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QUARTERLY REPORT 31 DECEMBER 2011

ELS 02 2012

SUMMARY

- Drilling ceased in mid-November at Kamarga as a result of the onset of northern Australia wet season
- Drilling results demonstrate a strike length of 600m of the mineralised zinc zone and remains open
- There are a number of higher grade intervals within the zinc mineralised zone averaging 5% - 15% Zn+Pb over 2m to 9m width
- It is possible that the zinc zone extends a further 900m along strike as evidenced by previous diamond drilling by Mt Isa Mines Ltd.

- Drilling intersected a new copper zone with 6m @ 1.1%Cu, 10g/tAg
- Soil sampling confirmed the copper zone over a 7km trend
- Rock chip samples along the trend assayed to 38% Cu
- Numerous other zinc and copper targets remain to be tested

- RMG has acquired a new zinc-lead-silver project at Zeehan in western Tasmania
- Previous drilling at Zeehan has intersected zones from 10m to 21m width averaging 6% - 10% Zn+Pb and 11g/t to 94g/t Ag

Kamarga Zinc (EPM14309)

The Company's Kamarga Project is located 20kms southeast of the world class Century Zn-Pb mine. Century is the world's second largest producer of zinc concentrate. The location of the Century Mine to Kamarga may be important from an infrastructure viewpoint including existing power, water, roads, and concentrate pipeline to a port. Kamarga also has good road access to Cloncurry where it meets the railway line to Townsville, providing a further transport corridor.

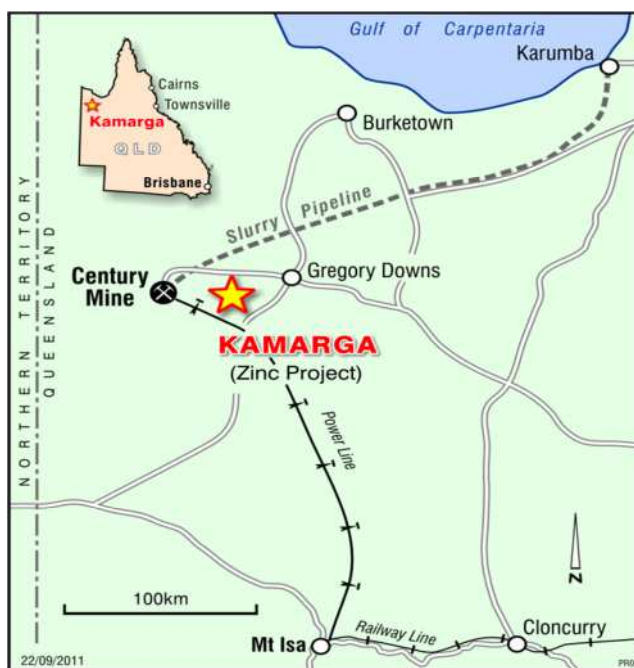


Figure 1 Kamarga Project location

RMG Ltd commenced drilling at the Kamarga Zinc project in northwest Queensland (Figure 1) in late July. Drilling has now been halted due to severe inclement weather and bushfires resulting from the onset of the northern Australia wet season.

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 for the large low grade system at Kamarga of 40-60 million tonnes at an average grade of 2-3%Zn, within which is reported a higher grade exploration target of 5-15Mt @ 5-10% Zn². The prospect has had little work since the 1990's.

RMG Drilling

RMG has completed drilling seventeen holes at the JB zinc prospect. Table 1 presents all the drill hole collar details from the beginning of the programme in July 2011. Figure 2 is a plan view of the drill hole collars.

These holes show that the zinc mineralisation extends for a minimum of 600m along strike and is still open along strike to the north-east and to the south-west.

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

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Drill Hole ID	Easting	Northing	Elevation	Dip	Azimuth	RC	EOH	Comment
JB001	271721	7918465	177	-60	160	120	311.3	Full JB Zinc intercept
JB002	271892	7918519	185	-60	152	108	180.5	Abandoned
JB002A	271902	7918519	182	-60	160	133	267.4	Terminated early
JB003	272082	7918619	180	-60	160	87.6	159.6	Abandoned
JB004	271915	7918474	181	-60	161	97	299.8	Full JB Zinc intercept
JB005	272062	7918573	180	-60	160	73	73	Abandoned
JB006	271498	7918325	172	-60	160	102	380	Full JB Zinc intercept
JB007	272026	7918510	177	-60	145	30	272.9	Full JB Zinc intercept
JB008	271499	7918326	177	-85	175	108	345.3	Intersected FeS halo
JB009	272361	7918522	181	-90	0	130	130	Updip oxidised zone
JB010	272351	7918548	184	-90	0	130	130	Updip oxidised zone
JB011	272340	7918575	186	-90	0	130	130	Updip oxidised zone
JB012	272331	7918602	187	-90	0	77	76	Abandoned
JB013	271916	7918431	184	-60	160	29	29	Abandoned
JB014	271917	7918431	184	-60	160	108	285.9	Full JB Zinc intercept
JB015	272157	7918475	177	-80	140	90	128.6	Abandoned
JB016	272065	7918482	176	-80	140	90	226.2	Partial FeS halo

Table 1 RMG drilling locations

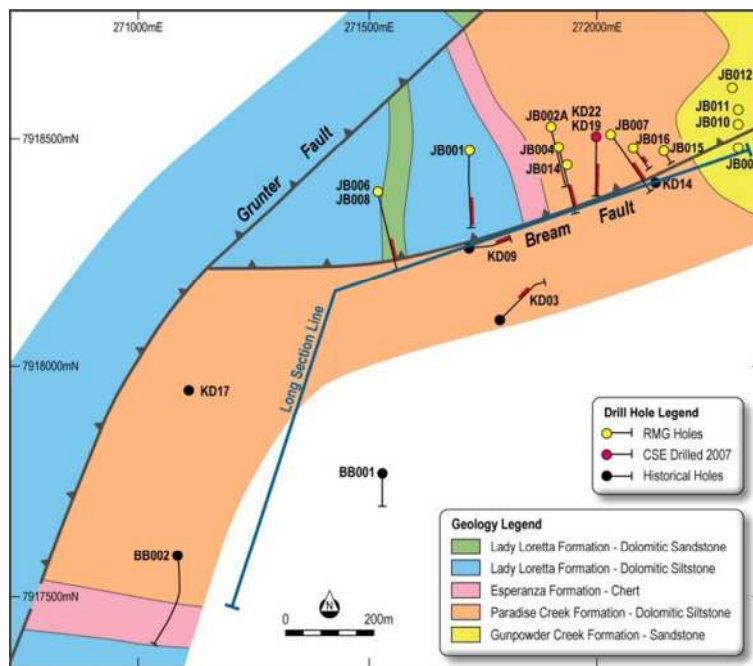


Figure 2 Plan of RMG holes (JB**)

The historical Newmont (KD series) and Mt Isa Mines (BB series) diamond drill hole results are now being incorporated into the Kamarga project. These results indicate that the JB zinc mineralisation zone extends over 1,500 metres strike and over 200m in width, although further drilling is required to verify the continuity of higher grade mineralisation within this envelope. Figure 3 shows the long section of the JB zinc zone with both the RMG and the historical drill hole collars.

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Mining Exploration Entity Quarterly Report
and Appendix 5B

HoleId	From (m)	To (m)	Interval (m)	Zn%	Pb%	Ag g/t
JB001	198	299	101	1.69	0.29	
Including						
	221	225	4	3.99	1.43	2.5
	233	235	2	4.54	0.08	3
	241	250	9	5.21	0.64	4.4
	253	255	2	7.86	0.03	4.5
	281	285	4	3.91	0.04	1.1
	293	296	3	8.61	1.7	13
JB002	Abandoned					
JB002A	161	265	104	0.42	0.07	
JB003	Abandoned					
JB004	164	271	107	1.24	0.14	
Including						
	226	228	2	6.72	0.07	2.5
	235	237	2	7.53	0.04	4.5
	256	259	3	4.68	0.99	0.5
JB005	Abandoned					
JB006	235	327	92	1.3	0.1	
Including						
	235	238	3	2.67	0.01	1
	293	302	9	2.31	0.14	1
	311	314	3	2.95	0.06	1
	334	340	6	6.73	0.3	1
	353	361	8	2.76	0.28	1
JB007	128	227	99	1.35	0.41	1
Including						
	179	181	2	5.49	9.07	19
	184	190	6	3.91	0.41	3.8
	198	200	2	5.37	0.57	3
	210	216	6	2.81	0.32	1.6
	219	221	2	4.27	0.33	2
	224	227	3	6.92	1.79	2.3
JB008	Intersected Pyrite Halo only - No zinc intercepts					
JB009	Intersected oxidised zinc mineralisation - no zinc intercepts					
JB010	Intersected oxidised zinc mineralisation - no zinc intercepts					
JB011	Intersected oxidised zinc mineralisation - no zinc intercepts					
JB012	Intersected oxidised zinc mineralisation - no zinc intercepts					
JB013	Abandoned					
JB014	137	269	132	1.52	0.25	
Including						
	178	184	6	2.97	0.29	1
	207	210	3	3.65	0.04	1
	212	215	3	3.33	0.73	1
	223	229	6	5.08	0.79	4
	243	246	3	5.71	0.41	4.7
	259	262	3	4.43	2.88	3
JB015	Abandoned					
JB016	130	191	61	0.8	0.16	
Including						
	179	182	3	4.43	0.7	1
	188.5	191	2.5	5.06	1.24	1

Table 2 All RMG drilling intercepts³

³ Minimum 2m > 3%Zn+Pb, maximum 2m internal dilution. True width not determined.

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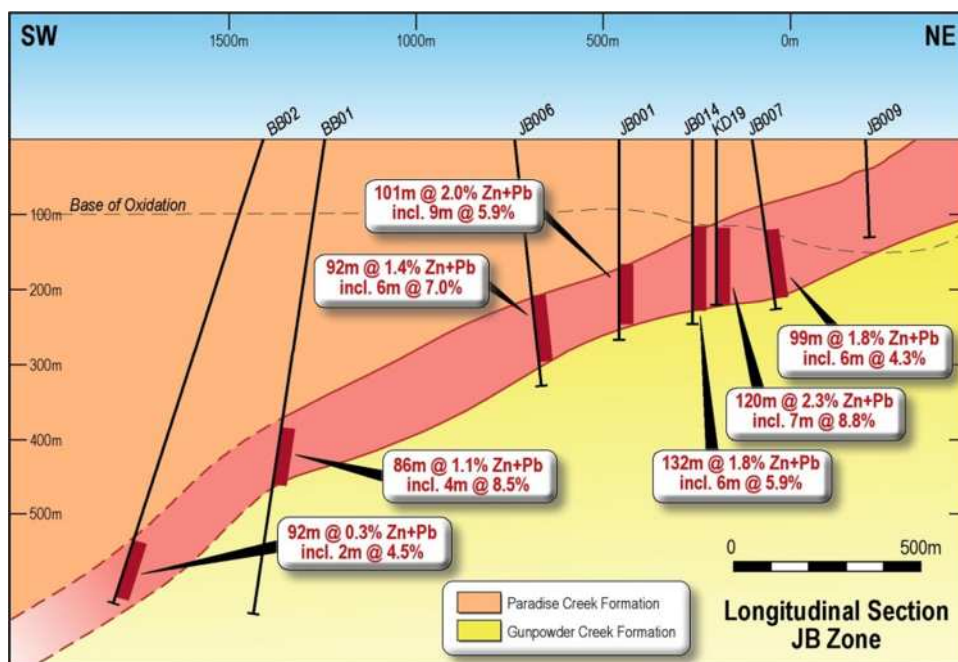


Figure 3 Long section of zinc mineralisation

Kamarga Copper (EPM14309)

RMG has not undertaken any drilling specifically aimed at the copper anomalies. However, in the pre-collar of one of the diamond drill holes targeting the JB zinc mineralisation, a significant zone of copper sulphide mineralisation was intersected.

The diamond drill hole JB008 intersected a strongly veined and brecciated sequence of dolomitic siltstones with attendant chalcopyrite, bornite and chalcocite mineralisation (>500ppm Cu) over a down-hole width of 39 metres. This zone has been assayed and all copper intercepts are shown in Table 3⁴. The geologic logging of the drill hole suggests that the copper mineralisation is related to the nearby Grunter Fault.

Rock chips of outcropping copper mineralisation along the Grunter Fault zone are all reported in Table 4. The best values of 32.8% copper are located 1.6kms northeast of JB008.

Figure 4 shows the location of JB008, the Grunter rock chips and the outline of the Grunter soil anomaly. The soil sample values indicate that the copper zone extends for over 7 kms in length.

⁴ Intercept is greater than 0.5% Cu over > 3m with < 2m internal dilution. True width is unknown.

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HoleID		From	To	Width	Cu%	Ag g/t
JB008		195	234	39	0.24	5
	including	198	204	6	1.05	10

Table 3 All copper intercepts in JB008

East_MGA94_Z54	North_MGA94_Z54	SAMP_ID	Ag_ppm	As_ppm	Ba_ppm	Co_ppm	Cu_%	Fe_%	Mn_ppm	Pb_ppm	Zn_ppm
272760	7919567	BB008	0.83	173.5	10000	26.8	4.21	4.52	254	19.7	7
272765	7919551	BB009	0.43	48.6	690	6.1	0.01	2.15	114	14.6	5
272874	7919743	BB010	0.44	13.4	120	4.8	11.55	13	1810	4.4	8
273026	7919920	BB014	0.36	90.2	80	15.5	9.63	9.36	279	5.5	11
273057	7919950	BB015	1.09	46.4	170	35	18.20	9.97	1260	11.3	22
272639	7919512	BB016	1.97	470	70	11.7	32.80	3.2	122	4.6	5
272592	7919514	BB017	4.37	2010	400	720	32.80	6.83	625	16.2	14
272364	7919372	BB018	0.23	22.3	540	6.7	0.25	27	1300	14.5	47

Table 4 All rock chip results along Grunter copper zone

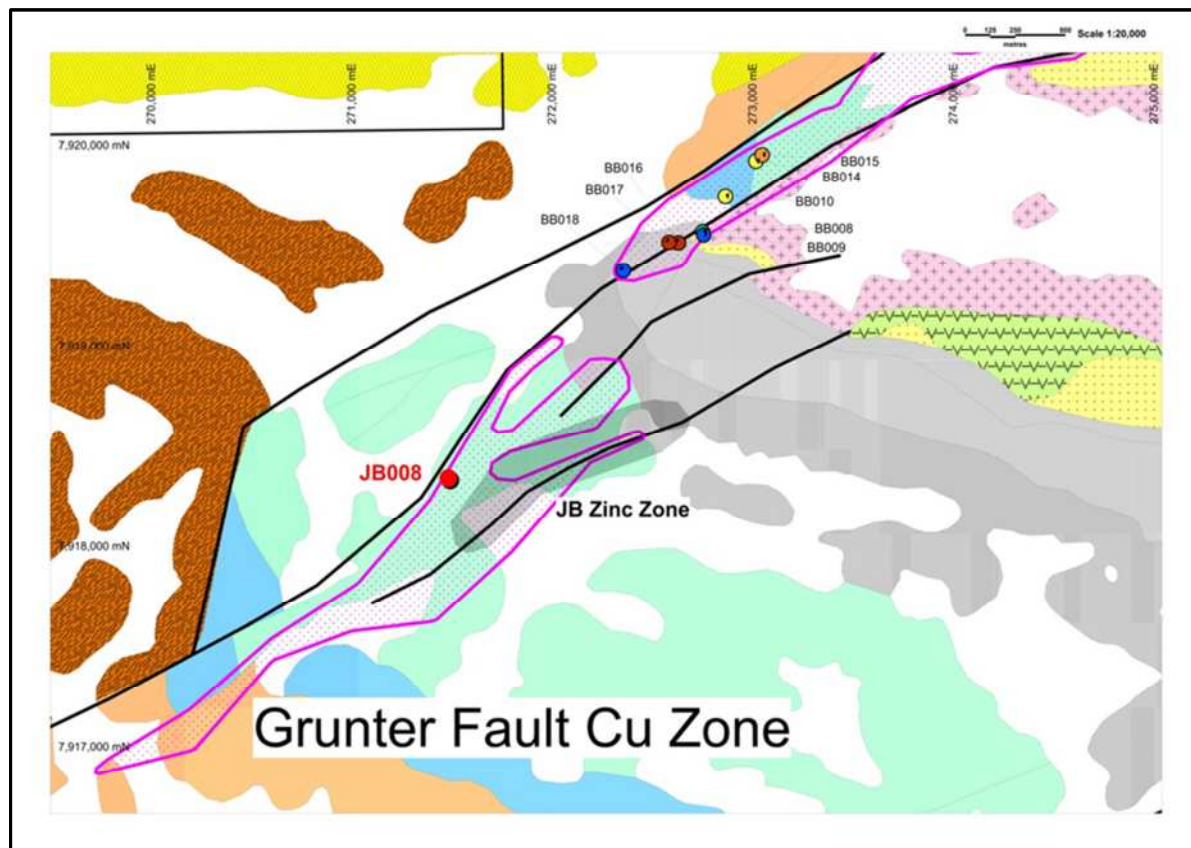


Figure 4 Location of Copper mineralisation along Grunter Fault zone

Tasmania Zinc Exploration (EL17/2003, ML 20/2001)

The Company entered into an agreement with Stonehenge Metals Ltd to acquire 100% interest in two permits near Zeehan, conditional upon the approval and transfer by the Minister of DEIR in Tasmania. RMG's ASX release of 13 December

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2011 summarises the terms of the acquisition and the previous companies' exploration results.

Previous exploration by Renison Goldfields in 1983-1986, and by CRA-Allegiance JV in 1992-2005 is summarised in Stonehenge Metals' prospectus of 2006. These groups drilled a total of 12 holes in the licence area.

Of particular significance to the Company are the results for drill holes TH12 (10m @ 3.5%Zn+Pb, 32g/t Ag) and S31 (6.5m @ 9%Zn+Pb, 41g/t Ag). These results are within 40m of surface, with the mineralisation occurring at the interface between shale and dolomite sequences and may represent stratabound mineralisation. Nearby drill holes had difficulty achieving core recovery through this zone and it remains open along strike and at depth.

Stonehenge undertook a number of exploration programmes at the Sunshine zinc-lead-silver prospect within ML20/2001. Surface channel sampling across the mineralised lode system returned;

- 10m @ 22%Zn

Stonehenge also drilled the Sunshine prospect with a total of 22 holes (1,259m). This drilling was also compromised by very low core recovery and many drill holes were abandoned before reaching the target.

From the Company's perspective the most significant results are from;

- SUN013 21m @ 5.9%Zn, 0.8%Pb, 11g/tAg from 16m downhole, and
- SUN027 15m @ 7.1%Zn, 3.4%Pb, 94g/t Ag from 12m downhole, and
- SUN019 10m @ 2.4%Zn, 4%Pb, 79g/t Ag from 15m downhole.

These three holes are all the deepest holes to intersect the Sunshine mineralised system and none of these appear to have been followed up at depth due to poor drilling conditions.

South Australia Exploration (EL 3812, EL 3813)

The project remains under review.

Forward Programs

The Company will be compiling and 3D modelling the results of the Kamarga zinc drilling programme with the objective of confirming drill targets for the commencement of drilling in the next quarter of 2012.

The regional copper geochemistry and drill results will also be compiled and specific copper targets along the Grunter copper zone will be identified for drilling in 2012.

The Zeehan zinc-silver targets are ready for site access and if possible drilling upon confirmation from the DEIR that the permits have been transferred to the Company.

Corporate and Finance

The Company had \$2.4 million 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.

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.

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 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

RMG LIMITED

ABN

51 065 832 377

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	1
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(909) (156)	(1,903) (545)
1.3 Dividends received	48	73
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other Income	(4)	-
Net Operating Cash Flows	(1,021)	(2,374)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	 (56)	 (102)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other		
Net investing cash flows	(56)	(102)
1.13 Total operating and investing cash flows (carried forward)	(1,077)	(2,476)

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,077)	(2,476)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,407	2,407
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)	(117)	(117)
	Net financing cash flows	2,290	2,290
	Net increase (decrease) in cash held	1,213	(186)
1.20	Cash at beginning of quarter/year to date	1,151	2,550
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,364	2,364

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	57
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

Nil

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.

		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

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4.1	Exploration and evaluation	(200)
4.2	Development	-
4.3	Production	-
4.4	Administration	(160)
Total		(360)

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	2,364	350
5.2 Deposits at call	-	800
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,364	1,150

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		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

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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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	1,348,581,592	1,348,581,592		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	75,000,000 165,000,000 68,448,000	75,000,000 165,000,000 68,448,000	1.0 cents 1.0 cents 0.01 cents	1.0 cents 1.0 cents 0.01 cents
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	8,750,000 390,000,000 6,552,000	- - -	<i>Exercise price</i> 5.0 cents 2.0 cents 0.01 cents	<i>Expiry date</i> 30 June 2012 30 April 2014 30 April 2014
7.8 Issued during quarter	75,000,000 165,000,000	- -	2.0 cents 2.0 cents	30 April 2014 30 April 2014
7.9 Exercised during quarter	68,448,000	-	0.01 cents	30 April 2014
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 January 2012
(Company Secretary)

Print name: Graeme Smith

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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