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Level 1  
44A Kings Park Road  
PO Box 1388  
West Perth WA 6872  
Telephone 08 9226 1777  
www.magres.com.au

ABN 34 121 370 232

## HOMeward BOUND SOUTH

Magnetic Resources is pleased to announce that it expanded its extensive tenement holdings in the prospective Leonora-Laverton gold region following an option to purchase 15sq km of tenements at Homeward Bound South. The tenements comprise granted prospecting licence P39/5455 and seven prospecting licence applications (P39/5928-5929, P39/5931-5934 and P37/9144) covering a 5km strike length of the Federation Shear Zone situated 40km east of Leonora (Figure 1)

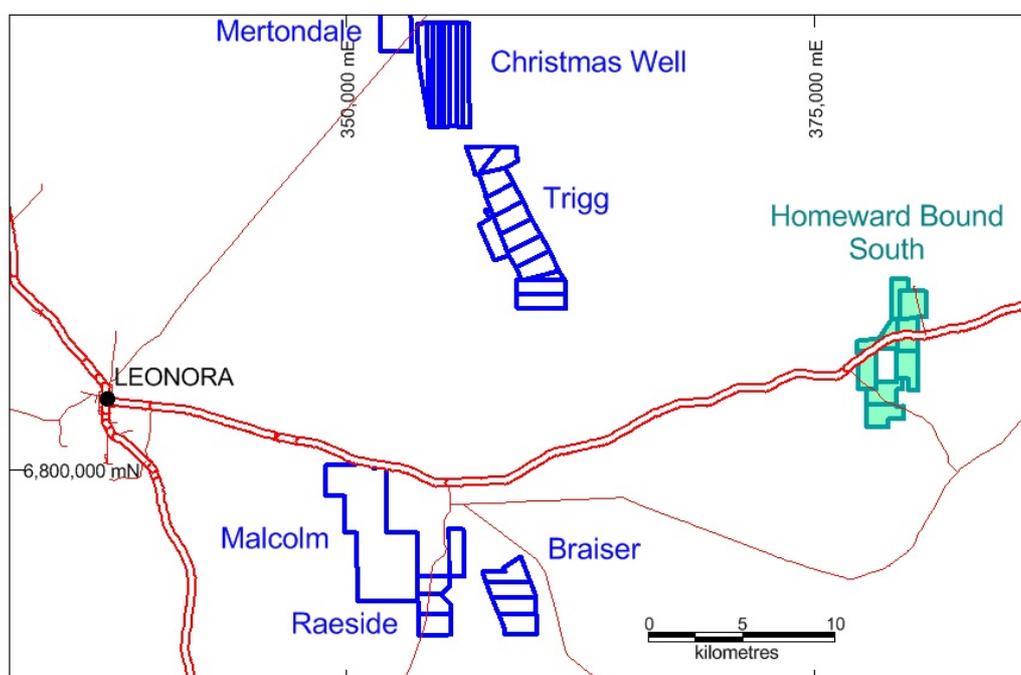


Figure 1

### Location

The Federation Shear is an interpreted NE splay off the Keith-Kilkenny Tectonic Zone situated some 15km to the SW, linking to the Celia Tectonic Zone to the NE. This shear zone separates a predominantly N-trending intermediate sedimentary package to the west from a NNE-trending mafic sequence to the east. The fault corridor is evident as a pronounced curvilinear aeromagnetic low interpreted to result from magnetite destruction within the shear zone. Significant gold mineralization occurs within this magnetic corridor at Homeward Bound and Federation 250m and 750m to the north along strike respectively where historical drilling has traced mineralization over more than a 1km strike length. A shallow pre-JORC resource of 70,000t @ 2.1g/t has been reported to 50m depth at Homeward Bound (Sons of Gwalia NL open file report A33989 December 1988).

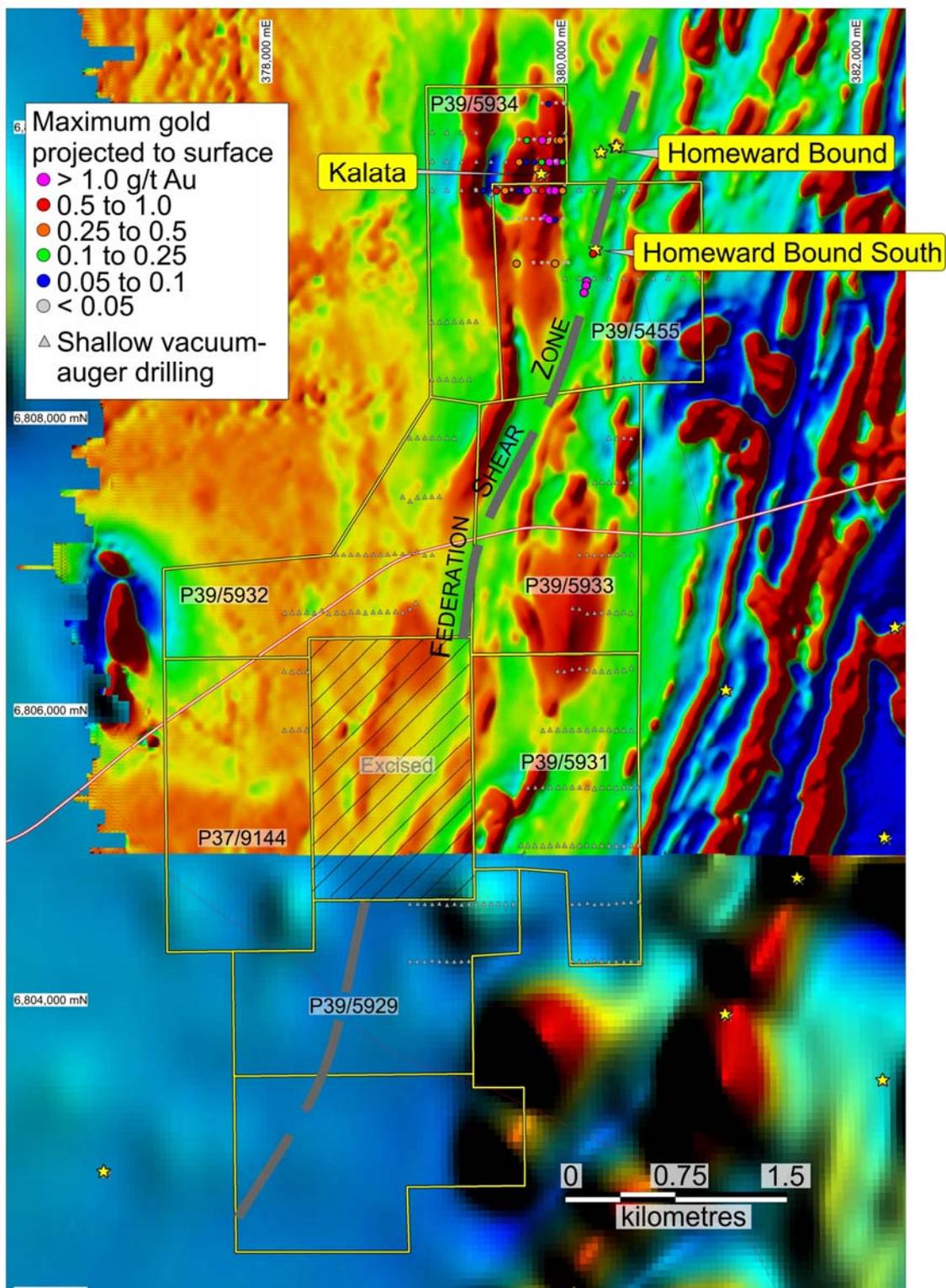


Figure 2

Aeromagnetic Image Showing Historical Drilling and Interpreted Federation Shear Zone

Significantly, a line of old gold diggings occurs over a 500m strike length on the optioned tenements at Homeward Bound South within the Federation Shear corridor (Figure 2). Six shallow, wide-spaced drill holes completed by Sons of Gwalia in 1988 intersected gold mineralization including 1m @ 1.0g/t from 18m in HBC42; 2m @ 1.5g/t from 14m in HBC43; 1m @ 1.2g/t from 8m, 1m @ 1.9g/t from 13m and 2m @ 1.4g/t from 18m in HBC44 and 1m @ 3.3g/t from 17m and 1m @ 1.3g/t from 19m in HBC45. 500m further south, sporadic quartz-ironstone breccia outcrops have been observed over a 700m strike length along this magnetic trend before disappearing under soil cover. There is no record of any systematic modern exploration along the 4.5km strike extension of the Federation Shear south from Homeward Bound South, making this an attractive target for high grade shear-hosted gold mineralization.

In addition, historical exploration has identified a target west of the Federation Shear at Kalata (Figure 2), where gold mineralization occurs over a 600m strike length in a N-trending shale unit. Reported RAB drill intercepts include 6m @ 2.6g/t Au from 32m (including 1m @ 11.4g/t Au from 32m); 3m @ 8.0g/t Au from 13m and 2m @ 2.0g/t Au from 5m, with very limited RC drilling at depth.

Magnetic Resources is planning to carry out geochemical sampling over the 1.5km strike length of the Federation Shear corridor within granted P39/5455 together with sampling to test the southern extension of the Kalata zone. Upon grant of the remaining tenements it is expected that a ground magnetic survey will be carried out over the southernmost 2km strike of the interpreted shear zone, where only regional aeromagnetic data is available, to confirm its position on the ground. This will be followed by mapping and geochemical sampling over the remaining 3.5km of the shear corridor. This work is anticipated to provide targets for first pass drilling.

Under the terms of the agreement Magnetic will pay a \$20,000 fee for a 12 month option during which time it may purchase a 100% interest in the tenements for a consideration of \$50,000 and 900,000 fully paid shares in Magnetic. Managing director George Sakalidis commented: "Homeward Bound South provides Magnetic with a cost-effective opportunity to test well defined targets with demonstrated gold potential in proximity to the Company's existing projects in this well endowed gold belt".

#### References:

Homeward Bound PL39/20 & PL39/92, Delta Gold NL, March 1985 (open file report a15343).  
Homeward Bound Joint Venture Progress Report, Sons of Gwalia NL, December 1988 (open file report a33989).  
Abednego Hill JV Annual Technical Report, Delta Gold NL, May 2001 (open file report a62885).  
Abednego Hill JV Annual Technical Report, Delta Gold NL, March 2002 (open file report a64680)

For more information on the company visit [www.magres.com.au](http://www.magres.com.au)

George Sakalidis  
Managing Director  
Phone (08) 9226 1777  
Mobile 0411 640 337  
Email [george@magres.com.au](mailto:george@magres.com.au)

The information in this report is based on information compiled by George Sakalidis BSc (Hons) from open file reports on historical exploration. George Sakalidis is a member of the Australasian Institute of Mining and Metallurgy and a Director of Magnetic Resources NL. George Sakalidis 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 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.