

31 July 2015

Company Announcements Office
ASX Limited

By E-Lodgement



QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2015

HIGHLIGHTS

- Shareholder approval for the purchase of Whole New Home (WNH) received, transaction expected to complete by end of August 2015
- Firm commitments of \$7m secured for capital raise, strong demand with maximum raise achieved
- Leadership team strengthened with two high profile Board appointments with a wealth of industry experience to drive the success of the business
- WNH on track for full-scale platform launch and establishment of world class Design Studio in the next quarter, with a strong acceleration in commercialisation of the platform
- WNH well funded, on track to relist in the coming quarter and strategically positioned to grow customers and expand platform, product and service offerings

The Board of Magnolia Resources Limited ("Magnolia" or "the Company") is pleased to provide the following commentary and Appendix 5B for the period ending 30 June 2015.

ACQUISITION OF PDT TECHNOLOGIES INC.

Magnolia announced during the quarter that it had signed a binding share sale agreement with the major shareholders of PDT Technologies Inc. ("PDT Technologies or PDT") to purchase their equity interests in Whole New Home ("WNH").

WNH is a North American based e-commerce Software as a Service ("SaaS") platform which connects Home Designers directly with home owners, aiming to create the world's first true omni-channel retail experience in the home space. The core offerings presented through the online platform are Inspiration Boards, a selection of products, services, and inspirational home design images created by design professionals, or Home Designers.

WNH's integrated e-commerce platform was soft launched in January 2015 and to date, has seen rapid growth with over 30,000 home décor products and 255 home designers, generating approximately 3,700 unique visitors each month. In Q3 2015, WNH will launch a complete omni-channel service on the integrated platform and is targeting over 500,000 products to be rolled out by 2016.

BOARD & MANAGEMENT

Mr Tony King
EXECUTIVE CHAIRMAN

Mr Travis Schwertfeger
NON-EXECUTIVE DIRECTOR

Mr Cameron Pearce
NON-EXECUTIVE DIRECTOR

Mr Aaron Bertolatti
COMPANY SECRETARY

REGISTERED OFFICE

Level 1,
35 Richardson Street
West Perth WA 6005

POSTAL ADDRESS

PO Box 1440
West Perth WA 6872

CONTACT DETAILS

Tel: +61 8 9212 0105

WEBSITE

www.magnoliareources.com.au

SHARE REGISTRY

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

ASX CODE

MGB

On 20 July 2015 the Company held a General Meeting and received shareholder approval, regarding the acquisition of Whole New Home. The acquisition is still subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules, completion of the capital raising and completion of settlement documentation. The transaction is expected to complete during August 2015.

Pursuant to the reinstatement of listing on the ASX, by the end of August 2015, the Company's primary focus will be to develop the business of WNH in line with its business model. Funds will be used to invest into software and technology development, working capital to accelerate business expansion, as well as business development, sales and marketing.

Exclusive Agreement with H+ Technologies

During the quarter WNH entered into an exclusive agreement with H+ Technology ("H+") to develop and provide holographic technology to WNH for use in the bespoke Design Studio, which will be established in Vancouver, Canada later this year.

The holographic experience developed by H+ and WNH will be a world's first in the retailing space; for both consumers and designers. Specifically the technology will allow home designers and their clients to view home décor and furnishings offered by WNH as high definition 3D holograms. The holograms can be viewed within the "Dream Room", which will be part of the Design Studio. The Dream Room technology will also allow clients to upload a panoramic photograph of a room in their home and have this projected over 4 walls, virtually recreating their home environment. 3D renderings of home décor and furniture can then be "placed" within the room to aid the designer and client, to visualize the full effect of their design vision for the room.

The H+ deal and creation of a Design Studio completes the true omni-channel retail experience for the consumer with unique offering and competitive differentiator through its holographic technology. The Company is now strategically positioned to become a leading innovative technology platform to the retail home furnishing industry worth over US\$180 billion in North America alone.

Rebranding of Whole New Home and Launch Date

WNH is in the process of rebranding the business in order to adopt a new business name and trademark, to replace "Whole New Home". The goal is to develop a stronger, more distinctive brand that better communicates WNH's unique technology offering and compelling omni-channel customer experience. Management also believes that a new brand will better represent the broad scope of WNH's business, which has the potential to reach beyond the home into other retail industry segments.

The rebrand will take effect in line with the launch of the Design Studio, integrated Dream Room and upgraded platform in Q3 2015

Appointments

Upon completion of the acquisition of PDT Technologies Inc., Mr. Nik Ajagu and Mr. Nathan Sellyn will be appointed to the Board of the Company as Non-Executive Directors. They will join Mr. Tony King as Chairman and Mr. Neil Patel as Managing Director. Proposed appointments complement the strong management team and position WNH with the necessary skills and experience to drive future success.

Mr. Nik Ajagu is an entrepreneur and angel investor in the US and currently the Head of Global Partnerships at Atlas, Facebook's Advertising Technology Suite. Mr. Ajagu joined Facebook in the early stages of the business and was instrumental in driving the company's success to date. Today Facebook boasts revenues of US\$12.47 billion (FY2014) and 1.39 billion monthly active users.

Mr. Ajagu is joined by Nathen Sellyn, also to be appointed as a Non-Executive Director. Mr. Sellyn is a Partner and Co-founder of Assembly Stakeholder Relations, a leading investor relations firm providing counsel to some of Canada's largest publicly traded retail businesses. Mr. Sellyn is also co-founder and Chief Creative Officer of Brothersport Games, a sports-gaming application development studio. Mr. Sellyn has excellent corporate and public company experience, which is second to none in the industry, having served in various capacities, including Director of Corporate Development and Investor Relations, at Great Canadian Gaming, Canada's largest publicly traded gaming corporation.

Board appointments provide strong validation of the potential of Whole New Home to revolutionise the interior design market and drive significant shareholder value.

CORPORATE

Capital Raising

As part of the transaction and prior to relisting on the Australian Securities Exchange (ASX), the Company has engaged Alto Capital and CPS Capital to undertake an equity raising. Following the lodgement a prospectus on 9 July 2015, which proposed a capital raise of minimum \$5m, the Company announced that it has received commitments for \$7m, the maximum raising allowed under the prospectus. Strong interest has been received from sophisticated and strategic investors with the issue being significantly oversubscribed.

Underwriting of Options

During the quarter the Company executed an Underwriting Agreement that saw the Company's Unlisted Options with a strike price of \$0.20 and expiring on 30 June 2015 fully underwritten, providing funds of approximately \$1,550,000 (excluding underwriting fees). CPS Capital Group Pty Ltd acted as Underwriter to the Option Underwriting.

Loans

The Company is finalising the advance of a loan to PDT for \$750,000 as agreed under the Share Sale Agreement. These funds will be used by PDT to continue the acceleration of business development until the transaction is finalised.

OLDHAM RANGE PROJECT (100% INTEREST HELD)

No exploration activities or mining production and development activities were completed during the June Quarter.

OUTLOOK

Entering FY16, WNH is strategically positioned to transform the global home design market, disrupting the value chain and transforming the way product suppliers, home designers and end customers interact globally. The acquisition of WNH is on track to be completed during August 2015.

Pursuant to the reinstatement of listing on the ASX, expected early next quarter, the Company's primary focus will be to develop the business of WNH in line with its business model. Funds raised will be used to invest into software and technology development, working capital to accelerate business expansion, as well as business development, sales and marketing. WNH is delivering on expectations to complete the full launch of omni-channel service by end of Q3 2015 and is targeting over 500,000 products to be rolled out by 2016.

The Company rebrand will take effect in conjunction with the launch of the Design Studio, integrated Dream Room and upgraded web platform and mobile application release; all of which is on track for completion in Q3 2015.

For further information please contact:

Media Enquiries

Fran Foo
Director
Media & Capital Partners
p: +61 416 302 719

Investor Enquiries

Cameron Bolton	Clarke Barlow
Alto Capital	CPS Capital
p: +61 8 9223 9888	p: +61 8 9223 2201

Magnolia Resources Limited

Tony King
Chairman, Magnolia Resources Limited
p: +61 08 9212 0105

ABOUT

Whole New Home

Whole New Home is a North American based e-commerce Software as a Service (SaaS) platform which connects Home Designers directly with home owners and tenants, aiming to create the world's first true omni-channel retail experience in the home space. The three key business model differentiation versus a bricks and mortar stores and online retailers are 1) Establishment of free 'Inspiration Boards' created in partnership with design professionals and the customer; and 2) 'Design Studios' where home designers and customers can create a 3D holographic images of each room in their house, with the ability to decorate and walk around the product and interact with it; and 3) social responsibility as a core brand value through supporting the Better Homes For Everyone Foundation and their work in helping people who struggle with homelessness.

The company was founded in 2014, soft launched its integrated e-commerce platform in January 2015 and is on track for full-scale commercialization in US and Canada by Q3 2015.

Completion of this omni-channel service will taking existing product range from 40,000 to 500,000 products in 2016.

<https://www.wholenewhome.com/>

Interests in mining tenements held at the end of quarter

Tenement Ref.	Project	Holder	Grant	Expiry	Area
E69/2791	Oldham Range	Stirling Minerals Pty Ltd (100%)	23/8/2011	22/8/2016	45 blocks or Approx. 142km ²

Holder: Stirling Minerals is a 100% owned Australia subsidiary of Magnolia Resources Limited.

Mining tenements acquired and disposed during the June 2015 quarter: Nil

Beneficial percentage interests in joint venture agreements at the end of the June 2015 quarter: Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the June 2015 quarter: Nil

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Magnolia Resources Limited

ABN

28 158 307 549

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	-	(33)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(181)	(536)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	53
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(173)	(516)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(173)	(516)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(173)	(516)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	50	50
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	50	50
	Net increase (decrease) in cash held	(123)	(466)
1.20	Cash at beginning of quarter/year to date	1,853	2,196
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,730	1,730

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	49
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil
1.25 Explanation necessary for an understanding of the transactions	
Payment of Directors fees and Remuneration \$49k	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

n/a

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

n/a

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	8
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	158

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,730	1,853
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,730	1,853

Changes in interests in mining tenements and petroleum tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6 Interests in mining tenements held	See Appendix 1 below			
6.1 Interests in mining tenements tenements relinquished, reduced or lapsed	n/a			
6.2 Interests in mining tenements tenements acquired or increased	n/a			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	36,001,000	28,251,000		Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	250,000 7,750,000	250,000 -		Fully Paid -
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options -				
7.8	Issued during quarter				
7.9	Exercised during quarter	8,000,000	-	<u>Exercise Price</u> 20 cents	<u>Expiry Date</u> 30 June 2015
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



31 July 2015

Sign here: Date:
(Executive Chairman)

TONY KING

Print name:

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Appendix 1 – Interests in mining tenements held

Tenement Ref.	Project	Holder	Grant	Expiry	Area
E69/2791	Oldham Range	Stirling Minerals Pty Ltd (100%)	23/8/2011	22/8/2016	45 blocks or Approx. 142km ²

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Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the June 2015 quarter: Nil

Summary of Expenditure Incurred per Project

Project	Quarter Cash Spend \$A'000
Oldham Range - E69/2791	-
Total	-

+ See chapter 19 for defined terms.