



23 August 2013

Companies Announcements Office  
Australian Securities Exchange

## **EXECUTED BINDING OPTION ON PRODUCING COPPER LEASES IN CHILE**

### **Highlights**

- ✓ The Option Agreement with Porvenir has now been executed with RMG
- ✓ Delivers the first of 2 agreements in the Tuina copper district to RMG
- ✓ Delivers the option of control of 20 sq. kms of granted mining leases over several copper deposits currently in production
- ✓ Delivers reports of 34,000 metres of drilling
- ✓ Delivers the option of controlling five operating copper oxide mines

RMG Limited (ASX:RMG) ("RMG" or "the Company") is pleased to announce it has executed an binding Option Agreement with Porvenir S.C.M. ("Porvenir") to have the exclusive option to acquire a 100% interest in 14 mining leases owned by Porvenir. The Option Agreement is binding upon Porvenir and the completion of all terms is at the discretion of RMG.

This is the first significant step towards obtaining control of over 115 sq. kms of mining and exploration permits in the Tuina district as previously announced in ASX releases of 25 March 2013 and 5 June 2013.

### **Introduction**

As background, RMG executed a Memorandum of Understanding on 5 June 2013 with the Chilean mining company, Porvenir, for an option to acquire a 100% interest in its granted mining concessions in the Tuina District in northern Chile (see ASX release 5 June 2013).

There are five copper oxide mines in production on the Porvenir leases including San José, San Martin, Dinko, Algarrobo and San Marcos, with numerous copper oxide and sulphide occurrences across the lease area. The locations of these mine sites are all shown in Figure 1 and photographs of the larger mine sites are shown in Figures 2 to 7.

Production records from the mine sites are not available to RMG at this time, however visual observation of the open pits, volume estimations from the high resolution WorldView2 satellite imagery, and verbal confirmation from the operators of the toll plant indicate that around 2-3 million tonnes of copper oxide ore at around 1-3%Cu has been mined from the Porvenir mining leases and toll treated at the nearby toll acid-leach plant.

The types of copper deposits at Tuina have been classified as replacement copper-silver deposits and there are a number of examples in northern Chile including Mantos Blancos (300Mt @ 1.2%Cu), and Mantos de la Luna (50Mt @ 1.4%Cu)<sup>1</sup>.

## **Historic Drilling**

Site visits of the exposed mineralisation and inspection of historic drill core have confirmed that the mineralised copper lodes within the Porvenir leases are from 20-100m wide. The copper mineralisation comprises chrysocolla at surface, passing to chalcocite/bornite thence to bornite/chalcopyrite at depth. Diamond drilling has been undertaken at a number of the Porvenir mine sites including the San José lease.

A total of 301 drill holes have been drilled across the Porvenir leases since 2004 for a total of 33,896 metres (the historic drilling). These drill results, which are part of 53Gb of data delivered to RMG as part of the Due Diligence process, are currently being validated through site visits and checking of the survey, assay and geologic records.

The compilation of this data is underway and will be ongoing. A significant portion of the data covering the San José trend has been prioritised for validation and is expected to be released to the market in the near future.

## **Agreement Terms**

The Option Agreement between RMG and Porvenir has the following terms. All payments are optional at the discretion of RMG.

- a) RMG to pay Porvenir US\$190,000 upon all encumbrances removed
- b) RMG to pay Porvenir US\$1,000,000 within 12 months of payment of item a)
- c) RMG to pay Porvenir US\$2,000,000 within 36 months of payment of item a)
- d) RMG to pay Porvenir US\$3,000,000 within 48 months of payment of item a)
- e) RMG to pay Porvenir US\$4,000,000 within 60 months of payment of item a)

Once the \$10.19 million is paid RMG will own 100% of the Porvenir mining concessions and Porvenir will retain a sliding NSR Royalty of

- o 4% if copper price greater than US\$4.49/lb Cu
- o 3% if copper price between US\$3.00/lb and US\$4.49/lb Cu
- o 2% if copper price less than US\$3.00/lb Cu

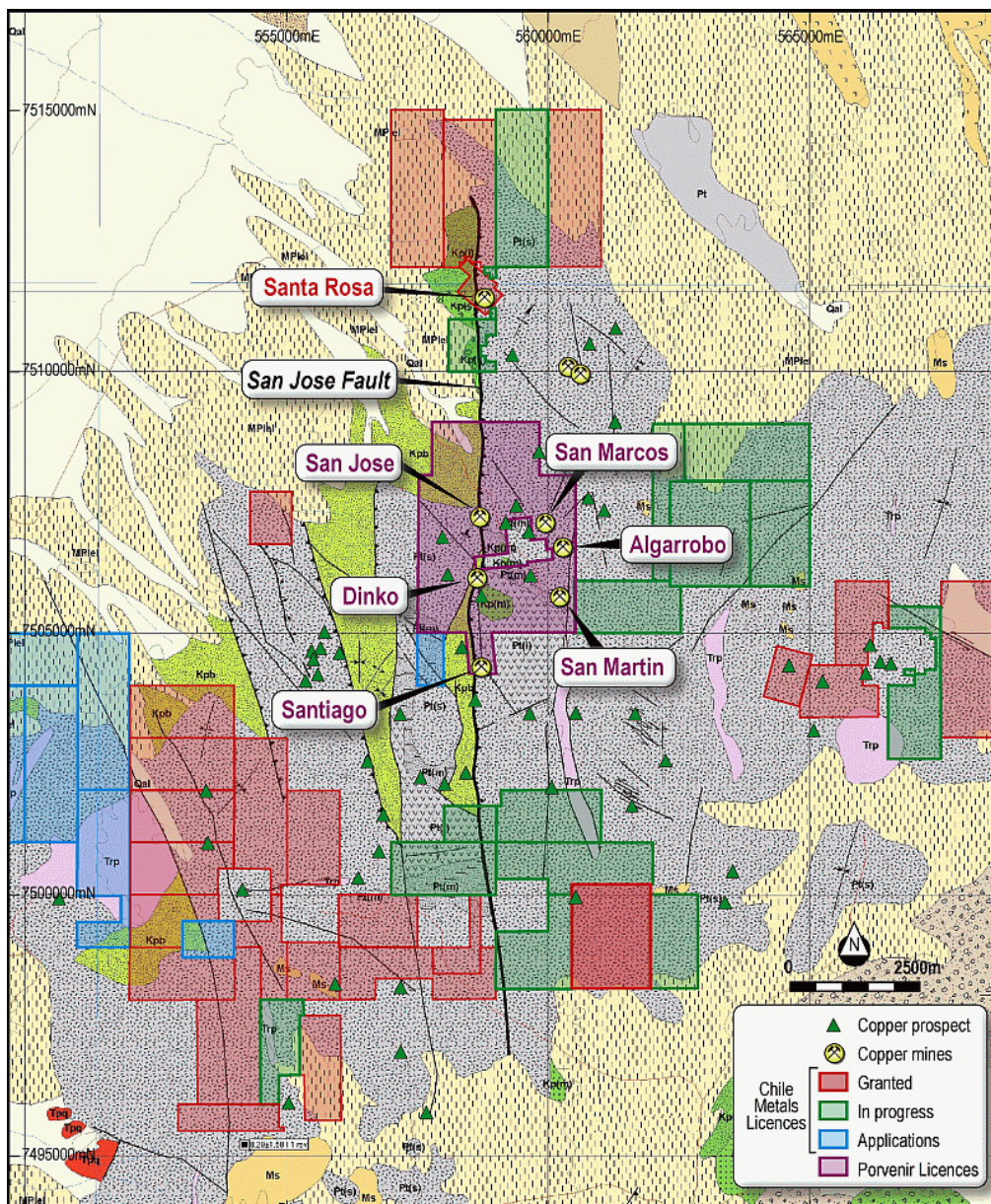
The encumbrances to be removed include mortgages and rights to the underlying mining concessions by previous explorers and by tribute miners. These encumbrances are in the process of being removed and RMG has been advised by its lawyers that there are no apparent impediments to achieve this goal.

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<sup>1</sup> The Geology of Chile by T. Moreno, publ The Geological Society, 2007 pp 190

It is important to note that once the Chile Metals Agreement (ASX release of 25 March 2013) is executed, RMG will move from 100% ownership of 20 sq. kms to 75% ownership of 115 sq. kms of permits in the Tuina District<sup>2</sup>.

RMG Executive Director, Peter Rolley said “The signing of this agreement is the first step in achieving control of an exciting copper district in the world’s largest copper producing nation. The next step is to continue to systematically work our way through the data package. To date, the overall prospectivity of the area has exceeded our initial expectations and we are keen to fast track our efforts once exploration commences.”



**Figure 1 Location of Tuina concessions**

<sup>2</sup> 20 sq. kms of Porvenir permits plus 95sq. kms of Chile Metals permits



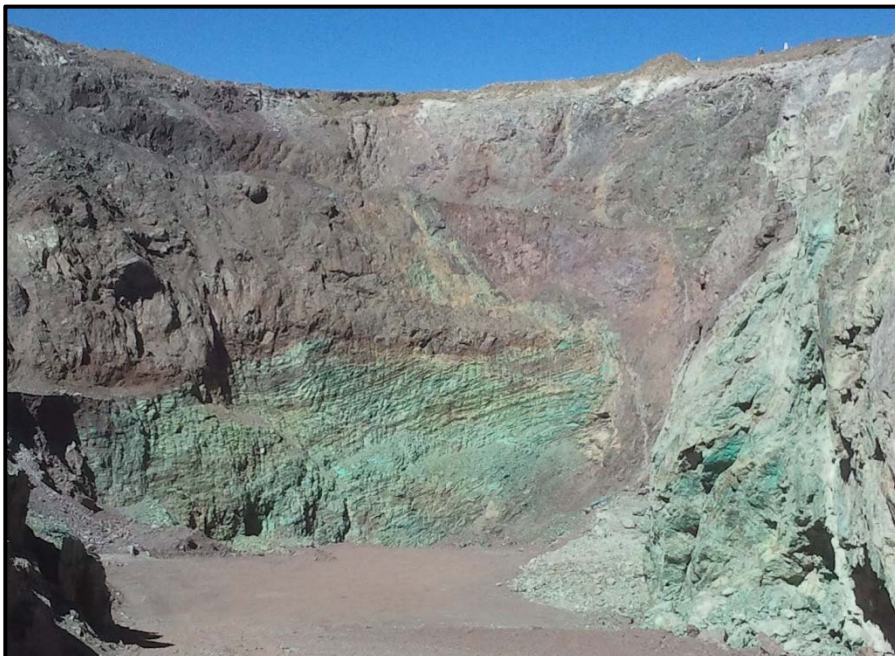
**Figure 2 Copper Oxide mineralisation at San José**



**Figure 3 Copper oxide mineralisation at San Martin**



**Figure 4 Copper oxide production from Dinko**



**Figure 5 Copper mining at San Marcos**



**Figure 6 Algarrobo copper oxide mining**



**Figure 7 Santiago copper oxide mining**

For further information, visit the website [www.rmgltd.com.au](http://www.rmgltd.com.au) or please contact:

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*Competent Person Statement*

*The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Peter Rolley, a Competent Person who is a Member of the Australian Institute of Geoscientists (MAIG). Mr Rolley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the "JORC Code 2004"). Mr Rolley is an Executive Director and shareholder of RMG Ltd. Mr Rolley consents to the inclusion of the information in this report in the form and context in which it appears.*

*Forward Looking Statements*

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