

28 October 2010

Company Announcements Office  
ASX Limited

Dear Sir/Madam

**RE: ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

During the quarter RMG Limited ("RMG" or "Company") completed a placement of 75,000,000 shares at an issue price of 0.4 cents to raise \$300,000. RMG also lodged a Prospectus for a pro-rata non-renounceable entitlement issue on a 1 for 6 basis to raise approximately \$391,504 (before expenses). The entitlement issue has been fully underwritten by Forrest Capital Pty Ltd who have been mandated to work with RMG to assist in the growth of the activities of the Company.

The Company continues to undertake work on its existing assets but is actively reviewing new projects for farm-in, acquisition and/or investment. Forrest Capital will work with RMG to assist in the identification and review of these opportunities.

**SOUTH AUSTRALIA**

RMG holds exploration licences 3812 and 3813 over an area of 588 km<sup>2</sup> East of Copley in South Australia.

**EL 3812: 100% Mt Coffin**

There was no field activity during the quarter.

**EL 3813: 100% Wearing Gorge**

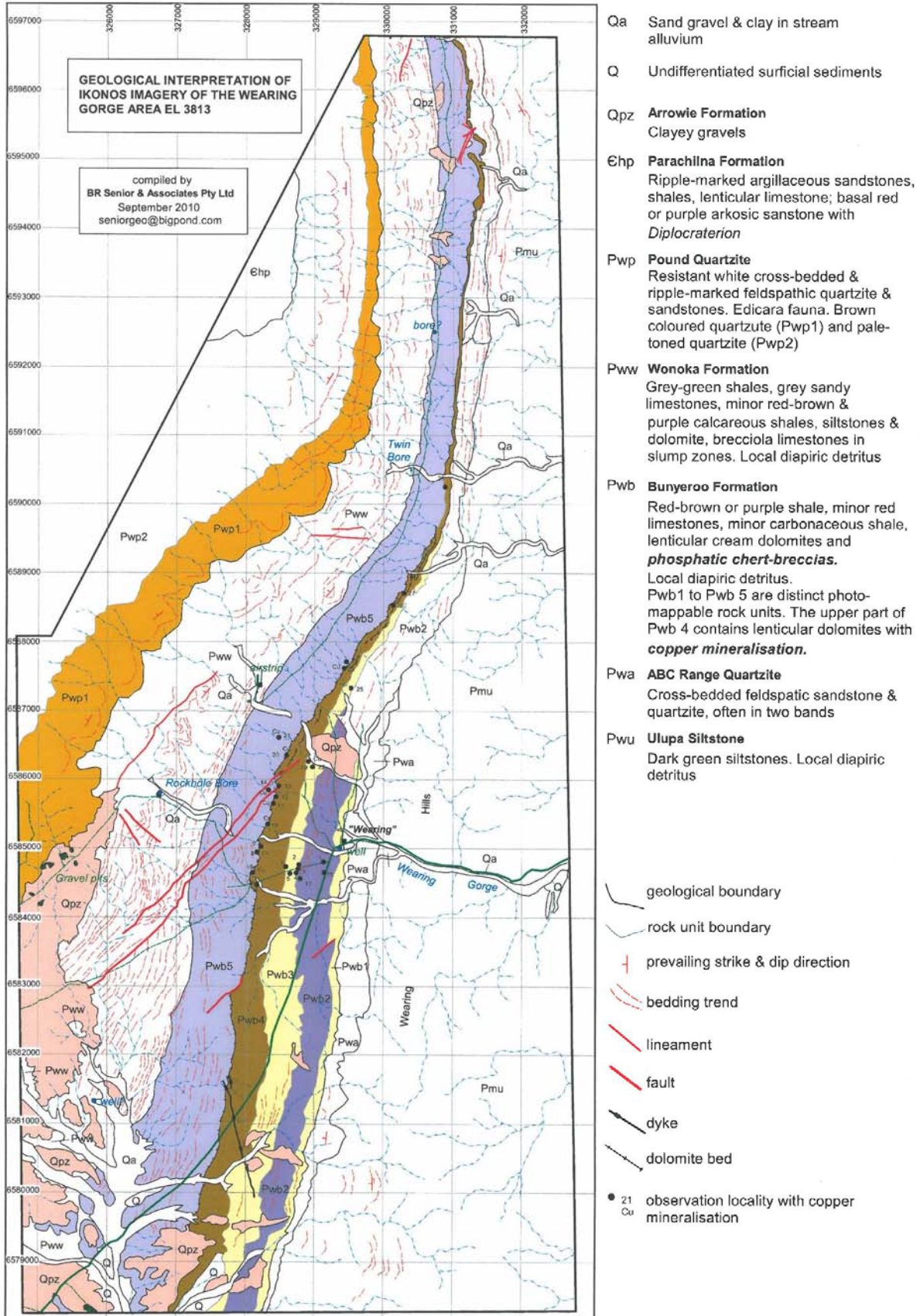
Current exploration at Wearing Gorge is focusing on a north trending zone of historic copper workings and occurrences that extend for a distance of approximately 11km.

The Wearing Gorge EL sits on the Eastern side of the Flinders Range in a mineralised region known to contain base metals and uranium.

During the quarter the company completed interpretation of satellite imagery over the entire exploration license. See Figure 1.

Results have identified that copper mineralisation occurs in thin dolomite beds that lie in the uppermost part of the Proterozoic Bunyeroo Formation. The formation can be traced from north to south across the entire tenement area.

Native title heritage clearance is due to be completed early in the current quarter. Geological reconnaissance and an RAB drilling program will follow. The drilling program will be sited along the north trending strike of semi-continuous dolomite beds and lenses that extend for a distance of about 11km.



**Figure 1:**

# RMG Limited

Results of a previous stream sediment sampling program within EL3813 were also received during the quarter.

Results are encouraging and will be followed up during the upcoming exploration program.

	As	Cu	Pb	Ti	Zn	Bi	Sb	U	W
<b>UNITS</b>	ppm	Ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
<b>DETECTION LIMIT</b>	3	2	5	10	2	0.1	0.5	0.1	0.5
<b>RMG01</b>	8	27	25	5600	105	0.6	1	3.6	2.5
<b>RMG02</b>	10	28	40	5900	115	0.5	1	3.4	2.5
<b>RMG03</b>	6	37	25	6200	110	0.4	1	3.3	2
<b>RMG04</b>	8	38	20	6300	115	0.4	0.5	3.3	2
<b>RMG05</b>	10	33	20	6300	110	0.5	0.5	3.6	1.5
<b>RMG06</b>	8	41	20	6700	120	1	0.5	3.5	2
<b>RMG07</b>	8	46	25	6700	115	0.6	0.5	3.4	2
<b>RMG08</b>	8	22	25	5700	105	0.6	0.5	3.4	2
<b>RMG09</b>	10	25	25	5600	110	0.5	0.5	3.2	2.5
<b>RMG10</b>	8	39	20	6300	115	0.6	1	3.5	2.5
<b>RMG11</b>	10	45	25	7600	130	0.5	0.5	3.3	2.5
<b>RMG12</b>	8	22	20	3600	75	0.5	0.5	2.8	1.5
<b>RMG13</b>	16	34	20	4800	80	0.8	1	3.3	1.5
<b>RMG14</b>	16	37	20	4800	80	0.7	1	3.4	1.5
<b>RMG15</b>	18	36	20	4900	85	0.7	1	3.4	1.5
<b>RMG16</b>	8	23	20	4000	95	0.6	1	3.5	2
<b>RMG17</b>	6	42	20	5900	120	0.5	0.5	3.4	1.5
<b>RMG18</b>	8	40	20	6500	125	0.4	0.5	3.5	1.5
<b>RMG19</b>	8	35	20	6200	115	0.4	1	3.5	2.5
<b>RMG20</b>	8	31	20	6600	105	0.4	0.5	3.7	2.5
<b>RMG21</b>	10	22	30	5100	110	0.5	1	3.2	2.5
<b>RMG22</b>	10	21	25	4500	100	0.4	0.5	3.1	2
<b>RMG23</b>	8	21	20	3800	80	0.4	0.5	3.3	2
<b>RMG24</b>	8	25	25	3900	95	0.6	1	3.5	2
<b>RMG25</b>	10	27	25	3900	105	0.6	0.5	3.5	1.5

**John Risinger**  
 Managing Director  
 (08) 9467 2049

**Competent Persons Statement**

*The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the principal of AI Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.*

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

RMG LIMITED

ABN

51 065 832 377

Quarter ended ("current quarter")

30 September 2010

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	1	1
1.2 Payments for		
(a) exploration & evaluation	(43)	(43)
(b) development	-	-
(c) production	-	-
(d) administration	(108)	(108)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – exploration permit recoveries upon relinquishment)	13	13
<b>Net Operating Cash Flows</b>	<b>(134)</b>	<b>(134)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:	-	-
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:	-	-
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(134)</b>	<b>(134)</b>

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**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(134)	(134)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	300	300
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>300</b>	<b>300</b>
	<b>Net increase (decrease) in cash held</b>	<b>166</b>	<b>166</b>
1.20	Cash at beginning of quarter/year to date	1,276	1,276
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>1,442</b>	<b>1,442</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	69
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions (\$A'000)

Remuneration paid to director for exploration company \$32.  
 Director's fees paid \$36.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

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**Appendix 5B**  
**Mining exploration entity quarterly report**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	75
4.2 Development	-
4.3 Production	-
4.4 Administration	80
<b>Total</b>	<b>155</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	341	176
5.2 Deposits at call	1,101	1,100
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,442</b>	<b>1,276</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

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**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	587,257,365	587,257,365	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	75,000,000	75,000,000	N/A	N/A
7.5 +Convertible debt securities (description)	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options (description and conversion factor)	8,750,000	-	<i>Exercise price</i> 5.0 cents	<i>Expiry date</i> 30 June 2012
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (totals only)	-	-		
7.12 Unsecured notes (totals only)	-	-		

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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Gary Steinepreis  
Director  
28 October 2010

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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