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QUARTERLY REPORT 30 September

ELS 31 2011

SUMMARY

- Drilling at the Kamarga Project commenced late July
- Initial drilling results confirm the presence of a large mineralised zone of zinc and lead
- Current drilling demonstrates strike length of 385m with a target of 1,300m
- Mineralised zone ranges between 50-100m wide and 70-100m in downhole thickness
- Numerous higher grade zones of 2-9m in thickness within the mineralised zone have an average grade ranging from 3% - 15% zinc-lead
- Drilling to continue until wet season conditions halt operations

Kamarga Project

RMG Ltd commenced drilling at the Kamarga Zinc project in northwest Queensland in late July (Figure 1). Drilling is ongoing.

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.

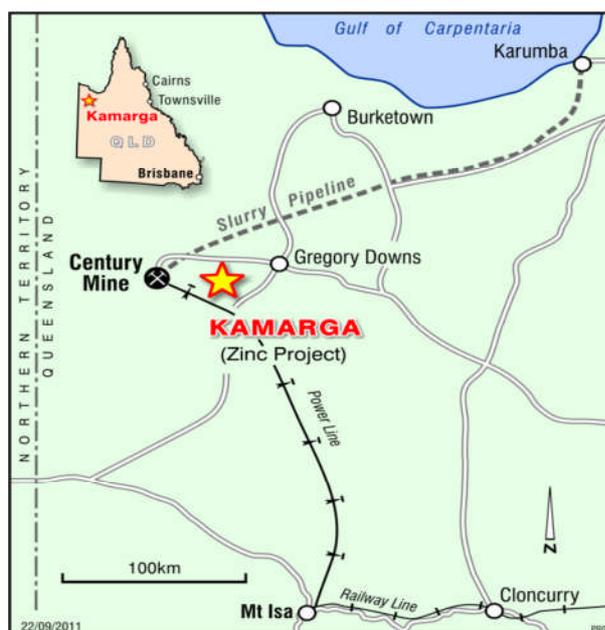


Figure 1 Location of Kamarga Project

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 1980's.

RMG Drilling

RMG has completed drilling fourteen holes at the JB zinc prospect. Of these, five holes were terminated due to drilling difficulties (JB002, JB003, JB005, JB012, and JB013) and did not intersect the mineralised zone. Assays are awaited from a further five holes (JB006, JB008, JB009, JB010 and JB011).

Results from JB001, JB002A, JB004, and JB007 are detailed below. These holes show the zinc mineralisation extends for a minimum of 385m along strike and is open along strike to the north-east and to the south-west.

JB001

- 101m at 1.69%Zn, 0.29%Pb (2%Zn+Pb) from 198m downhole
- Intercepts are;³
 - 4m @ 3.99%Zn, 1.43%Pb, 2.5g/tAg (5.4%Zn+Pb) from 221m
 - 2m @ 4.54%Zn, 0.08%Pb, 3.0g/tAg (4.6%Zn+Pb) from 233m
 - 9m @ 5.21%Zn, 0.64%Pb, 4.4g/tAg (5.9%Zn+Pb) from 241m
 - 2m @ 7.86%Zn, 0.03%Pb, 4.5g/tAg (7.9%Zn+Pb) from 253m
 - 4m @ 3.91%Zn, 0.04%Pb, 1.1g/tAg (4.0%Zn+Pb) from 281m
 - 3m @ 8.61%Zn, 1.70%Pb, 13g/tAg (10.3%Zn+Pb) from 293m

JB007

- 99m at 1.35%Zn, 0.41%Pb (1.8%Zn+Pb) from 128m downhole
- Intercepts³ in JB007 are;
 - 2m @ 5.49%Zn, 9.07%Pb, 19g/tAg (14.6%Zn+Pb) from 179m
 - 6m @ 3.91%Zn, 0.41%Pb, 3.8g/tAg (4.3%Zn+Pb) from 184m
 - 2m @ 5.37%Zn, 0.57%Pb, 3.0g/tAg (5.9%Zn+Pb) from 198m
 - 6m @ 2.81%Zn, 0.32%Pb, 1.6g/tAg (3.1%Zn+Pb) from 210m
 - 2m @ 4.27%Zn, 0.33%Pb, 2.0g/tAg (4.6%Zn+Pb) from 219m
 - 3m @ 6.92%Zn, 1.79%Pb, 2.3g/tAg (8.7%Zn+Pb) from 224m

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

³ Minimum 2m > 3%Zn+Pb, maximum 2m internal dilution

JB004

- 107m @ 1.24%Zn, 0.14%Pb (1.4%Zn+Pb) from 164m downhole
- Intercepts³ in JB004 are;
 - 2m @ 6.72%Zn, 0.07%Pb, 2.5g/tAg (6.8%Zn+Pb) from 226m downhole
 - 2m @ 7.53%Zn, 0.04%Pb, 4.5g/tAg (7.6%Zn+Pb) from 235m downhole
 - 3m @ 4.68%Zn, 0.99%Pb, 0.5g/tAg (5.7%Zn+Pb) from 256m downhole

JB002A

- 104m @ 0.42%Zn, 0.07%Pb from 161m downhole

No significant intersections that meet the reporting criteria. The drill hole intersected a strong pyrite zone that occurs in proximity to the Bream Fault, as shown in a number of drill holes and is a halo to the main zinc mineralisation. JB002A has similarly intersected a strong pyrite zone that indicates the main zinc zone is further to the east. A new drill hole JB014 is currently in progress on the JB002A section to confirm the zinc mineralisation.

Drill Hole Number	Easting	Northing	RL	Dip	Azimuth	Precollar	EOH
JB001	271721	7918465	177	-60	160	120	311.3
JB002	271893	7918519	182	-60	152	108	180.5
JB002A	271899	7918522	182	-60	160	133	267.4
JB003	272078	7918618	180	-60	160	87.6	159.6
JB004	271915	7918477	181	-60	161	97	299.8
JB005	271067	7918573	172	-60	160	73	73
JB007	272029	7918507	177	-60	145	30	272.9

Table 1 Drill hole location details

Summary

Figure 2 shows the location of the drill holes in plan view, including drill hole KD19 drilled by Copper Strike in 2008. Table 1 presents the collar location details of the RMG drill holes.

These new drilling results, when plotted with the previously reported Copper Strike drilled KD19, indicate the continuity of the higher grade zinc zones over a strike length of 385m and open along strike to northeast and southwest.

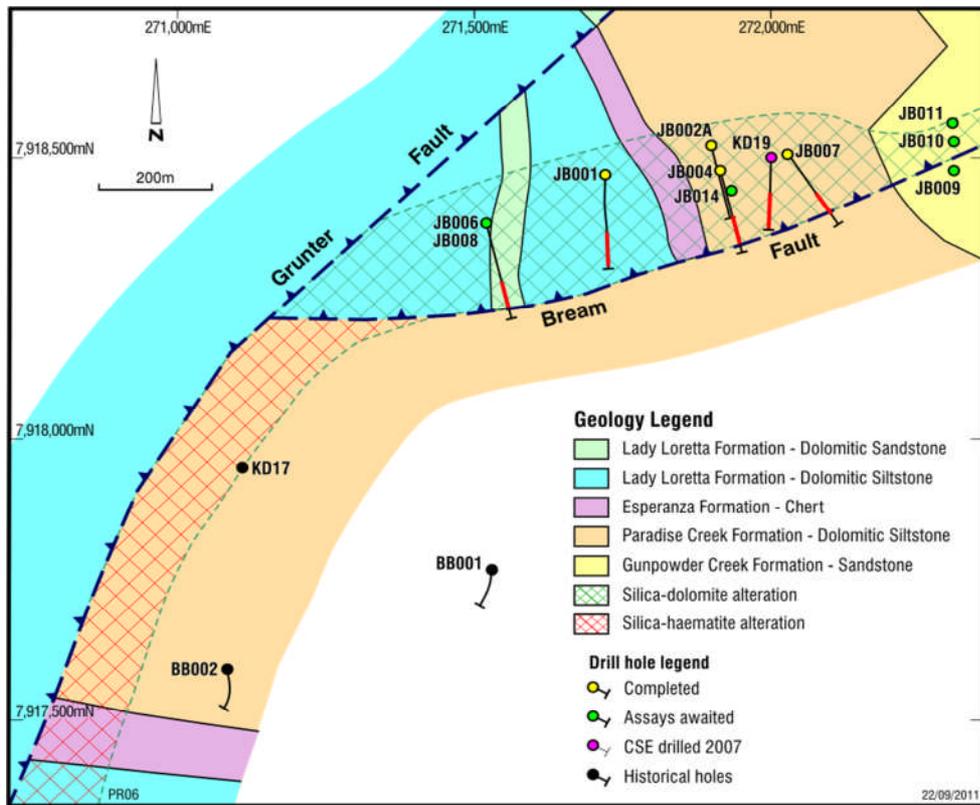


Figure 2 Location of Drill Holes

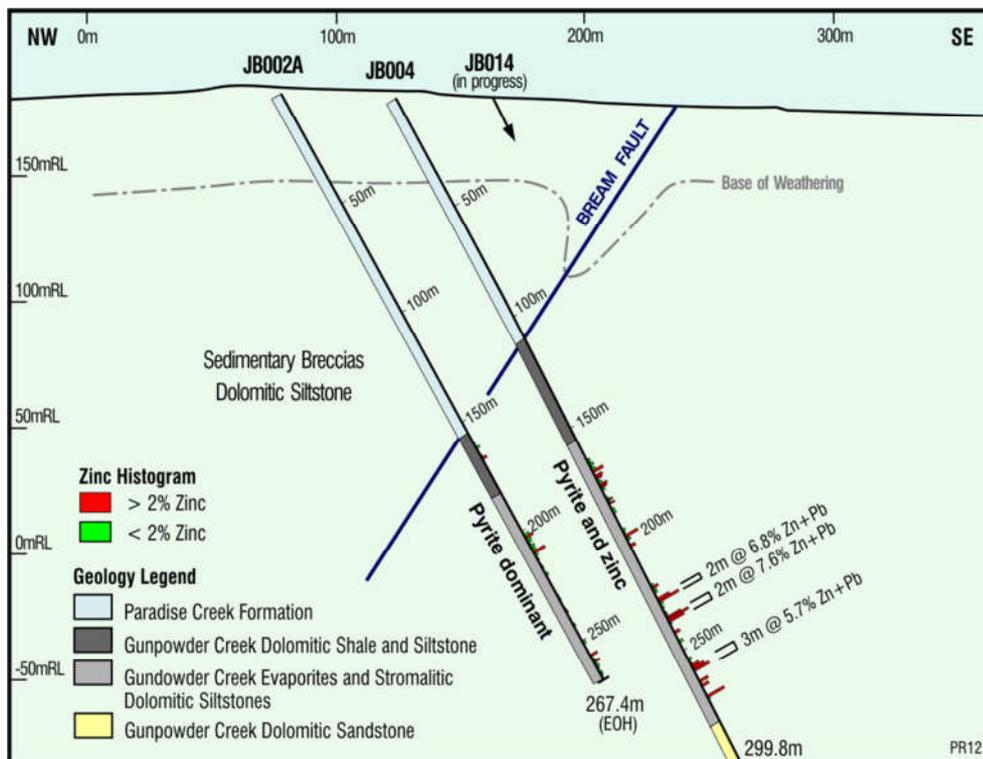


Figure 3 JB002A and JB004 drill section

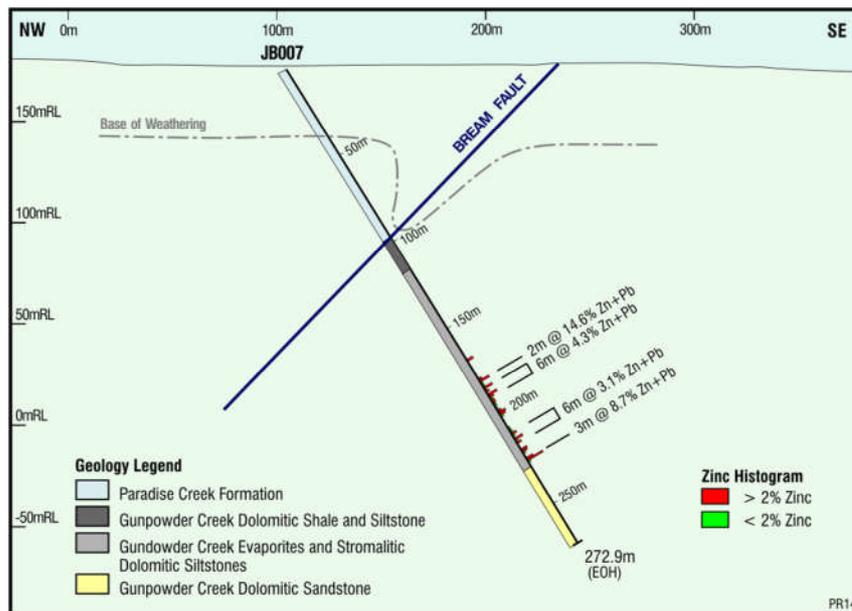


Figure 4 JB007 drill section

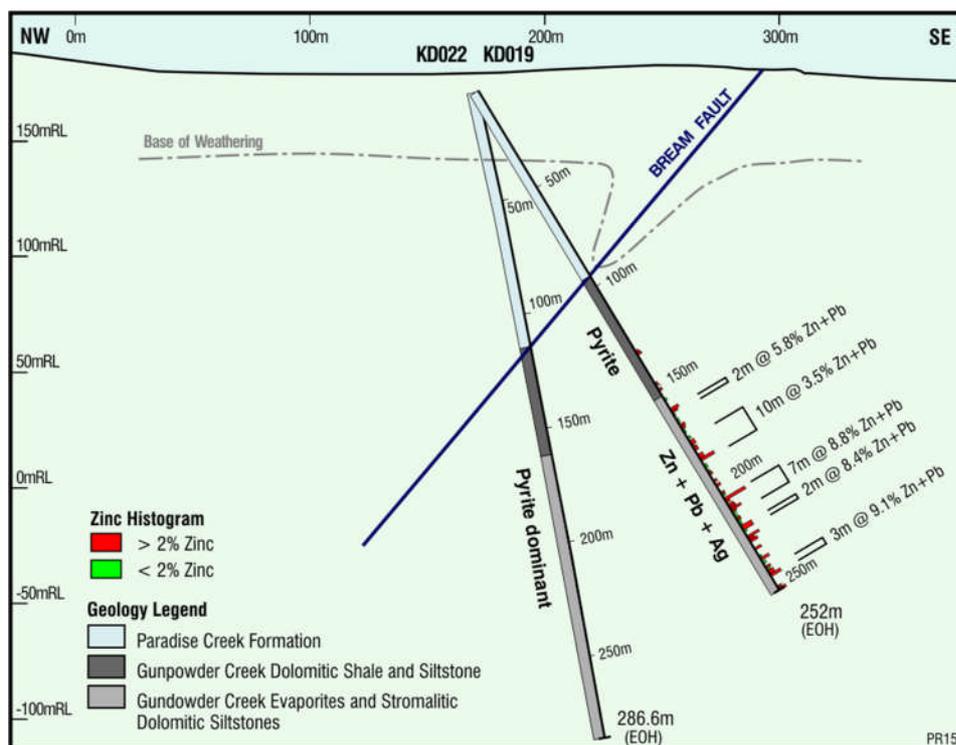


Figure 5 KD19 and KD22 Copper Strike section

Historical Drilling

As previously reported Newmont and Mt Isa Mines have both undertaken diamond drilling on the JB zinc prospect in 1973-1984 and 1991-2003 respectively.

The diamond drill holes that are reported as occurring within the JB zinc prospect have been located on the ground by RMG geologists, and collar co-ordinates confirmed with the drill logs.

Drill hole KD15 drilled by Newmont has now been twinned by JB001 and (as previously reported in ASX Release September 24) confirmed in zinc and lead tenor and widths. Given the fidelity and status of Newmont and Mt Isa Mines in the mineral exploration industry, the acquisition by RMG of the original drill logs and survey data, the verification of the drill hole collar co-ordinates by field surveys, the confirmation of the geology, zinc tenor and widths through the twinned drill hole, and the acceptance of the drill core data and locations for use in a PhD thesis at University of New England, it is considered by the Competent Person that these diamond drill holes are now able to be reported. Figure 2 and figure 6 show the location of four historical holes. Table 2 presents the collar locations and drilling details.

	East (MGA94_Z54)	North (MGA94_Z54)	Elevation	Total Depth (m)	Dip	Azimuth
BB001	269401	7917643	175	650	-75	180
BB002	271115	7917620	175	738	-55	180
KD8	271364	7918209	170	433	-60	80
KD17	271090	7917928	164	499	-90	0

Table 2 Historical drill hole details

BB001 and BB002 intersected the JB zone of mineralisation at depth, over 1,300m downdip from JB007. These holes indicate that the mineralisation is continuous over a large distance that is currently undrilled by any previous explorer and presents a target for further exploration by RMG.

Further drilling by RMG is expected to continue to affirm the veracity of the Newmont drill holes (KD series) with the objective of possibly enabling the incorporation of these results into a resource estimate in 2012.

BB001 86m @ 1.1% Zn 0.05%Pb from 394m downhole

Intercepts meeting cut criteria are;

- 2m @ 4.77%Zn, 0.01%Pb, 7g/tAg from 393m downhole
- 4m @ 6.88%Zn, 1.59%Pb, 14g/t Ag from 428m downhole
- 2m @ 3.54%Zn, 0.01%Pb, 5.5g/tAg from 460m downhole
- 2m @ 3.90%Zn, 0.02%Pb, 4g/tAg from 473m downhole

BB002 90m @ 0.23%Zn, 0.6%Pb from 348m downhole

Intercepts meeting cut criteria are;

- 3m @ 4.57%Zn, 0.01%Pb, 4g/t Ag from 430m downhole.

KD8 69.35m @ 0.97%Zn, 0.25%Pb from 305.65m downhole

Intercepts are;

- 3.91m @ 2.80%Zn, 0.13%Pb, 2g/tAg from 320.09m downhole
- 2.17m @ 2.12%Zn, 0.01%Pb, 2g/tAg from 329.13m downhole
- 5.00m @ 4.73%Zn, 2.71%Pb, 3g/tAg from 350.00m downhole

KD17 51.5m @ 0.29%Zn, 0.08%Pb from 408.3m downhole

No intercepts that meet the reporting criteria. The hole intersected a semi-massive pyrite halo in proximity to the Bream-Grunter fault system.

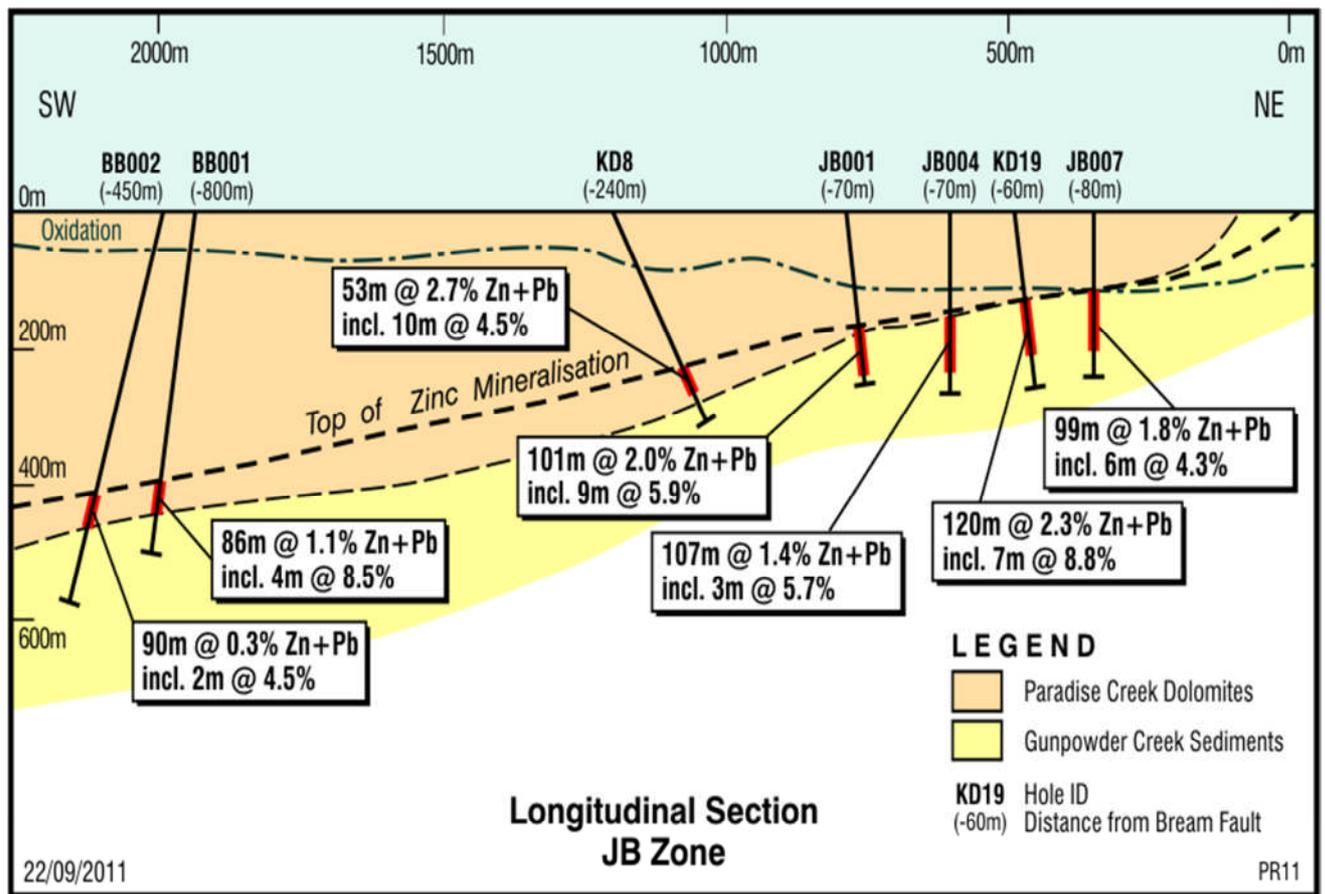


Figure 6 Long section along the JB mineralisation (The intercepts are all Zn + Pb and are fully reported in the text)

South Australia Exploration (EL 3812, EL 3813)

The project remains under review.

Forward Programs

The Kamarga drilling program initially consisted of approximately 2,400 metres comprising 10 diamond drill holes primarily targeting the JB Prospect where previous drilling has encountered zinc mineralisation. The Company has had significant issues with rig availability and is intending to continue drilling for as long as possible, subject to the onset of the wet season in Australia's far north.

Corporate and Finance

The Company had \$1.15m in cash and bank deposits at the end of the quarter.

Ends

For further information please contact:

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+61 8 9381 1177

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.

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")

30 September 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
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(994)	(994)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	24	24
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other Income	4	4
	Net Operating Cash Flows	(1,354)	(1,354)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(46)	(46)
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	(46)	(46)
1.13	Total operating and investing cash flows (carried forward)	(1,400)	(1,400)

1.13	Total operating and investing cash flows (brought forward)	(1,400)	(1,400)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	1,400	1,400
1.20	Cash at beginning of quarter/year to date	2,550	2,550
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,150	1,150

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
4.1	Exploration and evaluation	(1,000)
4.2	Development	-
4.3	Production	-
4.4	Administration	(250)
Total		(1,250)

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	350	250
5.2 Deposits at call	800	2,300
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,150	2,550

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			

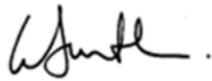
Issued and quoted securities at end of current quarter

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	1,040,133,592	1,040,133,592		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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>			<i>Exercise price</i>	<i>Expiry date</i>
	8,750,000	-	5.0 cents	30 June 2012
	150,000,000	-	2.0 cents	30 April 2014
	75,000,000	-	0.01 cents	
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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 October 2011
(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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