LEGEND MINING LIMITED
ABN 22 060 966 145

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting
17 September 2015

Time of Meeting
4:00 pm

Place of Meeting
The Celtic Club
48 Ord Street
West Perth WA 6005

If you do not understand this document or are in any doubt as to how to deal with this document, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately. Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary Dennis Wilkins on +61 8 9389 2111.

Included in this document is an Independent Expert's Report commissioned by the Company for the purposes of Item 7 of section 611 of the Corporations Act and ASX Listing Rule 10.10.2 in relation to Resolutions 1 and 2. The Independent Expert has concluded that the issue of Securities the subject of Resolutions 1 and 2 is not fair but reasonable to Shareholders entitled to vote on Resolutions 1 and 2.

LEGEND MINING LIMITED
ABN 22 060 966 145
NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Legend Mining Limited (**Company**) will be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on 17 September 2015 at 4:00 pm for the purpose of transacting the following business.

ORDINARY BUSINESS

Resolution 1 – Approval of Acquisition of Ponton Tenements and Issue of Securities to Ponton Minerals Pty Ltd

To consider and, if thought fit, to pass with or without amendment, the following Resolution as an **ordinary Resolution**:

*"*Conditional on Resolution 2 being passed, that for the purposes of Item 7 of section 611 of the Corporations Act, and Listing Rule 10.1 and for all other purposes, Shareholders approve:

i) the acquisition of the Ponton Tenements from Ponton Minerals Pty Ltd; and,

ii) the issue of 48,000,000 Shares at a deemed issue price of $0.007 each and the issue and exercise of 100,000,000 unlisted options exercisable at $0.04 each within 5 years of issue, to Ponton Minerals Pty Ltd

on the terms set out in the Explanatory Memorandum*."*

Voting Exclusion Statement: *The Company will disregard any votes cast on this Resolution by Ponton Minerals Pty Ltd, Mr Mark Creasy and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides*.

Resolution 2 – Approval of Acquisition of Rockford Tenements and Issue of Securities to Rockford Metals Pty Ltd

To consider and, if thought fit, to pass with or without amendment, the following Resolution as an **ordinary Resolution**:

*"*Conditional on Resolution 1 being passed, that for the purposes of Item 7 of section 611 of the Corporations Act, and Listing Rule 10.1 and for all other purposes, Shareholders approve:

i) the acquisition of the Rockford Tenements from Rockford Metals Pty Ltd; and,

ii) the issue of 23,500,000 Shares at a deemed issue price of $0.007 each and the issue and exercise of 50,000,000 unlisted options exercisable at $0.04 each within 5 years of issue, to Rockford Metals Pty Ltd,

on the terms set out in the Explanatory Memorandum*."*

Voting Exclusion Statement: *The Company will disregard any votes cast on this Resolution by Rockford Metals Pty Ltd Mr Mark Creasy and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides*.

Resolution 3 – Adoption of new Constitution

To consider and, if thought fit, to pass with or without amendment, the following Resolution as a **special Resolution**:

"That for the purposes of section 136(2) of the Corporations Act and for all other purposes, the existing constitution of the Company be replaced with the new constitution in the form of the document tabled at the Meeting and signed by the Chairman for the purposes of identification, with effect from the close of the Meeting."

A proxy form is attached. To be valid, properly completed proxy forms must be received by the Company no later than 4:00 pm (WST) on 15 September 2015:

IN PERSON	Level 1, 8 Kings Park Road, West Perth WA 6005, Australia
BY MAIL	PO Box 626, West Perth WA 6872, Australia
BY FAX	+61 8 9212 0611

By order of the Board

Dennis Wilkins
Company Secretary
Date: 17 August 2015

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- A proxy need not be a member of the Company;
- A member may appoint a body corporate or an individual as its proxy;
- A member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form and return it in accordance with its instructions prior to 4:00 pm on 15 September 2015:

IN PERSON	Level 1, 8 Kings Park Road, West Perth WA 6005, Australia
BY MAIL	PO Box 626, West Perth WA 6872, Australia
BY FAX	+61 8 9212 0611

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 5:00 pm Perth time on 15 September 2015 will be entitled to attend and vote at the General Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's validly executed appointment, which must be lodged with, or presented to the Company, at or before the meeting.

REVOCATION OF PROXIES

A Shareholder executing and delivering a Proxy Form has the power to revoke it by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing, and delivered to the Company at any time up to and including the day of the Meeting prior to commencement of the Meeting, or at any adjournment thereof at which the Proxy Form is to be used.

VOTING OF PROXIES

The Proxy Form accompanying this Notice confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice and any other matters that may properly come before the Meeting.

Shareholders must mark the boxes directing its proxies how to vote. If no voting instructions are indicated on the appointment of Proxy Form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Legend Mining Limited in connection with the business to be conducted at the General Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005, on 17 September 2015 commencing at 4:00 pm.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary at the end of this Explanatory Memorandum.

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1. REASONS FOR RESOLUTIONS 1 AND 2

1.1 At the Meeting, Shareholders will be asked to consider two inter-conditional Resolutions for the issue of a total of 71,500,000 Shares at a deemed issue price of $0.007 each (**Consideration Shares**), the issue of a total of 150,000,000 unlisted options exercisable at $0.04 within 5 years of issue (**Consideration Options**), (together **Consideration Securities**), and the exercise of the Consideration Options, to and by Ponton Minerals Pty Ltd and Rockford Metals Pty Ltd, each of which are controlled by Substantial Shareholder Mr Mark Creasy (**Vendors**).

1.2 The Consideration Securities form part of the consideration which the Company has agreed to pay to the Vendors for an interest in seven granted exploration licences which are located in the highly prospective Fraser Range district of Western Australia (**Tenements**). The Company has agreed to acquire a 70% legal and beneficial interest in the Tenements and associated mining information (**Tenement Interests**) from the Vendors as announced to ASX on 2 July 2015, following the execution of two tenement sale and exploration joint venture agreements on 2 July 2015 (**Agreements**) with the Vendors and Mr Mark Creasy. The remaining 30% legal and beneficial interest in the Tenements will continue to be held by the Vendors on the terms of the Agreements. The Agreements are summarised in paragraph 2 of this Explanatory Memorandum.

1.3 The Company's existing tenure in the Rockford Project is contiguous to these Tenements and as such represents a consolidation providing the Company with a clear competitive advantage over other companies operating in the region.

1.4 The Consideration Securities will be subject to 12 months escrow from the date of issue, in accordance with Listing Rule Appendix 9B. This is because the Tenements constitute "Classified Assets" as defined in the Listing Rules, and the recipients of the Consideration Securities, the Vendors, are each Associates of a Substantial Shareholder, Mr Mark Creasy. The balance of the purchase price which the Company has agreed to pay for the Tenement Interests comprises a total cash payment of $2,500,000 to the Vendors. This represents reimbursement of approximately half of the DMP reported total expenditure of $5,378,926 which has been incurred by the Vendors in exploring and developing the Tenements prior to 2 July 2015.

1.5 Shareholder approval is being sought now for two reasons:

1.5.1 Following the issue of the Consideration Shares, any exercise of all of the Consideration Options comprising part of the Consideration Securities will cause an increase in the Voting Power of Mr Mark Creasy which would otherwise be in breach of section 606 of the Corporations Act if Shareholders do not first approve such an increase in Voting Power in accordance with Item 7 of section 611 of the Corporations Act (in the absence of any other Items in section 611 applying, which currently they do not). If all the Consideration Options are exercised, the Voting Power of Mr Mark Creasy will increase from 25.97% to 33.48%, (assuming no other Shares are issued following the date of this Notice but prior to the exercise of all the Consideration Options). ASIC Regulatory Guide 74 requires the Company to provide an Independent Expert's Report to Shareholders with the Notice of Meeting, which appears in Annexure B of this Explanatory Memorandum; and

1.5.2 The two companies to whom the Consideration Securities are proposed to be issued are controlled by Substantial Shareholder Mr Mark Creasy. The value of the consideration being paid by the Company for the Tenement Interests to an Associate of a Substantial Shareholder exceeds 5% of the consolidated equity interests of the Company as stated in the last annual accounts of the Company given to ASX, lodged on 20 March 2015. In these circumstances, Listing Rule 10.1 requires the Company to obtain prior Shareholder approval for the acquisition of a "substantial asset" from an Associate of a Substantial Shareholder. (In addition, the Company will be granting security over its Tenement Interests once they are acquired from the Vendors to secure the Company's performance of obligations under the Agreements in favour of the Vendors, and the act

of granting this security also invokes the requirement for Shareholder approval under Listing Rule 10.1.). Listing Rule 10.10.2 requires the Company to provide an Independent Expert's Report to Shareholders with the Notice of Meeting, which appears in Annexure B of this Explanatory Memorandum.

1.6 Each of the Resolutions is an ordinary Resolution requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it, and excluding any votes cast by the parties to the Agreements or any of their Associates (including Mr Mark Creasy). If neither Resolution passes, or only one Resolution is passed, neither Agreement will proceed to completion.

2 OVERVIEW OF THE AGREEMENTS

2.1 Tenement Sale and Exploration Joint Venture Agreement dated 2 July 2015 between Ponton Minerals Pty Ltd, Mark Gareth Creasy and Legend Mining Limited (Ponton Agreement)

Under the Ponton Agreement the Company agrees to purchase a 70% legal and beneficial interest in the following tenements (**Ponton Tenements**):

Tenement	Registered Holder	Grant Date	Expiry Date	Area	Minimum annual expenditure
E28/1718	Ponton Minerals Pty Ltd	12/11/07	11/11/17	120 blocks	$360,000
E28/1727	Ponton Minerals Pty Ltd	12/11/07	11/11/17	120 blocks	$360,000

The purchase price for the Ponton Tenements comprises:

- 48,000,000 Shares;
- 100,000,000 Consideration Options; and
- $1,600,000 cash payment, representing partial reimbursement of the total $3,477,381 incurred on expenditure as reported to the DMP since grant of the Ponton Tenements.

2.2 Tenement Sale and Exploration Joint Venture Agreement dated 2 July 2015 between Rockford Metals Pty Ltd, Mark Gareth Creasy and Legend Mining Limited (Rockford Agreement)

Under the Rockford Agreement the Company agrees to purchase a 70% legal and beneficial interest in the following tenements (**Rockford Tenements**):

Tenement	Registered Holder	Grant Date	Expiry Date	Area	Minimum annual expenditure
E28/2188	Rockford Metals Pty Ltd	9/10/12	8/10/17	173 blocks	$173,000
E28/2189	Rockford Metals Pty Ltd	19/02/13	18/02/18	112 blocks	$112,000
E28/2190	Rockford Metals Pty Ltd	9/10/12	8/10/17	125 blocks	$125,000
E28/2191	Rockford Metals Pty Ltd	23/01/13	22/01/18	156 blocks	$156,000
E28/2192	Rockford Metals Pty Ltd	23/01/13	22/01/18	51 blocks	$51,000

The purchase price for the Rockford Tenements comprises:

- 23,500,000 Shares;
- 50,000,000 Consideration Options; and
- $900,000 cash payment, representing partial reimbursement of the total $1,901,545 incurred on expenditure as reported to the DMP since grant of the Rockford Tenements.

2.3 The material terms of the Agreements are identical in all respects other than as set out above, as follows:

2.3.1 The Agreements are conditional on the Shareholders approving both Agreements for the purposes of Item 7 of section 611 of the Corporations Act and Listing Rule 10.1 by 3 November 2015 or such other date that the parties agree (**Condition**). The Condition is capable of waiver by written agreement of the parties to the Agreements. If the Condition is not satisfied or waived within the agreed timeframe either party may terminate the Agreements.

2.3.2 On and from Completion, an unincorporated exploration joint venture (**Joint Venture**) will be established under each Agreement under which the Company controls most Management Committee decisions, and the joint venture interests of the parties will be:

Legend Mining Limited	70% (under both Agreements)
Ponton Minerals Pty Ltd	30% (under the Ponton Agreement)
Rockford Metals Pty Ltd	30% (under the Rockford Agreement)

2.3.3 The Joint Venture objectives will be exploration of the Tenements for all minerals, evaluation of those exploration results, commissioning and completion of one or more bankable feasibility studies at the Company's expense if the Company identifies a potentially commercially mineable deposit on the Tenements, and where appropriate, execution of one or more mining joint venture agreements, and any other exploration joint venture activities which may be agreed. The Company will be the manager of the Joint Venture.

2.3.4 The Company is responsible for maintaining the Tenements in good standing and incurring all expenditure on the Tenements up to execution of one or more mining joint venture agreements in relation to one or more mining areas identified in one or more completed bankable feasibility studies.

2.3.5 Ponton and Rockford respectively will have no obligations or rights to contribute to any expenditure on the Tenements prior to the execution of any mining joint venture agreement in relation to part or all of one or more of the Tenements.

2.3.6 Once a bankable feasibility study has been completed, Ponton or Rockford, as the case may be, will have 70 business days to elect to form a mining joint venture making pro rata contributions to mining joint venture expenditure, and the Company must source project finance for the whole mining project provided Ponton and Rockford grant security over their respective mining joint venture interests. Rockford or Ponton may instead elect to convert their 30% interest in the proposed mining joint venture to a 2% net smelter royalty. This conversion reverses if the Company has not spent 70% of the first 24 months' budget, or 20% of the total estimated budget within 3 years.

2.3.7 The detailed terms of any such mining joint venture agreement have not yet been agreed by the parties but the general principles and broad scope of its terms have been agreed.

2.3.8 The Company has agreed to grant Ponton and Rockford respectively a security interest over the Company's exploration Joint Venture interest on and from Completion in order to secure the Company's obligations to perform the Agreements. This is one of the reasons why Listing Rule 10.1 shareholder approval is necessary.

2.3.9 Mr Mark Creasy or his nominee is entitled to fossick and prospect on the Tenements for all minerals using a metal detector, handheld implement, mechanised equipment and or an alluvial plant to recover all minerals.

3. COMPLIANCE DISCLOSURES IN RELATION TO RESOLUTIONS 1 & 2 – APPROVAL OF ISSUE OF SECURITIES

3.1 Resolutions 1 and 2 each seek Shareholder approval for the issue of Securities to the Vendors for the purposes of Listing Rule 10.1 and Item 7 of section 611 of the Corporations Act.

Compliance with Listing Rule 10.1

3.2 The two companies to whom the Consideration Securities are proposed to be issued are controlled by Mr Mark Creasy who, together with his Associates, has a Relevant Interest in at least 10% of the Shares on issue at the date of completion of the Agreements. The value of the consideration being paid by the Company for the Tenement Interests exceeds 5% of the consolidated equity interests of the Company as stated in the last annual accounts of the Company given to ASX, lodged on 20 March 2015. The Tenement Interests are therefore a "substantial asset" as defined in the Listing Rules. Listing Rule 10.1 requires the Company to obtain prior Shareholder approval for the acquisition of a "substantial asset" from a person who together with his Associates has a Relevant Interest in at least 10% of the Shares on issue.

3.3 In addition, the Company will be granting security over its Tenement Interests once they are acquired from the Vendors to secure the Company's performance of obligations under the Agreements in favour of the Vendors, and the act of granting this security also invokes the requirement for Shareholder approval under Listing Rule 10.1.

3.4 Listing Rule 10.10.2 requires the Company to provide an Independent Expert's Report to Shareholders with the Notice of Meeting, which appears in Annexure B of this Explanatory Memorandum.

The Independent Expert has concluded that the proposed transaction in the Agreements is not fair but reasonable to the non-associated Shareholders.

Compliance with Listing Rule 7.1

3.5 As Shareholder approval is being sought under Item 7 of section 611 of the Corporations Act, under exception 16 to Listing Rule 7.2, Shareholder approval is not required for the issue of the Consideration Securities (including the issue of Shares following any exercise of the Consideration Options) under ASX Listing Rule 7.1.

3.6 Listing Rule 7.1 provides that the prior approval of Shareholders is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

3.7 Accordingly, if Shareholders approve the issue of the Consideration Securities (which includes the issue of Shares following any exercise of the Consideration Options) for the purposes of Item 7 of section 611 of the Corporations Act, the Company will preserve its 15% placement capacity under Listing Rule 7.

Compliance with Item 7 of section 611 of the Corporations Act

3.8 Under Resolution 1, the Company seeks Shareholder approval in accordance with Item 7 of section 611 of the Corporations Act from Shareholders for the issue of 48,000,000 Shares at a deemed issue price of $0.007 each, and the issue and exercise of 100,000,000 unlisted options to subscribe for Shares at an exercise price of $0.04 each, exercisable within 5 years of issue, to Ponton Minerals Pty Ltd.

3.9 Under Resolution 2, the Company seeks Shareholder approval in accordance with Item 7 of section 611 of the Corporations Act from Shareholders for the issue of 23,500,000 Shares at a deemed issue price of $0.007 each, and the issue and exercise of 50,000,000 unlisted options to subscribe for Shares at an exercise price of $0.04 each, exercisable within 5 years of issue, to Rockford Metals Pty Ltd.

3.10 As a result of Resolutions 1 and 2 being put to the Meeting, passed and implemented, and if the Consideration Options are all exercised in the absence of any other Shares being issued by the Company, the Voting Power of Mr Mark Creasy will change as detailed in Table 1 in paragraph 3.21, in breach of section 606 of the Corporations Act.

3.11 Under section 606 of the Corporations Act, a person must not acquire a Relevant Interest in issued voting shares of a company if because of the transaction that person's, or someone else's, Voting Power increases from:

- 20% or below to more than 20%; or
- a starting point that is above 20% and below 90%.

3.12 Under Item 7 of section 611 of the Corporations Act, section 606 of the Corporations Act does not apply in relation to any acquisition of shares in a company approved by a resolution passed at a general meeting of the company at which no votes were cast in favour of the resolution by the acquirer or the disposer (if any) or their respective Associates.

3.13 Resolutions 1 and 2 seek Shareholder approval under section 611 of the Corporations Act in order to allow for the increase in Voting Power of Mr Mark Creasy (an Associate of the Vendors) caused by the issue of the Consideration Securities to the Vendors and any exercise of the Consideration Options by the Vendors.

Compliance with ASIC Regulatory Guide 74

3.14 The Company provides the information below in accordance with the requirements of Item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74.

3.15 In addition, an Independent Expert is required to report on the fairness and reasonableness of the transaction as part of the information given to Shareholders at the Meeting and a copy of the Independent Expert's Report is included as Annexure B.

The Independent Expert has concluded that the proposed transaction in the Agreements is not fair but reasonable to the non-associated Shareholders.

3.16 The Independent Expert's Report concludes that the issue of the Consideration Securities the subject of Resolutions 1 and 2 is not fair but reasonable to non-associated Shareholders, taking into account that Resolutions 1 and 2 are conditional on each other. The Company strongly recommends that you read the Report set out in Annexure B in full.

3.17 The Board recommends that Shareholders vote in favour of all of the Resolutions.

3.18 The Chairman intends to vote all available proxies in favour of all of the Resolutions.

Identity of the persons proposing to make the acquisition and their Associates

3.19 A person's Voting Power in Shares is calculated as the sum of the person's Relevant Interest in Shares plus the Relevant Interests held by all of the person's Associates in Shares.

3.20 Ponton Minerals Pty Ltd and Rockford Metals Pty Ltd will each acquire a Relevant Interest in the Company because they will each receive an allotment of Consideration Shares at Completion. Ponton and Rockford are Associates of Mr Mark Creasy. If sufficient Consideration Options are exercised, then as a result of the Relevant Interests held in the Company by Mr Creasy's Associates (Ponton, Rockford, Yandal Investments Pty Ltd and Australian Gold Resources Pty Ltd (as detailed in paragraph 3.21)), the Voting Power of Mr Mark Creasy in Shares will increase from 25.97% to 33.48%. In the absence of Shareholders approving Resolutions 1 and 2, or any other Item in section 611 of the Corporations Act applying, such an increase in Mr Creasy's Voting Power in Shares would be in contravention of section 606 of the Corporations Act. The increase in Voting Power of Ponton and Rockford by the issue of the Consideration Securities or the exercise of the Consideration Options is not in contravention of section 606 of the Corporations Act.

The maximum extent of the increase in the Voting Power in the Company that would result from the issue of Shares under Resolutions 1 and 2

3.21 Table 1 below demonstrates the effect on the Voting Power of Mr Mark Creasy, assuming that all shares to be issued in accordance with Resolutions 1 and 2 are issued and the Consideration Options are exercised (and that no other Shares are issued). Mr Mark Creasy has a Voting Power of 25.97% at the date of this Notice, because he controls Yandal Investments Pty Ltd (registered holder of 344,750,000 Shares) and Australian Gold Resources Pty Ltd (registered holder of 164,985,000 Shares). Table 1 also shows the number of Shares and Options on issue at Completion (assuming no other issue of Shares occurs prior to Completion).

Table 1

Increase in Voting Power of Mr Mark Creasy	Total Number of Shares in relation to which Mr Mark Creasy has Voting Power	Cumulative Total Number of Shares on issue	Cumulative Total Number of Shares held by Mr Mark Creasy or his Associates	Percentage Voting Power of Mr Mark Creasy
As at date of Notice	509,735,000	1,962,850,801	509,735,000	25.97%
Issue of Shares - Resolution 1	48,000,000	2,010,850,801	557,735,000	27.74%
Issue of Shares - Resolution 2	23,500,000	2,034,350,801	581,235,000	28.57%
Issue of Shares following exercise of Consideration Options under Resolutions 1 and 2	150,000,000	2,184,350,801	731,235,000	33.48%
Total number of Shares on issue at Completion		**2,034,350,801**	**581,235,000**	**28.57%**
Total number of Options on issue at Completion		**150,000,000**		

Identity, associations with the associates and qualifications of any person who is intended to or will become a Director if the Shareholders agree to the allotment

3.22 There is no proposal that a new Director will be appointed to the Board if Shareholders pass Resolutions 1 and 2.

Statement of associated parties' respective intentions regarding the future of the Company if Shareholders pass Resolutions 1 and 2

3.23 Mr Creasy controls the Vendors. Mr Creasy's involvement in introducing the Tenements the subject of Resolutions 1 and 2 has allowed the Company access to Mr Creasy's database over the area, which includes the Rockford Project, of high resolution aeromagnetic and gravity data, reconnaissance aircore drill traverse information and comprehensive geochemical sample data. This assessment of the geophysical data and the presence of favourable nickel hosting lithologies in the aircore drilling confirmed the Company's perception of the high prospectivity of the Rockford Project.

3.24 The Company's and Mr Creasy's interests are clearly aligned in relation to the Rockford Project, given Mr Creasy's statements of support identifying the project's access to rail infrastructure and potential for gas power, and its prospectivity generally.

3.25 Mr Creasy's intentions are to continue to support the Company generally, and more particularly in supporting the conduct by the Company of high impact exploration on the Rockford Project utilising the Company's cash in bank with the objective of unlocking the potential of the area, for the benefit of all of the Company's shareholders.

3.26 There is no present intention for more assets to transfer from Mark Creasy, or Associates, to the Company.

Terms of the proposed allotment

3.27 The Shares the subject of Resolutions 1 and 2 will be issued on the same basis as the existing fully paid ordinary shares in the Company, the terms of which are in the public domain.

3.28 The Consideration Options will be issued on the terms set out in Annexure A.

When the allotment is to be completed

3.29 The Consideration Shares and the Consideration Options the subject of Resolutions 1 and 2 will be issued no later than 3 months following the Meeting.

3.30 If the Consideration Options are exercised before their expiry date five years from their issue date, the Shares to be issued upon such exercise will be issued within 5 business days.

An explanation of the reasons for the proposed allotment

3.31 The Consideration Securities form part of the consideration which the Company has agreed to pay to the Vendors for an interest in seven Tenements located in the highly prospective Fraser Range district of Western Australia. The Company has agreed to acquire a 70% legal and beneficial interest in the Tenements pursuant to the Agreements which are summarised in paragraph 2 of this Explanatory Memorandum. The remaining 30% legal and beneficial interest in the Tenements will continue to be held by the Vendors on the terms of the Agreements, in two unincorporated exploration joint ventures with the Company.

3.32 Shareholders should refer to paragraph 2 of this Explanatory Memorandum for additional information.

The interests of the Directors in Resolutions 1 and 2

3.33 None of the Directors have any interest in relation to Resolutions 1 and 2.

The identity of Directors who approved or voted against the Resolution

3.34 All the Directors voted in favour of all Resolutions at a Board Meeting convened to approve the issue of this Notice of Meeting.

The recommendation of each Director as to whether non-associated Shareholders should agree to the allotment and the reasons

3.35 All the Directors recommend that Shareholders vote in favour of Resolutions 1 and 2 contained in this Notice of Meeting. Despite an intensive search, over an 18 month period, for investment opportunities the Company has not identified any other mineral exploration project of the calibre and potential of the Tenements.

Intention to change significantly the financial or dividend policies of the Company

3.36 There is no present intention by Mr Mark Creasy or his Associates to change the financial or dividend policies of the Company.

Whether proposal is fair and reasonable

3.37 The Directors have appointed BDO Corporate Finance (WA) Pty Ltd as the Independent Expert for the purposes of compliance with ASIC Regulatory Guide 74 and commissioned them to prepare an Independent Expert's Report to provide an opinion as to whether or not the proposal in Resolutions 1 and 2 is fair and reasonable to the Shareholders not associated with Mr Mark Creasy. The Report is set out in Annexure B and it is recommended that Shareholders read that Report in its entirety. The Directors have relied upon the Report in their assessment of the transaction and its reasonableness to shareholders who are not associated with Mr Mark Creasy.

BDO have concluded that the proposed transaction is not fair but reasonable to the non-associated Shareholders.

4. COMPLIANCE DISCLOSURES IN RELATION TO RESOLUTION 3 – ADOPTION OF NEW CONSTITUTION

4.1 Resolution 3 seeks Shareholder approval for the replacement of the Company's existing constitution with a new constitution which is up to date with the Corporations Act and the ASX Listing Rules, and reflects usual and appropriate rules to regulate a listed company. The Company's existing constitution was adopted in 2007 and is out of date. The proposed new constitution is available for viewing on the Company's website www.legendmining.com.au.

Under the Corporations Act, it is open to the Company to amend its constitution by special resolution, or to replace it in its entirety. The Directors considered that it was more expedient to update the constitution in its

entirety to ensure the Company follows best practice today without reference to an outdated document containing references to superseded organisations and practices in relation to administration of securities. The proposed new constitution is compliant with the ASX Listing Rules and has been approved by the ASX. It contains a number of minor differences to the existing constitution from an administrative and regulatory perspective, aligned with changes to the ASX Listing Rules, but it continues to reflect the more material aspects of the Company's existing constitution, such as the required number of Directors and the circumstances when the Chairman is entitled to cast a casting or second vote to break deadlock at meetings of Directors. There are no fundamental differences between the proposed new constitution and the existing constitution.

Shareholders will have an opportunity to ask specific questions of the Company Secretary prior to the Meeting by contacting Dennis Wilkins on +61 8 9389 2111, or at the Meeting.

Under section 136(2) of the Corporations Act the resolution to adopt the new constitution must be passed as a special resolution by the Shareholders.

The Directors unanimously recommend that Shareholders approve the adoption of the new constitution and vote in favour of Resolution 3.

4. GLOSSARY

Agreements	means the Ponton Agreement and the Rockford Agreement.
Associate or **Associated**	has the meaning given in the Corporations Act.
ASX	means ASX Ltd (ACN 008 624 691) and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
Board	means the board of Directors of the Company.
BDO	means BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045) who have been appointed by the Company to prepare the Independent Expert's Report for the purposes of ASIC Regulatory Guide 74 appearing in Annexure B.
Chairman	means the chairman of the Company.
Company	means Legend Mining Limited (ACN 060 966 145).
Completion	means completion of the Agreements.
Condition	means the conditions of Completion occurring, namely, obtaining the shareholder approvals set out in Resolutions 1 and 2
Consideration Options	means 150,000,000 Options to be issued on the terms in Annexure A pursuant to Resolutions 1 and 2.
Consideration Securities	means the Consideration Shares and the Consideration Options.
Consideration Shares	means 71,500,000 Shares to be issued pursuant to Resolutions 1 and 2.
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
DMP	means the Department of Mines and Petroleum of Western Australia.
Explanatory Memorandum	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
Independent Expert	means BDO, for the purposes of ASIC Regulatory Guide 74.
Independent Expert's Report	means the report prepared by the Independent Expert, which is annexed to this Notice as Annexure B and available on the Company's website at www.legendmining.com.au.
Joint Venture	means the unincorporated exploration joint ventures to be established if completion occurs under each of the Agreements, forming part of the Company's Rockford Project.
Listing Rules	means the listing rules of ASX.
Meeting or General Meeting	means the general meeting of Shareholders convened for the purpose of considering the Resolutions.
Notice or Notice of Meeting	means the Notice of General Meeting accompanying this Explanatory Memorandum.
Option	means an option to subscribe for a Share.

Ponton	means Ponton Minerals Pty Ltd (ACN 108 313 024).
Ponton Agreement	means the Tenement Sale and Exploration Joint Venture Agreement dated 2 July 2015 between Ponton Minerals Pty Ltd, Mr Mark Creasy and Legend Mining Limited.
Ponton Tenements	means E28/1718 and E28/1727 granted under the Mining Act 1978 (WA)
Relevant Interest	has the meaning given in the Corporations Act.
Resolution	means a resolution contained in the Notice.
Rockford	means Rockford Metals Pty Ltd (ACN 808 211 301).
Rockford Agreement	means the Tenement Sale and Exploration Joint Venture Agreement dated 2 July 2015 between Rockford Metals Pty Ltd, Mr Mark Creasy and Legend Mining Limited.
Rockford Project	means one granted exploration licence 28/2342, four exploration licence applications 28/2408, 28/2415, 28/2530 and 28/2531, and, following Completion, the Ponton Tenements and the Rockford Tenements.
Rockford Tenements	means E28/2188, E28/2189, E28/2190, E28/2191 and E28/2192 granted under the Mining Act 1978 (WA).
Securities	means Shares and Options.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a registered holder of a Share.
Substantial Shareholder	means a person or entity that has a substantial shareholding in the Company, that is, the person or entity and its Associates have a Relevant Interest in not less than 5% of the Shares on issue.
Tenement Interests	means a 70% legal and beneficial interest in the Tenements and the associated mining information.
Tenements	means the Ponton Tenements and the Rockford Tenements.
Voting Power	has the meaning given in the Corporations Act.
Vendors	means Ponton and Rockford.
WST	means Western Standard Time.

ANNEXURE A

TERMS OF CONSIDERATION OPTIONS (OPTIONS)

(a) The exercise price of each Option will be 4 cents ("**Exercise Price**").

(b) Each Option entitles the holder to subscribe for one Share in the capital of Legend Mining Limited (ABN 22 060 966 145) ("**Company**") upon the payment of the Exercise Price per Share subscribed for.

(c) The Options will lapse at 5.00 pm, WST on the date which is 5 years after the date of issue ("**Expiry Date**").

(d) The Options may be transferred at any time in accordance with Section 707(3) of the Corporations Act.

(e) There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.

(f) Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.

(g) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.

(h) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

(i) The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.

(j) The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.

(k) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

(l) Application will not be made for the Options to be quoted on the Official List of the ASX. The Company will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.

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ANNEXURE B

LEGEND MINING LIMITED
Independent Expert's Report

OPINION: Not fair but reasonable

31 July 2015

BDO

Financial Services Guide

31 July 2015

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (**'we'** or **'us'** or **'ours'** as appropriate) has been engaged by Legend Mining Limited (**'Legend'**) to provide an independent expert's report on the proposal for Legend to acquire a 70% interest in exploration tenements from entities controlled by Mark Creasy (**'Creasy Group'**). You will be provided with a copy of our report as a retail client because you are a shareholder of Legend.

Financial Services Guide
In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (**'FSG'**). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $22,000 excluding GST.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Legend for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (‘**FOS**’). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out on page 1 of the accompanying report.

TABLE OF CONTENTS

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Australia

31 July 2015

The Directors
Legend Mining Limited
Level 1, 8 Kings Park Road
WEST PERTH, WA 6005

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 2 July 2015, Legend Mining Limited ('**Legend**' or '**the Company**') announced that it had entered into two Tenement Sale and Exploration Joint Venture Agreements with Ponton Minerals Pty Ltd ('**Ponton**') and Rockford Metals Pty Ltd ('**Rockford**') to acquire a 70% interest in exploration tenements in Western Australia's Fraser Range region and associated mining information ('**the Transaction**') held by Ponton ('**Ponton Tenements**') and Rockford ('**Rockford Tenements**') respectively.

The consideration payable by Legend for the Transaction is as follows:

- 48,000,000 shares to Ponton and 23,500,000 shares to Rockford at an issue price of $0.007;
- 100,000,000 unlisted options to Ponton and 50,000,000 unlisted options to Rockford exercisable at $0.04 within five years of issue ('**Consideration Options**'); and
- $1,600,000 cash payment to Ponton and $900,000 cash payment to Rockford as partial reimbursement towards the total expenditure incurred on the Ponton Tenements and Rockford Tenements respectively (together referred to as the '**Fraser Range Tenements**').

Ponton and Rockford (together referred to as '**the Vendors**') are both controlled by Mr Mark Creasy ('**Substantial Shareholder**'). The remaining 30% of the legal and beneficial interest in the Fraser Range Tenements will continue to be held by the Vendors.

Our Report is required under the requirements of Australian Securities Exchange ('**ASX**') Listing Rule 10.1 and section 611 of the Corporations Act 2001 Cth ('**Act**') for the following reasons:

- Listing Rule 10.1 as a result of the Company acquiring a substantial asset from an associate (the Vendors) of the Substantial Shareholder, who holds more than 10% of the Company's voting shares;
- Listing Rule 10.1 as a result of the Company granting security over a substantial asset in favour of an associate of the Substantial Shareholder, who holds more than 10% of the Company's voting shares; and

- Section 611 of the Act as a result of the Substantial Shareholder increasing its Voting Power in the Company from a starting point that is in excess of 20 per cent and below 90%, by more than 3% and in a manner which would otherwise be in breach of section 606 of the Act, if the Substantial Shareholder exercises all the Consideration Options.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Legend have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Transaction is fair and reasonable to the non associated shareholders of Legend ('**Shareholders**').

Our Report is prepared pursuant to the requirements of ASX Listing Rule 10.1 and section 611 of the Act. Our Report is to be included in the notice of meeting and explanatory memorandum to be sent to all Shareholders ('**Notice of Meeting**') to assist them in their decision whether to approve the Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 74 'Acquisitions Approved by Members' ('**RG 74**'), Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- how the value of the assets being acquired compares to the value of the consideration to be paid for the assets;
- how the value of a Legend share prior to the Transaction compares to the value of a Legend share following the Transaction;
- The likelihood of a superior alternative transaction being available to Legend;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

Under RG111.31 we are required to assess the value of a Legend share prior to the Transaction on a controlling basis and the value of a Legend share following the Transaction incorporating a minority discount.

2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to Shareholders.

In our opinion, the Transaction is not fair because the value of a Legend share prior to the Transaction on a controlling basis is greater than the value of a Legend share following the Transaction on a minority basis. However, we consider the Transaction to be reasonable because the advantages of the Transaction to Shareholders are greater than the disadvantages. In particular, the following were key considerations in our determination of reasonableness:

- The Fraser Range Tenements being acquired as a part of the Transaction would consolidate Legend's existing tenements in the same location and materially increase its landholding interests by approximately 2,530 square kilometres ('**km**^{2}');
- The consideration for the Transaction primarily comprises of shares and options in Legend. Accordingly, the Company retains cash for its working capital requirements and exploration activities;
- There are no changes to the existing operational aspects of the Company on completion of the Transaction; and
- Strengthening and maintaining Legend's relationship with the Creasy Group as a key strategic investor.

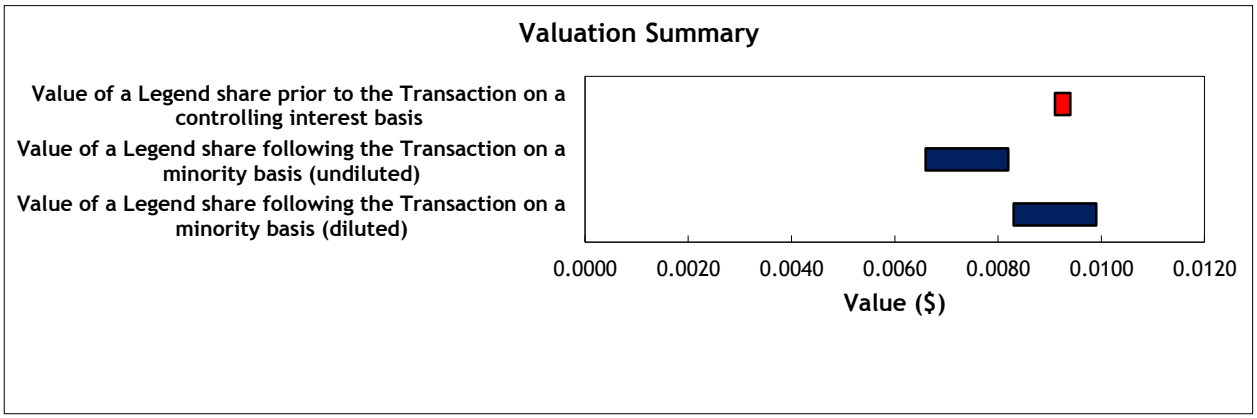
2.4 Fairness

In section 12, we determined that the value of a Legend share on a controlling basis prior to the Transaction compares to the value of a Legend share on a minority basis following the Transaction, as detailed below.

	Ref	Low $	Preferred $	High $
Value of a Legend share on a controlling basis prior to the Transaction	10.3	0.0091	0.0093	0.0093
Value of a Legend share on a minority basis following the Transaction (undiluted)	11.2	0.0066	0.0075	0.0082
Value of a Legend share on a minority basis following the Transaction (diluted)	11.2	0.0083	0.0092	0.0099

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Transaction is not fair for Shareholders as the value of a Legend share prior to the Transaction on a controlling basis is greater than the value of a Legend share following the Transaction on a minority basis (undiluted). We note that the value of a Legend share on a fully diluted minority basis following the Transaction is greater than the value of a Legend share on a controlling basis prior to the Transaction for our high valuation and there is significant overlap in the valuation range. However, given that the exercise price of the Consideration Options of $0.04 is significantly higher than the underlying share price, (ie, the

Consideration Options are out of the money), we do not consider that the Vendors would exercise their options at the current valuation.

We have accordingly not considered the value of a Legend share following the Transaction on a diluted minority basis in forming our fairness opinion. The option holders will most likely exercise their options if the value of a Legend share increases such that it is above the exercise price of the options. The exercise of the options at that time would be dilutive in nature.

2.5 Reasonableness

We have considered the analysis in section 13 of this Report, in terms of both

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
13.4	When valuing a Legend share on a minority interest basis both prior to and following the Transaction, the transaction is value accretive	13.5	Dilution of existing Shareholders' interest
13.4	The Company retains cash to use for other purposes	13.5	The Creasy Group could gain an increased level of control over the Company
13.4	The Fraser Range Tenements are in the same locality as current Legend tenements	13.5	The Company bears all the risks associated with exploration of the Fraser Range Tenements
13.4	Approval of the Transaction will materially increase the Company's landholding interests		
13.4	No changes to current operating arrangements		
13.4	Utilising the experience of the Creasy Group in successfully developing its exploration projects		

Other key matters we have considered include:

Section	Description
13.1	Alternative Proposal
13.2	Practical Level of Control
13.3	Consequences of not approving the Transaction

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset from an associate of a substantial shareholder (a party holding a relevant interest in 10% or more of the voting shares in Legend), when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the latest accounts given to the ASX under the listing rules. Based on the audited accounts as at 31 December 2014, the value of the consideration paid for the tenements being acquired exceeds 5% of the consolidated equity interests of Legend.

In addition when a listed entity grants security over a substantial asset in favour of an associate of a substantial shareholder holding more than 10% of the voting shares in a company, ASX Listing Rule 10.1 requires the listed entity to obtain shareholder approval prior to the grant of that security. Legend is granting security over the 70% interest in the Fraser Range Tenements which Legend is acquiring under the Transaction, in favour of Ponton and Rockford as part of the Transaction.

Listing Rule 10.1 applies where the vendor or acquirer of the substantial assets, or their associate, is a person which holds a relevant interest in 10% or more of the voting shares in the listed entity. Mark Creasy is a substantial shareholder of Legend because he holds a relevant interest in more than 10% of the total votes attaching to Legend voting securities. As at the date of this report, Mark Creasy has a relevant interest of 25.97% in Legend.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction (ie, the non-associated shareholders).

Accordingly, an independent experts' report is required for the Transaction. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to the non-associated shareholders of Legend.

Section 611 of the Act

Section 606 of the Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) increasing a person's Voting Power from a starting point that is in excess of 20% and below 90%, by more than 3%, and in a manner which would otherwise be in breach of section 606 of the Act, if the Substantial Shareholder exercises all the Consideration Options.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Legend, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Legend have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid. In our opinion, the Transaction is a control transaction as defined by RG 111. Therefore, we have assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

RG 111.55 to RG 111.63 provides guidance on the 'fair' and 'reasonable' test to be applied to related party transactions. These paragraphs suggest that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test — that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

RG 111.63 also states that, generally, an expert need only conduct one analysis of whether the transaction is 'fair and reasonable', even if the report has been prepared for a reason other than the transaction being a transaction with a person in a position of influence (e.g. if item 7 of section 611 approval is also required).

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities being the subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Legend share prior to the Transaction on a control basis and the value of a Legend share following the Transaction on a minority interest basis (fairness – see Section 12 'Is the Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 13 'Is the Transaction Reasonable?').

Under RG 111.31, we are required to assess the value of a Legend share prior to the Transaction on a controlling interest basis and the value of a Legend share following the Transaction incorporating a minority discount.

Whilst Mark Creasy and his controlled entities, which we refer to as "the Creasy Group", will not be obtaining 100% of Legend, RG 111 states that the expert should calculate the value of a Legend share prior to the Transaction as if 100% control was being obtained. Advantages that are typically associated with obtaining 100% control and are therefore reflected in a controlling interest valuation include:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

RG 111.31 considers that Shareholders will become minority interest shareholders in Legend as the Creasy Group will hold a controlling interest, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company. Therefore, as required by RG 111.31, we have adjusted our valuation of a Legend share following the Transaction to reflect a minority interest holding.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

On 2 July 2015, Legend announced that it had entered into two Tenement Sale and Exploration Joint Venture Agreements with Ponton and Rockford to acquire a 70% interest in exploration tenements in Western Australia's Fraser Range region.

The consideration payable by Legend for the Transaction is as follows:

- 48,000,000 shares to Ponton and 23,500,000 shares to Rockford at an issue price of $0.007;
- 100,000,000 unlisted options to Ponton and 50,000,000 unlisted options to Rockford exercisable at $0.04 within five years of issue; and
- $1,600,000 cash payment to Ponton and $900,000 cash payment to Rockford as partial reimbursement towards the total expenditure incurred on the Fraser Range Tenements.

As at the date of our Report, the Creasy Group, through its controlled entities, Yandal Investments Pty Ltd (**'Yandal Investments'**) and Australian Gold Resources Pty Ltd (**'Australian Gold'**) held 25.97% of the issued shares in Legend. The issue of shares to the Vendors as part of the Transaction will increase this holding to a minimum of 28.57% following the Transaction on an undiluted basis.

Shareholding following the Transaction (undiluted)	Creasy Group	Other Shareholders	Total
Issued Shares at the date of our Report	**509,735,000**	**1,453,115,801**	**1,962,850,801**
% holdings at the date of our Report	*25.97%*	*74.03%*	*100.00%*
Shares to be issued to the Vendors as Consideration	71,500,000	-	71,500,000
Issued Shares after completion of the Transaction (undiluted)	**581,235,000**	**1,453,115,801**	**2,034,350,801**
% holdings after completion of the Transaction (undiluted)	*28.57%*	*71.43%*	*100.00%*

Source: Management information

We have also considered the shareholding by the Creasy Group following the Transaction on a diluted basis, assuming that the 150 million Consideration Options issued to the Vendors as part of the Consideration are exercised at $0.04 per share. The issue of shares following the exercise of the Consideration Options will increase the shareholding of the Creasy Group to a maximum of 33.48% on a fully diluted basis as shown below.

Shareholding following the Transaction (diluted)	Creasy Group	Other Shareholders	Total
Issued Shares after completion of the Transaction (undiluted)	**581,235,000**	**1,453,115,801**	**2,034,350,801**
Shares to be issued on exercise of options	150,000,000	-	150,000,000
Issued Shares after completion of the Transaction (diluted)	**731,235,000**	**1,453,115,801**	**2,184,350,801**
% holdings after completion of the Transaction (diluted)	*33.48%*	*66.52%*	*100.00%*

We have not included the potential exercise of 30,000,000 unlisted options that Legend currently has on issue at the date of our Report, as we consider them to be out of the money.

5. Profile of Legend

5.1 History

Legend is an Australian mineral exploration company which officially listed on the ASX on 25 August 1995. The Company has a tenement portfolio located in the Fraser Range district of Western Australia, covering approximately 547 km^2.

Legend primarily explores for nickel, copper, gold and iron deposits in Australia. The Company presently has one granted exploration licence, being the wholly owned Fraser Range project (**'Fraser Range'**).

The Company's current board members and senior management are shown below:

- Mr Michael William Atkins – Chairman;
- Mr Mark William Wilson – Managing Director;
- Mr Derek William Waterfield – Executive Director-Technical; and
- Mr Dennis Wilkins – Company Secretary

5.2 Projects

Fraser Range (100% Legend)

Fraser Range comprises one granted exploration licence (E28/2342) and four exploration licence applications (E28/2408, E28/2415, E28/2530 and E28/2531).

Tenement E28/2342 covers an area of approximately 356 km^2 and the area is considered prospective for Nova style nickel-copper and Tropicana style structurally controlled gold mineralisation. During 2014, a detailed aeromagnetic/radiometric survey was completed over E28/2342 with the primary aim of identifying mafic/ultramafic intrusives. A full interpretation of the aeromagnetic data identified seven priority targets showing magnetic characteristics of possible intrusive mafic/ultramafic bodies with several displaying similarities to the Nova deposit of Sirius Resources NL (**'Sirius'**).

Subsequently, the Company undertook moving loop electromagnetic surveys over eight features showing characteristics of mafic/ultramafic intrusions. No significant bedrock conductors warranting further work were identified. The Company plans to complete 3D inversion modelling of the aeromagnetic data on E28/2342 to define possible intrusive style targets.

Ngovayang Project (90% Legend)

The Ngovayang Project (**'Ngovayang'**) is located in south-western Cameroon, West Africa. The project comprised three granted exploration permits encompassing an area of approximately 2,469km^2. Legend originally acquired a 90% interest in the Ngovayang on 5 February 2010 following the acquisition of a 90% shareholding in Camina SA (**'Camina'**) on 14 December 2009.

On 20 November 2013, Legend announced it had entered into a Share Sale and Debt Assignment Agreement with Jindal Mining and Exploration Limited (**'Jindal'**) for the sale of its 90% interest in Camina. The sale was completed on 5 August 2014.

5.3 Historical Balance Sheet

Consolidated Statement of Financial Position	Audited as at 31-Dec-14 $	Reviewed as at 30-Jun-14 $	Audited as at 31-Dec-13 $
CURRENT ASSETS			
Cash and cash equivalents	6,937,339	3,153,407	4,652,135
Trade and other receivables	5,797,098	5,904	32,480
Other financial assets	4,161,900	5,147,600	3,727,050
Assets of disposal group classified as held for sale	-	12,560,938	14,076,514
TOTAL CURRENT ASSETS	16,896,337	20,867,849	22,488,179
NON-CURRENT ASSETS			
Other financial assets	50,000	50,000	50,000
Property, plant and equipment	47,920	57,127	62,624
Deferred exploration costs	393,318	120,126	66,979
TOTAL NON-CURRENT ASSETS	491,238	227,253	179,603
TOTAL ASSETS	17,387,575	21,095,102	22,667,782
CURRENT LIABILITIES			
Trade and other payables	140,105	89,390	166,920
Provisions	130,229	118,767	103,498
TOTAL CURRENT LIABILITIES	270,334	208,157	270,418
NON-CURRENT LIABILITIES			
Provisions	49,955	46,372	42,788
TOTAL NON-CURRENT LIABILITIES	49,955	46,372	42,788
TOTAL LIABILITIES	320,289	254,529	313,206
NET ASSETS	17,067,286	20,840,573	22,354,576
EQUITY			
Contributed equity	59,801,531	59,807,070	59,818,890
Reserves	22,417,578	22,417,578	22,417,578
Reserves attributable to disposal group classified as held for sale	-	2,647,058	3,497,527
Accumulated losses	(65,151,823)	(63,088,449)	(62,644,018)
Non-controlling interests	-	(942,684)	(735,401)
TOTAL EQUITY	17,067,286	20,840,573	22,354,576

Source: Audited financial statements for the years ended 31 December 2013 and 31 December 2014 and the reviewed half year report for the period ended 30 June 2014

We note that the Company's auditor issued an unmodified opinion in the audited financial statements for the years ended 31 December 2013 and 31 December 2014.

Commentary on Historical Balance Sheet:

- Trade and other receivables increased significantly over the review period and the balance of approximately $5.8 million as at 31 December 2014 pertained to the second tranche of $6 million due on the Ngovayang Project.
- Financial assets comprise the following:

Other financial assets	Audited as at 31-Dec-14 $	Reviewed as at 30-Jun-14 $	Audited as at 31-Dec-13 $
CURRENT			
Shares in Sirius at market value	3,840,000	4,860,000	3,405,000
Shares in Pilbara Minerals Limited at market value	-	35,000	21,000
Shares in Nemex Resources Limited at market value	141,900	72,600	61,050
Shares in Artemis Resources Limited at market value	180,000	180,000	240,000
	4,161,900	**5,147,600**	**3,727,050**
NON-CURRENT			
Performance and other bonds	50,000	50,000	50,000
Other financial assets	**4,211,900**	**5,197,600**	**3,777,050**

The current assets are classified as held for trading and their value as at the respective reporting dates represent the fair value based on the quoted market price on the ASX. The non-current assets represent a six month bank deposit held as security for credit cards issued.

- Deferred exploration costs balance of $0.39 million as at 31 December 2014 primarily relates to exploration expenditure incurred during the year of $0.33 million at Fraser Range.
- Current and non-current provisions primarily relate to employee benefits including wages, annual leave and related on-costs such as superannuation and payroll tax.
- The reserves balance of $22.4 million represents the share option reserves with regard to unlisted options issued to employees and directors.
- Reserves attributable to disposal group classified as held for sale of $3.49 million as at 31 December 2013 and $2.65 million as at 30 June 2014 represent the foreign currency translation reserves relating to the disposal of Legend's 90% interest in Camina.
- Non-controlling interests of $0.74 million and $0.94 million as at 31 December 2013 and 30 June 2014 respectively represent the 10% non-controlling interest in Camina.

5.4 Historical Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income	Audited for the year ended 31-Dec-14 $	Reviewed for the half-year ended 30-Jun-14 $	Audited for the year ended 31-Dec-13 $
Finance income	371,332	65,174	280,734
Other income	874,340	-	52,266
Expenses			
Employee benefit expense	(888,997)	-	(876,682)
Net gain on revaluation of financial assets held for trading	-	1,420,550	-
Impairment of deferred exploration costs	(1,105,212)	(1,144,664)	(36,829,394)
Corporate and administration expenses	(816,039)	(903,285)	(1,137,170)
Other expenses	(1,080,108)	(15,812)	(278,728)
Loss from continuing operations before income tax	(2,644,684)	(578,037)	(38,788,974)
Income tax benefit	26,358	20,819	376,480
Loss from continuing operations after income tax	**(2,618,326)**	**(557,218)**	**(38,412,494)**
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	(920,688)	(850,469)	8,016,807
Exchange differences realised on disposal of foreign operations	(2,576,839)	-	-
Items that will not reclassified to profit or loss			
Non-controlling interest in foreign currency translation reserve	(102,395)	(94,496)	890,756
Total comprehensive loss for the year	**(6,218,248)**	**(1,502,183)**	**(29,504,931)**

Source: Audited financial statements for the years ended 31 December 2013 and 31 December 2014 and the reviewed half year report for the period ended 30 June 2014

Commentary on Historical Statement of Comprehensive Income:

- The significant increase in 'Other income' over the review period primarily related to the fair value gain on investments held for trading and the gain on disposal of Legend's 90% interest in Camina completed during August 2014.
- Employee benefits comprise wages, salaries, annual leave and also include related on-costs such as superannuation and payroll tax.
- Net gain on revaluation of investments of $1.42 million for the half year ended 30 June 2014 represented the gain from the revaluation of investments in Sirius, Pilbara Minerals Limited, Nemex and Artemis.
- During the year ended 31 December 2013, Legend transferred $13.17 million of deferred exploration expenditure in relation to Ngovayang to available for sale assets as a result of the sale agreement entered into between Legend and Jindal on 20 November 2013. As a result of the sale of Ngovayang, the carrying value of Legend's projects in West Africa was reviewed and an impairment of $36.83

million and $1.11 million was recognised during the year ended 31 December 2013 and 31 December 2014 respectively.

- The significant increase in 'Other expenses' during the year ended 31 December 2014 was on account of the cancellation of 800 million performance options for a consideration of $1.0 million. These performance options were issued as part consideration for the initial acquisition of Ngovayang.
- Exchange differences realised on disposal of foreign operations of $2.57 million for the year ended 31 December 2014 pertained to Legend's 90% interest in Camina.

5.5 Capital Structure

The share structure of Legend as at 7 July 2015 is outlined below:

	Number
Total ordinary shares on issue	1,962,850,801
Top 20 shareholders	1,014,530,648
Top 20 shareholders - % of shares on issue	51.69%

Source: Share registry information

The range of shares held in Legend as at 7 July 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	90	25,378	0.00%
1,001 - 5,000	127	480,009	0.02%
5,001 - 10,000	312	2,631,071	0.13%
10,001 - 100,000	1,782	84,448,883	4.30%
100,001 - and over	1,309	1,875,265,460	95.54%
TOTAL	**3,620**	**1,962,850,801**	**100.00%**

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 7 July 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Yandal Investments Pty Ltd	344,750,000	17.56%
Australian Gold Resources Pty Ltd	164,985,000	8.41%
Chester Nominees WA Pty Ltd	78,000,000	3.97%
Bailey Group	68,500,000	3.49%
Mikado Corporation Pty Ltd	53,500,000	2.73%
Subtotal	709,735,000	36.16%
Others	1,253,115,801	63.84%
Total ordinary shares on Issue	**1,962,850,801**	**100.00%**

Source: Share registry information

The table below details the outstanding options on issue as at the date of this Report:

Type of option	Number of Options	Exercise Price ($)	Expiry Date
Issued on 11 January 2010	30,000,000	$0.06	21 December 2015

Source: Appendix 3B dated 12 January 2010

We note that none of the options on issue are currently in the money.

On 28 August 2014, Legend announced the cancellation of 800 million performance options for a consideration of $1.0 million. The performance options were issued as part consideration for the initial purchase of Ngovayang.

6. Profile of the Creasy Group

The Creasy Group is the name given to the group of companies controlled by Mark Creasy. Currently, through his principal investment companies, Yandal Investments and Australian Gold, the Creasy Group owns 25.97% of the issued capital of Legend as at the date of this Report.

In addition to the investment in Legend Mining Limited, Yandal Investments holds interests in Sirius Resources NL, Antipa Minerals Ltd, Azure Minerals Limited, Orion Gold NL, Coziron Resources Ltd, Helix Resources Ltd, Kairiki Energy Limited, Platina Resources Limited, Talga Resources Limited and Windward Resources Limited.

Recent significant transactions pertaining to the Creasy Group include:

- On 17 October 2013, Windward Resources Limited completed the acquisition of a 70% interest from the Creasy Group in the Fraser Range North and Fraser Range South projects. The Creasy Group retained a 30% free carry interest in the projects up to the completion of a bankable feasibility study;
- On 5 August 2013, Orion Gold NL announced that it had entered into an agreement to acquire from the Creasy Group a 70% interest in a portfolio of tenements located in the Fraser Range Belt. The transaction enabled the Creasy Group to increase its interest in Orion Gold NL to 11%;
- On 3 January 2012, Coziron Resources Limited announced that it had entered into an agreement with the Creasy Group to acquire three major resource projects in the Hamersley Basin, Midwest region and Earaheedy Basins of Western Australia. The Creasy Group increased its interest in Coziron Resources Limited from 36.80% to 69.21% as a result of the transaction; and
- On 14 February 2014, Sirius announced that it had entered into a binding agreement with the Creasy Group to acquire the remaining 30% interest in EL 28/1724 and MLA 28/376 (or the Nova Project) held by the Creasy Group. The Nova Project was part of the Fraser Range Joint venture of which Sirius owned 70% and the Creasy Group owned 30%. Upon completion of the transaction, Sirius' ownership of the Nova Project increased from 70% to 100%. The Creasy Group increased its interest in Sirius from 17.38% to 34.91% as a result of the transaction.

7. Economic analysis

The global economy is expanding at a reasonable pace despite the fall in commodity prices, which for some key commodities has been significant. These trends appear to be reflecting the increased supply of commodities. However, Australia's terms of trade are declining nonetheless.

The Australian economy has continued to grow at a rate below the longer-term average. The primary cause of the slow growth is attributed to weaknesses in business capital expenditure in both the mining and non-mining sectors, which is expected to persist over the coming year. Investment in the resources sector is forecast to decline significantly over the next few years as current projects reach the stage of completion.

Commodities

Global commodity production is being scaled back with the aim to rebalance the demand and supply of commodities. China has been able to take advantage of cheaper commodity prices which prevailed in 2014, importing record amounts of copper and iron ore.

New stimulus measures introduced in China have failed to assist with the recovery of the copper price. However, cost-cutting and supply issues in the world's biggest producer, Chile, may have a positive impact on the price of copper as mine projects face disruption by court battles between mining firms and local communities. An appreciation of the US dollar and the increase in supply has further slowed the recovery of the copper price.

Following an approximately 16% decline in the first quarter of 2015, the price of nickel is now trading near six-year lows, weighed down by record inventories and slowing Chinese gross domestic product growth. China's subdued construction sector has weakened the demand for nickel despite reduced exports from the Philippines. However, prices are expected to improve as Chinese stockpiles decline fuelled by the export ban in Indonesia, and the closure of some mines in the Shandong province. Potential new stimulus measures planned by the Chinese government may also help stimulate demand and prevent further reduction in prices.

The price of gold has recently seen an increase amid new concerns over the Greek debt default. Scope for a significant improvement in gold prices remains limited by the anticipation of US monetary policy tightening.

Interest Rates

The Reserve Bank of Australia (**'RBA'**) has decided to leave the cash rate unchanged at 2.0%. However, the governor Glenn Stevens has stated that the RBA expects to start increasing its policy rate later this year. Financial conditions remain very accommodative globally, with long-term borrowing rates for several major sovereigns at all-time lows. Financing costs for creditworthy borrowers also remain remarkably low.

The RBA's decision to maintain low interest rates has been made in order to support borrowing and spending in the Australian economy. Credit is recording moderate growth overall. There has been stronger lending to businesses, with prices for equities and commercial property supported by lower long-term interest rates.

Foreign Exchange

Foreign exchange markets have continued to be influenced by the stance, both current and prospective, of monetary policy in the major advanced economies. The Australian dollar has declined noticeably

against a rising US dollar over the past year, though less so against a basket of currencies. Further depreciation seems likely, particularly given the significant decline in key commodity prices. A lower exchange rate is likely to be needed to achieve balanced growth in the economy.

Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision dated 7 July 2015 and Consensus Economics*

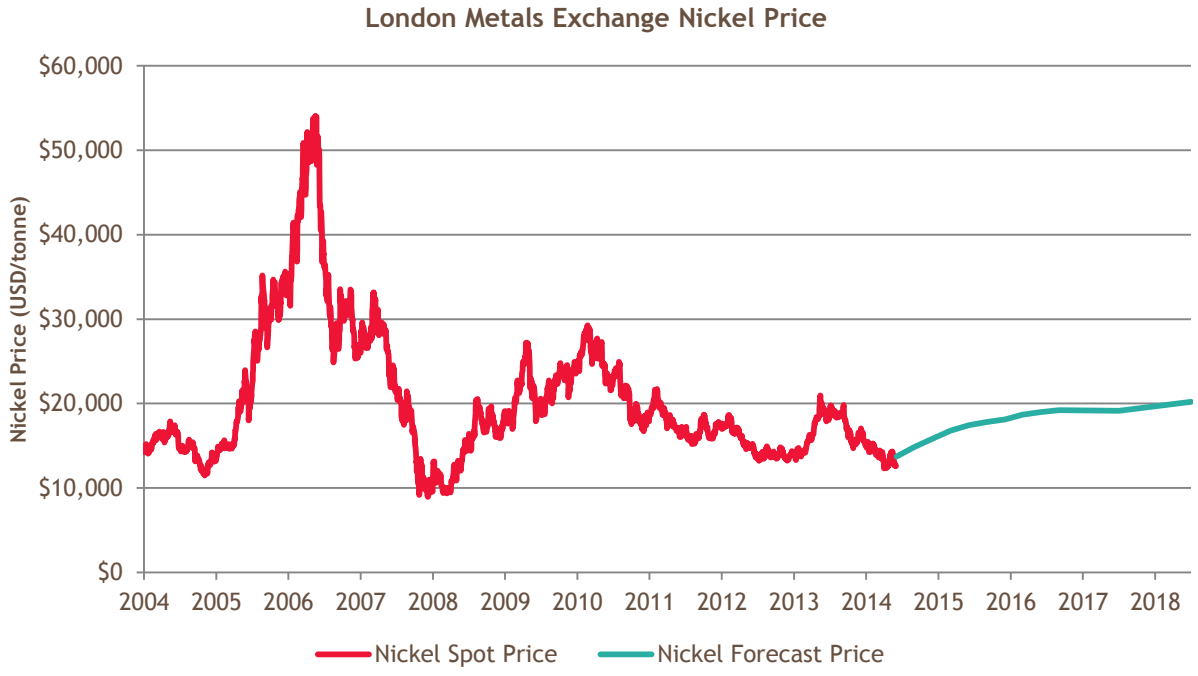
8. Industry analysis

8.1 Nickel

The success of the nickel mining industry in Australia is dependent upon the prices of nickel ores, the exchange rate between the United States Dollar ('**US$**') and Australian Dollar, nickel ore production and general demand and supply for the metal. Nickel is primarily used in the manufacturing of stainless steel products. Stainless steel accounts for nearly two-thirds of the consumption of nickel worldwide. There are expected to be two main drivers for the demand of stainless steel and hence nickel through to 2019-20. The first is government spending on infrastructure such as road and rail networks, which is heavily dependent on stainless steel during construction. The second is consumer durable spending on steel-intensive products such as white goods and TVs, underpinned by growing wealth and increasing urbanisation.

Nickel Prices

The global demand for nickel is currently being driven by the economic conditions in China, which currently accounts for about 41% of total consumption. Demand from China is expected to rise over the next five years alongside other developing countries, such as India. The figure below describes the fluctuations in nickel spot prices from January 2005 through to June 2015. It also shows Consensus forecasts for nickel prices through to 2019.



Source: Bloomberg & Consensus Economics

The figure above illustrates that nickel prices did not respond well during the economic recession that occurred as a result of the global financial crisis. Since then, there has been a general improvement in the health of the economy, which has seen the demand for nickel as well as prices increase. The continued recovery and firming global economic activity is therefore expected to set the scene for higher nickel

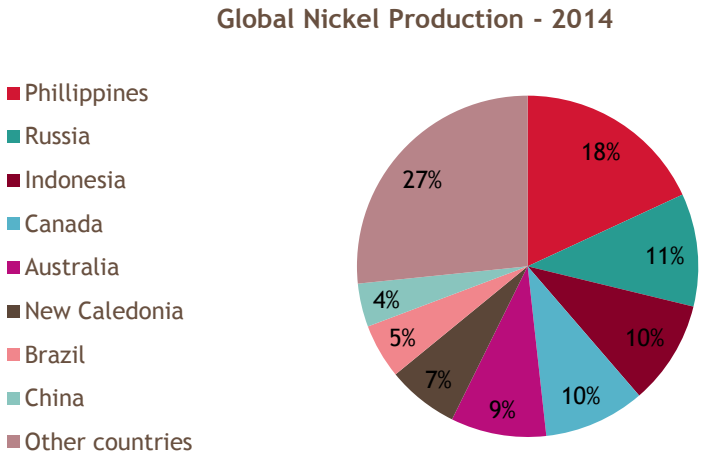
prices through to 2018-19 and as Consensus Economics forecasts indicate, in the long term the price of nickel is expected to increase to over US$20,000 per tonne.

Production and Usage

Although global output of nickel is expected to be sufficient to meet demand, more production will come from higher cost lateritic ore, creating a floor under nickel prices. In addition, Australian producers will benefit from the expected continued slide of the local currency against the US$.

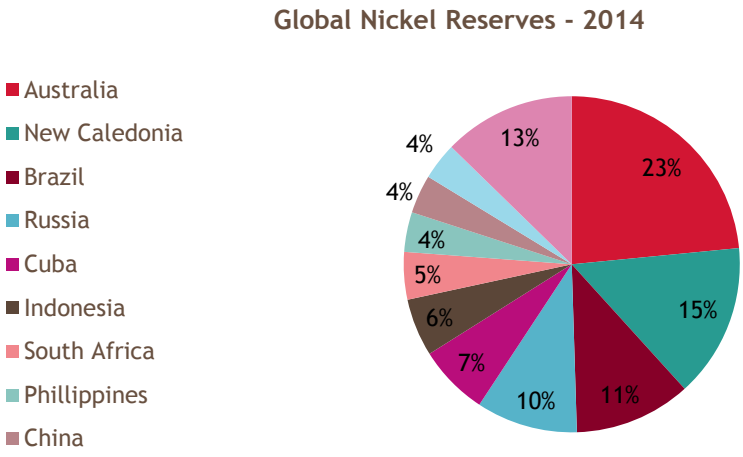
Nickel can be found in two different geological states, nickel sulphide and nickel laterite. The latter is associated with more complex mining processes and is therefore generally mined at newer mining sites. In Australia, approximately 80% of Nickel is mined from its nickel sulphide geological state.

In 2014, total world production for nickel decreased to 2.4Mt from approximately 2.63Mt in 2013. This was partially attributable to the significant reduction of production by Indonesia to 240,000t from 440,000t in 2013. For Australia specifically, nickel production decreased from 230,000t to 220,000t in 2014. As a result of this decrease, Australia is now the fifth largest producer in the world in comparison to being the fourth largest during 2013. The estimated global nickel production by country in 2014 is reflected below.



Source: US Geological Survey

The potential output and rate of production of nickel are key factors in deciding the ability of Australian nickel mining companies to compete globally. The figure below indicates the nickel resource potential in Australia. Australia has the largest nickel reserve holding approximately 23% of the world's total nickel reserves.



Source: US Geological Survey

Globally, the output of nickel is expected to grow over the five years through 2019-20. China, the major nickel consumer, is also expected to account for an increasing proportion of processed nickel output. Nickel ore exports from Australia are forecast to increase at a compound annual growth rate (**'CAGR'**) **of** 6.60% to $1.02 billion in 2019-20 to account for 23.1% of industry revenue for the year.

Australia's nickel output is also poised to grow in later years with the increased output likely to emanate from BHP Billiton, Glencore Xstrata and the Ravensthorpe mine, which has been restarted by Canada's First Quantum Minerals Limited. Similarly, output from Poseidon Nickel is expected to recommence during the next five years. On an overall basis, by 2019-20, Australia's production of nickel is forecast to be approximately 267,800t per annum.

8.2 Copper

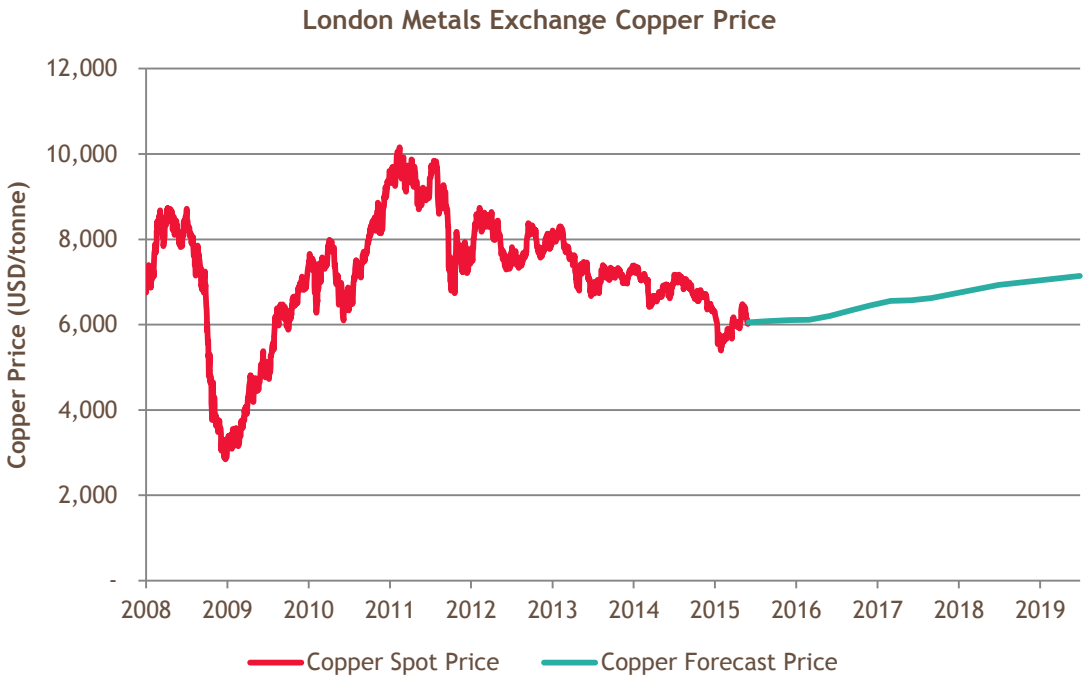
Copper is a soft, malleable, ductile metal used primarily for its excellent electrical and thermal conductive properties and its resistance to corrosion. As well as electrical and electronic applications, copper is utilised extensively as an alloy. Copper is produced from an oxide or sulphide ore from which it is converted to copper metal.

The majority of copper ore bodies can be classified as either porphyries (where copper occurs in igneous rock), strata bound ore bodies (sedimentary rock), and volcanic hosted massive sulphide deposits (volcanic rock along with other base metal sulphides). In these deposits, copper is mined in very low concentrations and consequently is a volume intensive process. For this reason, open pit mining is the preferred method of extraction, however underground mining and leach mining are also used in limited circumstances.

Copper Prices

Copper is a global commodity and, as such, prices are determined by global supply and demand factors. Due to this, copper prices have historically reflected global economic cycles and experienced major fluctuations reflecting equity market movements. At the beginning of 2008, supply concerns, falling inventories and increased demand from emerging economies provoked a significant and accelerated rise in the copper price. As with most commodities, prices fell during the global financial crisis which occurred in 2008. Prices have since overtaken the increases, occurring during the latter half of 2010 and throughout the beginning of 2011, reaching a peak of just over US$10,000/t in February 2011. Since that peak, prices have shown a downward trend at around US$8,000/t in 2012, US$7,000/t in 2013 and US$6,500/t in 2014.

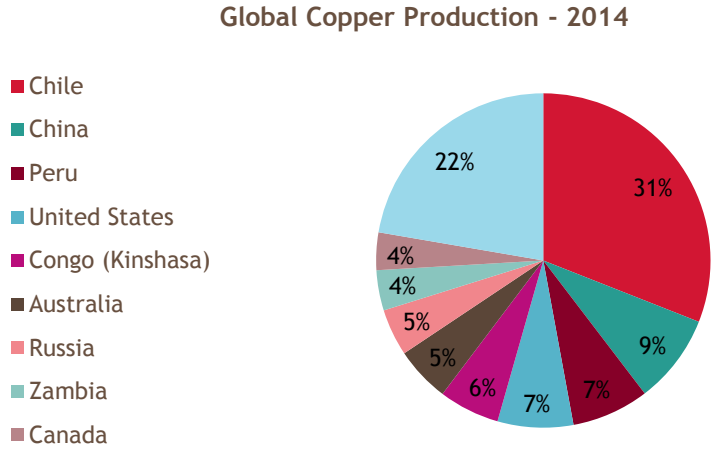
The average copper price from January 2015 through to May 2015 has been US$5,929/t, ranging from a low of US$5,395/t on 29 January 2015 to a high of US$6,480/t on 5 May 2015. Looking forward, the recovering global economy is expected to support copper prices through growth in world usage resulting in an increase in demand. The consensus view is for copper prices to increase in the short to medium term.



Source: Bloomberg and BDO analysis

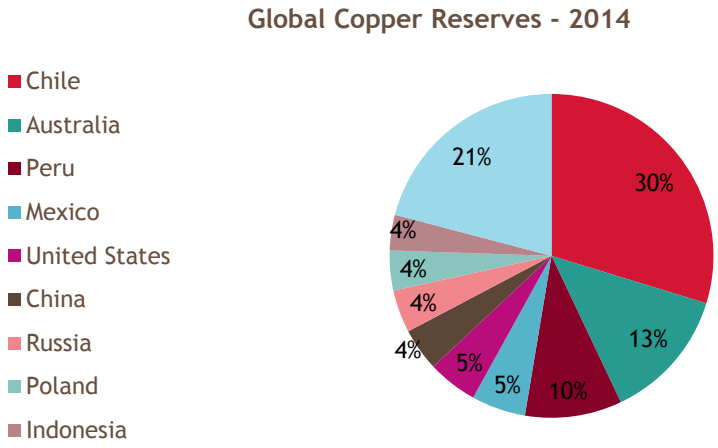
Production and Usage

Most of the world's copper comes from South and Central America, particularly Chile and Peru. In 2014, Chile, China and Peru accounted for around 50% of the world's copper production. Although Australia has substantive reserves of copper, in terms of production, Australia only accounted for 5% in 2014. The graph below shows the worldwide split in estimated production for the year 2014.



Source: U.S. Geological Survey

As at 2014, Chile, Australia and Peru collectively accounted for just over 50% of the global copper reserves as shown below.



Source: U.S. Geological Survey

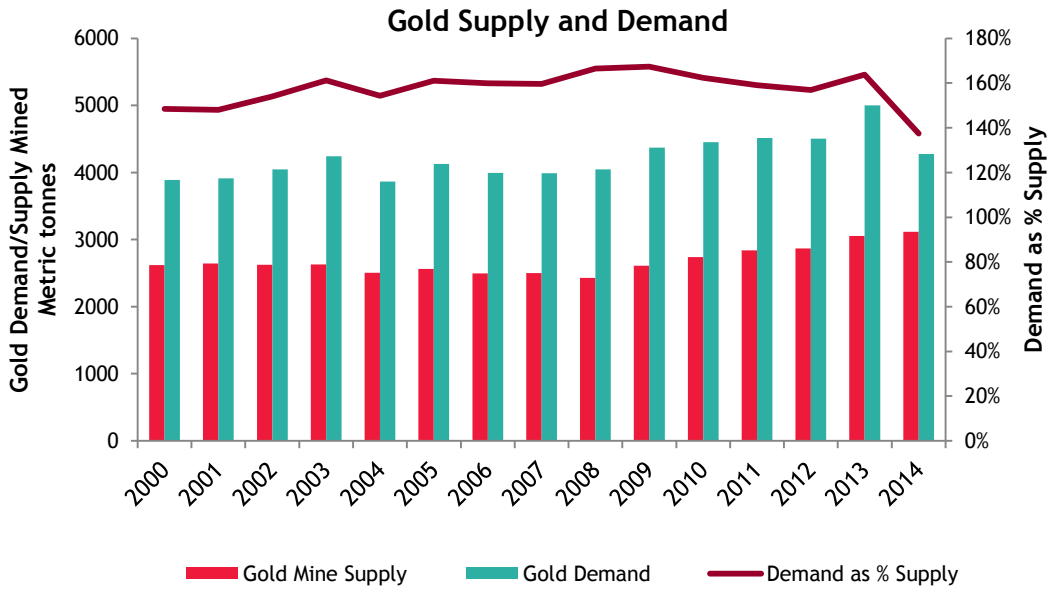
The dominant consumers include China, Japan, India and South Korea. China acquires approximately 30% of Australian copper exports as its demand is influenced by the above average growth of urbanisation and energy use. For 2014/15, Australia copper exports are expected to increase by 1.3% to $5.3 billion, and are expected to continue growing at a CAGR of 1.53% through to 2019/20.

As a result of the forecasted price increases, the Australian copper industry revenue is expected to grow at a CAGR of 1.4% over the five years through to 2019/20, or up to $7 billion. Over the short to medium term, industry revenue is forecast to grow by 5.2% in 2015/16 as mine construction and expansion activities continue to increase.

8.3 Gold

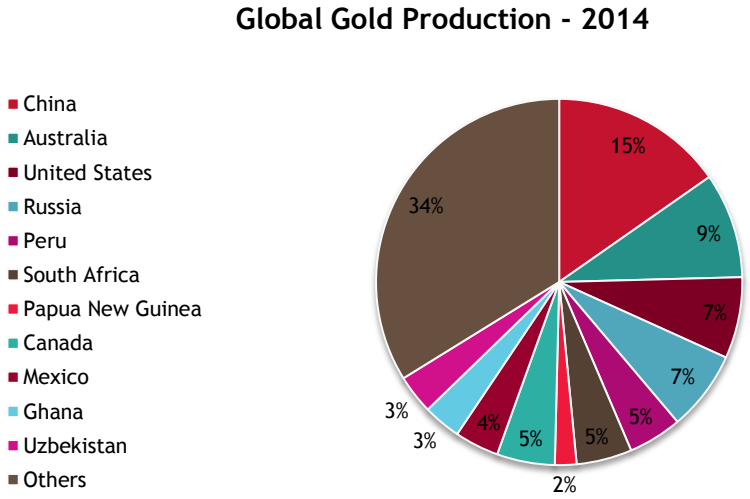
Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

As illustrated in the chart below, gold mine production was approximately 3,114 metric tonnes in 2014 and gold consumption was 4,278 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainly during recent years has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased at a CAGR of 4% between 2008 and 2013, but then decreased by 14.6% in 2014. Over the same period, demand as a percentage of supply was on average greater than 150%.



Source: Bloomberg and BDO analysis

Until the late 1980's, South Africa produced approximately half of the total gold produced. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China, Australia and the United States.



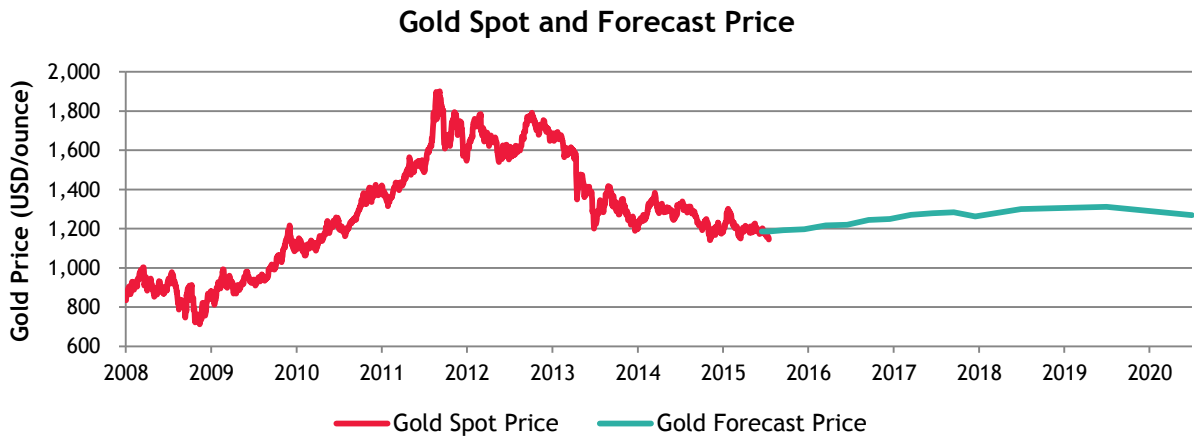
Source: Bloomberg and BDO analysis

Gold prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The softening of gold prices over the last two years is reflective of the recovery of global economic conditions. The value of gold peaked at US$1,900 per ounce on 5 September 2011. This peak was largely caused by the debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold.

Prices contracted in December 2011 reaching a low of US$1,545 per ounce followed by a recovery in 2012, reaching US$1,790 per ounce on 4 October 2012 before declining to US$1,675 per ounce at 31 December 2012. Gold prices have modestly declined over 2013 and 2014. For the first six months of 2015, gold prices have averaged US$1,206 per ounce, ranging from a low of US$1,150 on 17 March 2015 to a high of US$1,302 on 22 January 2015.

According to Consensus Economics, gold prices are forecast to stabilise in the short to medium term, followed by a moderate increase with a long term nominal price forecast of approximately US$1,269 per ounce.



Source: Bloomberg, Consensus Economics and BDO analysis

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('**FME**');
- Discounted cash flow ('**DCF**');
- Quoted market price basis ('**QMP**');
- Net asset value ('**NAV**'); and
- Market based assessment.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. A summary of each of these methodologies is outlined in Appendix 2.

RG 111.53 states that where a related party transaction is one component of a broader transaction, the expert should carefully consider what level of analysis of the related party aspect is required. In consideration of this, the expert should bear in mind whether the report has been sought to ensure that members are provided with sufficient information to decide whether to approve giving a financial benefit to the related party as well as the broader transaction. As such, our assessment of the fairness of the Transaction utilises the valuation methodology predicated by the requirement of our report under section 611 of the Act. We have considered how the value of a Legend share prior to the Transaction compares to the value of a Legend share following the Transaction.

Under RG 111.31, we are required to assess the value of a Legend share prior to the Transaction on a controlling interest basis and the value of a Legend share following the Transaction on a minority interest basis.

9.1 Valuation of Legend shares Pre-Transaction

In our assessment of the value of a Legend share prior to the Transaction, we have chosen to employ the following methodologies:

- NAV approach as our primary method; and
- QMP approach as our secondary method.

We have chosen these methodologies for the following reasons:

- Legend's most significant assets are its existing tenements in the Fraser Range as referenced in Section 4. As such we require an independent specialist valuation of these tenements and have accordingly instructed CSA Global Pty Ltd ('**CSA**') to provide an independent market valuation of these tenements in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ('**the Valmin Code**') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('**JORC Code**'). CSA's full report can be found in Appendix 3.
- As Legend's projects are not currently generating any income nor are there any historical profits that could be used to represent future earnings, the FME approach is not appropriate;
- Legend has no foreseeable future net cash inflows and therefore an application of the DCF is not possible. Under RG111, it is considered that it is only appropriate to use a DCF where reserves are present.

- On this basis, we consider the NAV methodology to be an appropriate valuation approach to undertake; and
- The QMP method is a relevant methodology to consider as Legend's shares are listed on the ASX. This means that there is a regulated and observable market where Legend's shares can be traded. However, in order for QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities.

9.2 Valuation of Legend shares Post-Transaction

In our assessment of the value of Legend's shares following the Transaction ('**Post-Transaction**'), we have adopted the sum-of-parts approach, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods.

The Post-Transaction value of Legend consists of the following component values:

- the Pre-Transaction value of Legend;
- the value of the 70% interest in the Fraser Range Tenements acquired from the Vendors (as per CSA's report);
- the cash consideration to be paid; and
- the number of shares and options to be issued as consideration.

Notwithstanding the fact that we have separately identified the component values that make up Legend's Post-Transaction value, we have conducted our valuation assessment based on their combined values on a pro-forma basis.

10. Valuation of Legend prior to the Transaction

10.1 Net Asset value of a Legend share

The value of Legend's assets on a going concern basis is reflected in our valuation below:

	Notes	Unaudited as at 30-Jun-15 $	Low Value $	Preferred Value $	High Value $
CURRENT ASSETS					
Cash and cash equivalents	a	6,553,142	6,553,142	6,553,142	6,553,142
Trade and other receivables		5,798,489	5,798,489	5,798,489	5,798,489
Other financial assets	b	5,422,500	5,422,500	5,422,500	5,422,500
TOTAL CURRENT ASSETS		17,774,131	17,774,131	17,774,131	17,774,131
NON-CURRENT ASSETS					
Other financial assets		50,000	50,000	50,000	50,000
Property, plant and equipment		41,429	41,429	41,429	41,429
Deferred exploration costs	c	485,905	300,000	600,000	700,000
TOTAL NON-CURRENT ASSETS		577,334	391,429	691,429	791,429
TOTAL ASSETS		18,351,465	18,165,560	18,465,560	18,565,560
CURRENT LIABILITIES					
Trade and other payables		71,534	71,534	71,534	71,534
Provisions		116,536	116,536	116,536	116,536
TOTAL CURRENT LIABILITIES		188,070	188,070	188,070	188,070
NON-CURRENT LIABILITIES					
Provisions		53,539	53,539	53,539	53,539
TOTAL NON-CURRENT LIABILITIES		53,539	53,539	53,539	53,539
TOTAL LIABILITIES		241,609	241,609	241,609	241,609
NET ASSETS		**18,109,856**	**17,923,951**	**18,223,951**	**18,323,951**
Shares on issue (Number)			1,962,850,801	1,962,850,801	1,962,850,801
Value per share ($)			**0.0091**	**0.0093**	**0.0093**

Source: Management information

The table above indicates the net asset value of a Legend share to be in the range of $0.0091 to $0.0093.

We were provided with the unaudited statement of financial position as at 30 June 2015 and have not undertaken a review in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However

nothing has come to our attention as a result of our procedures that would suggest the financial information has not been prepared on a reasonable basis.

We note the following with regard to Legend's latest financial position:

a) Cash and cash equivalents

We have reviewed the bank statements as at 30 June 2015 confirming the balance of $6.6 million and also reviewed the bank reconciliation statement and note that there were no long outstanding/non reconciling items.

b) Other financial assets

The summary of investments as at 30 June 2015 is as under:

Other financial assets	Number of shares held	$ Closing price	$ Amount
Shares in Sirius at market value	1,500,000	3.30	4,950,000
Shares in Nemex Resources Limited at market value	3,300,000	0.125	412,500
Shares in Artemis Resources Limited at market value	60,000,000	0.001	60,000
Other financial assets			**5,422,500**

c) Deferred exploration costs

We instructed CSA to provide an independent market valuation of the exploration assets held by Legend. CSA considered the Market Approach (Comparable Transactions method) to be the most reliable indicator of the Fair Market Value. However, it was also decided to review the outcome of both the Appraised Value and Geoscience Factor method for comparative purposes. The Income approach method was not considered appropriate due to the early phase of evaluation and the lack of Mineral Resources.

It should also be noted that exploration tenements have not been included in the valuation where tenure or permits have not been granted to Legend and where the Company does not have any ownership over tenement mineral assets or any exploration value within the tenements. Refer CSA's report in Appendix 3 for a complete listing of the Company's tenements.

The range of values for the exploration licence granted as calculated by CSA is set out below:

	Interest	Low $	Preferred $	High $
Rockford Project	100%	300,000	600,000	700,000

10.2 Quoted Market Prices for Legend Securities

To provide a comparison to the valuation of Legend in Section 10.1, we have also assessed the quoted market price for a Legend share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

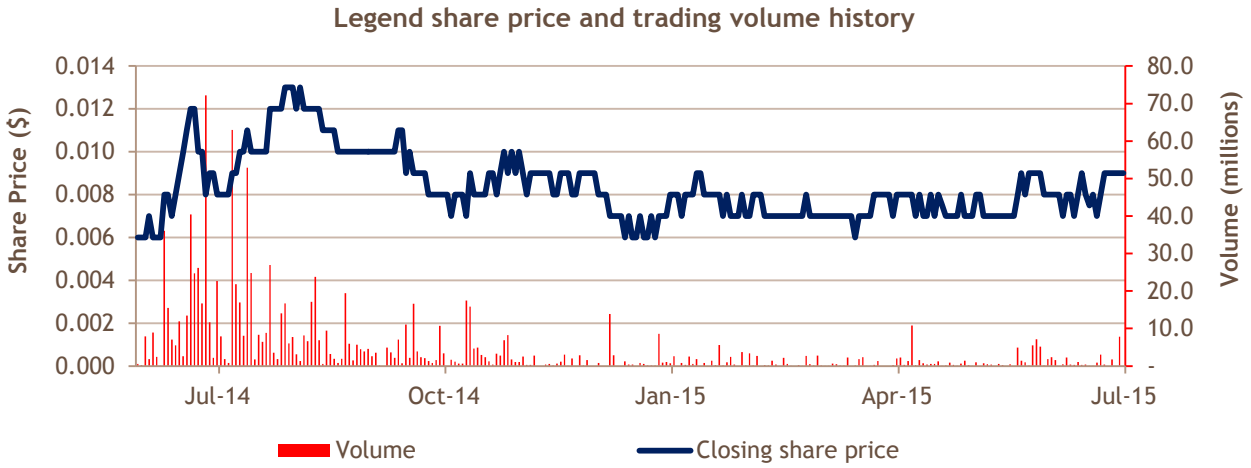
Whilst the Creasy Group will not be obtaining 100% of Legend, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. We have considered Reasonableness in Section 13.

Therefore, our calculation of the quoted market price of a Legend share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Legend share is based on the pricing prior to the announcement of the Transaction. This is because the value of a Legend share after the announcement may include the effects of any change in value as a result of the Transaction. However, we have considered the value of a Legend share following the announcement when we have considered reasonableness in Section 13.

Information on the Transaction was announced to the market on 2 July 2015. Therefore, the following chart provides a summary of the share price movement over the 12 months to 1 July 2015 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Legend shares traded on the ASX from 1 July 2014 to 1 July 2015 has ranged from a low of $0.005 on 8 July 2014 to a high of $0.014 on 26 August 2014.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		$	(movement)		$	(movement)	
14/04/2015	Quarterly Cashflow Report	0.008	▸	0.0%	0.007	▾	12.5%
19/01/2015	Quarterly Activities Report	0.007	▾	12.5%	0.008	▴	14.3%
23/12/2014	Fraser Range EM Survey Update	0.007	▾	12.5%	0.007	▸	0.0%
13/10/2014	Quarterly Activities Report	0.009	▸	0.0%	0.008	▾	11.1%
19/08/2014	Ground EM Survey Commences in Fraser Range	0.012	▴	20.0%	0.012	▸	0.0%
05/08/2014	$17.5M Cameroon Project Sale Completes	0.009	▴	12.5%	0.010	▴	11.1%
25/07/2014	Results of Tenement Ballot in Fraser Range	0.008	▾	20.0%	0.008	▸	0.0%
14/07/2014	Quarterly Activities Report	0.007	▾	12.5%	0.010	▴	42.9%
10/07/2014	Fraser Range Aeromagnetic Survey Identifies Targets	0.008	▴	33.3%	0.008	▸	0.0%

Source: Bloomberg

On 5 August 2014, Legend announced the completion of the Cameroon Project for a total consideration of $17.5 million and also confirmed the receipt of $6 million as Tranche 1 of the consideration. This led to a 12.5% increase in the share price of the Company.

On 19 August 2014, the Company announced commencement of electromagnetic survey work at its Fraser Range Project to test targets previously identified through the Company's interpretation of detailed aeromagnetic data. The share price increased 20% following the announcement.

On 25 July 2014, the Company released the results of a tenement ballot process over tenements in the Fraser Range. Following this ballot, Legend was awarded three small areas covering a combined area of 20.6km^2. Legend's share price decreased 20% following this announcement. Over the twelve month period, the largest volume of shares of 72,186,863 was traded on this day.

Following the release of the June 2014 Quarterly Report on 14 July 2014, the Company's share price declined by 12.5%. However, the share price recovered to finish 42.9% higher three days following this announcement. No price sensitive announcements were released during the period when the share price increased by 42.9%.

On 5 August 2014, Legend announced that it had completed the sale of its Cameroon Project and confirmed the receipt of $6 million. This placed the company in a strong position with its liquidity position being greater than $15 million. While this was not a price sensitive announcement, we note the second largest volume of shares of 62,973,181 was traded on this day. Along with the announcement dated 25 July 2014, this contributed to the significant increase in the volume of shares traded in Legend during the period July to August 2014 as evidenced by the trading volume history on the previous page. There were no specific reasons outlined by the Company for the increase in the volume of shares traded during this period.

To provide further analysis of the market prices for a Legend share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 1 July 2015.

Share Price per unit	01-Jul-15	10 Days	30 Days	60 Days	90 Days
Closing price	$0.009				
Volume weighted average price (VWAP)		$0.009	$0.009	$0.008	$0.008

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of Legend shares that has occurred since the Transaction was announced.

An analysis of the volume of trading in Legend shares for the twelve months to 1 July 2015 is as follows:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.009	$0.009	3,483,968	0.18%
10 Days	$0.007	$0.009	17,618,168	0.90%
30 Days	$0.007	$0.010	54,051,232	2.75%
60 Days	$0.007	$0.010	81,847,473	4.17%
90 Days	$0.006	$0.010	100,968,872	5.14%
180 Days	$0.006	$0.011	265,981,750	13.55%
1 Year	$0.005	$0.014	1,113,526,510	56.73%

Source: Bloomberg, BDO analysis

This table indicates that Legend's shares display a low level of liquidity as evidenced by the low trading volume of 13.55% of the issued capital during the six month period and the period closer to the announcement (ie, in the 0-90 day period). For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Legend, we do not consider there to be a deep market for its shares and our assessment is that a range of values for Legend shares based on market pricing, after disregarding post announcement pricing, is between $0.008 and $0.010.

Control Premium

We have reviewed the control premiums paid by acquirers of all general mining companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2014	14	116.43	38.50
2013	16	49.12	57.80
2012	21	129.36	42.18
2011	22	578.06	38.02
2010	25	735.82	43.27
2009	29	86.80	39.23
2008	8	553.76	38.87
	Median	**129.36**	**39.23**
	Mean	**321.34**	**42.55**

Source: Bloomberg, BDO Analysis

The mean and median figures above are calculated based on the average deal value and control premium for each respective year. To ensure our data is not skewed we have also calculated the mean and median of the entire data set comprising control transactions from 2008 onwards, as set out below.

Entire Data Set Metrics	Average Deal Value (AU$m)	Average Control Premium (%)
Median	37.41	36.01
Mean	320.72	41.42

Source: Bloomberg, BDO Analysis

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;

- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates the long term average control premiums paid by acquirers of all mining companies on the ASX is approximately 42.5%.

In assessing the sample of transactions which were included in the table, we've noted transactions within the list which appear to be extreme outliers. These outliers include 16 transactions where the announced control premium was in excess of 100% and 16 transactions where the acquirer obtained a controlling interest at a discount (i.e. less than 0%). In a sample where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean.

In determining the appropriate control premium appropriate for Legend, we reviewed control transactions of a similar nature and scale. We considered this to be an appropriate approach, noting that the average control premium is influenced by factors such as whether the consideration is cash or scrip and the deal size. This was prominently observed during 2013 where the average deal size was $49.12 million and average control premium was 57.8%.

In the case of Legend, we believe than an appropriate control premium should factor in the early stage nature of its existing tenements (ie, the absence of defined reserves or revenue generating assets). Based on our research and the considerations set out above, we believe that an appropriate control premium to apply to our valuation of Legend's shares is between 20% and 30%.

Quoted market price including control premium

Applying a control premium to Legend's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	$	$	$
Quoted market price value	0.008	0.009	0.010
Control premium	20%	25%	30%
Quoted market price valuation including a premium for control	**0.0096**	**0.0113**	**0.0130**

Source: BDO analysis

Therefore, our valuation of a Legend share based on the quoted market price method and including a premium for control is between $0.0096 and $0.0130, with a midpoint value of $0.0113.

10.3 Assessment of Legend prior to the Transaction

The results of the valuation performed are summarised in the table below:

Valuation of Legend prior to the Transaction	Low	Midpoint	High
	$	$	$
Net asset value (Section 10.1)	0.0091	0.0093	0.0093
QMP (Section 10.2)	0.0096	0.0113	0.0130

Source: BDO analysis

We note that the value obtained under the NAV methodology is lower than the values obtained under the QMP methodology in our low, preferred and high scenarios. The difference between the valuations obtained under the NAV and QMP approaches can be explained by the following:

- The QMP value reflects investors' perception/view taken by the market of the future prospects of Legend and may have taken into consideration that the directors were actively seeking investment opportunities to grow shareholder value; and
- Under RG111.69 (d), the QMP methodology is considered appropriate when a liquid and active market exists for the securities. From our analysis of the QMP of a Legend share, we note that only 13.55% of the Company's current issued capital has been traded in the six months up until the date of the announcement of the Transaction, which represents a low level of liquidity over the period. As a result of the lack of liquidity, we have not relied on the QMP value in assessing the value of a Legend share prior to the Acquisition.

For the reasons described above and the lack of a 'deep' market for the trading of Legend's shares, we consider the net asset value to be the most appropriate methodology and consider the value of a Legend share prior to the Transaction to be between $0.0091 and $0.0093 per share.

11. Valuation of Legend following the Transaction

In our assessment of the value of a Legend share following the Transaction, we have chosen to employ the sum-of-parts method.

11.1 Assessment of value of Fraser Range Tenements

As discussed in section 10.1, we instructed CSA to provide an independent market valuation of the Fraser Range Tenements held by the Vendors and forming a part of the Transaction. CSA considered the Market Approach to be the most reliable indicator of the Fair Market Value. However, it was also decided to review the outcome of both the Appraised Value and Geoscience Factor method for comparative purposes. The Income approach method was not considered appropriate due to the early phase of evaluation and the lack of Mineral Resources.

The range of values for the 70% interest in the Fraser Range Tenements as calculated by CSA is set out below:

	Low	Preferred	High
	$	$	$
Fraser Range Tenements	2,000,000	3,400,000	4,300,000

11.2 Valuation of Legend following the Transaction

Valuation of Legend following the Transaction	Ref	Low $	Preferred $	High $
Net assets of Legend prior to the Transaction		17,923,951	18,223,951	18,323,951
Value of Fraser Range Tenements	1	2,000,000	3,400,000	4,300,000
Cash consideration paid to the Creasy Group	2	(2,500,000)	(2,500,000)	(2,500,000)
Value of Legend post-Transaction		**17,423,951**	**19,123,951**	**20,123,951**
Discount for minority interest	3	23%	20%	17%
Value of Legend post-Transaction (minority interest basis)		**13,416,442**	**15,299,161**	**16,702,879**
Number of shares on issue post-Transaction (undiluted)	4	2,034,350,801	2,034,350,801	2,034,350,801
Value per share post-Transaction (undiluted)		**0.0066**	**0.0075**	**0.0082**
Cash consideration received on exercise of options	5	6,000,000	6,000,000	6,000,000
Value of Legend post-Transaction (fully diluted)		**23,423,951**	**25,123,951**	**26,123,951**
Discount for minority interest		23%	20%	17%
Value of Legend post-Transaction (minority interest basis)		18,036,442	20,099,161	21,682,879
Number of shares on issue post-Transaction (fully diluted)	6	2,184,350,801	2,184,350,801	2,184,350,801
Value per share post-Transaction (fully diluted)		**0.0083**	**0.0092**	**0.0099**

The table above indicates the net asset value of a Legend share following the Transaction, on a minority interest basis, is between $0.0066 and $0.0082 on an undiluted basis and between $0.0083 and $0.0099 on a fully diluted basis. In arriving at this value, the following adjustments were made to the net assets of Legend following the Transaction.

Note 1 – Value of Fraser Range Tenements

As a part of the Transaction, Legend would acquire 70% of the Fraser Range Tenements from the Vendors. These tenements have been independently valued by CSA as discussed in section 11.1.

Note 2 – Cash consideration paid to the Vendors

The terms of the Transaction include a cash payment of $1.6 million to Ponton (representing partial reimbursement of approximately $3.5 million incurred to date since the grant of the Ponton Tenements) and $900,000 to Rockford (representing partial reimbursement of approximately $1.9 million incurred to date since the grant of the Rockford Tenements) cumulatively amounting to $2.5 million.

Note 3 – Discount for minority interest

The net asset value of a Legend share following the Transaction is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. If the Transaction is approved, Shareholders will be minority interest shareholders in Legend, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of the Company.

Therefore, we have adjusted our valuation of a Legend share following the Transaction, to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula 1- (1/[1 + control premium]). As discussed in section 11.2, we consider an appropriate control premium for Legend to be in the range of 20% to 30%, giving a minority interest discount in the range of 17% to 23%.

Note 4 – Number of shares on issue on an undiluted basis

We have adjusted the number of pre-Transaction shares on issue for the shares to be issued as consideration to the Creasy Group. A breakdown is set out below:

Shareholding scenario	Section	Shares on issue
Issued shares as at the date of our Report	5.5	1,962,850,801
Issued shares as consideration to the Creasy Group	4	71,500,000
Total shares following the Transaction (undiluted)		**2,034,350,801**

We have not included the potential exercise of 30 million options Legend currently have on issue, as we consider the options to be out of the money.

Note 5 – Cash received on exercise of Consideration Options by the Vendors

The consideration for the Transaction includes the issue of 100 million unlisted options and 50 million unlisted options to Ponton and Rockford respectively at an exercise price of $0.04 per option. We have accordingly adjusted the value of Legend for the cash received on exercise of the Consideration Options.

Note 6 – Shares on issue on a fully diluted basis

We have adjusted the number of shares on issue as reflected in Note 4 for the additional 150 million shares issued to the Vendors on exercise of their Consideration Options.

12. Is the Transaction fair?

The value of a Legend share prior to the Transaction on a controlling interest basis is compared to the value of a Legend share following the Transaction on a minority basis below:

	Ref	Low $	Preferred $	High $
Value of a Legend share on a controlling basis prior to the Transaction	10.3	0.0091	0.0093	0.0093
Value of a Legend share on a minority basis following the Transaction (undiluted)	11.2	0.0066	0.0075	0.0082
Value of a Legend share on a minority basis following the Transaction (diluted)	11.2	0.0083	0.0092	0.0099

The above pricing indicates that, in the absence of any other relevant information, the Transaction is not fair for Shareholders as the value of a Legend share prior to the Transaction on a controlling basis is greater than the value of a Legend share following the Transaction on a minority basis (undiluted). We note that the value of a Legend share on a fully diluted minority basis following the Transaction is greater than the value of a Legend share on a controlling basis prior to the Transaction for our high valuation and there is significant overlap in the valuation range. However, given that the exercise price of the Consideration Options of $0.04 is significantly higher than the underlying share price, (ie, the Consideration Options are out of the money), we do not consider that the Vendors would exercise their options at the current valuation.

We have accordingly not considered the value of a Legend share following the Transaction on a diluted minority basis in forming our fairness opinion. The option holders will most likely exercise their options if the value of a Legend share increases such that it is above the exercise price of the options. The exercise of the options at that time would be dilutive in nature.

13. Is the Transaction reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Legend a premium over the value ascribed to, resulting from the Transaction.

13.2 Practical Level of Control

If the Transaction is approved then the Creasy Group will hold an interest of approximately 28.57% in Legend on an undiluted basis and 33.48% on a fully diluted basis.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are ordinary resolutions and special resolutions. An ordinary resolution is a resolution passed by over 50% of the votes cast by members entitled to vote on the resolution and a special resolution is a resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution. If the Transaction is approved, and the Consideration Options are exercised, the Creasy Group would be able to continue to block special resolutions, given that it already holds an interest of 25.97% prior to the Transaction.

Creasy Group's control of Legend following the Transaction if the Consideration Options are exercised will be significant when compared to all other shareholders. As discussed above, the Creasy Group would hold

an interest of 28.57% of the issued capital of Legend on an undiluted basis and a maximum interest of 33.48% on a fully diluted basis. Therefore, in our opinion, while Creasy Group will be able to significantly influence the activities of Legend, it will not be able to exercise a similar level of control as if it held 100% of Legend.

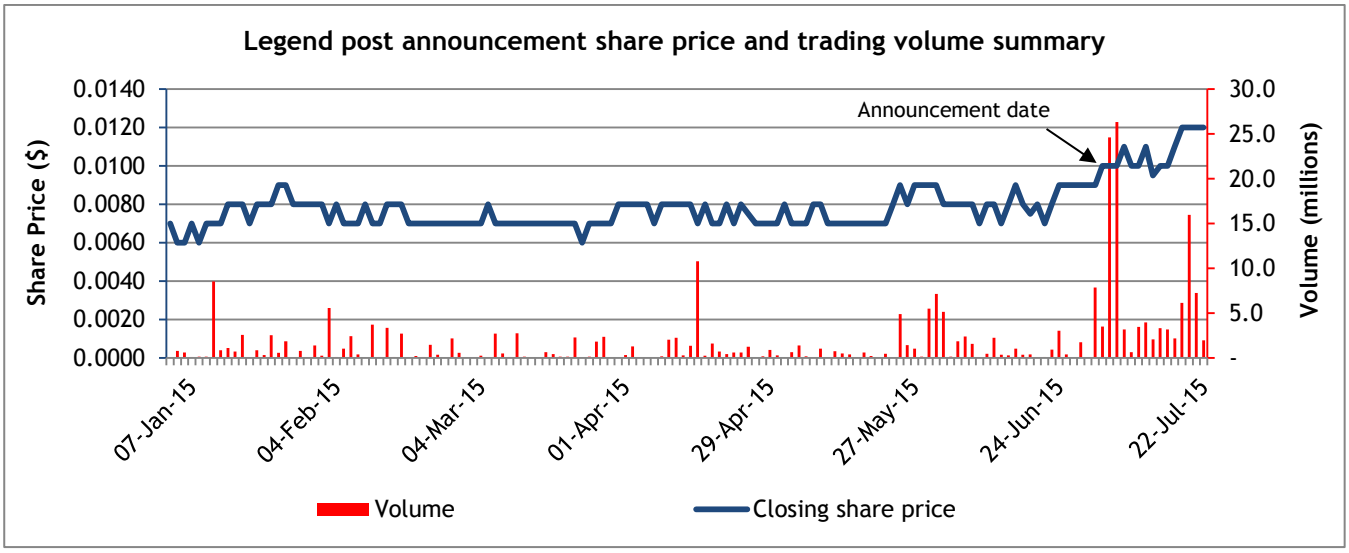
13.3 Consequences of not Approving the Transaction

Retain existing operations

If the Transaction is not approved, Legend will retain its existing operations. As such, the Directors of Legend may need to consider alternative transactions and review alternative growth opportunities to grow the Company and provide returns to Shareholders.

Potential decline in share price

We have analysed movements in Legend's share price since the Transaction was announced. A graph of Legend's share price since the announcement is set out below.



Source: Bloomberg

As can be seen in the above graph, there has been a significant increase in the share price of the Company post announcement of the Transaction with a high of $0.011 per share noted on 10 July 2015. Additionally, there has also been a significant spike in the volume of shares traded with approximately 24.6 million shares traded on 2 July 2015 (being the date of announcement) and another 26.3 million shares traded on 3 July 2015.

Given the above analysis it is possible that if the Transaction is not approved then Legend's share price may decline to its pre-announcement price range of between $0.008 and $0.010 per share and the volume of trading may decline too.

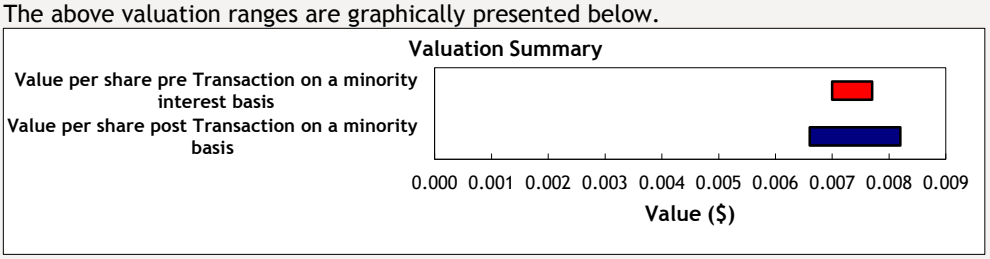
13.4 Advantages of Approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

Advantage	Description
When valuing a Legend share on a minority interest basis both prior to and following the Transaction, the transaction is value accretive	In assessing the fairness of the Transaction in section 12, RG 111.31 stipulates that in a control transaction a comparison should be made between the value of the target entity's securities prior to the transaction on a controlling basis and the value of the target entity's securities following the transaction allowing for a minority discount. It is relevant for Shareholders to appreciate that they hold a minority interest in Legend prior to the Transaction and will retain a minority interest following the Transaction. We have also provided a comparison of the value of a Legend share prior to the Transaction and following the Transaction on a minority interest basis. This comparison is outlined in the table below.

	Low $	Preferred $	High $
Value per share pre Transaction on a minority basis	0.0070	0.0074	0.0077
Value per share post Transaction on a minority basis	0.0066	0.0075	0.0082

The above valuation ranges are graphically presented below.



The graph above indicates that the Transaction is value accretive as the range of values of a share in Legend following the Transaction on a minority interest basis is higher than the range of values of a share in Legend on a minority interest basis prior to the Transaction.

The Company retains cash to use for other purposes	The consideration for the Transaction comprises cash, shares and options in the Company. The Share Consideration component allows the Company to acquire the Fraser Range Tenements while retaining cash to use for other purposes such as an exploration program. Additionally, the Consideration Options, if exercised, would generate $6 million in cash for the Company which may also be used for further exploration and development activities.
The Fraser Range Tenements are in the same location as the Company's existing tenements	The Fraser Range Tenements being acquired lies directly south of Legend's existing E28/2342 tenement. This will benefit the Company as it is familiar with the region and has already conducted exploration in the region.
Approval of the Transaction will increase Legend's landholding interests	The Company currently holds existing tenements covering approximately 547km^2. The Fraser Range Tenements which are the subject of the Transaction cover approximately 2,530km^2. This benefits Shareholders as it increases the opportunity for the Company to return positive exploration results.

No changes to current operating arrangements	We are not aware of any operational changes that the Creasy Group wishes to introduce if the Transaction is approved and there has been no indication from the Creasy Group that they intend to change Legend's business as conducted by the current management.
Utilising the experience of the Creasy Group in successfully developing its exploration projects	As discussed in section 6, the Creasy Group has a successful history of partnering with exploration companies and Legend could utilise the skills and experience of the Creasy Group to enhance the development and operation of the Company's exploration projects.

13.5 Disadvantages of Approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing Shareholders' interests	Under the terms of the Transaction, Legend will issue a total of 71,500,000 shares and 150,000,000 options to the Creasy Group. If the Transaction is approved, Shareholders' interest in the Company will be diluted from 74.03% to 71.43% (on an undiluted basis) and 66.52% on a fully diluted basis, assuming the options issued to the Creasy Group are exercised and no other existing options are exercised. The capacity of the Shareholders to influence the operations of the Company will therefore be reduced.
The Creasy Group will gain an increased level of control over Legend	If the Transaction is approved, the Creasy Group will increase its interest in the Company from 25.97% to a maximum of 33.48%, assuming the Creasy Group exercises the options it holds and no other options are exercised. The Creasy Group will therefore be able to further influence any voting on the activities of Legend. Additionally, the percentage of "free float" of the Company's shares will decrease if the Transaction is approved. This may reduce the level of liquidity in Legend's shares.
The Company bears all the risks associated with the exploration of the Fraser Range Tenements	Under the terms of the Transaction, the Creasy Group's 30% interest in the Fraser Range Tenements is 'free carried' through to the signing of Mining Venture Agreements. As such, the Company bears all of the exploration risk as it is solely responsible for funding all exploration costs but will only receive 70% of the potential upside from this exploration work.

14. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to the Shareholders of Legend.

In our opinion, the Transaction is not fair because the value if a Legend share prior to the Transaction on a controlling basis is greater than the value of a Legend share following the Transaction on a minority basis. However, we consider the Transaction to be reasonable because the advantages of the Transaction to Shareholders are greater than the disadvantages. In particular, the following were key considerations in our determination of reasonableness:

- The Fraser Range Tenements being acquired as a part of the Transaction would consolidate Legend's existing tenements in the same location and materially increase its landholding interests by approximately 2,530 km^{2}';
- The consideration for the Transaction primarily comprises of shares and options in Legend. Accordingly, the Company retains cash for its working capital requirements and exploration activities;
- There are no changes to the existing operational aspects of the Company on completion of the Transaction; and
- Strengthening and maintaining Legend's relationship with the Creasy Group as a key strategic investor.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Legend for the years ended 31 December 2013 and 31 December 2014;
- Reviewed financial statements for the half year ended 30 June 2014;
- Unaudited statement of financial position as at 30 June 2015;
- Independent Valuation Report of Legend's mineral assets dated 27 July 2015 performed by CSA;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Legend.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of approximately $22,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Legend in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Legend, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Legend and Creasy Group and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Legend and Creasy Group and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd have had within the past two years any professional relationship with Legend, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Legend and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Institute of Chartered Accountants in Australia. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Legend for inclusion in the Explanatory Memorandum which will be sent to all Legend Shareholders. Legend engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal to acquire tenements from the Creasy Group for a cash payment and issue of shares and options in Legend as consideration.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us is false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the

tenements being acquired. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Legend, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Legend and acquired from the Creasy Group as a part of the Transaction.

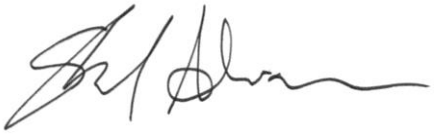
The valuer engaged for the mineral asset valuation, CSA, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes

Director

Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
A$	Australian Dollars
Artemis	Artemis Resources Limited
Australian Gold	Australian Gold Resources Pty Ltd
BDO	BDO Corporate Finance (WA) Pty Ltd
Camina	Camina SA, holding company of the Ngovayang project
CAGR	Compound annual growth rate
Consideration Options	Issue of 100,000,000 unlisted options to Ponton and 50,000,000 unlisted options to Rockford at an exercise price of $0.04 each
Creasy Group	is explained in section 6 of this Report
CSA	CSA Global Pty Ltd
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
Fraser Range	Fraser Range project
The Fraser Range Tenements	Exploration Licences 28/2188-2192, 28/1718 and 28/1727
Jindal	Jindal Mining and Exploration Limited
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

Km^2	Square kilometres
Legend/The Company	Legend Mining Limited
NAV	Net Asset Value
Nemex	Nemex Resources Limited
Ngovayang	The Ngovayang Project
Notice of Meeting	Notice of meeting and explanatory memorandum documents to be sent to all Shareholders
Ponton	Ponton Minerals Pty Ltd
Ponton Tenements	The Tenements being acquired from Ponton Minerals Pty Ltd
Post Transaction Trading Period	2 July 2015 to 22 July 2015
Our Report	This Independent Expert's Report prepared by BDO
RBA	The Reserve Bank of Australia
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Rockford	Rockford Metals Pty Ltd
Rockford Tenements	The Tenements being acquired from Rockford Metals Pty Ltd
Shareholders	Shareholders of Legend not associated with Creasy Group
Sirius	Sirius Resources NL
Substantial Shareholder	Mr Mark Creasy
The Transaction	Tenement Sale and Exploration Joint Venture Agreement with Ponton and Rockford
US$	United States Dollar
Valmin Code	The Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking

	into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
Vendors	Ponton and Rockford
Voting Power	means a person's relevant interest in voting shares in Legend plus the relevant interest of that person's associates in voting shares in Legend.
VWAP	Volume Weighted Average Price
WSA	Western Areas Limited
Yandal	Yandal Investments Pty Ltd

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimate the market values of the net assets of an entity but do not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation (‘**EBITDA**’). The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Valuation report of CSA Global Pty Ltd

Sent under a separate cover

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Date: 27th July 2015
Report No: R212.2015

Independent Technical Assessment and Valuation

Legend Mining Limited

Rockford Project

Fraser Zone, Albany Fraser Orogen

Western Australia

By

Graham M. Jeffress
BSc. (Hons), FAIG, FAusIMM, FSEG, MGSA, RPGeo

Approved:

Aaron Meakin
Manager – Corporate Services

For:
Legend Mining Ltd
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8 Kings Park Road
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Author and Reviewer Signatures

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Principal Reviewer:	Tony Donaghy	Signature: Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
CSA Authorisation:	Aaron Meakin	Signature: Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.

REGISTERED PROFESSIONAL GEOSCIENTIST
AUSTRALIAN INSTITUTE OF GEOSCIENTISTS
GRAHAM JEFFRESS
10,057

Executive Summary

Legend Mining Limited (Legend) is a Perth-based mineral exploration and development company. On the 2nd July 2015, Legend announced that it had entered an agreement with the Creasy Group to acquire a portfolio of tenements in the Fraser Range district of Western Australia. The new tenements will complement an existing project already held by Legend. Collectively the tenement portfolio will form Legend's Rockford Project.

BDO Corporate Finance (WA) Pty Ltd (BDO) has been engaged by the directors of Legend to prepare an Independent Expert's Report (IER) for inclusion with a Notice of Meeting. The IER is being prepared to address the proposed acquisition of a 70% interest in certain tenements in the Fraser Range district for consideration including the issue of fully paid equity shares in Legend. BDO's IER will provide an opinion to Legend shareholders on whether the proposed acquisition of the interest in Creasy tenure including the issue of fully paid equity shares of Legend as consideration, is fair and reasonable to the non-associated shareholders of Legend, and as such it will be a public document.

Historically the Albany-Fraser Orogen has only been subject to limited exploration due to its relatively remote location, lack of water for early prospectors and most importantly a paucity of outcrop. However, discoveries of the Tropicana gold deposits and the recent Nova nickel-copper deposits have led to a re-assessment of the geology and prospectivity of the belt.

The Rockford Project covers a significant part of the central Fraser Zone of the eastern Albany-Fraser Orogen – the same rocks that host the Nova Deposit. The Rockford Project is located within the eastern Albany-Fraser Orogen, where it is on-lapped by the western margin of the Eucla Basin in Western Australia. The tenements are situated approximately 280 km east of Kalgoorlie (Figure 1).

The Rockford Project area is considered prospective for the following:

- Gold, base-metals (Cu-Pb-Zn-Ag), nickel and platinum group elements (PGE) and graphite in crystalline rocks of the Proterozoic basement.
- Mineral sands (zircon, rutile, ilmenite) and detrital gold in Miocene or Eocene unconsolidated sediments.
- Uranium and other chemically precipitated elements (e.g. vanadium) associated with redox boundaries in palaeochannels where oxidised water is in contact with reduced sediments.
- Lignitic coal in carbonaceous sediments.

The mafic-ultramafic intrusive complexes of the Albany-Fraser Orogen are co-magmatic and form part of a large igneous province stretching several hundred kilometres along the southern margin of the Yilgarn Craton. By analogy to other examples globally, potential exists within the broader Albany-Fraser Orogen for these co-magmatic mafic-ultramafic intrusive complexes to host nickel sulphide typical of the Nova deposit discovered by Sirius Resources.

Mafic-ultramafic intrusive suites are proving to be more widespread beneath cover throughout the Albany-Fraser Orogen than previously thought, and not just localised in the Fraser Zone. Several of these newly discovered intrusive complexes contain magmatic nickel sulphide showings, albeit so far uneconomic.

Due to the early stage nature of exploration to date in the Albany-Fraser Orogen, and the fact that many intrusive suites are weakly mineralised along the several hundred kilometres of strike in the currently explored Albany-Fraser Orogen, any project within the AFO that may host mafic-ultramafic intrusive suites must be considered prospective for nickel sulphides.

However, given what we know about the empirical link between high magma flux environments and global nickel sulphide camp examples, the greatest prospectivity in the Albany-Fraser Orogen is found in that portion of the belt comprising the Fraser Zone.

The portfolio of tenements are considered to be Exploration Areas which have potential for the discovery and development of mineral deposits of several different types and varying geological settings, but most notably of gold and nickel-copper.

The Rockford Project has had significant regional datasets collect over most the project area. High-quality aeromagnetic and detailed gravity surveys provide an excellent tool for lithostructural interpretation and targeting. Extensive surface geochemical datasets provide an important second tier of data to assist in target ranking. Thus far there has only been limited electromagnetic surveys (either air or ground) completed within the project area. Only very limited aircore drilling has been completed over a small number of targets, insufficient to identify deposits but important for understanding regolith and the nature of the basement.

In summary, the Rockford Project is a very under explored area in a prospective terrane, with high-quality regional data sets, but little integrated targeting or testing of exploration targets.

CSA Global Pty Ltd (CSA Global) has not conducted site visits to Legend's tenure since CSA Global considers them all to be at an early stage of exploration and evaluation, in areas with only very limited outcrop. It is therefore CSA Global's opinion that no significant additional benefit would be gained from a visit to the site. In addition, CSA Global is satisfied that there is sufficient information available to allow an informed appraisal to be made without site inspections.

CSA Global considers that further exploration work is warranted for all of the Projects. Whilst there has been some work completed thus far it has predominantly been of a regional scale and further work is required to improve the geological understanding, to generate exploration targets, to fully test identified targets, assess new targets and to consider the commercial viability of the mineral assets.

Valuation

The valuation presented in this Report was completed on behalf of BDO using information provided by and with the full support of Legend. The valuation is for a reference date of the 27th July 2015 and could alter over time depending on exploration results, mineral prices and other relevant market factors.. The Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("VALMIN Code").

Valuation of the projects has chiefly relied on the Market Approach (Comparable Transactions) method. The Geoscience Factor (Kilburn) and Appraised Value (using multiples of Exploration Expenditure) methods have also been used cross-checks on the Market Approach results.

CSA Global concludes that the Rockford Project presents significant exposure to an attractive range of grassroots exploration projects. Further exploration work is warranted on the tenements.

It is CSA Global's opinion that the Fair Market Value of Legend's Rockford Project is best assigned using the Market Approach based on comparable transactions, cross checked by reference to Appraised values from multiples of exploration expenditure and the Geoscientific Factor Method.

Based on consideration of the range of valuations from the market, geoscientific factor and appraised value approaches, CSA Global estimate that the value of the entire Rockford Project (comprising Legend's 70% interest in the Creasy Group tenure and the Legend's own granted licence) lies **between $3.0M and $5.5M with a Preferred Value of $4.0M**.

Table 1: Preferred Valuations of the Rockford Project

Project	LEG Interest	Market Approach $M			Appraised Value $M			Geoscientific Factors $M			PREFERRED VALUES		
		Lo	Hi	Pref	Lo	Hi	Pref	Lo	Hi	Pref	Lo	Hi	Pref
Rockford_Creasy	70.00%	1.8	3.5	**2.7**	2.8	3.8	**3.3**	1.4	5.6	**4.2**	2.0	4.3	**3.4**
Rockford_Legend	100.00%	0.4	0.7	**0.5**	0.3	0.6	**0.5**	0.2	0.9	**0.7**	0.3	0.7	**0.6**
CSA Global values		2.0	4.3	**3.2**	3.1	4.4	**3.9**	1.6	6.5	**4.9**	**3.0**	**5.5**	**4.0**

*The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

There is significant range in the values derived for Legend's Project. CSA Global has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the projects, given the uncertainties inherent in valuing early stage exploration projects.

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

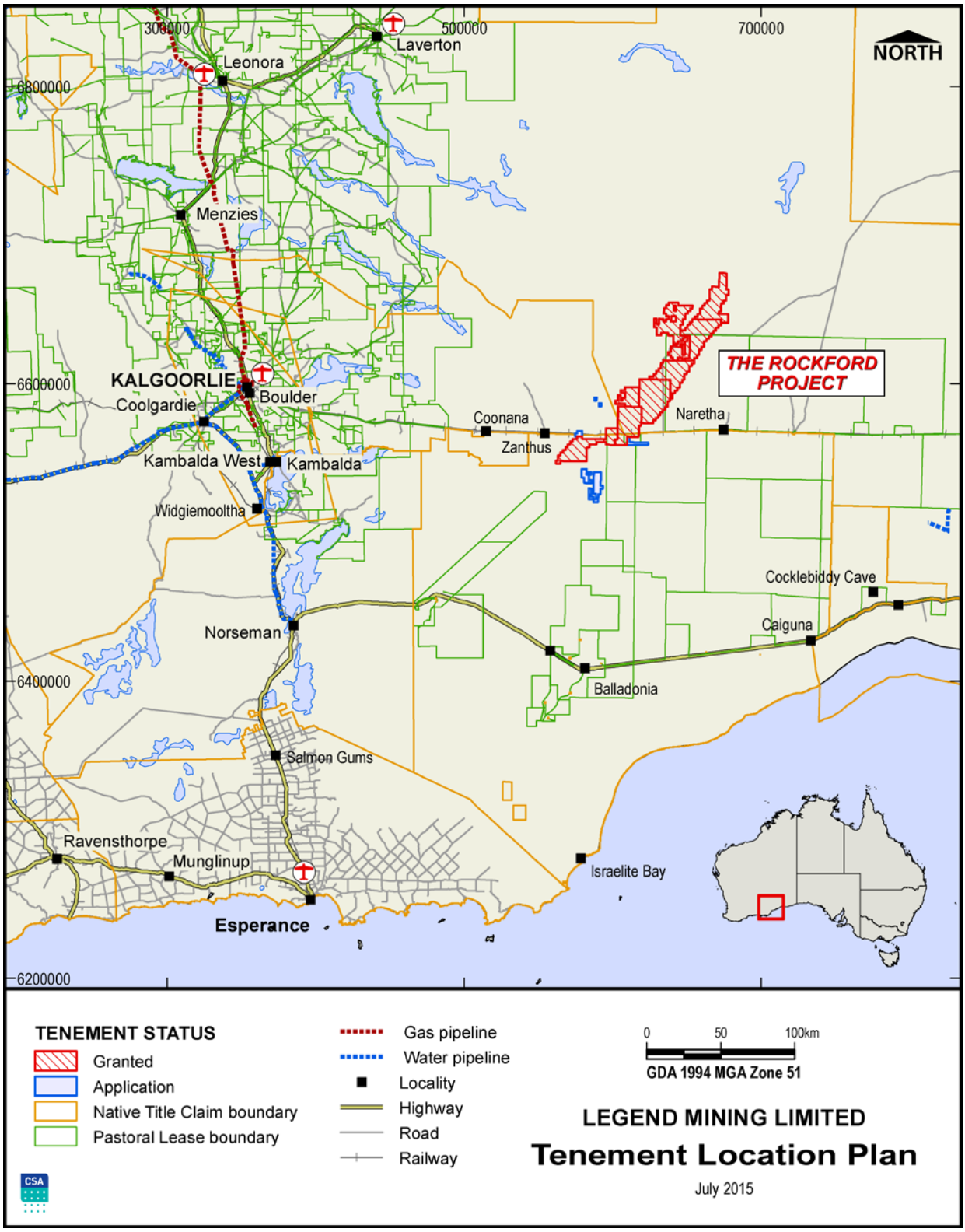

Figure 1: Rockford Project Location Map

Contents

Figures

Tables

1 Introduction

1.1 Context, Scope and Terms of Reference

Legend Mining Limited (Legend) is a Perth-based mineral exploration and development company. On the 2nd July 2015, Legend announced that it had entered two Tenement Sale and Exploration Joint Venture Agreements with Creasy Group companies Ponton Minerals Pty Ltd (Ponton) and Rockford Metals Pty Ltd (Rockford) to acquire a 70% interest in exploration tenements in Western Australia's Fraser Range region and associated mining information ('the Transaction') held by Ponton ('Ponton Tenements') and Rockford ('Rockford Tenements') respectively. The new tenements will complement a number of tenement applications in the same region already held by Legend. Collectively the tenement portfolio will form Legend's Rockford Project.

BDO Corporate Finance (WA) Pty Ltd (BDO) has been engaged by the directors of Legend to prepare an Independent Expert's Report (IER) for inclusion with a Notice of Meeting. The IER is being prepared to address the proposed acquisition of a 70% interest in certain tenements in the Fraser Range district for consideration including the issue of fully paid equity shares in Legend. BDO's IER will provide an opinion to Legend shareholders on whether the Transaction is fair and reasonable to the non-associated shareholders of Legend, and as such it will be a public document.

CSA Global Pty Ltd (CSA Global) has been tasked with completing a valuation of the Mineral Assets ('the Report'), which will be relied upon by BDO as an input in the IER. CSA Global will use a range of valuation methodologies to reach a conclusion on the value of the assets.

BDO has requested that the Report is conducted in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts ("the VALMIN Code") as issued in 2005.

1.2 Compliance with the VALMIN and JORC Codes

This Independent Technical Assessment and Valuation Report has been prepared in accordance with the Valmin Code, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, 2012 Edition ("the JORC Code") and the rules and guidelines issued by such bodies as the ASIC and ASX that pertain to Independent Expert Reports.

The JORC Code sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Ore Reserves in Australasia.

The information in this report that relates to Geology, Exploration Results and Exploration Targets is based, and fairly reflects, information compiled by Mr Graham Jeffress RPGeo. Mr Jeffress is a Member of the Australian Institute of Geoscientists. Mr Jeffress is employed by independent resource industry consultants CSA Global, and 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'.

The authors have taken due note of the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX), including

ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

1.3 Principal Sources of Information

This Report has been based upon information available up to and including 27th July 2015 ("Valuation Date"). The information was provided to CSA Global by Legend or has been sourced from the public domain, and includes both published and unpublished technical reports prepared by consultants, and other data relevant to the Projects.

The authors have endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which the Report is based. Legend and BDO were provided a final draft of the Report and requested to identify any material errors or omissions prior to its lodgement.

CSA Global has elected not to undertake site visits specifically for this report, due to the relatively grassroots nature of most of the projects in areas with only very limited outcrop, and because of our general familiarity with the project areas. It is therefore CSA Global's opinion that no significant additional benefit would be gained from a visit to the site. In addition, CSA Global is satisfied that there is sufficient information available to allow an informed appraisal to be made without site inspections

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading.

CSA Global reviewed the status of all tenements using information provided by Legend's independent tenement managers M & M Walter Consulting (due diligence spreadsheet sent 14th July 2015) and from independent enquiries by CSA Global.

CSA Global reviewed the status of all tenements using the WA Department of Mines and Petroleum eMiTs (Mineral Titles Online) system on 22nd July 2015.

1.4 Authors of the Report – Qualifications, Experience

The Report has been prepared by CSA Global, a privately-owned consulting company that has been operating from Perth, Western Australia for over 25 years.

CSA provides multi-disciplinary services to clients in the global resources industry. CSA Global has worked for major clients globally and many junior resource companies. CSA Global provides services including all aspects of the mining industry from project generation, to exploration, resource estimation, project evaluation, development studies, operations assistance and corporate advice, such as valuations and independent technical documentation. CSA Global has been involved in the preparation of independent reports for Canadian, Australian, United States and United Kingdom listed companies.

The primary author of the report is CSA Global Principal Geologist Mr Graham Jeffress BSc. (Hons), a Fellow of the Australian Institute of Geoscientists, the Australasian Institute of Mining and Metallurgy, and the Society of Economic Geologists, and a Registered Professional Geologist ("RPGeo"), who has worked for over 25 years as a professional geologist with experience in the exploration for, and the evaluation and mining of, mineral properties within Australia and worldwide.

Mr Jeffress has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

The primary reviewer of the report is CSA Global's Principal Geologist Tony Donaghy BSc. (Hons), who is a Licensed Professional Geoscientist ("P.Geo") registered with the Association of Professional Geoscientists of Ontario, which qualifies as being a recognised professional organisation (RPO). Mr Donaghy is an internationally recognised expert in the global search for nickel and platinum group elements, with over 20 years' experience covering all continents and all aspects of the industry.

Mr Donaghy has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

1.5 Prior Association and Independence

The authors of this report have no prior association with Legend in regard to the mineral assets. Neither CSA Global, nor the authors of this report, have or have had previously, any material interest in Legend or the mineral properties in which Legend have an interest. CSA Global's relationship with Legend is solely one of professional association between client and independent consultant.

CSA Global is an independent geological consultancy. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report. The fee for the preparation of this report is approximately $20,000.

No member or employee of CSA Global is, or is intended to be, a director, officer or other direct employee of Legend. No member or employee of CSA Global has, or has had, any shareholding in Legend. There is no formal agreement between CSA Global and Legend as to CSA Global conducting further work for Legend.

1.6 Declarations and Limitations

The Report has been prepared by CSA Global at the request of, and for the sole benefit of BDO. Its purpose is to provide an independent technical assessment and valuation of Legend's projects in Western Australia. The Report is to be included in its entirety or in summary form within an IER to be prepared by BDO in connection with the transaction**.** It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

CSA Global has consented to the inclusion of the Report within the IER in the form and context in which it is to appear. Neither the whole nor any part of the Report, nor any reference to it, may be included in or with, or attached to any other documents, circular, resolution, letter or statement without the prior written consent of CSA Global as to the form and context in which it is to appear.

All parties have consented to the inclusion of their work for the purposes of this announcement.

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for absolute certainty. Any economic decisions which might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.

The statements and opinions contained in the Report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 27th July 2015 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

CSA Global has provided and not withdrawn written consent for the inclusion of the Report on the Projects in the IER, and to the inclusion of statements made by CSA Global and to the references to its name in other sections of the IER, in the form and context in which the Report and those statements appear.

CSA Global accepts responsibility for the Report for the purposes of an Independent Technical Assessment and Valuation. Having taken all reasonable care to ensure that such is the case, CSA Global and the authors confirm that, to the best of their knowledge, the information contained in the Report is in accordance with the facts, contains no omission likely to affect its import, and no change has occurred since 27th July 2015 that would require any amendment to the Report.

A final draft of the Report was provided to Legend, along with a written request to identify any material errors or omissions prior to lodgement. Where appropriate, and in accordance with Australian Securities and Investments Commission (ASIC) Regulatory Guide 111, consent has been obtained to quote data and opinions expressed in unpublished reports prepared by other professionals on the properties concerned.

2 Rockford Project

2.1 Location, Access and Infrastructure

The Rockford Project is located within the eastern Albany-Fraser Orogen, where it is on-lapped by the western margin of the Eucla Basin in Western Australia. The tenements are situated approximately 280 km east of Kalgoorlie (Figure 1).

Access is via an unsealed access road along the Trans Australian Railway for about 280 km east from Kalgoorlie, then north along a network of narrower and unsealed station and exploration tracks.

There is no infrastructure development within or near the project area. However, the project area is well placed for connections to Kalgoorlie and the Port of Esperance via rail and road links.

2.2 Climate, Topography and Vegetation

The Rockford Project is located on the western margin of the Nullarbor Plain, which has a semi-arid to arid climate where the average rainfall is typically 180–200 mm per annum. Summer temperatures are high and typically average 28–35°C with many days above 40°C, while winter temperatures are milder in the 16–20°C range.

The topography is characterised by gentle rolling relief with the elevation decreasing from around 300 m (above sea level) in the west to around 200 m in the east. The more elevated area in the west represents the eastern extent of the Yilgarn Plateau with the lower region in the east representing the transition into the Eucla Basin/Nullarbor Plain (de Broekert and Sandiford, 2005). No incised drainage systems are present in the project area.

The northern tenements encroach into the Great Victoria Desert, characterised by east-west trending vegetated aeolian sand dunes. The sand dunes are at their thickest on tenements E28/2191; however, these dunes do occur sporadically throughout the project area.

Vegetation is dominated by 3–4 m high, open woodland of scattered Eucalyptus species. This has an understorey of scattered 1–2 m tall woody shrubs with a more continuous lower 0.2–0.5 m tall cover of spinifex.

2.3 Mineral Assets

Legend is acquiring a tenement portfolio originally acquired by the Creasy Group or its affiliates. All tenements are held under the name Ponton Minerals Pty Ltd or Rockford Metals Pty Ltd. Details of the transaction were released to the ASX on 2nd July 2015.

The Mineral Assets comprise eight exploration licences (Table 2 and Figure 2) that have been granted under the Western Australian Mining Act (1978) ("Mining Act"). A further four EL applications are held by Legend.

CSA Global reviewed the status of the licences using the WA Department of Mines and Petroleum eMiTs (Mineral Titles Online) system on 22nd July 2015. Licences are in different years of their first and later terms. Based on CSA Global's enquiries and MMWC's report, all licences appear to be in good standing; all licences are reported by the holding companies to have met or exceeded their expenditure commitments and to be on track to do so again in this current year; similarly, rents for each licence have also been paid in full for the current licence terms.

CSA Global makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

Full details are shown in Appendix 1.

The granted Mineral Assets have an aggregate area of 2886.3 km^2.

Table 2: Rockford Project Tenement Summary

Tenement	Holders	Application Date	Grant Date	Expiry Date	Area (Blocks/sq.km)	Rent (next year)	Expenditure Commitment (next reporting period)
E28/1718	Ponton Minerals Pty Ltd		12-Nov-07	11-Nov-17	120/352.9	$60,072	$360,000
E28/1727	Ponton Minerals Pty Ltd		12-Nov-07	11-Nov-17	120/353.4	$60,072	$360,000
E28/2188	Rockford Metals Pty Ltd		09-Oct-12	08-Oct-17	173/510.3	$33,709	$173,000
E28/2190	Rockford Metals Pty Ltd		09-Oct-12	08-Oct-17	125/370.2	$24,356	$125,000
E28/2191	Rockford Metals Pty Ltd		23-Jan-13	22-Jan-18	156/462.1	$30,397	$156,000
E28/2192	Rockford Metals Pty Ltd		23-Jan-13	22-Jan-18	51/150.4	$9,937	$51,000
E28/2189	Rockford Metals Pty Ltd		19-Feb-13	18-Feb-18	112/330.9	$21,823	$112,000
E28/2342	Legend Mining Ltd		20-Mar-14	19-Mar-19	120/356.1	$15,030	$120,000
Totals for Granted Tenements					*977/2886.3*	*$255,396.00*	*$1,457,000.00*
E28/2408	Legend Mining Ltd	06-Dec-13	Offered But not yet granted		168/495.3		
E28/2415	Legend Mining Ltd	06-Dec-13			80/235.4		
E28/2530	Legend Mining Ltd	25-Feb-15			55/161.3		
E28/2531	Legend Mining Ltd	25-Feb-15			45/132.1		
Totals for Applications					65/191.2		

All tenements (prefixed with 28) are situated within the North East Coolgardie mineral field.

A "Block" in Table 2 refers to a graticular block (known elsewhere as a sub-block), which is one minute of latitude by one minute of longitude. The area of a block varies with latitude, progressively decreasing with increasing latitude due to the convergence of the lines of longitude toward the earth's poles.

Most of the licences are on Vacant Crown Land, though as shown in Figure 2, pastoral leases do underlie some of the licences.

There is recognised Native Title (The Ngadju People) over those parts (approximately 30%) of the Rockford Project south of the Trans Line (Figure 2).

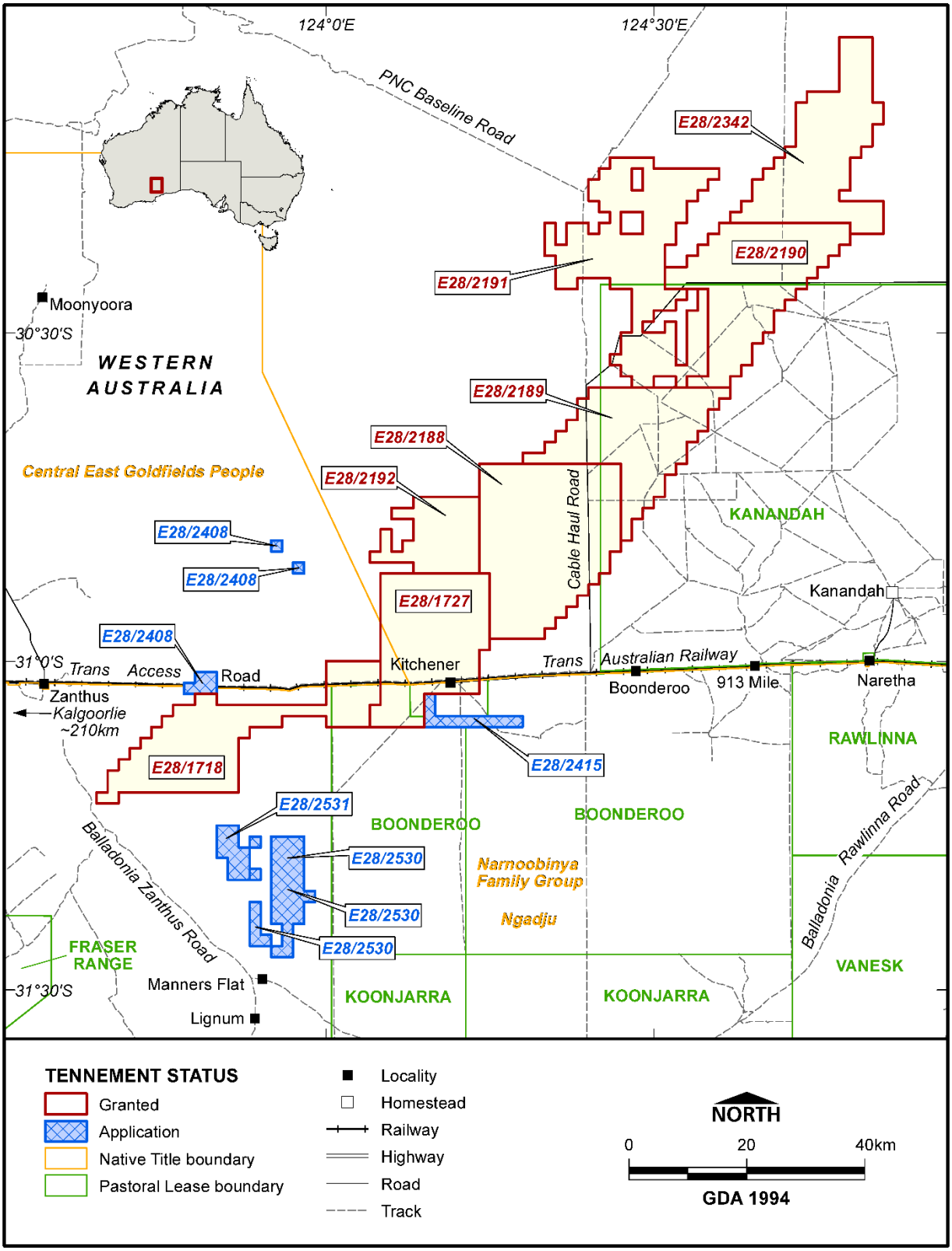

Figure 2: Rockford Project Tenements

2.4 Geology and Prospectivity

2.4.1 Regional Geology

2.4.1.1 Phanerozoic Geology

The youngest geological units in the Fraser Range Project area are the widespread, weakly-vegetated aeolian dunes and intervening alluvial and colluvial deposits. These longitudinal dunes have been produced by an arid climate and the presence of generally westerly winds during periods of aridity during the Quaternary.

Underlying the most recent unconsolidated surficial sediments is a sequence of essentially flat-lying Cainozoic sediments deposited in the Eucla Basin to the northeast. In recent times, these sediments have been reviewed following extensive exploration and drilling for mineral sands in the eastern section of the Eucla basin. Unconformably lying beneath the Cainozoic sediments are Cretaceous-age sediments of the Loongana and Madura Formations. These comprise conglomerate, sandstone, siltstone and mudstone, with the finer-grained rocks being characterised by glauconitic and carbonaceous material. The Permian-age sediments of the Patterson Formation are dominated by poorly-sorted conglomerate, sandstone and claystone of glaciogene or fluvioglacial origin.

To the northwest of the project area, Permian fluvioglacial sediments of the Paterson Formation (southern Canning Basin) can be locally up to 350 m thick. Mesozoic sequences belonging to the Bight Basin, and Cainozoic sequences belonging to the Eucla Basin on lap the project area from the southeast. The Bight and Eucla Basin sediments include units of clay and marine sand from Cretaceous, Eocene and Miocene marine transgressions.

Regolith of the project area comprises low relief erosional-depositional regimes. Sharp (2015a) reports that limited observations of sub-cropping ridges and domes suggest that there is a mix of deep and shallow weathering. There are several substantial paleo-channels in the region.

2.4.1.2 Precambrian Geology

Unconformably underlying the Phanerozoic cover sediments are crystalline Proterozoic rocks that were subjected to the Albany-Fraser Orogen. This arcuate belt of rocks extends along the southern and south-eastern margin of the Yilgarn Craton, which is part of the West Australian Craton. It is characterised by high-grade mafic and felsic gneisses together with granites produced in the collision of the Yilgarn and the East Antarctic Cratons between 1345 Ma and 1100 Ma.

The following summary is précised from Spaggiari et al (2009, 2011).

The orogen is interpreted to be part of the larger Australo-Antarctic, Albany-Fraser–Wilkes Orogen that was linked prior to the breakup of Gondwana.

To the west, the Albany-Fraser Orogen is truncated by the late Mesoproterozoic to Neoproterozoic Darling Fault Zone and Pinjarra Orogen. To the northeast, it is overlain by the Officer and Gunbarrel Basins, but shares a similar temporal Mesoproterozoic history with the Musgrave Province. The eastern margin of the Albany-Fraser Orogen is obscured by the Eucla Basin.

The Albany-Fraser Orogen is divided (Spaggiari et al., 2009; Figure 3) into:

- a foreland component (the Northern Foreland),
- a younger, pre-Stage I amalgamation basement component (the Kepa Kurl Booya Province, which is further divided into the fault-bound tectonic units of the Biranup Zone, the Fraser Zone, and the Nornalup Zone),

- the Recherche and Esperance Supersuites, and
- three major basins.

The *Northern Foreland* is defined as the portion of the Yilgarn Craton reworked during the Albany-Fraser Orogeny, thereby reflecting its proximity to the collisional orogenic belt, and includes the dominantly granitic rocks of the Munglinup Gneiss. The Munglinup Gneiss is interpreted as a higher-grade, more strongly reworked fault bound component of the Northern Foreland. Orthogneisses of the Munglinup Gneiss are interlayered with minor banded metachert (jaspilite), amphibolitic schist and metamorphosed ultramafic rocks which are interpreted to be remnants of Archaean greenstone sequences.

Reworking of the Yilgarn Craton in the Northern Foreland varied from moderate- to high-strain ductile deformation under amphibolite- to granulite-facies metamorphic conditions (Munglinup Gneiss and the southern part of the Mount Barren Group), to low- to moderate-strain, brittle to semi-brittle, greenschist to amphibolite conditions. This variation in conditions generally reflects lower strain conditions and lower metamorphic grade with increasing distance from the orogen (i.e. northwards), or the exhumation of shallower crustal levels of the Northern Foreland.

The Jerdacuttup and Cundeelee Faults are two linked, major, thrust faults separating Archaean rocks of the Yilgarn Craton that show very minor to no Albany-Fraser Orogeny-related deformation effects, from the more strongly deformed, mixed Archaean and Proterozoic rocks of the Northern Foreland.

The Albany-Fraser Orogen was previously divided into two major tectonic units: an inboard, intensely deformed component named the Biranup Complex, and an outboard component named the Nornalup Complex.

In light of new data and interpretations, the Biranup Complex was recently renamed the *Kepa Kurl Booya Province* (Spaggiari et al., 2009), and defined as the crystalline basement of the Albany-Fraser Orogen. It includes three fault-bound geographical and structural zones: the Biranup, Fraser, and Nornalup Zones, each containing rocks with variable protolith ages and geological histories.

The southeastern part of the Biranup Zone and most of the Nornalup Zone contain granitic intrusions of the 1330–1280 Ma *Recherche Supersuite* and the 1200–1140 Ma *Esperance Supersuite*. Various Mesoproterozoic cover rocks also locally overlie the Nornalup Zone.

The Biranup Zone is a belt of predominantly mid-crustal rocks that lies along the entire southern and southeastern margin of the Yilgarn Craton. In the eastern part of the orogen, the Biranup Zone is in fault contact to the southeast with the Mesoproterozoic Fraser and Nornalup Zones. The Biranup Zone is dominated by intensely deformed orthogneiss, metagabbro, and paragneiss, with ages ranging from c. 1800–1625 Ma. There are fragments of Archaean granite, and possibly greenstones within the Biranup Zone.

The Fraser Zone is bounded by the Fraser Fault Zone along its northwestern edge and southern tip, and by the Newman Shear Zone and Boonderoo Fault along its southeastern edge (Figure 3). It is dominated by high-grade metagabbroic, metapelitic and felsic gneissic rocks that have a strong, distinct, geophysical signature in both aeromagnetic and gravity data. Most of the northeastern part of the Fraser Zone is obscured by younger rocks of the Eucla Basin, however geophysical data show that it is a northeasterly trending, fault-bounded unit that is approximately 425 km long and up to 50 km wide.

The Fraser Zone contains the 1305–1290 Ma *Fraser Range Metamorphics* (Spaggiari et al., 2009), which are dominated by sheets of metagabbroic rocks, interlayered with sheets of granitic material, and layers or slivers of pelitic, semi-pelitic, and calcic metasedimentary rocks of the Arid Basin. The metasedimentary rocks were deposited just prior to the intrusion of the mafic and felsic magmatic rocks, and all have been

metamorphosed at high temperatures (granulite facies), with some locally retrogressed to amphibolite facies. The metasedimentary rocks mostly occur along the northwestern side of the Fraser Zone, and are typically intercalated with layers of mafic granulite or amphibolite that were probably originally dykes, sills, or sheets related to the main gabbroic intrusions.

The 1330–1280 Ma *Recherche Supersuite* and the 1200–1140 Ma *Esperance Supersuite* mark two major magmatic events that coincided with Stages I and II of the Albany-Fraser Orogeny (see below), respectively. Igneous rocks belonging to the Recherche Supersuite are generally metamorphosed to amphibolite or granulite conditions, contain a gneissic fabric, and include syn-magmatic mafic rocks. Deformation and metamorphism occurred during Stages I or II, or both.

Igneous rocks belonging to the Esperance Supersuite are generally metamorphosed up to greenschist or amphibolite facies, and are generally less pervasively deformed than rocks of the Recherche Supersuite. However, they may locally contain a foliation or be mylonitic.

Strongly magnetic, variably deformed granitic bodies in aeromagnetic images are correlated with the Esperance Supersuite.

Two major tectonic events have been recognized in the Albany–Fraser Orogen:

A. the newly defined Palaeoproterozoic *Biranup Orogeny*, which includes the c. 1680 Ma *Zanthus Event*, covers the period 1710–1650 Ma. This Orogeny was marked by widespread magmatism, the formation of sedimentary basins, and high-temperature metamorphism and deformation; and,

B. the Mesoproterozoic *Albany-Fraser Orogeny*, which took place in two stages: 1345–1260 Ma (Stage I) and 1215–1140 Ma (Stage II).

Stage I has been interpreted to reflect the northwest-directed convergence and subsequent collision of the combined South Australian and Mawson Cratons with the West Australian Craton, whereas Stage II is interpreted to reflect intracratonic orogenesis.

Stage I is dominantly represented by voluminous mafic and felsic magmatism forming both the Recherche Supersuite and magmatic rocks of the Fraser Zone, and was accompanied by high-temperature metamorphism and deformation.

The presence of c. 1300 Ma granitic intrusions within each of the Northern Foreland, and Biranup, Fraser, and Nornalup Zones suggests a spatial link, or stitching, of these tectonic units by the end of Stage I. This in turn indicates that high-temperature metamorphism during Stage II — which was widespread in both the central and eastern Biranup Zone, and is recorded in the Munglinup Gneiss, Gwynne Creek Gneiss, and Recherche Supersuite — took place within an intracratonic setting.

These events, and in particular Stage II, have formed the preserved crustal architecture, dominated by craton-directed, fault-bound thrust slices of largely mid-crustal, high grade-rocks.

Major, dominantly thrust faults (e.g. Jerdacuttup Fault, Cundeelee Fault, Red Island Shear Zone), which juxtapose different tectonic units and internal fault-bound sequences, are also interpreted to have been active during Stage II.

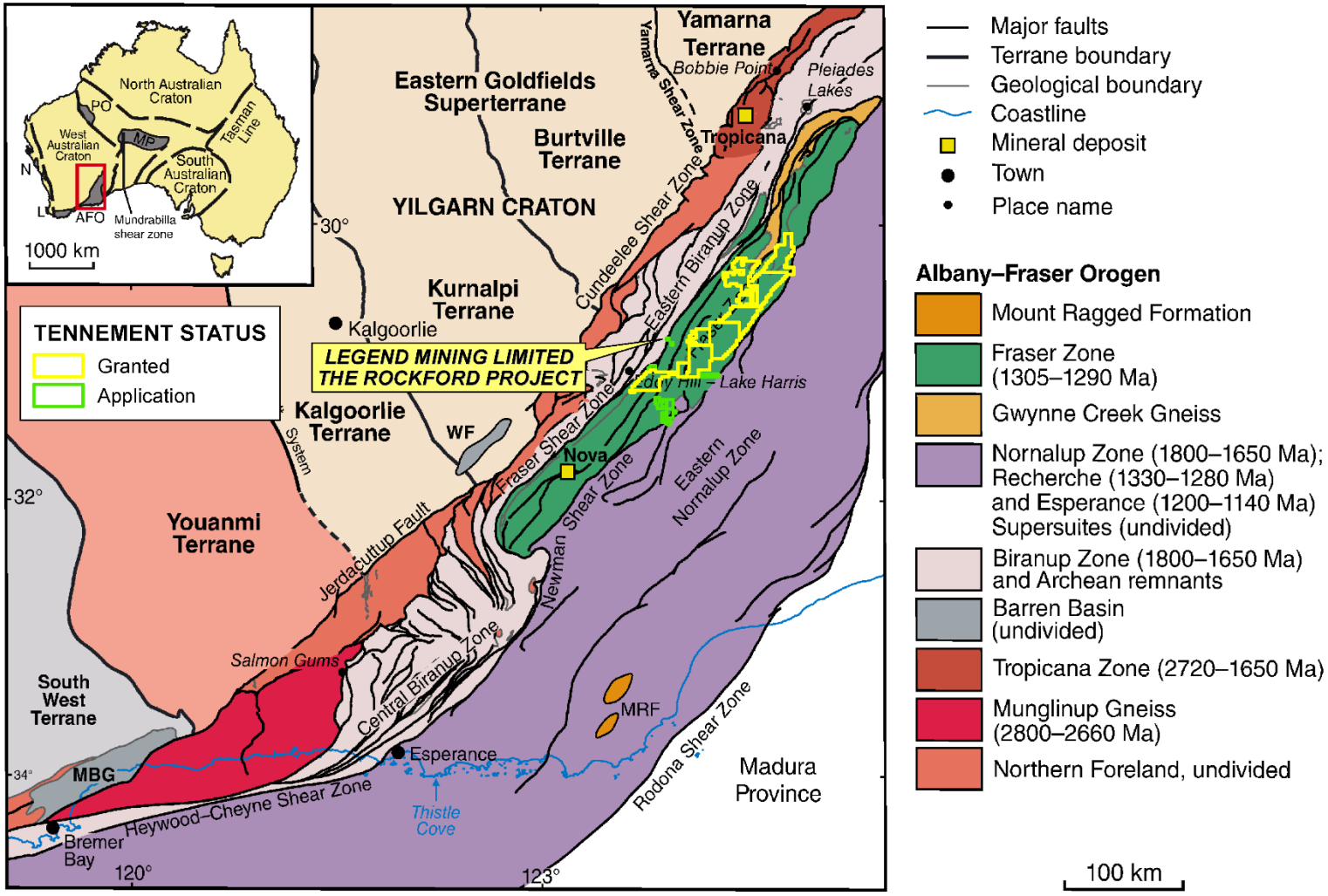

Figure 3: Regional Geology

Simplified, pre-Mesozoic interpreted bedrock geology of the east Albany-Fraser Orogen and tectonic subdivisions of the Yilgarn Craton (modified from Spaggiari et al., 2014a). Abbreviations used: MRF = Mount Ragged Formation; Inset PO = Paterson Orogen; MP = Musgrave Province; AFO = Albany-Fraser Orogen

2.4.2 Local Geology

The geology within the Rockford Project is inadequately defined, with much of the project area obscured by Quaternary aeolian sands and or alluvium from drainage systems such as the Ponton Creek system. A comprehensive interpretation of the bedrock geology was completed by the Geological Survey of WA in 2012 (Spaggiari and Pawley, 2012) and the section covering the Rockford Project is shown in Figure 4.

Residual sand and clay containing sheet or nodular calcrete/kankar, along with aeolian quartz sand in sheets or dunes are the dominant units. There are rare outcrops of highly weathered basement rocks.

Limited aircore drilling to basement and geophysical datasets provide the best insights into the local geology. Limited aircore drilling across the tenement indicates that the depth to fresh basement (Mesoproterozoic Fraser Zone rocks) ranges from 17–40 m in the west and northwest to in excess of 108 m in the southeast. Lithologies logged in bottom-of-hole blade refusal aircore samples are dominated by felsic-intermediate gneiss, with lessor amounts of mafic gneiss and pyroxenite (Waterfield 2015).

2.4.2.1 The Fraser Zone

As summarised in Smithies et al. (2013) and Spaggiari et al. (2014), the Fraser Zone is bounded by the Fraser Shear Zone (previously named the Fraser Fault; Myers, 1985) along its northwestern edge and southern tip, and by the Newman and Boonderoo Shear Zones along its southeastern edge (Figure 3 and Figure 4).

It is dominated by high-grade metamorphic rocks that have a strong, distinct geophysical signature in both aeromagnetic and gravity data — the latter reflecting high density attributed to the dominance of metagabbroic rocks within a significant crustal thickness.

All of the northern part of the Fraser Zone is obscured by Cretaceous to Cainozoic cover rocks of the Bight and Eucla Basins, however the gravity data indicates that it is an approximately 425 km long, northeasterly trending, fault-bounded unit that is up to 50 km wide.

The Fraser Zone contains the 1305–1290 Ma Fraser Range Metamorphics (Spaggiari et al., 2009), which comprise thin to voluminous sheets of metagabbroic rocks that range in thickness from several centimetres up to several hundred metres, interlayered with sheets of granitic gneisses.

All are interlayered at various scales with amphibolite to granulite facies pelitic, semipelitic, and psammitic gneiss, and locally calc-silicate and iron-rich metasedimentary rocks of the Snowy's Dam Formation, which forms part of the Mesoproterozoic Arid Basin.

Much of the northwestern side of the Fraser Zone is dominated by tightly to isoclinally folded, strongly foliated to mylonitic rocks, whereas the least deformed and thickest examples of metagabbroic sheets occur in the southeast, reflecting a significant difference in strain until the Newman Shear Zone is reached along the southeastern boundary. Aeromagnetic and gravity data indicate a repetition of this architecture along strike to the northeast beneath the Eucla Basin.

The Fraser Zone is interpreted to represent a structurally modified, middle- to deep-crustal 'hot zone', formed by the repeated intrusion of gabbroic magma from a mantle upwelling into quartzofeldspathic country rock, either beneath an intercontinental rift, or in a distal back-arc setting (Spaggiari et al., 2011; Smithies et al., 2013; Clark et al., 2014).

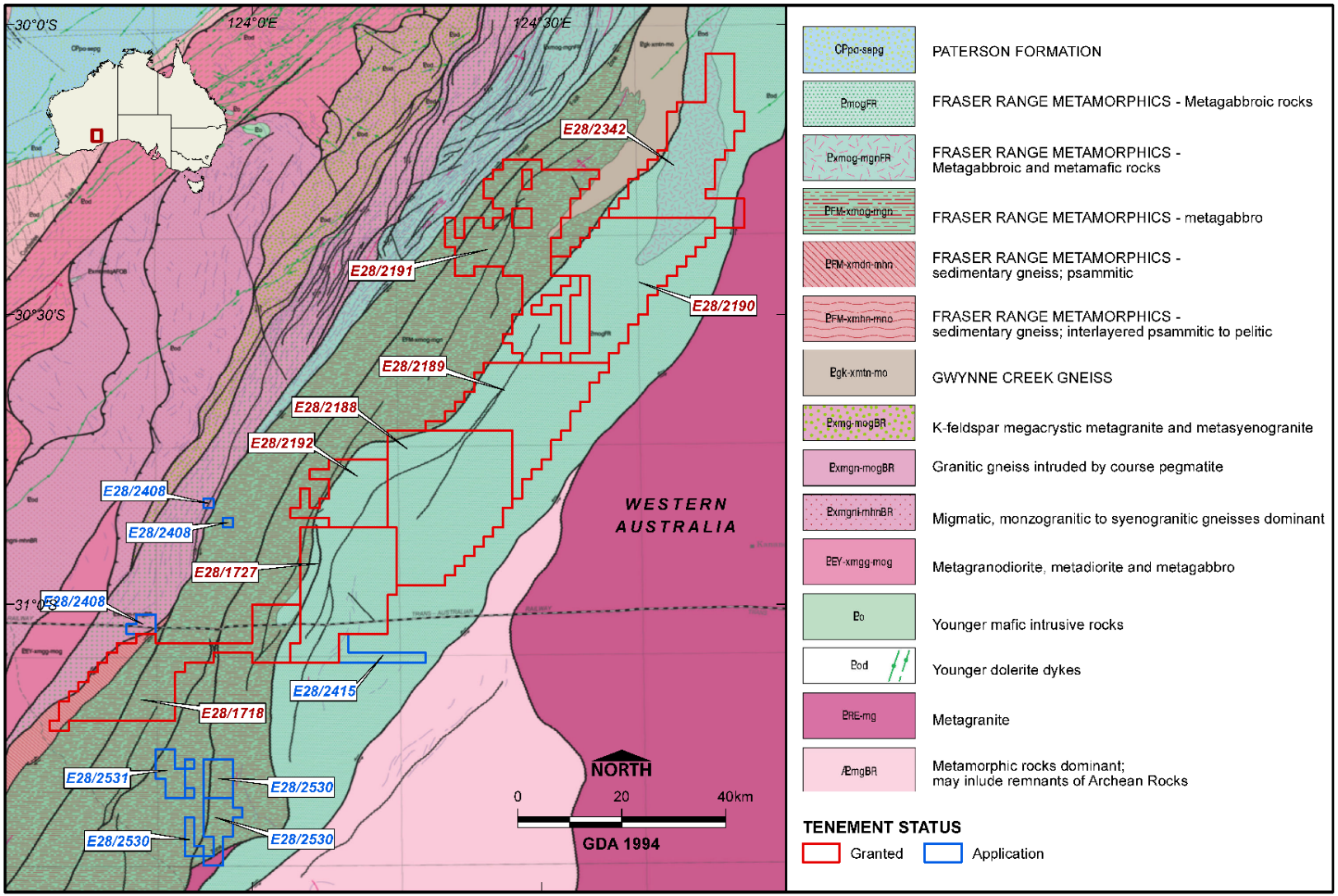

Figure 4: Rockford Project interpreted bedrock geology (after Spaggiari and Pawley, 2012)

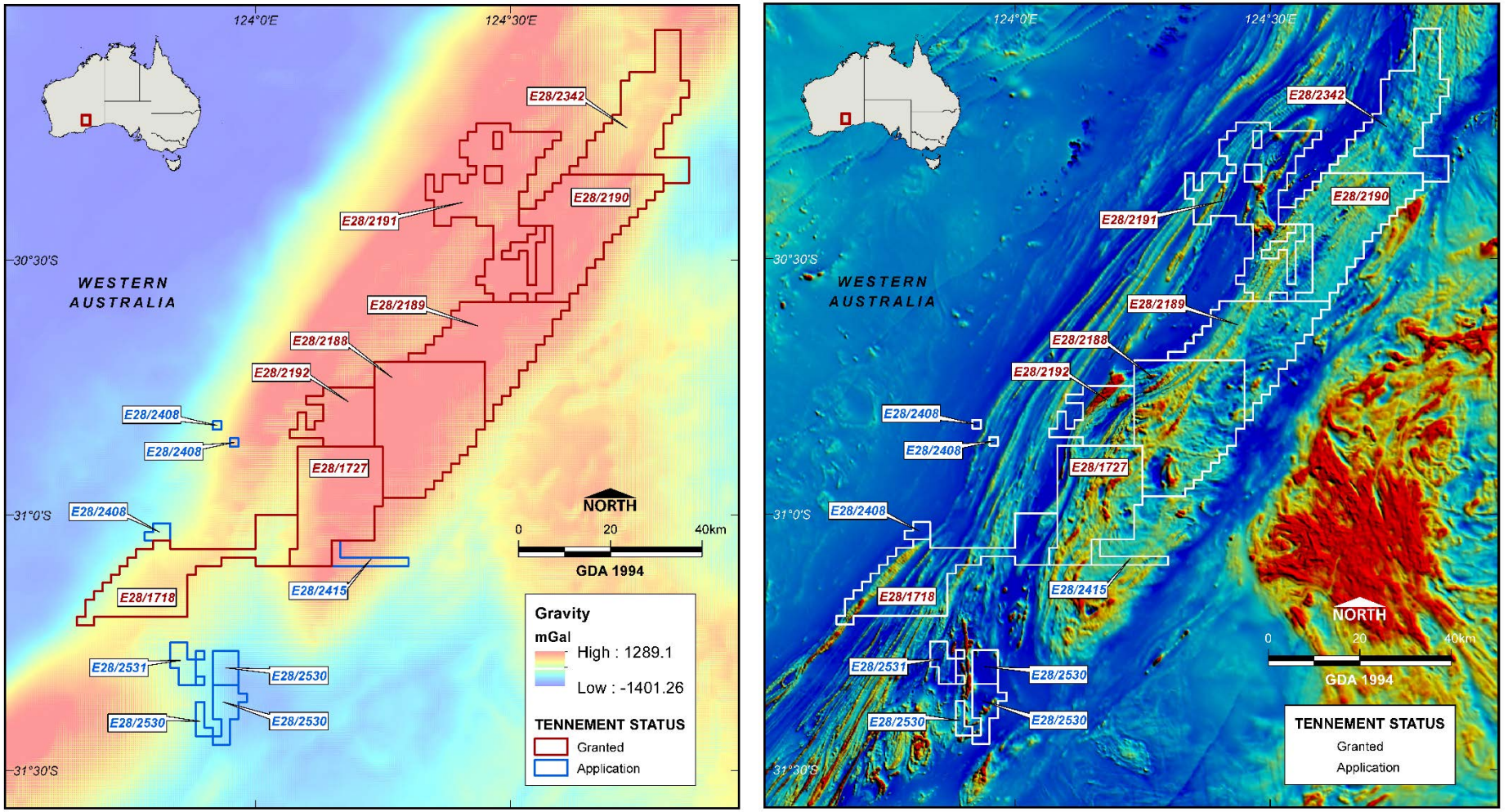

Figure 5 Rockford Project Geophysical Imagery

(LHS: Bouguer Gravity; RHS: Total Magnetic Intensity, both from GSWA state-wide imagery)

2.4.3 Prospectivity

The Rockford Project area is considered prospective for the following:

- Gold, base-metals (Cu-Pb-Zn-Ag), nickel and platinum group elements (PGE) and graphite in crystalline rocks of the Proterozoic basement.
- Mineral sands (zircon, rutile, ilmenite) and detrital gold in Miocene or Eocene unconsolidated sediments.
- Uranium and other chemically precipitated elements (e.g. vanadium) associated with redox boundaries in palaeochannels where oxidised water is in contact with reduced sediments.
- Lignitic coal in carbonaceous sediments.

The Albany-Fraser Orogen is highly prospective terrane but is historically under-explored due to:

- relative remoteness;
- very limited outcrop; and,
- paucity of known deposits.

Due to recent discoveries, the orogen is now an emerging focus for multi commodity exploration, with the discovery of the Nova Deposit by Sirius Resources to the southwest of the Rockford project in the Fraser Zone, providing the dominant target for exploration within the project area.

The Nova discovery is a strong electromagnetic conductor that was found using ground electromagnetics following soil geochemistry. The massive high-grade nickel and copper sulphides at Nova are described by the company as a “modified mafic/ultramafic associated magmatic sulphide deposit” Bennett (2012).

The overwhelming majority of world-class nickel sulphide deposits globally are intimately associated with large igneous provinces of voluminous mafic to ultramafic magmatic events, emplaced along cratonic margins during crustal scale rift events (Donaghy pers. comm 2015). Many of these large igneous provinces can span many hundreds to thousands of kilometres of strike around the margins of the cratons. Excellent examples are the Circum-Superior Proterozoic mobile belts that border the Archaean cratonic elements of eastern Canada, all of which host mafic-ultramafic magmatic rocks. Such belts typically contain clusters or camps of numerous nickel sulphide deposits (economic and un-economic), within co-magmatic mafic-ultramafic complexes that can also be distributed along significant strike extents of hundreds to thousands of kilometres around the cratonic margins. For example, Thompson in Manitoba and Raglan in Northern Quebec and other smaller deposits in the Circum-Superior of Canada are synchronous magmatic events ca 1850Ma; the Permian complexes of the Siberian Traps including Kingash and Noril’sk-Talnakh of Russia are co-magmatic and separated by hundreds of kilometres; and many other examples globally.

Empirical evidence strongly links nickel sulphide camps with those parts of the large igneous province that have experienced the greatest magma flux. The reasons for this could be two fold; a statistically higher chance of forming magmatic sulphides in a given area if there are more intrusive complexes in that area; and the processes required to form, concentrate, extract and accumulate large tonnages of nickel-copper sulphides from a magma containing base ppm levels of nickel requires a high throughput of magma through that particular

intrusive system. That is, the intrusive is a conduit through which large volumes of magma have flowed and had their nickel extracted in a high magma flux environment. Evidence for high magma flux environments are obviously voluminous intrusive suites in close geographic proximity in outcrop, or inferred from magnetics and gravity data in areas under cover.

The mafic-ultramafic intrusive complexes of the Albany-Fraser Orogen are co-magmatic and form part of a Large Igneous Province stretching several hundred kilometres along the southern margin of the Yilgarn Craton. By analogy to other examples globally as mentioned above, potential exists within the broader Albany-Fraser Orogen for these co-magmatic mafic-ultramafic intrusive complexes to host nickel sulphide typical of the Nova deposit discovered within the Fraser Zone by Sirius Resources (ASX:SIR). Mafic-ultramafic intrusive suites are proving to be more wide spread beneath cover throughout the Albany-Fraser Orogen than previously thought, and not just localised in the Fraser Zone. Several of these newly discovered intrusive complexes contain magmatic nickel sulphide showings, albeit so far uneconomic. Due to the early stage nature of exploration to date in the Albany-Fraser Orogen, and that many intrusive suites are weakly mineralised along the several hundred kilometres of strike in the Albany-Fraser Orogen explored to date, any project within the Albany-Fraser Orogen that may host mafic-ultramafic intrusive suites must be considered prospective for nickel sulphides.

However, given what we know about the empirical link between high magma flux environments and global nickel sulphide camp examples, the greatest prospectivity in the Albany-Fraser Orogen is found in that portion of the belt comprising the Fraser Zone. Gravity, seismic, Magneto-telluric and now drilling data highlights that this is the portion of the Albany-Fraser Orogen that has experienced injection of the greatest volumes of mafic-ultramafic melts into the crustal suture of the Albany-Fraser Orogen. It is also the only part of the belt to date that economic accumulations of nickel-copper sulphide have been discovered (Nova). The location of the Rockford tenements across a prominent positive gravity anomaly ridge in the northeast extension of the Fraser Zone is seen as highly favourable. This gravity ridge is interpreted as resulting from the injection of significant volumes of dense mafic-ultramafic magma into the Albany-Fraser Orogen tectonic zone at depth beneath the tenements. Geophysically, the magnetic and gravity signatures of the geology at Rockford exhibits many features in common, albeit more deeply buried beneath cover, to the interpreted geology surrounding the Nova discovery and other nickel sulphide showings in the southern Frazer Zone.

2.5 Previous Work

The Albany-Fraser Orogen has been subject to limited exploration historically due to its relatively remote location, lack of water for early prospectors and most importantly the paucity of outcrop. However, given the relatively large area of the project there has been a range of early stage exploration activities completed within the project area.

2.5.1 Historical Exploration

Prior to the acquisition of the project area by Creasy Group (Sharp 2015) and Legend (Waterfield 2015), exploration comprised a range of uranium, coal and heavy mineral sand dominated work by a range of explorers including CRA, Griffin Mining, Uranerz and Consolidated Goldfields.

BHP Minerals and others undertook regional work targeting nickel sulphides in mafics, and Olympic Dam-style mineralisation, with some gold exploration following the Tropicana discovery.

Most of the past work is of little direct relevance to the Rockford Project, apart from drilling data, as it was generally focussed on areas some distance away from the Rockford Project.

A summary listing of this past work is provided below:

- Consolidated Goldfields Aust Ltd (1973)
- Uranerz Australia Pty Ltd (1976)
- Griffin Coal Mining Company Ltd (1981)
- BHP Minerals Pty Ltd (1981–83)
- Elmina NL (1989)
- Ramsgate Resources Ltd (1990)
- Mining Corp Exploration NL (1992)
- Rio Tinto Exploration Pty Ltd. (2002)
- Niplats Australia Pty Ltd/Mineral Sands Ltd (2007-8)
- CRA Exploration (1982)
- Growth Resources (1988–90)
- BHP Minerals (1994–95)
- Geographe Resources Ltd (1998)
- Eaglefield Holdings Pty (2003)

2.5.2 Current Work by Creasy Group Companies (2007-2013) and Legend

A range of early stage exploration activities have been completed on the Rockford Project by the Creasy Group (incl. Ponton Minerals Pty Ltd, Bestbet Pty Ltd, Rockford Metals Pty Ltd, Bruce Legendre and M.G. Creasy).

Exploration by Ponton Minerals over historic tenements E28/1450, 1452, 1455, 1461, 1619-1622 (essentially the same area as the current Rockford Project), marks the most comprehensive modern exploration for gold and base metals completed to date. These tenements were explored as part of a significantly larger regional project area over a period of seven years. Exploration activities included: limited heavy mineral aircore drilling, extensive gold and multi-element calcrete/soil sampling and regional broad spaced aircore traverses.

Data Compilation

As summarised above there has been a range of historical exploration activities completed in the region, but most of this work was focussed on commodities such as heavy mineral sands, lignite or uranium, and generally comprised limited on ground activities within the footprint of the Rockford Project. All relevant historical data has been compiled and where possible digitally captured, in particular past drilling.

Remotely sensed data such as Landsat7 and DEM were acquired.

Track Construction

Given the remote nature of the project with only very limited access tracks, a significant effort was expended as part of the early exploration work to clear a network of tracks to provide basic access and safety egress.

All track clearing and soil sampling work was completed with an effort to minimise any significant disturbances to native vegetation. Reclamation work of access tracks is scheduled for completion upon the conclusion of the relevant programs (Sharp 2015a, b).

Surface Geochemistry

The track network was then used to undertake regional surface geochemical sampling programmes. The surface sampling program, comprising soil and calcrete samples collected from the same site, was initially implemented on 800 m-spaced lines with sample sites at 100 m and 400 m-spacing in an east-west direction (Figure 6).

Samples were collected using a powered hand auger with a 1.3 m depth capacity. The recovered sample was then sieved, with calcrete reporting to the +5mm sieve, and the soil sample reporting to the -2mm sieve.

A number of anomalous areas were defined and infilled with samples collected on a 100 m by 200 m grid or a 200 m by 200 m grid.

Samples were despatched to various laboratories and analysed for an extensive multi-element suite (56 elements) by ICP-MS and ICP-OES following an aqua regia digest.

Geophysical surveys

Comprehensive high quality regional geophysical surveys have been completed over most of the Rockford Project (Figure 7).

Detailed 50 m line spacing airborne magnetic and radiometric (as well as elevation data) surveys have been completed over 85% of the project area, with the remaining area covered by 200–300 m line data.

Gravity surveys covering approximately 65% of the project area and comprising 35,612 stations have also been completed. Gravity readings were originally taken on an 800 m x 100 m grid with extensive infill at 400 m x 100 m. The initial objective of the gravity work reported by Sharp (various Creasy annual technical reports) was to assess the depth of cover and potential areas of Nova-style mineralisation. The detailed gravity surveys provide a powerful targeting tool in combination with the magnetic data to identify mafic intrusives with potential to host nickel sulphides.

Aircore drilling

A limited number of aircore drilling traverses have been completed targeting selected geochemical anomalies (Figure 6).

Only limited analysis of the drilling results has been completed. In the holes completed so far depth to basement varies between 8 m and 112 m, with an average of 50 m reported in Creasy annual reports.

Samples were collected on a 3m composite basis and stored for eventual further analysis. Bottom-of-hole chips were brushed and sampled separately and sent to Genalysis for 4-acid

digestion with ICP finish. Bottom-of-hole chips were collected in chip trays and sent for petrological study. A petrography study was completed for each bottom-of-hole sample.

A comprehensive 3D regolith interpretation to aid geochemical and geophysical interpretation remains outstanding. Only rudimentary logging of the drilling has been completed.

Petrology

Bottom-of-hole samples from selected drill holes have been prepared for petrographic analysis.

2.5.3 *Exploration to date by Legend on EL28/2342*

The sole granted Legend exploration licence has been explored for one year.

Legend commissioned a detailed 50 m line spaced aeromagnetic and radiometric survey covering the entire area of E28/2342 (Waterfield 2015).

A targeting exercise was then undertaken primarily aimed at identifying possible mafic/ultramafic intrusive bodies, similar to that which hosts the Nova-Bollinger deposit. Secondary targets were selected based on their structural setting related to "magnetic destruction/alteration" associated with a major north-northeast to north trending shear corridor and numerous cross-cutting features. Eleven targets were selected for follow up evaluation.

An extensive moving loop electromagnetic ("MLEM") survey was completed testing for possible conductors associated with aeromagnetic targets. Eight of the 11 previously identified magnetic targets (M2, M4-5, M7-11) were tested by the survey. Despite several features of interest being identified at targets M2, M7 and M9, and further evaluated with minor infill lines, no significant bedrock conductors warranting drill testing were defined by the MLEM survey.

Further assessment of the aeromagnetic data will be undertaken to define targets for a second phase of MLEM surveying.

2.6 Planned Work

Acquisition of the Rockford Project from Creasy Group provides Legend with access to a set of high quality regional data from a highly prospective region. Only limited testing of the project area has been completed by Creasy Group. CSA Global conclude that there is substantial value to be extracted from the available data.

The magnetic and gravity data require advanced processing and integrated interpretation with other data. Lithostructural interpretation of the data is critical.

The regolith of the project area is complex and the depth of cover may be problematic for geochemical exploration, but there has been little advanced work processing the multi-element data or integration with 3D landform-regolith interpretation. This latter task will be critical to understanding the geochemistry.

Creasy Group did not undertake any electromagnetic surveys. Nickel sulphides are highly conductive and amenable to discovery by electromagnetics. Unfortunately the high grade metamorphic setting of the project area also hosts significant accumulations of graphite as

well as minor sedimentary sulphide, which will result in false positives in electromagnetic surveys.

A holistic targeting strategy is planned by Legend to complete high quality interpretations of the rich data sets available and select drill targets using multiple targeting criteria.

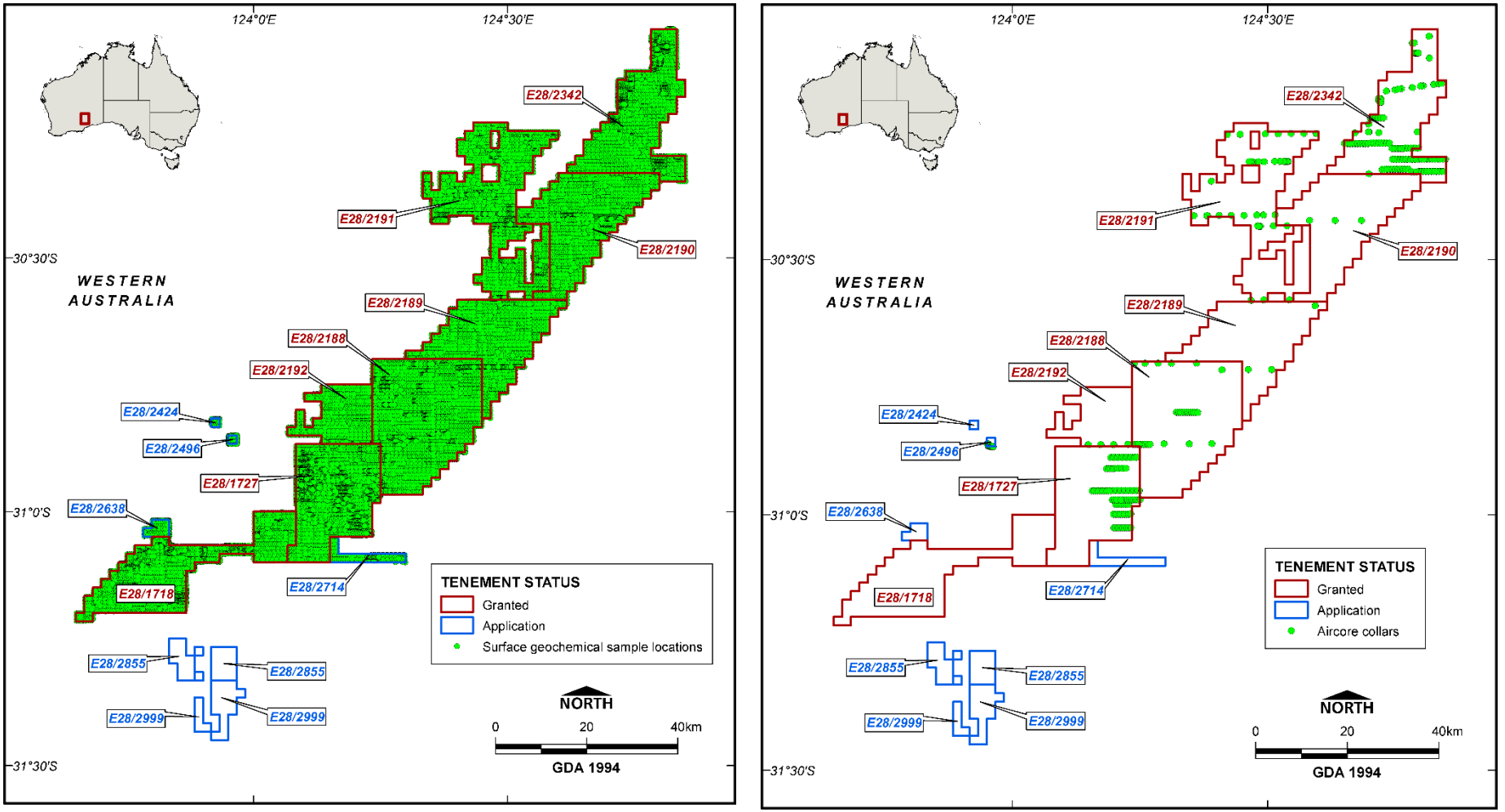

Figure 6: Rockford Project (LHS soil sample locations, RHS aircore drill hole collars)

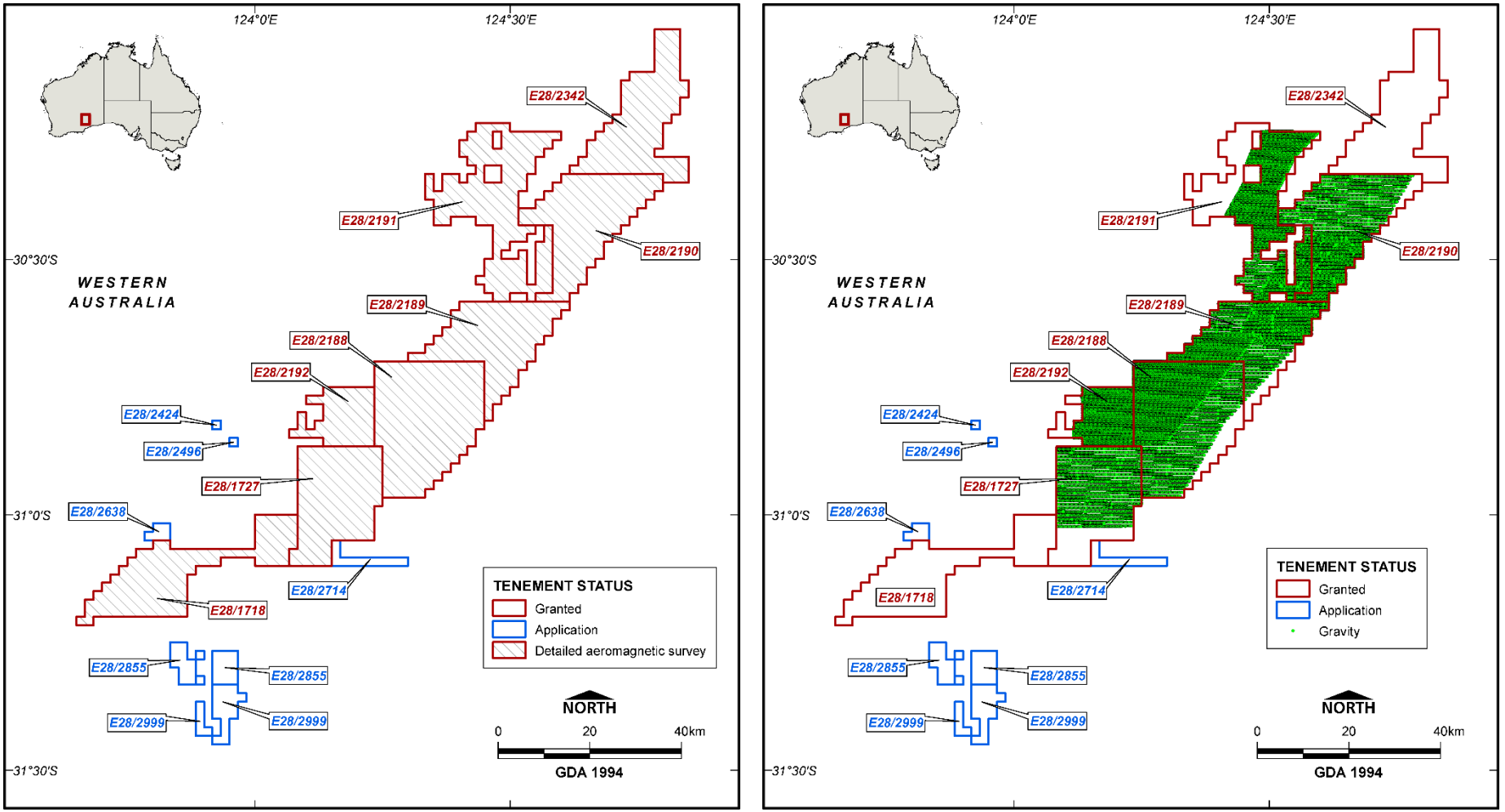

Figure 7: Rockford Project extent of geophysical surveys (LHS TMI magnetics; RHS gravity)

3 Potential Liabilities and Risks

The Schedule of Endorsements attaching to each of the exploration licences stipulate that the grant of the licence does not infer automatic approval to mine or the subsequent grant of a mining lease in accordance with Section 75 of the Mining Act. This is a standard condition of grant for exploration licences.

The overall potential for substantive liabilities to arise, and the risk attaching to security of tenure is assessed as low.

4 Valuation

Valuation of mineral exploration assets is subjective. If exploration results in identification or upgrading of Mineral Resources the valuation will likely be higher, or alternatively when exploration is unsuccessful then that is likely to result in a reduced valuation.

There are a number of generally accepted procedures for establishing the value of exploration tenements and, where relevant, the use of more than one approach to enable a balanced analysis and cross check on the results is recommended.

The valuation is always presented as a range, with the Preferred Value identified. The Preferred Value need not be the median value and is determined by the independent expert based on their experience.

Background information on valuation approaches is provided in Appendix 2.

4.1 Technical Valuation of Mineral Assets

Following a review of publicly available information, and technical data as provided by Legend, The Geoscience Factor Approach, Income Approach, Appraised Value and the Market Approach Methods were reviewed for their suitability to the Project.

The Rockford Project is classified as an "Exploration Area" by CSA Global.

It is the opinion of CSA Global that the Market Approach provides the most reliable indicator of the Fair Market Value for appraising mineral assets of this kind. This is because it is based on actual transactions where mineral assets have changed hands between willing sellers and willing buyers as part of an arm's length transaction. However, it was decided to also review the outcome of both the Appraised Value and Geoscience Factor method for comparative purposes.

The Income Approach Method is not considered appropriate to the Projects due to the early phase of evaluation and lack of Mineral Resources.

CSA's Valuations are based on information provided by Legend and public domain information. This information has been supplemented by independent enquiries, but has not been independently verified. No audit of any financial data has been conducted. The Valuations discussed in this Report have been prepared at a Valuation Date of 27th July, 2015. It is stressed that the Values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

4.2 Previous Valuations

CSA Global is not aware, nor have we been made aware, of any previous valuations completed on Legend's tenement portfolio.

4.3 Tenements included in the Valuation

Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements. While a tenement is under application there is uncertainty as to whether it will be granted or not all the area applied for will be granted due to environmental, Native Title or other reasons. A full list of Legend's tenements is included as Appendix 1.

4.4 Market Approach - Analysis of Comparable Transactions

CSA Global has conducted a review of recent publicly available market transactions involving nickel exploration projects located in or nearby the eastern Albany-Fraser Orogen, with proximity to the Fraser Zone an important consideration. A total of 16 transactions considered relevant to the Rockford Project were identified. The transactions were reported over the period October 2012 to April 2015. Summary information about the reviewed transactions along with the implied cash-equivalent values per square kilometre are summarised in Appendix 3.

The selected transactions are predominantly focussed on the eastern Albany-Fraser Orogen and are for projects with nickel/Nova-type prospectivity.

Whilst most of the transactions involved consideration of shares with or without some cash component, some of the transactions are farm-ins and in these instances the value of future committed expenditure has been discounted by 50%.

The review of the relevant transactions shows a fairly narrow range of implied values ($550 per km^2 to $2400 per km^2) for projects in the Albany-Fraser Orogen after the outliers are excluded (though even these are not markedly different).

Implied values can reflect a number of factors. For instance, changes in market perception of prospectivity, general market factors such as access to capital and commodity prices, and other issues e.g. premiums associated with company takeovers or strategic value due to location.

The limited range of the implied values reflects a period of poor nickel prices (Figure 8) and constrained access to capital in the equities market despite the positive news flow from the Nova Project. Figure 9 shows the quarterly market capitalisations of a basket of selected ASX-listed juniors with a predominantly Albany-Fraser Orogen focus. It can be seen that there is a steady but limited growth until the poor nickel prices and market sentiment impose a 30–40% correction in the combined capitalisation.

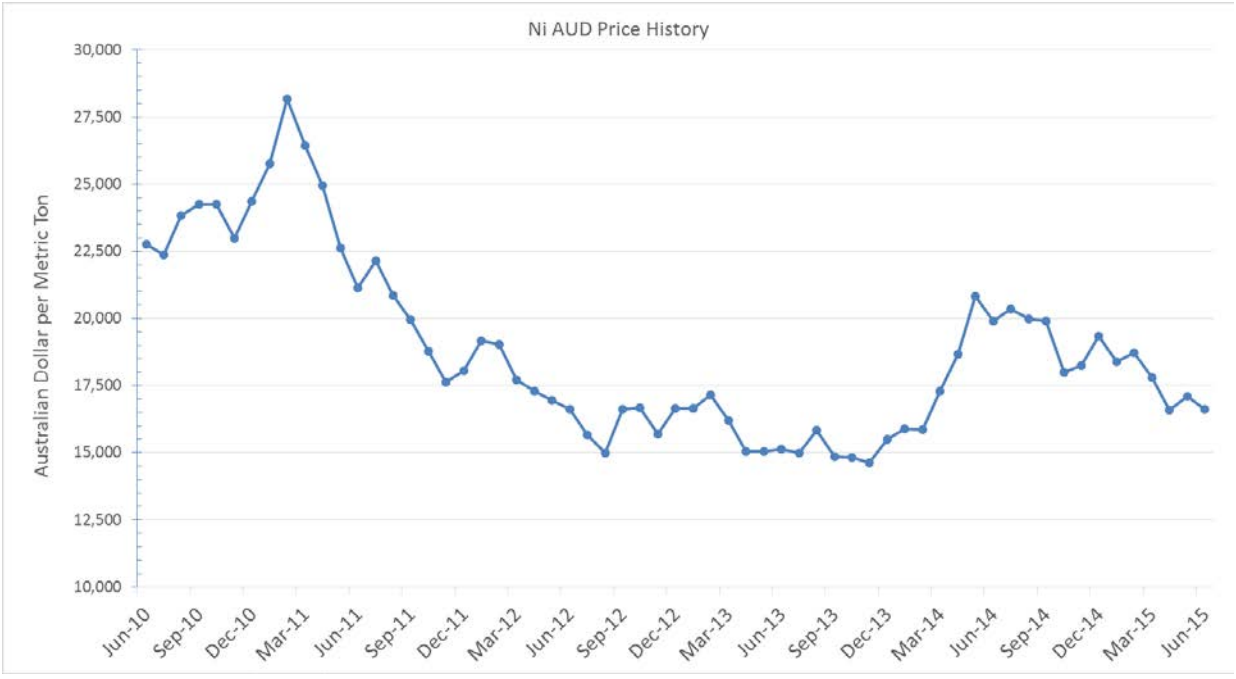

Figure 8: Nickel price history

Nickel, melting grade, LME spot price, CIF European ports, Australian Dollar per Metric Ton, from www.indexmundi.com

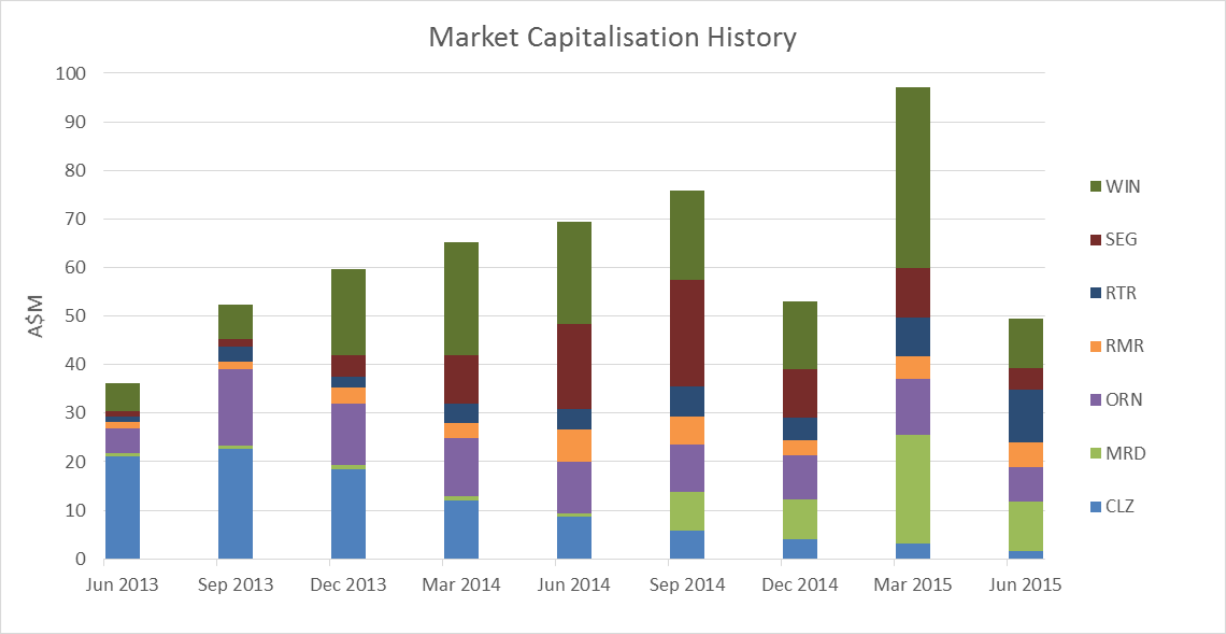

Figure 9: AFO ASX-listed junior explorer's market capitalisation history (past two years)

CSA Global analysis/source data from Bloomberg website

Given the limited range in these transactions after the outliers (the high end outlier is considered due to the strategic value of acquiring 100% of that project and hence included an element of takeover premium, and the lowest values are for very large tenures in areas more distant from the Fraser Zone) CSA Global has chosen an implied value range of $1,000 to $2,000 per km^2 (representing the 20th and 80th percentiles of the dataset). A Preferred Value of $1,500 per km^2, a little greater than the average has been selected to reflect the prospective character of the Rockford Project compared to many of the transactions reviewed.

For the Rockford Project, with a tenement area of 2,886 km^2, the value of the asset would lie between $2.9M and $5.8M, with a Preferred Value of $4.3M. Legend will have a 70% interest in the Creasy Group licences, which equates to range from $2.1M to $4.3M and Preferred Value of $3.2M.

A summary of the implied values using the Market Approach are provided in Table 3.

Table 3: Summary of Valuations using the Market Approach (100% basis)

Project	Mineral Asset	Granted Area	Valuation		
		km²	Market Approach		
			Low	High	Preferred
			$M	$M	$M
Rockford Project (Creasy Group tenements)	Exploration Area	2530	2.5	5.1	3.8
Rockford Project (Legend EL)	Exploration Area	356	0.4	0.7	0.5
			2.9	5.8	4.3

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

4.5 Geoscience Factor Analysis "Kilburn Method"

Previous exploration by past and present holders of the projects, together with pre-competitive public domain data provide by the Geological Survey of Western Australia, has included desk-top studies of historical exploration data, field traversing and mapping, soil and calcrete sampling and geophysics (mostly aeromagnetics and gravity). It has also included limited aircore and reverse circulation percussion drilling with subsequent geoscientific studies.

This work has identified zones of anomalous geochemistry and a number of geophysical targets for further drill testing which are considered prospective for nickel, and potentially other types of mineralisation.

Based upon an assessment of the available data the Kilburn Method (Appendix 4) has been used to derive a value for the Rockford Project tenements.

CSA Global consider that the Kilburn Method tends to undervalue projects in the earliest stages of exploration, but also tends to overinflate projects with large areas. CSA Global therefore chose a Preferred Value based on factored sum (0.6 times the sum of the low and high valuation, rather than 0.5) for this method. Table 4 summarises the outcomes.

This provides a Preferred Valuation using the Geoscience Factor Method of $4.9M for the Rockford Project from a range of $1.6M–6.5M. Legend will have a 70% interest in the Creasy Group tenure, which equates to Preferred Values of $4.2M for Legend's share of these licences and $0.7M for the granted Legend licence.

Table 4: Summary of Geoscience Factor Approach Valuations (100% basis)

Project	Mineral Asset	Tenement	Low Valuation $M	High Valuation $M	Preferred Valuation $M
Rockford (Creasy)	Exploration Area	E28/1718	0.2	1.0	0.7
		E28/1727	0.5	1.2	1.0
		E28/2188	0.3	1.8	1.3
		E28/2189	0.2	1.0	0.7
		E28/2190	0.2	0.9	0.7
		E28/2191	0.4	1.7	1.2
		E28/2192	0.1	0.4	0.3
Subtotal			2.0	8.0	6.0
Rockford (Legend	Exploration Area	E28/2342	0.2	0.9	0.7
			2.2	**8.9**	**6.7**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

4.6 Appraised Value Method

Reported exploration expenditure on the Rockford Project tenements since grant has totalled $5M (excluding around 15% for administration and overheads).

These costs have been incurred over the past 7 years, but 87% of the costs have been incurred in the past 3 years. Therefore CSA Global considers the costs to reflect current day costs and, as such, no correction for inflation has been applied.

The exploration expenditure in the Rockford Project area has predominantly been on acquiring key early stage data. The work has provided access to remote areas to allow exploration and collected baseline regional datasets that support the prospectivity of the terrain. About one third of the expenditure so far has been on surface geochemical sampling. The regolith in the Rockford area is complex and potentially too thick to support simple geochemical approaches, however this remains an open question with inadequate drilling to establish the character and thickness of the regolith. Only limited testing of bedrock features (some positive, some less so) have been completed so far.

CSA Global conclude that there is still significant value to be obtained from the data, with targets yet to be identified and tested. Given the primary target of sulphide nickel, the general lack of electromagnetic geophysical surveying underpins this latter point.

Appendix 5 presents supporting data for the Appraised Value Method for the Rockford Project.

In summary, CSA Global conclude that the early stage status of the project means that while in some specific locations exploration work may have downgraded value, in the majority of the project area the regional exploration data has enhanced the prospectivity. The lack of prospect scale test work however means the enhancement remains limited. For these reasons CSA Global's selected prospectivity enhancement multipliers (PEMs) for the Rockford exploration expenditure range from 0.9 to 1.2.

Based on the recorded exploration expenditures (less administration and overheads) and PEM factors of 0.9 to 1.9, the multiple of exploration expenditure (MEE) provides a range of values as presented in Table 5.

Table 5: Summary of Appraised Value (MEE) Valuations (100% basis)

Project	Mineral Asset	PEM Range	Expenditure (less admin)	Low Valuation $M	High Valuation $M	Preferred Valuation $M
Rockford (Creasy)	Exploration Area	0.9–1.2	4.6	4.0	5.5	4.7
Rockford (Legend)	Exploration Area	0.7–1.2	0.4	0.3	0.6	0.5
		Total	**5.0**	**4.3**	**6.1**	**5.2**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

4.7 Preferred Value of the Legend Mineral Assets

CSA Global concludes that the Rockford Project presents significant exposure to an attractive range of grassroots exploration plays. Further exploration work is warranted on the tenements.

It is CSA Global's opinion that the Fair Market Value of Legend's Rockford Project is best assigned using the Market Approach based on comparable transactions, cross checked by reference to Appraised values from multiples of exploration expenditure and the Geoscientific Factor Method.

Based on consideration of the range of valuations from the market, geoscientific factor and appraised value approaches, CSA Global estimate that the value of the entire Rockford Project (comprising Legend's 70% interest in the Creasy Group tenure and the Legend's own granted licence) lies **between $3.0M and $5.5M with a Preferred Value of $4.0M**.

Table 6 summarises the valuations completed by CSA Global.

Table 6: Preferred Valuations of the Rockford Project

Project	LEG Interest	Market Approach $M			Appraised Value $M			Geoscientific Factors $M			PREFERRED VALUES		
		Lo	Hi	Pref	Lo	Hi	Pref	Lo	Hi	Pref	Lo	Hi	Pref
Rockford_Creasy	70.00%	1.8	3.5	**2.7**	2.8	3.8	**3.3**	1.4	5.6	**4.2**	2.0	4.3	**3.4**
Rockford_Legend	100.00%	0.4	0.7	**0.5**	0.3	0.6	**0.5**	0.2	0.9	**0.7**	0.3	0.7	**0.6**
CSA Global values		2.0	4.3	**3.2**	3.1	4.4	**3.9**	1.6	6.5	**4.9**	**3.0**	**5.5**	**4.0**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

There is significant range in the values derived for Legend's Project. CSA Global has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the projects, given the uncertainties inherent in valuing early stage exploration projects.

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

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6 Glossary

• Aeolian	• Sand deposits derived from transport by the wind
• Archaean:	• Widely used term for the earliest era of geological time spanning the interval from the formation of Earth to about 2,500 million years ago.
• biotite:	• A type of black mica
• calcrete:	• calcium-rich duricrust, a hardened layer in or on a soil. It is formed on calcareous materials as a result of groundwater fluctuations in arid and semiarid regions.
• carbonate:	• A sediment formed from the organic or inorganic precipitation from aqueous solution of carbonates of calcium, magnesium, or iron; e.g., limestone and dolomite.
• chalcopyrite:	• A bright brass-yellow copper-iron sulphide: $CuFeS_2$.
• chlorite:	• Family of tetrahedral sheet silicates of iron, magnesium, and aluminium, characteristic of low-grade metamorphism.
• craton:	• Large, and usually ancient, stable mass of the Earth's crust.
• Cretaceous:	• Final period of the Mesozoic era, 135-65 million years ago.
• diamond drilling:	• A method of obtaining a cylindrical core of rock by drilling with a diamond-set or diamond impregnated bit.
• dyke:	• Thin, sheet-like intrusion of magmatic (igneous) rock.
• electromagnetic (EM) survey:	• A geophysical survey technique where potential fields are measured under the influence of an applied current.
• facies:	• Changes in composition, mineral associations or crystallisation sequence brought about by different depositional environments, increasing distance from source, or differing physical and chemical parameters.
• felsic:	• Light coloured rocks containing an abundance of feldspars and quartz.
• foliation:	• The banding or lamination of metamorphic rocks as distinguished from stratification in sedimentary rocks.
• gabbro:	• A coarse-grained mafic intrusive rock, which is low in silica and has relatively high levels of iron and magnesium minerals.
• GIS:	• Acronym for Geographical Information Systems.
• granite:	• A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas
• greenstones:	• Compact dark green altered or metamorphosed basic igneous rocks that owe their colour to the presence of green minerals,
• greenstone belt:	• Term applied to elongate or belt-like areas within Precambrian shields that are characterised by abundant greenstones
• HMS:	• Heavy Mineral Sands
• hydrothermal:	• Hot water associated with thermal springs or felsic intrusive rocks.
• igneous:	• Rocks that have solidified from a magma.
• JORC:	• The Joint Ore Reserves Committee (Australia). The JORC Code for the classification and reporting of mineral resources and ore reserves has now become an internationally accepted standard.
• laterite:	• Red residual soil developed in humid, tropical, and subtropical regions of good drainage.
• Ma:	• An abbreviation for 'million years ago'.
• mafic:	• Descriptive of rocks composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.
• magnetite:	• A naturally occurring magnetic oxide of iron (Fe_3O_4)
• mantle:	• The zone between the core and crust of the earth

• metallogenic:	• Association of metal ores that is peculiar to a particular region, or period of time.
• meta-:	• A prefix meaning 'metamorphosed'.
• mylonite:	• A compact, chert like rock without cleavage, produced by the extreme granulation and shearing of rocks
• orogeny:	• Process by which mountain structures develop.
• pegmatite:	• An exceptionally coarse-grained igneous rock, with interlocking crystals, usually found as irregular dykes, lenses or veins.
• percussion drilling (RC):	• Drilling method employing a repeated hammering action on a drill bit, also known as Reverse Circulation (RC) drilling.
• pluton:	• A body of igneous rock formed beneath earth surface by consolidation from magma.
• porphyry:	• An igneous rock of any composition that contains conspicuous phenocrysts (coarse crystals) in a fine-grained groundmass.
• Precambrian:	• All geologic time, and its corresponding rocks, before the beginning of the Palaeozoic (from 570 Ma back).
• Proterozoic:	• An era of geological time spanning the period from 2,500 million years to 570 million years before present.
• pyrite:	• A very common iron sulphide mineral FeS_2.
• pyrrhotite:	• A magnetic iron sulphide mineral (complex structure, summary Fe_7S_8 formula)
• schist:	• A micaceous crystalline metamorphic rock having a foliated structure
• sericite:	• A white or pale apple green potassium mica,
• shear:	• Deformation resulting from stresses that cause contiguous parts of a body to slide relative to each other in a direction parallel to their plane of contact.
• stratigraphic:	• The arrangement of strata; pertaining to the sequence of rocks
• strike:	• The direction or trend taken by a structural surface.
• stockwork:	• A mineral deposit consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.
• sulphide minerals:	• Mineralisation characterised by compounds of metals and sulphur.
• supergene:	• Oxidation, electrolytic and solution effects brought about by low temperature, ground-water activity.
• syncline:	• A configuration of folded, stratified rocks in which rocks dip downward from opposite directions to come together in a trough.
• synform:	• A fold whose limbs close downward in strata for which the stratigraphic sequence is unknown.
• tectonised:	• Rocks that have been deformed by movement of the crust
• thrust:	• An overriding movement of one crustal unit over another.
• ultramafic:	• Igneous rock in which more than 90% of the minerals are ferromagnesian minerals.

The reader is referred to online resources, such as Wikipedia (www.wikipedia.org), for explanations of other unfamiliar terms.

Appendix 1: Tenement Schedule

Information provided by M&M Walter Consulting Pty Ltd, tenement administrators

Tenement	Holders	Application Date	Grant Date	Expiry Date	Term	Current Area		Rent (next year)	Current Rent Status	Current Expenditure Status	Expenditure Commitment (next reporting period)	Expenditure Commitment (last reporting period)	Expenditure Reported (last reporting period)	Last Form 5 lodged	Total Reported Expenditure	Comment	Bonds	Caveats / Mortgages
E28/1718	Ponton Minerals Pty Ltd		12-Nov-07	11-Nov-17	5 Years	120	353	$60,072.00	PAID IN FULL	EXPENDED IN FULL	$360,000.00	$240,000.00	$241,809.00	09-Jan-15	$1,834,698.00	Renewal lodged 09/11/2012 - Expenditure exemptions granted years 2012-2013	Nil	Nil
E28/1727	Ponton Minerals Pty Ltd		12-Nov-07	11-Nov-17	5 Years	120	353	$60,072.00	PAID IN FULL	EXPENDED IN FULL	$360,000.00	$240,000.00	$310,634.00	09-Jan-15	$1,642,683.00	Renewal lodged 09/11/2012 - Expenditure exemptions granted years 2009-2010 & 2012-2013	Nil	Nil
E28/2188	Rockford Metals Pty Ltd		09-Oct-12	08-Oct-17	5 Years	173	510	$33,709.05	PAID IN FULL	EXPENDED IN FULL	$173,000.00	$173,000.00	$182,344.00	03-Dec-14	$383,664.00	Significant expenditure history	Nil	Nil
E28/2190	Rockford Metals Pty Ltd		09-Oct-12	08-Oct-17	5 Years	125	370	$24,356.25	PAID IN FULL	EXPENDED IN FULL	$125,000.00	$125,000.00	$170,010.00	03-Dec-14	$371,330.00	Significant expenditure history	Nil	Nil
E28/2191	Rockford Metals Pty Ltd		23-Jan-13	22-Jan-18	5 Years	156	462	$30,396.60	PAID IN FULL	EXPENDED IN FULL	$156,000.00	$156,000.00	$198,027.00	13-Mar-15	$363,662.00	Significant expenditure history	Nil	Nil
E28/2192	Rockford Metals Pty Ltd		23-Jan-13	22-Jan-18	5 Years	51	150	$9,937.35	PAID IN FULL	EXPENDED IN FULL	$51,000.00	$51,000.00	$79,137.00	13-Mar-15	$440,257.00	Significant expenditure history	Nil	Nil
E28/2189	Rockford Metals Pty Ltd		19-Feb-13	18-Feb-18	5 Years	112	331	$21,823.20	PAID IN FULL	EXPENDED IN FULL	$112,000.00	$112,000.00	$131,100.00	13-Apr-15	$342,632.00	Significant expenditure history	Nil	Nil
E28/2342	Legend Mining Ltd		20-Mar-14	19-Mar-19	5 Years	120	356	$15,030.00	PAID IN FULL	EXPENDED IN FULL	$120,000.00	$120,000.00	$494,143.00	10-Apr-15	$494,143.00	Significant expenditure history	Nil	Nil
E28/2408	Legend Mining Ltd	06-Dec-13				168	495									Ballot subsequently held; LEG won 7 blocks (20.6 sq. km)		
E28/2415	Legend Mining Ltd	06-Dec-13				80	235									Ballot subsequently held; LEG won 11 blocks (32.7 sq. km)		
E28/2530	Legend Mining Ltd	25-Feb-15				55	161									Only 34 blocks (99.7 sq. km) available; application subject to objection		
E28/2531	Legend Mining Ltd	25-Feb-15				45	132									Only 13 blocks (38.2 sq. km) available; application subject to objection		
								$255,396.45			$1,457,000.00	$1,217,000.00	$1,807,204.00		$5,873,069.00			

Appendix 2: Valuation

Methodology and Assumptions

Mineral Assets are defined in the VALMIN Code as all property including, but not limited to, real property, intellectual property, and/or mining and exploration tenements held or acquired in connection with the exploration, development and/or production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Business valuers typically define market value as "The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm's length." The accounting criterion for a market valuation is that it is an assessment of "fair value", which is defined in the accounting standards as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction." The VALMIN Code defines the Value of a Mineral Asset as its Fair Market Value, which is the estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of the Expert or Specialist reached in accordance with the provisions of the VALMIN Code, the Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

Fair Market Value usually consists of two components, the underlying or Technical Value, and a premium or discount relating to market, strategic or other considerations. The VALMIN Code recommends that a preferred or most likely Value be selected as the most likely figure within a range after taking into account those factors which might impact on Value.

The concept of Fair Market Value hinges upon the notion of an asset changing hands in an arm's length transaction. Fair Market Value must therefore take into account, inter alia, market considerations, which can only be determined by reference to "comparable transactions". Generally, truly comparable transactions for Mineral Assets are difficult to identify due to the infrequency of transactions involving producing assets and/or resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on.

For exploration tenements, the notion of Value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any "cash equivalent of some other consideration". Whilst acknowledging these limitations, CSA Global has identified what it considers to be comparable transactions that have been used in assessing the Values to be attributed to the Mineral Assets.

Valuation Methods for Exploration Projects

The choice of valuation methodology applied to mineral assets, including exploration licences, will depend on the amount of data available and the reliability of that data.

The VALMIN Code classifies mineral assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have well-defined Ore Reserves, as listed below:

"**Exploration Areas**" – properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.

"**Advanced Exploration Areas**" – properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on, at least, one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the projects to the resource category.

"**Pre-Development Projects**" – properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made.

"**Development Projects**" – properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.

"**Operating Mines**" - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived "fair market valuation".

The Fair Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by four general approaches: Cost; Market; Geoscience Factor or Income:

Appraised Value or Exploration Expenditure Method considers the costs and results of historical exploration.

The Appraised Value method utilises a Multiple of Exploration Expenditure ("MEE") which involves the allocation of a premium or discount to past expenditure through the use of the Prospectivity Enhancement Multiplier ("PEM"). This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

Guidelines for the selection of a PEM value have been proposed by several authors in the field of mineral asset valuation (Onley, 1994). Table 7 lists the PEM and criteria used in this report.

Market Approach Method* or *Comparable Transactions looks at prior transactions for the property and recent arm's length transactions for comparable properties.

The Comparable Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder. The joint venture or farm-in terms, of themselves, do not represent the value of the tenements concerned. To determine a value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood that commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50/50 chance that a joint venture agreement will run its term. Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then "grossed up" according to the interest to be earned to derive an estimate of the Value of the tenements at the time that the agreement was entered into.

Table 7: Prospectivity Enhancement Multiplier (PEM) factors

PEM Range	Criteria
0.2–0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation identified
0.5–1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0–1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3–1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical activities)
1.5–2.0	Scout drilling (RAB, aircore, RC percussion) has identified interesting intersections of mineralisation
2.0–2.5	Detailed drilling has defined targets with potential economic interest
2.5–3.0	A Mineral Resource has been estimated at Inferred JORC category, no concept or scoping study has been completed
3.0–4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Pre-feasibility Study
4.0–5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current Value of a tenement or tenements will be the Value implied from the terms of the most recent transaction involving it/them, plus any change in Value as a result of subsequent exploration. Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any Value, except perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any Value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

High quality mineral assets are likely to trade at a premium over the general market. On the other hand exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to the general market. Market Values for exploration tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

Geoscience Factor Method seeks to rank and weight geological aspects, including proximity to mines, deposits and the significance of the camp and the commodity sought.

The Geoscience Factor (or Kilburn) method provides an approach for the technical valuation of the exploration potential of mineral properties, on which there are no defined resources.

Valuation is based upon a calculation in which the geological prospectivity, commodity markets, and mineral property markets are assessed independently. The Kilburn method is essentially a technique to define a value based upon geological prospectivity. The method appraises a variety of mineral property characteristics:

1) Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies:

2) Location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralisation known to exist on the property being valued:
    - Number and relative position of anomalies on the property being valued;
    - Geological models appropriate to the property being valued.

The Kilburn method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors (Table 8).

The Basic Acquisition Cost ("BAC") is an important input to the Kilburn Method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environmental etc.) and statutory expenditure for a period of 12 months. This has been established at $300 to $350 per square kilometre for exploration licences in Western Australia. Each factor is then multiplied serially by the BAC to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

The Income Approach is relevant to exploration properties on which undeveloped mineral resources have been identified by drilling. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit and discounting to the present day ("DCF") and determining a Net Present Value ("NPV").

Where mineral resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters is inappropriate and their economic value can therefore not be demonstrated using the more conventional DCF/NPV approach. In these instances it is considered appropriate to use the *in situ* Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

Selected Mineral Property Valuation References

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Table 8: Kilburn Geoscience Factor Ranking

Rating		Off Property Factor	On Property Factor	Anomaly Factor	Geological Factor
0.1					Generally unfavourable lithology
0.2					Generally unfavourable lithology with structures
0.3					Generally favourable lithology (10%-20%)
0.4					
0.5				Extensive previous exploration with poor results	Alluvium covered, generally favourable lithology (50%)
0.6					
0.7					
0.8					
0.9					Generally favourable lithology (50%)
1		No known mineralisation	No known mineralisation	No targets outlined	Generally favourable lithology (70%)
1.5		Minor workings	Minor workings		Generally favourable lithology
2		Several old workings	Several old workings	Several well defined targets	Generally favourable lithology with structures
2.5		Abundant workings	Abundant workings		
3				Several significant sub-economic intersections	Generally favourable lithology with structures along strike of a major mine
3.5		Abundant Workings/mines with significant historical production	Abundant Workings/mines with significant historical production		
4					
4.5					
5		Along strike from major mine(s)	Major mine with significant historical production	Several significant ore grade co-relatable intersections	

Appendix 3: Market Transactions

Project	Commodity	Transaction Date	Transaction Details	Asset Details	Purchase Price (AUD$ M)	Area km^2	Implied Value/km^2 (AUD$)
Fraser Range	Ni	01/04/2015	Fraser Range Exploration Pty Ltd ("FRE") a wholly owned subsidiary of Apollo has purchased a 70% legal and beneficial interest in the tenements owned by Enterprise Metals Limited. The parties have formed an unincorporated exploration JV called the Orpheus Base Metals JV between FRE and Enterprise, where FRE will have a 70% JV interest, and Enterprise will have a 30% JV interest. FRE will be appointed as manager of the joint venture. The terms include: a) FRE will sole fund all JV activities on the Tenements until the date when FRE delivers to Enterprise a BFS for a Mining Area b) the Tenements (if any) outside the Mining Area will remain subject to this Agreement and FRE will remain responsible for sole funding exploration, c) the payment of $100,000 non-refundable deposit, and the payment of a further $100,000 on the Completion Date, which have been made, d) the issue of 20 million fully paid ordinary shares in the capital of AON to Enterprise on the Completion Date which was 31 March 2015.	The project area consists of four tenements covering 600km2 in the most prospective area of the world class Fraser Range exploration district, host to Sirius Resources' (ASX: SIR) major Nova nickel ("Ni")and copper ("Cu") deposit.	0.86	665.9	1300
Fraser Range South	Au, Ni	23/06/2014	Option agreement over two years to acquire 100% Initial option payment of $25,000 cash and $50,000 MRG shares (escrowed for 6 months) MRG to meet expenditure commitments Upon exercise (2 years)$100,000 MRG shares MRG shares $0.10 prior to announcement Upon decision to mine $500,000	Granted ELs 63/1626 & 28/2338 limited gold in soil anomalism > 10ppb structural targets	0.13	118.8	1050

Project	Commodity	Transaction Date	Transaction Details	Asset Details	Purchase Price (AUD$ M)	Area km^2	Implied Value/km^2 (AUD$)
Balladonia	Ni, Au	26/03/2014	MPJ will acquire all of the issued share capital of Next Commodities Pty Ltd which holds the exploration licence application identified as E69/3211 The acquisition of Next Commodities for consideration satisfied through the issue of an aggregate of 100 million ordinary MPJ shares and 25 million MPJO options to the Next Commodities vendors (being the shareholders of Next Commodities). In addition, MPJ will grant the Next Commodities vendors a right to an aggregate 1.5% net smelter royalty in respect of any production achieved from the Balladonia Tenement.	This project borders Fortescue Metals Group and Sirius Resource's tenements located to the south-east of the Nova-Bollinger Nickel deposit	1.00	246.8	4050
Balladonia	Ni, Au	10/09/2013	MPJ will obtain a 70% interest in all three granted EPI tenements on the following basis; • An initial cash payment of $50,000 is made to EPI on formation of the JV; • The issue of 20 million MPJ fully paid shares and the issue of 15 million 1 cent options expiry date 30th December 2017 will be made also on the formation of the JV. EPI will enter into agreements imposing a voluntary 12 months escrow period on the shares; • A deferred cash payment of $200,000 payable prior to the 15th November 2013. MPJ has a 12 month period to pay the deferred cash payment but will incur an interest charge of 6% pa from 15th November 2013 until the amount is paid in full; and • EPI will maintain a 30% free carry interest through to the stage of Bankable Feasibility Study and in the event of termination by either party, each will retain a 50% interest.	The exploration leases E28/2271, E63/1594 and E69/3082, cover approximately 566km is highly prospective nickel-copper and gold province in Fraser Range, Western Australia.	0.70	566	1230
Rocky Gully East	Nickel	19/08/2013	Non-refundable payment of A$30,000 cash for an exclusive 12 month option to acquire 100% interest 1. Non-refundable payment of A$30,000 cash for an exclusive 12 month option to acquire 100% interest 2. Subject to satisfaction of conditions precedent, at any time during the option period, PLD can acquire a 100%	Rocky Gully East Nickel-Copper Project comprising ELA70/4436 overlapping ELA (249sqkm overlap) with E 70/4437	0.08	269.00	300

Project	Commodity	Transaction Date	Transaction Details	Asset Details	Purchase Price (AUD$ M)	Area km^2	Implied Value/km^2 (AUD$)
			interest by issuing Third Reef 5,000,000 fully paid ordinary shares in the Company at a value of $0.01 per share (or the equivalent number of shares if the exercise of the option results in the Company having to comply with Chapters 1 & 2 of the Listing Rules) or pay Third Reef $50,000 in cash, at Third Reef's election; 3. No minimum expenditure requirements until the grant of the tenements. 4. There is a 1.5% Net Smelter Royalty payable to Third Reef				
Rocky Gully	Nickel	19/08/2013	PLD option to acquire 90% interest in Heron Resource's Rocky Gully Project 1. Non refundable payment of $20,000 for 6 month option; additional payment of $30,000 to extend by 6 months 2. PLD can acquire a 90% interest by issuing Heron 28,750,000 fully paid ordinary shares in the Company at a value of $0.008 per share (or the equivalent number of shares if the exercise of the option results in the Company having to comply with Chapters 1 & 2 of the Listing Rules) or pay Heron $230,000 in cash, at PLDs election; 3. Minimum expenditure of $50,000 per annum. 4. There is a 1.5% Net Smelter Royalty payable to Heron	Rocky Gully Nickel-Copper Project comprising EL70/2801, EL7/4457, EL70/4437 The Rocky Gully Nickel-Copper project is located 85 km NW of Albany within the western part of the Albany Fraser Orogen. Project covers Biranup Gneiss and late stage mafic to ultramafic intrusions have been identified in the area. Reconnaissance drilling and soil sampling by previous explorers defined a number of coincident nickel and copper anomalies. Further reconnaissance drilling by Heron Resources chiefly intersected a coarse-grained metamorphosed amphibolite facies ultramafic unit. This was usually in close association with mafic and high magnesium rocks, suggesting magmatic differentiation of the ultramafic bodies. The drilling also indicated that sulphides are regularly present in altered peridotite and pyroxenite gneisses underlying the mineralized laterite.	0.28	1018.00	275

Project	Commodity	Transaction Date	Transaction Details	Asset Details	Purchase Price (AUD$ M)	Area km^2	Implied Value/km^2 (AUD$)
Peninsula Project Extended	Nickel	05/08/2013	Creasy Group will be issued a total of 15 million fully paid ordinary Orion shares ($0.135) and 18.5 million unlisted Orion options, on the following terms: Number of options Exercise Price Expiry Date 3,500,000 $0.20 30/04/2014 5,000,000 $0.15 31/07/2014 5,000,000 $0.25 31/07/2015 5,000,000 $0.35 31/07/2016 Orion shares issued to Creasy Group will be subject to a 12-month voluntary escrow period from their date of issue; • Creasy Group will retain of a 30% free-carried interest in the projects up to the completion of any Bankable Feasibility Studies;	Deal to acquire a 70% interest in a portfolio of seven tenements covering a total area of 2,628km2 surrounding and contiguous with Orion's Peninsula Project Orion believes that the tenements are highly prospective for magmatic Voisey's Bay-style nickel-copper discoveries. In addition, historical exploration in the area has identified potential for gold, PGE and chromite mineralisation. Significantly, the tenements cover the northern extension of the Peninsula Intrusion, a mafic/ultramafic intrusion identified in exploration by Western Areas between 2000 and 2006 and which returned anomalous bedrock nickel-copper-cobalt-sulphur results in RC drilling in 2005. Orion's existing Peninsula Project already covers the bulk of this intrusion.	2.89	2628	1100
Mt Andrew	Gold, Nickel	24/07/2013	Terrain Farm in to Ashburton interest The Board of Terrain Minerals is pleased to announce a farm in agreement with ASX listed company Ashburton Minerals (ATN) into the existing Mt Andrew Joint Venture. Terrain is to sole fund $170,000 on field work to prepare and drill test at least two (possibly four) EM conductors to earn 25% (or half or ATN's current 50%) interest in the project. ATN will manage these works.	The project's northern portions are strategically situated with-in the Fraser Metamorphic Complex. A number of VTEM targets have been identified	0.68	290	2400
Fraser Range North	Nickel	24/07/2013	The proposed transaction for the acquisition of a 70% interest in the project areas will involve the issue of 18.8 million ordinary Windward shares and the payment of approximately $3 million in reimbursements of exploration expenses and the retention of a 30% free carry interest in the projects up to the completion of any Bankable Feasibility Study (BFS). WIN shares 0.235 prior to announcement	Very large area FRN - tenement E69/2989 contiguous with (& 2km from) Sirius' Nova Nickel/Copper Deposit · FRN - tenement E28/2017 directly along strike from Nova · FRN - western tenements E29/1713 and 1715 contain the drill-ready 10km long "Brookman" gold anomaly - along strike from the Tropicana Belt · FRS – EM targets identified in HeliTEM just completed over tenement E70/4068 30km from Heron's Rocky Gully Ni-Cu prospect	4.92	9117	550

Project	Commodity	Transaction Date	Transaction Details	Asset Details	Purchase Price (AUD$ M)	Area km^2	Implied Value/km^2 (AUD$)
E28/2268	Nickel	05/07/2013	Rumble Res & Urucum Rumble has paid $15,000 for a 6 month option Rumble may acquire the project 100% by paying the purchase price prior to the expiration of the option period The purchase price shall be $30,000 in cash and $70,000 in listed shares, with one free attaching option for each listed share	Previous drilling on the Fraser Range Project consisted of 2 diamond drill holes completed by Teck Australia Pty Ltd (Teck) between 2007 and 2010 focussing on Cu-Au (IOCG style) mineralisation. The two diamond drill holes targeted a sub circular gravity anomaly and a magnetic anomaly. The exploration failed to identify IOCG style mineralisation and the project was relinquished. Teck completed interpretation of the diamond drilling including geochemistry, petrographic studies and age dating of the various rock units. In reviewing this data, Rumble's technical team has identified that the previous exploration intersected metagabbro rock units which also host the Nova Nickel Copper discovery. Of importance is that the age dating of the rocks by the Geological Survey of WA (GSWA) suggests the metagabbro rock units at the Fraser Range Project are of a similar age to the Nova Discovery rock units.	0.12	68	1700
Fraser Range Project	Nickel, Gold	03/07/2013	RAM will purchase 70% of Regency's interest in the Fraser Range Project for the following consideration: i. Such number of ordinary fully paid shares (Shares) in the capital of Ram as will (together with the 155,000,000 Shares currently held by Regency) represent 19.9% of the enlarged issued capital of Ram at completion; At 30/6/13 RMR reported 1,392,791,829 Ordinary Securities; the share price in July averaged $0.0015	The project's northern portions are strategically situated with-in the Fraser Metamorphic Complex and cover a number of VTEM anomalies.	0.59	271	2100

Project	Commodity	Transaction Date	Transaction Details	Asset Details	Purchase Price (AUD$ M)	Area km^2	Implied Value/km^2 (AUD$)
Fraser Range & Tropicana Belts	Nickel, Gold	22/03/2013	Orion Gold & Kamax * Kamax shareholders will receive 86 Orion ordinary shares for every 100 Kamax ordinary shares and 86 Orion options (exercisable at 20 cents at any time until 30 April 2014) for every 100 Kamax options. Shares traded at 10 cents after announcement	The agreement, which involves Orion acquiring all the shares in Kamax Resources, covers more than 913sqkm of granted tenements and 669sqkm of additional applications in the two belts The tenement areas cover prospective targets for both Tropicana-style gold and Nova-style nickel deposits, with historical geochemical anomalies and scout drilling identifying bedrock mineralisation of both minerals. Anomalous nickel & gold in calcrete and scout drilling	1.20	1582	750
Mt Ridley	Nickel	05/03/2013	AXG - XTL Energy deal: An option fee of A$35,000 in cash and A$25,000 in Shares to XTL. The consideration payable on exercise of the Options is: o EL63/1547: 250 million AXG Shares; o EL63/1564: 100 million AXG Shares, and o EL63/1617: 100 million AXG Shares. · The Shares are to be issued at a deemed issue price of A$0.002 per AXG Share.	The Nova Ni-Cu-Co massive sulphide discovery by SIR is ~100 kilometres to the NNE · XTL's Mt Ridley, Mt Ridley E-W and Mt Ridley North: Limited historical base metal and gold exploration has been undertaken on the project areas. · Substantial ground holding covering three tenements for 840km2 in an emerging greenfields nickel province. · Western Australia's only known analogous Proterozoic rock types to the world class Broken Hill (NSW), Mt Isa and Cannington (QLD), base metal deposits.	0.96	878	1000
Mt Andrew	Gold, Nickel	13/11/2012	Ashburton & Private holder Share price after announcement was $0.004 Ashburton has paid the owners an Entry Fee comprising $20,000 in cash and the issue of 5,000,000 fully paid ordinary shares. Ashburton has to sole fund exploration to a minimum of $100,000 at which point it can earn a 50% beneficial interest in the project by issuing to the owners 25,000,000 shares.	The project tenements, E63/1322 and E63/1375, are situated some 120 km ESE of Norseman and encompass approximately 290 km2 of the Proterozoic Biranup Complex within the Albany-Fraser Orogen. The ground is deemed prospective primarily for gold mineralisation. The project area also captures approximately 20 km2 of the southern extremity of the Fraser Complex, which will be targeted for nickel-copper mineralisation. The recent Nova discovery by Sirius Resources is located 75 km to the north within the Fraser Complex.	0.28	290	1000

Project	Commodity	Transaction Date	Transaction Details	Asset Details	Purchase Price (AUD$ M)	Area km^2	Implied Value/km^2 (AUD$)
Fraser Range Project	Nickel, Gold	29/10/2012	RAM - Regency Ram has entered into a binding agreement to acquire an 80% interest (and an option to acquire the remaining 20%) in three granted exploration licenses from Regency Mines Australia Pty Ltd . In consideration for the acquisition of an 80% interest in the Fraser Range Project, a total of 1,210 million new RMR shares are to be issued at a deemed price of $0.015 (0.15 cents). First 160 million shares for 10% executed	The tenement package is located only 20 kilometres west of Nova nickel copper massive sulphides discovery by Sirius Resources NL Potential to host base metals and gold	0.30	271	1100
Fairwater	Nickel	01/10/2012	PIO agreement to acquire 75% interest in the Fairwater Project from privately held National Minerals Pty Ltd. $40,000 cash 11.5M shares (share price $0.036) & 45M options (the options were not used in the Value calculation)	Fairwater project covers 338km2 of predominantly granted tenements approx. 50km SW of ENT's Plato Prospect and 105km SW of Nova; with soil geochemical gold (peak)& Ni targets (peak 250ppm Ni & 68ppm Cu)	0.45	338	1350

Appendix 4: Tenement Valuations based on the Geoscientific Factor Method

Tenement	Area	BAC	Off Property		On Property		Anomaly		Geology		Market Factor	Low Valuation $M	High Valuation $M	Preferred Valuation $M
			Low	High	Low	High	Low	High	Low	High				
E28/1718	353	2200	1.0	1.0	1.0	1.0	1.0	1.4	0.5	1.5	0.6	0.2	1.0	0.7
E28/1727	353	2200	1.0	1.0	1.0	1.0	1.0	1.4	1.0	1.8	0.6	0.5	1.2	1.0
E28/2188	510	2200	1.0	1.0	1.0	1.0	1.0	1.5	0.5	1.8	0.6	0.3	1.8	1.3
E28/2189	331	2200	1.0	1.0	1.0	1.0	1.0	1.4	0.5	1.6	0.6	0.2	1.0	0.7
E28/2190	370	2200	1.0	1.0	1.0	1.0	1.0	1.2	0.5	1.6	0.6	0.2	0.9	0.7
E28/2191	462	2200	1.0	1.0	1.0	1.0	1.0	1.5	0.6	1.8	0.6	0.4	1.7	1.2
E28/2192	150	2200	1.0	1.0	1.0	1.0	1.0	1.4	0.5	1.6	0.6	0.1	0.4	0.3
E28/2342	356	2200	1.0	1.0	1.0	1.0	1.0	1.3	0.5	1.5	0.6	0.2	0.9	0.7
											Totals	2.2	8.9	6.7

NB: Valuation is on a 100% basis for the tenements

Discussion

- CSA has valued these tenements as being speculative exploration tenements requiring significant commitment of capital and exploration resources. This factor is recognise the state of the commodity market and the degree of competition for tenements.
- Nickel prices are at low levels, public listed AFO-focused explorers companies are suffering poor share prices; and the overall market appetite for grass roots exploration is very subdued.
- For these reasons a market discount factor of 40% to reflect this aspect of the tenements has been applied.
- Nonetheless the CSA Global has elected to select a preferred value at the 60th percentile to reflect the perceived prospectivity of this tenement package

Rating	Off Property Factor	On Property Factor	Anomaly Factor	Geological Factor
0.1				Generally unfavourable lithology
0.2				Generally unfavourable lithology with structures
0.3				Generally favourable lithology (10%-20%)
0.4				
0.5			Extensive previous exploration with poor results	Alluvium covered, generally favourable lithology (50%)
0.6				
0.7				
0.8				
0.9				Generally favourable lithology (50%)
1	No known mineralisation	No known mineralisation	No targets outlined	Generally favourable lithology (70%)
1.5	Minor Workings	Minor Workings		Generally favourable lithology
2	Several Old Workings	Several Old Workings	Several well defined targets	Generally favourable lithology with structures
2.5	Abundant Workings	Abundant Workings		
3			Several significant sub-economic intersections	Generally favourable lithology with structures along strike of a major mine
3.5	Abundant Workings/mines with significant historical production	Abundant Workings/mines with significant historical production		
4				
4.5				
5	Along strike from major mine(s)	Major mine with significant historical production	Several significant ore grade co-relatable intersections	
10	Along strike from major world class mine(s)			

Base Acquisition Cost derivation

A Basic Acquisition Cost ("BAC") for WA has been estimated using the following data.

Inspection of WA DMP tenement data shows that the average of age of ELs in WA is 4 years and the average size is 29 blocks or 87km^2.

An average cost to identify an EL of interest of $20,000 was chosen giving a cost of $231/km^2

The cost to acquire an average EL in WA currently includes the costs of application, annual rent payments, local governmental rates and the minimum expenditure costs for the average life of the ELs

The holding cost of the average WA EL includes a variable rental cost of $185.10 per block for ELs 4-5 years old; and a variable minimum expenditure cost for 4-5 year old ELs of $1500/block following 3 years of $1000/block.

An ongoing cost for tenement administration of 10% of the minimum expenditure was also included.

A final significant cost of obtaining and working an EL in WA is the costs of Native Title and heritage compliance; however given that much of the AFO in general and the project area in particular does not have NT, this cost has been removed from the BAC.

Altogether this gives a BAC for the average WA EL of $2200/km^2 as shown below:

Graticular EL Application Costs and Retention Costs in WA (Pastoral Leases)				
Average EL size	29	blocks	86.7	km2
Average EL age	4	yr.		
Cost of Identification	$20,000	per EL	$ 231	per km2
Application Fee	$1,258	per EL		
Costs of Landowner notices & dealing with queries	$2,000	per EL	500/year	
Costs of Heritage and Native Title matters	$0	per EL	10000/yr	
Costs of Local Govt rates	$8,000	per EL	2000/yr	
Tenement Rental for average EL	$15,721	per EL	$185.1/bl	
Overheads & Administrative Costs	$13,050	per EL	10% of the min exp	
Min. Expend.. For average EL age	$130,500	per EL	$1500/bl	
Total Cost for an Average WA EL	$170,528	per EL		
	$1,967	per km2		
BAC of Average EL	$2,200	per km2		

Appendix 5: Expenditure History and PEM's

Work Undertaken by Year	Results of work	Expenditure (AUD) less Admin & overheads	PEM Low	PEM Value low (AUD)	PEM High	PEM Value High (AUD)	Preferred PEM	PEM Value Preferred (AUD)
2008								
E28/1718 & E28/1727: access tracks; data compilation & review	Provide access to allow all further work	$451,492	1	$451,492	1.1	$496,641	1.05	$474,067
2009								
E28/1718 & 1727: Surface geochem, sampling, analysis & interp	anomalies defined	$288,402	0.8	$230,721	1.1	$317,242	0.95	$273,982
2010								
E28/1718 & 1727: Surface geochem, sampling, analysis & interp	anomalies defined & infilled	$467,815	0.8	$374,252	1.1	$514,597	0.95	$444,425
2011								
E28/1718 & 27: Surface geochem, sampling, analysis & interp	anomalies defined & infilled	$559,676	0.8	$447,741	1.1	$615,643	0.95	$531,692
2012								
E28/1718 & 27: surface geochem, sampling, analysis & interp	anomalies defined & infilled	$294,608	0.8	$235,687	1.1	$324,069	0.95	$279,878
2013								
E28/1718 & 27: aircore drilling& ongoing surface geochem work E28/2188: airborne geophys E28/2190: airborne geophys	Increased understanding of geology and structure from aeromag data	$766,449	0.9	$689,804	1.3	$996,384	1.1	$843,094
2014								

Work Undertaken by Year	Results of work	Expenditure (AUD) less Admin & overheads	PEM Low	PEM Value low (AUD)	PEM High	PEM Value High (AUD)	Preferred PEM	PEM Value Preferred (AUD)
E28/1718 & 27: Gravity; processing & interp; aircore drilling E28/2188: gravity, aircore E28/2189: Airborne geophys; gravity E28/2190: Gravity E28/2191: Gravity E28/2192:	anom Ni/Cu in BOH from aircore; better understanding of regolith; collection of important regional data sets with direct targeting value	$1,396,621	0.9	$1,256,959	1.3	$1,815,608	1.1	$1,536,284
2015								
E28/1718 & 27: Limited Aircore drilling but no anomalous BOH samples; gravity survey E28/2188: Airborne Geophys E28/2189: Gravity & interp work E28/2190: Gravity & interp work E28/2191: Gravity & interp work E28/2192: Gravity & associated processing & interp	collection of important regional data sets with direct targeting value	$347,024	0.9	$312,322	1.2	$416,429	1.05	$364,376
Totals and weighted averages	**Access to remote areas opened up; baseline regional datasets collected support the prospectivity of the terrain; only limited testing of bedrock features (some positive, some less so); still significant value to be obtained from the data and targets to be identified an tested; no EM testing**	**$4,572,088**	**0.9**	**$3,998,978**	**1.2**	**$5,496,613**	**1.0**	**$4,747,796**

NB: Review of Form 5 expenditure statements showed that on average approximately 15% of claimed costs were related to administration, overheads and other costs not related to exploration activity, therefore the expenditures have been reduced by 15%

Work Undertaken by Year	Results of work	Expenditure (AUD) less Admin & overheads	PEM Low	PEM Value low (AUD)	PEM High	PEM Value High (AUD)	Preferred PEM	PEM Value Preferred (AUD)
2015								
E28/2342:Data compilation; airborne magnetic/radiometric survey over E28/2342; interpretation & target selection; MLEM over 8 targets	High quality data generated; EM did not identify robust bedrock targets but geochem and potential field data requires more work and testing of targets	$494,143	0.7	$345,900	1.2	$592,972	1.1	$543,557
Totals and weighted averages		**$494,143**	**0.7**	**$345,900**	**1.2**	**$592,972**	**1.1**	**$543,557**

NB: Review of Form 5 expenditure statements showed that on average approximately 15% of claimed costs were related to administration, overheads and other costs not related to exploration activity, therefore the expenditures have been reduced by 15%

LEGEND MINING LIMITED

ACN 060 966 145

PROXY FORM

For all enquiries call:
Telephone: +61 (0) 8 9212 0600
Email: legend@legendmining.com.au

Step 1.

Part A. Appoint a Proxy to Vote on Your Behalf

I/We being a Shareholder/s of Legend Mining Limited and entitled to attend and vote hereby appoint

☐ The Chairman of the Meeting (mark with an 'X') **OR** _____ Write here the name of the person you are appointing if this person **is someone other than** the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Legend Mining Limited to be held on 17 September 2015 at The Celtic Club, 48 Ord Street, West Perth WA 6005, commencing at 4pm (WST) and at any adjournment of that Meeting.

Step 2. Items of Business

Voting directions to your proxy – please mark ☒ to indicate your directions

Note: if the Chairman is appointed as your proxy (whether or not by default) and you do not specify your directions as to voting, the Chairman presently proposes to vote FOR the resolution in respect of your vote

		For	Against	Abstain*
Resolution 1	Issue of Securities to Ponton Minerals Pty Ltd	☐	☐	☐
Resolution 2	Issue of Securities to Rockford Metals Pty Ltd	☐	☐	☐
Resolution 3	Adoption of new constitution	☐	☐	☐

*If you mark the Abstain box for a Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointment of a second proxy (see instructions on next page)

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form _____%

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Member 1	**Member 2** (if joint holding)	**Member 3** (if joint holding)	
			/ /
Sole Director and Sole Secretary	**Director/Company Secretary**	**Director**	**Date**

Proxy Instructions

Generally

A shareholder entitled to attend and vote at the General Meeting convened by the Notice is entitled to appoint not more than 2 proxies to vote on the shareholder's behalf. A proxy need not be a shareholder. The proxy appointment may be a standing appointment for all general meetings until it is revoked. Additional proxy forms are available from the Company.

If a representative of a shareholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission. A form of the certificate may be obtained from the Company's share registry by calling +61 8 9389 8033.

Appointing Two Proxies

A shareholder entitled to cast 2 or more votes may appoint 2 proxies. Where 2 proxies are appointed, if the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise one half of your votes. Fractions of votes will be disregarded.

Signing Instructions

Individuals:	The shareholder must sign personally.
Joint Holding:	If the holding is in more than 1 name, all of the shareholders must sign.
Company:	Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held.
Power of Attorney:	The attorney must sign and the power of attorney must be deposited at the Company for inspection and return, when the proxy is lodged.

Lodgement of a Proxy

Proxy forms (and the power of attorney, if any, under which the proxy form is signed) must be lodged at, or sent by facsimile transmission to, the offices of the Company so that it is received no later than 4:00 PM (WST) on 15 September 2015.

Documents may be lodged:

IN PERSON	Level 1, 8 Kings Park Road, West Perth WA 6005, Australia
BY MAIL	PO Box 626, West Perth WA 6872, Australia
BY FAX	+61 8 9212 0611

Your Address

This is your address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form and sign it. Security holders sponsored by a broker (in which case your reference number overleaf will commence with an "X") should advise your broker of any changes. You cannot change ownership of your shares using this form.