



1 August 2012

Companies Announcements Office
Australian Securities Exchange

CAPITAL RAISING – CONVERTIBLE NOTE ISSUE

RMG Limited (ASX: RMG), advises that it has agreed to issue convertible notes to Simpaug Investment Fund LP (**Noteholder**) to raise AUD\$1.0m before costs.

Funds raised through the convertible note issue will be used to progress the company's Kamarga project in far north Queensland, the company's Zeehan project in Tasmania and for general working capital purposes.

Under the terms of the convertible note agreement, RMG will issue to the Noteholder an aggregate of 1,000,000 convertible notes with a face value of AUD\$1.00 per note.

The key terms of the convertible notes are as follows:

- Term :** The convertible notes mature 24 months after their issue date
- Interest :** Interest is payable six monthly in arrears at a coupon rate of 5% per annum
- Redemption :** The convertible notes are redeemable at RMG's election at any time during the twelve months prior to maturity. At maturity, any outstanding notes that have not been converted are redeemable in full
- Conversion into RMG shares :** The convertible notes are convertible at the Noteholder's election at quarterly intervals into RMG shares
- The conversion price for RMG shares is equal to a 10% discount to the volume weighted average price of 10 trading days prior to the Noteholder providing a notice to convert, subject to a minimum price of AUD\$0.0035 and maximum price of AUD\$0.008 per share. Where RMG has agreed to issue shares during the term of the convertible notes at less than the minimum conversion price, the Noteholder will have an ability to convert their convertible notes at that time, at the same price as that share issue
- Conversion into Sunlander shares :** The Noteholder can also elect to convert their convertible notes into shares in Sunlander Nominees Pty Ltd, RMG's wholly owned subsidiary, provided they have not otherwise converted any of those notes into RMG shares.

If they elect to do so, the Noteholders will acquire, in aggregate, a 2.5% of Sunlander's issued capital, giving them a more direct form of participation in the company's Kamarga project

The convertible note will be issued in two tranches. The first tranche of 700,000 convertible has been issued following completion of the convertible note agreement and the second tranche of 300,000 convertible notes will be subject to shareholder approval. A notice of meeting in this regard will be circulated shortly.

An appendix 3B in relation to the first tranche convertible notes will follow.

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