



30 September 2020

RELIANCE ON ASIC CORPORATIONS (EXTENDED REPORTING AND LODGEMENT DEADLINES – LISTED ENTITIES) INSTRUMENT 2020/451

RMG Limited (ASX:RMG) (**the Company**) advises that:

- the Company is relying on the ASIC Corporations (Extended Reporting and Lodgement Deadlines – Listed Entities) Instrument 2020/451 to extend the lodgement date of its audited annual accounts and the other documents required to be lodged with ASIC under section 319 of the Corporations Act (2001) Cth; and
- the Company will immediately make a further announcement to the market if there is a material difference between its unaudited annual accounts and its audited annual accounts.

The unaudited annual accounts of the Company for the financial year ended 30 June 2020 have been released to ASX at the same time as this announcement.

Released with the authority of the Board.

For further information please contact:

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About RMG:

RMG holds permits in the northern part of Chile. The project is called Tuina and is located approximately 50km from the world's second largest copper mine, Chuquicamata.

The Tuina district has had mining of mantos style deposits for several decades and is considered to have significant potential for new manto discoveries and extraction of sulphide ore which to date has not been mined.

RMG is currently focused on exploration of the La Teca and Santa Rosa prospects. Please visit the Company's website for more information.

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Unaudited Annual Accounts

1. Company details

RMG Limited
ABN 51 065 832 377

Reporting period: Year ended 30 June 2020

Previous reporting period: Year ended 30 June 2019

2. Results for announcement to the market

Comparison to previous period	Increase / Decrease	Change %	Change \$
Loss from ordinary activities after tax attributable to members	Decrease	33.6	552,620
Net loss for the period attributable to members	Decrease	33.6	551,977

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3. Consolidated Statement of Comprehensive Income

	Notes	2020	2019
		\$	\$
Interest income		166	340
Other income		36,906	-
Total Income	(1)	37,072	340
Expenses			
Administration costs		(362,062)	(601,168)
Impairment of exploration and evaluation expenditure	(2)	(123,331)	(238,946)
Director and employee benefits expense		(465,306)	(461,128)
Interest expense		(233,314)	(272,908)
Loss on financial instrument		-	(218,286)
Gain on re-measurement of embedded derivative	(3)	32,500	98,000
Gain on modification of financial liability	(4)	22,438	53,644
(Loss) on re-measurement of financial liability		-	(4,171)
Total expenses	(5)	(1,129,075)	(1,644,963)
Loss before income tax		(1,092,003)	(1,644,623)
Income tax expense		-	-
Loss for the year		(1,092,003)	(1,644,623)
Loss for the year attributable to:			
Owners of the Parent		(1,092,003)	(1,644,623)
		(1,092,003)	(1,644,623)
Other comprehensive income			
<i>Items that may reclassified to profit or loss:</i>			
- Exchange differences on translating foreign operations		(3,333)	(2,690)
Total other comprehensive loss for the year		(3,333)	(2,690)
Total comprehensive loss for the year		(1,095,336)	(1,647,313)
Total comprehensive loss attributable to:			
Owners of the Parent		(1,095,336)	(1,647,313)
		(1,095,336)	(1,647,313)
Loss per share attributable to the ordinary equity holders of the Company:			
		Cents	Cents
Basic and diluted loss per share	(6)	(0.15)	(0.27)

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

4. Consolidated Statement of Financial Position

	Notes	2020	2019
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	(7)	197,563	28,821
Other receivables	(8)	56,505	49,226
Total current assets		254,068	78,047
Non-current assets			
Leasing deposits		86,284	86,284
Exploration and evaluation expenditure	(2)	2,050,000	2,050,000
Right of use assets	(15)	44,575	-
Total non-current assets		2,180,859	2,136,284
Total assets		2,434,927	2,214,331
LIABILITIES			
Current liabilities			
Trade and other payables	(9)	556,117	437,561
Financial liabilities	(10)	1,636,179	1,147,142
Lease liabilities	(15)	49,826	
Embedded derivative	(3)	-	32,500
Total current liabilities		2,242,122	1,617,203
Total liabilities		2,242,122	1,617,203
Net assets/(liabilities)		192,805	597,128
EQUITY / (SHAREHOLDERS' DEFICIT)			
Equity attributable to owners of the parent			
Contributed equity	(11)	155,086,712	154,395,699
Option reserves	(12)	2,331,795	2,331,795
Foreign currency translation reserve	(13)	(82,011)	(78,678)
Equity reserves	(14)	(2,309,759)	(2,309,759)
Accumulated losses	(16)	(154,833,932)	(153,741,929)
		192,805	597,128

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

5. Consolidated Statement of Cash Flows

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(725,693)	(747,894)
Interest received		166	340
Interest paid		(111,473)	(72,744)
Rent received		8,000	
ATO cash received		20,906	
Net cash outflow from operating activities	(17)	(808,094)	(820,298)
Cash flows from investing activities			
Payments for property, plant and equipment		-	-
Cash proceeds from sale of PP&E		-	-
Exploration and evaluation expenditure		(126,136)	(588,946)
Net cash outflow from investing activities		(126,136)	(588,946)
Cash flows from financing activities			
	(18)		
Proceeds from issue of shares		736,000	200,000
Share issue transaction costs		(44,986)	(12,422)
Proceeds from convertible notes		(187,042)	1,080,372
Borrowings		599,000	-
Net cash inflow from financing activities		1,102,972	1,267,950
Net (decrease)/increase in cash and cash equivalents		168,742	(141,294)
Cash and cash equivalents at the beginning of the financial year		28,821	170,115
Cash and cash equivalents at the end of the financial year	(7)	197,563	28,821

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

6. Consolidated Statement of Changes in Equity

	Contributed Equity	Option Reserve	Equity Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Attributab le to Owners of Parent
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	154,395,699	2,331,795	(2,309,759)	(153,741,929)	(78,678)	597,128
Loss for the year	-	-	-	(1,092,003)	-	(1,092,003)
Other comprehensive loss	-	-	-	-	(3,333)	(3,333)
Total comprehensive income for the year	-	-	-	(1,092,003)	(3,333)	(1,095,336)
Transactions with owners in their capacity as owners:						
Share issues	736,000	-	-	-	-	736,000
Transaction costs	(44,987)	-	-	-	-	(44,987)
Share issues net of transaction costs	691,013	-	-	-	-	691,013
Balance at 30 June 2020	155,086,712	2,331,795	(2,309,759)	(154,833,932)	(82,011)	192,805
	Contributed Equity	Option Reserve	Equity Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Attributabl e to Owners of Parent
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	153,562,311	2,331,795	(2,309,759)	(152,097,306)	(75,988)	1,411,053
Loss for the year	-	-	-	(1,644,623)	-	(1,644,623)
Other comprehensive loss	-	-	-	-	(2,690)	(2,690)
Total comprehensive income for the year	-	-	-	(1,644,623)	(2,690)	(1,647,313)
Transactions with owners in their capacity as owners:						
- Share issues	200,000	-	-	-	-	200,000
Transaction costs	(12,422)	-	-	-	-	(12,422)
Share issues net of transaction costs	187,578	-	-	-	-	187,578
Conversion of notes as per note 15	645,810	-	-	-	-	645,810
Balance at 30 June 2019	154,395,699	2,331,795	(2,309,759)	(153,741,929)	(78,678)	597,128

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

Notes to the consolidated financial statements

(1) Total Income

From continuing operations	2020 \$	2019 \$
<i>Revenue</i>		
Interest income	166	340
Rental income	16,000	-
ATO cash flow boost	20,906	-
	37,072	340

(2) Non-current asset - Exploration and evaluation expenditure

	Consolidated 2020 \$	Consolidated 2019 \$
Opening balance	2,050,000	1,700,000
Exploration expenditure capitalised, exploration and evaluation phase	123,331	588,946
Impairment of exploration and evaluation expenditure (a)	(123,331)	(238,946)
Closing balance	2,050,000	2,050,000

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.

(3) Embedded derivative

Reconciliation of embedded derivative	Consolidated 2020 \$	Consolidated 2019 \$
Opening balance	32,500	-
Fair value on initial recognition		130,500
Fair value movements	(32,500)	(98,000)
Balance at period end	-	32,500

(4) Modification of financial liability

Convertible notes

(a) *Notes issued 22 March 2017*

Reconciliation of debt component of convertible notes	2020 \$	2019 \$	2018 \$
Opening balance at amortised cost	481,592	472,403	-
Fair value upon initial recognition	-	-	455,676
Fair value adjustment upon modification	(11,905)	(29,938)	5,644
Accrued interest	18,408	39,127	11,083
Closing balance at amortised cost	488,095	481,592	472,403

(b) *Notes issued 1 August 2018*

On 13 November 2019, the Group has received a redemption notice for notes with a balance of \$665,550 as at 30 June 2019.

The notes holder has accepted an extension request which will result the loan maturity with principal repayment dated for 13 Jan 2021 at the following terms. All terms and conditions from previous agreement dated 1 Aug 2018 will be applicable.

13 Feb 2020:	Repayment USD 125,000
13 Jul 2020:	Repayment USD 125,000
13 Oct 2020:	Repayment USD 125,000
13 Jan 2021:	Repayment USD 125,000

Reconciliation of debt component of convertible notes	2020
	\$
Opening balance at amortised cost	665,550
Repayment on 13 Feb 2020	(187,042)
Fair value adjustment upon modification	(10,533)
Foreign exchange adjustment	38,987
Accrued interest	42,122
Closing balance at amortised cost	549,084

Reconciliation of debt component of convertible notes	2019
	\$
Opening balance at amortised cost	-
Fair value upon initial recognition (28 November 2018)	563,350
Fair value adjustment upon modification	(23,706)
Foreign exchange adjustment	4,171
Accrued interest	121,735
Closing balance at amortised cost	665,550

(5) Expenses

The following expenses have been taken into account in the loss for the year from continuing operations:	2020	2019
	\$	\$
Directors fees	144,800	299,827
Corporate compliance costs	89,695	110,950
Employee benefit expense	152,846	161,301
Rent expense	13,513	75,719
Depreciation and amortisation	76,414	1,000
General administration expenses	313,028	413,499
Interest expense	233,314	272,908
Net loss on financial instrument	-	218,286
(Gain) on modification of financial liability	(22,438)	(53,644)
(Gain) on re-measurement of embedded derivative	(32,500)	(98,000)
Loss arising on re-measurement of financial liability	-	4,171
Impairment of exploration and evaluation assets (note 12)	123,331	238,946
	1,092,003	1,644,963

(6) Loss per share

(a) Basic and diluted loss per share	2020	2019
	Cents	Cents
Loss attributable to the ordinary equity holders of the Company	(0.15)	(0.27)

Potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share. Accordingly, the number used to calculate the diluted earnings/(loss) per share is the same as the number used to calculate the basic earnings/(loss) per share.

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

	Consolidated 2020 \$	Consolidated 2019 \$
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(1,092,003)	(1,644,623)

There are no outstanding options at 30 June 2020 (2019: Nil) and 500,000 convertible notes that can be converted into shares (2019: 500,000). There were no “in the money options” at 30 June 2020 (2019: nil).

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

	2020 Number	2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	716,719,795	605,928,797

(7) Current assets – Cash and cash equivalents

These are interest bearing with a floating interest rate of 0.7% (2019: 0.7%) per annum

	Consolidated 2020 \$	Consolidated 2019 \$
Cash at bank and on hand	197,563	28,821
	197,563	28,821

(8) Current assets – Other receivables

	Consolidated 2020 \$	Consolidated 2019 \$
Prepayment	32,716	35,735
Other receivables	23,789	13,491
Total	56,505	49,226

Other receivables

(a) Allowance for impairment loss

Other receivables which are primarily from the ATO are non-interest bearing and are generally paid on 30 days settlement terms. Other receivables are neither past due nor impaired at 30 June 2020.

(b) Fair value and credit risk

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

(9) Current liabilities – Trade and other payables

	Consolidated 2020 \$	Consolidated 2019 \$
Trade creditors	370,382	318,883
Accruals	82,589	73,274
Other payables	103,146	45,404
	556,117	437,561

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

(10) Financial liabilities

	Consolidated 2020 \$	Consolidated 2019 \$
Debt component of convertible notes at amortised cost – issued 22 March 2017 (a)	488,095	481,592
Debt component of convertible notes at amortised cost – issued 1 August 2018 (b)	549,084	665,550
\$100,000 loan received on 18 September 2019 at amortised cost	100,000	-
\$200,000 loan on 25 November 2019 at amortised cost	200,000	-
\$159,000 share application on 3 January 2020 treated as loan before share being issued	159,000	-
\$140,000 received on 24 June 2020 for loan application	140,000	-
	1,636,179	1,147,142

(11) Contributed equity

(a)	Share Capital	2020 Shares	2019 Shares	2020 \$	2019 \$
Ordinary shares fully paid		769,764,870	615,864,870	155,086,712	153,749,889
Conversion of notes			84,800,000		645,810
Total		769,764,870	700,664,870	155,086,712	154,395,699

Movement in ordinary share capital

Date	Details	Company 2020 Shares	Company 2020 \$	Company 2019 Shares	Company 2019 \$
1 July	Opening balance	700,664,870	154,395,699	602,531,537	153,562,311
27 March 2019	Placement	-	-	13,333,333	200,000
	Cost of issues	-	-	-	(12,422)
29 June 2019	Conversion of notes as per note 15	-	-	84,800,000	645,810
20 August 2019	Placement	15,000,000	195,000	-	-
10 June 2020	Placement	54,100,000	541,000	-	-
30 June	Balance	769,764,870	155,086,712	700,664,870	154,395,699

(12) Option Reserves

Option Reserves	Consolidated 2020	Consolidated 2019
	\$	\$
Share option reserve pursuant to an issue of options	2,331,795	2,331,795
Movements in reserves		
Opening balance 1 July	2,331,795	2,331,795
Closing balance 30 June	2,331,795	2,331,795

(13) Foreign Currency Translation Reserve

Foreign Currency Translation Reserve	Consolidated 2020	Consolidated 2019
	\$	\$
Movements in foreign currency translation reserve were as follows:		
Balance at the beginning of the year	(78,678)	(75,988)
Exchange differences on translating foreign operations	(3,333)	(2,690)
Total balance at the end of the year	(82,011)	(78,678)

(14) Equity Reserves

Equity Reserves	Consolidated 2020	Consolidated 2019
	\$	\$
Opening balance	(2,309,759)	(2,309,759)
Equity component of convertible note	-	-
Closing balance	(2,309,759)	(2,309,759)

(15) ROU Assets & Lease Liability

	ROU Assets (AUD)	Lease Liability (AUD)
01 July 2019	120,990	120,990
Accumulated Depreciation	(76,414)	-
Interest	-	16,531
Payments	-	(87,695)
30 June 2020	44,575	49,826

(16) Accumulated Losses

	Consolidated 2020	Consolidated 2019
	\$	\$
Movements in accumulated losses were as follows:		
Balance at the beginning of the year	(153,741,929)	(152,097,306)
Net loss for the year	(1,092,003)	(1,644,623)
Balance attributable to owners of the Parent	(154,833,932)	(153,741,929)
Total balance at the end of the year	(154,833,932)	(153,741,929)

(17) Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated 2020 \$	Consolidated 2019 \$
Loss for the year	(1,092,003)	(1,644,623)
Impairment of exploration and evaluation expenditure	123,331	238,946
Loss on conversion of shares	-	218,286
Gain on remeasurement of embedded derivative	(32,500)	(98,000)
Gain on modification of financial liability	(22,438)	(53,644)
Capitalised interest		160,862
Gain/Loss on remeasurement	27,825	4,171
Foreign exchange difference	-	-
Depreciation	76,414	1,000
Changes in operating assets and liabilities:		
Increase/(decrease) in trade and other payables	118,556	346,811
Decrease/(increase) in trade and other receivables	(7,279)	5,893
Net cash outflow from operating activities	(808,094)	(820,298)

(18) Changes in liabilities arising from financing activities

	1 July 2019 \$	Cash flows \$	Interest capitalis ed \$	Changes in fair value and foreign exchange movements \$	30 June 2020 \$
Financial liabilities	1,147,142	411,958		77,079	1,636,179

	1 July 2019 \$	Initial recognition \$	Changes in fair value	30 June 2019 \$
Embedded derivative	32,500		(32,500)	-

7. Dividends

There were no dividends recommended or paid during the financial year (2019: Nil).

8. Dividend reinvestment plan

Not applicable.

9. Net tangible asset per security

	<u>30 June 2020</u>	<u>30 June 2019</u>
Net tangible asset per ordinary share	0.00044	0.00023

10. Entities over which control has been gained during the period

Not applicable.

11. Details of associates and joint ventures

Not applicable.

12. Other significant information

Going concern

The Group had a net current asset deficiency at 30 June 2020 of \$1,988,054 (30 June 2019: deficiency of \$1,539,156) and had a cash outflow from operating and investing activities of \$934,230 for the year ended 30 June 2020 (30 June 2019: net cash outflow of \$1,409,244). As at 30 June 2020 the company had cash and cash equivalents of \$197,563 (2019: \$28,821). The net current asset deficiency is largely due to the convertible notes (amounting to \$1,037,179 as at 30 June 2020) being classified as current as they are due for repayment within 3 months of when the Company receives a redemption notice.

Notwithstanding the above the directors consider they have a reasonable basis to prepare the financial statements on a going concern basis after having regard to the following:

- On 20 August 2019 the Group raised \$195,000 by the issue of 15,000,000 fully paid ordinary shares at an issue price of A\$0.013 per share.
- On 18 September 2019 the Group received \$100,000 by way of an interest-bearing loan. The loan attracts interest of 10% per annum and, per the loan agreement was repayable by 9 December 2019. The lender, a director of the Company, has since agreed not to seek repayment of the loan until the Group has the funds to do so and such repayment will not place the Group in a position where it would be unable to pay its debts as and when they fall due. The Group expects to repay this loan by funds received from an expected capital raising or alternative funding arrangements.

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- On 25 November 2019 the Group received A\$200,000 by way of an interest-bearing loan. The loan attracts interest of 10% per annum and, per the loan agreement was repayable by 15 January 2020. The lender, a director of the Company, has since agreed not to seek repayment of the loan until the Group has the funds to do so and such repayment will not place the Group in a position where it would be unable to pay its debts as and when they fall due. The Group expects to repay this loan by funds received from an expected capital raising or alternative funding arrangements.
 - On 3 January 2020 the Group received A\$700,000 from an overseas investor as a subscription for 70,000,000 fully paid ordinary shares at an issue price of A\$0.01 per share. The issue of shares is subject to shareholder approval, which has not been received at the date of the financial statements. 54,100,000 fully paid ordinary shares has been issued on 10 June 2020 and 15,900,000 fully paid ordinary shares has been issued on 08 July 2020.
 - On 24 June 2020 the Company has entered into loan deeds with three non-related party investors, to receive a total of \$500,000 by way of loans. Funds received will be used towards the Company's general working capital purposes.
 - The directors and former directors have agreed not to seek repayment of monies owed or owing to them, totalling \$228,849 as at 30 June 2020, should such repayments place the Group in a position where it would be unable to pay its debts as and when they fall due.
 - The Group expects to raise sufficient capital to enable repayment of the convertible notes by their redemption dates, or alternatively to renegotiate an extension to the repayment dates. On 27 November 2019 the Group received a redemption notice for US\$500,000 of the outstanding convertible notes which became payable on 13 February 2020. The notes holder has accepted an extension request which will result the loan maturity with principal repayment dated for 13 Jan 2021 at the following terms. All terms and conditions from previous agreement dated 1 Aug 2018 will be applicable.

13 Feb 2020: Repayment USD 125,000
 13 Jul 2020: Repayment USD 125,000
 13 Oct 2020: Repayment USD 125,000
 13 Jan 2021: Repayment USD 125,000

- As at the date of this report, the Group has not received a redemption notice for the outstanding convertible notes amounting to \$488,095 as at 30 June 2020 which were issued 22 March 2017. Once a redemption notice is received the notes becomes payable after three months.
- In order to repay debt, fund working capital, fund ongoing exploration activities at the Group's Chile project and to fund other potential opportunities within the resources sector, the Group will require additional funding which the Directors expect to obtain via share issue. As at the date of this report, the Group is expecting funds from an A\$300,000 placement to be raised in October 2020.

The Directors believe that they will be able to raise additional funding as required, however if they are unable to do so there is significant uncertainty whether the Group will be able to

continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

13. Accounting standards for foreign entities

International Financial Reporting Standards (IFRS)

14. A commentary on the results for the period

From the end of the third quarter of this financial year, the company has been unable to carry out any exploration activities due to the COVID-19 pandemic. The company is actively looking for potential exploration projects and will be preparing for exploration work when the pandemic is over. Basic and diluted loss per share for the year was 0.15 cents (2019: 0.27 cents).

15. Status of audit of this report

Unaudited

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