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## JUNE 2013 QUARTERLY REPORT

12 July 2013

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### LEGEND MINING LIMITED

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### CONTACT

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Executive Director Technical

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### PROJECTS

**Cameroon:** Iron Ore, Gold

### HIGHLIGHTS

- **Stream sediment sampling and gold panning highlights 4km<sup>2</sup> “Bikala” target area containing extensive alluvial artisanal workings.**
- **Detailed soil sampling programme (761 samples) completed at Bikala, results awaited.**
- **CSIRO studies indicate hydrothermal origin for some gold grains and a nearby source.**
- **Commenced work on new “Nkoutou” gold target identified by stream sediment sampling, mapping and the presence of artisanal workings.**
- **Work on attracting a suitable partner for the iron ore project progressed during the quarter.**

### OVERVIEW

Fieldwork during the June quarter focussed on the gold prospects of Bikala and Nkoutou. These areas have been identified as the most prospective areas from a 450km<sup>2</sup> programme which commenced in the December quarter 2012. It has been an excellent effort by the field crew to narrow the focus to these areas in this time frame using a combination of stream sediment sampling, geological mapping and locating artisanal workings. More comprehensive detail of these work programmes is contained in the body of this report.

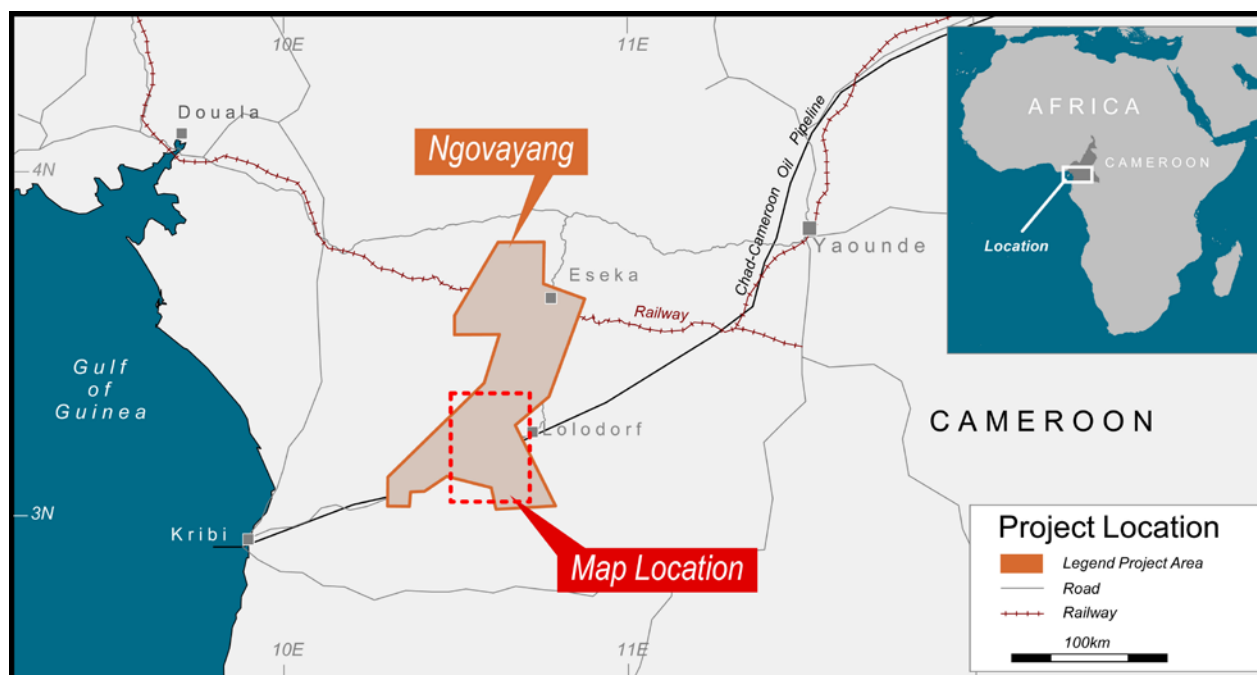
A detailed soil sampling programme was completed at Bikala with assay results expected shortly and will be reported once received. These results will enable a plan to be developed for future work, with the ultimate aim of identifying drill targets. Meanwhile the field team is focussed on Nkoutou to complete a similar exploration programme as at Bikala with results reported as they become available.

## 1. CAMEROON PROJECT

The Cameroon Project comprises three granted exploration permits covering an area of approximately 2,469km<sup>2</sup> and is considered prospective for iron ore and gold.

### *Gold Exploration*

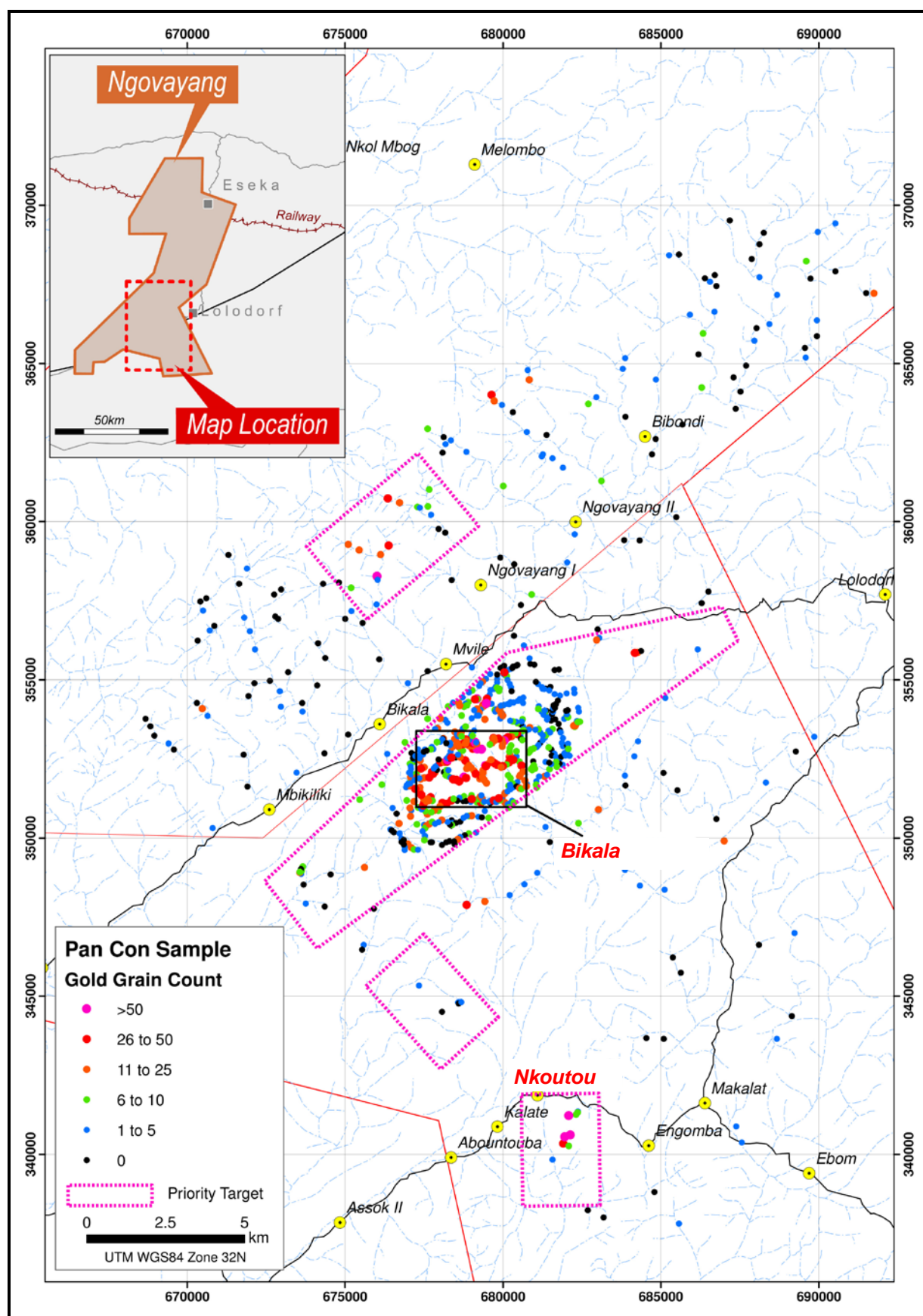
An initial regional drainage sampling programme covering an area of approximately 450km<sup>2</sup> commenced in the December 2012 quarter over the southeastern portion of the Ngovayang Project, see Figure 1. This area is considered prospective for gold mineralisation based on the presence of a wide NE-SW trending regional shear corridor with associated granitoid intrusives, and the occurrence of several small scale artisanal alluvial gold workings.



**Figure 1: Cameroon Project Location – Area of Stream Sediment Sampling**

Four priority target areas were identified from the regional stream sediment sampling, effectively reducing the area of interest from 450km<sup>2</sup> to 80km<sup>2</sup>, see Figure 2.

Exploration activities undertaken during the June 2012 quarter focussed on these four target areas, and included infill sampling/panning, detailed geological mapping and grid based soil sampling. Encouraging results from this follow-up work have highlighted the gold potential of the Bikala and Nkoutou prospects, (combined area of 8km<sup>2</sup>), see Figure 2. Technical studies by the CSIRO and a consultant petrologist were also completed and have added significantly to Legend's knowledge on the character and possible origin of the gold grains.

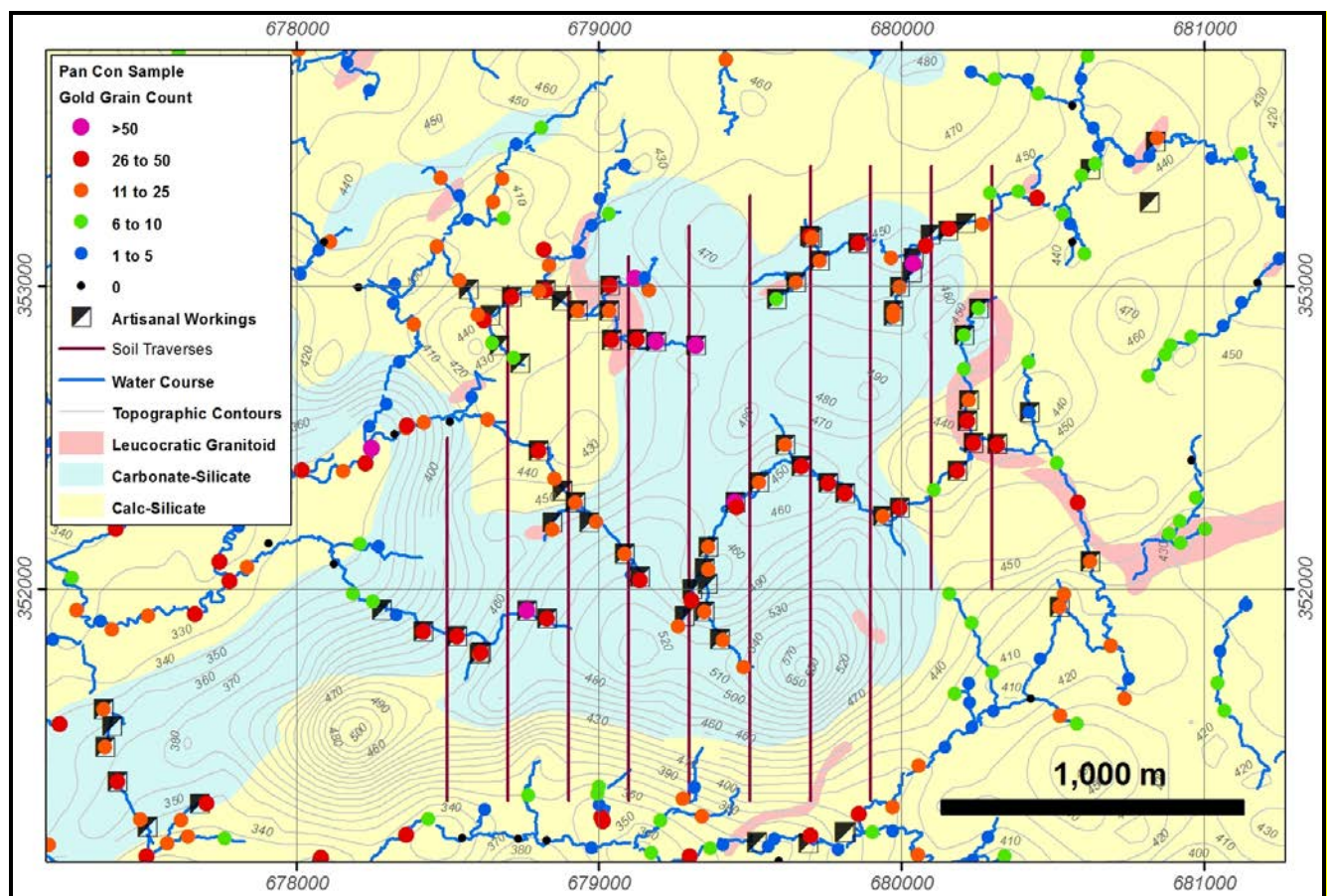


**Figure 2: Stream Sediment Pan Concentrate Samples - Gold Grain Count**



### ***Bikala Prospect - Pan Concentrate Sampling***

Five drainages covering an area of 4km<sup>2</sup> within the large central target area, now named ***Bikala***, consistently returned pan concentrate samples with  $\geq 25$  gold grains. These drainages are shedding several E-W to NE-SW trending topographic “ridges” and in most cases contain small scale alluvial artisanal workings, see Figure 3. Artisanal workings have proven to be more extensive in this area than previously known, adding to the prospectivity. No hardrock artisanal workings have been located, and this is attributed to the limited amount of outcrop and the presence of 1-10m of highly weathered cover.



**Figure 3: Bikala Prospect - Gold Grain Count in Stream Sediment Pan Concentrate Samples and Location of Soil Sample Traverses**

The pan concentrate method is proving to be a valuable exploration technique as it provides an “immediate” indication of the presence/absence of gold and allows rapid in-field assessment of the prospectivity of drainage systems.

Table 1 below shows a summary of the number gold grains identified in-field from all pan concentrate samples, highlighting that approximately 10% contain greater than 25 gold grains.

Table 1: Pan Concentrate Samples	
Number Gold Grains	Number Samples
>100	5
51-100	8
26-50	59
21-25	28
16-20	47
11-15	47
6-10	128
1-5	276
0	173
<b>Total</b>	<b>771</b>

### ***Bikala Prospect - Soil Sampling***

A soil sampling programme (761 samples) covering the five anomalous drainages/catchments at Bikala (see Figure 3) has been completed, with full analytical results expected by mid-July. The programme comprises two sample types; a 2-3kg unsieved soil sample taken at 25m intervals and a second 10kg bulk sample taken at 50m intervals. The unsieved samples were submitted for fire assay gold analysis, while the 10kg samples were panned and the concentrate observed for the presence of gold grains. Of the 375 bulk samples panned and observed, 66 samples contained between 1-3 gold grains, providing confidence in the effectiveness of the soil sampling technique in the area.

### ***Petrology***

Detailed geological mapping shows the target area to be dominated by amphibolite-biotite-feldspar-garnet gneiss and calc-silicate, interspersed with granitic/felsic intrusives. These rocks contain varying amounts of disseminated and vein sulphide, predominately pyrite, however minor chalcopyrite, pyrrhotite and pentlandite was also noted in thin/polished sections.

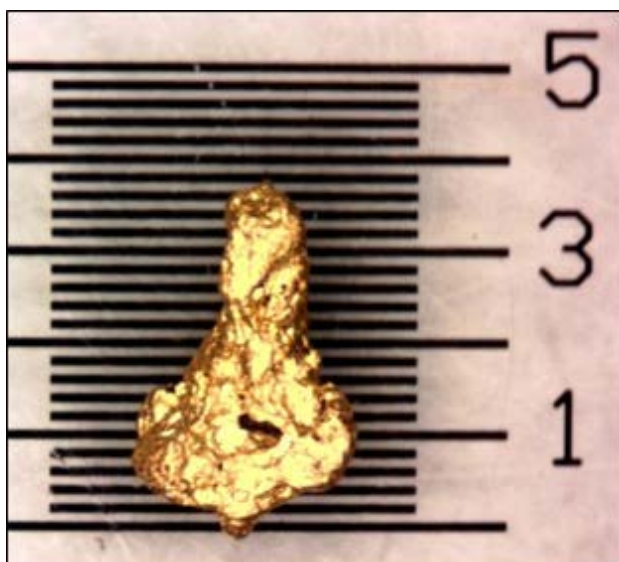
Further petrological analysis of a suite of nine samples indicates that the region has experienced two quartz-sulphide events. One event is interpreted to represent “orogenic gold-type veins” associated with peak to post-peak upper amphibolite metamorphism, while the second event is related to lower grade greenschist metamorphism. This finding is highly encouraging as either of these quartz-sulphide events could be responsible for the gold identified in the drainages.

### ***CSIRO Analysis***

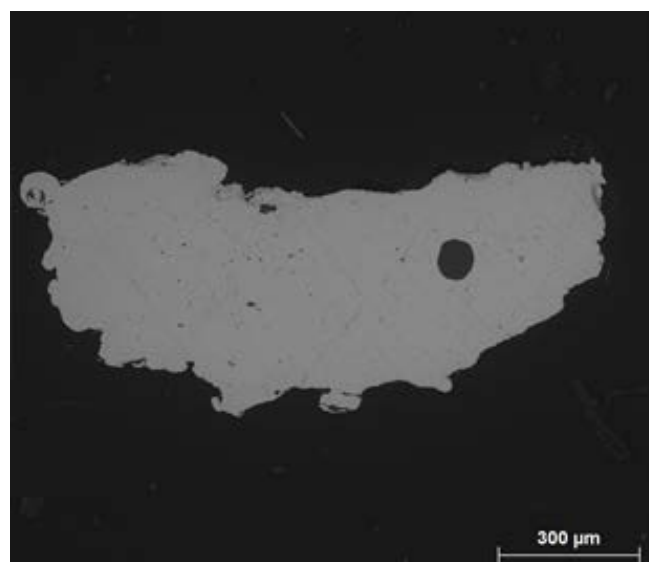
Six pan concentrate samples containing numerous gold grains were submitted to the advanced characterisation facility of the CSIRO in Perth for analysis using a scanning electron microscope

(SEM). Gold grains were analysed to observe shape and the external composition of the whole grains, with a second selection from each sample sectioned and polished to reveal their internal characteristics and composition.

The grain shapes observed included; rounded, platy, crystalline and blocky, suggesting a mixture of transport effects ranging from alluvial transport (rounded) to a more locally derived source (platy, crystalline and blocky). External and internal analysis of the gold grains showed that several grains contained detectable silver (2-3% Ag), with some isolated grains containing up to 20% Ag in the external analysis. These elevated silver compositions suggest a primary hydrothermal origin for those grains and greatly increases the prospectivity of the area.



**Photo 1: Panned “micro” nugget (3.8mm)**



**Photo 2: SEM Image of Gold Grain**

Legend’s belief that the area has the potential to host significant gold mineralisation is supported by the results of this study and the petrology report, especially when put into the regional context of highly deformed and sheared gneissic rocks with associated granitoid intrusives.

### ***Nkoutou Target***

Stream sediment sampling and geological mapping at the Nkoutou target (southern target on Figure 2) has commenced aimed at defining anomalous drainages and catchment areas. This target ranks highly based on; rock samples containing quartz-sulphide veining, a maximum fine fraction (<2mm) stream sediment sample result of 1.33g/t Au, and the presence of extensive alluvial artisanal workings. It is envisaged that a follow up soil sampling programme will also be undertaken at Nkoutou.

## 2. CORPORATE

### **Legend AGM**

Legend held its Annual General Meeting on 20 May 2013 with all resolutions passed unanimously on a show of hands. The results of the meeting were released to the ASX on the same day.

### **Competent Persons Statements**

*The information in this announcement that relates to Exploration Results has been compiled by Mr Derek Waterfield, a Member of the Australian Institute of Geoscientists and a full time employee of Legend Mining Limited. Mr Waterfield has sufficient relevant experience in the styles of mineralisation and types of deposit under consideration, and in the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code), and consents to the inclusion of the information in the form and context in which it appears.*

Visit [www.legendmining.com.au](http://www.legendmining.com.au) for further information and announcements.

### **For more information:**

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Executive Director - Technical  
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# Appendix 5B

## Mining 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

Name of entity

**Legend Mining Limited**

ABN

22 060 966 145

Quarter ended ("current quarter")

30 June 2013

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	30
1.2	Payments for (a) exploration & evaluation	(831)	(1,584)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(506)	(920)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	33	126
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(1,204)	(1,204)
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		<b>(2,508)</b>	<b>(3,552)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(3)
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)	-	-
<b>Net investing cash flows</b>		<b>(3)</b>	<b>(3)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(2,511)</b>	<b>(3,555)</b>

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(2,511)	(3,555)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
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)		
	• Payments for share buy-back	-	(42)
	<b>Net financing cash flows</b>	-	(42)
	<b>Net increase (decrease) in cash held</b>	(2,511)	(3,597)
1.20	Cash at beginning of quarter/year to date	8,851	9,959
1.21	Exchange rate adjustments to item 1.20	101	79
1.22	<b>Cash at end of quarter</b>	6,441*	6,441*

\* Excludes value of listed investments at cost of \$3,605

**Payments to directors of the entity and associates of the directors**

**Payments to 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	198
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

**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

**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	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	800
4.2 Development	-
4.3 Production	-
4.4 Administration	400
<b>Total</b>	<b>1,200</b>

### 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	441	851
5.2 Deposits at call	6,000	8,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>6,441</b>	<b>8,851</b>
Shares held in Artemis Resources Limited, Nemex Resources Limited, Pilbara Minerals Limited and Sirius Resources NL at cost	3,605	3,605
<b>Total: cash, security deposits and other liquid assets held at cost at end of quarter</b>	<b>10,046</b>	<b>12,456</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

### 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 <b>Preference</b> <b>+securities</b> ( <i>description</i> )				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	1,962,850,801	1,962,850,801		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> ( <i>description</i> )				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> ( <i>description and conversion factor</i> )	9,000,000 800,000,000 191,250,000 199,750,000 14,400,000 30,000,000	- - - - - -	<i>Exercise price</i> 5.3 cents Nil 4.0 cents 4.0 cents 5.0 cents 6.0 cents	<i>Expiry date</i> 16 December 2014 4 February 2015 4 February 2015 4 February 2015 4 February 2015 21 December 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/cancelled during quarter				
7.11 <b>Debentures</b> ( <i>totals only</i> )				
7.12 <b>Unsecured notes</b> ( <i>totals only</i> )				

+ 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 ~~/does not~~\* [\(delete one\)](#) give a true and fair view of the matters disclosed.



Sign here:

Date: 12 July 2013  
(Company secretary)

Print name: **Dennis Wilkins**

## 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 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, 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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+ See chapter 19 for defined terms.