



## JUNE 2007 QUARTERLY REPORT

23 July 2007

### LEGEND MINING LIMITED

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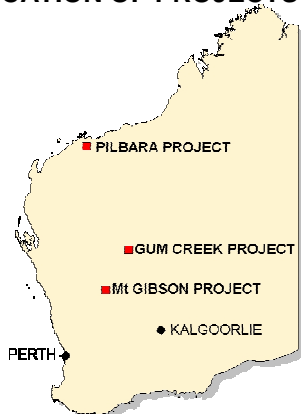
### PROJECTS

**Pilbara:** nickel-copper & zinc-copper

**Gum Creek:** copper-nickel-PGE, gold

**Mt. Gibson:** zinc-copper-gold

### LOCATION OF PROJECTS



### HIGHLIGHTS

- **Gidgee Gold Project sale to Apex (ASX: AXM)**
- **Mt Gibson Joint Venture with Oxiana (ASX:OXR)**
- **Pilbara EM / VTEM / Joint Venture with Fox (ASX:FXR)**
- **Gum Creek – More Gossans / Joint Venture with Gateway (ASX:GML)**

### OVERVIEW

This quarter saw the culmination of many months work to bring all of Legend's assets into play, ensuring that all Projects are in the hands of well funded good operators thus working for the benefit of shareholders. In summary:

1. The Pilbara and Gum Creek Projects are being actively explored and new drill targets are consistently being discovered. Exploration activity will continue during the September quarter and comprehensive drill programmes will commence once tenements are granted.
2. The Mt Gibson Joint Venture will see Oxiana inject up to \$10 million to explore the asset, meaning Legend shareholders have no additional financial risk, but will still benefit from any discoveries with a minimum 25% holding in the JV.
3. The Gidgee Gold Project has been sold to Apex, principally for scrip, and shareholders will benefit directly through an in-specie distribution of up to 34 million Apex shares. These Apex shares have increased in value to over \$30 million since the sale agreement.



## **1. Gidgee Gold Project Sale to Apex**

Legend announced on 3 May 2007 that it had agreed to sell its Gidgee gold assets (tenements, plant and infrastructure) to Apex Minerals NL “Apex” (ASX: AXM). The consideration will be predominately Apex script, which will be distributed in-specie to Legend shareholders. Figure 1 shows sale tenement area.

### ***Deal Summary***

The material terms of the Gidgee Gold Project sale are as follows:

- Initial consideration of \$11 million payable by the issue of 34 million Apex shares which are planned to be distributed in-specie to Legend shareholders,
- Contingent consideration of \$5 million will be paid to Legend once a production milestone of 250,000oz of gold from the Gidgee Gold Project tenements is reached,
- Legend has a pre-emptive first right of refusal on the sale of the Gidgee plant and equipment,
- Legend and Apex to obtain all necessary regulatory and shareholder approvals for the transaction.

The sale process is progressing as planned with the Apex shareholders meeting held on 18 July 2007 approving the purchase and a Legend shareholder meeting to approve the distribution in-specie scheduled to be held in September/October 2007. Legend expects to receive the 34 million Apex shares in August/September 2007 with the distribution in-specie occurring in late October 2007. The Notice of Meeting (NOM) for the Legend shareholders meeting will contain a detailed timetable of all these events.

The increase in the aggregate value of the Apex shares from \$11 million at the time of announcing the sale to over \$30 million at today’s prices has justified the directors’ decision to sell these assets. This increase in value has presented some potential tax issues on which the board is seeking expert advice prior to finalising the NOM.



## **2. Mt Gibson Joint Venture with Oxiana**

Legend announced on 8 May 2007 that it had signed a Farm-In and Joint Venture letter agreement with Oxiana Exploration Pty Ltd, a wholly-owned subsidiary of Oxiana Limited (ASX:OXR), over its Mt Gibson Project (zinc-copper-gold), which lies 100km south of Oxiana's world-class Golden Grove Mine.

### ***Deal Summary***

The material terms of the Mt Gibson Farm-In and Joint Venture are as follows:

- Oxiana to spend \$10 million within 7 years to earn a 75% interest in the project commencing 1 June 2007,
- Legend to be 25% free-carried to completion of a bankable feasibility study and decision to mine,
- A minimum of \$1.2 million to be spent within the first 18 months before Oxiana can withdraw,
- Each party has a first right of refusal over the sale of all or part of the other party's joint venture interest,
- The 1 million tonne per annum plant and single mens' camp is excluded from the joint venture,
- Legend will remain responsible for the historical environmental liability until Oxiana has earned its interest,
- Subject to a period of Due Diligence until 31 May 2007,
- The letter agreement will legally bind Oxiana and Legend until such time as it is replaced by a formal Farm-In and Joint Venture Agreement.

Due diligence has been completed and the details of the formal Farm-In and Joint Venture Agreement are currently being finalised with Oxiana. Details of the work programmes and results will be announced as they are advised to Legend.



### **3. Pilbara Project**

#### **MLTEM Follow-up of VTEM-1 Anomalies**

Legend announced on 9 May 2007 that GEM Geophysical Surveys had completed reconnaissance, ground Moving-Loop Time-Domain Electromagnetic (MLTEM) surveys over five of the six Versatile Time-Domain Electromagnetic (VTEM-1) anomalies delineated in November 2006.

Data from the ground and airborne geophysical surveys have been modelled and interpreted by Perth-based Southern Geoscience Consultants. The conductors (targets) identified at four anomalies namely, Bushmill, Wexford, Banagher and Castlebar, have modelled conductances (conductance is an electrical property measured by MLTEM) which suggest the possible presence of localised matrix or massive sulphide.

The Roundstone anomaly could not be accessed due to the wet conditions and this survey has been rescheduled to later in the year. The Cavan anomaly is interpreted to be caused by conductive overburden and no further follow-up is planned.

#### **VTEM-2 Survey**

Legend announced on 5 July 2007 the discovery of six high priority and five second order (VTEM-2) base metal targets from its West Pilbara Project, see Figure 3. The targets are located within 100% owned Legend tenements and the Mt Marie JV with Fox (Legend earning 70%).

The six priority targets namely, Varcoe, Paton, Osborne, Hickmott, Chapman and Milburn, are all interpreted to possibly represent nickel-copper or copper-gold sulphide deposits. In addition to these high priority targets, five second order anomalies have been identified and require additional geological, geochemical and geophysical evaluation.

#### **Next Phases of Work**

A programme of ground electromagnetics is planned at the six priority targets to further define the VTEM-2 anomalies and assist with direct drill targeting. Field checking and sampling of these targets will be conducted to assist this process.



Drill testing of these anomalies and those identified in VTEM-1 will follow the granting of title.

Figure 3 shows the Pilbara Project, VTEM-1 and VTEM-2 survey areas and the discovered targets.

### **Mt Marie Joint Venture with Fox**

Legend announced on 20 April 2007 that its wholly owned subsidiary Armada Mining Limited had signed the Mt Marie Farm-in and Joint Venture Heads of Agreement (JV) with Fox Resources Limited (Fox) (ASX:FXR).

Figure 2 shows the tenement areas over which the JV applies and also shows the current land holdings of both Legend and Fox. Fox and Legend hold the dominant land position in the district, which is located in the prospective West Pilbara Region.

### ***Deal Summary***

The material terms of the JV are as follows:

- Legend may spend \$300,000 to earn a 40% interest in the tenements within 24 months of the grant of the last of the tenements,
- Legend may then spend a further \$200,000 to earn a further 30% interest within the following 12 months thus potentially earning a 70% interest for an aggregate of \$500,000 within a 36 month period,
- Legend is the Manager of the JV during the Earn in Period,
- Once the Earn-in Period is complete, both parties may elect to contribute or dilute as the case may be, with the majority equity holder being the manager and the JV governed via an Operating Committee.

## **4. Gum Creek Project**

### **Bungarra Target Area**

Legend announced on 10 April 2007 the discovery of copper-nickel-platinum group element (Cu-Ni-PGE) mineralisation in outcropping gossanous ironstone at the Bungarra Target Area (Python Prospect) within its Gum Creek Project. The rock chip samples are detailed in Table 1 below and Figure 4 gives the location of the Bungarra Target Area within the Gum Creek Project.



Table 1: Surface Rock Chip Assay Results From Python Prospect

Coordinates for All Samples:		6980350N 750030E (GDA-94 Zone-50)						
Description	Cu %	Ni %	Pt ppb	Pd ppb	Rh ppb	Ru ppb	Os ppb	Ir ppb
Grab Sample	5.7	1.0	146	500	43	2	3	2
Grab Sample	2.1	0.51	91	404	65	7	3	6
Grab Sample	0.15	0.55	108	41	316	34	1	26
3m Channel Sample	0.33	0.22	113	415	85	10	2	6
Copper (Cu) and Nickel (Ni) assayed by XRF. Platinum (Pt), Palladium (Pd), Rhodium (Rh), Ruthenium (Ru), Osmium (Os) and Iridium (Ir) assayed by 25g fire assay (nickel sulphide collection) ICP-MS at Ultra Trace Pty Ltd, Perth.								
1000 parts per billion (ppb) = 1 part per million (ppm) = 1gram per tonne (g/t)								

This was followed up by a further announcement on 10 May 2007 that more sulphide gossans had been located at the Python Prospect and a new occurrence located at the Dugite Prospect, 6.2km to the southeast of Python (Figure 5). The gossans lie close to the base of the Bungarra Igneous Complex and occur as clusters of locally transported and/or in-situ surface rubble (float). Tables 2 & 3 below detail the follow-up assay results from the respective prospects.

Table 2: Sulphide Gossan Rock Chip Assay Results From Python Prospect

North GDA94-50	East GDA94-50	Description	Cu %	Ni %	Pt ppb	Pd ppb	Rh ppb	Ru ppb	Os ppb	Ir ppb
6980365	750036	Grab sample of float	0.14	0.55	95	87	200	20	2	18
6980365	750036	Grab sample of float	0.21	0.41	108	221	79	12	4	7
6980385	750015	Grab sample of float	0.38	0.34	387	305	324	13	2	19
6980422	749976	Grab sample of float	0.05	0.08	197	77	31	2	1	4
Copper (Cu) and Nickel (Ni) assayed by XRF. Platinum (Pt), Palladium (Pd), Rhodium (Rh), Ruthenium (Ru), Osmium (Os) and Iridium (Ir) assayed by 25g fire assay (nickel sulphide collection) ICP-MS at Ultra Trace Pty Ltd, Perth.										
<i>Grab sample of float:</i> a composite sample of gossanous rubble lying on the surface and interpreted to be within metres of source.										
1000 parts per billion (ppb) = 1 part per million (ppm) = 1gram per tonne (g/t)										

Table 3: Sulphide Gossan Rock Chip Assay Results From Dugite Prospect

North GDA94-50	East GDA94-50	Description	Cu %	Ni %	Pt ppb	Pd ppb	Rh ppb	Ru ppb	Os ppb	Ir ppb
6975340	753620	Grab sample of float	0.11	0.36	22	111	Not Determined			
Copper (Cu) and Nickel (Ni) assayed by XRF. Platinum (Pt) and Palladium (Pd) assayed by 25g fire assay (lead collection) ICP-MS at Ultra Trace Pty Ltd, Perth.										
Grab sample of float: a composite sample of gossanous rubble lying on the surface and interpreted to be within metres of source.										
1000 parts per billion (ppb) = 1 part per million (ppm) = 1gram per tonne (g/t)										



### **Next Phases of Work**

A heritage survey has already been completed clearing the way for drilling to commence once the exploration licence is granted.

Results from a recently completed high resolution aeromagnetic survey are awaited. This will enable the mapping of accumulations of magnetic mineral pyrrhotite, which are characteristically found with this type of copper-nickel-platinum group mineralisation, along with ground EM, possibly a VTEM survey and other on ground work with an objective of working up further drill targets as expeditiously as possible.

### **West Bungarra Joint Venture with Gateway**

Legend announced on 16 July 2007 that it had signed the West Bungarra Joint Venture Agreement ("WBJV") with Gateway Mining Limited ("Gateway") (ASX:GML). The WBJV ground covers the western margin of the Bungarra Intrusive Complex at the Bungarra Target Area within Legend's Gum Creek Project, see Figures 4 & 5.

The WBJV specifically gives Legend access to the entire southern strike extension from the Python Prospect where outcropping gossanous ironstone returned rock chip samples that assayed up to 5.7% copper, 1.0% nickel and 0.7g/t platinum group elements.

### **Deal Summary**

The material terms of the JV are as follows:

- Legend equity 70%, Gateway equity 30%,
- Legend's pending E57/709 and Gateway's P57/976 will form the WBJV Tenements,
- Legend will sole fund and manage to Decision To Mine,
- Standard pre-emptive rights over sale of interests are applicable to both parties,
- Once a Decision To Mine is made each party may elect to contribute, dilute or divest with Legend to manage and a Management Committee to govern the WBJV.



## 5. Corporate

The Annual General Meeting of Legend was held on 15 May 2007 with all resolutions passed by the requisite majority on the show of hands supported by overwhelming majority proxy vote support.

## 6. Operations

Both the mining and processing operations at the Mt Gibson and Gidgee Projects remain on care and maintenance.

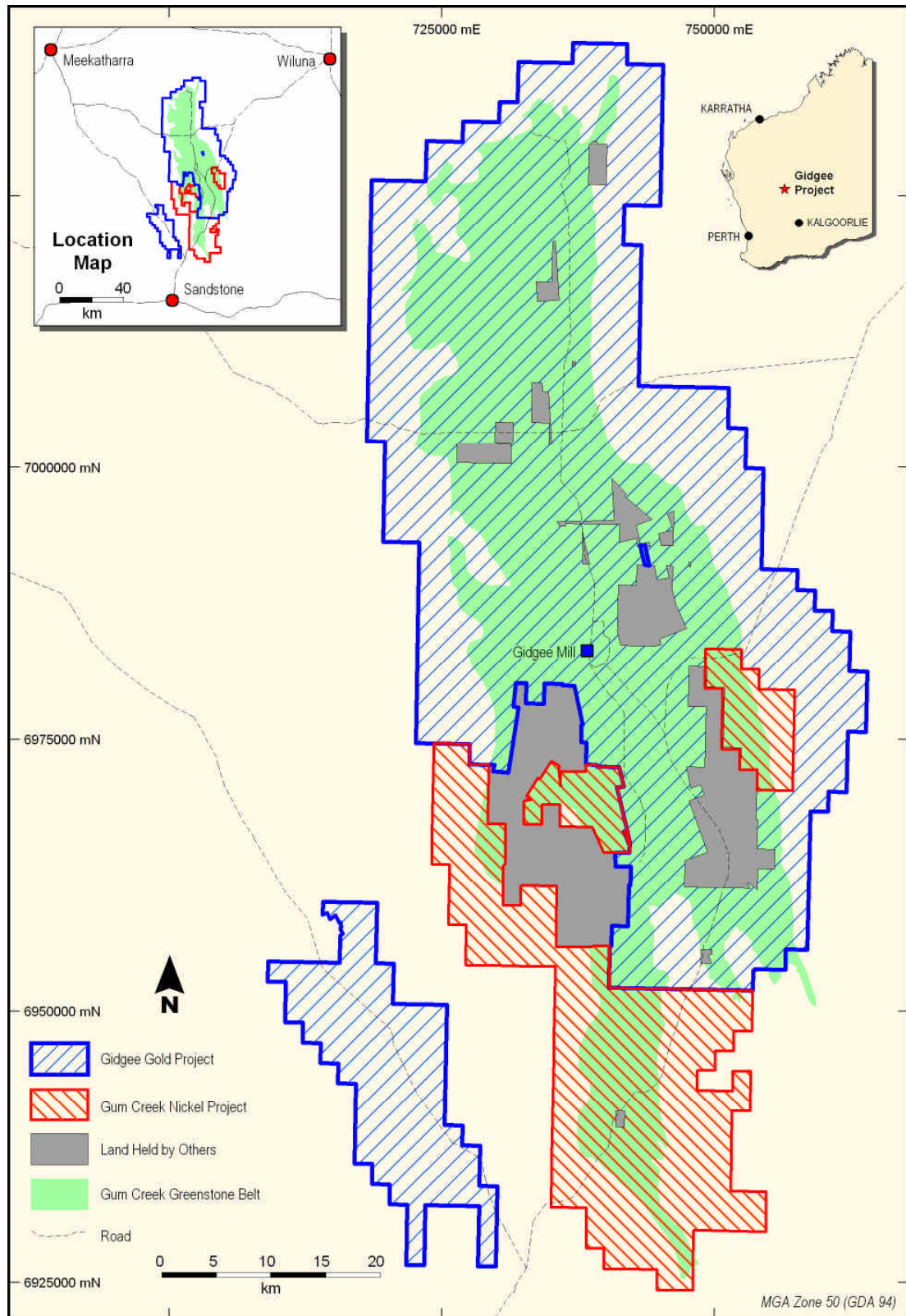
**Mark Wilson**

Managing Director

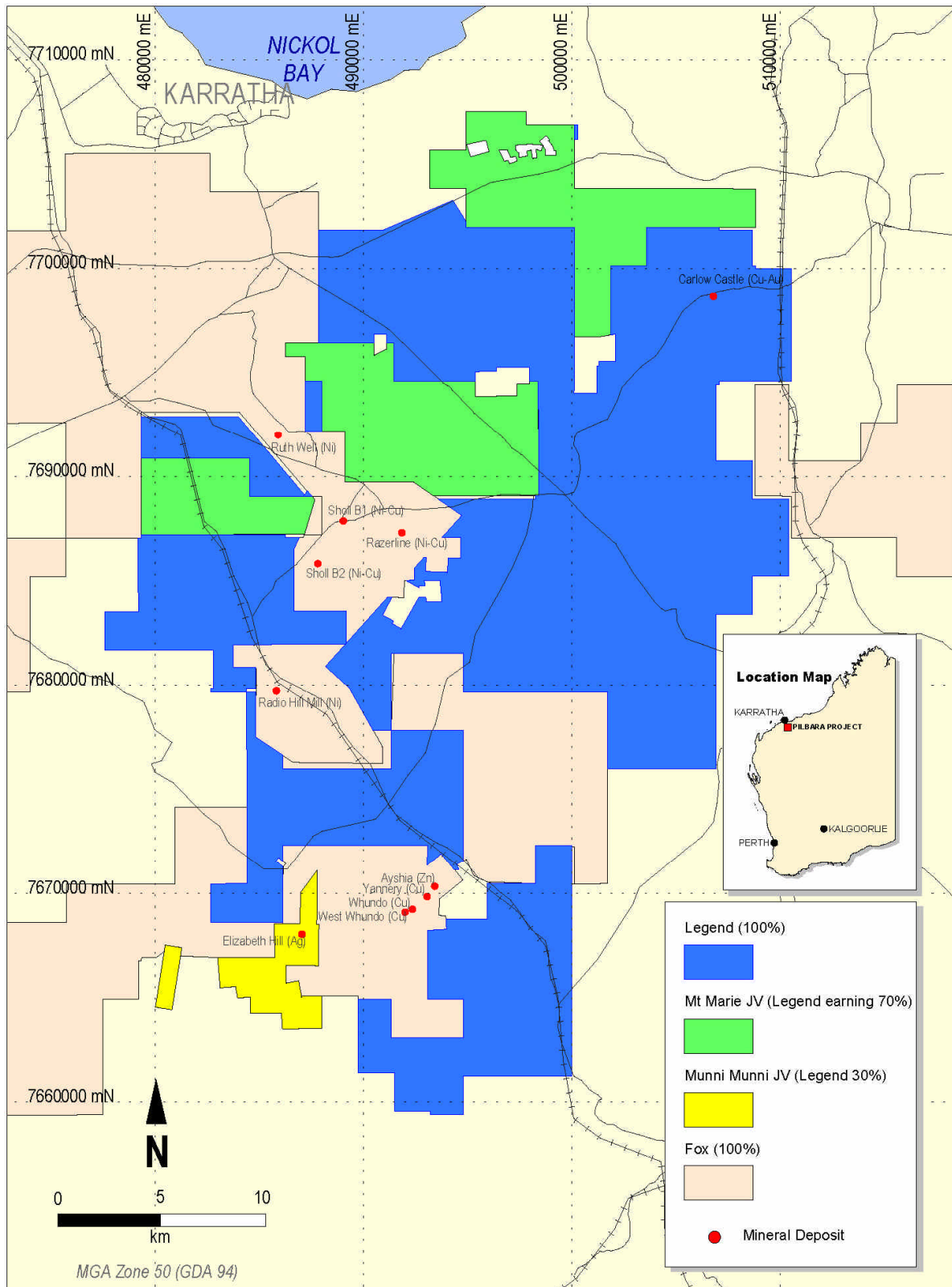
23 July 2007

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

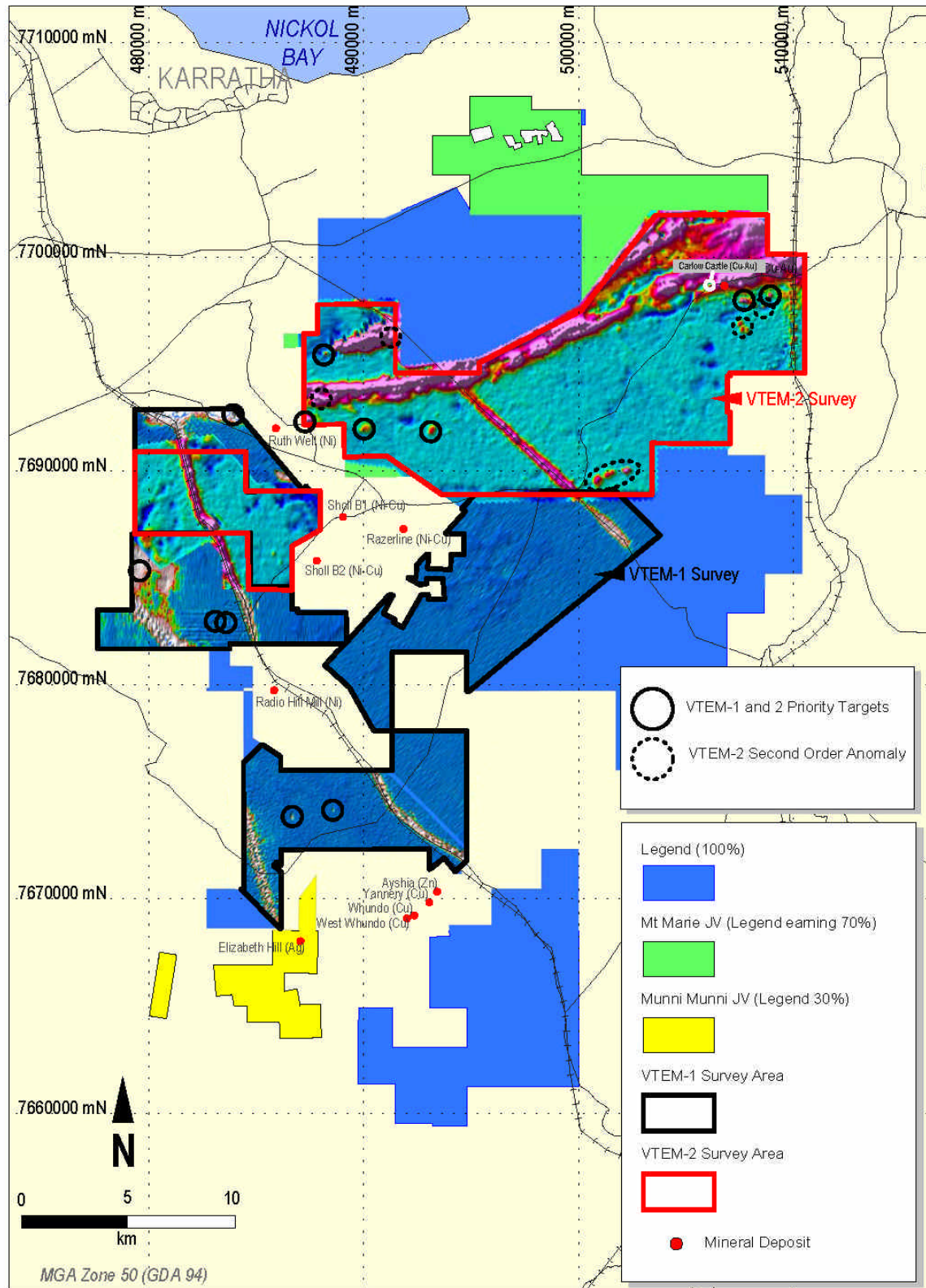




**Figure 1. Location of the Gidgee Gold Project and Gum Creek Project**

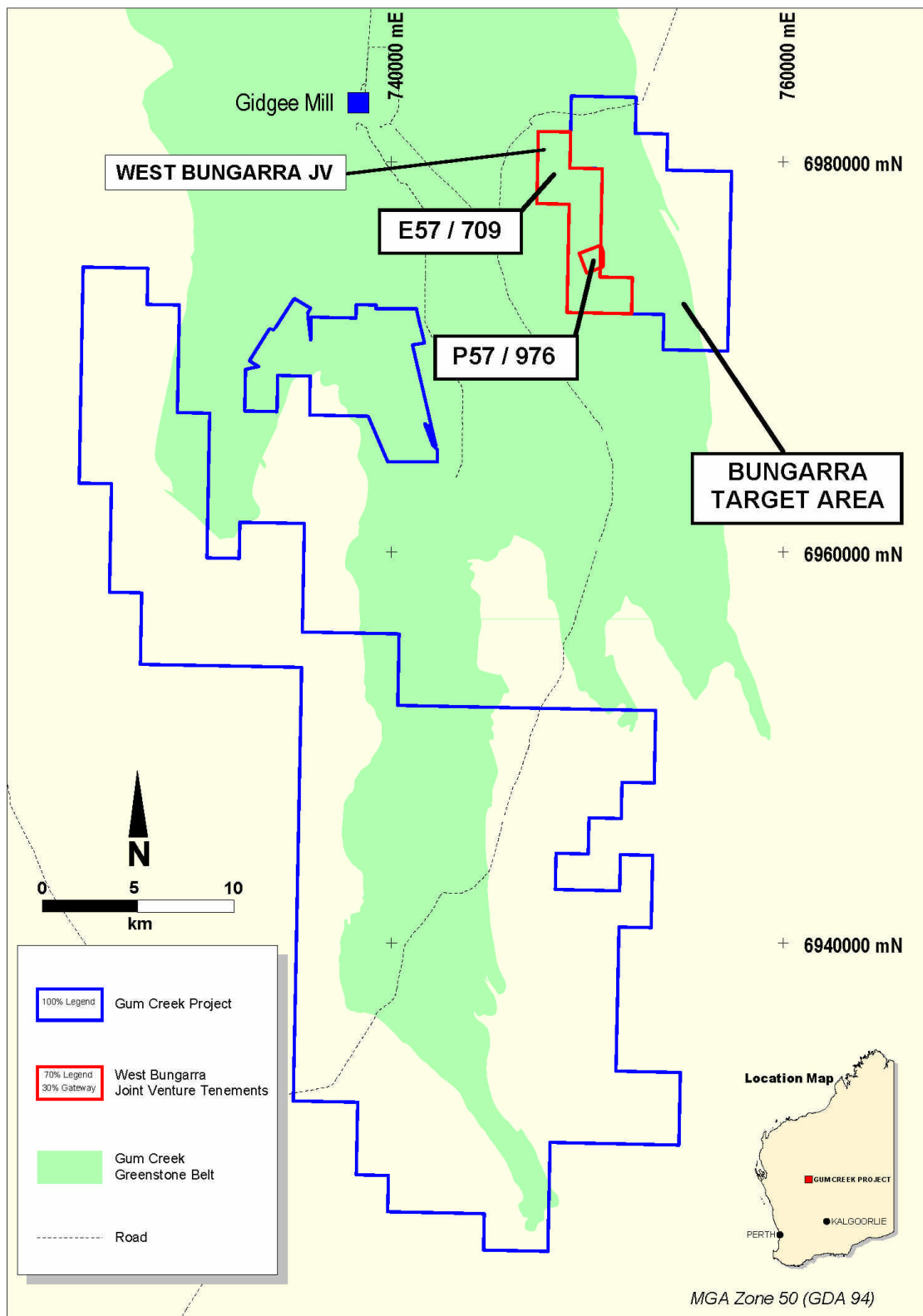


**Figure 2. West Pilbara District Land Holdings**

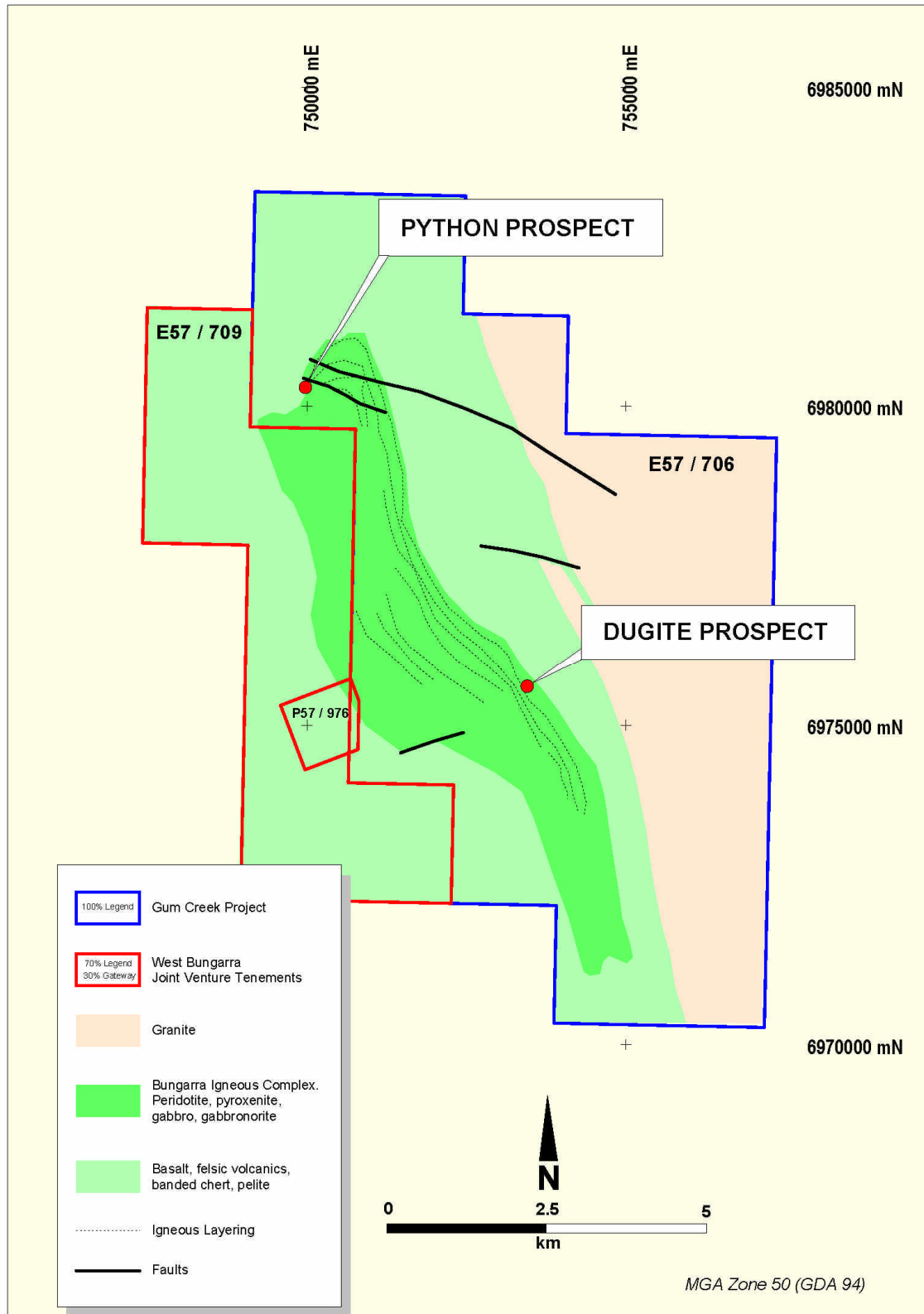


**Figure 3. Pilbara Project VTEM-1 and VTEM-2 Survey Areas and Targets**





**Figure 4. Location of West Bungarra JV and Gum Creek Project**



**Figure 5. Bungarra Target Area – Geology and Main Prospect Locations**