RMG LIMITED

ABN 51 065 832 377

Annual Report – 30 June 2010

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Directors	Mr Gary Steinepreis (Non-executive) Mr John Risinger (Executive) Mr Mark Stevenson (Non-executive)
Company Secretary	Mr Gary Steinepreis
Registered Office	Unit 8-9, 88 Forrest Street Cottesloe WA 6011 Telephone 08 9467 2049
Share Register	Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace Perth WA 6000 Telephone: 1300 787 575
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Bankers	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000
Stock Exchange Listing	RMG Limited's shares are listed on the Australian Securities Exchange, home branch being Perth Code: RMG

Your directors present their report on RMG Limited and its subsidiaries (RMG, the Company or the Group) for the year ended 30 June 2010.

Directors

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

Gary Christian Steinepreis
John Ernest Risinger
Mark Stevenson

Principal Activities

During the year the principal continuing activities of the Group consisted of mineral exploration and contingency collections and realisations from acquired debt portfolios.

Review of Operations

During the year the Group made a loss from continuing operations of $386,041 (2009 - $2,227,910). Additional information on the financial position of the Company and of the Group is set out in the financial report.

The principal activity of the consolidated entity during the year was exploration for minerals and the contingency collections and realisations from acquired debt portfolios.

Report on Exploration Activity

RMG, through its wholly owned subsidiaries Resource Mining Group Pty Ltd (formerly Springfield Minerals Pty Ltd) and San Saba Pty Ltd is currently focusing its exploration around the Mt Coffin Project in the Northern Flinders Range in South Australia. Resource Mining Group Pty Ltd holds Exploration Licences 3812 and 3813 over an area of 588 km^2 east of Copley.

During the year the Group relinquished all interests in its Queensland Springvale areas.

<u>EL 3812: 100%</u>

Mt Coffin

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

The Mines Department believed the mineralisation to be epigenetic (hydrothermal induced), hosted within the diapir as disseminated copper sulphides in blocks of dolomitic marble, and outside of the diapir as secondary mineralisation as seen in the historic copper workings. The diapir contains rafts of dolomitic marble 1,685 metres in length hosting significant concentrations of copper sulphide minerals. There are also indications the hydrothermal system may also contain gold.

Recent work has shown very high levels of antimony. Antimony is very unusual in an apparently copper dominated mineralised system, and it raises the possibility that there are other elements at greater depths. Antimony is often regarded as a pathfinder element for gold and it is noteworthy that alluvial gold was found near the Mt Coffin mines with the largest nugget weighing more than 20 grams.

Geological mapping, field work, and previous drilling by RMG has shown the copper mineralisation is more extensive than previously thought and several copper veins have been intersected in the uppermost secondary ore zone. These results, as yet incomplete, indicate that there is a strong possibility of identifying a potentially economic resource at this location. Similarly, the remaining mines and prospects identified and mapped indicate the potential for other copper resources to be delineated.

During the year work continued on compiling all existing historical and new data to allow a detailed analysis of the distribution and controls on mineralisation. This work consisted of reviewing data in the Diamond Jubilee area of the Mt Coffin group of historic mines and in acquiring data from diamond core holes drilled for a third party during 2008 and 2009. This compilation and analysis of all pertinent data will facilitate the planning of a suitable exploration program targeting diapir-related mineralisation.

This compilation and analysis work is expected to be completed in the early part of the 2010 – 11 financial year.

<u>EL 3813: 100%</u>

Wearing Gorge

A stream sediment sampling program was completed in the latter half of the year with the results still pending. Current exploration at Wearing Gorge is focusing on a north trending zone of historic copper workings and occurrences that extend for a distance of approximately 11 km.

Competent Persons Statement
The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a wide variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

New projects

The Directors have spent considerable time reviewing projects in Australia and overseas and are continuing to explore all valid opportunities including joint-ventures and farm-ins.

Receivables Management Business

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

Dividends

No dividends were paid or are proposed to be paid to members during the financial year (2009: Nil).

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

Since 30 June 2010 there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

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

Likely Developments and Expected Results of Operations

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

Environmental Regulation

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

Information on Directors

Mr Gary Christian Steinepreis (Non-Executive Director, age 44)

Experience and Expertise
Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.
Other Current Directorships
Non-Executive Director, Norseman Gold plc (director since 3 December 2007);
Non-Executive Director, Avalon Minerals Ltd (director since 20 December 2006);

Non-Executive Director, WAG Limited (director since 22 December 2005);
Non-Executive Director, Agri Energy Limited (director since 22 June 2009); and
Non-Executive Director, Monto Minerals Limited (director since 26 June 2009).

Former Directorships in the Last Three Years
Laguna Resources NL 11 October 2007 to 15 October 2009;
Black Fire Energy Ltd 29 November 2006 to 8 September 2009;
Sirius Resources NL 12 July 2007 to 31 August 2009;
Gawler Resources Ltd 17 May 2007 to 27 November 2007;
Toodyay Resources Limited 22 December 2005 to 23 October 2007;
GB Energy Limited 13 March 2007 to 29 August 2008;
Monitor Holdings Limited 16 April 2004 to 18 January 2008;
Karmelsonix Limited 18 August 2003 to 21 November 2007; and
Signature Metals Limited 1 June 2006 to 27 November 2008.

Special Responsibilities
Company Secretary

Interests in Shares and Options
23,763,498 (2009: 23,763,498) ordinary shares in RMG Limited.

Mr John Ernest Risinger (Executive Director, age 61)

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

Other Current Directorships
Adavale Resources Ltd (Executive director since 16 April 2007)

Former Directorships in the Last Three Years
Nil

Special Responsibilities
Manager of exploration activities

Interest in Shares and Options
15,000,000 (2009 – 15,000,000) ordinary shares in RMG Limited,
1,750,000 (2009 – 3,500,000) options over ordinary shares in RMG Limited.

Mr Mark Ellis Stevenson (Non-Executive Director, age 55**)**
Mr Stevenson is President and CEO of Holloman Holdings Corporation and has had over 30 years experience in management, engineering and operations in the upstream Oil and Gas Industry. He holds a B.S. in Constructional Engineering from Texas Tech University, Lubbock Texas.

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

Former Directorships in the Last Three Years
Nil

Special Responsibilities
Nil

Interest in Shares and Options
60,600,000 (2009 – 60,600,000) ordinary shares in RMG Limited,
7,000,000 (2009 – 14,000,000) options over ordinary shares in RMG Limited.

Company Secretary

The company secretary is Gary Steinepreis. Mr Steinepreis was appointed to the position of company secretary on 31 January 2006. As Mr Steinepreis is also a director of the Company, information on him and his qualifications for the position are included above under information on directors.

Meetings of Directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

Name of Director	Number of Meetings - A	Number of Meetings - B
Gary Steinepreis	5	5
John Risinger	5	5
Mark Stevenson	5	5

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

Remuneration Report (Audited)

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

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

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

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

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

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

Alignment to shareholders' interests:
(i) focuses on sustained growth in shareholder wealth; and
(ii) attracts and retains high calibre executives.

Alignment to program participants' interests:
(i) rewards capability and experience.

Executive and non-executive directors
Fees and payments to executive and non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined together with those of the directors. Directors do not receive share based payments as part of their compensation package, and no part of their remuneration is performance linked.

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

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

Retirement allowances and benefits for directors
There are no retirement allowances or other benefits paid to directors.

2. Details of Remuneration

(a) Directors

The following persons were directors and key management personnel of RMG Limited during the financial year:

(i) Non-Executive Directors
Gary Christian Steinepreis
Mark Ellis Stevenson (appointed 28 September 2007)

(ii) Executive Director and exploration manager
John Ernest Risinger (appointed 28 September 2007)

(b) Key management personnel remuneration	**Company 2010 $**	**Company 2009 $**
Directors fees paid to directors and/or entities associated with directors	108,000	135,000
Fees paid to director for exploration and operational management	120,000	120,000
	228,000	**255,000**

The amount of remuneration of the directors of RMG Limited is set out in the following table. During the financial year there were no key management personnel other than the directors. There was no remuneration of any type paid to the directors other than as reported below for the provision of management services, and in the case of Mr Risinger, amounts paid for exploration management and operational services.

2010 Name of director	**Short term benefits - Fees paid to director or director related entity** $	**Post employment benefits Superannuation** $	**Share based payment** $	**Total** $
Gary Steinepreis	36,000	-	-	36,000
John Risinger	146,092	9,908	-	156,000
Mark Stevenson	36,000	-	-	36,000
Totals	**218,092**	**9,908**	**-**	**228,000**

2009 Name of director	**Fees paid to director related entity** $	**Superannuation** $	**Share based payment** $	**Total** $
Gary Steinepreis	36,000	-	-	36,000
John Risinger	173,092	9,908	-	183,000
Mark Stevenson	36,000	-	-	36,000
Totals	**245,092**	**9,908**	**-**	**255,000**

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

(a) Leisurewest Consulting Pty Ltd as trustee for the LeisureWest Trust, an entity associated with Gary Steinepreis was paid $36,000 (2009: $36,000); and
(b) Larca Pty Ltd as Trustee for the Risinger Family Trust, an entity associated with John Risinger was paid $36,000 (2009: $63,000).

Note: Mr Risinger's salary for exploration management services was paid direct to Mr Risinger.

3. Service Agreements

Mr J Risinger or entities associated with Mr Risinger have been paid approximately $10,000 per month from 1 September 2007 to 30 June 2010, totalling $120,000 in the current year (2009 - $120,000) to carry out and manage the mineral exploration programme and general operations for the group. Except for this, there are no service agreements with directors. As at the date of this report there are no executives or key management personnel, other than the directors, engaged by the Company. Directors serve on a month to month basis and there are no termination payments payable.

4. Share-based Compensation

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

This is the end of the audited Remuneration Report.

5. Shares Under Option

At 30 June 2010 there were 8,750,000 (2009: 17,500,000) ordinary shares under option. These options have an exercise price of 5 cents and expire on 30 June 2012. During the year 8,750,000 options expired on 30 June 2010. Subsequent to the end of the financial year and prior to the date of this report no options have been converted.

6. Insurance of Officers

The Company does not currently have directors and / or officers insurance. No insurance to cover the prospective liability of directors and / or officers was paid during the financial year.

7. Proceedings on Behalf of the Company

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

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

8. Audit Services

During the financial year $34,918 was paid or is payable for audit and review services provided by the auditor (BDO Audit (WA) Pty Ltd) (2009: $32,361).

9. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13 of this annual report.

10. Auditor

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

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

Gary Steinepreis
Director
Perth
6 September 2010

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Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

6th September 2010

The Directors
RMG Limited
Unit 8-9, Forrest Street
COTTESLOE 6011

Dear Sirs,

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

As lead auditor of RMG Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

Brad McVeigh
Director

BDO

BDO Audit (WA) Pty Ltd

Perth, Western Australia

Corporate Governance Statement

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

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

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

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

Corporate Governance Compliance

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

Disclosure of Corporate Governance Practices - Summary Statement

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

Disclosure – Principles & Recommendations - financial year 2010

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

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

Disclosure:

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

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

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

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

Recommendation 1.2:

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

Disclosure:

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

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Company does not have a majority of independent directors.

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

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

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

Gary Steinepreis acts as Chair of the Board meeting and is not considered to be independent. It is the Board's intention to comply with its policy at a time when the size of the Group and its activities warrants such a structure.

Recommendation 2.3:

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

Disclosure:

The role of the Chairman and the CEO are not exercised by the same person.

The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

A nomination committee has not been established.

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

Recommendation 2.5:

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

Disclosure:

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

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

Recommendation 2.6:

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

Disclosure:

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

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

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

In determining candidates for the Board the Nomination Committee considers the procedure as detailed in the Board Charter and the skills and qualifications of potential candidates that will best enhance the Board's effectiveness taking into consideration the current composition of the Board.

Identification of Independent Directors

There are no independent directors of the Company. Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

Statement concerning availability of Independent Professional Advice

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

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

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

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

Disclosure:

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

Recommendation 3.2:

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

Disclosure:

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

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

An audit committee has not been established. It is the Board's intention to comply with its policy at a time when the size of the Group and its activities warrants such a structure.

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

Recommendation 4.2:

The Audit Committee should be structured so that it:

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

Disclosure:

There is no audit committee.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has an Audit Committee Charter although this is currently administered by the Board.

Recommendation 4.4:

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

Disclosure:

There is no Audit Committee and the whole Board acts in this capacity in accordance with the Board Charter.

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

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

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

Disclosure:

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

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

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

Disclosure:

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

Principle 7 – Recognise and manage risk

Recommendation 7.1:

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

Disclosure:

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

1. Assessing the internal processes for determining and managing key risk areas, particularly:
   - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
   - litigation and claims; and
   - relevant business risks other than those that are dealt with by other specific Board Committees.

2. Ensuring that the Group has an effective risk management system and that major risks to the Group are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Group has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Group's control environment.

Recommendation 7.2:

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

Disclosure:

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

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

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

Recommendation 7.3:

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

Disclosure:

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

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established.

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

Recommendation 8.2:

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

Disclosure:

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

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

Contents

The financial statements are presented in Australian currency.

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

RMG Limited
Unit 8-9, 88 Forrest Street
Cottesloe
Western Australia WA 6011

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report on pages 4 -12. The directors' report does not form part of this financial report.

The financial report was authorised for issue by the directors on 6 September 2010. 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	Consolidated 2010 $	Consolidated 2009 $
Revenue	6	69,976	126,851
Expenses			
Exploration expenditure write off (net of recoveries)		(9,740)	1,860,026
Audit and taxation services		40,768	39,599
Administration costs		109,983	112,529
Directors' fees		108,000	136,582
Employment Expense		120,000	120,000
Independent consulting fees		33,585	30,225
ASX, share registry and ASIC fees		39,206	35,757
General expenses		14,215	20,043
Total expenses	7	456,017	2,354,761
Loss before income tax		**(386,041)**	**(2,227,910)**
Income tax expense	8	**-**	**-**
Loss for the year from continuing operations	15(b)	**(386,041)**	**(2,227,910)**
Other comprehensive income		**-**	**-**
Loss and other comprehensive income attributable to the members of RMG Limited and Controlled Entities	15(b)	**(386,041)**	**(2,227,910)**
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic loss per share	24	**(0.075)**	**(0.43)**
Diluted loss per share	24	**N/A**	**N/A**

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

	Notes	Consolidated 2010 $	Consolidated 2009 $
ASSETS			
Current assets			
Cash and cash equivalents	9	1,277,873	1,702,765
Other receivables	10	37,524	21,068
Total current assets		**1,315,397**	**1,723,833**
Non-Current assets			
Exploration and evaluation expenditure	11	665,662	626,090
Total non-current assets		665,662	626,090
Total assets		**1,981,059**	**2,349,923**
LIABILITIES			
Current liabilities			
Trade and other payables	13	70,552	53,375
Total current liabilities		70,552	53,375
Total liabilities		**70,552**	**53,375**
Net assets		**1,910,507**	**2,296,548**
EQUITY			
Contributed equity	14	132,772,373	132,772,373
Reserves	15(a)	127,700	263,325
Accumulated losses	15(b)	(130,989,566)	(130,739,150)
Total equity		**1,910,507**	**2,296,548**

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

Consolidated	**Contributed equity**	**Option Premium Reserve**	**Accumulated Losses**	**Total**
Balance at 1 July 2008	**132,772,373**	**263,739**	**(128,511,654)**	**4,524,458**
Profit/(loss) for the year	-	-	(2,227,910)	(2,227,910)
Total comprehensive income for the year	**-**	**-**	**(2,227,910)**	**(2,227,910)**
Transactions with owners in their capacity as owners:				
Transfer of premium on expiry of options	-	(414)	414	-
Balance at 30 June 2009	**132,772,373**	**263,325**	**(130,739,150)**	**2,296,548**
Balance at 1 July 2009	**132,772,373**	**263,325**	**(130,739,150)**	**2,296,548**
Profit/(loss) for the year	-	-	(386,041)	(386,041)
Total comprehensive income for the year	**-**	**-**	**(386,041)**	**(386,041)**
Transactions with owners in their capacity as owners:				
Transfer of premium on expiry of options	-	(135,625)	135,625	-
Balance at 30 June 2010	**132,772,373**	**127,700**	**(130,989,566)**	**1,910,507**

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

	Notes	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities			
Receipts from customers		5,221	6,006
Payments to suppliers and employees		(443,629)	(484,539)
Net cash inflow/(outflow) from operating activities	22	**(438,408)**	**(478,533)**
Cash flows from investing activities			
Advance to unrelated company		-	(15,000)
Exploration and evaluation expenditure		(55,713)	(471,109)
Interest received		69,229	126,694
Net cash inflow/(outflow) from investing activities		**13,516**	**(359,415)**
Net (decrease) in cash and cash equivalents		(424,892)	(837,948)
Cash and cash equivalents at the beginning of the financial year		1,702,765	2,540,713
Cash and cash equivalents at the end of the financial year	9	**1,277,873**	**1,702,765**

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

Contents of the Notes to the Financial Statements

Note

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the year presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards, Australian Accounting interpretations and other mandatory professional reporting requirements.

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

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

Compliance with IFRSs

The financial report complies with Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AIFRSs). Compliance with AIFRSs ensures that the financial report, comprising the financial statements and notes thereto of the Group comply with International Financial Reporting Standards (IFRSs).

Reporting basis and convention

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

Separate financial statements for RMG Limited, as an individual entity, are no longer presented as the consequence of a change to the Corporations Act 2001. Financial information for RMG Limited as an individual entity is included in Note 5.

(b) Segment Reporting

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

(c) Principles of consolidation

Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by RMG Limited (the parent entity) as at 30 June 2010 and the results of all controlled entities for the year then ended. RMG Limited and its controlled entities together are referred to in this financial report as the Consolidated Entity or the Group. Investment in subsidiaries is carried at cost less impairment in the financial statements of the parent.

Transactions eliminated on consolidation

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

(d) Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving businesses or entities under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

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

(e) Impairment of Assets

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

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

(f) Mineral Exploration and Evaluation Expenditure

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

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

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

(g) Revenue Recognition

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

(i) *Collections*
Collections from the debt book are only recognised as income when funds have been received and cleared by the bank.

(ii) *Interest income*
Interest income is recognised on a time proportion basis using the effective interest method.

(h) Income Tax

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

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

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.
Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

(i) Cash and Cash Equivalents

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

(j) Contributed Equity

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

(k) Financial Instruments

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

Classification

The Group classifies financial assets into the following categories: loans and receivables.

(i) Loans and receivables

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

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

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

(ii) Financial Liabilities

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

Impairment

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

Fair value estimation

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

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

Recognition and derecognition

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

(l) Provisions

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

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

(m) Earnings/(loss) per Share

(i) Basic earnings/(loss) per share

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

(ii) Diluted earnings/(loss) per share

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

(n) Goods and Services Tax

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(o) New Accounting Standards and Australian Accounting Interpretations

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

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009)	Financial Instruments	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments.
AASB 2009-5 (issued May 2009) - AASB 107	Statement of Cash Flows	Clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities.	Periods commencing on or after 1 January 2010	Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the statement of financial position.

The potential effect of these standards and interpretations is yet to be fully determined, however, it is not expected that the new standards and interpretations will significantly affect the Group’s financial reporting.

2. Financial Risk Management

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

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

(a) Market Risk

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

Interest Rate Risk

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

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

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

2009 Financial Assets	**Weighted Average Interest Rate**	**Fixed Interest Rate maturing in 1 year or less**
	%	$
Cash and cash equivalents	3.9	1,702,765

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

30 June 2010	**Carrying Amount**	**Interest Rate Risk**			
	$	**-1%**		**+1%**	
		Profit $	**Equity $**	**Profit $**	**Equity $**
Cash and cash equivalents	1,277,873	(12,779)	(12,779)	12,779	12,779
Total Increase / Decrease		(12,779)	(12,779)	12,779	12,779

30 June 2009	Carrying Amount	Interest Rate Risk			
	$	-1%		+1%	
		Profit $	Equity $	Profit $	Equity $
Cash and cash equivalents	1,702,765	(17,028)	(17,028)	17,028	17,028
Total Increase / Decrease		(17,028)	(17,028)	17,028	17,028

(b) Credit Risk

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

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

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

(c) Liquidity Risk

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

Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. Based on present exploration activity levels, cash balances at 30 June 2010 are expected to be sufficient for the ensuing year's activity and beyond.

All financial liabilities of the group and parent are made up of trade and sundry creditors (Note 13) and are expected to be paid within one month of 30 June 2010.

(e) Fair Value Estimation

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

(f) Unrecognised Financial Instruments

The Group does not have any unrecognised financial instruments.

(g) Capital Management Risk

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

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

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

3. Critical Accounting Estimates, Significant Judgements

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

Key estimates — Impairment

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

Exploration and evaluation expenditure

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

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

For the year ended 30 June 2009 following a review of the Queensland tenements held by Subsidiary Company San Saba Pty Ltd, and an overall review of the Group's cash resources and exploration expenditure budget, the Group relinquished all interests in tenements in Queensland. In accordance with the accounting policy above, it was therefore considered prudent to write off all cash costs to that date incurred by San Saba Pty Ltd relating to the Queensland tenements, amounting to $452,919. Consequent upon this decision, it was also considered prudent to write off the original acquisition costs associated with the Queensland tenements (by way of issue of vendor shares) amounting to $1,410,700, thus there is a aggregate write down of exploration in the Consolidated financial statements of $1,863,619.

Consequent upon the above, the parent company wrote off the investment value in San Saba Pty Ltd amounting to $1,410,700 and provided an amount of $452,919 against the advances made to San Saba Pty Ltd.

In the year ended 30 June 2010, exploration has continued in the South Australian areas of interests and in accordance with the accounting policy, all related exploration costs have been capitalised.

Performance Shares

At the time of acquisition of San Saba Pty Ltd and Resource Mining Group Pty Ltd (formerly Springfield Minerals Pty Ltd), as part of the acquisition consideration 17,500,000 performance shares were issued and to expire on 28 September 2009 if performance measures had not been met. As these measures were not met, the performance shares were cancelled.

4. Segment Information

Business Segment

Management has determined that the Group has one reporting segment being mineral exploration. As the Group are focused on mineral exploration, management make resource allocation decisions by reviewing the working capital balance, comparing cash balances to committed exploration expenditure and the current results of exploration work performed. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date and capital available to the Group.

The exploration assets as presented relate to the reporting segment, as identified above. The majority of revenue and expenses relate to corporate activities as can be seen in the table below.

Business Segments	**Unallocated**	**Exploration**	**Debt Recovery and Administration**	**Consolidated**
2010	**$**	**$**	**$**	**$**
Segment revenue	64,889	-	5,087	69,976
Segment result Profit (Loss)	(369,814)	(21,314)	5,087	(386,041)
Segment Assets	1,315,131	665,662	266	1,981,059
Segment Liabilities	69,444	1,109	-	70,553
Segment Acquisition of Assets	-	-	-	-
Segment Amortisation and Depreciation	-	-	-	-
Segment Exploration Expenditure Written off (net of recoveries)	-	(9,740)	-	(9,740)

Business Segments	**Unallocated**	**Exploration**	**Debt Recovery and Administration**	**Consolidated**
2009	**$**	**$**	**$**	**$**
Segment revenue	121,071	-	5,780	126,851
Segment result Profit (Loss)	(329,384)	(1,904,306)	5,780	(2,227,910)
Segment Assets	1,723,433	626,090	400	2,349,923
Segment Liabilities	43,169	10,206	-	53,375
Segment Acquisition of Assets	-	-	-	-
Segment Amortisation and Depreciation	-	-	-	-
Segment Exploration Expenditure Written off	-	1,860,026	-	1,860,026

5. Parent Entity Information

The following details information related to the parent entity, RMG Limited, at 30 June 2010. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2010	**2009**
	$	**$**
Current assets	1,281,205	1,968,106
Non-current assets	684,242	352,625
Total Assets	**1,965,447**	**2,320,731**
Current Liabilities	69,444	43,169
Non-current Liabilities	-	-
Total Liabilities	**69,444**	**43,169**
Contributed equity	132,772,373	132,772,373
Retained earnings/(accumulated losses)	(131,004,070)	(130,758,136)
Option reserve	127,700	263,325
Other reserve	-	-
Total equity	**1,896,003**	**2,277,562**
Profit/(loss) for the year	(381,559)	(2,183,618)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(381,559)**	**(2,183,618)**

6. Revenue

From continuing operations	**Consolidated 2010 $**	**Consolidated 2009 $**
Sales revenue		
Debt collection activities	5,087	5,780
Other revenue		
Interest received	64,889	121,071
	69,976	**126,851**

7. Expenses

Loss before income tax includes the following specific expenses:	**Consolidated 2010 $**	**Consolidated 2009 $**
Corporate management costs	217,983	255,000
Corporate compliance costs	38,664	35,275
Employee Benefit Expense	120,000	120,000
General administration expenses	89,110	84,460
Exploration expenditure written off – net of recoveries (Note 11)	(9,740)	1,860,026
	456,017	**2,354,761**

8. Income Tax Expense

(a) Income Tax Expense	**Consolidated 2010 $**	**Consolidated 2009 $**
Current tax	-	-
Deferred tax	-	-
	-	**-**

(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable	**Consolidated 2010 $**	**Consolidated 2009 $**
Loss from continuing operations before income tax expense	(386,041)	(2,227,910)
Tax at the Australian rate of 30% (2009: 30%)	(115,812)	(668,373)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other – adjustment to prior years	(13,216)	(12,413)
Movements in accruals and provisions	-	556,892
Exploration expenditure	(11,871)	(127,494)
Unrecognised tax loss	140,899	226,562
Income tax expense	-	-

(c) Tax Losses - All unused tax losses were incurred by an Australian entity	**Consolidated 2010 $**	**Consolidated 2009 $**
Unused tax losses for which no deferred tax asset has been recognised at 30%		
Carry forward revenue losses	3,607,154	3,137,490
Potential tax benefit @ 30%	1,082,146	941,247

(d) Unrecognised Temporary Differences	**Consolidated 2010 $**	**Consolidated 2009 $**
Temporary differences		
Provisions and accruals	4,800	4,800
Accrued income and prepayments	(478)	(1,820)
Exploration expenditure	(199,699)	(187,827)
Subtotal	(195,377)	(184,847)
Potential tax benefit of losses per **(c)**	1,082,146	941,247
Net unrecognised deferred tax asset	886,769	756,400

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

(e) Tax consolidation legislation

RMG Limited and its wholly owned subsidiaries implemented the tax consolidation legislation from acquisition of the subsidiaries on 28 September 2007. The entities have not entered into either a tax sharing agreement or a tax funding agreement. The accounting policy in relation to this legislation is set out in Note 1 (h).

9. Current Assets – Cash and Cash Equivalents

These are interest bearing with a floating interest rate of 5.39% (2009: 3.9%) per annum	**Consolidated 2010 $**	**Consolidated 2009 $**
Cash at bank and on hand	1,277,873	1,702,765
	1,277,873	**1,702,765**

10. Current Assets – Other Receivables

	Consolidated 2010 $	**Consolidated 2009 $**
Other receivables	37,524	21,068
Total	**37,524**	**21,068**

Other Receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

11. Non-Current Asset - Exploration and Evaluation Expenditure

	Consolidated 2010 $	**Consolidated 2009 $**
Opening balance	626,090	2,061,137
Exploration expenditure capitalised, exploration and evaluation phase	49,312	424,979
Write down of exploration acquisition costs	-	(1,410,700)
Write down of exploration expenditure incurred previously capitalised, net of recoveries	(9,740)	(449,326)
Closing balance	**665,662**	**626,090**

Exploration Licences are carried at cost of acquisition.

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

Capitalised costs amounting to $55,713 (2009: $471,109) have been included in cash flows from investing activities in the statement of cash flows.

12. Controlled Entities

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

Name	**Ordinary Share Consolidated Entity Interest 2010 %**	**2009 %**
Parent:		
RMG Limited		
Controlled entities:		
Resource Mining Group Pty Ltd (formerly Springfield Minerals Pty Ltd)	100	100
San Saba Pty Ltd	100	100

All controlled entities are incorporated in Australia and are active in mineral exploration activities.

13. Current Liabilities – Trade and Other Payables

	Consolidated 2010 $	**Consolidated 2009 $**
Trade creditors	33,751	28,915
Other payables	36,801	24,460

	70,552	**53,375**

14. Contributed Equity

(a) Share Capital	**Company 2010 Shares**	**Company 2009 Shares**	**Company 2010 $**	**Company 2009 $**
Ordinary shares fully paid	512,257,365	512,257,365	132,772,373	132,772,373

(b) Other Equity Securities	**Company 2010 Options**	**Company 2009 Options**	**Company 2010 $**	**Company 2009 $**
Options exercisable at 2.5 cents on 30 June 2010	-	8,750,000	-	135,625
Options exercisable at 5 cents on 30 June 2012	8,750,000	8,750,000	127,700	127,700
Convertible performance shares	-	17,500,000	-	-

Options carry no rights to dividends and have no voting rights.
Convertible performance shares carry no rights to dividends and have no voting rights.

(c) Movement in Ordinary Share Capital

		Company 2010	**Company 2010 $**	**Company 2009**	**Company 2009 $**
July 1	Opening balance	512,257,365	132,722,373	512,257,365	132,722,373
		-	-	-	-
June 30	Balance	512,257,365	132,772,373	512,257,365	132,772,373

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

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

(d) Movement in Options

Date	**Details**	**Number of options 2010**	**Amount $ 2010**	**Number of options 2009**	**Amount $ 2009**
July 1	Opening balance	17,500,000	263,325	34,055,556	263,739
31-12-08	Expiry of Options		-	(16,555,556)	(414)
30-06-10	Expiry of Options	(8,750,000)	(135,625)	-	-
June 30	Closing balance	8,750,000	127,700	17,500,000	263,325

(d) Movement in Options (continued)

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

(i) each option entitles the holder, when exercised, to one (1) share;
(ii) the exercise price of the options is 5 cents each exercisable on or before 30 June 2012;
(iii) subject to the *Corporations Act 2001*, the Constitution and the ASX Listing Rules, the options are fully transferable;
(iv) the options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the options held does not affect the holder's right to exercise the balance of any options remaining;
(v) all shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued shares. The options will be unlisted however the Company reserves the right to apply for quotation at a later date;
(vi) there are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, option holders will be notified of the proposed issue at least seven (7) business days before the record date of any proposed issue. This will give option holders the opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue;
(vii) if at any time the issued capital of the Company is reorganised, the rights of an option holder are to be changed to the extent necessary to comply with the *Listing Rules* applying to a reorganisation of capital at the time of the reorganisation; and
(viii) in the event the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in *ASX Listing Rule 6.22.2.*

Note; 8,750,000 options issued in 2007 and with an expiry date of 30 June 2010 expired and were not converted.

(e) Movement in Convertible Performance Shares

Date	Details	Number of shares	Amount $
28/9/2007	Settlement of acquisition	17,500,000	-
28/9/2009	Performance shares redeemed	(17,500,000)	-
30/06/2010	Balance	-	-

15. Reserves and Accumulated Losses

(a) Reserves	**Consolidated 2010 $**	**Consolidated 2009 $**
Share option reserve pursuant to an issue of options	263,325	263,739
Movements in reserves		
Opening balance 1 July	263,325	263,739
Reduction in reserve due to expiry of options	(135,625)	(414)
Closing balance 30 June	**127,700**	**263,325**

(b) Accumulated Losses	**Consolidated 2010 $**	**Consolidated 2009 $**
Movements in accumulated losses were as follows:		
Balance at the beginning of the year	(130,739,150)	(128,511,654)
Net Loss for the year	(386,041)	(2,227,910)
Transfer on expiry of options	135,625	414
Balance at the end of the year	**(130,989,566)**	**(130,739,150)**

(c) Nature and Purpose of Reserves

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

16. Dividends

There were no dividends recommended or paid during the financial year (2009: Nil).

17. Commitments for Expenditure

In order to maintain the mineral covenants in which the Consolidated Entity is involved, the Company is committed to fulfil the minimum annual expenditure requirements under which the covenants are granted. The minimum expenditure commitment for the areas held by San Saba Pty Ltd and Resource Mining Group Pty Ltd and where title (including native title clearance) has been granted for a period of two years to 17 June 2012 is $350,000 (2009 - $779,050).

18. Key Management Personnel Disclosures

(a) Key management personnel remuneration

	Company 2010 $	**Company 2009 $**
Directors' fees paid to directors and/or entities associated with directors	108,000	135,000
Fees paid to director for mineral exploration and operational management	120,000	120,000
	228,000	**255,000**

(b) Equity Instrument Disclosures Relating to Key Management Personnel

(i) Option holdings

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

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

2009 **Name** **Directors**	**Balance at the start of the year**	**Expired during the year**	**Balance at the end of the year**	**Vested and exercisable at the end of the year**
Gary Steinepreis (i)	5,555,556	5,555,556	-	-
John Risinger (ii)	3,500,000	-	3,500,000	3,500,000
Mark Stevenson (iii)	14,000,000	-	14,000,000	14,000,000
	23,055,556	**-**	**17,500,000**	**17,500,000**

(i) all held by LeisureWest Consulting Pty Ltd as trustee for the LeisureWest Trust.
(ii) all held by Larca Pty Ltd.
(iii) all held by Holloman Minerals Ltd

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

(ii) Share holdings

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

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

2009 **Name** **Directors**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the year**	**Balance at the end of the year**
Gary Steinepreis (i)	23,763,498	-	-	23,763,498
John Risinger (ii)	15,000,000	-	-	15,000,000
Mark Stevenson (iii)	60,600,000	-	-	60,600,000
	99,363,498	-	-	99,363,498

(a) Holdings during the current or prior year

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

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

(iii) Convertible Performance Share Holdings

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

2010 **Name**	**Balance at the start of the year**	Expired during the year	**Balance at the end of the year**
John Risinger (i)	3,500,000	3,500,000	-
Mark Stevenson (ii)	14,000,000	14,000,000	-
	17,500,000	**17,500,000**	**-**

2009 **Name**	**Balance at the start of the year**	**Balance at the end of the year**
John Risinger (i)	3,500,000	3,500,000
Mark Stevenson (ii)	14,000,000	14,000,000
	17,500,000	**17,500,000**

(i) held by Larca Pty Ltd.
(ii) held by Holloman Minerals Pty Ltd.

(c) Other Transactions with Key Management Personnel

Larca Pty Ltd, a company associated with Mr J Risinger, and Mr J Risinger personally, were paid fees of $120,000 (2009 - $120,000) relating to exploration and operational management services. In addition the Group reimbursed Larca Pty Ltd $9,651 in cost reimbursements during the year (2009 - $21,630).

Drill Logic Pty Ltd, a company associated with Mr M Stevenson and Mr J Risinger was paid $nil (2009 - $140,201) for exploration drilling services by the subsidiary company San Saba Pty Ltd. EBLR Pty Ltd, a company associated indirectly with Mr J Risinger was paid $5,600 for exploration drilling services (2009 - $nil).

Holloman Minerals Pty Ltd, a company associated with Mr Stevenson was reimbursed $nil in cost reimbursements during the year (2009 - $19,473).

Aggregate amounts of each of the above types of other transactions with key management personnel of RMG Limited. Amounts recognised as expense:	**Consolidated 2010 $**	**Consolidated 2009 $**
Exploration and operational management services	120,000	120,000
Exploration drilling services	5,600	140,201
	125,600	**260,201**

19. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company: **Assurance Services -** *Audit services*	**Consolidated 2010 $**	**Consolidated 2009 $**
BDO Audit (WA) Pty Ltd		
Audit or review of financial reports under the Corporations Act 2001	34,918	32,361
Total remuneration for audit services	**34,918**	**32,361**

20. Related Party Transactions

(a) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 18.

(b) Transactions with subsidiary companies

During the year the parent company, RMG Limited advanced $103,511 (2009 - $506,169) to its subsidiary company San Saba Pty Ltd for working capital purposes.

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

At 30 June 2010 the subsidiary company San Saba Pty Ltd had a balance owing to RMG Limited of $797,776 (2009 - $694,265). This advance is interest free with no terms of repayment. A provision of $466,159 has been made against this advance for non-recovery of the advanced funds.
At 30 June 2010 the following balances were owing to associated companies or companies associated with directors as follows;

- Larca Pty Ltd - $9,900 (2009 - $9,900) for Director's fees.
- Leisurewest Consulting Pty Ltd - $19,800 (2009 - $nil) for Director's fees.

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

(d) Transactions with associated company

For the purpose of administering a number of associated companies, an administration company Norfolk Management Pty Ltd was formed, with RMG Limited holding one share being 50% of the issued capital. The company operates solely as an administrative function and recharges as an administrative fee the share of administrative expenses incurred on behalf of RMG Limited. During the year $109,983 (2009 - $112,529) was paid to Norfolk Management Pty Ltd as administrative fees.

21. Events Occurring After the Reporting Date

There have been no significant events since 30 June 2010 and up to the date of this report.

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

	Consolidated 2010 $	**Consolidated 2009 $**
Loss for the year	(386,041)	(2,227,910)
Interest income	(69,229)	(126,694)
Exploration Acquisition Write-off	-	1,410,700
Exploration Expense Write-down	(9,741)	449,326
Changes in operating assets and liabilities:		
Increase/(decrease) in trade and other payables	20,353	10,196
(Increase)/decrease in trade and other receivables	6,250	5,849
Net cash outflow from operating activities	**(438,408)**	**(478,533)**

23. Non-Cash Investing and Financing Activities

There were no non-cash investing and / or financing activities during the financial year ended 30 June 2010 or 30 June 2009.

24. Loss Per Share

(a) Basic Loss Per Share	**2010 Cents**	**2009 Cents**
Loss attributable to the ordinary equity holders of the Company	**(0.075)**	**(0.43)**

(b) Reconciliation of Loss used in Calculating Loss Per Share

Basic loss per share	**2010 $**	**2009 $**
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	386,041	2,227,910

(c) Weighted Average Number of Shares Used as the Denominator

	2010 Number	**2009 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	512,257,365	512,257,365

(d) Information Concerning the Classification of Securities

Options

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

In the directors' opinion:

1 the financial statements and notes set out on pages 24 to 49 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) give a true and fair view of the Company's and the Group's financial position as at 30 June 2010 and of their performance, for the financial year ended on that date; and

2 the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a);

3 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

4 the remuneration disclosures included on pages 9 to 11 of the directors' report (as part of audited Remuneration Report) for the year ended 30 June 2010 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.

G Steinepreis

Gary Steinepreis
Director
Perth
6 September 2010

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RMG LIMITED

We have audited the accompanying financial report of RMG Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:
(a) the financial report of RMG Limited is in accordance with the *Corporations Act 2001*, including:
    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 8 to 11 of the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of RMG Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
BM Vy

Brad McVeigh
Director

Perth, Western Australia
Dated this 6th day of September 2010

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

1. Distribution of Equity Securities (Current as at 6 September 2010)

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

Class of Security – **Ordinary Shares**

			Number of Shareholders
1	-	1,000	511
1,001	-	5,000	201
5,001	-	10,000	33
10,001	-	100,000	389
100,001	and over		465
			1,599

There were 964 holders of less than a marketable parcel of ordinary shares

2. Unquoted Equity Securities (Current as at 6 September 2010)

Options expiring 30 June 2012 at an exercise price of 5 cents per option	Number on issue	%
Holloman Minerals Limited	7,000,000	80.0
Larca Pty Ltd	1,750,000	20.0
Total	8,750,000	100.0

3. Substantial Holders (Current as at 6 September 2010)

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

Ordinary Shares

Name	Number held	% of issued shares
Holloman Minerals Pty Ltd	60,000,000	11.71
Raymond John Jones <Raymond Jones Superfund A/C>	37,600,000	7.34
JM Financial Group Limited	31,000,000	6.05

4. Voting Rights

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

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

5. Equity Security Holders (Current as at 6 September 2010)

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

Ordinary Shares

Rank	Name	Number of Shares	%
1	Holloman Minerals Limited	60,000,000	11.71
2	Raymond John Jones <Raymond Jones Superfund A/C>	38,000,000	7.42
3	Sandhurst Trustees Ltd <JM MPS A/C>	31,000,000	6.05
4	Larca Pty Ltd	15,000,000	2.93
5	Charles Bridge Nominees Pty Ltd <Allen Family A/C>	14,429,636	2.82
6	Oakhurst Enterprises Pty Ltd	13,763,191	2.69
7	Tisia Nominees Pty Ltd	11,069,399	2.16
8	Blazzed Pty Ltd <Gaunt Management A/C>	10,603,175	2.07
9	Peter Hubert Otta	7,884,433	1.54
10	Hydalex Pty Ltd <Hydalex Account A/C>	6,440,139	1.26
11	Carlo De Grazia	6,429,815	1.26
12	Mr Gavan O'Connell	6,260,000	1.22
13	Fiske Nominees Limited <BAILE 012 A/C>	6,000,000	1.17
14	Vincenzo Brizzi & Rita Lucia Brizzi <Brizzi Family S/F A/C>	5,000,000	0.98
15	Leisurewest Consulting Pty Ltd	5,000,000	0.98
16	Michael Wayne Beard <Michael Beard Superfund A/C>	4,170,000	0.81
17	Paul Robert Hearne <The PRH A/C>	4,000,000	0.78
18	Matthew James Duckett	3,553,122	0.69
19	Lyndon Ronald Sanderson	3,367,572	0.66
20	Oakhurst Enterprises Pty Ltd	3,000,000	0.59
	Total	**254,970,482**	**49.77**

6. On-Market Buy-Back

There is no current on-market buy-back.

7. Tenement Schedule – South Australia – 100% owned

EL3812 – Mt Coffin
EL3813 – Wearing Gorge