RMG Limited

ABN 51 065 832 377

Annual Report

30 June 2018

CONTENTS

CORPORATE DIRECTORY

Directors	Mr Kinpo Yu (Non- Executive Chair) Mr John Zee (Executive Director) Mr Robert Kirtlan (Non Executive Director)
Company Secretary	Mr Graeme Smith
Registered Office	Suite 5, 12-20 Railway Road, Subiaco WA 6008
Share Register	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000, Australia Telephone: 1300 850 505
Auditor	Ernst & Young 11 Mounts Bay Road Perth WA 6000
Solicitors	Corrs Chambers Westgarth Level 6 Brookfield Place Tower 2 123 St Georges Terrace Perth WA 6000
Bankers	National Australia Bank Limited Level 1, 88 High Street Fremantle WA 6160
Stock Exchange Listing	RMG Limited's shares are listed on the Australian Securities Exchange (ASX), home branch being Perth ASX Code**:** RMG
Website address	www.rmgltd.com.au

The directors present their report on RMG Limited ('the Company' or 'RMG') and its subsidiaries ('the Group' or 'the Consolidated Entity') for the year ended 30 June 2018.

Directors

The directors of RMG have been in office during or since the end of the financial year up to the date of this report are as follows.

Mr Robert Kirtlan - appointed 29 April 2011
Mr Kinpo Yu - appointed 13 September 2016
Mr John Zee – appointed 19 January 2017
Dr John Chen - appointed 13 September 2016; resigned 13 September 2017

Directors Information

Mr Kinpo Yu - appointed 13 September 2016
Non-Executive Chair

Mr Yu has been the Chairman of Huahui Mining Group (Huahui), based in Hong Kong, for 16 years. In this role he has developed solid relationships with local governments in China and commercial and investment banks. Mr Yu has led several merger and acquisition ('M&A') transactions.

Over the last 17 years, Huahui acquired several gold, copper and iron ore projects in China, and based on further investments in these projects, Huahui converted some of the gold, copper and iron ore projects into production. Mr Yu has extensive experience in exploration, the construction of processing plants and management of gold, copper and iron ore operations.

Mr Yu is a former Director of the following company:
- Genesis Resources Limited (Non-Executive Director - 26 June 2015 to 26 November 2015).

Mr John Zee - appointed 19 January 2017
Executive Director

Mr John Zee has worked in the financial services industry in stockbroking, corporate advisory and capital raisings in Australia for over 30 years. He has been the Responsible Manager for various Australian Financial Services Licences (AFSL) providing services in foreign exchange, equities and derivatives trading. He is experienced in applying for AFSL and establishing trading platforms for the various licensed authorisations. His expertise in deal structuring and capital raisings for start-ups or enterprises in their various lifecycle is extensive. He has a well-established extensive network of investors across Asia for the purpose of introducing investment opportunities and corporate transactions

Mr Robert Kirtlan
Non – Executive Director

Mr Kirtlan has over 20 years company management experience and spent 8 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 and since 2001 has been a founding shareholder and director of a number of start-up businesses within the mining and technology related sectors.

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

- Vault Intelligence Ltd (formerly Credo Resources Limited (ASX Listed) (5.5 years)
- Currie Rose Resources (Canada listed) (2 years)
- Renegade Exploration Limited (formerly Overland Resources Limited) (ASX Listed) (1.4years)

During the past 3 years, Mr Kirtlan has also served as Director of the following ASX listed companies:

- East Africa Resources Ltd – appointed 20 November 2013, resigned 1 September 2015
- Decimal Software Limited (ASX Listed) – 22 April 2002 – 15 June 2016

Dr John Chen (PhD. Min., B.Eng., & Dip.Fin.) - Resigned 13 September 2017
(Non-Executive Director)

Dr John Chen is a mining engineer with approximately 30 years of experience, mainly in the Australian and Chinese resource sectors. His experience includes senior operational and corporate roles at Mount Isa Mines Limited and Sino Gold Mining Limited. He has also been involved in other projects and assignments in Australia, China, Asia Pacific and Canada, covering a range of commodities including precious metals, copper, nickel, lead/zinc and real-earth.

Interests in the shares and options of the Company
As at the date of this report, the interests of the Directors in the shares and options of RMG Ltd were:

	Robert Kirtlan	Kinpo Yu	John Zee
Ordinary Shares			
Ordinary shares, fully paid	8,131,817	-	-

Company Secretary

Graeme Smith - Appointed 1 July 2018. Mr Smith is the principal of Wembley Corporate Services Pty Ltd which provide corporate secretarial, CFO and governance services. Mr Smith has over 25 years' experience in company secretarial work
Mr Smith is a non-executive director of Anglo Australian Resources NL.

Paige Exley - Appointed 29 November 2017. Resigned 1 July 2018
Ms Exley is a Finance and Corporate Governance professional with over 15 years of experience in the resources, mining services, biotechnology, professional services, not-for-profit, food, wine and liquor industries.

Lloyd Flint – Resigned 29 November 2017

Principal Activities

During the year the principal continuing activities of the Group consisted of mineral exploration for base metals.

The Company's primary asset is located at Tuina in the northern area of Chile and is surrounded by some of the world's largest producing copper mines.

The Tuina Project is near to Calama which is a major mining services centre for the large nearby mines including the world number two copper gold porphyry mine, Chuquicamata, which is next to Calama city.

The Company commenced exploration activity at the project at the end of the financial year (as reported in ASX Release dated 22 June 2018). The Tuina Project is an exploration stage project which contains two immediate areas of interest, the Santa Rosa Project and the La Teca Project, which has, and is surrounded by, numerous manto style deposits which have been successfully historically mined. Santa Rosa itself was previously mined for copper oxide ore. The programs are now complete with initial focus on the La Teca Project involving soil sampling and trenching programs for copper and gold soil occurrences followed by soil sampling programs in the area surrounding the Santa Rosa copper mine. The Company has also conducted IP programs at both project locations.

Review of Operations

<u>Tuina Copper Project - Chile</u>

The Tuina Project comprises over 95 sq. kms of mining licences in the Atacama Desert copper region of northern Chile (Figure 1).

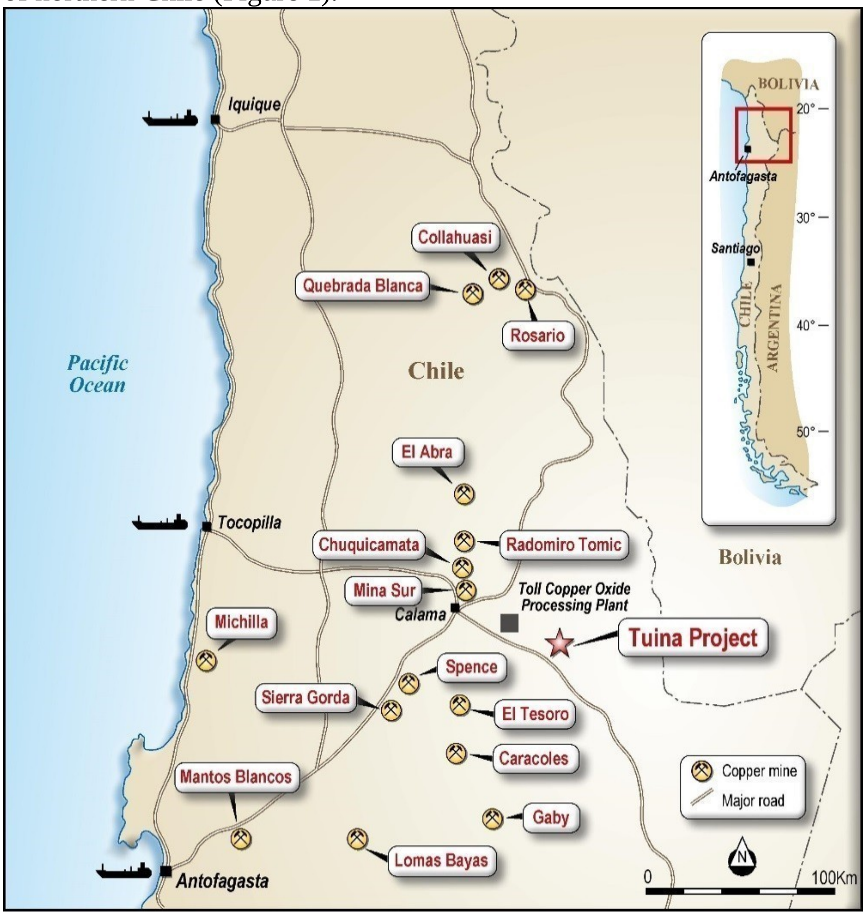

Figure 1: **Location of Tuina Project, Chile**

Location
The Tuina Project is located 55 kilometres south-east of Chuquicamata in the highly mineralised district around Calama in the Atacama region of northern Chile. The Tuina area is well serviced by all-weather roads and its proximity to the City of Calama with regular air and road transport services, power and water infrastructure.

Mineralisation & Permits
The copper-silver mineralisation at Tuina is hosted by Mesozoic andesites and sediments of the Tuina Formation. The Tuina Formation has been deformed by North-South dip-slip faults (for example, the San José Fault) that are also the controlling structures on significant manto replacement style and fault breccia style copper-silver deposits.

The Group retains a robust land package with exploration upside at a number of existing shut in copper operations and from new leads created by the Group.

At the end of the final quarter for the financial year, the Company commenced field work at the Tuina Project. The planned work program includes a substantial soil sampling program, trenching and IP surveys. It is proposed that following review of the information derived from these programs the Company will generate drill targets at both the La Teca and Santa Rosa projects.

Financial Performance and Position

The consolidated loss for the year was:

	2018	2017
	$	$
Operating loss after income tax	(1,203,091)	(1,301,389)

The net assets of the Consolidated Group for the financial year ended 30 June 2018 were $1,411,053 (2017: $1,391,204).

Company Strategy

RMG is a gold, copper and base metals exploration and development company with its projects located in Chile.

RMG's objective is to assess the copper and gold resources across the Tuina district. RMG's longer term objective is to assess the larger sulphide resources and develop a sustainable sulphide copper mining and processing operation at Tuina. The Company will continue to explore for copper, gold and molybdenum mineralisation at La Teca (within the Tuina region).

RMG is also seeking to expand its portfolio of interests and is actively reviewing other opportunities in Australia and other countries.

Corporate Activity

Share issue
On 29 March 2018, RMG Limited issued 73,750,000 ordinary fully paid shares to sophisticated and overseas investors at $0.016 per share. The placement raised $1.18 million before expenses. The Company used the funds to repay debt and for general working capital purposes.

Loan facilities
All loan facilities were repaid on 29 March 2018.

Convertible notes

In March 2018, the terms of the existing 500,000 convertible notes, issued 22 March 2017 were varied by agreement with the noteholder. The material terms of the 500,000 Convertible Notes are:

i. Face value of $1.00 each;
ii. The notes are unsecured;
iii. Coupon of 10%pa repayable on a quarterly basis;
iv. A conversion price of $0.013 per share, for the issue of up to 38,461,538 fully paid ordinary shares, subject to shareholder approval;
v. Redemption at the Company's election – The Company may at any time redeem the Convertible Notes (by repaying them) by giving not less than 3 months' notice; and;
vi. Redemption at the Noteholder's election:
– If the Company has not redeemed all the Convertible Notes prior to 22 March 2019, the Noteholder may at any time convert the Convertible Notes into shares (subject to shareholder approval) by giving not less than 3 months' notice.
– If the Convertible Notes are not converted prior, the Convertible Notes including accrued interest become payable on 22 March 2019.

Options

During the year, 24,696,969 unlisted options expired on 31 August 2017.

Apart from the above activities, there were no corporate actions during the period.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the group during the financial year other than these listed above in Corporate Activities.

Dividends

No dividends were paid or are proposed to be paid to members during the financial year (2017: Nil).

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 all known regulations.

Matters Subsequent to the End of the Financial Year

On 1st August 2018, the Company issued 500,000 Notes. The material terms of the 500,000 Notes are:

i. Face value of US$1.00 each;
ii. The Notes are unsecured;
iii. The Notes are subject to the receipt of certain necessary regulatory approvals, including shareholder approval for the purposes of ASX Listing Rule 7.1
iv. Coupon of 10% pa payable on a quarterly basis;
v. A conversion price of AU$0.016 per share subject to shareholder approval;
vi. Redemption at the Company's election – The Company may at any time redeem the Notes (by repaying them) by giving not less than 3 months' notice; and;
vii. Redemption at the Noteholder's election:
viii. If the Company has not redeemed all the Notes prior to 30 June 2019, the Noteholder may at any time convert the Notes into shares (subject to shareholder approval) by giving not less than 3 months' notice.

ix. If the Notes are not converted prior, the Notes including accrued interest becomes payable at 30 June 2019.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results of Operations

Other than developments in the operations of the Group reported in the detailed Review of Operations above, there are no other future developments anticipated.

Directors' Meetings

The number of meetings of the Company's board of directors held during the year ended 30 June 2018, and the number of meetings attended by each director were:

Director	Board of Directors	
	Held	Attended
R Kirtlan	5	5
K Yu	5	5
J Zee	5	5
J Chen[1]	-	-

[1] - appointed 13 September 2016; resigned 13 September 2017

Remuneration Report (audited)

This report details the nature and amount of remuneration for each director of RMG Limited, and for the executives in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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) Shareholdings
(5) Option holdings
(6) Other transactions with key management personnel
(7) Use of remuneration consultants
(8) Voting and comments made at the company's 2017 Annual General Meeting

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.

Non-executive directors do not receive performance-based pay. However to promote further alignment with shareholders the board may resolve to issue options to non-executive directors periodically. The Chairman's fees are determined together with those of the directors. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. This was set at $400,000 at a general meeting held on 15 June 2001.

There were no short or long term incentive plans made available to the key management personnel of the group.

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.

Relationship between remuneration policy and company performance
The Key Management Personnel and relevant Group executives' remuneration do not comprise of elements that are directly related to Company performance, including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders). The policy relating to present remuneration arrangements for performance is the same as last year and will be maintained while the company remains in the exploration and evaluation phase. The performance of the Company in the mining industry will be dependent upon the Company meeting the following corporate objectives:

- conducting successful exploration;
- seeking long term cash flow profitability through production or sale; and
- actively pursuing acquisition opportunities to enhance the Company's exploration discovery capacity.

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholders wealth for the five years to 30 June 2018:

Description	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14
Revenue	$5,235	$8,652	$3,556	$11,949	$29,040
Net loss before tax	$1,203,091	$1,301,389	$12,758,033	$1,381,123	$680,211
Net loss after tax	$1,203,091	$1,301,389	$12,758,033	$1,381,123	$680,211
Share price at end of year	$0.011	$0.012	$0.011	$0.024	$0.066
Market capitalisation	$6.63m	$6.26 m	$2.29 m	$4.81 m	$6.42 m
Basic loss per share	0.22 cents per share	0.32 cents per share	6.23 cents per share	0.79 cents per share	0.71 cents per share
Diluted loss per share	0.22 cents per share	0.32 cents per share	6.23 cents per share	0.79 cents per share	0.71 cents per share

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:
Mr Kinpo Yu *Non-Executive Chairman* - appointed 13 September 2016
Mr RE Kirtlan *Non-Executive Director* – appointed 29 April 2011
Dr John Chen *Non-Executive Director* - appointed 13 September 2016; resigned 13 September 2017
Mr John Zee *Executive Director* - appointed 19 January 2017

(b) Key management personnel remuneration

The amount of remuneration of the directors and key management personnel of RMG Limited is set out in the following table. There was no remuneration of any type paid to the directors other than as reported below for the provision of management services.

Name	Short-term benefits		Post employment benefits		Share based payment		Total	% Performance related
	Salary & fees	Non-monetary	Super-annua-tion	Other	Ordinary shares	Options		
30-Jun-18	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Robert Kirtlan[i]	76,000	-	-	-	-	-	76,000	-
Kinpo Yu	72,000	-	-	-	-	-	72,000	-
John Chen[ii]	7,500	-	-	-	-	-	7,500	-
John Zee[iii]	120,000	-	-	-	-	-	120,000	-
Total	**275,500**	**-**	**-**	**-**	**-**	**-**	**275,500**	**-**

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

(i) ARK Securities & Investments Pty Ltd (ARK Family Trust), a company of which Robert Kirtlan was a director, was paid $76,000 for services provided by Mr Kirtlan and his partners.
(ii) Sino Mining Consultants Pty Ltd, a company of which John Chen is a director, was paid $7,500 for services provided by Dr Chen.
(iii) CitroTech Pty Ltd, a company of which Mr Zee is a director, was paid $120,000 for services provided by Mr Zee.
(iv)

Name	Short-term benefits		Post employment benefits		Share based payment		Total	% Performance related
	Salary & fees	Non-monetary	Supe-ran-nuat-ion	Other	Ordinary shares	Options		
30-Jun-17	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Robert Kirtlan[i]	120,000	-	-	-	-	-	120,000	-
Michael Griffiths[ii]	-	-	-	-	-	-	-	-
Rhett Brans[ii]	-	-	-	-	-	-	-	-
Kinpo Yu	60,000	-	-	-	-	-	60,000	-
John Chen[iii]	30,700	-	-	-	-	-	30,700	-
Chris Dai	52,500	-	4,988	-	-	-	57,488	-
John Zee[iv]	60,000	-	-	-	-	-	60,000	-
Total	**323,200**		**4,988**	**-**	**-**	**-**	**328,188**	**-**

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

(i) ARK Securities & Investments Pty Ltd, a company of which Robert Kirtlan is a director, was paid $120,000 for services provided by Mr Kirtlan and his partners. There was a payment during the year of $95,000 relating to services provided during the prior year.
(ii) Mr Griffiths and Mr Brans were each paid $21,000 for services that were provided during the 2016 year. Mr Brans' monies were paid to Proman Consulting Engineers Pty Ltd of which he is a director. These amounts were included in KMP remuneration in the year ended 30 June 2016.
(iii) Sino Mining Consultants Pty Ltd, a company of which Dr Chen is a director, was paid $30,700 for services provided by Dr Chen.

(iv) CitroTech Pty Ltd, a company of which Mr Zee is a director, was paid $60,000 for services provided by Mr Zee

3. Service agreements

Upon appointment, Messrs R Kirtlan and J Zee signed a service agreement 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	Applicable for	Base service fee	Termination benefit
Robert Kirtlan	1 year	1 July to 31 October 2017	$ 120,000	Nil (ii)
Robert Kirtlan	1 year	1 November to 30 June 2018	$ 36,000(i)	Nil (ii)
John Zee	1 year	1 July 2017 to 30 June 2018	$ 120,000	Nil (iii)

(i) $1,000 per day for Extra Days.
(ii) The service agreements with Mr Kirtlan includes a twelve month notice period by company or by the consultant.
(iii) The service agreement with Mr Zee includes a one month notice period by company or by consultant.

The service fees in this table pertaining to the period 1 July 2017 to 30 June 2018 are included in the remuneration table above.

4. 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:

2018 Directors	Balance at 1 July 2017	Directors fees settled via shares issued	Received during the year on the exercise of options	Other changes during the year	Balance at 30 June 2018
Robert Kirtlan (i)	8,131,817	-	-	-	8,131,817
Kinpo Yu	-	-	-	-	-
John Chen	-	-	-	-	-
John Zee	-	-	-	-	-
Total	**8,131,817**	**-**	**-**	**-**	**8,131,817**

(i) Held by ARK Securities & Investments Pty Ltd (ARK Family Trust), a company related to Mr Kirtlan.

5. 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:

2018 Directors	Balance at 1 July 2017	Expired during the year	Options issued during the year	Other changes	Balance at 30 June 2018	Vested and exercisable at the end of the year
Robert Kirtlan [(i)]	6,060,606	6,060,606	-	-	-	-
Kinpo Yu	-	-	-	-	-	-
John Chen	-	-	-	-	-	-
John Zee	-	-	-	-	-	-
Total	**6,060,606**	**6,060,606**	**-**	**-**	**-**	**-**

(i) all held by ARK Securities & Investments Pty Ltd (ARK Family Trust), a company related to Mr Kirtlan. Issued in 2013 financial year

6. Other transactions with key management personnel

There were no loans or other transactions with the key management personnel or their related parties during the year (2017: Nil).

7. Use of remuneration consultants

The Group does not utilise remuneration consultants.

8. Voting and comments made at the Company's 2017 Annual General Meeting

Significantly less than 25% of the members voted against the adoption of the remuneration report for the 2017 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the audited Remuneration Report.

Shares under option

There are no unissued ordinary shares of RMG Limited under option at the date of this report.

Shares issued on the exercise of options

There were no shares issued on the exercise of options during the year ended 30 June 2018.

Indemnification of Directors and Officers

During the year ended 30 June 2018 the Company paid premiums to insure the Directors and Officers of the Group at an annual cost of $18,315 (2017: $21,795).

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.

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*.

Indemnification of auditors

To the extent permitted by law and professional regulations, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Audit services

During the financial year $51,207 was paid or is payable for audit and review services provided by the auditor (Ernst & Young) (2017: $40,604). No amounts were paid or payable in respect of non-audit services provided by the auditor.

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 14 of this annual report.

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

Corporate Governance Statement

Under ASX Listing Rule 4.10.3 the Company's Corporate Governance Statement can be located at the URL on the Company's website: http://www.rmgltd.com.au/profile/corporate-governance

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

John Zee
Director
Melbourne
27 September 2018

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Auditor's Independence Declaration to the Directors of RMG Limited

As lead auditor for the audit of RMG Limited for the year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

T S Hammond
Partner
27 September 2018

CONTENTS

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

RMG Limited
Suite 5, Level 1, 12-20 Railway Road
Subiaco WA 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 2 - 13. The Directors' Report does not form part of this financial report.

The financial report was authorised for issue by the Directors on 27 September 2018. 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.

	Notes	**2018**	**2017**
		$	**$**
Revenue		5,235	8,652
Total Income	6	5,235	8,652
Expenses			
Exploration expenditure written off	12	(355,736)	(161,340)
Administration costs		(685,768)	(492,886)
Director and Employee benefit expense		(288,461)	(347,297)
Interest expense		(160,791)	(180,857)
Sale of fixed asset		(454)	-
Gain on re-measurement of embedded derivative		44,204	230,483
Gain/(loss) on modification of financial liability		38,680	(364,826)
Gain arising on re-measurement of financial liability		-	6,682
Impairment reversal	12	200,000	-
Total expenses	7	(1,208,326)	(1,310,041)
Loss before income tax		**(1,203,091)**	**(1,301,389)**
Income tax expense	8	**-**	**-**
Loss for the year		**(1,203,091)**	**(1,301,389)**
Loss for the year attributable to:			
Owners of the Parent		(1,203,091)	(1,301,389)
		(1,203,091)	**(1,301,389)**
Other comprehensive income			
Items that may reclassified to profit or loss:			
- Exchange differences on translating foreign operations		**(3,333)**	**35**
Total other comprehensive loss for the year		**(3,333)**	**35**
Total comprehensive loss for the year		**(1,206,424)**	**(1,301,354)**
Total comprehensive loss attributable to:			
Owners of the Parent		(1,206,424)	(1,301,354)
		(1,206,424)	**(1,301,354)**
Loss per share attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic and diluted loss per share	29(a)	**(0.22)**	**(0.32)**

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

	Notes	2018	2017
		$	**$**
ASSETS			
Current assets			
Cash and cash equivalents	9	170,115	1,182,216
Current receivables		-	18,308
Other receivables	10	55,119	78,244
Total current assets		**225,234**	**1,278,768**
Non-current assets			
Bank deposits		86,284	-
Exploration and evaluation expenditure	12	1,700,000	1,500,000
Plant and equipment	11	1,000	789
Total non-current assets		1,787,284	1,500,789
Total assets		**2,012,518**	**2,779,557**
LIABILITIES			
Current liabilities			
Trade and other payables	14	129,062	98,632
Financial liabilities	15	472,403	1,245,518
Embedded derivative	16	-	44,203
Total current liabilities		601,465	1,388,353
Total liabilities		**601,465**	**1,388,353**
Net assets/(liabilities)		**1,411,053**	**1,391,204**
EQUITY / (SHAREHOLDERS' DEFICIT)			
Equity attributable to owners of the parent			
Contributed equity	17(a)	153,562,311	152,336,038
Option reserves	18(a)	2,331,795	2,331,795
Foreign currency translation reserve	18(b)	(75,988)	(72,655)
Equity reserves	18(c)	(2,309,759)	(2,309,759)
Accumulated losses	19	(152,097,306)	(150,894,215)
		1,411,053	**1,391,204**

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 2018

	Contributed Equity	Option Reserve	Equity Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Attributable to Owners of Parent
	$	$	$	$	$	$
Balance at 1 July 2017	**152,336,038**	**2,331,795**	**(2,309,759)**	**(150,894,215)**	**(72,655)**	**1,391,204**
Loss for the year	-	-	-	(1,203,091)	-	(1,203,091)
Other comprehensive loss	-	-	-		(3,333)	(3,333)
Total comprehensive income for the year	**-**	**-**	**-**	**(1,203,091)**	**(3,333)**	**(1,206,424)**
Transactions with owners in their capacity as owners:						
Equity component of convertible note	-	-	-	-	-	-
Share issues	1,300,000	-	-	-	-	1,300,000
Transaction costs	(73,727)	-	-	-	-	(73,727)
Share issues net of transaction costs	1,226,273	-	-	-	-	1,226,273
Balance at 30 June 2018	**153,562,311**	**2,331,795**	**(2,309,759)**	**(152,097,306)**	**(75,988)**	**1,411,053**

	Contributed Equity	Option Reserve	Equity Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Attributable to Owners of Parent
	$	$	$	$	$	$
Balance at 1 July 2016	**149,165,583**	**2,331,795**	**(2,354,083)**	**(149,592,825)**	**(72,690)**	**(522,220)**
Loss for the year	-	-	-	(1,301,390)	-	(1,301,390)
Other comprehensive loss	-	-	-	-	35	35
Total comprehensive income for the year	**-**	**-**	**-**	**(1,301,390)**	**35**	**(1,301,355)**
Transactions with owners in their capacity as owners:						
- Equity component of convertible note	-	-	44,324	-	-	44,324
- Share issues net of transaction costs	3,170,455	-	-	-	-	3,170,455
Balance at 30 June 2017	**152,336,038**	**2,331,795**	**(2,309,759)**	**(150,894,215)**	**(72,655)**	**1,391,204**

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

	Notes	2018	2017
		$	**$**
Cash flows from operating activities			
Payments to suppliers and employees		(1,037,605)	(1,369,478)
Interest received		5,235	8,652
Interest paid		(77,943)	(208,296)
Net cash outflow from operating activities	26	**(1,110,313)**	**(1,569,122)**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,500)	-
Cash proceeds from sale of PP&E		150	-
Exploration and evaluation expenditure		(355,735)	(161,340)
Net cash outflow from investing activities		**(357,085)**	**(161,340)**
Cash flows from financing activities	27		
Proceeds from issue of shares		1,300,000	3,178,000
Share issue transaction costs		(73,727)	(7,546)
Proceeds from borrowings		-	500,000
Repayment of borrowings		(770,976)	(772,069)
Net cash inflow from financing activities		**455,297**	**2,898,385**
Net (decrease)/increase in cash and cash equivalents		(1,012,101)	1,167,923
Cash and cash equivalents at the beginning of the financial year		1,182,216	14,293
Cash and cash equivalents at the end of the financial year	9	**170,115**	**1,182,216**

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

Notes to the consolidated financial statements

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 all the years presented, unless otherwise stated. The Financial Statements are for the consolidated entity (or "Group") consisting of RMG Limited and its subsidiaries during and at the end of the year.

(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 and other authoritative pronouncements of the Australian Accounting Standards Board.

RMG Limited is a for profit listed public company, incorporated and domiciled in Australia. The functional currency of RMG Limited and its Australian based subsidiaries is the Australian Dollar; and the functional currency of its other two Chile based subsidiaries is the Chilean Peso. The Financial Statements have been presented in Australian Dollars.

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

Early adoption of standards
The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2017.

Reporting basis and convention
The financial report has been prepared on an accruals basis and is based on historical costs, except for the embedded derivative measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

(b) Going concern

The Group has a net current asset deficiency at 30 June 2018 of $376,231 (30 June 2017: deficiency of $109,585) and had a cash outflow from operating and investing activities of $1,467,398 for the year ended 30 June 2018 (30 June 2017: net cash outflow of $1,730,462). As at 30 June 2018 the company had cash and cash equivalents of $170,115 (2017: $1,182,216). The net current asset deficiency is due to the convertible notes (amounting to $472,403 as at 30 June 2018) being due and payable in March 2019 if not converted prior. The Group expects to raise additional capital to enable the repayment of the notes by their due date, or alternatively for them to convert into ordinary shares in RMG or interests in the Tuina project on the basis described in note 15. Subsequent to 30 June 2018, and as disclosed in Note 25, the Group has raised an additional $656,000 by the issue of additional convertible notes which are due for repayment or conversion by 30 June 2019.

The directors acknowledge that in order to repay debt, fund ongoing exploration activities at the Group's Chile project and to fund other potential opportunities within the resources sector, the Group will require additional funding. In addition to already secured funding of $656,000 from convertible note as per note 25 the directors are expecting to raise additional funds via share issues. The Directors believe that they will be able to raise additional funding as required, however if they are unable to do so there is significant uncertainty whether the Group will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

1. Summary of significant accounting policies (continued)

(b) Going concern (continued)

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(c) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

(d) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

1. Summary of significant accounting policies (continued)

(d) Current versus non-current classification (continued)

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

(e) Fair value measurement

The Group measures financial instruments such as derivatives and convertible notes and non-financial assets such as exploration and evaluation assets, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1. Summary of significant accounting policies (continued)

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations, excluding 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.

(g) Foreign currency translation

Functional and presentation currency
The consolidated financial statements are presented in Australian dollars ('AUD'), which is also the functional currency of the Parent Company.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in the Consolidated Statement of Comprehensive Income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the initial transaction).

Foreign operations
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to Consolidated Statement of Comprehensive Income and recognised as part of the gain or loss on disposal.

(h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs.

1. Summary of significant accounting policies (continued)

(h) Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash–generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash–generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

(i) 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. No amortisation is charged during the exploration and evaluation phase.

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.

(j) 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.

Interest income is recognised on a time proportion basis using the effective interest method.

(k) Income tax

The income tax expense 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 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.

1. Summary of significant accounting policies (continued)

(k) Income tax (continued)

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.

(l) 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.

(m) Plant and equipment

Plant and equipment are measured at cost less accumulated 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.

Depreciation
The depreciable amount of all fixed assets are 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
Plant and equipment	5%–33%
Office furniture and equipment	20%

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 Consolidated Statement of Comprehensive Income.

(n) 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.

(o) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.
The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.
Contingent rentals are recognised as an expense in the financial year in which they are incurred.

1. Summary of significant accounting policies (continued)

(p) Financial instruments

At present the Group does not undertake any hedging.

Financial assets

Aside from cash, 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 classified as 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 Consolidated Statement of Financial Position.

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

An allowance account 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 impairment loss 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.

Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and borrowings. All financial liabilities are recognised initially at fair value and, in the case of interest-bearing loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, interest-bearing loans and borrowings, convertible notes and derivative liabilities.

(p) Financial instruments (continued)

Financial Liabilities (continued)

Trade and other payables and loans and borrowings
Trade and other payables and loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Consolidated Statement of Comprehensive Income.

Embedded derivatives
A derivative liability embedded in a host contract is accounted for as a separate derivative and recorded at fair value if its economic characteristics and risks are not closely related to those of the host contract and the host contract is not held for trading or designated at fair value through profit or loss. The embedded derivative is measured at fair value with changes in fair value recognised in profit or loss.

1. Summary of significant accounting policies (continued)

Convertible notes:
Convertible notes are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible note, the fair value of the liability component is determined by using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. The carrying amount of the conversion option is not remeasured in subsequent years.

(q) Employee Benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-based Payment Transactions
Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

When the goods or services acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

The cost of equity-settled transactions and the corresponding increase in equity is measured at the fair value of the equity instruments granted for goods or services acquired using the Black Scholes option valuation technique on the grant date.

(r) 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.

(s) Goods and services tax ("GST")

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 Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis.

1. Summary of significant accounting policies (continued)

(t) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

(u) New accounting standards and Australian accounting interpretations

In the current year, the Consolidated Entity adopted all of the new and amended Accounting Standards and Interpretations that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2017.

Adoption of these new and amended Standards and Interpretations did not have any effect on the financial position or the performance of the Consolidated Entity.

(v) New accounting standards and Australian accounting interpretations

At the date of the authorisation of the financial statements, the following new and amended standards and Interpretations were in issue but not yet effective and were considered relevant to the Group.

Ref	Title	Summary	Application date of standard	Application date for Group
AASB 9	**Financial instruments**	AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement.* Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139	1 January 2018	1 July 2018

1. Summary of significant accounting policies (continued)

Ref	**Title**	**Summary**	**Application date of standard**	**Application date for Group**
AASB 15	**Revenue from Contracts with Customers**	AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	1 January 2018	1 July 2018
AASB 16	Leases	AASB 16 replaces AASB 117 *Leases* and related interpretations. The key features of AASB 16 are as follows: **Lessee accounting** • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. **Lessor accounting** • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.	1 January 2019	1 July 2019

1. Summary of significant accounting policies (continued)

Ref	Title	Summary	Application date of standard	Application date for Group
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	This Standard amends AASB 2 *Share-based Payment,* clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: • The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments • Share-based payment transactions with a net settlement feature for withholding tax obligations • A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018	1 July 2018
AASB Interpretation 22	Foreign Currency Transactions and Advance Consideration	The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration.	1 January 2018	1 July 2018
AASB Interpretation 23	Uncertainty over Income Tax Treatment	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: • Whether the entity considers uncertain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • How an entity considers changes in facts and circumstances.	1 January 2019	1 July 2019

The Company has concluded that AASB 9 will have no significant impact, as the Group's cash balances and receivables are not significantly impacted by the standard. AASB 15 will have no significant impact as the Group has no revenue from customers and will have none for the foreseeable future. The company's operating lease includes a sub-lease of the Perth registered office and the lease of the Melbourne office (see note 21(a) for operating lease commitments at 30 June 2018). The Group is currently evaluating the implications of AASB 16, AASB 2016-5, AASB Interpretation 22 and AASB Interpretation 23, however it is not anticipated that the impact will be material.

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including equity price risk, foreign risk 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 Group.

2. Financial risk management (continued)

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

(a) Market risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 3 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 cash flow exposure to variable interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

Financial Assets	**Weighted Average Interest Rate**	**Fixed Interest Rate maturing in 1 year or less**	**Floating**
	%	**$**	**$**
Cash and cash equivalents - 2018	0.7	-	170,115
Cash and cash equivalents - 2017	0.8	-	1,182,216

Trade and other payables are interest free. Interest rate on financial liabilities is fixed as per note 15.

The Group's cash-flow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. The Group does not enter into hedges.

The Group's operating cash flows are substantially independent of changes in market interest rates.

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

30 June 2018	**Carrying Amount**		
	$	**+/- 0.5%**	
		Loss $	**Loss $**
Cash and cash equivalents	170,115		
Total (Increase) / Decrease		(850)	850

30 June 2017	**Carrying Amount**		
	$	**+/- 0.25%**	
		Loss $	**Loss $**
Cash and cash equivalents	1,182,216		
Total (Increase) / Decrease		(2,956)	2,956

2. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations 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.

	2018	2017
	$	$
Cash at bank		
AA- (Standard and Poor)	170,115	1,182,216
Current receivables		
Counterparties without external credit rating*	-	18,308
Other receivables		
Counterparties without external credit rating*	55,119	78,244
* All counterparties with no default history		
Non-current receivables		
AA- (Standard and Poor)	86,284	-

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

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

(c) Liquidity risk

As at 30 June 2018 the group has a working capital deficiency of $376,231 (30 June 2017: deficiency of $109,585). To meet commitments as and when they fall due to 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.

Apart from convertible notes, all financial liabilities of the group are made up of trade and sundry creditors and are expected to be paid within one month of 30 June 2018.

2018

	1 year or less	Over 1 to 5 years	More than 5 years	2018 Total	Weighted average effective interest rate
	$	$	$	$	
Financial Liabilities					
Trade and other payables	129,062	-	-	129,062	-
Short term loan	-	-	-	-	-
Convertible Notes	472,403	-	-	472,403	20%
Total financial liabilities	601,465	-	-	601,465	

2. Financial risk management (continued)

(c) Liquidity risk (continued)

2017

	1 year or less	Over 1 to 5 years	More than 5 years	2017 Total	Weighted average effective interest rate
	$	$	$	$	
Financial Liabilities					
Trade and other payables	98,632	-	-	98,632	-
Short term loan	765,061	-	-	765,061	10%
Convertible Notes	524,660	-	-	524,660	20%
Total financial liabilities	1,388,353	-	-	1,388,353	

The embedded derivative (see note 16) is not included in the maturity analysis above as it will be settled by issuing shares.

(d) Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency.

The Group is exposed to changes in both the USD (US Dollar) as well as CLP (Chilean Peso).

The Group seeks to mitigate the effect of its foreign currency exposure on commercial transactions by seeking the best foreign exchange rate when transferring Australian dollar to Chilean Peso (CLP).

The group is currently exposed to foreign exchange risk as a result of convertible note (see notes 15 and 16).

(e) 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 Group 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. In the case where the Group is in a working capital deficiency, management monitors all available funding options in order to meet future capital requirements.

3. Significant estimates, assumptions and accounting judgments

The directors make estimates and assumptions in relation to the balances included in 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.

3. Significant estimates, assumptions and accounting judgments (continued)

Key estimates

Impairment

Exploration and evaluation assets are reviewed for indicators of impairment to determine if any of the following facts and circumstances exist;

- The term of exploration license in the specific are of interest has expired during the reporting period or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resource in the specific area not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specific area; or
- Sufficient data exists to indicate that although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development by sale.

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure is set out in Note 1(h). 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 the Statement of Comprehensive Income.

Share-based payments

The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18.

Embedded derivatives
The Group initially measures an embedded derivative by reference to the fair value of the instrument on the date the Group becomes party to the contractual provisions of the contract. Estimating fair value for embedded derivatives requires determination of the most appropriate valuation model. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the embedded derivative and probability of outcomes. The assumptions and models used for estimating fair value for embedded derivatives are disclosed in Note 16.

Convertible notes

The Group initially measures a convertible note by reference to the fair value using a discounted cash flow methodology over the twelve months to maturity. Estimating fair value for convertible note requires determination of the most appropriate valuation model. This estimate also requires determination of the most appropriate input to the valuation model being the risk adjusted discount rate of 20% being indirectly derived from market rates for similar borrowings and an estimate applied for the level of risk attached to the company.

3. Significant estimates, assumptions and accounting judgments (continued)

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

The going concern basis of preparation
Management has made a significant judgment with regards to the application of the going concern basis of preparation - refer note 1b).

Functional currency
The functional currency of the Chilean subsidiaries is the Chilean Peso as that is the currency that mainly influences labour, material and other costs of exploration for these operations.

4. Segment information

Management has determined that the Group has one reporting segment being mineral exploration. As the Group is 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 are located in Chile, South America.

5. Parent entity information

The following detailed information relates to the parent entity, RMG Limited, at 30 June 2018. The information presented here has been prepared using consistent accounting policies as presented in Note 1. There were no contingent liabilities of the parent at 30 June 2018.

	2018	**2017**
	$	**$**
Current assets	129,197	1,262,283
Non-current assets	2,499,229	1,514,760
Total Assets	**2,628,426**	**2,777,043**
Current Liabilities	580,091	1,385,839
Total Liabilities	**580,091**	**1,385,839**
Contributed equity	154,762,311	152,336,038
Accumulated losses	(151,542,134)	(150,972,992)
Option reserve	1,131,795	2,331,795
Equity reserve	(2,303,637)	(2,303,637)
Total equity	**2,048,335**	**1,391,204**
Loss for the year	(1,241,712)	1,251,707
Other comprehensive income/(loss) for the year	-	-
Total comprehensive Loss for the year	**(1,241,712)**	**(1,251,707)**

6. Total Income

From continuing operations	**2018 $**	**2017 $**
Revenue		
Interest revenue	5,235	8,652
	5,235	**8,652**

7. Expenses

The following expenses have been taken into account in the loss for the year from continuing operations:	**2018 $**	**2017 $**
Directors fees	275,500	328,188
Corporate compliance costs	34,960	35,857
Employee benefit expense	12,961	19,109
Rent expense	47,558	13,555
Depreciation and amortisation	686	633
General administration expenses	603,018	442,841
Interest expense	160,791	180,857
(Gain)/Loss on modification of financial liability	(38,680)	364,826
(Gain)/Loss on re-measurement of embedded derivative	(44,204)	(230,483)
(Gain)/Loss arising on re-measurement of financial liability	-	(6,682)
Exploration expenditure written off	355,736	161,340
Reversal of exploration and evaluation asset impairment (Note 12)	(200,000)	-
	1,208,326	**1,310,041**

8. Income tax expense

(a) Income Tax Expense	**Consolidated 2018 $**	**Consolidated 2017 $**
Current tax	-	-
Deferred tax	-	-

(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable	**Consolidated 2018 $**	**Consolidated 2017 $**
Loss from continuing operations before income tax expense	(1,203,091)	(1,301,390)
Tax at the Australian rate of 27.5% (2017: 27.5%)	(330,850)	(357,882)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry non-allowable/(assessable)	(10,430)	(9,965)
Unrecognised temporary differences	341,280	367,848
Income tax expense	-	-

(c) Tax Losses - All unused tax losses were incurred by an Australian entity	**Consolidated 2018 $**	**Consolidated 2017 $**
Unused tax losses for which no deferred tax asset has been recognised		
Carry forward revenue losses	18,662,951	17,580,655
Potential tax benefit @ 27.5% (2017: 27.5%)	5,132,312	4,834,680

8. Income tax expense (continued)

(d) Temporary Differences	**Consolidated 2018 $**	**Consolidated 2017 $**
Provisions and accruals	15,884	17,516
Convertible note	(11,356)	(9,141)
Other	12,189	12,189
Subtotal	**16,717**	**20,563**
Net unrecognised deferred tax losses	5,132,312	4,834,680
Potential unrealised deferred tax benefit at 27.5% (2017: 27.5%)	(5,149,029)	(4,855,243)
Net Deferred tax asset/liability	-	-

Note – the balance of the deferred tax assets of the Group have not been recognised in excess of the deferred tax liabilities as assets as their recovery is not considered by the Directors' to be probable.

(e) Tax consolidation legislation

RMG Limited and its wholly owned Australian subsidiaries implemented the tax consolidation legislation from acquisition of the subsidiaries on 28 September 2007. RMG Ltd is the head entity of the tax consolidated group. The entities have not entered into either a tax sharing agreement or a tax funding agreement. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities or (assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The accounting policy in relation to this legislation is set out in Note 1 (i).

9. Current assets – Cash and cash equivalents

These are interest bearing with a floating interest rate of 0.7% (2017: 0.8%) per annum

	Consolidated 2018 $	**Consolidated 2017 $**
Cash at bank and on hand	170,115	1,182,216
	170,115	**1,182,216**

10. Current assets – Other receivables

	Consolidated 2018 $	**Consolidated 2017 $**
Interest paid in advance	-	64,720
Prepayment	36,260	-
Other receivables	18,859	13,524
Total	**55,119**	**78,244**

Other receivables

(a) Allowance for impairment loss

Other receivables which are primarily from 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 2018.

10. Current assets – Other receivables (continued)

(b) Fair value and credit risk

Due to the short term nature of the receivables, their carrying value approximates their fair value.

11. Non-current assets – Plant and equipment

	Consolidated 2018 $	Consolidated 2017 $
Plant and equipment		
Gross carrying amount at cost - Less accumulated depreciation	1,500 (500)	62,857 (62,068)
Total plant and equipment	**1,000**	**789**
Plant and equipment		
At 1 July, net of accumulated depreciation	789	1,423
Additions	1,500	-
Disposals	(603)	-
Depreciation charge for the year	(686)	(634)
Net carrying amount	**1,000**	**789**

12. Non-current asset - Exploration and evaluation expenditure

	Consolidated 2018 $	Consolidated 2017 $
Opening balance	**1,500,000**	**1,500,000**
Exploration expenditure capitalised, exploration and evaluation phase	355,736	161,340
Write down of exploration expenditure previously capitalised net of recoveries	(355,736)	(161,340)
Impairment reversals	200,000	-
Closing balance	**1,700,000**	**1,500,000**

Exploration Licences are carried at cost of acquisition, less net impairment charges.

Capitalised costs amounting to $355,736 (2017: $161,340) have been included in cash flows from investing activities in the consolidated statement of cash flows.

The write down of exploration in the current year relates to the Tuina project in Chile only. Write down of exploration expenditure in the prior period also relates to the Tuina project in Chile only.

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.

As a result of a valuation carried out by AA Maynard and Associates on the Tuina project for the purposes of an experts report pursuant to a general meeting held on 21 August 2016, the Tuina Project was valued at $1.5m. The closing balance at 30 June 2017 therefore represents the fair value less costs of disposal of the Tuina Project.

As at 30 June 2018, the Group has reconsidered the fair value of the Tuina project and has determined that due to changes to key inputs used in the valuation, the estimated fair value has been re-calculated at $1,700,000 resulting in an impairment reversal of $200,000.

12. Non-current asset - Exploration and evaluation expenditure (continued)

The estimated fair value was based on an average calculated using the Multiples of Exploration Expenditure and the Yardstick valuation methods. The key inputs used in determining the fair value as at 30 June 2018 were:
a) Copper Price (Cu US$6,119.47 per tonne)
b) Exchange rate (A$=US$0.81)

In assessing the fair value Management has applied judgment in determining the assumptions that are considered to be reasonable.

The fair value of the Tuina project falls into level 3 of the fair value hierarchy and is based on unobservable inputs in the absence of quoted prices in a market.

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(d):

	Ordinary Share Consolidated Entity Interest	
Name	**2018 %**	**2017 %**
Parent:		
RMG Limited		
Controlled entities:		
Resource Mining Group Pty Ltd	100	100
(formerly Springfield Minerals Pty Ltd)		
San Saba Pty Ltd	100	100
Sunlander Nominees Pty Ltd	100	100
Moonraker Minerals Pty Ltd	100	100
Minera RMG Chile Limitada (incorporated in Chile)	100	100
Minera Tuina SPA (incorporated in Chile)	100	100

All controlled entities are incorporated in Australia other than Minera RMG Chile Limitada and Minera Tuina SPA, which are incorporated in Chile. All controlled entities are active in mineral exploration activities.

14. Current liabilities – Trade and other payables

	Consolidated 2018 $	**Consolidated 2017 $**
Trade creditors	66,197	7,480
Accruals	56,943	57,500
Unclaimed funds	-	26,060
Other payables	5,922	7,592
	129,062	**98,632**

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

15. Financial liabilities

	Consolidated 2018 $	**Consolidated 2017 $**
Short term loans at amortised cost	-	765,061
Debt component of convertible notes at amortised cost	472,403	480,457
	472,403	**1,245,518**

Short term loan was fully repaid in March 2018.

Convertible notes

The terms of the original 500,000 convertible notes issued on 22 March 2017 were varied by agreement in April 2018. The material terms of the modified 500,000 convertible notes are:

i. Face value of $1.00 each;

ii. The notes are unsecured;

iii. Coupon of 10%pa repayable on a quarterly basis;

iv. A conversion price of $0.013 per share, for the issue of up to 38,461,538 fully paid ordinary shares, subject to shareholder approval;

v. Redemption at the Company's election – The Company may at any time redeem the Convertible Notes (by repaying them) by giving not less than 3 months' notice; and;

vi. Redemption at the Noteholder's election:

– If the Company has not redeemed all the Convertible Notes prior to 22 March 2019, the Noteholder may at any time convert the Convertible Notes into shares (subject to shareholder approval) by giving not less than 3 months' notice.

– If the Convertible Notes are not converted prior, the Convertible notes including accrued interest becomes payable at 22 March 2019.

Further, the Company considers that the convertible notes are a compound instrument and in this regard a portion of the convertible notes was recognised in equity (refer note 18(c)).

The fair value of the debt component of the original convertible notes on initial recognition was determined to be $455,676 using a discounted cash flow methodology over the twelve months to maturity. Inputs utilised in assessing the fair value of convertible notes:

Coupon (paid quarterly)-	10%
Face value	$500,000
Market interest rate	20%
Fair value at initial recognition, 22 March 2017	$455,676
Fair value upon modification, 22 March 2018	$461,320
Equity component	$44,324

Reconciliation of debt component of convertible notes	**2018 $**
Fair value on initial recognition	455,676
Fair value adjustment upon modification	5,644
Fair value as at 22 March 2018	$461,320
Accrued interest	11,083
Closing balance at amortised cost	472,403

The carrying amount of the Group's convertible notes approximates their fair value as at 30 June 2018. Fair value has been determined by using a discounted cash flow model, and applying a market interest rate of 20%. The fair value methodology is categorised as level 3 in the fair value hierarchy.

16. Embedded derivative

Reconciliation of embedded derivative	Consolidated 2018 $	Consolidated 2017 $
Fair value on initial recognition	274,686	274,686
Fair value movement	(274,686)	(230,483)
Balance at period end	-	44,203

There are no embedded derivatives as at 30 June 2018 as the short term loan was fully repaid in March 2018.

17. Contributed equity

(a) Share Capital	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares fully paid	602,531,537	521,281,537	153,562,311	152,336,038

(b) Other Equity Securities	Company 2018 Options	Company 2017 Options
Options[(i)] exercisable at 9.9 cents on 31 August 2017	-	24,696,969

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

(c) Movement in ordinary share capital

Date	Details	Company 2018 Shares	Company 2018 $	Company 2017 Shares	Company 2017 $
July 1	Opening balance	**521,281,537**	**152,336,038**	**208,443,930**	**149,165,583**
13 September 2016	Placement[1]	-	-	222,222,222	2,000,000
20 March 2017	Placement[2]	-	-	90,615,385	1,178,000
29 March 2018	Placement[3]	73,750,000	1,180,000	-	-
05 April 2018	Placement[4]	7,500,000	120,000	-	-
	Cost of issues	-	(73,727)	-	(7,545)
June 30	Balance	**602,531,537**	**153,562,311**	**521,281,537**	**152,336,038**

[1] Placement of shares with Epoch Bliss as approved at the general meeting on 22 August 2016 to raise $2.0m in working capital for the company.

[2] Placement undertaken to partially repay the short term loan, pursuant to the debt refinancing agreement signed 16 March 2017.

[3] Placement undertaken to repay the short term loan in the amount of US$588,409 (A$770,976) and to fund the activities at the Tuina Project, other potential opportunities and general working capital purposes.

[4] This placement was undertaken to be applied to the activities at the Tuina Project, to review other potential opportunities and general working capital purposes.

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.

17. Contributed equity (continued)

(d) Movement in options

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2018								
05/09/2014	31/08/2017	$0.099	21,666,666	-	-	(21,666,666)	-	-
19/01/2015	31/08/2017	$0.099	3,030,303	-	-	(3,030,303)	-	-
Total			**24,696,969**	**-**	**-**	**(24,696,969)**	**-**	**-**
Weighted average exercise price			**$0.099**	**-**	**-**	**-**	**-**	**-**

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2017								
24/04/2012	1/04/2017	$0.66	303,030	-	-	(303,030)	-	-
28/09/2012	31/08/2016	$0.198	2,424,242	-	-	(2,424,242)	-	-
05/09/2014	31/08/2016	$0.099	42,641,118	-	-	(42,641,118)	-	-
05/09/2014	31/08/2017	$0.099	21,666,666	-	-		21,666,666	21,666,666
25/11/2014	31/08/2016	$0.099	16,000,000	-	-	(16,000,000)	-	-
19/01/2015	31/08/2017	$0.099	3,030,303	-	-		3,030,303	3,030,303
Total			**86,065,359**	**-**	**-**	**(61,368,390)**	**24,696,969**	**24,696,969**
Weighted average exercise price			**$0.1038**	**-**	**-**	**-**	**$0.099**	**$0.099**

18. Reserves and other components of equity

(a) Option Reserves	**Consolidated 2018 $**	**Consolidated 2017 $**
Share option reserve pursuant to an issue of options	2,331,795	2,331,795
Movements in reserves		
Opening balance 1 July	**2,331,795**	**2,331,795**
Closing balance 30 June	**2,331,795**	**2,331,795**

(b) Foreign Currency Translation Reserve	**Consolidated 2018 $**	**Consolidated 2017 $**
Movements in Foreign currency translation reserve were as follows:		
Balance at the beginning of the year	(72,655)	(72,690)
Exchange differences on translating foreign operations	(3,333)	35
Total balance at the end of the year	**(75,988)**	**(72,655)**

18. Reserves and other components of equity (continued)

(c) Equity Reserves	Consolidated 2018 $	Consolidated 2017 $
	$	$
Opening balance	(2,309,759)	(2,354,083)
Equity component of convertible note	-	44,324
Closing balance	**(2,309,759)**	**(2,309,759)**

(d) Nature and purpose of reserves

The 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 and for services rendered by employees. There were no options issued during the year ended 30 June 2018 (year ending 30 June 2017: nil).

Foreign currency translation reserve is used to record foreign exchange differences which arise on the conversion of Chilean functional currency foreign subsidiary into Australian dollars for presentation in the Australian consolidated financial statements.

The Equity reserve is used to record the difference on acquisition of the Non-Controlling Interest (NCI) and to record the equity component of convertible notes. There were no relevant acquisitions during the year ended 30 June 2018 (year ending 30 June 2017: nil).

19. Accumulated Losses

	Consolidated 2018 $	Consolidated 2017 $
Movements in accumulated losses were as follows:		
Balance at the beginning of the year	**(150,894,215)**	**(149,592,825)**
Net loss for the year	(1,206,424)	(1,301,390)
Balance attributable to owners of the Parent	**(152,100,639)**	**(150,894,215)**
Total balance at the end of the year	**(152,100,639)**	**(150,894,215)**

20. Dividends

There were no dividends recommended or paid during the financial year (2017: Nil).

21. Commitments

	Consolidated 2018 $	Consolidated 2017 $
(a) Operating lease commitments(i)		
Not later than one year	136,848	18,880
Later than one year and not later than five years	197,055	26,746
Total minimum lease payments	**333,903**	**45,626**
(b) Remuneration commitments(ii)		
Not later than one year	220,000	240,000
Total remuneration commitments	**220,000**	**240,000**
(c) Exploration expenditure commitments(iii)		
Not later than one year	100,000	100,000
Later than one year and not later than five years	400,000	400,000
Later than five years	-	-
Total exploration expenditure commitments	**500,000**	**500,000**

(i) Operating lease commitments relate to a sublease for the principal place of business and a lease for the Melbourne office which both agreements have a 3 year term and an option to extend for a further 3 years thereafter.

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

(iii) The minimum expenditure requirement is in relation to granted mineral exploration licences.

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.

22. 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

K Yu *Non-Executive Chairman*
R Kirtlan Non-*Executive Director*
J Zee *Executive Director – appointed 1 January 2017*
J Chen *Non-Executive Director - resigned 13 September 2017*

Directors	Company 2018 $	Company 2017 $
Short Term Benefits	275,500	323,200
Post-employment benefits	-	4,988
	275,500	**328,188**

(b) Equity instrument disclosures relating to key management personnel (continued)

Share options held by key management personnel to purchase ordinary shares have the following expiry dates and exercise prices:

ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OUTSTANDING 2018	NUMBER OUTSTANDING 2017
5 September 2014	31 August 2017	$0.099	-	6,060,606
Total			-	6,060,606

23. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group: **Assurance Services -** *Audit services*	**Consolidated 2018 $**	**Consolidated 2017 $**
Ernst & Young; -Audit or review of financial reports under the *Corporations Act 2001*	51,207	40,604
Total remuneration for audit services	**51,207**	**40,604**

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

24. Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 22.

(b) Related party transactions

Payments to related parties during the period:

(i) ARK Securities & Investments Pty Ltd, a company of which Robert Kirtlan is a director, was paid $76,000 for services provided by Mr Kirtlan.

(ii) Sino Mining Consultants Pty Ltd, a company of which John Chen is a director, was paid $7,500 for services provided by Dr Chen.

(iv) CitroTech Pty Ltd, a company of which John Zee is a director, was paid $120,000 for services provided by Mr Zee

At 30 June 2018 the following balances were owing to associated companies or companies associated with directors as follows:

- ARK Securities & Investments Pty Ltd (of which Robert Kirtlan is a director and shareholder) -$nil (2017: $95,000) for director's fees.

At 30 June 2018 the following balances were (owed to)/owed by associated companies or companies associated with directors as follows:

- Vault Intelligence Limited - $1,975 (2017: $nil) for reimbursement of operating expenses;

RMG Limited has undertaken a commercial arrangement with Vault Intelligence Limited where Robert Kirtlan is a director for both companies. The arrangement is for a sub-lease of commercial premises by RMG Ltd which is Vault Intelligence Limited's registered office at commercial terms equal to the lease terms received by RMG Limited in an arms-length transaction with a third party, being the lessor of the main lease.

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

25. Events occurring after the reporting date

On 1 August 2018, RMG Limited has raised an additional $656,000 by the issue of 500,000 Notes, which are being issued as debt securities. Key terms of the Notes are:

x. Face value of US$1.00 each;
xi. The Notes are unsecured;
xii. The Notes are subject to the receipt of certain necessary regulatory approvals, including shareholder approval for the purposes of ASX Listing Rule 7.1
xiii. Coupon of 10% pa payable on a quarterly basis;
xiv. A conversion price of AU$0.016 per share subject to shareholder approval;
xv. Redemption at the Company's election – The Company may at any time redeem the Notes (by repaying them) by giving not less than 3 months' notice; and;
xvi. Redemption at the Noteholder's election:
xvii. If the Company has not redeemed all the Notes prior to 30 June 2019, the Noteholder may at any time convert the Notes into shares (subject to shareholder approval) by giving not less than 3 months' notice.
xviii. If the Notes are not converted prior, the Notes including accrued interest becomes payable at 30 June 2019.

The Company intends to use the funds raised for exploration work being undertaken at its Chile project and for general working capital purposes.

Other than the above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years

26. Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated 2018 $	**Consolidated 2017 $**
Loss for the year	(1,206,424)	(1,301,390)
Exploration expenditure written down	355,736	161,340
Impairment reversal	(200,000)	-
Depreciation	686	634
Foreign exchange difference	(1,687)	-
Changes in operating assets and liabilities:		
Increase/(decrease) in trade and other payables	(13,773)	(352,181)
(Increase)/decrease in trade and other receivables	(44,851)	(77,525)
Net cash outflow from operating activities	**(1,110,313)**	**(1,569,122)**

27. Changes in liabilities arising from financing activities

	1 July 2017 $	**Cash flows**	**Interest capitalised**	**Modification of liability**	**Changes in fair value**	**30 June 2018 $**
Financial liabilities	1,245,518	(770,976)	44,607	(38,680)	(8,066)	472,403
Embedded derivative	44,203				(44,203)	-

28. Non-cash investing and financing activities

There were no non-cash investing and financing transactions during the year (2017: nil)

29. Loss per share

(a) Basic and diluted loss per share

	2018 Cents	2017 Cents
Loss attributable to the ordinary equity holders of the Company	**(0.22)**	**(0.32)**

(b) Reconciliation of loss used in calculating loss per share

	Consolidated 2018 $	Consolidated 2017 $
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(1,203,091)	(1,301,390)

There are no outstanding options at 30 June 2018 (2017: 24,696,969 options) and 500,000 convertible notes (2017: 500,000). There were no "in the money options" at 30 June 2018 (2017: nil).

(c) Weighted average number of shares used as the denominator

	2018 Number	2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	541,839,756	409,205,596

30. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2018.

In the directors' opinion:

1 the financial statements and notes set out on pages 16-47 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 Group's financial position as at 30 June 2018 and of its 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 subject to the matters set out in note 1(b) to the financial report 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 in the directors' report (as part of audited Remuneration Report) for the year ended 30 June 2018 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.

John Zee
Director
Melbourne
27 September 2018

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Independent auditor's report to the members of RMG Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of RMG Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 1b in the financial report, which describes events or conditions to indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of capitalised exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
The carrying value of exploration and evaluation assets is subjective as it is based on the Group's ability, and intention, to continue to explore the asset. The carrying value may also be impacted by the results of exploration work indicating that the mineral reserves may not be commercially viable for extraction. This creates a risk that the amounts stated in the financial report may not be recoverable. Where exploration and evaluation assets have been previously impaired and there are indicators that the impairment may have reversed, the recoverable value of the asset must be determined. The determination of the recoverable value and any resulting impairment reversal of exploration and evaluation assets involves significant judgement and estimation. As disclosed in Note 12, during the year the Group recognised an impairment reversal of $0.2 million.	We evaluated the Group's assessment of any indicators of impairment or reversal of impairment as at 30 June 2018 for the Group's exploration and evaluation assets. In obtaining sufficient audit evidence, we: ► Considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements ► Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group ► Assessed the ability to fund any planned future exploration and evaluation activity ► Assessed the appropriateness of the methodology and key assumptions used in determining the recoverable value ► Assessed the adequacy of the disclosures in Note 12.

2. Convertible note

Why significant	How our audit addressed the key audit matter
During the year the Group amended the terms of its convertible note, which comprises both a debt and equity component. The accounting treatment for a compound financial instrument is complex and requires the exercise of judgement in identifying the separate debt and equity components of the financial instrument, determining the fair value of the debt component and in considering the impact of amendments to the terms of the convertible note. Due to the complexity of the accounting treatment, and the related estimation uncertainty, this was considered a key audit matter. The details of the convertible note, including the valuation of the debt and equity components, is disclosed in Note 15.	We evaluated the Group's accounting treatment for the convertible note as a compound financial instrument. In obtaining sufficient audit evidence we: ► Read the amended convertible note agreement and obtained an understanding of the relevant terms and conditions ► Considered management's assessment of the applicable accounting treatment of amendments to the terms of the convertible note ► Considered the completeness of the Group's identification of the debt and equity components of the compound financial instrument, including the conversion right ► Assessed the methodology, inputs and assumptions used by the Group in determining the fair value of the debt component of the compound financial instrument. In doing so we involved our own valuation specialists ► Considered the adequacy of the Group's disclosures of the valuation basis and inputs used in the measurement of debt and equity components.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of RMG Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst + Young

Ernst & Young

T S Hammond
Partner
Perth
27 September 2018

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 26 September 2018.

1. Distribution of Equity Securities

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

Ordinary Shares

	Share Holders	Number of Shares
1 - 1,000	779	86,287
1,001 - 5,000	273	690,576
5,001 - 10,000	101	699,702
10,001 - 100,000	200	6,374,018
100,001 and over	82	594,680,954
Total	1,435	602,531,537

The number of holders of less than a marketable parcel of ordinary fully paid shares 1,251.

2. Substantial Shareholders

Substantial shareholders (ie. shareholders who hold 5% or more of the issued capital):

	Number of Shares	Percentage Held
GOLDEN CENTURY CAPITAL PTY LTD	222,222,222	36.88
MR LI SHENGQUAN	93,269,231	15.48
MR BO LIU	41,826,923	6.94
CHILE METALS CONSULTING SPA	40,108,785	6.66
BNP PARIBAS NOMS PTY LTD	30,200,001	5.01

3. Voting Rights

(a) Ordinary Shares
Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative of attorney will have one vote on a show of hands and on a poll, one vote for each share held.

(b) Options have no voting rights

4. Quoted Securities on Issue

The Company has 602,531,537 quoted shares on issue.

5. On-Market Buy Back

There is no current on-market buy back.

6. Unquoted Equity Securities

The Company has no unquoted options on issue.

7. Top 20 Quoted Shareholders

		Number of shares	Percentage held
1	GOLDEN CENTURY CAPITAL PTY LTD	222,222,222	36.88
2	MR LI SHENGQUAN	93,269,231	15.48
3	MR BO LIU	41,826,923	6.94
4	CHILE METALS CONSULTING SPA	40,108,785	6.66
5	BNP PARIBAS NOMS PTY LTD	30,200,001	5.01
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	28,636,321	4.75
7	RIDGEFIELD CAPITAL ASSET MANAGEMENT LP	24,608,666	4.08
8	MR HAOBO LIN	11,117,995	1.85
9	MRS RATCHPORN SONGPRASIT	6,769,231	1.12
10	ARK SECURITIES & INVESTMENTS PTY LTD	6,280,303	1.04
11	MR ROBERT AUSTIN ELLIS	5,230,953	0.87
12	MRS SERNG YEE LIEW	5,000,000	0.83
13	GECKO RESOURCES PTY LTD	4,651,515	0.77
14	DELRIO PTY LTD	4,587,696	0.76
15	MS WAI HENG HO	4,453,715	0.74
16	PERSHING AUSTRALIA NOMINEES PTY LTD	4,305,303	0.71
17	MR HONGJUN XU	4,089,146	0.68
18	MR ANDREW JACK SHAW	4,000,000	0.66
19	JETOSEA PTY LIMITED	3,450,756	0.57
20	CABBDEG INVESTMENTS PTY LTD	3,242,424	0.54
		548,051,186	**90.96%**

Tenement List – September 2018

Country	Name	Holder
Chile, Region II	Vicuna	Minera Tunia SpA
Chile, Region II	Guanaco	Minera Tunia SpA
Chile, Region II	Santa Rosa	Minera Tunia SpA
Chile, Region II	La Teca 1	Minera Tunia SpA
Chile, Region II	La Teca 2	Minera Tunia SpA
Chile, Region II	La Teca 3	Minera Tunia SpA
Chile, Region II	La Teca 4	Minera Tunia SpA
Chile, Region II	La Teca 5	Minera Tunia SpA
Chile, Region II	La Teca 6	Minera Tunia SpA
Chile, Region II	Tuina 1	Minera Tunia SpA
Chile, Region II	Tuina 2	Minera Tunia SpA
Chile, Region II	Tuina 4	Minera Tunia SpA
Chile, Region II	Tuina 6	Minera Tunia SpA
Chile, Region II	Matias 2	Minera Tunia SpA
Chile, Region II	Esta 1	Minera Tunia SpA
Chile, Region II	Esta 2	Minera Tunia SpA
Chile, Region II	Esta Otra 2	Minera Tunia SpA
Chile, Region II	Ester	Minera Tunia SpA
Chile, Region II	Tuina 3	Minera Tunia SpA
Chile, Region II	Rosa Ester	Minera Tunia SpA
Chile, Region II	Paula	Minera Tunia SpA
Chile, Region II	Rio Seco 1	Minera Tunia SpA
Chile, Region II	Rio Seco 2	Minera Tunia SpA
Chile, Region II	Rio Seco 3	Minera Tunia SpA
Chile, Region II	Rio Seco 4	Minera Tunia SpA
Chile, Region II	Barriales 1	Minera Tunia SpA
Chile, Region II	Barriales 2	Minera Tunia SpA
Chile, Region II	Quimal 1	Minera Tunia SpA
Chile, Region II	Quimal 2	Minera Tunia SpA
Chile, Region II	Quimal 3	Minera Tunia SpA
Chile, Region II	Soren 7	Minera Tunia SpA
Chile, Region II	Oliver 5	Minera Tunia SpA
Chile, Region II	Noah 6	Minera Tunia SpA
Chile, Region II	Agnes 8	Minera Tunia SpA
Chile, Region II	Matias 4	Minera Tunia SpA
Chile, Region II	Molly 11	Minera Tunia SpA
Chile, Region II	Lotte 2	Minera Tunia SpA
Chile, Region II	Lisa 4	Minera Tunia SpA
Chile, Region II	Kenny 9	Minera Tunia SpA
Chile, Region II	Julie 1	Minera Tunia SpA
Chile, Region II	Greg 3	Minera Tunia SpA
Chile, Region II	Hannah 10	Minera Tunia SpA
Chile, Region II	Alejandro 1	Minera Tunia SpA
Chile, Region II	La Teca 7	Minera Tunia SpA
Chile, Region II	Mariana 1	Minera Tunia SpA

Country	Name	Holder
Chile, Region II	Suerte	Minera Tunia SpA
Chile, Region II	Esta Otra 1	Minera Tunia SpA
Chile, Region II	Peter 1	Minera Tunia SpA
Chile, Region II	Mayo 4	Minera Tunia SpA
Chile, Region II	Mayo 5	Minera Tunia SpA
Chile, Region II	Mayo 6	Minera Tunia SpA
Chile, Region II	Mayo 7	Minera Tunia SpA
Chile, Region II	Santa Rosa 2	Minera Tunia SpA
Chile, Region II	Abril 1	Minera Tunia SpA
Chile, Region II	Abril 2	Minera Tunia SpA
Chile, Region II	Abril 3	Minera Tunia SpA
Chile, Region II	Abril 4	Minera Tunia SpA
Chile, Region II	Abril 5	Minera Tunia SpA
Chile, Region II	Abril 6	Minera Tunia SpA
Chile, Region II	Febrero 1	Minera Tunia SpA
Chile, Region II	Febrero 2	Minera Tunia SpA
Chile, Region II	Febrero 3	Minera Tunia SpA
Chile, Region II	Febrero 4	Minera Tunia SpA
Chile, Region II	Febrero 5	Minera Tunia SpA
Chile, Region II	Febrero 6	Minera Tunia SpA
Chile, Region II	Febrero 7	Minera Tunia SpA
Chile, Region II	Marzo 1	Minera Tunia SpA
Chile, Region II	Marzo 2	Minera Tunia SpA
Chile, Region II	Marzo 3	Minera Tunia SpA
Chile, Region II	Marzo 4	Minera Tunia SpA
Chile, Region II	Marzo 5	Minera Tunia SpA
Chile, Region II	Marzo 6	Minera Tunia SpA
Chile, Region II	Marzo 7	Minera Tunia SpA
Chile, Region II	Marzo 8	Minera Tunia SpA
Chile, Region II	Marzo 9	Minera Tunia SpA
Chile, Region II	Marzo 10	Minera Tunia SpA
Chile, Region II	Marzo 11	Minera Tunia SpA
Chile, Region II	Marzo 12	Minera Tunia SpA
Chile, Region II	Marzo 13	Minera Tunia SpA
Chile, Region II	Marzo 14	Minera Tunia SpA
Chile, Region II	Marzo 15	Minera Tunia SpA
Chile, Region II	Marzo 16	Minera Tunia SpA
Chile, Region II	Marzo 17	Minera Tunia SpA
Chile, Region II	Marzo 18	Minera Tunia SpA
Chile, Region II	Marzo 19	Minera Tunia SpA
Chile, Region II	Marzo 20	Minera Tunia SpA
Chile, Region II	Marzo 21	Minera Tunia SpA
Chile, Region II	Junio 1	Minera Tunia SpA
Chile, Region II	Rob 1	Minera Tunia SpA
Chile, Region II	Andrew 1	Minera Tunia SpA