

## News Release

January 20, 2012

### Magna Resources Ltd. and Confederation Minerals Ltd. Complete Purchase and Sale of American Potash LLC

**Magna Resources Ltd. (CNSX:MNA) and Confederation Minerals Ltd. (TSX-V: CFM) ([www.confederationmineralsltd.com](http://www.confederationmineralsltd.com))** are pleased to announce that they have completed the previously announced acquisition by Magna of Confederation's 50% interest in American Potash LLC ("American Potash").

At closing, Confederation transferred to Magna its interest in American Potash in exchange for 22,420,000 common shares and 2,400,000 common share purchase warrants. Each warrant entitles Confederation to purchase a further common share at a price of \$0.10 until February 25, 2016. Concurrent with the transfer, Confederation subscribed for 6,666,666 common shares of Magna at \$0.30 per Share for gross proceeds to Magna of \$2,000,000.

As a result of the transaction, Magna now holds a 100% membership interest in American Potash LLC., which holds certain potash leases and an option in respect of certain potash lease applications in the State of Utah. With the share and warrant issuances on closing, Magna now has an aggregate of 51,506,666 common shares and 4,800,000 common share purchase warrants exercisable at \$0.10 per share issued and outstanding (on a non-diluted basis), of which 56.47% of the shares and 50% of the warrants are held by Confederation.

Rudy De Jonge, President of Magna, stated "This acquisition consolidates 100% ownership of our very exciting potash prospects into Magna Resources allowing for more focussed management and easier funding which will benefit all shareholders. I believe we have the most advantageous land position in the Paradox basin, the largest known Potash basin in America. This consolidation of ownership is also very timely because we expect shortly to have satisfied all requirements necessary to begin drilling our first test hole."

Lawrence Dick PhD., P. Geo., President of Confederation, stated:" the Magna transaction is a win-win situation. Transferring all of American Potash to Magna Resources, which is now 56.47% owned by Confederation, allows our company to focus on our Newman-Todd gold exploration project, in the prolific Red Lake gold camp, while maintaining our major position in the highly-prospective potash holdings in Utah, for which we have exceedingly high expectations. The potash prospect will be taken forward under the care of a geological team with experience in the potash field, and will allow Confederation to give this project the geological attention it deserves."

All securities issued by Magna at closing are subject to a four month hold period expiring May 20, 2012.

Magna is also pleased to announce that American Potash LLC has submitted Potassium Prospecting Applications in respect of an additional 2253.95 acres of BLM land contiguous to its existing applications in Utah.

On Behalf of the Board,  
Confederation Minerals Ltd.

*"Lawrence Dick"*

Lawrence A. Dick, Ph.D., P.Ge  
President, CEO, and Director

On Behalf of the Board,  
Magna Resources Ltd.

*"Rudy de Jonge"*

Rudy de Jonge, CEO and President

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### **Forward-Looking Information**

This release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address events or developments that the companies expect to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although the companies believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include failure to complete the conditions of the Purchase Agreement. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the companies' management on the date the statements are made. Except as required by applicable securities laws, the companies undertake no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.