RMG Limited

ABN 51 065 832 377

FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2015

CONTENTS

Corporate Directory

Directors	Robert Kirtlan Michael Griffiths Rhett Brans
Company Secretary	Lloyd Flint
Registered Office	Unit 6, 14 Jersey Street Jolimont WA 6014 Telephone: 08 9387 6619
Share Register	Computershare Investor Services Pty Limited Level 11 172 St Georges Terrace Perth WA 6000 Telephone: 1300 557 010
Auditor	Ernst & Young 11 Mounts Bay Road Perth WA 6000
Solicitors	Corrs Chambers Westgarth Woodside Plaza 240 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 and options are listed on the Australian Securities Exchange. ASX Code: RMG
Website Address	www.rmgltd.com.au

Directors' Report

Your directors present their report on the consolidated group ("RMG Group" or "the Group") for the half–year ended 31 December 2015.

The following persons were directors of RMG Limited during the half–year and up to the date of this report:

Robert Kirtlan
Michael Griffiths
Rhett Brans

Principal Activities

During the half-year the principal activities of the Group consisted of exploration for minerals.

Review of Operations

During the half-year the Group made a loss from operations of $10,003,642 (31 December 2014: loss of $974,343). Additional information on the financial position of the Group is set out in the financial statements.

Report on Exploration Activity

Tuina Copper Project - Chile

The Tuina Project comprises over 95 sq. kms of mining licences in the Atacama Desert copper region of northern Chile (Figure 1). See ASX releases of 3 July 2014, 23 September 2014 and 28 October 2014.

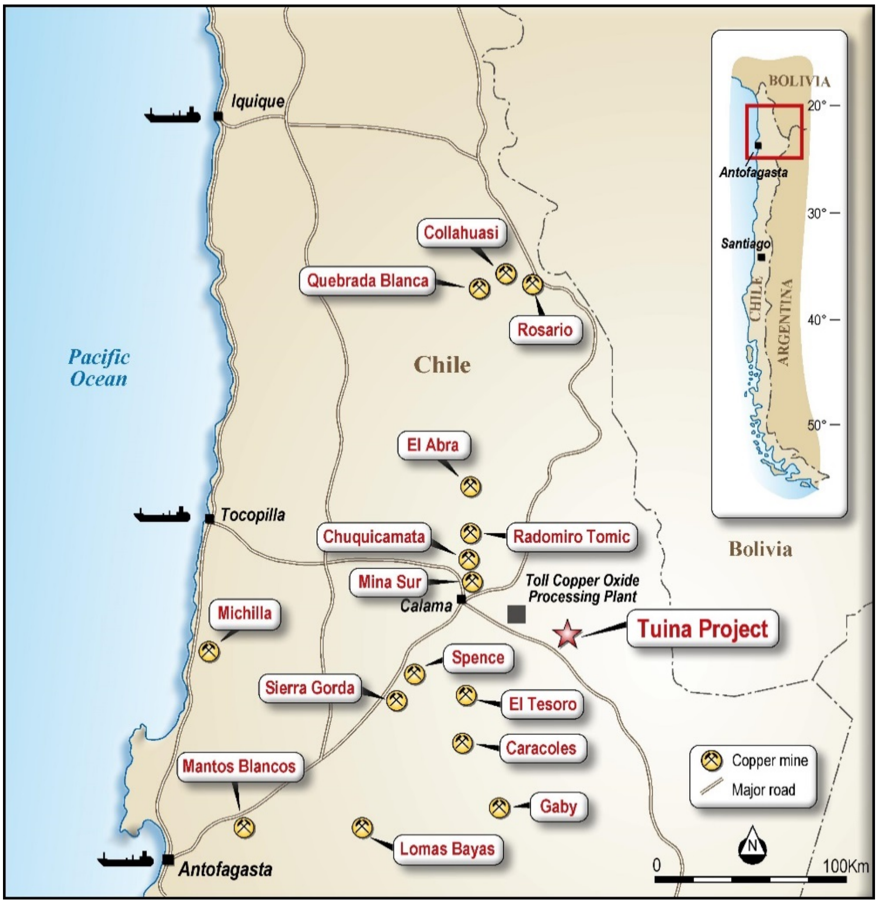

Figure 1 Location of Tuina Project, Chile

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.

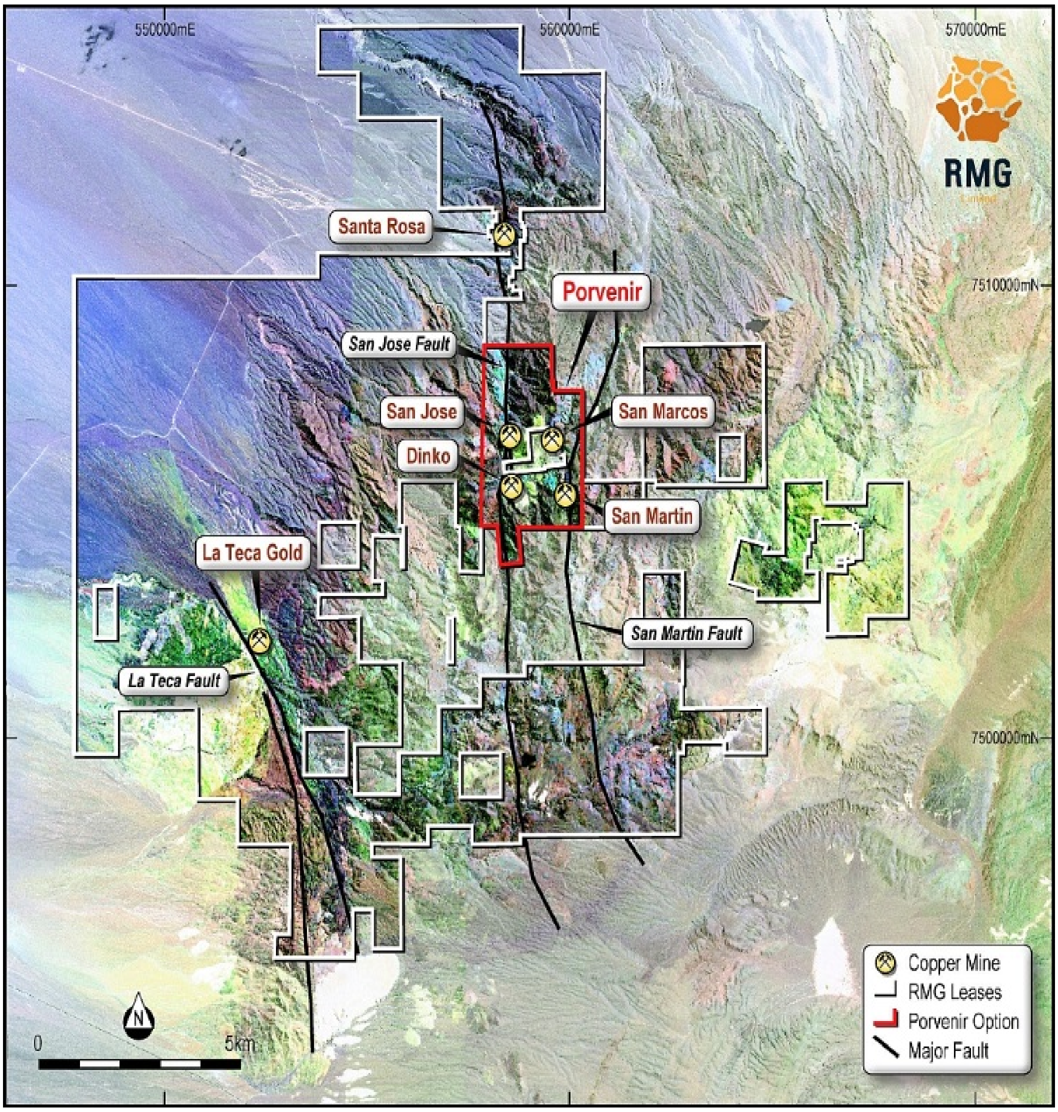

Figure 2 Location of Tuina permits

Mineralisation

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.

At La Teca, in the south-west of the Tuina area, an extensive gold-copper area has been discovered and is being explored. Vein systems with gold to 18g/t gold have been identified and are being investigated.

Regional Exploration

In previous ASX releases the company presented the discovery of high grade copper, gold and silver mineralisation at its La Teca prospect. Figure 3 presents these results. This is a totally new style of mineralisation and is characterised by quartz veining, and pervasive propylitic alteration of the host andesites. A number of potassic altered intrusive porphyry stocks have now been mapped and the mineralisation is interpreted to be related to a porphyry copper system at depth.

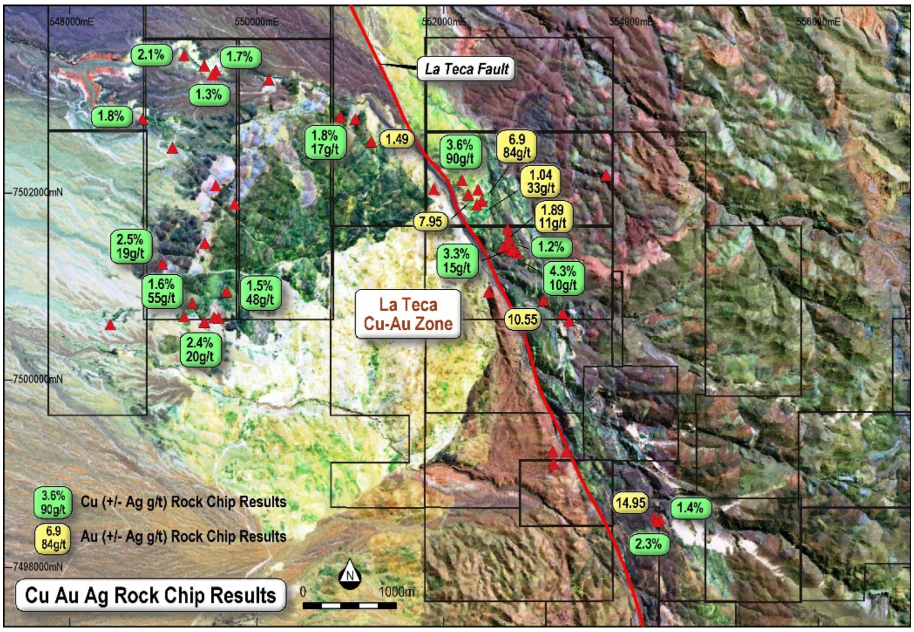

Figure 3 La Teca gold copper results

The La Teca gold-copper target is an exciting new gold-copper province discovered by RMG geologists. The 5 km long La Teca gold-copper zone is in the south-west area of RMG's Tuina Project (Figure 2) and is owned 100% by RMG.

The zone of elevated gold-copper at La Teca extends for at least 5 kilometres, part of which has been covered by an MT survey and is coincident with the zone of magnetic and MT anomalism.

The MT conductive zone identified by the MT survey is coincident with the area previously identified as a zone of high gold, copper, molybdenum and strong silica-potassic-chlorite-epidote alteration.

The coincidence of copper, gold, and molybdenum anomalism with potassic alteration, MT conductivity and magnetite destruction are also present at the major porphyry copper mines in northern Chile[1] and may indicate a significant porphyry copper target is present at depth at La Teca.

RMG personnel have been working on defining the regional structures where Tuina and La Teca are situated. These structures are plotted on Figure 2. Chuquicamata and Escondida both lie on major north south trending fault structures intersected by major NW-SE trending cross faults. Early evidence is suggesting Tuina and La Teca may sit at the intersection of similar major structures.

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[1] Behn et al. 2001. Econ. Geol:96(2), pp239-248

Age dating by the Company of mineralised diorite at Tuina has indicated an age of 55-60Ma years old, placing the intrusives at Tuina in a similar time horizon as the nearby Sierra Gorda porphyry copper deposits.

Kamarga Zinc and Copper Project – Northwest Queensland

RMG Limited advised that its wholly owned subsidiary, Sunlander Nominees Pty Ltd ("Sunlander"), has provided Notice to Teck Australia Pty Ltd ("Teck"), to terminate the Kamarga Agreement ("the Agreement") under option from Teck.

Sunlander entered into the Agreement with Teck in March 2011 which gave Sunlander the exclusive right to acquire 100% ownership of EPM14309 (Kamarga) and of EPM25191 (Horse Creek).

RMG will not retain any interest in EPM14309 (Kamarga) and EPM25191 (Horse Creek) following the termination of the Agreement.

The decision to terminate the Agreement was made following a strategic review performed by the Company and it was decided continued expenditure would not optimise value for shareholders. The decision to withdraw enables the company to focus completely on its operations in Chile.

Competent Persons Statement
The data in this report that relates to Exploration Results, Exploration Targets, Mineral Resources, the accuracy and quality of data forming the basis of all resource estimates, and the interpretation of mineralisation at the JB Deposit, are based on information compiled by Mr Peter Rolley who is a Member of The Australian Institute of Geoscientists (MAIG) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code 2012"). Mr Rolley is a shareholder and a consultant to RMG Ltd and he consents to the inclusion of the information in the form and context in which they appear.

Company Strategy

RMG’s objective is to assess the oxide copper resources across the Tuina district and look to achieve an early cash flow from the exploration of these resources. RMG’s longer term objective is to assess the larger sulphide resources and develop a sustainable sulphide copper mining and processing operation at Tuina.

Corporate Activity

During the period, RMG Ltd issued 7,750,000 ordinary fully paid shares in lieu of directors’ fees and to other third parties for services provided to the company. The company will continue in this regard, to seek opportunities to save the company’s cash resources.

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

Matters subsequent to the end of the Half-Year

RMG Limited provided Notice to Teck Australia Pty Ltd (“Teck”) after the period end, to terminate the Kamarga Agreement ("the Agreement") under option from Teck. The carrying costs of the project have been written down to nil during the period. The decision to terminate the Agreement was made following a strategic review performed by the Company and it was decided continued expenditure would not optimise value for shareholders. The decision to withdraw enables the company to focus completely on its operations in Chile.

A decision has also been made, not to pay the Porvenir Option payment of USD$300,000 in March 2016..

The Company also negotiated the capitalisation of the facility establishment fee and the interest “on top of” the USD$1.0m facility referred to in note 6, allowing for additional working capital for the Company

Since 31 December 2015 there has been no matter or circumstance other than the above, that has arisen that has significantly affected, or may significantly affect:

1. the Group’s operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group’s state of affairs in future financial years.

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 7.

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

Robert Kirtlan
Director
Perth
15 March 2016

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Auditor’s Independence Declaration to the Directors of RMG Limited

As lead auditor for the review RMG Limited for the half-year ended 31 December 2015, 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
15 March 2016

TSH:JT:RMG:008

	Notes	31 December 2015 $	31 December 2014 $
Interest revenue		-	10,476
Other income	4	2,664	86
Expenses			
Exploration expenditure write off	5	9,746,714	101,849
Compliance and regulatory costs		30,036	64,631
Administration costs		177,730	247,227
Directors fees and employee benefits		55,000	549,305
Interest expense		-	2
Foreign exchange (gains) / losses		(3,174)	21,891
Total expenses		10,006,306	984,905
Loss before income tax		**(10,003,642)**	**(974,343)**
Income tax expense		**-**	**-**
Loss for the period from continuing operations attributable to:			
Owners of parent:		(10,003,642)	(968,730)
Non controlling interest:		-	(5,613)
		(10,003,642)	**(974,343)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss :			
Foreign currency translation		**(33,084)**	**34,570**
Total other comprehensive income for the period		**(33,084)**	**34,570**
Total comprehensive loss attributable to:			
Owners of RMG Limited		(10,036,726)	(937,096)
Non controlling interest:		-	(2,677)
		(10,036,726)	**(939,773)**
		Cents	**Cents**
Loss per share attributable to the ordinary equity holders of the Group:			
Basic and diluted loss per share		**(4.97)**	**(0.65)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	31 December 2015 $	30 June 2015 $
ASSETS			
Current assets			
Cash and cash equivalents		31,394	45,919
Other receivables		22,126	30,929
Total current assets		**53,520**	**76,848**
Non-current assets			
Plant and equipment		3,515	7,317
Exploration and evaluation expenditure	5	3,571,938	13,050,821
Total non-current assets		**3,575,453**	**13,058,138**
Total assets		**3,628,973**	**13,134,986**
LIABILITIES			
Current liabilities			
Trade and other payables		147,329	193,508
Short Term Loans	6	1,243,510	821,618
Total current liabilities		**1,390,839**	**1,015,126**
Total liabilities		**1,390,839**	**1,015,126**
Net assets		**2,238,134**	**12,119,860**
EQUITY			
Contributed equity	7(c)	149,174,083	149,019,083
Reserves	8	2,331,795	2,331,795
Foreign currency translation reserve	8	(75,227)	(42,143)
Equity reserve		(2,354,083)	(2,354,083)
Accumulated losses		(146,838,434)	(136,834,792)
Net equity		**2,238,134**	**12,119,860**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated	Contributed equity	Share Based Payment Reserves	Equity Reserves	Accumulated losses	Foreign currency translation reserve	Total attributable to owners of parent	Non-controlling interest	Total
Balance at 1 July 2014	**143,972,547**	**1,488,700**	**-**	**(135,459,282)**	**(35,741)**	**9,966,224**	**(3,445)**	**9,962,779**
Foreign currency translation	-	-	-	-	31,634	31,634	2,936	34,570
Loss for the period	-	-	-	(968,730)	-	(968,730)	(5,613)	(974,343)
Total comprehensive income/loss for the half-year	**-**	**-**	**-**	**(968,730)**	**31,634**	**(937,096)**	**(2,677)**	**(939,773)**
Issue of securities	3,127,500	526,955	-	-	-	3,654,455	-	3,654,455
Cost of issue of securities	(166,620)	-	-	-	-	(166,620)	-	(166,620)
25% Acquisition of Chile Metal Non-Controlling Interest	2,085,656	262,304	(2,354,083)	-	-	(6,122)	6,122	-
Balance at 31 December 2014	**149,019,083**	**2,277,959**	**(2,354,083)**	**(136,428,012)**	**(4,107)**	**12,510,840**	**-**	**12,510,840**
Balance at 1 July 2015	**149,019,083**	**2,331,795**	**(2,354,083)**	**(136,834,792)**	**(42,143)**	**12,119,860**	**-**	**12,119,860**
Foreign currency translation	-		-	-	(33,084)	(33,084)	-	(33,084)
Loss for the period	-	-	-	(10,003,642)	-	(10,003,642)	-	(10,003,642)
Total comprehensive income/loss for the half-year	**-**	**-**	**-**	**(10,003,642)**	**(33,084)**	**(10,036,726)**	**-**	**(10,036,726)**
Issue of securities	155,000	-	-	-	-	155,000	-	155,000
Cost of issue of securities	-	-	-	-	-	-	-	-
Balance at 31 December 2015	**149,174,083**	**2,331,795**	**(2,354,083)**	**(146,838,434)**	**(75,227)**	**2,238,134**	**-**	**2,238,134**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	31 December 2015 $	31 December 2014 $
Cash flows from operating activities		
Receipts from customers	-	86
Payments to suppliers and employees	(157,020)	(370,736)
Net cash outflow from operating activities	**(157,020)**	**(370,650)**
Cash flows from investing activities		
Interest received	-	10,476
Purchase of property, plant and equipment	-	-
Exploration expenditure incurred	(219,938)	(1,769,544)
Net cash outflow from investing activities	**(219,938)**	**(1,759,068)**
Cash flows from financing activities		
Proceeds from issue of shares	-	3,000,000
Cost of capital raising	-	(166,620)
Proceeds from borrowings	362,433	-
Net cash (outflow)/inflow from financing activities	**362,433**	**2,833,380**
Net increase/(decrease) in cash and cash equivalents	**(14,525)**	**703,662**
Cash and cash equivalents at the beginning of the half-year	45,919	111,631
Cash and cash equivalents at the end of the half-year	**31,394**	**815,293**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation

This general purpose condensed financial report for the half–year ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB134, *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2015, other than as detailed below.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective from 1 July 2015.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

Reference	Title	Application date of standard	Application date for Group
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	1 January 2015	1 July 2015

The adoption of this revised standard has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods The Group has not early adopted any other new or revised standard or interpretation or amendment that has been issued but are not yet effective.

2 Going concern

The Group incurred a net loss after income tax of $10,003,642 for the half-year ended 31 December 2015 (2014: net loss after income tax of $974,343) and had a net cash outflow from operating and investing activities for the half year of $376,958 (2014: net cash outflow of $2,129,718). As at 31 December 2015 the Group had cash and cash equivalents of $31,394 (30 June 2015: $45,919) and a working capital deficiency of $1,337,319 (30 June 2015: $938,278).

The Group will require further funding during the next 12 months in order to repay its credit facilities, meet day to day obligations as they fall due and to progress its exploration projects.

The directors are satisfied that at the date of signing the financial report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The directors have based this on the following pertinent matters:

- Subsequent to the 31 December 2015, the revolving credit facilities with the Company's two major shareholders, Ridgefield Capital Asset Management LP (Ridgefield) and Tyticus Master Fund Ltd (Tyticus), have been increased by approximately US$100,000 and extended to 30 September 2016 ;
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements;
- The Group retains the ability, if required, to wholly or in part dispose of interests in mineral exploration assets.
- The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.
- The directors are currently considering the most appropriate means of raising equity including an Entitlement Offer, a Share Purchase Plan or a Placement.

Should the Group not achieve the matters set out above, there is significant uncertainty whether it 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.

The half-year financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

3 Segment information

Business segment

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 as presented relate to the reporting segment, as identified above.

All revenue and expenses relate to corporate activities and would not be used to assess segment performance.

4 Other income	**December 2015 $**	**December 2014 $**
Other income		
Other income	2,664	86
	2,664	**86**

5 Exploration and evaluation expenditure

	December 2015 $	**June 2015 $**
Balance carried forward	13,050,821	10,063,963
Porvenir Project option agreement payment	-	252,504
Exploration expenditure capitalised, exploration and evaluation phase	267,831	2,836,299
Write down of exploration expenditure incurred previously capitalised, net of recoveries(i)	(9,746,714)	(101,945)
	3,571,938	**13,050,821**

(i) After period end, management gave notice to Teck of withdrawal from the Kamarga project and has decided to surrender the remaining tenements in Queensland. Application to surrender was made in January 2016. In accordance with the company's accounting policy, total accumulated costs in relation to an abandoned area are written off in full against profit during the period in which the decision to abandon the area is made.

In addition, the Porvenir option payment due during March 2016 will not be made. As a result, the carrying value of Porvenir has also been written down to nil.

Exploration Licences are carried at cost of acquisition.

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

6 Short term loan

	December 2015 $	**June 2015 $**
Balance at beginning of period	821,618	-
Drawdowns and interest charged capitalised, including foreign exchange movements, during the period	421,892	821,618
Balance at period end	1,243,510	821,618

The Company negotiated revolving credit facilities with the Company's two major shareholders, Ridgefield Capital Asset Management LP (Ridgefield) and Tyticus Master Fund Ltd (Tyticus), the ultimate owner of Chile Metals Consulting Limitada, for an aggregate amount of USD1,000,000.

The key terms of the facility are as follows :

Term: 12 months, expiring on 31 March 2016;
Interest: Interest is payable at a rate of 10% per annum, which interest may be capitalised;
Fee: An aggregate fee of USD50,000 is payable to the lenders; and
Security: The facilities are secured by a share mortgage over the entity holding the Company's Chile assets.

As at 31 December 2015 the facility was drawn to USD$946,610 (30 June 2015 : USD$673,963).

7 Equity

(a) Share Capital	**31 December 2015 Shares Number**	**30 June 2015 Shares Number**
Ordinary shares fully paid	208,293,930	200,543,930

(b) Other Equity Securities	**31 December 2015 Number**	**30 June 2015 Number**
Options exercisable at 66 cents on 01 April 2017	303,030	303,030
Options exercisable at 19.8 cents on 31 August 2016	2,424,240	2,424,240
Options exercisable at 9.9 cents on 31 August 2016	58,641,098	58,641,098
Options exercisable at 9.9 cents on 31 August 2017	24,696,969	24,696,969

(c) Movement in ordinary share capital

		31 December 2015		**30 June 2015**	
Date	**Details**	**Number of shares**	**Amount $**	**Number of shares**	**Amount $**
	Opening balance	**200,543,930**	**149,019,083**	**3,209,384,592**	**143,972,547**
16 July 2014	Capital raising 1st tranche			366,407,689	549,611
05 September 2014	Capital raising 2nd tranche			1,633,592,311	2,450,389
05 September 2014	Share based payment			85,000,000	127,500
16 September 2014	Consolidation			(5,133,949,447)	-
28 October 2014	Acquisition of non controlling interest			40,108,785	2,085,656
14 December 2015	Share based payment	7,750,000	155,000		
	Cost of issues	-	-	-	(166,620)
June 30	Balance	**208,298,930**	**149,174,083**	**200,543,930**	**149,019,083**

There were no dividends recommended or paid during the period (2014 : nil)

8 Reserves

	31 December 2015	30 June 2015
	$	$
Foreign currency translation reserve	(75,227)	(42,143)
Other reserves		
Option reserves	2,331,795	2,331,795
Equity reserves	(2,354,083)	(2,354,083)
	(97,515)	(64,431)

(a) Foreign Currency Translation Reserve	31 December 2015	30 June 2015
Movements in Foreign currency translation reserve were as follows:		
Balance at the beginning of the period	**(42,143)**	**(35,741)**
Exchange differences on translating foreign operations	(33,084)	(6,401)
Total balance at the end of the period	**(75,227)**	**(42,143)**

8 Reserves (continued)

(b) Movement in options

Date	Details	Number of options 31 December 2015	Amount 31 December 2015 $	Number of options 30 June 2015	Amount 30 June 2015 $
1 July		**86,065,337**	**2,331,795**	**100,000,000**	**1,488,700**
4 September 2014	0.3c options expiring at 31 August 2016	-	-	1,407,156,921	-
4 September 2014	0.3c options expiring at 31 August 2017	-	-	715,000,000	526,955
16 September 2014	1:33 Consolidation	-	-	(2,154,818,857)	-
28 October 2014	9.9c options expiring at 31 August 2016	-	-	16,000,000	262,304
19 January 2015	9.9c options expiring at 31 August 2017	-	-	3,030,303	53,836
1 April 2015	Expired 66c options	-	-	(303,030)	-
	Closing balance	**86,065,337**	**2,331,795**	**86,065,337**	**2,331,795**

(c) Equity Reserves	**31 December 2015**	**30 June 2015**
	$	$
Balance at beginning of period	**2,354,083**	**-**
Acquisition of 25% Non-Controlling Interest :		
40,108,785 Ordinary Shares	-	2,085,656
16,000,000 Options	-	262,304
Total consideration	-	2,347,961
Net liabilities acquired (NCI)	-	6,122
Balance recognised in Equity Reserve	**2,354,083**	**2,354,083**

On 28 October 2014 the Company acquired the remaining 25% Non-Controlling Interest of the subsidiary Minera Tuina from Chile Metals and the balance of the “Porvenir Debt” through the issue of 40,108,785 ordinary shares and 16,000,000 options to Chile Metals post consolidation of share capital. Part of the terms of the acquisition was a royalty to Chile Metals via a 2% royalty of net smelter revenue on future production. Given the infancy of the project and the future funding requirements the fair value of the instrument at balance sheet date has been assessed by management to be insignificant.

The Equity reserve is used to record the difference on acquisition of the Non-Controlling Interest (NCI).

9 Commitments

	Consolidated 31 December 2015 $	Consolidated 30 June 2015 $
(a) Operating lease commitments		
Not later than one year	-	19,960
Total minimum lease payments	-	**19,960**
(b) Remuneration commitments(i)		
Not later than one year	60,000	150,000
Total remuneration commitments	**60,000**	**150,000**
(c) Exploration expenditure commitments(ii)		
Not later than one year	84,078	1,073,649
Later than one year and not later than five years	336,310	15,068,882
Later than five years	-	-
Total exploration expenditure commitments	**420,388**	**16,142,530**

(i) Commitments for remuneration under service agreements in existence at the reporting date but not recognised as liabilities payable.
(ii) The minimum expenditure requirement is in relation to granted mineral exploration licences.
(iii) 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.

10 Fair value measurement

The Group's principal financial instruments comprise receivables, payables, cash and cash equivalents. Due to the short term nature of the financial assets and financial liabilities, the carrying value is considered to approximate the fair value. At 31 December 2015 the Group has no material financial assets and liabilities that are measured at fair value.

11 Events occurring after the balance date

The Company RMG Limited provided Notice to Teck Australia Pty Ltd (“Teck”) after the period end, to terminate the Kamarga Agreement ("the Agreement") under option from Teck. The carrying costs of the project have been written down to nil during the period.

A decision has also been made, not to pay the Porvenir Option payment of USD$300,000 in March 2016.

The Company also negotiated the capitalisation of the facility establishment fee and the interest “on top of” the USD$1.0m facility referred to in note 6 above, allowing for additional working capital for the Company.

Other than the above, there have been no other material items, transactions or events subsequent to 31 December 2015 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.

12 Related party transactions

Share-based compensation: Ordinary Shares

During the period, 3,750,000 ordinary shares were issued to directors in lieu of fees which were approved at a shareholder's General Meeting on 24 November 2015. The shares were issued at a deemed price of $0.02 each and the shares were fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued shares.

The details of the number of shares issued to directors in lieu of fees during the period are as follow:

Name	Number of shares	Fees owed
		$
Robert Kirtlan	2,250,000	45,000
Michael Griffiths	750,000	15,000
Rhett Brans	750,000	15,000
Total	**3,750,000**	**75,000**

In the directors' opinion:

1 the financial statements and notes set out on pages 8 to 20 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standard AASB134 Interim Financial Reporting and the *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial half-year ended on that date; and

2 subject to the achievement of the conditions set out in Note 2 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.

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

R Kirtlan
Director
Perth
15 March 2015

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To the members of RMG Limited

We have reviewed the accompanying half-year financial report of RMG Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of RMG Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the interim financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RMG Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst + Young

Ernst & Young

T S Hammond
Partner
Perth
15 March 2016