

Legend Mining Limited

ACN 060 966 145

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

A PROXY FORM IS ENCLOSED

The Directors recommend that shareholders vote in favour of the Resolution contained in this Notice of Meeting.

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the General Meeting of Shareholders please complete and return the enclosed Proxy Form in accordance with the specified directions.

LEGEND MINING LIMITED
ACN 060 966 145

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Shareholders of Legend Mining Limited will be held at Suite 1, 46 Ord Street, West Perth, Western Australia at 9:00am WST on 8 October 2001.

Agenda

Special Business

Resolution 1: Approval of issue of shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 7.1 of the Official Listing Rules of Australian Stock Exchange Limited, shareholders approve the issue by the Company of 6,766,660 ordinary fully paid shares in the Company at \$0.15 per share (with fractional entitlements rounded up to the nearest whole number) to the lenders under the converting note facility agreements entered into with the Company during August 2001.”

Voting exclusion statement

In relation to Resolution 1, pursuant to Listing Rule 7.3.8 of the Official Listing Rules of the Australian Stock Exchange, the Company will disregard any votes cast by or on behalf of any of the lenders under the converting note facility agreements, or their associates.

The Company however 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 chairperson of 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.*

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Snapshot Date

The Directors have determined that for the purposes of section 1109N of the Corporations Law, the persons eligible to vote at the meeting will be those persons who are registered shareholders at 6 October 2001.

Proxies

A proxy form accompanies this Notice and to be effective must be received at Suite 1, 46 Ord Street, West Perth WA 6005 or fax (08) 9322 3800, to be received not less than 48 hours prior to the time of the meeting .

Each shareholder is entitled to appoint a proxy. The proxy does not need to be a member of the Company. A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes that each proxy is appointed to exercise.

By order of the Board

**Mr R G Ledger
Company Secretary
5 September 2001**

Legend Mining Limited

ACN 060 966 145

Instructions for completing 'Appointment of Proxy' form

Please direct your proxy how to vote. If no directions are given, your proxy will be entitled to vote or abstain as the proxy thinks fit. The proxy form on the reverse side of this page must be received at Suite 1, 46 Ord Street, West Perth WA 6005 no later than 48 hours before the time set for the meeting. Signed proxy forms received by facsimile on (08) 9322 3800 will be accepted.

A Appointment of Proxy

You need to insert the name of the person you wish to appoint as proxy. A proxy need not be a shareholder of the Company. However, shareholders cannot appoint themselves.

The Chairperson of the meeting will act as your proxy if no proxy is named or if your appointed proxy fails to attend the meeting.

B Voting on business of the meeting

The Notice of General Meeting included with these documents has details about the agenda item. If you wish to direct your proxy how to vote on a particular item, place a mark in the appropriate box. If a mark is placed in a box your total shareholding will be voted in that manner. The vote will be invalid if a mark is made in more than one box for a particular item. You may choose to split your vote by marking an X in the box indicated and inserting the number of shares you wish to vote in the appropriate boxes. In this case the vote will be invalid if the total number of shares shown in the 'for', 'against' and 'abstain' boxes is more than your total shareholding on the share register.

C If you wish to appoint two proxies

You are entitled to appoint no more than two persons to attend the meeting and vote. If you wish to appoint more than one proxy you may obtain an additional proxy form by contacting the Company's share registry. Both proxy forms should be completed with the nominated percentage or number of your voting rights on each. If 2 proxies are appointed but the appointment does not specify the proportion or number of the member's voting rights which each proxy may exercise, the Corporations Law provides that each proxy may exercise half of the member's votes.

D Shareholder signature(s)

The proxy form must be signed by the shareholder(s) or, if a corporation, executed in accordance with section 127 of the Corporations Law or under the hand of an authorised officer or attorney. If the proxy form is signed by a person who is not a registered shareholder then the relevant authority must either have been exhibited previously with the Company's share registry or be enclosed with this proxy.

APPOINTMENT OF PROXY

General Meeting

The Company Secretary
Legend Mining Limited
(ACN 060 966 145)
Suite 1
46 Ord Street
West Perth, WA 6005

Facsimile (08) 9322 3800

A Appointment of proxy

I/We appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairperson of the Meeting, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held on 8 October 2001 and at any adjournment thereof.

If you are voting with some of your shares only, please mark this box

B Voting on business of the General Meeting

1. Approval of issue of shares – Ordinary Resolution

FOR

AGAINST

ABSTAIN

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

C If you wish to appoint two proxies:

State the percentage or number of your votes applicable to this form.

Proportion of votes

%

or

Number of votes

D Sign here:

This section must be signed.

All individuals and joint holders must sign

Signature

Signature

Signature

Companies

Director

Director/ Company secretary

Sole Director and Sole Company Secretary

LEGEND MINING LIMITED
ACN 060 966 145

**Explanatory Memorandum
to the Notice Of General Meeting
to be held on 8 October 2001 at 9:00am**

This Explanatory Memorandum has been prepared to assist shareholders of Legend Mining Limited in understanding the details and effects of the resolution to be put to shareholders for their consideration and, if thought fit, approval at the forthcoming General Meeting of the Company. The directors recommend that you read this Explanatory Memorandum.

Resolution 1 – Approval of issue of shares

Background

Legend Mining Limited (**Legend**) and East Coast Minerals NL (**ECM**) are currently partners in the Munni Munni joint venture (**Joint Venture**) for the purpose of undertaking the exploration of certain mining tenements. Currently Legend and ECM have a 33.3% and 66.7% interest, respectively, in the Joint Venture.

The mining tenements of the Joint Venture are located on the Ferguson Reef south of Karratha in the Pilbara region of Western Australia. The exploration activities will focus on assessing the platinum palladium horizons on the tenements. A drilling program was commenced in late August 2001.

Legend and ECM entered into a new agreement (**JV Agreement**) dated 11 June 2001 governing their respective interests in the Joint Venture (other than the production from tailings produced from the Elizabeth Hills silver mine which is governed under a separate agreement). Under the JV Agreement, Legend may increase its interest in the Joint Venture to equalise the interests of the partners at 50% each.

At the time of entering into the JV Agreement Legend and ECM had a 30% and 70% interest, respectively, in the Joint Venture. In order to earn the additional interest under the JV Agreement Legend is obligated to contribute up to \$1.5 million to the Joint Venture to fund the exploration of the platinum palladium horizons on the mining tenements and in addition must pay \$1.5 million to ECM.

Under the JV Agreement the payments by the Company to the Joint Venture and ECM are to be made in stages. Legend's interest increased to 33.3% after the first stage payment of \$750,000 to ECM and \$500,000 to the Joint Venture was made recently.

Subsequent payments by the Company are required to secure a 50% interest in the Joint Venture as follows:

- (a) \$500,000 to the Joint Venture (or in the alternative \$250,000 to ECM) by 30 April 2002;
- (b) \$750,000 to ECM by 11 August 2002; and
- (c) \$500,000 to the Joint Venture by 30 April 2003.

During August 2001 the Company completed an issue of converting notes to:

- GS Lee Trust
- Shawland Pty Ltd
- Zurich Bay Holdings Pty Ltd
- Ausfront Super Fund

- URS Scheibler
- Infirst Pty Ltd
- Roger Mackay Enterprises Pty Ltd
- Waratah View Pty Ltd
- Kelbush Pty Ltd
- Terry Baskeyfield
- Wildbush Pty Ltd
- John Kirou Family Trust
- Kirou Chalis
- William Henry Hernstadt

to raise \$1,015,000. The proceeds of the issue were applied to fund the Company's obligations to pay the first stage payments due by the Company under the JV Agreement, as described above. None of the subscribers listed above are associated with the Directors of the Company.

Under the terms of the converting note facility agreements the converting notes:

- are unsecured;
- bear interest at a rate of 7% per annum;
- automatically convert into ordinary shares in Legend at \$0.15 per share upon the receipt of approval of the shareholders of Legend;
- are deemed repaid upon conversion; and
- if conversion does not occur (because shareholder approval is not obtained), are repayable together with all accrued interest no later than 31 March 2002.

The Company expects to meet the subsequent payments to increase its interest in the Joint Venture through additional fundraising activities.

The purpose of the Resolution to be considered is to obtain shareholder approval to enable the conversion of the debt issued under the converting note facility agreements into ordinary shares in the Company.

Requirement for approval

The Resolution has been proposed so that shareholders may approve, for the purposes of Australian Stock Exchange Ltd Listing Rule 7.1, the issue of 6,766,660 fully paid ordinary shares in the Company (approximately 20% of the Company's issued capital) to the lenders under the convertible note facility agreements.

Listing Rule 7.1 provides a formula which limits the number of equity securities the Company may issue within a 12 month period to not more than 15% without first obtaining shareholder approval. The issue of 6,766,660 fully paid ordinary shares under this resolution will exceed the 15% limit unless the prior approval of shareholders is obtained. Accordingly, this resolution has been proposed so that shareholders can approve the proposed issue of 6,766,660 fully paid ordinary shares.

Board Recommendation

The Board of Directors recommends you vote in favour of the Resolution.

Implications of approving the Resolution

If the proposed issue of ordinary shares is approved, the issue and allotment of 6,766,660 shares will take place the next day after the date of the meeting to which this Notice of Meeting relates. The ordinary shares

will be issued to the lenders under the convertible note facility agreements at \$0.15 per share. The Company will pay to the lenders the interest due on the loan amounts up to and including the date of conversion.

The shares issued will rank equally with all other ordinary shares currently on issue.

As announced in the June quarterly report released to the ASX on 31 July 2001, as at 30 June 2001 the net assets of the Company included \$279,000 in cash. Since 30 June 2001 the Company has incurred working capital expenditure and made the \$1.25 million dollar first stage payments under the JV Agreement as described above. During this period the Company received the \$1,015,000 under the converting note facility agreements.

The proceeds from the converting note facility agreements were used to enable the Company to meet its first stage payment obligations under the JV Agreement, as described above. The issue of the ordinary shares upon conversion of the converting notes will not result in any additional proceeds to the Company. However, the conversion of the debt owed under the converting note facility agreements satisfies the repayment obligations in relation to the loans.

The effect of the conversion on the issued capital of the Company is set out in the following table:

Number	Share Capital
32,968,005*	Shares on issue at the date of the Notice
6,766,660	Shares issued upon conversion
39,734,665	Issued share capital following conversion
	Unlisted options
1,250,000	Options exercisable at 22¢ on or before 30 May 2006

Implications of not approving the Resolution

If the Resolution is not approved by shareholders the conversion will not occur and no ordinary shares will be issued to the lenders under the converting note facility agreements. Under the terms of the converting note facility agreements the Company may repay the loan amount plus all interest incurred at any time but must in any event repay the loan and all interest due on or before 31 March 2002.

In the event the conversion does not occur the Company expects to rely on earnings from silver sales from the Elizabeth Hill silver tailings dam and external financing to provide the funds necessary to meet its repayment obligations under the converting note facility agreements.

* Assumes no existing options are exercised on or before conversion