

RAMELIUS
RESOURCES



RAMELIUS RESOURCES LIMITED
Interim Financial Report
31 December 2017
Incorporating Appendix 4D



RAMELIUS RESOURCES LIMITED

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RAMELIUS RESOURCES LIMITED

APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (RULE 4.2A)

Results for announcement to the market

ABN	Previous corresponding period
51 001 717 540	31 December 2016

Consolidated results for the half-year ended 31 December	2017 \$'000	2016 ¹ \$'000	Movement \$'000	Movement %
Revenue from ordinary activities	144,756	106,342	38,414	36%
Net profit before tax	21,116	17,954	3,162	18%
Net profit after tax	13,552	12,859	693	5%
Net profit after tax attributable to members	13,552	12,859	693	5%
Net asset backing per ordinary security (\$)	0.35	0.31	0.04	13%

¹ Comparative results reflect the treatment of Ramelius Milling Services Pty Ltd as a discontinued operation (refer Note 10 of the interim financial report).

This Appendix 4D is to be read in conjunction with recent ASX announcements, the 2017 Annual Report, the December 2016 Interim Financial Report and the Directors' Report.

There were no dividends paid in the half-year period ended 31 December 2017.

The directors do not propose to pay any dividend for the half-year ended 31 December 2017.

Operational highlights

- Completed the acquisition of Edna May Operations Pty Limited ("**Edna May**") from Evolution Mining Limited for a gross cash payment of \$40 million plus \$50 million in contingent consideration. Edna May operates the Edna May Gold Mine near Westonia in Western Australia. The acquisition significantly increases the group's production profile and Ore Reserves.
- Record group gold production in the half-year to 31 December 2017 of 91,162 ounces at an AISC ("All In Sustaining Cost") of A\$1,169 per ounce. This compared to 67,546 ounces at an AISC of A\$1,131 per ounce for the half-year to 31 December 2016. The increase in production from the prior corresponding period was the result of both the acquisition of Edna May and improved production from Mt Magnet and Vivien.
- Commenced mining activity in the Cosmos Mine Area at Mt Magnet which comprises the Milky Way, Stellar, and Stellar West open pit operations.
- Continued decline development at the Water Tank Hill underground mine with the decline reaching its planned depth at the 170 level.
- Vivien performed well during the half-year with record claimed mined ounces in the September 2017 quarter.
- Entered into an exploration farm-in and joint venture agreement with Newmont Mining Corporation in relation to the South Monitor gold project located in Nye County, Nevada USA. Under the agreement Ramelius may earn up to an 80% interest in the South Monitor gold project.
- Completed 7 reconnaissance RC holes at the Jupiter gold project in Nevada (USA) in which Ramelius has a 75% interest under a farm-in and joint venture agreement with Renaissance Gold Inc.

RAMELIUS RESOURCES LIMITED

APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (RULE 4.2A)

Financial and corporate highlights

- Cash and gold on hand at 31 December 2017 of \$61.8 million incorporating cash at bank of \$44.9 million and gold on hand of \$16.9 million (representing 10,101 ounces at the 31 December 2017 spot price of A\$1,674 per ounce).
- Nil corporate debt.
- Cash flow from operating activities was \$59.6 million which was impacted by one off Edna May acquisition costs. As at 31 December 2017 Ramelius held forward sales contracts for 142,500 ounces of gold at an average price of A\$1,713 per ounce deliverable up to October 2019.

Performance for the half-year ended 31 December	2017 \$'000	2016 ¹ \$'000	Movement \$'000	Movement %
Total sales revenue	144,756	106,342	38,414	36%
Cost of sales	(115,488)	(86,277)	(29,211)	(34%)
Gross profit	29,268	20,065	9,203	46%
Net profit after tax (NPAT)	13,552	12,859	693	5%
Basic EPS (cps)	2.57	2.49	0.08	3%
Diluted EPS (cps)	2.53	2.46	0.07	3%

1 Comparative results reflect the treatment of Ramelius Milling Services Pty Ltd as a discontinued operation (refer Note 10 of the interim financial report).

Cash flows for the half year ended 31 December	2017 \$'000	2016 \$'000	Movement \$'000	Movement %
Cash flow from operating activities ²	59,622	59,656	(34)	(0%)

2 Includes in one-off costs for the Edna May acquisition.

Financial position as at 31 December	2017 \$'000	2016 \$'000	Movement \$'000	Movement %
Net assets (\$000's)	183,959	164,484	19,637	12%
Current assets (\$000's)	103,396	110,603	(7,207)	(7%)

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Your directors present their report on the consolidated entity consisting of Ramelius Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors and company secretary

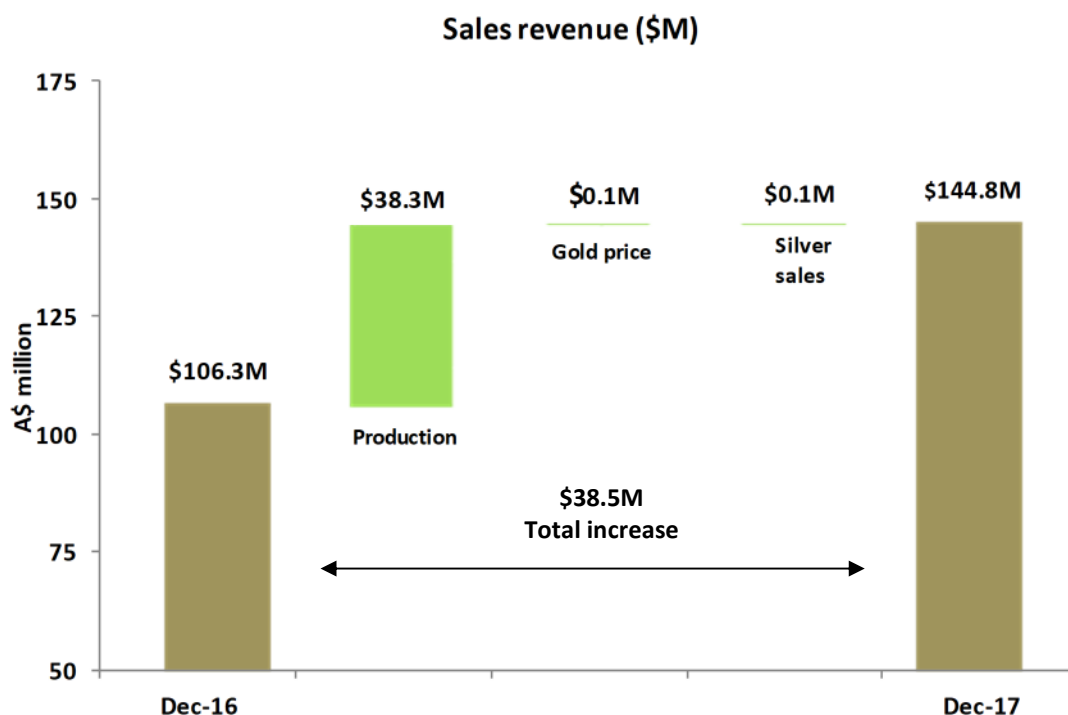
The directors and company secretary of Ramelius Resources Limited at any time during or since the end of the half-year are:

Robert Michael Kennedy	Independent Non-Executive Chairman
Mark William Zeptner	Managing Director
Kevin James Lines	Independent Non-Executive Director
Michael Andrew Bohm	Independent Non-Executive Director
Domenico Antonio Francese	Company Secretary

Review and results of operations

Financial

Sales revenue for the half-year ended 31 December 2017 was \$144.8 million which included gold sales of \$144.4 million from the sale of 88,069 ounces at an average realised price of A\$1,640 per ounce. This represents an increase of 36% from the prior year sales revenue of \$106.3 million which was a direct result of higher gold sales from both the acquisition of Edna May and improved production from Mt Magnet and Vivien.



RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Gross profit

Gross profit for the half-year ended 31 December 2017 was \$29.3 million, an increase of 46% from the previous corresponding period of \$20.1 million:

	2017 \$M	2016 ¹ \$M	Movement \$M	Movement %
Gross profit for the half year ended 31 December				
Sales revenue	144.8	106.3	38.5	36%
Cash cost of production	(82.4)	(54.7)	(27.7)	(51%)
Cash effect	62.4	51.6	10.8	21%
Amortisation and depreciation	(34.0)	(31.3)	(2.7)	(9%)
Inventory movements and write-downs	0.9	(0.2)	1.1	550%
Gross profit	29.3	20.1	9.2	46%

¹ Comparative results reflect the treatment of Ramelius Milling Services Pty Ltd as a discontinued operation (refer Note 10 of the interim financial report).

Profit after tax

A profit after income tax of \$13.6 million was recorded for the half-year ended 31 December 2017 compared to a profit after tax of \$12.9 million in the previous corresponding period. The reported profit after income tax for the half-year was impacted by Edna May acquisition costs of \$3.3 million which includes stamp duty & other costs of the transaction.

Operations

Mt Magnet (WA)

Mt Magnet is located in the Mid West region of Western Australia and operates multiple open pit mines as well as an underground operation. The Checkers Processing Plant is located at Mt Magnet which processes a blend of Mt Magnet and Vivien ores.

During the six-month period to 31 December 2017, mining operations commenced in the Cosmos area which encompasses Milky Way, Stellar, and Stellar West open pits. Pre-strip activities at these pits is now complete with high grade ore now being extracted and processed. Mining at the Titan open pit was completed in September 2017. Titan achieved its design depth and produced some excellent grades towards the base.

The open pit operations at Mt Magnet produced 494,111 tonnes of ore during the half-year at a grade of 1.58 g/t for contained gold of 25,051 ounces.

Mt Magnet also operates the Water Tank Hill underground mine. During the half-year development continued with the decline reaching its planned depth at the 170 level. Operations at Water Tank Hill mined 58,709 tonnes of high grade ore during the half-year at a grade of 5.59 g/t for contained gold of 10,550 ounces.

Vivien (WA)

The Vivien underground gold mine is located near Leinster in the Northern Goldfields of Western Australia. Ore from Vivien is hauled 300km to the Checkers Processing Plant at Mt Magnet for blending with Mt Magnet ore and processing.

Production at Vivien was excellent throughout the half-year with a record claimed mined ounces in the September 2017 quarter.

During the half-year 98,889 tonnes were mined at a grade of 8.64 g/t for contained gold of 27,461 ounces.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Checkers Processing Plant (Mt Magnet)

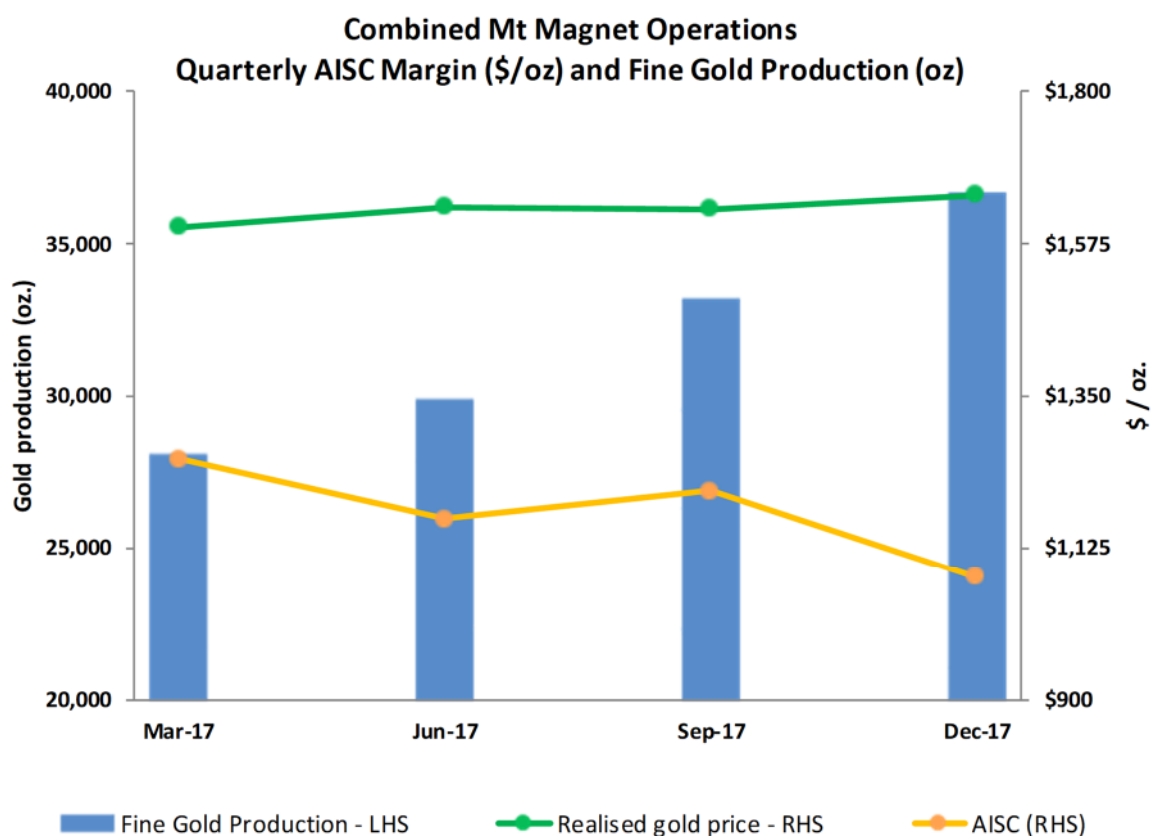
The Checkers Processing Plant performed well during the half-year with its second best quarterly head grade (2.64 g/t) recorded in the September 2017 quarter and its second highest tonnage throughput (513,069 tonnes) recorded in the December 2017 quarter.

A scheduled six-monthly shutdown of the mill was completed in July 2017 which included a SAG mill reline, conveyor repairs, and an upgrade of the primary crusher structure.

High tonnages were achievable in the December 2017 quarter due to a larger proportion of oxide ore available from the new Cosmos open pits.

During the half-year 940,042 tonnes were processed at a grade of 2.51 g/t and recovery of 94% for recovered gold ounces of 71,127. Fine gold poured for the half-year totalled 69,785 ounces.

The AISC per ounce for the half-year was \$1,141 per ounce.



RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Edna May Gold Mine (WA)

The reporting of the Edna May operations is for the period 3 October 2017 (acquisition date) to 31 December 2017.

Ramelius acquired the Edna May Gold Mine on 3 October 2017 from Evolution Mining Limited. The Edna May Gold Mine is located adjacent to the town of Westonia in the Eastern Wheatbelt region of Western Australia.

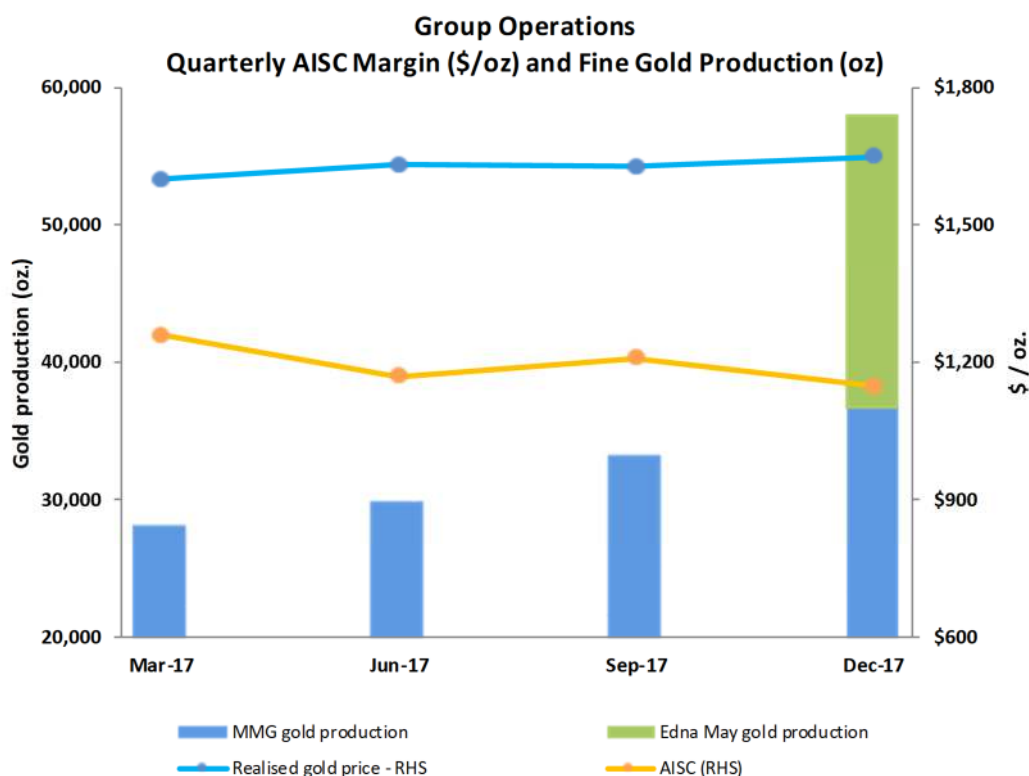
Since completion of the acquisition, Ramelius has moved quickly to put in place an improvement program for the operation which is aimed to both increase productivities and reduce costs. Initiatives already completed or underway include:

- Streamlining of the management team and organisational structure;
- Replacement of Evolution employment policies with Ramelius', which will lead to a reduction in costs;
- Review of truck haul distances and whether "early" completion of tailings storage facility earthworks is warranted;
- Assessment of blasting practices to improve fragmentation which in turn increases mill throughput;
- Bringing forward underground drill positions which enabled diamond drilling to start before the end of October 2017; and
- Rationalise the underground set-up in terms of power and pumping infrastructure.

The operations at Edna May mined 837,355 tonnes during the half-year at a grade of 1.03 g/t for contained gold of 27,618 ounces.

During the same period 713,106 tonnes were processed at a grade of 1.05 g/t and recovery of 93% for recovered gold of 22,587 ounces. Fine gold poured for the half-year totalled 21,377 ounces.

The AISC for the half-year were \$1,298 per ounce.



RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Project development

Greenfinch (Edna May)

The Greenfinch gold project, which has an existing JORC Resource, is located alongside the Edna May Gold Mine. Work is continuing on the pit optimisation and design parameters. Site layout planning has been carried out and the approvals process has commenced. Current scheduling suggests that Greenfinch is required to come on line during the September 2018 quarter to ensure maximum mining fleet efficiency and ore flow to the processing plant well into the 2019 calendar year.

Shannon (Mt Magnet)

The Shannon open pit cutback is expected to commence in the March 2018 quarter which has been brought forward in the life of mine schedule to allow earlier access to the potential Shannon underground.

Morning Star (Mt Magnet)

The Morning Star open pit is currently scheduled to commence following the Milky Way open pit. Morning Star design work has been completed and work is being carried out to refine the site layout and dump design which will flow into the Mining Proposal submission.

Exploration

Ramelius currently has a suite of Australian and two USA exploration projects at various stages of advancement. The focus during the half-year was predominantly exploration drilling at Mt Magnet.

Mt Magnet (WA)

An aggregate of 18,622m of exploratory RC drilling (GXRC1677 – 1777 plus selected re-entries) was completed at Mt Magnet during the half-year, primarily around Shannon, Zeus, and Brown Cow. Ramelius also completed 56,324m of reconnaissance Aircore drilling (GXAC1476 – 2253) throughout the broader Boogardie Basin.

Step out RC drilling and infill resource development drilling dominated the drilling programmes. Highly encouraging intersections continue to be returned immediately south of the Shannon resource.

Yandan Gold Project (QLD)

The Yandan North EPM is located 10km north and along strike of the abandoned Yandan gold mine which historically produced over 350,000 ounces of gold. An aggregate of 829m was drilled from two diamond drill holes (YNDD0003 – 0004). Disappointing results were returned and no further exploration is planned.

Coogee Joint Venture (NT) – Ramelius diluting

On 31 December 2017 a farm-in and joint venture agreement was executed with an unlisted exploration company to earn up to 80% interest in the Coogee project leases by spending \$2.1 million on exploration within five years.

Western Queen Joint Venture (WA) – Ramelius diluting

On 4 September 2017 a binding term sheet to form a farm-in and joint venture agreement was executed with Monax Mining Limited to earn up to 60% interest in the Western Queen project leases by spending \$2.0 million on exploration within three years.

Tanami Joint Venture Gold Project (NT) - Ramelius 85%

No field work was completed during the half-year.

Jupiter Farm-in & Joint Venture (Nevada) – Ramelius earning 75%

Ramelius may earn up to 75% interest in the Jupiter gold project, located in Nye County, Nevada USA, by spending US\$3.0 million on exploration within five years. The Jupiter gold project is owned by Renaissance Gold Inc (TSX.V: REN).

Ramelius completed seven reconnaissance RC holes for an aggregate 1,195m during the half-year. Highly encouraging anomalous gold intersections were returned within the jasperoidal blanket. Follow-up drilling will be planned.

RAMELIUS RESOURCES LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

South Monitor Farm-in & Joint Venture (Nevada) – Ramelius earning 80%

Ramelius may earn up to 80% interest in the South Monitor gold project, located in Nye Country, Nevada USA, by spending US\$8.0 million on exploration within eight years. The South Monitor gold project is owned by Newmont Mining Corporation. Deep diamond drill testing is scheduled to commence in the March 2018 quarter.

Corporate

Cash and gold on hand at 31 December 2017 was A\$61.8 million incorporating cash at bank of \$44.9 million and gold on hand of A\$16.9 million (representing 10,101 ounces at the 31 December 2017 spot price of A\$1,674 per ounce).

Ramelius continued to deliver gold into the spot market and its forward sales program during the half-year. As at 31 December 2017 Ramelius held forward sales contracts for 142,500 ounces of gold at an average price of \$1,713 per ounce deliverable up to October 2019.


Rounding of amounts

Ramelius Resources Limited is a type of company referred to in ASIC Legislative Instrument 2016/191 relating to the "rounding off" of amounts in the directors' report. Amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars in accordance with the instrument.

Auditors independence declaration

A copy of the auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* follows the Directors Report.

The Directors' Report is signed in accordance with a resolution of the directors.



Robert Michael Kennedy

Chairman

Adelaide

26 February 2018

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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 review of Ramelius Resources Limited for the half-year ended 31 December 2017. 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 26 February 2018

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RAMELIUS RESOURCES LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000
Sales revenue	3 (a)	144,756	106,342
Costs of production	3 (a)	(115,488)	(86,277)
Gross profit		29,268	20,065
Other income	3 (a)	5	1,789
Other expenses	3 (a)	(7,978)	(4,128)
Operating profit before interest income and finance costs		21,295	17,726
Interest income	3 (a)	485	598
Finance costs	3 (a)	(664)	(370)
Profit before income tax		21,116	17,954
Income tax expense	3 (b)	(7,564)	(5,128)
Profit from continuing operations		13,552	12,826
Profit from discontinued operations	10	-	33
Profit for the half year		13,552	12,859
		Cents	Cents
Earnings per share for profit from attributable to the ordinary equity holders of the company:			
Basic earnings per share		2.57	2.49
Diluted earnings per share		2.53	2.46

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

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	2017 \$'000	2016 \$'000
Profit for the half-year	13,552	12,859
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Change in fair value of available-for-sale assets	267	(29)
Other comprehensive income for the half-year, net of tax	267	(29)
Total comprehensive income for the half-year	13,819	12,830

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

RAMELIUS RESOURCES LIMITED

CONSOLIDATED BALANCE SHEET

		31 December 2017 \$'000	30 June 2017 \$'000
	Note		
Current assets			
Cash and cash equivalents		44,917	78,567
Trade and other receivables		6,192	1,914
Inventories	4	51,052	29,231
Other assets		1,235	891
Total current assets		103,396	110,603
Non-current assets			
Trade and other receivables		1,383	1,286
Other assets		399	412
Available-for-sale financial assets		151	292
Property, plant and equipment	5	57,428	19,239
Development assets	6	95,262	53,455
Exploration and evaluation expenditure	7	25,387	19,101
Deferred tax assets		37,633	30,944
Total non-current assets		217,643	124,729
Total assets		321,039	235,332
Current liabilities			
Trade and other payables		41,571	22,398
Provisions		5,176	2,714
Total current liabilities		46,747	25,112
Non-current liabilities			
Provisions		43,446	21,429
Contingent consideration		15,422	-
Deferred tax liabilities		31,465	18,989
Total non-current liabilities		90,333	40,418
Total liabilities		137,080	65,530
Net assets		183,959	169,802
Equity			
Share capital	8	149,120	149,122
Reserves		1,527	920
Retained earnings		33,312	19,760
Total equity		183,959	169,802

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

RAMELIUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED T 31 DECEMBER 2017

	Share capital \$'000	Share- based payment reserve \$'000	Available- for-sale reserve \$'000	Asset revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance 1 July 2016	125,080	84	(295)	634	2,085	127,588
Profit for the half-year	-	-	-	-	12,859	12,859
Other comprehensive income	-	-	(29)	-	-	(29)
Total comprehensive income for the half-year	-	-	(29)	-	12,859	12,830
Transactions with owners in their capacity as owners:						
Share capital	25,000	-	-	-	-	25,000
Transaction costs net of tax	(1,310)	-	-	-	-	(1,310)
Share based payments	-	376	-	-	-	376
	23,690	376	-	-	-	24,066
Balance 31 December 2016	148,770	460	(324)	634	14,944	164,484
Balance 1 July 2017	149,122	861	(575)	634	19,760	169,802
Profit for the half-year	-	-	-	-	13,552	13,552
Other comprehensive income	-	-	267	-	-	267
Total comprehensive income for the half-year	-	-	267	-	13,552	13,819
Transactions with owners in their capacity as owners:						
Share capital	-	-	-	-	-	-
Transaction costs net of tax	(2)	-	-	-	-	(2)
Share based payments	-	340	-	-	-	340
	(2)	340	-	-	-	338
Balance 31 December 2017	149,120	1,201	(308)	634	33,312	183,959

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 HALF-YEAR ENDED 31 DECEMBER 2017

	2017 \$'000	2016 \$'000
Cash flows from operating activities		
Receipts from sales	143,065	106,313
Payments to suppliers and employees	(83,883)	(47,285)
Interest received	444	618
Finance costs	(4)	(2)
Payments for derivatives	-	(80)
Net cash provided by discontinued operations	-	92
Net cash inflow from operating activities	59,622	59,656
Cash flows from investing activities		
Payment for acquisition of subsidiary, net of cash acquired	(39,653)	-
Payments for property, plant and equipment	(1,156)	(2,132)
Proceeds from sale of property, plant and equipment	-	5
Payments for mine development	(44,541)	(34,023)
Payments for available-for-sale financial assets	(17)	(15)
Proceeds from the sale of available-for-sale financial assets	200	-
Payment for site rehabilitation and demobilisation	-	(588)
Payments for mining tenements and exploration	(8,102)	(5,158)
Proceeds from sale of subsidiary	-	521
Net cash outflow from investing activities	(93,269)	(41,390)
Cash flows from financing activities		
Proceeds from issue of shares	-	25,000
Transaction costs from issue of shares	(3)	(1,871)
Net cash (outflow) / inflow from financing activities	(3)	23,129
Net (decrease) / increase in cash and cash equivalents	(33,650)	41,395
Cash at beginning of the half year	78,567	44,272
Effects of exchange rate changes on cash held in foreign currency	-	1
Cash and cash equivalents at end of the half-year	44,917	85,668

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 HALF-YEAR ENDED 31 DECEMBER 2017

1. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the group was particularly affected by the following transaction during the six months to 31 December 2017:

- The acquisition of Edna May Operations Pty Limited ("Edna May") from Evolution Mining Limited on 3 October 2017. Edna May operates the Edna May Gold Mine near Westonia in Western Australia. The acquisition significantly increases the group's production and Ore Reserves and compliments the group's existing Mt Magnet and Vivien operations. Acquisition related costs for the half-year, which have been expensed to the income statement, totalled \$3,348,000 for the half-year period.

2. SEGMENT INFORMATION

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 Managing Director, in order to make strategic decisions. The reportable operating segments reflect the group's current strategic business units.

The reportable segments are as follows:

- (i) Exploration;
- (ii) Mt Magnet; and
- (iii) Edna May.

The Managing Director monitors performance in these areas separately. Unless stated otherwise, all amounts reported to the 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.

Reportable segment performance for the six months ended 31 December 2017 and 31 December 2016 is set out below:

Half-year 2017	Mt Magnet \$'000	Edna May ¹ \$'000	Exploration \$'000	Total \$'000
Segment revenue				
Sales revenue	116,449	28,307	-	144,756
	116,449	28,307		144,756
Segment costs of production				
Costs of production	(93,105)	(30,330)	-	(123,435)
Amortisation & depreciation	(27,818)	(6,150)	-	(33,968)
Movements in inventory	(9,123)	9,994	-	871
Deferred costs	41,044	-	-	41,044
Total segment cost of production	(89,002)	(26,486)	-	(115,488)
Gross margin	27,447	1,821	-	29,268
Impairment and exploration write-off	-	-	(558)	(558)
Segment margin	27,447	1,821	(558)	28,710
Interest income				485
Finance costs				(664)
Other expenses				(7,415)
Profit before income tax from continuing operations				21,116

¹ Edna May joined the group on 3 October 2017.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Half-year 2016	Mt Magnet \$'000	Edna May \$'000	Exploration \$'000	Total \$'000
Segment revenue				
Sales revenue	106,342	-	-	106,342
Segment costs of production				
Costs of production	(79,474)	-	-	(79,474)
Amortisation & depreciation	(31,284)	-	-	(31,284)
Movements in inventory	(239)	-	-	(239)
Deferred costs	24,724	-	-	24,724
Allocated costs of production	(86,273)	-	-	(86,273)
Unallocated costs of production	-	-	-	(4)
Total segment cost of production	(86,273)	-	-	(86,277)
Gross margin	20,069	-	-	20,065
Impairment and exploration write-off	63	-	(962)	(899)
Segment margin	20,132	-	(962)	19,166
Interest income				598
Finance costs				(370)
Other expenses				(1,440)
Profit before income tax from continuing operations				17,954

3. PROFIT AND LOSS INFORMATION

Profit before tax includes the following revenue, income and expenses whose disclosure is relevant in explaining group performance:

(a) Significant items

	2017 \$'000	2016 \$'000
(i) Sales revenue		
Gold sales	144,426	106,145
Silver sales	258	166
Other	72	31
Total sales revenue from continuing operations	144,756	106,342
(ii) Costs of production		
Mining and milling production costs	60,889	41,390
Employee benefits expense	14,011	8,625
Royalty costs	7,491	4,739
Amortisation and depreciation	33,968	31,284
Inventory movements	(871)	239
Total cost of production from continuing operations	115,488	86,277

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	2017 \$'000	2016 \$'000
(iii) Other income		
Foreign exchange gains	5	2
Gain on sale of subsidiary	-	1,362
Gain on sale of tenements	-	425
Total other income from continuing operations	5	1,789
(iv) Other expenses		
Employee benefits expense	1,545	1,540
Equity settled share-based payments	340	377
Loss on derivative financial instruments	-	80
Foreign exchange losses	-	1
Exploration costs written-off	307	330
Loss on sale of non-current assets	-	16
Loss on sale of available for sale financial instruments	225	-
Amortisation and depreciation	52	34
Impairment of exploration and evaluation assets	558	632
Impairment (reversal) of development assets	-	(71)
Impairment of debtors	-	8
Edna May related acquisition costs	3,348	-
Other expenses	1,603	1,181
Total other expenses from continuing operations	7,978	4,128
(v) Net finance income / (expense)		
Interest costs and finance charges	(4)	(84)
Discount unwind on provisions / contingent consideration	(660)	(286)
Total finance costs	(664)	(370)
Interest income	485	598
Net finance costs (income) from continuing operations	179	228

(b) Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective income tax rate expected for the half-year period. The estimated average tax rate used for the half year ended 31 December 2017 is 36%, compared to 29% for the six months ended 31 December 2016. The effective tax rate is higher than 30% for the half-year due to non-deductible Edna May acquisition related costs, without these costs the effective rate would be 31%.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$'000	30 June 2017 \$'000
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4. INVENTORIES

Ore stockpiles	21,396	12,824
Gold in circuit	7,287	2,420
Gold bullion	11,531	9,300
Gold nuggets at cost	80	80
Consumables and supplies	11,125	4,607
Provision for impairment	(367)	-
Total inventories	51,052	29,231

5. PLANT AND EQUIPMENT

Property

Properties at fair value	4,517	1,618
Accumulated depreciation	(231)	(210)
Total property assets	4,286	1,408

Plant and equipment

Plant and equipment at cost	101,800	60,246
Accumulated depreciation	(48,658)	(42,415)
Total plant and equipment	53,142	17,831

Total property, plant and equipment	57,428	19,239
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Plant and equipment reconciliation

Balance at beginning of the period	17,831	19,121
Acquisition of subsidiary	40,398	-
Additions	1,156	4,863
Disposals	-	(21)
Depreciation	(6,243)	(6,132)
Total plant and equipment	53,142	17,831

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$'000	30 June 2017 \$'000
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6. DEVELOPMENT ASSETS

Development assets at cost	224,049	164,230
Accumulated amortisation	(128,787)	(110,775)
Total development assets	95,262	53,455
Reconciliation		
Balance at beginning of the period	53,455	60,634
Acquisition of subsidiary	26,189	-
Additions	43,361	43,392
Restoration and rehabilitation adjustment	-	(1,802)
Impairment	-	1,629
Transferred from exploration and evaluation expenditure	-	3,474
Amortisation	(27,743)	(53,872)
Total development assets	95,262	53,455

7. EXPLORATION AND EVALUATION EXPENDITURE

Exploration assets at cost	25,387	19,101
Reconciliation		
Balance at beginning of the period	19,101	7,784
Additions	6,844	15,423
Transferred to development assets	-	(3,474)
Impairment	(558)	(632)
Total exploration and evaluation expenditure	25,387	19,101

8. SHARE CAPITAL

	Shares	\$'000
Ordinary shares		
Share capital at 30 June 2016	475,234,248	125,080
Share capital during the year		
Shares issued under placement	50,000,000	25,000
Shares issued from exercise of options	1,500,000	373
Less cost of share issues (net of tax)		(1,331)
Share capital at 30 June 2017	526,734,248	149,122

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Shares	\$'000
Share capital during the half- year		
Shares issued from exercise of options	227,983	-
Less cost of share issues (net of tax)		(2)
Share capital at 31 December 2017	526,962,231	149,120

9. BUSINESS COMBINATION

(a) Summary of acquisition

On 3 October 2017 Ramelius Operations Pty Limited, a wholly owned subsidiary of Ramelius Resources Limited, acquired 100% of the issued share capital of Edna May Operations Pty Limited ("Edna May"). Edna May operates the Edna May Gold Mine near Westonia in Western Australia. The acquisition significantly increases the group's production and Ore Reserves and complements the existing Mt Magnet and Vivien operations.

	\$'000
Purchase consideration (refer to (b) below):	
Cash paid	40,000
Working capital adjustment	(334)
Contingent consideration	15,046
Total purchase consideration	54,712

The cash paid reported above comprises a payment of \$40 million which has been offset by working capital adjustments.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash	13
Trade and other receivables	1,077
Inventories	20,549
Other current assets	232
Properties	2,899
Plant and equipment	40,398
Development assets	26,189
Deferred tax assets	7,500
Trade and other payables	(13,876)
Provisions	(24,550)
Deferred tax liabilities	(5,719)
Net assets acquired	54,712

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

The above consideration and fair value of assets and liabilities acquired has been prepared on a provisional basis. The final working capital adjustment is currently being agreed upon with Evolution Mining Limited, the result of which could change the net consideration paid as well as the fair value of the assets and liabilities acquired.

There were no acquisitions in the half-year ended 31 December 2016 or the year ended 30 June 2017.

(i) *Significant estimate: contingent consideration*

The purchase consideration for Edna May included contingent consideration of:

- \$20,000,000 in cash or Ramelius shares, or a combination of both, at Ramelius' sole election, upon a Board approved decision-to-mine the Edna May Stage 3 open pit; and
- Royalty payments of up to a maximum of \$30,000,000 payable at \$60/oz from gold production over 200,000 ounces (or up to \$50,000,000 payable at \$100/oz if the Edna May Stage 3 open pit decision-to-mine is not Board approved).

The potential undiscounted amount payable under the agreement is between \$0 and \$50,000,000. The fair value of the contingent consideration of \$15,046,000 was estimated by calculation the present value of the future expected cash flows. The estimates are based on a discount rate of 10% and probability and risk profiles which reflect the three potential scenarios of:

- A stage 3 open pit decision-to-mine is made;
- A stage 3 open pit decision-to-mine is not made however production exceeds 200,000 ounces; and
- A stage 3 open pit decision-to-mine is not made nor is the 200,000 ounce production target met.

(ii) *Acquired receivables*

The fair value of acquired receivables is \$1,076,000. The gross contractual amount for trade receivables due is \$1,076,000 with no amounts considered to be uncollectible.

(iii) *Revenue and profit recognition*

The acquired business contributed revenues of \$28,307,000 and net profit after tax of \$1,270,000 to the group for the period from 3 October 2017 to 31 December 2017.

If the acquisition had occurred 1 July 2017, consolidated pro-forma revenue and net profit after tax for the half-year ended 31 December 2017 would have been \$181,961,000 and \$13,980,000 respectively. These amounts have been calculated using the subsidiary results and adjusting them for:

- Differences in accounting policies between the group and the subsidiary; and
- The changes in depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and development assets had applied from 1 July 2017, together with the consequential tax effects.

(b) **Purchase consideration – cash flow**

	2017 \$'000	2016 \$'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	39,666	-
Less: balances acquired		-
Cash	(13)	-
Net outflow of cash – investing activities	39,653	-

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

(iv) Acquisition-related costs

Acquisition-related costs of \$3,348,000 are included in other expenses on the income statement and in operating cash flows in the statement of cash flows.

(v) Contingent consideration

The contingent consideration arrangement requires the group to pay the former owner Evolution Mining Limited a royalty of either \$60 or \$100 per ounce and/or a payment of \$20,000,000 in cash or Ramelius shares as described at (i) of this note. The maximum amount payable under this arrangement is \$50,000,000. There is no minimum amount payable.

The fair value of the contingent consideration (at the time of acquisition) of \$15,046,000 was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 10% and probability adjusted production profiles. The liability is presented as non-current contingent consideration in the balance sheet.

As at 31 December 2017, there was an increase of \$376,000 recognised in the income statement for the contingent consideration arrangement which represents the unwinding of the discount rate.

10. DISCONTINUED OPERATIONS

Ramelius Resources Limited and Maximus Resources Limited (ASX: MXR), a related entity of the Chairman, signed a Purchase and Sale Agreement in August 2016 whereby Ramelius Milling Services Pty Ltd was sold for a total of \$2,500,000 which includes staged payments over a 24-month period.

Ramelius Milling Services Pty Ltd held the Burbanks processing facility. This decision was taken in line with the Group's strategy to focus on its producing operations. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the Income Statement.

	2017 \$'000	2016 \$'000
Operating profit of Ramelius Milling Services Pty Ltd are shown below:		
Income statement		
Sales and other revenue	-	122
Cost of production	-	(75)
Other expenses	-	-
Net finance costs	-	-
Profit from discontinued operations before tax	-	47
Income tax expense	-	(14)
Profit (loss) for year from discontinued operations	-	33
Cash flows generated by Ramelius Milling Services Pty Ltd are shown below:		
Operating activities	-	92
Net cash used in discontinued operations	-	92

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	2017 \$'000	2016 \$'000
The gain on sale of subsidiary is reconciled below:		
Cash received	-	527
Deferred consideration	-	1,976
Total proceeds received/receivable from sale of subsidiary	-	2,503
Net assets of discontinued operation	-	(1,141)
Gain on sale of subsidiary	-	1,362

11. COMMITMENTS

Gold delivery commitments

Forward sale contracts are accounted for as sale contracts with revenue recognised once gold has been physically delivered. The physical gold delivery contracts are considered a contract to sell a non-financial item and therefore do not fall within the scope of AASB 139 Financial Instruments: Recognition and Measurement. As a result no derivatives are required to be recognised. Forward gold sale contract delivery commitments are shown below:

	Gold for physical delivery Oz.	Average Contracted sales price \$/Oz.	Value of committed gold sales \$'000
As at 31 December 2017			
Within one year	98,000	1,719	168,507
Between one and five years	44,500	1,699	75,596
Total / weighted average	142,500	1,713	244,103
As at 30 June 2017			
Within one year	67,000	1,715	114,896
Between one and five years	35,000	1,703	59,601
Total / weighted average	102,000	1,711	174,497

12. CONTINGENCIES

(a) Contingent liabilities

The following changes to contingent liabilities have arisen since 30 June 2017:

Bank guarantees

The group has negotiated a number of bank guarantees in favour of various government authorities, community representative bodies and service providers. The total nominal amount of bank guarantees at the reporting date is \$4,187,000 (30 June 2017: \$2,687,000). These bank guarantees are fully secured by cash on term deposit.

RAMELIUS RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Contingent consideration – Edna May

The maximum potential contingent consideration resulting from the acquisition of Edna May is \$50,000,000. As at 31 December 2017 a liability of \$15,422,000 (which includes the unwind of the discount rate) has been recorded on the balance sheet for reasons disclosed in note 9 above.

13. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2017 that have significantly affected, or may significantly affect:

- (a) The group's operations in future financial years,
- (b) The results of operations in future financial years, or
- (c) The group's state of affairs in future financial years.

14. BASIS FOR PREPERATION OF HALF-YEAR REPORT

The consolidated interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Ramelius during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Management has reviewed a number of new or amended standards that became applicable for the current reporting period and has considered the impact of standards issued but not yet applied by the entity in the period. As a result, the group did not have to change its accounting policies or make retrospective adjustments as a result of these standards and there was no material effect on the classification or presentation of balances.

RAMELIUS RESOURCES LIMITED

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes, set out on pages 10 to 24, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated group as at 31 December 2017 and of its performance for the half-year ended on that date, and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and
- (b) there are reasonable grounds to believe that Ramelius Resources Limited will be able to pay its debts as and when they become due and payable.

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



Robert Michael Kennedy

Chairman

Adelaide

26 February 2018

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Independent Auditor's Review Report To the Members of Ramelius Resources Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Ramelius Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Ramelius Resources Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors' Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ramelius Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 26 February 2018