the Remuneration Report section of the Directors Report, is met and the Rights vest.

Performance Rights granted by the Parent Entity during the 2007/08 financial year

Name	No. of Rights ¹	Grant Date	Fair Value per Right at grant date ²	Exercise price per Right	Rights expiry date	Rights first exercise date	Rights last exercise date	Performance measurement period
				\$				
JF Houldsworth	450,000	7 April 2008	288,000	-	7 April 2011	7 April 2011	7 April 2011	3 years
IJ Gordon	300,000	7 April 2008	192,000	-	7 April 2011	7 April 2011	7 April 2011	3 years
DA Francese	150,000	7 April 2008	96,000	-	7 April 2011	7 April 2011	7 April 2011	3 years
TOTAL	900,000		576,000	-	-			

1 Each Right is issued for no consideration. Once exercisable, a Right entitles the holder to one fully paid ordinary share in the Parent Entity on payment of the exercise price.

2 The aggregate value of Rights at the grant date is \$576,000 of which \$51,551 has been expensed in the 2007/08 year and \$524,449 to be expensed in subsequent years. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The notional value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the Rights vest. The notional value of Rights as at grant date has been determined in accordance with AASB2. The calculations are performed using an appropriate valuation methodology. The total minimum value of Rights, if the performance conditions are not met, is nil.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

- On 25 January 2008, a total of 800,000 incentive share options were granted to two Key Management Personnel to take up ordinary shares at an exercise price of \$1.90 each by 30 June 2008. The options were non transferable and not quoted securities. The fair value of the 800,000 options was \$272,000. At balance date, none of the 800,000 share options had been exercised. The fair value of these options was determined using the Black-Scholes Pricing model as detailed below.

Options and Performance Rights granted to Key Management Personnel are over ordinary shares in Ramelius Resources Limited, which confer a right of one ordinary share for every option held.

	2008		2007	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	-	-	2,000,000	0.18687
Granted	800,000	1.90	750,000	0.18687
Forfeited	-	-	-	-
Exercised	-	-	(2,750,000)	0.18687
Expired	-	-	-	-
Outstanding at year-end	800,000	1.90	-	-
Exercisable at year-end	800,000	1.90	-	-

The weighted average fair value of the options granted during the year was \$0.34. This price was calculated by using Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	\$1.90
Weighted average life of the option (days)	522
Underlying share price	\$0.99
Expected share price volatility	107%
Risk free interest rate	7.75%

The life of the options is based on the days remaining until expiry.

Included under employee benefits expense in the income statement is \$524,287 (2007: \$54,750), and relates, in full, to equity-settled share-based payment transactions.

22 *Financial risk management policies*

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payables. The main risks the group is exposed to through its financial instruments are interest rate risk, credit risk, liquidity risk and treasury risk.

(a) *Treasury risk management*

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst maintaining the effects on financial performance.

(b) *Interest rate risk*

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 can vary from day to day.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

(i) Risk management

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2008 approximately 94.6% of group deposits are fixed.

Consolidated Group	Weighted average effective interest rate		Effective interest rate		Interest bearing		Non-Interest bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Cash at bank	5.43	3.57	869,678	6,556,958	869,678	6,556,958	500	500	870,178	6,557,458
Deposits	6.03	6.17	15,300,669	6,427,248	15,300,669	6,427,248	-	-	15,300,669	6,427,248
Receivables	-	-	-	-	-	-	667,674	931,548	-	-
Total financial assets			16,170,347	12,984,206	16,170,347	12,984,206	668,174	932,048	16,170,847	12,984,706
Financial liabilities										
Payables	-	-	-	-	-	-	(3,162,274)	(1,314,296)	(3,162,274)	(1,314,296)
Total financial liabilities			-	-	-	-	(3,162,274)	(1,314,296)	(3,162,274)	(1,314,296)
Total net financial assets			16,170,347	12,984,206	16,170,347	12,984,206	(2,494,100)	(382,248)	13,008,573	11,670,410

(ii) Sensitivity analysis

Interest rate and price risk

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. It should be noted that the group does not have borrowings and any impacts would be in relation to deposit yields on cash assets.

Interest rate sensitivity analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Change in profit				
Increase in interest rate by 2%	323,417	259,694	318,764	252,427
Decrease in interest rate by 2%	(323,417)	(259,694)	(318,764)	(252,427)
Change in equity				
Increase in interest rate by 2%	323,417	259,694	318,764	252,427
Decrease in interest rate by 2%	(323,417)	(259,694)	(318,764)	(252,427)

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

(c) *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 Balance Sheet, is the carrying amount, net of any provision of doubtful debts.

In respect to the parent entity, credit risk also incorporates the exposure of Ramelius to the liabilities of all members of the Group.

(d) *Liquidity risk*

The Group manages liquidity risk by monitoring forecast cash flows.

(e) *Net fair values of financial assets and liabilities*

Valuation approach

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

Recognised financial instruments

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

		Consolidated Group		Parent Entity	
	Note	2008	2007	2008	2007
		\$	\$	\$	\$

23 *Commitments & contingent liabilities*

Exploration expenditure commitments

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

Within one year	643,580	503,284	613,580	457,865
One year or later and no later than five years	2,295,160	1,149,061	2,175,160	967,861
Later than five years	7,836,000	2,285,153	7,586,000	1,795,955
	10,774,740	3,937,498	10,374,740	3,221,681

The company sub-leases a serviced office in Adelaide under a non cancellable annual operating lease expiring in October 2008 and leases two properties in Kambalda WA expiring in July and September 2008. The Company also leases office accommodation in Perth under a non-cancellable operating lease expiring in March 2009. The lease generally provides the Company with a right of renewal for a further year after which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on movements in the Consumer Price Index and operating criteria.

Tenement acquisitions

At 30 June 2008 the Company had contracted to acquire certain tenements at West Wattle Dam for a consideration of 100,000 shares in the Parent Entity. The fair value of the consideration shares was \$80,000.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Non-cancellable operating lease expense commitments					
Future operating lease commitments not provided for in the financial statements and payable:					
Within one year		36,131	30,040	36,131	30,040
One year or later and no later than five years		-	16,445	-	16,445
Later than five years		-	-	-	-
		<u>36,131</u>	<u>46,485</u>	<u>36,131</u>	<u>46,485</u>

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

Contingent liabilities

Termination benefits	22(a)	218,727	250,000	166,815	250,000
Exploration expenditure to earn mineral rights on tenements in addition to minimum exploration expenditure commitment disclosed above	22(b)	251,824	-	251,824	-
		<u>470,551</u>	<u>250,000</u>	<u>418,639</u>	<u>250,000</u>
Gold royalties & gold production payments					
Within one year		1,145,989	688,188	1,145,989	688,188
One year or later and no later than five years		562,819	-	562,819	-
	22(c)	<u>1,708,808</u>	<u>688,188</u>	<u>1,708,808</u>	<u>688,188</u>

(a) Termination benefits

Service Agreements exist with the Managing Director and executive officers under which termination benefits may, in appropriate circumstances, become payable. The maximum contingent liability at 30 June 2008 under the service agreements is the amount disclosed above.

(b) Exploration expenditure

Exploration expenditure relates to periods up to 4 years in accordance with terms set out in relevant agreements. During the earning period the Parent Entity is associated with another entity in a joint venture whereby the Parent Entity sole funds certain exploration expenditure of not less than \$1 million which at 30 June 2008 had substantially been spent with only the sum disclosed above yet to be incurred.

(c) Gold royalties and gold production payments

Gold royalties and gold production payments relate to royalties payable to the Western Australian Government and production payments to Native Title Parties in accordance with gold production agreements.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

		Consolidated Group		Parent Entity	
	Note	2008	2007	2008	2007
		\$	\$	\$	\$

Performance guarantees

Unconditional bank guarantees have been provided by the Consolidated Entity's bankers in favour of the Western Australian Government in respect of restoration costs required for the Wattle Dam Mine and Burbanks Gold Processing Mill; and in respect of the Burbanks Gold Processing Mill, to secure supply of gas and electricity. Deposits of \$428,900 for the Consolidated Group (\$252,900 for the Parent Entity) have been provided as security against these unconditional bank guarantees (refer Note 9)

24 Notes to the statements of cash flows

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

Profit/(Loss) from ordinary activities after income tax		611,697	6,878,090	610,658	6,975,937
Add/(less) non cash items					
Depreciation		377,843	51,885	39,518	23,139
Amortisation of development expenditure		782,948	342,470	782,948	342,470
(Increase)/decrease in prepayments		(88,585)	(39,766)	(62,089)	(12,432)
(Increase)/decrease in receivables		470,560	(736,524)	5,223,994	(690,212)
(Increase)/decrease in inventories		3,312,093	(1,506,676)	3,398,693	(1,506,676)
(Increase)/decrease in non-current assets		647,014	477,711	689,318	477,711
(Increase)/decrease in other financial assets		357,710	1,742	357,710	1,742
(Increase)/decrease in investments		-	(2,456)	-	(2,456)
(Increase)/decrease deferred tax assets		(2,431,033)	(448,947)	(2,429,994)	(408,565)
(Decrease)/increase in accounts payable		(306,622)	(58,126)	(682,685)	38,294
(Decrease)/increase in provisions		183,738	68,627	158,901	55,485
(Decrease)/increase in deferred tax liability		2,564,053	1,992,046	2,564,053	1,992,046
(Decrease)/increase in reserves		498,512	66,229	498,512	66,229
(Decrease)/increase in issued capital					
transaction costs – tax effect		293,255	-	293,255	-
Net cash provided by/(used in) operating activities		7,273,183	7,086,305	11,442,792	7,352,712

25 Employee entitlements

Aggregate liability for employee entitlements, including on-costs

Current	19	257,858	133,299	221,898	120,157
Non-current	19	102,315	43,135	100,296	43,135
		360,173	176,434	322,194	163,292

Number of employees

Number of employees at year end		28	25	17	14
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26 Related parties

Directors' transactions with the Company

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

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

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

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

Director	Transaction	Note	Consolidated Group		Parent Entity	
			2008 \$	2007 \$	2008 \$	2007 \$
RM Kennedy & RG Nelson	Amount received from a director related entity for Company Secretarial services and associated costs.	(i)	86,839	173,120	86,839	173,120
RM Kennedy	Amount received from a director related entity for the sale of a gold gravity bar (2007 gold nuggets) at market value		37,535	2,375	37,535	2,375
JF Houldsworth	Amount paid to spouse of the director in respect of wages inclusive of superannuation during a period of six weeks due to illness of existing administrative assistance.		6,863	-	6,863	-
	Amount paid to a relative of the director in respect of wages inclusive of superannuation in respect of mine security and living away from home expenses.		91,020	42,810	91,020	42,810
	Amount paid to an entity of which the director is a director in respect of labour hire.		-	79,000	-	79,000
	Amount received from a relative of the director in respect of the sale of a second hand vehicle.		2,000	-	2,000	-
	Amount received from a relative of the director in respect of the sale of gold nuggets		-	750	-	750
	Amount paid to a relative of the director in respect of the purchase of a second hand vehicle.		-	5,000	-	5,000

(i) This amount relates to the services of Mr Francese who was a Company Secretary and Financial Officer of listed entity, Monax Mining Limited between December 2005 and August 2007 (a company associated with RM Kennedy and R G Nelson). Monax Mining Limited reimbursed the Company 50% of his remuneration, on-costs and other associated expenses relating to secretarial and financial services provided to it.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

Key Management Transaction Personnel	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
BT Kely	Amount paid to a related entity for mine security and field staff costs	26,412	-	26,412	-
	Amount received from spouse and relatives for sale of gold nuggets	680	-	680	-

Amounts receivable from and payable to directors and their director-related entities at balance date arising from these transactions were as follows:

Current receivables

Trade debtors	-	85,268	-	85,268
Loan to subsidiary	-	-	5,828,600	4,658,042

27 Segment reporting

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

28 Interests in joint ventures

- (a) The Company has a direct interest in a number of unincorporated joint ventures, the details of which are disclosed in the Review of Operations section of the Annual Report.
- (b) The Company's share of assets in unincorporated joint ventures is as follows:

Non current assets

Exploration and evaluation expenditure
(included in Note 16)

	4,484,503	3,135,737	4,484,503	3,135,737
Total assets employed in joint ventures	4,484,503	3,135,737	4,484,503	3,135,737

29 Events subsequent to balance date

Since 30 June 2008, the Company;

- announced that RC drilling had intersected Wattle Dam style mineralisation at Golden Orb with intercepts of 7 metres at 10.8g/t gold from 117 metres (including 2 metres at 27g/t gold) and 4 metres at 6.9g/t gold from 103 metres (including 2 metres at 12.2g/t gold) which with previous drilling, had defined a new gold zone on the same contact as Wattle Dam that was open to the north, south and down dip and which had the potential to add to the existing Wattle Dam Resources as a low cost, high grade gold operation.
- acquired West Wattle Dam tenements PL15/4381 and MLA15/1474 through the issue of 100,000 shares in the Company as consideration at a fair value of \$80,000.
- sold Parker Range tenements EL77/1403, PL's 77/3481, 77/3740, 77/3764, 77/3765 and MLA77/1085 for a cash consideration of \$100,000 and a 1% royalty on the sale of any precious metals from the tenements capped at \$500,000
- surrendered a small insignificant tenement holding, EL15/718 which the Controlling Entity elected not to convert to a mining lease.

Ramelius Resources Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2008

Apart from the above, there has not arisen in the interval between 30 June 2008 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

30 *Company details*

The registered office and principal place of business of the company is :

140 Greenhill Road
UNLY SA 5061

Ramelius Resources Limited and Controlled Entities

Directors' declaration

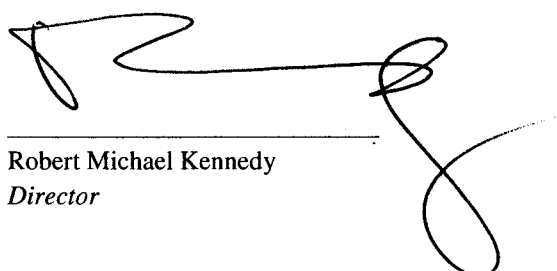
For the year ended 30 June 2008

Directors' declaration

- 1 In the opinion of the directors of Ramelius Resources Limited:
 - (a) the financial statements and notes, as set out on pages 13 to 45, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and Consolidated Entity; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 The Chief Executive Officer and Chief Financial Officer have given the Directors the declarations required by section 295A of the Corporations Act 2001.

Dated at Worley this 29 day of September 2008.

Signed in accordance with a resolution of the directors:



Robert Michael Kennedy
Director

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Partnership**
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAMELIUS RESOURCES LIMITED AND CONTROLLED
ENTITIES**

Report on the Financial Report

We have audited the accompanying financial report of Ramelius Resources Limited (the company) which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, 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. These Auditing Standards require that we 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.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAMELIUS RESOURCES LIMITED AND CONTROLLED
ENTITIES Cont**

Auditor's Responsibility Cont

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 entity'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 entity'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 opinions.

Independence

In conducting our audit, we complied with applicable 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 company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RAMELIUS RESOURCES LIMITED AND CONTROLLED
ENTITIES Cont**

Report on the Remuneration Report

We have audited the Remuneration Report (marked audited) included in the directors' report for the year ended 30 June 2008. 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

In our opinion the Remuneration Report of Ramelius Resources Limited for the year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



P S Paterson
Partner

Signed at Wayville on this 29 day of September 2008