



RMG
Limited

RMG LIMITED

ABN 51 065 832 377

Annual Report

30 June 2011

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Directors	Mr Robert Kirtlan (Executive Chairman) (appointed 29 April 2011) Mr Steven Chadwick (Non-executive) (appointed 29 April 2011) Mr Gary Steinepreis (Non-executive) (resigned 29 April 2011) Mr John Risinger (Executive) (resigned 30 June 2011) Mr Mark Stevenson (Non-executive) (appointed 28 September 2007)
Company Secretary	Mr Graeme Smith
Registered Office	Unit 1, 245 Churchill Avenue, Subiaco WA 6008
Share Register	Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace Perth WA 6000 Telephone: 1300 787 575
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Bankers	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000
Stock Exchange Listing	RMG Limited's shares are listed on the Australian Securities Exchange, home branch being Perth ASX Code: RMG

Your directors present their report on RMG Limited ('the Company') and its subsidiaries ('the Group' or 'the Consolidated Entity') for the year ended 30 June 2011.

Directors

The directors of RMG in office during or since the end of the financial year up to the date of this report:

Robert Edward Kirtlan (appointed 29 April 2011)
Steven John Chadwick (appointed 29 April 2011)
Gary Christian Steinepreis (resigned 29 April 2011)
John Ernest Risinger (resigned 30 June 2011)
Mark Stevenson

Principal Activities

During the year the principal continuing activities of the Group consisted of mineral exploration and contingency collections and realisations from acquired debt portfolios. There have been no significant changes in the principal activities during the year.

Review of Operations

During the year the Group made a loss from continuing operations of \$1,203,631 (2010 - \$386,041). Additional information on the financial position of the Company and of the Group is set out in the financial report.

The principal activity of the consolidated entity during the year was exploration for minerals and the contingency collections and realisations from acquired debt portfolios. In April 2011 following shareholder approval, the Company acquired the Kamarga zinc project by the acquisition of Sunlander Nominees Pty Ltd (Sunlander).

Placement of Shares

During the financial year the Company made two share placements and a one for six entitlement issue raising in total a gross amount of \$2,191,504 and a net amount after capital raising costs of \$2,043,561. The funds raised will be used for working capital purposes to support the exploration projects of the Group.

Acquisition of the Kamarga Zinc Project

On 29 April 2011 RMG acquired the Kamarga zinc project through the acquisition of Sunlander. Sunlander has an exclusive right to earn up to 100% of the Kamarga project from Teck Australia Pty Ltd (Teck) pursuant to a Farm-in Agreement.

The consideration for the acquisition of Sunlander was the issue of 165,000,000 ordinary shares to the shareholders of Sunlander, as well as 75,000,000 Performance Options. In addition, under the terms of the Teck Farm-in Agreement, a further 40,000,000 ordinary shares were issued to Teck.

The terms of the Teck Farm-in Agreement include the following;

- Sunlander to expend \$1,500,000 within 4 years to earn 100% interest in EPM14309.
- Expend a minimum of \$610,000 within 2 years before withdrawing from the Farm-In Agreement.
- Until Sunlander has expended \$10,000,000 on exploration, Teck has a right to elect to earn back 51% of EPM14309 through sole funding exploration expenditure to the sum of twice Sunlander's expenditure.

- If Teck completes its earn back, Teck is appointed manager of the consequent Joint Venture.
- After achieving a 51% interest, Teck has a further right to take its interest to 75% by sole funding an additional \$15,000,000 over a further 3 years.
- Teck has a first right to purchase product.
- If Teck elects not to earn back, Teck will retain a 1.25% net smelter returns royalty irrespective of tenement ownership.
- There is a 1km area of influence around EPM14309 within which either party has a pre-emptive right to participate in further tenement acquisition.

Kamarga Zinc Project

Location

Figure 1 shows the location of the Kamarga Project (EPM14309) near Lawn Hill in north-west Queensland. The Project is located 25kms south-east from the world's second largest open pit zinc mine, the Century zinc mine now operated by MMG. MMG has disclosed that the Century mine may be in short supply of zinc ore in 2015.¹

In the near vicinity of the Project there is excellent infrastructure:

- Power
- Slurry pipeline for zinc concentrates
- Roads

The project area is not located within any high impact areas of the Wild Rivers Act (QLD) or within any known cultural, heritage or environmental exclusion zones.

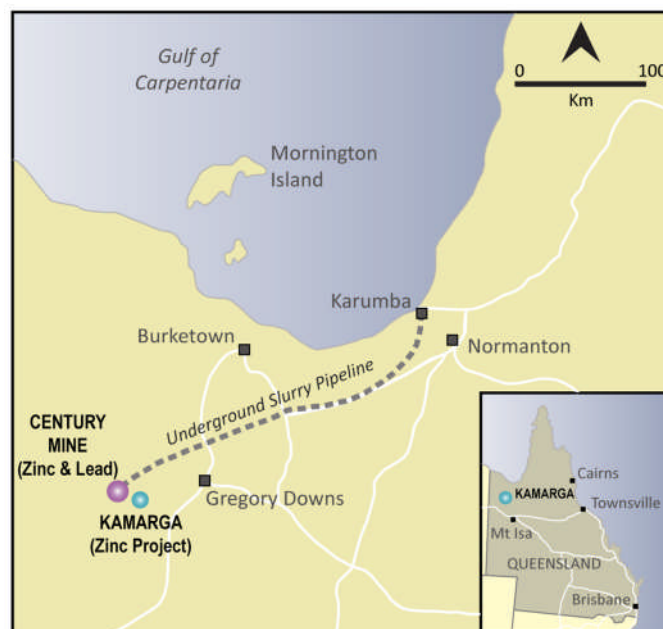


Figure 1 Location of Kamarga project

¹ MMG Presentation and website 2010

History

The zinc mineralisation in the Kamarga area was first discovered by Newmont in 1974 through follow-up of zinc anomalies in stream sediment samples. Whilst the first four holes in 1975-1976 did not intersect any mineralisation, KD3 drilled by the Newmont-CRA Joint Venture in 1977 discovered the JB deposit. A total of 14 diamond holes were drilled by the JV in the period 1977-1984, which outlined an exploration target of around 40-60 million tonnes at an average grade of 2-3% Zn, within which is a higher grade exploration target of 5-15Mt @ 5-10% Zn.²

Mt Isa Mines Ltd ("MIM") explored the property from 1991-1993 and in joint venture with North Mining from 1994-1996. MIM's drilling was focused on identifying new mineralisation to the south-west and south of JB (Stonemouse and Devils Gossan respectively). MIM did not undertake any drilling at the JB prospect. A number of areas of interest were identified for further work.

Copper Strike acquired the lease from Teck in 2005 and drilled 3 holes, of which KD19 and KD22 targeted the JB mineralisation on one section. The full results are available on Copper Strike's website, including the results for KD19 which intersected 22m @ 5% Zn+Pb. In 2010 Copper Strike returned the tenement to Teck.

Hole ID	Depth From	Length	Zn Grade	Pb Grade
	m	m	%	%
KD019	177	10	3.17	0.26
	206	22	4.07	0.96
	240	5	4.15	2.19
	250	2	3.84	0.5
KD022	No significant intersection			

Table 1 Copper Strike drilling results

Figure 2 shows the general geology and the collars of all past drill holes. The figure also shows the locations of the major targets identified by the previous explorers.

Mineralisation

The JB zinc mineralisation is stratabound zinc-lead mineralisation hosted by dolomites and dolomitic siltstones of the Palaeoproterozoic Gunpowder Formation within the Macnamara Group. The Macnamara Group sediments in north-west Queensland are host to the world class Mount Isa Zn-Pb-Ag, George Fisher Zn-Pb-Ag, Mount Isa Copper, and Century Zn-Pb mines.

² Copper Strike Prospectus (ASX:CSE) Nov 2004

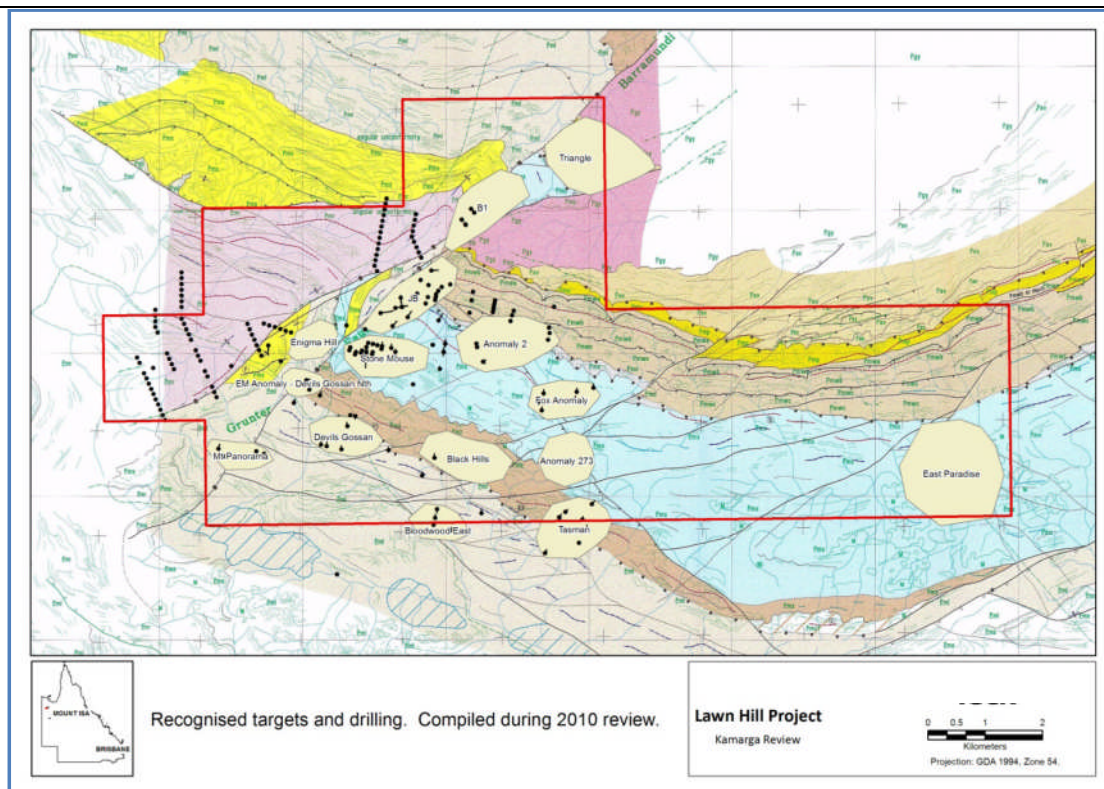


Figure 2 Location of exploration targets

At Kamarga, the zinc mineralisation occurs as disseminations and replacement of two specific members of the Gunpowder Formation. The mineralisation occurs over a thickness of 100m and extends east from the Grunter-Bream Fault for at least 1500m and for about the same distance down dip³. The Gunpowder Formation dips around 20deg to the southwest.

The historical drilling by Newmont and Copper Strike has identified a higher grade zone of mineralisation at a depth of 100m below surface which will be the target for further exploration and drilling.

Targets

The JB zinc mineralisation is the priority target for exploration. As shown in Figure 3, within the area defined as the zinc target there are only six drill holes over a strike length of 600m and width of 100m that intersect the target zone. Four of these holes were drilled by Newmont in 1978-82 and are no longer available for re-sampling and logging.

D. Jones was the supervising geologist for Newmont and published a paper on the Kamarga Deposit (Jones et al, 1999). In this paper he discloses an exploration target of 40-60Mt @ 2-3% Zn within which is a higher grade exploration target of 5-15Mt @ 5-10% Zn⁴.

³ Jones et al 1999; Kamarga Deposit. In Mineral Deposits: Processes to Processing, Stanley et al (eds). p873-876

⁴ The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource. 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). p873-876.

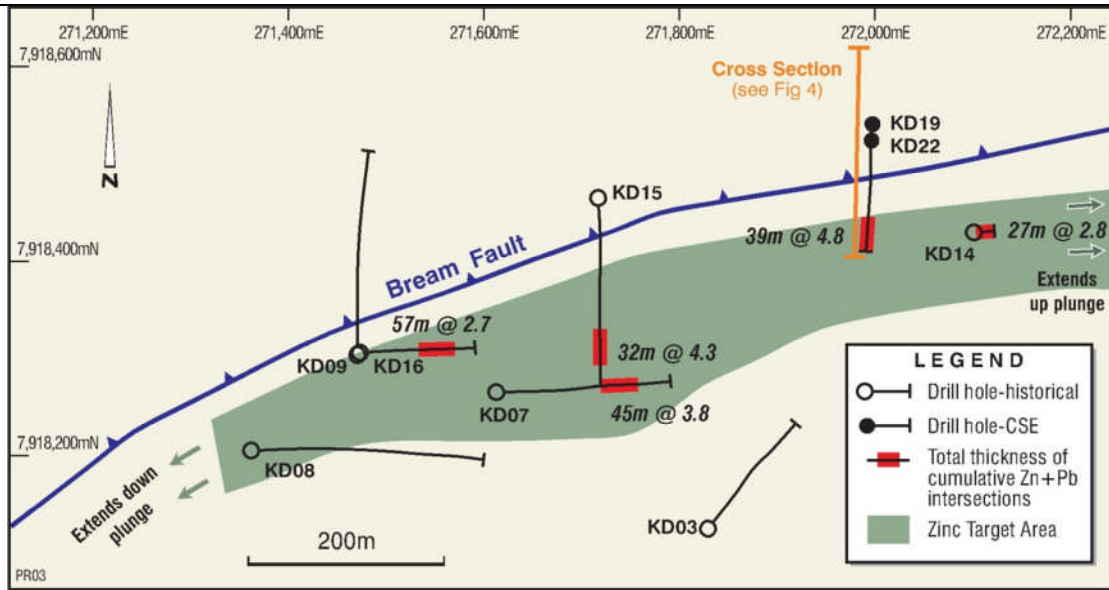


Figure 3 Plan view of JB zinc target

The presence of >40m thickness of zinc mineralisation has been confirmed by the Copper Strike drilling programme in 2008 (Figure 4), but there is minimal drilling to be able to define the extent and volume of the mineralisation. The previous Newmont drilling has poorly defined the extents of the JB mineralisation and it appears to be open along strike both south-west and northeast for a further 200m in each direction.

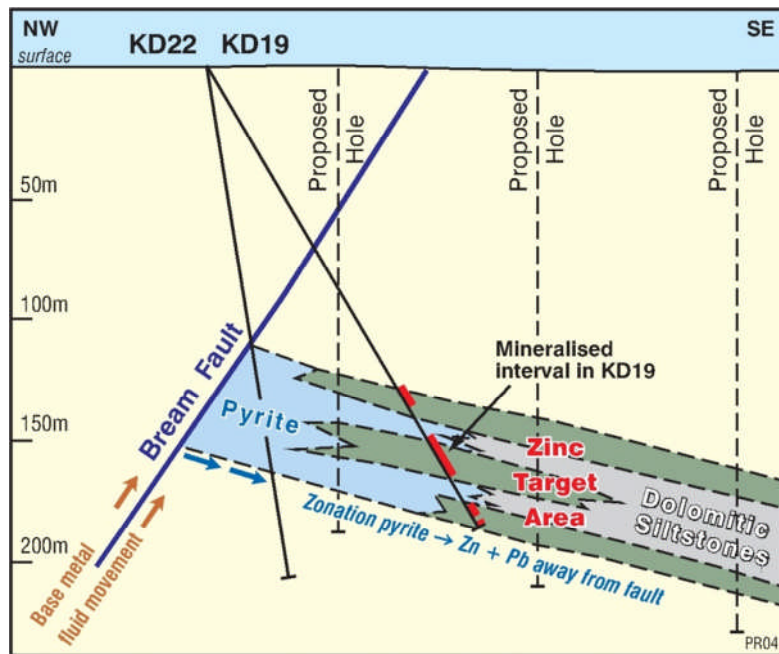


Figure 4 Cross section through JB mineralisation

The first objective of the Company is to define the extent of the higher grade zinc mineralisation in proximity to the Grunter-Bream Fault, believed to be the controlling influence on the higher grade zinc mineralisation. It is proposed to drill the higher grade zinc zone with a pattern of 200m by 50m diamond drill hole sites. The holes will be vertical, precollared with RC percussion and sampled through the mineralised zone. Figure 5 shows the proposed drill programme.

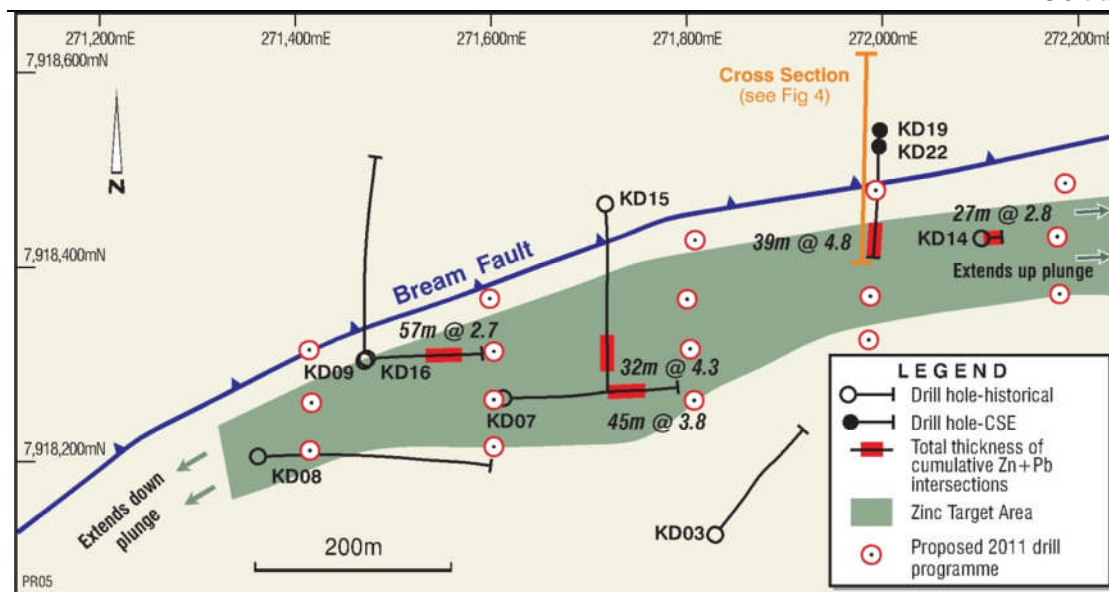


Figure 5 Plan view of proposed JB target drill holes

There are a number of other zinc (Stonemouse, Devils Gossan) and copper (B1, Anomaly 2) targets identified by previous explorers that require further work and drill testing. Data compilation and ground geophysics will be undertaken to prioritise these targets and a drill programme designed to test the targets will be developed.

Exploration Programme

- Finalise data compilation and target generation over entire tenement
- Undertake ground EM survey over selected targets
- Drill definition of the higher grade zinc zone at JB deposit
- Exploration drilling of other copper and zinc targets

Exploration Budget	\$'000
Data compilation and review	100
Geophysics	200
Diamond drilling – JB	1,000
Exploration drilling - other	500
Total	<u>1,800</u>

Report on Continuing Exploration Activity

RMG, through its wholly owned subsidiaries Resource Mining Group Pty Ltd (formerly Springfield Minerals Pty Ltd) and San Saba Pty Ltd continued its exploration activity around the Mt Coffin Project in the Northern Flinders Range in South Australia. Resource Mining Group Pty Ltd holds Exploration Licences 3812 and 3813 over an area of 588 km² east of Copley.

EL 3812 & EL 3813: 100%

Mt Coffin and Wearing Gorge

Historically, significant work was carried out by the South Australian Department of Mines and by Southern Cross Exploration between 1965 and 1972. Exploration focused on copper mineralisation outside the diapir despite evidence suggesting the diapiric sediments contain widespread disseminated copper mineralisation.

Geological mapping, field work, and previous drilling by RMG has confirmed the presence of copper mineralisation on the tenement. Stream sediment sampling has been completed at Wearing Gorge. A review of these results has yet to be completed.

Given the recent acquisition of the Kamarga project, and the significant focus now directed at Kamarga, any new work on either the Mt Coffin or Wearing Gorge has been deferred until further consideration is made by management of the prospectivity of each area. There is no budgeted exploration activity in the immediate future.

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Peter Rolley, who is a Member of The Australian Institute of Geoscientists. Mr Rolley is self-employed and provides consulting services to RMG Ltd.

Peter 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'. Peter Rolley consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Receivables Management Business

The Group has two debt portfolios, comprising bank card debts and personal loans. The Group has fulfilled its obligations under the Assignment of Debt Deed however continues to receive diminishing returns from this activity.

Dividends

No dividends were paid or are proposed to be paid to members during the financial year (2010: Nil).

Significant Changes in the State of Affairs

Other than those disclosed in this financial report, there were no significant changes in the state of affairs of the Group since the end of the previous financial report.

Matters Subsequent to the End of the Financial Year

Since 30 June 2011 there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

- a) the Group's operations in future financial years, or
- b) the results of those operations in future financial years, or
- c) the Group's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

There were no likely developments in the operations of the Group that were not finalised at the date of this report. Further information on likely developments in the operations of the Group and expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

Except for normal regulations governing the exploration operations of the Group, the Group is not currently subject to any environmental regulations. To the best of the knowledge and belief of the Directors, the Group is in compliance with any such regulations.

Information on Directors

Robert Edward Kirtlan (Executive Chairman, age 52) (appointed 29 April 2011)

Experience and expertise

Mr Kirtlan has over 20 years company management experience and spent 7 years in global mining investment banking in Perth, Sydney and New York working for major global investment banks with a specialist role in the mining and natural resources sector. He has a background in finance and management with small companies. He was a founding shareholder and director of Cooper Energy Limited, an exploration and production oil and gas company, was also a director and shareholder of NGM Resources Limited for 6 years until it was acquired by Paladin Energy Limited and is a shareholder and director of Aviva Corporation Limited.

Directorships

Mr Kirtlan is currently a director of the following listed company:-

- Aviva Corporation Limited (ASX Listed) (9.08 years)

During the past three years Mr Kirtlan was a director of the following listed company;

- NGM Resources Limited (resigned 31 December 2010)

Special responsibilities

Chairman and Chief Financial Officer

Interests in Shares and Options

53,024,000 (2010: Nil) ordinary shares, 5,000,000 (2010: Nil) options over ordinary shares, and 21,576,000 (2010: Nil) Performance Options in RMG Limited.

Steven John Chadwick (Non-Executive Director, age 58) (appointed 29 April 2011)

Experience and expertise

Mr Chadwick is the Principal of Spectrum Metallurgical Consultants a Perth, Western Australia based specialist consultancy to the minerals industry. He is a metallurgical graduate from the WA School of Mines and has 30 years experience in the mining industry, incorporating technical, operating and management roles in gold and base metals mining and processing. Mr Chadwick served as Executive Technical Director of ASX listed junior gold company Northern Gold NL from August 1995 to October 2005. He was also director for NGM Resources Limited during 2010. Mr Chadwick was also founding director of the listed public company BC Iron Limited, retiring in May 2011.

Directorships

During the past three years Mr Chadwick was a director of the following listed company;

- NGM Resources Limited (resigned 31 December 2010)
- BC Iron Limited (resigned 17 May 2011)

Special responsibilities

Mr Chadwick serves on the Audit Committee and the Remuneration and Nomination Committee.

Interests in Shares and Options

21,560,000 (2010: Nil) ordinary shares, 5,000,000 (2010: Nil) options over ordinary shares, and 7,440,000 (2010: Nil) Performance Options in RMG Limited.

Mark Ellis Stevenson (Non-Executive Director, age 56)

Mr Stevenson is President and CEO of Holloman Holdings Corporation and has had over 30 years experience in management, engineering and operations in the upstream Oil and Gas Industry. He holds a B.S. in Constructional Engineering from Texas Tech University, Lubbock Texas.

Other Current Directorships

Adavale Resources Ltd (Non-Executive Director since 16 April 2007)

Former Directorships in the Last Three Years

Nil

Special Responsibilities

Mr Stevenson serves on the Audit Committee and the Remuneration and Nomination Committee.

Interest in Shares and Options

70,600,000 (2010: 60,600,000) ordinary shares and 7,000,000 (2010: 7,000,000) options over ordinary shares in RMG Limited.

Gary Christian Steinepreis (Non-Executive Director, age 45) (resigned 29 April 2011)

Experience and Expertise

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

Other Current Directorships

Non-Executive Director, Norseman Gold Plc (director since 3 December 2007);
Non-Executive Director, Avalon Minerals Ltd (director since 20 December 2006);
Non-Executive Director, WAG Limited (director since 22 December 2005);
Non-Executive Director, Agri Energy Limited (director since 22 June 2009); and
Non-Executive Director, Monto Minerals Limited (director since 26 June 2009).

Former Directorships in the Last Three Years

Southern Pacific Petroleum NL 11 October 2007 to 15 October 2009;
Black Fire Energy Ltd 29 November 2006 to 8 September 2009;
Croesus Mining NL 12 July 2007 to 31 August 2009;
Gawler Resources Ltd 17 May 2007 to 27 November 2007;
Toodyay Resources Limited 22 December 2005 to 23 October 2007;
GB Energy Limited 13 March 2007 to 29 August 2008;
Monitor Holdings Limited 16 April 2004 to 18 January 2008;
Karmelsonix Limited 18 August 2003 to 21 November 2007; and
Signature Metals Limited 1 June 2006 to 27 November 2008.

Special Responsibilities

Company Secretary (Resigned 29 April 2011)

Interests in Shares and Options (at time of resignation)

27,724,083 (2010: 23,763,498) ordinary shares in RMG Limited.

John Ernest Risinger (Executive Director, age 62) (resigned 30 June 2011)

Experience and Expertise

Mr Risinger has over 35 years experience in the drilling industry and in managing drilling and operations in mineral exploration. He has had many years experience at the board level in of a number of listed and unlisted public companies.

Other Current Directorships

Adavale Resources Ltd (Executive director since 16 April 2007)

Former Directorships in the Last Three Years

Nil

Special Responsibilities

Manager of exploration activities

Interest in Shares and Options (at time of resignation)

18,375,000 (2010 – 15,000,000) ordinary shares and 1,750,000 (2010 – 1,750,000) options over ordinary shares in RMG Limited.

Company Secretary (appointed 29 April 2011)

The company secretary is Graeme Ian Smith, BEc, MBA, MComLaw, FCPA, FCIS, MAusIMM. Mr Smith has over 20 years experience in accounting and company administration. He has held CFO and Company Secretary positions with other Australian mining and mining service companies.

Meetings of Directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2011, and the numbers of meetings attended by each director were:

Name of Director	Number of Meetings - A	Number of Meetings - B
Robert Kirtlan	2	2
Steven Chadwick	2	2
Gary Steinepreis	7	7
John Risinger	9	9
Mark Stevenson	9	9

A = Number of meetings attended

B = Number of meetings held during the time the director held office during the year

Note – there were no meetings other than meetings of the Board.

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration
- (2) Details of remuneration
- (3) Service agreements
- (4) Share-based compensation

1. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage/ alignment of executive remuneration;
- (iv) transparency; and
- (v) capital management.

The Group has structured an executive remuneration framework that is market competitive.

Alignment to shareholders' interests:

- (i) focuses on sustained growth in shareholder wealth; and
- (ii) attracts and retains high calibre executives.

Alignment to program participants' interests:

- (i) rewards capability and experience.

Executive and non-executive directors

Fees and payments to executive and non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined together with those of the directors.

During the current and prior year there was no short or long term incentive plans made available to the key management personnel of the group. At present, the existing remuneration arrangements are not impacted by the Group's performance, including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders). This view by the Board not to relate present remuneration arrangements to performance will be maintained until the expiration of the period of the performance shares and options on issue. This aspect of the remuneration policy will be revisited at that time.

The Group's policy for setting remuneration is as detailed above during the exploration phase of operations. This policy may change once the exploration phase is complete and the company is generating revenue.

Retirement allowances and benefits for directors and other key management personnel

The service agreements with Messrs Kirtlan and Rolley include a three month notice period, except in the instance where there is a change in control in which case a six month payout will apply. Except for this there are no retirement allowances or other benefits paid to directors and other key management personnel.

2. Details of Remuneration

(a) Directors

The following persons were directors and key management personnel (or executives) of RMG Limited during the whole of the past financial year unless otherwise noted:

(i) *Directors*

RE Kirtlan	<i>Executive Chairman - (appointed 29 April 2011)</i>
GC Steinepreis	<i>Non-Executive Director & Company Secretary - (resigned 29 April 2011)</i>
S Chadwick	<i>Non-Executive Director - (appointed 29 April 2011)</i>
ME Stevenson	<i>Non-Executive Director</i>
JE Risinger	<i>Executive Director & Exploration Manager - (resigned 30 June 2011)</i>

(ii) *Executives*

PJ Rolley	<i>Exploration Manager - (appointed 29 April 2011)</i>
GI Smith	<i>Company Secretary - (appointed 29 April 2011)</i>

The Company Secretary GI Smith, is not considered key management personnel as he did not have the authority and responsibility for planning, directing and controlling the major activities of the Company controlled entities. However, under the *Corporations Act 2001*, Mr Smith met the definition of a company executive.

(b) Key management personnel remuneration	Company 2011 \$	Company 2010 \$
Directors remuneration paid to directors and/or entities associated with directors	134,000	108,000
Fees paid to director for exploration and operational management	130,800	120,000
Fees paid to executives and key management personnel, exploration manager	48,278	-
	313,078	228,000

The amount of remuneration of the directors and key management personnel of RMG Limited is set out in the following table. Mr P Rolley was appointed to the position of Exploration Manager from 29 April 2011. Except for the two month period to 30 June 2011, during the financial year there were no key management personnel other than the directors. There was no remuneration of any type paid to the directors other than as reported below for the provision of management services, and in the case of Mr Risinger, amounts paid for exploration management and operational services.

2011	Short term benefits	Post employment benefits Superannuation	Share based payment	Total	Performance related remuneration
Director	\$	\$	\$	\$	%
Robert Kirtlan ^(a)	26,000	-	-	26,000	-
Steven Chadwick ^(b)	6,000	-	-	6,000	-
Gary Steinepreis ^(c)	30,000	-	-	30,000	-
John Risinger ^(d)	156,000	10,800	-	166,800	-
Mark Stevenson	36,000	-	-	36,000	-
Key management personnel					
Peter Rolley ^(e)	43,000	-	-	43,000	-
Graeme Smith ^(f)	5,278	-	-	5,278	-
Total key management personnel compensation	302,278	10,800	-	313,078	-

2010	Short term benefits	Post employment benefits Superannuation	Share based payment	Total	Performance related remuneration
Director	\$	\$	\$	\$	%
Gary Steinepreis	36,000	-	-	36,000	-
John Risinger	146,092	9,908	-	156,000	-
Mark Stevenson	36,000	-	-	36,000	-
Total key management personnel compensation	218,092	9,908	-	228,000	-

The fees paid to director and key management personnel related entities were for the provision of management services to the Group, as follows:

- (a) ARK Securities & Investments Pty Ltd, a company associated with Robert Kirtlan was paid \$26,000 for services provided by Mr Kirtlan.
- (b) Spectrum Metallurgical Consultants Pty Ltd, a company associated with Steven Chadwick was paid \$6,000 for services rendered by Mr Chadwick.
- (c) Leisurewest Consulting Pty Ltd as trustee for the LeisureWest Trust, an entity associated with Gary Steinepreis was paid \$30,000 (2010: \$36,000).
- (d) Larca Pty Ltd as Trustee for the Risinger Family Trust, an entity associated with John Risinger was paid \$36,000 (2010: \$36,000). Mr Risinger's salary for exploration management services \$130,800 (2010: \$120,000) was paid direct to Mr Risinger.
- (e) The Rolley Family Trust, a trust in which Mr Rolley has an interest as a beneficiary, was paid \$43,000 for services rendered by Mr Rolley.
- (f) DW Corporate Pty Ltd, an entity which employs Graeme Smith who provides company secretarial services as a consultant.

3. Service Agreements

Upon appointment on 29 April 2011, Messrs R Kirtlan, P Rolley and S Chadwick signed service agreements reflecting the terms of their appointment. Remuneration and other terms of employment are formalised in these agreements. Major provisions relating to the respective service agreements are set out below.

Name	Term of Agreement	Base service fee	Termination benefit ⁽ⁱⁱ⁾
Robert Kirtlan	1 year	\$156,000	3 months ⁽ⁱ⁾
Peter Rolley	1 year	\$120,000	3 months ⁽ⁱ⁾
Steven Chadwick	1 year	\$36,000	3 months

- (i) Or in the case of a takeover and change in control, 6 months.
- (ii) Termination benefits are payable on early termination by the company, other than for gross misconduct.

Mr J Risinger or entities associated with Mr Risinger have been paid \$130,800 (2010 - \$120,000) to carry out and manage the mineral exploration programme and general operations for the group. This agreement terminated on 30 June 2011.

4. Share-based Compensation

There was no share-based or option-based compensation paid to directors or other key management personnel during the current or prior financial years.

This is the end of the audited Remuneration Report.

5. Shares Under Option

At 30 June 2011 there were 83,750,000 (2010: 8,750,000) ordinary shares under option. These include 8,750,000 options having an exercise price of 5 cents and expire on 30 June 2012. There are also 75,000,000 performance options issued on 29th April 2011 as approved by shareholders at the Shareholder's Meeting of that date. The Performance Options can only be exercised on the earlier of the completion of a minimum of 1,000 metres of drilling on the Kamarga Zinc project (EPM14309) to the reasonable satisfaction of the Company and 5:00pm (WST) on that date which is two (2) years after the date of issue.

Subsequent to the end of the financial year and prior to the date of this report no options have been converted.

6. Insurance of Officers

Prior to June 2011 the Company did not have directors and / or officers insurance. In June 2011 the Company paid premiums to insure the Directors and Officers of the Group at an annual cost of \$16,900 (2010: Nil).

The liabilities that have been insured are

- legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as officers of the Group,
- and any other payments arising from liabilities incurred by the Officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the Officers or the improper use by the Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

7. Proceedings on Behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

8. Audit Services

During the financial year \$35,450 was paid or is payable for audit and review services provided by the auditor (BDO Audit (WA) Pty Ltd) (2010: \$34,918). No amounts were paid or payable in respect of non-audit services provided by the auditor.

9. 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 19 of this annual report.

10. Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

A handwritten signature in black ink, appearing to read 'R. Kirtlan', with a long horizontal flourish extending to the right.

Robert Kirtlan
Director
Perth
22 September 2011



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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

22 September 2011

The Board of Directors
RMG Limited
Suite 1, 245 Churchill Avenue
SUBIACO WA 6008

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF RMG LIMITED

As lead auditor of RMG Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of RMG Limited and the entities it controlled during the period.

Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 090 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Corporate Governance Statement

RMG Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance for the Company and the Group. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The disclosure of corporate governance practices can be viewed on the Company website at www.rmgltd.com.au

The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Executive Managing Director who reports to the Board.

Corporate Governance Compliance

A description of the Group's main corporate governance practices are set out below. The Group has considered the ASX Corporate Governance Principles and the corresponding Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Disclosure of Corporate Governance Practices Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3		✓
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 3.1	✓	
Recommendation 3.2	✓	
Recommendation 4.1	✓	
Recommendation 4.2		✓
Recommendation 4.3	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	
Recommendation 7.2		✓
Recommendation 7.3	✓	
Recommendation 8.1	✓	
Recommendation 8.2	✓	

Disclosure – Principles & Recommendations

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Executive Chairman (CEO) who reports regularly to the Board on the performance of the Business.

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the exploration manager;
- approval of the overall strategy and annual budgets of the business; and
- compliance with constitutional documents.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The review is currently informal but is based on a review of goals for the CEO and Exploration Manager. The goals are based on corporate requirements and any areas for improvement that may be identified. The Board will provide the CEO with confidential feedback on his or her performance.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Company does not have a majority of independent directors.

Consistent with the size of the Group and its activities, the Board is comprised of three (3) directors, none of whom are currently considered to be independent directors.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Group and its activities warrants such a structure.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

Mr G Steinepreis until his resignation, and now Mr Kirtlan act as Chair of the Board meetings and neither has been considered to be independent. It is the Board's intention to comply with its policy at a time when the size of the Group and its activities warrants such a structure.

Recommendation 2.3:

The roles of the Chair and CEO should not be exercised by the same individual.

Disclosure:

The role of the Chairman and the CEO is exercised by the same person.

The division of responsibilities between the Chairman and the CEO is set out in the Board Charter. It is intended that when the size of the operations of the Group warrant it, the position of CEO will be separated from that of the Chairman.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

A nomination committee has not been established.

The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chairman is responsible for evaluation of the Board, the exploration manager and the committees.

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance.

Induction procedures are in place for all directors, and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director and re-election procedure

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

In accordance with the Constitution, one third of the directors retire by rotation each year and may offer themselves for re-election.

There is no Nominations Committee. In determining candidates for the board, the Board considers the procedure as detailed in the Board Charter and the skills and qualifications of potential candidates that will best enhance the Board's effectiveness taking into consideration the current composition of the Board.

Identification of Independent Directors

There are no independent directors of the Company.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the Group's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Group has a Code of Conduct that applies to all Directors, senior executives, employees and contractors.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Group has a trading policy that applies to all Directors, senior executives, employees and contractors.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

An Audit Committee was established in September 2011. The role of the Audit Committee has been assumed by two non-executive directors operating under the Audit Committee Charter adopted by the Board.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Disclosure:

An Audit Committee has been established and consists of two non-executive directors.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

Disclosure:

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has a Shareholder Communications Policy contained within the Policy on Continuous Disclosure and a website for making information available to shareholders. Shareholders are encouraged to attend and participate in general meetings.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy. As detailed in 7.2 no risk management committee has been formed and this role is undertaken by the Board, however, the overall basis for risk management is to provide recommendations about:

1. Assessing the internal processes for determining and managing key risk areas, particularly:
 - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
 - litigation and claims; and
 - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Group has an effective risk management system and that major risks to the Group are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Group has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Group's control environment.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Group's management of its material business risks.

Disclosure:

Management designs, implements and maintains risk management and internal control systems to manage the Group's material business risks. As part of the monthly reporting procedure, management report to the Board confirming that those risks are being managed effectively.

The Group policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by the Board and Management as at the date of this report.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

Due to the size of the Company, the Board signed the declaration in accordance with section 295A of the Corporations Act. The declaration is made and is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

A Remuneration Committee has been established consisting of two persons, one of whom must be a director.

A Remuneration Committee Charter has been adopted by the Board.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Group. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation). There are currently no options issued to non-executive directors.

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

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The financial statements are presented in Australian currency.

The financial report covers RMG Limited and its wholly owned subsidiary companies Sunlander Nominees Pty Ltd, San Saba Pty Ltd and Resource Mining Group Pty Ltd. RMG Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

RMG Limited
Unit 1, 245 Churchill Ave
Subiaco
Western Australia 6008

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report on pages 4 -18. The directors' report does not form part of this financial report.

The financial report was authorised for issue by the directors on 22 September 2011. The Company has the power to amend and reissue the financial report.

The Company has ensured and continues to ensure that its corporate reporting is timely, complete and available.

RMG Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2011

	Notes	2011 \$	2010 \$
Revenue	6	100,904	69,976
Expenses			
Exploration expenditure write off (net of recoveries)		387,246	(9,740)
Exploration acquisition costs written off		352,625	-
Audit and taxation services		43,003	40,768
Administration costs		160,336	109,983
Directors' fees		134,000	108,000
Employment Expense		130,800	120,000
Independent consulting fees		-	33,585
ASX, share registry and ASIC fees		44,230	39,206
General expenses		52,295	14,215
Total expenses	7	1,304,535	456,017
Loss before income tax		(1,203,631)	(386,041)
Income tax expense	8	-	-
Loss for the year from continuing operations	16(b)	(1,203,631)	(386,041)
Other comprehensive income		-	-
Loss and other comprehensive income attributable to the owners of RMG Limited	16(b)	(1,203,631)	(386,041)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
		Cents	Cents
Basic loss per share	25	(0.173)	(0.075)
Diluted loss per share	25	N/A	N/A

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

RMG Limited
Consolidated Statement of Financial Position
As at 30 June 2011

	Notes	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	2,550,127	1,277,873
Other receivables	10	163,231	37,524
Prepayments		25,504	-
Total current assets		2,738,862	1,315,397
Non-current assets			
Exploration and evaluation expenditure	12	4,694,665	665,662
Plant and equipment	11	24,670	-
Total non-current assets		4,719,335	665,662
Total assets		7,458,197	1,981,059
LIABILITIES			
Current liabilities			
Trade and other payables	14	227,759	70,552
Total current liabilities		227,759	70,552
Total liabilities		227,759	70,552
Net assets		7,230,438	1,910,507
EQUITY			
Contributed equity	15(a)	138,095,935	132,772,373
Reserves	16(a)	1,327,700	127,700
Accumulated losses	16(b)	(132,193,197)	(130,989,566)
Total equity		7,230,438	1,910,507

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

RMG Limited
Consolidated Statement of Changes in Equity
for the year ended 30 June 2011

	Contributed equity	Option Premium Reserve	Accumulated Losses	Total
Balance at 1 July 2009	132,772,373	263,325	(130,739,150)	2,296,548
Profit/(loss) for the year	-	-	(386,041)	(386,041)
Total comprehensive income for the year	-	-	(386,041)	(386,041)
Transactions with owners in their capacity as owners:				
Transfer of premium on expiry of options	-	(135,625)	135,625	-
Balance at 30 June 2010	<u>132,772,373</u>	<u>127,700</u>	<u>(130,989,566)</u>	<u>1,910,507</u>
Balance at 1 July 2010	132,772,373	127,700	(130,989,566)	1,910,507
Profit/(loss) for the year	-	-	(1,203,631)	(1,203,631)
Total comprehensive income for the year	-	-	(1,203,631)	(1,203,631)
Transactions with owners in their capacity as owners:				
-Share issues net of transaction costs	2,043,562	-	-	2,043,562
-Acquisition of Kamarga	3,280,000	1,200,000	-	4,480,000
Balance at 30 June 2011	<u>138,095,935</u>	<u>1,327,700</u>	<u>(132,193,197)</u>	<u>7,230,438</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

RMG Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2011

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from customers		2,235	5,221
Payments to suppliers and employees		(605,741)	(443,629)
Interest received		73,078	69,229
Net cash inflow/(outflow) from operating activities	23	(530,428)	(369,179)
Cash flows from investing activities			
Payments of fixed assets		(23,341)	-
Exploration and evaluation expenditure		(148,548)	(55,713)
Payments for acquisition of subsidiary		(69,091)	-
Cash receipt on acquisition of subsidiary		100	-
Net cash inflow/(outflow) from investing activities		(240,880)	13,516
Cash flows from financing activities			
Proceeds from issue of shares		2,191,505	-
Share issue transaction costs		(147,943)	-
Net cash inflow/(outflow) from financing activities		2,043,562	-
Net (decrease) in cash and cash equivalents		1,272,254	(424,892)
Cash and cash equivalents at the beginning of the financial year		1,277,873	1,702,765
Cash and cash equivalents at the end of the financial year	9	2,550,127	1,277,873

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the year presented, unless otherwise stated. The Financial Statements are for the consolidated entity consisting of RMG Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, Urgent Issues Group interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

RMG Limited is a listed public company, incorporated and domiciled in Australia.

The functional currency of RMG Limited and all of its subsidiaries is the Australian Dollar. The Financial Statements have been presented in Australian Dollars.

Compliance with IFRSs

The consolidated financial statements of RMG Limited group comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Reporting basis and convention

The financial report has been prepared on an accruals basis and is based on historical costs.

(b) Segment Reporting

The consolidated group has applied AASB *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes and provided to the chief operating decision maker (the Board). This has resulted in a change in the way segments have been reported in the accounts.

(c) Principles of consolidation

Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by RMG Limited (the parent entity) as at 30 June 2011 and the results of all controlled entities for the year then ended. RMG Limited and its controlled entities together are referred to in this financial report as the Consolidated Entity or the Group. Investment in subsidiaries is carried at cost less impairment in the financial statements of the parent.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(d) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving businesses or entities under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred. Where equity instruments are issued in an acquisition, the fair

value of the instruments is their published market price as at the date of exchange unless, in rare circumstances it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

(e) Impairment of Assets

At each reporting date the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Mineral Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(g) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

- (i) Collections*
Collections from the debt book are only recognised as income when funds have been received and cleared by the bank.
- (ii) Interest income*
Interest income is recognised on a time proportion basis using the effective interest method.

(h) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates (and laws) which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

RMG Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation. The head entity, RMG Limited and the subsidiaries in the tax consolidation group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the tax consolidation group continues to be a stand-alone taxpayer in its own right.

(i) Cash and Cash Equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
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Plant and equipment	5%– 25%
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Office furniture and equipment	20%
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(j) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(k) Financial Instruments

At present the Group does not undertake any hedging or deal in derivative instruments.

Financial assets

The Group currently holds only one category of financial assets: loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss.

Financial Liabilities

Financial liabilities are recognised initially at fair value and subsequently at amortised cost, comprising original debt less principle payments and amortisation.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses and any subsequent reversals are recognised in the profit or loss.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(l) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured as the present value of managements best estimate of the expenditure required to settle the present obligation as at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(m) Earnings / (loss) per Share

(i) Basic earnings / (loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings / (loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a net basis. GST paid in relation to non-cash financing and investing activities is shown separately in the cash flow.

(o) New Accounting Standards and Australian Accounting Interpretations

The following new accounting standards and interpretations have a potential impact on the financial report however the effective date is after the commencement of the financial statements.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: <ul style="list-style-type: none"> • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the entity's returns from investee. 	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements	1 July 2013
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.	1 January 2013
AASB 13 (issued September 2011)	Fair Value Measurements	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.	Annual reporting periods commencing on or after 1 January 2013	Due to the recent release of this standard, the entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.	1 July 2013
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: <ul style="list-style-type: none"> • 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. • OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot. 	Annual reporting periods commencing on or after 1 January 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).	1 July 2012
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.	1 July 2013
AASB 119 (reissued September 2011)	Employee Benefits	Main changes include: <ul style="list-style-type: none"> • Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans • Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods • Subtle amendments to timing for recognition of liabilities for termination benefits 	Annual periods commencing on or after 1 January 2013	The entity currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to AASB 119 require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement.	1 July 2013

		<ul style="list-style-type: none"> Employee benefits expected to be settled (as opposed to due to settled under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of end of reporting period will in future be discounted when calculating leave liability. 		<p>When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012. Leave liabilities for any employees with significant balances of leave outstanding who are not expected to take their leave within 12 months will be discounted, which may result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.</p>
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The potential effect of these standards and interpretations is yet to be fully determined, however, it is not expected that the new standards and interpretations will significantly affect the Group's financial reporting.

2. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including cash flow and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the financial performance of the Company.

Risk management is carried out by the board of directors as part of ongoing Board overview of the operations of the Company. The Board identifies and evaluates financial risks for overall risk management at the time of each Board meeting.

(a) Market Risk

Price risk

The Group is not exposed to price risk as it holds no investments in securities classified on the Statement of Financial Position either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk except to the extent the commodity price fluctuations may influence decisions related to exploration expenditure priorities and timing. The Group is not exposed to foreign exchange risk.

Interest Rate Risk

The Group carries no debt. The Group invests surplus cash in at call or term deposit accounts with internationally recognised financial institutions. Interest rate risk is managed by the selection of term deposit interest rates and terms that reflect management's market expectations and future cash outflow expectations, to terms not exceeding 12 months. Funds are only held at call when it is reasonably expected that those amounts will be required prior to existing term deposits reaching maturity.

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2011 Financial Assets	Weighted Average Interest Rate	Fixed Interest Rate maturing in 1 year or less
	%	\$
Cash and cash equivalents	5.87	2,550,128

2010 Financial Assets	Weighted Average Interest Rate	Fixed Interest Rate maturing in 1 year or less
	%	\$
Cash and cash equivalents	5.39	1,277,873

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk:

30 June 2010	Carrying Amount	Interest Rate Risk			
		-1%		+1%	
	\$	Profit \$	Equity \$	Profit \$	Equity \$
Cash and cash equivalents	1,277,873	(12,779)	(12,779)	12,779	12,779
Total Increase / Decrease		(12,779)	(12,779)	12,779	12,779
30 June 2011	Carrying Amount	Interest Rate Risk			
	\$	-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$
Cash and cash equivalents	2,550,128	(25,501)	(25,501)	25,501	25,501
Total Increase / Decrease		(25,501)	(25,501)	25,501	25,501

(b) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual operations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. For banks and financial institutions, only independently rated parties with a credit rating of 'A' and above are accepted.

The Group has no significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except relating to cash held with one reputable financial institution.

The carrying amount of financial assets recorded in the financial statements, (Note 9 and Note 10), represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(c) Liquidity Risk

To meet commitments as and when they fall due the Group is prudent in its liquidity risk management. The Group considers its level of cash, the availability of funding through credit facilities or other fund raising initiatives as part of the on-going liquidity risk review.

Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. Based on present exploration activity levels, cash balances at 30 June 2011 are expected to be sufficient for the ensuing year's activity and beyond.

All financial liabilities of the group and parent are made up of trade and sundry creditors (Note 14) and are expected to be paid within one month of 30 June 2011.

(d) Fair Value Estimation

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short term nature of the items.

(e) Unrecognised Financial Instruments

The Group does not have any unrecognised financial instruments.

(f) Capital Management Risk

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets.

The Group monitors capital primarily on the basis of the aggregate working capital, and more specifically the cash requirements to perform the budgeted exploration expenditure programme.

3. Critical Accounting Estimates, Significant Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Impairment tests relate particularly to Investments in Subsidiaries, Advances to Subsidiaries and Exploration Expenditure capitalised.

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure is set out in Note 1(f). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found.

Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to profit or loss.

In the year ended 30 June 2011, limited exploration and evaluation continued in the South Australian areas of interests. With the acquisition of the Kamarga zinc project, and management focus on this new acquisition, all consideration of further work on the South Australian interests has been deferred. There is no projected or budgeted expenditure for the foreseeable future on this area. In accordance with the accounting policy, the value of this area is considered impaired and all related exploration costs have been written off.

The acquisition of Sunlander Nominees Pty Ltd in April 2011 included the farm-in rights to the Kamrga Zinc Project. On the basis of projected exploration expenditure in the 2012 financial year, all related exploration costs have been capitalised, including the acquisition costs as applied at the date of acquisition.

4. Segment Information

Business Segment

Management has determined that the Group has one reporting segment being mineral exploration. As the Group are 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. The majority of revenue and expenses relate to corporate activities as can be seen in the table below.

Business Segments	Unallocated	Exploration	Consolidated
2011	\$	\$	\$
Segment revenue	100,904	-	100,904
Segment result Profit (Loss)	(463,761)	(739,871)	(1,203,632)
Segment Assets	2,763,533	4,694,665	7,458,198
Segment Liabilities	132,079	95,679	227,758
Segment Acquisition of Assets	-	4,479,700	4,479,700
Segment Amortisation and Depreciation	-	-	-
Segment Exploration Expenditure Written off (net of recoveries)	-	(739,871)	(739,871)

Business Segments	Unallocated	Exploration	Consolidated
2010	\$	\$	\$
Segment revenue	69,976	-	69,976
Segment result Profit (Loss)	(364,727)	(21,314)	(386,041)
Segment Assets	1,315,397	665,662	1,981,059
Segment Liabilities	69,444	1,109	70,553
Segment Acquisition of Assets	-	-	-
Segment Amortisation and Depreciation	-	-	-
Segment Exploration Expenditure Written off (net of recoveries)	-	(9,740)	(9,740)

5. Parent Entity Information

The following details information related to the parent entity, RMG Limited, at 30 June 2011. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2011	2010
	\$	\$
Current assets	2,714,753	1,281,205
Non-current assets	4,609,723	684,242
Total Assets	7,324,476	1,965,447
Current Liabilities	99,726	69,444
Total Liabilities	99,726	69,444
Contributed equity	138,095,934	132,772,373
Retained earnings/(accumulated losses)	(132,198,884)	(131,004,070)
Option reserve	1,327,700	127,700
Total equity	7,224,750	1,896,003
Profit/(loss) for the year	(1,194,804)	(381,559)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	(1,194,804)	(381,559)

6. Revenue

From continuing operations	Consolidated 2011	Consolidated 2010
	\$	\$
<i>Sales revenue</i>		
Debt collection activities	1,969	5,087
<i>Other revenue</i>		
Interest received	98,935	64,889
	100,904	69,976

7. Expenses

Loss before income tax includes the following specific expenses:	Consolidated 2011 \$	Consolidated 2010 \$
Corporate management costs	255,144	217,983
Corporate compliance costs	44,012	38,664
Employee Benefit Expense	130,800	120,000
General administration expenses	134,708	89,110
Exploration expenditure written off – net of recoveries(Note 12)	739,871	(9,740)
	1,304,535	456,017

8. Income Tax Expense

(a) Income Tax Expense	Consolidated 2011 \$	Consolidated 2010 \$
Current tax	-	-
Deferred tax	-	-
	-	-

(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable	Consolidated 2011 \$	Consolidated 2010 \$
Loss from continuing operations before income tax expense	(1,203,632)	(386,041)
Tax at the Australian rate of 30% (2010: 30%)	(361,090)	(115,812)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry non-allowable	1,964	-
Other – adjustment to prior years	(22,970)	(13,216)
Movements in accruals and provisions	(13,078)	-
Exploration expenditure	135,272	(11,871)
Unrecognised tax loss	259,902	140,899
Income tax expense	-	-

(c) Tax Losses - All unused tax losses were incurred by an Australian entity	Consolidated 2011 \$	Consolidated 2010 \$
Unused tax losses for which no deferred tax asset has been recognised at 30%		
Carry forward revenue losses	4,473,494	3,607,154
Potential tax benefit @ 30%	1,342,048	1,082,146

(d) Unrecognised Temporary Differences	Consolidated 2011 \$	Consolidated 2010 \$
Temporary differences		
Provisions and accruals	7,050	4,800
Accrued income and prepayments	(15,806)	(478)
Exploration expenditure	64,490	(199,699)
Subtotal	(73,246)	(195,377)
Potential tax benefit of losses per (c)	(1,342,048)	1,082,146
Net unrecognised deferred tax asset	1,268,802	886,769

Note – the deferred tax assets of the Group have not been recognised as assets as their recovery is not considered by the Directors’ to be probable.

(e) Tax consolidation legislation

RMG Limited and its wholly owned subsidiaries implemented the tax consolidation legislation from acquisition of the subsidiaries on 28 September 2007. Sunlander Nominees Pty Ltd has been included since date of acquisition on 29 April 2011. The entities have not entered into either a tax sharing agreement or a tax funding agreement. The accounting policy in relation to this legislation is set out in Note 1 (h).

9. Current Assets – Cash and Cash Equivalents

These are interest bearing with a floating interest rate of 5.87% (2010: 5.39%) per annum	Consolidated 2011 \$	Consolidated 2010 \$
Cash at bank and on hand	2,550,127	1,277,873
	2,550,127	1,277,873

10. Current Assets – Other Receivables

	Consolidated 2011 \$	Consolidated 2010 \$
Other receivables	163,231	37,524
Total	163,231	37,524

Other Receivables

(a) Allowance for impairment loss

Other receivables which are primarily from Westpac Banking Corporation and the ATO are non-interest bearing and are generally paid on 30 days settlement terms. Other receivables are neither past due nor impaired at 30 June 2011.

(b) Fair value and credit risk

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value.

11. Non-Current Assets – Plant and Equipment

	Consolidated 2011 \$	Consolidated 2010 \$
Plant and equipment		
Plant and equipment at cost	24,670	-
- Less accumulated depreciation	-	-
Total plant and equipment	24,670	-
Plant and equipment		
At 1 July, net of accumulated depreciation	-	-
Additions	24,670	-
Disposals	-	-
Depreciation charge for the year (i)	-	-
Net carrying amount	24,670	-

(i) All assets have been acquired at or near year end ready for use as from 1 July 2011. No depreciation charge has been made.

12. Non-Current Asset - Exploration and Evaluation Expenditure

	Consolidated 2011 \$	Consolidated 2010 \$
Opening balance	665,662	626,090
Fair value acquisition of Kamarga Zinc Project (see Note 24)	4,479,700	-
Exploration expenditure capitalised, exploration and evaluation phase	289,174	49,312
Write down of exploration acquisition costs	(352,625)	-
Write down of exploration expenditure incurred previously capitalised, net of recoveries	(387,246)	(9,740)
Closing balance	4,694,665	665,662

Exploration Licences are carried at cost of acquisition.

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

Capitalised costs amounting to \$148,548 (2010: \$55,713) have been included in cash flows from investing activities in the statement of cash flows.

13. Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(c):

Name	Ordinary Share Consolidated Entity Interest	
	2011	2010
	%	%
Parent:		
RMG Limited		
Controlled entities:		
Resource Mining Group Pty Ltd (formerly Springfield Minerals Pty Ltd)	100	100
San Saba Pty Ltd	100	100
Sunlander Nominees Pty Ltd	100	-

All controlled entities are incorporated in Australia and are active in mineral exploration activities. For details on the acquisition of Sunlander Nominees Pty Ltd refer to Note 24.

14. Current Liabilities – Trade and Other Payables

	Consolidated 2011	Consolidated 2010
	\$	\$
Trade creditors	106,635	33,751
Other payables	121,124	36,801
	227,759	70,552

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

15. Contributed Equity

(a) Share Capital	Company 2011 Shares	Company 2010 Shares	Company 2011 \$	Company 2010 \$
Ordinary shares fully paid	1,040,133,592	512,257,365	138,095,935	132,772,373

(b) Other Equity Securities	Company 2011 Options	Company 2010 Options	Company 2011 \$	Company 2010 \$
Options ⁽ⁱ⁾ exercisable at 2.0 cents on 30 April 2014	150,000,000	-	-	-
Options ⁽ⁱ⁾ exercisable at 5 cents on 30 June 2012	8,750,000	8,750,000	127,700	127,700
Performance options ⁽ⁱⁱ⁾	75,000,000	-	1,200,000	-

(i) Options carry no rights to dividends and have no voting rights.

(ii) Performance options carry no rights to dividends and have no voting rights.

(c) Movement in Ordinary Share Capital

		Company 2011	Company 2011 \$	Company 2010	Company 2010 \$
July 1	Opening balance	512,257,365	132,772,373	512,257,365	132,722,373
13 September 2010	Placement ⁽ⁱ⁾	75,000,000	300,000		
1 November 2010	Entitlement issue ⁽ⁱ⁾	97,876,227	391,505		
29 April 2011	Consideration, acquisition of Sunlander	205,000,000	3,280,000		
29 April 2011	Placement ⁽ⁱ⁾	150,000,000	1,500,000		
	Cost of issues	-	(147,943)		
June 30	Balance	1,040,133,592	138,095,935	512,257,365	132,772,373

- (i) The funds raised by the placements and entitlement issue was for working capital purposes to support the exploration projects of the Company.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Movement in Options

Date	Details	Number of options 2011	Amount \$ 2011	Number of options 2010	Amount \$ 2010
July 1	Opening balance	8,750,000	127,700	17,500,000	263,325
30 June 2010	Expiry of Options	-	-	(8,750,000)	(135,625)
29 April 2011	Options issues attaching to placement	150,000,000	-	-	-
June 30	Closing balance	158,750,000	127,700	8,750,000	127,700

The terms and conditions of the 8,750,000 options issued in 2007 to the vendors of San Saba Pty Ltd and Resource Mining Group Pty Ltd are as follows:

- (i) each option entitles the holder, when exercised, to one (1) share;
- (ii) the exercise price of the options is 5 cents each exercisable on or before 30 June 2012;
- (iii) subject to the *Corporations Act 2001*, the Constitution and the ASX Listing Rules, the options are fully transferable;
- (iv) the options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the options held does not affect the holder's right to exercise the balance of any options remaining;

- (v) all shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued shares. The options will be unlisted however the Company reserves the right to apply for quotation at a later date;
- (vi) there are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, option holders will be notified of the proposed issue at least seven (7) business days before the record date of any proposed issue. This will give option holders the opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue;
- (vii) if at any time the issued capital of the Company is reorganised, the rights of an option holder are to be changed to the extent necessary to comply with the *Listing Rules* applying to a reorganisation of capital at the time of the reorganisation; and
- (viii) in the event the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in *ASX Listing Rule 6.22.2*.

The terms and conditions of the 150,000,000 options issued on 29 April 2011 are equivalent in all respects to the above except the amount payable upon exercise of the option is \$0.02 and the expiry date is 30 April 2014.

(e) Movement in Performance Options

Date	Details	Number of performance options	Amount \$
1 July 2010	Opening balance	-	-
29 April 2011	Settlement of acquisition	75,000,000	1,200,000
30 June 2011	Balance	75,000,000	1,200,000

The 75,000,000 performance options issued on 29th April 2011 were approved by shareholders at the Shareholder's Meeting of that date. The Performance Options can only be exercised on the earlier of the completion of a minimum of 1,000 metres of drilling on the Kamarga Zinc project (EPM14309) to the reasonable satisfaction of the Company and 5:00pm (WST) on that date which is two (2) years after the date of issue. The amount payable upon exercise of each Performance Option will be \$0.0001 cents.

Except as described above, the terms and conditions of the Performance Options are the same as the 8,750,000 options referred to in (d) above.

16. Reserves and Accumulated Losses

(a) Reserves	Consolidated 2011 \$	Consolidated 2010 \$
Share option reserve pursuant to an issue of options	1,327,700	127,700
Movements in reserves		
Opening balance 1 July	127,700	263,325
Premium on issue of performance options	1,200,000	-
Reduction in reserve due to expiry of options	-	(135,625)
Closing balance 30 June	1,327,700	127,700

(b) Accumulated Losses	Consolidated 2011 \$	Consolidated 2010 \$
Movements in accumulated losses were as follows:		
Balance at the beginning of the year	(130,989,566)	(130,739,150)
Net Loss for the year	(1,203,632)	(386,041)
Transfer on expiry of options	-	135,625
Balance at the end of the year	(132,193,198)	(130,989,566)

(c) Nature and Purpose of Reserves

Share option reserve is used to record the funds received on the issue of options as well as the assessed fair value of options issued as consideration for the acquisition of assets.

17. Dividends

There were no dividends recommended or paid during the financial year (2010: Nil).

18. Commitments

	Consolidated 2011 \$	Consolidated 2010 \$
(a) Operating lease commitments		
Not later than one year	54,158	-
Later than one year and not later than five years	99,290	-
Total minimum lease payments	153,448	-
(b) Remuneration commitments⁽ⁱ⁾		
Not later than one year	87,000	57,000
Total remuneration commitments	87,000	57,000
(c) Exploration expenditure commitments⁽ⁱⁱ⁾		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Total exploration expenditure commitments	-	-

(i) Commitments for remuneration under service agreements in existence at the reporting date but not recognised as liabilities payable.

(ii) The minimum expenditure requirement under which the mineral exploration licences are granted is \$345,000 over two years to June 2012 (2010: \$120,035). Minimum expenditure under the Teck Farm-in Agreement is \$610,000 by April 2013.

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.

19. Key Management Personnel Disclosures

(a) Key management personnel remuneration

The following persons were directors and key management personnel of RMG Limited during the whole of the past financial year unless otherwise noted:

(i) *Directors*

RE Kirtlan	<i>Executive Chairman</i> - (appointed 29 April 2011)
GC Steinepreis	<i>Non-Executive Director & Company Secretary</i> - (resigned 29 April 2011)
S Chadwick	<i>Non-Executive Director</i> - (appointed 29 April 2011)
ME Stevenson	<i>Non-Executive Director</i>
JE Risinger	<i>Executive Director & Exploration Manager</i> - (resigned 30 June 2011)

(ii) *Key management personnel*

PJ Rolley	<i>Exploration Manager</i> - (appointed 29 April 2011)
-----------	--

	Company 2011 \$	Company 2010 \$
Directors		
Remuneration paid to directors and/or entities associated with directors	134,000	108,000
Fees paid to director for mineral exploration and operational management	130,800	120,000
Other key management personnel		
Fees paid to exploration manager appointed 29 April 2011	43,000	-
	307,800	228,000

(b) Equity Instrument Disclosures Relating to Key Management Personnel

(i) *Option holdings*

The numbers of options over ordinary shares in the Company held during the financial year by each director of RMG Limited, including their personally related parties, are set out below:

2011	Balance at the start of the year	Expired during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors					
Robert Kirtlan ⁽ⁱⁱⁱ⁾	-	-	5,000,000 ^(v)	5,000,000	5,000,000
John Risinger ⁽ⁱ⁾	1,750,000	-	(1,750,000)	-	-
Mark Stevenson ⁽ⁱⁱ⁾	7,000,000	-	-	7,000,000	7,000,000
Steven Chadwick ^(iv)	-	-	5,000,000 ^(v)	5,000,000	5,000,000
Other key management personnel of the Group					
Peter Rolley	-	-	8,000,000 ^(v)	8,000,000	8,000,000
Total	8,750,000	-	16,250,000	25,000,000	25,000,000

2010	Balance at the start of the year	Expired during the year		Balance at the end of the year	Vested and exercisable at the end of the year
Directors					
John Risinger ⁽ⁱ⁾	3,500,000	1,750,000		1,750,000	1,750,000
Mark Stevenson ⁽ⁱⁱ⁾	14,000,000	7,000,000		7,000,000	7,000,000
Total	17,500,000	8,750,000		8,750,000	8,750,000

- (i) all held by Larca Pty Ltd. J Risinger resigned as a director on 30 June 2011
- (ii) all held indirectly by Holloman Holdings Corp, a company related to M Stevenson
- (iii) all held by ARK Securities & Investments Pty Ltd, a company related to R Kirtlan
- (iv) all held by Spectrum Metallurgical Consultants Pty Ltd, a company related to S Chadwick
- (v) acquired as part of the placement made on 29 April 2011.
- (vi) Held by Anne Rolley as trustee for Rolley Family Trust

All options are vested and exercisable at the end of the year. There were no options granted during the current or prior reporting period as compensation.

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each director of RMG Limited, including those held personally or held indirectly by related parties, are set out below:

2011	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors				
Robert Kirtlan	-	-	53,024,000 ⁽ⁱ⁾	53,024,000
Gary Steinepreis ^(viii)	23,763,498	-	3,960,585 ⁽ⁱⁱ⁾ (27,724,083) ⁽ⁱⁱⁱ⁾	-
John Risinger ⁽ⁱⁱ⁾	15,000,000	-	750,000 ^(iv) 2,625,000 ⁽ⁱⁱ⁾ (18,375,000) ^(v)	-
Mark Stevenson ^(vii)	60,600,000	-	10,000,000 ⁽ⁱⁱ⁾	70,600,000
Steven Chadwick	-	-	21,560,000 ⁽ⁱ⁾	21,560,000
Other key management personnel of the Group				
Peter Rolley	-	-	81,144,000 ⁽ⁱ⁾ 8,000,000 ^(vi)	89,144,000
Total	99,363,498	-	134,964,502	234,328,000

- (i) Received as shareholder of Sunlander Nominees Pty Ltd as consideration for the acquisition of Sunlander on 29 April 2011.
- (ii) Acquired under the 1: 6 Entitlement issue made by the Company in November 2010.
- (iii) Gary Steinepreis resigned as a director on 29 April 2011. This number (held by Jacqueline Mary Steinepreis (2,333,692), Oakhurst Enterprises Pty Ltd (19,557,057) and LeisureWest Consulting Pty Ltd as trustee for the LeisureWest Trust (5,833,334) represents the shares held as at date of resignation.
- (iv) Acquired by Larca off-market
- (v) John Risinger resigned as a Director on 30 June 2011. This number represents the shares held as at date of resignation.
- (vi) Acquired as part of the placement made on 29 April 2011
- (vii) held by Mark Stevenson (600,000) and Holloman Value Holdings Llc (70,000,000).

2010	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors				
Gary Steinepreis ⁽ⁱ⁾	23,763,498	-	-	23,763,498
John Risinger ⁽ⁱⁱ⁾	15,000,000	-	-	15,000,000
Mark Stevenson ⁽ⁱⁱⁱ⁾	60,600,000	-	-	60,600,000
Total	99,363,498	-	-	99,363,498

- (i) held by Jacqueline Mary Steinepreis (2,000,307), Oakhurst Enterprises Pty Ltd (16,763,491) and LeisureWest Consulting Pty Ltd as trustee for the LeisureWest Trust (5,000,000).
- (ii) all held by Larca Pty Ltd.
- (iii) held by Mark Stevenson (600,000) and Holloman Value Holdings Llc (60,000,000).

There were no shares granted during the reporting period as compensation.

(iii) Convertible Performance Option Holdings

The numbers of convertible performance options in the Company held during the financial year by each director of RMG Limited, including their personally related parties, are set out below:

2011 Director	Balance at the start of the year	Acquired during the year	Balance at the end of the year
Robert Kirtlan ⁽ⁱ⁾	-	21,576,000 ⁽ⁱⁱⁱ⁾	21,576,000
Steven Chadwick ⁽ⁱⁱ⁾	-	6,696,000 ⁽ⁱⁱⁱ⁾	6,696,000
Other key management personnel of the Group			
Peter Rolley ^(iv)	-	36,456,000 ⁽ⁱⁱⁱ⁾	36,456,000
Total	-	64,728,000	64,728,000

- (i) held by ARK Securities & Investments Pty Ltd.
- (ii) held by Spectrum Metallurgical Consultants Pty Ltd.
- (iii) Received as shareholder of Sunlander Nominees Pty Ltd as consideration for the acquisition of Sunlander on 29 April 2011
- (iv) Held by Anne Rolley as trustee for Rolley Family Trust

(c) Other Transactions with Key Management Personnel

Larca Pty Ltd, a company associated with Mr J Risinger, and Mr J Risinger personally, were paid fees of \$130,800 (2010: \$120,000) relating to exploration and operational management services. In addition the Group reimbursed Larca Pty Ltd \$ 222 in cost reimbursements during the year (2010: \$9,651).

National Geotech Pty Ltd (formerly EBLR Pty Ltd), a company associated indirectly with Mr J Risinger was paid \$31,250 for exploration drilling services (2010 - \$5,600).

Aggregate amounts of each of the above types of other transactions with key management personnel of RMG Limited. Amounts recognised as expense:	Consolidated 2011 \$	Consolidated 2010 \$
Exploration and operational management services	130,800	120,000
Exploration drilling services	31,250	5,600
	162,050	125,600

20. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company: Assurance Services - Audit services	Consolidated 2011 \$	Consolidated 2010 \$
BDO Audit (WA) Pty Ltd; -Audit or review of financial reports under the <i>Corporations Act 2001</i>	35,450	34,918
Total remuneration for audit services	35,450	34,918

There were no non-assurance services provided by the auditor during the current or previous reporting period.

21. Related Party Transactions

(a) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 19.

Additionally RMG Limited has undertaken two commercial arrangements with Aviva Corporation Limited where Robert Kirtlan is a director for both companies. Aviva Corporation Limited sold office furniture and equipment at commercial rates for used equipment in an arms-length transaction to the value of \$8,138. The second arrangement is for a sub-lease of commercial premises which is RMG Limited's registered office at commercial terms equal to the lease terms received by Aviva Corporation Limited in an arms-length transaction with a third party, being the lessor of the main lease.

(b) Transactions with subsidiary companies

During the year the parent company, RMG Limited advanced \$47,496 (2010: \$103,511) to its subsidiary company San Saba Pty Ltd and \$105,052 (2010: Nil) to its subsidiary Sunlander Nominees Pty Ltd for working capital purposes.

(c) Outstanding Balances Arising from Sales / Purchases of Goods and Services

At 30 June 2011 the subsidiary company San Saba Pty Ltd had a balance owing to RMG Limited of \$845,271 (2010: \$797,776) and Sunlander \$105,052 (2010: nil). These advances are interest free with no terms of repayment. A provision of \$845,271 has been made against the advance to San Saba Pty Ltd for non-recovery of the advanced funds.

At 30 June 2011 the following balances were owing to associated companies or companies associated with directors as follows;

- Larca Pty Ltd - \$9,900 (2010: \$9,900) for Director's fees.
- Leisurewest Consulting Pty Ltd - \$nil (2010: \$19,800) for Director's fees.

Except for the above, there were no outstanding balances at the reporting date in relation to transactions with related parties.

(d) Transactions with associated company

For the purpose of administering a number of associated companies, an administration company Norfolk Management Pty Ltd (Norfolk) was formed, with RMG Limited holding one share being 50% of the issued capital. The company operates solely as an administrative function and recharges as an administrative fee the share of administrative expenses incurred on behalf of RMG Limited. During the year \$121,144 (2010: \$109,983) was paid to Norfolk Management Pty Ltd as administrative fees. As from 30 June 2011 the company has sold its share in Norfolk and maintains its own administrative function.

22. Events Occurring After the Reporting Date

There have been no significant events since 30 June 2011 and up to the date of this report.

23. Reconciliation of Loss After Income Tax to Net Cash Outflow from Operating Activities

	Consolidated 2011 \$	Consolidated 2010 \$
Loss for the year	(1,203,631)	(386,041)
Exploration Acquisition Write-off	352,625	-
Exploration Expense Write-down	387,246	(9,741)
Changes in operating assets and liabilities:		
Increase/(decrease) in trade and other payables	28,953	20,353
(Increase)/decrease in trade and other receivables	(95,621)	6,250
Net cash outflow from operating activities	(530,428)	(369,179)

24. Non-Cash Investing and Financing Activities

	2011 \$	2010 \$
Acquisition of subsidiary company, Sunlander Nominees Pty Ltd (Sunlander) on 29 April 2011	\$4,480,000	-

On 29 April 2011 RMG acquired the Kamarga zinc project through the acquisition of Sunlander. Sunlander has an exclusive right to earn up to 100% of the Kamarga project from Teck Australia Pty Ltd (Teck) pursuant to a Farm-in Agreement.

The consideration for the acquisition of Sunlander was the issue of 165,000,000 ordinary shares to the shareholders of Sunlander, as well as 75,000,000 Performance Options. In addition, under the terms of the Teck Farm-in Agreement, a further 40,000,000 ordinary shares were issued to Teck. The fair value for each of the ordinary shares and performance options issued as consideration was assessed at \$0.016, being the market share trading price for RMG Limited on the day of the transaction.

Details of the purchase consideration and the net assets acquired are set out as follows;

Purchase consideration (see above)	\$ 4,480,000
The assets recognised as a result of the transaction are as follows:	
Cash	100
Exploration area of interest ⁽ⁱ⁾	4,479,900
Net assets acquired	4,480,000
(i) Kamarga zinc project.	

There were no non-cash investing and / or financing activities during the financial year ended 30 June 30 June 2010.

25. Loss Per Share

	2011	2010
(a) Basic Loss Per Share	Cents	Cents
Loss attributable to the ordinary equity holders of the Company	(0.173)	(0.075)
(b) Reconciliation of Loss used in Calculating Loss Per Share		
	2011	2010
	\$	\$
Basic loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	1,203,631	386,041
(c) Weighted Average Number of Shares Used as the Denominator		
	2011	2010
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	697,246,535	512,257,365
(d) Information Concerning the Classification of Securities		

Options

Options are considered to be potential ordinary shares. The options have not been included in the determination of basic earnings per share as the Company is in a position of loss.

In the directors' opinion:

- 1 the financial statements and notes set out on pages 28 to 57 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Company's and the Group's financial position as at 30 June 2011 and of their performance, for the financial year ended on that date; and
- 2 the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a);
- 3 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- 4 the remuneration disclosures included on pages 14 to 16 of the directors' report (as part of audited Remuneration Report) for the year ended 30 June 2011 comply with Section 300A of the *Corporations Act 2001*.

The directors' acting in the capacity of Chief Executive Officer and Chief Financial Officer have given the declarations required by section 295(A) of the *Corporations Act 2001*.

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



Robert Kirtlan
Director
Perth
22 September 2011



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RMG LIMITED

Report on the Financial Report

We have audited the accompanying financial report of RMG Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of RMG Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



Opinion

In our opinion:

- (a) the financial report of RMG Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of RMG Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'BDO' above a stylized signature that likely represents 'Brad McVeigh'.

Brad McVeigh
Director

Perth, Western Australia
Dated this 22nd day of September 2011

The shareholder information set out below was applicable as at the dates specified.

1. Distribution of Equity Securities (Current as at 31 August 2011)

Analysis of numbers of equity security holders by size of holding:

Class of Security – **Ordinary Shares**

Holding Range			Number of Shareholders	Number of Ordinary Shares	%
1	-	1,000	512	188,457	0.02
1,001	-	5,000	198	455,883	0.04
5,001	-	10,000	33	233,373	0.02
10,001	-	100,000	351	18,913,157	1.82
100,001	and over		524	1,020,342,722	98.10
▪ Total			1,618	1,040,133,592	100.00

There were 820 holders of less than a marketable parcel of ordinary shares

2. Unquoted Equity Securities (Current as at 31 August 2011)

No of Securities	Number of Holders	Type of security
7,000,000	1	Options exercisable at 5 cents, expiry date 30 June 2012
1,750,000	1	Options exercisable at 5 cents, expiry date 30 June 2012
150,000,000	22	Options exercisable at 2 cents, expiry date 30 April 2014

3. Substantial Holders (Current as at 16 September 2011)

Substantial holders of equity securities in the Company are set out below:

Ordinary Shareholder	Number held	% of issued shares
Mrs Anne Louise Rolley <Rolley Family A/C>	89,144,000	8.57
Holloman Minerals Pty Ltd	70,000,000	6.73
ARK Securities & Investments Pty Ltd	53,024,000	5.10

4. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

1. Ordinary Shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
2. Options
These securities have no voting rights.

5. Equity Security Holders (Current as at 16 September 2011)

The names of the twenty largest holders of quoted equity securities are listed below:

Ordinary Shares

Rank	Name	Number of Shares	%
1	Mrs Anne Louise Rolley <Rolley Family A/C>	89,144,000	8.57
2	Holloman Minerals Limited	70,000,000	6.73
3	ARK Securities & Investments Pty Ltd	53,024,000	5.10
4	Tisia Nominees Pty Ltd	50,500,001	4.85
5	JK Nominees Pty Ltd <The JK Fund A/C>	50,000,000	4.81
6	Celtic Capital Pty Ltd	48,951,685	4.71
7	Raymond John Jones <Raymond Jones Superfund A/C>	44,526,708	4.28
8	Teck Australia Pty Ltd	40,000,000	3.85
9	JK Nominees Pty Ltd <The JK Fund A/C>	38,131,982	3.67
10	Mr Paul Beaumont Medhurst <Beaumont Investment A/C>	31,000,000	2.98
11	Penson Australia Nominees Pty Ltd <Argonaut Account>	20,010,691	1.92
12	Spectrum Metallurgical Consultants Pty Ltd <Super Fund A/C>	21,560,000	2.07
13	Larca Pty Ltd	15,375,000	1.48
14	Noroneke Master Fund Ltd	14,707,451	1.41
15	Charles Bridge Nominees Pty Ltd <Allen Family A/C>	14,445,406	1.39
16	Oakhurst Enterprises Pty Ltd	13,818,988	1.33
17	Jadekey Nominees Pty Ltd	12,648,000	1.22
18	Blazzed Pty Ltd <Gaunt Management A/C>	12,370,371	1.19
19	Jojo Enterprises Pty Ltd	10,735,368	1.03
20	Mr John Della Bosca <JA & JG Della Bosca Family A/C>	9,500,000	0.91
	Total	660,449,651	63.50

6. On-Market Buy-Back

There is no current on-market buy-back.

7. Tenement Schedule – South Australia – 100% owned

EL3812 – Mt Coffin

EL3813 – Wearing Gorge