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Companies Announcements Office
Australian Securities Exchange

KAMARGA METALLURGICAL TEST WORK OUTSTANDING ZINC AND LEAD RECOVERIES

Highlights

RMG Limited ("the Company") is pleased to release the following highlights from its Kamarga zinc project in northern Queensland;

- Flotation test work indicates >90% recovery of zinc to a zinc concentrate
- Flotation test work also indicates >90% recovery of lead to a lead concentrate
- Analysis of the cleaned concentrates indicates that the concentrates assay >60% lead and >55% zinc with very low iron content

The preliminary results are exciting and justify the Company's belief the carbonate hosted Kamarga mineralisation may be amenable to very high zinc and lead recoveries and produce low iron, premium zinc and lead concentrates.

Low-iron high zinc grade concentrates are becoming scarce in the zinc smelter market as a result of the closure of several Irish mines and the impending closure of Canadian and Australian zinc mines. The Company is confident a new source of premium zinc and lead concentrate will be of great interest to various zinc smelting groups.

These test results indicate that fine grinding may not be required to achieve a high grade and high quality zinc concentrate. If substantiated by further test work, the work indicates that plant capital costs and operating costs may be lower than industry average and vindicate the Company's actions to pursue resource modelling with the objective of commencing scoping studies later this year.

Options for the mineralisation are considered to be two fold, firstly as a blend for nearby Century ore or else, as a standalone development producing premium high grade clean concentrates which can be trucked to Cloncurry and then freighted on the existing rail to the port at Townsville.

Metallurgical Test Work

Diamond drill core intervals from JB007 selected for the metallurgical composite are:

179-190m 11m @ 3.45%Zn, 1.94%Pb, 5.8g/t Ag
 198-200m 2m @ 5.37%Zn, 0.57%Pb, 3g/t Ag
 210-216m 6m @ 2.81%Zn, 0.32%Pb, 1.7g/t Ag
 219-221m 2m @ 4.27%Zn, 0.33%Pb, 2g/t Ag
 224-227m 3m @ 6.92%Zn, 1.79%Pb, 2.3g/t Ag

The total composite averaged 3.95%Zn, 1.27%Pb, 3.8g/t Ag. The location of the drill hole is shown in Figure 1. Drill hole JB007 was selected for the test work as visually and chemically it appears to be representative of the mineralisation at Kamarga.

The metallurgical test work was undertaken by AMMTEC in Perth and involved milling the core samples until 80% is passing 75 microns, and then sequential flotation of the lead followed by the zinc to produce rougher concentrates. The respective rougher concentrates were then subject to conventional cleaner flotation without the need for further regrinding to produce excellent concentrate grades and recoveries. A summary of the results is shown in Table 1.

These initial results from a very simple flow sheet indicate:

- Very high recovery of lead and zinc to the concentrates
- Very high concentrate grades
- Very low Fe grades in concentrate
- A very simple flotation regime

Further metallurgical test work will be undertaken with the resumption of drilling. The next round of test work will further optimise the recovery and concentrate grades, given that these initial results are from a very orthodox grind and float, and test several areas of the mineralisation to assess the variability of the results.

	Recovery	Concentrate Grade			
		Pb	Zn	Fe	Ag
Lead Results					
Lead Concentrate	90.1%	60.3%	1.6%	6.4%	81g/t
Zinc Results					
Zinc Concentrate	94.8%	0.4%	55.6%	4.2%	12g/t

Table 1 Metallurgy test work results

Conclusion

If the test work to date is representative of the Kamarga zinc mineralisation, then the initial metallurgical test work results, in particular the high recoveries from a conventional milling and flotation circuit, and the low iron grades of the concentrate, indicate that the Kamarga zinc mineralisation may be compatible with;

- Blending with the Century Mine low-iron zinc ore, and
- Blending the concentrate with a large number of zinc smelters as a premium low-iron smelter feed.

Low capital and operating costs are anticipated as a consequence of a simple flow sheet without the need for fine grinding.

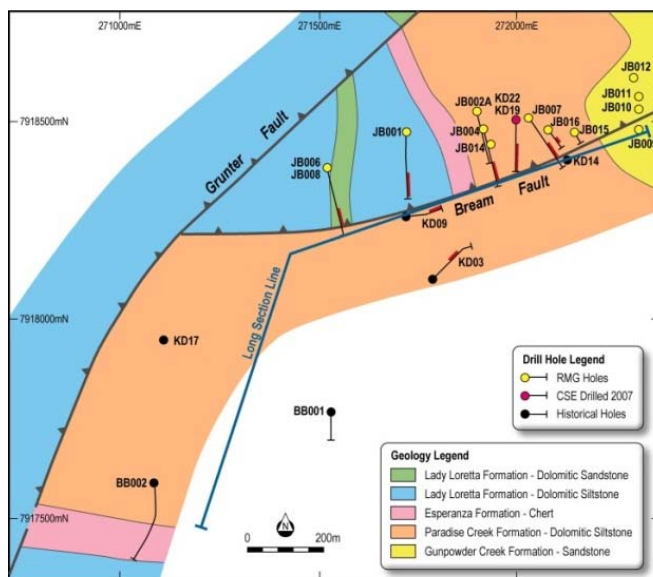


Figure 1 Location of Drill Holes

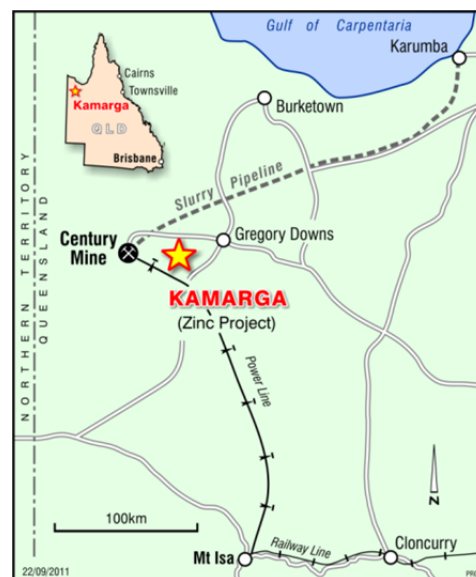


Figure 2 Location of Kamarga

Outlook

- The Company is in negotiation with several drilling groups to recommence drilling at Kamarga. Drilling start date is anticipated to be in the second quarter of 2012.
- The Company is continuing to work towards completing a resource model for the JB Deposit at Kamarga.

Kamarga Project

The Company acquired the Kamarga project in north-west Queensland from Teck Australia Pty Ltd ("Teck") in April 2011 and commenced drilling in late July 2011. Figure 1 shows a plan view of the drilling to date and illustrates that the zinc mineralisation extends for a minimum of 600m along strike and is still open to the southwest. Historical drilling has intersected zinc mineralisation for a further 1,000m to the southwest.

The Kamarga Project is located 20kms southeast of the world class Century Zn-Pb mine (Figure 2). Century is the world's second largest producer of zinc concentrate and is scheduled to cease production in 2014. The project is also within 50kms of sealed road and high-voltage electricity transmission line.

Kamarga was explored during the 1970's and 1980's by several companies including Newmont, CRA, North Mining and MIM. The earlier explorers reported an exploration target¹ of 5-15Mt @ 5-10% Zn². The prospect has had little work since the 1990's.

The Company has an exclusive right to earn up to 100% of the Kamarga zinc project from Teck subject to certain back-in rights (see release dated March 18, 2011).

For further information, visit the website www.rmgltd.com.au or please contact:

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Note: Intervals presented are downhole. True widths are unknown. All samples are from NO diamond drill core, sawn in half, from intervals of 1.0m in length. Drill core recovery from all sampled intervals is >98%. Drill holes are surveyed down hole by Eastman camera and drill core has been oriented where possible. Sample preparation undertaken by Bureau Veritas (AMDEL) in Mount Isa and chemical analysis by Bureau Veritas (AMDEL) in Adelaide. Elements determined by 4-acid digest and ICP-OES finish. QA/QC includes blanks and standards provided by Geostats Pty Ltd. Collars have been located by hand held GPS and reported in WGS84 Zone 54S.

Competent Person Statement

The information relating to Exploration Targets and to Exploration Results is based on information compiled and reviewed by Mr. Peter Rolley, who is a Member of the Australasian Institute of Geoscientists. Mr Rolley is self-employed and provides consulting services to RMG Ltd.

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

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning RMG Limited's planned exploration programme and other statements that are not historic facts. When used in this document, the words such as "could", "indicates", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Such statements involve risks and uncertainties, and no assurances can be provided that actual results or work completed will be consistent with these forward looking statements.

¹ The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The information relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves.

² 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