



# Ramelius Resources Limited

## Half Year Financial Report

31 December 2003

### **CORPORATE DIRECTORY**

**Ramelius Resources Limited**

ACN 001 717 540  
ABN 51 001 717 540  
Incorporated in NSW

**Registered Office**

140 Greenhill Road  
UNLEY SA 5061  
Telephone: (08) 8373 6473  
Facsimile: (08) 8373 5517

**Email:** [info@rameliusresources.com.au](mailto:info@rameliusresources.com.au)

**Share Registrar**

Computershare Investor Services Pty Ltd  
Level 5, 115 Grenfell Street  
ADELAIDE SA 5000  
Telephone: (08) 8236 2300  
Facsimile: (08) 8236 2305

**Email:** [info@computershare.com.au](mailto:info@computershare.com.au)

**Auditor -**

Grant Thornton  
Chartered Accountants  
67 Greenhill Road  
Wayville SA 5034

# Ramelius Resources Limited

## Directors' report

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The directors present their report together with the half-year financial report of Ramelius Resources Limited for the period ended 31 December 2003 and the auditor's independent review report thereon.

### *Directors*

The directors of the Company at any time during or since the end of the half-year are:

**Robert Michael Kennedy** *ASAIT, Grad, Dip (Systems Analysis), FCA, ACIS, FAIM, FAICD*  
Non-Executive Chairman

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

**Joseph Fred Houldsworth**  
Managing Director

### *Principal activities*

The company's principal activity is gold and minerals exploration.

### *Review and results of operations*

On 24 December 2003 the Company announced a one for one renounceable rights issue to raise up to \$3,991,790 (before costs) through the issue of up to 36,289,002 ordinary fully paid shares at \$0.11 per share and lodged an Offer Information Statement in respect of the issue with the Australian Securities and Investments Commission and the Australian Stock Exchange Limited. There were no funds received by the Company during the half-year in respect of the rights issue as under the Offer, the books close date for determining shareholders entitlement to rights, was 9 January 2004.

The net loss after extraordinary items and income tax for the half-year was \$157,408.

### *Likely developments*

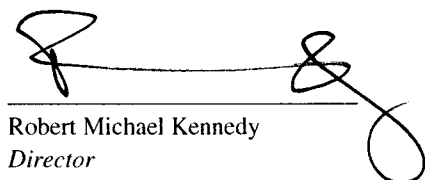
The Rights Issue and the extra funding assurance offered by the \$2.5 million underwriting referred to in note 7 to the financial statements will bolster working capital and provide funds which will enable Ramelius to:

- more aggressively pursue its strategy of getting into production during 2004 from resources already outlined at Black Cat and Wattle Dam, through contract mining and toll treating at nearby plants;
- accelerate exploration on other promising gold and nickel targets with initial focus on prospects close to toll treatment facilities; and
- maintain a more opportunistic approach to carefully considered acquisitions.

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.

Dated at Uley this 10 day of March 2004.

Signed in accordance with a resolution of the directors:

  
Robert Michael Kennedy  
Director

**Ramelius Resources Limited**  
**Statement of financial performance**  
**For the half-year-ended 31 December 2003**

|   | Note | Dec 2003<br>\$   | Dec 2002<br>\$  |
|---|------|------------------|-----------------|
| Profit on sale of mineral tenements   |      | 39,699           | -               |
| Revenue from Option granted   |      | 10,000           | -               |
| Other Revenues from ordinary activities   | 2    | 27,300           | 2,639           |
| <b>Total revenue</b>  |      | <b>76,999</b>    | <b>2,639</b>    |
| Administrative expenses   |      | 68,028           | 7245            |
| Depreciation  |      | 1,048            | -               |
| Diminution in value of Investments  |      | 6,000            | -               |
| Employment expenses   |      | 112,770          | -               |
| Exploration costs written off   |      | 5,286            | 25,492          |
| Occupancy expenses  |      | 8,778            | 2,625           |
| Other expenses from ordinary activities   |      | 32,497           | 5,000           |
| <b>Profit/(loss) from ordinary activities before related income tax expense</b>                   |      | <b>(157,408)</b> | <b>(37,723)</b> |
| Income tax (expense)/benefit relating to ordinary activities                                      |      | -                | -               |
| <b>Profit/(loss) from ordinary activities after related income tax expense</b>                    |      | <b>(157,408)</b> | <b>(37,723)</b> |
| Profit/(loss) from extraordinary item after related income tax expense                            |      | -                | -               |
| <b>Total changes in equity other than those resulting from transactions with owners as owners</b> |      | <b>(157,408)</b> | <b>(37,723)</b> |
|   |      | <b>Cents</b>     | <b>Cents</b>    |
| Basic earnings per share  |      | (0.865)          | (0.391)         |
| Diluted earnings per share  |      | (0.865)          | (0.391)         |

The statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 6 - 9.

**Ramelius Resources Limited**  
**Statement of financial position**  
**As at 31 December 2003**

|  | Note | Dec 2003<br>\$   | June 2003<br>\$  |
|--|------|------------------|------------------|
| <b>Current Assets</b>                                |      |                  |                  |
| Cash assets  |      | 504,351          | 1,557,837        |
| Receivables  |      | 42,340           | 86,310           |
| Other Financial assets                               |      | 54,000           | -                |
| Other  |      | 32,305           | 17,951           |
| <b>Total current assets</b>                          |      | <u>632,996</u>   | <u>1,662,098</u> |
| <b>Non-current assets</b>                            |      |                  |                  |
| Property, Plant and Equipment                        |      | 10,106           | 9,421            |
| Exploration, evaluation & development<br>expenditure |      | 2,835,481        | 1,819,129        |
| <b>Total non-current assets</b>                      |      | <u>2,845,587</u> | <u>1,828,550</u> |
| <b>Total assets</b>                                  |      | <u>3,478,583</u> | <u>3,490,648</u> |
| <b>Current liabilities</b>                           |      |                  |                  |
| Payables   |      | 76,118           | 145,837          |
| Provisions   |      | 18,335           | 5,176            |
| <b>Total current liabilities</b>                     |      | <u>94,453</u>    | <u>151,013</u>   |
| <b>Total liabilities</b>                             |      | <u>94,453</u>    | <u>151,013</u>   |
| <b>Net assets</b>                                    |      | <u>3,384,130</u> | <u>3,339,635</u> |
| <b>Equity</b>  |      |                  |                  |
| Contributed equity                                   | 3    | 3,669,068        | 3,467,165        |
| Retained profits                                     | 4    | (284,938)        | (127,530)        |
| <b>Total Equity</b>                                  | 5    | <u>3,384,130</u> | <u>3,339,635</u> |

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 6 - 9.

## Ramelius Resources Limited

### Statement of cash flows

For the half-year ended 31 December 2003

|  | Note | Dec 2003<br>\$     | Dec 2002<br>\$   |
|--|------|--------------------|------------------|
| <b>Cash Flows from operating activities</b>                    |      |                    |                  |
| Cash payments in the course of operations                      |      | (237,167)          | (138,174)        |
| Cash receipts in the course of operations                      |      | 33,602             | 16               |
| Interest received  |      | 29,662             | 2,639            |
| <b>Net cash provided by/(used in) operating activities</b>     |      | <b>(173,903)</b>   | <b>(135,519)</b> |
| <b>Cash Flows from investing activities</b>                    |      |                    |                  |
| Payments for Property, Plant and Equipment                     |      | (1,734)            | -                |
| Payments for Mining Tenements & Exploration                    |      | (864,656)          | (40,394)         |
| <b>Net cash provided by/(used in) investing activities</b>     |      | <b>(866,390)</b>   | <b>(40,394)</b>  |
| <b>Cash Flows from Financing activities</b>                    |      |                    |                  |
| Proceeds from disposal of mineral tenements                    |      | 40,000             | -                |
| Proceeds from option granted                                   |      | 10,000             | -                |
| Proceeds from issue of shares to seed capitalists              |      | -                  | 140,000          |
| Proceeds from Applicants for shares pursuant to IPO prospectus |      | -                  | 1,389,000        |
| Payments associated with capital raising                       |      | (64,193)           | -                |
| Proceeds from exercise of options                              |      | 1,000              | -                |
| <b>Net cash provided by/(used in) financing activities</b>     |      | <b>(13,193)</b>    | <b>1,529,000</b> |
| <b>Net increase/(decrease) in cash held</b>                    |      | <b>(1,053,486)</b> | <b>1,353,087</b> |
| <b>Cash at the beginning of the half-year</b>                  |      | <b>1,557,837</b>   | <b>207,926</b>   |
| <b>Cash at the end of the half-year</b>                        |      | <b>504,351</b>     | <b>1,561,013</b> |

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 6 - 9.



# Ramelius Resources Limited

## Notes to the financial statements

### For the half-year ended 31 December 2003

|          | Note   | Dec 2003<br>\$   | June 2003<br>\$  |
|----------|--|------------------|------------------|
| <b>4</b> | <b><i>Retained profits/(losses)</i></b>  |                  |                  |
|          | Retained losses at beginning of half-year  | (127,530)        | (30,924)         |
|          | Net loss attributable to members of the company  | <u>(157,408)</u> | <u>(96,606)</u>  |
|          | Retained profits at the end of the half-year   | <u>(284,938)</u> | <u>(127,530)</u> |
| <b>5</b> | <b><i>Total equity reconciliation</i></b>  |                  |                  |
|          | Total equity at beginning of year  | 3,339,635        | 76,558           |
|          | Total changes in parent entity interest in equity recognised in statement of financial performance   | (157,408)        | (96,606)         |
|          | Transactions with owners as owners:  |                  |                  |
|          | Contributions of equity  | 201,903          | 4,216,800        |
|          | Less transaction costs arising from transactions with owners as owners   | <u>-</u>         | <u>(857,117)</u> |
|          | Total equity at end of year  | <u>3,384,130</u> | <u>3,339,635</u> |
| <b>6</b> | <b><i>Commitments &amp; Contingent liabilities</i></b>   |                  |                  |
|          | <b>Exploration expenditure commitments</b>   |                  |                  |
|          | 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  | 315,640          | 229,400          |
|          | One year or later and no later than five years   | 644,920          | 557,840          |
|          | Later than five years  | <u>55,800</u>    | <u>91,900</u>    |
|          |  | <u>1,016,360</u> | <u>879,140</u>   |
|          | <b>Non-cancellable operating lease expense commitments</b>   |                  |                  |
|          | Future operating lease commitments not provided for in the financial statements and payable:   |                  |                  |
|          | Within one year  | 7,869            | 7,869            |
|          | One year or later and no later than five years   | 1,967            | 5,902            |
|          | Later than five years  | <u>-</u>         | <u>-</u>         |
|          |  | <u>9,836</u>     | <u>13,771</u>    |

The Company leases office accommodation under a non-cancellable operating lease expiring in March 2004. 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. Since the reporting period, the Company has informed the lessor that it will renew the lease for a further year.

# Ramelius Resources Limited

## Notes to the financial statements

### For the half-year ended 31 December 2003

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 various agreements for the acquisition of or earning 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. In addition to the contingent liabilities detailed below the Company is also required under the 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.

|  | Note | Dec 2003<br>\$ | June 2003<br>\$  |
|--|------|----------------|------------------|
| Acquisition of mining tenements                                      | 6(a) | -              | 300,000          |
| Performance Bonds  | 6(a) | 39,900         | 39,900           |
| Exploration / Farm-in expenditure to earn interests in tenements     | 6(b) | 844,474        | 854,952          |
| Issue of shares as consideration for acquisition of mining tenements | 6(c) | -              | 258,750          |
| <b>Total estimated contingent liabilities</b>                        |      | <b>884,374</b> | <b>1,453,602</b> |

#### (a) Acquisition of mining tenements

In September 2003, the Company exercised an option to acquire certain mining tenements for a cash consideration of \$300,000, a production based royalty up to a maximum of \$1 million that may also become payable but cannot be presently quantified and a replacement performance bond of \$39,900. The Company has placed \$39,900 cash on deposit with its bankers as security against an unconditional performance bond for \$39,900 having been issued in favour of the Minister for State Development in Western Australia.

#### (b) Exploration/Farm-in expenditure

Exploration/Farm-in expenditure is to be made over periods between 1 and 4 years in accordance with terms set out in the relevant agreements. The Company may elect not to proceed to acquire or earn an interest in the relevant tenements provided it has first carried out the minimum exploration expenditure required. Total minimum exploration expenditure specified in the relevant agreements over this period is \$180,000 with a minimum of \$50,000 per year.

#### (c) Shares issued

On 30 June 2003 the Company entered into a contractual agreement to acquire a 100% interest in mining tenement M20/245 and an 80% interest in mining tenement M20/79 for a total consideration of 1,500,000 shares in the capital of the Company and 750,000 attaching options to acquire shares in the capital of the Company. A director related entity of Mr Houldsworth which waived its first right of refusal for the acquisition of mining tenement M20/79, holds the remaining 20% interest (free carried until feasibility) in this tenement. The Company's acquisition was contingent on ministerial consent and the liability shown represents the market value of the consideration securities as at 30 June 2003. The contractual agreement was subsequently completed and the securities issued in July 2003.

# Ramelius Resources Limited

## Notes to the financial statements

### For the half-year ended 31 December 2003

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(d) **Director Related Entities**

During the year to 30 June 2003 the Company paid \$25,000 and issued 1,000,000 shares and 500,000 options pursuant to a contractual agreement for the acquisition of mining tenements from a vendor that is a director related entity. The contractual agreement with the director related entity provides for a production based royalty that may also become payable. However at the date of the report, the maximum amount of royalties that may be payable cannot be quantified.

7 ***Events subsequent to balance date***

Since 31 December 2003, the Company successfully negotiated for Pitt Capital Partners Limited to underwrite \$2.5 million of its one for one rights issue that was first announced on 24 December 2003. Pursuant to the underwriting agreement, Pitt Capital Partners Limited will be paid an underwriting commission of \$162,500 representing 6.5% of the underwritten amount and a management commission of 3% on the amount raised above the underwritten amount. Pitt Capital will also receive a flat fee of \$20,000 plus reimbursement of out of pocket expenses

Other than the matters discussed above, there has not arisen in the interval between 31 December 2003 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.

8 ***Segment Reporting***

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

**Ramelius Resources Limited**

**Directors' declaration**

**For the half-year ended 31 December 2003**

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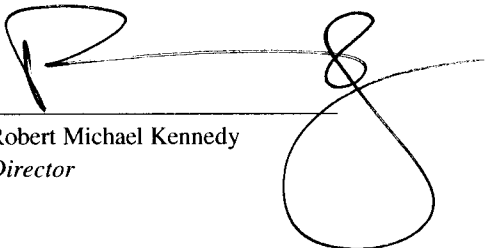
**Directors' declaration**

In the opinion of the directors of Ramelius Resources Limited:

- (a) the half-year financial statements and notes, set out on pages 3 to 9, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Company as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the six months ended on that date; 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.

Dated at Wahy this 10 day of March 2004.

Signed in accordance with a resolution of the directors:

  
\_\_\_\_\_  
Robert Michael Kennedy  
Director

**INDEPENDENT REVIEW REPORT  
TO THE MEMBERS OF RAMELIUS RESOURCES LIMITED**

**Scope**

**The financial report – responsibility and content**

The preparation of the financial report for half-year ended 31 December 2003 is the responsibility of the directors of Ramelius Resources Limited. It includes the financial statements for Ramelius Resources, during the half-year ended 31 December 2003.

**Audit approach**

We conducted an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our role was to conduct the review in accordance with Australian Auditing Standards applicable to review engagements. Our review did not involve an analysis of the prudence of business decision made by the directors or management.

This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly a view in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and the Corporations Regulations 2001, which is consistent with our understanding of the Group's financial position, and its performance as represented by the results of its operations and cash flows.

The review procedures performed were limited primarily to:

- Inquiries of company personnel of certain internal controls, transactions and individual items
- Analytical procedures applied to financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.


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**Statement**

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the half-year financial report of Ramelius Resources Limited is not presented in accordance with:

- (a) the Corporations Act 2001, including:
  - i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003, and of its performance for the half-year ended on that date; and
  - ii) complying with Australian Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Act 2001; and
- (b) other mandatory financial reporting requirements in Australia.

**GRANT THORNTON**  
CHARTERED ACCOUNTANTS



S J GRAY  
Partner

Dated this *11* day of *March* 2004