



28 September 2012

Companies Announcements Office
Australian Securities Exchange

CONVERTIBLE NOTE AND OPTION ISSUE

Further to the general meeting held on the 14 September 2012, please find attached the relevant Appendix 3B pursuant to the approval of the issue of the 2nd tranche of convertible notes, unlisted options and the adoption of the employee incentive plan.

Lloyd Flint
Company Secretary
Tel: +61 (8) 9381 1177

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

RMG LIMITED

ABN

51 065 832 377

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | a. Unlisted convertible notes
b. Unlisted options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | a. 300,000
b. 80,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | a. -Each convertible note has a face value of \$1.00
-Coupon rate is 5%pa payable 6 monthly in arrears;
-Notes convertible at the noteholder's election at quarterly intervals into ordinary fully paid shares in the company at a price equal to a 10% discount to the volume weighted average price of 10 trading days prior to the noteholder electing to convert, subject to a min. price of \$0.0035 per share and a max. price of \$0.008 per share with protective covenants in the event the Company issues shares at less than the agreed minimum price. The 300,000 convertible notes are also convertible at the noteholders election (provided always that the noteholder has not previously converted any notes into fully paid ordinary shares in the company) into a 0.75% equity interest in Sunlander Nominees Pty Ltd, the company's subsidiary that holds the Kamarga project;
-A two year term from date of issue;
-Redeemable at company's election any time in the twelve month period prior to maturity.
b. Options exercisable at \$0.006 each expiring 31 August 2016 |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No. The ordinary fully paid shares issued as result of conversion of the notes and/or options into ordinary shares in the company will rank equally with existing fully paid ordinary shares on issue from date of allotment.</p>										
<p>5 Issue price or consideration</p>	<p>a. AUD\$1.00 per convertible note b. Nil consideration</p>										
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Proceeds raised will be applied to progressing the Kamarga and Zeehan projects and for working capital purposes.</p>										
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>27 September 2012</p>										
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>1,375,134,592</td> <td>Ordinary Shares</td> </tr> <tr> <td>390,001,000</td> <td>\$0.02, expiring 30 April 2014</td> </tr> </tbody> </table>	Number	+Class	1,375,134,592	Ordinary Shares	390,001,000	\$0.02, expiring 30 April 2014				
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1,375,134,592	Ordinary Shares										
390,001,000	\$0.02, expiring 30 April 2014										
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>10,000,000</td> <td>Expiring 1 April 2015 ex at 2 cents each vesting after 12 months</td> </tr> <tr> <td>10,000,000</td> <td>Expiring 1 April 2017 ex at 2 cents each vesting after certain hurdles</td> </tr> <tr> <td>1,000,000</td> <td>Convertible notes</td> </tr> <tr> <td>80,000,000</td> <td>Expiring 31 August 2016 ex at 0.6 cents each</td> </tr> </tbody> </table>	Number	+Class	10,000,000	Expiring 1 April 2015 ex at 2 cents each vesting after 12 months	10,000,000	Expiring 1 April 2017 ex at 2 cents each vesting after certain hurdles	1,000,000	Convertible notes	80,000,000	Expiring 31 August 2016 ex at 0.6 cents each
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1,000,000	Convertible notes										
80,000,000	Expiring 31 August 2016 ex at 0.6 cents each										
<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>n/a</p>										

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

+ See chapter 19 for defined terms.



41 Reason for request for quotation now
Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and ⁺class of all ⁺securities quoted on ASX (*including* the securities in clause 38)

Number	⁺ Class

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

(Secretary)

Date: 28 September 2012

Print name:

Lloyd Flint

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