RMG Limited

ABN 51 065 832 377

FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2012

CONTENTS

Corporate Directory

Directors	Robert Kirtlan Peter Rolley Steven Chadwick Mark Stevenson
Company Secretary	Lloyd Flint
Registered Office	Unit 1, 245 Churchill Avenue Subiaco WA 6008 Telephone: 08 9381 1177
Share Register	Computershare Investor Services Pty Limited Level 2, 45 St George's Terrace Perth WA 6000 Telephone: 1300 787 575
Auditor	Ernst & Young 11 Mounts Bay Road Perth WA 6000
Solicitors	Corrs Chambers Westgarth Woodside Plaza 240 St Georges Terrace Perth WA 6000
Bankers	National Australia Bank Limited Level 1, 88 High Street Fremantle WA 6160
Stock Exchange Listing	RMG Limited's shares and options are listed on the Australian Securities Exchange. ASX Code: RMG and RMGO
Website Address	www.rmgltd.com.au

Directors' Report

Your directors present their report on the consolidated group ("RMG Group" or "the Group") for the half–year ended 31 December 2012.

Directors

The following persons were directors of RMG Limited during the half–year and up to the date of this report:

Robert Edward Kirtlan
Peter James Rolley
Steven John Chadwick
Mark Ellis Stevenson

Principal Activities

During the half-year the principal activities of the Group consisted of exploration for minerals.

Review of Operations

During the half-year the Group made a loss from operations of $595,749 (31 December 2011: loss of $479,532). Additional information on the financial position of the Group is set out in the financial statements.

Report on Exploration Activity

<u>Kamarga – Queensland (EPM14309)</u>

Summary

RMG commenced exploration in May 2011 and has completed the following activities in 2011 and 2012 field seasons;

- re-compiled historic exploration data
- undertaken new field mapping and rock sampling
- drilled 15 diamond drill holes through the JB zinc mineralisation
- mapped a 2km long outcropping high grade zinc zone with 15% Zn (JE Zone)
- drilled 3 holes at the Triangle Prospect to complete the testing of one Teck Target
- completed a soil survey over three copper zones (Barramundi, Grunter, Torpedo)
- mapped the Grunter Copper zone with copper to 32%Cu
- drilled one hole through the Grunter copper zone for 6m @ 1.1%Cu, 10g/t Ag
- completed a maiden resource for a portion of the JB zinc deposit

The Kamarga Project is located 20kms southeast of the world class Century Zn-Pb mine in north-west Queensland (Figure 1). Century is the world's second largest producer of zinc concentrate and is scheduled to cease production in 2016.

The Company acquired the Kamarga project from Teck Australia Pty Ltd ("Teck") in April 2011. The Company has confirmed that the zinc mineralisation at the JB zinc deposit extends for a minimum of 650m along strike and is still open to the southwest. Historical drilling has intersected zinc mineralisation for a further 1,000m to the southwest.

The Company has an exclusive right to earn up to 100% of the Kamarga zinc project from Teck subject to certain back-in rights (see ASX release dated March 18, 2011).

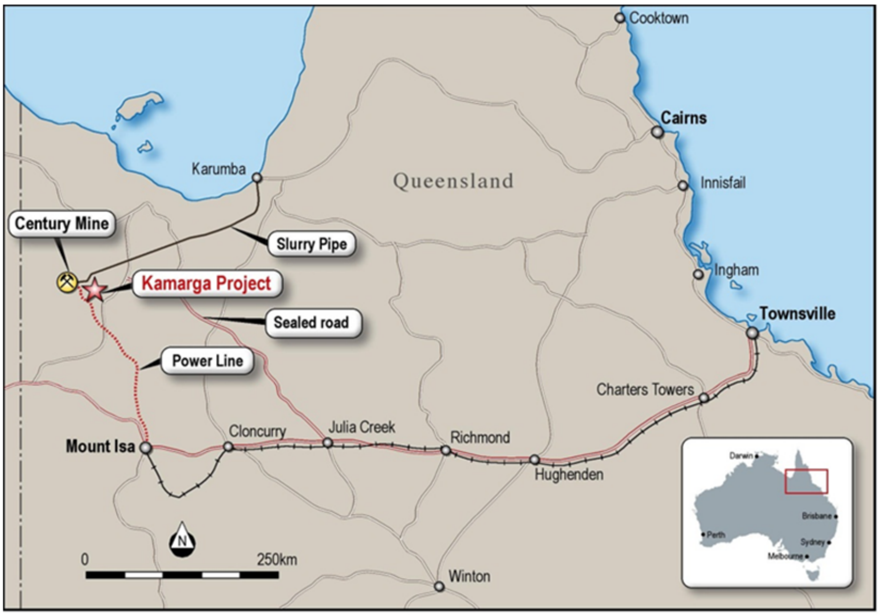

Figure 1 Kamarga Project location

Maiden Resource Estimate

Independent consultants, H&S Consultants Pty Ltd (H&SC), were engaged to complete a JORC compliant resource estimate of a portion of the JB zinc deposit (Figure 2). Table 1 is a summary of the resource tabulation within the mineralised envelope for a 5m by 5m by 2.5m recoverable mining unit. The entire resource has been classified as Inferred principally based on the density of drilling with respect to the inherent grade variability within the deposit. The full details of the resource estimate were reported in the ASX release of 23 January 2013.

CUTOFF Zn%	Tonnes (million)	Zn%	Pb%	Tonnes Zn Metal
3.5%	1.72	5.0	0.3	85,000
3.0%	2.64	4.4	0.3	115,000
2.5%	4.12	3.8	0.3	156,000
2.0%	6.53	3.2	0.3	209,000
1.5%	10.40	2.7	0.2	277,000
1.0%	16.54	2.1	0.2	352,000

Table 1 Summary of Resource Estimate

The Inferred Resource estimate over 650m of strike of the JB Deposit is consistent with the Exploration Target previously provided by RMG for the entire JB area of 40-60 million tonnes @ 2-3%Zn over 1500 metres strike length within which is higher grade target of 5-15 million tonnes at 5-10%Zn.

The drill hole results and the resource model also indicate that the mineralisation extends down dip to the south-west from JB006 (as shown in Figure 2) and extra drilling in this direction may also identify additional resources.

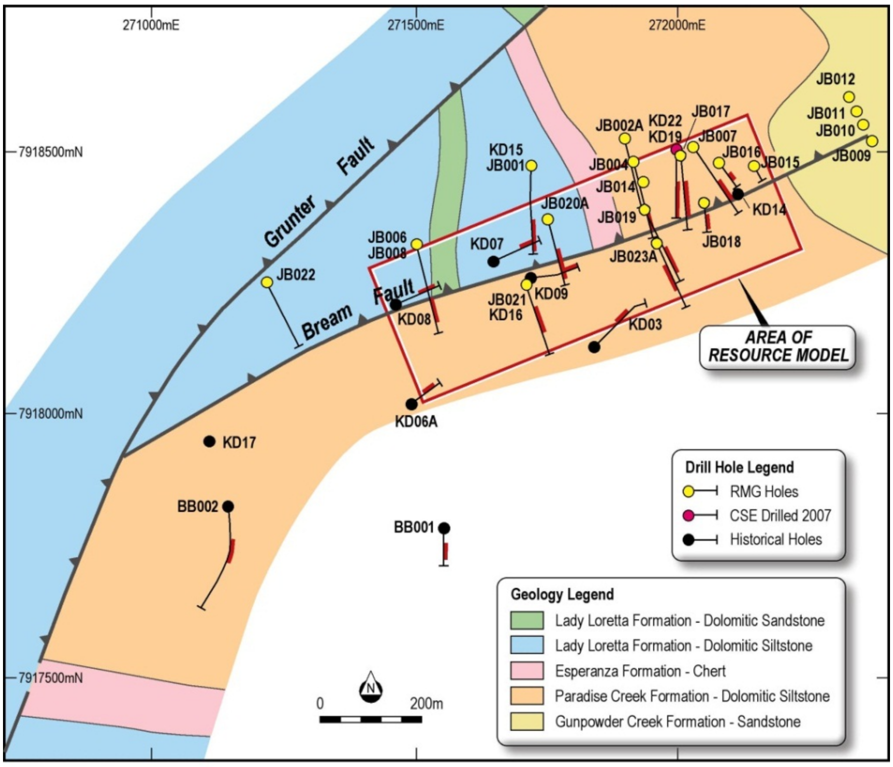

Figure 2 Plan of area of resource estimate

Reasonable Prospects for Eventual Economic Extraction

Item 20 of The JORC Code 2012 states that "All reports of Mineral Resources must satisfy the requirement that there are reasonable prospects for eventual economic extraction (i.e. more likely than not), regardless of the classification of the resource."

To achieve this objective a pit optimisation has been undertaken on the Inferred Resource at a zinc price of A$3,300/tonne Zn. ASX release of 23 January 2013 explains the parameters for the pit optimisation.

This work confirms that the Inferred Resource has reasonable prospects for eventual economic extraction at a zinc price of A$3,300/tonne zinc and a cut-off grade of 1.5%Zn. The work does not provide an assurance of an Ore Reserve or of an economic development at this stage.

Metallurgical Test Work – Zinc Recovery and Iron Grades

JB017 was collared near a historic drill hole (KD19) and drilled with HQ size core to obtain mineralised core for metallurgical test work. The JB017 drill hole successfully intersected 129m @ 2.1%Zn+Pb from 153.5m down-hole. One of the objectives of the metallurgical test work is to confirm the outstanding zinc and lead flotation results reported in 2011. The test work in 2012 has confirmed;

- Flotation test work indicates 94.3% recovery of zinc to a zinc cleaned concentrate
- Flotation test work also indicates 87.4% recovery of lead to a lead cleaned concentrate

- Analysis of the cleaned concentrates indicates that the cleaned concentrates assay 55.4% lead and 50.1% zinc
- Fe grade of the zinc concentrate is around 6.5%Fe
- Concentrates have low concentrations of deleterious elements

Metallurgical Test Work – Heavy Liquid Separation

A second objective of the metallurgical test work is to review the efficacy of sorting the low grade mineralised material by density contrast (HLS test work).

Table 2 is a summary of the HLS test work results. The table indicates that at a coarse crush size of 25mm, 5% of the rock can be separated based on a density of 3.0 and this material contains 58% of the zinc metal with a grade of 17% Zn. The ASX release of 23 January 2013 has more detail on the test work undertaken.

The test work suggests that it is possible, subject to further test work, that the 1.8% Zn head grade may be able to be upgraded to a >10% Zn head grade through the use of a heavy media separation circuit in a processing plant prior to grinding and flotation. Further test work is required to optimise sample selection and crusher sizing to optimise zinc and lead recovery.

Product	Weight %	Pb %		Zn %	
		Grade	Dist'n	Grade	Dist'n
<22.5mm					
SG > 3.0	4.9	1.05	37.5	17.2	58.2
SG 2.7-3.0	84.4	0.06	36.4	0.6	34.2
SG < 2.7	10.7	0.34	26.1	1.04	7.6
<16.0mm					
SG > 3.0	6.1	1.97	48.5	17	50
SG 2.7-3.0	81.2	0.11	37.2	1.12	44.3
SG < 2.7	12.7	0.28	14.3	0.93	5.7
<9.5mm					
SG > 3.0	6.1	2.68	62.5	18.2	57.6
SG 2.7-3.0	77	0.08	22.3	0.88	35.2
SG < 2.7	16.9	0.23	15.2	0.82	7.2

Table 2 Results of Heavy Liquid Separation test work

The Company believes that its exploration activities have confirmed the significant copper and zinc endowment of the Kamarga Project and affirm its commitment to continue to build the resource base with the objective of eventual economic exploitation.

Two new Zinc-Lead Zones

The mapping and rock chip sampling by RMG and the compilation of previous explorer's soil sampling has resulted in the confirmation of two new mineralised zones, the Upper Mineralised Dolomite Zone and the JE Zinc-Lead Zone.

Upper Mineralised Dolomite Zone

The Upper Mineralised Dolomite zinc is shown in Figure 3. The ASX Release of 11 October 2012 provided all results and assays. This zone of mineralisation is hosted by stromatolitic dolomites (similar to the JB mineralisation) and is characterised by visible sulphides (galena) at surface. The Upper Mineralised Dolomite zone represents a significant exploration target for future exploration activities. In particular, where the Dhufish Fault zone intersects this Upper Mineralised Dolomite is of great interest.

JE Zinc-Lead Zone

The newly mapped JE zinc zone (Figure 4) approximately 1km south-east of the JB deposit (ASX release of 11 October 2012) requires significant work to assess whether significant mineralisation is present in this area and whether it may be host to additional resources for the Kamarga Project. A comparison of the new JE Zinc Zone surface mineralisation characteristics with the JB Zinc Zone mineralisation suggests that the new JE Zinc Zone is a larger and stronger mineralised system.
The primary sulphide mineralisation within the JE Zinc Zone has never been drilled in proximity to the Dhufish Fault, and presents as a new exploration target over 2km in length.

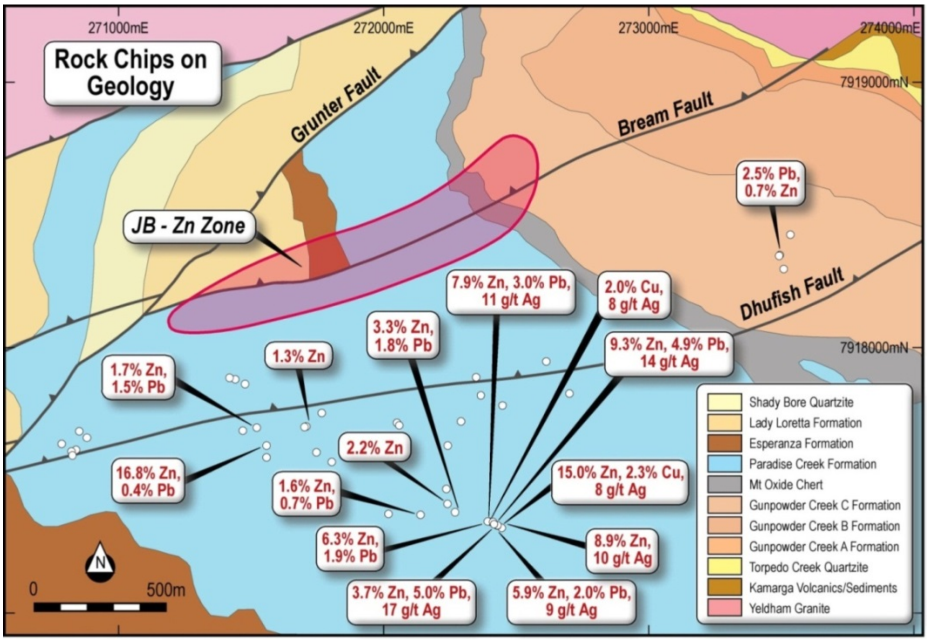

Figure 3 Rock chips from Upper Mineralised Dolomite Zone

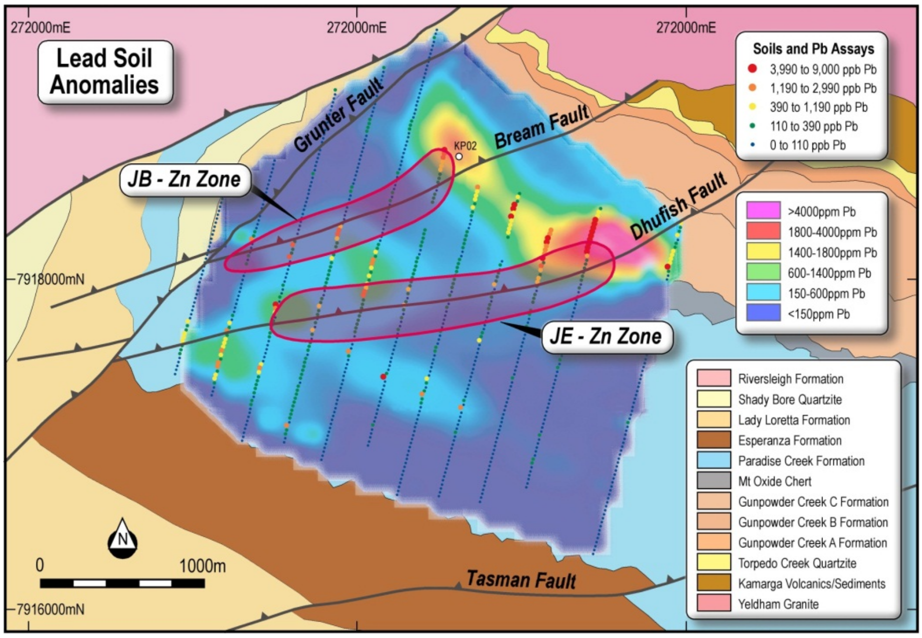

Figure 4 Location of JE Zinc-Lead Zone

Zeehan Zinc Project - Tasmania

The McLeans Project is located near Zeehan (see Figure 5) within the world–class base metal province of western Tasmania in near proximity to Roseberry (Cu-Pb-Zn-Ag-Au), Renison (Sn), and Mt Lyell (Cu) mines.

The drilling by RMG has demonstrated that the high grade silver-lead-zinc mineralisation is hosted within a mineralised shale unit that extends over a minimum of 500m and continues along strike. The geology is providing encouragement that the mineralised shale unit is a fertile environment for Proterozoic stratiform shale hosted Zn-Pb mineralisation.

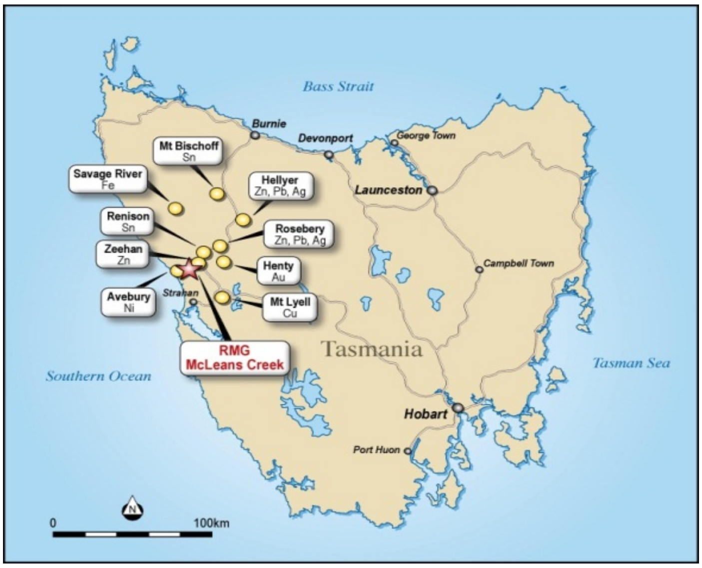

Figure 5 Location of McLeans Creek Project

Competent Persons Statement

The data in this report that relates to Exploration Results, Exploration Targets, Mineral Resources, the accuracy and quality of data forming the basis of all resource estimates, and the interpretation of mineralisation at the JB Deposit, are based on information compiled by Mr Peter Rolley who is a Member of The Australian Institute of Geoscientists (MAIG) and who has sufficient experience 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code 2012"). Mr Rolley is a consultant to, and an Executive Director of, RMG Ltd and he consents to the inclusion of the information in the form and context in which they appear.

Corporate

During the period 1 million convertible notes were issued along with 80 million options to directors and staff of RMG Ltd.

The terms and conditions of the 1 million convertible notes are as follows:

(i) Each convertible note has a face value of $1.00;

(ii) coupon rate is 5% pa payable 6 monthly in arrears;

(iii) 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 minimum price of $0.0035 per share and a maximum price of $0.008 per share. Protective covenants exist in the event the Company issues shares at less than the agreed minimum price. The 1 million 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 2.5% equity interest in Sunlander Nominees Pty Ltd, the company's subsidiary that holds the Kamarga project.

(iv) a two year term from date of issue;

(v) redeemable at company's election any time in the twelve month period prior to maturity.

The options are exercisable at $0.006 each expiring 31 August 2016.

Matters subsequent to the end of the Half-Year

Since 31 December 2012 there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

This report is made in accordance with a resolution of directors.

Robert Kirtlan
Director
Perth
15 March 2013

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Auditor's Independence Declaration to the Directors of RMG Limited

In relation to our review of the financial report of RMG Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
15 March 2013

GB:MM:RMG:007

	Notes	31 December 2012 $	31 December 2011 $
Other income	4	85,304	46,576
Expenses			
Compliance and regulatory costs		46,769	78,590
Administration costs		224,769	220,428
Directors fees and employee benefits		367,829	201,350
Interest expense		41,686	25,740
Total expenses		681,053	526,108
Loss before income tax		**(595,749)**	**(479,532)**
Income tax expense		-	-
Loss for the period from continuing operations		**(595,749)**	**(479,532)**
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the period		-	-
Total comprehensive loss attributable to the owners of RMG Limited		**(595,749)**	**(479,532)**
		Cents	**Cents**
Loss per share attributable to the ordinary equity holders of the Group:			
Basic and diluted loss per share		**(0.04)**	**(0.04)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	31 December 2012 $	30 June 2012 $
ASSETS			
Current assets			
Cash and cash equivalents		198,680	678,876
Trade receivables		20,764	8,810
Other receivables		10,645	154,977
Prepayments		34,000	34,000
Total current assets		**264,089**	**876,663**
Non-current assets			
Plant and equipment		39,057	46,426
Exploration and evaluation expenditure	5	8,811,370	8,516,538
Total non-current assets		**8,850,427**	**8,562,964**
Total assets		**9,114,516**	**9,439,627**
LIABILITIES			
Current liabilities			
Trade and other payables		144,800	966,726
Derivative financial instruments	6	48,750	-
Total current liabilities		**193,550**	**966,726**
Non-current liabilities			
Convertible notes	6	893,714	-
Total non-current liabilities		**893,714**	**-**
Total liabilities		**1,087,264**	**966,726**
Net assets		**8,027,252**	**8,472,901**
EQUITY			
Contributed equity	7(c)	140,545,652	140,545,652
Reserves		1,481,433	1,331,333
Accumulated losses		(133,999,833)	(133,404,084)
Total equity		**8,027,252**	**8,472,901**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated	Contributed equity	Option Premium Reserve	Accumulated losses	Total
Balance at 1 July 2012	**140,545,652**	**1,331,333**	**(133,404,084)**	**8,472,901**
Loss for the period	-	-	(595,749)	(595,749)
Total comprehensive income/loss for the half-year	-	-	(595,749)	(595,749)
Director and employee incentives option issued	-	150,100	-	150,100
Balance at 31 December 2012	140,545,652	1,481,433	(133,999,833)	8,027,252
Balance at 1 July 2011	**138,095,935**	**1,327,700**	**(132,193,197)**	**7,230,438**
Loss for the period	-	-	(479,532)	(479,532)
Total comprehensive income/loss for the half-year	-	-	(479,532)	(479,532)
Contributions of equity, net of transaction costs	2,290,185	-	-	2,290,185
Balance at 31 December 2011	140,386,120	1,327,700	(132,672,729)	9,041,091

	31 December 2012 $	31 December 2011 $
Cash flows from operating activities		
Receipts from customers	86	1,210
Payments to suppliers and employees	(301,268)	(544,692)
Net cash outflow from operating activities	**(301,182)**	**(543,482)**
Cash flows from investing activities		
Interest received	6,468	72,549
Purchase of property, plant and equipment	(16,750)	(102,131)
Exploration expenditure incurred	(1,168,732)	(1,903,168)
Net cash outflow from investing activities	**(1,179,014)**	**(1,932,750)**
Cash flows from financing activities		
Proceeds from issue of shares	-	2,406,845
Cost of capital raising	-	(116,660)
Proceeds from convertibles note issued	1,000,000	-
Net cash inflow from financing activities	**1,000,000**	**2,290,185**
Net decrease in cash and cash equivalents	**(480,196)**	**(186,047)**
Cash and cash equivalents at the beginning of the half-year	678,876	2,550,127
Cash and cash equivalents at the end of the half-year	**198,680**	**2,364,080**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation

This general purpose financial report for the interim half–year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB134, *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period.

2 Going concern

The interim financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after income tax of $595,749 for the half-year ended 31 December 2012 (2011: net loss after income tax of $479,532) and a net cash outflow of $480,196 (2011: net cash outflow of $186,047). As at 31 December 2012 the Group had cash and cash equivalents of $198,680 (2011: $678,876) and a working capital deficit/surplus of $70,539 (2011: $90,063 deficit).

The Group’s ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on a number of factors, including obtaining additional funding as and when required.

The financial report has been prepared on a going concern basis. In arriving at this position the directors are satisfied the Group will have access to, sufficient cash as and when required to enable it to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

In forming this view the directors have taken into consideration the ability of the Group to secure additional funding through the following:

- (i) the issue of further shares, options and/or convertible notes; or
- (ii) enter into negotiations with holders of debt securities to convert debt to equity in the Company or equity in a project holding subsidiary company; or
- (iii) entering into negotiations with third parties regarding the sale and/or farm out of assets of the Group; or
- (iv) a combination of the above

Should the Group not achieve the matters set out above, there is significant uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

2 Going concern (continued)

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

3 Segment information

Business segment

Management has determined that the Group has one reporting segment being mineral exploration. As the Group is focused on mineral exploration, management make resource allocation decisions by reviewing the working capital balance, comparing cash balances to committed exploration expenditure and the current results of exploration work performed. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date and capital available to the Group.

The exploration assets as presented relate to the reporting segment, as identified above.

All revenue and expenses relate to corporate activities and would not be used to assess segment performance.

4 Other Income

	2012 $	2011 $
Other income		
Other income	86	1,210
Interest received	6,468	45,366
Fair value movement of derivative financial instrument (note 6)	78,750	-
	85,304	**46,576**

5 Exploration and evaluation expenditure

	December 2012 $	June 2012 $
Balance carried forward	8,516,538	4,694,665
Acquisition of Zeehan Project	-	230,000
Exploration expenditure capitalised net of cost recoveries, exploration and evaluation phase	294,832	3,605,463
Exploration expenditure written-off, net of cost recoveries	-	(13,590)
	8,811,370	**8,516,538**

5 Exploration and evaluation expenditure (continued)

Exploration Licences are carried at cost of acquisition.

Ultimate recoupment of the carrying amount of exploration assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas.

6 Convertible Note

On 3 August 2012, RMG announced that it had successfully raised $1.0 million by way of a convertible notes to Simpaug Investment Fund LP ("Simpaug").
The terms and conditions of the 1 million convertible notes are as follows:

(i) Each convertible note has a face value of $1.00;
(ii) coupon rate is 5% pa payable 6 monthly in arrears;
(iii) 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 minimum price of $0.0035 per share and a maximum price of $0.008 per share. Protective covenants exist in the event the Company issues shares at less than the agreed minimum price. The 1 million 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 2.5% equity interest in Sunlander Nominees Pty Ltd, the company's subsidiary that holds the Kamarga project.
(iv) a two year term from date of issue;
(v) redeemable at company's election any time in the twelve month period prior to maturity.

The convertible notes liability carrying value is calculated by using the amortised cost method. The convertible note was received in two tranches. The first tranche of 700,000 convertible notes was received on 3 August 2012 and the second tranche of 300,000 notes was received on 27 September 2012. As at 31 December 2012 the face value of the convertible notes is $1.0 million.

	31 December 2012 $	**30 June 2012 $**
Convertible note liability	893,714	-
Embedded derivative associated with the convertible note	48,750	-
	942,464	**-**

6 Convertible Note (continued)

The convertible notes were issued at $1,000,000 with an associated embedded derivative at inception of $127,500. At 31 December 2012 the fair value of the embedded derivative was $48,750, valued using a Black-Scholes model, with the reduction in value accounted for as a mark to market gain in the income statement.

The following assumptions were used in the Black-Scholes valuation;

Risk-free interest rate	2.78%
Expected volatility	80%
Expected dividend yield	0%

7 Equity

(a) Share Capital	**31 December 2012 Shares Number**	**30 June 2012 Shares Number**
Ordinary shares fully paid	1,375,134,592	1,375,134,592
(b) Other Equity Securities	**31 December 2012 Number**	**30 June 2012 Number**
Options exercisable at 2 cents on 30 April 2014	390,001,000	390,001,000
Options exercisable at 2 cents on 01 April 2015	10,000,000	10,000,000
Options exercisable at 2 cents on 01 April 2017	10,000,000	10,000,000
Options exercisable at 0.6 cents on 31 August 2016	80,000,000	-

(c) Movement in ordinary share capital

		31 December 2012		**30 June 2012**	
Date	**Details**	**Number of shares**	**Amount $**	**Number of shares**	**Amount $**
	Opening balance	1,375,134,592	140,545,652	1,040,133,592	138,095,935
10/11/11	Placement	-	-	75,000,000	750,000
29/11/11	Option conversion	-	-	61,008,000	6,101
19/12/11	Option conversion	-	-	7,440,000	744

7 Equity (continued)

(c) Movement in ordinary share capital (continued)

		31 December 2012		30 June 2012	
Date	**Details**	**Number of shares**	**Amount $**	**Number of shares**	**Amount $**
19/12/11	Placement	-	-	165,000,000	1,650,000
24/02/12	Placement	-	-	1,000	10
12/03/12	Conversion of Performance Options	-	-	6,552,000	655
02/04/12	Stonehenge Purchases	-	-	20,000,000	160,000
	Capital raising costs	-	-	-	(117,792)
	Period end balance	**1,375,134,592**	**140,545,652**	**1,375,134,592**	**140,545,652**

(d) Movement in options

	Options exercisable at 5c expiring on 30 June 2012	31 December 2012		30 June 2012	
Date	**Details**	**Number of options**	**Amount $**	**Number of options**	**Amount $**
	Opening balance	-	127,700	-	127,700
	Movement	-	-	-	-
	Period end balance	**-**	**127,700**	**-**	**127,700**

	Options exercisable at 2c expiring on 30 June 2014	31 December 2012		30 June 2012	
Date	**Details**	**Number of options**	**Amount $**	**Number of options**	**Amount $**
	Opening balance	390,001,000	-	390,001,000	-
	Movement	-	-	-	-
	Period end balance	**390,001,000**	**-**	**390,001,000**	**-**

7 Equity (continued)

(d) Movement in options (continued)

	Options exercisable at 2c expiring on 01 April 2015	**31 December 2012**		**30 June 2012**	
Date	**Details**	**Number of options**	**Amount $**	**Number of options**	**Amount $**
	Opening balance	10,000,000	3,633	10,000,000	3,633
31/12/12	Employee incentive	-	10,900	-	-
	Period end balance	**10,000,000**	**14,533**	**10,000,000**	**3,633**

	Options exercisable at 2c expiring on 01 April 2017	**31 December 2012**		**30 June 2012**	
Date	**Details**	**Number of options**	**Amount $**	**Number of options**	**Amount $**
	Opening balance	10,000,000	-	10,000,000	-
	Movement	-	-	-	-
	Period end balance	**10,000,000**	**-**	**10,000,000**	**-**

	Options exercisable at 0.6c expiring on 31 August 2016	**31 December 2012**		**30 June 2012**	
Date	**Details**	**Number of options**	**Amount $**	**Number of options**	**Amount $**
	Opening balance	-	-	-	-
28/09/12	Director and secretary options	70,000,000	121,800		
28/09/12	Employee incentives	10,000,000	17,400	-	-
	Period end balance	**80,000,000**	**139,200**	**-**	**-**

7 Equity (continued)

(d) Movement in options (continued)

	Performance Options(i)	31 December 2012		30 June 2012	
Date	**Details**	**Number of options**	**Amount $**	**Number of options**	**Amount $**
	Opening balance	-	1,200,000	-	1,200,000
	Movement	-	-	-	-
	Period end balance	**-**	**1,200,000**	**-**	**1,200,000**

(i) The 75,000,000 performance options issued on 29th April 2011 pursuant to the acquisition of Sunlander Nominees Pty Ltd (Kamarga Project) have been exercised during the financial year ended 30 June 2012.

8 Commitments for expenditure

	Consolidated 31 December 2012 $	Consolidated 30 June 2012 $
Exploration expenditure commitments		
Not later than one year	655,000	235,000
Later than one year and not later than five years	2,440,000	550,000
Later than five years	-	-
Total exploration expenditure commitments	**3,095,000**	**785,000**

All exploration expenditure commitments are non-binding, in respect of outstanding expenditure commitments, in that the Consolidated Entity has the option to relinquish these licences or its contractual commitments at any stage, at the cost of its expenditure up to the point of relinquishment.

9 Events occurring after the balance date

There have been no material items, transactions or events subsequent to 31 December 2012 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.

In the directors' opinion:

1 the financial statements and notes set out on pages 11 to 21 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standard AASB134 Interim Financial Reporting and the *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial half-year ended on that date; and

2 subject to the achievement of the conditions set out in Note 1, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

R Kirtlan
Director
Perth
15 March 2013

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Independent review report to the members of RMG Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RMG Limited, which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of RMG Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RMG Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 2 to the financial report, there is significant uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
15 March 2013