



17 April 2012

Companies Announcements Office  
Australian Securities Exchange

## **COMMENCEMENT OF DRILLING AT KAMARGA AND GRANT OF NEW PERMIT FOR COPPER EXPLORATION**

### **Highlights**

RMG Limited ("the Company") is pleased to announce the following highlights from the Kamarga project in northern Queensland.

- Major Drilling has been contracted to commence drilling at Kamarga in early May
- The Company is planning to drill four targets
  - JB zinc prospect
  - Grunter copper prospect
  - Triangle zinc-lead soil anomaly
  - Barramundi copper soil anomaly
- EPM19172 has been offered to be granted to the Company. This exploration permit covers the eastern strike extension of the Torpedo copper prospect for an additional 7 kilometres with attendant prospector workings for copper.

### **Kamarga Drilling**

Major Drilling Ltd and the Company have executed a drilling contract for the drilling of 4,000m of RC percussion and diamond drilling on the Kamarga Project. The drilling is expected to commence in the first week of May.

Together with an additional metallurgical hole through the JB zinc mineralisation to enable further metallurgical test work, the Company is planning to drill four targets:

- A. Continue step out drilling of the JB zinc zone to test extensions to the higher grade zinc mineralisation previously intersected in drill holes KD19, JB001, JB007 and JB014.
- B. Test for extensions to the copper mineralisation previously intersected in drill hole JB008 (6m @ 1.1%Cu, 10g/t Ag) along the Grunter Fault.
- C. Drill test the 1km long soil copper anomaly along the Barramundi Fault.
- D. Drill test a significant zinc-lead soil anomaly at the Triangle Prospect.

At the conclusion of drill testing the Triangle zinc-lead soil anomaly, the Company will have completed the "Minimum Work Program" as required by the Earn – In Agreement between Teck Australia Pty Ltd ("Teck") and the Company.

### **Copper Exploration**

In April 2011 the Company applied for an additional exploration permit that is not subject to the Teck Earn-In Agreement. This permit (EPM19172 – Limestone Creek) has now been processed by the relevant Queensland authorities and has been offered to be granted to the Company. The Company has accepted all conditions and paid all rents and is anticipating the licence to be issued expeditiously.

Figure 1 shows the location of the new permit. A preliminary review of the historical exploration activities has identified three targets:

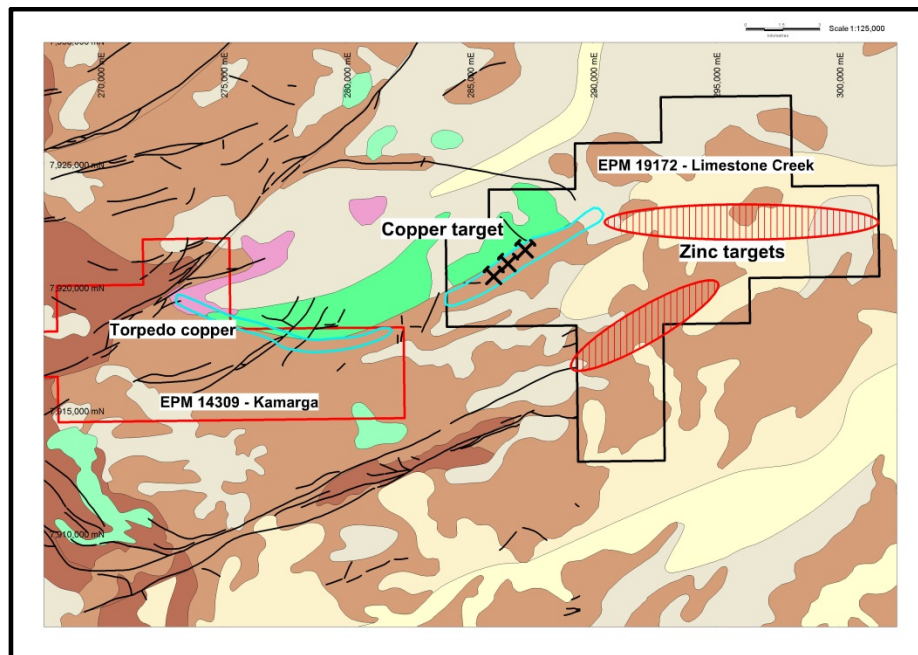
1. The Torpedo Creek and Gunpowder stratigraphy, that hosts the copper anomalism identified in stream drainages, soil geochemistry and rock chip sampling on the Kamarga licence, extends for a further 7kms within the new permit. Along this stratigraphic trend the literature records three sites of prospector workings on outcropping copper mineralisation within the area of the new permit.
2. Within the new permit, there is a fault system that is structurally similar to the Barramundi-Grunter fault corridor. Previous explorers have identified a number of low order zinc soil anomalies and coincident EM anomalies along this fault trend that are prospective for zinc-lead mineralisation.
3. Previous exploration has identified a sequence of carbonaceous shales and siltstones in a structural (syncline, fold limb parallel faulting) and stratigraphic (Mid-Proterozoic Lady Loretta Formation) setting similar to the Lady Loretta lead-zinc-silver deposit (13.7Mt @ 17%Zn, 6%Pb<sup>1</sup>).

These targets will be investigated in the 2012 field season with regional soil surveys and mapping.

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<sup>1</sup> <http://www.xstrata.com/media/news/2011/07/26/0801CET/>

The acquisition of this permit greatly enhances the Company's footprint in this highly endowed area of the Lawn Hill district in proximity to the Century zinc mine.



**Figure 1 Exploration targets within new permit area**

## Background

The Company acquired a right to earn an interest in the Kamarga project in north-west Queensland from Teck in April 2011 and commenced drilling in late July 2011. Drilling by the Company and previous explorers has demonstrated that the zinc mineralisation extends for a minimum of 600m along strike and is still open to the southwest. Historical drilling has intersected zinc mineralisation for a further 1,000m to the southwest.

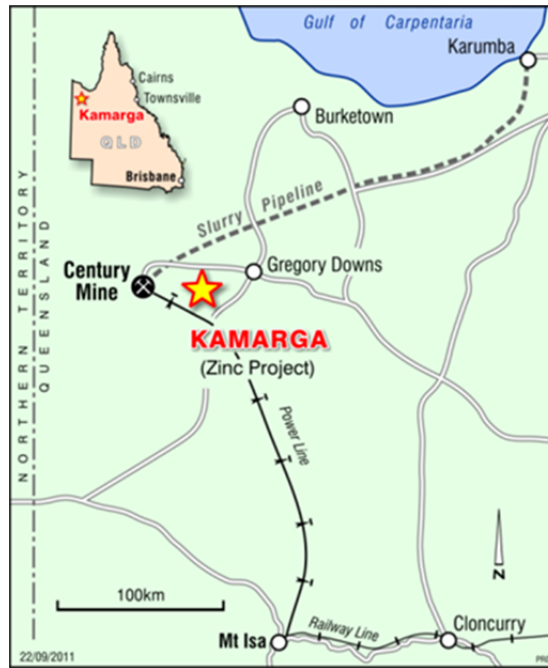
The Kamarga Project is located 20kms southeast of the world class Century Zn-Pb mine (Figure 2). Century is the world's second largest producer of zinc concentrate and is scheduled to cease production in 2014. The project is also within 50kms of sealed road and high-voltage electricity transmission line.

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<sup>2</sup> of 5-15Mt @ 5-10% Zn<sup>3</sup>. The prospect has had little work since the 1990's.

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 release dated March 18, 2011).

<sup>2</sup> The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The information relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves.

<sup>3</sup> 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 Location of Kamarga Project**

For further information, visit the website [www.rmgltd.com.au](http://www.rmgltd.com.au) or please contact:

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*Competent Person Statement*

*The information relating to Exploration Targets and to Exploration Results is based on information compiled and reviewed by Mr. Peter Rolley, who is a Member of the Australasian Institute of Geoscientists. Mr Rolley is self-employed and provides consulting services to RMG Ltd.*

*Mr. Rolley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Rolley consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

*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.*