

# **Notice of Annual General Meeting and Explanatory Statement**

**Annual General Meeting to be held at  
The Celtic Club, 48 Ord Street, West Perth  
on Tuesday 15 May 2007 commencing at 11.00am**

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

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.  
If shareholders are in doubt as to how they should vote, they should seek advice from their  
accountant, solicitor or other professional adviser without delay.

## **Notice of Annual General Meeting**

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Notice is hereby given that an Annual General Meeting of Shareholders of Legend Mining Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 15 May 2007 at 11.00am (WST). The Explanatory Statement which accompanies and forms part of this Notice of Annual General Meeting describes the various matters to be considered.

### **Ordinary Business**

#### **1 Financial Statements and Reports**

##### **Period 1 January 2006 to 31 December 2006**

To receive and consider the financial report, together with the Directors' and auditor's reports for the year ending 31 December 2006.

#### **2 Resolution 1 - Adoption of Remuneration Report**

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

That, for all purposes, Shareholders adopt the Remuneration Report set out in the Directors' report for the year ending 31 December 2006.

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company.

#### **3 Resolution 2 - Election of Director**

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

That, for all purposes, Michael William Atkins ("Mr Atkins"), who retires and offers himself for re-election, is re-elected as a Director.

### **Special Business**

#### **4 Resolution 3 - Ratification of Previous Issue of Shares**

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

That the Shareholders ratify and approve the issue of 62,500,000 Shares for the purpose and on the terms set out in the Explanatory Statement.

#### **5 Resolution 4 – Approval of Employee Share Option Plan No. 2**

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 Exception 9(b) in Listing Rule 7.2 and for all other purposes, the shareholders of Legend Mining Ltd approve the issue of Options under the Employee Share Option Plan No. 2 as detailed in the Explanatory Statement which accompanies and forms part of the Notice.

## **6 Resolution 5 – Approval for appointment of auditor**

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 Rules 3.1 and 3.16.3 and for all other purposes, the Directors propose to change Legend Mining Ltd's auditors from Ernst & Young to Stanton Partners, as detailed in the Explanatory Statement which accompanies and forms part of the Notice.

## **Voting Exclusions**

For the purposes of:

- (a) **(Resolution 3):** Listing Rule 7.5.6, the Company will disregard any votes cast on resolution 3 by any person who participated in the issue and any of their associates; and
- (b) **(Resolution 4):** Listing Rule 7.2 Exception 9(b), the Company will disregard any votes cast on this resolution by Directors, except those that are ineligible to participate in any employee incentive schemes of the Company, and 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 Statement**

The Explanatory Statement accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and Explanatory Statement.

## **Proxies**

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and

- (c) 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.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

### **“Snap-shot” Time**

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting.

The Directors have determined that all Shares that are quoted on ASX at 5.00pm WST on 14 May 2007 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

### **Corporate Representative**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Company’s representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is enclosed if required.

### **By Order of the Board of Directors**

A handwritten signature in black ink, appearing to read 'M.W. Wilson', followed by a horizontal line extending to the right.

**Mark William Wilson**  
Managing Director  
Legend Mining Limited

10 April 2007

# **Explanatory Statement**

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The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting. This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

## **1 Financial Statements and Reports**

The financial report, Directors' report and auditor's report for the Company for the year ending 31 December 2006 will be laid before the meeting.

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the preparation and content of the auditor's report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit

may be submitted no later than 5 business days before the meeting date to Greg Meyerowitz of Ernst & Young (refer to the Corporate Directory).

## **2 Adoption of Remuneration Report**

The Remuneration Report of the Company for the financial year ending 31 December 2006 is set out in the Director's report on pages 27 to 31 of the Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting. Shareholders should note that the vote on this resolution is advisory only and does not bind the Company or the Directors.

## **3 Election of Directors**

In accordance with Listing Rule 14.4 and clause 12.2 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and

are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. Mr Atkins is required to retire, as a result.

#### **4 Ratification of Previous Issue of Shares (Resolution 3)**

On 21 and 27 December 2006 the Company issued 62,500,000 Shares at \$0.08 per Share to sophisticated and professional investors being clients of Bell Potter Securities Limited and Findlay & Co Stockbrokers Limited.

Resolution 3 therefore seeks approval under Listing Rule 7.4 to ratify the issue of 62,500,000 Shares for the purposes of Listing Rule 7.1, which provides generally that a company may not issue shares equal to more than 15% of the Company's issued share capital in any 12 months without obtaining shareholder approval. Although the issue of 62,500,000 Shares did not exceed this amount, seeking approval under the Listing Rules allows for the Company in future to issue a further 15% of its issued capital without further reference to the Shares issued under this resolution.

Listing Rule 7.5 requires the Company to provide the following information to Shareholders in order to obtain Shareholder approval pursuant to Listing Rule 7.4:

- the number of Shares issued was 62,500,000;
- the Shares were issued to clients of Bell Potter Securities Limited and Findlay & Co Stockbrokers Limited;
- the Shares were issued at an issue price of \$0.08 per share;
- the Shares rank equally in all respects with all of the existing ordinary Shares on issue; and
- the funds raised are being used to progress the testing of known VTEM targets at the Company's Pilbara project, for exploration on the Company's exploration projects and general working capital.

#### **5 Approval of Employee Share Option Plan No. 2 (Resolution 4)**

The Company proposes to adopt a fresh Employee Share Option Plan No. 2 ("**Plan**"), pursuant to which the Company can issue Options to eligible Participants in order to provide them with an incentive to deliver growth and value to all Shareholders. A complete copy of the Plan is available free of charge on request. This replaces the employee share option plan which was approved by the Shareholders in general meeting on 28 May 2004, with immediate effect.

Shareholder approval is sought for the issue of the Options to eligible employees of the Company for the purposes of Exception 9(b) of Listing Rule 7.2. If approval is given, Options issued under the Plan will be exempt from counting towards the 15% of the

issued capital of the Company that can be issued in any 12 month period without Shareholding approval under Listing Rule 7.1.

### **Summary of the Plan**

The Board introduced the Plan for the purpose of providing Participants with an additional incentive to work to improve the performance of the Company, attracting and retaining personnel essential for the continued growth and development of the Company, promoting and fostering loyalty and support amongst Company personnel for the benefit of the Company and enhancing the relationship between the Company and Participants for the long term mutual benefit of all parties.

The Plan satisfies certain ASIC class order conditions, relieving the Company from the obligation to issue a prospectus for the offer of Options to Participants other than consultants under the Plan. Offers of Options under the Plan which are made to consultants will constitute excluded offers under section 708(12) of the Corporations Act which exempts the Company from the obligation to issue a Prospectus.

- (a) Each Option entitles the holder, on exercise, to one Share.
- (b) Shares issued on exercise of Options will rank equally with other Shares.
- (c) An Option may only be exercised after that Option has vested, after any conditions associated with the exercise of the Option are satisfied and before its expiry date. The Board may determine the vesting period, which will be not less than 12 months. On the grant of an Option the Board may in its absolute discretion impose other conditions on the exercise of an Option.
- (d) The Exercise Price of each Option issued under the Plan will be determined by the Board when it resolves to offer the Options, and will be not less than 80% of the average closing sale price of the Shares on ASX over the five trading days immediately preceding the day of the announcement of the issue of Options by the Board.
- (e) The expiry date of an Option will be determined by the Board, and will be no later than 5 years after the date of issue.
- (f) An Option will lapse immediately upon the first to occur of its expiry date or the holder acting fraudulently or dishonestly in relation to the Company, or 30 days after certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.
- (g) An Option will lapse 30 days after voluntary resignation from employment or engagement by the holder.
- (h) An Option will lapse six months after the death, permanent disability or redundancy of the holder.
- (i) If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those

events is likely to occur) then the Board may declare an Option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.

- (j) Options may not be transferred other than to a nominee of the holder. Quotation of Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.
- (k) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 9 Business Days after the issue is announced.
- (l) If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("**Bonus Issue**"), each Optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options, the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe for, pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
- (m) In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Optionholder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.
- (n) As at the date of this Meeting, no Options have been issued under the Employee Share Option Plan No. 2.

## **6 Approval for appointment of auditors (Resolution 5)**

The Company has retained the incumbent audit firm Ernst & Young for several years. As part of its normal corporate governance procedures the board reviewed the audit engagement, resulting in the proposal to appoint Stantons International.

Chester Nominees WA Pty Ltd, a shareholder of the company, has nominated Stantons International to be appointed as Auditor (see Chester Nominees letter dated 5 April 2007 attached to this Notice). Having received consent to act as Auditor from Stantons International, Shareholders are asked to vote on their appointment.

## Glossary

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In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

<b>Annexure</b>	means the annexure to this Explanatory Statement.
<b>Annual General Meeting</b>	means the Legend Mining Limited Annual General Meeting to be held on 15 May 2007.
<b>Annual Report</b>	means the 2006 Annual Report.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited (ACN 008 624 691).
<b>Board</b>	means the board of Directors.
<b>Company</b>	means Legend Mining Limited (ABN 22 060 966 145).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporate Representative</b>	means a person appointed by a corporate Shareholder to act as its corporate representative at the Annual General Meeting.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Director</b>	means a director of the Company.
<b>Employee Share Option Plan No. 2 or Plan</b>	means the Employee Share Option Plan No. 2 proposed to be approved by Shareholders at the Annual General Meeting.
<b>Listing Rules</b>	means the Listing Rules of ASX.
<b>Option</b>	means an Option issued pursuant to the Company's Employee Share Option Plan No. 2.
<b>Participant</b>	means a full-time or part-time employee or consultant of the Company or an Associated Body Corporate, who is invited by the Board to participate in the Plan and is issued Options under the Plan and includes a nominee of the employee.
<b>Remuneration Report</b>	means the Remuneration Report as set out on pages 27 to 31 of the Annual Report.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a shareholder of the Company.

## **Annexure A**

### **Terms of Shares**

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to the Shares of the Company. Full details are contained in the Constitution, available for inspection at the Company's registered office.

**(a) Share Capital**

All issued Shares rank equally in all respects.

**(b) Voting Rights**

At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for every fully paid share held, and for every contributing share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share.

**(c) Dividend Rights**

Subject to the rights of holders of Shares issued with any special or preferential rights (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the Shareholders in proportion to the Shares held by them respectively, according to the amount paid up or credited as paid up on the Shares.

**(d) Rights on Winding-Up**

Subject to the rights of holders with Shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all assets which may be legally distributed amongst the members will be distributed in proportion to the Shares held by them respectively, according to the amount paid up or credited as paid up on the Share.

**(e) Transfer of Shares**

Shares in the Company may be transferred by instrument in any form which complies with the Constitution, the Corporations Act, Listing Rules and SCH Business Rules.

Shares may be transferred by such means in accordance with Listing Rules and the SCH Business Rules. The Directors may refuse to register a transfer of shares only in those circumstances permitted by Listing Rules and SCH Business Rules.

**(f) Calls on Shares**

Shares issued as fully paid are not subject to any calls for payment by the Company and will not therefore become liable for forfeiture.

**(g) Further Increases in Capital**

The allotment and issue of any new Shares is under the control of the Directors and, subject to any restrictions on the allotment of Shares imposed by the Constitution, Listing Rules or the Corporations Act, the Directors may allot, issue or grant options over or otherwise dispose of those Shares to such persons, with such rights or restrictions as they may from time to time determine.

**(h) Variation of Rights Attaching to Shares**

Where Shares of different classes are issued, the rights attaching to the Shares of a class can thereafter only be varied by a special resolution passed at a separate general meeting of the holders of those Shares of that class, or with the written consent of the holders of at least three quarters of the issued Shares of that class.

**(i) General Meeting**

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and Listing Rules.

Chester Nominees WA Pty Ltd  
10 Chester Road  
Claremont WA 6010

5 April 2007

The Directors  
Legend Mining Limited  
Level 2, 640 Murray Street  
West Perth WA 6005

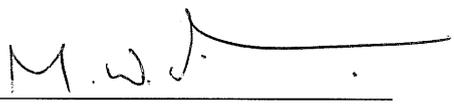
Dears Sirs

**Nomination of Stanton International as independent auditors**

Pursuant to the Corporations Act 2001 and for the purposes of Resolution 5 of the Legend Mining Limited's Notice of Annual General Meeting – "*Approval for appointment of auditor*", Chester Nominees WA Pty Ltd nominates Stanton International as the independent auditor of Legend Mining Limited.

Yours sincerely

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**Shareholder Details**

Name: .....

Address: .....

Contact Telephone No.: .....

Contact Name (if different from above): .....

**Appointment of Proxy**

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 Annual General Meeting of Legend Mining Limited to be held at The Celtic Club, 48 Ord Street, West Perth on 15 May 2007 at 11.00am WST and at any adjournment of that meeting.

**IMPORTANT**

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called. The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.




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

		<b>For</b>	<b>Against</b>	<b>Abstain</b>
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director, Michael William Atkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Previous Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Employee Share Option Plan No. 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval for appointment of auditors, Stantons International	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the Abstain box for a particular 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 overleaf)

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. The Chairman's intention to vote for or against the resolutions must be stated.**

Individual or Shareholder 1

Sole Director and  
 Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

## How to complete the Proxy Form

### Your Name and Address

Your name and address is as it appears on your holding statement and the Company's share register. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

### Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your Shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Tony Walsh on (08) 9212 0600 or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

### Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the shareholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: 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 2001) 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 indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is included in the Notice of Annual General Meeting and may also be obtained from the Company's share registry.

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. ie. no later than 11.00am on Sunday, 13 May 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at Level 2, 640 Murray Street, West Perth, WA 6005 or sent by facsimile to the registered office on (08) 9212 0611.

# Appointment of Corporate Representative

Section 250D of the Corporations Act 2001

## Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (Company),  
Insert name of shareholder company

the Company has appointed:

.....  
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at [the meeting of the members of Legend Mining Limited to be held on 15 May 2007 and at any adjournments of that meeting][all meetings of the members of Legend Mining Limited].

DATED ..... 2007

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### Please sign here

Executed by the Company )  
in accordance with its constituent documents )

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative (print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative (print)

.....  
Position of authorised representative (print)

---

## Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
4. Insert the date of execution where indicated.
5. Send or deliver the Certificate to Legend Mining Limited's registered office at Level 2, 640 Murray Street, West Perth WA 6005 or fax the Certificate to the registered office at (08) 9212 0611 or bring it to the Annual General Meeting.

## EMPLOYEE SHARE OPTION PLAN RULES

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

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50 Kings Park Road  
West Perth WA 6005  
Australia

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MATTER: 70431

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T: (08) 9320 4999  
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E: [info@prllawyers.com.au](mailto:info@prllawyers.com.au)  
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## 1 DEFINITION AND INTERPRETATION

### 1.1 Definition

In these Rules, unless the contrary intention appears:

**“Associated Body Corporate”** means any:

- (a) related body corporate of the Company under Section 50 of the Corporations Act; or
- (b) a body corporate that has voting power in the Company of not less than 20%; and
- (c) a body corporate in which the Company has voting power of not less than 20%.

**“ASX”** means ASX Limited.

**“Board”** means all or some of the Directors of the Company acting as a board.

**“Business Day”** means any ASX Business Day, that is not a Saturday, Sunday or public holiday in Western Australia.

**“Change of Control Event”** means:

- (a) the Company entering into a scheme of arrangement with its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- (b) the commencement of a Takeover Period; or
- (c) a person or a group of associated persons having a relevant interest in, subsequent to the adoption of these Rules, sufficient Shares to give it or them the ability, in general meeting, to replace all or a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

**“Class Order”** means a class order published by the Australian Securities and Investments Commission relating to employee incentive schemes.

**“Company”** means Legend Mining Limited (ABN 22 060 966 145).

**“Exercise Price”** means the exercise price of an Option.

**“Expiry Date”** means in relation to an Option the date which is determined by the Board but in any event, will be no later than 5 years from the date of issue of an Option.

**“Issue Date”** means the date determined by the Board as the date on which an Option was granted.

**“Listing Rules”** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any waiver by ASX.

**“Option”** means an option issued under this Plan to subscribe for Shares.

**“Participant”** means a full-time or part-time employee or consultant of the Company or an Associated Body Corporate, who is invited by the Board to participate in the Plan and is issued Options under the Plan and includes a nominee of the employee or consultant.

**“Plan”** means this Employee Share Option Plan No. 2 as in force and amended from time to time.

**“Rules”** means these Rules as altered or added to from time to time and a reference to a provision of these Rules is a reference to that provision as altered or added to from time to time.

**“Share”** means a fully paid ordinary share in the capital of the Company.

**“Shareholder”** means a shareholder of the Company.

**“SRN”** means Securityholder Reference Number.

**“Takeover Period”** in relation to a takeover bid in respect of Shares means the period referred to in section 624 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder’s statement on the Company in relation to that takeover bid, the takeover period shall be deemed to have commenced at the time of that announcement.

## **1.2 Interpretation**

For the purposes of these Rules, unless the contrary intention appears:

- (a) the singular includes the plural and vice-versa;
- (b) words denoting a gender include all genders;
- (c) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (d) a reference to a related body corporate of the Company is a reference to a body corporate which is so related within the meaning of the Corporations Act;
- (e) a reference to a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements or any of them; and
- (f) any power, authority or discretion vested in the Company or the Board may be exercised at any time and from time to time and unless expressed otherwise, in their absolute discretion.

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## **2 GRANT OF OPTIONS**

### **2.1 General Eligibility**

At any time and from time to time, the Board may issue Options to Participants (or to a nominee as the Participant directs) having regard, in each case, to:

- (a) the contribution to the Company which has been made by the Participant;
- (b) the period of employment or engagement of the Participant with the Company, including (but not limited to) the years of service by that Participant;
- (c) the potential contribution of the Participant to the Company; and
- (d) any other matters which the Board considers in its absolute discretion to be relevant.

### **2.2 Price of Options**

Options are to be issued to Participants for nil consideration.

### **2.3 Issue of Options**

Each Option must be issued on the terms of these Rules and each Participant will be taken to have agreed to be bound by these Rules on acceptance by that Participant of an Option.

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## **3 MAXIMUM NUMBER OF OPTIONS**

### **3.1 5% Limit**

Subject to **clause 3.2** of these Rules, an Option may not be issued if, immediately following its issue, the Shares to be received on exercise of the Option when aggregated with:

- (a) the number of Shares in the same Share class which would be issued if each outstanding offer of Shares and Options under the Plan or any other employee incentive scheme of the Company were accepted or exercised; and
- (b) the number of Shares in the same class issued during the previous 5 years under the Plan or any other employee incentive scheme of the Company extended to full-time or part-time employees or consultants of the Company or an Associated Body Corporate,

exceeds 5% of the total number of issued Shares in that Share class of the Company at the time the Option is offered, provided that the Board may, in its absolute discretion, increase this percentage, subject to any applicable Corporations Act, Listing Rule (including the conditions and restrictions on issuing securities in Listing Rule 7.1) or Class Order requirements.

## **3.2 Exceptions**

When aggregating the number of Shares for the purposes of **clause 3.1** of these Rules, the Company may disregard any offer made, Option acquired or Share issued by way of or as a result of:

- (a) an offer to a person situated at the time of receipt of the offer outside Australia;
- (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (c) an offer made under a disclosure document in accordance with Chapter 6D of the Corporations Act.

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## **4 OPTIONS TERMS**

### **4.1 Terms**

An Option must be granted in accordance with these Rules or such other additional terms, conditions or restrictions which are not inconsistent with these Rules, as the Board determines either generally or in relation to particular Options.

### **4.2 Variation of Terms**

Despite anything to the contrary in these Rules, to the full extent permissible by the Listing Rules and law, the Board may from time to time vary the Exercise Price, the period in which an Option may be exercised and the conditions to which an Option is subject, provided such Options have not yet been offered and accepted by a Participant.

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## **5 OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE**

Notwithstanding anything else in these Rules or in the terms of any Option, an Option may not be offered, issued, or exercised if to do so:

- (a) would contravene the Corporations Act or the Listing Rules; or
- (b) would contravene the local laws of, or the rules or requirements of any regulatory or statutory body in, a Participant's country of residence or in the opinion of the Board compliance with those local laws, rules or requirements would be impractical or result in any unnecessary or unreasonable expense in the circumstances.

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## **6 ADMINISTRATION OF THE PLAN**

### **6.1 Delegation**

The Plan shall be in all respects administered under the directions of the Board or a committee of the Board. The Board or committee may appoint, for the proper

administration and management of the Plan, such secretarial or executives or staff or other persons as it considers desirable and may delegate to those persons such powers and authorities as may be necessary or desirable for the administration and management of the Plan.

## **6.2 Procedures**

Subject to these Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as it considers appropriate. If any disagreement or dispute with respect to the interpretation of these Rules or the terms of grant of any Option arises, such disagreement or dispute shall be referred to the Board and the decision of the Board shall, in the absence of manifest error, be final and binding upon all parties.

## **6.3 Covenant or exercise of discretion**

The Company or an Associated Body Corporate or the Board may, subject to any express provision in these Rules, the Listing Rules or the Corporations Act to the contrary:

- (a) do any act, matter or thing or make any decision, determination or resolution; or
- (b) conditionally or unconditionally give or withhold any consent or approval,

as contemplated by these Rules in its absolute discretion and is not obliged to give reasons for so doing.

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## **7 ADVICE**

### **7.1 Adjustment to Number of Shares**

The Company shall give notice to each Participant of any adjustment to the Exercise Price or the number of Shares which the Participant is entitled to subscribe for on exercise of an Option, in accordance with the Listing Rules.

### **7.2 Market and Exercise Price**

The Company will provide to a Participant upon request, within a reasonable time, either verbally or in writing, details of the current market price (in Australian dollars) of the Shares and details of the Exercise Price in relation to Options held by that Participant.

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## **8 ENTITLEMENT**

8.1 Each Option entitles the holder to subscribe for and be issued, credited as fully paid, the number of Shares specified in the Option.

8.2 The Exercise Price shall be as determined by the Board (in its discretion) on or before the Issue Date provided that in no event shall the Exercise Price be less than 80% of the average closing sale price of the Shares on ASX over the 5 trading days immediately preceding the date of the announcement of the issue of the Options by the Board.

- 8.3 Subject to these Rules, the Company shall issue Shares on exercise of an Option in accordance with the Listing Rules and shall cause a holding statement to be issued for Shares so issued within 10 Business Days after the date of exercise of the relevant Option.
- 8.4 Shares issued on the exercise of Options will rank pari passu with all existing Shares in the capital of the Company from the date of issue of those Shares.

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## 9 EXERCISE OF OPTIONS

9.1 An Option is exercisable by the holder lodging with the Company Secretary:

- (a) a notice of exercise of that Option in the form attached to the Rules;
- (b) a cheque for the total Exercise Price; and
- (c) the Optionholder's SRN.

In the event of the death of a holder of Options, those Options are exercisable by the executor of the estate of the holder in the same manner as set out above.

9.2 An Option must be exercised (if at all) not later than its Expiry Date and, subject to this **clause 9**, may only be exercised at any time after the Option has vested and before its Expiry Date. The Board may determine (in its absolute discretion) any further conditions of exercise consistent with these Rules that apply to an Option. The exercise of some Options only does not affect the Participant's right to exercise other Options at a later time. If the Participant exercises less than all Options appearing in the Optionholder's holding statement, then the Company will cause a replacement holding statement to be issued.

9.3 The Board will from time to time determine the time periods after which the Options issued will vest in the Optionholder and the percentage of Options issued which will vest at each particular time. All Options will be subject to a minimum 12 month vesting period.

9.4 An Option held by a Participant will lapse upon the first to occur of:

- (a) its Expiry Date; or
- (b) the making by the Board of a determination that:
  - (i) the Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company or an Associated Body Corporate; and
  - (ii) the Option is on that account to be forfeited;
- (c) 30 days following any person or corporation having a relevant interest in not less than 90% of the Shares;
- (d) 10 days following the Company issuing a notice of meeting convening a meeting of Shareholders in order to enter into a scheme of arrangement (pursuant to the provisions of the Corporations Act) which, if implemented would result in a

person or corporation having a relevant interest in not less than 90% of the Shares;

- (e) 6 months after the day the Participant ceases to be employed or engaged by the Company or an Associated Body Corporate by virtue of:
  - (i) the Participant's death;
  - (ii) the Participant's permanent illness or permanent physical or mental incapacity (as certified by a medical practitioner who is approved in writing by the Board); or
  - (iii) the Participant being retrenched or made redundant by the Company or an Associated Body Corporate (other than as a direct result of the disposal or sale of the Company or Associated Body Corporate); and
- (f) 30 days following the Participant ceasing to be employed or engaged by the Company or an Associated Body Corporate (or such later date that the Board determines in its absolute discretion) by virtue of the Participant resigning voluntarily.

9.5 If, in the opinion of the Board, a Change of Control Event has occurred, or is likely to occur, the Board may declare an Option to be free of any conditions of exercise and Options which are so declared may be exercised at any time and in any number, subject to **clause 9**.

9.6 If any person or corporation having a relevant interest in not less than 90% of the Shares of the Company issues a notice of meeting convening a meeting of Shareholders in order to enter into a scheme of arrangement (pursuant to the provisions of the Corporations Act) which, if implemented would result in a person or corporation having a relevant interest in not less than 90% of the Shares, all Options shall be free of any conditions of exercise and may be exercised at any time and in any number, subject to **clause 9**.

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## 10 TRANSFER

An Option is personal to the Participant to whom it was granted, and the Participant may not sell, transfer or otherwise dispose of, or make a declaration of trust in respect of, it except:

- (a) to a nominee of that Participant; or
- (b) during a Takeover Period, in which case the Options may only be transferred by the Participant to the bidder or its nominees in accordance with the Corporations Act.

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## 11 QUOTATION OF OPTIONS AND SHARES

Options will not be listed for quotation on ASX, however, the Company will make application for official quotation of Shares issued on the exercise of options to ASX and to each other stock exchange on which Shares are listed at the time.

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## **12 FUTURE ISSUES OF SHARES**

### **12.1 New Issues**

There are no participating rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 9 Business Days after the issue is announced. Participants shall be afforded the opportunity to exercise all Options which they are entitled to exercise pursuant to these Rules prior to the date for determining entitlements to participate in any such issue.

### **12.2 Bonus Issues**

If the Company makes an issue of Shares to the holders of Shares in the Company by way of capitalisation of profits or reserves ("**Bonus Issue**"), each Participant holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the Participant may subscribe for, pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank *pari passu* in all respects with the other Shares issued upon exercise of the Options.

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## **13 RECONSTRUCTION OF CAPITAL**

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Participant is entitled or the Exercise Price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

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## **14 NOTICES**

Notices may be given by the Company to the Participant in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to Participants.

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## **15 RIGHT TO ACCOUNTS**

Where expressly requested, Participants will be sent all reports and accounts required to be laid before members of the Company in general meeting and all notices of general

meetings of members. Participants will not have any right to attend or vote at those meetings.

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## **16 COMPANY'S RIGHTS NOT WAIVED**

- 16.1 The Company's right to terminate or vary the terms of employment or engagement of any Participant shall not be prejudiced in any way by the Company or any Participant participating in the Plan or anything contained in these Rules or both. Further, participation in the Plan, the rights or benefits of a Participant under these Rules or the inability or restricted ability of a Participant to exercise an Option or any of them, shall not be used as grounds for granting or increasing damages in any action brought by any Participant against the Company whether in respect of any alleged wrongful dismissal, termination or otherwise.
- 16.2 None of the Company, its directors, officers or employees represents that the Company's share price will attain, maintain or exceed the Exercise Price. A Participant who chooses to exercise any Option does so at his own risk in that he may suffer financial detriment if the Company's share price falls.

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## **17 GOVERNING LAW**

This Plan and these Rules shall in all respects be governed by and shall be construed in accordance with the laws of Western Australia.

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## **18 SEVERANCE**

If any provision in these Rules is void, voidable by any party or illegal, it shall be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) shall be severed from these Rules without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of these Rules which shall continue in full force and effect.

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## **19 SUSPENSION OR TERMINATION OF THE PLAN**

The Board may suspend or terminate the Plan at any time, in which case the Company shall not make any further grants of Options under the Plan during the suspended or terminated period. However, during that period the Board shall otherwise continue to administer the Plan in accordance with these Rules until all Options have been exercised or expired.

**FORM OF NOTICE OF EXERCISE**

The Company Secretary  
Legend Mining Limited  
Level 2  
640 Murray Street  
WEST PERTH WA 6005

Dear Sir/Madam

[Name of Optionholder] hereby gives notice of the exercise of [number of Options] issued pursuant to the Company's Employee Share Option Plan No. 2 and exercisable at [\$\*].

A cheque made payable to "[\*]" for [\$\* (being the total of the exercise price payable on the exercise of these Options), is enclosed.

The relevant SRN is [\*].

[Optionholder to sign]

**Individual:**

SIGNED by[\*]

in the presence of:

\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Witness (print)

**Company:**

EXECUTED by [\*] in accordance with section 127  
of the Corporations Act by:

\_\_\_\_\_  
Secretary/Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Name of Secretary/Director (print)

\_\_\_\_\_  
Name of Director (print)