RMG Limited

ABN 51 065 832 377

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Company Announcements Office
Australian Securities Exchange

By e-Lodgement

ACQUISITION OF KAMARGA ZINC PROJECT

SUMMARY

- **RMG Limited (RMG) has agreed to purchase the entire share capital of Sunlander Nominees Pty Ltd (Sunlander). The consideration is the issue of RMG ordinary shares and performance shares.**
- **Sunlander has an exclusive right to earn up to 100% of the Kamarga Zinc project from Teck Australia Pty Ltd (Teck) pursuant to a FarmIn Agreement.**
- **Teck to become an RMG shareholder under the FarmIn Agreement.**
- **The FarmIn Agreement is conditional upon RMG issuing the shares to Teck, and Sunlander assuming the obligations of certain Native Title Agreements. The Conditions must be fulfilled by 30 April 2011.**
- **Kamarga's JB zinc zone hosts wide intersections of low grade zinc and lead within which are higher grade zones of 5% to 20% zinc[1].**
- **The Company is targeting a Geological Target of 5-15Mt @ 5-10%Zn[2].**
- **The JB zinc mineralisation is 25kms southeast from the Century Zinc mine which may be in short supply of zinc ore in 2015[3] (MMG, 2010).**
- **RMG has firm commitments to raise approximately $1.5m at 1 cent per share with a one for one free option attached.**
- **Board and management team strengthened.**

Kamarga Project

Location

Figure 1 shows the location of the Kamarga Project (EPM14309) near Lawn Hill in north-west Queensland. The Project is located 25kms south-east from the world's second largest open pit zinc mine, the Century zinc mine now operated by MMG. MMG has disclosed that the Century mine may be in short supply of zinc ore in 2015[3].

In the near vicinity of the Project there is excellent infrastructure:

- Power
- Slurry pipeline for zinc concentrates
- Roads

[1] Copper Strike Prospectus (ASX:CSE) Nov 2004

[2] The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource. The conceptual size of the target is referenced in Jones et al, 1999; The Kamarga Deposit. In Mineral Deposits: Processes to Processing, Stanley et al (eds). pp873-876.

[3] MMG Presentation May 2010 – MMG Business Review 2009 – www.mmgroupltd.com

The project area is not located within any high impact areas of the Wild Rivers Act (Qld) or within any known cultural, heritage or environmental exclusion zones.

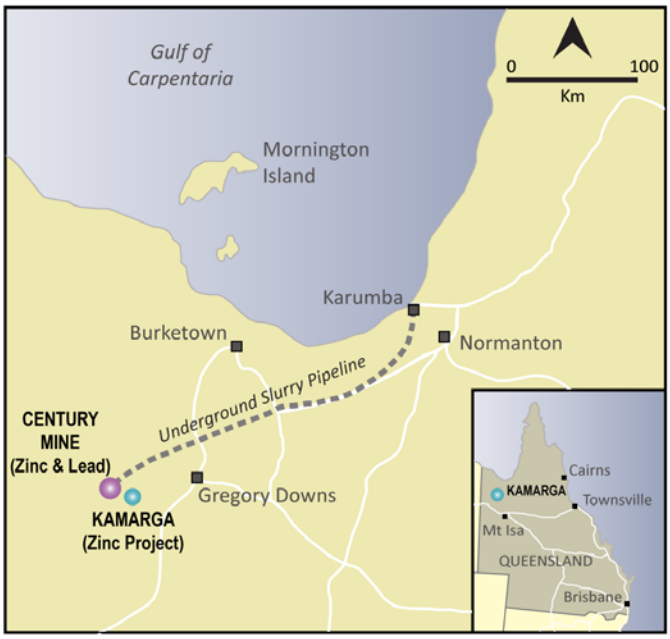

Figure 1 Location of Kamarga project

History

The zinc mineralisation in the Kamarga area was first discovered by Newmont in 1974 through follow-up of zinc anomalies in stream sediment samples. Whilst the first four holes in 1975-1976 did not intersect any mineralisation, KD3 drilled by the Newmont-CRA Joint Venture in 1977 discovered the JB deposit. A total of 14 diamond holes were drilled by the JV in the period 1977-1984, which outlined a Geological Target of around 40-60 million tonnes at an average grade of 2-3%Zn, within which is a higher grade Geological Target of 5-15Mt @ 5-10% Zn[4].

Mt Isa Mines Ltd ("MIM") explored the property from 1991–1993 and in joint venture with North Mining from 1994-1996. MIM's drilling was focused on identifying new mineralisation to the south-west and south of JB (Stonemouse and Devils Gossan respectively). MIM did not undertake any drilling at the JB prospect. A number of areas of interest were identified for further work.

Copper Strike acquired the lease from Teck in 2005 and drilled 3 holes, of which KD19 and KD22 targeted the JB mineralisation on one section. The full results are available on Copper Strike's website, including the results for KD19 which intersected 22m @ 5% Zn+Pb. In 2010 Copper Strike returned the tenement to Teck.

[4] Copper Strike Prospectus (ASX:CSE) Nov 2004

HoleId	Depth From	Length	Zn Grade	Pb Grade
	m	m	%	%
KD019	177	10	3.17	0.26
	206	22	4.07	0.96
	240	5	4.15	2.19
	250	2	3.84	0.50
KD022	No significant intersection			

Table 1 Copper Strike drilling results

Figure 2 shows the general geology and the collars of all past drill holes. The figure also shows the locations of the major targets identified by the previous explorers.

Mineralisation

The JB zinc mineralisation is stratabound zinc-lead mineralisation hosted by dolomites and dolomitic siltstones of the Palaeoproterozoic Gunpowder Formation within the Macnamara Group. The Macnamara Group sediments in north-west Queensland are host to the world class Mount Isa Zn-Pb-Ag, George Fisher Zn-Pb-Ag, Mount Isa Copper, and Century Zn-Pb mines.

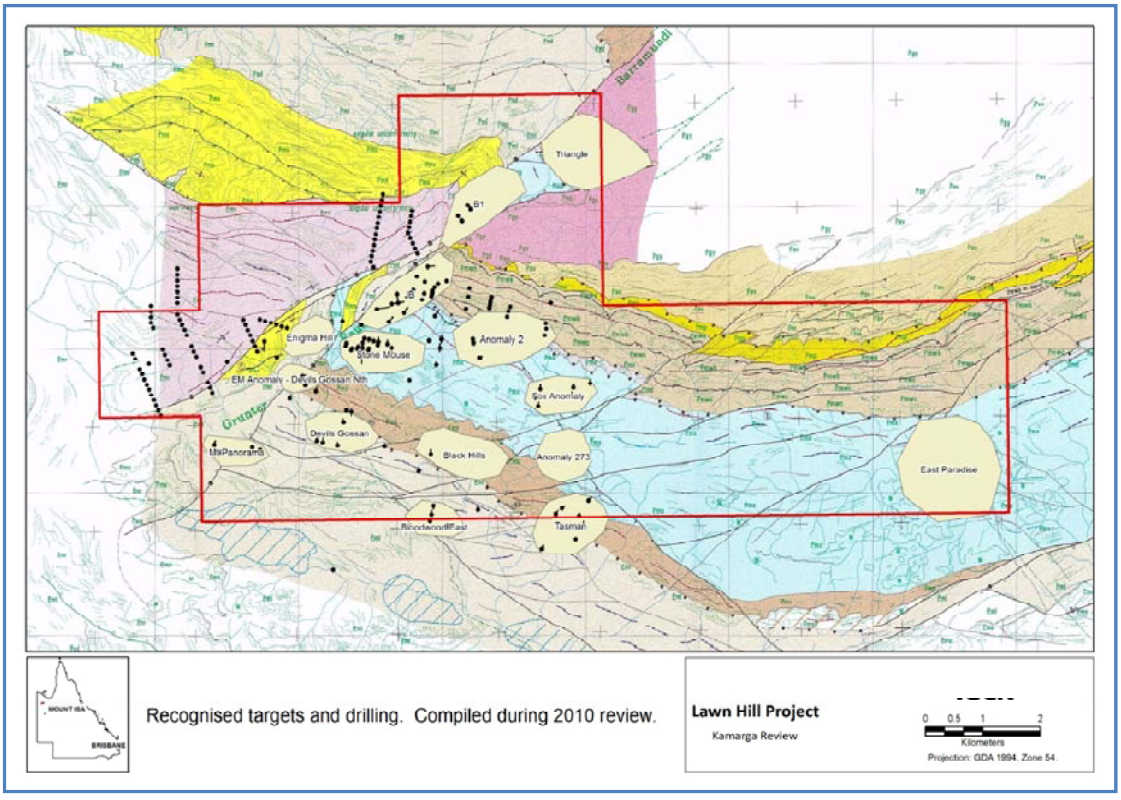

Figure 2 Location of exploration targets

At Kamarga, the zinc mineralisation occurs as disseminations and replacement of two specific members of the Gunpowder Formation. The mineralisation occurs over a thickness of 100m and extends east from the Grunter-Bream Fault for at least 1500m and for about the same distance down dip[5]. The Gunpowder Formation dips around 20deg to the southwest.

[5] Jones et al 1999; The Kamarga Deposit. In Mineral Deposits: Processes to Processing, Stanley et al (eds). Pp873-876

The historical drilling by Newmont and Copper Strike has identified a higher grade zone of mineralisation at a depth of 100m below surface which will be the target for further exploration and drilling.

Targets

The JB zinc mineralisation is the priority target for exploration. As shown in Figure 3, within the area defined as the zinc target there are only six drill holes over a strike length of 600m and width of 100m that intersect the target zone. Four of these holes were drilled by Newmont in 1978-82 and are no longer available for re-sampling and logging.

D. Jones was the supervising geologist for Newmont and published a paper on the Kamarga Deposit (Jones et al, 1999). In this paper he discloses a Geological Target of 40-60Mt @ 2-3% Zn within which is a higher grade Geological Target of 5-15Mt @ 5-10% Zn[6].

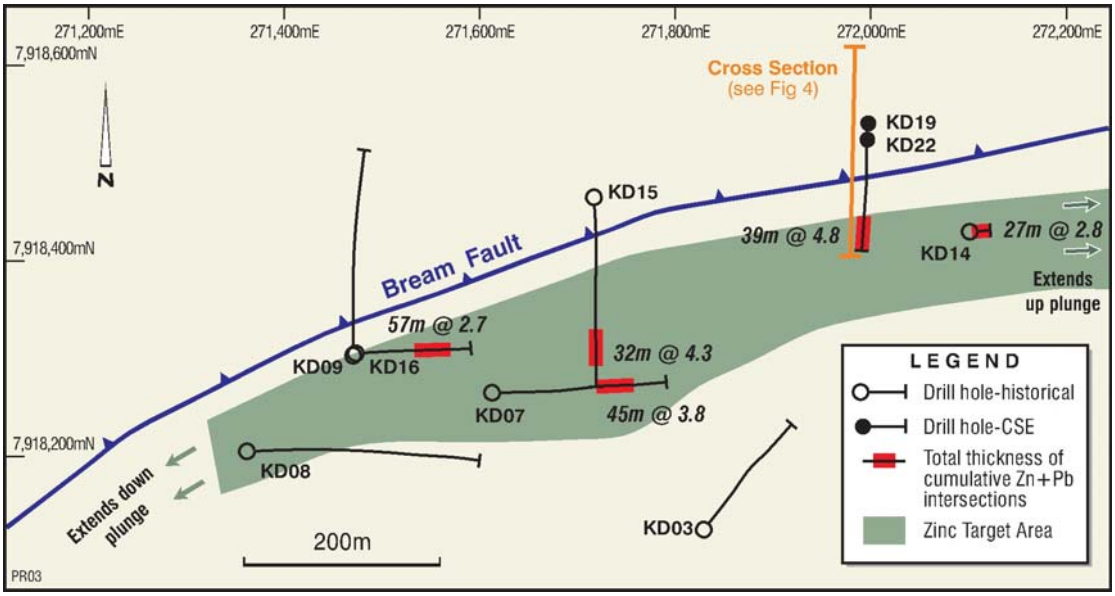

Figure 3 Plan view of JB zinc target

The presence of >40m thickness of zinc mineralisation has been confirmed by the Copper Strike drilling programme in 2008 (Figure 4), but there is minimal drilling to be able to define the extent and volume of the mineralisation. The previous Newmont drilling has poorly defined the extents of the JB mineralisation and it appears to be open along strike both south-west and northeast for a further 200m in each direction.

[6] The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource. The conceptual size of the target is referenced in Jones et al, 1999; The Kamarga Deposit. In Mineral Deposits: Processes to Processing, Stanley et al (eds). pp873-876.

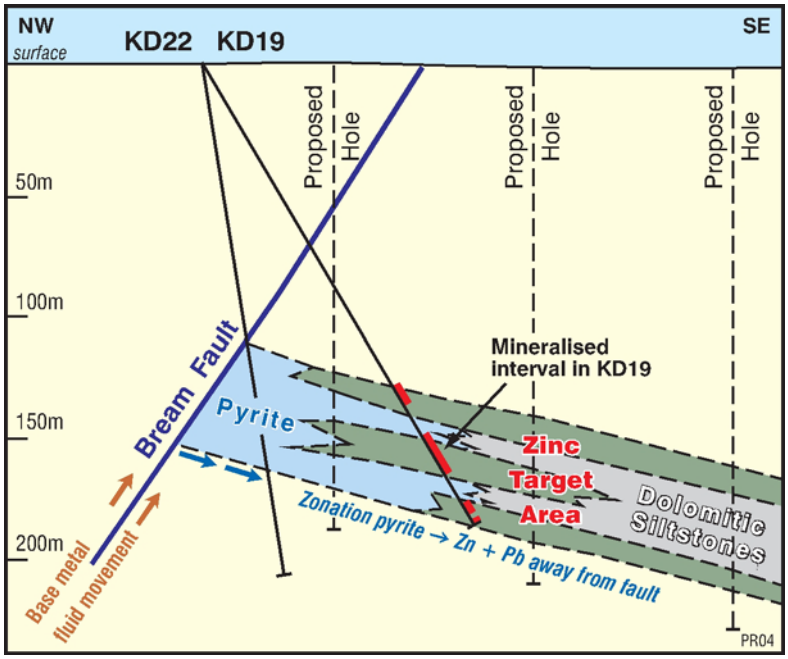

Figure 4 Cross section through JB mineralisation

The first objective of the Company is to define the extent of the higher grade zinc mineralisation in proximity to the Grunter-Bream Fault, believed to be the controlling influence on the higher grade zinc mineralisation. It is proposed to drill the higher grade zinc zone with a pattern of 200m by 50m diamond drill hole sites. The holes will be vertical, precollared with RC percussion and sampled through the mineralised zone. Figure 5 shows the proposed drill programme.

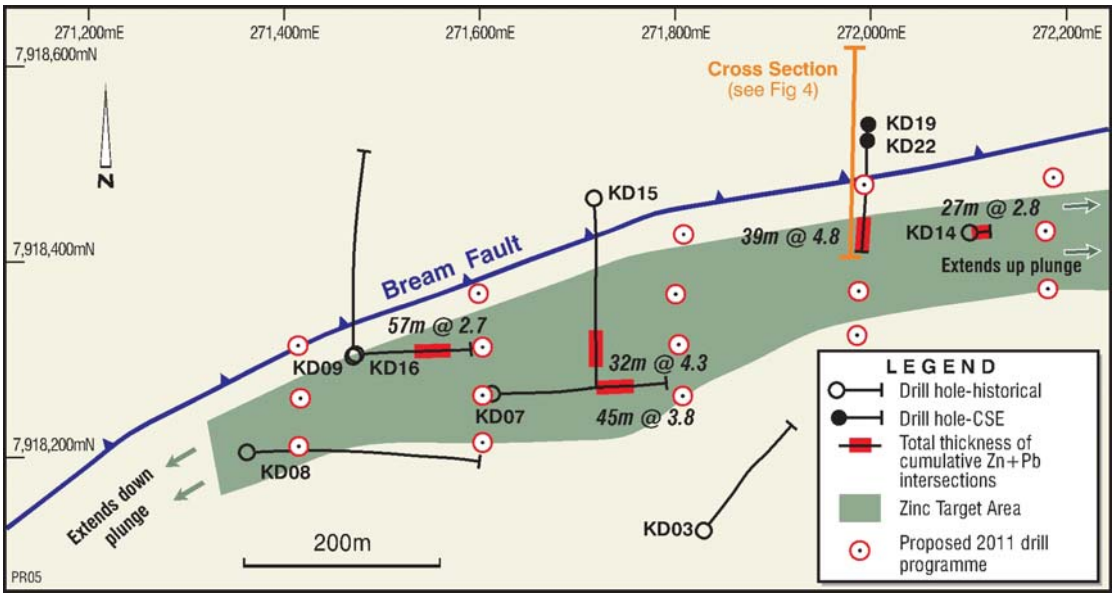

Figure 5 Plan view of proposed JB target drill holes

There are a number of other zinc (Stonemouse, Devils Gossan) and copper (B1, Anomaly 2) targets identified by previous explorers that require further work and drill testing. Data compilation and ground geophysics will be undertaken to prioritise these targets and a drill programme designed to test the targets will be developed.

Exploration Programme

- Finalise data compilation and target generation over entire tenement
- Undertake ground EM survey over selected targets
- Drill definition of the higher grade zinc zone at JB deposit
- Exploration drilling of other copper and zinc targets

Exploration Budget[7]	$'000
Data compilation and review	100
Geophysics	200
Diamond drilling – JB	1,000
Exploration drilling - other	500
Total	**1,800**

Teck – Sunlander FarmIn Agreement

The key terms of the FarmIn Agreement between Sunlander and Teck are as follows:

- The FarmIn Agreement is conditional upon Teck being issued with 40,000,000 ordinary shares in RMG and Sunlander executing a Deed of Assumption to assume the obligations of certain Native Title Agreements. The conditions must be completed by 30 April 2011.
- Sunlander to expend $1.5M within 4 years to earn 100% interest in EPM14309.
- Expend a minimum of $0.61M within 2 years before withdrawing from the FarmIn Agreement.
- Until Sunlander have expended $10M on exploration, Teck has a right to elect to earn back 51% of EPM 14309 through sole funding exploration expenditure to the sum of twice Sunlander's expenditure.
- If Teck completes its earn back, Teck is appointed manager of the consequent Joint Venture.
- After achieving a 51% interest, Teck has a further right to take its interest to 75% by sole funding an additional $15M over a further 3 years.
- Teck has a first right to purchase product.
- If Teck elects not to earn back, Teck will retain a 1.25% net smelter returns royalty irrespective of tenement ownership.
- There is a 1km area of influence around EPM14309 within which either party has a pre-emptive right to participate in further tenement acquisition.

RMG – Sunlander Acquisition

RMG will acquire 100% of Sunlander through the issue of 165,000,000 ordinary shares to the shareholders of Sunlander in proportion to their shareholdings in Sunlander. These shares will be voluntarily escrowed until the earlier Performance Shares (described below) are converted to ordinary shares and 12 months.

[7] The above tables are a statement of current intentions as of the date of this announcement. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

In addition, 75,000,000 Performance Shares will be issued to the shareholders of Sunlander. In the event that the Company successfully concludes 1000m of drilling or 24 months after issue, the Performance Shares will convert to Ordinary shares. The terms of the Performance Shares are subject to the approval of ASX.

The acquisition of Sunlander is subject to various conditions precedent, including all necessary RMG shareholder approvals being obtained.

Teck will be issued with 40,000,000 ordinary shares (as per the Teck-Sunlander FarmIn Agreement).

The shareholders of Sunlander and investors introduced by Forrest Capital Pty Ltd, a holder of Australian Financial Services Licence No 298311, have committed to invest $1,500,000 by the issue of 150,000,000 shares at an issue price of 1 cent each with a one for one attaching option exercisable at 2 cents each on or before 31 March 2014.

As part of the acquisition, the Board of RMG will be strengthened by the appointment of Mr Steven Chadwick and Mr Robert Kirtlan. Until recently both were directors of NGM Resources Limited, acquired by Paladin Energy Limited in late 2010. Mr Chadwick and Mr Kirtlan have both had involvement in the establishment and management of a number of companies and bring significant technical and financial capacity to the Company. Mr Kirtlan will act in an interim role as Executive Chairman. Mr Kirtlan is a director and shareholder of Sunlander and Mr Chadwick is a shareholder of Sunlander

Effect on capital structure

The capital structure on completion of the placement and the Sunlander and Teck transactions will be as follows:

Capital Structure	**Number**	
Shares		
Existing Shareholders	685,133,592	
Acquisition – Sunlander	***165,000,000***	
FarmIn – Teck	***40,000,000***	
Placement	***150,000,000***	
Totals	1,040,133,592	
Performance shares –		
Acquisition - Sunlander	***75,000,000***	
Options		
Existing on issue	8,750,000	5c options expiring on 30 June 2012
Placement	***150,000,000***	***2c options expiring on 30 April 2014***

The Company is currently preparing a notice of meeting which will provide shareholders with more information in respect of each of the transactions described in this announcement. The Company expects to hold the general meeting in late April and as such a notice of meeting will be dispatched soon.

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Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Peter Rolley, who is a Member of The Australian Institute of Geoscientists. Mr Rolley provides consulting services to RMG Ltd.

Peter Rolley 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'. Peter Rolley consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.