18 September 2014

MULTIPLE EM CONDUCTORS IDENTIFIED AT THE OLDHAM RANGE PROJECT, WESTERN AUSTRALIA

Highlights

- **Discrete basement conductors identified in VTEM^{plus} Survey**
- **Multiple EM targets coincident with existing surface geochemistry anomalies**
- **Evaluation for testing of potential sulphide mineralisation with ground EM and/or initial drill test in progress.**

Magnolia Resources Limited ("Magnolia" or "the Company") is pleased to announce completion of an airborne electro-magnetic (EM) geophysical survey that has identified a priority anomaly with approximately 1.4 kilometre of extent included among several additional conductive anomalies that are associated with extensive surface nickel and copper anomalism at the Company's 100% owned Oldham Range Project in Western Australia.

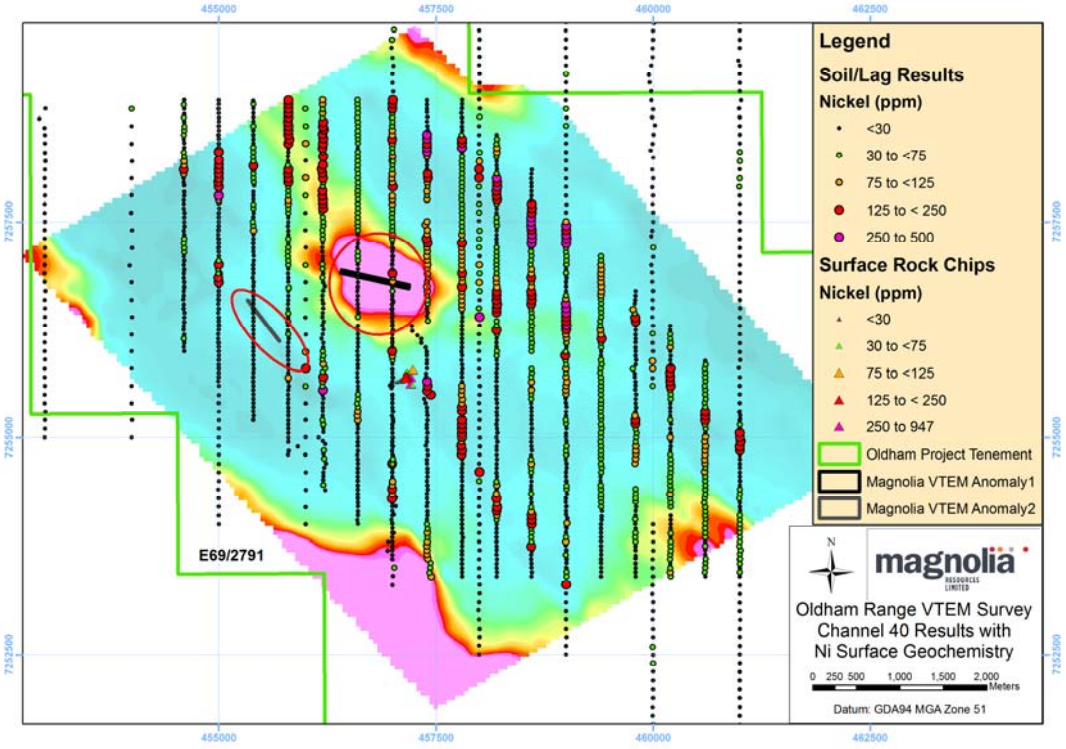


Figure 1: VTEM^{plus} survey results showing dB/dt Z Component Channel 40 (Time Gate 3.521 ms) with historical Nickel surface geochemistry results

REGISTERED OFFICE
First Floor
35 Richardson Street
West Perth WA 6005

POSTAL ADDRESS
PO Box 1263
West Perth WA 6872

CONTACT DETAILS
Tel: +61 8 9322 7600
Fax: +61 8 9322 7602

WEBSITE
www.magnoliaresources.com.au

SHARE REGISTRY
Security Transfer Registrars
770 Canning Highway
Applecross
Perth WA 6153
Tel: 08 9315 2333

ASX CODE
MGB

The Oldham Range Project is located 400km north east of Wiluna and located in the Proterozoic aged rocks of the Warburton Mineral Field in Western Australia. The Oldham Range sandstone Formation is part of an extensive package of under-explored rock sequence located to the north of the Archean aged Yilgarn Craton. The Oldham Range Project is of the same age as the Doolgunna and Albany-Fraser Belt rocks. These Proterozoic terrains are seeing their first stages of modern exploration in the past few years resulting in a new generation of discoveries in Western Australia.

The Versatile Time-Domain Electromagnetic (VTEM^{plus}) survey completed by Magnolia is one of the first aerial geophysical surveys on the Proterozoic Oldham Inlier, which is host to several areas associated with limited zones of basement exposure, which includes a gossan (oxidized sulphide bearing rock) outcrop proximal to the VTEM priority targets host to Cu-Ni-Zn anomalism, along with extensive veining and significant alteration within the region suggesting potential for significant endowment across the predominantly covered terrain. The implementation of new technology that has resulted in significant discoveries in the Doolgunna and Albany Fraser Belt terrains marks the start of a new generation of exploration.

The survey has identified two discrete basement conductors from the VTEM^{plus} survey with the highest priority conductor extending over 1.4km in length from a modelled depth of a shallow 120m. Several of the basement conductors identified correlate well with existing Nickel and Copper surface anomalism and are further highlighted by structural and lithologic complexity from high resolution airborne magnetics and ground gravity for the region.

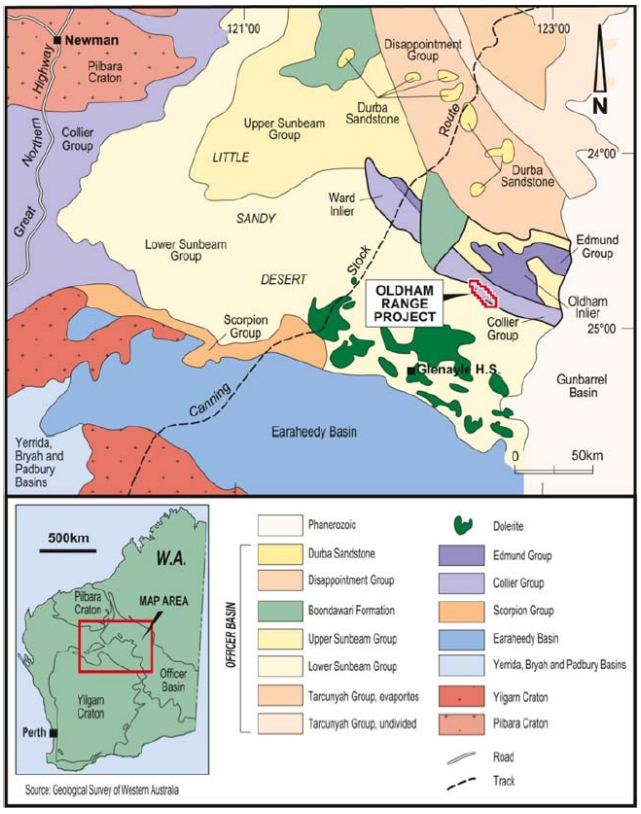


Figure 2: Project Location with Oldham Range Geology

The VTEM^{plus} airborne survey utilised Geotech Airborne Pty Ltd's (Geotech) proprietary geophysical system to test a sub-parallel zones of copper-nickel-cobalt anomalism hosted in the Oldham sandstone.

A final report from Geotech has been received for the VTEM^{plus} survey covering an area of 38km^2. The interpretation and evaluation of the VTEM^{plus} survey was undertaken by the Company's geophysical consultants, Spinifex Geophysics. The interpreted results are being integrated with airborne magnetic datasets and existing geochemistry and ground gravity data available to better prioritise the VTEM^{plus} targets generated in context of existing mineralisation and favourable structure and lithologic setting within the survey area.

The survey area within the E69/2791 tenement is primarily host to the Oldham sandstone unit which is host to several northwest trending dolerite dikes and sills which have the potential to be differentiated and provide a source of sulphide for mineralisation.

Following a more detailed assessment of the potential for substantial sulphide mineralisation associated with each of the defined targets the Company anticipates completing either a ground EM geophysical survey, or an initial drill test on higher priority targets from the airborne survey to assess basement rock geology to better define parameters and extent of a ground geophysical survey.

Modelling of the strength and orientation of the conductors forming the aerial VTEM^{plus} anomalies can only be carried out based on deeper penetrating ground EM (Electromagnetic) data which would significantly refine drill targeting.

Follow-up ground work will assess the relationship of conductive anomalies to mafic intrusions in the project area, which are a potentially a source of sulphide mineralisation associated with the differentiation of the mafic dikes and sills. The proposed ground EM survey could also highlight stratigraphic horizons for potential SEDEX style mineralisation, which could also explain a source for the VTEM anomalies and coincident extensive base metal anomalism identified at the project.

About Magnolia Resources

Magnolia is an Australian based explorer focused on effective and cost efficient exploration of its 100% held Oldham Range Project in Western Australia which is host to significant Cu-Ni-Co potential in the under-explored Proterozoic Oldham Inlier. The Company continues to consider and on a regular basis evaluates potential new exploration projects in Australia and overseas with a view to increasing the number of projects held by the Company and diversify into additional geographical locations.

Ends

For more information contact:

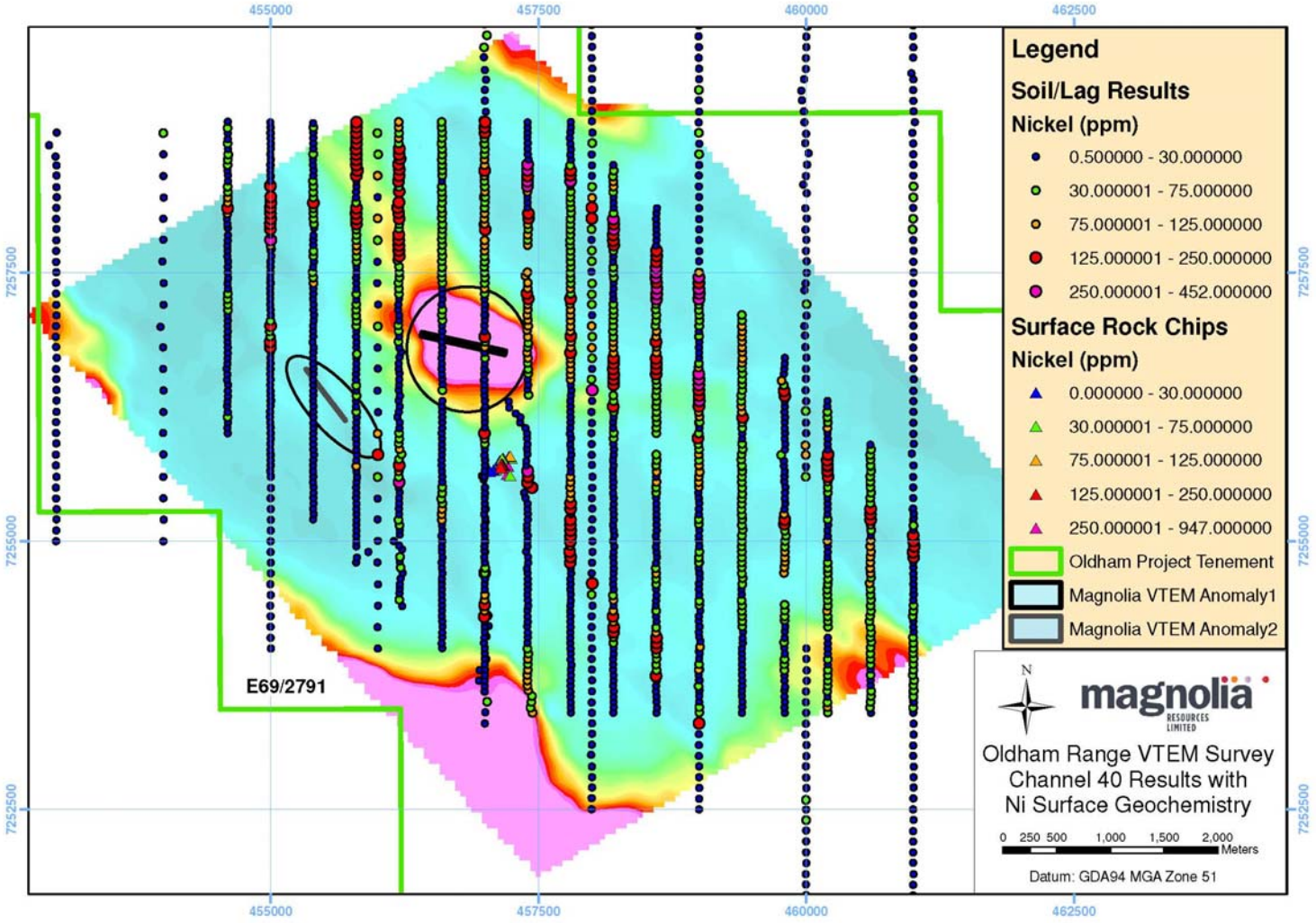
Corporate Enquiries
Tony King
Executive Chairman
T: +61 8 9322 7600

Technical Enquiries
Travis Schwertfeger
Non-Executive Director
T: +61 488 094 395

Competent person statements:

The information included in this report that relates to Geophysical Exploration Results is based on information compiled by Brett Adams, a competent person who is a member of the Australian Institute of Geoscientists. Mr. Adams is employed by Spinifex Geophysics, a consultant to Magnolia Resources on a contract basis and holds no direct or indirect interest in Oldham Range Project and does not beneficially own, directly or indirectly, any securities of Magnolia Resources Ltd or any associate or affiliate of such company. Mr Adams has worked as a geophysicist in planning and interpretation of geophysical programs for mineral exploration for over 10 years in precious and base metal style mineralisation. Mr. Adams has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' . Brett Adams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information included in this report that relates to Historical Exploration Results is based on information compiled by Travis Schwertfeger, B.Sc, M.Sc., MAIG, a competent person who is a member of the Australian Institute of Geoscientists. Mr. Schwertfeger is a full-time employee of the Company in the role of Managing Director for International Goldfields Ltd, with a related party holding securities in International Goldfields. Mr Schwertfeger has worked as a geologist in regional exploration, mine evaluation, resource estimation and mineral production roles for over 15 years in precious and base metal deposits. Mr. Schwertfeger has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' . Travis Schwertfeger consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Enlarged Figure 1

APPENDIX A – JORC 2012 edition TABLE 1, Sections 1-2

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	o *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	o Heliborne geophysical survey carried out at 200 metre line spacing using VTEM^{plus} system by Geotech Airborne Ltd acquiring electro-magneitic (EM) response data and made passive geophysical measurements of magnetic characteristics of the survey area.
	o *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	o The calibration of the VTEM equipment is completed on the full system after it is installed and connected in the helicopter using special calibration equipment. The procedure takes half-cycle files acquired and calculates a calibration file to attenuate natural and man-made signals, leaving only the response to the calibration signal.
	o *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	o Survey carried out at an average speed of 80km/hour in a Eurocopter Aerospatiale AW 119 Koala helicopter at a flight height of 75 metres with sensor clearance for VTEM transmitter and receiver loops at 43 metres and magnetic sensor at 62 metres clearance. o Survey covered a 38 square kilometre area totalling 199.7 line-kilometres of geophysical data acquired.
Drilling techniques	o *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	o Not applicable to reported exploration results

Criteria	JORC Code explanation	Commentary
Drill sample recovery	o *Method of recording and assessing core and chip sample recoveries and results assessed.* o *Measures taken to maximise sample recovery and ensure representative nature of the samples.* o *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	o Not applicable to reported exploration results
Logging	o *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* o *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* o *The total length and percentage of the relevant intersections logged.*	o Not applicable to reported exploration results
Sub-sampling techniques and sample preparation	o *If core, whether cut or sawn and whether quarter, half or all core taken.* o *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* o *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* o *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* o *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* o *Whether sample sizes are appropriate to the grain size of the material being sampled.*	o Not applicable to reported exploration results
Quality of assay data and	o *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	o No analytical techniques utilised in the reported exploration results o EM measurements taken using VTEMmax system.

Criteria	JORC Code explanation	Commentary
laboratory tests		o VTEMmax system calibrated prior to commencement of survey. o All digital data is inspected on a daily basis to ensure that bad data is not present and to identify missing data sections. o A preliminary flight path map is plotted and checked against survey specifications.
	o *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	o VTEMmax configuration: o *The electromagnetic system was a Geotech Time Domain EM (VTEM^{plus}) system full receiver-waveform streamed data recorded system* o *VTEM^{plus} Transmitter:* - *26 m transmitter loop diameter,* - *Number of turns: 4* - *Effective loop area: 2123.7m^2* - *Base Frequency: 25 Hz* - *Peak Current: 338 A* - *Pulse Width: 7.8ms* - *Wave Form Shape: trapezoid* - *Peak dipole moment: 717,810 nIA* o *VTEM^{plus} Receiver:* - *X-Coil diameter: 0.32m* - *Number of turns: 245* - *Effective X-Coil area: 19.69m^2* - *Z-Coil diameter: 1.2m* - *Number of turns: 100* - *Effective Z-Coil area: 113.04m^2* - *Average flight height: 43 metres* o Airborne Magnetometer Sensor: - *Geometrics optically pumped caesium vapour magnetic field sensor* - *Sample Interval: 0.1 seconds* - *Sensitivity: 0.02 nanoTesla* - *Average flight height: 62 metres* o Base Station Magnetometer Sensor:

Criteria	JORC Code explanation	Commentary
		- *Geometrics caesium vapour magnetometer sensor* - *Sample Interval: 0.1 seconds* - *Sensitivity: 0.001 nanoTesla* - *Frequency: 1Hz*
	o *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	o The data is then uploaded via secure file transfer protocol (ftp) to the Geotech office in Aurora Ontario, Canada for daily assurance and quality control by qualified personnel. o A combined magnetometer/GPS base station was established on the project for quality control on magnetometer and GPS data collection devices in the airborne survey.
Verification of sampling and assaying	o *The verification of significant intersections by either independent or alternative company personnel.*	o Re-processing and additional review of acquired data
	o *The use of twinned holes.*	o Not applicable to reported geophysical exploration results
	o *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	o Data is acquired on-board the helicopter with Geotech proprietary data acquisition system and transferred to a compact flash card (PCMCIA) at the end of each flight by Geotech personell and saved to the data processing computer. o The data is then uploaded via secure file transfer protocol (ftp) to the Geotech office in Aurora Ontario, Canada for daily assurance and quality control by qualified personnel.
	o *Discuss any adjustment to assay data.*	o Not applicable to reported geophysical exploration results
Location of data points	o *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	o Real-time differential corrected GPS navigation system used. A Geotech PC104 based navigation system utilised a NovAtel's WAAS (Wide Area Augmentation System) enabled GPS Receiver. As many as 11 GPS and two WAAS satellites may be monitored at any one time. o The positional accuracy or, circular error probability (CEP) of the base navigation system is 1.8m, with WAAS active it is 1.0m.
	o *Specification of the grid system used.*	o Flight path data recorded in WGS 84 latitude/longitude and converted to GDA94, Map Grid of Australia zone 51 coordinate system using Oasis Montaj software.

Criteria	JORC Code explanation	Commentary
	o *Quality and adequacy of topographic control*	o Topographic control is adquated for the reported exploration results, with an elevation ranging from 481 to 552 metres above mean sea level. o A Terra TRA 3000/TRI 40 radar altimeter was used to record terrain clearance.
Data spacing and distribution	o *Data spacing for reporting of Exploration Results.* o *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	o Readings taken at 2-3m intervals along flight lines 200m apart. o Line spacing is 200 metres as this is believed to be sufficient to identify anomalies that merit additional on the ground follow-up work.
	o *Whether sample compositing has been applied.*	o Not applicable to the reported exploration results
Orientation of data in relation to geological structure	o *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* o *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	o The survey area was flown on lines with N60E (060 azimuth) direction. o The geophysical survey was planned in an orientation near perpendicular to regional stratigraphic trends and near perpendicular to reported surface geochemistry anomalism identified on the target to provide a representative geophysical response across the anticipated orientation of potential mineralisation.
Sample security	o *The measures taken to ensure sample security.*	o Data transfers at all stages of data acquisition and reporting process completed by secure ftp transfers.
Audits or reviews	o *The results of any audits or reviews of sampling techniques and data.*	o A review of data integrity has been completed by a 3rd party consultant. o Spinefex Geophysics has completed additional review, data processing, interpretation and targeting prioritisation on behalf of Magnolia Resources.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	o *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* o *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	o The mining tenement E69/2791 is 100% owned by Magnolia Resources with completion of a share sale agreement completed on 10 August 2012 with Matlock Geological Services Pty Ltd. o Tenement E69/2791 granted 23 August 2011 is presently held by Matlock Geological Services Pty Ltd. o The E69/2791 is subject to Native Title Determination WAD6284/98, Birriliburu People (WCD2008/002) o Land Access & Mineral Exploration Agreement dated 25 October 2011 has been executed between Mungarlu Ngurrarankatja Rirraunkja (Aboriginal Corporation) RNTBC (ICN 7321) (ABN 63 519 580 154) and Matlock Geological Services Pty Ltd (ACN 124 304 785).
Exploration done by other parties	o *Acknowledgment and appraisal of exploration by other parties.*	o The Project area has been subject to limited previous exploration with initial geological investigation in the Project area completed by the GSWA and no previous exploration or mining activity has been documented on the Oldham Range Project prior to exploration by Dominion Mining Limited (Dominion) in Joint Venture with Genesis Minerals Ltd. o Previous explorers completed extensive lag and soil surface sampling with infill lag and soil sampling and follow-up auger sampling completed in some areas identifying a number of coincident copper-nickel-PGE-cobalt anomalies.
Geology	o *Deposit type, geological setting and style of mineralisation.*	o The area is dominated by the north□westerly trending Cornelia and Oldham ranges. o Rocks in the Oldham Range project area comprised of the Cornelia Formation and incuded the subunits defined as the Oldham Sandstone, which are silicified, crossbedded, and rippled quartz sandstone commonly dipping at about 15° to 20° to the southwest.

Criteria	JORC Code explanation	Commentary
		The Cornelia Sandstone to the north is a steeper dipping, more intensely silicified and quartz stockworked sandstone, with a more subdued magnetic response. The steeply dipping shaly Quadrio Formation consists of ferruginised shale and siltstone that grade into banded and laminated chert in a prominent northwesterly o trending ridge north of the Quadrio Lake. Above the chert unit are siltstone and sandstone units that are interpreted as coarsening□upward cycles. o The exploration completed to date has generated the following major targets that the Company intends to focus its exploration programme: o *base metal anomalism, lead +zinc + copper, defined by the geochemical lag sampling. The anomaly is hosted within the Oldham Sandstone and is proximal to a statigraphic contact and unconformity;* o *anomalous nickel□cobalt geochemical mineralisation has been defined by the geochemical sampling and is associated with a zone of substantial mafic intrusion;* o *a low level uranium anomaly has been defined in surface lag sampling with the anomalous zone associated with a radiometric anomaly; and* o *the epigenetic barite–hematite veins/stockwork containing anomalous gold values.*

Criteria	JORC Code explanation	Commentary
Drill hole Information	o *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* o *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	o Not applicable to the reported exploration results
Data aggregation methods	o *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* o *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* o *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	o Not applicable to the reported exploration results
Relationship between mineralisation widths and intercept lengths	o *These relationships are particularly important in the reporting of Exploration Results.* o *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* o *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	o Not applicable to the reported exploration results

Criteria	JORC Code explanation	Commentary
Diagrams	o *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	o Included in body of report as deemed appropriate by the competent person.
Balanced reporting	o *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	o All reported geophysical data is included in the reported exploration results.
Other substantive exploration data	o *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	o The Company's previous ASX releases have exploration works including historical surface geochemistry, geological mapping, and results of previous airborne and ground geophysical surveys. o Previous results salient to the reported exploration results utilised in prioritising identified VTEM anomalies are included in the body of the report.
Further work	o *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* o *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	o Proposed work is included in body of this report o Included in this report as deemed appropriate by the CP