

For personal use only

**RMG LIMITED (ABN 51 065 832 377)
AND CONTROLLED ENTITIES**

Interim Report –for the half-year ended 31 December 2010

CONTENTS

	Page
Corporate directory	1
Directors' report	2
Auditor's independence declaration	4
Interim financial statements	5
Directors' declaration	13
Independent review report to the members	14

Corporate Directory

Directors	Gary Christian Steinepreis Mark Ellis Stevenson John Ernest Risinger
Company Secretary	Gary Christian Steinepreis
Registered Office	Unit 8-9, 88 Forrest Street Cottesloe WA 6011 Telephone: 08 6461 6840
Share Register	Computershare Investor Services Pty Limited Level 2, 45 St George's Terrace Perth WA 6000 Telephone: 1300 787 575
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO WA 6008
Bankers	Westpac Banking Corporation 109 St George's Terrace Perth WA 6000
Stock Exchange Listing	RMG Limited's shares are listed on the Australian Securities Exchange. ASX Code: RMG

Directors' Report

Your directors present their report on the consolidated group (**RMG Group or the Group**) for the half-year ended 31 December 2010.

Directors

The following persons were directors of RMG Limited during the half-year and up to the date of this report:

Gary Christian Steinepreis
John Ernest Risinger
Mark Ellis Stevenson

Principal Activities

During the half-year the principal activities of the Group consisted of:

- exploration for minerals through its wholly owned subsidiaries San Saba Pty Ltd and Resource Mining Group Pty Ltd (formerly Springfield Minerals Pty Ltd); and
- contingency collections and realisation from acquired debt portfolios. The return from the debt portfolios continues to be a diminishing source of revenue.

Review of Operations

During the half-year the Group made a loss from continuing operations of \$187,334. Additional information on the financial position of the Group is set out in the financial statements.

Report on Exploration Activity

RMG, through its wholly owned subsidiaries Resource Mining Group Pty Ltd and San Saba Pty Ltd has continuing interests at the Mt Coffin and Wearing Gorge Projects in the Northern Flinders Range in South Australia. During the half year the company continued with exploration at the Mt Coffin and Wearing Gorge Projects.

Resource Mining Group Pty Ltd holds Exploration Licences 3812 and 3813 over an area of 555 km² east of Copley.

EL 3812: 100%

Mt Coffin

At Mt Coffin, during the half year a field reconnaissance, rock chip sampling and XRF analysis program was undertaken on the Bold Hill component of EL 3812. The results of this work are not yet available. This is adjacent to the Angepina gold field which is 4-6kms west of the tenement. There is a magnetic feature in the tenement area with a coincident high gravity expression that warrants further exploration.

geological mapping, field work, and previous drilling has shown the copper mineralisation is more extensive than previously thought and several copper veins have been intersected in the uppermost secondary ore zone.

EL 3813: 100%

Wearing Gorge

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

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. During the period the Company completed interpretation of satellite imagery over the entire exploration licence. This has been followed up with a program that included rock chip sampling, XRF analysis and a short RAB drilling program where access was possible without having to undertake earthworks.

Matters subsequent to the end of the Half-Year

Since 31 December 2010 there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of directors.



Gary Steinepreis
Director
Perth
15 February 2011

For personal use only

15th February 2011

The Directors
RMG Limited
Unit 8-9, 88 Forrest Street
Cottesloe WA 6011

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF RMG LIMITED

As lead auditor for the review of RMG Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of RMG Limited and the entities it controlled during the period.



Brad McVeigh
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

For personal use only

RMG Limited and Controlled Entities
Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2010

	Notes	December 2010 \$	December 2009 \$
Other income	3	39,959	32,970
Expenses			
Audit and taxation services		17,207	16,718
Administration costs		58,026	57,265
Employment expenses		65,400	60,000
Independent consulting fees		4,953	23,335
ASX, share registry and ASIC Fees		26,405	34,509
Write-off exploration expenses		-	(17,528)
Other expenses		1,302	10,180
Director's fees		54,000	54,000
		227,293	238,479
Loss and other comprehensive income for the half-year from continuing operations		(187,334)	(205,509)
Loss and other comprehensive income attributable to the members of RMG Limited and Controlled Entities		(187,334)	(205,509)
		Cents	Cents
Loss per share attributable to the ordinary equity holders of the Group:			
Basic loss per share		(0.04)	(0.04)

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

For personal use only

RMG Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2010

	Notes	31 December 2010 \$	30 June 2010 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,643,702	1,277,873
Trade and other receivables		53,944	37,524
Total current assets		1,697,646	1,315,397
Non-current assets			
Exploration expenditure	5	741,144	665,662
Total non-current assets		741,144	665,662
Total assets		2,438,790	1,981,059
LIABILITIES			
Current liabilities			
Trade and other payables		88,476	70,552
Total current liabilities		88,476	70,552
Total liabilities		88,476	70,552
Net assets		2,350,314	1,910,507
EQUITY			
Contributed equity	4(a)	133,399,514	132,772,373
Reserves	4(b)	127,700	127,700
Accumulated losses	4(c)	(131,176,900)	(130,989,566)
Total equity		2,350,314	1,910,507

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

For personal use only

RMG Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2010

Attributable to owners of RMG Limited

Consolidated	Contributed equity	Option Premium Reserve	Accumulated losses	Total
Balance at 1 July 2009	132,772,373	263,325	(130,739,150)	2,296,548
Loss for the period	-	-	(205,509)	(205,509)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	-	-	-	-
Balance at 31 December 2009	132,772,373	263,325	(130,944,659)	2,091,039
Balance at 1 July 2010	132,772,373	127,700	(130,989,566)	1,910,507
Loss for the period	-	-	(187,334)	(187,334)
Total comprehensive income/loss for the half- year	-	-	(187,334)	(187,334)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	627,141	-	-	627,141
Balance at 31 December 2010	133,399,514	127,700	(131,176,900)	2,350,314

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

For personal use only

RMG Limited and Controlled Entities
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2010

	December 2010 \$	December 2009 \$
Cash flows from operating activities		
Receipts from customers	1,110	2,979
Payments to suppliers and employees	<u>(242,590)</u>	<u>(233,102)</u>
Net cash outflow from operating activities	<u>(241,480)</u>	<u>(230,123)</u>
Cash flows from investing activities		
Interest received	13,392	5,237
Exploration expenditure incurred	<u>(33,225)</u>	<u>(70,180)</u>
Net cash outflow from investing activities	<u>(19,833)</u>	<u>(64,943)</u>
Cash flows from financing activities		
Proceeds from issue of shares	691,505	-
Cost of capital raising	<u>(64,363)</u>	<u>-</u>
Net cash inflow from financing activities	<u>627,142</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	365,829	(295,066)
Cash and cash equivalents at the beginning of the half-year	1,277,873	1,702,765
Cash and cash equivalents at the end of the half-year	<u>1,643,702</u>	<u>1,407,699</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

For personal use only

1 Basis of preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB134, *Interim Financial Reporting* and the *Corporations Act 2001*.

This 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 2010 and any public announcements made by the Group during the interim reporting 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 period.

2 Segment Information

Business Segment

Management has determined that the Group has one reporting segment being mineral exploration. As the Group is focused on mineral exploration, management make resource allocation decisions by reviewing the working capital balance, comparing cash balances to committed exploration expenditure and the current results of exploration work performed. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date and capital available to the Group.

The exploration assets as presented relate to the reporting segment, as identified above. All revenue and expenses relate to corporate activities and would not be used to assess segment performance.

3 Revenue	2010	2009
	\$	\$
<i>Other income</i>		
Debt collection activities	1,110	3,204
Interest received	38,849	29,766
	<u>39,959</u>	<u>32,970</u>

4 Equity

(a) Share Capital	31December 2010 Shares Number	31December 2010 \$	31December 2009 Shares Number	31December 2009 \$
Ordinary shares fully paid	685,133,592	133,399,514	512,257,365	132,772,373
	31 December 2010 Number	31December 2010 \$	31 December 2009 Number	31 December 2009 \$
(b) Other Equity Securities				
Options exercisable at 2.5 cents on 30 June 2010 (e)	-	-	-	-
Options exercisable at 5 cents on 30 June 2012	8,750,000	127,700	8,750,000	127,700

(c) Movement in Accumulated Losses

	December 2010 \$	December 2009 \$
Balance at the beginning of the period	(130,989,566)	(130,739,150)
Net Loss for the Period	(187,334)	(205,509)
Balance at the end of the Period	<u>(131,176,900)</u>	<u>(130,944,659)</u>

(d) Movement in Ordinary Share Capital 2010 and 2009

Date	Details	Number of shares	Amount \$
01/07/10	Opening balance	512,257,365	132,772,373
13/09/10	Placement	75,000,000	300,000
01/11/10	Entitlement Issue	97,876,227	391,504
	Capital raising costs	-	(64,363)
31/12/10	Balance	<u>685,133,592</u>	<u>133,399,514</u>

There were no movements in share capital in the period to 31 December 2009.

For personal use only

(e) Movement in Options

The 8,750,000 options were not converted and expired on 30 June 2010. The attached option premium reserve amount of \$135,625 was transferred to accumulated losses on 30 June 2010.

5 Other Non-Current Assets – Exploration Expenditure

	December 2010	June 2010
	\$	\$
Balance carried forward	665,662	626,090
Exploration expenditure capitalised net of cost recoveries, exploration and evaluation phase	75,482	49,312
Exploration expenditure written-off, net of cost recoveries	-	(9,740)
	741,144	665,662

Exploration Licences are carried at cost of acquisition.

Ultimate recoupment of the carrying amount of exploration assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas.

Capitalised costs amounting to \$33,225 (2009:\$70,180) have been included in cash flows from investing activities in the statement of cash flows.

6 Commitments for Expenditure

In order to maintain the mineral covenants in which the company and other parties are involved, the Company is committed to fulfil the minimum annual expenditure requirements under which the covenants are granted. The minimum annual expenditure commitment for the areas held by San Saba Pty Ltd and Resource Mining Group Pty Ltd and where title (including native title clearance) has been granted, is \$350,000 (30 June 2010: \$350,000).

7 Events occurring after the balance date

There have been no material items, transactions or events subsequent to 31 December 2010 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.

To the best of the Director's knowledge and belief there have been no material items, transactions or events to 31 December 2010 which, although they do not relate to conditions existing at that date, have not been dealt with in this report and which would cause reliance on the information shown in this report to be misleading.

For personal use only

8 Contingent Liabilities

Since the last annual reporting date there has been no material change of any contingent liabilities or contingent assets.

9 Related Parties

Related parties and related party transactions are consistent with those at 30 June 2010 and which were detailed in the annual report.

For personal use only

In the directors' opinion:

- 1 the financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial half-year ended on that date; and
- 2 there are reasonable grounds to believe that the Group 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.



Gary Steinepreis
Director
Perth
15 February 2011

For personal use only



Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RMG LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RMG Limited, which comprises the Statement of Financial Position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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 RMG 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of RMG Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

For personal use only



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RMG Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO
BMV/1

Brad McVeigh
Director

Perth, Western Australia.
Dated this 15th day of February 2011

For personal use only