

RMG LIMITED
ACN 065 832 377

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

30 November 2016

Time of Meeting

4.00pm (WST)

Place of Meeting

The Irish Club
61 Townshend Road
Subiaco Western Australia 6008

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of Shareholders of RMG Limited (**Company**) will be held at 4.00pm (WST) on 30 November 2016 at The Irish Club, 61 Townshend Road, Subiaco, Western Australia 6008 (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 28 November 2016 at 4.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in **Schedule 1**.

AGENDA

Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2016, which includes the Financial Report, the Directors' Report and the Auditor's Report.

1. Resolution 1 - Adoption of Remuneration Report

To consider, and if thought fit, to pass as a **non-binding resolution** the following:

"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Prohibition

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whom are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person is appointed as a proxy in writing that specifies the way the proxy is to vote on the resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 - Election of Director – Mr Kinpo Yu

To consider, and if thought fit, to pass as an **ordinary resolution** the following:

"That Mr Kinpo Yu, who retires in accordance with clause 13.4 of the Constitution, and being eligible for election, is elected as a Director."

3. Resolution 3 - Election of Director – Mr Chris Dai

To consider, and if thought fit, to pass as an **ordinary resolution** the following:

"That Mr Chris Dai, who retires in accordance with clause 13.4 of the Constitution, and being eligible for election, is elected as a Director."

4. Resolution 4 - Election of Director – Dr John Chen

To consider, and if thought fit, to pass as an **ordinary resolution** the following:

"That Dr John Chen, who retires in accordance with clause 13.4 of the Constitution, and being eligible for election, is elected as a Director."

5. Resolution 5 - Re-election of Director – Mr Robert Kirtlan

To consider, and if thought fit, to pass as an **ordinary resolution** the following:

"That Mr Robert Kirtlan, who retires in accordance with clause 13.2 of the Constitution, and being eligible for re-election, is re-elected as a Director."

6. Resolution 6 – Approval for the issue of Options to Mr Chris Dai

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes and subject to Resolution 3 above being approved by the requisite majority, Shareholders approve the issue of 13,500,000 Options to Mr Chris Dai (or his nominee(s)) on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 6 by Mr Dai, his nominees and any of their Associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition

In accordance with the Corporations Act, a vote on Resolution 6 must not be cast by a person appointed as a proxy if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of a member of the Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on Resolution 6.

However, the above prohibition does not apply if:

- (a) the person is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even though Resolution 6 is connected directly with the remuneration of a member of the Key Management Personnel.

7. Resolution 7 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any Associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

At the date of the Notice, the Company has not approached any particular existing Shareholders or class of security holders in relation to the proposed 10% Placement Facility. Accordingly, no existing Shareholder will be excluded from voting on Resolution 7 under the voting exclusion statement in the Notice.

Dated 13 October 2016

BY ORDER OF THE BOARD

Lloyd Flint
Company Secretary

IMPORTANT NOTES:

Entitlement to vote

For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) and ASX Settlement Operating Rule 5.6.1, the Company determines that members holding Shares at 4:00pm (WST) on 28 November 2016 will be entitled to attend and vote at the Meeting.

Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy; and
- (b) a proxy need not be a member of the Company.

A Shareholder may appoint not more than 2 proxies to attend and act for the Shareholder at the General Meeting and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of those votes. Any fraction of votes shall be disregarded.

An appointment of a proxy or power of attorney is not effective for the General Meeting unless and until the Company receives:

- (a) in the case of a proxy, the Proxy Form and, if it is executed by an attorney, the relevant power of attorney or a certified copy of it; and
- (b) in the case of an attorney, the power of attorney or a certified copy of it.

To be valid, properly completed Proxy Forms must be received by the Company no later than 4:00pm (WST) on 28 November 2016:

- (a) by post at PO Box 2025, Subiaco, WA 6904; or
- (b) by facsimile on +61 8 9468 5603.

Please refer to the enclosed Proxy Form for more information about submitting proxy votes.

Nominating the Chairman as proxy

The Chairman intends to vote all undirected proxies in favour of Resolutions 1 to 7.

If the Chairman is to act as your proxy (whether by appointment or by default) and you have not given directions on how to vote in the voting directions section of the Proxy Form for Resolutions 1 and 6, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention notwithstanding the fact that Resolutions 1 and 6 are connected with the remuneration of Key Management Personnel.

Corporate Representatives

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

RMG LIMITED

ACN 065 832 377

EXPLANATORY MEMORANDUM

1 Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at The Irish Club, 61 Townshend Road, Subiaco, Western Australia 6008, on 30 November 2016 at 4.00pm (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

2 Annual Report

There is no requirement for Shareholders to approve the Annual Report. Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report (which is available online at www.rmgltd.com.au and click on the direct link);
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, Shareholders may, no later than 5 Business Days before the Meeting, submit to the Company Secretary at the Company's registered office written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (d) the preparation and the content of the Auditor's Report;
- (e) the conduct of the audit;
- (f) accounting policies by the Company in relation to the preparation of the financial statements; or
- (g) the independence of the auditor in relation to the conduct of the audit.

3 Resolution 1 – Adoption of Remuneration Report

The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report of the Company for the financial year ending 30 June 2016.

By way of summary, the Remuneration Report sets out the Company's remuneration arrangements for the Directors and Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Section 250R (2) of the Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to shareholders. The vote on this resolution is advisory only and does not bind the Directors or the Company.

The Corporations Act provides that if 25% or more of votes that are cast are voted against the adoption of a company's remuneration report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution (a "**spill resolution**") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) who were in office at the date of the approval of the applicable directors' report must stand for re-election.

As not more than 25% of the votes cast on the resolution to adopt the Remuneration Report at the Company's 2015 annual general meeting were against the resolution, a spill resolution is not required to be considered at the 2016 Annual General Meeting even if 25% or more of the votes cast on Resolution 1 are voted against the adoption of the Remuneration Report.

If you appoint the Chairman as your proxy, you should direct the Chairman how to vote on Resolution 1. If you do not direct the Chairman how to vote in respect of Resolution 1, then by marking the box appointing the Chairman as your

proxy, you will be deemed to have directed and expressly authorised the Chairman to vote your proxy in favour of Resolution 1. This express authorisation acknowledges that the Chairman may vote your proxy even if:

- (a) Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
- (b) the Chairman has an interest in the outcome of Resolution 1 and that votes cast by the Chairman for this Resolution, other than as your authorised proxy holder, will be disregarded because of that interest.

4 Resolutions 2, 3 and 4 - Election of Directors – Messrs. Yu, Dai and Chen

The Constitution allows the Board to appoint at any time a person to be a Director but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following annual general meeting and is then eligible for election. Messrs. Yu, Dai and Chen were appointed as Directors on 13 September 2016 and in accordance with clause 13.4 of the Constitution, they will retire, and being eligible, seek election as Directors of the Company.

Details of Messrs. Yu, Dai and Chen's backgrounds and experience are set out in the Annual Report.

Directors' recommendations

The Board, other than:

- (a) in respect of Resolution 2, Mr Yu;
- (b) in respect of Resolution 3, Mr Dai; and
- (c) in respect of Resolution 4, Dr Chen,

recommends that shareholders vote in favour of Resolutions 2, 3 and 4.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolutions 2, 3 and 4.

5 Resolution 5 - Re-election of Director – Mr Robert Kirtlan

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a managing director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election as a Director of the Company.

As noted above, Messrs. Yu, Dai and Chen are seeking election pursuant to Resolutions 2, 3 and 4. Accordingly, Mr Kirtlan, being the only other Director of the Company, is required to and will retire from his office at the Annual General Meeting in accordance with clause 13.2 of the Constitution and being eligible, seeks re-election as a Director of the Company.

Details of Mr Kirtlan's background and experience are set out in the Annual Report.

Directors' recommendation

The Board (excluding Mr Kirtlan) recommends that shareholders vote in favour of Resolution 5.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 5.

6 Resolution 6 – Approval for the issue of Options to Mr Chris Dai

6.1 Background

The Company proposes to issue the following Options to Mr Dai (or his nominee(s)):

Options	Quantity	Exercise Price	Expiry
3 cent Options	4,500,000	\$0.03	3 years from date of issue
5 cent Options	4,500,000	\$0.05	4 years from date of issue
10 cent Options	4,500,000	\$0.10	5 years from date of issue
Total	13,500,000		

The primary purpose of the grant of the Options to Mr Dai is to motivate and reward his performance as an Executive Director of the Company. Having considered the alternatives to an issue of Options (such as a higher cash-based component of remuneration), the Board considers that the grant of the Options is an effective way to remunerate Mr Dai for his services as the Options issued to Mr Dai preserves the Company's limited cash resources. The proposed issue of Options to Mr Dai is conditional upon Resolution 3 being passed by the requisite majority (such that Mr Dai remains as a Director of the Company).

In determining the number, value and term of the Options to be granted, the Board (excluding Mr Dai) considered:

- the responsibilities involved in Mr Dai's position as Executive Director and his experience and knowledge;
- that it aligns remuneration with the future growth and prospects of RMG and the interests of Shareholders by encouraging Executive Director share ownership;
- what it considered to be an appropriate assessment of the overall reasonable remuneration for an executive director for an organisation of the Company's size and geographical location;
- the issue of options in lieu of cash payments preserves the Company's cash resources and reduces ongoing costs; and
- the significant contribution that Mr Dai is likely to have to the Company's success.

The Options will be exercisable as tabled above and will expire as tabled above. The Options will not be listed on the ASX. The full terms of the Options are set out in **Annexures A, B and C** of this Explanatory Memorandum.

6.2 Listing Rules

ASX Listing Rule 10.11 provides that a company must not issue, or agree to issue, securities (including options) to a related party of the Company without prior shareholder approval being obtained. For the purposes of ASX Listing Rule 10.11, Mr Dai is a related party of the Company as he is a director of the Company. Accordingly, Shareholder approval is being sought under ASX Listing Rule 10.11 to issue the Options to Mr Dai (or his nominee(s)).

As the Company is seeking Shareholder approval under ASX Listing Rule 10.11, ASX Listing Rule 7.2 (Exception 14) states that the Company is not required to seek separate Shareholder approval under ASX Listing Rule 7.1. Accordingly, if Resolution 6 is approved by Shareholders, the issue of the Options to Mr Dai will not be included in the calculation of the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

6.3 Disclosure required by the Listing Rules

Pursuant to Listing Rule 10.13, the Company provides the following information to Shareholders in respect of Resolution 6:

- (the name of the person receiving the securities)** the name of the person receiving Options is Mr Chris Dai, an Executive Director of the Company (or his nominee(s));
- (the maximum number of securities to be issued)** the maximum number of Options to be issued by the Company to Mr Dai (or his nominee(s)) is 13,500,000 Options;
- (the date by which the entity will issue the securities)** subject to receiving Shareholder approval, the Options will be issued to Mr Dai (or his nominee(s)) as soon as practicable following the Meeting and in any event no later

than one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);

- (d) **(the issue price and terms of the securities)** the Options are issued for no consideration and will be exercisable as follows:

Quantity	Exercise Price	Expiry
4,500,000	\$0.03	3 years from date of issue
4,500,000	\$0.05	4 years from date of issue
4,500,000	\$0.10	5 years from date of issue

The terms and the conditions of the Options are set out in **Annexures A, B and C** of this Explanatory Memorandum;

- (e) **(the intended use of the funds raised)** no funds will be raised from the issue of the Options although the Company will raise \$0.03, \$0.05 and/or \$0.10 per Option if and when those Options are exercised. Any funds raised will be used to fund the Company's ongoing activities at its Tuina Project, to review other potential opportunities within the resources sector and for general working capital purposes; and
- (f) **(voting exclusion statement)** a voting exclusion statement in respect of Resolution 6 is included in the Notice.

6.4 Corporations Act requirements

Chapter 2E of the Corporations Act prohibits an Australian public company from providing a financial benefit to a related party unless a specific statutory exception applies or prior shareholder approval is obtained to the giving of the financial benefit. A related party under the Corporations Act includes all directors of a public company. "Financial benefit" has a wide meaning and includes the issue of securities by a public company to a director. The issue of Options to Mr Dai amounts to the provision of a "financial benefit" to a related party.

One of the exceptions to the requirement to obtain Shareholder approval in accordance with Chapter 2E of the Corporations Act applies where the financial benefit constitutes part of the related party's "reasonable remuneration". The Board (other than Mr Dai who was not able to consider the matter due to his interest in the issue of the Options) considers that the issue of the Options constitutes part of Mr Dai's remuneration as an officer of the Company and to give this remuneration is reasonable given the circumstances of both the Company and Mr Dai (including the responsibilities involved in the office that Mr Dai holds as an executive Director of the Company). Accordingly, the Board (excluding Mr Dai) has decided that Shareholder approval for the purposes of Chapter 2E of the Corporations Act is not required.

Directors' recommendation

The Directors (other than Mr Dai), having considered the alternatives to an issue of Options to Mr Dai (such as a higher cash-based component of remuneration), believe that the grant of Options to Mr Dai is reasonable and appropriate and constitutes an important component in his remuneration package and recommend Shareholders vote in favour of Resolution 6.

The Chairman of the meeting intends to vote any undirected proxies in favour of Resolution 6.

7 Resolution 7 – Approval of 10% Placement Facility

7.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements after the annual general meeting during the 10% Placement Period (**10% Placement Facility**).

The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity for the purposes of Listing Rule 7.1A.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to **section 7.2(c)** below).

The Company continues actively seeking to acquire new resources assets and investments. The Company may use the 10% Placement Facility to raise funds and/or acquire new resource assets or investments.

7.2 Description of Listing Rule 7.1 A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting. Accordingly, Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company has on issue two classes of Equity Securities as at the date of the Notice, namely Shares and unlisted Options. As at the date of this Notice, the Company has on issue 430,666,152 Shares and 24,999,999 unlisted Options (with various exercise prices, expiry dates and other terms).

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 10% Placement Period, the number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement to issue:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

Based on the 430,666,152 Shares on issue as at the date of this Notice, subject to Shareholder approval being obtained under Resolution 7, 43,066,615 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to **section 7.2(c)** above).

7.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the 10% Placement Facility, using different variables for the number of ordinary securities for variable 'A' (as defined in Listing Rule 7.1A) and the market price of Shares. The table shows:

- (iii) examples where variable "A" is at its current level and where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting;
- (iv) examples of where the issue price of ordinary securities is at the current market price as at close of trading on 13 October 2016, being \$0.010, and where the issue price has decreased by 50% and increased by 100%; and
- (v) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the 10% Placement Facility are issued.

Variable "A" in Listing Rule 7.1A.2	Dilution	50% decrease in issue price	Issue Price	100% increase in issue price
		\$0.005	\$0.010	\$0.020
Current Variable 'A' 430,666,152 Shares	10%	43,066,615	43,066,615	43,066,615
	Funds raised	\$215,333	\$430,666	\$861,332
50% increase in Current Variable 'A' 645,999,228 Shares	10%	64,599,923	64,599,923	64,599,923
	Funds raised	\$323,000	\$645,999	\$1,291,998
100% increase in Current Variable 'A' 861,332,304 Shares	10%	86,133,230	86,133,230	86,133,230
	Funds raised	\$430,666	\$861,332	\$1,722,665

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No options over Shares (including any listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed Options, it is assumed that those listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

(c) Approval of the 10% Placement Facility will be valid during the period from the date of the Meeting and will cease to be valid on the earlier to occur of:

- (i) the date that is 12 months after the date of the Meeting; or

- (ii) in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking),

(the **10% Placement Period**).

- (d) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration expenditure on the Company's Tuina Project in Chile and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company or introduced by way of advice from corporate, financial and broking advisers where applicable.

- (g) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2014 annual general meeting held on 19 November 2014 and at its 2015 annual general meeting held on 24 November 2015.
- (h) The Company has issued 230,122,222 Equity Securities in the 12 months prior to the Meeting (comprising 230,122,222 Shares), representing 80% of the 286,609,289 Equity Securities on issue at the start of the 12 months preceding the date of the Meeting. Please refer to **Schedule 2** of this Explanatory Memorandum for details of the Equity Securities issued by the Company in the 12 months preceding the Meeting.
- (i) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities under the 10% Placement Facility. No existing Shareholder's votes will therefore be excluded under the voting exclusion in Resolution 7 of the Notice.

7.4 Directors' recommendation

The Board believes that Resolution 7 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of Resolution 7.

Schedule 1 - Definitions

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

10% Placement Facility has the meaning given in **section 7.1** of the Explanatory Memorandum.

10% Placement Period has the meaning given in **section 7.3(c)** of the Explanatory Memorandum.

Annual General Meeting or **Meeting** means the Company's 2016 annual general meeting.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2016.

Associates has the meaning given in the Listing Rules.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

Chairman means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party has the meaning given to that term in the Corporations Act, under which a Closely Related Party of a member of the Key Management Personnel refers to a company the member controls, the member's spouse, child or dependent (or a child or dependent of the member's spouse), or anyone else who is one of the member's family and may be expected to influence or be influenced by the member in the member's dealing with the entity.

Company means RMG Ltd (ACN 065 832 377).

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel has the meaning given to that term in the Corporations Act and means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Notice means this notice of meeting.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Tuina Project means the Company's 100% owned Tuina Copper Project located 55km south-east of Calama in the Atacama region of northern Chile.

VWAP means volume weighted average price.

WST means Australian Western Standard Time, being the time in Perth, Western Australia during November 2016.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

Schedule 2 – Securities issued in previous 12 months

Date of issue	Number of securities issued	Class of equity security	Summary of the terms of class of equity security ¹	Names of persons who received securities or basis on which those persons was determined	Price	Cash consideration	Non-cash consideration and current value of non-cash consideration)
14 December 2015	7,750,000 ²	Fully paid ordinary shares that rank pari passu with all other ordinary shares on issue	Same as existing fully paid ordinary shares	Issued to directors and a third party in lieu of directors' and consultants' fees for services rendered to the Company	\$0.02 per share (representing a premium of 25% to the closing market price at the time of issue)	Nil	\$0.02 per share Current value of non-cash consideration is \$77,500. ³
4 May 2016	150,000	Fully paid ordinary shares that rank pari passu with all other ordinary shares on issue	Same as existing fully paid ordinary shares	Issued to third parties in lieu of consultants' fees for services rendered to the Company	\$0.02 per share (representing a premium of 233% to the closing market price at the time of issue)	Nil	\$0.02 per share Current value of non-cash consideration is \$1,500. ⁴
13 September	222,222,222 ⁵	Fully paid ordinary	Same as existing fully paid ordinary	Issued to Epoch Bliss Ltd pursuant to a Share	\$0.009 (representing a discount of 10% to	\$0.009 (being the agreed price pursuant to the	N/A

¹ The terms of the Company's fully paid ordinary shares are set out in the Constitution. These include the right to share in the surplus assets of the Company in a winding up, the right to dividends and to attend and vote at general meetings.

² Full details are available in the notice of meeting materials lodged with the ASX on 20 October 2015 for a meeting held on 24 November 2015.

³ This value is calculated based on the number of Shares issued multiplied by the Share price as at 13 October 2016, being \$0.01.

⁴ This value is calculated based on the number of Shares issued multiplied by the Share price as at 13 October 2016, being \$0.01.

⁵ Full details are available in the notice of meeting materials lodged with the ASX on 20 July 2016 for a meeting held on 22 August 2016.

Date of issue	Number of securities issued	Class of equity security	Summary of the terms of class of equity security ¹	Names of persons who received securities or basis on which those persons was determined	Price	Cash consideration	Non-cash consideration and current value of non-cash consideration)
2016		shares that rank pari passu with all other ordinary shares on issue	shares	Subscription agreement to raise capital for the Company	the closing market price of \$0.01 at the time of issue)	Share Subscription Agreement) with a total cash consideration of \$2,000,000. The Company has spent \$675,000 of this amount on its ongoing activities at its Tuina Project and for general working capital purposes. The Company intends to spend the remaining \$1,325,000 on further activities at its Tuina Project and for general working capital purposes.	

RMG LIMITED

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ANNEXURE A – TERMS AND CONDITIONS OF 3 CENT OPTIONS

The 3 cent Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each 3 cent Option gives the 3 cent Option holder the right to subscribe for one Share.
- (b) The 3 cent Options will expire at 5.00pm (WST) on 30 November 2019 (**Expiry Date**). Any 3 cent Option not exercised before the Expiry Date will automatically lapse on the relevant Expiry Date.
- (c) The amount payable upon exercise of each 3 cent Option will be \$0.03 (**Exercise Price**).
- (d) The 3 cent Options held by each 3 cent Option holder may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (e) A 3 cent Option holder may exercise their 3 cent Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of 3 cent Options specifying the number of 3 cent Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of 3 cent Options being exercised,**(Exercise Notice)**.
- (f) Options may only be exercised during the hours of 8:30am to 5:00pm (WST) on a Trading Day. An Exercise Notice received outside of these times will be deemed received at 8:30am on the next Trading Day.
- (g) A 3 cent Option will be deemed to have been exercised on the date that a valid and effective Exercise Notice is received or deemed to be received by the Company.
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) 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 3 cent Options specified in the Exercise Notice.
- (j) The 3 cent Options may be transferable subject to Board approval and compliance with the Corporations Act, ASX Settlement Operating Rules and the ASX Listing Rules (where applicable).
- (k) All Shares allotted upon the exercise of 3 cent Options will upon allotment rank pari passu in all respects with other Shares and will be held subject to the constitution of the Company.
- (l) The 3 cent Options will not be quoted on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of 3 cent Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (m) If at any time the issued capital of the Company is reorganised, all rights of a 3 cent Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (n) There are no participating rights or entitlements inherent in the 3 cent Options and 3 cent Option holders will not be entitled to participate in new issues of capital offered to Shareholders without first exercising the 3 cent Options.
- (o) A 3 cent Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the 3 cent Option can be exercised.

RMG LIMITED

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ANNEXURE B – TERMS AND CONDITIONS OF THE 5 CENT OPTIONS

The 5 cent Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each 5 cent Option gives the 5 cent Option holder the right to subscribe for one Share.
- (b) The 5 cent Options will expire at 5.00pm (WST) on 30 November 2020 (Expiry Date). Any 5 cent Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each 5 cent Option will be \$0.05 (Exercise Price).
- (d) The 5 cent Options held by each 5 cent Option holder may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (e) An 5 cent Option holder may exercise their 5 cent Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of 5 cent Options specifying the number of 5 cent Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of 5 cent Options being exercised,**(Exercise Notice).**
- (f) Options may only be exercised during the hours of 8:30am to 5:00pm (WST) on a Trading Day. An Exercise Notice received outside of these times will be deemed received at 8:30am on the next Trading Day.
- (g) A 5 cent Option will be deemed to have been exercised on the date that the a valid and effective Exercise Notice is received or deemed to be received by the Company.
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) 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 5 cent Options specified in the Exercise Notice.
- (j) The 5 cent Options may be transferable subject to Board approval and compliance with the Corporations Act, ASX Settlement Operating Rules and the ASX Listing Rules (where applicable).
- (k) All Shares allotted upon the exercise of 5 cent Options will upon allotment rank pari passu in all respects with other Shares and will be held subject to the constitution of the Company.
- (l) The Company will not apply for quotation of the 5 cent Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of 5 cent Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (m) If at any time the issued capital of the Company is reorganised, all rights of a 5 cent Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (n) There are no participating rights or entitlements inherent in the 5 cent Options and 5 cent Option holders will not be entitled to participate in new issues of capital offered to Shareholders without first exercising the 5 cent Options.
- (o) A 5 cent Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the 5 cent Option can be exercised.

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ANNEXURE C – TERMS AND CONDITIONS OF THE 10 CENT OPTIONS

The 10 cent Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each 10 cent Option gives the 10 cent Option holder the right to subscribe for one Share.
- (b) The 10 cent Options will expire at 5.00pm (WST) on 30 November 2021 (Expiry Date). Any 10 cent Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each 10 cent Option will be \$0.10 (Exercise Price).
- (d) The 10 cent Options held by each 10 cent Option holder may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (e) An 10 cent Option holder may exercise their 10 cent Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of 10 cent Options specifying the number of 10 cent Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of 10 cent Options being exercised, **(Exercise Notice)**.
- (f) Options may only be exercised during the hours of 8:30am to 5:00pm (WST) on a Trading Day. An Exercise Notice received outside of these times will be deemed received at 8:30am on the next Trading Day.
- (g) A 10 cent Option will be deemed to have been exercised on the date that a valid and effective Exercise Notice is received or deemed to be received by the Company.
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) 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 10 cent Options specified in the Exercise Notice.
- (j) The 10 cent Options may be transferable subject to Board approval and compliance with the Corporations Act, ASX Settlement Operating Rules and the ASX Listing Rules (where applicable).
- (k) All Shares allotted upon the exercise of 10 cent Options will upon allotment rank pari passu in all respects with other Shares and will be held subject to the constitution of the Company.
- (l) The Company will not apply for quotation of the 10 cent Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of 10 cent Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (m) If at any time the issued capital of the Company is reorganised, all rights of a 10 cent Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (n) There are no participating rights or entitlements inherent in the 10 cent Options and 10 cent Option holders will not be entitled to participate in new issues of capital offered to Shareholders without first exercising the 10 cent Options.
- (o) A 10 cent Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the 10 cent Option can be exercised.

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