

Results for announcement to the market



RAMELIUS RESOURCES LIMITED

Consolidated Entity

**Appendix 4E
Directors Report
Annual Financial Report
30 June 2011**

RAMELIUS RESOURCES LIMITED

APPENDIX 4E

Results for announcement to the market

Preliminary Final Report for the year ended 30 June 2011 (Rule 4.3A)

Previous corresponding period - 30 June 2010

Consolidated	30 June 2011	30 June 2010	Movement \$m	Movement %
Revenue from ordinary activities	148,105,370	61,271,067	86,834,303	141.72
Net profit after tax	62,401,022	20,198,695	42,202,327	208.94
Net profit after tax attributable to members	62,401,022	20,198,695	42,202,327	208.94
Net asset backing per ordinary security	0.53	0.38	0.15	39.47
			Cents per share	Record date
Dividend / capital return paid on:				
Capital return paid 20 August 2010	14,567,264	-	5.0	6 Aug 2010
Fully franked special dividend paid 17 December 2010	5,828,356	-	2.0	10 Dec 2010

The directors do not propose to pay any additional dividend or capital return for the year ended 30 June 2011.

Review of operations - highlights

- ▶ 100% acquisition of Mt Magnet Gold NL on 20 July 2011
- ▶ Approval of new mine plan which extends underground mining at Wattle Dam until end of 2013
- ▶ Approval of a new mining operation at Mt Magnet to commence in the second half of 2011 with gold production expected in first quarter of 2012
- ▶ Payment of special dividend of 2 cps (\$5.8m) and return of capital of 5 cps (\$14.6m)
- ▶ Excellent cash flow from existing assets
- ▶ Strong balance sheet at 30 June 2011 with closing cash balance of \$89.5m

RAMELIUS RESOURCES LIMITED

APPENDIX 4E

Key financial highlights

	12 months to 30 June 2011	12 months to 30 June 2010	Movement \$
Performance			
Total sales revenue	148,105,370	61,271,067	86,834,303
Cost of sales	(56,014,650)	(30,510,189)	(25,504,461)
Gross profit	92,090,720	30,760,878	61,329,842
Net profit after tax (NPAT)	62,401,022	20,198,695	42,202,327
Dividends / capital return (cps)	20,395,620	-	20,395,620
Basic EPS (cps)	21.4	7.5	13.90
Dilutive EPS (cps)	21.2	7.5	13.70
Cash flows			
Cash flow from operating activities	99,284,069	38,945,952	60,338,117
Financial position			
	As at 30 June 2011	As at 30 June 2010	Movement %
Net assets	153,703,971	110,339,121	39.30
Cash balance	89,546,359	80,226,850	11.62

The audited annual financial report follows.



RAMELIUS RESOURCES LIMITED

Consolidated Entity

**Annual Financial Report
30 June 2011**

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Your directors present their report on the group consisting of Ramelius Resources Limited and the entities it controlled at the end of, or during the year ended 30 June 2011.

Directors

The directors of Ramelius Resources Limited ('Ramelius' or 'Company') at any time during the financial year were, and until the date of this report are 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*
Independent Non-Executive Chairman

Experience and expertise

Mr Kennedy joined Ramelius Resources Limited on 1 November 1995 as a non-executive chairman. He is a chartered accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded. Mr Kennedy 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 in the resources sector. Mr Kennedy leads the development of strategies for the development and future growth of the Company.

Current and former directorships in the last 3 years

Mr Kennedy is a director of ASX listed companies Beach Energy Limited (since 1991), Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004), Monax Mining Limited (since 2004), ERO Mining Limited (since 2006), Marmota Energy Limited (since 2007) and Somerton Energy Limited (since 2010).

Responsibilities

Membership of the Audit Committee and the Nomination and Remuneration Committee.

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

Experience and expertise

Mr Nelson joined Ramelius Resources Limited as a non-executive director on 1 November 1995. He has had a career spanning four decades as an exploration geophysicist in the minerals and petroleum industries. He was chairman of the peak industry organisation, the Australian Petroleum Production and Exploration Association (APPEA) from 2004 to 2006. He is a former Chairman of the Nevorio Gold Mine Joint Venture in Western Australia. He has broad experience in gold exploration and mining operations in Western Australia, the Northern Territory and South Australia. Mr Nelson's contribution to the Board is his wide technical expertise and knowledge of the mining industry and corporate matters.

Current and former directorships in the last 3 years

Mr Nelson is a director of ASX listed companies, Beach Energy Limited (since 1992), Monax Mining Limited (since 2004), Marmota Energy Limited (since 2007) and Sundance Energy Limited (since 2010).

Responsibilities

Chairman of the Audit Committee and the Nomination and Remuneration Committee.

Joseph Fred Houldsworth (resigned 26 May 2011)

Independent Non-Executive Director

Experience and expertise

Mr Houldsworth joined Ramelius Resources Limited as an executive director on 18 February 2002 and was Managing Director and Chief Executive Officer until 31 July 2009. He has extensive practical experience in the resources 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. He was instrumental in turning around the troubled Nevorio Gold Mine in 1993 and is a former consultant for 10 years to insolvency specialists on both mining and exploration. Mr Houldsworth's contribution to the Board is his considerable experience and knowledge of the mining industry and as the former Chief Executive of Ramelius as well as his background in asset management for various mining entities.

Current and former directorships in the last 3 years

None

Responsibilities

Independent Non-Executive Director

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Ian James Gordon *BCom, MAICD*

Managing Director

Experience and expertise

Mr Gordon joined Ramelius Resources Limited in June 2007 and was appointed an executive director on 18 October 2007. He has 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. He was a director of ASX listed company, Glengarry Resources Limited (2004 to 2005). Mr Gordon's contribution to the Board is his broad experience in gold exploration and mining operations in Australia and knowledge of industry issues directed towards expanding and strengthening the future growth of Ramelius.

Current and former directorships in the last 3 years

None

Responsibilities

Chief Executive Officer.

Kevin James Lines *BSc (Geology), MAusIMM*

Independent Non-Executive Director

Experience and expertise

Mr Lines joined Ramelius Resources Limited as a non-executive director on 9 April 2008. He has over 30 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 Limited that included responsibility for the expansive tenement holdings of the Tanami region. Mr Line's contribution to the Board is his extensive experience in the assessment and evaluation of exploration projects and development of properties and mining operations overseas.

Current and former directorships in the last 3 years

He is former Managing Director of ASX listed ERO Mining Limited (2006 to 2011) and former director of Flinders Mines Limited (2008 to 2009).

Responsibilities

Independent Non-Executive Director

Directors' attendance at meetings (1 July 2010 to 30 June 2011)

The number of directors' meetings (including meetings of Committees of directors) and number of meetings attended by each of the directors of Ramelius during the financial year are:

	Board of directors		Audit Committee		Nomination and Remuneration Committee	
	A	B	A	C	A	C
	Robert Michael Kennedy	15	15	3	3	2
Reginald George Nelson	15	15	3	3	2	2
Joseph Fred Houldsworth	14	14	-	-	-	-
Ian James Gordon	14	15	-	-	-	-
Kevin James Lines	12	15	-	-	-	-

A Number of meetings attended

B Number of meetings held whilst a director

C Number of meetings held whilst a member

The due diligence committee did not meet during the financial year.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Directors' interests

At the date of this report, the interest of each director in shares and rights of Ramelius Resources Limited are:

	Number of ordinary shares	Nature of interest	Rights over ordinary shares
Mr R M Kennedy	7,729,572	Indirect	-
Mr R G Nelson	5,331,984	Direct and indirect	-
Mr J F Houldsworth ¹	2,374,259	Direct and indirect	-
Mr I J Gordon	234,979	Direct and indirect	1,500,000
Mr K J Lines	-	-	-

¹ Mr Houldsworth retired as an executive on 31 July 2009 and continued as a non-executive director of Ramelius until his resignation on 26 May 2011. Represents Mr Houldsworth's shareholding on retirement as a director on 26 May 2011.

Company Secretary

Domenico Antonio Francese BEc., FCA, FFin, ACIS

Experience and expertise

Appointed Company Secretary on 21 September 2001. Mr Francese is a Chartered Accountant with an audit and investigations background and more than 12 years experience in a regulatory and supervisory role with the ASX.

Responsibilities

Chief Financial Officer

Principal activities

The principal activities of the group during the year included exploration, mine development, mine operations, the sale of gold and milling services.

Review of operations and results

During the financial year Ramelius continued mining operations at the Wattle Dam high grade underground gold mine.

An extension to the Wattle Dam decline was commenced during the year to facilitate deeper underground exploration drilling targeting high grade mineralisation 300 to 600 metres below surface. The Company's deep exploration program culminated in the approval of a new mine plan in April 2011 below the previous existing mine which extends mining operations at Wattle Dam to the end of 2013.

On 20 July 2010, Ramelius acquired 100% of the issued capital of Mt Magnet Gold NL ("Mt Magnet") for a cash consideration of \$35,346,500 plus replacement of environmental bonds of \$4,653,500 via bank guarantees. The acquisition was part of the group's strategy of expanding its exploration and development portfolio. Mt Magnet owns various tenements which comprise the Mt Magnet Gold Project. An exploration program was carried out on this project which in April 2011 resulted in the approval of a new mining operation at Mt Magnet that is estimated to extend over a period of 6 years to the end of 2017.

A farm-in agreement with Miranda Gold Corporation was entered into in August 2010 which enables Ramelius to earn a 70% interest in the Angel Wing Gold Project in Nevada USA by exploration expenditure of US\$4 million over 5 years. A minimum expenditure commitment of US\$350,000 applies before the Company may withdraw from the farm in agreement. Under an alliance with Marmota Energy Limited, Marmota may participate and earn a 40% interest in Ramelius' rights under the farm-in agreement.

The group's performance for the year and a comparison for the last 5 years is presented below. The profit for 2011 was a result of high grade mining at the 100% owned Wattle Dam. Ramelius mined 154,730 (2010: 96,091) tonnes of gold bearing ore and milled at total inclusive of third party ore, a total of 153,060 (2010:151,500) tonnes of gold bearing ore during the year which produced 100,720 (2010: 60,780) ounces of gold.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

	2011	2010	2009	2008	2007
Net profit (loss) after tax (\$000)	62,401	20,199	4,973	612	6,878
Dividends paid / capital returned (\$000)	20,396	-	-	11,976	-
Share price 30 June (\$)	1.28	0.45	0.50	0.76	1.33
Basic earnings per share (cents)	21.4	7.5	2.6	0.4	7.2
Diluted Earnings per share (cents)	21.2	7.5	2.6	0.4	4.2

Gold sales for the year to 30 June 2011 totalled \$147.6 million compared to \$58.2 million in the previous year. The average gold sales price received during the reporting period was \$1387.48 per ounce compared to \$1,249.42 per ounce in 2010.

Capitalised exploration expenditure during the year was \$68.2 million and the group continues to have a major commitment to exploration in Western Australia, Queensland and Nevada (USA). During the year 450,000 performance rights, granted in 2008 under the Performance Rights Plan vested and resulted in the issue of 450,000 shares to senior executives. An additional 3,330,000 performance rights were granted to senior management under the Company's Performance Rights Plan. 72,520 shares were also issued to employees under the Employee Share Acquisition Plan.

Dividend and capital return

Ramelius has paid, declared or recommended the following capital return and dividend since the end of the preceding year:

	2011 \$	2010 \$
Capital return proposed 5 May 2010 of 5 cents per share, paid 20 August 2010	14,567,264	-
Fully franked dividend of 2 cents per share proposed 26 November 2010, paid 17 December 2010	5,828,356	-

State of affairs

There were no significant changes in the state of affairs of the group that occurred during the financial year not otherwise disclosed in this report or the consolidated financial statements.

Events occurring after reporting date

The following events occurred since 30 June 2011.

The Company purchased put options at a strike price of A\$1,250 per ounce over 75,000 ounces of gold to underpin revenue for the Mt Magnet development project during the 2012 calendar year. These put options enable Ramelius to retain full exposure to the current, and any future rises in the gold price while providing protection to a fall in the gold price below the strike price.

The Department of Mines and Petroleum of Western Australia has approved the mining proposal for commencement of mining at Mt Magnet.

Apart from the above, no other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- The group's operations in future financial years,
- The results of operations in future financial years, or
- The group's state of affairs in future financial years.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Likely developments and expected results of operations

Development of a new underground mine plan is expected to continue through to 2013 and new mining operations are expected to commence at Mt Magnet in the first half of the 2012 financial year.

Further information on likely developments in the operations of the group and expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the group.

Shares under option or performance right

Unissued ordinary shares of Ramelius under right at the date of this report are as follows:

Date performance rights granted	Expiry date	Issue price of rights	Number of ordinary shares under right
26 November 2010	26 November 2013	Nil	3, 330,000

There were no other unissued ordinary shares of Ramelius under option at the date of this report.

Shares issued on the exercise of options or rights

The following ordinary shares of Ramelius were issued during the financial year ended 30 June 2011 as a result of the exercise of rights due to the satisfaction of vesting conditions. No amounts are unpaid on any of the shares.

Date performance rights granted	Expiry date	Issue price of rights	Number of ordinary shares issued
7 April 2008	7 April 2011	Nil	450,000

During the previous financial year 18,450,258 options with an exercise price of \$1.50 expired as they had not been exercised by the 30 June 2010 expiry date.

Environmental regulation and performance

The operations of the group in Australia are subject to significant environmental regulations under both Commonwealth and State legislation in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the group on any of its tenements. In respect of the Wattle Dam mine development, the group 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 plants, the group has all the necessary licences and permits to operate the facility and has provided unconditional performance bonds to the regulatory authorities to provide for any future rehabilitation requirements. The group'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 group's operations.

Indemnity of directors and officers

Indemnification

Ramelius is required to indemnify its directors and officers against any liabilities incurred by the directors and officers that may arise from their position as directors and officers of Ramelius and its controlled entities. No costs were incurred during the year pursuant to this indemnity.

Ramelius has entered into deeds of indemnity with each director whereby, to the extent permitted by the Corporations Act 2001, Ramelius 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.

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DIRECTORS' REPORT

Insurance premiums

Since the end of the previous year Ramelius 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 Ramelius

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

Auditor independence and non-audit services

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached. There were no non-audit services provided by Grant Thornton (auditor of Ramelius) during the financial year ended 30 June 2011.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration report (audited)

The remuneration report forms part of the directors' report. It outlines the overall remuneration strategy, framework and practices adopted by Ramelius and its controlled entities for the period 1 July 2010 to 30 June 2011. The remuneration report has been prepared in accordance with Section 300A of the Corporations Act 2001 and its regulations and is designated as audited.

In accordance with the Corporations Act 2001, remuneration details are disclosed for the group's key management personnel that include the most highly remunerated executives of the Company and the group.

Ramelius' remuneration report:

- Details Board policies for determining remuneration of directors and executives,
- Specifies the relationship between remuneration policies and performance, and
- Identifies remuneration particulars for directors and executives.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling major activities of the group, directly and indirectly, being the Ramelius' directors and senior executive managers. Additionally, the group must provide details of the five company executives who received the highest remuneration during the financial year.

Directors and executives disclosed in this report

Names	Position
Directors of Ramelius	
Mr R M Kennedy	Independent Non-Executive Chairman
Mr R G Nelson	Independent Non-Executive Director
Mr J F Houldsworth	Independent Non-Executive Director
Mr I J Gordon	Managing Director and Chief Executive Officer
Mr K J Lines	Independent Non-Executive Director
Other key management personnel of the group including the 5 highest paid executives	
Mr D A Francese	Company Secretary and Chief Financial Officer
Mr D A Doherty	Underground Mine Manager - Wattle Dam
Mr A P Webb	Burbanks Mill Process Manager
Mr K M Seymour	General Manager Exploration and Business Development
Mr M C Casey	General Manager - Mt Magnet

Role of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-executive director fees,
- Executive remuneration (directors and other executives), and
- The executive remuneration framework and incentive plan policies.

The objective of the Committee is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. In performing its functions, the Nomination and Remuneration Committee may seek advice from independent remuneration consultants.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration Policy and Structure

The Nomination and Remuneration Committee oversees remuneration matters and makes recommendations to the Board on remuneration policy, fees and remuneration packages for non-executive directors and also for executives on advice from the Managing Director.

The group's policy for determining the nature and amount of emoluments of Board members and executives is detailed below:

Principles used to determine the nature and amount of remuneration

Non-executive directors

Fees paid to non-executive directors are determined using the following guidelines. Fees are:

- Determined by the nature of the role, responsibility and time commitment necessary to perform required duties,
- Not performance or incentive based but are fixed amounts, and
- Determined by the desire to attract a well-balanced group of individuals with pertinent knowledge and experience.

In accordance with Ramelius' Constitution, the total amount of remuneration of non-executive directors is within the aggregate limit of \$550,000 per annum as approved by shareholders at the 2010 Annual General Meeting. Directors may apportion any amount up to this maximum level amongst the non-executive directors as they determine. Remuneration consists of directors' fees, Committee fees and superannuation contributions. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors.

Non-executive directors do not participate in schemes designed for remuneration of executives, do not receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and superannuation.

Details of remuneration

Details of fees paid to non-executive directors are set out below.

	Directors' fees	Super contribution	Total
Mr R M Kennedy			
2011	154,128	13,872	168,000
2010	154,128	13,872	168,000
Mr R G Nelson			
2011	77,064	6,936	84,000
2010	77,064	6,936	84,000
Mr K J Lines			
2011	77,064	6,936	84,000
2010	77,064	6,936	84,000
Mr J F Houldsworth¹			
2011	70,642	6,358	77,000
2010	70,642	6,358	77,000
Total			
2011	378,898	34,102	413,000
2010	378,898	34,102	413,000

¹ Mr Houldsworth's remuneration for 2011 is for the period until his resignation on 26 May 2011.

RAMELIUS RESOURCES LIMITED

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Executive remuneration

Ramelius aims to attract, motivate and retain a skilled executive team focused on contributing to Ramelius' objective of creating wealth and adding value for its shareholders. Ramelius' remuneration structure is formed on this basis.

The remuneration structure is based on a number of factors including, the particular experience and performance of the individual in meeting key objectives of Ramelius. The Board, based on the recommendation of the Nomination and Remuneration Committee approves the remuneration package of the Managing Director. On advice of the Managing Director, the Committee also makes recommendations to the Board for approval of the remuneration packages of its senior executive team. Ramelius may also engage external consultants to advise on remuneration policy and to benchmark remuneration of executives against comparable entities so as to ensure that remuneration packages are consistent with the market and are appropriate for the organisation.

The objective of Ramelius' executive remuneration framework includes incentives that seek to encourage alignment of management performance and shareholder interests. The framework aligns executive rewards with strategic objectives and the creation of value for shareholders, and conforms to market practices for delivery of rewards. The Board ensures that executive rewards satisfy the following key criteria ensuring good reward governance practices:

- Competitiveness and reasonableness,
- Acceptability to shareholders,
- Performance linkage / alignment of executive compensation,
- Transparency, and
- Capital management.

The group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. The remuneration of executives is:

- Benchmarked from time to time against similar organisations both within the industry and of comparable market size to ensure uniformity with market practices,
- A reflection of individual roles, levels of seniority and responsibility that key personnel hold,
- Structured to take account of prevailing economic conditions, and
- A mix of fixed remuneration and at risk performance based elements using short and long-term incentives.

The executive remuneration framework has three components:

- Base pay and benefits, including superannuation,
- Short-term performance incentives, and
- Long-term performance incentives through participation in Ramelius' Employee Share Acquisition Plan and Performance Rights Plan.

The combination of these comprises an executive's total remuneration package. The group regularly reviews incentive plans to ensure continued alignment with financial and strategic objectives.

The performance aspects of remuneration include issues of shares, options and rights to executives. It is Ramelius' policy that the ability for an executive to deal with an option or a right is to be restricted by the terms of issue and the plan rules which do not allow dealings in any unvested security. Ramelius' Share Trading Policy specifically prohibits an executive from entering into transactions that limit the economic risk of participating in unvested entitlements such as equity based remuneration schemes.

The policy is enforced through a system that includes a requirement that executive's confirm compliance with the policy and provide confirmation of dealings in Ramelius securities on request. The Share Trading Policy can be viewed on Ramelius' website.

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The elements of executive remuneration packages are set out below:

Base pay and benefits

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. When required, external remuneration consultants are utilised to provide analysis and advice to ensure base pay reflects the market for a comparable role. Base pay for executives is reviewed annually in order to ensure pay remains competitive with the market. An executive's pay is also reviewed on promotion. The Managing Director and executives may elect to salary sacrifice part of their fixed remuneration for additional superannuation contributions and other benefits.

Short-term performance incentives

Short-term incentives are provided to certain executives under the direction of the Nomination and Remuneration Committee. To date, Ramelius has not emphasised payment for financial performance through the provision of a cash bonus scheme or other incentive payments based on key performance indicators. However the Nomination and Remuneration Committee may recommend to the Board the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives. 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 growth and profitability of Ramelius.

The terms and conditions relating to bonuses granted as remuneration during the year to executives are as follows:

	Remuneration	Reason for grant ¹	Grant date ¹
Mr I J Gordon	Cash bonus	Performance	27 June 2011
	Cash bonus	Performance	14 December 2010
Mr D A Francese	Cash bonus	Performance	27 June 2011
	Cash bonus	Performance	14 December 2010
Mr D A Doherty	Cash bonus	Performance	27 June 2011
	Cash bonus	Performance	14 December 2010
Mr A P Webb	Cash bonus	Performance	27 June 2011
	Cash bonus	Performance	14 December 2010
Mr K M Seymour	Cash bonus	Performance	27 June 2011
	Cash bonus	Performance	14 December 2010
Mr M C Casey	Cash bonus	Performance	27 June 2011

¹ Cash bonuses were paid for the 6 month period to 31 December 2010 and 30 June 2011. These were paid as reward for general performance in accordance with a recommendation made to the Board by the Managing Director, or in the case of the Managing Director by the Nomination and Remuneration Committee and Board.

Long-term performance incentives

Long-term incentives are provided to certain executives and employees via the Ramelius Performance Rights Plan and Employee Share Acquisition Plan which were approved at the 2007 Annual General Meeting.

The Performance Rights Plan enables the Board to grant performance rights (being entitlements to shares in Ramelius subject to satisfaction of vesting conditions) to selected key executives as a long-term incentive as determined by the Board in accordance with the terms and conditions of the plan. The plan provides selected executives the opportunity to participate in the equity of Ramelius through the issue of performance rights as a long-term incentive that is aligned to the long-term interests of shareholders.

The Share Acquisition Plan enables the Board to offer eligible employees as a long-term incentive, ordinary fully paid shares in Ramelius 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.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Details of remuneration

Details of the remuneration package by value and by component for senior executives in the reporting period and previous period are set out below:

Senior executives ⁴	Short-term benefits		Post-employment benefits		Long-term benefits	Share-based payments		Total	Performance related %
	Salary, fees and leave	Cash bonus	Super-annuation	Other	Long service leave	LTI rights ²	Employee shares		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Mr J F Houldsworth ¹									
2011	-	-	-	-	-	-	-	-	-
2010	25,986	-	2,338	234,712	-	8,153	-	271,189	3.00
Mr I J Gordon									
2011	458,716	154,673	55,205	-	18,951	307,206	-	994,751	46.43
2010	362,074	-	32,587	-	9,035	64,000	-	467,696	13.68
Mr D A Francese									
2011	255,202	60,686	51,320	-	9,994	76,223	-	453,425	30.19
2010	243,418	935	49,242	-	9,146	32,000	-	334,741	9.84
Mr D A Doherty									
2011	253,134	82,152	30,176	-	3,038	51,587	-	420,087	31.84
2010	246,000	14,696	23,463	-	726	-	-	284,885	5.16
Mr A P Webb									
2011	224,403	31,776	51,396	-	11,529	51,587	-	370,691	22.49
2010	217,346	14,696	49,224	-	7,444	-	-	288,710	5.09
Mr K M Seymour									
2011	212,431	57,057	24,254	-	2,692	51,587	15,990	364,011	34.24
2010	180,000	935	16,284	-	579	-	-	197,798	0.47
Mr M C Casey ³									
2011	50,000	2,804	4,752	-	-	-	-	57,556	4.87
2010	-	-	-	-	-	-	-	-	-
Total									
2011	1,453,886	389,148	217,103	-	46,204	538,190	15,990	2,660,521	35.46
2010	1,274,824	31,262	173,138	234,712	26,930	104,153	-	1,845,019	7.34

1 Mr Houldsworth retired as an executive on 31 July 2009 and continued as a non-executive director of Ramelius until his resignation on 26 May 2011.

2 LTI rights relate to performance related rights to ordinary fully paid shares issued under the Performance Rights Plan to selected executives.

3 Mr Casey commenced employment with Ramelius on 1 May 2011.

4 Mr Svensson has been removed from, and Mr Casey has been included in the above table of key management personnel during the 2011 financial year.

Share-based compensation

Employee incentive plan

On 14 September 2010, a total of 72,520 employee shares with a fair value of \$59,104 were issued to employees under the Employee Share Acquisition Plan. Issues of shares under the plan to executives are detailed above.

2008 performance rights

On 7 April 2008, a total of 900,000 performance rights with a fair value of \$576,000 were granted to three executives of Ramelius. The performance rights which had not lapsed, vested three years after the grant date upon satisfaction of certain performance conditions at which time, ordinary fully paid shares were issued to the executives.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

The 2008 rights first became exercisable, subject to meeting the performance conditions, three years after issue date. The 2008 rights were issued under the Performance Rights Plan based on key performance indicators ("KPI's") set by the Board. The KPI conditions attached to the Performance Rights Plan included a vesting period of three years from grant date (7 April 2008) and a requirement for Ramelius' share price to be within the top 40% comparator group of companies as set by the Board. The Companies in the comparator group were:

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

2008 performance rights granted to executives of Ramelius are as follows:

Grant date	Rights on issue at 30 June 2010	Fair value per right ¹ \$	Exercise price \$	Rights vested	Rights lapsed ²	Rights on issue at 30 June 2011	Date rights first vested and became exercisable
Mr J F Houldsworth ³ 7 April 2008	450,000	0.640	-	-	450,000	-	7 April 2011
Mr I J Gordon 7 April 2008	300,000	0.640	-	300,000	-	-	7 April 2011
Mr D A Francese 7 April 2008	150,000	0.640	-	150,000	-	-	7 April 2011
Total	900,000	0.640	-	450,000	450,000	-	

1 Fair value of rights granted as remuneration shown above was determined in accordance with applicable accounting standards.

2 Value of rights that lapsed due to vesting conditions not being satisfied have been determined at the time of lapsing as if vesting conditions were satisfied.

3 On 31 July 2009 Mr Houldsworth retired as an executive of Ramelius and as a result, his entitlement to these rights lapsed.

2010 performance rights

On 26 November 2010, a total of 3,330,000 performance rights with fair value of \$2,892,105 were granted under the Performance Rights Plan to selected executives and senior management. No performance rights have subsequently been granted. These rights are recognised on a pro-rata basis over the vesting period. Rights that do not vest on vesting date will lapse.

The 2010 rights were issued under the Performance Rights Plan based on satisfaction of the vesting conditions which relates to continued employment with the group for a period of three years commencing from grant date. The 2010 rights may first become exercisable, subject to satisfaction of the vesting conditions, at each anniversary date. The rights vest evenly over three years at each anniversary of the grant date.

2010 performance rights granted to the following senior executives of Ramelius:

Grant date	Rights on issue at 30 June 2010	Fair value ¹ \$	Exercise price \$	Rights vested	Rights lapsed	Rights on issue at 30 June 2011	Date rights first vest and become exercisable
Mr I J Gordon 26 Nov 2010	-	0.965	-	-	-	1,500,000	26 Nov 2011
Mr D A Francese 26 Nov 2010	-	0.965	-	-	-	300,000	26 Nov 2011
Mr K M Seymour 26 Nov 2010	-	0.965	-	-	-	300,000	26 Nov 2011
Mr A P Webb 26 Nov 2010	-	0.965	-	-	-	300,000	26 Nov 2011
Mr D A Doherty 26 Nov 2010	-	0.965	-	-	-	300,000	26 Nov 2011
Total	-	0.965	-	-	-	2,700,000	

1 The fair value of rights granted as remuneration shown above was determined in accordance with applicable accounting standards.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Service agreements

Executives have employment agreements with Ramelius. The provisions relating to duration of employment, notice periods and termination entitlements are as follows:

Managing Director

On 31 July 2009, Mr Houldsworth retired as an executive of Ramelius and a separation payment totalling \$234,712 was paid to Mr Houldsworth. Mr Houldsworth's entitlement to 450,000 rights in Ramelius' shares which were granted on 7 April 2008 at a fair value of \$288,000 lapsed on the date of his retirement (refer Note 22).

Mr Gordon was appointed to the role of Chief Executive Officer effective 1 August 2009 and on 21 October 2010 he was appointed Managing Director. Mr Gordon's employment agreement provides for the initial set salary per annum inclusive of superannuation guarantee contributions. Mr Gordon was entitled to receive a general performance bonus subject to the discretion of the Board. Mr Gordon is also entitled to receive performance rights under the Performance Rights Plan as a long term retention incentive subject to certain vesting criteria. In the case of performance rights, there are certain specified circumstances where rights may become exercisable on termination. These include on death or invalidity or in other circumstances at the discretion of the Board. Mr Gordon is entitled to a termination payment equal to a maximum of twelve months remuneration where in certain circumstances the employment agreement is terminated. Mr Gordon's employment agreement has no fixed term and may be terminated by Ramelius with six month's notice and by Mr Gordon with three month's notice.

Other executives

Ramelius has also entered into employment agreements with other 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. Executives are entitled to receive a general performance bonus subject to the discretion of the Board. Executives are also entitled to receive performance rights under the Performance Rights Plan as a long term retention incentive subject to certain vesting criteria. In the case of performance rights, there are certain specified circumstances where rights may become exercisable on termination. These include on death or invalidity or in other circumstances at the discretion of the Board. In the event that Ramelius terminates the employment agreements without notice, the executives are entitled to a termination payment including a minimum termination payment as provided for in the agreements and detailed below.

- Mr Francese is entitled to a termination payment equal to a maximum of twelve months remuneration where in certain circumstances the employment agreement is terminated. Mr Francese's employment agreement has no fixed term and may be terminated by Ramelius with six month's notice and by Mr Francese with three month's notice.
- Messrs Doherty and Seymour are entitled to a termination payment equal to three month's remuneration where in certain circumstances the employment agreement is terminated. The Employment agreements of Messrs Doherty and Seymour have no fixed term and may be terminated by either Ramelius or the relevant executives with three month's notice.
- Mr Webb is entitled to a termination payment equal to three month's remuneration where in certain circumstances the employment agreement is terminated. Mr Webb's employment agreement has no fixed term and may be terminated by Ramelius with three month's notice and by Mr Webb with one month's notice.
- Mr Casey is entitled to a termination payment equal to six months remuneration where in certain circumstances the employment agreement is terminated. Mr Casey's employment agreement has no fixed term and may be terminated by Ramelius with six month's notice and by Mr Casey with two month's notice.

Generally, employment agreements of executives enable Ramelius 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 agreements. However, any such termination payments to officers of Ramelius 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 Ramelius together exceed 5% of the equity interests of Ramelius 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.

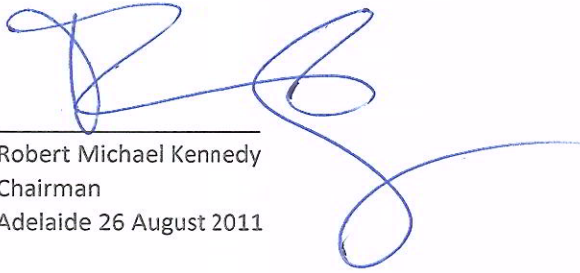
RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

Interests in shares and options of key management personnel

Relevant interests in Ramelius shares and options of key management personnel are disclosed in Note 5 to the Financial Statements.

The Directors Report, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of directors.



Robert Michael Kennedy
Chairman
Adelaide 26 August 2011

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Ramelius Resources Limited for the year ended 30 June 2011, 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

Adelaide, 26 August 2011

RAMELIUS RESOURCES LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
	Note	2011 \$	2010 \$
Sales revenue	3(a)	148,105,370	61,271,067
Cost of production	3(b)	(56,014,650)	(30,510,189)
Gross profit		92,090,720	30,760,878
Other revenue	3(c)	1,156,829	604,807
Other income	3(d)	75	7,146,386
Other expenses	3(e)	(7,173,532)	(11,898,494)
Operating profit before interest income and finance cost		86,074,092	26,613,577
Interest income	3(f)	4,540,551	2,079,171
Finance costs	3(f)	(6,697)	(5,833)
Profit before income tax		90,607,946	28,686,915
Income tax expense	4	(28,206,924)	(8,488,220)
Profit after income tax attributable to parent entity		62,401,022	20,198,695
Earnings per share		cents	cents
Basic earnings per share	8	21.4	7.5
Diluted earnings per share	8	21.2	7.5

The above Consolidated Income Statement should be read in conjunction with the accompanying notes

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
Profit after income tax	62,401,022	20,198,695
Other comprehensive income		
Net change in fair value of available-for-sale assets	17,293	-
Gain on revaluation of property, plant and equipment	633,500	-
Foreign currency translation	(481)	3,346
Other comprehensive income / (losses), net of tax	650,312	3,346
Total comprehensive income for the year attributable to parent entity	63,051,334	20,202,041

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

		Consolidated	
	Note	2011	2010
		\$	\$
Current assets			
Cash and cash equivalents	9	89,546,359	80,226,850
Trade and other receivables	10	3,535,915	3,867,847
Inventories	11	14,084,206	10,933,927
Derivative financial instruments	12	-	2,741
Other current assets	13	471,128	254,941
Total current assets		107,637,608	95,286,306
Non-current assets			
Available-for-sale financial assets	14	421,333	-
Property, plant, equipment and development assets	15	98,778,517	27,959,334
Exploration and evaluation expenditure	16	6,303,418	6,767,255
Deferred tax assets	4	6,066,900	720,955
Total non-current assets		111,570,168	35,447,544
Total assets		219,207,776	130,733,850
Current liabilities			
Trade and other payables	17	10,290,659	6,867,231
Borrowings	18	914,500	-
Provisions	19	698,182	499,451
Current tax liabilities	4	13,608,114	6,322,879
Total current liabilities		25,511,455	13,689,561
Non-current liabilities			
Borrowings	18	4,239,298	-
Provisions	19	18,408,438	590,280
Deferred tax liabilities	4	17,344,614	6,114,888
Total non-current liabilities		39,992,350	6,705,168
Total liabilities		65,503,805	20,394,729
Net assets		153,703,971	110,339,121
Equity			
Issued capital	20	65,300,700	79,864,456
Reserves	21	2,243,136	887,196
Retained earnings		86,160,135	29,587,469
Total equity		153,703,971	110,339,121

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Issued capital \$	Share-based payment reserve ¹ \$	Available -for-sale reserve ¹ \$	Foreign exchange translation reserve ¹ \$	Asset revaluation reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2009	45,929,967	779,697	-	-	-	9,388,774	56,098,438
Shares issued during the year	33,934,524	-	-	-	-	-	33,934,524
Share based payments	-	104,153	-	-	-	-	104,153
Transaction costs net of tax	(35)	-	-	-	-	-	(35)
Total comprehensive income	-	-	-	3,346	-	20,198,695	20,202,041
Balance at 30 June 2010	79,864,456	883,850	-	3,346	-	29,587,469	110,339,121
Shares issued during the year	3,543	-	-	-	-	-	3,543
Share based payments	-	705,628	-	-	-	-	705,628
Transaction costs net of tax	(35)	-	-	-	-	-	(35)
Total comprehensive income	-	-	17,293	(481)	633,500	62,401,022	63,051,334
Dividends paid	-	-	-	-	-	(5,828,356)	(5,828,356)
Return of capital	(14,567,264)	-	-	-	-	-	(14,567,264)
Balance at 30 June 2011	65,300,700	1,589,478	17,293	2,865	633,500	86,160,135	153,703,971

1 Refer Note 21 for description of reserves.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011 \$	2010 \$
Cash flows from operating activities			
Receipts from operations		151,395,071	61,602,173
Payments to suppliers and employees		(43,251,631)	(24,123,142)
Transaction costs relating to acquisition of subsidiary		(2,073,979)	-
Interest received		3,941,076	1,466,921
Income tax paid		(10,726,468)	-
Net cash provided by operating activities	26	99,284,069	38,945,952
Cash flows from investing activities			
Payments for property, plant, equipment and development		(9,856,102)	(23,862,676)
Proceeds from sale of plant and equipment		292,108	25,000
Payment for acquisition of subsidiary		(35,346,500)	-
Proceeds from sale of investments		-	42,425,394
Payments for available for sale financial assets		(421,333)	-
Payments for mining tenements and exploration		(24,015,895)	(3,390,411)
Proceeds from sale of mining tenements		10,000	-
Net cash provided by/(used in) investing activities		(69,337,722)	15,197,307
Cash flows from financing activities			
Repayment of borrowings		(152,417)	-
Proceeds from issue of shares		3,543	2,468
Transaction costs from issue of shares		(50)	(30,568)
Payments for hedge options		-	(566,500)
Payment of dividends		(5,828,356)	-
Return of capital		(14,567,264)	-
Net cash used in financing activities		(20,544,544)	(594,600)
Net increase in cash held		9,401,803	53,548,659
Cash at beginning of financial year		80,226,850	26,692,626
Effects of exchange rate changes on cash held		(82,294)	(14,435)
Cash at end of financial year	9	89,546,359	80,226,850

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The financial report of Ramelius Resources Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 25 August 2011. Ramelius Resources Limited is a listed public company, incorporated and domiciled in Australia whose shares are publicly listed on the Australian Securities Exchange Limited (ASX).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this financial report are presented below. These policies have been consistently applied to all years presented, unless otherwise stated.

This annual financial report includes the consolidated financial statements and notes of Ramelius Resources Limited and its controlled entities.

a) Basis of preparation and statement of compliance

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board (AASB) and the Corporations Act 2001. The financial report has 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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Financial Reporting Standards. The financial report has been presented in Australian dollars.

New and amended standards adopted by the group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project,
- AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions,
- AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues,
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19, and
- AASB 2010-3 Amendments to Australian Accounting Standards arising from Interpretation 19.

The adoption of these standards did not have any material impact on the current period or any prior period and is not likely to affect future periods.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the parent entity, Ramelius Resources Limited, and its controlled entities (referred to as the 'consolidated group' or 'group' in these financial statements). A list of controlled entities is contained in Note 28 to the consolidated financial statements. All controlled entities have a 30 June financial year end.

Controlled entities are all those entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Controlled entities are consolidated from the date on which control commences until the date that control ceases.

All intercompany balances and transactions between entities in the consolidated group, including any realised and unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those adopted by the parent entity. The acquisition method of accounting is used to account for business combinations by the group, refer Note 1(y).

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

c) Jointly controlled assets

Where the group's activities are conducted through unincorporated joint ventures that are jointly controlled assets, its proportionate share of the assets, liabilities, sales and related operating costs are included in the consolidated financial statements. Details of the group's interests in jointly controlled assets are shown in Note 30.

d) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and Chief Executive Officer.

e) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Ramelius Resources Limited and its Australian controlled entities are Australian dollars (\$). Each entity in the group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The functional currency of the group's foreign entity is US dollars (US\$).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at exchange rates at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

All exchange differences in the consolidated financial report are taken to the Income Statement.

Translation of foreign operations

The assets and liabilities of the controlled entity incorporated overseas with functional currency other than Australian dollars are translated into the presentation currency of Ramelius Resources Limited (Australian dollars) at the rate of exchange at the reporting date and the Income Statements are translated at the weighted average exchange rate for the period (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions). Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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.

Gold bullion and silver sales

Revenue from gold bullion and silver sales is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

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

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

g) Income tax

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates that have been enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

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.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of the deferred tax asset 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 tax 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.

Ramelius Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation.

Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2008.

The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

h) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank, demand deposits held with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

i) Trade and other receivables

Trade receivables comprising bullion awaiting settlement are initially recorded at the fair value of contracted sale proceeds expected to be received only when there is a passing of significant risks and rewards of ownership to the customer. Collectability of debtors is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off and an allowance for doubtful debts is raised where objective evidence exists that the debt will not be collected.

Other receivables are initially measured at fair value then amortised at cost, less an allowance for impairment.

j) Inventories

Gold ore, gold in circuit and poured gold bars are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the average cost over the specific mine project incurred in converting ore into gold and includes direct costs and an appropriate allocation of fixed and variable production overhead costs, including depreciation and amortisation.

Bi-products inventory on hand obtained as a result of the gold production process are valued at the lower of cost and net realisable value.

Consumables and stores are valued at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting any applicable rebates and discounts. A periodic review is undertaken to establish the extent of any surplus or obsolete items and where necessary a provision is made.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion of sale.

Gold ore represents stockpiled ore that has been mined or otherwise acquired and is available for further processing. If there is significant uncertainty as to whether the stockpiled ore will be processed, it is expensed. Where future processing of ore can be predicted with confidence (e.g. it exceeds the mine cut off grade), it is valued at the lower of cost and net realisable value. If ore is not expected to be processed within 12 months after balance sheet date, it is classified as non-current assets. Ramelius believes processing ore stockpiles will have a future economic benefit to the group and accordingly ore is valued at lower of cost and net realisable value.

k) Deferred mining expenditure

Pre-production mine development

Pre-production mining costs incurred by the group in relation to accessing recoverable reserves are carried forward as part of 'development assets' when future economic benefits are established, otherwise such expenditure is expensed as part of the cost of production.

Development assets are amortised based on the unit-of-production method which results in an amortisation charge proportional to the depletion of the estimated recoverable reserves.

Where there is a change in the reserves the amortisation rate is adjusted prospectively in the reporting period in which the change occurs.

Mining costs

In the production stage, further developments of the mine require a phase of overburden removal activity that is similar in nature to pre-production mine development. The costs of overburden removal activity are deferred and charged against reported profits in subsequent years on a unit-of-production basis. This accounting treatment is consistent with that for overburden removal costs incurred during the development phase of a mine, before production commences.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

I) Plant and equipment

Cost

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

Properties are shown at fair value based on valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The net 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 asset's employment and subsequent disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation

Items of plant and equipment are depreciated on a straight line basis over their estimated useful lives, the duration of which reflects the useful lives depending on the nature of the asset. The depreciation rates used for each class of depreciable assets are as follows:

Class of fixed asset	Depreciation rate
Plant and equipment	2% - 40%
Mine and exploration equipment	3% - 50%
Motor vehicles	5% - 20%

Estimates of remaining useful lives and depreciation methods are reviewed bi-annually for all major items of plant and equipment.

Assets are depreciated or amortised from the date they are installed and are ready for use, or in respect of internally constructed assets, from the time the asset is completed and deemed ready for use.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as an expense to the Income Statement on a straight line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Finance leases are capitalised, with a lease asset and a lease liability equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments determined at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. The finance charge component within the lease payments is expensed. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the group will obtain ownership by the end of the lease term.

n) Impairment of non-financial assets

The carrying amounts of all non-financial assets are reviewed half-yearly to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. 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 as an impairment loss to the Income Statement.

o) Development assets

Development assets represent expenditure in respect of exploration, evaluation, feasibility and development incurred by or on behalf of the group, including overburden removal and construction costs, previously accumulated and carried forward in relation to areas of interest in which mining has now commenced. Such expenditure comprises net direct costs and an appropriate allocation of directly related overhead expenditure.

All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is reasonably assured.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of development assets being amortised.

Amortisation

Amortisation of costs is provided using the unit-of-production method. The net carrying values of development expenditure carried forward are reviewed half-yearly by directors to determine whether there is any indication of impairment.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

p) Exploration and evaluation expenditure

Exploration and evaluation costs related to areas of interest are capitalised and carried forward to the extent that:

- (i) Rights to tenure of the area of interest are current; and
- (ii) a) Costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by sale; or
b) Where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, active and significant operations in, or in relation to, the areas are continuing.

Such expenditure consists of an accumulation of acquisition costs and direct net exploration and evaluation costs incurred by or on behalf of the group, together with an appropriate portion of directly related overhead expenditure.

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 and amortised accordingly (refer Note 1(o)).

q) Financial instruments

Initial recognition and measurement

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties. Quoted prices in an active market are used to determine fair value where possible.

The group does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Held-to-maturity investments

These investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iii) Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from change in fair value are taken directly to equity.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(v) Derivative financial instruments

The group uses derivative financial instruments to hedge its exposure to changes in commodity prices arising in the normal course of business. The principal derivative used is gold put options. Their use is subject to approval by the Board of directors. The group does not trade in derivatives for speculative purposes. Derivative financial instruments are recognised at fair value. These derivatives are valued on a mark to market valuation and the gain or loss on re-measurement to fair value is recognised through the Income Statement.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. If there is objective evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously not recognised in the profit or loss - is removed from equity and recognised in profit or loss.

r) Trade and other payables

Liabilities for trade and other payables are initially recorded at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group.

s) 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. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Superannuation contributions

Employees may nominate their own choice of superannuation fund into which the group pays superannuation contributions. Ramelius contributes compulsory superannuation amounts to each employee's nominated plan based on a percentage of each member's salary. It is at the discretion of employees to seek individual financial advice with regards to each employee's own personal choice of superannuation fund.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, without cause, or when an employee accepts voluntary redundancy in exchange for these benefits. Ramelius recognises termination benefits when it is demonstrably committed to making these payments.

Share-based payments

(i) Employee share acquisition plan

The group operates an Employee Share Acquisition Plan where employees may be issued shares and/or options. Fair value of the equity to which employees become entitled is measured at grant date and recognised as an employee expense over the vesting period with a corresponding increase in equity. Fair value of shares issued is determined with reference to the latest ASX share price. Options are valued using an appropriate valuation technique which takes vesting conditions into account.

(ii) Performance rights plan

The group has a Performance Rights Plan where key management personnel may be provided with rights to shares in Ramelius. Fair values of rights issued are recognised as an employee expense, with a corresponding increase in equity. Fair value of rights are measured at grant date and recognised over the vesting period during which key management personnel become entitled to the rights. There are a number of different methodologies that are appropriate to use in valuing rights. Fair value of rights granted is measured using the most appropriate method in the circumstances, taking into consideration the terms and conditions upon which the rights were issued.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

t) Provision for restoration and rehabilitation

Estimated costs of decommissioning and removing an asset and restoring the site are included in the cost of the asset as at the date the obligation first arises and to the extent that it is first recognised as a provision. The group records the present value of the estimated cost of constructive and legal obligations to restore operating locations in the period in which the obligation is incurred. The nature of decommissioning activities includes dismantling and removing structures, rehabilitating mine sites, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed or the environment is disturbed at the development location. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in decommissioning costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding effect of discounting the provision is recorded as a finance cost in the Income Statement and the carrying amount capitalised as a part of mining assets is amortised on a unit-of-production basis.

Costs incurred that relate to an existing condition caused by past operations, but do not have future economic benefits are expensed as incurred.

u) Issued capital

Issued ordinary share capital is classified as equity and is recognised at fair value of the consideration received by the group. Any transaction costs arising on the issue of ordinary shares and the associated tax are recognised directly in equity as a reduction of the share proceeds received.

Dividends and capital returns

Provision is made for the amount of any dividend or capital return declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

v) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable 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.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the 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.

w) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax, 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 Consolidated Statement of Financial Position 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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

x) Comparative figures

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

y) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the:

- Assets transferred by the group,
- Liabilities incurred by the acquirer to former owners of the acquiree,
- Equity issued by the group, and
- The amount of any non-controlling interest in the acquiree.

Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange, unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other valuation methods provide a more reliable measure of fair value.

Acquisition-related costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the group's share of identifiable net assets acquired is recognised as an increase in the assets acquired.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions; the group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The group's assessment of the impact of these applicable new standards and interpretations is set out below.

- (i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013).

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale investments, will therefore have to be recognised in the Income Statement.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

- (ii) AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from 1 January 2011).

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. The standard clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the Statement of Changes in Equity or in the notes to the financial statements. The standard also provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(iii) AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124 (Effective from 1 January 2011)

The amendment clarifies and simplifies the definition of a related party. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries.

The group does not anticipate the early adoption of any of the above Australian Accounting Standards.

aa) Parent entity information

The financial information of the parent entity, Ramelius Resources Limited, disclosed in Note 32 has been prepared on the same basis as the consolidated financial statements.

bb) Carbon tax impact

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future - the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the group as legislation must be voted on and passed by both houses of Parliament. In addition, the directors do not anticipate the group will fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Estimates and assumptions made assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. The judgements, estimates and assumptions will, by definition, seldom equal actual results. The judgements, estimates and assumptions having a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are detailed below.

a) Impairment of development assets and exploration and evaluation assets

The group assesses impairment at each reporting date by evaluating conditions and events specific to the group that may lead to impairment. This requires an estimation of the recoverable amount of the area of interest to which the asset belongs. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Value in use is assessed on the basis of the expected net cash flows that will be recovered from the assets continued employment and subsequent disposal. For mining assets the estimated future cash flows are based on estimates of ore reserves, future production, commodity prices, exchange rates, operating costs and any future development cost necessary to produce the reserves. A recoverable amount is then determined by discounting the expected net cash flows to their present values. Where an asset does not generate cash flows and is largely independent of other assets or groups of assets, the group performs an assessment as to whether an impairment trigger exists and if an impairment trigger is identified, an assessment of the recoverable amount of an asset is determined.

b) Exploration and evaluation expenditure

The group's policy for exploration and evaluation is discussed at Note 1(p). Application of this policy requires management to make estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. Exploration and evaluation expenditure is capitalised where it is considered likely to be recoverable or where activities have not reached a stage to permit a reasonable assessment of the existence of reserves. While there are certain areas of interest where no reserves have been extracted, directors continue to believe expenditure should not be written off, as evaluation has not yet concluded.

c) Development assets

The group defers pre-production mining costs which are calculated in accordance with policy Note 1(o). Changes in an individual mine's design generally results in changes to life-of-mine assumption. Changes in other technical and economic parameters that impact reserves will also have an impact on the life-of-mine ratio even if they do not affect the mine's design. Changes to the life-of-mine are accounted for prospectively.

d) Unit-of-production method of depreciation and amortisation

The group uses the unit-of-production basis when depreciating / amortising mine specific assets which results in a depreciation / amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. Economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property. These calculations require the use of estimates and assumptions.

e) Provision for restoration and rehabilitation

The group estimates future mine site restoration and rehabilitation costs that are expected to be incurred in the future. The estimate of future costs therefore requires management to make assessment of the future restoration and rehabilitation date, future environmental legislation, price increases, changes in discount rates, the extent of restoration activities and future removal technologies. When these factors change or become known in the future, such differences will impact the restoration and rehabilitation provision in the period in which they change or become known.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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f) Ore reserve estimates

The group estimates ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australian code for reporting Exploration Results, Mineral Resources and Ore Reserves of December 2004 ('JORC code'). Estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made including estimates of short and long-term commodity prices, exchange rates, future operating performance and capital requirements. Changes in reported reserve estimates can impact the carrying value of plant and equipment and development, provision for restoration and rehabilitation obligations as well as the amount of depreciation and amortisation.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 \$	2010 \$
3 REVENUE AND EXPENSES			
Profit before tax includes the following revenue, income and expenses whose disclosure is relevant in explaining group performance:			
a) Sales revenue			
Gold sales		147,626,545	58,216,932
Silver sales		176,000	-
Milling services		302,825	3,054,135
Total sales revenue		148,105,370	61,271,067
b) Cost of production			
Mining and milling production costs		25,426,043	16,443,785
Employee benefits expense		2,916,716	2,159,975
Amortisation and depreciation		22,231,308	18,437,302
Inventory movements		1,502,177	(8,514,408)
Royalty and production based costs		3,938,406	1,983,535
Total cost of production		56,014,650	30,510,189
c) Other revenue			
Other		1,156,829	604,807
d) Other income			
Gain on sale of non-current investments	33(b)	-	7,144,396
Foreign exchange gains		75	1,990
Total other income		75	7,146,386
e) Other expenses			
Employee benefits expense		1,628,059	1,343,644
Amortisation and depreciation		48,423	39,274
Cost of acquisition of investments and subsidiaries		2,073,979	-
Other administration expenses		1,467,223	921,476
Impairment of exploration and evaluation assets		291,568	9,102,214
Loss on sale of non-current assets		22,138	-
Exploration costs written off		801,860	361,955
Foreign exchange losses		134,655	25,778
Equity settled share-based payments		705,627	104,153
Total other expenses		7,173,532	1,898,494
f) Net finance expenses/(income)			
Interest and finance charges paid/payable		6,697	5,833
Total finance costs		6,697	5,833
Interest income		(4,540,551)	(2,079,171)
Net finance expenses/(income)		(4,533,854)	(2,073,338)

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Consolidated	
	2011	2010
	\$	\$
g) Profit before income tax includes the following specific expenses		
Defined contribution superannuation expense	480,676	333,911
Rental expenses relating to operating leases	183,070	175,226
Diminution in value of gold hedge put options	2,741	563,759

4 INCOME TAX EXPENSE

The components of tax expense comprise:

Current tax	17,938,341	6,322,879
Deferred tax	10,125,038	2,183,371
Under/(over) provision in respect of prior years	143,545	(18,030)
Income tax expense	28,206,924	8,488,220

Reconciliation of income tax expense to prima facie tax payable:

Accounting profit before tax	90,607,946	28,686,915
Income tax expense calculated at 30% (2010: 30%)	27,182,384	8,606,075
Add / less tax effects of:		
- share-based payments	211,688	31,246
- other non-allowable items	669,307	6,465
- other allowable items	-	(137,536)
Under/(over) provision in respect of prior years	143,545	(18,030)
Income tax expense	28,206,924	8,488,220

Applicable weighted average effective tax rate	31%	30%
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30 June 2011 deferred tax movement

	Balance at 1 July 2010 \$	Recognised through acquisition \$	Charged / (credited) to income \$	Charged / (credited) to equity \$	Balance at 30 June 2011 \$
Deferred tax liability					
Exploration and evaluation	2,005,775	-	(282,444)	-	1,723,331
Development	4,109,113	460,163	10,480,927	-	15,050,203
Property, plant and equipment	-	387,447	(570,535)	271,500	88,412
Inventory	-	61,000	-	-	61,000
Receivables	-	-	414,257	-	414,257
Other non-current assets	-	-	-	7,411	7,411
Total deferred tax liability	6,114,888	908,610	10,042,205	278,911	17,344,614
Deferred tax asset					
Issued equity transaction costs	296,944	-	(119,423)	15	177,536
Provisions	326,920	5,498,943	(93,878)	-	5,731,985
Other	97,091	-	60,288	-	157,379
Total deferred tax asset	720,955	5,498,943	(153,013)	15	6,066,900

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$

5 DIRECTORS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel compensation

Short-term employee benefits	1,843,034	1,879,666
Post-employment benefits	217,103	457,133
Other long-term benefits	46,204	26,930
Termination benefits	-	-
Share-based payments	554,180	104,153
Total key management personnel compensation	2,660,521	2,467,882

Detailed remuneration disclosures are provided in the remuneration report.

Equity instrument disclosures relating to key management personnel

The relevant interest of each key management personnel in the ordinary share capital of Ramelius or in a related body corporate at the date of this report are:

Names	Shares	Options	Rights
Directors of Ramelius			
Mr R M Kennedy	7,729,572 ²	-	-
Mr R G Nelson	105,480 ¹	-	-
	5,226,504 ²	-	-
Mr J F Houldsworth ³	2,329,563 ¹	-	-
	44,696 ²	-	-
Mr I J Gordon	174,979 ¹	-	1,500,000 ¹
	60,000 ²	-	-
Mr K J Lines	-	-	-
Other key management personnel of the group			
Mr D A Francese	873,443 ¹	-	300,000
Mr D A Doherty	25,806 ²	-	300,000
Mr A P Webb	21,743 ¹	-	300,000
Mr K M Seymour	19,620 ¹	-	300,000
	20,000 ²	-	-
Mr M C Casey	-	-	-

1 Held directly

2 Held by entities in which a relevant interest is held

3 Mr Houldsworth retired as an executive on 31 July 2009 and continued as a non-executive director of Ramelius until his resignation on 26 May 2011. Represents Mr Houldsworth's shareholding on retirement as a director on 26 May 2011.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Movements in equity instruments held by key management personnel are as follows:

	Shares	Options	Rights ¹
Mr R M Kennedy			
1 July 2009	7,729,572	770,128	-
Expired but not exercised 2009-10	-	(770,128)	-
Balance at 30 June 2011	7,729,572	-	-
Mr R G Nelson			
1 July 2009	5,331,984	532,256	-
Expired but not exercised 2009-10	-	(532,256)	-
Balance at 30 June 2011	5,331,984	-	-
Mr J F Houldsworth			
1 July 2009	4,624,710	460,586	450,000
Sold 2009-10	(500,000)	-	-
Rights lapsed on retirement 2009-10	-	-	(450,000)
Expired but not exercised 2009-10	-	(460,586)	-
Sold 2010-11	(1,750,451)	-	-
Balance at 30 June 2011	2,374,259	-	-
Mr K J Lines			
1 July 2009	-	-	-
Balance at 30 June 2011	-	-	-
Mr I J Gordon			
1 July 2009	14,979	1,027	300,000
Issued 2010-11	-	-	1,500,000
Expired but not exercised 2009-10	-	(1,027)	-
Vested and exercised 2010-11	300,000	-	(300,000)
Sold 2010-11	(300,000)	-	-
Acquired 2010-11	220,000	-	-
Balance at 30 June 2011	234,979	-	1,500,000
Mr D A Francese			
1 July 2009	823,443	81,402	150,000
Expired but not exercised 2009-10	-	(81,402)	-
Issued 2010-11	-	-	300,000
Vested and exercised 2010-11	150,000	-	(150,000)
Sold 2010-11	(150,000)	-	-
Acquired 2010-11	50,000	-	-
Balance at 30 June 2011	873,443	-	300,000

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	Shares	Options	Rights ¹
Mr D A Doherty			
1 July 2009	-	-	-
Issued	-	-	300,000
Acquired 2010-11	25,806	-	-
Balance at 30 June 2011	25,806	-	300,000
Mr A P Webb			
1 July 2009	21,743	1,231	-
Expired but not exercised 2009-10	-	(1,231)	-
Issued 2010-11	-	-	300,000
Balance at 30 June 2011	21,743	-	300,000
Mr K M Seymour			
1 July 2009	-	-	-
Acquired 2009-10	20,000	-	-
Issued 2010-11	19,620	-	300,000
Balance at 30 June 2011	39,620	-	300,000
Mr M C Casey			
1 July 2009	-	-	-
Balance at 30 June 2011	-	-	-

1 These rights to shares were granted under the Performance Rights Plan on 7 April 2008 and 26 November 2010. Details of this Plan are included in the remuneration report section of the directors' report. All equity-based remuneration is 'at risk' and will lapse or is forfeited, in the event that minimum prescribed performance conditions are not met by the group or individual employees, as applicable.

Loans to key management personnel

There were no loans made to key management personnel or their personally related parties during the current or prior periods.

Other transactions with key management personnel

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with Ramelius or the group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end. For details or other transactions with key management personnel, refer Note 27 - Related Party Disclosures.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$

6 REMUNERATION OF AUDITORS

Audit services

Amounts received or due and receivable by the auditor of
Ramelius for:

Audit and review of financial statements	74,000	46,775
Due diligence related services	-	16,000
Total audit and related services	74,000	62,775

7 DIVIDENDS AND CAPITAL RETURN

Capital return proposed on 5 May 2010 of 5 cents per share, paid 20 August 2010	14,567,264	-
Fully franked dividend of 2 cents per share proposed on 26 November 2010, paid 17 December 2010	5,828,356	-
Total dividends and return of capital	20,395,620	-

Franking account

Franking credits available for subsequent financial years based on a tax rate of 30%
(2010: 30%)

8,228,602 -

The above represents the balance of the franking account as at the end of the reporting period, adjusted for:

- franking credits that will arise from payment of the provision for income tax, and
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$

8 EARNINGS PER SHARE

Classification of securities

All ordinary shares have been included in basic earnings per share

Classification of securities as potential ordinary shares

Ramelius had no options listed on the ASX at the close of business 30 June 2011

Earnings used in the calculation of earnings per share

Profit after income tax expense	62,401,022	20,198,695
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Weighted average number of shares used as the denominator

Number for basic earnings per share

Ordinary shares	291,501,482	267,690,423
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Number for dilutive earnings per share

Rights	3,330,000	-
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Total number of dilutive earnings per share	294,831,482	267,690,423
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9 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	3,411,465	36,199,182
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Deposits at call ¹	86,134,894	44,027,668
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Total cash and cash equivalents	89,546,359	80,226,850
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1 Includes deposits provided as security against unconditional bank guarantees in favour of the WA Government in respect of restoration and rehabilitation costs required and to secure supply of gas and electricity.

Risk exposure

The group's exposure to interest rate risk is discussed in Note 23. Maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

10 TRADE AND OTHER RECEIVABLES

Trade receivables ¹	111,247	93,679
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Other receivables ²	3,424,668	3,774,168
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Total trade and other receivables	3,535,915	3,867,847
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1 Non-interest bearing and are generally expected to settle within 1 to 6 months.

2 Comprises accrued interest, refundable deposits and amounts due from taxation authorities that are generally expected to settle within 1 to 6 months.

Risk exposure

Refer Note 23 for more information on the risk management policy of the group and the credit quality of group trade receivables.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
11 INVENTORIES		
Gold nuggets at cost	80,489	9,690
Ore stockpiles	7,889,119	4,545,465
Gold in circuit	1,453,502	927,203
Gold bullion	3,312,089	5,013,813
Consumables and supplies	1,349,007	437,756
Total inventories	14,084,206	10,933,927

12 DERIVATIVE FINANCIAL INSTRUMENTS

Current

Derivative assets	-	2,741
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Derivatives are used to hedge cash flow risk associated with future transactions. Current assets and liabilities reflect those instruments which are due for settlement within one year based on a valuation at year end including those instruments which have been settled prior to their expiry but subsequent to 30 June 2011.

Risk exposures and fair value measurements

Information about the group's exposure to credit risk, foreign exchange risk and interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 23. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of derivative financial assets mentioned above.

13 OTHER CURRENT ASSETS

Prepayments	471,128	254,941
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14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Shares in listed corporations at fair value	421,333	-
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RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
15 PROPERTY, PLANT, EQUIPMENT AND DEVELOPMENT ASSETS		
Property		
Properties at fair value	1,511,500	-
(a) Valuation of property		
The valuation basis of property is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2011 revaluations were made by independent valuers. The revaluation surplus of applicable deferred income taxes was credited to the asset revaluation reserve.		
Plant and equipment		
Plant and equipment at cost	25,735,988	8,477,906
Less accumulated depreciation	(2,789,993)	(1,675,730)
Total plant and equipment	22,945,995	6,802,176
Total property, plant and equipment	24,457,495	6,802,176
(b) Leased assets		
Plant and equipment includes the following amounts where the group is a lessee under a finance lease:		
Leasehold equipment at cost	5,306,215	-
Total leased assets	5,306,215	-
(c) Development assets		
Development assets at cost	119,077,521	44,721,093
Less accumulated amortisation	(44,756,499)	(23,563,935)
Total development assets	74,321,022	21,157,158
Total property, plant, equipment and development	98,778,517	27,959,334
Reconciliation - property, plant and equipment		
Balance at beginning of financial year	6,802,176	5,659,795
Additions – through acquisition of subsidiary	4,271,436	-
Additions – other	13,973,012	1,881,862
Revaluation	905,000	-
Disposals	(363,798)	(25,000)
Depreciation	(1,130,331)	(714,481)
Total property, plant and equipment	24,457,495	6,802,176

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
Reconciliation - development assets		
Balance at beginning of financial year	21,157,158	19,323,633
Development cost additions	5,090,650	19,611,843
Deferred mining cost additions	814,010	-
Transfer from exploration and evaluation expenditure	68,451,767	-
Amortisation	(21,192,563)	(17,778,318)
Total development assets	74,321,022	21,157,158

16 EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation	6,303,418	6,767,255
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Reconciliation - exploration and evaluation

Reconciliations of the movements of exploration and evaluation expenditure.

Balance at beginning of financial year	6,767,255	12,084,996
Additions – through acquisition of subsidiary	37,430,898	-
Additions – other	30,848,600	3,784,473
Sale of exploration tenements	-	-
Transfers to development assets	(68,451,767)	-
Impairment	(291,568)	(9,102,214)
Total exploration and evaluation expenditure	6,303,418	6,767,255

17 TRADE AND OTHER PAYABLES

Trade payables	7,728,850	6,102,302
Other payables and accrued expenditure	2,561,809	764,929
Total trade and other payables	10,290,659	6,867,231

18 BORROWINGS

Current

Finance lease liability - secured	914,500	-
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Non-current

Finance lease liability - secured	4,239,298	-
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Total borrowings	5,153,798	-
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Finance lease liability

The group's lease liabilities represent deferred payments to the Mt Magnet mine camp contractor which are secured against the mine camp asset. In the event of default, the assets revert to the lessor.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 \$	2010 \$
19 PROVISIONS			
Current			
Employee benefits		698,182	499,451
Non-current			
Employee benefits		173,317	90,280
Rehabilitation and restoration costs	1(t)	18,235,121	500,000
Total non-current		18,408,438	590,280
Total provisions		19,106,620	1,089,731
Reconciliation - employee benefits			
Current			
Balance at beginning of financial year		499,451	391,008
Amount provided		491,537	405,505
Amount used		(292,806)	(297,062)
Balance at end of financial year		698,182	499,451
Non-current			
Balance at beginning of financial year		90,280	42,493
Amount provided		83,037	47,787
Balance at end of financial year		173,317	90,280
Total provision for employee benefits		871,499	589,731
Number of employees at year end		60	39
Reconciliation - rehabilitation and restoration			
Non-current			
Balance at beginning of financial year		500,000	500,000
Amount capitalised		17,735,121	-
Total provision for rehabilitation and restoration		18,235,121	500,000

Provision for long service leave

Provision for long service leave is recognised for employee benefits. In calculating its present value, the probability of leave being taken is based on historical data. Refer Note 1(s) for measurement and recognition criteria.

Provision for rehabilitation and restoration

Provision for rehabilitation and restoration represents management's assessment of expenditure expected to be incurred for the Wattle Dam and Mt Magnet mine sites and the groups processing plants. Refer Note 1(t) for measurement and recognition criteria.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

20 ISSUED CAPITAL

	Number of Shares	\$
a) Ordinary shares		
Issued fully paid ordinary shares at 30 June 2009	219,199,754	45,929,967
Issued during the 2009-10 financial year		
Issue of shares under takeover offer for Dioro Exploration Limited	72,140,701	33,932,056
Exercise of options at \$1.00 per share	2,468	2,468
Less cost of share issues (net of tax)	-	(35)
Issued fully paid ordinary shares at 30 June 2010	291,342,923	79,864,456
Issued during the 2010-11 financial year		
Exercise of options at \$1.50 per share	2,362	3,543
Issue of shares resulting from vesting of performance rights	450,000	-
Issue of shares under employee share acquisition plan	72,520	-
Return of capital of 5 cents per share	-	(14,567,264)
Less cost of share issues (net of tax)	-	(35)
Issued fully paid ordinary shares at 30 June 2011	291,867,805	65,300,700

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. 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

At close of business 30 June 2010, all unexercised options expired and there were no unissued shares for which options were outstanding. There were no options on issue at any time during the 30 June 2011 financial year.

c) Share rights

2008 performance rights

During the 2008 financial year, 900,000 performance rights with a fair value of \$576,000 were granted under the Performance Rights Plan to selected executives. These rights vested in the current financial year, refer Note 22 for further information on these rights.

2010 performance rights

In November 2010, 3,330,000 performance rights with a fair value of \$2,892,105 were granted to selected executives and senior management under the Performance Rights Plan.

Refer Note 22 for further information on these rights, including details of any rights issued, exercised and lapsed during the financial year and rights outstanding at financial year end.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

21 RESERVES

	Consolidated	
	2011	2010
	\$	\$
Share-based payments reserve ¹	1,589,478	883,850
Available-for-sale reserve ²	17,293	-
Foreign currency translation reserve ³	2,865	3,346
Asset revaluation reserve ⁴	633,500	-
Total reserves	2,243,136	887,196

1 Share-based payments reserve records items recognised as expenses on valuation of employees share options and performance rights.

2 Available-for-sale reserve records changes in the fair value of available for sale financial assets.

3 Foreign currency translation reserve records exchange differences arising on translations of a foreign controlled subsidiary.

4 Asset revaluation reserve records revaluations of non-current assets.

22 SHARE-BASED PAYMENTS

Shares

Under Ramelius' Employee Share Acquisition Plan, which was approved by shareholders in November 2007, eligible employees are granted ordinary fully paid shares in Ramelius for no cash consideration. All Australian resident permanent employees who are employed by the group are eligible to participate in the plan.

A total of 72,520 shares were issued to employees during the 2011 (2010: nil) financial year. The fair value of these shares at the date of issue was \$59,104 (2010: nil) which was recognised in share-based payments reserve and included under employee expenses in the Consolidated Income Statement. Given that vesting is certain to occur, the market value of the shares at issue date was used to determine fair value.

Members of the plan receive all the rights of ordinary shareholders. Unrestricted possession of these shares occurs at the earliest of, three years from date of issue or the date employment ceases.

Performance rights

Under Ramelius' Performance Rights Plan, which was approved by shareholders in November 2007, eligible executives are granted rights to ordinary fully paid shares in Ramelius for no cash consideration. Executives and senior management of Ramelius participate in this plan.

2008 performance rights

On 7 April 2008, a total of 900,000 performance rights were granted to three executives of Ramelius. The performance rights which had not lapsed vested three years after the grant date upon satisfaction of certain performance conditions at which time, ordinary fully paid shares were issued to the executives.

The fair value of these performance rights at grant date was \$576,000 of which \$73,907 was recognised during the 2011 financial year in share-based payments reserve and Consolidated Income Statement (2010: \$104,153). During the year 450,000 performance rights lapsed as result of Mr Houldsworth retiring as an executive of Ramelius. At balance date, the remaining 450,000 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 continued to be employees of the group until the end of the vesting period, adjusted for the risk that vesting conditions are not met. This assumes the performance condition, which requires the Ramelius' 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.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2008 performance rights granted to executives by Ramelius are as follows:

	Grant date	Rights on issue at 30 June 2010	Fair value per right ¹ \$	Exercise price \$	Rights vested	Rights lapsed ²	Rights on issue at 30 June 2011	Date rights first vested and became exercisable
Mr J F Houldsworth ³	7 April 2008	450,000	0.640	-	-	450,000	-	7 April 2011
Mr I J Gordon	7 April 2008	300,000	0.640	-	300,000	-	-	7 April 2011
Mr D A Francese	7 April 2008	150,000	0.640	-	150,000	-	-	7 April 2011
Total		900,000	0.640	-	450,000	450,000	-	

1 Fair value of rights granted as remuneration and shown above were determined in accordance with applicable accounting standards.

2 Value of rights that lapsed due to vesting conditions not being satisfied have been determined at the time the rights lapsed as if vesting conditions were satisfied.

3 On 31 July 2009 Mr Houldsworth retired as an executive of Ramelius and as a result, his entitlement to these rights lapsed.

2010 performance rights

On 26 November 2010, a total of 3,330,000 performance rights with fair value of \$2,892,105 were granted under the Performance Rights Plan to selected executives and senior management. An amount totalling \$521,029 was recognised in relation to these rights during the 2011 financial year in the share-based payments reserve and Consolidated Income Statement (2010: nil). No performance rights have subsequently been granted. These rights are recognised on a pro-rata basis over the vesting period. Rights that do not vest on vesting date will lapse.

The 2010 rights were issued under the Performance Rights Plan based on satisfaction of vesting conditions which relates to continued employment with the group over a three year period commencing from grant date. The 2010 rights may first become exercisable, subject to satisfaction of the vesting conditions, at each anniversary date. The rights vest evenly over three years at each anniversary of the grant date.

2010 performance rights granted to executives and senior managers of Ramelius are as follows:

	Grant date	Rights on issue at 30 June 2010	Fair value ¹ \$	Exercise price \$	Rights vested	Rights lapsed	Rights on issue at 30 June 2011	Date rights first vest and become exercisable
Mr I J Gordon	26 Nov 2010	-	0.965	-	-	-	1,500,000	26 Nov 2011
Mr D A Francese	26 Nov 2010	-	0.965	-	-	-	300,000	26 Nov 2011
Mr K M Seymour	26 Nov 2010	-	0.965	-	-	-	300,000	26 Nov 2011
Mr A P Webb	26 Nov 2010	-	0.965	-	-	-	300,000	26 Nov 2011
Mr D A Doherty	26 Nov 2010	-	0.965	-	-	-	300,000	26 Nov 2011
Senior management	26 Nov 2010	-	0.965	-	-	-	630,000	26 Nov 2011
Total		-	0.965	-	-	-	3,330,000	

1 The fair value of rights granted as remuneration shown above was determined in accordance with applicable accounting standards.

Options

There were no options granted as share-based payments in the financial year (2010: nil). There are no outstanding options on issue as at 30 June 2011.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transaction recognised during the period as part of employee benefits expense were as follows:

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Consolidated	
	2011	2010
	\$	\$
Shares issued under the Employee Share Acquisition Plan	59,104	-
Rights granted issued under the Performance Rights Plan		
2008 performance rights	73,907	104,153
2010 performance rights	572,616	-
Total share-based payment expense	705,627	104,153

23 FINANCIAL RISK MANAGEMENT POLICIES

The group's management of financial risk is aimed at ensuring cash flows are sufficient to:

- Withstand significant changes in cash flow at risk scenarios and still meet all financial commitments as and when they fall due; and
- Maintain the capacity to fund future project development, exploration and acquisition strategies.

The group continually monitors and tests its forecast financial position against these criteria.

The group is exposed to the following financial risks: liquidity risk, credit risk and market risk (including foreign exchange risk, commodity price risk and interest rate risk). The directors are responsible for monitoring and managing financial risk exposures of the group. The group's financial instruments consist mainly of deposits with banks, derivatives, accounts receivable and payable. The group holds the following financial instruments:

Financial assets

Cash at bank	3,411,465	36,199,182
Term deposits	86,134,894	44,027,668
Receivables	3,535,915	3,867,847
Derivative financial instruments	-	2,741
Available-for-sale financial assets	471,128	-

Total financial assets	93,553,402	84,097,438
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Financial liabilities

Payables	10,290,659	6,867,231
Borrowings	5,153,798	-

Total financial liabilities	15,444,457	6,867,231
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a) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. The group manages liquidity risk by monitoring forecast cash flows.

Financing arrangements

The group has the following borrowing facilities at the end of the reporting period:

Finance lease	5,153,798	-
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RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Maturities of financial liabilities

The table below analyses the group's financial liabilities at 30 June 2011 (2010: nil) into relevant maturity groupings based on their contractual maturities. The amounts disclosed below represent discounted contractual cash flows which relate to deferred payments to the Mt Magnet mine camp contractor which are secured against the mine camp asset.

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	1 and 2 years	Total
Finance lease liabilities	457,250	457,250	4,239,298	5,153,798

b) 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 Consolidated Statement of Financial Position is the carrying amount, net of any provision for doubtful debts.

Credit risk is managed through the maintenance of procedures which ensure to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

No receivables are considered past due or impaired.

c) Foreign currency risk

The group undertakes transactions impacted by foreign currencies; hence exposures to exchange rate fluctuations arise. The majority of the group's revenue is affected by movements in USD:AUD exchange rate whereas the majority of costs (including capital expenditure) are in Australian dollars.

Currently, the group does not hedge against this risk. The group considers the effects of foreign currency risk on its financial position and financial performance and assesses its option to hedge based on current economic conditions and available market data.

d) Commodity price risk

The group's revenue is exposed to commodity price fluctuations, in particular to gold prices. Price risk relates to the risk that the fair value of future cash flows of gold sales will fluctuate because of changes in market prices largely due to demand and supply factors for commodities. The group is exposed to commodity price risk due to the sale of gold on physical delivery at prices determined by market at the time of sale.

Gold price risk is managed with the use of hedging strategies through the purchase of gold put options to establish gold "floor prices" in Australian dollars over the group's gold production; however this is generally at levels lower than current market prices. These put options enable Ramelius to retain full exposure to current, and any future rises in the gold price while providing protection to a fall in the gold price below the strike price. Gold prices, gold futures and economic forecasts are constantly monitored to determine whether to implement a hedging program. No additional gold put options were acquired during the financial year.

Price sensitivity analysis

The group has performed a sensitivity analysis relating to its exposure to gold price 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. Notwithstanding this, the sensitivity analysis is still valid for gold prices above any floor prices that may be put in place. Any impacts from such hedging would be in relation to revenue from gold sales.

Based on the gold sales of 46,147oz and 106,148oz for the 2010 and 2011 financial years respectively, if gold price in Australian dollars changed by + / - A\$100, with all other variables remaining constant, the estimated impact on pre-tax profits and equity would have been as follows:

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
Impact on pre-tax profit		
Increase in gold price by A\$100	10,614,800	4,614,700
Decrease in gold price by A\$100	(10,614,800)	(4,614,700)
Impact on equity		
Increase in gold price by A\$100	10,614,800	4,614,700
Decrease in gold price by A\$100	(10,614,800)	(4,614,700)

e) Interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. 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 is both fixed and variable according to the financial asset.

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. The group has, where possible, placed funds with financial institutions in order to receive the benefit of available government guarantees.

Interest rate sensitivity analysis

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.

Based on the cash at the end of the financial year, if interest rates were to change by + / - 2% with all other variables remaining constant, the estimated impact on pre-tax profits and equity would have been as follows:

	Consolidated	
	2011	2010
	\$	\$
Impact on pre-tax profit		
Increase in interest rate by 2%	1,789,738	1,603,601
Decrease in interest rate by 2%	(1,789,738)	(1,603,601)
Impact on equity		
Increase in interest rate by 2%	1,789,738	1,603,601
Decrease in interest rate by 2%	(1,789,738)	(1,603,601)

f) Capital risk management

Ramelius' objective when managing capital is to maintain a strong capital base capable of withstanding cash flow variability, whilst providing flexibility to pursue its growth aspirations. Ramelius aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns.

Ramelius' capital structure consists of cash, cash equivalents and equity. Management effectively monitors the capital of Ramelius by assessing financial risks and adjusting capital structure in response to changes in these risks and the market. Responses include the management of dividends and capital returns to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital during the year.

The group is not subject to any externally imposed capital requirements.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

g) Net fair values of financial assets and liabilities

The financial assets and liabilities of the group are recognised on the Consolidated Statement of Financial Position at their fair value in accordance with the accounting policies in Note 1. Measurement of fair value is grouped into levels based on the degree to which fair value is observable in accordance with AASB 7 Financial Instruments: Disclosure.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following is an analysis of financial instruments measure subsequent to initial recognition at fair value

Derivative financial assets are measured at fair value using the valuation provided from the relevant financial institution. The valuations would be recognised as a Level 2 in the fair value hierarchy as they have been derived using inputs from a variety of market data.

Available-for-sale financial assets are measured at fair value using the closing price on the reporting date as listed on the Australian Securities Exchange Limited (ASX). Available for sale financial assets are recognised as a Level 1 in the fair value hierarchy as defined under AASB 7 Financial Instruments: Disclosures.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$

24 COMMITMENTS FOR EXPENDITURE

a) Finance lease commitments

Finance leases were entered into as a means of financing the acquisition of mine camp facilities at Mt Magnet. These obligations are provided for in the financial statements.

Within 1 year	1,303,824	-
Later than 1 year but not later than 5 years	4,563,735	-
Later than 5 years	-	-
Total minimum lease payments	5,867,559	-
Less future finance charges	(713,761)	-
Present value of minimum lease payments	5,153,798	-
Included in the financial statements as borrowings (Note 18):		
Current	914,500	-
Non-current	4,239,298	-

b) Capital expenditure commitments

Capital expenditure contracted but not provided for in the financial statements.

Within 1 year	12,268,125	-
Later than 1 year but not later than 5 years	359,280	-
Total capital expenditure commitments	12,627,405	-

c) Operating lease commitments

Future minimum rentals payable on non-cancellable operating leases due:

Within 1 year	144,206	129,344
Later than 1 year but not later than 5 years	89,262	182,457
Total operating lease commitments	233,468	311,801

d) Minimum exploration and evaluation commitments

In order to maintain current rights of tenure to exploration tenements, the group is required to perform minimum exploration work to meet minimum expenditure requirements. These obligations are subject to renegotiation and may be farmed out or relinquished. These obligations are not provided for in the consolidated financial statements.

Within 1 year	4,059,800	1,572,700
Later than 1 year but not later than 5 years	10,045,400	4,474,020
Due later than 5 years	18,324,000	6,721,600
Total minimum exploration and evaluation commitments	32,429,200	12,768,320

e) Other commitments

The group has contractual obligations for various expenditures such as royalties, production based payments, exploration and the cost of goods and services supplied to the group. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business. These obligations are not provided for in the consolidated financial statements.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

25 CONTINGENT LIABILITIES

The directors are of the opinion that the recognition of a provision is not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

(i) Mine development services

Mine development services relate to termination of contractor services that may, in certain circumstances, become payable. The maximum total contingent liability at 30 June 2011 under the services agreement is nil (2010: \$200,000).

(ii) Expenditure to earn mineral rights on tenements in addition to minimum exploration expenditure commitments

Exploration expenditure relates to periods up to 5 years (2010: 5 years) in accordance with terms set out in relevant agreements. During the earning period, Ramelius is associated with other entities in joint ventures whereby Ramelius funds certain exploration expenditure of not less than \$2,475,519 before Ramelius may withdraw (which at 30 June 2011 had substantially been spent) and with \$18,193,732 (2010: \$10,897,673) yet to be incurred for the relevant interests to be earned.

(iii) Service agreements

Service agreements exist with executive officers and employees which termination benefits may, in certain circumstances, become payable. The maximum contingent liability is \$1,401,903 (2010: \$736,359).

(iv) Bank guarantees

The group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is \$5,363,300 (2010: \$472,900). These bank guarantees are fully secured by cash on term deposit.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
	Note	2011 \$	2010 \$
26 CASH FLOW INFORMATION			
a) Reconciliation of cash			
For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and at bank and highly liquid investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:			
Cash		3,411,465	36,199,182
Cash on deposit		86,134,894	44,027,668
Total cash	9	89,546,359	80,226,850
b) Reconciliation of net profit to net cash provided by operating activities			
Profit after income tax		62,401,022	20,198,695
Add/(less) non-cash items			
- Depreciation		1,086,628	698,258
- Amortisation of development expenditure		21,192,563	17,778,318
- Effect of exchange rates on foreign cash holdings		96,423	17,781
Changes in assets and liabilities			
- (Increase)/decrease in investments		-	(42,425,394)
- (Increase)/decrease in prepayments		(277,508)	(76,544)
- (Increase)/decrease in receivables		(168,059)	947,316
- (Increase)/decrease in inventories		(2,464,519)	(9,781,826)
- (Increase)/decrease in other non-current assets		(329,812)	9,101,456
- (Increase)/decrease in other financial assets		2,741	563,759
- (Increase)/decrease in deferred tax assets			
- (Increase)/decrease in deferred tax assets		7,260,425	4,493,312
- (Decrease)/increase in accounts payable		(630,864)	(747,065)
- (Decrease)/increase in provisions		4,647,985	6,428,136
- (Decrease)/increase in current tax liabilities		-	-
- (Decrease)/increase in deferred tax liability		5,759,204	(2,286,474)
Items classified as investing/financing activities			
- (Decrease)/increase in share-based payments reserve		705,627	104,153
- (Decrease)/increase in other reserves		2,198	-
- (Decrease)/increase in issued capital		-	33,932,056
- (Decrease)/increase in capital raising costs (net of tax)		15	15
Net cash provided by operating activities		99,284,069	38,945,952
c) Acquisition of controlled entity (Mt Magnet Gold NL) - refer Note 33			
d) Non-cash investing and financing activities			
Acquisition of plant and equipment via finance lease		5,306,214	-

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

27 RELATED PARTIES

Transactions with related parties are on normal commercial terms and at conditions no more favourable than those available to other parties unless otherwise stated.

a) Management personnel

Disclosures relating to key management personnel are set out in Note 5. There were no transactions with key management personnel and their related entities during the financial year other than as shown in (d) below.

b) Subsidiaries

Interests in subsidiaries are set out in Note 28.

c) Transactions with wholly-owned controlled entities

Ramelius advanced interest free loans to wholly-owned controlled entities. In addition to these loans, Ramelius Milling Services provide milling services for Ramelius Resources. These transactions and inter-company loans have been eliminated in full on consolidation.

d) Transactions with other related parties

The terms and conditions of 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-imburement of expenses incurred on behalf of Ramelius) relating to directors and their director-related entities were as follows:

Director	Transaction	2011 \$	2010 \$
Mr J F Houldsworth	Amount paid to a relative of the director representing wages inclusive of superannuation in respect of mine security and living away from home expenses.	-	85,808
	Amount paid to a relative of the director in respect of a leased property at Kambalda WA on an arm's length basis from 1 July 2010 to 26 May 2011 (date of retirement of director).	12,768	3,661
	Amount paid to the director in respect of assessment of Mt Magnet processing plant	8,364	
Mr R M Kennedy	Amount paid to relatives of the director for casual wages	-	694

There was no amount receivable from or payable to directors and their related entities at reporting date.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

28 INVESTMENTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate assets, liabilities and results of the ultimate parent entity, Ramelius Resources Limited, and the following subsidiaries in accordance with the accounting policy described in Note 1(b).

	Country of Incorporation	Percentage Owned (%) ¹	
		2011	2010
Parent entity			
Ramelius Resources Limited	Australia		
Subsidiaries of Ramelius Resources Limited			
Ramelius Milling Services Pty Ltd	Australia	100	100
Ramelius Nevada LLC	United States	100	100
Mt Magnet Gold NL ²	Australia	100	-

¹ Percentage of voting power is in proportion to ownership

² Acquired 20 July 2010

29 OPERATING SEGMENTS

Management has determined the operating segments based on internal reports about components of the group that are regularly reviewed by the Chief Operating Decision Maker, the Chief Executive Officer and Managing Director, in order to make strategic decisions. The Chief Executive Officer and Managing Director has identified its operating segments to be as follows based on distinct operational activities:

- (i) Exploration, and
- (ii) Mining and milling.

The Chief Executive Officer and Managing Director monitors performance in these areas separately. Unless stated otherwise, all amounts reported to the Chief Executive Officer and Managing Director are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the group.

The group operates primarily in one business segment, namely the exploration, development and production of minerals with a focus on gold. Details of the performance of each of these operating segments for the financial years ended 30 June 2011 and 30 June 2010 are set out below:

Segment performance	Exploration		Mining and Milling		Total	
	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$
Segment revenue						
Sales revenue	-	-	148,105,370	61,271,067	148,105,370	61,271,067
Segment results						
Gross segment result before amortisation and impairment	-	-	113,766,064	48,693,032	113,766,064	48,693,032
Amortisation cost	-	-	(21,675,347)	(17,932,153)	(21,675,347)	(17,932,153)
Impairment costs	(291,568)	(9,102,214)	-	-	(291,568)	(9,102,214)
	(291,568)	(9,102,214)	92,090,717	30,760,879	91,799,149	21,658,665
Interest income					4,540,551	2,079,171
Other revenue					75	7,146,260
Other income					1,156,829	604,807
Finance cost					(6,697)	-
Other expenses					(6,881,961)	(2,801,988)
Profit before income tax					90,607,946	28,686,915

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Segment position	Exploration		Mining and Milling		Total	
	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$
Capitalised expenditure						
Mine development	-	-	5,904,660	19,611,843	5,904,660	19,611,843
Exploration assets	68,279,498	3,784,473	-	-	68,279,498	3,784,473
Less impairment of segment assets	(291,568)	(9,102,214)	-	-	(291,568)	(9,102,214)
Segment assets	6,799,452	7,025,179	112,358,642	39,336,709	119,158,094	46,361,888
Corporate and unallocated assets						
Cash and cash equivalents					89,546,358	80,226,850
Trade and other receivables					3,767,770	3,360,391
Available-for-sale financial asset					421,333	-
Property, plant, equipment and development					247,321	63,767
Deferred tax assets					6,066,900	720,954
Total consolidated assets					219,207,776	130,733,850
Segment liabilities	1,059,797	880,613	31,945,530	5,830,058	33,005,327	6,710,671
Corporate and unallocated liabilities						
Trade and other payables					1,334,188	1,091,825
Short-term provisions					195,839	106,852
Current tax liabilities					13,608,114	6,322,879
Long-term provisions					15,723	47,615
Deferred tax liabilities					17,344,614	6,114,887
Total consolidated liabilities					65,503,805	20,394,729

Major customers

Ramelius provides goods that are more than 10% of external revenue to one major customer. This customer which is located in Australia, accounts for 99.7% (2010: 95.0%) of sales revenue.

Segments assets by geographical location

Segment assets of Ramelius are geographically located in Australia other than those relating to the US subsidiary as follows \$620,260 (2010: \$81,340).

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

30 INTERESTS IN UNINCORPORATED JOINT VENTURES

The group has a direct interest in a number of unincorporated joint ventures, as follows:

Joint venture project	Principal activities	Interest
Black Cat	Gold	90%
Hilditch	Nickel	90%
Wattle Dam	Nickel	80%
Logan's Larkinville	Nickel	80%
	Gold and tantalum	75%
Nevada – Big Blue ¹	Gold	60%
Nevada – Angel Wing ¹	Gold	70%
Mt Windsor	Gold	60%

¹ Under an alliance with Marmota Energy Limited, Marmota may participate and earn 40% in Ramelius' interest.

Ramelius' share of assets in unincorporated joint ventures is as follows:

	Consolidated	
	2011	2010
	\$	\$
Non-current assets		
Exploration and evaluation expenditure (Note 16)	3,807,459	1,743,258
Total assets employed in joint ventures	3,807,459	1,743,258

31 EVENTS OCCURRING AFTER REPORTING DATE

The following events occurred since 30 June 2011.

The Company purchased put options at a strike price of A\$1,250 per ounce over 75,000 ounces of gold to underpin revenue for the Mt Magnet development project during the 2012 calendar year. These put options enable Ramelius to retain full exposure to the current, and any future rises in the gold price.

The Department of Mines and Petroleum of Western Australia has approved the mining proposal for commencement of mining at Mt Magnet.

Apart from the above, no other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- The group's operations in future financial years,
- The results of operations in future financial years, or
- The group's state of affairs in future financial years.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

32 PARENT ENTITY INFORMATION

	Parent entity	
	2011	2010
	\$	\$
a) Summary of financial information		
Financial statements for the parent entity show the following aggregate amounts:		
Current assets	99,977,021	90,191,555
Total assets	190,548,454	129,676,798
Current liabilities	(33,453,522)	(12,613,886)
Total liabilities	(36,987,348)	(19,291,146)
Net assets	153,561,106	110,385,652
Equity		
Issued capital	65,300,700	79,864,456
Reserves	1,606,770	883,850
Retained earnings	86,653,636	29,637,346
Total equity	153,561,106	110,385,652
b) Income Statement		
Profit after income tax	62,844,646	20,265,284
Total comprehensive income	62,861,939	20,265,284
c) Commitments		
(i) Operating lease commitments		
Future minimum rentals payable on non-cancellable operating leases due:		
Within 1 year	144,206	129,344
Later than 1 year but not later than 5 years	89,262	182,457
Total operating lease commitments	233,468	311,801
(ii) Minimum exploration and evaluation commitments		
In order to maintain current rights of tenure to exploration tenements, Ramelius is required to perform minimum exploration work to meet minimum expenditure requirements. These obligations are subject to renegotiation and may be farmed out or relinquished. These obligations are not provided for in the parent entity financial statements.		
Within 1 year	1,973,460	1,550,700
Later than 1 year but not later than 5 years	5,581,400	4,390,020
Later than 5 years	7,575,000	6,591,600
Total minimum exploration and evaluation commitments	15,129,860	12,532,320

(iii) Other commitments

Ramelius Resources Limited has contractual obligations for various expenditures such as royalties, production based payments, exploration and the cost of goods and services supplied to the parent entity. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business. These obligations are not provided for in the parent entity financial statements.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The directors are of the opinion that the recognition of a provision is not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

d) Contingent liabilities

(i) Mine development services

Mine development services relate to termination of contractor services that may, in certain circumstances, become payable. The maximum total contingent liability at 30 June 2011 under the services agreement is nil (2010: \$200,000).

(ii) Expenditure to earn mineral rights on tenements in addition to minimum exploration expenditure commitments

Exploration expenditure relates to periods up to 5 years (2010: 5 years) in accordance with terms set out in relevant agreements. During the earning period Ramelius is associated with other entities in joint ventures whereby Ramelius funds certain exploration expenditure of not less than \$2,250,000 before Ramelius may withdraw (which at 30 June 2011 had substantially been spent) and with \$538,997 (2010: \$10,897,673) yet to be incurred for the relevant interests to be earned.

(iii) Service agreements

Service agreements exist with executive officers and employees which termination benefits may, in certain circumstances, become payable. The maximum contingent liability is \$1,008,557 (2010: \$618,645).

(iv) Bank guarantees

Ramelius has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is \$246,900 (2010: \$236,900). These bank guarantees are fully secured by cash on term deposit.

e) Guarantees in relation to debts of subsidiaries

There were no guarantees provided in relation to debts of subsidiaries.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

33 BUSINESS COMBINATIONS

(a) Acquisition of Mt Magnet Gold NL

On 20 July 2010, Ramelius acquired 100% of the issued capital of Mt Magnet Gold NL ("Mt Magnet") for a cash consideration of \$35,346,500 plus replacement of environmental bonds of \$4,653,500 via bank guarantees.

The acquisition is part of the group's strategy of expanding its exploration and development portfolio. Through the acquisition of 100% of the issued capital of Mt Magnet, the group obtained control of the Mt Magnet. Mt Magnet owns various tenements which comprise the Mt Magnet Gold Project. The acquisition had the following effect on the group:

	Assets acquired \$	Fair value of assets \$
Purchase consideration		
Cash paid		35,346,500
Assets and liabilities held at acquisition date		
Exploration and evaluation assets	387,687	35,595,495
Property, plant, equipment and development	6,414,809	4,271,436
Inventories	807,777	672,498
Deferred tax assets	-	13,676,682
Trade and other payables	(81,476)	(91,347)
Current provisions	(11,869)	-
Deferred tax liabilities	-	(448,447)
Non-current provisions	(18,329,817)	(18,329,817)
Net assets	(10,812,889)	35,346,500

Mt Magnet NL contributed nil to group revenues and \$819,571 loss to consolidated profit after tax for the financial period commencing 20 July 2010 to 30 June 2011

(b) Acquisition and disposal of Dioro Exploration NL

On 30 July 2009, Ramelius announced an offer for the shares of Dioro Exploration NL ("Dioro") with consideration of two Ramelius shares for every one Dioro share held. The offer was extended several times and on 18 December 2009 the consideration was increased to 2.1 Ramelius shares for every Dioro share. The Dioro offer closed on 8 February 2010 and the group secured 34,352,544 Dioro shares representing a 37.51% stake of the target entity.

On 12 February 2010, the group accepted an offer from Avoca Resources Limited ("Avoca") for its interest in Dioro for a consideration of \$0.65 cash and 0.325 Avoca shares per Dioro share resulting in the receipt of \$22,329,154 in cash and 11,164,578 Avoca shares. All Avoca shares were subsequently sold at a price of \$1.80 per share for gross cash proceeds of \$20,096,240.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$

34 CHANGE IN PRESENTATION OF INCOME STATEMENT

The format of the Consolidated Income Statement has been modified in this reporting period to provide users with a more relevant view of the operations of the business. A Consolidated Income Statement for the current financial year ended 30 June 2011 in the previous presentation format (including comparatives) is shown below:

Revenue	148,105,370	61,271,067
Other income	5,697,455	9,830,364
Total revenue	153,802,825	71,101,431
Administrative expenses	(1,696,600)	(734,521)
Change in inventories	(846,884)	8,740,539
Consultant expenses	(127,000)	(141,840)
Depreciation and amortisation	(22,274,943)	(18,476,576)
Employment expenses	(1,471,990)	(1,343,664)
Impairment of exploration assets	(291,568)	(9,102,214)
Exploration costs written off	(801,860)	(361,955)
Foreign exchange losses	(134,654)	(25,778)
Listing expenses	(37,733)	(36,367)
Mining and milling expenses	(32,936,459)	(20,813,426)
Occupancy expenses	(71,633)	(38,762)
Other expenses from ordinary activities	(2,503,555)	(79,952)
Profit before income tax expense	90,607,946	28,686,915
Income tax expense	(28,206,924)	(8,488,220)
Profit after income tax expense	62,401,022	20,198,695

35 COMPANY DETAILS

The registered office and principal place of business of Ramelius is:

140 Greenhill Road
UNLEY SA 5061

RAMELIUS RESOURCES LIMITED

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2011

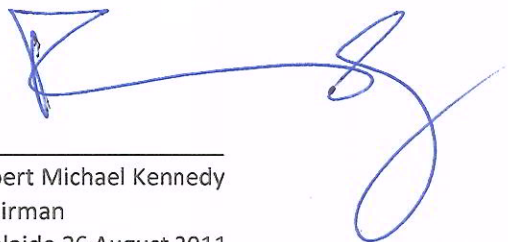
In the directors' opinion:

- a) the financial statements and notes set out on pages 17 to 64, are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated group's financial position as at 30 June 2011 and of its performance for the financial year ended on that date
- 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, and

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Australian Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

The declaration is made in accordance with a resolution of the directors.



Robert Michael Kennedy
Chairman
Adelaide 26 August 2011

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMELIUS RESOURCES LIMITED

We have audited the accompanying financial report of Ramelius Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report 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 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 are free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, 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 which require us to 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.

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 Company'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 Company'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 opinion.

Independence

In conducting our audit, we have complied with the 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 consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 8 to 15 of the directors' report for the year ended 30 June 2011. 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.



Grant Thornton

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Ramelius Resources Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

P S Paterson
Partner

Adelaide, 26 August 2011