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## **QUARTERLY REPORT 30 JUNE 2012**

### **SUMMARY**

#### **Kamarga**

- Completed drilling 3014m and assays are now available for the first four holes within the JB Zinc mineralisation;
  - Drill hole JB020A has intersected the highest grade intercept by RMG to date of 1m @ 14.6%Zn, 5.7%Pb, 17g/tAg (20.3%Zn+Pb) from 207m downhole.
  - The results to date indicate that the zinc mineralisation is over 120m in width and continues to the east on several sections.
  - All holes intercepted 80m to 129m thickness of zinc mineralisation within which are higher grade zinc zones.
- Best drill intercepts<sup>1</sup> are;
  - JB017 6.5m @ 4.82%Zn, 1.03%Pb, 1g/tAg (5.9%Zn+Pb) from 187m
  - JB019 5.0m @ 4.94%Zn, 0.09%Pb, 3g/tAg (5.0%Zn+Pb) from 242m
  - JB020A 6.0m @ 4.86%Zn, 0.40%Pb, 2g/tAg (5.3%Zn+Pb) from 260m

#### **Zeehan**

- Completed drilling 590m and the drill results indicate that the prospective silver lead zinc mineralised shale horizon extends over a minimum length of 500 metres along strike.
- Significant RMG drill intersections<sup>2</sup> include;
  - 23m @ 3.9%Zn, 2.3%Pb, 27g/t Ag
  - 6m @ 2.6%Pb, 75g/t Ag
  - 2m @ 2.1%Zn, 1.3%Pb, 35g/t Ag
- Heli-borne EM survey shows the shale sequence that hosts the mineralisation is over 1.5kms in length.

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<sup>1</sup> Minimum 5m > 5%Zn+Pb, maximum 2m internal dilution. True width is unknown

<sup>2</sup> Greater than 2m interval, with average grade of interval > \$100/tonne using \$1900/t Zn, \$1900/tPb, \$30/ozAg

### **Kamarga – Queensland (EPM14309)**

The Kamarga Project is located 20kms southeast of the world class Century Zn-Pb mine in north-west Queensland (Figure 1). Century is the world's second largest producer of zinc concentrate and is scheduled to cease production in 2016<sup>3</sup>. The Kamarga project is 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 target<sup>4</sup> of 5-15Mt @ 5-10% Zn<sup>5</sup>. The Company acquired the Kamarga project from Teck Australia Pty Ltd ("Teck") in April 2011 and completed its first drilling in November 2011. The Company has confirmed 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 Company has an exclusive right to earn up to 100% of the Kamarga zinc project from Teck subject to certain back-in rights (see ASX release dated March 18, 2011).

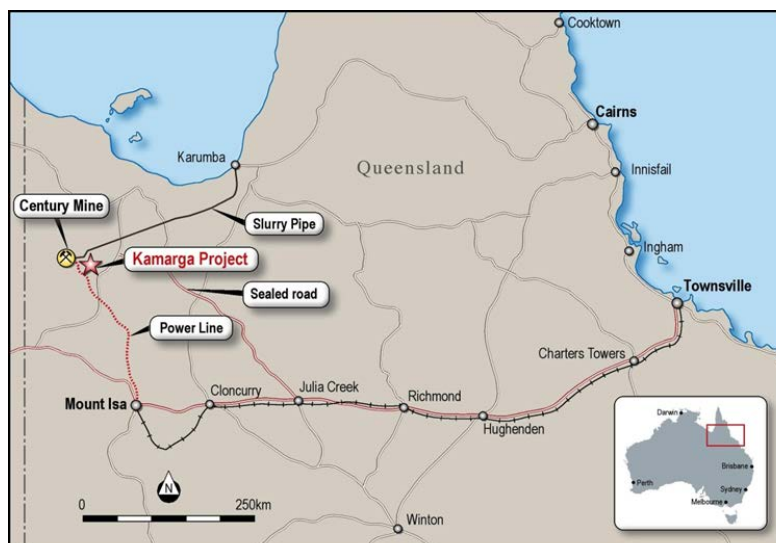


Figure 1 Kamarga Project location

<sup>3</sup> <http://www.mmg.com/en/Our-Operations/Mining-operations/Century/Mine-closure-planning.aspx>

<sup>4</sup> 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.

<sup>5</sup> 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

### **Kamarga Drilling Results**

RMG Ltd re-commenced drilling at the Kamarga Zinc project in early June 2012. Drilling has now been completed and sites rehabilitated.

The Company has completed 3,014m of drilling in 2012 and drilled the following targets;

- Triangle zinc-lead anomaly (3 holes)
- Metallurgical drill hole in the JB zinc-lead mineralisation to provide material to confirm flotation results of April 2012, and to test the ore sorting characteristics of the vein style mineralisation (1 hole)
- Infill holes on the JB zone to enable a JORC compliant resource estimate (6 holes)

Drill results are available for the Triangle target, the metallurgical hole and three of the six JB zone infill holes.

### **Metallurgical Drill Hole**

JB017 was collared near a historic drill hole (KD19) and drilled with HQ size core to obtain around 400kgs of mineralised core for metallurgical test work.

The hole successfully intersected 129m @ 2.1%Zn+Pb from 153.5m downhole. Significant intercepts are tabulated in Table 1.

The metallurgical testwork is proposed to achieve two objectives;

1. To repeat the outstanding flotation results reported from hole JB007 (ASX release of 2 April 2012)
2. To review the efficacy of sorting the crushed material by density contrast and achieve an upgrading of the lower grade material to enhance the possible economics of the project.

A number of zinc operations around the world, particularly those with low iron sulphide content (e.g. Tennessee zinc operations operated by Nyrstar<sup>6</sup>), reduce the volume of waste being processed by passing the crushed material through a Dense Media Separator plant. In the case of Selwyn<sup>7</sup> in Canada, testwork indicates that 30-40% of the waste can be rejected whilst retaining 90-95% of the zinc. This results in a 150% upgrade of the zinc grade of the material to be processed. Whilst the Company is not suggesting that the Kamarga zinc material can be upgraded, the style of zinc mineralisation at Kamarga warrants the testwork to be undertaken.

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<sup>6</sup> www.Nyrstar.com Analyst Site Visit Report 7 November 2011

<sup>7</sup> Selwyn Resources Annual report 2010, pp14

### Triangle Drill Holes

Three diamond drill holes were drilled to complete the "Minimum Work Program" as required by the Option Agreement between Teck and the Company. There was no mineralisation intersected in any hole and Teck has advised that the Company has now completed the Minimum Work Program and Minimum Expenditure as required by the Option Agreement.

### JB Infill Drill Holes

Six diamond drill holes were drilled and results are available for three of these holes. The Company's ASX release of 26 July 2012 provides the details of the drill collars and results. The drill results are consistent with previous drilling by RMG of the JB mineralisation, with thick intersections (80-129m thick) of low grade zinc mineralisation within which are higher grade zones. The drilling now demonstrates the width of the mineralisation to be over 110m wide.

Once all results have been received the Company will undertake a resource estimate for the first 600m strike length of the JB mineralisation.

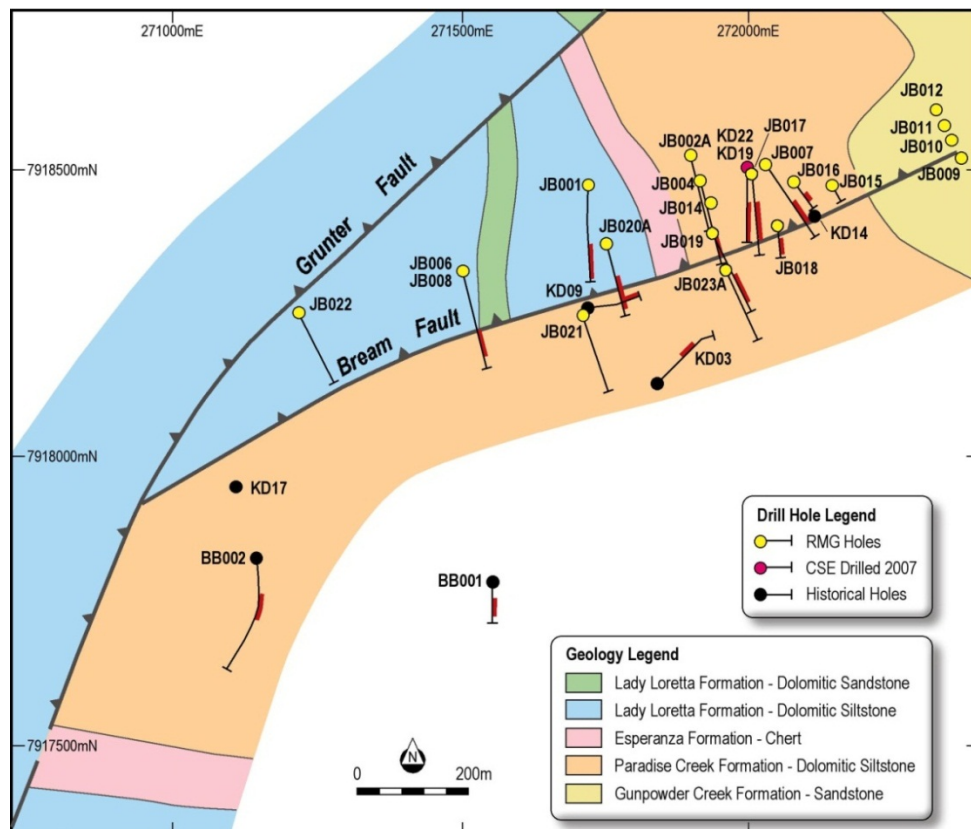


Figure 2 Plan of Kamarga drilling

Mining Exploration Entity Quarterly Report  
and Appendix 5B

Drill Hole ID	From	To	Width	Zn%	Pb%	Ag (g/t)
JB017	153.5	155.5	2.0	3.34	0.14	3.5
	173.0	175.0	2.0	3.09	0.05	1.7
	187.0	193.5	6.5	4.82	1.03	1.3
	201.5	208.5	7.0	2.98	0.96	3.7
	220.5	228.0	7.5	4.52	0.14	2.7
	236.5	238.5	2.0	4.24	0.16	3.3
	242.5	246.0	3.5	3.90	0.08	2.2
	249.0	251.0	2.0	3.09	0.24	1.3
	263.0	267.0	4.0	5.71	0.80	2.6
	278.5	282.5	4.0	4.22	2.04	1.2
JB018	125.0	130.0	5.0	3.84	0.06	1.6
	152.0	154.0	2.0	4.21	0.39	1.2
	171.0	173.0	2.0	4.96	0.93	1.8
	176.0	184.0	8.0	3.79	0.14	2.7
	196.0	198.0	2.0	4.29	1.24	5.3
	210.0	213.0	3.0	6.34	0.22	3.0
	221.0	223.0	2.0	3.83	2.84	5.6
JB019	232.0	234.0	2.0	4.53	0.01	3.1
	242.0	247.0	5.0	4.94	0.09	3.2
JB020A	206.0	208.0	2.0	8.70	2.86	9.1
	238.0	250.0	12.0	2.48	0.24	2.0
	256.0	266.0	10.0	3.65	0.26	1.7
	287.0	293.0	6.0	3.59	0.28	3.2
	296.0	303.0	7.0	4.02	0.39	3.9

Table 1 Kamarga 2012 drill results<sup>8</sup> to date

The significance of the multiple higher grade mineralised zones can be demonstrated by viewing Figure 3. Figure 3 is a chart of the cumulative thickness of the zinc zones within the JB mineralisation against the average zinc grade of the same zones for a single drill hole, JB017. For example, the chart shows that at a 3% Zn+Pb threshold there are numerous zones greater than 3%Zn+Pb that sum to a total thickness of 40.5m, with an average grade of 4.8%Zn+Pb (see Table 1 above for a list of the individual 3%Zn+Pb zones).

This chart is considered to provide a better appreciation of the opportunity of the JB mineralisation, rather than just viewing the average grade of the entire mineralised zone.

<sup>8</sup> Minimum 2m > 3%Zn+Pb. Maximum 2m internal dilution. True width unknown.

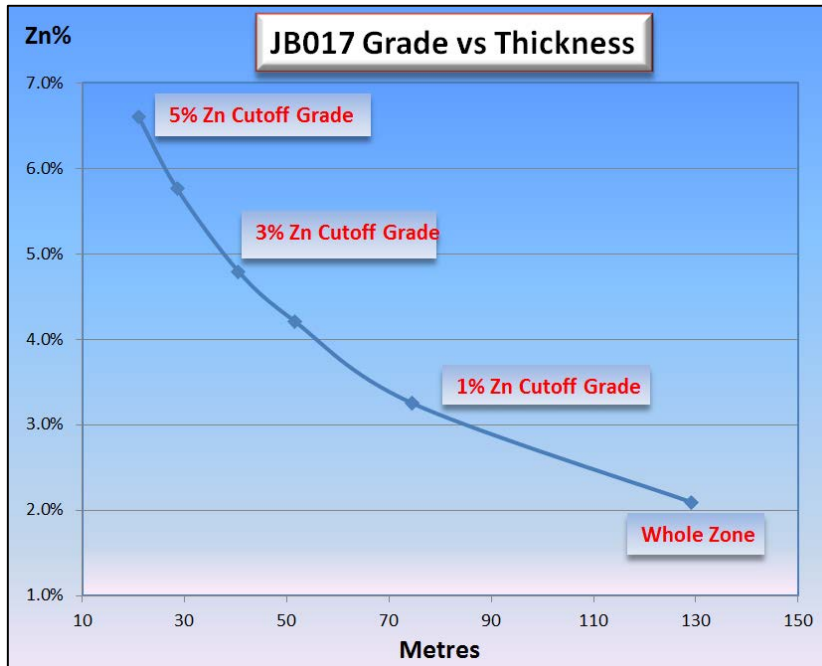


Figure 3 Cumulative thickness of zinc zones versus zinc grade for JB017

**McLeans Creek - Tasmania (EL17/2003, ML 20/2001)**

The McLeans Project is located near Zeehan (see Figure 4) within the world-class base metal province of western Tasmania in near proximity to Roseberry (Cu-Pb-Zn-Ag-Au), Renison (Sn), and Mt Lyell (Cu) mines. The project area is within 5 kms of sealed road and high-voltage electricity transmission line.

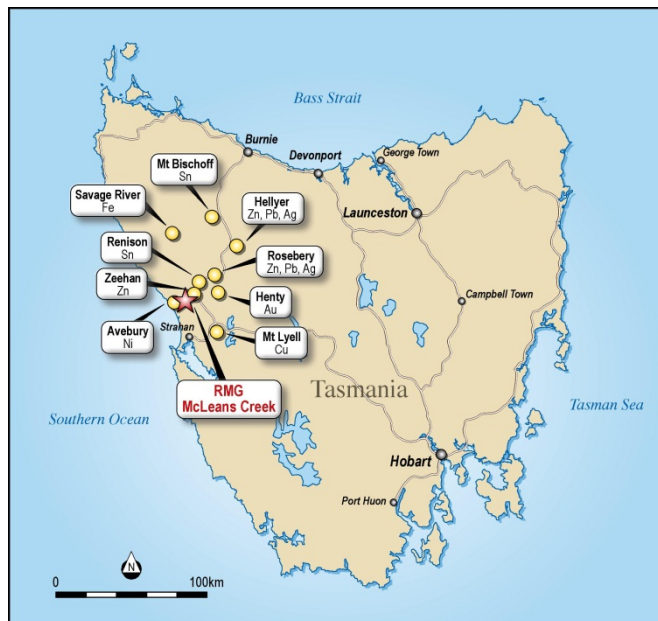


Figure 4 Location of McLeans Creek Project

The McLeans Creek project was previously explored by several companies including Renison Goldfields, CRA, Allegiance Mining and Stonehenge Metals. These previous exploration activities have identified a 1.5km soil geochemical anomaly coincident with a shale-dolomite contact that also hosts significant silver-lead-zinc mineralisation.

RMG undertook a programme of six diamond drill holes, three on the shale mineralisation in an area called Sunshine (previously drilled by Stonehenge in 2007), and three on the shale hosted mineralisation intersected by CRA's drill hole S31.

Every hole drilled by RMG intersected the mineralised shale horizon and confirmed its stratiform geologic characteristics. The Company's ASX release of July 30 details RMG's drill hole collars and results, and the previous explorers intersections through the mineralised shale target.

The intersections demonstrate that the mineralised shale unit extends over a minimum of 500m and continues along strike. A number of drill holes (RMG, Renison, Stonehenge) have intersected high grade silver-lead-zinc mineralisation, providing encouragement that the mineralised shale unit is a fertile environment for Proterozoic stratiform shale hosted Zn-Pb mineralisation as originally proposed by CRA (now RioTinto Ltd) in 1992<sup>9</sup>.

Drill Hole ID		From (m)	To (m)	Interval (m)	Zn%	Pb%	Ag(g/t)	Core Recovery%
MCL001		16	39	23	3.87	2.33	26.7	41
	Including	27	32	5	10.56	6.84	57.2	61
MCL002		11	19	8	2.23	0.64	13.8	74
MCL003		23	33	10	0.14	1.67	15	68
MCL004		37	95	58	0.2	0.06	1	66
MCL005		53	59	6	0.11	2.56	74.9	84
		122	124	2	0.6	1.33	12.5	95
		154	156	2	1.17	0.27	2.5	30
MCL005A		45	47	2	2.12	1.29	34.5	35
		72	79	7	0.18	0.01	1	69
		89	138.7	49.7	0.37	0.08	1.9	48

Table 2 Zeehan drilling results

### Heli-borne Geophysics

The area of EL17/2003 has been covered by a heli-borne EM survey and RMG is now in the process of having the data imaged and interpreted.

Figure 3 shows an image of the EM data, clearly showing the extent of the Proterozoic shale unit. Overlaying the EM image are the outlines (in green) of the Renison Goldfields soil geochemistry anomalies. Many of these Zn-Pb anomalies show a strong correlation with the contact of the shale unit with the bounding sediments. The 1.5km long shale contact zone with the coincident geochemical anomaly is the target horizon for the RMG drilling.

<sup>9</sup> Annual Exploration Report for EL28/88 by R. Parkinson for CRA. MRT Report number 92-3398

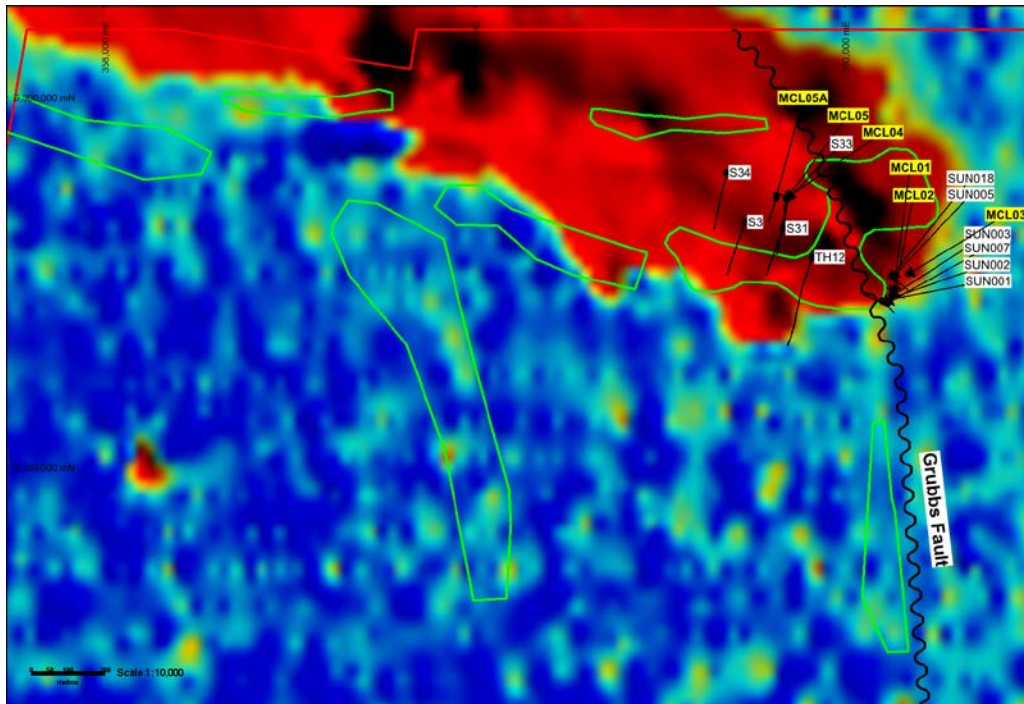


Figure 5 Plan of Zeehan drill holes on the EM image

## **Forward Programs**

### **Kamarga**

The Company awaits the final assays from the recent drilling at Kamarga whereupon it will undertake a resource estimate for a portion of the JB mineralisation.

Metallurgical test work is also scheduled and results should be available in the next quarter.

### **Zeehan**

Compilation of all drill results and the heli-borne EM data to generate the next set of silver lead zinc targets prior to the next available drilling season in summer 2012-2013.

## **Corporate and Finance**

The Company had \$679,000 in cash and bank deposits at the end of the quarter.

Ends

For further information please contact:

Mr Robert Kirtlan or Mr Peter Rolley  
+61 8 9381 1177



*Competent Persons Statement*

*The information in this report that relates to Exploration Target and Exploration Results is based on information compiled and reviewed by Peter Rolley, who is a Member of The Australian Institute of Geoscientists. Mr Rolley is self-employed and 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.*

*Kamarga Note: Intervals presented are downhole. True widths are unknown. All samples are from NQ diamond drill core, sawn in half, from intervals of 1.0m in length. Drill core recovery from all sampled intervals is >95%. 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.*

*Zeehan Note: Intervals presented are downhole. True widths are unknown. All samples are from HQ diamond drill core, sawn in half, from intervals of varying length to a maximum of 1.0m. Drill core recovery from all sampled intervals is highly variable. Drill holes are surveyed down hole by Eastman camera. No drill core was able to be oriented. Sample preparation undertaken by ALS-Chemex (ALS) in Burnie, Tasmania and chemical analysis by ALS in Townsville. 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 55S.*

*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.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

RMG LIMITED

ABN

51 065 832 377

Quarter ended ("current quarter")

30 June 2012

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	0	2
1.2 Payments for (a) exploration & evaluation	(854)	(3,204)
(b) development		
(c) production		
(d) administration	(291)	(913)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	23	106
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(1,122)</b>	<b>(4,009)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets	0	(155)
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets	3	3
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>3</b>	<b>(152)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,119)</b>	<b>(4,161)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,119)	(4,161)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	0	2,408
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (costs of funds raised)	(2)	(118)
	<b>Net financing cash flows</b>	(2)	2,290
	<b>Net increase (decrease) in cash held</b>	(1,121)	(1,871)
1.20	Cash at beginning of quarter/year to date	1,800	2,550
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	679	679

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	98
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

1.23 Salaries, directors fees and consultants fees paid to directors and associates of directors

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Issue of 20,000,000 shares at a deemed price of \$0.01c per share as part of the acquisition of the Zeehan project in Tasmania.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(300)
4.2 Development	-
4.3 Production	-
4.4 Administration	(150)
<b>Total</b>	<b>(450)</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	679	51
5.2 Deposits at call	-	1,750
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>679</b>	<b>1,801</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL3812	Relinquishment	100%	0%
	EL3813	Relinquishment	100%	0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	1,375,134,592	1,375,134,592		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,000,000	20,000,000		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	390,001,000	390,001,000	<i>Exercise price</i> 2.0 cents	<i>Expiry date</i> 30 April 2014
	10,000,000	-	2.0 cents	01 April 2015
	10,000,000	-	2.0 cents	01 April 2017
7.8 Issued during quarter	10,000,000	-	2.0 cents	01 April 2015
	10,000,000	-	2.0 cents	01 April 2017
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	(8,750,000)	(8,750,000)	5.0 cents	30 June 2012
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

30 July 2012

Sign here: ..... Date: .....  
(Company secretary)

Print name: Lloyd Flint

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.