



15 April 2011
For Immediate Release

BOARD APPROVES MINING AT MT MAGNET

Highlights

- Base case production of 520,000 ounces over 6 years
- Capital cost estimate of A\$28m including plant upgrade
- Expected cash surplus of A\$187m (after capital)
- Mining expected to commence second half CY2011
- Significant upside expected in production ounces through:
 - Big Pit study for improved optimisation
 - Increased mill capacity

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ISSUED CAPITAL

Ordinary Shares: 291M

DIRECTORS

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

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The Directors of Ramelius Resources Limited (ASX:RMS) are pleased to announce that they have resolved to proceed with the development of the Mt Magnet Gold Project in WA. The Mt Magnet Gold Project is located 600km north east of Perth in the Murchison district and has previously produced in excess of 5m ounces of gold, with over 2m ounces being produced from the historic Hill 50 mine.

The Ramelius mine plan estimates base case production of 520,000 ounces of gold over a 6 year period with expected total operating cost per ounce of A\$887/oz. This cost is substantially below the current spot gold price of approximately A\$1400/oz.

Open pit shell models were optimised using a gold price of A\$1,150/oz. Base case total diluted ore tonnes are 10.3mt at a grade of 1.7 g/t Au. This plan does not include on site tailings and stockpiles, which total 1.4 mt at 0.9 g/t Au for 42,000 ounces.

Cash flow from the base case mine plan is expected to be A\$187m (after capital expenditure). At the current spot gold price of A\$1400/oz this cash flow would increase to A\$240m. The project has a capital requirement of A\$28m inclusive of the processing plant refurbishment (A\$13.8m), new camp (A\$9m), tailings dam lift and other infrastructure.

Although the Ramelius Board has approved the project based on the A\$1150 optimised pits, the Company now intends to complete a further study based on optimising the open pits at a gold price of A\$1200-1300 per ounce (Big Pit option). Under this scenario, the project has the potential to produce up to 730,000 ounces over a 7 year life, using an upgraded plant capacity. This study is expected to take 2 months to complete and will be available before mining commences.



The Mt Magnet processing plant can be refurbished to run at an increased throughput of up to 2.4mtpa for the expenditure of a further \$6m in capital. This option will be considered in the 'Big Pit' study, to be completed over the next two months.

Subject to the timing of employment of required staff and final approval of the Project Management Plan by the Department of Industry & Resources, mining is expected to commence in the second half of 2011 with gold production expected to commence in the first quarter of 2012.

Ramelius has engaged Mr Mike Casey as General Manager for the project. Mike is currently the Resident Manager of the Jack Hill iron ore mine and has extensive experience in open cut gold mining in Western Australia.

Watpac Limited (ASX: WTP) has been chosen as the preferred mining contractor for the project, and the mining contract is expected to be finalised in the next month. Watpac, a publicly-listed company, is one of Australia's leading contracting companies and has a number of mining contracts in Western Australia. Watpac is expected to commence site establishment in July 2011.

GR Engineering Services Limited (GRES) has been chosen as the preferred contractor to undertake the refurbishment of the existing 1.7mtpa plant. The refurbishment is expected to commence in the June 2011 quarter and take approximately 24 weeks to complete. GRES is an engineering consulting and contracting organisation providing high quality process engineering design and construction services to the resources and mineral processing industry and has completed numerous gold plant construction and refurbishment contracts in Western Australia. Final contract documentation is currently being reviewed.

A new accommodation camp for the project is well advanced with site works already commenced and construction of the accommodation and messing facilities nearing completion.

Ramelius has previously announced a revised mineral resource for the Galaxy area at Mt magnet of 20.3mt at 1.65 g/t Au for 1,075,000 ounces of gold. The Company intends to release a reserve statement for the Mt Magnet project once it has considered the bigger pit optimisation study.

For further information contact: Ian Gordon Managing Director: Ph: 08 9202 1127

The Information in this report that relates to Resource Calculation Results is based on information compiled by Rob Hutchison

Rob Hutchison is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person. Rob Hutchison is a full-time employee of the Company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.