
NEWS

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For Immediate Release
Wednesday 9 May 2007

CASH RETURN INCLUDED IN RAMELIUS

SHAREHOLDER BENEFITS

There is to be a cash return to shareholders included in a capital management program announced today by listed gold producer, Ramelius Resources Limited.

Ramelius is rewarding shareholders with cash and option benefits after, gold grades and cash flows significantly exceeded expectations from its Wattle Dam open-pit mine near Kambalda in Western Australia.

Today's announcement follows the release of details by Ramelius last week of bonanza gold intersections at Wattle Dam which have the potential to transform the Company's WA operations into a longer-term gold mine.

Ramelius' Chairman, Mr Robert Kennedy, said "today's three tiered initiative demonstrates that the Company need not be reliant on shareholders or other capital raising channels to fund future expansion of the Wattle Dam mine".

The capital management program includes:

- A **cash return** of 7.5 cents per ordinary share to eligible Ramelius shareholders, at a cost to the Company of approximately A\$12.5 million;
- A half cent a share **maiden dividend** – and on which a franking decision has yet to be determined – will be paid on 3 August, absorbing up to \$834,348 if all outstanding eligible options are converted by the record date;
- A **new 1-for-10 bonus options** package exercisable at \$1.00 per option by 30 June 2009. This compares with the closing price for Ramelius on the ASX last night (Tuesday 8 May 2007) of \$1.255.

Points of particular importance to Ramelius investors are:

- Option holders converting prior to the relevant record dates will be eligible to participate in the cash return, maiden dividend and new 1 for 10 bonus option entitlement;
- The new options package could potentially generate an additional cash inflow of up to A\$16.68 million for Ramelius; and
- A full conversion of all outstanding RMSO and RMSOA listed options will generate approximately A\$12.5 million.

The capital management program will be subject to approval at a general meeting of shareholders expected to be held on 15 June 2007.

“The cash stream being generated by our outstanding and above forecast gold production at Wattle Dam means we can now self fund planned growth at the mine without needing to dilute shareholder value in raising equity for capital works commitments,” Mr Kennedy said.

“The proposed capital return will give back to shareholders capital currently considered surplus to our needs in the medium term while providing the upside available through the dividend and bonus issue opportunities including those optionholders who convert by the relevant record dates” he said.

“Ramelius is in an exceptionally enviable financial, cash flow and operational position for a mining and minerals exploration company”.

“We have around \$5 million in the bank (as at 31 March this year), generated \$13.4 million in gold and gold nugget sales revenue since mining commenced last year, and at a gold price of A\$850 per oz, we have approximately \$31 million worth of gold in stockpiles at Wattle Dam awaiting processing through our wholly-owned mill”.

“This is not including the new high grade gold intercepts announced last week and for which a resource upgrade is now our objective”.

“The Company’s continued strong cash flow and absence of debt will also allow Ramelius the freedom to make acquisitions in the future.”

Mr Kennedy said “the Company had been able to declare a maiden dividend in light of the higher than expected revenues from Wattle Dam”.

Mr Kennedy described the 1 free Bonus Option for every 10 Ramelius shares held component of the package as a “reward to shareholders for their on-going support of the Company”.

“Ramelius has emerged from being a quiet achiever to putting fire back into Australia’s gold sector in a manner which outstrips more fancied commodities by setting, equally, new exploration benchmarks, new production and revenue outcomes and significant long-term upside from proven and emerging resource potential,” Mr Kennedy said.

The Company is currently considering either a cutback to the existing open pit, or commencement of the mine’s maiden underground mining operations.

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