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QUARTERLY REPORT 31 DECEMBER 2012

SUMMARY

Kamarga

- A maiden JORC compliant Inferred Resource has been estimated for the first 650m strike length of the JB zinc-lead deposit of:
  - 10.4Mt @ 2.7%Zn, 0.2%Pb, 1g/t Ag at 1.5%Zn cut-off grade
    - Including 2.6Mt @ 4.4%Zn, 0.3%Pb at a 3%Zn cut-off grade
  - Over 277,000 tonnes of contained zinc metal (1.5%Zn cut-off)
- An initial conceptual open pit mining study to demonstrate "eventual economic extraction" indicates the deposit may be economically viable[1]
- Low grade mineralisation may be able to be significantly upgraded by dense media separation

Kamarga – Queensland (EPM14309)

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[2].

Kamarga was explored during the 1970's and 1980's by several companies including Newmont, CRA, North Mining and MIM. The earlier explorers reported an exploration target[3] of 5-15Mt @ 5-10% Zn[4].

[1] There is no assurance of an Ore Reserve or of an economic development at this stage.
[2] http://www.mmg.com/en/Our-Operations/Mining-operations/Century/Mine-closure-planning.aspx
[3] The potential quantity and grade of the Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The information relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves.
[4] The conceptual size of the target is referenced in Jones et al, 1999; The Kamarga Deposit. In Mineral Deposits: Processes to Processing, Stanley et al (eds). pp873-876

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).

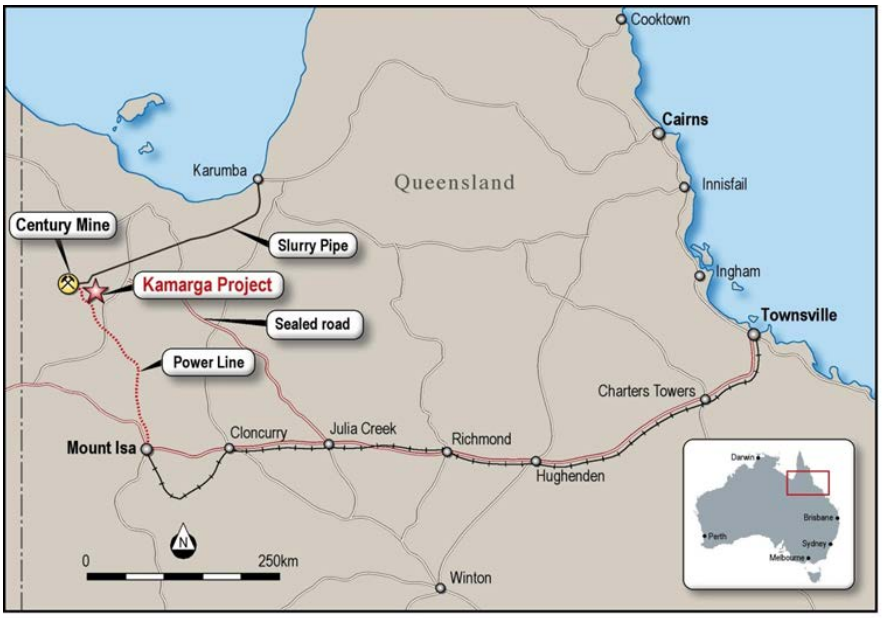

Figure 1 Kamarga Project location

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[5] 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.

[5] The information in Table 1 is extracted from the ASX Release "Maiden Resource Estimate at Kamarga" lodged on 23 January 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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[6] within which is higher grade target of 5-15 million tonnes at 5-10%Zn.

Figure 3 shows an oblique view of the panel model and clearly shows the lack of estimated panels in the southern portion of the estimation model between drill sections JB006 and JB001. It is possible that further drilling in this area may identify additional resources.

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.

The newly mapped JE zinc zone 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.

[6] The potential quantity and grade of the Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The information relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The conceptual size of the target is referenced in Jones et al, 1999; The Kamarga Deposit. In Mineral Deposits: Processes to Processing, Stanley et al (eds). pp873-876.

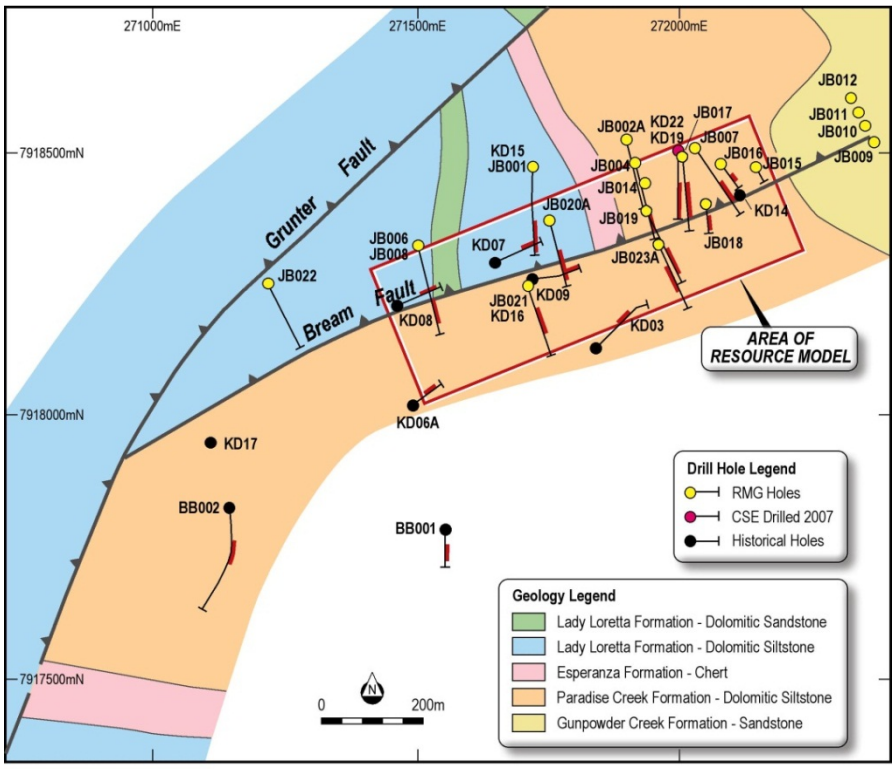

Figure 2 Plan of area of resource estimate

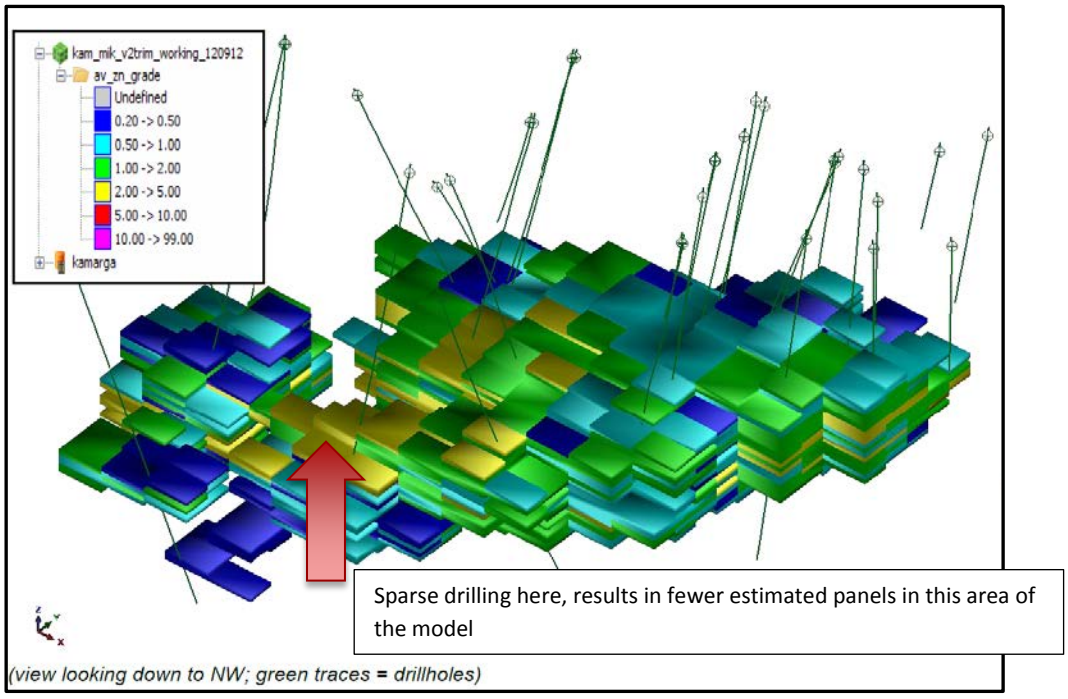

Figure 3 Plan view of resource estimate panels showing average zinc grade for the whole panel

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. Figure 4 shows a longitudinal sectional view of the optimised pit shell superimposed on the panel model. 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.

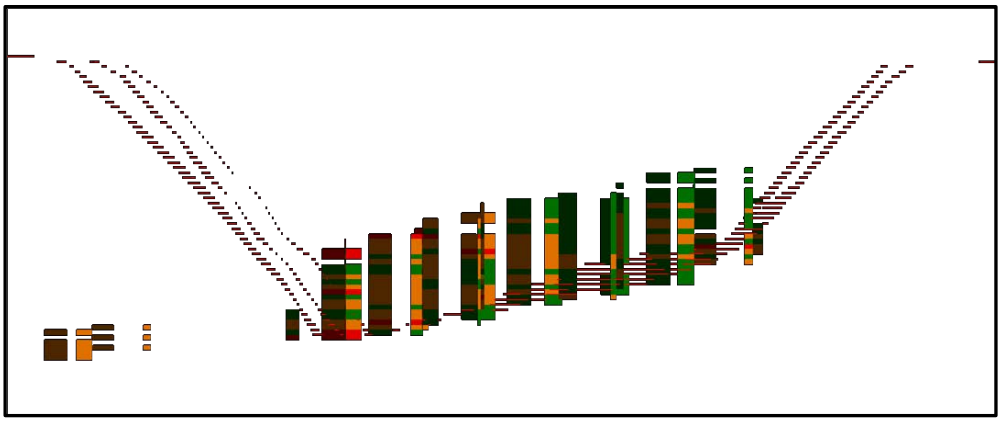

Figure 4 Optimal pit shell on Inferred Resource

Metallurgical Test Work – Heavy Liquid Separation

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 review the efficacy of sorting the low grade mineralised material by density contrast (HLS test work).

A number of zinc operations around the world (e.g. Tennessee zinc operations operated by Nyrstar[7]) reduce the volume of waste being processed by passing the crushed material through a Heavy Media Separator plant. In the case of Selwyn[8] in Canada, test work indicates that 30-40% of the waste can be rejected whilst retaining 90-95% of the zinc metal. This results in a 150% upgrade of the zinc grade of the material to be processed. Whilst the Company is not suggesting that the Kamarga zinc material can be upgraded, the style of zinc mineralisation at Kamarga warrants the test work to be undertaken.

[7] www.Nyrstar.com Analyst Site Visit Report 7 November 2011
[8] Selwyn Resources Annual report 2010, pp14

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

Kamarga 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 Company believes that it's 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.

McLeans Creek - Tasmania (EL17/2003, RL02/2012)

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.

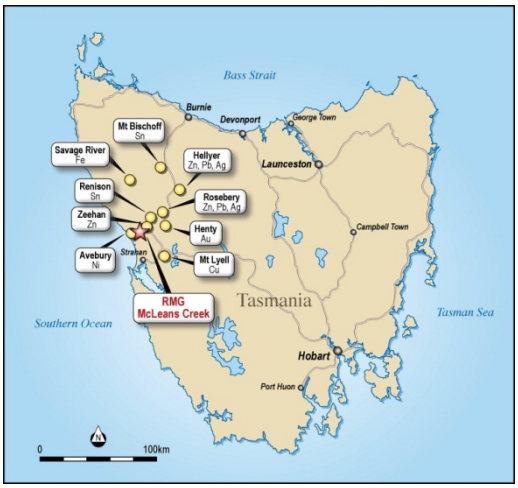

Figure 5 Location of McLeans Creek Project

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 as originally proposed by CRA (now RioTinto Ltd) in 1992[9].

There has not been any activity on this project this quarter.

Forward Programs

Kamarga

Drill hole planning to drill test the JE zinc mineralisation and the Grunter copper zones is underway in preparation for the onset of the dry season in April 2013.

Zeehan

Compilation of all drill results and the heli-borne EM data to generate the next set of silver lead zinc targets prior to the next available drilling season in 2013.

[9] Annual Exploration Report for EL28/88 by R. Parkinson for CRA. MRT Report number 92-3398

Corporate and Finance

The Company had $198,000 in cash and bank deposits at the end of the quarter.

The Company continues to be engaged in discussions with potential partners for the Kamarga Project which will provide funding to advance the project to its next stage of development.

Board members and senior management have continued to completely cut or substantially reduce fees and salaries to limit expenses in the short term whilst discussions proceed with interested funding parties.

The Directors continue to believe that the global zinc concentrate deficit forecast to occur after 2015 (see attached commentary on zinc demand) will result in significant opportunity for the exploitation of the Kamarga zinc deposit and reward for the Company's shareholders.

In addition, the Board has been undertaking due diligence on new base metal opportunities in Australia and overseas and are keen to continue to grow the Company.

Ends

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GLOBAL ZINC MARKET

Zinc is the fourth largest industrial metal consumed in modern society after iron, aluminium and copper[10].

Zinc's most remarkable quality is its natural capacity to protect. Zinc coatings protect steel against corrosion, extending the life of steel by up to five times. Thus car manufacturers can provide no-corrosion guarantees of 12 years or more and zinc helps to protect the value of a typical family investment[11].

Zinc protects human health too. It is now known that zinc is essential for human health in general and the functioning of the human immune system in particular. Zinc-based creams and lotions are widely used to protect the skin against the harmful effects of the sun. Zinc is also used in water purification systems and zinc supplements are added to soil to increase crop yields.

The Demand Side

The global market consumes around 12.7 million tonnes of zinc metal annually (2011)[12]. The main use of zinc is for galvanising and specialty metal alloys, and used in the construction and transport industries (Figure 6). There is minimal substitution of zinc products on a commercial basis.

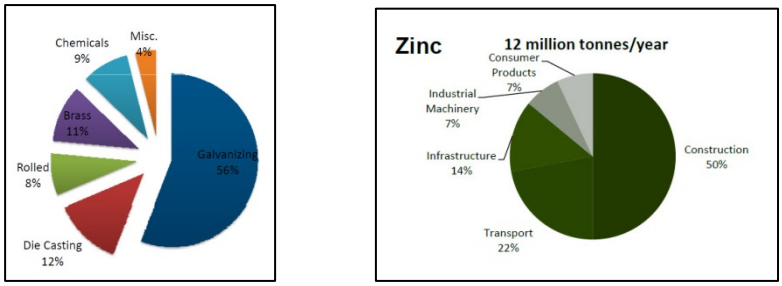


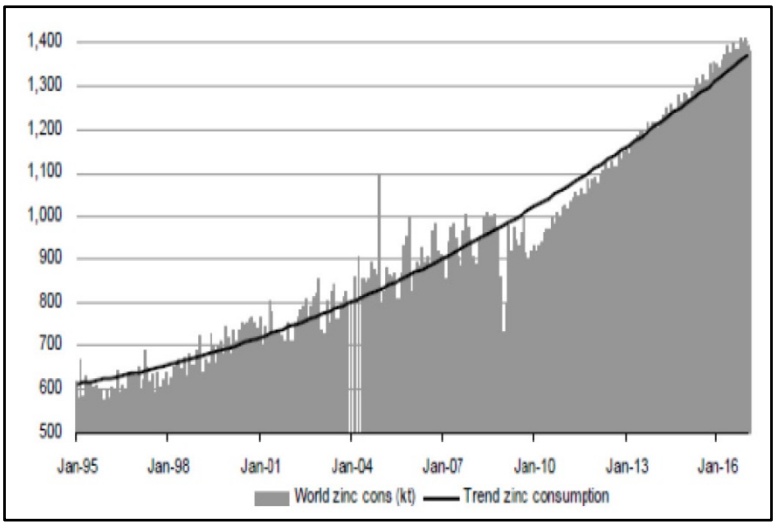
Figure 6 Major consumption of zinc[13]

Therefore, the current demand for zinc is related to infrastructure growth, urbanisation and increasing GDP per capita of the world's population.

Despite the global economic slowdown, the demand for zinc remains strong due to the continued construction of new infrastructure in developing countries, and the implementation by various nations of measures to stimulate economic growth. Figure 7 shows an estimate of the zinc demand for the next 4 years.

[10] en.wikipedia.org/wiki/**Zinc**
[11] www.icz.org.br/site-en/**zinc**-society.php
[12] http://www.ilzsg.org/static/statistics.aspx
[13] www.ilzsg.org

To meet the forecast increase in demand for zinc for construction alone requires the addition of approximately 550,000 tonnes of zinc metal from new mine supply annually over the next few years[14].



Source: WMBS, Credit Suisse Estimates

Figure 7 Trend of zinc demand

New Demands

Whilst China has over 20% of the world's population, it only has 9% of the world's arable land. As a result, China consumes 35% of the world's supply of fertiliser and produces 25% of the world's grain[15].

Field trials in China and India over the last 25 years have demonstrated that around 50% of their arable soils are deficient in zinc, leading to both reduced crop yields and zinc deficient diets. Data from 1990-2010 over a large number of provinces in China has shown that crop yields are substantially improved with the addition of zinc to the fertiliser regime.

1. Rice crop yields increased by 6 to 18%
2. Maize yields increased by 8 to 24%
3. Wheat yields increased by 8 to 16%
4. Apple yields increased by 15 to 41%

China's National Agro-Tech Extension Service Center estimates that an additional 500,000 tonnes of zinc per annum could raise the Chinese cereal harvest by 10% (30 million tonnes).

This additional fertiliser demand for zinc metal has not been factored into most metal forecasts.

[14] Wood Mackenzie December 2011

[15] *www.**zinc**.org/general/**FMB**%20**Asia**%20**2011**%20**Zinc**%20Ming.pdf*

The Supply Side

The supply of zinc concentrates is very fragmented across nations and companies. Seven large mines produce 20% of world production and approximately 75% of production is from underground mining with attendant high costs. In addition, many zinc mines are actually exhausted of reserves and there are few new mines as a result of the lack of investment in exploration and development over the past 20 years. Table 3 lists the main zinc mine closures in the next 6 years and Figure 8 shows a histogram of the production closures.

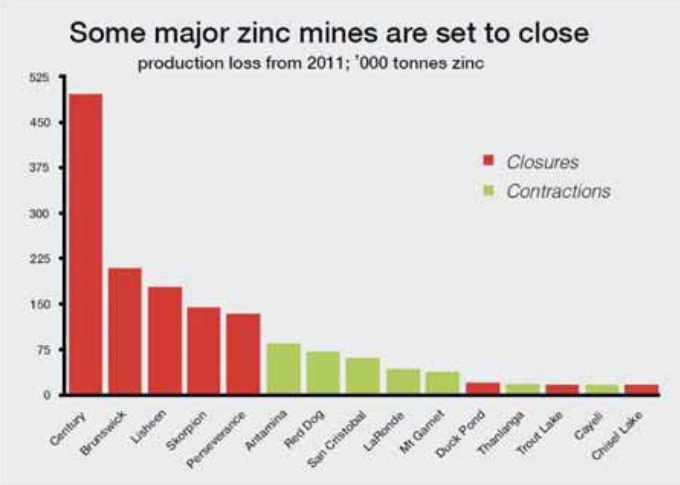


Figure 8 Mine closures by production[16]

MAJOR MINE CLOSURES '000 TPA ZINC					
Mine	Quality	Owner	Country	Loss of Production	When
Mt Garnet		Kagara	Australia	55	SHUT
Galmoy	Low Fe	Lundin Mining	Ireland	75	SHUT
Lennard Shelf	Low Fe	Teck	Australia	75	SHUT
Perseverance		Xstrata AG	Canada	135	2013
Golden Grove		MMG	Australia	140	2014
Antamina (Reduction in Zinc)		BHP/Xstrata/Teck	Peru	150	2013
Skorpion		Vedanta	Namibia	170	2019
Lisheen	Low Fe	Vedanta	Ireland	170	2015
Iscaycruz		Glencore	Peru	170	2017
Brunswick		Xstrata AG	Canada	265	2012
Century	Low Fe	MMG	Australia	550	2016
TOTAL	**870**			**1955**	

Table 3 Major zinc mine closures[17]

As a result, in the face of increasing demand from industrialization and food supply, there is actually a significant reduction in mine supply. No other significant industrial metal faces this combination of events. Figure 9[18] shows a forecast of the zinc deficit.

[16] www.pinnacledigest.com/articles/vol-287-zinc-mines-are-closing-down-good-news-zinc-stocks
[17] *Data from Wood Mackenzie , June 2011 Zinc Report*
[18] *(image source:* ***www.crugroup.com*** *(*http://www.crugroup.com*)*

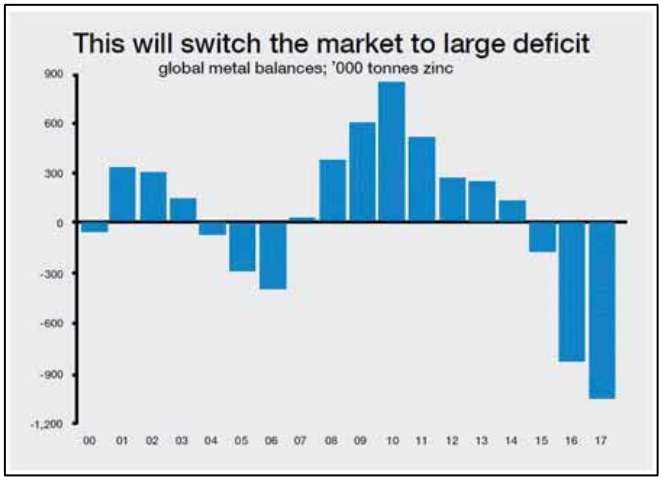


Figure 9 Forecast zinc deficit

Zinc Price

Reuters, 29 February 2012, reported that Glencore has agreed to purchase zinc concentrates from Volcan (the world's 4th largest zinc and silver producer) for zero treatment charges, instead, opting for a percentage of any zinc price rise from a base of $2000/tonne.[19] The implication to analysts at Macquarie is that Glencore is clearly expecting a significant increase in zinc prices and a shortage of zinc concentrates for its smelters.

On January 27, 2012 RBC Capital Markets stated "We forecast an average price of $0.90/lb in 2012, $1.00/lb in 2013, $1.30/lb in 2014, and $1.50/lb (US$3,300/t) in 2015."[20]

On March 10, 2012, CRU International "forecasts that the real three-month price of zinc, defined as the nominal price/US consumer price index, will go from US$2,125 in 2012, to US$2,455 in 2015, and US$3,305 in 2016."[21]

Wood Mackenzie has been analysing base metals for over 40 years. In April 2012 they released the following statement. "Zinc has the most promising fundamental outlook among the metals… The zinc price is expected to be range bound for the most part of this year before starting its ascent towards the end of 2012 in anticipation of a tight market. Brook Hunt expects the zinc price to average US$1.24/lb in 2014 and steadily climb thereafter, possibly challenging the previous high of US$2.08/lb (US$4,500/tonne) that was reached in late 2006."[22]

[19] "Glencore deal reflects bullish view on zinc-sources", 29 February 2012. http://www.reuters.com/article/2012/02/29/glencore-zinc-idUSL5E8DTA6420120229

[20] International Mining. "Nickel, copper, molybdenum and zinc demand all trending up", 27 January 2012. http://www.im-mining.com/2012/01/27/nickel-copper-molybdenum-and-zinc-demand-all-trending-up/

[21] Proactive Investors. "Zinc set to go sky high as supplies deplete in medium term", 9 March 2012. http://www.proactiveinvestors.com.au/companies/news/26270/zinc-set-to-go-sky-high-as-supplies-deplete-in-medium-term-26270.html

[22] www.stockhouse.com/bullboards/messagedetail.aspx?p=0&m=31682231&l=0&r=2&s=TV&t=LIST

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.

Kamarga Note: Intervals presented are downhole. True widths are unknown. All samples are from NQ diamond drill core, sawn in half, from intervals of 1.0m in length. Drill core recovery from all sampled intervals is >95%. Drill holes are surveyed down hole by Eastman camera and drill core has been oriented where possible. Sample preparation undertaken by Bureau Veritas (AMDEL) in Mount Isa and chemical analysis by Bureau Veritas (AMDEL) in Adelaide. Elements determined by 4-acid digest and ICP-OES finish. QA/QC includes blanks and standards provided by Geostats Pty Ltd. Collars have been located by hand held GPS and reported in WGS94 Zone 54S.

Zeehan Note: Intervals presented are downhole. True widths are unknown. All samples are from HQ diamond drill core, sawn in half, from intervals of varying length to a maximum of 1.0m. Drill core recovery from all sampled intervals is highly variable. Drill holes are surveyed down hole by Eastman camera. No drill core was able to be oriented. Sample preparation undertaken by ALS-Chemex (ALS) in Burnie, Tasmania and chemical analysis by ALS in Townsville. Elements determined by 4-acid digest and ICP-OES finish. QA/QC includes blanks and standards provided by Geostats Pty Ltd. Collars have been located by hand held GPS and reported in WGS94 Zone 55S.

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning RMG Limited's planned exploration programme and other statements that are not historic facts. When used in this document, the words such as "could", "indicates", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Such statements involve risks and uncertainties, and no assurances can be provided that actual results or work completed will be consistent with these forward looking statements.