

# RMG Limited

ABN 51 065 832 377

11 April 2011

Dear Shareholder

## ADDENDUM TO NOTICE OF GENERAL MEETING

You would have recently received a Notice of General Meeting (**NOM**) from RMG Limited (**Company**). The purpose of the NOM is to approve:

- (a) the issue of securities pursuant to an agreement between the Company and Sunlander Nominees Pty Ltd (**Sunlander**) whereby the Company has agreed to acquire all of the issued capital of Sunlander (**Share Sale Agreement**) and the issue of Shares to Teck Australia Pty Ltd; and
- (b) a placement of up to 150,000,000 Shares and 150,000,000 Options.

The consideration payable by the Company to the shareholders of Sunlander was a total of 165,000,000 Shares and 75,000,000 Performance Shares. Accordingly, the NOM contains resolutions for the approval of, amongst other things:

- (a) the issue of a new class of shares (Resolution 1); and
- (b) the issue of 165,000,000 Shares and 75,000,000 Performance Shares to the shareholders of Sunlander (Resolution 2).

For various reasons, the parties have agreed to vary the terms of the Share Sale Agreement, so that the 75,000,000 Performance Shares are replaced with 75,000,000 Performance Options. The Performance Options will be subject to the same performance condition as the Performance Shares, the only difference being that in order to convert the Performance Options to Shares, the holders will be required to satisfy the performance condition and pay an exercise price of \$0.0001 per Performance Option.

As a result of this change, certain variations need to be made to the NOM. These changes are as follows:

- (a) Resolution 1 will not be put to Shareholders at the meeting as this is no longer required due to the fact that Performance Shares are no longer being issued. Accordingly, Resolution 1 and Section 2 of the Explanatory Statement, which contains information relating to Resolution 1, can be disregarded;
- (b) all references throughout the NOM and the Explanatory Statement (including in the Proxy Form) to "Performance Shares" are replaced with "Performance Options";
- (c) the capital structure table in Section 1.2 of the Explanatory Statement is deleted and replaced with the following updated table:

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Capital Structure	Number
<b>Shares</b>	
Existing Shareholders	685,133,592
<i>Acquisition – Sunlander</i>	<i>165,000,000</i>
<i>Acquisition – Teck</i>	<i>40,000,000</i>
<i>Placement</i>	<i>150,000,000</i>
<b>Total</b>	<u>1,040,133,592</u>

Options		
Existing on issue	8,750,000	5c options expiring on 30 June 2012
<i>Performance Options – acquisition of Sunlander</i>	<i>75,000,000</i>	<i>\$0.0001 options expiring 2 years after issue</i>
<i>Placement</i>	<i>150,000,000</i>	<i>2c options expiring on 30 April 2014</i>

- (d) Schedule 1 (being the terms of the Performance Shares) is deleted and replaced in its entirety with Schedule 1 to this addendum.

The Board of the Company does not consider these changes to be of a material nature, as they do not change the basis of the Sunlander transaction nor do they change the value of the consideration being paid by the Company for the Sunlander shares.

Yours faithfully

**GARY STEINEPREIS**  
**COMPANY SECRETARY**

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## SCHEDULE 1 - TERMS AND CONDITIONS OF PERFORMANCE OPTIONS

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The Performance Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Performance Option gives the Optionholder the right to subscribe for one Share.
- (b) The Performance Options will expire at 5:00 pm (WST) on that date which is two (2) years after the date of issue (**Expiry Date**). Any Performance Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Performance Option will be \$0.0001 (**Exercise Price**).
- (a) The Performance Options can only be exercised upon the successful completion of a minimum of 1,000 metres of drilling on the Kamarga Zinc project (EPM14309) to the reasonable satisfaction of the Company (**Vesting Date**);
- (d) The Performance 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 Performance Options by lodging with the Company, after the Vesting Date but on or before the Expiry Date:
- (i) a written notice of exercise of Performance Options specifying the number of Performance Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Performance 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 Performance Options specified in the Exercise Notice.
- (h) The Performance Options are not transferable.
- (i) All Shares allotted upon the exercise of Performance Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Performance Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Performance 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 Performance Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance 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 Performance Options prior to the date for determining entitlements to participate in any such issue.
- (m) A Performance Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Performance Option can be exercised.