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## **QUARTERLY REPORT 30 SEPTEMBER 2014**

### **SUMMARY**

RMG is continuing to advance its Chilean copper and Kamarga zinc projects. During the quarter, and immediately following, RMG has;

- ✓ Commenced Induced Polarisation (I.P.) geophysical surveys over the San Jose Cu-Ag and the La Teca Cu-Au mineralisation
- ✓ Commenced diamond drilling at the San Jose copper-silver mineralisation
- ✓ Identified a number of dumps at Tuina containing previously acid-leached copper oxide mineralisation
- ✓ Commenced drilling of the leached dumps to assess their grade and volume
- ✓ Commenced column leach test work on the leached dumps to assess acid consumption and copper recovery
- ✓ Identified a new zinc zone at Kamarga with exposures of zinc-lead rich gossans
- ✓ Commenced an I.P. survey at Kamarga along the JE zinc zone
- ✓ Raised A\$3.0 million (before costs) for exploration activities at Tuina in Chile and for Kamarga in Australia
- ✓ Continued to finalise the agreement to acquire the outstanding 25% of the Tuina Project from its local Joint Venture partner, Chile Metals. This will take RMG's interest to 100% ownership of the Tuina copper project.
- ✓ Terminated the Heads of Agreement with Minera Santa Lucia pending further commercial negotiations
- ✓ Continuing to negotiate an amendment to the Porvenir option payment schedule and a production agreement to process the leached dumps.

### **Chile – Chile Metals acquisition at Tuina Copper Project**

During the Quarter, RMG continued to progress its negotiations to acquire the outstanding 25% interest in the Tuina Project from its Joint Venture Partner, Chile Metals (“JVP”). These negotiations were concluded after the close of the Quarter and announced on 28 October 2016. The acquisition will deliver 100% ownership of the Tuina project to RMG<sup>1</sup>.

Under the transaction as announced, RMG will acquire the remaining 25% interest in the Tuina joint venture, and RMG will also acquire a debt (approximately USD1.565m) owed to Chile Metals by the third party copper producer (Porvenir S.C.M.<sup>2</sup>). In summary, subject to shareholder approval, RMG;

- Will issue 40,108,785 fully paid ordinary shares and 16,000,000 options to JVP who will then hold approximately 20% of RMG’s issued share capital;
- Will grant a 0.5% NSR over the Porvenir permits to JVP, and
- Will grant a 2% net smelter royalty (NSR) over the remaining permits (“Tuina Permits”) held 100% by the Joint Venture between RMG and JVP, with
- the Company having a right to buy back 50% of the NSR over the Tuina Permits for USD10m;
- Will provide the JVP with the right to appoint a representative to the Company’s Board.

As a result of the acquisition of Chile Metals interest in the Tuina project, the Company is expected to hold a 100% interest in over 170 sq. km of the Tuina district.

Figure 1 shows the extent of the concessions controlled by RMG and the location of the larger copper oxide open pits.

### **Chile – Porvenir Agreement Amendment**

As a result of the Companies’ acquisition of Chile Metals, RMG is owed around US\$1.565 million by Porvenir S.P.A. It is the intention of RMG, and we have commenced negotiations with the principal of Porvenir, to redeem the debt in favour of an amended RMG – Porvenir Option Agreement. The amendments include an extended option payment schedule and a reduction in future royalty payments. Further details will be provided as commercial terms are agreed between the parties.

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<sup>1</sup> RMG currently holds 75% in the project and Chile Metals 25%

<sup>2</sup> Porvenir is not in any way related to either RMG or Chile Metals or their associates.

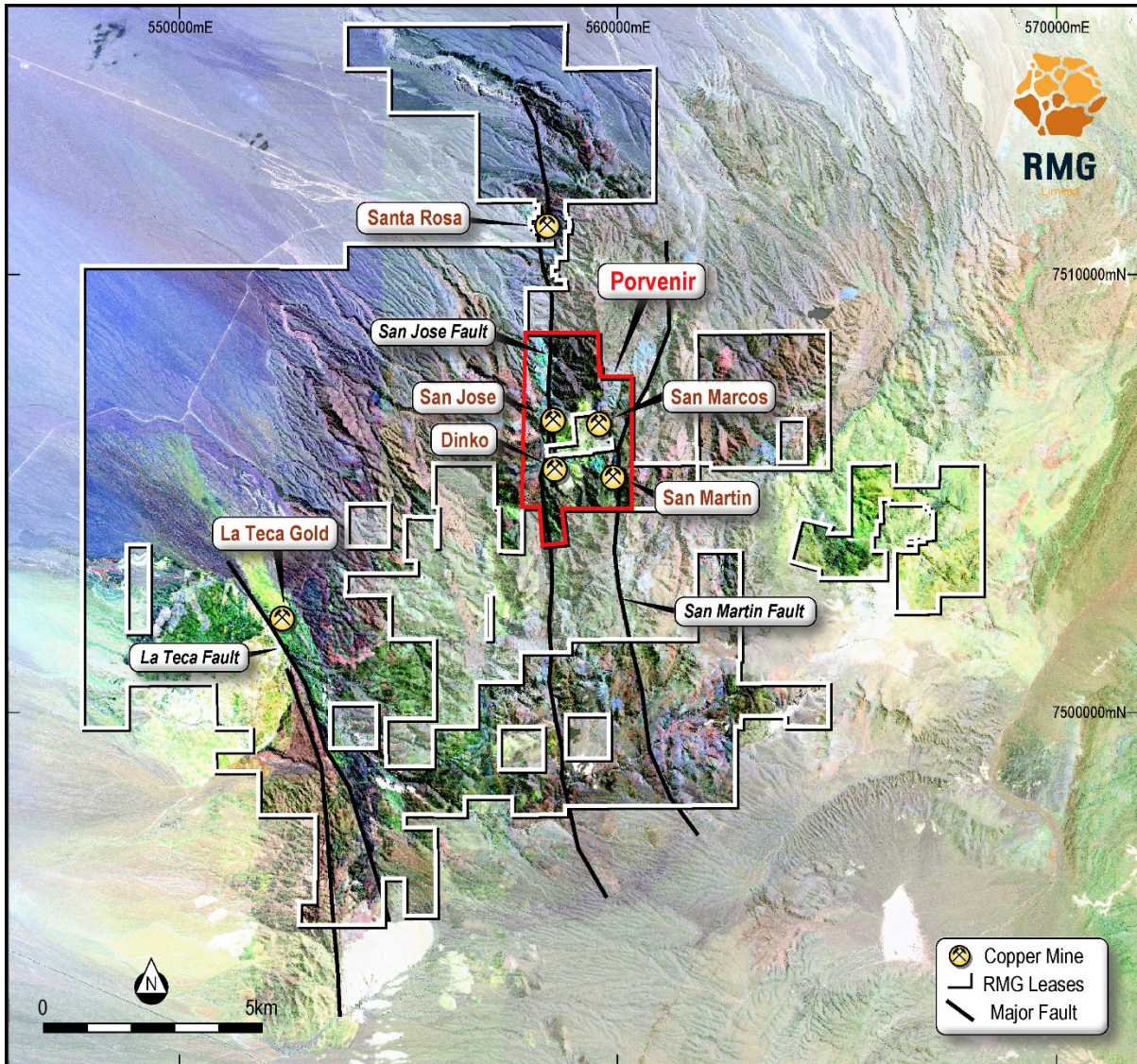


Figure 1 Location of concessions under various agreements to RMG

### Tuina – Sulphide Copper Exploration

There has been limited drilling of the Tuina copper sulphide mineralisation that has been shown to exist below the mined copper-oxide deposits. Diamond drill hole DDH-MSJ-04, previously reported, of 107.7m @ 1.2%, 19g/t Ag is one such example of the tenor of the copper sulphide mineralisation at depth along the San Jose Fault zone.

The Company has commenced an Induced Polarisation (I.P.) geophysical survey to investigate if the mineralisation at San Jose has an I.P. response, and if so, to attempt to map the sulphide mineralisation in preparation for defining drill targets. The results of this work will be available during the next quarter.

The Company has also commenced an I.P. and a ground magnetic survey at the La Teca copper-gold project to attempt to map out areas of interest for further sampling and drill targeting.

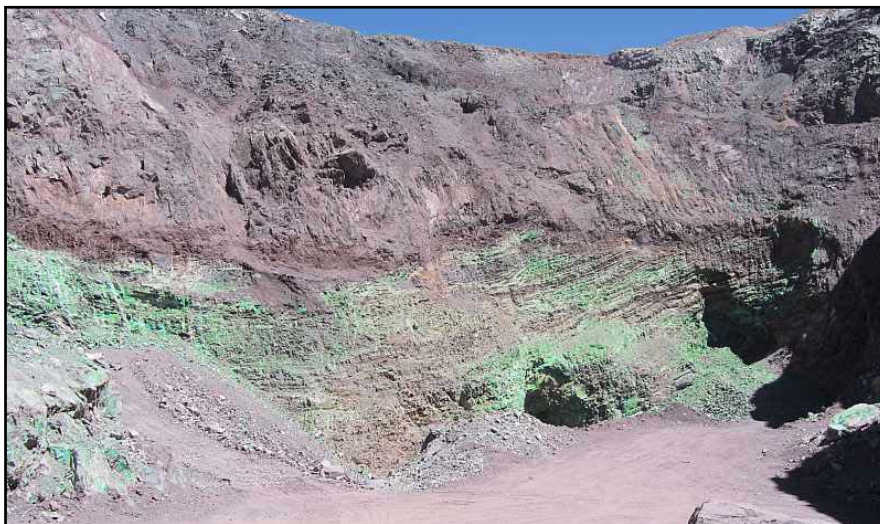
### **Tuina – Drilling**

The Company has commenced diamond drilling the copper mineralisation along the San Jose Fault system at Tuina. The drill holes will target a combination of copper oxide and copper sulphide mineralisation, and validate previous drilling. Results are expected in the next quarter.

### **Tuina - Copper Oxide Mining**

There are numerous copper oxide pits that have been or are now being mined within the Porvenir and Chile Metals permits. Most of these pits have been, and are being, worked on tribute by small private companies that are significantly under-capitalised. This has resulted in little or no drilling, pit-optimisation or planning, and minimal pre-strip expenditure being undertaken. The total resource/reserve on many of these oxide zones has therefore not been well defined.

Figure 2 is one example of an oxide copper pit that has the potential to be expanded.



**Figure 2 San Marcos oxide copper open pit**

In addition to the un-mined oxide copper mineralisation, various operators have mined copper oxide mineralisation and treated it on-site through an acid leach dump or vat.

These dumps still exist and visually contain around 2 million tonnes of leached material. RMG will investigate the copper residue still within the dump material as a source of early cash flow for the Company. Figure 3 is an example of an abandoned vat leach copper oxide plant located on one of the Company's mining leases at Tuina.

Bulk samples have been collected from the two main acid-leached dumps (San Jose and Santa Rosa) and column leach test work has commenced to investigate acid consumption and grade recovery. Figure 4 shows a column leach of material from Santa Rosa. A drill

programme to test the grade variability, the average grade and the volume of the leached dumps is in progress.



Figure 3 An abandoned copper oxide plant at Tuina



Figure 4 Column leach test work for Tuina oxides

### **Australia – Kamarga Zinc project**

Key highlights of the recent exploration activities at Kamarga include:

- Two lead-zinc targets for drilling have been identified from soil and outcrop sampling
- The carbonate hosted zinc mineralisation is now over 2km in length with previously reported peak rock chips<sup>3</sup> to 15% Zn, 17g/t Ag, 5% Pb
- The new JP zinc target is over 400m wide, 100m thick, and open down plunge. It has similar geologic and geochemical characteristics to the previously reported JB and JE carbonate zinc zones
- The Fox zinc target is over 1.4 kms by 0.8 km in size and has similar geochemical characteristics to shale hosted SEDEX zinc deposits

The Kamarga area has previously shown its outstanding zinc endowment with drill intercepts of 120m @ 2.3% Zn including 7m @ 8.8% Zn and 3m @ 9.1% Zn<sup>4</sup>. These new results confirm the Company's belief that the zinc endowment of the Kamarga Project area may be significantly increased. The Company now has three new zinc targets ready for drilling including the previously announced JE Zinc Zone with surface zinc results to 15% Zn and 5% Pb which remains the Company's number one exploration priority.

In the past 12 months, the zinc price has risen by >25% to over A\$1.14/lb (A\$2500/tonne) and LME stockpiles of zinc have fallen by >30%<sup>5</sup>. With CRU's zinc commentator forecasting zinc prices to reach US\$4,500/tonne<sup>6</sup>, this is a great time to be establishing a district of new zinc targets in close proximity to existing infrastructure.

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<sup>3</sup> ASX release 11 October 2012

<sup>4</sup> ASX release 14 February 2008

<sup>5</sup> 26 August 2014, [http://www.kitcometals.com/charts/zinc\\_historical.html](http://www.kitcometals.com/charts/zinc_historical.html)

<sup>6</sup> April 2014, <http://zincinvestingnews.com/7475-zinc-price-outlook-2014-deficit-supply-demand.html>

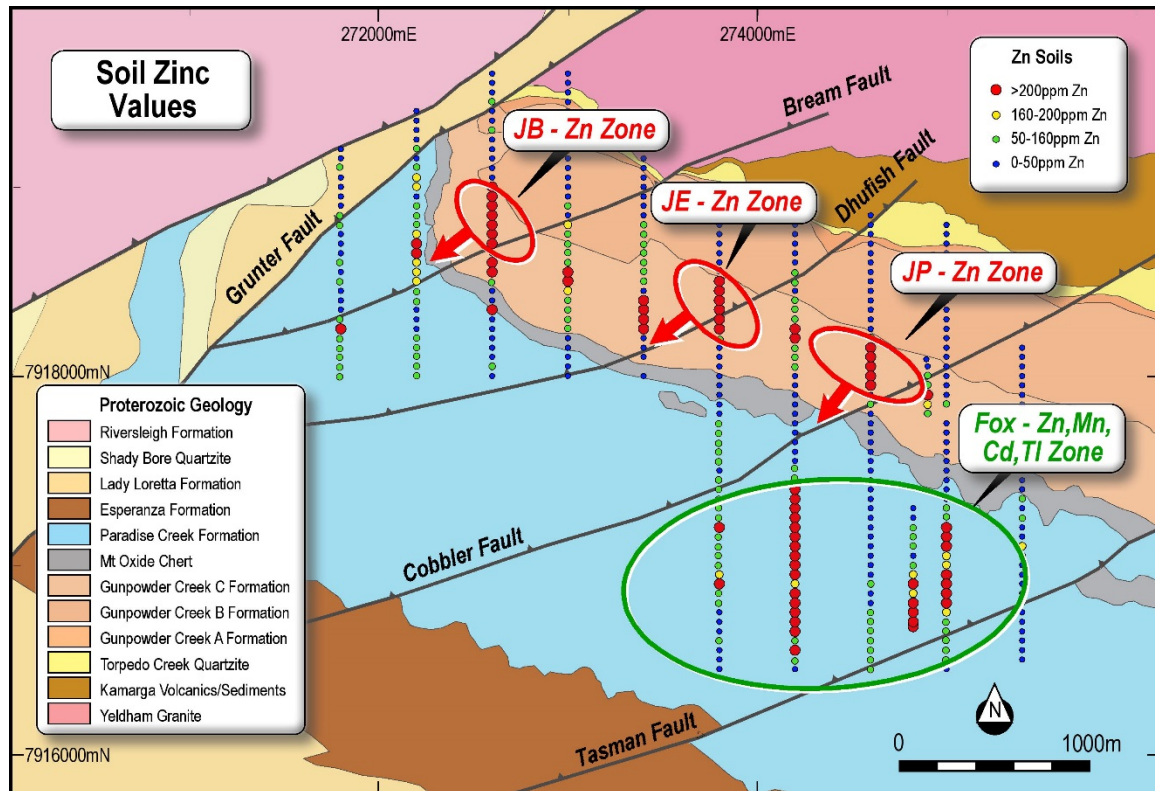


Figure 5 Kamarga zinc targets

## Chile - Summary

In general, RMG's objective is to

- assess the opportunity for additional copper oxide resources and copper oxide dumps to generate an early cash flow for low capital cost
- establish a significant copper sulphide flotation plant and thereby capture all sulphide mining in the well mineralised Tuina District

## Kamarga Zinc and Copper – Queensland

The Kamarga Project is located 20kms southeast of the world class Century Zn-Pb mine in north-west Queensland. Century (owned by MMG) is the world's second largest producer of zinc concentrate and is scheduled to cease open pit production in mid-2015<sup>7</sup>. MMG's replacement zinc production scheduled from the Dugald River project in north-west Queensland has also been delayed.

The Company believes that its exploration activities have confirmed the significant copper and zinc endowment of the Kamarga Project and affirm its commitment to continue to build the resource base with the objective of eventual economic exploitation.

<sup>7</sup> [http://www.mmg.com/news/19 December 2013/Queensland zinc Strategic update](http://www.mmg.com/news/19%20December%202013/Queensland%20zinc%20Strategic%20update)

## **Forward Programs**

### **Chile - Tuina**

The Company intends to conclude the IP geophysics to investigate the mineralised strike length of the San Jose mineralised corridor, and the La Teca copper-gold zone. Diamond drilling at San Jose will also continue, and is aimed to validate the tenor and extent of the copper mineralisation at San Jose.

The Company is also continuing to engage in discussions with other permit holders in Chile with prospective copper, copper-silver and copper-gold targets.

### **Queensland - Kamarga**

It is expected that field work at the Kamarga Project will be completed and the results reviewed with the objective of identifying the next set of drill targets.

## **Corporate and Finance**

On 28 August 2014 RMG shareholders approved the placement of 2,000,000,000 shares at \$0.015 each with one free attaching option for every two shares placed. The options will have a two year term and expire on 31 August 2016 with an exercise price of \$0.003 each. The placement raised \$3,000,000 before expenses, to be used to advance work on the Tuina copper-silver project located in Chile and to meet its obligations on the Kamarga base metal project in North Queensland.

At the Shareholders meeting on 28 August, the shareholders also approved a share consolidation of the Company's capital on a 1:33 basis. The new issued capital is:

Class	Class description	Total Securities Post Consolidation
ORD	Ordinary fully paid shares	160,435,145
UO1	Unlisted options expiring 1/4/15 ex. \$0.66 each	303,030
UO2	Unlisted options expiring 1/4/17 ex. \$0.66 each	303,030
UO3	Unlisted options expiring 31/8/16 ex. \$0.198 each	2,424,240
UO4	Unlisted options expiring 31/8/16 ex. \$0.099 each	42,641,098
UO5	Unlisted options expiring 31/8/17 ex. \$0.099 each	21,666,666

Table 1 Table of new issued securities in RMG post consolidation

The Company has AUD\$2,272,279 in cash and bank deposits at the end of the quarter.

The Company continues in discussions with potential partners for the Kamarga Project to provide additional funding to advance the project to its next stage of development.

Annexure 1 below is a list of the tenements held or under option by the Company in compliance with LR 5.3.3.

Ends



For further information please contact:

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*Competent Person statement on the use of previously issued Public Reports*

*The information in this Quarterly Report is extracted from 2014 ASX Releases during the period 30 June to 30 September 2014. Each of these ASX releases are available for viewing on [www.rmgltd.com.au](http://www.rmgltd.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented herein have not been materially modified from the original market announcements.*

*Competent Persons Statement for the Exploration Results in this Public Report*

*The information in this report that relates to Exploration Results is based on information compiled by Mr Peter Rolley a Competent Person who is a Member of The Australian Institute of Geoscientists (MAIG). Mr Rolley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code 2012"). Mr Rolley is a shareholder and an Executive Director of RMG Ltd. Mr Rolley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Forward Looking Statements*

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

ANNEXURE ONE – LR 5.3.3

Country	Name	Holder	RMG Group Interest	Status, or changes
Aust-Qld	Kamarga	Teck	0%, subject to RMG Earn-In	Held for whole Quarter - no change
Aust-Qld	Limestone Ck	Sunlander	100%	Held for whole Quarter - no change
Aust-Qld	Sandy Ck	Sunlander	100%	Held for whole Quarter - no change
Aust-Qld	Wangunda	Sunlander	100%	Held for whole Quarter - no change
Aust-Qld	Horse Creek	Sunlander	0%, subject to Teck Earn-In	Held for whole Quarter - no change
Chile, Region II	UF	Porvenir	RMG's current interest in the title is 0%, but subject to an Option Agreement with Porvenir S.C.M. to earn 75%	Held for whole Quarter - no change
Chile, Region II	Dinko	Porvenir		
Chile, Region II	San Martin	Porvenir		
Chile, Region II	Las Mellizas	Porvenir		
Chile, Region II	Maria de la Luz	Porvenir		
Chile, Region II	Macarena y Ximena	Porvenir		
Chile, Region II	Quenua	Porvenir		
Chile, Region II	San Jose	Porvenir		
Chile, Region II	Tamarugo	Porvenir		
Chile, Region II	Yareta	Porvenir		
Chile, Region II	Chanar	Porvenir		
Chile, Region II	Algarrobo	Porvenir		
Chile, Region II	Maria Gabriela	Porvenir		
Chile, Region II	Codiciada	Porvenir		
Chile, Region II	Enero 1	Minera Tuina		
Chile, Region II	Enero 2	Minera Tuina		
Chile, Region II	Enero 3	Minera Tuina		
Chile, Region II	Enero 4	Minera Tuina		
Chile, Region II	Enero 5	Minera Tuina		

## Mining Exploration Entity Quarterly Report and Appendix 5B

Country	Name	Holder	RMG Group Interest	Status, or changes
Chile, Region II	Vicuma	Minera Tuina	RMG's current interest in the title is 0%, but subject to an Option Agreement from Chile Metals to earn 75%	Held interest for the Quarter, no change
Chile, Region II	Guanaco	Minera Tuina		
Chile, Region II	Santa Rosa	Minera Tuina		
Chile, Region II	La Teca 1	Minera Tuina		
Chile, Region II	La Teca 2	Minera Tuina		
Chile, Region II	La Teca 3	Minera Tuina		
Chile, Region II	La Teca 4	Minera Tuina		
Chile, Region II	La Teca 5	Minera Tuina		
Chile, Region II	La Teca 6	Minera Tuina		
Chile, Region II	Tuina 1	Minera Tuina		
Chile, Region II	Tuina 2	Minera Tuina		
Chile, Region II	Tuina 4	Minera Tuina		
Chile, Region II	Tuina 6	Minera Tuina		
Chile, Region II	Matias 2	Minera Tuina		
Chile, Region II	Esta 1	Minera Tuina		
Chile, Region II	Esta 2	Minera Tuina		
Chile, Region II	Esta Otra 2	Minera Tuina		
Chile, Region II	Ester	Minera Tuina		
Chile, Region II	Tuina 3	Minera Tuina		
Chile, Region II	Rosa Ester	Minera Tuina		
Chile, Region II	Paula	Minera Tuina		
Chile, Region II	Rio Seco 1	Minera Tuina		
Chile, Region II	Rio Seco 2	Minera Tuina		
Chile, Region II	Rio Seco 3	Minera Tuina		
Chile, Region II	Rio Seco 4	Minera Tuina		
Chile, Region II	Barrales 1	Minera Tuina		
Chile, Region II	Barrales 2	Minera Tuina		
Chile, Region II	Quimal 1	Minera Tuina		
Chile, Region II	Quimal 2	Minera Tuina		
Chile, Region II	Quimal 3	Minera Tuina		
Chile, Region II	Soren	Minera Tuina		
Chile, Region II	Oliver	Minera Tuina		
Chile, Region II	Noah	Minera Tuina		
Chile, Region II	Agnes	Minera Tuina		
Chile, Region II	Matias 4	Minera Tuina		
Chile, Region II	Molly	Minera Tuina		

## Mining Exploration Entity Quarterly Report and Appendix 5B

Country	Name	Holder	RMG Group Interest	Status, or changes
Chile, Region II	Lotte	Minera Tuina	RMG's current interest in the title is 0%, but subject to an Option Agreement with Chile Metals to earn 75%	Held interest for the Quarter, no change
Chile, Region II	Lisa	Minera Tuina		
Chile, Region II	Kenny	Minera Tuina		
Chile, Region II	Julie	Minera Tuina		
Chile, Region II	Greg	Minera Tuina		
Chile, Region II	Hannah	Minera Tuina		
Chile, Region II	Alejandro	Minera Tuina		
Chile, Region II	Camilita	Minera Tuina		
Chile, Region II	La Teca 7	Minera Tuina		
Chile, Region II	Mariana	Minera Tuina		
Chile, Region II	Explora 1	Minera Tuina		
Chile, Region II	Explora 2	Minera Tuina		
Chile, Region II	Explora 3	Minera Tuina		
Chile, Region II	Explora 4	Minera Tuina		
Chile, Region II	Explora 5	Minera Tuina		
Chile, Region II	Explora 6	Minera Tuina		
Chile, Region II	Explora 7	Minera Tuina		
Chile, Region II	Suerte	Minera Tuina		
Chile, Region II	Esta Otra 1	Minera Tuina		
Chile, Region II	Peter	Minera Tuina		
Chile, Region II	Mayo 3	Minera Tuina		
Chile, Region II	Mayo 4	Minera Tuina		
Chile, Region II	Mayo 5	Minera Tuina		
Chile, Region II	Mayo 6	Minera Tuina		
Chile, Region II	Santa Rosa 2	Minera Tuina		
Chile, Region II	Abril 1	Minera Tuina		
Chile, Region II	Abril 2	Minera Tuina		
Chile, Region II	Abril 3	Minera Tuina		
Chile, Region II	Abril 4	Minera Tuina		
Chile, Region II	Abril 5	Minera Tuina		
Chile, Region II	Abril 6	Minera Tuina		
Chile, Region II	Febrero 1	Minera Tuina		
Chile, Region II	Febrero 2	Minera Tuina		
Chile, Region II	Febrero 3	Minera Tuina		
Chile, Region II	Febrero 4	Minera Tuina		
Chile, Region II	Febrero 5	Minera Tuina		
Chile, Region II	Febrero 6	Minera Tuina		
Chile, Region II	Febrero 7	Minera Tuina		

## Mining Exploration Entity Quarterly Report and Appendix 5B

Country	Name	Holder	RMG Group Interest	Status, or changes
Chile, Region II	Marzo 1	Minera Tuina	RMG's current interest in the title is 0%, but subject to an Option Agreement with Chile Metals to earn 75%	Held interest for the Quarter, no change
Chile, Region II	Marzo 2	Minera Tuina		
Chile, Region II	Marzo 3	Minera Tuina		
Chile, Region II	Marzo 4	Minera Tuina		
Chile, Region II	Marzo 5	Minera Tuina		
Chile, Region II	Marzo 6	Minera Tuina		
Chile, Region II	Marzo 7	Minera Tuina		
Chile, Region II	Marzo 8	Minera Tuina		
Chile, Region II	Marzo 9	Minera Tuina		
Chile, Region II	Marzo 10	Minera Tuina		
Chile, Region II	Marzo 11	Minera Tuina		
Chile, Region II	Marzo 12	Minera Tuina		
Chile, Region II	Marzo 13	Minera Tuina		
Chile, Region II	Marzo 14	Minera Tuina		
Chile, Region II	Marzo 15	Minera Tuina		
Chile, Region II	Marzo 16	Minera Tuina		
Chile, Region II	Marzo 17	Minera Tuina		
Chile, Region II	Marzo 18	Minera Tuina		
Chile, Region II	Marzo 19	Minera Tuina		
Chile, Region II	Marzo 20	Minera Tuina		
Chile, Region II	Marzo 21	Minera Tuina		