



## JUNE 2004 QUARTERLY REPORT

### HIGHLIGHTS

#### Gidgee Gold Mine

- Drilling Success at Specimen Well and Eagles Peak confirm First Open Pits
- Further Drilling Programmes Scheduled for August 2004
- Scoping Study on Treatment Plant Upgrade
- New Powerhouse to be Commissioned September 2004
- Airstrip Upgraded for Larger Aircraft

#### Corporate

- Office Relocation to Goldfields House, West Perth
- Sales Revenue of \$8.8 million at Cash Operating Cost of \$449/oz
- Cash Balance 30<sup>th</sup> June 2004 \$4.4 million
- Not Hedged (no bank debt)

### 1. OVERVIEW

Excellent results have continued to be received from both surface and underground at the Gidgee Gold Mine during the June quarter, following the project's acquisition by Legend seven months ago.

Accelerated exploration and development drilling programmes carried out during the quarter will be continued through the next quarter, to further build the reserve and resource base. Drilling results include the following:

#### Swan Bitter Underground

<b>Albania Lode:</b>	<b>2.80m @ 63.90g/t Au</b>	<b>1.20m @ 50.40g/t Au</b>
<b>Algeria Lode:</b>	<b>6.25m @ 40.60g/t Au</b>	<b>2.00m @ 21.60g/t Au</b>
<b>Monaco Lode:</b>	<b>5.56m @ 17.00g/t Au</b>	<b>4.00m @ 3.55g/t Au</b>

<b>Specimen Well Open Pit</b>	<b>9.00m @ 6.73g/t Au</b>	<b>4.00m @ 13.47g/t Au</b>
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## 2. GOLD PRODUCTION

Legend produced 12,724 ounces of gold for quarter ending 30 June 2004. Operating statistics for the quarter are as follows:

Detail	June 2004 Qtr	2004 Year to Date	Units
Ore Mined (Swan Bitter u/g)	48,274	101,118	tonnes
Ore Grade	7.80	7.74	g/t Au
Low Grade Stocks drawn	18,519	43,464	tonnes
Ore Grade	0.72	1.00	g/t Au
Ore Processed	67,497	146,327	tonnes
Head Grade (calculated)	6.07	5.89	g/t Au
Recovery	96.6	96.40	%
Gold Produced	12,724	26,731	ounces
<b>Production Cost Statement</b>			
Net Cash Costs	437	406	\$/oz
Inventory Movements	12	1	\$/oz
Cash Operating Costs	449	407	\$/oz
Depreciation/Amortisation	154	98	\$/oz
Total Production Cost	602	505	\$/oz
<i>Costs are reported to Australian Gold Council Standard</i>			

Underground jumbo development at Swan Bitter was accelerated during the quarter, up almost 20% on the previous period and reaching the highest level since July 2003. Five separate areas and up to 12 headings were available for development underground between April and June 2004.

As a result of this increased development activity, the new Algeria and Mali lodes were accessed and preparation for stoping of these ore bodies during the September quarter commenced. A higher proportion of development ore was treated than planned and gold production was below budget for the quarter. However, mill throughput remains slightly above budget for 2004 to date, and it is anticipated that gold grades will increase significantly in the September quarter as the new high grade stopes come on-line.

The 2004 budget forecast is for 70,000 ounces, which anticipates mining and treatment of open pit ore commencing about mid-year and with production reaching 23,000 ounces in the December 2004 quarter.

During the March quarter, ore was sourced from separate areas of the Tunisia, Tasmania, Georgia, Australia and Mali Lodes, with lesser contributions from Albania, China, Algeria, Korea and West Lodes. Tasmania and Australia contributed almost half of the gold and the ore supply from Tunisia reduced during the period. Significant development ore was treated from Mali in May and June, with Algeria starting to also contribute in June.

Reconciliations for 2004 show the amount of gold produced to be 12% above the amount predicted, largely due to the considerable coarse gold content in the ore. About half of the gold won has been recovered from the gravity circuit.

The trial of a tele-remote bogger has continued to be successful during the quarter, recovering broken stope ore previously written off as inaccessible. This trial will be continued during the September quarter

Main decline development continued in the Tasmania Access, totalling 142.2m of advance. Additional development towards the newly discovered high grade Mali Lode and Algeria Lode totalled 189.0m.

Mill availability was remains above forecast at 97% for the year to date. A planned maintenance shut down to replace the ball mill liners was brought forward from July and successfully completed ahead of schedule.

### **3. RE-INVESTMENT OF FUNDS TO DRILLING PROGRAMMES**

Available funds are being re-invested through underground and surface drilling programmes designed to increase the reserve and resource base through additional discoveries. The third quarter 2004 will see an increase in drilling activity both above and below surface.

Input from specialist consultants has been received during the quarter, with advice on structural geology and mineralisation controls at Gidgee being used to improve drill targeting for additional gold resources.

### **4. CONTINUING UNDERGROUND DRILLING SUCCESSES**

A further 6,836 metres of underground diamond drilling for the quarter confirmed significant gold grades within the Mali and Senegal lodes, which were discovered last quarter, and continued to upgrade the Algeria lode.

Intersections into Albania ( in particular the area west of 356 Stope 9) included 2.8m at 63.9g/t and 1.3m at 15.0g/t Au. A new area of mineralisation near Albania was discovered 30 to 40 metres west of and below the 402 level, including 1.2m at 50.4g/t Au. This exciting new target area will be further tested by continuing diamond drilling.

Infill drilling targeting mineralisation below and west of the Monaco Lodes recorded a number of narrow high grade intersections, including 0.5m at 23.5 g/t Au.

An LM75 programme is underway, drilling deep holes below the Mali and Tasmania lode systems. These holes will test previously undrilled areas below known stacked high grade gold zones.

Significant intersections include:

Hole	East (mine grid)	North (mine grid)	RL (m)	Dip/ Azimuth	Hole Length	From (m)	Length (m)	True Width (estimated)	Gold Grade (uncut)
<b>Mali Lode</b>									
GUD1107	20224	49801	178	-37/240	135.76	95.40	2.95	2.35m	<b>11.80g/t</b>
<b>Senegal Lode</b>									
GUD1103	20130	49850	231	-16/248	145.98	96.00	2.30	1.75m	<b>8.82g/t</b>
GUD1132	20130	49850	231	-13/233	148.56	107.50	0.95	0.75m	<b>7.32g/t</b>
<b>Algeria Lode</b>									
GUD1094	20142	49905	373	-2/223	163.97	111.20	0.80	0.35m	<b>16.20g/t</b>
GUD1105	20149	49848	320	28/235	145.20	116.00	2.00	0.90m	<b>21.60g/t</b>
GUD1105						129.40	1.90	0.95m	<b>30.10g/t</b>
GUD1119	20148	49850	320	28/259	138.18	24.75	6.25	0.65m	<b>40.60g/t</b>
GUD1119						121.30	2.10	1.64m	<b>8.32g/t</b>
GUD1124	20148	49850	320	26/273	144.52	88.50	1.30	1.00m	<b>39.40g/t</b>
GUD1125	20149	49851	320	11/294	140.75	89.70	1.95	1.50m	<b>14.30g/t</b>
GUD1139	20071	49854	366	22/204	92.97	26.90	2.10	0.45m	<b>7.12g/t</b>
<b>Monaco Lode</b>									
GUD1126	20366	49407	401	53/263	121.37	17.55	5.65	3.40m	<b>17.00g/t</b>
GUD1127	20366	49407	401	-27/280	89.84	66.60	0.50	0.20m	<b>23.50g/t</b>
GUD1128	20366	49407	401	-44/278	120.79	69.05	4.00	1.95m	<b>3.55g/t</b>
<b>Albania Lode</b>									
GUD1121	20312	49700	406	-29/264	140.88	131.50	0.80	0.65m	<b>10.30g/t</b>
GUD1122 (new zone)	20312	49699	406	-15/240	126.55	23.90	0.50	0.40m	<b>77.00g/t</b>
GUD1122						107.00	2.80	0.70m	<b>63.90g/t</b>
GUD1122						122.50	1.30	0.70m	<b>15.00g/t</b>
GUD1123 (new zone)	20312	49699	406	-12/255	129.82	45.40	1.20	0.90m	<b>50.40g/t</b>
<b>West Lode</b>									
GUD1119	20149	49850	320	29/356	138.18	1.80	2.00	0.88m	<b>5.15g/t</b>
Cut-off grade of 2.0g/t Au. Maximum internal dilution of 3.0m. Assay method: 200g Leachwell (25g Aqua Regia repeats).									

## 5. SURFACE DRILLING SUCCESS AND NEW OPEN PITS

During May and June, a reverse circulation (RC) drilling programme was carried out at Specimen Well, Eagles Peak and Toedter. The rig was also used to drill precollars for deep diamond drilling at Kingfisher North and Swan Bitter North and the programme of diamond tails to complete these holes has recently commenced.

A total of 17 holes for 1,830 metres were completed, and results included the following:

Hole	East (local grids)	North (local grids)	Hole Depth	From (m)	Interval	Gold Grade (uncut)
<b>Specimen Well</b>						
SWRC080	8295.9	29032.6	100m	43	9m	<b>6.73g/t</b>
		includes		46	4m	<b>13.47g/t</b>
		and		88	2m	<b>2.93g/t</b>
SWRC082	8312.9	29052.4	120m	89	7m	<b>3.51g/t</b>
SWRC083	8268.8	29082.8	36m	5	4m	<b>7.17g/t</b>
				17	1m	<b>1.98g/t</b>
SWRC084	8317.5	29081.0	120m	81	8m	<b>2.67g/t</b>
SWRC066	8295.4	29132.8	70m	62	1m	<b>5.50g/t</b>
SWRC095	8309.0	29016.0	132m	91	5m	<b>6.49g/t</b>
		and		104	6m	<b>1.72g/t</b>
		and		120	2m	<b>4.65g/t</b>

Drilling shows the ore at Specimen Well comes to the surface near line 29080N, and continues down plunge to the south. The outline and continuity of the resource has been extended by these results, and resource optimisation, reserve estimation and pit planning are underway.

<b>Toedter</b>						
MD196	9609.3	13526.4	90m	62	12m	<b>4.33g/t</b>
		includes		62	4m	<b>3.61g/t</b>
		and		69	5m	<b>7.12g/t</b>
MD197	9609.3	13527.2	90m	79	3m	<b>1.23g/t</b>

These results have confirmed previous results from Toedter, and have improved confidence in resource modelling and pit optimisation studies which are in progress.

<b>Eagles Peak</b>						
EPRC086	37930.1	99651.0	30m	8	1m	<b>1.12g/t</b>
EPRC087	37918.2	99650.7	54m	4	4m	<b>1.73g/t</b>
All Specimen Well, Toedter, Eagles Peak analyses by 200g Leachwell /AAS, Gidgee lab						
All holes drilled -60/270 except MD197 (-55/325) and EPRC holes (-60/090) True widths average 60% of interval width						

The two holes at Eagles Peak have successfully closed off the northern end of the mineralisation.

Following the success of the May-June drilling programmes, applications have been lodged to commence open pit mining at Specimen Well and Eagles Peak in August 2004. These will be the first open pits commissioned under Legend's ownership of the project.

## 6. NEW DRILLING PROGRAMMES FOR AUGUST 2004

In early August 2004, another surface RC drill programme consisting of 2,500 – 3,000 metres will commence. The areas targeted are as follows:

**Specimen Well:** An additional seven holes will be drilled, to infill previous drilling on the shallow up-dip projection of the deposit and to test the continuation of higher grade shoots down plunge into the primary zone. These results will be used to further optimise the open pit operation which is planned to commence during August.

**South Eagles Peak:** In June, initial RC follow up of RAB gold anomalies about 1.4 kilometres south of the Eagles Peak deposit, located **9 metres at 5.81g/t Au** at 33 metres vertical depth. The new programme is for seven holes to test this mineralised zone, which has the potential for another small open pit.

**North Kingfisher/Robin:** Earlier shallow RC drilling of a 500m long and up to 120m wide RAB gold anomaly between the Kingfisher and Butcherbird/Swan Bitter pits intersected significant gold mineralisation.

Previously reported results from the northern part of the anomaly include **13m at 5.96g/t Au** from 50m downhole in RRC147, **2m at 5.42g/t Au** from 23m and **6m at 5.36g/t Au** from 34m RRC148, **4m at 10.60g/t Au** from 33m in RRC173 and **4m at 3.70g/t Au** from 33m in RRC174.

This zone, and a similar RAB anomalous zone 200 metres to the south may represent near-surface indications of primary deposits such as those at Kingfisher and Swan Bitter/Butcherbird. Six deep holes and 14 holes averaging 85m are planned to test this exciting target, which has both open pit and underground potential.

## 7. WILSON GOLD DEPOSITS

Evaluation by Consultants and Gidgee mine staff is continuing on the 307,000 ounce indicated and inferred gold resource located 12 kilometres from the plant and previously mined by open pit to only 60 metres in depth. It is expected results of the evaluation will be available during the third quarter.

## 8. SCOPING STUDY ON TREATMENT PLANT UPGRADES

With the opening of the first two open pits scheduled for August and subject to planned drilling programmes successfully increasing resources and reserves, a forward planning review of the Gidgee treatment plant (current throughput 600,000tpa) has been initiated.

## **9. POWERHOUSE**

Current power supply contactor Powerwest have agreed to install a new powerhouse by the end of September 2004, to replace the aging plant now on site.

This replacement powerhouse will comprise six new Cummins-powered 1 megawatt-rated units and a modular control room. It will significantly reduce the consumption of diesel through better efficiency and will provide increased reliability. This is an important part of Legend's plans for future expansion, and the Gidgee team appreciate Powerwest's expeditious handling of this matter.

## **10. AIRSTRIP UPGRADE**

Following agreement with Network Aviation, Legend is looking to increase the size of the regular commuter aircraft servicing Gidgee. In the quarter we test drove the 30 seater Brasilia aircraft to site and it now forms part of our regular shift change routine.

Previous aircraft were from 9 to 12 seaters, so the additional capacity makes shift changes more amenable to site operations and gives all the team a more comfortable and shorter time flight (just over one hour from Perth).

## **11. MUNNI MUNNI JOINT VENTURE (LEGEND 33.33%)**

Joint Venture managers East Coast Minerals have proposed a small drilling programme during the third quarter. Results will be reported when received.

## **12. KARRATHA GOLD AND BASE METAL PROJECT, WEST PILBARA**

An independent geological review of gold, base metal and nickel resources and further potential of Legend's Karratha Project was reviewed during the quarter. The project covers about 675 square kilometres of the West Pilbara greenstone belt between Karratha, Roebourne and Radio Hill and has significant potential. The board is assessing this report, to determine how best to advance the project in the near future.

Murray McDonald  
Director  
29<sup>th</sup> July, 2004

*The information on exploration results and Mineral Resources contained in this report is based on data compiled by consulting geologist Mr Ian Cowden FAusIMM, CPGeo of Iana Pty Ltd. Mr Cowden has appropriate relevant experience to be considered as a Competent Person as defined in the JORC Code 1999 and consents to the inclusion in this report of the information in the form and context in which it appears.*