



16 November 2005

Company Announcements Office  
Australian Stock Exchange Ltd

### **LEGEND COMPLETES PURCHASE OF MT GIBSON PROJECT**

Legend Mining Limited (Legend) through its wholly owned subsidiary Gibson Metals Pty Ltd (Gibson Metals) has today completed the purchase of the Mt Gibson Project assets from Oroya Mining Limited and its subsidiary Mt Gibson Gold Pty Ltd.

The deal brings together under common ownership Legend's Gidgee Gold Project (Gidgee) and Mt Gibson, which is located 350 kilometres to the southwest of Gidgee.

Under the terms of the Agreement, Legend paid as consideration:

- \$250,000 cash reimbursement of expenses.
- 30 million fully paid ordinary shares in the capital of Legend which are escrowed in two tranches: 15 million shares for 12 months and 15 million shares for 18 months.

Additionally, \$1.088 million cash was released to Oroya by Legend replacing the Unconditional Performance Bonds lodged by Oroya over Mt Gibson.

Oroya is also entitled to a 'milestone' issue from Legend of a further 10 million fully paid shares in the capital of Legend upon completion of a bankable feasibility study or a decision to mine or upon sale of Mt Gibson to a third party.

The sale was inclusive of:

- All project mining tenements inclusive of the technical data base, accommodation village, gold treatment plant, workshops, offices, bore field, airstrip, mobile equipment, tools and spare parts on an 'as is' basis.
- Legend's assumption of Mt Gibson Gold Pty Ltd's (a wholly owned subsidiary of Oroya) obligations for the Mt Gibson Royalty Agreement arising from Oroya's original purchase of the project.

Oroya has retained the exclusive right to re-treat the existing 4 million tonne dump leach at its sole risk and benefit for a period of 1 year.

During 2003/04, Barrick Australia drilled 18 deep holes along the 7km of strike of the Mt Gibson Shear Zone, testing for the presence of Bousquet-La Ronde style high-grade gold mineralisation associated with massive sulphides. The majority of the Barrick holes intersected gold mineralisation and/or stringer or massive sulphides (pyrrhotite and/or sphalerite).

Subject to the availability of a suitable drill rig prior to Christmas, Legend intends to clean out, where possible, the Barrick drill holes and undertake downhole EM to search for "off-hole" conductors associated with auriferous massive sulphides. Legend is proposing an exploration budget of \$100,000 for drill-hole cleanout and geophysics at Mt Gibson over the next 2 months.

### **LEGEND ARRANGES FUNDING FOR ONGOING OPERATIONS**

Legend is pleased to announce that it has reached agreement in principle with Yandal Investments Pty Ltd (Yandal) a company wholly owned by Mark Creasy, whereby Yandal has agreed to provide suitable security with a financial institution as replacement security for Legend's Unconditional Performance Bonds for its Gidgee and Mt Gibson projects.

These Unconditional Performance Bonds totalling \$3,088,000 are currently secured by cash deposit, lodged with the Department of Industry and Resources. The security replacement will result in the return to Legend of \$3,088,000 in cash, and will require the up-stamping of Yandal's existing fixed and floating charge, subject to Legend shareholder approval.

Pending the finalisation of the above security replacement, Yandal has advanced to Legend an unsecured loan of \$3,000,000. The loan is for a period of 107 days (up to 28 February 2006) at an interest rate of 12% per annum payable at the expiry of the term of the loan. This should allow Legend sufficient time to arrange for the release of the existing Performance Bonds referred to above.

The Yandal loan will be repaid on the following terms:

- When the Performance Bonds are replaced, Legend will repay to Yandal the loan amount, subject to Legend retaining a minimum cash balance of \$1,000,000.
- In the event that any Performance Bond is not replaced prior to 28 February 2006 the loan will be repaid at that time, subject to Legend retaining a minimum cash balance of \$1,000,000.
- In the event that the whole or any part of the loan remains outstanding after 28 February 2006, Yandal may either extend the period of the loan to 31 May 2006, or request Legend repay the loan:
  - by the issue of fully paid ordinary shares in the capital of Legend to the value of the loan at a 20% discount to the volume average weighted price of the shares in Legend during a period of five (5) trading days prior to 28 February 2006; or
  - in cash, or partly in shares and partly in cash.
- If Yandal elects to have the repayment of the whole or part of the loan satisfied by the issue of shares, then the issue of the shares shall be subject to Legend shareholder approval.
- If shareholders do not approve the issue of shares in full or part repayment of the loan, then the full amount of the loan and Interest shall immediately be due and repayable in cash.
- If required by Yandal at any time prior to the repayment of the loan and subject to shareholder approval, Legend will provide a fixed and floating charge over its assets in order to secure the loan and Interest, or up-stamp the existing fixed and floating charge.

The funds released by entering into the loan agreement will be for further exploration activities at Gidgee and working capital requirements.

Dermot Ryan  
Executive Director  
16 November 2005

*The information in this document is based on information compiled by Mr Dermot Ryan, a Fellow of the AusIMM and an employee of Legend Mining Ltd. Mr Ryan has sufficient relevant experience in the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and consents to the inclusion in this report of the information in the form and context in which it appears.*

