

Suite 1  
245 Churchill Ave  
Subiaco WA 6008  
Phone +61 8 9381 1177  
Fax +61 8 9388 2355  
Email [info@rmgltd.com.au](mailto:info@rmgltd.com.au)



## **QUARTERLY REPORT 30 SEPTEMBER 2012**

### **SUMMARY**

#### **Kamarga**

- Flotation test work on the JB Zinc Deposit confirms the April 2012 metallurgical test work results. Results for the recent test work on JB017 are;
  - Flotation test work indicates 94% recovery of zinc to a zinc concentrate
  - Flotation test work also indicates 87% recovery of lead to a lead concentrate
  - Analysis of the cleaned concentrates indicates that the concentrates assay 55% lead and 50% zinc with very low iron content
- Drill results for all remaining 2012 drill holes on the JB Zinc Deposit were received. Best drill intercepts<sup>1</sup> are;
  - JB021 3.0m @ 6.8%Zn, 3.4%Pb, 18.5g/tAg (10.2%Zn+Pb) from 252m
  - JB023A 9.0m @ 2.9%Zn, 0.3%Pb, 6.4g/tAg (3.2%Zn+Pb) from 186m
- Geological modelling has confirmed the continuity of the higher grade zinc zones at the JB Zinc deposit.
- Field work has identified a new zinc zone over 2kms in strike length (the JE Zinc Zone)
- Field work has confirmed an outcropping zone of high grade Zn, Pb, Cu mineralisation near to the new JE Zinc Zone. Sample values include;
  - 15.0% zinc, 2.3% copper, 0.8% lead, 8g/t silver
  - 2.0% copper, 8g/t silver
  - 5.0% lead, 3.7% zinc, 17g/t silver
  - 9.3% zinc, 4.9% lead, 14g/t silver

---

<sup>1</sup> Minimum 5m > 5%Zn+Pb, maximum 2m internal dilution. True width is unknown

### **Kamarga – Queensland (EPM14309)**

The Kamarga Project is located 20kms southeast of the world class Century Zn-Pb mine in north-west Queensland (Figure 1). Century is the world's second largest producer of zinc concentrate and is scheduled to cease production in 2016<sup>2</sup>.

Kamarga was explored during the 1970's and 1980's by several companies including Newmont, CRA, North Mining and MIM. The earlier explorers reported an exploration target<sup>3</sup> of 5-15Mt @ 5-10% Zn<sup>4</sup>. The Company acquired the Kamarga project from Teck Australia Pty Ltd ("Teck") in April 2011. The Company has confirmed that the zinc mineralisation at the JB Zincv Zone extends for a minimum of 600m along strike and is still open to the southwest. Historical drilling has intersected zinc mineralisation for a further 1,000m to the southwest.

The Company has an exclusive right to earn up to 100% of the Kamarga zinc project from Teck subject to certain back-in rights (see ASX release dated March 18, 2011).

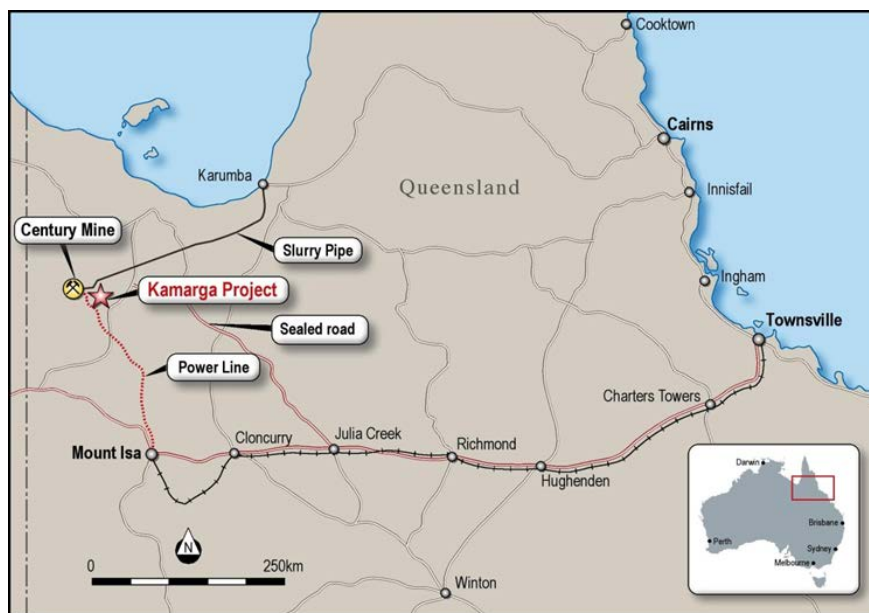


Figure 1 Kamarga Project location

<sup>2</sup> <http://www.mmg.com/en/Our-Operations/Mining-operations/Century/Mine-closure-planning.aspx>

<sup>3</sup> The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The information relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves.

<sup>4</sup> The conceptual size of the target is referenced in Jones et al, 1999; The Kamarga Deposit. In Mineral Deposits: Processes to Processing, Stanley et al (eds). pp873-876

### Metallurgical Test Work

JB017 was collared near a historic drill hole (KD19) and drilled with HQ size core to obtain mineralised core for metallurgical test work. This hole is approximately 100m along strike from JB007, the drill hole used for the previous metallurgical test work reported 2 April 2012.

The JB017 drill hole successfully intersected 129m @ 2.1%Zn+Pb from 153.5m downhole. The metallurgical test work is proposed to achieve two objectives;

1. To repeat the outstanding flotation results reported from hole JB007 (2 April 2012)
2. To review the efficacy of sorting the crushed material by density contrast (HLS test work).

For the flotation test work the coarse crush (<25mm) material from 0.5 metre intervals of ¼ HQ core for the following intervals were purged with nitrogen and vacuum sealed by ALS in Townsville before being despatched to ALS-AMMTEC in Perth.

- |                |     |          |        |         |         |
|----------------|-----|----------|--------|---------|---------|
| • 249-251m     | 2m@ | 1.3g/tAg | 1.5%Fe | 0.24%Pb | 3.09%Zn |
| • 263-267m     | 4m@ | 2.6g/tAg | 2.6%Fe | 0.80%Pb | 5.71%Zn |
| • 278.5-282.5m | 4m@ | 1.2g/tAg | 2.2%Fe | 2.04%Pb | 4.22%Zn |

The crush samples were then combined to a single composite assaying 4.4%Zn, 1.0%Pb, 2.1%Fe, 1.8g/tAg.

The composite sample was then ground to 80% passing 75 micron and subjected to sequential float of the lead and then zinc in a rougher concentrate followed by a single stage of cleaning into a cleaned concentrate. There has not been any work to assess optimal grind size or reagent concentration.

The flotation test work has now been completed and whilst a final report is awaited from ALS-AMMTEC the results (Table 1) confirm the flotation results reported in ASX Release of 2 April 2012.

- Flotation test work indicates 94.3% recovery of zinc to a zinc cleaned concentrate
- Flotation test work also indicates 87.4% recovery of lead to a lead cleaned concentrate
- Analysis of the cleaned concentrates indicates that the cleaned concentrates assay 55.4% lead and 50.1% zinc with very low iron content

The results of the HLS test work are still awaited.

Results of the assay analyses from the concentrates from the JB007 metallurgical test work completed in April 2012 are also available (Table 2). These results demonstrate that there is very low arsenic (As), cadmium (Cd) and mercury (Hg) levels that are well below any import

levels imposed by Asia smelters to accept the concentrates. These results continue to support the Company's belief that these concentrates are well suited as a premium product for blending at the smelter.

The new test work results are exciting and justify the Company's belief the carbonate hosted Kamarga mineralisation may be amenable to very high zinc and lead recoveries and produce low iron, premium zinc and lead concentrates.

Low-iron high zinc grade concentrates are becoming scarce in the zinc smelter market as a result of the closure of several Irish mines and the impending closure of Canadian and Australian zinc mines. The Company is confident a new source of premium zinc and lead concentrate will be of great interest to various zinc smelting groups.

	Recovery	Concentrate Grade			
		Pb%	Zn%	Fe%	Agg/t
<b>Lead Results</b>					
Lead Concentrate	87.4	55.4	2.4	2.3	37
<b>Zinc Results</b>					
Zinc Concentrate	94.3	0.6	50.1	6.5	9

Table 1 Results of September 2012 flotation test work

Element	Unit	Pb Cleaner Con	Zn Cleaner Con
As	ppm	496	164
Bi	ppm	<25	31
Cd	ppm	45	1237
Co	ppm	25	25
Ge	ppm	8	3
Hg	ppm	0.1	1.7
Mn	ppm	140	219
Ni	ppm	42	311
Sb	ppm	86	22
F	ppm	180	78
Cl	ppm	840	256
Pb	%	60.3	0.4
Zn	%	1.6	55.6
Cu	ppm	794	797
S	%	17	31
Fe	%	6.4	4.2
Ag	ppm	81	12

Table 2 Concentrations of a number of elements in the final cleaned concentrates from JB007

**JB Infill Drill Holes**

Six diamond drill holes were drilled in 2012 and all results have now been reported (ASX Release of 14 September 2012). The drill results are consistent with previous drilling by RMG of the JB Zinc Zone, with thick intersections (80-129m thick) of low grade zinc mineralisation within which are higher grade zones over a width of 110 metres.

Table 2 presents all the drill results (as released on 14 September 2012) from the 2012 drilling, and Figure 3 shows all the collar locations in plan view on local geology.

Drill Hole ID	From	To	Width	Zn%	Pb%	Ag (g/t)
JB017	153.5	155.5	2.0	3.34	0.14	3.5
	173.0	175.0	2.0	3.09	0.05	1.7
	187.0	193.5	6.5	4.82	1.03	1.3
	201.5	208.5	7.0	2.98	0.96	3.7
	220.5	228.0	7.5	4.52	0.14	2.7
	236.5	238.5	2.0	4.24	0.16	3.3
	242.5	246.0	3.5	3.90	0.08	2.2
	249.0	251.0	2.0	3.09	0.24	1.3
	263.0	267.0	4.0	5.71	0.80	2.6
	278.5	282.5	4.0	4.22	2.04	1.2
JB018	125.0	130.0	5.0	3.84	0.06	1.6
	152.0	154.0	2.0	4.21	0.39	1.2
	171.0	173.0	2.0	4.96	0.93	1.8
	176.0	184.0	8.0	3.79	0.14	2.7
	196.0	198.0	2.0	4.29	1.24	5.3
	210.0	213.0	3.0	6.34	0.22	3.0
	221.0	223.0	2.0	3.83	2.84	5.6
JB019	232.0	234.0	2.0	4.53	0.01	3.1
	242.0	247.0	5.0	4.94	0.09	3.2
JB020A	206.0	208.0	2.0	8.70	2.86	9.1
	238.0	250.0	12.0	2.48	0.24	2.0
	256.0	266.0	10.0	3.65	0.26	1.7
	287.0	293.0	6.0	3.59	0.28	3.2
	296.0	303.0	7.0	4.02	0.39	3.9
JB021	252.0	255.0	3.0	6.79	3.39	18.5
JB022	nsi					
JB023A	186.0	195.0	9.0	2.93	0.30	6.4

Table 3 List of all drill intercepts from 2012 drilling

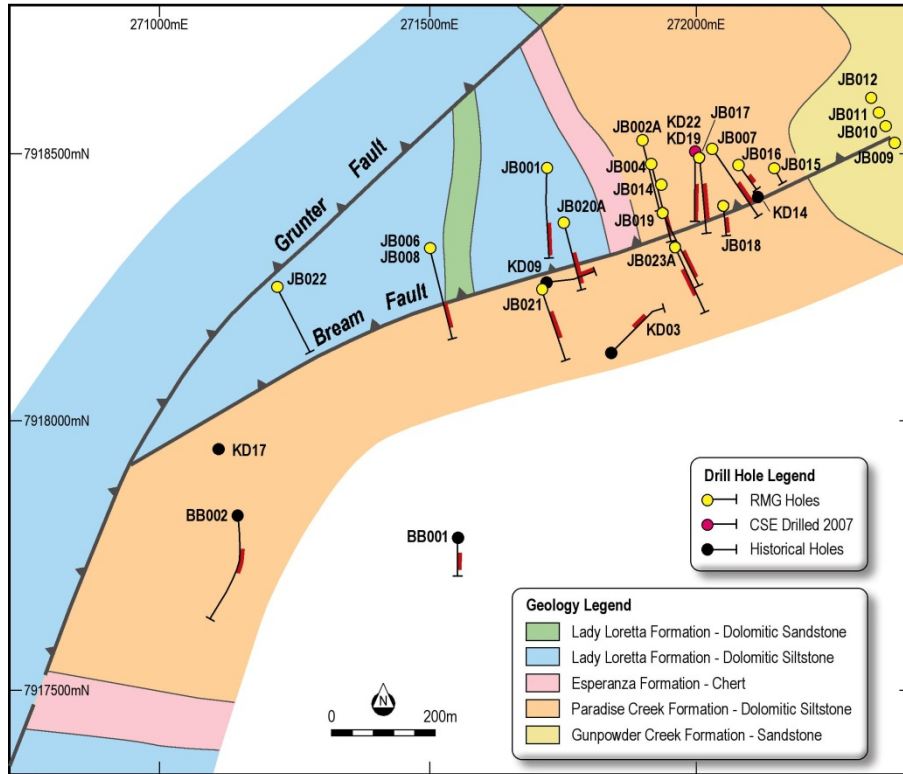


Figure 2 Plan of Kamarga drilling

The significance of the multiple higher grade mineralised zones can be demonstrated by viewing Figure 3. Figure 3 is an interpretation of the continuity of the higher grade zinc zones (2m @ > 3%Zn) within the lower grade zinc envelope at the JB Zinc Zone.

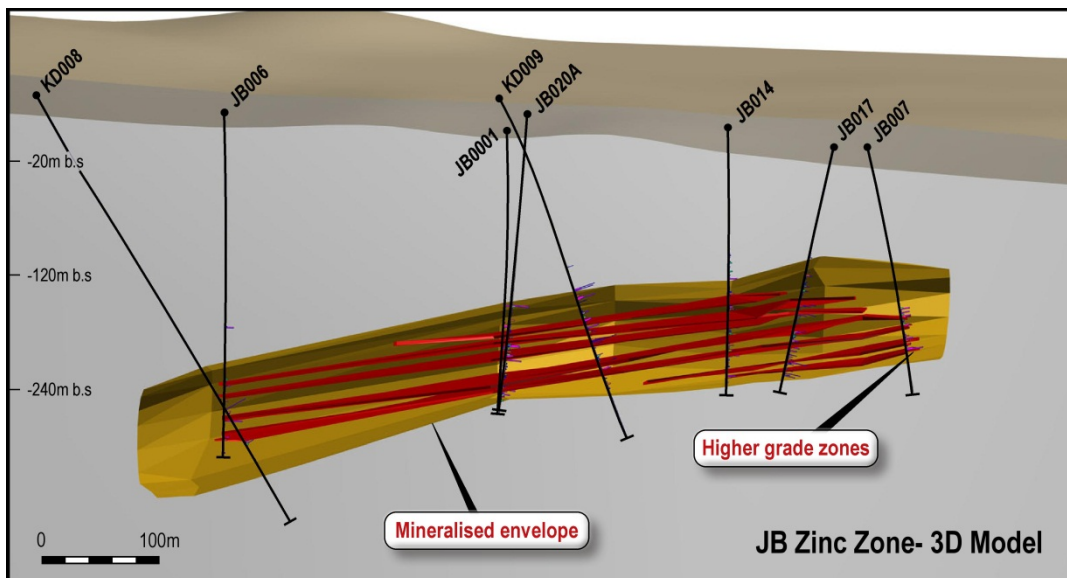


Figure 3 Interpretation of higher grade zinc zones at JB Zinc Zone

Now all results have been received the Company will undertake a resource estimate for the first 600m strike length of the JB mineralisation.

## New Field Work

RMG geologists have continued to undertake field work at Kamarga. Field work along the corridor of a proposed new fault zone (Dhufish Fault) has confirmed the location of the fault and identified a number of lead-zinc-copper mineralised zones in several different host rocks. Figure 4 shows the location of rock chip samples<sup>5</sup> and the location of the proposed new fault zone, the Dhufish Fault. ASX release of 11 October 2012 reported all assays of the new rock chip samples collected by the RMG geologists.

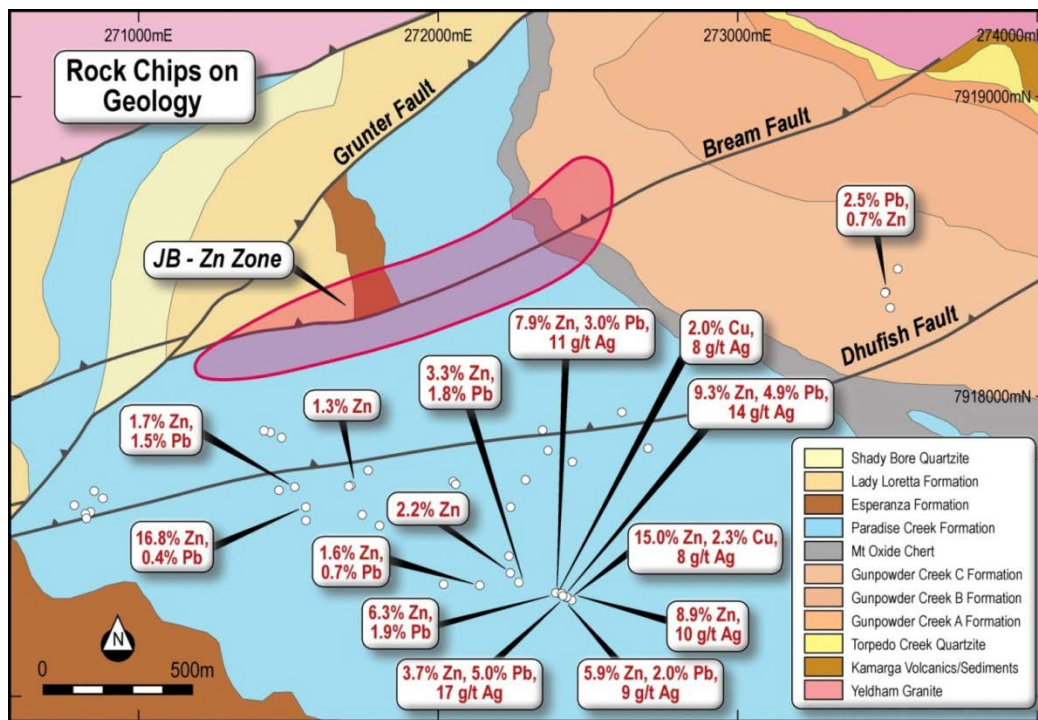


Figure 4 Location of RMG rock chips and assays >1%Zn, 1%Pb, 1%Cu

The mapping and rock chip sampling by RMG and the compilation of previous explorer's soil sampling has resulted in the confirmation of two new mineralised zones, the Upper Mineralised Dolomite Zone and the JE Zinc Zone.

### The Upper Mineralised Dolomite Zone

The rock chip sampling and mapping has identified a 1 kilometre long stratabound zone of high grade zinc, lead, copper, silver mineralisation in outcrop within the upper portion of the Paradise Creek Formation.

<sup>5</sup> At each outcrop a geologist has used a hammer to collect several portions of rocks totalling around 3kgs of material from an area of approximately 2sq.metres. The samples have been despatched to ALS laboratories for the entire sample to be pulverised and an aliquot digested by 4-acid digest and analysed by ICP-OES method.

This zone of mineralisation is hosted by stromatolitic dolomites (similar to the JB mineralisation) and is characterised by visible sulphides (galena) at surface.

Rock chip samples from this zone include:

- 15.0% zinc, 2.3% copper, 0.8% lead, 8g/t silver
- 2.0% copper, 8g/t silver
- 5.0% lead, 3.7% zinc, 17g/t silver
- 9.3% zinc, 4.9% lead, 14g/t silver

The Upper Mineralised Dolomite zone represents a significant exploration target for future exploration activities. In particular, where the Dhufish Fault zone intersects this Upper Mineralised Dolomite is of great interest.

### JE Zinc Zone

The RMG sampling and mapping has also identified a large area of gossanous siltstones with significant lead grades (for example, sample LMD007 with 2.5%Pb). This zone of outcropping lead mineralisation is hosted by the Gunpowder Creek C Member (which is also the host unit to the JB Zinc Zone) is coincident with a strong soil lead anomaly. A gridded image of the lead assays from the Newmont soil sampling programme is presented in Figure 5. This zone is termed the JE Zinc Zone (see Figure 5 for a location plan).

A comparison of the new JE Zinc Zone surface mineralisation characteristics with the JB Zinc Zone mineralisation is presented in Table 3. Based on this comparison, the new JE Zinc Zone is a larger and stronger mineralised system.

The primary sulphide mineralisation within the JE Zinc Zone has never been drilled in proximity to the Dhufish Fault, and presents as a new exploration target over 2km in length.

New JE Zone	JB Zone
An RC hole drilled by MIM <sup>6</sup> in 1991 (BB225) on the surface expression of the JE Zone intersected 52m @ 1%Pb, 0.1%Zn from 6m downhole	Newmont drilled percussion hole (KP02) in 1973 <sup>7</sup> on the surface expression of the JB Zone intersected 21m @ 0.2%Pb, 0.2%Zn from 1.5m downhole
Peak value in the BB225 drill hole is 2m @ 7.9%Pb	Peak value in the KP02 drill hole is 1.5m @ 0.5%Pb
Peak value in the soil samples is 9000ppm Pb	Peak value in the soil samples is 4800ppm Pb
Area of lead soil anomaly is 0.14sq km	Area of lead soil anomaly is 0.03sq km
Primary zone not drilled	Exploration Target of 5-15 million tonnes @ 5-10%Zn <sup>8</sup>

**Table 4 Comparison of JB and JE zinc anomalies**

<sup>6</sup> Mt Isa Mines. EPM7050 Annual Report Sept 1991

<sup>7</sup> Newmont. A to P1236M Annual Report Jan 1974

<sup>8</sup> The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The information relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The conceptual size of the target is referenced in Jones et al, 1999; The Kamarga Deposit. In Mineral Deposits: Processes to Processing, Stanley et al (eds). pp873-876.



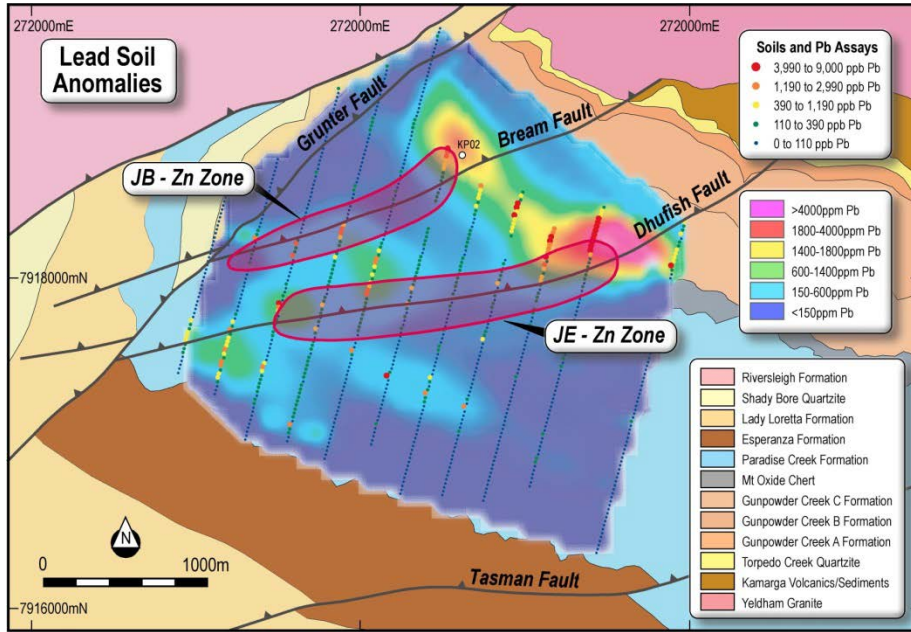


Figure 5 Location of JE Zinc Zone

**McLeans Creek - Tasmania (EL17/2003, ML 20/2001)**

The McLeans Project is located near Zeehan (see Figure 6) within the world-class base metal province of western Tasmania in near proximity to Roseberry (Cu-Pb-Zn-Ag-Au), Renison (Sn), and Mt Lyell (Cu) mines.



Figure 6 Location of McLeans Creek Project

The drilling by RMG has demonstrated that the high grade silver-lead-zinc mineralisation is hosted within a mineralised shale unit that extends over a minimum of 500m and continues along strike. The geology is providing encouragement that the mineralised shale unit is a

fertile environment for Proterozoic stratiform shale hosted Zn-Pb mineralisation as originally proposed by CRA (now RioTinto Ltd) in 1992<sup>9</sup>.

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

### **Forward Programs**

#### **Kamarga**

The Company is concluding a resource estimate for a portion of the JB mineralisation. Further field work on the zinc and copper prospects is scheduled for this quarter.

Metallurgical test work is also nearing completion and results should be available in the next quarter.

#### **Zeehan**

Compilation of all drill results and the heli-borne EM data to generate the next set of silver lead zinc targets prior to the next available drilling season in summer 2012-2013.

### **Corporate and Finance**

The Company had \$531,000 in cash and bank deposits at the end of the quarter.

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

To limit expenses in the short term and whilst discussions proceed with interested funding parties, Board members and senior management have in all cases either completely cut or substantially reduced fees and salaries.

Ends

For further information please contact:

Mr Robert Kirtlan or Mr Peter Rolley  
+61 8 9381 1177

---

<sup>9</sup> Annual Exploration Report for EL28/88 by R. Parkinson for CRA. MRT Report number 92-3398

*Competent Persons Statement*

*The information in this report that relates to Exploration Target and Exploration Results is based on information compiled and reviewed 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.*

*Kamarga Note: Intervals presented are downhole. True widths are unknown. All samples are from NQ diamond drill core, sawn in half, from intervals of 1.0m in length. Drill core recovery from all sampled intervals is >95%. Drill holes are surveyed down hole by Eastman camera and drill core has been oriented where possible. Sample preparation undertaken by Bureau Veritas (AMDEL) in Mount Isa and chemical analysis by Bureau Veritas (AMDEL) in Adelaide. Elements determined by 4-acid digest and ICP-OES finish. QA/QC includes blanks and standards provided by Geostats Pty Ltd. Collars have been located by hand held GPS and reported in WGS84 Zone 54S.*

*Zeehan Note: Intervals presented are downhole. True widths are unknown. All samples are from HQ diamond drill core, sawn in half, from intervals of varying length to a maximum of 1.0m. Drill core recovery from all sampled intervals is highly variable. Drill holes are surveyed down hole by Eastman camera. No drill core was able to be oriented. Sample preparation undertaken by ALS-Chemex (ALS) in Burnie, Tasmania and chemical analysis by ALS in Townsville. Elements determined by 4-acid digest and ICP-OES finish. QA/QC includes blanks and standards provided by Geostats Pty Ltd. Collars have been located by hand held GPS and reported in WGS84 Zone 55S.*

*Forward Looking Statements*

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