



# LEGEND MINING LIMITED

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## QUARTERLY REPORT for the period ended 31 December 2001

1. First Payment Received for Silver Tailings.
2. JV Platinum and Palladium Drilling, Ferguson Reef.
3. JV Silver Exploration Commenced.
4. New Legend Silver Exploration Ground
5. Emerald Joint Venture Signed With Hamill Resources Ltd
6. Heritage Agreements Negotiated at Carlow Castle
7. Web Site Under Construction

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### 1. **Silver Tailings** (Legend 30%)

During the Quarter, Legend assisted the purchaser of the silver tailings to obtain all the necessary environmental clearances and statutory approvals to allow commencement of their vat leaching operation at Elizabeth Hill near Karratha, Western Australia. Following granting of these approvals, MKS made the first payment of \$1,000,000 to the Munni Munni Joint Venture (Legend 30%) in November 2001. The remaining \$2,100,000 is due to be paid in two tranches over the next 7 weeks.

### 2. **Ferguson Reef – Upper Yannery** (Legend earning 50%)

Results from the 28 hole RC and diamond drilling programme completed in September 2001 on the Munni Munni JV Platinum-Palladium Reef were previously announced during the reporting period.

In the Upper Yannery central zone, well defined mineralised zones were intersected with grades and thickness similar to those obtained on the down-dip extension of the reef by other companies. The platinoid and nickel-copper sulphide distribution shows some inhomogeneity and further work is required to quantify metal contents.

East of the Munni Munni fault, wide zones of highly anomalous platinoids (400-1,500ppb) were delineated rather than the higher grade but narrower zones found in the central zone. Review of results is continuing.

### 3. **Silver Exploration, Munni Munni Joint Venture** (Legend earning 50%)

Within the Joint Venture tenements, strong carbonate alteration is developed on the regional Munni Munni Fault where it hosts the high grade silver deposit. Over 2.5 million ounces have been mined from one high grade pod at Elizabeth Hill.

Multiple zones of similar strong carbonate alteration related to the Munni Munni fault and associated shear zones were intersected during the PGE drilling programme, some 3.5 kilometres to the south of

the mine. Following evaluation of these zones in the drill core, a programme of structural and alteration mapping commenced in December 2001 to explore for additional silver deposits along the major structures. This is the first programme undertaken outside the immediate mine area, and a number of targets have been identified by this initial work.. Detailed follow-up including drilling is being planned.

#### **4. Silver Exploration, Maitland (Legend 100%)**

Legend has applied for a new exploration licence covering 60 square kilometres, located about one kilometre north of the Munni Munni Joint Venture ground and covering extensions of the Munni Munni Fault and related structures. The licence is contiguous with Legend's Radio Hill West area.

This 100% Legend application will be explored for repetitions of the Elizabeth Hill silver deposit, as this ground exhibits similar geological and structural settings. Work will commence immediately with photogeological interpretation, to select priority target zones for ground follow-up and geochemical sampling. Detailed recent geophysical surveys have been flown over this Maitland area, and Legend is negotiating to acquire the data to rapidly advance its silver exploration.

#### **5. Emerald Joint Venture (Legend 91%)**

A farm in and joint venture agreement has been signed with Hamill Resources Ltd over the Emerald exploration licence, between Mt Ida and Davyhurst in the Eastern Goldfields of Western Australia.

Hamill must spend \$50,000 on exploration prior to 20<sup>th</sup> December 2002 to earn 51%, and a further \$75,000 in the second year to reach 80%. The tenement is considered prospective for high grade gold mineralisation similar to the recent discovery at First Hit some 6.5 kilometres to the south, where Barra Resources is developing a new underground gold mine.

#### **6. Carlow Castle (Legend 100%)**

Legend Mining has successfully negotiated Heritage Agreements with the local Aboriginal Elders over a number of tenement applications in the Carlow Castle project area near Roebourne, Western Australia. These tenements can now be granted and Legend will commence exploration for gold, copper and VMS base metal targets.

The Company now has over 400 square kilometres in this highly prospective but lightly explored part of the western Pilbara, including the 1.33 million tonne gold-copper resource at Carlow South.

#### **7. Web Site**

Legend has commenced construction of a web site, which will become operational during March 2002 at [www.legendmining.com.au](http://www.legendmining.com.au)

**Murray McDonald**  
**DIRECTOR**

30/1/02

*Quarterly Report 31.12.01*

The information on exploration results contained in this report is based on information compiled by consulting geologist Mr Finn Barrett MSc, MGSA, MAIG, MSEG of Barrett Exploration Pty Ltd. Mr Barrett consents to the inclusion in this report of the matters based on his information in the form and context in which it appears