



5 June 2013

Companies Announcements Office
Australian Securities Exchange

OPTION TO ACQUIRE COPPER PRODUCER IN CHILE

RMG Limited (ASX:RMG) ("RMG" or "the Company") is pleased to announce it has reached an agreement with a second Chilean mining company, Porvenir S.C.M., for an option to acquire a 100% interest in its mining concessions in the Tuina District in northern Chile. There are four copper oxide mines in production on the leases with numerous copper oxide and sulphide mining opportunities. The agreement is subject to completion of due diligence and execution of binding Option Agreement documentation.

Highlights

- Option to acquire producing copper oxide mines in northern Chile
- Significant land package is located adjacent to the Tuina copper Project, the subject of a HOA between RMG and Chile Metals Ltd in March 2013¹
- Considerable potential for commercial copper-silver oxide and sulphide mineralisation down dip and along strike from existing copper oxide open pits
- RMG will commence work to validate the results of a previous mining feasibility study for the development of the copper oxides and sulphides

Introduction

RMG is very pleased to advise that it has entered into a Memorandum of Understanding ("MOU") with a private Chilean company, Porvenir S.C.M. ("Porvenir"), for the option to acquire a 100% interest in the Porvenir Tuina Project in northern Chile. The agreement is subject to the completion of legal and technical due diligence and execution of binding Option Agreement documentation and subject to the Area of Influence clause within the Chile Metals – RMG Heads of Agreement ("HOA").

Figure 1 shows the location of the Tuina District. For a general introduction to Chile and the Tuina District see the ASX release of 25 March 2013 from RMG.

¹ ASX:RMG release of 25 March 2013



Figure 1 Location plan of Tuina Copper Project

The Porvenir Tuina Project comprises 14 contiguous permits covering a portion of the well mineralised Permo-Triassic Tuina Formation in proximity to the largest mineral controlling fault, the San José Fault. The permits cover structures and stratigraphy that are host to significant copper mineralisation as evidenced by the large number of copper oxide mines within the concessions.

The Porvenir concessions are all near to the mining concessions subject to a HOA between RMG and Chile Metals as announced on March 25 2013. Figure 2 shows the location of the Porvenir concessions and the Chile Metals concessions. All the Porvenir concessions are granted Mining leases (a total of 1,100 hectares). There is no corporate, shareholding or management association between Chile Metals and Porvenir, either in the past or currently.

The potential union of the Porvenir and Chile Metals mining concessions results in around 105 sq. kilometres of productive copper ground for exploration in one of the largest copper belts of the world.



RMG

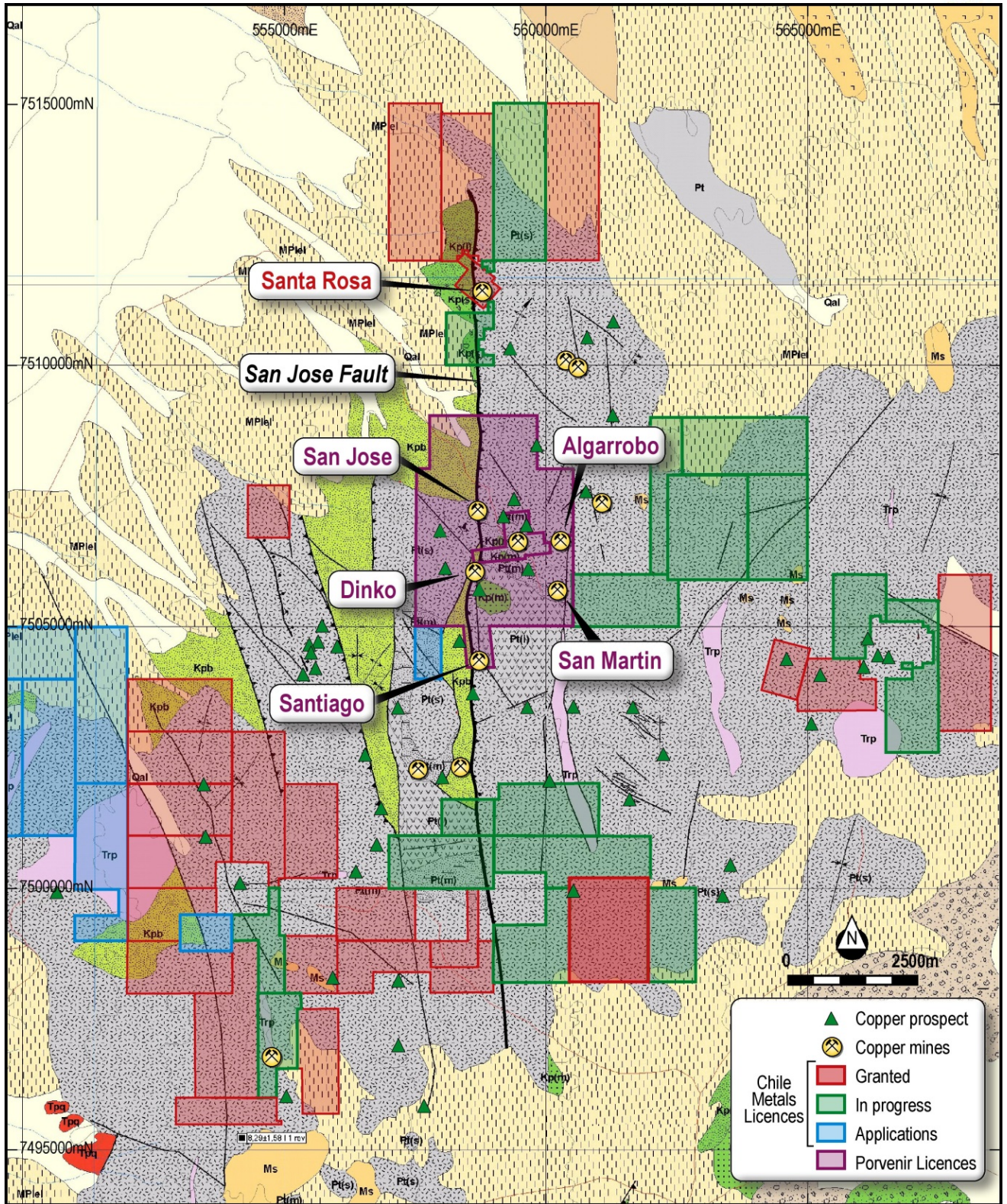


Figure 2 Location of Porvenir concessions in purple

Tuina Project

The types of copper deposits at Tuina have been classified as replacement copper-silver deposits and there are a number of examples in northern Chile including Mantos Blancos (300Mt @ 1.2%Cu), and Mantos de la Luna (50Mt @ 1.4%Cu)².

Porvenir Mines

The Porvenir Mining Leases are located along the strongly mineralised San José Fault. Copper oxide mineralisation has previously been mined, and is still being mined, by Porvenir from several open pits within their mining leases, with the ore being processed at the nearby toll acid-leach plant. The largest open pit (San José) is currently around 500m long by 100m wide by 60m deep.

There are three main copper oxide centres, the San José, the San Martín and the Dinko mine sites. The locations of these sites are all shown in Figure 2, and photos of each mine site are shown in Figures 3, 4 and 5 respectively.

Production records from the mine sites are not available to RMG at this time, however visual observation of the open pits, volume estimations from the high resolution WorldView2 satellite imagery, and verbal confirmation from the operators of the toll plant indicate that around 2-3million tonnes of copper oxide ore at around 1-3%Cu has been mined from the Porvenir mining leases.

Publically available information³ states the mineralised copper lodes within the Porvenir leases are around 40-100m wide. The copper mineralisation comprises chrysocolla at surface, passing to chalcocite thence to chalcopyrite at depth. Diamond drilling has been undertaken at a number of the Porvenir mine sites including the San José lease and the one drill hole reported in the said public information (pp 7) from San José indicates substantial copper grades over large widths beneath the current open pit.

Based on the diamond drilling undertaken on the Porvenir leases by an independent contractor (E-Mining) an Environmental Impact Statement (“E.I.S.”) was completed (by independent consulting group S.G.A.) and available to the public⁴. The E.I.S. is for a mine plan to mine a total of approximately 25-30 million tonnes of ore from the Porvenir leases by a combination of open pit and underground mining methods. This needs to be confirmed by RMG.

The E.I.S. states that water and power has been agreed for the mining and processing of the oxide and sulphide copper ores. This needs to be confirmed by RMG.

Porvenir is now handing over the technical database (53Gb) for RMG’s review. Some diamond drill core is present on site, and will also now be available to RMG for review. Figure 6 shows the core storage racks which we have confirmed includes drill core from San José.

² The Geology of Chile by T. Moreno, publ The Geological Society, 2007 pp 190

³ https://www.e-seia.cl/archivos/1d5_Anexo_N_3.pdf

⁴ http://www.e-seia.cl/archivos/DIA_Ampliacion_y_Desarrollo_TUINA.pdf

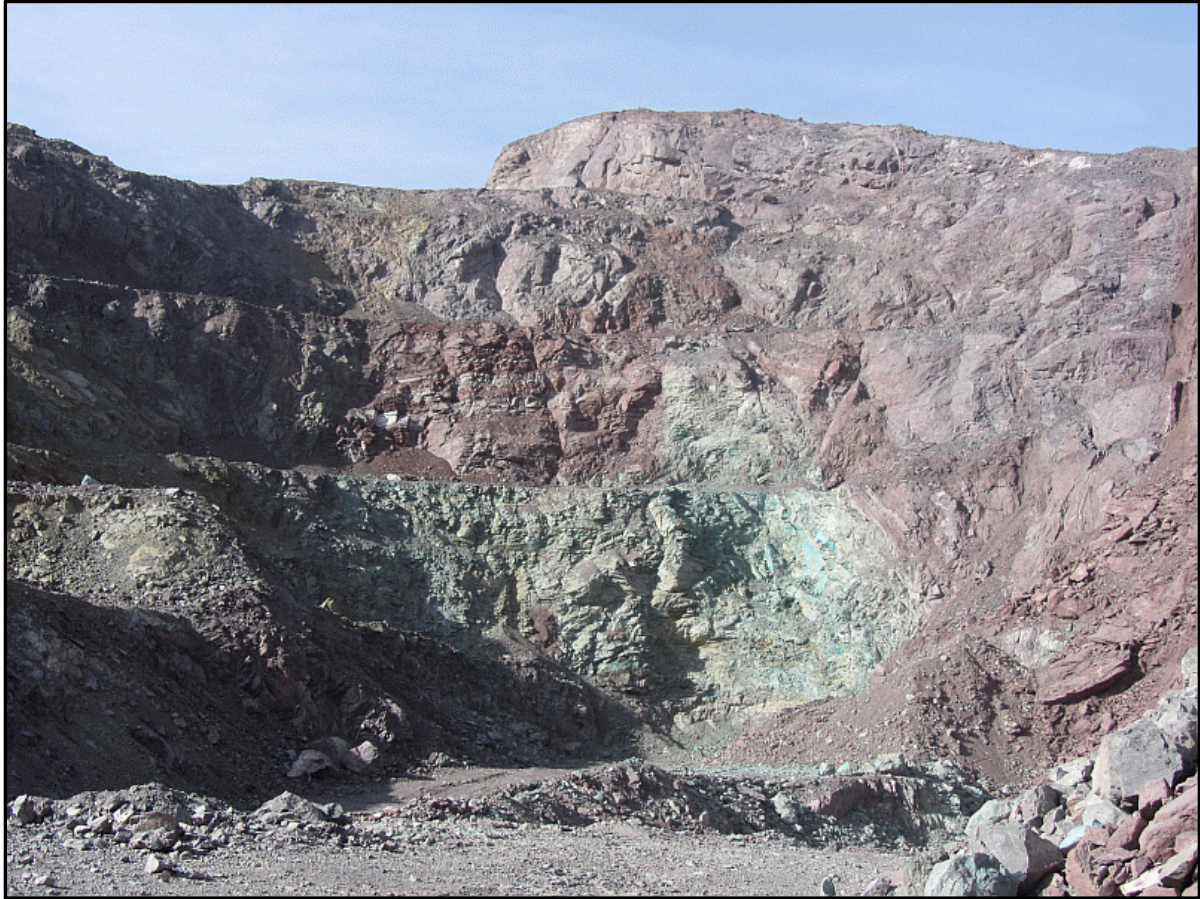


Figure 3 Copper Oxide mineralisation at San José



Figure 4 Copper oxide mineralisation at San Martin



Figure 5 Copper oxide production from Dinko Sur



Figure 6 Drill core from Porvenir leases at Tuina site

Option Terms

The MOU between RMG and Porvenir has the following terms

- RMG to pay Porvenir US\$200,000 upon signing the binding full Agreement
- RMG to pay Porvenir US\$1,000,000 within 12 months of signing the full Agreement
- RMG to pay Porvenir US\$2,000,000 within 36 months of signing the full Agreement
- RMG to pay Porvenir US\$3,000,000 within 48 months of signing the full Agreement
- RMG to pay Porvenir US\$4,000,000 within 60 months of signing the full Agreement
- RMG to pay a sliding NSR Royalty of
 - 4% if copper price greater than US\$4.49/lb Cu
 - 3% if copper price between US\$3.00/lb and US\$4.49/lb Cu
 - 2% if copper price less than US\$3.00/lb Cu
- Until RMG has paid the US\$10.2million, Porvenir has the right to continue mining at a maximum rate of 7,500 tonnes per month
- After payment of the \$10.2million and before RMG has commenced mining, Porvenir may continue mining at a maximum rate of 10,000 tonnes per month.

It is important to note that there are no claw-backs, no monthly payments, no minimum expenditure commitments, and no concentrate or metal off-take rights within this MOU.

Commencement of the Agreement is conditional upon RMG being satisfied with its technical and legal Due Diligence and a binding Option Agreement being executed. These conditions must be completed within two months.

The payment of the \$10.2million will result in RMG owning 100% interest in all Porvenir Mining Licences, subject to the Chile Metals HOA which has an Area of Interest clause for Chile Metals to elect to participate in the Porvenir option agreement for a 25% interest.

Summary

- 🌟 Option to acquire an existing copper producer
- 🌟 Potential to rapidly establish a significant copper resource base
- 🌟 Potential to establish a significant copper sulphide flotation plant and capture all copper sulphide mining within the well mineralised Tuina District
- 🌟 There are no monthly payments, claw-backs, metal off-take rights
- 🌟 RMG will commence a work programme to validate the results of the E.I.S. study
- 🌟 RMG's objective is to define significant copper sulphide resources of >1%Cu to enable the rapid establishment of moderate sized copper flotation plant at Tuina
- 🌟 Excellent regional infrastructure and proximity to exploration and mining services

For further information, visit the website www.rmgltd.com.au or please contact:

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Competent Person Statement

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Peter Rolley, a Competent Person who is a Member of the Australian Institute of Geoscientists (MAIG). Mr Rolley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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' (the "JORC Code 2004"). Mr Rolley is an Executive Director and shareholder of RMG Ltd. Mr Rolley consents to the inclusion of the information in this report 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", "forecast", "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 undertaken or completed will be consistent with these forward looking statements.