
RMG LIMITED

ABN 51 065 832 377

NOTICE OF GENERAL MEETING

TIME: 10.00am (WST)

DATE: 29 April 2011

PLACE: Unit 8–9
88 Forrest Street
COTTESLOE WA 6011

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9420 9300.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

A General Meeting of the Shareholders of RMG Limited (**Company**) will be held at 10.00am (WST) on 29 April 2011 at:

Unit 8-9
88 Forrest Street
COTTESLOE WA 6011

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting as soon as possible and either:

- (a) send the proxy form by facsimile to the Company on facsimile number (08) 9286 2900 (International +61 8 9286 2900); or
- (b) deliver the proxy form to the Company at Unit 8-9, 88 Forrest Street, Cottesloe, WA; or
- (c) send the proxy form to the Company at Unit 8-9, 88 Forrest Street, Cottesloe, WA,

so that it is received not later than 10am (WST) on 27 April 2011. Proxy forms received later than this time will be invalid.

Your proxy form is enclosed after the Explanatory Statement

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of RMG Limited will be held at 10.00am (WST) on 29 April 2011 at Unit 8-9, 88 Forrest Street, Cottesloe, WA.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 7.00pm (EST) on 27 April 2011.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – ISSUE OF NEW CLASS OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, subject to the passing of Resolution 2, for the purposes of Section 246B of the Corporations Act, the Constitution of the Company and for all other purposes, the Company be authorised to issue Performance Shares, the terms of which are set out in the Explanatory Statement accompanying this Notice.”

2. RESOLUTION 2 – APPROVAL OF ISSUE OF SHARES AND PERFORMANCE SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve and authorise the Directors of the Company to:

*(a) allot and issue 165,000,000 Shares and 75,000,000 Performance Shares to the shareholders of Sunlander Nominees Pty Ltd (**Sunlander**) in consideration for the acquisition of all of the issued share capital of Sunlander; and*

(b) allot and issue 40,000,000 Shares to Teck Australia Pty Ltd,

on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by the persons who will participate in the proposed issue and any other person who may obtain a benefit if the resolution is passed, except if the benefit is received solely in the capacity of a holder of ordinary securities, and any associates of those persons.

3. RESOLUTION 3 – APPROVAL OF PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 150,000,000 Shares at an issue price of not less than \$0.01 each and 150,000,000 free attaching Options on the terms set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed and any associates of those persons.

4. RESOLUTION 4 – APPROVAL TO PARTICIPATE IN PLACEMENT BY ROBERT KIRTLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Shares and 5,000,000 Options, to Mr Robert Kirtlan (and/or his nominee) and otherwise on the terms of the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the entity.

5. RESOLUTION 5 – APPROVAL TO PARTICIPATE IN PLACEMENT BY STEVE CHADWICK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Shares and 5,000,000 Options, to Mr Steve Chadwick (and/or his nominee) and otherwise on the terms of the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the entity.

BY ORDER OF THE BOARD

GARY STEINEPREIS
COMPANY SECRETARY

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at a General Meeting.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. BACKGROUND

1.1 Summary of acquisition of Sunlander

As announced to the market on 18 March 2011, the Company has agreed to purchase the entire issued share capital of Sunlander Nominees Pty Ltd (**Sunlander**). The consideration for the acquisition is the issue of 165,000,000 Shares and 75,000,000 Performance Shares in the Company to the shareholders of Sunlander. The Shares will be voluntarily escrowed until the earlier of 12 months and the date the Performance Shares are converted into Shares.

The Performance Shares will convert to ordinary shares in the event that the Company successfully concludes 1000m of drilling upon the Kamarga Zinc project (EPM14309) (**Project**) or in any event following 24 months after their issue.

Sunlander currently has an exclusive right to earn up to 100% of the Project from Teck Australia Pty Ltd (**Teck**). Under the terms of the acquisition, Teck is to become a shareholder in the Company and will be issued with 40,000,000 Shares (details of the Earn In Agreement between Sunlander and Teck are contained in paragraph 1.7 below).

The Project's JB prospect hosts wide intersections of low grade zinc within which are higher grade intercepts of 5% to 20% zinc. The Company is targeting an Exploration Target of 5-15Mt @ 5-10%Zn¹. The JB prospect is 25 kilometres southeast from the Century Zinc mine which may be in short supply of zinc ore in 2015.

The Company has firm commitments from the shareholders of Sunlander and investors introduced by Forrest Capital Pty Ltd, a holder of Australian Financial Services Licence No 298311 to raise \$1,500,000 by the issue of 150,000,000 Shares at an issue price of 1 cent each with a one for one free attaching Option exercisable at 2 cents each on or before 30 April 2014.

¹ The potential quantity and grade of Mineral Resource referred to here is conceptual in nature, 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.

As part of the acquisition, the Board of the Company will be strengthened by the appointment of Mr Steve Chadwick and Mr Robert Kirtlan as directors of the Company. Mr Chadwick and Mr Kirtlan will be appointed as Directors upon completion of the acquisition of Sunlander occurring. 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 as the Company is establishing operations in Queensland.

1.2 Effect on capital structure

The capital structure of the Company on the completion of the acquisition of Sunlander and the placement referred to in Resolution 3 will be as follows:

Capital Structure	Number	
Shares		
Existing Shareholders	685,133,592	
Acquisition – Sunlander	165,000,000	
Acquisition – Teck	40,000,000	
Placement	150,000,000	
Total	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

1.3 Location and history of the Kamarga Project

The location of the Project is near Lawn Hill in north-west Queensland. The Project is located 25kms south-west from the world's second largest open pit zinc mine, the Century zinc mine now operated by the Mineral and Metals Group (**MMG**). MMG has disclosed that the Century mine may be in short supply of zinc ore in 2015. In the near vicinity of the Project there is excellent infrastructure including power lines, roads and slurry pipeline for zinc concentrates.

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.

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 prospect. A total of 14 diamond holes were drilled by the Newmont JV in the period 1977-1984, which outlined a geological target of 40 – 60 million tonnes at an average grade of 2-3%Zn+Pb, within which is a higher grade geological target of 5-15mt @ 5%-10%Zn+Pb².

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.

At the Project, 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. The Formation dips around 20 degrees to the southwest.

The historical drilling by Newmont 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.

1.4 Targets

The JB zinc prospect is the priority target for exploration. Within a nominal 3% zinc outline there are only six drill holes over a strike length of 600m and width of 100m that intersect the target formation. 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 an Exploration Target of 40-60Mt @ 2-3% Zn within which is a higher grade Geological Target of 5-15Mt @ 5-10% Zn.³

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 holes. The holes will be vertical, precollared with RC percussion and sampled through the mineralised zone.

There are a number of other zinc (Stonemouse, Devils Gossan) and copper (B1, Redbed) 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.

² The potential quantity and grade of Mineral Resource referred to here is conceptual in nature, 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.

³ The potential quantity and grade of Mineral Resource referred to here is conceptual in nature, 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.

1.5 Exploration Programme

The Exploration Programme will consist of the following:

- (a) finalising data compilation and target generation over the whole Project;
- (b) undertaking a ground EM survey over selected targets;
- (c) drill definition of the higher grade zinc zone at the JB prospect; and
- (d) exploration drilling of other copper and zinc targets.

1.6 Exploration Budget

The Exploration Budget will be as follows:

	\$'000
Data compilation and review	100
Geophysics	200
Diamond drilling – JB	1,000
Exploration drilling - other	<u>500</u>
Total	<u>1,800</u>

The Exploration Budget is 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.

1.7 Teck – Sunlander Earn-in agreement

The material terms of the Earn-in Agreement between Sunlander and Teck pursuant to which Sunlander has the right to earn a 100% interest in the Project are summarized as follows:

(a) **Conditions precedent**

Sunlander's right to earn a 100% interest in the Project is conditional upon:

- (i) the Company acquiring 100% of Sunlander on or before 30 April 2011; and
- (ii) the Company entering into a subscription deed with Teck on or before 30 April 2011, under which the Company will issue 40 million shares in the Company to Teck, and then subsequently issuing those shares to Teck.

Teck has the right to terminate the agreement if these conditions are not satisfied.

(b) **Sunlander's right to earn a 100% interest in the Project**

Under the Earn-in agreement, Sunlander has the right to earn a 100% interest in the Project by:

- (i) incurring as a firm commitment \$610,000 in expenditure on the Project on or before 30 April 2013, within which time Sunlander must have drill tested at least one of the three explorations targets which have already been identified by Teck located on the Project (**Minimum Work Program**); and
- (ii) incurring a total aggregate minimum of \$1.5 million in expenditure on the Project on or before 30 April 2015, within which time Sunlander must have drill tested at least two (including the target drill tested as part of the Minimum Work Program) of the three explorations targets identified by Teck (**Optional Work Program**). If Sunlander fails to expend those aggregate expenditures by 30 April 2015 (but has otherwise complied with its Minimum Work Program obligations and has drill tested the required exploration targets), Sunlander has the option of paying an amount equivalent to the shortfall in the optional expenditure by no later than 30 May 2015 to exercise its earn-in rights.

Sunlander's right to earn an interest in the Project will immediately terminate if Sunlander fails to complete the Minimum Work Program within the required timeframe. In such circumstances, Sunlander remains liable to pay to Teck the amount of any shortfall in expenditure (plus interest) in relation to the Minimum Work Program.

Sunlander's right to earn an interest in the Project will also terminate if Sunlander fails to, or otherwise elects not to, drill test the required exploration targets as part of the Optional Work Program, or otherwise fails to, or elects not to, incur the total aggregate minimum expenditure on the Project (or make good any shortfall in expenditure) by the relevant dates specified above.

In consideration for the grant of the earn-in right, Sunlander has agreed to:

- (i) Teck having a right to earn-back an interest of up to 75% in the Project on the terms set out below; and
- (ii) Teck having a royalty of 1.25% of net smelter returns in relation to the sale of ore or concentrates derived from the Project (**Teck Royalty**).
- (iii) assume all of the obligations and liabilities associated with the Project, including (without limitation), the obligation to maintain the relevant tenement in good standing, until the earlier of the termination of Sunlander's earn-in right or Teck exercising its earn-back right.

(c) **Teck's earn-back rights**

The parties have agreed that Teck shall have the right, but not the obligation, to earn back a 51% interest in the Project by sole funding aggregate expenditure on the Project equivalent to two times the aggregate expenditure incurred by

Sunlander on the Project. This right is capable of being exercised by Teck at any time prior to the date that is 40 business days after Sunlander notifies Teck that it has incurred \$10 million in aggregate expenditure on the Project.

To exercise this earn-back right, Teck must incur the required aggregate expenditure within an equivalent period of time (in months) to the period between the date of the agreement and the date that Teck notifies Sunlander that it wishes to earn-back an interest in the Project, or otherwise pay that amount (or any shortfall in expenditure required to exercise the earn-back right) to Sunlander.

If Teck does not elect to exercise its earn-back right within the prescribed time, or otherwise fails to, or elects not to, exercise such rights, Sunlander will continue to hold a 100% interest in the Project, subject only to the Teck Royalty.

If Teck earns back a 51% interest in the Project, then the Teck Royalty is extinguished. In such circumstances, Teck will have a further right to earn back an additional 24% interest in the Project so as to take its aggregate interest in the Project to 75%, by sole funding expenditure of \$15 million within 3 years of exercising this further earn-back right (or otherwise paying that amount, or any shortfall in expenditure required to exercise the further earn-back right, to Sunlander). Teck may only elect to exercise this further earn-back right within 20 business days of satisfying the conditions to earning back a 51% interest in the Project.

If Teck:

- (i) exercises this further earn-back right, the Project is to be owned 75% by Teck, and 25% by Sunlander;
- (ii) does not elect to exercise its further earn-back right within the prescribed time, or otherwise fails or elects not to exercise such rights, the Project will be owned 51% by Teck and 49% by Sunlander,

and will be operated in joint venture on the terms outlined below.

(d) **Joint venture arrangements**

Upon Teck exercising its earn-back right, or (if applicable) its further earn-back right, the Project will be operated in joint venture, with the participating interest of each party being dependent upon whether Teck has exercised its further earn-back rights.

From the date of its formation, each party will bear their share of costs of the joint venture proportionate to its participating interest.

Teck will be the initial operator of any joint venture formed. If Teck ceases to hold the largest single participating interest in the joint venture, then the party with the largest single participating interest may elect to become the operator. The operator will have the exclusive right to manage all work on the Project.

Each of Teck and Sunlander will have two representatives on the management committee to oversee the joint venture's operations. Voting at the management committee is proportionate to the party's participating interest. All management committee decisions are to be made by simple majority, with the operator having a casting vote in the event of a tie.

Exploration programs are to be proposed by the operator of the joint venture, and approved by the management committee. Failure to contribute a party's share of joint venture expenditure will result in the dilution of that party's interest in the joint venture.

If:

- (i) a party's participating interest in the joint venture is diluted below 10%;
- (ii) a decision to mine is made, and a party elects to contribute less than its full proportionate share of the costs associated with the decision to build and operate a mine on the Project, where such lesser amount is less than 10% of those costs,

then that party will be deemed to have assigned its participating interest in the joint venture to the other party in return for a royalty equal to 1.25% net smelter returns on minerals produced from the Project. However, notwithstanding the above, if a party does not contribute its proportionate share of any costs required to maintain the joint venture's title to the project in good standing (in circumstances where there is no approved exploration program for the relevant year), then that party will be deemed to have assigned its participating interest in the joint venture to the other party in return for a royalty equal to 0.5% net smelter returns on minerals produced from the Project to a maximum royalty payment equivalent to its actual contribution to joint venture costs.

If the management committee approves a suspension plan or mine closure plan, each party is committed to share their proportionate share of the costs associated with such suspension or mine closure.

(e) **Other**

(i) **Rights of first refusal**

From the date of the agreement until the earlier of the date of termination of Sunlander's earn-in right or Teck exercising its earn-back right, Sunlander must not transfer or encumber its interest in the Project. Should a joint venture be formed over the Project, each party to that joint venture will have a right of first refusal over the other's interest in the joint venture.

(ii) **First offer over production off-take**

Sunlander has granted Teck the right of first offer to purchase all or part of 100% of the mineral production (other than any production attributable to Teck's interest in any joint venture formed in respect to the Project), which is in the form of concentrates derived from ore produced from the Project. If Sunlander and Teck are unable to agree the terms in relation to off-take, then Sunlander is free to negotiate and conclude the sale of the relevant concentrate with other parties on terms no less favourable than those offered to Teck.

1.8 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.

2. RESOLUTION 1 – ISSUE OF NEW CLASS OF SHARES

The Constitution of the Company requires that the creation of a new class of share requires:

- (a) the written consent of the holders of three quarters of the issued shares of the affected class; or
- (b) a special resolution passed in a meeting of the holders of the issued shares of the affected class.

Pursuant to a share sale agreement (**Share Sale Agreement**), the Company proposes issuing (amongst other things) 75,000,000 Performance Shares (the terms of which are set out in Schedule 1) in part consideration for the acquisition of 100% of Sunlander Nominees Pty Ltd (**Sunlander**).

The purpose of the issue of the Performance Shares is to link part of the consideration to milestones in respect of the Project owned by Sunlander. If the milestones are not achieved within the prescribed timeframe, the Company will redeem the Performance Shares.

A company with a single class of shares on issue which proposes to issue new shares not having the same rights as its existing shares, is taken to vary the rights of existing shareholders unless the Constitution already provides for such an issue.

The terms of the Performance Shares are not the same as the Shares. The terms of the Performance Shares are subject to ASX approval.

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares on the terms set out in Schedule 1 of this Explanatory Statement (note these terms are subject to any changes required by ASX).

3. RESOLUTION 2 – APPROVAL OF ISSUE OF SHARES AND PERFORMANCE SHARES

3.1 General

ASX Listing Rule 7.1 requires that a listed company obtain Shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any 12 month period.

Resolution 2 seeks Shareholder approval for the issue of the Shares and Performance Shares as consideration for the acquisition of Sunlander and also the issue of Shares to Teck under the Earn-In Agreement. By approving this Resolution, the Company will also retain the capacity to issue securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

Two of the proposed allottees, Ark Securities & Investments Pty Ltd (**Ark**) and Spectrum Metallurgical Consultants Pty Ltd (**Spectrum**), are related parties of the Company by virtue of Section 228(6) and being controlled by proposed directors of the Company, Mr Robert Kirtlan, who controls Ark, and Mr Steven Chadwick who controls Spectrum.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

Section 210 provides that member approval is not needed to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a).

The Directors believe that the exception under Section 210 of the Corporations Act applies as the financial benefit that is being provided is reasonable in the circumstances as if the parties were dealing at arm's length. As such, the Directors are not seeking approval of the Company's members in the manner set out in Sections 217 to 227 of the Corporations Act in relation to the issue of shares.

Furthermore, Shareholder approval is not being sought pursuant to ASX Listing Rule 10.11 as the Directors consider that the exception set out in ASX Listing Rule 10.12 Exception 6 applies. That exception provides that Shareholder approval is not required pursuant to ASX Listing Rule 10.11 where the person to whom the Shares are being issued is a related party by reason only of the transaction which is the reason for the issue of the Shares and the application to it of Section 228(6) of the Corporations Act.

3.2 Technical Information Required by Listing Rule 7.1

Pursuant to, and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the total number of securities to be allotted is:
 - (i) 165,000,000 Shares and 75,000,000 Performance Shares which will be issued to the shareholders of Sunlander in consideration for the acquisition of all of the issued share capital of Sunlander; and
 - (ii) 40,000,000 Shares which will be issued to Teck pursuant to and in accordance with the Earn-In Agreement;
- (b) the Shares and Performance Shares are to be issued as consideration to satisfy certain obligations of the Company under the agreement to acquire Sunlander and also the Earn-In Agreement;
- (c) the Shares shall be issued on the same terms and conditions as the Company's existing Shares and the terms and conditions of the Performance Shares are set out in Schedule 1 (subject to any changes required by ASX). The Shares to be issued to the Sunlander Vendors will be subject to a voluntary escrow period commencing on the date of issue and ending on the earlier of:
 - (i) the date that the Performance Shares convert into Shares; and
 - (ii) 12 months after the date of issue of the Shares.
- (d) the Shares and Performance Shares will be issued not later than three months after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date;
- (e) the names of the allottees of the Shares and Performance Shares is:

Shareholder	No. of Shares	No. of Performance Shares
Spectrum Metallurgical Consultants Pty Ltd	16,560,000	7,440,000
Jadekey Nominees Pty Ltd	12,648,000	6,552,000
Ark Securities & Investments Pty Ltd	48,024,000	21,576,000
Paige Exley	6,624,000	2,976,000
Anne Rolley	81,144,000	36,456,000
Teck Australia Pty Ltd	40,000,000	-
TOTAL	205,000,000	75,000,000

- (f) other than as set out above in Section 3.1, the allottees are neither related parties nor associates of the Company; and

- (g) there are no funds being raised by the issue of the Shares or Performance Shares as the purpose of the issue is as consideration for the acquisition of the entire issued share capital of Sunlander and also to satisfy a condition precedent in the Earn In Agreement.

4. RESOLUTION 3 - APPROVAL OF PLACEMENT

4.1 General

Resolution 3 seeks Shareholder approval for the allotment and issue of 150,000,000 Shares and 150,000,000 free attaching Options to sophisticated and professional investor clients of Forrest Capital Pty Ltd, a holder of Australian Financial Services Licence No 298311, to raise up to \$1,500,000 (**Placement**).

The effect of Resolution 3 will be to allow the Directors to issue the Shares and Options pursuant to the Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

4.2 Technical Information Required by Listing Rule 7.1

The following information is provided in relation to the Placement pursuant to and in accordance with Listing Rule 7.3:

- (a) the maximum number of Shares to be issued is 150,000,000;
- (b) the maximum number of free attaching Options to be issued is 150,000,000;
- (c) the Shares will be issued at \$0.01 each;
- (d) the Options will be issued for nil cash consideration;
- (e) the Shares and Options will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date;
- (f) the Shares and Options will be issued to sophisticated and professional investor clients of Forrest Capital Pty Ltd;
- (g) the Shares are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (h) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (i) the Company intends to use the amounts raised to provide funding for expenditure on the Kamarga Zinc Project as set out in Section 1.6.

5. RESOLUTIONS 4 AND 5 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTIES

Messrs Kirtlan and Chadwick both wish to participate in the Placement referred to in Resolution 3. Accordingly, approval is sought under Resolutions 4 and 5 for the issue of:

- (a) up to up to 5,000,000 Shares at an issue price of \$0.01 and up to 5,000,000 free attaching Options to Mr Robert Kirtlan (and/or his nominee); and
- (b) up to up to 5,000,000 Shares at an issue price of \$0.01 and up to 5,000,000 free attaching Options to Mr Steven Chadwick (and/or his nominee),

on the terms and conditions set out below. Messrs Kirtlan and Chadwick are referred to as the **Related Parties**.

The issue of Shares and Options to the Related Parties above forms part of, and is not additional to, the 150,000,000 Shares and 150,000,000 Options to be issued under Resolution 3.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

Section 210 of the Corporations Act provides that shareholder approval is not needed to give a financial benefit on terms that would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length. The Directors consider the issue of the Shares and Options to the Related Parties pursuant to Resolutions 4 and 5 will be on arm's length terms as the issue will be made on exactly the same terms as the issue of Shares and Options under the Placement. Accordingly, the issue of Shares and Options to the Directors falls within the arm's length terms exception provided by section 210 of the Corporations Act to the requirement to obtain shareholder approval under part 2E of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. The Directors consider that an exception does not apply in these circumstances.

5.2 Information required by ASX Listing Rule 10.13

Pursuant to ASX Listing Rule 10.13, the Company provides the following information to Shareholders in respect Resolutions 4 and 5:

- (a) the related parties to whom securities (the financial benefit) may be issued are Robert Kirtlan and Steven Chadwick (and/or their nominees) and they are related parties by virtue of the fact that at the time of the Placement it is likely that they will be directors of the Company;
- (b) the maximum number of:

- (i) Shares to be issued by the Company is:
 - (A) 5,000,000 to Robert Kirtlan (and/or his nominees);
 - (B) 5,000,000 to Steven Chadwick (and/or his nominees);
- (ii) Options to be issued by the Company is:
 - (A) 5,000,000 to Robert Kirtlan (and/or his nominees);
 - (B) 5,000,000 to Steven Chadwick (and/or his nominees).

As noted above, the issue of Shares and Options to the Directors above forms part of, and is not additional to, the 150,000,000 Shares and 150,000,000 Options to be issued under Resolution 3;

- (c) the Shares and Options will be issued to the Related Parties not later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date;
- (d) the Shares will be issued at a price of \$0.01 each and the Options will be issued for nil consideration;
- (e) the Shares are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (f) the terms and conditions of the Options are set out in Schedule 2;
- (g) the Company intends to use the amounts raised to provide funding for expenditure on the Kamarga Zinc Project as set out in Section 1.6.

6. ENQUIRIES

If you have any queries, please contact the Company Secretary, Gary Steinepreis on (+61 8) 9420 9300.

GLOSSARY

ASX means ASX Limited (ABN 98 008 624 691).

ASX Listing Rule or **Listing Rule** means the Listing Rules of ASX.

Board means the board of directors of the Company.

Company means RMG Limited (ABN 51 065 832 377).

Constitution means the constitution of the Company at the commencement of the General Meeting.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting means the meeting convened by the Notice.

Notice means the notice of meeting accompanying this Explanatory Statement.

Options means the options to be granted pursuant to Resolution 3 (and the subject of Resolutions 4 and 5) and having the terms and conditions set out in Schedule 2.

Resolution means a resolution contained in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

WST means Western Standard Time.

\$ means Australian Dollars.

SCHEDULE 1 – PERFORMANCE SHARES

1. RIGHTS ATTACHING TO THE PERFORMANCE SHARES

- 1.1 (Performance Shares)** Each Performance Share is a share in the capital of RMG Limited (RMG).
- 1.2 (General Meetings)** The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of RMG that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of RMG.
- 1.3 (No Voting Rights)** The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of RMG.
- 1.4 (No Dividend Rights)** The Performance Shares do not entitle the Holder to any dividends.
- 1.5 (Rights on Winding Up)** The Performance Shares participate in the surplus profits or assets of RMG upon winding up of RMG only to the extent of \$0.01 per Performance Share.
- 1.6 (Not Transferable)** The Performance Shares are not transferable.
- 1.7 (Reorganisation of Capital)** If at any time the issued capital of RMG is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- 1.8 (Application to ASX)** The Performance Shares will not be quoted on ASX. However, upon conversion of the Performance Shares into fully paid ordinary shares (**Ordinary Shares**) in accordance with condition 2, RMG must within seven (7) days after the conversion, apply for the official quotation of the Ordinary Shares arising from the conversion on ASX.
- 1.9 (Participation in Entitlements and Bonus Issues)** Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Ordinary Shares such as bonus issues and entitlement issues, prior to the conversion of the shares.
- 1.10 (No Other Rights)** The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

2. CONVERSION OF THE PERFORMANCE SHARES

- 2.1 (Conversion on achievement of milestones)** The Performance Shares will convert into Ordinary Shares on a one for one basis upon satisfaction of the successful completion of a minimum of 1,000 metres of drilling on the Project to the reasonable satisfaction of RMG within 24 months from settlement of the acquisition of Sunlander (the **Milestone**).

- 2.2 (Redemption if Milestone not Achieved)** If the Milestone is not achieved by the required date, then all of the Performance Shares held by a Holder relating to that Milestone will be automatically redeemed by RMG for the sum of \$0.000001 per Performance Share within 10 Business Days of non satisfaction of the particular Milestone.
- 2.3 (Conversion Procedure)** RMG will issue the Holder with a new holding statement for the Ordinary Shares as soon as practicable following the conversion of the Performance Shares into Ordinary Shares in accordance with condition 2.1.
- 2.4 (Ranking of Shares)** The Ordinary Shares into which the Performance Shares will convert will rank pari passu in all respects with existing Ordinary Shares.

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions in accordance with Listing Rules 6.14 to 6.23:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
 - (b) The Options will expire at 5.00pm (WST) on 30 April 2014 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) The amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).
 - (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
 - (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
 - (h) The Options are fully transferable.
 - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
 - (j) The options will not be quoted on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
 - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
 - (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
 - (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

PROXY FORM

**APPOINTMENT OF PROXY
RMG LIMITED
ABN 51 065 832 377**

GENERAL MEETING

I/We

being a member of RMG Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at 10.00am (WST) on 29 April 2011 at Unit 8-9, 88 Forrest Street, Cottesloe, WA and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Issue of New Class of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of issue of Shares and Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Participate in Placement - Robert Kirtlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Participate in Placement - Steven Chadwick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

_____ %

Signed this day of 2011

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Company Secretary

Signature

Sole Director and Sole Company Secretary

RMG LIMITED

ABN 51 065 832 377

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - (a) directors of the company;
 - (b) a director and a company secretary of the company; or
 - (c) for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed:
 - (a) send the proxy form by facsimile to the Company on facsimile number (08) 9286 2900 (International +61 8 9286 2900); or
 - (b) deliver the proxy form to the Company at Unit 8-9, 88 Forrest Street, Cottesloe, WA; or
 - (c) send the proxy form to the Company at Unit 8-9, 88 Forrest Street, Cottesloe, WA,so that it is received not later than 10am (WST) on 27 April 2011.

Proxy forms received later than this time will be invalid.