



**LEGEND MINING LIMITED**  
**ABN 22 060 966 145**

**NOTICE OF GENERAL MEETING**  
**EXPLANATORY MEMORANDUM**  
**AND**  
**PROXY FORM**

**Date of Meeting**  
27 September 2019

**Time of Meeting**  
4:00 pm

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

This Notice should be read in its entirety. 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 Tony Walsh on +61 8 9212 0600.

**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 Resolution 1. The Independent Expert has concluded that the Ponton JVA 2019 the subject of Resolution 1 is fair and reasonable to Shareholders entitled to vote on Resolution 1.**

**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 27 September 2019 at 4:00 pm (**Meeting**) for the purpose of transacting the business described below.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 25 September 2019 at 5.00 pm (WST).

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Section 7.

## **ORDINARY BUSINESS**

### **Resolution 1 – Approval of Ponton JVA 2019**

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

“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 the Ponton JVA 2019 on the terms and conditions set out in the Explanatory Memorandum.”

**Voting Exclusion Statement:** *The Company will disregard any votes cast in favour of 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 – Ratification of prior issue of Tranche 1 Securities**

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 204,435,080 Shares and 102,217,540 Options to Independence Group NL on the terms and conditions set out in the Explanatory Memorandum"

**Voting Exclusion Statement:** *The Company will disregard any votes cast in favour of this Resolution by Independence Group NL and any of its 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.*

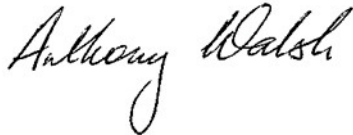
### Resolution 3 – Authority to issue Tranche 2 Securities

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

"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue up to 67,787,142 Shares and 33,893,571 Options to Independence Group NL on the terms and conditions set out in the Explanatory Memorandum"

**Voting Exclusion Statement:** *The Company will disregard any votes cast in favour of this Resolution by Independence Group NL and any of its 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.*

By order of the Board



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Tony Walsh  
Company Secretary  
Date: 19 August 2019

## **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 25 September 2019:

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 25 September 2019 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 27 September 2019 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.

Certain statements in this Explanatory Memorandum relate to the future. These statements reflect views only as of the date of this Explanatory Memorandum. While the Company believes that the expectations reflected in the forward looking statements are reasonable, neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of an event expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

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### 1. BACKGROUND

- 1.1 On 9 July 2019, the Company announced on ASX that it had entered into the Ponton JVA 2019, a new joint venture agreement with Ponton Minerals Pty Ltd (**Ponton**) and Mr Creasy.
- 1.2 On 9 July 2019, the Company also announced on ASX that it had entered into various transactions including the following agreements with Independence Group NL (**Independence Group**):
  - 1.2.1 a subscription agreement (**Subscription Agreement**) in respect of a two tranche placement to Independence Group to raise \$9,800,000;
  - 1.2.2 the Rockford JVA 2019, a joint venture agreement between the Company, Independence Newsearch Pty Ltd (**Newsearch**) and Mr Creasy (through Rockford Metals Pty Ltd (**Rockford**)) in respect of two tenements in the Fraser Range; and
  - 1.2.3 the Legend/IGO JVA 2019, a joint venture agreement between the Company and Newsearch in respect of three tenements in the Fraser Range.
- 1.3 At the date of this Notice, the Rockford JVA 2019 and the Legend/IGO JVA 2019 are active joint ventures.
- 1.4 The Directors view each of the above agreements as part of the Company's strategy to grow its tenement interests in the Fraser Range District of Western Australia for the benefit of Shareholders and finance its exploration, evaluation, and research and development activities on these tenements.
- 1.5 While the resolutions to be considered at the Meeting only directly relate to the Ponton JVA 2019 and the Subscription Agreement, the Directors recommend Shareholders consider the resolutions in the context of the projected growth of the Company that is triggered by each of the above agreements.

### 2. PONTON JVA 2019

- 2.1 Under the Ponton JVA 2019 the Company agrees to purchase from Ponton a 70% legal and beneficial interest (**Interest**) in the following tenements (**Ponton Tenements**):

Tenement	Registered Holder	Grant Date	Expiry Date	Area	Minimum annual expenditure
E28/1716	Ponton Minerals Pty Ltd	12/11/07	11/11/19	120 blocks	\$360,000
E28/1717	Ponton Minerals Pty Ltd	12/11/07	11/11/19	120 blocks	\$360,000

The purchase price for the Ponton Tenements comprises:

- 55,555,555 Shares at a deemed issue price of \$0.036 (**Consideration Shares**); and
- On completion of a Bankable Feasibility Study, the issue of 277,777,775 Shares at a deemed issue price of \$0.036 (**BFS Shares**).

(collectively, the **Consideration Securities**).

Ponton and the Company intend to apply for a two year extension for the Ponton Tenements. Based on the mineralisation discovered on the Ponton Tenements and the history of expenditure on the Ponton Tenements, the Directors are confident that a two year extension will be granted.

2.2 The grant of the Interest in the Ponton Tenements and the issue of the Consideration Shares (**Initial Completion**) is conditional on:

- 2.2.1 the Company obtaining Shareholder approval for the acquisition of the Interest and the issue of the Consideration Securities pursuant to Resolution 1;
- 2.2.2 the Company obtaining regulatory approvals necessary to give effect to the grant of the Interest and the issue of the Consideration Securities; and
- 2.2.3 the Company completing a capital raising of \$9,000,000 (before costs) of 250,000,000 Shares at an issue price of \$0.036 pursuant to the terms and conditions of the Subscription Agreement.

(**Ponton Conditions**)

2.3 Initial Completion will occur 7 business days after the satisfaction of the Ponton Conditions.

2.4 On and from Initial Completion, an unincorporated exploration joint venture (**Ponton Joint Venture**) will be established under the Ponton JVA 2019 under which the Company will control most management committee decisions of the Ponton Joint Venture, and the joint venture interests of the parties to the Ponton JVA 2019 will be:

Legend Mining Limited	70%
Ponton Minerals Pty Ltd	30%

2.5 The Ponton Joint Venture objectives are:

- 2.5.1 the exploration of the Ponton Tenements for all minerals;
- 2.5.2 evaluation of exploration results;
- 2.5.3 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 Ponton Tenements; and
- 2.5.4 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 Ponton Joint Venture.

2.6 During the Ponton Joint Venture, the Company agrees to complete a diamond drill hole approximately 2000m down hole depth on E28/1717 (**Drill Hole**) subject to the following conditions:

- 2.6.1 On or before 1 February 2020, the Company will provide Ponton with the target, design, programme and estimated completion date of the Drill Hole for its consideration.
- 2.6.2 On or before 1 March 2020, Ponton will provide its comment and feedback to the Company and the parties will agree in writing to the target, design, programme and completion date of the Drill Hole.

2.7 The Company is responsible for maintaining the Ponton Tenements in good standing and incurring all expenditure on the Ponton 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.

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

## Issue of BFS Shares

- 2.9 If the Company identifies potentially commercially mineable deposits on the Ponton Tenements, it may commission a Bankable Feasibility Study in relation to that deposit. All costs of preparing and commissioning a Bankable Feasibility Study will be borne by the Company.
- 2.10 Once a Bankable Feasibility Study is completed and the decision to mine the identified deposit is formally approved by the management committee of the Ponton Joint Venture:
- 2.10.1 the Company will immediately issue the BFS Shares to Ponton (**Subsequent Completion**); and
  - 2.10.2 Ponton may either:
    - 2.10.2.1 form a mining joint venture in relation to the identified deposit and contribute pro-rata to its interest;
    - 2.10.2.2 sell its interest subject to the conditions of the Ponton JVA 2019; or
    - 2.10.2.3 convert its 30% interest into a 2% net smelter royalty (**Royalty Option**) and register a subordinated security interest against the Company's interest in the mining operations to secure the Company's obligations in respect of the royalty (**Security Interest**).
- 2.11 Further, Mr Creasy or his nominee is entitled to fossick and prospect on the Ponton Tenements for all minerals using a metal detector, handheld implement, mechanised equipment and/or an alluvial plant to recover all minerals.

## 3. SUBSCRIPTION AGREEMENT

- 3.1 The Subscription Agreement provides for a two tranche placement to Independence Group to raise \$9,800,000 (**Subscription Amount**) at an issue price of \$0.036 per share.
- 3.1.1 Tranche 1 of the placement consisted of the issue of 204,435,080 Shares (**Tranche 1 Shares**) together with 102,217,540 Options (**Tranche 1 Options**) (collectively, the **Tranche 1 Securities**) to raise \$7,359,662.88. The terms and conditions of these Options are contained in Annexure A. These Shares and Options were issued pursuant to the Company's existing placement capacity under Listing Rule 7.1 resulting in Independence Group having a shareholding of 11.94% of the Company. Tranche 1 of the placement was conditional on the Company and Independence Group entering into the Legend/IGO JVA 2019 and the Rockford JVA 2019 which were both satisfied at the time of announcing the transactions on 9 July 2019.
  - 3.1.2 Tranche 2 of the placement consists of the issue of 67,787,142 Shares (**Tranche 2 Shares**) together with 33,893,571 Options (**Tranche 2 Options**) (collectively, the **Tranche 2 Securities**) to raise \$2,440,337.12. The terms and conditions of these Options are contained in Annexure B. The issue of these Shares and Options are subject to Shareholder approval pursuant to Resolution 3, which is discussed in Section 6 and ASX granting a waiver from Listing Rule 6.18 in respect of the anti-dilution right described in Section 3.3.1.1 (**Anti-Dilution Right**). On 19 July 2019, ASX granted the Company a waiver to permit Independence Group to be granted the Anti-Dilution Right.
- 3.2 On 11 July 2019, the Company completed the issue of the Tranche 1 Securities to Independence Group (**Tranche 1 Completion**).
- 3.3 Upon the occurrence of Tranche 1 Completion:
- 3.3.1 Independence Group was granted:
    - 3.3.1.1 an anti-dilution right (subject to ASX granting a waiver from Listing Rule 6.18) that will automatically lapse if Independence Group's relevant interest in the Company falls below 10% for a period of more than one month and consists of the following rights and obligations:
      - (a) the right to participate in any Equity Offers conducted by the Company on equivalent terms to other subscribers to ensure Independence Group maintains its Investor Shareholding; and

- (b) the Company must give Independence Group prior notice of any proposed Equity Offer; and
- 3.3.1.2 a right to nominate one director to the Board of the Company for so long as Independence Group holds a relevant interest of not less than 10% in the Company (**Nominee Director**). Subject to Independence Group having the right to nominate a Nominee Director, the Board must recommend that shareholders vote in favour of the election of any Nominee Director appointed as a casual vacancy at the next annual general meeting of the Company. Should Independence Group hold less than a 10% interest in the ordinary shares of the Company for a period of more than one month, Independence Group will procure the resignation of the Nominee Director from the Board of the Company immediately;
- 3.3.2 the Company must apply:
  - 3.3.2.1 \$5,850,000 of the Subscription Amount to in-ground expenditure on the Company's tenure in the Fraser Range; and
  - 3.3.2.2 \$720,000 of the Subscription Amount to Spectrem aerial studies on the Company's tenure in the Fraser Range.
 by 11 July 2021. These work programs shall be overseen by the Board of the Company;
- 3.3.3 Independence Group shall have the right to attend all of the Company's Fraser Range joint venture committee meetings in which Independence Group does not hold a percentage interest, (as an observer); and
- 3.3.4 the Company will not object to the Creasy Group transferring all or any of its pre-emptive rights in relation to all any Creasy Group and Company joint ventures to Independence Group and shall waive any rights therein.

#### 4. **RESOLUTION 1 – APPROVAL OF PONTON JVA 2019**

- 4.1 Resolution 1 seeks Shareholder approval for the Ponton JVA 2019, comprising:
  - 4.1.1 the acquisition of 70% of the Ponton Tenements from Ponton Minerals Pty Ltd; and
  - 4.1.2 the issue of consideration of 55,555,555 Shares at a deemed issue price of \$0.036 each to Ponton Minerals Pty Ltd;
  - 4.1.3 the issue of additional consideration of 277,777,775 Shares at a deemed issue price of \$0.036 each to Ponton Minerals Pty Ltd on completion of a Bankable Feasibility Study; and
  - 4.1.4 the grant and exercise of the Royalty Option and the associated Security Interest to Ponton Minerals Pty Ltd on completion of a Bankable Feasibility Study and formation of a mining joint venture,
 for the purposes of Listing Rule 10.1 and Item 7 of section 611 of the Corporations Act.
- 4.2 Resolution 1 is an ordinary resolution.
- 4.3 The Board recommends that Shareholders vote in favour of Resolution 1.
- 4.4 The Chairperson will call all available proxies in favour of Resolution 1.
- 4.5 In accordance with ASX Listing Rule 10.10, the Notice contains a voting exclusion statement to the effect that the votes of Ponton and its Associates will be disregarded and an independent expert's report has been prepared by BDO (a copy of which is set in Annexure C to this Explanatory Memorandum).

#### **Approval under Listing Rule 10.1**

- 4.6 Listing Rule 10.1 relevantly provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, a related party or a substantial holder (if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities).

- 4.7 Ponton is a substantial holder of the Company because it is controlled by Mr Creasy who, together with his Associates, have a relevant interest in at least 10% of the securities of the Company.
- 4.8 An asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules.
- 4.9 The value of the Consideration Securities which comprise the consideration paid for the Company's interest in the Ponton Tenements 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 21 March 2019. The acquisition of the Ponton Tenements (based on the value of the Consideration Securities) is therefore a substantial asset for the purposes of Listing Rule 10.1.
- 4.10 Additionally, the grant and exercise of the Royalty Option and the grant of the associated Security Interest may also constitute a "disposal" pursuant to Listing Rule 10.1 as the value of the Royalty Option and/or the associated Security Interest granted may exceed 5% of the consolidated equity interests of the Company as stated in the last annual accounts of the Company given to ASX, lodged on 21 March 2019. The Royalty Option and/or the associated Security Interest may therefore be a substantial asset for the purposes of Listing Rule 10.1.
- 4.11 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 C of this Explanatory Memorandum.

**The Independent Expert has concluded that the Ponton JVA 2019 is fair and reasonable to Shareholders not associated with Ponton.**

#### **Approval of issues of securities - compliance with Listing Rule 7.1**

- 4.12 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 under Listing Rule 7.1.
- 4.13 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.
- 4.14 Accordingly, if Shareholders approve the issue of the Consideration Securities for the purposes of Item 7 of section 611 of the Corporations Act, the Company will preserve its 15% placement capacity under Listing Rule 7.1.

#### **Section 611 of the Corporations Act**

- 4.15 Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's voting power in the company increases from:
  - 4.15.1 20% or below to more than 20%; or
  - 4.15.2 a starting point that is above 20% and below 90%.
- 4.16 The voting power of a person in a company is determined by reference to section 610 of the Corporations Act. A person's voting power in a company is the total of the votes attaching to the shares in the company in which that person and that person's associates (within the meaning of the Corporations Act) have a relevant interest, divided by the total number of votes attaching to all voting shares in the Company.
- 4.17 Under section 608 of the Corporations Act a person will have a relevant interest in shares if:
  - 4.17.1 the person is the registered holder of the shares;
  - 4.17.2 the person has the power to exercise or control the exercise of votes or disposal of the shares; or
  - 4.17.3 the person has over 20% of the voting power in a company that has a relevant interest in shares, then the person has a relevant interest in said shares.

- 4.18 For the purpose of determining who is an associate it is necessary to consider section 12 of the Corporations Act. Any reference in Chapters 6 to 6C of the Corporations Act to an associate is as that term is defined in section 12. The definition of 'associate' in section 12 is exclusive. If a person is an associate under section 11, 13 or 15 of the Corporations Act then it does not apply to Chapters 6 to 6C. A person is only an associate for the purpose of Chapter 6 to 6C if they are an associate under section 12 of the Corporations Act.
- 4.19 Under section 12 of the Corporations Act, a person (first person) will be an associate of the other person (second person) if:
- 4.19.1 the first person is a body corporate and the second person is:
    - 4.19.1.1 a body corporate the first person controls;
    - 4.19.1.2 a body corporate that controls the first person; or
    - 4.19.1.3 a body corporate that is controlled by an entity that controls the first person;
  - 4.19.2 the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the board or the conduct of the affairs of the first person; and
  - 4.19.3 the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the affairs of the first person.
- 4.20 The Corporations Act defines 'control' and 'relevant agreement' very broadly as follows:
- 4.20.1 Under section 50AA of the Corporations Act "control" means the capacity to determine the outcome of decisions about the financial and operating policies of a company. In determining the capacity, it is necessary to take into account the practical influence a person can exert and any practice or pattern of behaviour affecting the financial or operating policies of a company.
  - 4.20.2 Under section 9 of the Corporations Act, "relevant agreement" means an agreement, arrangement or understanding:
    - 4.20.2.1 whether formal or informal or partly informal and partly informal;
    - 4.20.2.2 whether written or oral or partly written and partly oral; and
    - 4.20.2.3 whether or not having legal or equitable force and whether or not based on legal or equitable rights.
  - 4.20.3 Associates are determined as a matter of fact. For example, where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the company's business affairs.
  - 4.20.4 Section 611 of the Corporations Act has exceptions to the prohibition in section 606 of the Corporations Act. Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders of a company may approve an issue of shares to a person which results in that person's or another person's voting power in the company increasing from:
    - 4.20.4.1 20% or below to more than 20%; or
    - 4.20.4.2 a starting point that is above 20% and below 90%.
- 4.21 Ponton and its Associates will hold 26.84% of the issued share capital of the Company if the Consideration Shares are issued and no further Shares are issued by the Company (other than the Tranche 2 Shares).
- 4.22 Ponton and its Associates will hold 34.51% of the issued share capital of the Company if the Consideration Shares and the BFS Shares are issued and no further Shares are issued by the Company (other than the Tranche 2 Shares).

#### **Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74**

#### ***The identity of the parties to be issued the Consideration Securities pursuant to the Ponton JVA 2019***

- 4.23 The Consideration Securities will be issued to Ponton.

***Full particulars (including the number and percentage) of Shares in which Ponton (or its associates/nominees) has or will have a relevant interest immediately before and after Initial Completion and Subsequent Completion.***

- 4.24 At the date of this Notice, Ponton and its Associates have an interest in 581,235,000 Shares.
- 4.25 Upon the issue of:
- 4.25.1 the Consideration Shares, Ponton and its Associates will have an interest in an additional 55,555,555 Shares; and
- 4.25.2 the BFS Shares, Ponton and its Associates will have an interest in an additional 277,777,775 Shares,
- for a total interest in an additional 333,333,330 Shares.
- 4.26 Mr Creasy is an associate of and controls Ponton and will have a relevant interest in any Shares acquired by Ponton.
- 4.27 Mr Creasy controls and has a relevant interest in the Shares held by the following Shareholders:
- 4.27.1 Ponton
- 4.27.2 Rockford;
- 4.27.3 Yandal Investments Pty Ltd; and
- 4.27.4 Australian Gold Resources Pty Ltd.
- 4.28 Upon the issue of the of the Consideration Shares and the BFS Shares the maximum Voting Power of Mr Creasy will be 34.51% of the issued Shares in the Company. This represents a maximum increase in voting power of 8.66%.
- 4.29 Table 1 below sets out how Mr Creasy's Voting Power will increase upon the issue of the Consideration Shares and the BFS Shares:

**Table 1**

<b>Increase in Voting Power of Mr Mark Creasy</b>	<b>Total Number of Shares in relation to which Mr Creasy has Voting Power</b>	<b>Cumulative Total Number of Shares on issue</b>	<b>Cumulative Total Number of Shares held by Mr Creasy or his Associates</b>	<b>Percentage Voting Power of Mr Creasy</b>
As at date of Notice	581,235,000	2,248,785,881	581,235,000	25.85%
Issue of Consideration Shares - Resolution 1	55,555,555	2,304,341,436	636,790,555	27.63%
Issue of the Tranche 2 Securities - 67,787,142 Shares – Resolution 3	-	2,372,128,578	636,790,555	26.84%
Issue of BFS Shares - Resolution 1	277,777,775	2,649,906,353	914,568,330	34.51%
<b>Total number of Shares on issue</b>		2,649,906,353	914,568,330	<b>34.51%</b>
<b>Total number of Options on issue</b>		<b>374,111,111</b>		

***An explanation of the reasons for the proposed acquisition***

- 4.30 The proposed acquisition by Ponton of the Consideration Securities will arise as a result of the acquisition of an interest by the Company in the Ponton Tenements.

***The identity, associations (with Ponton) and qualifications of any person who is intended to become a Director if Shareholders approve Resolution 1***

- 4.31 No new Directors will be appointed to the Board if Resolution 1 is approved.

***An explanation of the reasons for the proposed issue of the Consideration Securities***

- 4.32 The proposed issue of the Consideration Securities are being issued as consideration for completion of the Ponton JVA 2019.

***When the issue of the Consideration Securities is to occur***

- 4.33 The issue of the Consideration Shares will occur 7 business days after the satisfaction of the Ponton Conditions.
- 4.34 The issue of the BFS Shares will occur immediately upon the completion of a Bankable Feasibility Study and the decision to mine the identified deposit is formally approved by the management committee of the Ponton Joint Venture.

***Particulars of the terms of the proposed issue of the Consideration Securities and details of the terms of any other relevant agreement between Ponton and the Company or any of their associates which is conditional upon, or directly or indirectly dependent on, Shareholder approval of Resolution 1.***

- 4.35 See Section 2 for a summary of the Ponton JVA 2019.
- 4.36 Initial Completion is conditional upon Tranche 2 Completion under the Subscription Agreement occurring.

***Statement of associated parties' respective intentions regarding the future of the Company if Shareholders pass Resolution 1***

- 4.37 Mr Creasy controls Ponton. Mr Creasy's involvement in introducing the Ponton Tenements the subject of Resolution 1 has allowed the Company access to Mr Creasy's comprehensive geological, geophysical and drilling database over the area with an estimated replacement value of ~\$12 million to the Company (see the Independent Experts Report set out in Annexure C of this Notice for further information). The Directors' assessment of the data confirmed the Company's perception of the high prospectivity of the Ponton Tenements.
- 4.38 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.
- 4.39 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.
- 4.40 There is no present intention for more assets to transfer from Mr Creasy, or Associates, to the Company.

***The future employment of present employees of the entity***

- 4.41 Ponton has no present intention of making changes regarding the future employment of the present employees of the Company.

***The interests of the Directors in Resolution 1***

- 4.42 None of the Directors have any interest in relation to Resolution 1.

***The identity of Directors who approved or voted against the Resolution***

- 4.43 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***

- 4.44 All the Directors recommend that Shareholders vote in favour of Resolution 1 contained in this Notice of Meeting.

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

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

***An analysis of whether the issue of the Consideration Securities to Ponton is fair and reasonable when considered in the context of the Shareholders other than Ponton***

- 4.46 What is fair and reasonable must be judged in all the circumstances of the Ponton JVA 2019. This requires taking into account the likely advantages to Shareholders if Shareholders approve Resolution 1 and the Ponton JVA 2019 is implemented, and comparing them with the disadvantages to Shareholders if the Ponton JVA 2019 is not implemented.
- 4.47 BDO has concluded that the issue of the Consideration Securities is fair and reasonable to Shareholders not associated with Ponton.
- 4.47.1 The Company strongly recommends that Shareholders read the Independent Expert's Report in full, a copy of which is contained in Annexure C.

**5. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS**

- 5.1 As described in Section 3.2, the Company issued the Tranche 1 Securities to Independence Group on 11 July 2019 to raise \$7,359,662.88.
- 5.2 Independence Group is not a related party or an associate of related parties of the Company.
- 5.3 In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.
- 5.4 Resolution 2 is an ordinary resolution.
- 5.5 The Chairman intends to exercise all available proxies in favour of Resolution 2.
- 5.6 The Directors recommend that Shareholders vote in favour of Resolution 2.

**Listing Rule 7.4**

- 5.7 Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1. The Company confirms that the issue of Tranche 1 Securities did not breach Listing Rule 7.1.
- 5.8 The effect of passing Resolution 2 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

**Information required by Listing Rule 7.5**

- 5.9 In accordance with Listing Rule 7.5, information is provided in relation to the Tranche 1 Securities as follows:
- 5.9.1 The Company issued the Tranche 1 Securities pursuant to Listing Rule 7.1 to Independence Group on 11 July 2019 comprising:
- 5.9.1.1 204,435,080 Shares; and
- 5.9.1.2 102,217,540 Options.
- 5.9.2 The Tranche 1 Shares were issued for A\$0.036 per Share to raise \$7,359,662.88. The Tranche 1 Options were issued for nil consideration, as free-attaching options to the Tranche 1 Shares on the basis of one Tranche 1 Option for every two Shares subscribed for.

- 5.9.3 The Tranche 1 Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. The Tranche 1 Options will be granted on the terms and conditions set out in Annexure A of this Notice.
- 5.9.4 The funds raised from the issue of the Tranche 1 Securities are to be used for exploration on the Company's Rockford Project and general working capital purposes.
- 5.9.5 A voting exclusion statement is included in the Notice for Resolution 2.

## **6. RESOLUTION 3 – AUTHORITY TO ISSUE TRANCHE 2 SECURITIES**

- 6.1 Resolution 3 seeks Shareholder approval to issue the Tranche 2 Securities to Independence Group to raise \$2,440,337.12 to fund the Company's exploration on its Rockford tenure in the Fraser Range district of Western Australia.
- 6.2 Resolution 3 is an ordinary resolution.
- 6.3 Independence Group is not a related party or an associate of related parties of the Company.
- 6.4 The Chairperson will cast all available proxies in favour of Resolution 3.
- 6.5 The Directors unanimously recommend that Shareholders approve Resolution 3.
- 6.6 See Section 3 for a summary of the Subscription Agreement.
- 6.7 The Tranche 2 Securities will be issued to Independence Group NL.

### **Listing Rule 7.1**

- 6.8 Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.
- 6.9 Resolution 3 seeks Shareholder approval for the approval of the issue of the Placement Securities pursuant to Listing Rule 7.1. The effect of Shareholders passing Resolutions 2 and 3 will be to preserve the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months, without obtaining prior Shareholder approval.

### **Information required by Listing Rule 7.3**

- 6.10 For the purposes of Listing Rule 7.3, information regarding the issue of the Tranche 2 Securities is provided as follows:
  - 6.10.1 The maximum number of securities that the Company may issue on completion of Tranche 2 is:
    - 6.10.1.1 67,787,142 Shares; and
    - 6.10.1.2 33,893,571 Options.
  - 6.10.2 The Tranche 2 Securities will be issued as soon as reasonably practical after the Meeting and no later than three months after the date of the Meeting.
  - 6.10.3 The Tranche 2 Shares will be issued at an issue price of \$0.036 per Share to raise \$2,440,337.12 in total. The Tranche 2 Options will be issued for nil consideration, as free-attaching options to the Tranche 2 Shares on the basis of one Tranche 2 Option for every two Shares subscribed for.
  - 6.10.4 The Tranche 2 Securities will be issued to Independence Group.
  - 6.10.5 The Tranche 2 Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. The Tranche 2 Options will be granted on the terms and conditions set out in Annexure B of this Notice.
  - 6.10.6 The funds raised from the issue of the Tranche 2 Securities will be used for exploration on the Company's Rockford Project and general working capital purposes.
  - 6.10.7 A voting exclusion statement is included in the Notice for Resolution 3.

## 7. GLOSSARY

<b>Anti-Dilution Right</b>	has the meaning given in Section 3.1.2.
<b>Associate or Associated</b>	has the meaning given in section 12 of the Corporations Act.
<b>ASX</b>	means ASX Ltd (ACN 008 624 691) and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
<b>Bankable Feasibility Study</b>	means the completion of a bankable feasibility study on the Ponton Tenements as defined in the Ponton JVA 2019.
<b>BFS Shares</b>	has the meaning given in Section 2.1.
<b>Board</b>	means the board of Directors of the Company.
<b>BDO</b>	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 C.
<b>Chairman</b>	means the chairman of the Company.
<b>Company</b>	means Legend Mining Limited (ACN 060 966 145).
<b>Consideration Securities</b>	means the Consideration Shares and the BFS Shares.
<b>Consideration Shares</b>	has the meaning given in Section 2.1.
<b>Corporations Act</b>	means Corporations Act 2001 (Cth).
<b>Creasy Group</b>	means Mr Creasy and the entities controlled by Mr Creasy which have an interest in joint venture agreements with the Company.
<b>Director</b>	means a director of the Company.
<b>DMP</b>	means the Department of Mines and Petroleum of Western Australia.
<b>Drill Hole</b>	has the meaning given in Section 2.6.
<b>Equity Offer</b>	means means any issue of equity securities (as defined in the Listing Rules) by the Company, but excludes: <ul style="list-style-type: none"><li>a) the issue of 55,555,555 shares as consideration to in relation to the tenements acquired from Mr Creasy and entry into the Ponton JVA 2019;</li><li>b) equity securities issued pursuant to a pro-rata entitlement issue (including the shortfall) or pursuant to any other rights made available to all shareholders (including Independence Group);</li><li>c) shares, options or performance rights issued under an employee incentive scheme pursuant to and in accordance with ASIC Class Order 14/1000 (or any variation or replacement of that class order);</li><li>d) the exercise or conversion of any equity securities on issue as at the date of the Subscription Agreement; and</li><li>e) issues of equity securities to Independence Group or a related body corporate or to an associate of Independence Group.</li></ul>
<b>Explanatory Memorandum</b>	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
<b>IGO Options</b>	means the free Options to be issued to Independence Group NL under the Subscription Agreement, the terms and conditions of which are set out in Annexure A of this Notice for the Options granted on 11 July 2019 and in Annexure B for the Options proposed under Resolution 3.

<b>Independent Expert</b>	means BDO, for the purposes of ASIC Regulatory Guide 74.
<b>Independent Expert's Report</b>	means the report prepared by the Independent Expert, which is annexed to this Notice as Annexure C and available on the Company's website at <a href="http://www.legendmining.com.au">www.legendmining.com.au</a> .
<b>Independence Group</b>	means Independence Group NL (ACN 092 786 304).
<b>Initial Completion</b>	has the meaning given in Section 2.2.
<b>Interest</b>	has the meaning given in Section 2.1.
<b>Investor Shareholding</b>	means Independence Group's relevant interest in the Company's shares immediately prior to an Equity Offer but excluding any shares acquired by Independence Group from a party other than the Company and without the Company's prior written consent.
<b>Joint Venture</b>	means the unincorporated exploration joint venture to be established if completion occurs under the Ponton JVA 2019.
<b>Legend/IGO JVA 2019</b>	means the Tenement Sale and Exploration Joint Venture Agreement in relation to Western Australian Exploration Licences E28/2675, E28/2676 and E28/2677 the Company and Newsearch have entered into, where the Company will own a 30% free carried interest and Newsearch will own a 70% interest in these three tenements .
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Meeting or General Meeting</b>	means the general meeting of Shareholders convened for the purpose of considering the Resolutions.
<b>Mr Creasy</b>	means Mr Mark Gareth Creasy.
<b>Newsearch</b>	means Independence Newsearch Pty Ltd (ACN 142 192 701), an entity controlled by Independence Group.
<b>Nominee Director</b>	has the meaning given in Section 3.3.1.2.
<b>Notice or Notice of Meeting</b>	means the Notice of General Meeting accompanying this Explanatory Memorandum.
<b>Option</b>	means an option to subscribe for a Share.
<b>Ponton</b>	means Ponton Minerals Pty Ltd (ACN 108 313 024).
<b>Ponton JVA 2019</b>	means the Tenement Sale and Exploration Joint Venture Agreement the Company has entered into with Ponton and Mark Gareth Creasy in relation to Western Australian Exploration Licences E28/1716 and E28/1717 for which the Company is seeking prior shareholder approval under Resolution 1 to provide the consideration to Ponton pursuant to the terms of the Ponton JVA 2019.
<b>Ponton Tenements</b>	means E28/1716 and E28/1717 granted under the Mining Act 1978 (WA)
<b>Ponton Conditions</b>	has the meaning given in Section 2.2.
<b>Relevant Interest</b>	has the meaning given in the Corporations Act.
<b>Resolution</b>	means a resolution contained in the Notice.
<b>Rockford</b>	means Rockford Metals Pty Ltd (ACN 080 211 301).
<b>Rockford JVA 2019</b>	means the Tenement Sale and Exploration Joint Venture Agreement between the Company, Mark Gareth Creasy, Rockford and Newsearch pursuant to which the Company will own a 10% free carried interest, Rockford will own a 30% free carried interest and Newsearch will own a 60% interest in Western Australian Exploration Licences E28/2190 and E28/2191.
<b>Royalty Option</b>	has the meaning given in Section 2.10.2.3.

<b>Section</b>	means a section of this Explanatory Memorandum.
<b>Securities</b>	means Shares and Options.
<b>Security Interest</b>	has the meaning given in Section 2.10.2.3.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a registered holder of a Share.
<b>Spectrem</b>	means Spectrem airborne electromagnetic survey.
<b>Subscription Agreement</b>	has the meaning given in Section 1.2.1.
<b>Subscription Amount</b>	means \$9,800,000.
<b>Subsequent Completion</b>	has the meaning given in Section 2.10.
<b>Substantial Shareholder</b>	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.
<b>Tenement Interests</b>	means a 70% legal and beneficial interest in the Ponton Tenements and the associated mining information.
<b>Tranche 1 Completion</b>	has the meaning given in Section 3.2.
<b>Tranche 1 Options</b>	has the meaning given in Section 3.1.1.
<b>Tranche 1 Securities</b>	has the meaning given in Section 3.1.1.
<b>Tranche 1 Shares</b>	has the meaning given in Section 3.1.1.
<b>Tranche 2 Options</b>	has the meaning given in Section 3.1.2.
<b>Tranche 2 Securities</b>	has the meaning given in Section 3.1.2.
<b>Tranche 2 Shares</b>	has the meaning given in Section 3.1.2.
<b>Voting Power</b>	has the meaning given in the Corporations Act.
<b>WST</b>	means Western Standard Time.

## ANNEXURE A

### TERMS AND CONDITIONS OF TRANCHE 1 UNLISTED OPTIONS ISSUED TO INDEPENDENCE GROUP NL ON 11 JULY 2019

The Options were issued on the following terms:

- a) Each Option shall be issued for no consideration.
- b) The exercise price of each Option will be 7.2 cents ("**Exercise Price**").
- c) Each Option entitles the holder to subscribe for one Share in Legend Mining Limited ACN 060 966 145 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
- d) The Options will lapse at 5:00 pm, Western Standard Time on 11 July 2022 ("**Expiry Date**").
- e) The Options may be transferred at any time in accordance with sections 708(8), 708(10) and 708(11) of the Corporations Act, the ASX Settlement Operating Rules and/or the ASX Listing Rules.
- f) 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.
- g) 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 closing date to exercise the Options.
- h) 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.
- i) 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 ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- j) 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.
- k) Quotation will not be sought for the Options. The Company will make application to ASX for quotation of the Shares issued as a result of the valid exercise of Options.
- l) The Company must take all action necessary (including, without limitation, the issuance of a Cleansing Notice, the issuance of a prospectus under Chapter 6D of the Corporations Act or obtaining exemptions from or modifications to the Corporations Act from the Australia Securities & Investments Commission) to ensure that an offer for sale of the Shares issued on exercise of Options will not require disclosure under section 707(3) of the Corporations Act.
- m) 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.
- n) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

## ANNEXURE B

### TERMS AND CONDITIONS OF TRANCHE 2 UNLISTED OPTIONS TO BE ISSUED TO INDEPENDENCE GROUP NL

The Options are issued on the following terms:

- (a) Each Option shall be issued for no consideration.
- (b) The exercise price of each Option will be 7.2 cents ("**Exercise Price**").
- (c) Each Option entitles the holder to subscribe for one Share in Legend Mining Limited ACN 060 966 145 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
- (d) The Options will lapse at 5:00 pm, Western Standard Time on date that is three years after the date of issue ("**Expiry Date**").
- (e) The Options may be transferred at any time in accordance with the Corporations Act, the ASX Settlement Operating Rules and/or the Listing Rules.
- (f) 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.
- (g) 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 closing date to exercise the Options.
- (h) 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.
- (i) 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.
- (j) 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.
- (k) The Company must take all action necessary (including, without limitation, the issuance of a Cleansing Notice, the issuance of a prospectus under Chapter 6D of the Corporations Act or obtaining exemptions from or modifications to the Corporations Act from the Australia Securities & Investments Commission) to ensure that an offer for sale of the Shares issued on exercise of Options will not require disclosure under section 707(3) of the Corporations Act.
- (l) Quotation will not be sought for the Options. The Company will make application to ASX for quotation of the Shares issued as a result of the valid exercise of Options.
- (m) 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.
- (n) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

**ANNEXURE C**  
**INDEPENDENT EXPERT'S REPORT**



**LEGEND MINING LIMITED**  
**Independent Expert's Report**

**OPINION: FAIR AND REASONABLE**

31 July 2019

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## Financial Services Guide

31 July 2019

**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 enter into a new joint venture agreement with Creasy Group, through the issue of 55.55 million shares in Legend and a subsequent 277.77 million shares in Legend upon completion of certain milestones. Our report will also contemplate a placement of \$9.8 million to Independence Group NL ('**IGO**'). You are being provided with a copy of our report because you are a shareholder of Legend and this Financial Services Guide ('**FSG**') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Notice of Meeting required to be provided to you by Legend to assist you in deciding on whether or not to approve the proposal.

### Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

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 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

We are 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 professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

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 and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

### 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, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain 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. If you have any questions, or don't fully understand our report you should seek professional financial 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 \$28,000.

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 and our directors do not hold any shares in Legend.

**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 Australian Financial Complaints Authority ('AFCA').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('FOS') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website [www.afca.org.au](http://www.afca.org.au) or by contacting it directly via the details set out below.

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001  
AFCA Free call: 1800 931 678  
Website: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)

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

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31 July 2019

The Directors  
Legend Mining Limited  
1/ 8 Kings Park Road  
West Perth WA 6005

Dear Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 9 July 2019, Legend Mining Limited (**'Legend'** or **'the Company'**) announced it had entered into three new joint-venture agreements with a group of entities that are associated with Mr Mark Creasy (**'Creasy Group'**) and Independence Group NL (**'IGO'**). Legend has also announced it has entered into a subscription agreement for a placement to IGO (**'Subscription Agreement'**).

One of the joint-venture agreements is with Ponton Minerals Pty Ltd (**'Ponton'**), which forms part of the group of entities that are associated with Mr Mark Creasy and relates to Legend acquiring a 70% interest in two tenements in exchange for shares in the Company. The consideration for the acquisition is 55,555,555 shares in Legend and 277,777,775 deferred consideration shares, which are to be issued upon completion of a Bankable Feasibility Study (**'BFS'**) and a decision to mine (**'Ponton JVA 2019'**). The Ponton JVA 2019 is subject to shareholder approval.

The Company has also entered into a joint venture agreement with Rockford Metals Pty Ltd (**'Rockford'**) (which also forms part of the Creasy Group) and Independence Newsearch Pty Ltd, a wholly owned subsidiary of IGO (**'Rockford JVA 2019'**). Pursuant to the Rockford JVA 2019, IGO will have a 60% interest over two tenements as well as management rights, with Creasy Group and Legend having free carried interests of 30% and 10% respectively. The other joint-venture agreement is between Legend and IGO, whereby Legend will transfer 70% ownership of two tenements to IGO with the Company retaining a 30% free carried interest (**'Legend/ IGO JVA 2019'**). The Rockford JVA 2019 and the Legend/ IGO JVA 2019 are not subject to shareholder approval.

The Subscription Agreement is with IGO for the issue of 272,222,222 shares in Legend at an issue price of \$0.036 per share, to raise \$9.8 million (**'the Placement'**). The proposed investment will occur in two tranches subject to the satisfaction of the conditions precedent detailed in section 4 of our report. The first tranche of the Placement has been completed, with the Company seeking ratification of the issue of the first tranche of shares per Resolution 2 of the Notice of Meeting, to which our report is attached. The second tranche is subject to shareholder approval.

We have included the Placement in our assessment of whether the Ponton JVA 2019 is fair and reasonable and therefore we refer to the Ponton JVA 2019 and the Placement collectively as **'the Ponton Transaction'**. We note that the requirements for an independent expert's report as detailed further in

section 3 arises as a result of the Company entering into the Ponton JVA 2019. If the Placement was conducted in isolation, an independent expert's report would not be required.

## 2. Summary and Opinion

### 2.1 Requirement for 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 Ponton Transaction is fair and reasonable to the non associated shareholders of Legend ('Shareholders').

Our Report is prepared pursuant to ASX listing rule 10.1 and section 611 of the Corporations Act 2001 Cth ('Corporations Act' or 'the Act') and is to be included in the Notice of Meeting for Legend in order to assist the Shareholders in their decision whether to approve the Ponton 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 Ponton Transaction as outlined in the body of this report. We have considered:

- How the value of a Legend share prior to the Ponton Transaction on a control basis compares to the value of a Legend share following the Ponton Transaction on a minority interest basis;
- Whether a premium for control is being offered in relation to the issue of Legend shares and whether this is appropriate;
- Other factors which we consider to be relevant to Shareholders in their assessment of the Ponton Transaction; and
- The position of Shareholders should the Ponton Transaction not proceed.

### 2.3 Opinion

We have considered the terms of the Ponton Transaction as outlined in the body of this report and have concluded that the Ponton Transaction is fair and reasonable to Shareholders.

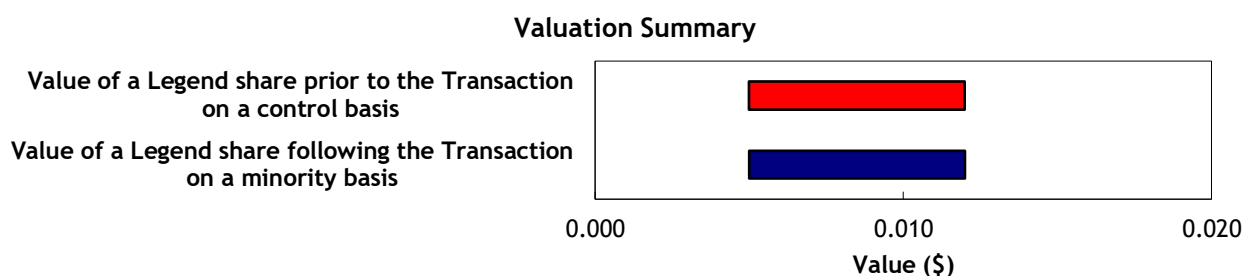
## 2.4 Fairness

In section 12, we determined that the value of a Legend share prior to the Ponton Transaction compares to the value of a Legend share following the Ponton Transaction, as detailed below:

	Ref	Low \$	Preferred \$	High \$
Value of a share in Legend prior to the Ponton Transaction (control)	10	0.005	0.009	0.012
Value of a share in Legend following the Ponton Transaction (minority)	11	0.005	0.008	0.012

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 Ponton Transaction is fair for Shareholders.

## 2.5 Reasonableness

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

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

In our opinion, the position of Shareholders if the Ponton Transaction is approved is more advantageous than the position if the Ponton Transaction is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Ponton Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.1	The Ponton Transaction is fair	13.2.1	Dilution of existing Shareholders' interest
13.1.2	Issue of Deferred Consideration Shares to Creasy Group will likely be value accretive to Shareholders	13.2.2	The Royalty Option provides value and flexibility for Creasy Group
13.1.3	Value of a share in Legend on a minority basis increases as a result of the Ponton Transaction	13.2.3	Security interest granted to Creasy Group
13.1.4	The Tranche Two Shares under the Placement provides further access to funds	13.2.4	Presence of a controlling shareholder with an increased interest may reduce the liquidity of the Company's shares
13.1.5	The structure of the Ponton Transaction allows the Company to retain its cash for exploration expenditure	13.2.5	Anti-dilution rights granted to IGO

Other key matters we have considered include:

Section	Description
13.3	Alternative proposals
13.4	Consequences of not approving the Ponton Transaction
13.5	Other considerations

### 3. Scope of the Report

#### 3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, 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 published accounts. Based on the audited accounts of Legend as at 31 December 2018 the value of the consideration to be paid for the assets acquired is greater than 5% of the book value of the Company's equity.

Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a substantial shareholder of the listed entity with an interest of greater than 10% in the entity's voting securities. Creasy Group is

the largest shareholder of Legend with a 25.85% equity interest in the Company. Therefore, given that Creasy Group holds more than a 10% equity interest in the Company, it is considered a substantial holder. Further, as detailed in section 4, the Company may also grant a royalty option with an associated security interest to Creasy Group in exchange for its ownership interest in the Ponton JVA 2019. The grant and exercise of this royalty option and the grant of the associated security interest may constitute a “disposal” pursuant to Listing Rule 10.1 as the value of the royalty option and/or the associated security interest granted may exceed 5% of the book value of the Company’s equity.

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.

Accordingly, an independent experts’ report is required for the Ponton 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 non-associated shareholders of Legend.

The current shareholders of Creasy Group (and their associates) together own 25.85% of the Company’s issued capital. Section 606 of the Corporations Act expressly prohibits the acquisition of further shares by a party who already holds (with associates) more than 20% of the issued shares of a public company, unless a full takeover offer is made to all shareholders. If approved, Creasy Group’s interest will increase to 34.51%.

Section 611 of the Corporations Act (‘**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, experience and resources; 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 Corporations Act defines the meaning of ‘fair and reasonable’. In determining whether the Ponton 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.

This regulatory guide 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 used to effect 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 Ponton Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Ponton Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

RG 111 also suggests that where the transaction is a related party transaction, the expert should focus on the substance of the related party transaction rather than the legal mechanism used to effect it. Where the related party transaction is a component of a broader transaction, the expert should consider the overall effect of the related party transaction. As determined above, we have treated the Ponton Transaction as a control transaction. However, we have also assessed the related party aspect of the transaction by considering royalty arrangements on comparable transactions.

### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities 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 it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest as such 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 Ponton Transaction (on a control basis) and the value of a Legend share following the Ponton Transaction (on a minority basis); (fairness - see Section 12 'Is the Ponton 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 Ponton Transaction Reasonable?').

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 Ponton Transaction and other events

On 9 July 2019, Legend announced it had entered into three new joint-venture agreements as well as a Subscription Agreement for a placement to IGO. The Ponton JVA 2019 relates to Legend acquiring a 70% interest in two tenements from Creasy Group in exchange for shares in the Company. The consideration for the acquisition is 55,555,555 shares in Legend and 277,777,775 deferred consideration shares, which are to be issued upon completion of a BFS and a decision to mine (subject to shareholder approval).

The Company has also entered into the Rockford JVA 2019 with Creasy Group and IGO. Pursuant to the Rockford JVA 2019, IGO will have a 60% interest over two tenements as well as management rights, with Creasy Group and Legend having free carried interests of 30% and 10% respectively.

The other joint-venture agreement ('JVA') that the Company has entered into is the Legend/ IGO JVA 2019. Under this JVA, the Company will transfer 70% ownership of three tenements to IGO while it retains a 30% free carried interest.

In addition, the Company has entered into a Subscription Agreement for the Placement, which required (and were all satisfied on 7 July 2019):

- execution of the Ponton JVA 2019;
- execution of the Legend/ IGO JVA 2019; and
- execution of the Rockford JVA 2019.

Furthermore, the Ponton JVA 2019 was conditional upon Legend completing a capital raising of at least \$9.0 million (before costs) through the issue of at least 250,000,000 ordinary shares at an issue price of \$0.036 per share. Completion of the Placement will satisfy this condition.

The three JVAs and the Placement are detailed below:

#### The Ponton JVA 2019

Legend has entered into the Ponton JVA 2019 with Creasy Group whereby, subject to shareholder approval, Legend is to acquire a 70% interest of two tenements (E28/1716 and E28/1717) in exchange for 55,555,555 Legend shares ('**Consideration Shares**') and 277,777,775 deferred consideration shares. The deferred consideration shares are to be issued to Creasy Group upon completion of a BFS and decision to mine ('**Deferred Consideration Shares**'). The costs of any BFS are to be paid solely by Legend, and the Company agrees that it shall have procured all Shareholder and regulatory approvals necessary to give effect to the issue. Other key terms of the Ponton JVA 2019 include:

- Legend is to sole fund exploration and free carry Creasy Group's 30% interest through to the signing of mining venture agreements (following completion of the BFS and decision to mine);
- Once a BFS has been completed, Ponton (a part of Creasy Group) may elect to form a separate mining joint venture with Legend in connection with the identified deposit ('**Mining JV**'). The parties will make pro-rata contributions to the Mining JV expenditure and the Company must use its best endeavours to source project finance for the entire mining project, provided that Ponton grants a first ranking security over its Mining JV interests to the Company. Alternatively, Ponton may instead elect to convert its 30% interest in the proposed Mining JV to a 2% net smelter royalty ('**Royalty Option**') or sell its interest;
- If Ponton elects to convert its interest in a Mining JV into a royalty, the Company will grant Ponton a security interest over its interest in the mining operations on the identified deposit to secure its obligations in respect of the royalty ('**Security**'). The Security will rank behind any other security interest granted by the Company against its interest in the mining operations on the identified deposit for the purposes of raising finance for the establishment and operation costs of any mining activity.
- 2,000-metre diamond hole to be drilled on E28/1717 within the first 12 months of the Ponton JVA 2019; and

- If Ponton elects to convert its interest in a Mining JV into a royalty, a net smelter royalty of 2.0% is payable to Creasy Group for any ores, minerals, or other products from any mining operations covered by the Ponton JVA 2019.

The Ponton JVA 2019 is conditional on:

- Legend obtaining necessary shareholder and regulatory approvals; and
- Legend completing a capital raising of at least \$9.0 million (before costs), through the issue of at least 250,000,000 ordinary shares in Legend at an issue price of \$0.036 per share. Completion of the Placement will satisfy this condition.

We note that execution of the Ponton JVA 2019 was a condition precedent of the Placement.

#### The Rockford JVA 2019

The Rockford JVA 2019 between IGO, Creasy Group, and Legend relates to two tenements (E28/2190 and E28/2191) which prior to the Rockford JVA 2019 were wholly-owned by Legend. The Rockford JVA 2019 was executed in July 2019. Pursuant to the agreement, IGO has acquired a 60% interest, management rights and responsibilities, and Creasy and Legend will have free carried interests of 30% and 10% respectively.

The key terms of the Rockford JVA 2019 include:

- IGO is to sole fund exploration and free carry Legend and Creasy Group's interest through to the signing of mining venture agreements (following completion of the BFS and decision to mine); and
- If Creasy Group elects to convert its interest in a Mining JV into a royalty, a net smelter returns royalty of 2.0% is payable to Creasy Group and 0.67% to Legend for any ores, minerals, or other products from mining operations covered by the Rockford JVA 2019.

We note that entering into the Rockford JVA 2019 was a condition precedent of the Placement.

#### The Legend/ IGO JVA 2019

The Legend/ IGO JVA 2019 between IGO and Legend relates to three tenements (E28/2675, E28/2676 and E28/2677) which prior to the Legend/ IGO JVA 2019 were wholly-owned by Legend. The Legend/ IGO JVA 2019 was executed in July 2019. Pursuant to the agreement, IGO has acquired a 70% interest, and will have the management rights and responsibilities.

The key terms of the Legend/ IGO JVA 2019 include:

- IGO is to sole fund exploration and free carry Legend's interest through to the signing of mining venture agreements (following completion of the BFS and decision to mine);
- If Legend elects to convert its interest in a Mining JV into a royalty, a net smelter royalty of 2.0% is payable to Legend for any ores, minerals, or other products from mining operations covered by the Legend/ IGO JVA 2019.

We note that entering into the Legend/ IGO JVA 2019 was a condition precedent of the Placement.

#### Placement

The Company has signed a Subscription Agreement with IGO for a placement of 272,222,222 shares in Legend at an issue price of \$0.036 per share to raise \$9.8 million. It will also issue 136,111,111 options that are exercisable at \$0.072 and expire three years after the date of issue. The proposed investment

will occur in two separate tranches subject to the satisfaction of the conditions precedent. The first tranche of 204,435,080 shares issued to raise \$7,359,663 (**'Tranche One Shares'**), with 102,217,540 attaching options was completed under Legend's existing 15% share placement capacity on 11 July 2019. The second tranche of 67,787,142 shares issued to raise \$2,440,337 (**'Tranche Two Shares'**), with 33,893,571 attaching options is subject to Shareholder approval. The first tranche of options are exercisable at \$0.072 and expire on 11 July 2022 (**'Tranche One Options'**). The second tranche of options are exercisable at \$0.072 and expire three years after the date of issue (**'Tranche Two Options'**). The Tranche One Options and Tranche Two Options are collectively referred to as **'the Placement Options'**.

The first tranche of the Placement was subject to the following conditions precedent:

- Legend and Creasy Group executing the Ponton JVA 2019 (satisfied);
- Legend, IGO and Creasy Group executing the Rockford JVA 2019 (satisfied);
- Legend and IGO entering the Legend/ IGO JVA 2019 (satisfied); and
- Legend not objecting to Creasy Group waiving its right of first refusal over Legend's interests in the other Rockford Project tenements in favour of IGO.

The second tranche of the Placement is conditional upon:

- Legend obtaining all shareholder and regulatory approvals necessary to give effect to the issue; and
- Obtaining a waiver from the requirements under ASX Listing Rule 6.18 for the provision of anti-dilution rights, which gives IGO the right to participate in future equity offers by the Company on equivalent terms to other subscribers. This condition was satisfied on 22 July 2019.

We also note that of the funds raised from the Placement, the Company must apply the following amounts to:

- \$5.85 million to in-ground expenditure on the Company's tenure in the Fraser Range region; and
- \$0.72 million to spectrum aerial studies on the Company's tenure in the Fraser Range region.

Pursuant to the Subscription Agreement, the Company has granted IGO an anti-dilution right that gives IGO the right to participate in any equity offers on equivalent terms to other subscribers to ensure that IGO can maintain its shareholding (**'Anti-Dilution Right'**). The Anti-Dilution Right lapses should IGO's shareholding fall below 10% for a period of more than one month. On 22 July 2019, the Company was granted a waiver from the ASX with respect to the Anti-Dilution Right it has granted to IGO.

## Shareholding following the Ponton Transaction

Following the Ponton Transaction, the potential changes in shareholding are summarised in the table below.

Share structure following the Ponton Transaction	IGO	Creasy Group	Existing Shareholders	Total
<b>Issued Shares prior to the Ponton Transaction</b>	<b>64,181,824</b>	<b>581,235,000</b>	<b>1,398,933,977</b>	<b>2,044,350,801</b>
<i>% holdings prior to the Ponton Transaction</i>	<i>3.14%</i>	<i>28.43%</i>	<i>68.43%</i>	<i>100.00%</i>
Tranche One Shares issued to IGO	204,435,080	-	-	204,435,080
Tranche Two Shares issued to IGO	67,787,142	-	-	67,787,142
Consideration Shares issued to Creasy Group	-	55,555,555	-	55,555,555
<b>Issued Shares following the Ponton Transaction</b>	<b>336,404,046</b>	<b>636,790,555</b>	<b>1,398,933,977</b>	<b>2,372,128,578</b>
<i>% holdings following the Ponton Transaction</i>	<i>14.18%</i>	<i>26.84%</i>	<i>58.97%</i>	<i>100.00%</i>
Deferred Consideration Shares issued to Creasy Group	-	277,777,775	-	277,777,775
<b>Issued Shares following the Ponton Transaction</b>	<b>336,404,046</b>	<b>914,568,330</b>	<b>1,398,933,977</b>	<b>2,649,906,353</b>
<i>% holdings following the Ponton Transaction</i>	<i>12.69%</i>	<i>34.51%</i>	<i>52.79%</i>	<i>100.00%</i>

Source: BDO analysis

We note that the above shareholding structure assumes that the Placement Options issued to IGO are not exercised, nor are the existing options on issue, as these are out-of-the-money. We have presented the maximum interest that can be obtained by Creasy Group as this is the level of approval that is being sought.

Following the issue of the Tranche One Shares and Tranche Two Shares to IGO, and Consideration Shares to Creasy Group, existing Shareholders (excluding IGO) will be diluted from holding 68.43% of the Company's issued capital to 58.97% while Creasy Group's interest will decrease to 26.84% of the Company's total issued capital.

In the event that the performance milestones are met and the Deferred Consideration Shares issued to Creasy Group, its interest will increase to a maximum of 34.51%.

The following table shows the options on issue in the Company prior to the Ponton Transaction and the options to be issued as part of the Ponton Transaction.

Options	Number	Exercise price	Cash raised on exercise
Options on issue prior to the Ponton Transaction	238,000,000	\$0.040	\$9,520,000
Tranche One Options issued to IGO*	102,217,540	\$0.072	\$7,359,663
Tranche Two Options issued to IGO	33,893,571	\$0.072	\$2,440,337
<b>TOTAL</b>	<b>374,111,111</b>		<b>\$19,320,000</b>

Source: BDO analysis

\*We note that the Tranche One Options were issued to IGO on 11 July 2019

## 5. Profile of Legend

### 5.1 History

Legend is an Australian mineral exploration company that listed on the ASX on 25 August 1995. The Company has a portfolio of 12 tenements located in the Fraser Range district of Western Australia, covering approximately 2,379 square kilometres ('km<sup>2</sup>') within the region.

Legend primarily explores for nickel, copper, gold, zinc and silver. The Company's flagship project, the Rockford Project, is located in the Fraser Range ('**Rockford Project**'). The Rockford Project hosts the Area D prospect ('**Area D Prospect**') as well as Shackleton, Crean and Worsley Prospects in the southern portion of its tenement holdings.

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 Anthony Michael Walsh - Company Secretary.

Legend previously owned an Iron ore project in Cameroon that it sold to Jindal Mining and Exploration Limited ('**Jindal**') in late 2014 for which it is still owed \$3 million. Jindal have since agreed to a payment schedule as outlined in Section 5.3.

### 5.2 The Rockford Project

In early 2015, Legend entered a tenement sale and joint venture agreement with the Creasy Group and obtained various exploration datasets that now form the Rockford Project. Since commencement of the JV on 23 September 2015, Legend has spent approximately \$11.2 million on research & development and exploration.

The Rockford Project is located across 12 contiguous exploration licenses. The Rockford Project is comprised of both tenements wholly owned by Legend, which cover 238km<sup>2</sup>, and JVAs between Legend, IGO and Creasy Group covering 2,141km<sup>2</sup>. Legend is the operator and manager of all the joint ventures with the exception of the Rockford JVA 2019 and Legend/ IGO JVA 2019, which are managed by IGO.

The Company has focused on targeting magmatic nickel-copper sulphide style deposits in regional exploration throughout Rockford Project tenure. To date the Area D and Crean Prospects have been identified as prospective for magmatic nickel-copper style mineralisation and the Shackleton and Worsley Prospects have been identified as prospective for volcanogenic massive sulfide style mineralisation.

Further information on the Company's projects can be found in the Independent Technical Specialist and Valuation Report prepared by CSA Global Pty Ltd ('**CSA Global**'), contained in Appendix 3 of our Report.

#### Ponton JVA 2019

The newly entered Ponton JVA 2019 with Creasy Group comprises of two tenements (E28/1716, E28/1717) covering 709km<sup>2</sup> contiguous with Legend's existing Rockford Project tenements. Exploration activities to date have uncovered prospective nickel-copper mineralisation; however, indications from current data suggest the mineralisation identified is discontinuous and sub-economic. As part of the terms of the

Ponton JVA 2019 with Creasy group, Legend are obligated to drill a 2,000-metre diamond hole within the next 12 months at the prospect.

Further information on the Ponton JVA 2019 tenements can be found in the Independent Technical Specialist and Valuation Report prepared by CSA Global, contained in Appendix 3 of our Report.

### 5.3 Corporate events

In August 2016, Legend announced that it had sold 990,000 shares in IGO for cash consideration of \$4.06 million. Legend also received 0.75 million shares in S2 Resources Limited ('S2R') as a result of its demerger with IGO. As at the date of our Report, Legend still holds its shares in S2R.

In January 2017, Legend received a request from Jindal to consider a deferral of payment for \$3 million owing from the sale of its Cameroon iron ore project. Given that Jindal was restructuring its debt, Legend impaired the outstanding receivable in full. On 8 May 2019, Jindal and Legend announced the agreement of a \$3 million payment schedule relating to the proceeds from the sale of its Cameroon iron ore project. The outstanding amount is to be paid in monthly instalments of \$250,000 commencing on 31 October 2019, with the final payment of \$250,000 on 15 October 2020. The amount outstanding will accrue interest at 4% per annum to be paid quarterly. We note that a further amount of \$5.5 million is payable by Jindal to Legend upon the first commercial iron ore shipment from the project.

In February 2017, Legend announced the purchase of two exploration tenements covering 238km<sup>2</sup> that were contiguous with its existing Rockford Project tenements from Musgrave Minerals Limited. The consideration for the transaction was 10 million Legend shares and 10 million options exercisable at \$0.04 expiring 30 March 2021.

During July and August 2017, the Company sold 3.0 million shares in Artemis Resources Limited ('Artemis') for net consideration of \$0.47 million.

On 11 July 2019, Legend issued 204,435,080 ordinary shares and 102,217,540 unlisted options under Tranche One of the Placement which raised \$7,359,663. The options are exercisable at \$0.072, expiring on 11 July 2022. The Company is seeking ratification of this issue to renew its outstanding placement capacity under ASX Listing Rule 7.1.

## 5.4 Historical Statements of Financial Position

Statement of Financial Position	Audited as at 31-Dec-18 \$	Audited as at 31-Dec-17 \$	Audited as at 31-Dec-16 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3,323,829	4,469,964	6,673,674
Trade and other receivables	64,012	39,630	31,243
Other financial assets	117,279	289,868	402,308
<b>TOTAL CURRENT ASSETS</b>	<b>3,505,120</b>	<b>4,799,462</b>	<b>7,107,225</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	5,775	5,775	5,775
Property, plant and equipment	109,099	149,039	156,479
Deferred exploration costs	10,012,564	9,676,532	7,712,131
<b>TOTAL NON-CURRENT ASSETS</b>	<b>10,127,438</b>	<b>9,831,346</b>	<b>7,874,385</b>
<b>TOTAL ASSETS</b>	<b>13,632,558</b>	<b>14,630,808</b>	<b>14,981,610</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	288,483	62,580	89,021
Provisions	164,498	131,882	94,190
<b>TOTAL CURRENT LIABILITIES</b>	<b>452,981</b>	<b>194,462</b>	<b>183,211</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	97,425	86,592	64,288
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>97,425</b>	<b>86,592</b>	<b>64,288</b>
<b>TOTAL LIABILITIES</b>	<b>550,406</b>	<b>281,054</b>	<b>247,499</b>
<b>NET ASSETS</b>	<b>13,082,152</b>	<b>14,349,754</b>	<b>14,734,111</b>
<b>EQUITY</b>			
Contributed equity	60,711,242	60,711,242	60,588,031
Reserves	23,268,278	23,268,278	23,208,778
Accumulated losses	(70,897,368)	(69,629,766)	(69,062,698)
<b>TOTAL EQUITY</b>	<b>13,082,152</b>	<b>14,349,754</b>	<b>14,734,111</b>

Source: Audited financial statements of Legend for the years ended 31 December 2018, 2017 and 2016

### Commentary on Historical Statements of Financial Position

- Cash and cash equivalents decreased from \$6.67 million at 31 December 2016 to \$4.47 million at 31 December 2017 primarily as a result of payments of \$1.16 million to suppliers and employees, research & development and exploration costs of \$2.76 million. However, cash inflows from the sale of \$0.47 million of investments and receipt of a \$1.04 million R&D refund lowered the net cash outflows for the period.
- Cash and cash equivalents then decreased from \$4.47 million at 31 December 2017 to \$3.32 million at 31 December 2018 largely as a result of \$1.06 million in payments to suppliers and employees, research & development and exploration expenditure of \$2.92 million. These cash outflows were partially offset by the receipt of a R&D refund of \$2.58 million. The R&D refund

received in 2018 related to a \$1.30 million R&D refund for expenditure in 2017 and \$1.28 million R&D refund for expenditure in 2018.

- Deferred exploration costs increased to \$10.01 million as at 31 December 2018 from \$9.68 million at 31 December 2017, as a result of \$2.92 million of expenditure throughout the year. This was partially offset by the receipt of R&D refunds of \$2.58 million in aggregate pertaining to 2017 and 2018 R&D expenditure.
- During 2017, Legend purchased two exploration licenses from Musgrave Minerals Ltd in the Fraser Range district for non-cash consideration of 10 million shares in Legend and attaching unlisted options exercisable at \$0.04 each by 30 March 2021.
- Trade and other payables increased to \$0.29 million as at 31 December 2018 from \$0.06 million a year earlier. The balance largely comprised \$0.23 million of unsecured trade payables which are typically settled on 30-day terms.
- Current and non-current provisions of \$0.16 million and \$0.10 million respectively as at 31 December 2018 relate to employee benefits accrued.

## 5.5 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 31-Dec-18	Audited for the year ended 31-Dec-17	Audited for the year ended 31-Dec-16
	\$	\$	\$
Finance revenue	223,469	267,989	407,180
Other income	-	-	123,007
Net gain/(loss) on revaluation of financial assets	(172,588)	353,632	1,624,178
Employee benefits	(301,634)	(569,415)	(527,796)
Other expenses	(47,097)	(39,199)	(14,136)
Corporate & administration expenses	(969,752)	(561,575)	(507,942)
Share based payments expense	-	(18,500)	(206,200)
Impairment of Jindal receivable	-	-	(3,005,000)
Impairment of deferred exploration costs	-	-	(492,882)
<b>Loss from continuing operations before income tax</b>	<b>(1,267,602)</b>	<b>(567,068)</b>	<b>(2,599,591)</b>
Income tax expense	-	-	-
<b>Loss from continuing operations after income tax</b>	<b>(1,267,602)</b>	<b>(567,068)</b>	<b>(2,599,591)</b>
<b>Total comprehensive loss for the year</b>	<b>(1,267,602)</b>	<b>(567,068)</b>	<b>(2,599,591)</b>

Source: Audited financial statements of Legend for the years ended 31 December 2018, 2017 and 2016

### Commentary on Historical Statements of Comprehensive Income

- During the year ended 31 December 2016, Legend recorded a net gain on revaluation of financial assets of \$1.62 million. The gain was primarily the result of changes in the fair value of the Company's IGO shares and other equity investments classified as held for trading. The equity investments held for trading over the period were the Company's shares in IGO and Artemis, and its shares and options in Nemex Resources Limited ('Nemex').
- The impairment of the Jindal receivable in 2016 was a result of Jindal requesting deferral of the \$3 million payment relating to the proceeds from the sale of its Cameroon iron ore project. This resulted in Legend impairing the outstanding balance in full. On 8 May 2019, Jindal and Legend announced the agreement of a \$3 million payment schedule relating to the proceeds from the sale of its Cameroon iron ore project. The \$3 million outstanding amount is to be paid in monthly instalments of \$250,000 commencing on 31 October 2019, with the final payment of \$250,000 on 15 October 2020. The amount outstanding will accrue interest at 4% per annum.
- Finance revenue of \$0.22 million for the year ended 31 December 2018 comprised of \$0.10 million in bank interest and \$0.12 million of other finance income relating to interest payments owing from Jindal's purchase of Legend's Cameroon Iron ore project.
- Corporate and administration expenses of \$0.97 million for the year ended 31 December 2018 comprised of audit, share registry, and ASX fees, in addition to other ancillary expenses, such as legal and travel expenses.

## 5.6 Capital Structure

The share structure of Legend as at 24 July 2019 is outlined below:

	Number
Total ordinary shares on issue	2,248,785,881
Top 20 shareholders	1,361,863,848
Top 20 shareholders - % of shares on issue	60.56%

Source: Share registry information

The range of shares held in Legend as at 24 July 2019 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	% Issued Capital
1-1,000	104	27,281	0.00%
1,001-5,000	118	436,211	0.02%
5,001-10,000	290	2,476,495	0.11%
10,001-100,000	1,766	83,330,862	3.71%
100,001 - and over	1,262	2,162,515,032	96.16%
<b>TOTAL</b>	<b>3,540</b>	<b>2,248,785,881</b>	<b>100.00%</b>

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 24 July 2019 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Creasy Group	581,235,000	25.85%
Independence Group NL	268,616,904	11.94%
Wilson Group	128,748,200	5.73%
Bailey Group	123,212,230	5.48%
Subtotal	1,101,812,334	49.00%
Others	1,146,973,547	51.00%
<b>Total Ordinary Shares on Issue</b>	<b>2,248,785,881</b>	<b>100.00%</b>

Source: Share registry information

The options on issue at 24 July 2019 are outlined below:

Current Options on Issue	Number
Unlisted options -- Expiry Date 23 September 2020, exercisable at \$0.040	150,000,000
Unlisted options -- Expiry Date 30 March 2021, exercisable at \$0.040	88,000,000
Unlisted options -- Expiry Date 11 July 2022, exercisable at \$0.072*	102,217,540
<b>TOTAL</b>	<b>340,217,540</b>

Source: Audited financial statements of Legend for the year ended 31 December 2018 and Appendix 3B

\*We note that the Tranche One Options were issued to IGO on 11 July 2019

## 6. Profile of Creasy Group

### 6.1 Overview

The Creasy Group represents the ownership interests of Western Australian prospector Mark Creasy and his associates, which together own a 25.85% equity interest in Legend. In addition, Creasy Group are party to JVAs across nine tenements with Legend Mining (including the newly signed Ponton JVA 2019). The Creasy Group privately own multiple tenements within the Fraser Range region and surrounding areas to the south of the Rockford Project. Creasy Group have previously held significant interests in other listed exploration companies active in the Fraser Range region, such as Sirius Resources Limited and Galileo Mining Limited.

## 7. Economic analysis

### Domestic growth

On 2 July 2019, the Reserve Bank of Australia ('RBA') lowered the official cash rate 25 basis points to an all-time low of 1.0%. The RBA's cut to the cash rate follows lower expected Gross Domestic Product ('GDP') forecasts of approximately 2.75% over both 2019 and 2020, as well as concerns of slowing growth in consumption.

During the March quarter, consumption grew slightly below-trend at 1.8% and remains flat when measured in per capita terms. Consumption growth has remained subdued, impacted by low income growth and declining house prices. In other areas of the economy, increasing infrastructure investment has negated slowing growth and an uptick in resource sector activity has bolstered domestic exports. Although uncertainty still pervades the domestic outlook for consumption.

One contributing factor to slowing domestic consumption growth has been recent softness in the housing market. House prices in Perth and Darwin have continued to fall in recent months while prices in Sydney and Melbourne have tentatively stabilised. Sale volumes and turnover remain low nationally, while further weakness in housing construction is forecast, and overall demand for credit by property investors remains flat. Dwelling investment has also declined in recent quarters and is expected to fall further given notable declines in new building approvals over the last 18 months.

### Unemployment

Conditions in the Australian labour market continued to be strong, with the unemployment rate averaging 5.2% at the end of the March quarter. While a small increase in private sector wage growth was observed during the period, overall wage growth remains low with little improvement in average hourly earnings. Strong employment growth over the past year, coupled with low levels of real wage growth, suggests that the domestic economy has capacity to sustain lower rates of unemployment and underemployment. Forward-looking indicators for the unemployment rate, namely job advertisements and employment intentions, suggest subdued employment growth in the near term. Contributing further supporting evidence for the RBA's July rate cut.

### Inflation

There has been relatively little change in the domestic inflation rate in recent months, suggesting a lack of inflationary pressures across the economy. The RBA revised its inflation forecasts lower in the March

quarter with the underlying inflation expectations at 1.75% for 2019 and 2.0% for 2020. However, current accommodative monetary policy is anticipated to place increasing pressure on the inflation rate, with the central scenario for underlying inflation to reach 2.0% in 2020 increasing further thereafter.

### Currency movements

The Australian dollar is currently at the low end of the narrow range that it has been trading recently. Movements in the Australian dollar tend to be related to developments in commodity prices and interest rate differentials. Since the start of the year, these two forces have been working in offsetting directions, with commodity prices in iron ore and gold increasing significantly in June 2019 and Australian bond yields declining relative to those in other major markets.

Source: [www.rba.gov.au](http://www.rba.gov.au) Statement by Philip Lowe, Governor: Monetary Policy Decision 2 July 2019 and Statement on Monetary Policy May 2019

## 8. Industry analysis

### 8.1 Copper

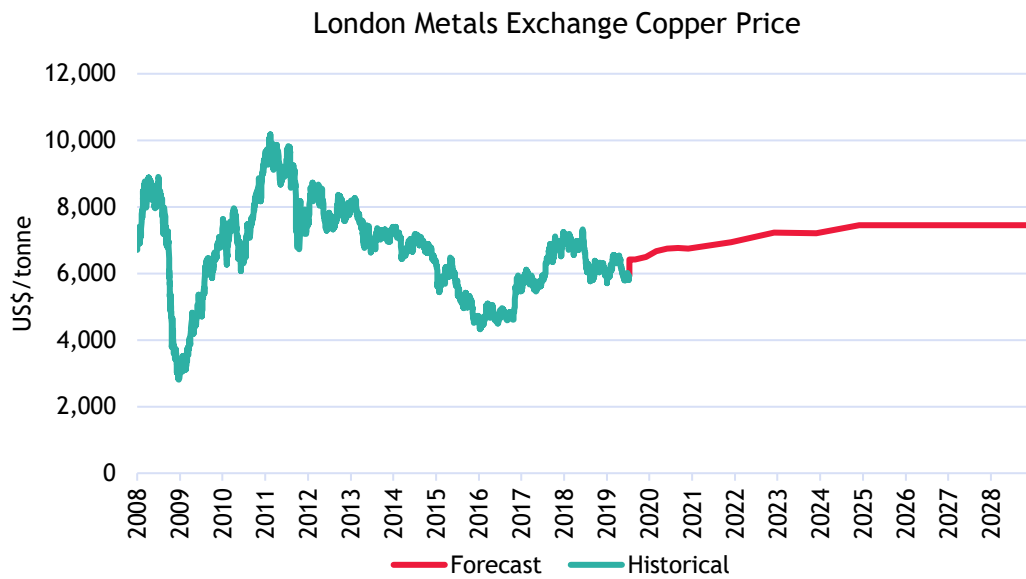
Copper is the third most used metal worldwide in terms of volume. Copper has a wide range of applications, as it is malleable, conducts heat and electricity well, and is resistant to corrosion. It is used extensively in electrical products, vehicle components, construction and infrastructure developments. Industry revenue is primarily driven by demand for copper tubes and wire that are commonly used in the building and construction sector.

### Copper Price

Following a deterioration in global economic conditions in 2008, base metal prices, including copper, fell sharply. The copper price recovered over 2010 and 2011, to reach a high of approximately US\$10,180 per tonne in February 2011. The recovery in the copper price reflected a steady increase in demand for base metals, following a pick-up in global industrial production after the Global Financial Crisis.

The copper price steadily declined between 2011 and 2017, before increasing in price in mid-February 2017 as a result of strike action at the world's largest copper mine Escondida, located in Chile.

The average copper price from January 2019 through July 2019 was US\$6,147/t, ranging from a low of US\$5,713/t on 3 January 2019 to a high of US\$6,555/t on 2 February 2019. According to Consensus Economics, the long term forecast copper price is expected to be between approximately US\$7,000 per tonne and US\$7,500 per tonne.



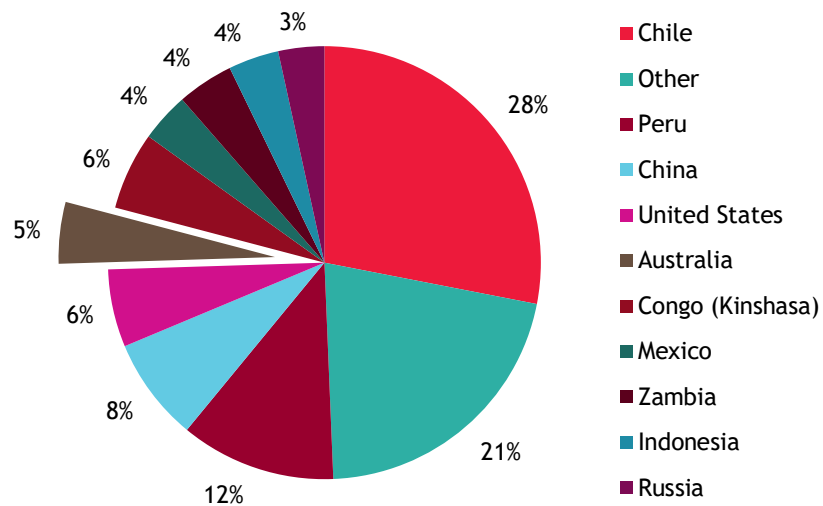
Source: Bloomberg and Consensus Economics

### Copper Production

The majority of the world's copper supply is mined in Central and South America, specifically, Chile and Peru. Chile is the world's largest copper producer, with an estimated 5,800 tonnes of copper mined throughout 2018, or approximately 28% of the world copper production. The International Copper Study Group ('ICGS') expects global copper production to grow by approximately 1.2% in 2019, down from 2% growth that was expected for 2018. ICGS is expecting production growth in 2019 to be impacted by a sharp decline in output from the Grasberg Copper Mine in Indonesia, the world's second largest copper mine.

U.S Geological Survey, estimated that Australia accounted for approximately 5% of the total world copper production for 2018. The graph below exhibits estimated production output for 2018:

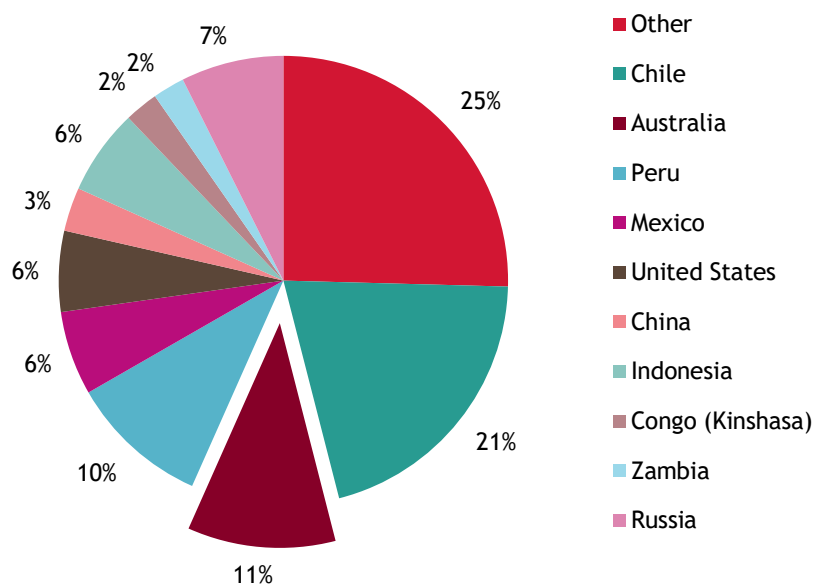
**Copper Production by Country  
2018**



Source: U.S. Geological Survey

A figure illustrating the world's copper reserves is illustrated below:

**Copper Reserves by Country  
2018**



Source: U.S. Geological Survey

## 8.2 Nickel

Nickel is primarily sold for use as a refined metal in the form of cathode, powder, or briquette. It is also sold as a ferronickel, and approximately 65% of nickel consumed in the developed world is used to make stainless steel and other non-ferrous alloys. It is widely regarded for its corrosion resistance and is commonly used in super-alloys for fabrication of critical engine components and for other performance products and industries. Other uses include rechargeable batteries, catalysts, plating and foundry products.

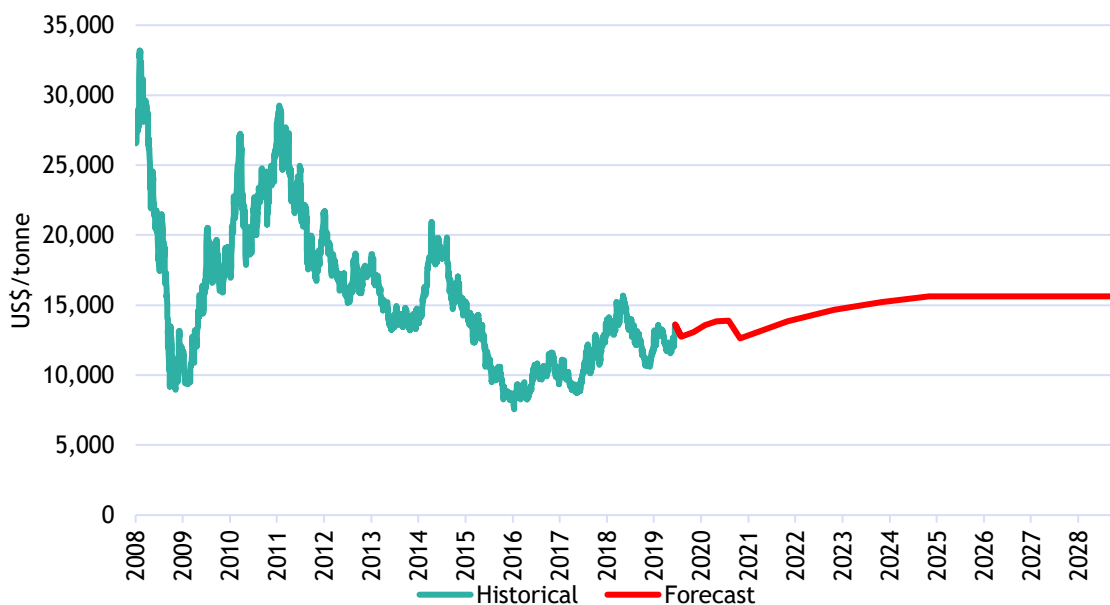
### Nickel Price

In the aftermath of the global financial crisis, the Nickel price fell alongside most other base metals and commodities. The Nickel price recovered over 2010 and 2011, reaching a high of approximately US\$29,281 per tonne in February 2011 but has never retraced its pre-crisis highs.

The nickel price steadily trended downwards between 2011 and 2017 with the exception of a significant price spike in mid-2014 resulting from an Indonesian government ban on Nickel exports. Indonesia is the world's largest nickel producer, and while the price impact of the ban was short-lived, renewed concerns have begun to push up the nickel price in recent months as speculators and buyers anticipate future supply shortages.

The average nickel price from January 2019 through July 2019 was US\$12,348.14/t, ranging from a low of US\$10,791/t on 2 January 2019 to a high of US\$13,595/t on 15 July 2019. According to Consensus Economics, the long term forecast nickel price is expected to be between approximately US\$15,000 per tonne and US\$16,000 per tonne.

London Metals Exchange Nickel Price

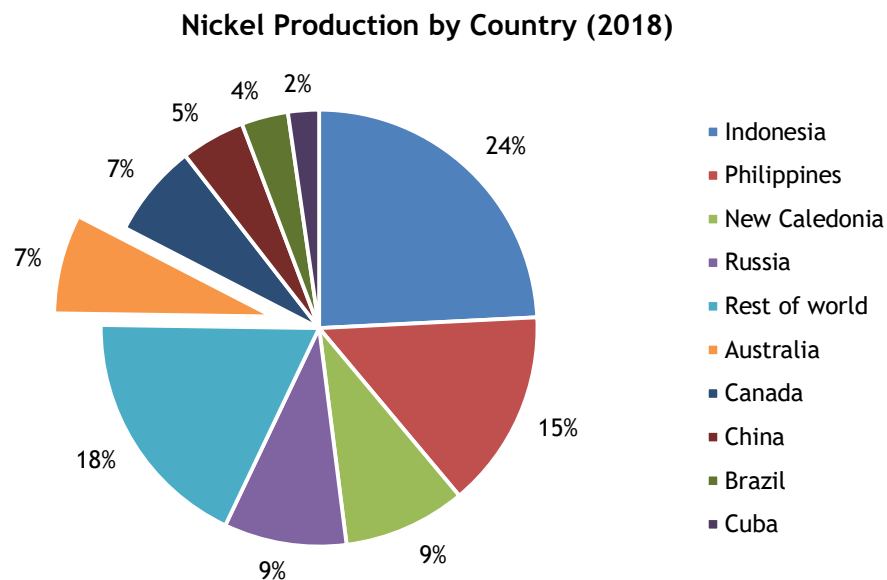


Source: Bloomberg and Consensus Economics

## Nickel Production

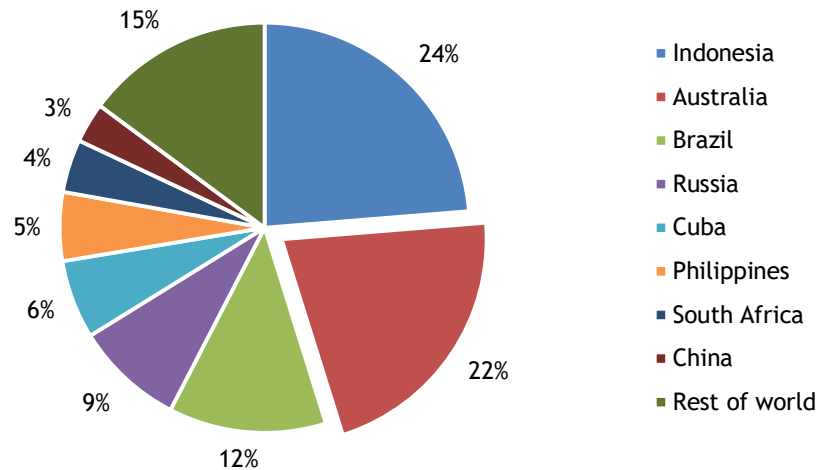
In 2018, the majority of the world's Nickel was produced in Indonesia (24%), the Philippines (15%), and New Caledonia (9%). Indonesia is the world's largest Nickel producer, with an estimated 560,000 tonnes of mined throughout 2018. While overall production has increased in response to higher prices, in recent years production of refined nickel has decreased as the lower relative cost of nickel pig iron has attracted demand from steel producers. Another key production trend has been the increasing volume of nickel sulfate sold, buoyed by increasing demand for batteries used in electric vehicles and energy storage.

An IBIS World report estimated that Australia contributed approximately 7% of the total world nickel production in 2018 and is anticipated to rise 4% as domestic producers increase output to capitalise on higher prices. The graphs below illustrate estimated production output for 2018 and nickel reserves by country:



Source: U.S. Geological Survey

**Nickel Reserves by Country**



Source: U.S. Geological Survey

### 8.3 Other Commodities

#### Gold

Gold is a soft malleable metal which is highly desirable due to its rarity and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however in more recent history there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe haven investment during periods of economic uncertainty.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling.

#### Zinc

Zinc is the 24<sup>th</sup> most abundant naturally occurring element. The most commonly occurring form of zinc ore is sphalerite, or zinc sulfide, and it is the principal ore mineral in the world. Zinc is necessary to modern society, and, in tonnage produced, stands fourth among all metals in world production - exceeded only by iron, aluminium, and copper. The largest known resources are located in Australia, China, Peru and Mexico.

## 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')
- Market based assessment.

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of a Legend share, we have chosen to employ the following methodologies:

### 9.1 Valuation of a Legend share prior to the Ponton Transaction

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

- NAV on a going concern basis as our primary valuation methodology; and
- QMP as our secondary methodology as this represents the value that a Shareholder can receive for a share if sold on market.

We have chosen these methodologies for the following reasons:

- Legend's mineral assets do not currently generate any income nor are there any historical profits that could be used to represent future earnings, so the FME approach is not appropriate;
- Legend currently has no foreseeable future net cash inflows, so the application of the DCF valuation approach is not appropriate;
- Consequently, we have adopted the NAV approach as our primary valuation method. Legend's mineral assets are currently not producing assets and no revenue or cash flows are currently generated by these assets. Therefore, we consider that the NAV approach is best suited for the valuation;
- The core value of Legend lies in the mineral assets that it holds. We have commissioned CSA Global to provide an independent market valuation of the Company's mineral assets, which we have incorporated into our NAV approach; and
- We have adopted QMP as our secondary approach. The QMP basis is a relevant methodology to consider because Legend's shares are listed on the ASX. This means there is a regulated and observable market where Legend's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the listed shares should be liquid and the market should be fully informed of the Company's activities.

## 9.2 Valuation of a Legend share following the Ponton Transaction

In our assessment of the value of a Legend share following the Ponton Transaction, we have chosen to employ the NAV approach.

We have chosen this methodology for the following reason:

- Legend's mineral assets currently held, nor the tenements to be acquired under the Ponton Transaction, generate any income nor are there any historical profits that could be used to represent future earnings, so the FME approach is not appropriate;
- Following the Ponton Transaction, Legend has no foreseeable future net cash inflows, so the application of the DCF valuation approach is not appropriate;
- The core value of Legend lies in the mineral assets that it holds. We have commissioned CSA Global to provide an independent market valuation of the Company's mineral assets and the assets acquired as part of the Ponton Transaction, which we have incorporated into our NAV approach;
- Consequently, we have adopted the NAV approach as our primary valuation method. Legend's mineral assets and the assets to be acquired are currently not producing and no revenue or cash flows are currently generated by these assets. Therefore, we consider that the NAV approach is best suited for the valuation; and
- We do not consider a cross check for the valuation of a Legend share following the Ponton Transaction to be appropriate because a cross check of the value of a share in Legend prior to the Ponton Transaction has been performed. Further, CSA Global has performed a cross check of its valuation of the tenements acquired under the Ponton JVA 2019, which is the key difference between the pre and post valuations.

## 10. Valuation of Legend prior to the Ponton Transaction

### 10.1 Net asset value of Legend

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

Net asset valuation	Notes	Audited as at 31-Dec-18 \$	Low valuation \$	Preferred valuation \$	High valuation \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	a	3,323,829	8,984,999	8,984,999	8,984,999
Trade and other receivables		64,012	64,012	64,012	64,012
Other financial assets		117,279	117,279	117,279	117,279
<b>TOTAL CURRENT ASSETS</b>		<b>3,505,120</b>	<b>9,166,290</b>	<b>9,166,290</b>	<b>9,166,290</b>
<b>NON-CURRENT ASSETS</b>					
Other financial assets		5,775	5,775	5,775	5,775
Property, plant and equipment		109,099	109,099	109,099	109,099
Deferred exploration costs	b	10,012,564	3,230,000	10,770,000	17,290,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,127,438</b>	<b>3,344,874</b>	<b>10,884,874</b>	<b>17,404,874</b>
<b>TOTAL ASSETS</b>		<b>13,632,558</b>	<b>12,511,164</b>	<b>20,051,164</b>	<b>26,571,164</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		288,483	288,483	288,483	288,483
Provisions		164,498	164,498	164,498	164,498
<b>TOTAL CURRENT LIABILITIES</b>		<b>452,981</b>	<b>452,981</b>	<b>452,981</b>	<b>452,981</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions		97,425	97,425	97,425	97,425
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>97,425</b>	<b>97,425</b>	<b>97,425</b>	<b>97,425</b>
<b>TOTAL LIABILITIES</b>		<b>550,406</b>	<b>550,406</b>	<b>550,406</b>	<b>550,406</b>
<b>NET ASSETS</b>		<b>13,082,152</b>	<b>11,960,758</b>	<b>19,500,758</b>	<b>26,020,758</b>
Shares on issue (number)			2,248,785,881	2,248,785,881	2,248,785,881
Value per share (\$) (control)			\$0.005	\$0.009	\$0.012

Source: BDO analysis, audited financial statements for the year ended 31 December 2018 and unaudited management accounts for the half year ended 30 June 2019

#### Note a) Cash and cash equivalents

Management have provided us with the unaudited management accounts for the half year ended 30 June 2019. We have adjusted the audited cash and cash equivalents balance at 31 December 2018 to the balance at 30 June 2019, which we have verified by obtaining bank statements to support this balance. Furthermore, we have included the proceeds of the Tranche One investment that occurred on 11 July 2019. These adjustments are set out in the table below.

<b>Cash and cash equivalents</b>	<b>\$</b>
Cash balance as at 31 December 2018	<b>3,323,829</b>
Payments to suppliers and employees	(261,553)

Cash and cash equivalents	\$
Employee payments	(131,300)
Interest received	98,247
Once off cost (R&D Tax Incentive Grant)	(197,162)
Purchase of property plant & equipment	(4,200)
Payments for exploration and evaluation	(1,202,525)
Net cash movement	(1,698,493)
Cash balance as at 30 June 2019	1,625,336
Proceeds from Tranche One investment	7,359,663
<b>Adjusted cash and cash equivalents</b>	<b>8,984,999</b>

Source: BDO analysis, audited financial statements for the year ended 31 December 2018 and unaudited management accounts for the half year ended 30 June 2019

### Note b) Deferred exploration costs

The book value of deferred exploration costs reflect capitalised historical expenditure. As stated in section 9.1 of our Report, we instructed CSA Global to provide an independent market valuation of the mineral assets of Legend. For our NAV we have used the below range of values for each of Legend's exploration assets, as assessed by CSA Global. We note that the below values presented for the Rockford JVA 2019 and the Legend/ IGO JVA 2019 represent Legend's ownership interest following execution of the respective JVAs.

Mineral Asset Valuation	Low value \$m	Preferred value \$m	High value \$m
Rockford JVA 2019	0.13	0.25	0.50
Legend/ IGO JVA 2019	0.02	0.06	0.09
Other Rockford tenements (70% ownership)	2.59	8.96	14.00
Other Rockford tenements (100% ownership)	0.50	1.50	2.70
<b>Total</b>	<b>3.23</b>	<b>10.77</b>	<b>17.29</b>

Source: CSA Global - Valuation of the Mineral Assets of Legend Mining, July 2019

\*The above values have been taken from the CSA Global report and are subject to rounding by CSA Global

Further information on the above valuations can be found in CSA Global's report in Appendix 4 of our Report.

## 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.

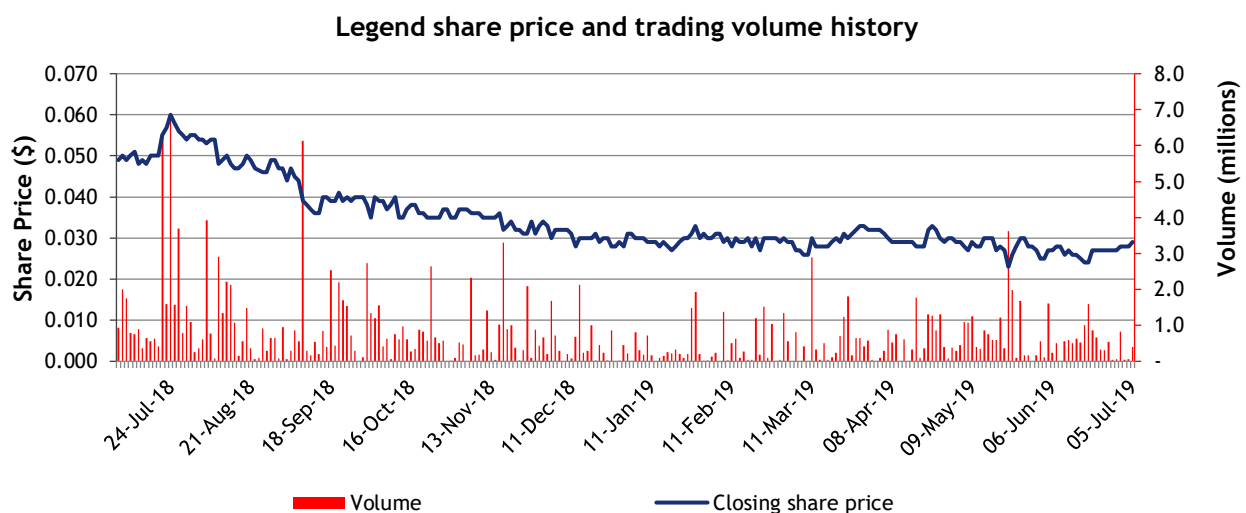
Whilst Creasy Group will not be obtaining 100% of Legend, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. The expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been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

The Company entered a trading halt on 8 July 2019 and information on the Ponton Transaction was announced to the market on 9 July 2019. Therefore, the following chart provides a summary of the share price movement over the 12 months to 5 July 2019, which was the last full trading day prior to the announcement.



Source: Bloomberg

The daily price of Legend shares from 5 July 2018 to 5 July 2019 has ranged from a low of \$0.023 on 22 May 2019 to a high of \$0.060 on 24 July 2018. Legend's share price and the daily volume of shares

exhibited a downward trend over the year. The highest single day of trading over the assessed period was on 24 July 2018 (the same day as Legend's highest share price), when 6,838,014 shares were traded.

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)		
05/06/2019	Worsley VMS Prospectivity Elevated by New Assay Results	0.027	▲	8.0%	0.028	▲	3.7%
13/05/2019	Exploration Update at Area D	0.028	►	0.0%	0.030	▲	7.1%
08/05/2019	\$3m payment schedule agreed with Jindal	0.027	▼	3.6%	0.028	▲	3.7%
01/05/2019	Assays Strengthen Potential of Rockford South Prospects	0.030	▲	3.4%	0.029	▼	3.3%
05/04/2019	Quarterly Cashflow Report	0.030	▼	3.2%	0.029	▼	3.3%
25/03/2019	Drilling Commences at Rockford	0.031	▲	3.3%	0.033	▲	6.5%
16/01/2019	Quarterly Activities & Cashflow Reports	0.029	▲	3.6%	0.028	▼	3.4%
21/12/2018	2 Conductors Identified in VMS Trend at Shackleton, Rockford	0.030	▲	3.4%	0.028	▼	6.7%
05/12/2018	2 New Prospects Identified from Rockford South Aircore Assays	0.032	▲	6.7%	0.032	►	0.0%
19/11/2018	Multiple New Conductors Enhance Prospectivity at Area D	0.033	▲	3.1%	0.032	▼	3.0%
23/10/2018	Drill Results Confirm VHMS Prospectivity at Rockford South	0.035	►	0.0%	0.037	▲	5.7%
09/10/2018	Quarterly Activities & Cashflow Reports	0.038	▲	2.7%	0.035	▼	7.9%
06/09/2018	Exploration Update - Rockford Project	0.044	▼	2.2%	0.037	▼	15.9%
14/08/2018	New Prospective Trend Identified at Rockford Project	0.048	▼	4.0%	0.048	►	0.0%
07/08/2018	New EM Survey at Area D Rockford Project	0.054	▲	1.9%	0.049	▼	9.3%
17/07/2018	Aircore Drilling Update - Rockford Project	0.050	▲	4.2%	0.055	▲	10.0%
11/07/2018	Quarterly Activities & Cashflow Reports	0.051	▲	2.0%	0.048	▼	5.9%

Source: BDO analysis and Bloomberg

On 11 July 2018, Legend released its Quarterly Activity and Cashflow Reports. The reports highlighted the Company's recent exploration activities and discussed the mineralisation of the Area D Prospect in addition to the broader Rockford Project. On the date of the announcement, the share price increased 2.0% before decreasing 5.9% in the subsequent three-day period to close at \$0.048.

On 17 July 2018, Legend released to the market details of its air core drilling underway at the Rockford Project. The drilling programme commenced in the southern portion of the Company's Rockford Project tenements. The announcement also referred to the planning phases for the next stage of work at the Area D Prospect. Legend's share price increased 4.2% on the day of the announcement, before increasing 10.0% over the subsequent three-day period to close at \$0.055.

On, 7 August 2018, Legend announced details of an EM survey over the Area D Prospect. The survey was commissioned to integrate nickel-copper-cobalt results from its drilling programme into its existing geophysical data, and to identify targets for its intended diamond-drilling programme. The Company's share price increased 1.9% on the day of the announcement before closing down 9.3% to \$0.049 in the subsequent three-day trading period.

On 6 September 2018, the Company released two announcements; it released its half-year accounts that discussed its ongoing exploration activities, the second announcement pertained to an exploration update for its Rockford Project. The announcement stated that Legend had commenced its EM survey over the Area D Prospect. On the day of the announcements the Company's share price decreased 2.2% before decreasing a further 15.9% in the subsequent three-day period to \$0.037.

On 9 October 2018, Legend released its Quarterly Activity and Cashflow Reports. The Company discussed its operational highlights for the period including its EM surveys over the Area D Prospect, in addition to other identified prospects in the southern portion of the Rockford Project. The Company's share price increased 2.7% on the day of the announcement before declining 7.9% in the subsequent three-day period to \$0.035.

On 21 December 2018, the Company released an announcement discussing mineralisation identified at the Shackleton Prospect by EM surveys. The announcement also referred to the receipt of a \$1.28 million R&D cash refund to the Company. Legend's share price increased 3.4% on the day of the announcement before decreasing 6.7% in the subsequent three-day period to close at \$0.028.

On 25 March 2019, Legend announced that air core drilling had commenced at the Rockford Project which was expected to take between six to eight weeks. The drilling comprised of multiple holes at both the Area D Prospect and the southern portion of the Rockford Project. The Company's share price closed up 3.3% on the day of the announcement before increasing 6.5% in the subsequent three-day period to close at \$0.033.

On 13 May 2019 the Company released an exploration update pertaining to its Area D Prospect. Legend had conducted and Induced Polarisation ('IP') survey that was inconclusive as it was unable to penetrate cover at the site. Legend also discussed assay results from the first drill holes, which increased the prospective footprint of the identified mineralisation. The Company's share price was unchanged on the day of the announcement before increasing 7.1% in the subsequent three-day period to close at \$0.030.

On 5 June 2019, Legend announced assay results pertaining to tenements in the southern portion of the Rockford Project. The Company discussed how the infill drilling results enhanced the prospectivity of the area, and made further suggestions to the nature of the mineralisation. Legend's share price increased 8.0% on the day of the announcement before increasing 3.7% in the subsequent three-day period to close at \$0.028.

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 5 July 2019.

Share Price per unit	5-Jul-19	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.029				
Volume weighted average price (VWAP)		\$0.027	\$0.027	\$0.028	\$0.028

Source: Bloomberg, BDO analysis

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

An analysis of the volume of trading in Legend shares for the twelve months to 5 July 2019 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 Day	\$0.028	\$0.029	390,965	0.02%
10 Days	\$0.026	\$0.029	3,276,318	0.16%
30 Days	\$0.023	\$0.031	14,883,245	0.73%
60 Days	\$0.023	\$0.034	39,316,205	1.92%
90 Days	\$0.023	\$0.034	54,729,134	2.68%
180 Days	\$0.023	\$0.038	103,245,391	5.05%
1 Year	\$0.023	\$0.061	189,303,615	9.26%

Source: Bloomberg, BDO analysis

This table indicates that Legend's shares display a low level of liquidity, with 9.26% of the Company's current issued capital being traded in a twelve-month period. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active 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 'liquid and active', 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 consider the shares to display a low level of liquidity with less than 1% of Legend's issued capital being traded per week, with 5.05% of the Company's issued capital traded in the last 180 trading days.

Our assessment is that a range of values for Legend shares based on market pricing, after disregarding post announcement pricing, is between \$0.027 and \$0.029.

## Control Premium

The quoted market price per share reflects the value to minority interest shareholders. In order to value a Legend share on a control basis, we have added a control premium that is based on our analysis set out below.

We have reviewed control premiums on completed transactions, paid by acquirers of both general mining companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to

determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium). We have summarised our findings below.

We have summarised our findings below:

#### Mining companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2019	6	94.90	35.06
2018	10	96.04	56.52
2017	4	16.20	28.55
2016	13	59.54	74.92
2015	9	340.82	57.86
2014	15	118.46	47.88
2013	17	117.99	63.99
2012	18	207.01	52.45
2011	21	811.55	37.42
2010	21	555.11	50.61

Source: Bloomberg, BDO analysis

#### All ASX listed companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2019	18	6,369.79	31.84
2018	40	1,228.74	41.96
2017	28	1,009.52	42.67
2016	42	718.51	49.58
2015	33	850.04	33.23
2014	45	518.59	40.00
2013	41	128.21	50.99
2012	52	472.10	51.68
2011	68	891.85	44.43
2010	53	574.61	44.37

Source: Bloomberg, BDO analysis

The mean and median of the entire data sets comprising control transactions from 2010 onwards for mining companies and all ASX listed companies, respectively, is set out below.

Entire data set metrics	Mining companies		All ASX listed companies	
	Average Deal Value (\$m)	Average Control Premium (%)	Average Deal Value (\$m)	Average Control Premium (%)
<b>Mean</b>	293.20	52.38	914.16	45.99
<b>Median</b>	40.93	43.56	100.61	35.95

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; and
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates that the long-term average control premium paid by acquirers of mining companies and all ASX listed companies is approximately 52.38% and 45.99%, respectively. However, in assessing the transactions included in the table, we noted transactions that appear to be extreme outliers.

These outliers included 17 general mining transactions and 38 ASX listed company transactions in total, for which the announced premium was in excess of 100%. We have removed these transactions because we consider it likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas, the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the last ten years was approximately 43.56% for mining companies and 35.95% for all ASX listed companies.

Based on the above analysis, we consider an appropriate premium for control to be between 30% and 40%. We consider an appropriate control premium to be on the lower end of historical averages as a result of the degree of business risk faced by small, early-stage exploration companies. Also, the fact that the Company's mineral assets are primarily held in joint ventures with other parties, it is unlikely that an acquirer would be willing to pay a control premium in line with historical averages.

### 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	0.027	0.028	0.029
Control premium	30%	35%	40%
<b>Quoted market price valuation including a premium for control</b>	<b>0.035</b>	<b>0.038</b>	<b>0.041</b>

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 \$0.035 and \$0.041, with a midpoint value of \$0.038.

### 10.3 Assessment of the value of a Legend share prior to the Ponton Transaction

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

	Low	Preferred	High
	\$	\$	\$
NAV method (Section 10.1)	0.005	0.009	0.012
QMP method (Section 10.2)	0.035	0.038	0.041

Source: BDO analysis

Based on the results above we consider the value of a Legend share prior to the Ponton Transaction to be between \$0.005 and \$0.012. We consider the NAV method to be the most appropriate approach to value Legend as it includes an independent market valuation of the mineral assets by CSA Global. Further, as detailed in section 10.2, Legend shares display a low level of liquidity, therefore we do not consider it appropriate to rely on the QMP as a primary valuation approach.

We note that the value of a Legend share derived from the QMP approach is higher than our NAV of a Legend share for the following reasons:

- The core value of our NAV lies in the value of Legend's mineral assets. The value of these mineral assets is based on CSA Global's technical and market assumptions. The quoted market price may be based on more optimistic views of technical and/ or economic assumptions;
- As detailed in section 10.2, the shares of Legend display a low level of liquidity, with only 9.26% of Legend's issued capital being traded in the twelve months prior to the announcement of the Ponton Transaction. Therefore, the quoted market price may not accurately reflect the underlying value of the Company's shares; and
- The quoted market price may be ascribing value to the potential upside from ongoing exploration activities being undertaken by Legend at the Rockford Project. We do not have a reasonable basis to assume that any future exploration activity will be value accretive, therefore we are not able to ascribe any value to this potential upside. As such, this is not included in our NAV and therefore may partly explain the difference in values between the QMP and the NAV approaches.

## 11. Valuation of Legend following the Ponton Transaction

The valuation of Legend following the Ponton Transaction is presented below:

Valuation of Legend following the Ponton Transaction	Notes	Low value \$	Preferred value \$	High value \$
NAV of Legend prior to the Ponton Transaction		11,980,758	19,500,758	26,020,758
Cash raised from Tranche Two of the Placement	a	2,440,337	2,440,337	2,440,337
Value of Ponton JVA 2019 assets acquired	b	3,500,000	7,700,000	11,900,000
NAV of Legend following the Ponton Transaction (control)		<b>17,921,095</b>	<b>29,641,095</b>	<b>40,361,095</b>
Discount for minority interest	c	29%	26%	23%
<b>NAV of Legend following the Ponton Transaction (minority)</b>		<b>12,723,977</b>	<b>21,934,410</b>	<b>31,078,043</b>
Number of shares following the Ponton Transaction	d	2,649,906,353	2,649,906,353	2,649,906,353
<b>Value of a Legend share following the Ponton Transaction (minority)</b>		<b>0.005</b>	<b>0.008</b>	<b>0.012</b>

Source: BDO analysis

The table above indicates that the value of a Legend share following the Ponton Transaction on a minority basis is between \$0.005 and \$0.012, with a preferred value of \$0.008. In arriving at this value, the following adjustments were made:

### Note a) Cash raised from Tranche Two of the Placement

Subject to shareholder approval, the Company will complete Tranche Two of the Placement to IGO raising \$2,440,337 through the issue of 67,787,142 shares at an issue price of \$0.036 per share. We have adjusted the cash and cash equivalents balance following the Ponton Transaction to reflect the proceeds received from this Placement. We note that Tranche One of the Placement has already been completed and therefore is reflected in our valuation of a Legend share prior to the Ponton Transaction. Therefore, no adjustment to cash has been made for Tranche One of the Placement.

### Note b) NAV of the Ponton JVA 2019 assets

As stated in section 9.1 of our Report, we instructed CSA Global to provide an independent market valuation of the mineral assets of Legend. Our adjustment to the value of Legend's mineral assets following the Ponton Transaction reflects the Company's 70% ownership of the Ponton JVA 2019 tenements, which are being acquired under the Ponton Transaction.

### Note c) Minority discount

When assessing approval for the sales of securities, RG 111.41 states that in doing so, shareholders may be forgoing:

- The opportunity of receiving a takeover bid; and
- Sharing in any premium of control.

As explained in section 3.3 of our Report, in assessing fairness we have compared the value of a Legend share prior to the Ponton Transaction on a control basis to the value of a Legend share following the Ponton Transaction on a minority interest basis. Therefore, we have adjusted the value per share to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and

is calculated using the formula  $1 - (1 / (1 + \text{Control Premium}))$ . In determining the minority discount, we have used the control premium between 30% and 40% as calculated in section 10.2 of our Report. As such, we consider an appropriate minority discount to apply in our valuation of a Legend share following the Ponton Transaction is in the range of 23% and 29%.

#### Note d) Number of shares on issue

In section 4 of our Report, we outlined the number of shares to be issued as part of the Ponton Transaction. For the purposes of our valuation, we have assumed that the remaining Tranche Two shares under the Placement are issued, as well as the Consideration Shares and Deferred Consideration Shares that are proposed to be issued to Creasy Group.

Number of shares on issue following the Ponton Transaction	Number
Current number of ordinary shares on issue	2,248,785,881
Tranche Two Shares to be issued to IGO	67,787,142
Consideration Shares to be issued to Creasy Group	55,555,555
Deferred Consideration Shares to be issued to Creasy Group	277,777,775
<b>Number of shares on issue following the Ponton Transaction</b>	<b>2,649,906,353</b>

## 12. Is the Ponton Transaction fair?

The value of a Legend share prior to the Ponton Transaction (on a control basis) compared to the value of a Legend share following the Ponton Transaction (on a minority basis) is set out below:

	Ref	Low \$	Preferred \$	High \$
Value of a share in Legend prior to the Ponton Transaction on a control basis	10	0.005	0.009	0.012
Value of a share in Legend following the Ponton Transaction on a minority basis	11	0.005	0.008	0.012

We note from the table above that the range of values of a share in Legend prior to the Ponton Transaction on a control basis overlaps with the range of values of a share in Legend following the Ponton Transaction on a minority basis.

Given that the assets of Legend differ under the pre-Ponton Transaction valuation and the post-Ponton Transaction valuation, we consider it appropriate to assess fairness by considering the range of values both prior to and following the Ponton Transaction. We also note that under both our assessed low and high valuations, the value of a share in Legend prior to the Ponton Transaction on a control basis is equal to the value of a Legend share following the Ponton Transaction on a minority basis. Based on the above, we consider there to be sufficient overlap in the range of values of a Legend share prior to and following the Ponton Transaction, therefore we consider the Ponton Transaction to be fair for Shareholders.

## 13. Is the Transaction reasonable?

### 13.1 Advantages of approving the Ponton Transaction

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

#### 13.1.1. The Ponton Transaction is fair

As detailed in section 12, we consider the Ponton Transaction to be fair. RG 111 states that if a transaction is fair, it is reasonable.

#### 13.1.2. Issue of Deferred Consideration Shares relies on completion of a BFS and a decision to mine, which would likely be value accretive to Shareholders

The issue of the Deferred Consideration Shares will result in the dilution of existing Shareholders' interests (which is captured in our assessment of whether the Ponton Transaction is fair). However, the issue of the Deferred Consideration Shares will only occur once the BFS and decision to mine are completed. We would expect that in the event that a BFS is completed and a decision to mine is made, this would represent a progression of the Company's project, which would likely be value accretive to Shareholders. However, in assessing whether the Ponton Transaction is fair for Shareholders, we are bound by ASIC's guidance relating to reasonable grounds for forward looking information. We would not have reasonable grounds to assume that the BFS will be completed and a decision to mine will be made, nor would we have a reasonable basis on which to reliably quantify any potential uplift in value. Therefore, an advantage of the Ponton Transaction is that in the event that the Deferred Consideration Shares are issued, Shareholders may be able to participate in value accretion as a result of the satisfaction of the BFS and decision to mine conditions. This potential uplift in value is not reflected in our valuation of a Legend share following the Ponton Transaction in section 11.

#### 13.1.3. Value of a share in Legend on a minority basis increases as a result of the Ponton Transaction

The value of a share in Legend on a minority interest basis following the Ponton Transaction is higher than the value of a share in Legend on a minority interest basis prior to the Ponton Transaction. In section 10.3 we conclude that the value of a Legend share prior to the Ponton Transaction on a control basis is between \$0.005 and \$0.012. If we apply a minority discount (see section 11) of between 23% and 29% then this results in a value of a Legend share prior to the Ponton Transaction on a minority interest basis of between \$0.004 and \$0.009.

#### 13.1.4. The Tranche Two Shares under the Placement provides further access to funds

As detailed throughout our Report, we have included Tranche Two Shares under the Placement in our assessment of the Ponton Transaction as the Ponton JVA 2019 is conditional on completion of the Placement. As at the date of our Report, the Company has raised approximately \$7.36 million from the issue of Tranche One Shares under the Placement. The Company will raise approximately \$2.44 million from the issue of the Tranche Two Shares. This additional cash may be used to fund future exploration activity or retained for general working capital.

### **13.1.5. The structure of the Ponton Transaction allows the Company to retain its cash for exploration expenditure**

In order for the Company to acquire the tenements pursuant to the Ponton JVA 2019, the Company will issue 55,555,555 shares to Creasy Group. Further, if a BFS is completed and a decision to mine made, the Company will satisfy the deferred consideration component of the Ponton Transaction through the issue of 277,777,775 shares. Therefore, by structuring the transaction with non-cash consideration, the Company can retain its cash reserves to spend on future exploration activities or to progress its Rockford Project.

## **13.2 Disadvantages of approving the Ponton Transaction**

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

### **13.2.1. Dilution of existing Shareholders' interest**

As set out in Section 4, if the Ponton Transaction is approved, existing Shareholders' interest (excluding IGO) in the Company will be immediately diluted from 68.43% (excluding IGO) to 58.97% (excluding IGO).

In addition, in the event that the Deferred Consideration Shares that are proposed to be issued to Creasy Group as part of the Ponton JVA 2019, are issued, existing Shareholders' interests will be further diluted to 52.79%.

The dilution will reduce the capacity of existing Shareholders to influence the operations of the Company and will reduce Shareholders' exposure to any potential upside of the Company's projects, should it materialise.

### **13.2.2. The Royalty Option provides value and flexibility for Creasy Group**

As detailed in section 4 of our Report, once a BFS has been completed, Creasy Group may elect to convert its interest in the Mining JV to a 2% net smelter royalty or sell its interest. This Royalty Option provides Creasy Group with additional flexibility that is not provided to other Legend Shareholders. If Creasy Group elects to exercise the Royalty Option, this means that the royalty is paid on net smelter royalty revenue and therefore excludes other operating costs and is payable ahead of returns to equity holders. Given the level of uncertainty as to whether the tenements acquired under the Ponton JVA 2019 will progress to a BFS and decision to mine stage, we do not have a reasonable basis on which to assess the value of this royalty. This is detailed further in section 13.5.2 under other considerations for Shareholders.

### **13.2.3. Security interest granted to Creasy Group**

Pursuant to the Ponton JVA 2019, If Creasy Group elects to convert its interest in a Mining JV into a royalty, the Company will grant Ponton a security interest over its interest in the mining operations on the identified deposit to secure its obligations in respect of the royalty.

### **13.2.4. Presence of a controlling shareholder with an increased interest may reduce the liquidity of the Company's shares**

Following the Ponton Transaction and issue of the Deferred Consideration Shares, Creasy Group's shareholding will increase to 34.51% of the issued capital of Legend. Furthermore, IGO can also increase its holding in Legend up to 14.18% prior to the issue of the Deferred Consideration Shares. As such, the

presence of two substantial shareholders reduces the free float of the Company's shares, which may reduce the liquidity of the Company's shares. This may affect Shareholders' ability to dispose their holdings on market.

The presence of a controlling shareholder may also reduce the attractiveness to potential acquirers and therefore may reduce the likelihood of a takeover offer being made for the Company. Consequently, this means that Shareholders may be less likely to benefit from a takeover premium.

### 13.2.5. Anti-dilution rights granted to IGO

As part of the Placement, IGO was granted an anti-dilution right pursuant to the Subscription Agreement. This gives IGO the right to participate in any equity offers on equivalent terms to other subscribers to ensure that IGO can maintain its shareholding. This provides value to IGO and may affect Shareholders' ability to increase their ownership interest via equity issues from the Company.

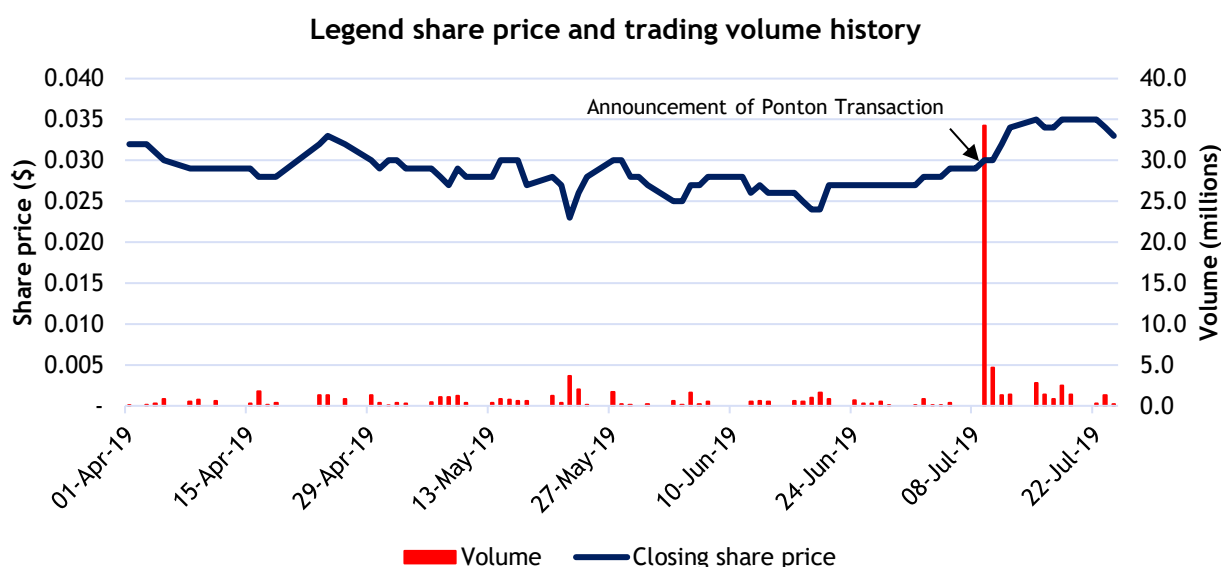
## 13.3 Alternative proposals

We are unaware of any alternative proposal that would be considered superior to the proposed Ponton Transaction.

## 13.4 Consequences of not approving the Ponton Transaction

### 13.4.1. Potential decline in share price

We have analysed movements in Legend's share price since the Ponton Transaction was announced on 9 July 2019. A graph of Legend's share price prior to and since the announcement is set out below.



Source: Bloomberg and BDO analysis

On the day of the announcement, 34,284,597 shares were traded, which was the highest volume traded for 2019 and represented approximately 1.52% of the Company's total capital. The volume traded was significantly larger than Legend's average daily volume for 2019 of 867,914 traded shares. Legend's share price reached an intra-day high of \$0.037 before closing at \$0.030. On 10 July 2019, the first day of

trading after the announcement, the share price closed unchanged at \$0.030 with 4,653,455 shares traded. Since the announcement of the Ponton Transaction, the share price of Legend has increased steadily and is trading between \$0.033 and \$0.035.

Following the announcement of the Ponton Transaction, Legend's share price has ranged from a low of \$0.030 on 10 July 2019 to a high of \$0.035 over multiple trading days. Over this period, the Company released one price sensitive announcement on 15 July 2019 that related to air core drill results and analysis at the Area D Prospect. On the date of the announcement, the share price closed at \$0.035 an increase of 2.94% from the previous close of \$0.034. The share price subsequently fell back to \$0.034 on the following trading day.

Legend's share price has continued to stay above the pre-announcement pricing. The above data suggests that, should Shareholders not approve the Ponton Transaction, Legend's share price may decline to pre-announcement levels.

## **13.5 Other considerations**

### **13.5.1. Practical level of control**

If the Ponton Transaction is approved, then Creasy Group's interest in Legend will increase from 28.43% to a maximum of 34.51%.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. Prior to the Ponton Transaction, Creasy Group has a 28.43% interest in Legend, therefore it can already block special resolutions. If the Ponton Transaction is approved and the Deferred Consideration shares issued, Creasy Group will still not be able to block general resolutions however; it will only require favourable votes from 15.49% of non-associated shareholders in order to do so.

Creasy Group's influence over Legend following the Ponton Transaction will be significant when compared to all other Shareholders.

### **13.5.2. Royalty option value**

Under the Ponton JVA 2019, Creasy Group may elect to convert its interest in the proposed Mining JV to a net smelter royalty over mineral products produced from prospective mining operations. As the JVA is still in early exploratory stages, we do not have reasonable grounds to assume that the tenements subject to the Ponton JVA 2019 will progress to a BFS and decision to mine stage. As such, we cannot reliably ascribe a value to the Royalty Option.

In the absence of being able to reliably value the Royalty Option in accordance with ASIC's guidance on forward looking information, we have considered the Royalty Option in the context of other comparable market transactions. We have instructed CSA Global to provide us with a comparator set of transactions in which ownership interests can be exchanged for net smelter royalties. These transactions were provided by CSA Global and are detailed in Appendix 3.

Based on this analysis, we conclude that the 2% net smelter royalty in exchange for a 30% ownership interest falls within the range of royalties for similar ownership levels. There are a host of project specific factors that would impact the quantum of a royalty that someone would reasonably expect to be paid in

exchange for an ownership interest. Notwithstanding, we have presented this information to Shareholders to demonstrate that we would not consider the terms of the Royalty Option to be outside the norm with respect to comparable market transactions.

## 14. Conclusion

We have considered the terms of the Ponton Transaction as outlined in the body of this report and have concluded that the Ponton Transaction is fair and reasonable to the Shareholders of Legend.

## 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 2016, 31 December 2017 and 31 December 2018;
- Unaudited management accounts of Legend for the period ended 30 June 2019;
- Independent Valuation Report of Legend mineral assets dated 24 July 2019 performed by CSA Global;
- Subscription Agreement with Independence Group NL;
- Tenement Sale and Joint Venture Agreement Legend/ IGO JVA 2019;
- Tenement Sale and Joint Venture Agreement Ponton JVA 2019;
- Tenement Sale and Joint Venture Agreement Rockford JVA 2019;
- Share registry information;
- Consensus Economics forecasts;
- USGS base metal statistics and information;
- ICSG copper statistics and information;
- RBA Monetary policy statements and meeting minutes;
- IBIS World Industry Market Research; and
- Discussions with Directors and Management of Legend.

## 16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$28,000 (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, Creasy Group and IGO 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, IGO and Creasy Group and their respective associates.

BDO Audit (WA) Pty Ltd is the appointed auditor of IGO. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'.

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, Adam Myers and Ashton Lombardo 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 Fellow of Chartered Accountants Australia & New Zealand. He has over 30 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 300 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 Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Natural Resources Leader for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants. Ashton has over eight years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

## 18. Disclaimers and consents

This report has been prepared at the request of Legend for inclusion in the Notice of Meeting, which will be sent to all Legend Shareholders. Legend engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to assess whether the Ponton Transaction is fair and reasonable to Shareholders.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum and Notice of Meeting. 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 Notice of Meeting and Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are 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 IGO and Creasy Group. 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 Ponton 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.

The valuer engaged for the mineral asset valuation, CSA Global, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in

arriving at their valuation is 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 is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

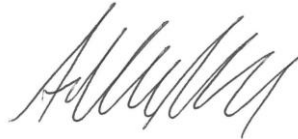
Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**

A handwritten signature in black ink, appearing to read 'Sherif Andrawes'.

**Sherif Andrawes**

Director

A handwritten signature in black ink, appearing to read 'Adam Myers'.

**Adam Myers**

Director

# Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
ADN	Andromeda Metals Limited
Anti-Dilution Right	Anti-dilution right granted to IGO pursuant to the Subscription Agreement. Granting IGO the right to participate in any equity offers on equivalent terms to other subscribers to ensure that IGO can maintain its shareholding
Antofagasta	Antofagasta PLC
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
Artemis	Artemis Resources Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Ausmex	Ausmex Mining Group Limited
BDO	BDO Corporate Finance (WA) Pty Ltd
BFS	Bankable Feasibility Study
Chesser	Chesser Resources Limited
Clancy	Clancy Exploration Limited
The Company	Legend Mining Limited
Conditions Precedent	Conditions Precedent for investment from IGO in Legend under the Subscription Agreement
Consideration Shares	55,555,555 fully paid ordinary shares in Legend issued to Creasy Group at a deemed issue price of \$0.036 per share as part of the Ponton JVA 2019
Corporations Act	The Corporations Act 2001 Cth
Creasy Group	The Creasy Group of companies: Rockford Metals Pty Ltd, Ponton Minerals Pty Ltd, Australian Gold Resources Pty Ltd, Yandal Investments Pty Ltd

Reference	Definition
CSA Global	CSA Global Pty Ltd
DCF	Discounted Future Cash Flows
Deferred Consideration Shares	277,777,775 fully paid ordinary shares in Legend issued to Creasy Group at a deemed issue price of \$0.036 per share on completion of the first Bankable Feasibility Study and decision to mine as part of the Ponton JVA 2019
Dunstan	Dunstan Holdings Pty Ltd
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EM	Electromagnetic
EMR	Environmental Metals Recovery Pty Ltd
Encounter	Encounter Minerals Limited
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
Galileo	Galileo Mining Ltd
GDP	Gross Domestic Product
GSN	Great Southern Nickel Pty Ltd
HPX	High Power Exploration Inc
ICSG	International Copper Study Group
IGO	Independence Group NL
Jindal	Jindal Mining and Exploration Limited
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
JVA	Joint Venture Agreement
Km <sup>2</sup>	Square kilometres
Legend	Legend Mining Limited

Reference	Definition
Legend/ IGO JVA 2019	Joint-venture agreement with the IGO over three 100% owned Legend tenements: E28/2675-77
Magner	Magner Group
Maximus	Maximus Resources Limited
Mining JV	Once a BFS has been completed, Ponton (a part of Creasy Group) will have 60 business days to elect to form a separate mining joint venture in connection with the identified deposit
Mithril	Mithril Resources Limited
MMG	MMG Limited
Monax	Monax Alliance Pty Ltd
MRG	MRG Metals Limited
NAV	Net Asset Value
Nemex	Nemex Resources Limited
Newco	Joint venture between Magnaver Group and MRG Metals Limited
NSR	Net Smelter Royalty
The Placement	The issue of 272,222,222 shares under the Subscription Agreement with IGO at \$0.036 per share to raise \$9.8 million
The Placement Options	The issue of 136,111,111 options under the Subscription Agreement with IGO exercisable at \$0.072 and expiring three years after the date of issue
PNX	PNX Metals Limited
Ponton	Ponton Minerals Pty Ltd
Ponton JVA 2019	Joint-venture agreement with the Creasy Group over tenements E28/1716 and E28/1717
The Ponton Transaction	The Company entering into the Ponton JVA 2019, which for the purpose of our fairness and reasonableness assessment, also includes the completion of the Placement
QMP	Quoted market price

Reference	Definition
Ramelius	Ramelius Resources Limited
R&D	Research and Development
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
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 JVA 2019	JVA with IGO and Creasy Group over Rockford Project tenements: E28/2190, E28/2191
Royalty Option	Ponton may elect to convert its 30% interest in the proposed Mining JV to a 2% net smelter royalty
Rumble	Rumble Resources Limited
S2R	S2 Resources Limited
Section 611	Section 611 of the Corporations Act
Security	If Ponton elects to convert its interest in a Mining JV into a royalty, the Company will grant Ponton a security interest over its interest in the mining operations on the identified deposit to secure its obligations in respect of the royalty
Segue	Segue Resources Limited
Shareholders	Shareholders of Legend not associated with Creasy Group or IGO
Sheffield	Sheffield Resources Limited
Subscription Agreement	Subscription Agreement between IGO and Legend for \$9.8 million placement for 272.2 million Legend shares at \$0.036 and 136,111,111 options (exercisable at \$0.072, expiring three years after the date of issue)
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies

Reference	Definition
Tranche One Options	The first tranche of 102,217,540 options as part of IGO's investment in Legend under the Subscription Agreement
Tranche Two Options	The second tranche of 33,893,571 options to be issued as part of IGO's investment in Legend under the Subscription Agreement
Tranche One Shares	The first tranche of 204,435,080 shares as part of IGO's investment in Legend under the Subscription Agreement
Tranche Two Shares	The second tranche 67,787,142 shares as IGO's investment in Legend under the Subscription Agreement
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
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.
VMS	Venture Minerals Limited
VWAP	Volume Weighted Average Price

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The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

SUBIACO, WA 6008

Australia

## Appendix 2 - Valuation Methodologies

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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 estimates the market values of the net assets of an entity but does 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 liquid and active 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 - Comparable Royalty Agreement Transactions

CSA Global have provided us with a list of transactions involving early-stage nickel exploration projects in Western Australia over the past five years.

Date	Project	Buyer	Seller	Key Commercial Terms of Agreement	Interest that could convert to Royalty	Royalty
01/10/2018	Kurnalpi	Chesser Resources Limited ('Chesser')	Mithril Resources Limited ('Mithril')	<p>a. Chesser will reimburse Mithril its tenement acquisition costs amounting to \$17,389 within 7 days of the Agreement becoming effective.</p> <p>b. Chesser can earn an initial 51% interest in EL28/2506 and PL28/1271 by completing expenditure of \$150,000 over 2 years.</p> <p>c. Chesser can elect to earn an additional 29% interest through further expenditure of \$100,000 over a further 2 years (in total 80% by spending \$250,000 over 4 years).</p> <p>d. Once Chesser has earned its 80% interest, Mithril has the right to contribute on a pro rata basis or dilute as per industry standard formula.</p> <p>e. If Mithril's interest dilutes below 10% it will be deemed to have withdrawn and will be entitled to receive a 1.5% Net Smelter Royalty on all minerals.</p>	10.0%	1.0% Net smelter Royalty ('NSR')
01/01/2018	Yardilla	Galileo Mining Limited ('Galileo')	Dunstan Holdings Pty Ltd ('Dunstan')	<p>a. Galileo to purchase a 67% interest in the Dunstan Tenements for a combination of cash and shares</p> <p>b. Dunstan to be free carried to completion of Bankable Feasibility Study</p> <p>c. Following completion of Bankable Feasibility Study, Dunstan may elect to maintain its interest by contributing to project expenditure, or convert its interest to a royalty of 2% of the proceeds received by Galileo from its mining within the Dunstan Tenements</p>	33.0%	2.0% of proceeds

Date	Project	Buyer	Seller	Key Commercial Terms of Agreement	Interest that could convert to Royalty	
					Royalty	Royalty
01/01/2018	Kitchener	Galileo Mining Limited	Great Southern Nickel Pty Ltd ('GSN')	<p>a. Galileo to purchase a 67% interest in the GSN Tenements for a combination of cash and shares</p> <p>b. GSN to be free carried to completion of Bankable Feasibility Study</p> <p>c. Following completion of Bankable Feasibility Study, GSN may elect to maintain its interest by contributing to project expenditure, or convert its interest to a royalty of 2% of the proceeds received by Galileo from its mining within the Dunstan Tenements</p>	33.0%	2.0% of proceeds
01/10/2017	Fraser Range	Independence Group NL	Rumble Resources Limited ('Rumble')	<p>a. IGO to expend \$1,500,000 on exploration over a period of three years from the execution of the agreement to earn a 70% interest in the Fraser Range Projects</p> <p>b. IGO to expend a minimum of \$300,000 before it can withdraw from the earn in agreement</p> <p>c. IGO to pay Rumble \$85,000 within 14 days of signing agreement as reimbursement of expenditure incurred by Rumble</p> <p>d. Rumble is free carried to completion of a pre-feasibility study</p> <p>e. Following the completion of a pre-feasibility study, Rumble can either elect to contribute to ongoing project development or dilute to a 1% net smelter royalty</p>	30.0%	1.0% NSR
01/11/2016	Fraser Range	Independence Group NL	Sheffield Resources Limited ('Sheffield')	<p>a. IGO will earn a 51% interest in the project by making an up-front cash payment of \$500,000</p> <p>b. IGO may earn an additional 19% interest by spending \$5 million within 5 years of commencement of the joint venture</p> <p>c. At any time after commencement of the joint venture and up until completion of the Pre-feasibility Study, IGO has an option to purchase an additional 5% interest for \$10 million or the equivalent in IGO shares</p> <p>d. Standard dilution clauses apply. Should Sheffield's interest dilute to 5% or less, it shall automatically convert to a 1% net smelter return royalty.</p>	5.0%	1.0% NSR

Date	Project	Buyer	Seller	Key Commercial Terms of Agreement	Interest that could convert to Royalty	
					Royalty	Royalty
01/11/2016	Caesar	Venture Minerals Limited ('VMS')	Not disclosed	<p>a. 'VMS' to purchase option to earn an interest for a combination of cash and shares</p> <p>b. VMS to earn a 51% interest by spending \$1.5M on the project within three years</p> <p>c. VMS must spend a further \$4.5M within the next three years to take interest to 75%</p> <p>d. Once VMS has earned 75% interest in the Project, the vendor must elect to either contribute or dilute to a 10% interest upon completion of a Bankable Feasibility Study</p> <p>e. Once VMS has earned 90% interest in the Project, the vendor must elect to either contribute or dilute to a royalty of 1% NSR</p>	10.0%	1.0% NSR
01/09/2015	Plumridge	MMG Limited ('MMG')	Segue Resources Limited ('Segue')	<p>a. MMG could earn an initial 51% interest through expenditure of \$6.5 million before 31 December 2019, including \$1.5 million before 31 December 2016</p> <p>b. After earning the initial 51% interest, MMG could elect to increase its interest to 70% through the additional expenditure of \$7.5 million over two years</p> <p>c. The Joint Venture agreement contained standard provisions, including contributions in proportion to equity holdings, dilution and pre-emptive rights</p> <p>d. If either Segue or MMG's joint venture interest dilutes to less than 10%, then that party's interest would convert to a 1.5% NSR royalty</p>	10.0%	1.5% NSR

Source: CSA Global

CSA Global have also provided us with a list of transactions involving early-stage copper exploration projects in Western Australia over the past five years.

Date	Project	Buyer	Seller	Key Commercial Terms of Agreement	Interest that could convert to Royalty	Royalty
01/02/2015	Millers Creek	Monax Alliance Pty Ltd ('Monax')	Maximus Resources Limited ('Maximus')	<p>a. Monax to spend US\$3 million on exploration and evaluation of the tenements within three years to earn an 80% interest.</p> <p>b. Maximus is to be free carried during the 3 year farm-in period, and retain 100% ownership of the tenement package during this period.</p> <p>c. Monax would manage all exploration programs within the farm-in period, and pay Maximus US\$100,000 12 months into the farm-in period.</p> <p>d. Upon meeting the farm-in requirements within three years, Monax would earn 80% equity in the project, and each party would be required to contribute to ongoing JV expenditure or dilute its equity in the project.</p> <p>e. Should Maximus elect not to enter into the JV, it can elect to sell its 20% interest to Alliance for US\$4.5 million and retain a NSR of 2%.</p> <p>f. If either party's equity reduces below 10%, the remaining equity will convert to a 2% NSR, which may be purchased at any time up to a decision to mine for an agreed amount.</p>	10.0%	2.0% NSR
01/04/2015	Condobolin	Ramelius Resources Limited ('Ramelius')	Clancy Exploration Limited ('Clancy')	<p>Under the terms of the agreement, Ramelius has the right to earn 80% of the Condobolin project by funding A\$2 million for exploration over four years. If Ramelius withdraws before earning 80%, the project ownership reverts 100% to Clancy. After the farm-in phase is completed, Clancy will be carried to a decision to mine, at which point Clancy will have the right to contribute its 20% share of costs post decision to mine, or dilute according to standard industry provisions. If Clancy's interest dilutes to 5%, it converts to a 2% Net Smelter Royalty.</p> <p>Ramelius will be project manager, however Clancy will be the project operator during the farm-in phase and will be entitled to a 10% management fee on services provided.</p>	5.0%	2.0% NSR

Date	Project	Buyer	Seller	Key Commercial Terms of Agreement	Interest that could convert to Royalty	Royalty
01/05/2015	Trundle	High Power Exploration Incorporated ('HPX')	Clancy Exploration Limited	HPX and Clancy will form a joint venture for HPX to earn into the Trundle project which is presently held 100% by Clancy. HPX will fund \$1,000,000 on exploration over 12 months to earn an initial 51% of the Trundle project with a minimum spend of \$750,000 (Phase one). HPX may then sole fund an additional \$4,000,000 over 3 years (Phase 2) to earn an additional 29% of the Trundle project, for a total of 80%. Failure to meet the Phase two commitment will result in 100% of the Trundle project reverting to Clancy. After the completion of Phase 2, Clancy will have the right to contribute its 20% share of costs, or dilute according to standard industry provisions. If Clancy's interest dilutes to 5%, its interest in the project will convert to a 2% Net Smelter Royalty.	5.0%	2.0% NSR
01/08/2017	Eudunda	Ausmex Mining Group Limited ('Ausmex')	PNX Metals Limited ('PNX')	<p>a. Initial Option fee comprising Ausmex completing a regional geophysical program that will involve the expenditure of \$30,000 to \$50,000 over the next 12 months or the duration of the geophysical program, whichever is the shorter.</p> <p>b. Ausmex may exercise the Option at any time during the Option period and may withdraw from the Farm-in or any subsequent Joint Venture at any time without penalty.</p> <p>c. Should Ausmex exercise the Option allowing it to farm-in to the PNX ELs, the 1st Stage of the Farm-in will involve Ausmex earning a 60% interest in the PNX ELs through undertaking 1,500 m of cored drilling, or other exploration to an equivalent value, within 12 months of exercising the Option.</p> <p>d. Upon Ausmex earning 60% of the PNX ELs at the completion of Stage one, PNX may opt to form a Joint Venture and contribute thereafter on a 60/40 basis or if that is not the case, Ausmex can earn 90% of the PNX ELs in a Stage two farm-in by the further completion of 1,500 m of cored drilling, or other exploration to an equivalent value, within 12 months of completing Stage one.</p> <p>e. Upon Ausmex earning 90% of the Joint Venture at the completion of</p>	10.0%	2.0% NSR

Date	Project	Buyer	Seller	Key Commercial Terms of Agreement	Interest that could convert to Royalty	Royalty
				Stage 2, PNX may opt to contribute thereafter on a 90/10 basis or if that is not the case, Ausmex will obtain 100% and PNX be entitled to a 2% Net Smelter Return royalty on any future production from the PNX ELs.		
01/02/2018	Munarra Gully	Rumble Resources Ltd	Marjorie Ann Molloy	<p>a. Rumble to pay \$75,000 Cash and \$75,000 in ordinary shares within 30 days from the joint venture agreement.</p> <p>b. Rumble to make payment of \$25,000 Cash and \$25,000 in ordinary shares within 12 months from the joint venture agreement to earn 80% on all mineral rights.</p> <p>c. Rumble guarantees the statutory annual expenditure.</p> <p>d. Marjorie Ann Molloy is free carried to BFS.</p> <p>e. Following the completion of a BFS and decision to mine, Marjorie Ann Molloy can either elect to contribute to ongoing project development or dilute to a 1% NSR.</p>	20.0%	1.0% NSR
01/07/2018	Pulchera	Magnaver Group ('Magnaver')	MRG Metals Limited ('MRG')	<p>a. On the signing of the Binding Heads of Agreement Magnaver will make a payment to MRG Metals Ltd of AU\$ 100,000 for the transfer of Intellectual Property.</p> <p>b. The Binding Heads of Agreement is for Magnaver to earn up to 80 % of Pulchera over 2 stages for a total exploration investment of AUD \$4,000,000.</p> <p>c. The term of both Stages is 18 months commencing from the date of signing, for a cumulative 36 months or earlier if investment is reached.</p> <p>At the completion of the farm in stage and prior to the formation of an 80:20 Joint Venture ('Newco'), the parties will agree to one of the following potential pathways:</p> <p>a. Newco moves to a standard Industry JV operation where each party contributes proportionally;</p> <p>b. As above, but one party is sole funder, and \$/equity is agreed with dilution down to 10% minimum. If still sole funding, the 10% equity is converted to a 2% NSR;</p> <p>c. Both parties agree that an asset</p>	10.0%	2.0% NSR

Date	Project	Buyer	Seller	Key Commercial Terms of Agreement	Interest that could convert to Royalty	Royalty
				<p>sale is mutually agreeable and pursue trade sale of Newco;</p> <p>d. One party only wishes to sell their equity, then the other party has right of first refusal;</p> <p>e. One party wishes to buy the others equity and makes a buyout offer;</p> <p>f. Parties agree to an ASX listing;</p> <p>or</p> <p>g. Other mutually agreeable pathway.</p>		
01/07/2015	Lookout Rocks	Antofagasta PLC (‘Antofagasta’)	Encounter Minerals Limited (‘Encounter’)	<p>a. Antofagasta must spend a minimum of US\$500,000 on exploration before withdrawal.</p> <p>b. Antofagasta may acquire a 51% interest in the Tenements by incurring expenditure of US\$2,000,000 in total on the Tenements within two years</p> <p>c. If Antofagasta earns a 51% interest in the Tenements then Antofagasta and Encounter will form a joint venture in relation to the Tenements</p> <p>d. Antofagasta may then elect to contribute a further US\$4,000,000 of exploration expenditure within a further two years to earn a further 19% interest in the Tenements</p> <p>e. At that point, after contribution of a total of US\$6,000,000 of exploration expenditure, Antofagasta would hold a 70% Joint Venture interest with Encounter having a 30% Joint Venture interest.</p> <p>f. In the event of a Decision to Mine a US\$3,000,000 payment will be made by Antofagasta to Encounter.</p> <p>g. Industry standard expenditure contribution or dilution formulas apply. If a party’s interest is diluted to 10% or less, that interest would convert to a 1.5% Net Smelter Royalty.</p>	10.0%	1.5% NSR

Date	Project	Buyer	Seller	Key Commercial Terms of Agreement	Interest that could convert to Royalty	Royalty
01/12/2018	Moonta ISR project	Environmental Metals Recovery Pty Ltd ('EMR')	Andromeda Metals Limited ('ADN')	<p>a. EMR can earn an initial 51% interest in the project area by sole funding \$2.0 million on project related activities across the project area within four years (Stage 1 Commitment);</p> <p>b. On completion of Stage 1 Commitment, EMR may elect to acquire an additional 24% equity interest (75% in total) through expenditure of an additional \$3.5 million over a further 3.5 years (Stage 2 Commitment);</p> <p>c. On completion of EMR's sole funding commitments, ADN may elect not to contribute to a proposed joint venture program and budget, in which case its interest in the joint venture will be reduced in accordance with a standard industry dilution formula;</p> <p>d. If ADN dilutes to less than 10% equity interest in the joint venture, then its interest will revert to a 1.5% net smelter return royalty payable with respect to any minerals produced from the project area;</p> <p>e. EMR will manage and operate the joint venture whilst it is sole contributing and thereafter while ever it holds a majority equity.</p>	10.0%	1.5% NSR

## Appendix 4 - Independent Valuation Report

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**CSA Global**  
Mining Industry Consultants



## Independent Technical Assessment and Valuation

### Rockford Project, WA

CSA Global Report Nº R321.2019  
24 July 2019

[www.csaglobal.com](http://www.csaglobal.com)

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Project Name/Job Code	LEGITV01
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CSA Global Report Nº R321.2019

# Executive Summary

CSA Global Pty Ltd (CSA Global) was commissioned by BDO Corporate Finance (WA) Pty Ltd (BDO) to prepare an independent Technical Specialist's Report and Valuation of Legend Mining Limited's (Legend) Rockford Project in the Albany-Fraser region of Western Australia, as well as a valuation of the newly acquired Ponton JVA 2019 tenements.

Legend has engaged BDO to prepare an Independent Expert's Report (IER) for inclusion with a Notice of Meeting to assist the shareholders of Legend. The Notice of meeting will address the proposed issue of 333.3 million shares in Legend to Creasy Group ("Creasy"). The BDO Report will provide an opinion to Legend shareholders and as such it will be a public document. CSA Global has prepared this Report in compliance with the VALMIN Code (2015), and consent to the use of our report in the form and context in which it will be published.

The Report provides a review of the Rockford Project and provides an independent technical valuation of these Mineral Assets. The basis of value assumed in respect of the Mineral Assets is 'market value' as defined in the VALMIN Code (2015). We consider market value to be consistent with the concept of 'fair value' as described in ASIC's Regulatory Guide 111 – Content of expert reports. CSA Global has used a range of valuation methodologies to reach a conclusion on the value of the Rockford Project. Note that the valuation is of the Rockford Project and not of the value of Legend as a company.

CSA Global's valuations are based on information provided by Legend, and public domain information, which are detailed within body of the report. CSA Global has endeavoured, by making all reasonable enquiries within the timeframe available, to confirm the authenticity and completeness of the technical data upon which this Report is based. No audit of any financial data has been conducted.

The valuations discussed in this Report have been prepared at a valuation date of 8 July 2019. 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. The statements and opinions contained in this Report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on information received up to a reference date of 17 July 2019. However, events beyond our control could alter the value of Mineral Assets over time depending on exploration results, mineral prices and other relevant market factors.

## Rockford Nickel-Copper Project

The Rockford Project is an early-stage nickel-copper Exploration Project in the Fraser Range District of Western Australia, operated by Legend Mining Limited (ASX: LEG). It comprises a joint venture between Legend (70%) and Creasy Group (Creasy) (30%), with Legend operator and manager of the joint venture, and two of the 12 licences owned 100% by Legend.

The Project is located approximately 250km east of Kalgoorlie, in the northern Fraser Range district of Western Australia, and comprises 12 contiguous granted exploration licences covering an area of 2,377km<sup>2</sup>. It is accessed via the Trans Access Road which runs through the southern part of the Project.

The Rockford Project area is considered prospective for gold, base-metals (copper, lead, zinc, silver), nickel and platinum group elements (PGE), and graphite in crystalline rocks of the Proterozoic basement.

Due to recent discoveries, the Albany-Fraser 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 (EM) conductor that was found using ground EM following soil geochemistry. The massive high-grade nickel and copper sulphides at Nova are described by Independence Group as a modified mafic/ultramafic associated magmatic sulphide deposit.

The Fraser Zone is considered by Legend to be the most prospective domain within the larger Albany Fraser Orogen for hosting magmatic sulphide nickel-copper mineralisation given the tectonic setting and increased abundance of mafic/ultramafic lithologies.

Exploration utilising innovative ground electromagnetic surveying is primarily focussed on Nova-Bollinger style magmatic sulphide nickel-copper, as well as targeting volcanogenic massive sulphide (VMS) copper-zinc-silver and Tropicana style structurally controlled gold mineralisation.

Geological mapping is not possible due to lack of outcrop, while historic surface sampling has proven to be unreliable due to extensive deep transported cover.

The presence of thick conductive cover also greatly reduces the effectiveness of airborne EM and low power EM systems.

As a consequence, Legend is using detailed aeromagnetic and gravity datasets to initially identify potential mafic/ultramafic intrusions which may host significant nickel-copper mineralisation for follow up evaluation. Following the identification of likely targets, high power moving loop electromagnetic (MLTEM) surveying is applied as a reconnaissance exploration technique to identify significant bedrock conductors. This technique is proven to be able to detect conductive bodies to 600m depth beneath conductive cover

Once a conductor has been identified by the MLTEM, fixed loop electromagnetic (FLTEM) surveying is undertaken to provide better resolution and allow accurate plate modelling. All modelled conductor plates subsequently tested using RC/diamond drilling have successfully intersected the targeted conductor.

Regional aircore drill traverses are undertaken by Legend to test selected aeromagnetic and gravity targets and to provide lithogeochemical data. The drilling is also completed over previously identified EM conductors to assist prioritisation of follow up.

The final stage is RC/diamond drill testing of high priority modelled conductors followed by downhole electromagnetic (DHTEM) surveying testing for off-hole features.

## **Ponton JVA 2019**

Legend has entered into a new joint venture agreement with Creasy Group over tenements E28/1716 and E28/1717, which adjoin the existing Rockford Project tenements. The new tenements cover 709km<sup>2</sup> over the prospective western stratigraphic package and contain two advanced nickel-copper-cobalt prospects, Octagonal and Magnus. These additional tenements also represent early-stage exploration tenure, in that Mineral Resources have not been identified.

The Octagonal and Magnus prospects are characterised by “oval/eye” shaped aeromagnetic features, highly favourable mafic/ultramafic intrusive host rocks and at Octagonal, multiple intersections of massive, semi-massive, net textured, stringer and disseminated pyrrhotite-pentlandite-chalcopyrite sulphides. The mineralisation identified so far is discontinuous and sub-economic, however demonstrates all the characteristics of a fertile magmatic nickel-copper sulphide system. Octagonal is now the third publicly disclosed example (along with the Nova and Silver Knight deposits) of massive nickel-copper-cobalt sulphide mineralisation identified to date in the Fraser Range.

## **Conclusions**

The Rockford Project is an early-stage exploration project, with results to date that are encouraging, and that justify further exploration for nickel-copper sulphide mineralisation. The two new tenements are immediately adjacent to the existing Rockford Project tenure, with two prospects within these tenements

representing the most advanced targets in the project area. Mineralisation identified at the Octagonal prospect demonstrate that the magmatic system was mineralised, and conditions were suitable for the accumulation of mineralised sulphides.

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.

A summary of CSA Global's opinion on the Market Value of the Rockford and Ponton mineral tenure, as at 8 July 2019, is provided in Table 1.

*Table 1: CSA Global opinion on value of Legend's mineral tenure as at 8 July 2019*

Grouping	Tenements	Legend Interest	Area (km <sup>2</sup> )	100% Basis (A\$ million)			Legend Interest (A\$ million)		
				Low	High	Preferred	Low	High	Preferred
Rockford JVA 2019	E28/2190, E28/2191	10%	633	1.25	5.00	2.50	0.13	0.50	0.25
Legend/IGO JVA 2019	E28/2675, E28/2676, E28/2677	30%	24	0.05	0.30	0.20	0.02	0.09	0.06
Legend 70% tenure	E28/1718, E28/1727, E28/2188, E28/2189, E28/2192	70%	1,482	3.70	20.00	12.80	2.59	14.00	8.96
Legend 100% tenure	E28/2404, E28/2405	100%	239	0.50	2.70	1.50	0.50	2.70	1.50
<b>Rockford Total</b>			<b>2,377</b>	<b>5.50</b>	<b>28.00</b>	<b>17.00</b>	<b>3.23</b>	<b>17.29</b>	<b>10.77</b>
Ponton JVA 2019	E28/1716, E28/1717	70%	709	5.00	17.00	11.00	3.50	11.90	7.70
<b>Ponton JVA 2019</b>			<b>709</b>	<b>5.00</b>	<b>17.00</b>	<b>11.00</b>	<b>3.50</b>	<b>11.90</b>	<b>7.70</b>
<b>Total</b>			<b>3,086</b>	<b>10.50</b>	<b>45.00</b>	<b>28.00</b>	<b>6.73</b>	<b>29.19</b>	<b>18.47</b>

Note: Values have been appropriately rounded, and may appear to sum incorrectly

# Based on Legend ASX announcement of 9 July 2019

There is significant range in the values derived for the mineral assets. CSA Global has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the project, given the uncertainties inherent in valuing early stage projects. The large range in transaction values indicates that there is likely to be a large range in possible market values for the projects. CSA Global considers the valuation ranges chosen to be reasonable, as they are supported by the exploration expenditure and CSA Global's assessment of technical value based on the Geoscience Ratings method.

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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# 1 Introduction

## 1.1 Context, Scope and Terms of Reference

Legend Mining Limited (ASX: LEG) (“Legend” or “the Company”) is an Australian exploration company which is focused on its early stage nickel-copper Rockford Project in the Fraser Range, Western Australia.

The Rockford Project comprises 12 contiguous granted exploration licences and comprises a joint venture between Legend (70%) and Creasy Group (Creasy) (30%), with Legend operator and manager of the joint venture, and two of the 12 licences owned 100% by Legend.

In July 2019, the Company announced a \$9.8M share placement with Independence Group NL (IGO), as well as three joint venture agreements (JVAs) with IGO and Creasy, as follows:

- Ponton JVA 2019
  - The Company gained access to two new tenements totalling 709km<sup>2</sup> through a JVA with Creasy, whereby the Company can acquire a 70% interest in the tenements through issuing shares in the Company. The completion of a Bankable Feasibility Study and resulting Decision to Mine, following the completion of a diamond drilling programme, will lead to the issue of the deferred consideration shares.
- Rockford JVA 2019
  - Legend, IGO and Creasy have entered into a new JVA over two Rockford North tenements whereby IGO will have a 60% interest, management rights and responsibilities, and Creasy and Legend will have free carried interests over 30% and 10% respectively.
- Legend/IGO JVA 2019
  - Legend and IGO have entered into a new JVA over three Legend 100% owned tenements whereby IGO will have a 70% interest, management rights and responsibilities, and Legend will have a free carried 30% interest.

The Company has signed a subscription agreement with IGO for a \$9.8M placement in the Company at an issue price of 3.6 cents per share. The Company will also issue 55.55 million shares pursuant to the Ponton JVA 2019. The first tranche will be completed under the Company’s existing 15% placement capacity and the second tranche is subject to Legend shareholder approval at a meeting which is expected to be held in October 2019.

The Company has engaged BDO Corporate Finance (WA) Pty Ltd (BDO) WA to prepare an Independent Experts Report (IER) for inclusion within a report to be sent to shareholders of the Company.

BDO has in turn commissioned CSA Global Pty Ltd (CSA Global) to prepare an independent technical assessment and valuation of the mineral assets of the Company (an Independent Technical Specialists’ Report, the “Report”) for inclusion in the IER. The Report, or a summary of it, is to be appended to the IER, and as such, will become a public document.

The Report will address the following scope of work:

- a valuation of the Rockford Project tenements held by the Company;
- a valuation of the two new tenements to be acquired pursuant to the Ponton JVA 2019.

## 1.2 Compliance with the VALMIN and JORC Codes

The Report has been prepared in accordance with the VALMIN Code 2015<sup>1</sup>, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC Code<sup>2</sup> and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and ASX that pertain to Independent Experts' Reports (IERs).

The authors have taken due note of the rules and guidelines issued by such bodies as ASIC and ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

## 1.3 Principal Sources of Information

The Report has been based upon information available up to and including 17 July 2019. 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 Legend's projects.

The authors have endeavoured, by making all reasonable enquiries within the timeframe available, to confirm the authenticity and completeness of the technical data upon which this Report is based.

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.

CSA Global relies on the tenure information and opinion on tenure prepared by M & M Walter Consulting, in their opinion dated 17 July 2019. CSA Global makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

## 1.4 Authors of the Report – Qualifications, Experience and Competence

This Report has been prepared by CSA Global, a privately-owned consulting company that has been operating for over 30 years; with its headquarters in Perth, Western Australia.

CSA Global provides multi-disciplinary services to a broad spectrum of clients across the global mining industry. Services are provided across all stages of the mining cycle from project generation, to exploration, resource estimation, project evaluation, development studies, operations assistance, and corporate advice, such as valuations and independent technical documentation.

The information in this report that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Trivindren Naidoo, who is a Member of the Australasian Institute of Mining and Metallurgy. Trivindren Naidoo is not related party or employee of Millennium. Trivindren Naidoo has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the "Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets". Trivindren Naidoo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The valuation of Exploration Properties was completed by CSA Global Principal Consultant, Mr Trivindren Naidoo, MSc, MAusIMM, Pr. Sci.Nat, and FGSSA. He is an exploration geologist with 20 years' experience in

<sup>1</sup> *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. The VALMIN Code, 2015 Edition.* Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

<sup>2</sup> *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition.* Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

the minerals industry, including 14 years as a consultant, specialising in project evaluations and technical reviews as well as code-compliant reporting (JORC, VALMIN, NI 43-101 and CIMVAL) and valuation. His knowledge is broad-based, and he has wide-ranging experience in the field of mineral exploration, having managed or consulted on various projects ranging from first-pass grassroots exploration to brownfields exploration and evaluation, including the assessment of operating mines. Mr Naidoo has completed independent evaluations and valuations of numerous mineral assets ranging from early-stage exploration properties to multiple operating mines, across various commodities and jurisdictions. Trivindren has the relevant qualifications, experience, competence, and independence to be considered a “Specialist” under the definitions provided in the VALMIN Code and a “Competent Person” as defined in the JORC Code.

The reviewer of the report is Ms Ivy Chen (BAppSc Multidisciplinary, MAusIMM, GAICD). Ms Chen is a corporate governance specialist, with over 30 years’ experience in mining and resource estimation. She served as the national geology and mining adviser for the ASIC from 2009 to 2015. Ms Chen’s experience in the mining industry in Australia and China, as an operations and consulting geologist, includes open pit and underground mines for gold, manganese and chromite, and as a consulting geologist she has conducted mineral project evaluation, strategy development and implementation, through to senior corporate management roles. Recent projects completed include listings and other commercial transactions on the Australian, Singapore, Hong Kong, and UK stock exchanges.

### **1.5 Prior Association and Independence**

The author and the peer reviewer of this Report have no prior association with Legend in regard to the Mineral Assets. CSA Global prepared an independent valuation opinion on the Rockford Project when Legend acquired the project in July 2015. Given the passage of time, and the involvement of different staff members to the author and peer reviewer of this report, CSA Global is satisfied that there is no conflict of interest.

Neither CSA Global, nor the authors of this ITAVR, 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 ITAVR 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 ITAVR. The fee for the preparation of this ITAVR is approximately A\$23,400.

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 to CSA Global conducting further work for Legend.

### **1.6 Declarations**

The statements and opinions contained in this Report are given in good faith and in the belief that they are not false or misleading. This Report has been compiled based on information available up to and including the date of this Report. The statements and opinions are based on information received up to a reference date of 17 July 2019. However, events beyond our control could alter the value of Mineral Assets over time depending on exploration results, mineral prices and other relevant market factors.

The opinions expressed in this Report have been based on the information supplied to CSA Global by Legend. The opinions in this Report are provided in response to a specific request from BDO to do so. CSA Global has exercised all due care in reviewing the supplied information. Whilst CSA Global has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. CSA Global does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features, as they existed at the time of CSA Global’s investigations, and those reasonably

foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which CSA Global had no prior knowledge nor had the opportunity to evaluate.

CSA Global's valuations are based on information provided by Legend and public domain information. This information has been supplemented by making all reasonable enquiries to confirm the authenticity and completeness of the technical data.

No audit of any financial data has been conducted. The valuations discussed in this Report have been prepared at a valuation date of 8 July 2019. 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.

## 2 Project

### 2.1 Location and Access

Legend's Rockford Project is located at approximately 31°S, 124°E, roughly 250km east of Kalgoorlie, in the northern Fraser Range district of Western Australia (Figure 1). The Project comprises 12 contiguous granted exploration licences covering an area of 2,792km<sup>2</sup> with access gained via the Trans Access Road which runs through the southern part of the Project.

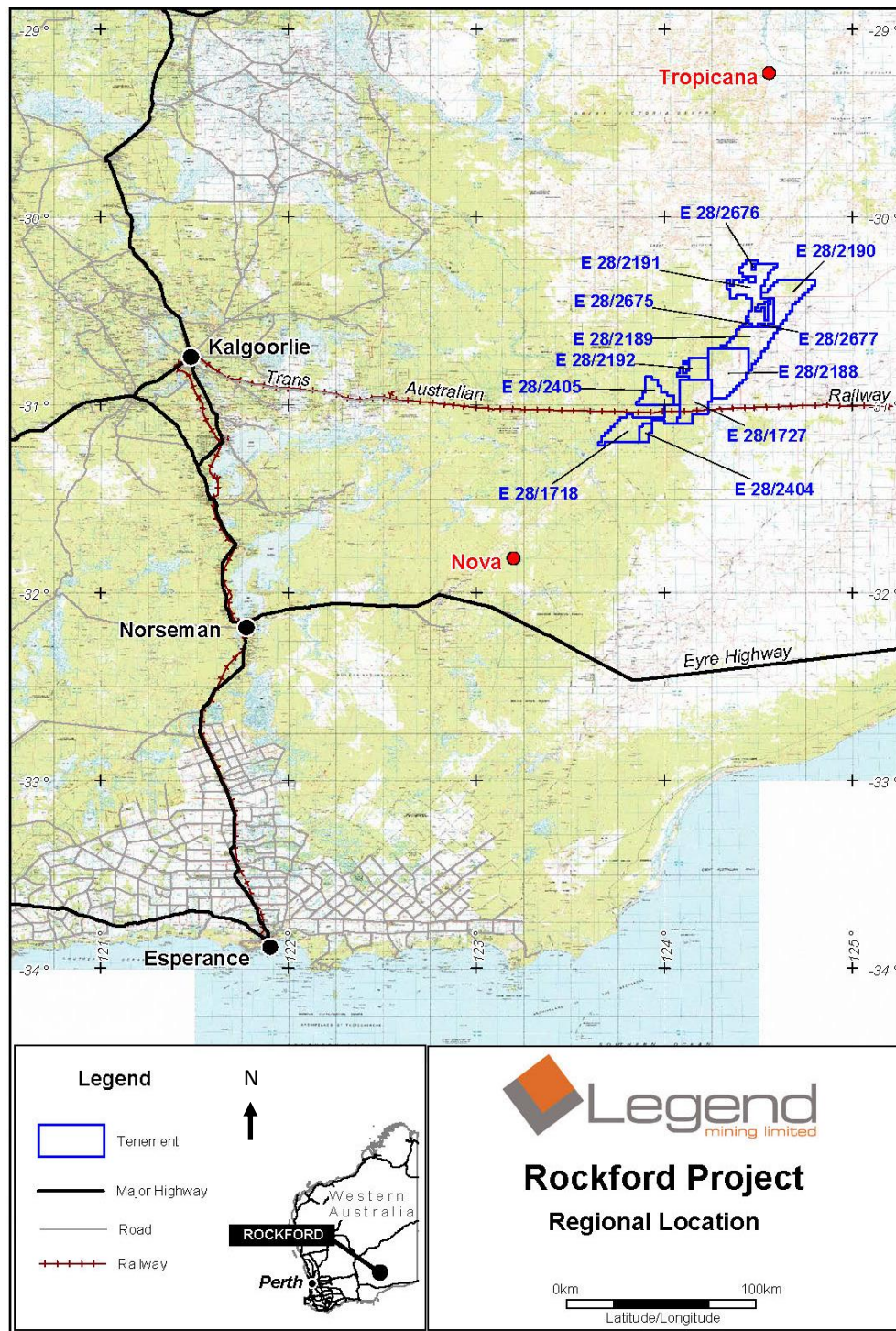


Figure 1: Rockford Project location

## 2.2 Ownership and Tenure

CSA Global relies on the independent opinion of M & M Walter Consulting (M&M), as stated in their report *Legend Tenements* dated 17 July 2019, with regards the status of the Rockford Project tenure. M & M Walter Consulting conclude that “*the tenements are in good standing with no major issues*”.

The Rockford Project comprises 12 contiguous granted exploration licences covering an area of approximately 2,377km<sup>2</sup> in the northern Fraser Range District of Western Australia.

Legend entered into a tenement sale and exploration joint venture agreement with Ponton Minerals Propriety Limited (70% purchase of tenements E28/1718 and E28/1727) and Rockford Metals Propriety Limited (70% purchase of tenements E28/2188, E28/2189, E28/2190, E28/2191 and E28/2192) on 2 July 2015. Legend is operator and manager of the joint venture.

Legend purchased a 100% interest in tenements E28/2404 and E28/2405 from Musgrave Minerals Limited on 28 February 2017. Legend also has a 100% interest in pegged tenements E28/2675, E28/2676 and E28/2677.

In July 2019, Legend announced a \$9.8M share placement with Independence Group NL (IGO), as well as three joint venture agreements (JVAs) with IGO and Creasy, as follows:

- Ponton JVA 2019
  - The Company gained access to two new tenements totalling 709km<sup>2</sup> through a JVA with Creasy, whereby the Company can acquire a 70% interest in the tenements through issuing shares in the Company. The completion of a Bankable Feasibility Study and resulting Decision to Mine, following the completion of a diamond drilling programme, will lead to the issue of the deferred consideration shares.
- Rockford JVA 2019
  - Legend, IGO and Creasy have entered into a new JVA over two Rockford North tenements whereby IGO will have a 60% interest, management rights and responsibilities, and Creasy and Legend will have free carried interests over 30% and 10% respectively.
- Legend/IGO JVA 2019
  - Legend and IGO have entered into a new JVA over three Legend 100% owned tenements whereby IGO will have a 70% interest, management rights and responsibilities, and Legend will have a free carried 30% interest.

The current ownership and status of the licences is summarised in Table 2. The relative location of the licences is indicated in Figure 2, which shows what the ownership of the tenements will change to as a result of the new joint venture agreements.

CSA Global has sighted the signed agreements and understands that the change of interest in the tenements is in the process of being lodged. CSA Global accept in good faith that there are no impediments to the change of interest being registered.

Table 2: Rockford Project current tenure

Combined Report No.	Tenement	Holders	Application Date	Grant Date	Expiry Date	Current Area (Blocks)	Rent (next year)	Current Rent Status	Current Expenditure Status	Expenditure Commitment (next period)
C196/2008	E28/1716	Ponton Minerals P/L 100%	11/12/2006	12/11/2007	11/11/2019	120	\$72,120.00	Paid in Full	Expended in Full	\$360,000.00
	E28/1717	Ponton Minerals P/L 100%	11/12/2006	12/11/2007	11/11/2019	120	\$72,120.00	Paid in Full	Expended in Full	\$360,000.00
C39/2016	E28/1718	Ponton Minerals P/L 30% Legend Mining Ltd 70%	11/12/2006	12/11/2007	11/11/2019	120	\$72,120.00	Paid in Full	Expended in Full	\$360,000.00
	E28/1727	Ponton Minerals P/L 30% Legend Mining Ltd 70%	13/12/2006	12/11/2007	11/11/2019	120	\$72,120.00	Paid in Full	Exemption Granted	\$360,000.00
	E28/2188	Rockford Metals P/L 30% Legend Mining Ltd - 70%	22/08/2011	9/10/2012	8/10/2022	120	\$72,120.00	Paid in Full	Expended in Full	\$240,000.00
	E28/2192	Rockford Metals P/L 30% Legend Mining Ltd 70%	22/08/2011	23/01/2013	22/01/2023	31	\$18,631.00	Paid in Full	Expended in Full	\$62,000.00
C16/2016	E28/2189	Rockford Metals P/L 30% Legend Mining Ltd 70%	22/08/2011	19/02/2013	18/02/2023	112	\$67,312.00	Paid in Full	Expended in Full	\$224,000.00
	E28/2190	Rockford Metals P/L 30% Legend Mining Ltd 70%	22/08/2011	9/10/2012	8/10/2022	120	\$72,120.00	Paid in Full	Exemption Granted	\$240,000.00
	E28/2191	Rockford Metals P/L 30% Legend Mining Ltd 70%	22/08/2011	23/01/2013	22/01/2023	94	\$56,494.00	Paid in Full	Exemption Granted	\$188,000.00
	E28/2675	Legend Mining Ltd 100%	13/01/2017	14/08/2017	13/08/2022	4	\$552.00	Paid in Full	Expended in Full	\$15,000.00
	E28/2676	Legend Mining Ltd 100%	13/01/2017	14/08/2017	13/08/2022	2	\$276.00	Paid in Full	Expended in Full	\$15,000.00
	E28/2677	Legend Mining Ltd 100%	13/01/2017	14/08/2017	13/08/2022	2	\$276.00	Paid in Full	Expended in Full	\$15,000.00
-	E28/2404	Legend Mining Ltd 100%	15/09/2013	16/09/2016	15/09/2021	20	\$4,660.00	Paid in Full	Expended in Full	\$20,000.00
-	E28/2405	Legend Mining Ltd 100%	6/12/2013	5/02/2015	4/02/2020	61	\$19,398.00	Paid in Full	Expended in Full	\$91,500.00

Source: M & M Consulting (2019).

Ponton JVA 2019 highlighted in blue. Legend does not currently have an equity interest in these tenements, but can acquire a 70% interest through the new JVA.

Legend/IGO JVA 2019 tenements highlighted in grey. Legend currently has a 100% interest in these tenements, but will have a 30% free carried interest once IGO assumes management rights and responsibilities.

Rockford JVA 2019 tenements highlighted in green. Legend currently has a 70% interest in these tenements, but will have a 10% free carried interest once IGO assumes management rights and responsibilities.

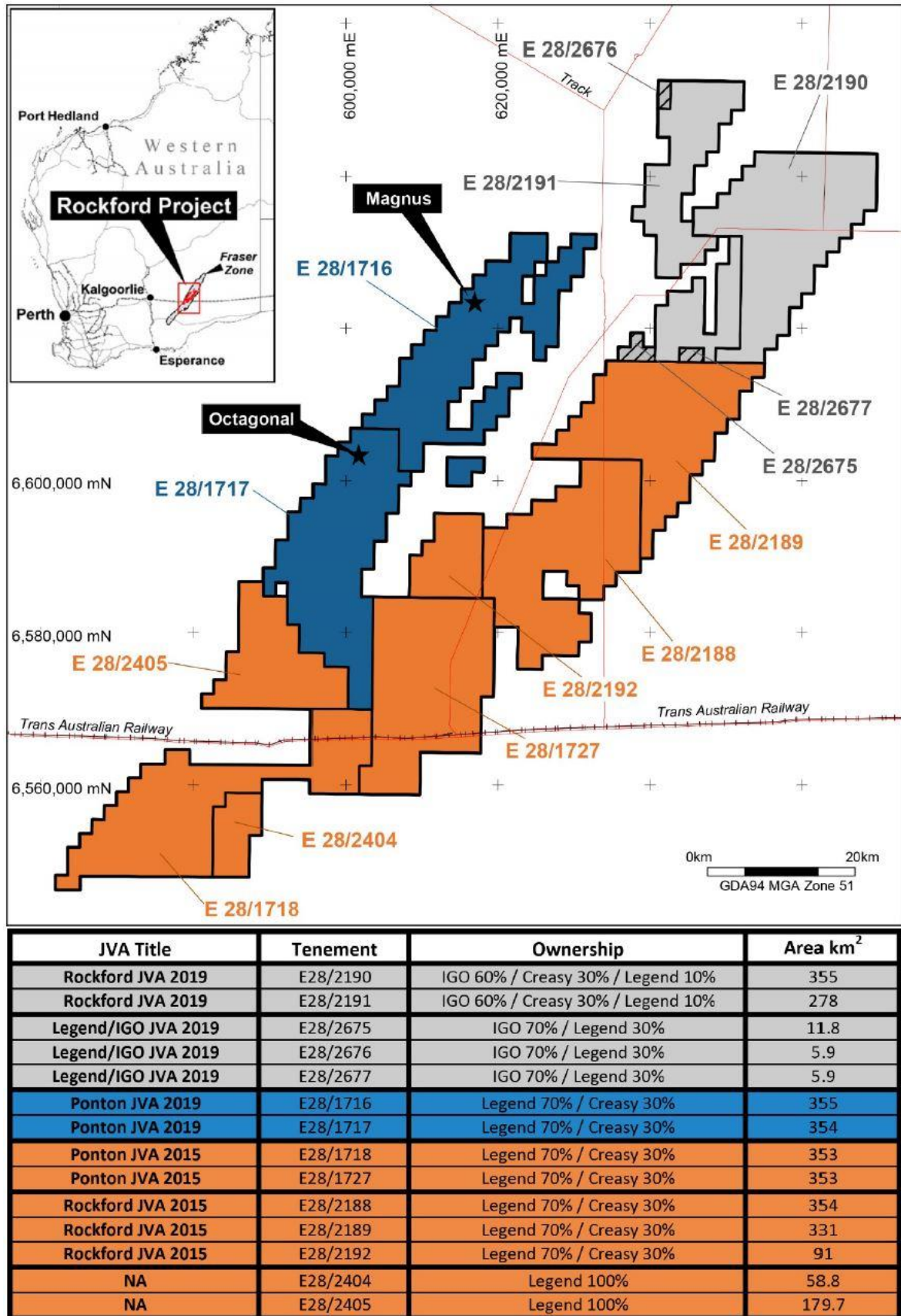


Figure 2: Rockford Project, showing tenure post new JV Agreements  
Source: Legend Mining Limited ASX Release, 9 July 2019

### 2.3 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 north western tenements encroach into the Great Victoria Desert, characterised by east–west trending vegetated aeolian sand dunes. 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.

## 3 Geology

### 3.1 Regional Geology

#### 3.1.1 *Phanerozoic Geology*

The youngest geological units in the Rockford 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) report that limited observations of sub-cropping ridges and domes suggest that there is a mix of deep and shallow weathering. Several substantial paleochannels in the region.

#### 3.1.2 *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 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 (Figure 3) 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. It is dominated by high-grade metagabbroic 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.

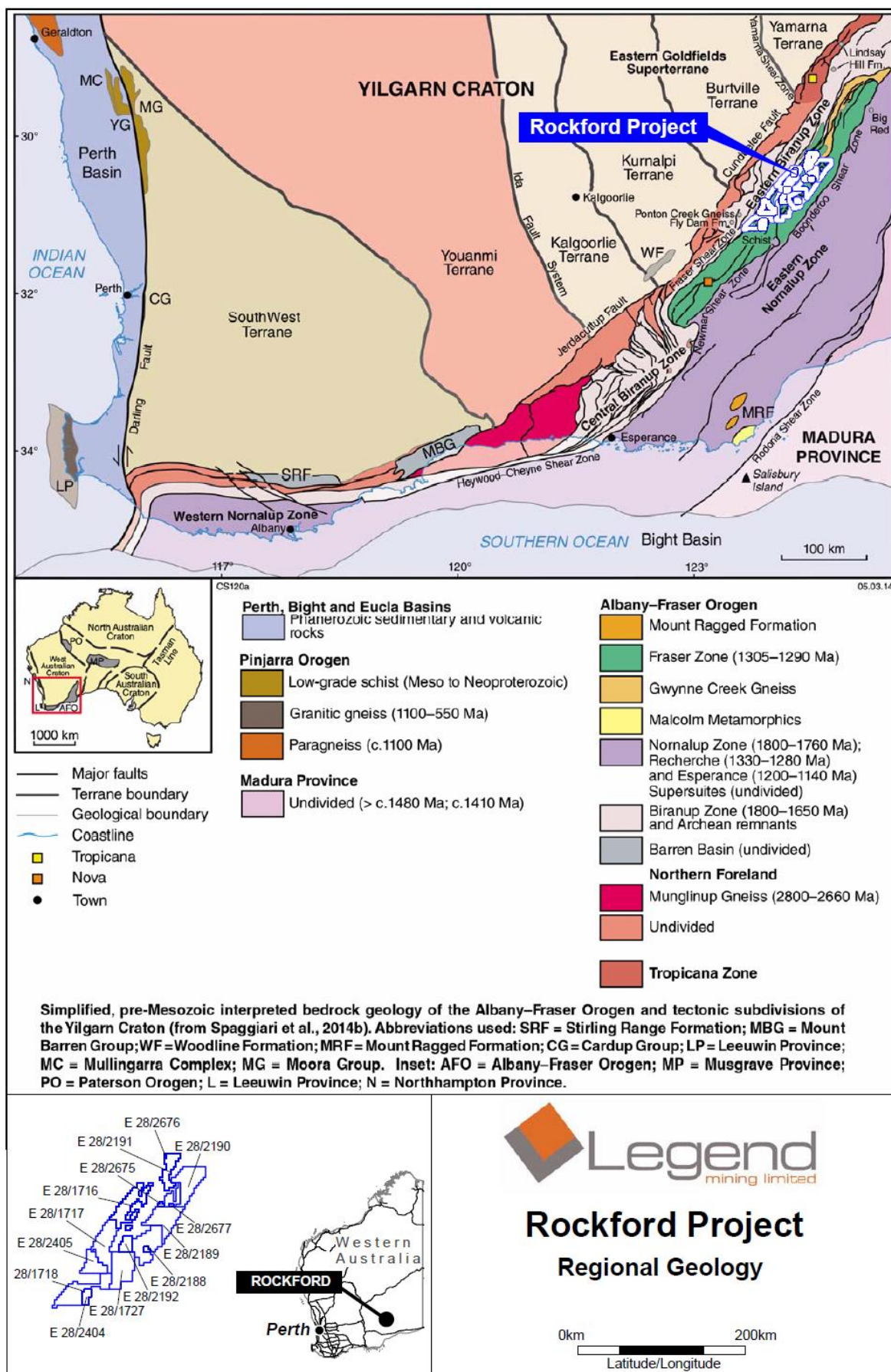


Figure 3: Regional Geology

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, 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 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:

- 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,
- 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 Munglup 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.

The onshore component of the Albany Fraser Orogeny that wraps around the southern edge of the Yilgarn Craton in the vicinity of the Fraser Range South Project comprises three main belts that are highlighted by a distinctive magnetic signature. Northernmost is the structurally reworked and metamorphosed Yilgarn Craton which corresponds with the Northern Foreland, comprising gneiss and granitoid with younger dolerite

dykes of the Gnowangerup dyke swarm which trend parallel to the orogen boundary. This belt includes the in-faulted Mount Barren Group and Stirling Range Formation, described below.

South of the Northern Foreland and separated from it by a series of thrust faults, the Biranup Zone is seen as a linear east-west trending highly magnetic domain about 30 km wide. The belt comprises ortho- and paragneisses which are highly strained and metamorphosed to amphibolite to granulite facies. Lithologies include metasedimentary assemblages of quartz-kyanite-tourmaline, biotite-garnet gneisses and quartz-magnetite units of which the Southdown Magnetite Deposit (magnetite-quartz-garnet granulite gneiss) is an example.

South of the Biranup magnetic domain and extending offshore is a wider corridor of mixed magnetic and non-magnetic zones composed of highly strained and complexly folded magnetic units of quartzo-feldspathic and basic gneiss hosted within a non-magnetic background that consists of paragneiss which in places contains significant graphite. This domain corresponds to the Nornalup Zone and is intruded by voluminous post-tectonic granitoids such as the Burnside Batholith.

Much of the Fraser Range South Project area is covered by Tertiary sediments of the Bremer Basin succession, up to 50 m thick.

The Mount Barren Group and Stirling Range Formation consist of lower greenschist to upper amphibolite facies metasedimentary Proterozoic rocks that overlie the southern edge of the Yilgarn Craton. The Mount Barren Group comprises conglomerate, quartzite, chert, mudstone and minor carbonate. The quartzite is exposed in a series of prominent rocky peaks which shows its predominant south-easterly dip. It is unclear whether the sediments unconformably overlie Archaean granitoids or are thrust over them.

The Stirling Range Formation lying north of Albany and about 100 km west of the Mount Barren Group comprises sub-greenschist to lower greenschist facies quartzite, shale, slate, and phyllite with a similar depositional age to the Mount Barren Group of around 1700-1800 Ma.

The Stirling Range Formation and Mount Barren Group may be part of a much broader group of sedimentary rocks deposited on or close to the southern and southeastern margin of the Yilgarn Craton, which includes the Woodline Formation further to the northeast.

### **3.2 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.

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 lesser amounts of mafic gneiss and pyroxenite (Waterfield 2015).

Legend commissioned a detailed aeromagnetic interpretation of the entire Rockford Project, undertaken by Geomagik, aimed at providing a regional framework for the Project and identifying/ characterising structural domains (Figure 4).

The Rockford Project covers a strike length of 140km over a regional gravity high “ridge” associated with dense mafic/ultramafic intrusive rocks of the Fraser Zone, within the larger Albany-Fraser Orogen.

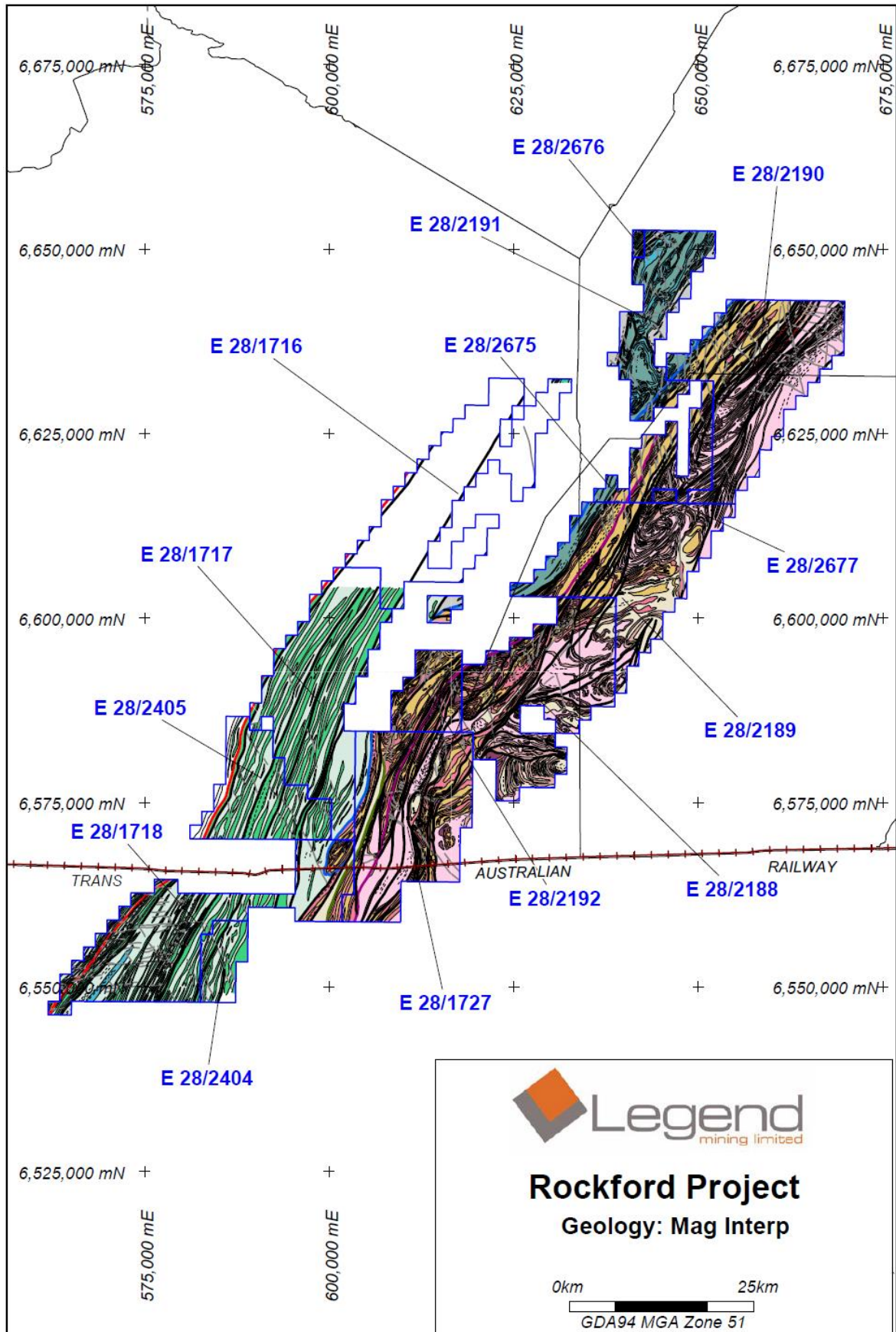


Figure 4: Local Geology (Magnetics interpretation)

### 3.2.1 *The Fraser Zone*

As summarised in Smithies et al. (2013) and the 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.

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.

All of the northern part of the Fraser Zone is obscured by Cretaceous to Cenozoic cover rocks of the Bight and Eucla Basins, but the gravity data indicate that it is an approximately 425 km long, northeasterly trending, fault-bound 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).

## 4 Exploration Potential

The Rockford Project area is considered prospective for the following:

- Gold, base-metals (copper, lead, zinc, silver), 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 reduced sediments.
- Lignitic coal in carbonaceous sediments.

Past work has identified evidence of gold mineralising systems active in the project area capable of producing significant gold intercepts (as detailed below).

The project area is well connected to Kalgoorlie and the Port of Esperance via rail and road links.

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

- relative remoteness
- very limited outcrop
- 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 EM 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 (AFO) 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 AFO 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 AFO, and that many intrusive suites are weakly mineralised along the several hundred kilometres of strike in the AFO explored to date, 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 AFO 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 AFO that has experienced injection of the greatest volumes of mafic-ultramafic melts into the crustal suture of the AFO. 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 AFO 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 Fraser Zone.

Exploration conducted by Legend and its predecessors has identified several prospects, which have formed the focus of the more detailed exploration work carried out alongside the regional exploration effort (Figure 5).

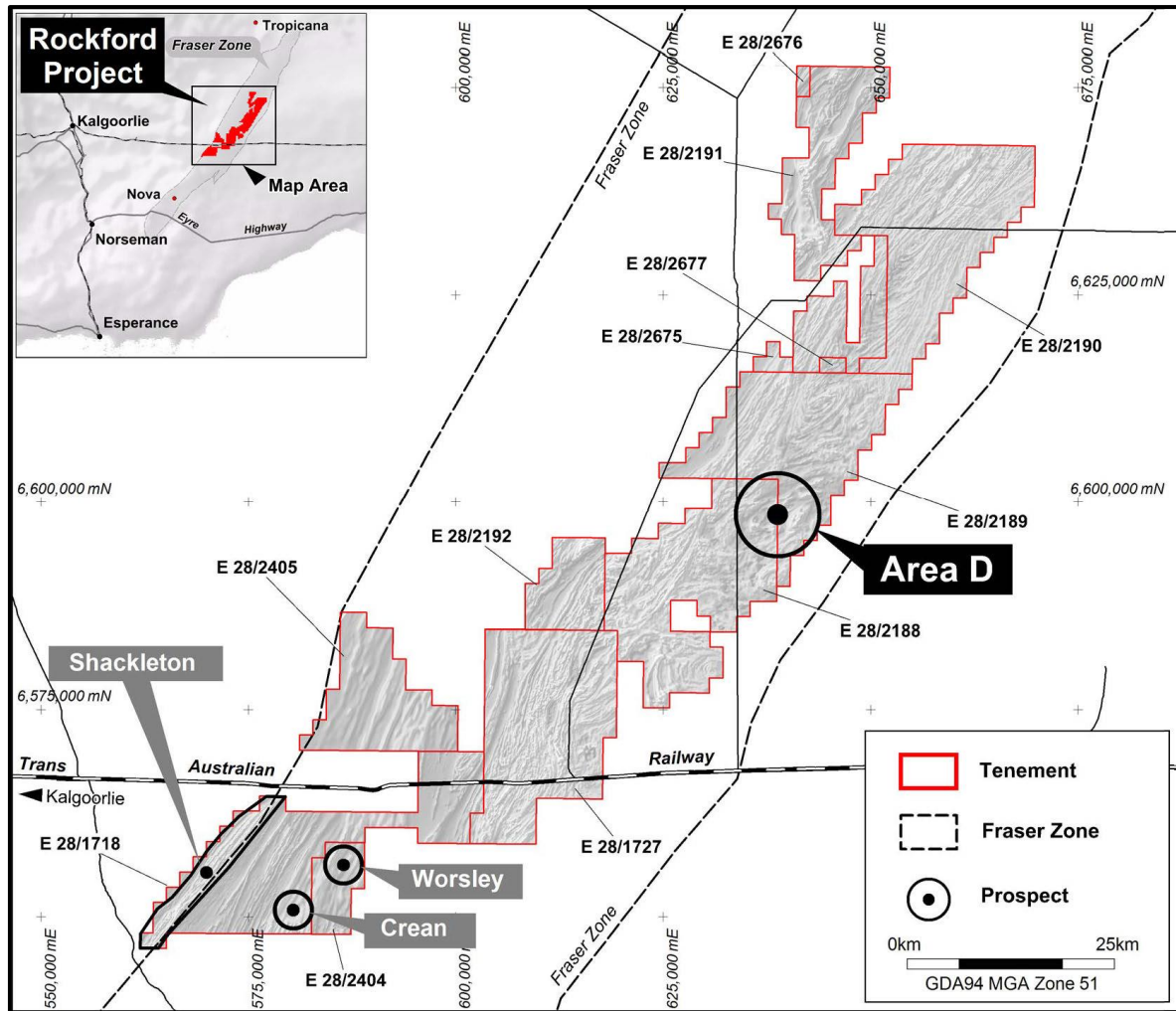


Figure 5: Rockford Project - Prospect locations

## 5 Work Conducted

A summary of the work conducted per licence is provided in Table 17 (Appendix 3).

### 5.1 Rockford Project

An extensive amount of exploration has been undertaken over the Rockford Project including:

- Soil, calcrete, rock and laterite surface sampling
- Aeromagnetic/radiometric/DTM surveys
- Aeromagnetic interpretation
- Gravity surveys
- Moving/fixed loop and downhole electromagnetic surveys
- Geophysical processing, conductor plate modelling and inversion modelling
- Aircore, RC and diamond drilling
- Petrological analysis

Exploration utilising innovative ground electromagnetic surveying is primarily focussed on Nova-Bollinger style magmatic sulphide nickel-copper, as well as targeting volcanogenic massive sulphide (VMS) copper-zinc-silver and Tropicana style structurally controlled gold mineralisation.

Geological mapping is not possible due to lack of outcrop, while historic surface sampling has proven to be unreliable to ineffective due to extensive deep transported cover.

The presence of thick conductive cover also greatly reduces the effectiveness of airborne EM and low power EM systems.

As a consequence, Legend is using detailed aeromagnetic and gravity datasets to initially identify potential mafic/ultramafic intrusions which may host significant nickel-copper mineralisation for follow up evaluation.

Legend is using high power moving loop electromagnetic (MLTEM) surveying as a reconnaissance exploration technique aimed at identifying significant bedrock conductors (Figure 6). This technique is proven to be able to detect conductive bodies to 600m depth beneath conductive cover.

Once a conductor has been identified by the MLTEM, follow up fixed loop electromagnetic (FLTEM) surveying is undertaken to provide better resolution and allow accurate plate modelling. All modelled conductor plates RC/diamond drill tested have successfully intersected the targeted conductor.

Regional aircore drill traverses are undertaken by Legend to test selected aeromagnetic and gravity targets and to provide lithogeochemical data (Figure 7). The drilling is also completed over previously identified EM conductors to assist prioritisation of follow up.

The final stage is RC/diamond drill testing of high priority modelled conductors with follow up downhole electromagnetic (DHTEM) surveying testing for off-hole features.

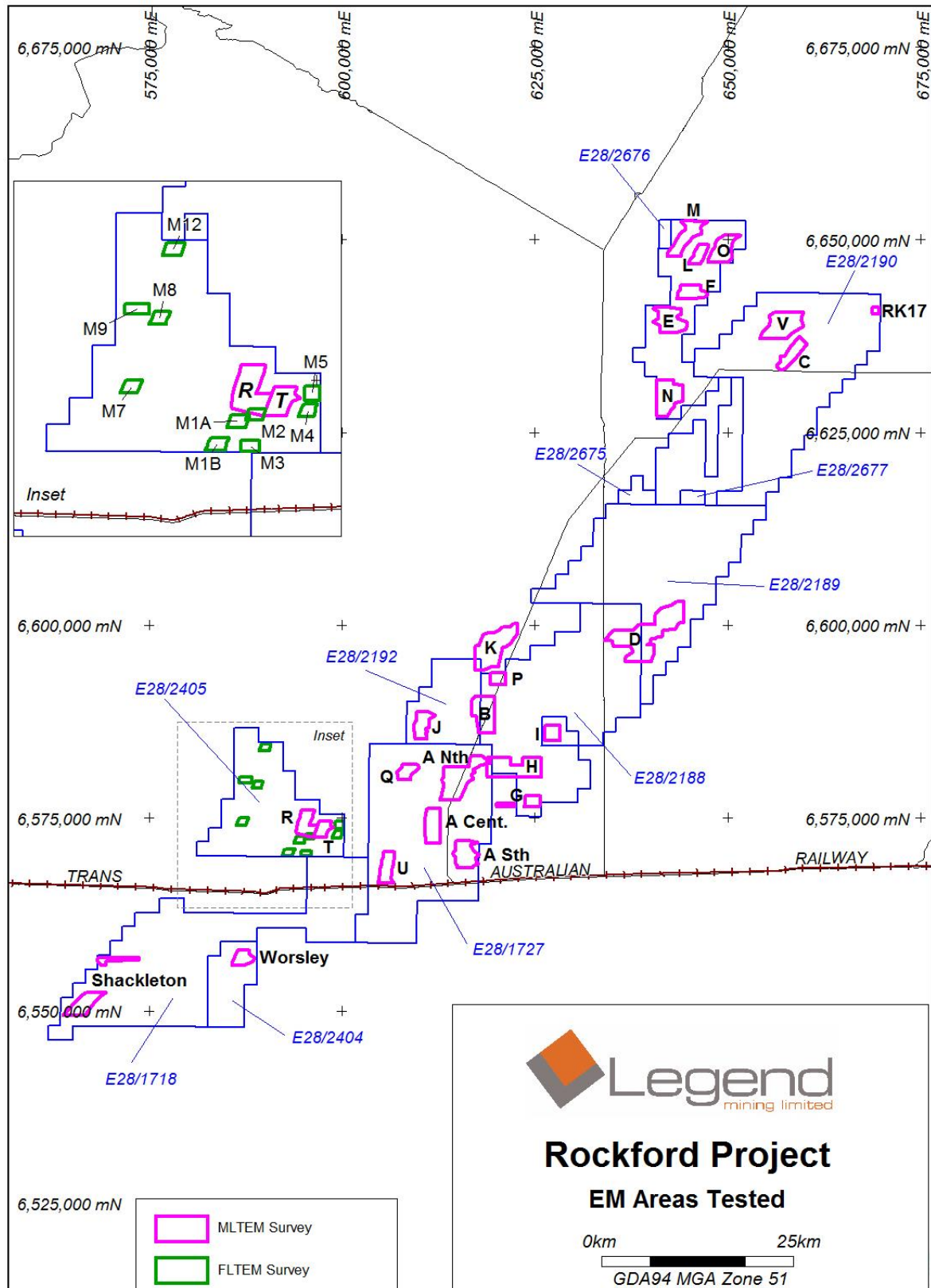


Figure 6: Rockford Project - EM Survey Coverage

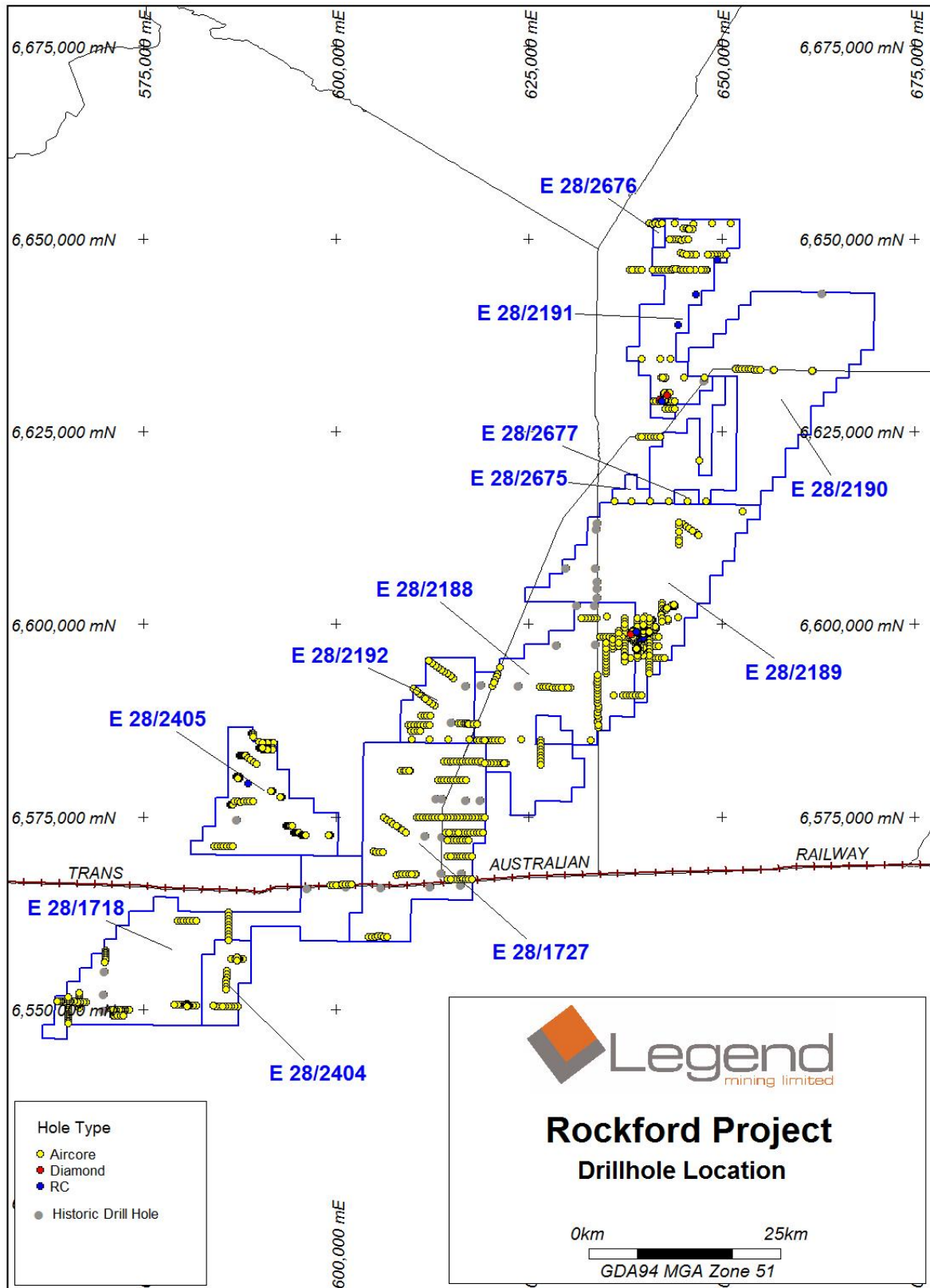


Figure 7: Rockford Project drillhole location

## 5.2 Ponton JVA 2019 tenements

The new tenements cover 709km<sup>2</sup> over the prospective western stratigraphic package and contain two advanced nickel-copper-cobalt prospects, Octagonal and Magnus. These additional tenements also represent early-stage exploration tenure, in that Mineral Resources have not been identified.

The Octagonal and Magnus prospects are characterised by “oval/eye” shaped aeromagnetic features, highly favourable mafic/ultramafic intrusive host rocks and at Octagonal, multiple intersections of massive, semi-massive, net textured, stringer and disseminated pyrrhotite-pentlandite-chalcopyrite sulphides. The mineralisation identified so far is discontinuous and sub-economic, however demonstrates all the characteristics of a fertile magmatic nickel-copper sulphide system. Octagonal is now the third publicly disclosed example (along with the Nova and Silver Knight deposits) of massive nickel-copper-cobalt sulphide mineralisation identified to date in the Fraser Range.

Work on these tenements has focussed on the Octagonal and Magnus prospects, and work conducted to date includes:

- Regional aeromagnetic survey
- Detailed ground gravity surveys
- MLEM surveys
- FLEM surveys
- Surface IP surveys
- AMT/MT surveys
- Aircore drilling
- RC drilling
- Diamond drilling

## 6 Risks

The exploration risks associated with the project are generic and common to most greenfields explorations projects, and in CSA Global's opinion do not pose a significant risk to the project.

CSA Global notes that exploration expenditure in progressing these projects is likely to be comparatively high, due to the logistics involved in accessing the remote area, and the depth of surficial cover over the bedrock geology.

## 7 Valuation

Valuation of Mineral Assets is not an exact science and a number of approaches are possible, each with varying positives and negatives. While valuation is a subjective exercise, there are several generally accepted procedures for establishing the value of Mineral Assets. CSA Global consider that, wherever possible, inputs from a range of methods should be assessed to inform the conclusions about the Market Value of Mineral Assets.

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 Practitioner based on their experience and professional judgement. Refer to Appendix 1 for a discussion of Valuation Approaches and Valuation Methodologies, including a description of the VALMIN classification of Mineral Assets.

### 7.1 Previous Valuations

CSA Global prepared an independent valuation opinion on the Rockford Project when Legend acquired the project in July 2015. At the time, the project comprised eight granted exploration licences, as well as five exploration licence applications held by Legend. No value was assigned to the tenement applications, as there was uncertainty as to whether it would be granted or not all the area applied for would be granted due to environmental, Native Title or other reasons.

Based on a series of comparable transactions dating back to 2012, CSA Global estimated that the value of the entire Rockford Project for Legend (comprising the 70% interest in the Creasy Group tenure and 100% interest in Legend's own granted licence) was between \$3.0M and \$5.5M with a Preferred Value of \$4.0M, as at 24 July 2015.

### 7.2 Valuation Approach

The Valuation Basis employed by CSA Global is Market Value, as defined by the VALMIN Code (2015). The Valuation Date is 8 July 2019. The currency is Australian dollars (A\$) unless otherwise stated.

CSA Global considers the Rockford Project tenements held by Legend, as well as the Ponton JVA 2019 tenements, to be Early stage Exploration projects, as defined in the VALMIN Code (2015).

In considering an appropriate valuation range and preferred value for these assets, CSA Global considered Comparative Transactions involving exploration tenure in the Fraser Range region of Western Australia. Secondary valuation methods that CSA Global considered included the Geoscience Rating Method and the Multiples of Exploration Expenditure method. These methods are described in Appendix 1.

Table 3: Tenement groupings and Legend Interest

Grouping	Tenements	Area (km <sup>2</sup> )	Previous Legend Interest	Current Legend Interest <sup>#</sup>
Rockford JVA 2019	E28/2190, E28/2191	633	70%	10%
Legend/IGO JVA 2019	E28/2675, E28/2676, E28/2677	23.6	100%	30%
Legend 70% tenure	E28/1718, E28/1727, E28/2188, E28/2189, E28/2192	1,482	70%	70%
Legend 100% tenure	E28/2404, E28/2405	238.5	100%	100%
<i>Rockford Project</i>		<i>2,377.1</i>		
Ponton JVA 2019	E28/1716, E28/1717	709	0%	70%
<b>Total</b>		<b>3,086.1</b>		

<sup>#</sup> Based on Legend ASX announcement of 9 July 2019

## 7.3 Commodity Market and Pricing

The variation in the price of nickel in Australian Dollars for the period 1 July 2014 to 9 July 2019 is summarised in Figure 8. This variation is driven by both the variation in the price of nickel in US Dollars, and the exchange rate of the Australian Dollar to the US Dollar.

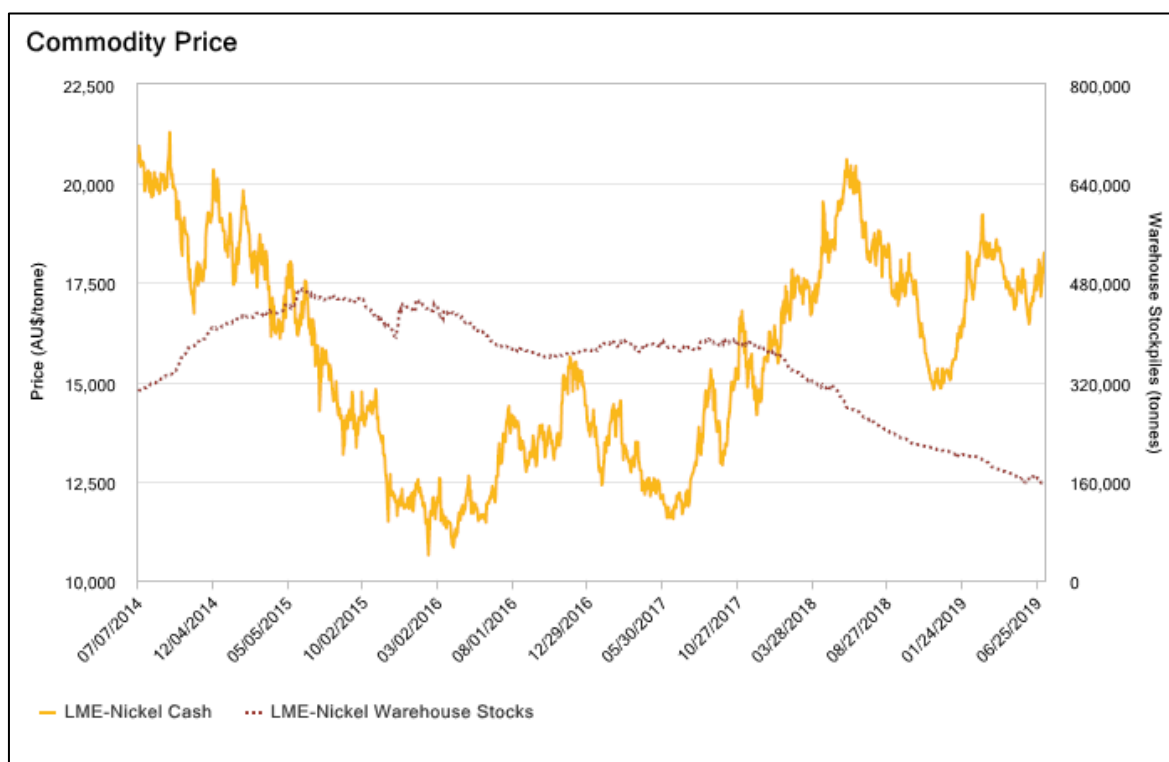


Figure 8: Ni price history over past five years

Source: S&P Global Market Intelligence

The nickel price dropped from nearly A\$21,000/t in July 2014 to a low of around A\$10,600/t in February 2016. It recovered to a peak of around A\$15,500/t in December 2016, before again dropping to around A\$11,600/t in June 2017. It then rallied to around A\$20,500/t in June 2018 before again retreating to around A\$14,800/t in December 2018. It has since recovered to around A\$17,500/t, with a peak around A\$19,200/t in March 2019. The nickel price on 8 July 2019 was A\$18,181.19/t.

This severe variation in nickel price over this period highlights the need to normalise transaction prices to commodity prices when comparing transactions over this period.

## 7.4 Market Approach

### 7.4.1 Comparative 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 14 transactions considered relevant to The Rockford Project were identified. The transactions were reported over the period July 2014 to July 2019. Summary information about the reviewed transactions along with the implied cash-equivalent values per square kilometre are summarised in Appendix 2.

In analysing the transactions, all amounts were converted to A\$ at the relevant exchange rate at the time of the transaction announcement. Joint venture transactions were only valued to the first earn-in milestone and any subsequent earn-in milestones were ignored, as CSA Global has observed that the majority of earn-

in agreements do not progress past the first earn-in milestone. Future payments contingent on a future milestone such as declaration of a Mineral Resource or decision to mine were ignored.

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

The transactions are summarised in Table 15 of Appendix 2, and illustrated in Figure 9.

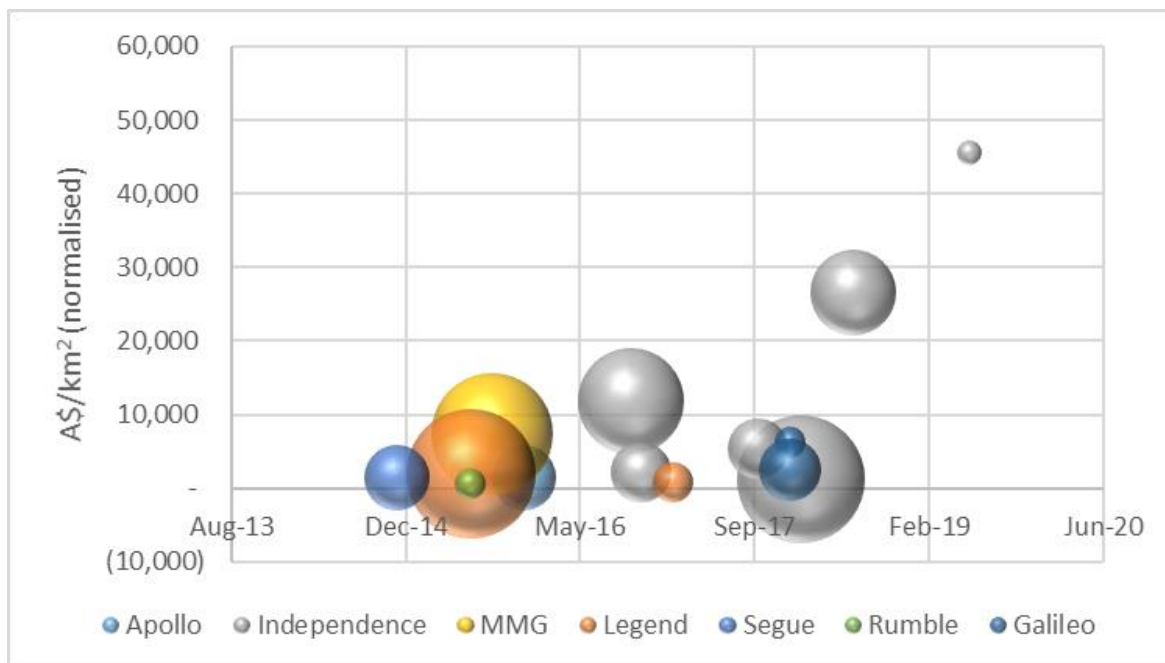


Figure 9: Comparative transactions

Note: Bubble size proportional to area of tenure

Two of the transactions were identified as high outliers, and Figure 10 illustrates the range in transaction values when these outliers are excluded. It is important to note that these outliers represent the two latest transactions in this sample set, with Independence Group being the buyer in both transactions (Figure 9). The rationale for excluding these two transactions as outliers is discussed below.

The June 2019 acquisition of 82km<sup>2</sup> of contiguous tenure from Classic Minerals represents the higher of the two outliers. The tenure concerned is the smallest by far, being the only transaction involving less than 100km<sup>2</sup> of tenure (Figure 11). The cash payment was modest (\$300,000) and the expenditure commitment was not large in the context of the comparatively high costs for exploration in this area.

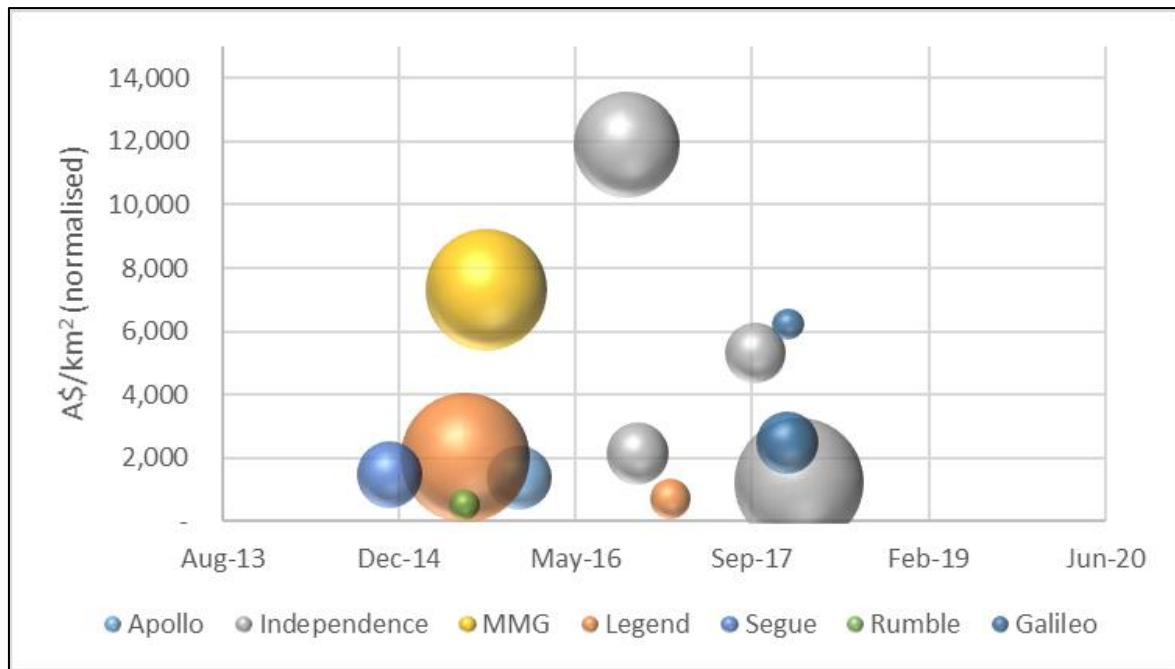


Figure 10: Comparative transactions, excluding high outliers

Note: Bubble size proportional to area of tenure

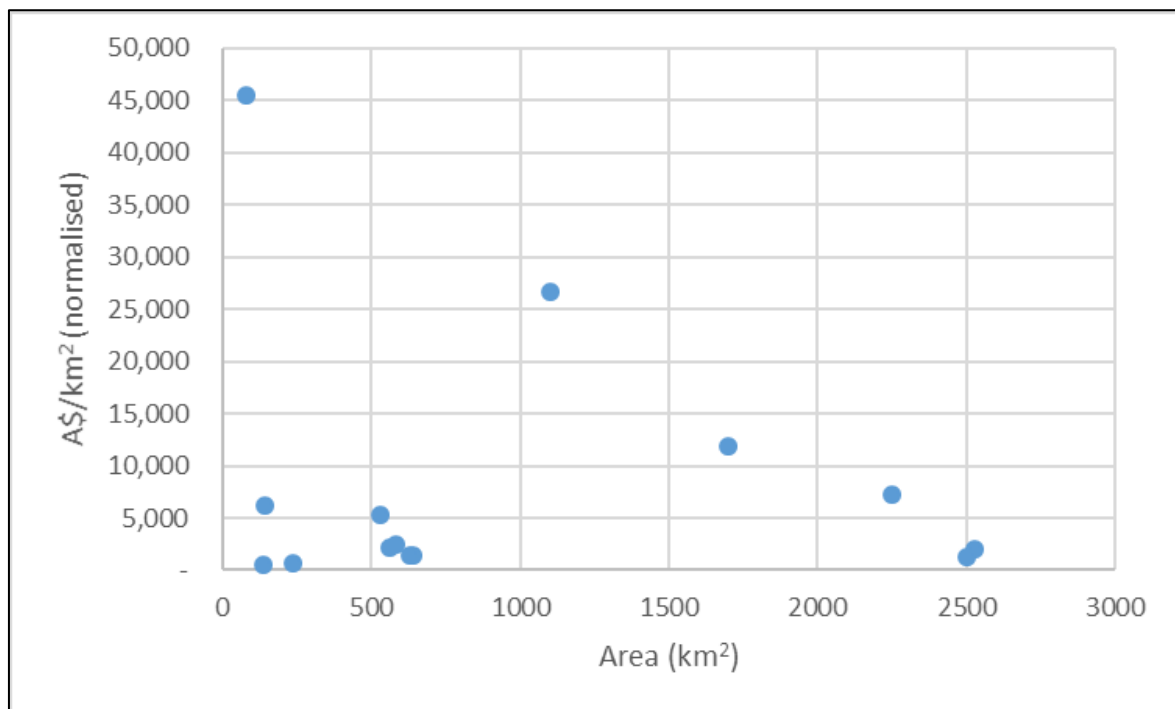


Figure 11: Area versus normalised transaction price

The July 2018 acquisition by Independence Group of a large contiguous package of tenements covering highly prospective geology adjacent to Independence's Nova mine is considered to be strategic to Independence.

Some of the analyses of the comparative transactions considered by CSA Global are summarised in Table 4. This includes consideration of all transactions, as well as with the two outliers excluded. It also considers the five transactions involving larger tenure holdings separately from the nine transactions involving smaller tenure holdings. CSA Global's approach and rationale are outlined in the paragraphs following.

Table 4: Analysis of Comparative Transactions

Statistic	All transactions		Outliers removed		All >650km <sup>2</sup>		All <650km <sup>2</sup>	
	Implied	Normalised <sup>#</sup>	Implied	Normalised <sup>#</sup>	Implied	Normalised <sup>#</sup>	Implied	Normalised <sup>#</sup>
No.	14	14	12	12	5	5	9	9
Minimum	428.57	506.09	428.57	506.09	1,176.47	1,238.00	428.57	506.09
Maximum	43,044.76	45,532.12	8,824.61	11,905.31	27,272.73	26,606.22	43,044.76	45,532.12
Mean	7,492.82	8,204.44	2,881.83	3,560.32	8,926.51	9,811.63	6,696.32	7,311.56
Median	1,986.55	2,324.85	1,723.26	2,076.63	5,664.49	7,307.97	1,752.29	2,152.59
Weighted Average	5,547.18	6,330.04	3,380.09	4,279.81	6,445.89	7,351.73	2,994.26	3,427.75

<sup>#</sup> Normalised to 8 July 2019 Ni price of A\$18,181.19/t

From this analysis, based on professional judgement CSA Global concludes that suitable valuation factors based on area of tenure would be a low factor of A\$2,000/km<sup>2</sup>, a high factor of A\$12,000/km<sup>2</sup> and a preferred factor of A\$7,000/km<sup>2</sup>. These valuation factors were applied to all licences.

The high factor is rounded from the maximum value when the outliers are removed. This value pertains to the Independence acquisition of Windward Resources in July 2018, and involved a tenement package of 1,700km<sup>2</sup>, with a portion of the tenure contiguous to the Nova Mine Lease. This value included a control premium.

The low factor is rounded from the median value for all transactions. By comparison, the median with the outliers removed is not materially different. The two transactions with values most similar to this were the Legend acquisition of seven licences from Creasy Group in July 2015 and the Independence earn-in to Sheffield's three separate exploration areas in the Fraser Range in November 2016. Further exploration work subsequent to Legend acquiring the seven tenements, and the amalgamation of these licences into a larger contiguous holding, has in CSA Global's opinion enhanced the value of the Legend groundholding since the July 2015 transaction. In CSA Global's professional judgement, the market value of Legend's groundholding is likely to be higher than the value received for Sheffield's smaller, non-contiguous groundholding that Independence acquired in November 2016.

The preferred value is rounded from the median and weighted average of the five transactions involving larger tenement packages. In CSA Global's professional judgement, this is the most appropriate comparison to Legend's large contiguous groundholding in the Fraser Range. The individual transaction with value closest to this preferred factor is the (subsequently terminated) MMG earn-in to Plumridge. This involved a similarly large tenement package (2,250km<sup>2</sup>) adjacent to, and along strike of, the Rockford Project.

A summary of the valuation completed using these valuation factors is provided in Table 5.

Table 5: Summary of valuation considering Comparative Transactions

Tenements	Area (km <sup>2</sup> )	100% Basis (A\$ million)			Legend Interest <sup>#</sup> (A\$ million)		
		Low	High	Preferred	Low	High	Preferred
Rockford JVA 2019	633	1.27	7.60	4.43	0.13	0.76	0.44
Legend/IGO JVA 2019	23.6	0.05	0.28	0.17	0.01	0.08	0.05
Legend 70% tenure	1482	2.96	17.78	10.37	2.07	12.45	7.26
Legend 100% tenure	238.5	0.48	2.86	1.67	0.48	2.86	1.67
<i>Rockford Total</i>	<i>2,377.1</i>	<i>4.75</i>	<i>28.53</i>	<i>16.64</i>	<i>2.69</i>	<i>16.16</i>	<i>9.42</i>
Ponton JVA 2019	709	1.42	8.51	4.96	0.99	5.96	3.47
<b>Total</b>	<b>3,086.1</b>	<b>6.17</b>	<b>37.03</b>	<b>21.60</b>	<b>3.69</b>	<b>22.11</b>	<b>12.90</b>

Note: Values have been appropriately rounded, and may appear to sum incorrectly

<sup>#</sup> Based on Legend ASX announcement of 9 July 2019

## 7.5 Cost Approach

### 7.5.1 Geoscience Rating Method

The Geoscientific Rating method of valuation requires the consideration of those aspects of a mineral property, which enhance or downgrade the intrinsic value of the property. The first and key aspect of the Geoscientific Rating method described by Kilburn (1990) is the derivation of the Base Acquisition Cost (BAC) that is the basis for the valuation. Goulevitch and Eupene (1994) discuss the derivation of BAC, which represents the average cost to identify, apply for and retain a base unit of area of tenement.

A BAC for Western Australia mining licences and prospecting licences has been estimated using the following data:

- Based on the Government of Western Australia's Department of Mines, Industry Regulation and Safety tenement database as of 17 June 2019 and the West Australian mining code, it is determined that the average age of exploration licences in West Australia is 4.63 years, and the average size of these licences is approximately 23.79 graticular blocks.
- An average cost to identify an area of interest of A\$10,000 was chosen.
- An average cost of A\$20,000 was chosen for the cost of landowner notices, negotiations, legal costs and compensation.
- An application fee of A\$1,362 is payable per licence
- The holding cost includes a rental of A\$134/block for Years 1 to 3, and A\$208/block for Years 4 and 5.
- Western Australian mining law includes a minimum annual expenditure requirement of A\$1,000/block for Years 1 to 3 and A\$1,500/block for Years 4 and 5.
- Annual local government rates are payable, estimated at \$9,260 per annum.

This suggests a BAC for a Western Australia exploration licence of A\$1,726/km<sup>2</sup>, as shown in Table 6.

Table 6: Estimation of the BAC for Western Australian exploration licences

Statistic	Unit	Value
Average size	Blocks	23.79
Initial Term	years	5
Average age	years	4.63
Application fee	A\$ per licence	1,362
Rent Year 1-3	A\$/block/year	134
Rent Year 4-5	A\$/block/year	208
Minimal annual expenditure Year 1-3	A\$/block/year	1,000
Minimal annual expenditure Year 4-5	A\$/block/year	1,500
Deemed cost of identification of a licence	A\$ per licence	10,000
Costs of landowner notices, negotiations, legal costs and compensation	A\$ per licence	20,000
Annual costs of local govt rates	A\$ per licence	9,260
BAC of average licence/yr	A\$ per km <sup>2</sup>	1,726

CSA Global used the Geoscience Rating Method as a secondary valuation method in considering the value of the Rockford Project tenure. Factors indicated in Table 14 (Appendix 1) were considered in assessing the Technical Value of each of the tenements. The ratings for the individual licences are indicated in Table 16 (Appendix 3).

A Market Factor of 0.75 was applied based on CSA Global's professional judgement with reference to the valuation factors identified, (see Table 16 in Appendix 3), to derive a Fair Market Value from the Technical Value. The 0.75 Market Factor applied to the geoscientific valuation method derived a mean value for the exploration licences of approximately A\$7,400/km<sup>2</sup>, within a range of approximately A\$2,800/km<sup>2</sup> to

approximately A\$23,000/km<sup>2</sup>. These values are relatively consistent with those of the Comparative Transactions when all transactions are included (see Section 7.4.1).

Summary of the secondary valuation method, based on Geoscience Ratings, is presented in Table 7. Values for the individual licences can be found in Table 16 (Appendix 3).

Table 7: Summary of valuation considering Geoscience Rating Method

Tenements	Area (km <sup>2</sup> )	100% Basis (A\$ million)			Legend Interest (A\$ million)		
		Low	High	Preferred	Low	High	Preferred
Rockford JVA 2019	633	0.82	2.77	1.79	0.08	0.28	0.18
Legend/IGO JVA 2019	24	0.03	0.10	0.07	0.01	0.03	0.02
Legend 70% tenure	1,482	4.53	22.24	13.39	3.17	15.57	9.37
Legend 100% tenure	239	0.52	2.43	1.47	0.52	2.43	1.47
<i>Rockford Total</i>	<i>2,377</i>	<i>5.90</i>	<i>27.53</i>	<i>16.72</i>	<i>3.78</i>	<i>18.30</i>	<i>11.04</i>
Ponton JVA 2019	709	4.99	19.78	12.38	3.49	13.85	8.67
<b>Total</b>	<b>3,086</b>	<b>10.89</b>	<b>47.32</b>	<b>29.10</b>	<b>7.28</b>	<b>32.15</b>	<b>19.71</b>

Note: Values have been appropriately rounded, and may appear to sum incorrectly

### 7.5.2 Multiples of Exploration Expenditure

Reported exploration expenditure on the Rockford and Ponton tenements since grant has totalled approximately A\$25.6 million (excluding around 20% for administration and overheads).

These costs have been incurred over the life of the licences, but the majority of the costs (generally including the drilling and detailed electromagnetics) have been incurred over the past two to three years. CSA Global therefore consider the costs to effectively reflect current day costs, and the difference between nominal costs and real costs are not considered to be material in this context.

A summary of the work conducted per licence, as well as the actual and deemed expenses, is provided in Table 17 (Appendix 3).

CSA Global considered the work conducted in each project area, as well as the outcomes of the work, and applied the Prospectivity Enhancement Multipliers (PEM) discussed in Table 10 Appendix 1) to these expenditures and outcomes. The results of this approach are detailed in Table 18 (# Based on Legend ASX announcement of 9 July 2019

Appendix 4) and summarised in Table 8.

Table 8: Summary of valuation considering Multiples of Exploration Expenditure

Tenements	Deemed Expenditure (A\$ million)	100% Basis (A\$ million)			Legend Interest <sup>#</sup> (A\$ million)		
		Low	High	Preferred	Low	High	Preferred
Rockford JVA 2019	3.16	1.58	3.16	2.37	0.16	0.32	0.24
Legend/IGO JVA 2019	0.04	0.02	0.04	0.03	0.01	0.01	0.01
Legend 70% tenure	9.87	12.08	15.21	13.65	8.46	10.65	9.55
Legend 100% tenure	0.94	0.97	1.24	1.10	0.97	1.24	1.10
<i>Rockford Total</i>	<i>14.00</i>	<i>14.65</i>	<i>19.65</i>	<i>17.15</i>	<i>9.59</i>	<i>12.22</i>	<i>10.90</i>
Ponton JVA 2019	11.60	16.80	21.69	19.25	11.76	15.19	13.47
<b>Total</b>	<b>25.61</b>	<b>31.45</b>	<b>41.35</b>	<b>36.40</b>	<b>21.35</b>	<b>27.40</b>	<b>24.38</b>

Note: Values have been appropriately rounded, and may appear to sum incorrectly

<sup>#</sup> Based on Legend ASX announcement of 9 July 2019

## 8 Valuation Opinion

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

It is CSA'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.

A summary of CSA Global's opinion on the Market Value of the Rockford and Ponton mineral tenure, as at 8 July 2019, is provided in Table 9.

Table 9: CSA Global opinion on Market Value of Legend's mineral tenure as at 8 July 2019

Grouping	Tenements	Legend Interest	Area (km <sup>2</sup> )	100% Basis (A\$ million)			Legend Interest (A\$ million)		
				Low	High	Preferred	Low	High	Preferred
Rockford JVA 2019	E28/2190, E28/2191	10%	633	1.25	5.00	2.50	0.13	0.50	0.25
Legend/IGO JVA 2019	E28/2675, E28/2676, E28/2677	30%	24	0.05	0.30	0.20	0.02	0.09	0.06
Legend 70% tenure	E28/1718, E28/1727, E28/2188, E28/2189, E28/2192	70%	1,482	3.70	20.00	12.80	2.59	14.00	8.96
Legend 100% tenure	E28/2404, E28/2405	100%	239	0.50	2.70	1.50	0.50	2.70	1.50
<b>Rockford Total</b>			<b>2,377</b>	<b>5.50</b>	<b>28.00</b>	<b>17.00</b>	<b>3.23</b>	<b>17.29</b>	<b>10.77</b>
Ponton JVA 2019	E28/1716, E28/1717	70%	709	5.00	17.00	11.00	3.50	11.90	7.70
<b>Ponton JVA 2019</b>			<b>709</b>	<b>5.00</b>	<b>17.00</b>	<b>11.00</b>	<b>3.50</b>	<b>11.90</b>	<b>7.70</b>
<b>Total</b>			<b>3,086</b>	<b>10.50</b>	<b>45.00</b>	<b>28.00</b>	<b>6.73</b>	<b>29.19</b>	<b>18.47</b>

Note: Values have been appropriately rounded, and may appear to sum incorrectly

# Based on Legend ASX announcement of 9 July 2019

There is significant range in the values derived for the mineral assets. CSA Global has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the project, given the uncertainties inherent in valuing early stage projects. The large range in transaction values indicates that there is likely to be a large range in possible market values for the projects. CSA Global considers the valuation ranges chosen to be reasonable, as they are supported by the exploration expenditure and CSA Global's assessment of the market value based on prospectivity, as considered in the Geoscience Ratings method.

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.

The valuation ranges and preferred values for the Rockford Project and the Ponton JVA 2019 tenements, on a 100% basis, are illustrated in Figure 12 and Figure 13, respectively. Legend's interest in the Rockford Project tenements is illustrated in Figure 14.

The preferred value for the Rockford tenements is consistent between the primary and both secondary valuation methods (Figure 12 and Figure 14). The large range in CSA Global's opinion of the market value is driven by the demonstrated large range in market transactions.

The preferred value for the Ponton JVA tenements varies considerably based on the valuation method (Figure 13). The comparative transactions valuation provided the lowest valuation range, as it was based on the average value of large blocks of tenure in the region. The valuation considering expenditure provides the

highest preferred value, with a comparatively low range. The Geoscience Rating method has provided a preferred value intermediate between the other methods, with a large range. This reflects the comparatively high prospectivity of the tenements, and the range in potential value based on this prospectivity.

CSA Global has chosen the lower end of the range to be equivalent to the preferred value from the comparative transactions method, as in CSA Global's professional judgement, these tenements have a higher prospectivity than the average tenements in the belt. The higher end of the valuation range is equivalent to the low end of the exploration expenditure valuation, as the prospectivity of these tenements has been significantly improved by the reasonable exploration expenditures. The preferred value for the Ponton JVA tenements has been chosen to reflect the most probable outcome. In CSA Global's professional judgement, it is appropriate that this value is similar to the preferred value of the Geoscience Rating Method, and is closer to the preferred value from the comparative transactions than that of the expenditures method.

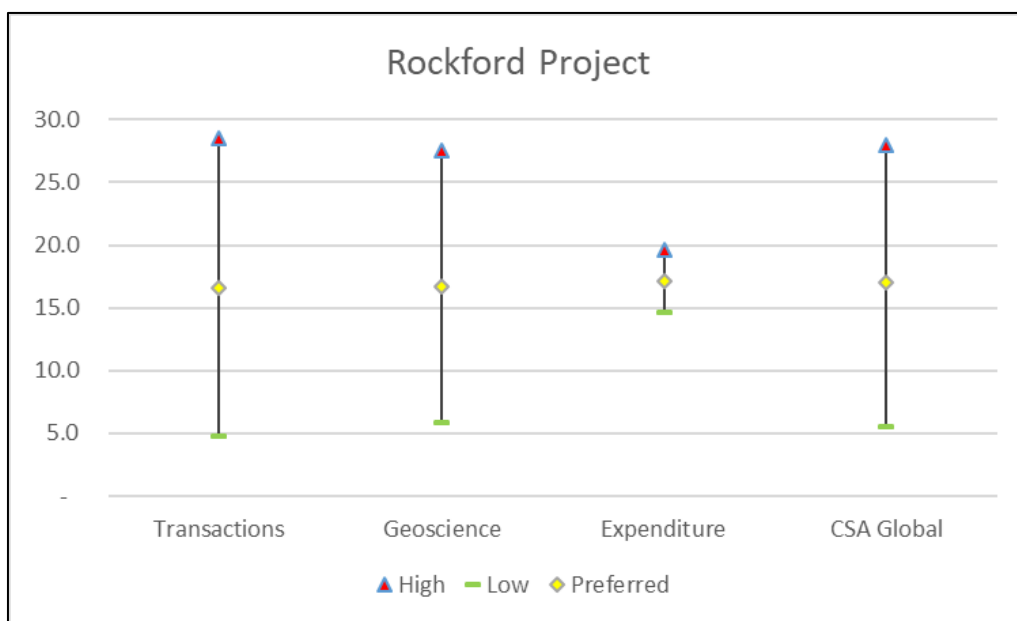


Figure 12: Valuation range for existing Rockford Project tenements (100% basis)

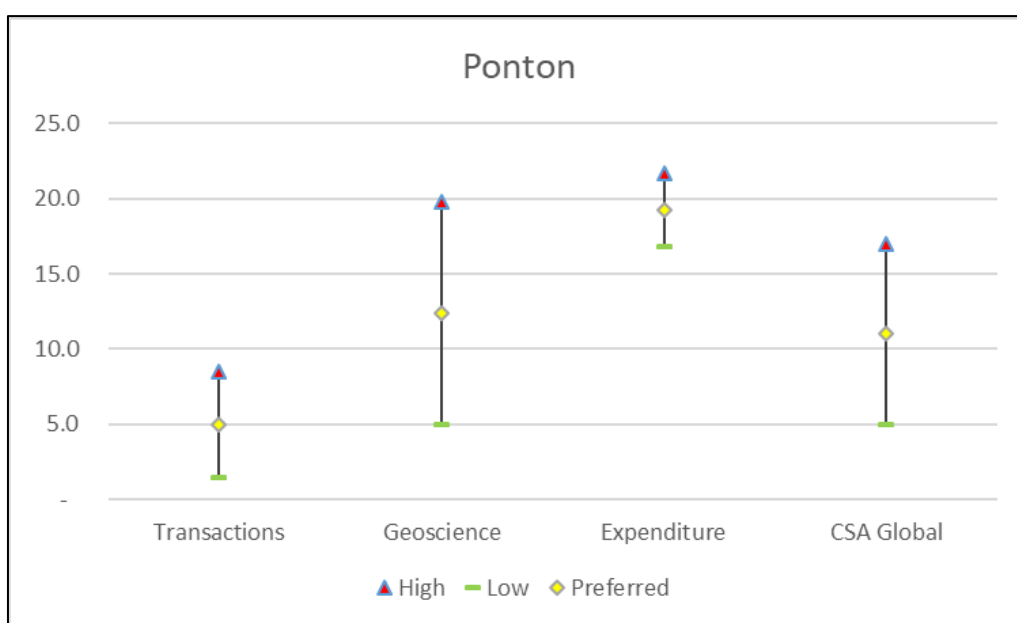


Figure 13: Valuation range for Ponton JVA 2019 tenements (100% basis)

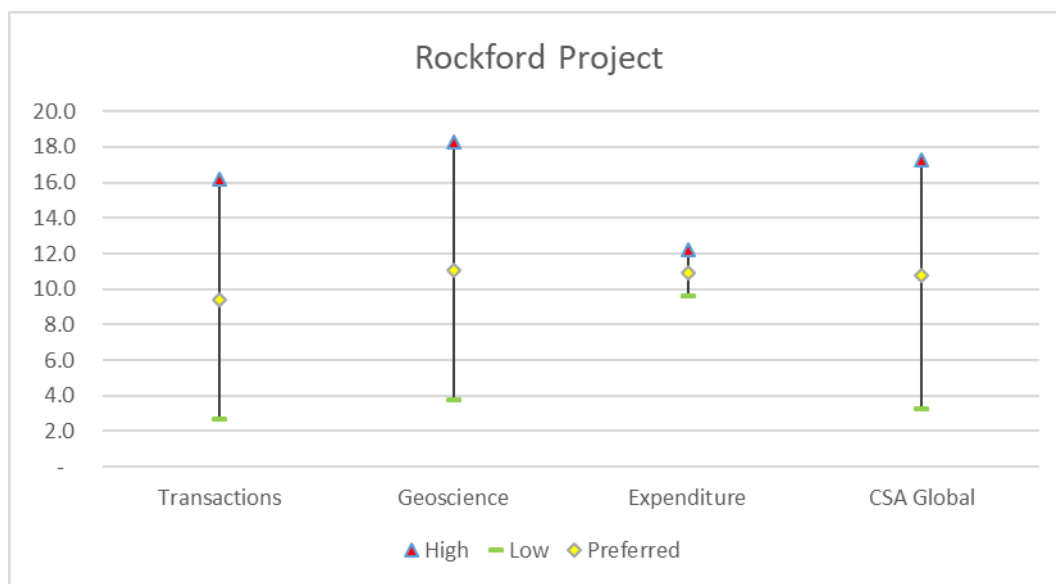


Figure 14: Valuation range for existing Rockford Project tenements (Legend interest#)

# Based on Legend ASX announcement of 9 July 2019

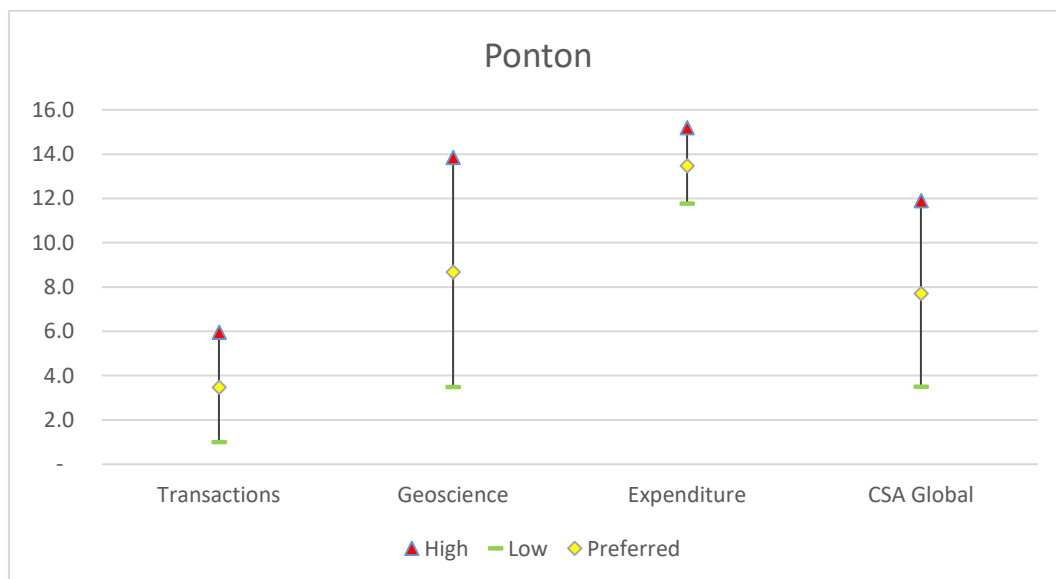


Figure 15 Valuation range for Ponton JVA 2019 tenements (Legend interest#)

# Based on Legend ASX announcement of 9 July 2019

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## 10 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia [www.wikipedia.org](http://www.wikipedia.org)

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.
Aeolian	Relating to or arising from the action of the wind.
Batholith	A large, generally discordant plutonic mass that has more than 40 square miles (100 km <sup>2</sup> ) of surface exposure and no known floor.
Cainozoic	The Cainozoic (Cenozoic) is the current geological era. It began 66 million years ago and continues today. Before it was the Mesozoic. During the Cainozoic the continents moved into their present positions.
Colluvial	Loose, unconsolidated sediments that have been deposited at the base of hillslopes by either rainwash, sheetwash, slow continuous downslope creep, or a variable combination of these processes.
Commissioning Entity	The organisation, company or person that commissions a Public Report.
Competent Person	A minerals industry professional who is a Member or Fellow of the AusIMM or the AIG, or of a Recognised Professional Organisation (RPO), as included in a list available on the JORC and ASX websites. A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration, and in the activity which that person is undertaking.
Cretaceous	A geologic period and system that spans 79 million years from the end of the Jurassic Period 145 million years ago (mya) to the beginning of the Paleogene Period 66 mya.
Eocene	Eocene Epoch, began 56 million years ago and ended 33.9 million years ago.
Exploration Results	includes data and information generated by mineral exploration programmes that might be of use to investors but which do not form part of a declaration of Mineral Resources or Ore Reserves.
Felsic	A term that refers to silicate minerals, magmas, and rocks which are enriched in the lighter elements such as silica, oxygen, aluminium, sodium, and potassium. The term combines the words "feldspar" and "silica." Felsic minerals are usually light in colour and have specific gravities less than 3.
Fluvioglacial	Relating to or denoting erosion or deposition caused by flowing meltwater from glaciers or ice sheets.
Glaciogene	Deposited by melting ice.
Gneiss	A common and widely distributed type of metamorphic rock that is formed by high temperature and high-pressure metamorphic processes acting on formations composed of igneous or sedimentary rocks.
Independent Expert Report	a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity.
Mafic	An adjective describing a silicate mineral or igneous rock that is rich in magnesium and iron, and is thus a portmanteau of magnesium and ferric. Most mafic minerals are dark in colour, and common rock-forming mafic minerals include olivine, pyroxene, amphibole, and biotite.
Magmatic	Of, or having to do with, molten material beneath or within the earth's crust, from which igneous rock is formed.

Market Value	The estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion.
Mesoproterozoic	A geologic Era that occurred from 1,600 to 1,000 million years ago.
Mesozoic	The Mesozoic Era is an interval of geological time from about 252 to 66 million years ago. It is also called the Age of Reptiles and the Age of Conifers.
mineral	any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.
Mineral Asset	All property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures.
mineral project	any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.
Mineral Resource	A Mineral Resource is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
mineralisation	any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.
mining	all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging etc).
mining industry	the business of exploring for, extracting, processing and marketing Minerals
Miocene	The Miocene is the first geological epoch of the Neogene Period and extends from about 23.03 to 5.333 million years ago (Ma).
Neoproterozoic	The Neoproterozoic Era is the unit of geologic time from 1,000 to 541 million years ago.
Orogen	A belt of the earth's crust involved in the formation of mountains.
Orthogneiss	A gneiss formed by the metamorphism of igneous rocks.
Paleochannel	An old or ancient channel.
Paragneiss	A gneiss formed by the metamorphism of sedimentary rocks.
Permian	A geologic period and system which spans 47 million years from the end of the Carboniferous Period 298.9 million years ago (Mya), to the beginning of the Triassic period 251.9 Mya.
Phanerozoic	The Phanerozoic Eon is the current geologic eon in the geologic time scale, and the one during which abundant animal and plant life has existed. It covers 541 million years to the present, and began with the Cambrian Period when animals first developed hard shells preserved in the fossil record.
Practitioner	An Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.
Proterozoic	An interval of geologic time of nearly 2 billion years extending from about 2500 million years ago (mya) to about 542 mya.
Public Report	A report prepared for the purpose of informing investors or potential investors and their advisors when making investment decisions, or to satisfy regulatory requirements.

Regolith	A layer of loose, heterogeneous superficial deposits covering solid rock.
Securities Expert	Persons whose profession, reputation or relevant industry experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.
Specialist Report	A report detailing a Technical Assessment and/or Valuation of Mineral Assets, prepared by a Specialist for use in an Independent Expert Report.
Specialist	Persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.
Spot price	Current delivery price of a commodity traded in the spot market.
Technical Assessment	An evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.
Tenure	Any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.
Unconformably	Consisting of a series of younger strata that do not succeed the underlying older rocks in age or in parallel position, as a result of a long period of erosion or nondeposition.
Valuation Date	The reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data.
Valuation Report	Expresses an opinion as to the monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.
Valuation	The process of determining the monetary Value of a Mineral Asset at a set Valuation Date.
Value	The Market Value of a Mineral Asset.
Volcanogenic	Of volcanic origin

# 11 Abbreviations and Units of Measurement

ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
BDO	BDO Corporate Finance (WA) Pty Ltd
Creasy	Creasy Group
CSA Global	CSA Global Pty Ltd
DCF	Discounted Cash Flow
DHTEM	Downhole (transient) electromagnetic
EM	Electromagnetic
FLTEM	Fixed loop (transient) electromagnetic
IGO	Independence Group NL
JVA	Joint Venture Agreement
Legend	Legend Mining Limited
LOM	life of mine
MLTEM	Moving loop (transient) electromagnetic
NPV	Net Present Value of future cashflows
PVR	Portfolio Valuation Review (an internal BHP Billiton process)
QAQC	quality assurance and quality control (for sampling and assaying)
QAQC	quality assurance and quality control (for sampling and assaying)
QKNA	quantitative kriging neighbourhood analysis, studies to validate Mineral Resource estimation
RBA	Reserve Bank of Australia
ROM	run of mine
VMS	Volcanogenic massive sulphide
dm tu	dry metric tonne units
ha	hectares
km	kilometres
km <sup>2</sup>	square kilometres
ktpa	thousands of tonnes a year, kt/yr

## Appendix 1: Valuation Approaches

Valuation of Mineral Assets is not an exact science; and a number of approaches are possible, each with varying positives and negatives. While valuation is a subjective exercise, there are a number of generally accepted procedures for establishing the value of Mineral Assets. CSA Global consider that, wherever possible, inputs from a range of methods should be assessed to inform the conclusions about the Market Value of Mineral Assets.

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 Practitioner based on their experience and professional judgement.

### Background

Mineral Assets are defined in the VALMIN Code<sup>3</sup> as all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in connection with the exploration, development of and production from those tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that tenure.

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 Market Value, which is “the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

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 Market Value hinges upon the notion of an asset changing hands in an arm’s length transaction. 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 Mineral 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 identifies what it considers to be comparable transactions to be used in assessing the values to be attributed to Mineral Assets.

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<sup>3</sup> Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) 2015 Edition. Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

## Valuation Methods for Mineral Assets

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:

- **“Early-stage Exploration Projects”** – tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **“Advanced Exploration Projects”** – tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A MRE 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 prospects to the Mineral Resources category.
- **“Pre-Development Projects”** – tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **“Development Projects”** – tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Prefeasibility Study.
- **“Production Projects”** – tenure holdings – particularly mines, wellfields 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 “market valuation”.

The Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by the following general approaches: Cost; Geoscience Factor, Geological Risk, Market; or Income. The Market Value of Development and Production Projects are best assessed using the Market and Income approaches.

### Cost

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 *relevant and effective 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 factor have been proposed by several authors in the field of mineral asset valuation (Onley, 1994). Table 10 lists the PEM factors and criteria used in this Report.

Table 10: 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 (rotary air blast (RAB), aircore (AC), reverse circulation percussion (RCP)) 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 <sup>4</sup> 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 Prefeasibility Study
4.0-5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

### Geoscience Factors

Geoscience Factor method (GFM) 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, as described by Kilburn (1990), 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 GFM is essentially a technique to define a Value based upon geological prospectivity. The method appraises a variety of mineral property characteristics:

- Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies
- 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 GFM systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors (Table 14).

The Basic Acquisition Cost (BAC) is an important input to the Geoscientific Factors Method. In essence it is the average cost to acquire and hold an average age tenement in the jurisdiction and it is determined by summing the costs to identify and area of interest, application fees, annual rents and other government costs, work required to facilitate granting (e.g. native title, environmental etc.) and minimum annual statutory expenditures. In other words, the BAC is the total average expenditure per standard unit area (km<sup>2</sup>, hectare, sub-block, etc.) and captures the identification cost and then the application and retention costs. 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 standard references on the method (Kilburn, 1990; Goulevitch and Eupene, 1994) do not provide much detail on how the market factor should be ascertained. CSA Global takes the approach of using the implied value range from our selected Comparable Transactions to inform the selection of a GFM market factor. Our presumption is that the comparables are capturing the market sentiment, so any other valuation method should not be significantly different (order of magnitude).

<sup>4</sup> Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2012 Edition. Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

This is achieved by finding the market factor that produces an average GFM preferred value per unit area for whole project (i.e. total preferred GFM value divided by the total area) that falls within the range of the comparables implied values per unit area. It is CSA Global's view that this adequately accounts for global market factors on an empirical basis. For example, if the implied value range is \$100/km<sup>2</sup> to \$2,000/km<sup>2</sup>, then the market factor should give an average GFM preferred value per unit area that falls within that range.

CSA Global generally would select a market factor (rounded to an appropriate number of significant digits) that gives a value closer to the upper end of the range (though this is the valuer's judgement call). This is because the GFM is a tool that addresses the exploration potential of a project and is best suited to informing the upper end of valuation ranges for a project.

### Geological Risk Method

In the Geological Risk Valuation method, as described by Lord *et al.* (2001), the value of a project at a given stage of knowledge/development is estimated based on the potential value of the project at a later stage of development, discounted by the probability of the potential value of the later stage being achieved, and considering the estimated cost of progressing the project to the next stage.

The relevant stages of exploration are defined in Table 11.

Table 11: Definition of exploration stages

Stage	Description
Stage A	Ground acquisition, project/target generation
Stage B	Prospect definition (mapping and geochemistry)
Stage C	Drill testing (systematic RC, DD)
Stage D	Resource delineation
Stage E	Feasibility

The expected value (E) of a project at a given stage is then dependent on the target value at the next stage (T), the probability of successfully advancing the project to the next stage (P), and the cost of advancing the project (C). This can be expressed as:

$$E = P * (T - C)$$

This valuation method generates an expected value for each project (or prospect) at each of the main exploration stages or decision points, by working back from a Project's target value. A project's target value can be based on an expected NPV from a reasonably constrained discounted cash flow (DCF) model, or from a reasonable approximation of the value of a defined resource, in which case the initial target value will be the value at the end of Stage D, as opposed to the value at the end of Stage E.

Lord *et al.* (2001) concluded that the probability of successfully proceeding from one exploration phase to the following one was as depicted in Table 12, based on a detailed study of gold exploration programs in the Laverton area of Western Australia.

Table 12: Probability of successfully proceeding from one exploration stage to another

Stages	Probability of advancing
Generative to reconnaissance	0.54
Reconnaissance to systematic drill testing	0.17
Systematic drill testing to Resource delineation	0.58
Resource delineation to Feasibility	0.87
Feasibility to Mine	0.90

Source: Lord *et al.* (2001)

### Market

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.

For the market approach resources are not generally subdivided into their constituent JORC Code categories. The total endowment or consolidated *in situ* resources are what drives the derivation of value. Each transaction implicitly captures the specific permutation of resource categories in a project. There are too many project specific factors at play to allow any more than a consideration of price paid versus total resource base. Therefore, considering individual project resource permutations is neither practicable nor useful for this valuation approach. To that end CSA Global’s discussion of the market approach is predicated on the consolidated resource base, to allow application of the method.

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.

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.

## Yardstick

The Rule-of-Thumb (Yardstick) Method is relevant to exploration properties where some data on tonnage and grade exist and may be valued by methods that employ the concept of an arbitrarily ascribed current in-situ net value to any Ore Reserves (or Mineral Resources) outlined within the tenement (Lawrence, 2001 and 2012).

Rules-of-Thumb (Yardstick) methods are commonly used where a Mineral Resource remains in the Inferred category and available technical/economic information is limited. This approach ascribes a heavily discounted in-situ value to the Resources, based upon a subjective estimate of the future profit or net value (say per tonne of ore) to derive a rule-of-thumb.

This Yardstick multiplier factor applied to the Resources delineated (depending upon category) varies depending on the commodity. Typically, a range from 0.4% to 3% is used for base metals and PGM, whereas for gold and diamonds a range of 2% to 4.5% is used. The method estimates the in-situ gross metal content value of the mineralisation delineated (using the spot metal price and appropriate metal equivalents for polymetallic mineralisation as at the valuation date).

The chosen percentage is based upon the valuer's risk assessment of the assigned JORC Code's Mineral Resource category, the commodity's likely extraction and treatment costs, availability/proximity of transport and other infrastructure (particularly a suitable processing facility), physiography and maturity of the mineral field, as well as the depth of the potential mining operation.

This method is best used as a non-corroborative check on the order of magnitude of values derived using other valuation methods that are likely to better reflect project-specific criteria.

## Income

The DCF/NPV method, as described by Lawrence (2000a), is particularly suitable for valuing mines (whether developing, operating, restarting or expanding) and pre-development projects (including advanced exploration prospects in certain cases), as it recognises the time value of money. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit, discounting to the present day and determining an NPV.

Key inputs to the financial model are the mineral resource or reserve base; suitably detailed capital and operating costs, including mining, processing and labour costs; commodity price and foreign exchange forecasts; royalty and tax rates; and an appropriate discount rate.

The Income Approach is not appropriate for properties without Mineral Resources. It should be employed only where sufficient reliable data are available to provide realistic inputs to a financial model, preferably based on studies at or exceeding a prefeasibility level.

## Valuation Approaches by Asset Stage

Regardless of the technical application of various valuation methods and guidelines, the valuer should strive to adequately reflect the carefully considered risks and potentials of the various projects in the valuation ranges and the preferred values, with the overriding objective of determining the "fair market value".

Table 13 below shows the valuation approaches that are generally considered appropriate to apply to each type of mineral property.

Table 13: Valuation approaches for different types of mineral properties (VALMIN, 2015)

Valuation approach	Exploration properties	Mineral Resource properties	Development properties	Production properties
Income	No	In some cases	Yes	Yes
Market	Yes	Yes	Yes	Yes
Cost	Yes	In some cases	No	No

Table 14: Geoscientific Factor rankings

Rating	Address/Off-property factor	On-property factor	Anomaly factor	Geological factor
0.5	Very little chance of mineralisation; Concept unsuitable to the environment	Very little chance of mineralisation; Concept unsuitable to the environment	Extensive previous exploration with poor results	Generally unfavourable lithology; No alteration of interest
1	Exploration model support; Indications of prospectivity; Concept validated	Exploration model support; Indications of prospectivity; Concept validated	Extensive previous exploration with encouraging results; Regional targets	Deep cover; Generally favourable lithology/alteration (70%)
1.5	Reconnaissance (RAB/AC) drilling with some scattered favourable results; Minor workings	Exploratory sampling with encouragement	Several early stage targets outlined from geochemistry and geophysics	Shallow cover; Generally favourable lithology/alteration 50-60%
2	Several old workings; Significant RCP drilling leading to advanced project	Several old workings; Reconnaissance drilling or RCP drilling with encouraging intersections	Several well-defined targets supported by recon drilling data	Exposed favourable; Lithology/alteration
2.5	Abundant workings; Grid drilling with encouraging results on adjacent sections	Abundant workings; Core drilling after RCP with encouragement	Several well-defined targets with encouraging drilling results	Strongly favourable lithology, alteration
3	Mineral Resource areas defined	Advanced Resource definition drilling (early stages)	Several significant sub-economic targets; No indication of 'size'	Generally favourable lithology with structures along strike of a major mine; Very prospective geology
3.5	Abundant workings/mines with significant historical production; Adjacent to known mineralisation at PFS stage	Abundant workings/mines with significant historical production; Mineral Resource areas defined	Several significant sub-economic targets; Potential for significant 'size'; Early stage drilling	
4	Along strike or adjacent to Resources at DFS stage	Adjacent to known mineralisation at PFS stage	Marginally economic targets of significant 'size' advanced drilling	
4.5	Adjacent to development stage project	Along strike or adjacent to Resources at DFS stage	Marginal economic targets of significant 'size' with well drilled Inferred Resources	
5	Along strike from operating major mine(s)	Adjacent to development stage project	Several significant ore grade co-relatable intersections	

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## Appendix 2: Comparative Transactions

Table 15: Comparative Transactions - Exploration ground in Fraser Range

Date	Ni Price (A\$/t)	Buyer	Seller	Equity	Synopsis	Asset	Area (km²)	Implied	Normalised	Comment
Jun-19	17,188	Independence Group NL	Classic Minerals Ltd	51%	In June 2019, Classic announced an earn in and joint venture agreement, whereby IGO could earn a 51% interest in Classic's Fraser Range Project for an initial cash payment of \$300,000 and expenditure of \$1.5 million over two years.	Four contiguous granted ELs covering approximately 82km² in the Fraser Range.	82	43,044.76	45,532.12	Comparatively small package.
Jul-18	18,637	Independence Group NL	Creasy Group	70%	In July 2018, IGO announced a JV agreement with the Creasy Group, whereby IGO acquired a 70% interest in the Southern Hills tenement package for \$21 million. IGO will manage and fund all exploration expenditure through to a feasibility study and thereafter standard dilution mechanisms apply. The maximum interest that IGO can earn under the JV Agreements is 95%.	A large contiguous package of tenements, adjacent to IGO's Nova mine. It covers the primary gravity ridge west and southwest of Nova.	1100	27,272.73	26,606.22	Adjoins Nova mine, and covers highly prospective geology.
Feb-18	17,278	Independence Group NL	Arrow Minerals Limited	51%	In February 2018, Arrow (formerly Segue) announced a Joint Venture Agreement with IGO, with IGO acquiring 51% interest in the Plumridge project for \$1.5 million. IGO would manage the JV, and can increase its interest to 90% through the expenditure of \$5 million over four years.	Eight granted ELs covering 2,500km² in the Fraser Range province.	2500	1,176.47	1,238.00	Adjacent to Rockford Project, along strike

Date	Ni Price (A\$/t)	Buyer	Seller	Equity	Synopsis	Asset	Area (km <sup>2</sup> )	Implied	Normalised	Comment
Jan-18	16,169	Galileo Mining Ltd	Dunstan Holdings Pty Ltd	67%	In January 2018, Galileo agreed to acquire a 67% interest in the Yardilla tenure from Dunstan for \$478,955 in cash and 510,455 shares.	Three contiguous granted licenses covering 142.7km <sup>2</sup> in the southern portion of the Fraser Range.	143	5,543.41	6,233.10	
Jan-18	16,169	Galileo Mining Ltd	Great Southern Nickel Pty Ltd	67%	In January 2018, Galileo agreed to acquire a 67% interest in the Kitchener tenure from GSN for \$870,000.	A granted EL (E28/2064) covering 584.7km <sup>2</sup> in the Fraser Range.	585	2,220.81	2,497.12	Adjoins Rockford Project
Oct-17	14,563	Independence Group NL	Rumble Resources Ltd	70%	In October 2017, Rumble announced an agreement whereby IGO could earn a 70% interest in Rumble's Fraser Range tenements for \$85,000 in cash and \$1.5 million exploration expenditure over three years	Five exploration licenses in three separate areas of the Fraser Range. Total area of approximately 531km <sup>2</sup> .	531	4,263.46	5,322.81	Non-contiguous areas.
Feb-17	13,885	Legend Mining Limited	Musgrave Minerals Limited	100%	In February 2017, Legend announced the acquisition of 100% interest in two tenements from Musgrave for 10 million Legend shares and 10 million unlisted options at an exercise price of \$0.04 each, exercisable by 30 March 2021.	Two granted ELs (E28/2404 and E28/2405) covering 238.5km <sup>2</sup> in the Fraser Zone.	239	545.07	713.74	Adjacent to Legend's then existing Rockford Project tenure
Nov-16	14,800	Independence Group NL	Sheffield Resources Limited	51%	In November 2016, Sheffield announced an agreement whereby IGO would purchase a 51% interest in Sheffield's Fraser Range tenements for \$500,000. IGO could earn an additional 19% by spending \$5 million within five years of the commencement of the JV. IGO can also purchase an additional 5% interest for \$10 million.	Four granted tenements and one tenement application, in three separated areas of the Fraser Range.	559	1,752.29	2,152.59	

Date	Ni Price (A\$/t)	Buyer	Seller	Equity	Synopsis	Asset	Area (km <sup>2</sup> )	Implied	Normalised	Comment
Oct-16	13,477	Independence Group NL	Windward Resources Ltd	100%	In October 2016, IGO announced a takeover bid for Windward Resources, offering \$0.19 per share for all of the Windward shares.	A total land area of approximately 1,700km <sup>2</sup> in the Fraser Range, with a portion contiguous to IGO's Nova Mining Lease.	1700	8,824.61	11,905.31	Adjacent to IGO's Nova Mining Lease. Includes control premium.
Dec-15	12,002	Apollo Minerals Limited	Enterprise Metals Limited	70%	In December 2015, Apollo announced that it would acquire a 70% interest in the Orpheus tenure for \$200,000 in cash and 20 million shares.	Four separate (non-contiguous) tenements (2 granted and 2 applications) covering a total of 629km <sup>2</sup> in the Fraser Range.	629	908.47	1,376.18	Non-contiguous areas, with half the tenements (~40% of the area) under application.
Sep-15	14,092	MMG Limited	Segue Resources Ltd	51%	In September 2015, Segue announced a Joint Venture Agreement with MMG, whereby MMG could earn a 51% interest in 8 tenements by spending \$6.5 million in exploration activity between September 2015 and December 2019. In January 2018, Segue announced that MMG had withdrawn from the agreement after spending over \$4.5 million.	Eight granted ELs covering 2,250km <sup>2</sup> in the Fraser Range.	2250	5,664.49	7,307.97	Transaction Terminated. Adjacent to Rockford Project, along strike
Jul-15	15,396	Legend Mining Limited	Creasy Group	70%	In July 2015, Legend announced a Tenement Sale and Joint Venture Agreement with Creasy, whereby Legend would acquire a 70% interest in seven tenements for \$2.5 million in cash and 71.5 million Legend shares at a deemed price of \$0.007 per share. Creasy to be free carried through to the signing of Mining Venture Agreements.	Seven granted ELs covering a contiguous area of 2530km <sup>2</sup> , including a strike length of 100km along the spine of a regional gravity high in the Fraser Zone.	2530	1,694.24	2,000.67	Consolidated with Legend's pre-existing tenure to form Rockford Project

Date	Ni Price (A\$/t)	Buyer	Seller	Equity	Synopsis	Asset	Area (km <sup>2</sup> )	Implied	Normalised	Comment
Jul-15	15,396	Rumble Resources Ltd	Undisclosed	100%	In July 2015, Rumble announced the acquisition of the Thunderdome Project from an undisclosed party for \$60,000.	A single granted EL covering 140km <sup>2</sup> . On the main Fraser Range gravity ridge (Fraser Zone).	140	428.57	506.09	Adjoins Rockford Project
Dec-14	19,291	Segue Resources Ltd	Fraser Range Metals Group Limited	20%	In December 2014, Segue announced that it had acquired the remaining 20% interest in the Plumridge East Joint Venture for \$200,000.	Two granted ELs (E39/1731 and E28/2317), with Segue's most advanced target (E21) falling within E39/1731.	641	1,560.06	1,470.30	Adjacent to Rockford Project, along strike

## Appendix 3: Geoscience Factor Ratings

Table 16: Detailed Geoscience Matrix Ratings

Licence	Legend Interest#	Area (km <sup>2</sup> )	Off Property		On Property		Anomaly		Geology		Market Factor	100% Value			Legend's Interest Value		
			Low	High	Low	High	Low	High	Low	High		Low	High	Preferred	Low	High	Preferred
E28/1716	70%	355	1.5	2.5	1.5	2	1.5	2	1	1.5	0.75	1,550,973	6,893,213	4,222,093	1,085,681	4,825,249	2,955,465
E28/1717	70%	354	1.5	2.5	2	2.5	2.5	3	1	1.5	0.75	3,436,898	12,888,366	8,162,632	2,405,828	9,021,856	5,713,842
E28/1718	70%	353	1.5	2.5	1.5	2.5	2	2.5	1	1.5	0.75	2,056,313	10,709,965	6,383,139	1,439,419	7,496,975	4,468,197
E28/1727	70%	353	1	1.5	1	1.5	1.5	2	1	1.5	0.75	685,438	3,084,470	1,884,954	479,806	2,159,129	1,319,468
E28/2188	70%	354	1	1.5	1.5	2	1.5	2.5	1	1.5	0.75	1,031,069	5,155,346	3,093,208	721,748	3,608,742	2,165,245
E28/2189	70%	331	1	1.5	1	1.5	1.5	2	1	1.5	0.75	642,719	2,892,237	1,767,478	449,903	2,024,566	1,237,235
E28/2190	10%	355	1	1.5	1	1	1	1.5	1	1.5	0.75	459,548	1,550,973	1,005,260	45,955	155,097	100,526
E28/2191	10%	278	1	1.5	1	1	1	1.5	1	1.5	0.75	359,871	1,214,565	787,218	35,987	121,456	78,722
E28/2192	70%	91	1	1.5	1	1	1	1.5	1	1.5	0.75	117,800	397,573	257,686	82,460	278,301	180,380
E28/2404	100%	58.8	1	1.5	1.5	2	1.5	2.5	1	1.5	0.75	171,262	856,312	513,787	171,262	856,312	513,787
E28/2405	100%	179.7	1.5	2	1	1.5	1	1.5	1	1.5	0.75	348,932	1,570,196	959,564	348,932	1,570,196	959,564
E28/2675	30%	11.8	1	1.5	1	1	1	1.5	1	1.5	0.75	15,275	51,553	33,414	4,583	15,466	10,024
E28/2676	30%	5.9	1	1.5	1	1	1	1.5	1	1.5	0.75	7,638	25,777	16,707	2,291	7,733	5,012
E28/2677	30%	5.9	1	1.5	1	1	1	1.5	1	1.5	0.75	7,638	25,777	16,707	2,291	7,733	5,012
		3,086.1										10,891,373	47,316,321	29,103,847	3,806,024	18,373,882	11,089,953

# Based on Legend ASX announcement of 9 July 2019

## Appendix 4: Multiples of Exploration Expenditure

Table 17: Exploration Expenditure

Tenement	Drilling						Aeromag	Gravity	EM					Expenditure	
	Aircore		RC		Diamond		50m line Spaced	Detailed Surveys	MLTEM	FLTEM	DHTEM	Conductors	Conductors RC/DD Tested	Total from Form 5 Since Grant Date	Deemed
	No. Holes	Metres	No. Holes	Metres	No. Holes	Metres									
E28/1718	112	5,437	-	-	-	-	Y	Y	Y	N	N	2	0	\$3,015,567	\$2,412,454
E28/1727	118	8,525	-	-	-	-	Y	Y	Y	N	N	2	0	\$3,081,757	\$2,465,406
E28/2188	164	14,585	-	-	1	717.7	Y	Y	Y	Y	Y	5	2	\$2,821,899	\$2,257,519
E28/2189	145	12,759	5	1,160	1	584.0	Y	Y	Y	Y	Y	12	4	\$2,392,423	\$1,913,938
E28/2190	9	566	-	-	-	-	Y	Y	Y	N	N	0	0	\$1,056,212	\$844,970
E28/2191	61	2,533	5	1,106	2	1,350.4	Y	Y	Y	Y	Y	7	5	\$2,895,351	\$2,316,281
E28/2192	41	2,626	-	-	-	-	Y	Y	Y	N	N	2	0	\$1,020,723	\$816,578
E28/2404	38	2,552	-	-	-	-	Y	Y	Y	N	N	1	0	\$134,446	\$107,557
E28/2405	74	3,333	2	806	-	-	Y	Y	Y	N	Y	1	1	\$1,036,765	\$829,412
E28/2675	-	-	-	-	-	-	Y	Y	N	N	N	NA	NA	\$16,003	\$12,802
E28/2676	3	145	-	-	-	-	Y	Y	N	N	N	NA	NA	\$15,431	\$12,345
E28/2677	-	-	-	-	-	-	Y	Y	N	N	N	NA	NA	\$15,381	\$12,305
E28/1716	261	11,046	3	622	1	700.1	Y	Y	N	N	Y	NA	NA	\$3,785,775	\$3,028,620
E28/1717	693	41,686	38	7,107	18	9,478.8	Y	Y	Y	Y	Y	Multiple	Multiple	\$10,720,028	\$8,576,022
														\$32,007,761	\$25,606,209

Source: Legend

Table 18: Detailed Multiples of Exploration Expenditure Valuation

Licence	Legend Interest <sup>#</sup>	Area (km <sup>2</sup> )	PEM		Deemed Expenditure	100% Value			Legend Interest		
			Low	High		Low	High	Preferred	Low	High	Preferred
E28/1716	70%	355	1.3	1.5	\$3,028,620	\$3,937,206	\$4,542,930	\$4,240,068	\$2,756,044	\$3,180,051	\$2,968,048
E28/1717	70%	354	1.5	2	\$8,576,022	\$12,864,034	\$17,152,045	\$15,008,039	\$9,004,824	\$12,006,431	\$10,505,627
E28/1718	70%	353	1.5	2	\$2,412,454	\$3,618,680	\$4,824,907	\$4,221,794	\$2,533,076	\$3,377,435	\$2,955,256
E28/1727	70%	353	1.3	1.5	\$2,465,406	\$3,205,027	\$3,698,108	\$3,451,568	\$2,243,519	\$2,588,676	\$2,416,097
E28/2188	70%	354	1.3	1.5	\$2,257,519	\$2,934,775	\$3,386,279	\$3,160,527	\$2,054,342	\$2,370,395	\$2,212,369
E28/2189	70%	331	1	1.3	\$1,913,938	\$1,913,938	\$2,488,120	\$2,201,029	\$1,339,757	\$1,741,684	\$1,540,720
E28/2190	10%	355	0.5	1	\$844,970	\$422,485	\$844,970	\$633,727	\$42,248	\$84,497	\$63,373
E28/2191	10%	278	0.5	1	\$2,316,281	\$1,158,140	\$2,316,281	\$1,737,211	\$115,814	\$231,628	\$173,721
E28/2192	70%	91	0.5	1	\$816,578	\$408,289	\$816,578	\$612,434	\$285,802	\$571,605	\$428,704
E28/2404	100%	58.8	1.3	1.5	\$107,557	\$139,824	\$161,335	\$150,580	\$139,824	\$161,335	\$150,580
E28/2405	100%	179.7	1	1.3	\$829,412	\$829,412	\$1,078,236	\$953,824	\$829,412	\$1,078,236	\$953,824
E28/2675	30%	11.8	0.5	1	\$12,802	\$6,401	\$12,802	\$9,602	\$1,920	\$3,841	\$2,881
E28/2676	30%	5.9	0.5	1	\$12,345	\$6,172	\$12,345	\$9,259	\$1,852	\$3,703	\$2,778
E28/2677	30%	5.9	0.5	1	\$12,305	\$6,152	\$12,305	\$9,229	\$1,846	\$3,691	\$2,769
		3,086.1			\$25,606,209	\$31,450,537	\$41,347,241	\$36,398,889	\$9,602,522	\$12,242,943	\$21,350,281

<sup>#</sup> Based on Legend ASX announcement of 9 July 2019

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## PROXY FORM

# 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 27 September 2019 at The Celtic Club, 48 Ord Street, West Perth WA 6005, commencing at 4:00pm (WST) and at any adjournment of that Meeting.

#### Part B. Important for all Resolutions – If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 1, 2 and 3. If the Chairman is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to these Resolutions, you will be expressly authorising the Chairman to vote in accordance with the Chairman's voting intentions on these Resolutions - being to vote all available proxies in favour of all Resolutions.

#### Step 2. Items of Business

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

		For	Against	Abstain*
Resolution 1	Approval of Ponton JVA 2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of prior issue of Tranche 1 Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Authority to issue Tranche 2 Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*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

Sole Director and Sole Secretary

Member 2 (if joint holding)

Director/Company Secretary

Member 3 (if joint holding)

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 4:00pm (WST) on, 25 September 2019.

## Documents may be lodged:

BY EMAIL	info@legendmining.com.au
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.