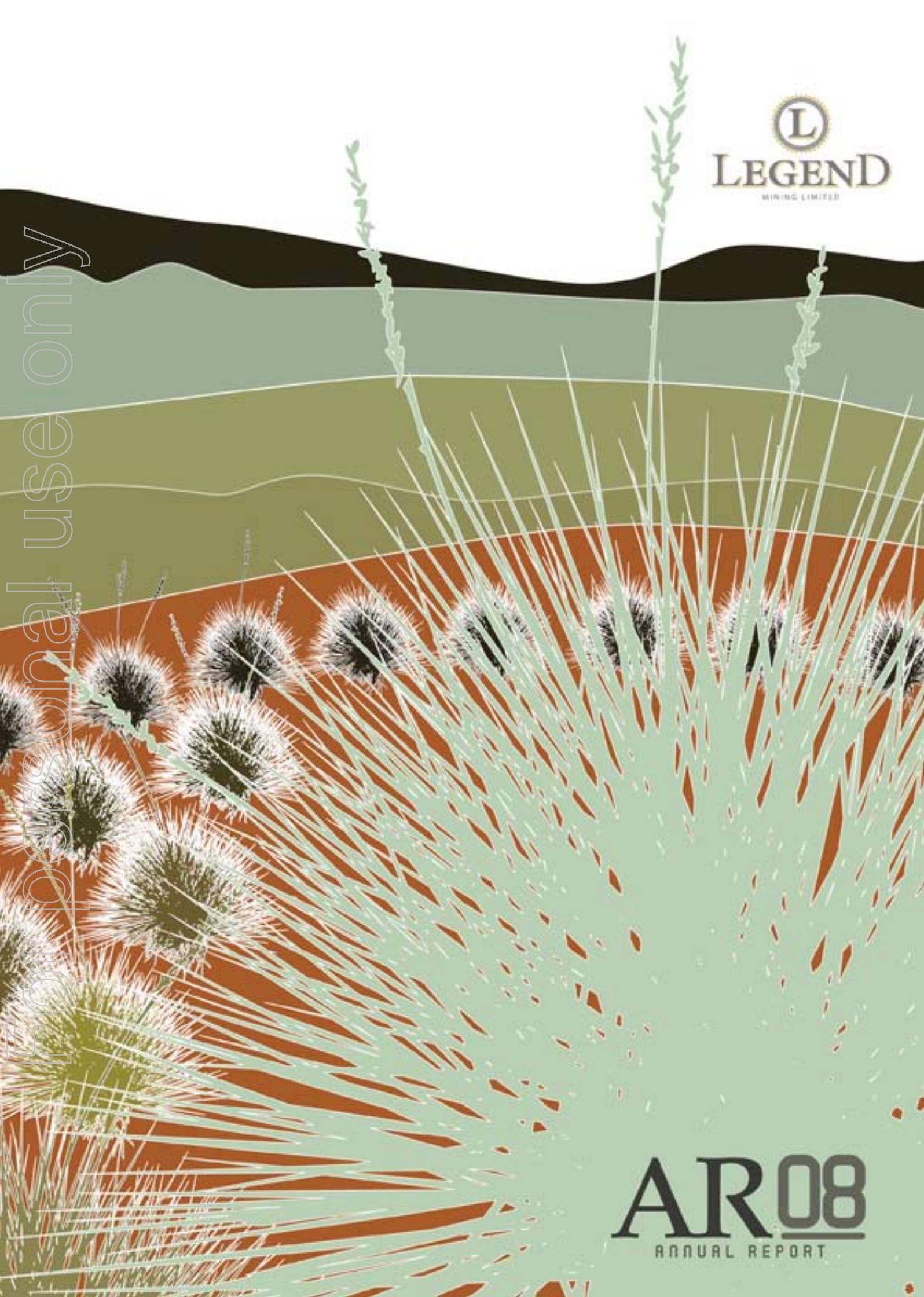


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**AR08**  
ANNUAL REPORT

# COMPANY DIRECTORY

## Directors

Michael William Atkins (Chairman)  
Mark William Wilson (Managing Director)  
Dermot Michael Ryan (Non-executive Director)

## Secretary

Tony Walsh  
Brett White

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WEST PERTH, WA 6005  
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Facsimile: (08) 9212 0611

## Bankers

National Australia Bank  
1232 Hay Street  
WEST PERTH, WA 6005

## Auditors

Stantons International  
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WEST PERTH WA 6005

## Home Exchange

Australian Securities Exchange  
2 The Esplanade  
PERTH WA 6000

## Share Registry

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NEDLANDS, WA 6009  
Telephone: (08) 9389 8033  
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## Lawyers

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## ASX Codes

**LEG** – ordinary shares



**LEGEND**  
MINING LIMITED

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**ASX Codes**

**LEG** – ordinary shares



## CHAIRMAN'S REPORT

Dear Shareholder,

Throughout the year Legend has continued its previous exploration focus for base metals at the Pilbara and Gum Creek Projects and through its joint venture partner Oz Metals, at the Mt Gibson Project.

There have also been some very exciting new developments, the detail of which is contained in the Operations Report. I would like however, to highlight a few of these developments, as they underscore your Board's objective to maximise shareholder returns at a very difficult time in the world economies, whilst still progressing our existing exploration projects and evaluating potential new projects.

In addition to the mineral assets, the Mt Gibson Project contains infrastructure assets, including a 1mtpa crushing circuit, two ball mills and a mining camp with associated infrastructure. During the year, Legend concluded a three year lease of the Mt Gibson Camp and facilities to Extension Hill Pty Ltd for \$500,000 per year. We consider there is scope to extract further value for the Company from the Mt Gibson assets.

Whilst we have evaluated numerous projects during the year, we have not yet found an opportunity that we consider meets the investment criteria of the Board. However, having cash and liquid assets of approximately \$12million at the commencement of the year, we conducted a review of our treasury operations, and decided to acquire a substantial stake in a company that our research indicated did have projects that met these criteria - that being Independence Group Ltd. This has been a very profitable exercise with the 3.4million shares increasing from the average purchase price of approximately \$1.44 to the price at the date of this report of \$2.55 per share.

As a result of the agreement to lease out the Mt Gibson Camp, acquisition of the Independence Group shares and interest earned on term deposits, we have managed to end the year with cash and liquid assets of approximately \$12.3million after spending approximately \$2.3million in exploration costs. The position has further improved since the year end with the increase in the value of the investment in Independence Group.

I consider that, after the very successful sale of the Gidgee Project and subsequent return of capital to shareholders in 2007, these commercial activities in 2008 further demonstrate the Board's commitment to carefully guard the Company's financial security to preserve our financial capacity to acquire new projects should they be identified, and without dilution to shareholders.

I would like to commend our management team and my Board colleagues on their successful performance during the last year, which on anyone's reckoning was a difficult year in which to operate.

Chairman  
23 March 09



**PROJECT LOCATIONS**

Legend Mining Limited (Legend) owns three major projects, all located within Western Australia.

- Pilbara Project
- Mt Gibson Project
- Gum Creek Project

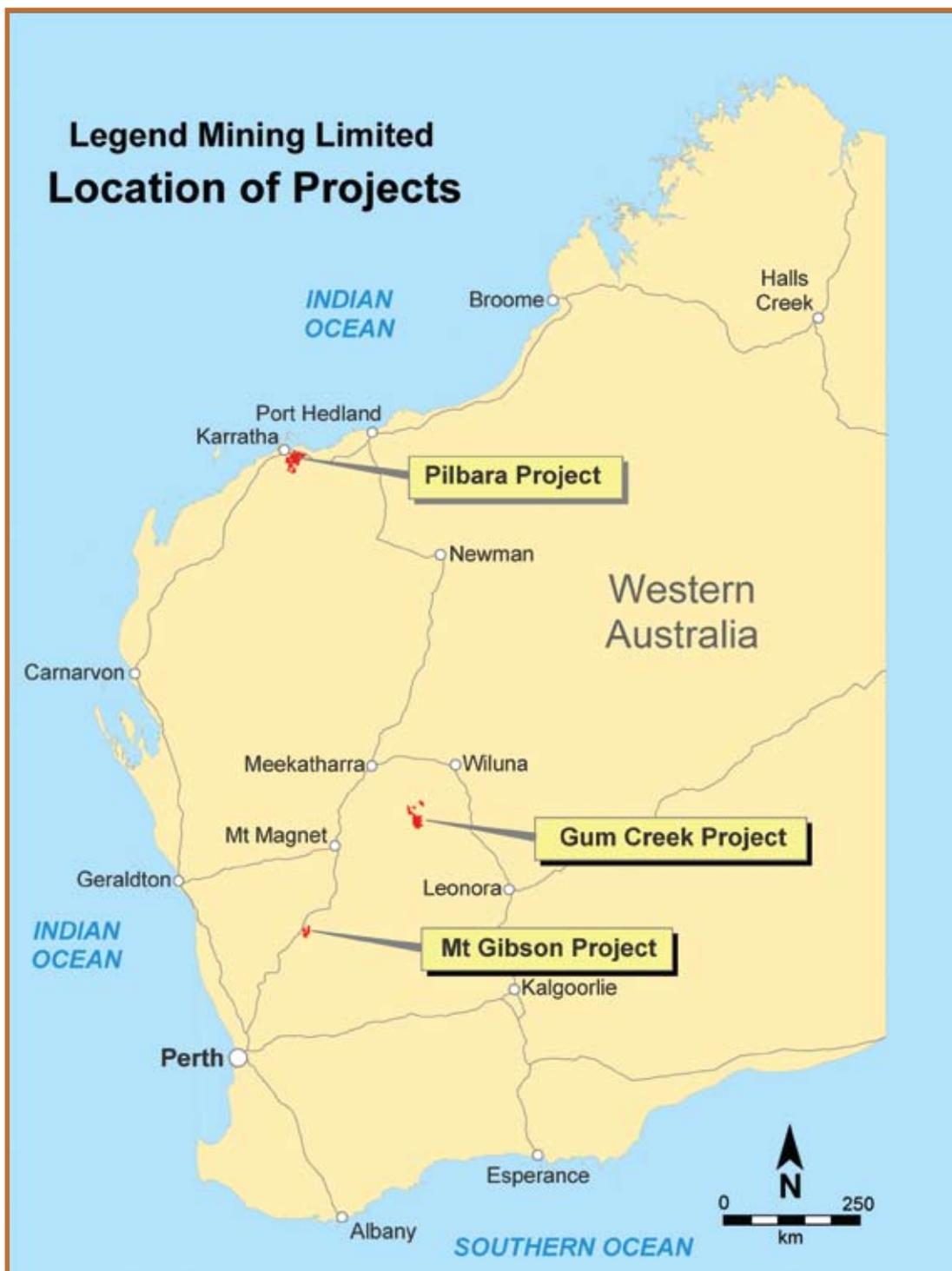


Figure 1: Location of Projects

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# DIRECTOR'S REVIEW OF ACTIVITIES

## PILBARA PROJECT

### – (Nickel-Copper, Zinc-Copper, Copper-Gold, Iron Ore)

Legend's Pilbara Project area lies between 7km and 50km south of Karratha in the northwest of Western Australia (Figure 1). The company holds exploration rights through granted tenements, tenement applications and joint venture agreements over 686km<sup>2</sup> of land in the emerging West Pilbara base metal district. A breakdown of land equity interests is tabulated below:-

PILBARA PROJECT EQUITY INTERESTS	AREA (km <sup>2</sup> )
Legend (100%)	565
Mt Marie Joint Venture: Legend earning 70% from Fox Radio Hill PL	103
Munni Munni Joint Venture: East Coast Minerals NL 69.88% - Legend 30.12%	18
<b>TOTAL</b>	<b>686</b>

Exploration activities during 2008 have increased the number of priority drill targets to 14, and highlighted the banded iron formation (BIF) hosted iron ore potential of the Project, see Figure 2. Activities included; ground electromagnetic surveys, an airborne Versatile Time Domain Electromagnetic (VTEM) survey, rockchip sampling and ground reconnaissance.

Fixed-Loop Transient Electromagnetic (FLTEM) surveys over four conductive features identified in the July 2007 VTEM survey resulted in the definition of an additional three drill targets. The location of these targets are shown on Figure 2, (along with the previously identified 11 targets) and a brief description of the targets is provided in Table 1 below.

**TABLE 1: Description of Three Additional Priority Targets from VTEM and FLTEM Surveys**

TARGET	Brief Description
Mooney	Located 10km southwest of the Carlow Castle copper-gold workings, the anomaly comprises three discrete bedrock conductors. The FLTEM survey defined three moderate to strong conductors dipping between 40-60° to the northwest with modelled depths of 50m, 70m and 120m. These conductors may represent sulphide bodies.
Stoneham	Located 3km west of the Carlow Castle copper-gold workings, the anomaly is associated with a large brecciated sulphidic chert ridge. The FLTEM survey identified a weak to moderate conductor dipping at 40° to the south with a modelled depth of 100-120m. This conductor may represent sulphides, although it may also represent a stratigraphic/lithological feature.
Mustang	Located 2km north of the Elizabeth Hill silver mine near the margin of the intrusive Maitland Complex (Munni Munni JV), the FLTEM identified two conductive sources. The first feature represents a strong shallow conductor at 30-40m depth, while the second feature is a large, weak to moderate conductor at 250-300m depth. These features are located immediately south and west of Fox Resources EM/VTEM targets Sunchaser and Conquest, which returned drill intersections of: 6.1m @ 3.1% Zn from 28.4m in drillhole 07SCDD002, and 25m @ 0.52% Cu from 144m in drillhole 07CQDD009, respectively.

- Eleven targets were described in the Legend 2007 Annual Report.

A small VTEM survey comprising 205 line km at 100m spacing covering an area of 21km<sup>2</sup> was completed in the eastern part of the Project, see Figure 2. The survey was targeting the northeasterly continuation of the felsic dominated package of rocks which host the Whundo, West Whundo and Ayshia copper-zinc deposits owned by Fox Resources. Unfortunately the survey did not identify any high priority targets, however further processing of the data is being undertaken over several subtle features which may represent weakly conductive zinc targets.



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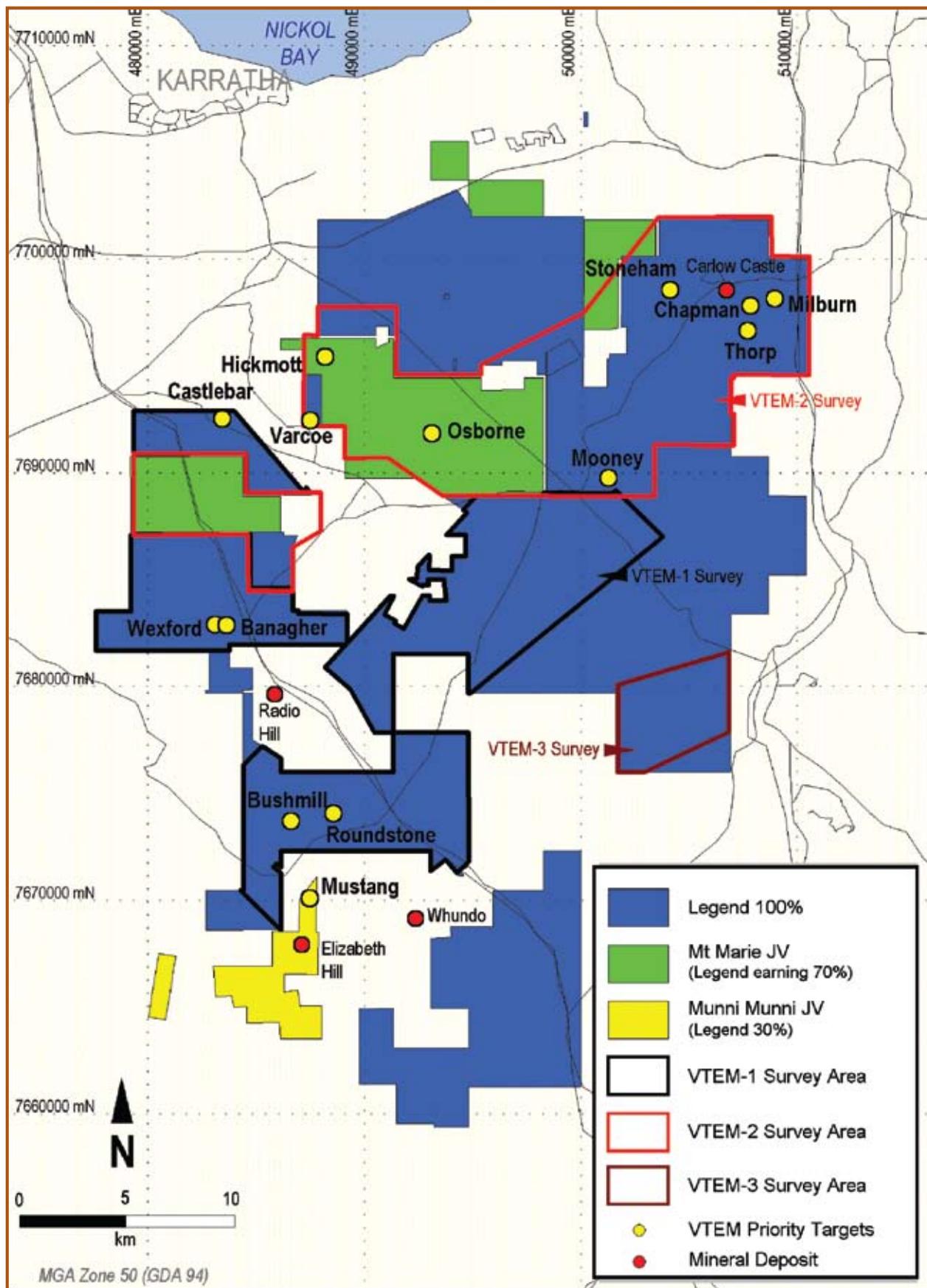


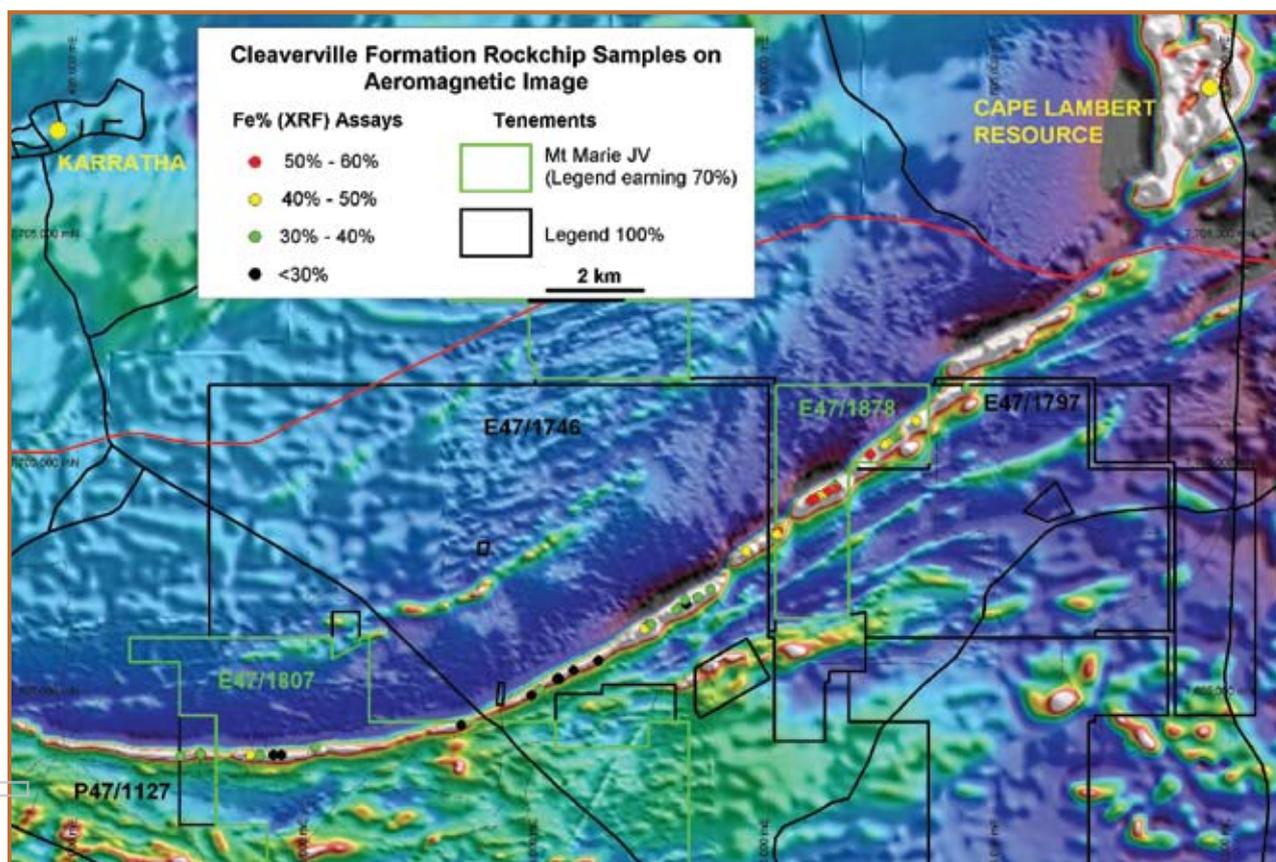
Figure 2: Pilbara Project Area Showing VTEM Anomalies

## DIRECTOR'S REVIEW OF ACTIVITIES

During October 2008, Legend completed a first pass reconnaissance and rockchip sampling programme over the prospective Cleaverville Formation in the northern part of the Project. The Cleaverville Formation hosts the 1.6 billion tonne Cape Lambert Magnetite Project, located 15km to the northeast, which was sold by Cape Lambert Iron Ore Limited (ASX:CFE) in 2008.

A total of 44 rockchip samples of predominantly magnetite bearing banded iron formation (BIF) were collected from over an 18km strike length of Cleaverville Formation, see Figure 3. Of the 18km length sampled, 7.5km is located on 100% owned Legend tenements, with the remaining 10.5km subject to the Mt Marie Joint Venture with Fox Resources Limited (ASX:FXR) in which Legend is earning a 70% interest.

Iron values greater than 30% Fe were returned from 30 samples covering the northeastern 9km of the Cleaverville Formation. Outcropping BIF units in this area have observable thicknesses up to 50m with semi continuous strike lengths up to 600m. Minor localised hematite-goethite development was noted at several locations. The BIF units to the southwest contain proportionally more chert and are generally thinner.



**Figure 3:** Aeromagnetic Image showing Rockchip Results and Tenements

During 2008 significant progress was made concerning the status of Legend's tenure with six exploration licences and 18 prospecting licences totalling 495km<sup>2</sup> being granted. Legend is currently negotiating terms of a Heritage Agreement with the Ngarluma Aboriginal Corporation to provide access to the tenements for drilling activities.



## MT GIBSON PROJECT – (Zinc-Copper, Gold)

The Mt Gibson Project is located 290km northeast of Perth in Western Australia (Figure 1), and lies within the Yalgoo-Singleton Greenstone Belt in the southern Murchison Province, which hosts the world-class Golden Grove VHMS base metal deposit 100km to the north.

Mt Gibson operated for 12 years as a gold mine from 1986 following the discovery of gold in surface laterite. The operation produced 870,000 ounces of gold from 16.5Mt of ore at an average grade of 1.68g/t.

Legend, through a study conducted in 2006 by Dr S Carras of Carras Mining Pty Ltd, estimated the residual gold Mineral Resource (Indicated and Inferred) to be 8.7Mt at 1.98g/t gold for 559,000 ounces. The gold operation remains on care and maintenance.

In mid 2007, Oxiana Exploration Pty Ltd, a wholly-owned subsidiary of Oxiana Limited (now Oz Minerals Limited) entered in to a Farm-In and Joint Venture Agreement with Legend to explore for VHMS base metal mineralisation. Prior to undertaking a deep diamond drilling programme, Oz Minerals relogged numerous diamond drillholes and completed an extensive multi-element geochemical analysis of the drillcore using the Niton portable XRF analyser.

Five diamond drillholes (MGB001-005) totalling 2,956.6m were completed, targeting VHMS zinc and copper mineralisation.

Details of the drilling programme are presented below in Table 2 below, while a summary of results is shown in Table 3.

**Table 2: Mt Gibson Diamond Drillhole Details**

Hole	Easting MGA_94	Northing MGA_94	Dip	Azimuth (Mag)	Final Depth
MGB001	517030	6711455	-60°	110°	462.8
MGB002	517345	6712185	-80°	80°	253
MGB003	517347	6712185	-68°	90°	640
MGB004	516910	6711545	-60°	95°	700
MGB005	518150	6713700	-60°	110°	900.8
<b>Total</b>					<b>2,956.6</b>

**Table 3: - Mt Gibson Diamond Drillhole Assay Results**

Hole	From	To	Int	Zn %	Au g/t
MGB001	78	79	1	0.10	6.08
MGB001	109	116	7	0.04	3.79
Incl.	111.65	116	4.35	0.01	5.62
MGB001	285.37	315.66	30.29	1.14	0.50
Incl.	292.23	295.14	2.91	1.21	0.33
Incl.	310	313.77	3.77	6.75	0.77
MGB003	399	404	5	0.09	0.83
MGB004	248.00	248.72	0.72	0.01	30.90
	307.93	311.26	3.33	0.62	2.53
	592.00	593.60	1.60	11.73	0.32
	605.00	606.00	1.00	1.25	0.10
MGB005	233.85	238.30	4.45	0.87	0.09

Zinc (Zn) assayed by ICP-AES by ALS Brisbane

Gold (Au) assayed by Fire Assay with AAS finish by ALS Brisbane.

Sampling based on nominal 1m intervals of half-NQ2 drill core.

Cut offs: 0.3% Zn and 0.5 g/t Au with internal dilution <4m. Except for the broad 30.29m zinc envelope in MGB001, which has internal dilution zones up to 8m.

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## DIRECTOR'S REVIEW OF ACTIVITIES

The drilling programme was aimed at intersecting the Mt Gibson Trend package of rocks and to follow up base metal intersections in previous drilling. Both goals were achieved, with mineralised horizons intersected in holes MGB001, MGB003, MGB004 and MGB005, associated with cordierite-biotite-anthophyllite alteration assemblages and elevated sulphide content. Holes MGB001 and MGB004 intersected the best zinc mineralised intervals and appear to show an upgrading of zinc mineralisation at the margins of later felsic dykes/intrusives.

Oz Minerals advised Legend in November 2008 of its decision not to proceed further with the Mt Gibson JV having met the first phase minimum expenditure requirement of \$1.2M.

Since the withdrawal of Oz Minerals, Legend has commenced an extensive review of the gold potential of the Mt Gibson Project assessing the structural and lithological controls on gold mineralisation. The review will involve the specialised consulting services of Predictive Discovery Pty Ltd using technology developed at CSIRO in the Predictive Mineral Discovery Co-operative Research Centre.

### GUM CREEK PROJECT

#### *– (Nickel-Copper-Platinum Group Elements, Iron Ore)*

The Gum Creek Project is located 640km northeast of Perth, Western Australia (Figure 1) and comprises a land holding of 696km<sup>2</sup> in the Gum Creek Greenstone Belt.

The Project is divided into three areas, Bungarra, Thangoo and Woodley, and considered prospective for intrusion-related (Ni-Cu-PGE), komatiite flow-related (Ni) sulphide mineralisation and banded iron formation (BIF) hosted iron ore, see Figure 4. Exploration activities completed during 2008 included; soil/rockchip sampling, aircore and reverse circulation (RC) drilling, airborne Versatile Time Domain Electromagnetic (VTEM) surveys, ground electromagnetic surveys and a detailed gravity survey.

A summary of exploration activities is summarised in Table 4 below

**Table 4: Gum Creek Exploration Summary - 2008**

Area	Aircore Drilling		RC Drilling		Geophysics		Geochemistry	
	No. Holes	No. Metres	No. Holes	No. Metres	Airborne	Ground	Soils	Rockchips
Bungarra	47	828	9	1,386	VTEM	MLTEM	140	10
Thangoo	73	4,117	1	117	VTEM	MLTEM	-	-
Woodley	-	-	-	-	-	Gravity	-	21
<b>Totals</b>	<b>120</b>	<b>4,945</b>	<b>10</b>	<b>1,503</b>			<b>140</b>	<b>31</b>

#### Bungarra

Legend discovered an outcropping magmatic sulphide gossan at Bungarra in April 2007, returning rock grab sample results up to 1.0% Ni, 5.7% Cu and 0.7g/t PGE. The gossan was hosted by gabbroic rocks at/near the basal margin of the layered mafic-ultramafic Bungarra Intrusive Complex, a geological position considered prospective for segregations of Ni-Cu-PGE sulphide mineralisation. RC and diamond drilling by Legend in 2007 identified magmatic sulphide mineralisation at the Python prospect.

A Versatile Time Domain Electromagnetic (VTEM) survey was completed over the entire mafic/ultramafic Bungarra Intrusive Complex in March 2008, effectively testing 18km of intrusive margin, and immediate surrounds, for Ni-Cu-PGE mineralisation, see Figure 5. The survey identified numerous conductive features on the western and eastern margins of the BIC in areas with transported cover, as well as a strong conductor on the northern margin.

A total of 47 aircore drillholes for 828m were completed at Bungarra testing seven VTEM conductors. Anomalous Ni-Cu-PGE results were returned from gabbroic lithologies located adjacent to a fold closure on the northern margin of the Bungarra Intrusive Complex at the Cobra prospect, see Table 5 below. These results are similar to those from the Python prospect located 1km to the southwest, where magmatic sulphide mineralisation has been intersected in previous Legend drilling.



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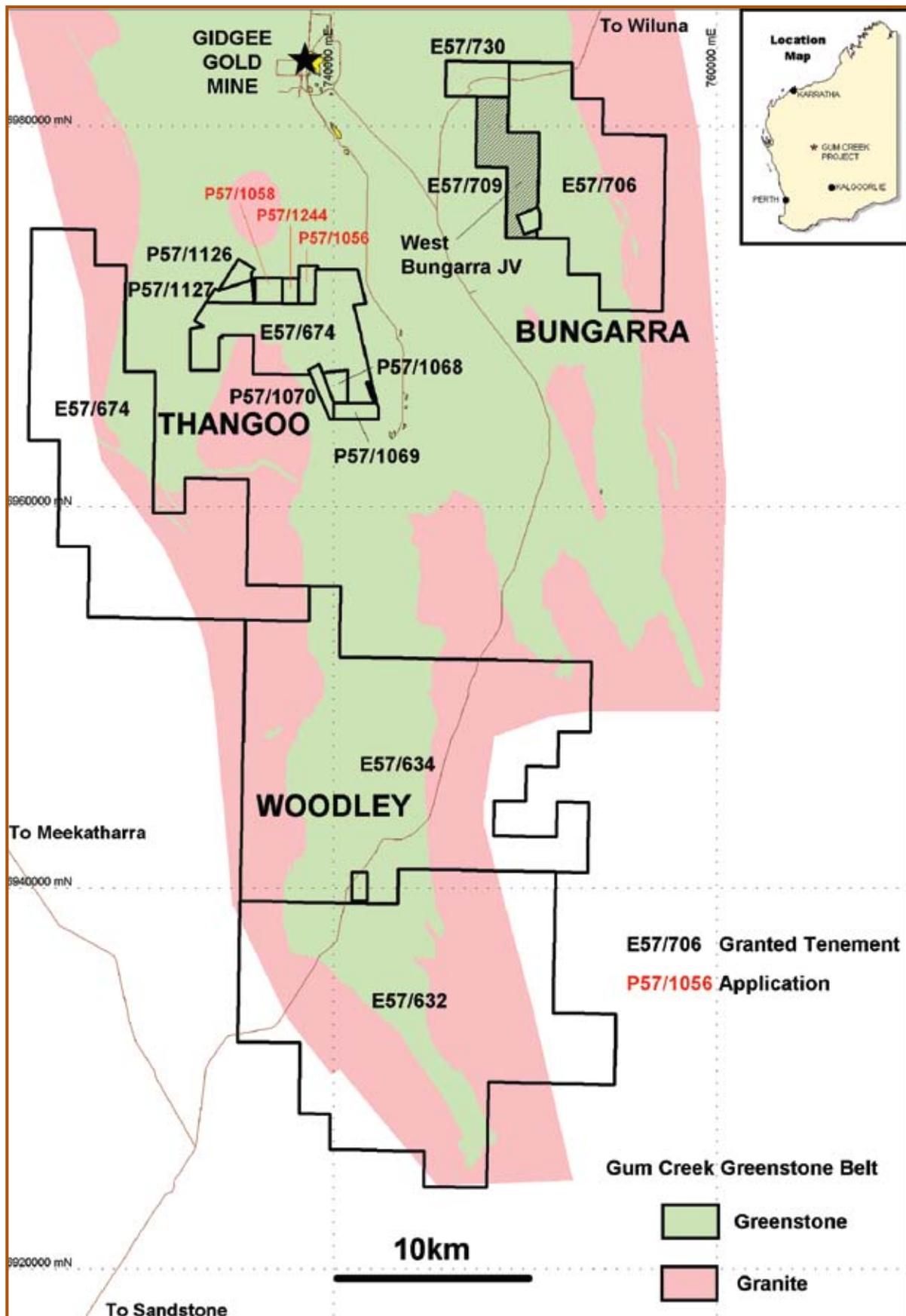


Figure 4: Gum Creek Project

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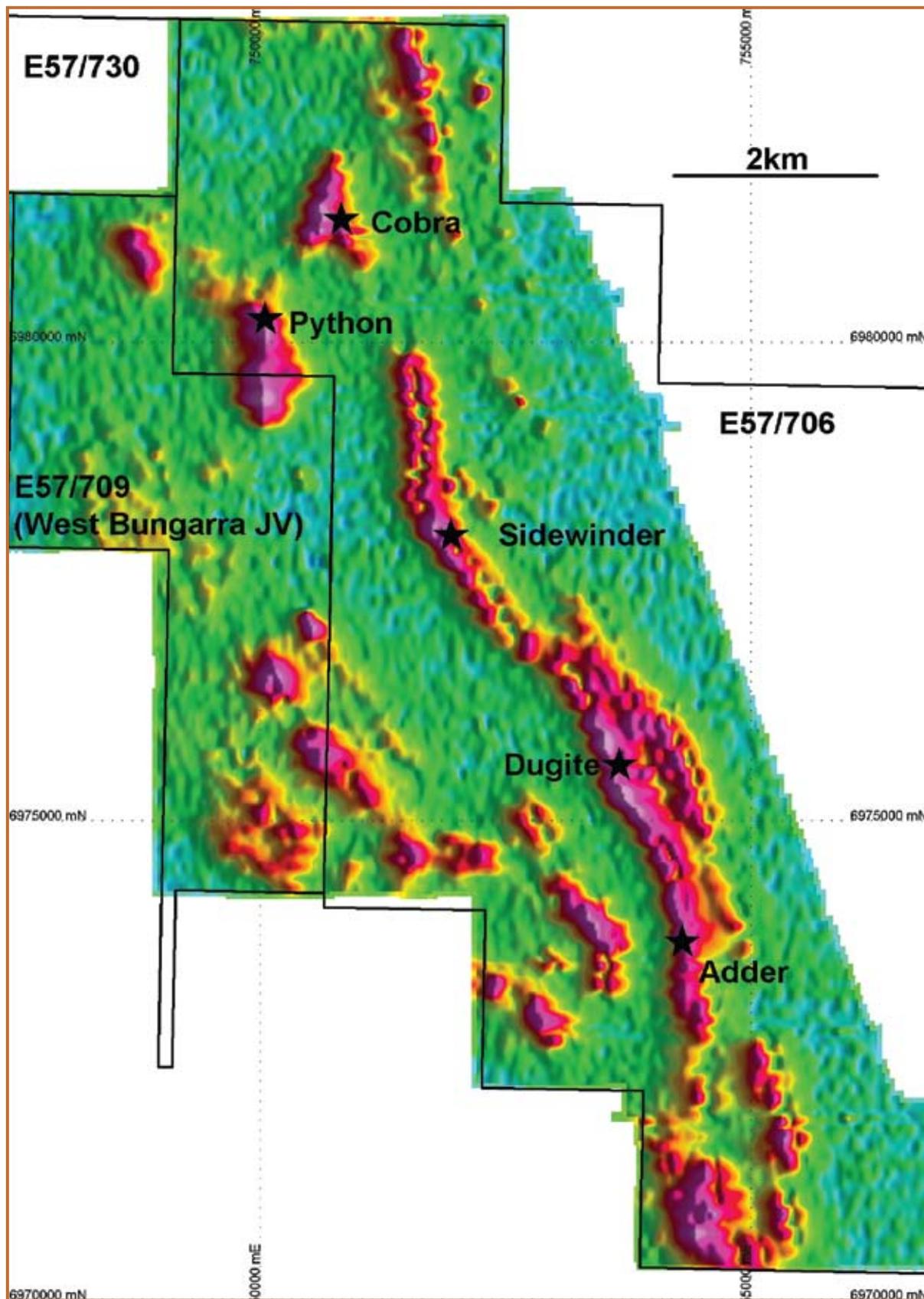


Figure 5: Bungarra VTEM Image (Channel 34) with Prospect Locations



**Table 5: Cobra Prospect Aircore Drillhole Assay Results**

Hole	Easting	Northing	From	To	Int	Ni%	Cu%	Cr%	Pt ppb	Pd ppb
LGCA178	750700	6981270	0	6 EOH	6	0.13	0.02	0.26	38	102
LGCA179	750750	6981270	0	5 EOH	5	0.14	0.03	0.30	60	115
LGCA180	750800	6981270	0	6 EOH	6	0.28	0.08	0.26	70	227
LGCA181	750850	6981270	12	15 EOH	3	0.11	0.03	0.15	60	170

All aircore holes inclined -60° deg to 270°, co-ordinates GDA\_94 Zone 50.

Samples collected by scoop and composited over 4m intervals. EOH – End of Hole.

Nickel (Ni), Copper (Cu), Chromium (Cr) assayed by XRF. Platinum (Pt), Palladium (Pd) assayed by 40g fire assay (lead collection) ICP-MS at Ultra Trace Pty Ltd, Perth.

The Cobra VTEM conductor was followed up with ground EM surveying, utilising the Moving Loop Transient Electromagnetic (MLTEM) technique, to assist RC drillhole positioning. MLTEM was also completed at the Sidewinder prospect targeting a twin peaked VTEM conductor on the eastern margin of the Bungarra Intrusive Complex.

RC drilling was completed at five prospects during the year targeting VTEM/MLTEM conductors and is summarised below in Table 6, while a summary of drill results is provided in Table 7

**Table 6: Bungarra RC Drillhole Details**

Hole	Easting	Northing	Prospect	Dip	Azi (Mag)	Depth
LPYC008	750060	6980200	Python	-60°	90°	111
LGCC001	749920	6980350	Dugite	-50°	250°	201
LGCC002	750000	6980300	Dugite	-50°	250°	201
LGCC003	749950	6980300	Adder	-55°	90°	147
LCBC001	750875	6981100	Cobra	-59°	055°	162
LCBC002	750955	6981020	Cobra	-70°	055°	132
LCBC003	750625	6981350	Cobra	-60°	300°	120
LSWC001	751930	6980400	Sidewinder	-60°	250°	156
LSWC002	751890	6980400	Sidewinder	-60°	250°	156
<b>Total</b>						<b>1,386</b>

**Table 7: Bungarra RC Drillhole Assay Results**

Hole	From	To	Int	Ni %	Cu %	Cr %	Pt ppb	Pd ppb	Zn %
LGCC001	104	132	28	0.02	0.10	0.02	5	10	0.21
LGCC002	184	201 EOH	17	0.02	0.06	0.02	<5	<5	0.20
LGCC003	52	68	16	0.03	0.01	0.14	215	68	0.02
LCBC001	0	88	88	0.12	0.06	0.20	39	128	0.02
incl	52	56	4	0.26	0.29	0.19	105	470	0.02
LCBC002	20	44	24	0.11	0.05	0.22	35	103	0.01
LSWC001	52	100	48	0.02	0.07	0.02	5	5	0.22
LSWC001	132	156 EOH	24	0.12	0.07	0.18	50	169	0.02
incl	136	140	4	0.16	0.12	0.17	85	320	0.02
LSWC002	56	80	24	0.02	0.09	0.03	5	<5	0.27
LSWC002	120	156 EOH	36	0.10	0.05	0.15	38	145	0.02
incl	140	144	4	0.17	0.1	0.16	80	350	0.02

Samples collected by spear and composited over 4m intervals. EOH – End of Hole

Nickel (Ni), Copper (Cu), Chromium (Cr), Zinc (Zn) assayed by XRF. Platinum (Pt), Palladium (Pd) assayed by 40g fire assay (lead collection) ICP-MS at Ultra Trace Pty Ltd, Perth.

## Woodley

The Woodley Region contains an extensive NW-SE to N-S trending banded iron formation (BIF) ridge, with a strike length of 22km. The high magnetic response evident in the aeromagnetic data clearly defines the extent of BIF and also highlights several structural offsets, which may be associated with hematite development.

Reconnaissance rockchip sampling (110 samples) along the ridge returned typical iron values of 30-45% Fe from BIF samples, while a zone with localised hematite development returned a maximum iron value of 62.5% Fe.

A gravity survey over the 22km strike length of BIF ridge was completed in July 2008. The survey covered an area of approximately 85km<sup>2</sup> and comprised 1,284 readings with stations every 100m along E-W lines 400-800m apart, see Figure 6. The objective of the survey was to determine whether significant accumulations of hematite were present associated with the mapped BIF.

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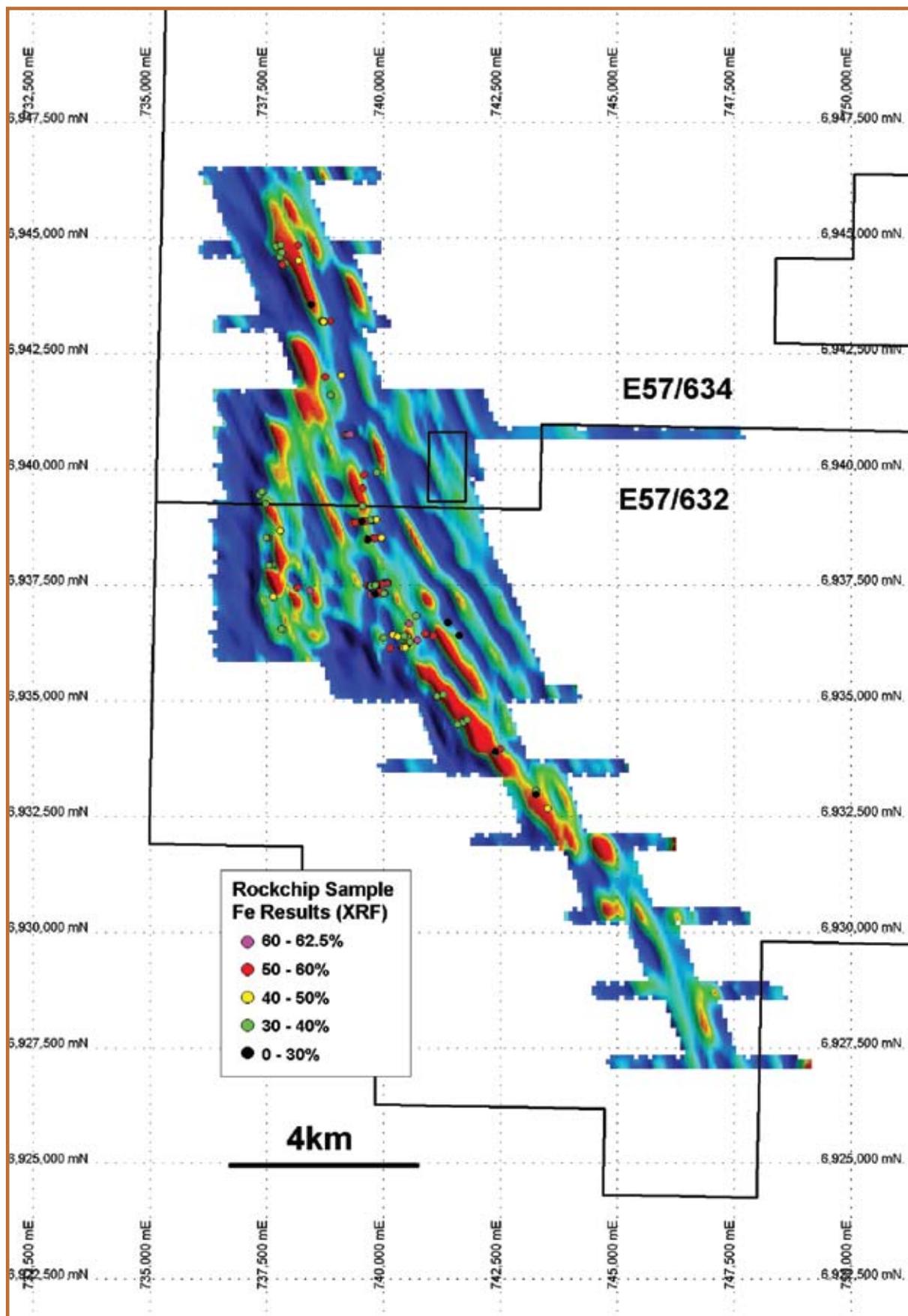


Figure 6: Woodley Residual Gravity Image with Rockchip Iron Sample Results



Subsequent ground follow-up of the rockchip and gravity survey results identified at least three areas containing banded magnetite along the BIF ridge. The banded magnetite units in these areas have potentially significant thicknesses up to 40m in outcrop and semi continuous strike lengths up to 3km. The potential for a significant tonnage of hematite ore is considered lower with only localised development observed.

## Thangoo

A VTEM survey over the eastern portion of Thangoo was completed during March 2008. The survey defined the extent of a strong generally N-S trending conductor associated with black shale in contact with komatiitic units, identified in a previous ground EM survey. This is considered a favourable position for nickel sulphide mineralisation. Several other conductors were also identified in the western part of the survey with ground reconnaissance over these features revealing spinifex textured ultramafics and confirms the presence of komatiite units.

A total of 73 aircore drillholes for 4,117m and one RC drillhole (LTHC009) for 117m were completed at Thangoo testing seven ground EM and VTEM conductors. No anomalous results were returned from the drilling, however the contact between komatiite and black shale remains a favourable position for nickel mineralisation.

## Corporate Activities

A letter agreement was signed with Extension Hill Pty Ltd (EHPL) whereby EHPL is leasing some of the accommodation facilities at the Mt Gibson Project for three years, commencing on 4 August 2008, at an annual rental of \$500,000/year. Legend retained exclusive use of some facilities to enable the conduct of exploration activities at the Project.

The Annual General Meeting was held on 26 May 2008 with results released to the Australian Securities Exchange the same day.

In August 2008, the Australian Taxation Office (ATO) published its Class Ruling on the distribution in specie of Apex Minerals NL shares approved by shareholders in October 2007. The ATO confirmed the Company's accounting treatment of the distribution in specie, namely that \$30,334,386 (approximately 70.25%) is a return of capital and \$12,845,614 (approximately 29.75%) is an unfranked dividend. The Company subsequently sent out Dividend Distribution and Return of Capital Statements to all shareholders reflecting the ATO's Class Ruling.

Legend purchased 3,400,000 shares in Independence Group Limited (ASX:IGO) in six weeks up to 16 December 2008 at an average cost price of \$1.44 per share. Based on the closing price of IGO at 23 March 2009 (\$2.55 per share), the investment is showing an unrealised gain of \$3,777,424.

*The information relating to Exploration in this report is based on data compiled by Mr Derek Waterfield, a Member of the Australian Institute of Geoscientists and a full time employee of Legend Mining Limited. Mr Waterfield has sufficient relevant experience in the styles of mineralisation and types of deposit under consideration, and in the activity 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" (the JORC Code), and consents to the inclusion of the information in the form and context in which it appears.*

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Legend is committed to implementing and maintaining the highest standards of corporate governance. In determining what those standards should involve, Legend has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*. Legend is pleased to advise that its practices are largely consistent with those of the ASX guidelines. Where Legend did not have certain policies or committees recommended by the ASX Corporate Governance Council in place for the entire reporting period, we have identified when such policies or committees were introduced. Where Legend has not adopted the relevant recommendation, the reasons are set out below.

## 1. BOARD OF DIRECTORS

### 1.1 Role of Board

The Legend Board of Directors (the Board) is responsible for setting the strategic direction and establishing and overseeing the policies and financial position of Legend, and monitoring the business and affairs on behalf of its shareholders, by whom the Directors are elected and to whom they are accountable.

Further, the Board takes specific responsibility for:-

- the appointment and removal of the Managing Director and the Company Secretary,
- the final approval of management's development of corporate strategies and performance objectives,
- the review and modification of internal controls with respect to internal and legal compliance and its code of conduct,
- monitoring and evaluating senior management's performance and the implementation of Legend's corporate strategies and objectives,
- ensuring that appropriate resources are available to achieve strategic objectives,
- the appointment of Directors to the Board and ensuring those Directors receive a letter of appointment identifying their duties and specific responsibilities, Legend's expectations of them, their remuneration and their obligations with respect to advising Legend of any compliance matters.

The Board is responsible for the overall Corporate Governance of Legend including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

Legend has a formal Board Charter as per Recommendation 1.1. In broad terms, the Board is accountable to the shareholders and must ensure that Legend is properly managed to protect and enhance shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board of Legend within the governance structure of Legend and its related bodies corporate (as defined in the *Corporations Act*).

### 1.2 Terms of Office of Directors

The constitution of Legend Mining Limited specifies that 1/3 of the Directors, excluding the Managing Director, shall rotate on an annual basis.



### 1.3 Composition of the Board

The Directors of Legend in office at the date of this statement are:-

Name	Position	Expertise
Michael Atkins	Non Executive Chairman	Commercial
Mark Wilson	Managing Director	Commercial and Mining
Dermot Ryan	Non Executive Director	Exploration and Mining

The composition of the Board is determined using the following principles:-

- the Board comprises three (3) Directors and may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified, and
- the Board should comprise Directors with a broad range of expertise.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board selects a panel of candidates with the appropriate expertise and experience. Potential candidates are identified by the Board with advice from an external consultant, if necessary. The Board then appoints the most suitable candidate who must stand for election at a General Meeting of Shareholders.

### 1.4 Responsibilities of the Board

In general, the Board is responsible for, and has authority to determine all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of Legend.

In general, the principal functions and responsibilities of the Board include the following:-

**Leadership of the Organisation:** Overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees,

**Strategy Formulation:** working with senior management to set and review the overall strategy and goals for the Company and ensure that there are policies in place to govern the operation of the Company,

**Overseeing Planning Activities:** overseeing the development of the Company's strategic plan and approving that plan as well as the annual and long term budgets,

**Shareholder Liaison:** ensuring effective communication with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company,

**Monitoring, Compliance and Risk Management:** overseeing the Company's risk management, compliance and accountability systems and monitoring and directing the financial and operational performance of the Company,

**Company Finances:** approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting,

**Human Resources:** appointing, and where appropriate, removing the Managing Director (MD) and Chief Financial Officer (CFO) as well as reviewing the performance of the MD and monitoring the performance of senior management in their implementation of the Company's strategy,

## 1.4 Responsibilities of the Board (contd)

**Ensuring the Health, Safety and Well-Being of Employees:** developing a policy, and in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees,

**Delegation of Authority:** delegating appropriate powers to the MD to ensure the effective day-to-day management of the Company,

**Environmental Management:** developing a policy, and in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's environmental management systems.

## 1.5 Monitoring of Board Performance

The performance of all Directors is reviewed by the Chairman on an ongoing basis and any Director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other Board members.

Legend has established firm guidelines to identify the measurable and qualitative indicators of the Director's performance during the course of the year. Those guidelines include:

- attendance at all Board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed,
- attendance at Legend's Shareholder Meetings. Non-attendance without reasonable excuse will result in that Director's position being reviewed.

Legend does not comply with Recommendation 2.1 which states the majority of Directors should be independent directors. Mr Atkins is the only Director considered independent and acts as Chairman of the Company, as required under Recommendation 2.2.

## 1.6 Independent Professional Advice

Each Director has the right, in connection with his/her duties and responsibilities as a Director, to seek independent professional advice at Legend's expense. However, prior approval of the Chairman is required, which will not be unreasonably withheld.

## 2. BOARD COMMITTEES

### 2.1 Nomination Committee

A separate nomination committee has not been formed as required under Recommendation 2.4 as the Board considers the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee.

### 2.2 Audit Committee

Due to its size and composition, the Board has not established a separate audit committee as requested by Recommendation 4.2. However, the external auditor has full access to the Board throughout the year.

The responsibilities of the Board ordinarily include:-

- reviewing internal control and recommending enhancements,
- monitoring compliance with Corporations Act 2001, Securities Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions,



- improving the quality of the accounting function,
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management, and
- liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Board reviews the performance of the external auditors on an annual basis and nomination of auditors is at the discretion of the Board.

### 2.3 Remuneration Committee

Due to the relatively small size of Legend, remuneration is considered by the full Board. This does not comply with Recommendation 9.2. The Board reviews remuneration packages and policies applicable to the Managing Director and Directors. Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Board obtains independent advice on the appropriateness of remuneration packages.

An approved Employee Share Option Plan (excludes Directors) is in place to enable the Board to grant share options as an incentive for superior performance to eligible employees.

A full disclosure of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current period are set out in the remuneration report, which is contained within the Directors' Report.

**Overall Director Remuneration:** Shareholders must approve the framework for any equity schemes if a Director is recommended for being able to participate in such a scheme.

**Non-Executive Remuneration:** Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The maximum aggregate remuneration approved for Non-Executive Directors is currently \$200,000 per annum.

## 3. BUSINESS RISKS

Significant areas of concern are discussed at Board level. When appropriate, experts are invited to address Board meetings on the major risks facing the consolidated entity and to develop strategies to mitigate those risks.

## 4. ETHICAL STANDARDS

Legend has a formal Code of Conduct as per Recommendation 3.1. This code outlines how Legend expects directors and employees of Legend and its related bodies corporate to behave and conduct business in the workplace on a range of issues. Legend is committed to the highest level of integrity and ethical standards in all business practices. Directors and employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

## 5. DIRECTORS' DEALINGS IN COMPANY SHARES

Legend has a formal trading policy as required by Recommendation 3.2 entitled: Guidelines for Dealing in Securities. This policy applies to directors, employees and contractors of Legend.

In addition, directors must notify the Australian Securities Exchange of any acquisition or disposal of shares by lodgement of a Notice of Director's Interests. Board policy is to prohibit Directors and Employees from dealing in shares of the Company whilst in possession of price sensitive information.

### 6. CORPORATE REPORTING

On submission of a set of the Company financial reports for review by the Board, senior management confirms that to the best of their knowledge and ability the financial reports present a true and fair view in all material aspects of the Company's financial condition and that operational results are in accordance with relevant accounting standards.

Further, the statement made by senior management regarding the integrity of the financial statements also includes a statement regarding risk management and internal compliance and control which influence the policies adopted by the Board.

### 7. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

Legend has a formal Continuous Disclosure and Information Policy as required by Recommendation 6.1. This policy was introduced to ensure Legend achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules and ensuring Legend and individual officers do not contravene the Corporations Act or ASX Listing Rules.

The Board of Legend aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to shareholders through:-

- the Annual Report which is distributed to all shareholders,
- Half-Yearly Reports, Quarterly Reports, and all Australian Securities Exchange announcements which are posted on Legend's website,
- the Annual General Meeting and other meetings so called to obtain approval for Board action as appropriate,
- compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules.

Legend's auditor is required to be present, and be available to shareholders, at the Annual General Meeting.

### 8. RECOGNISE AND MANAGE RISK

Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature and materiality of the matter.

The Board has no formal policy in place to recognise and manage risk as required by Recommendation 7.1, as it considers, in the context of the size and nature of the Company, that it would not improve the present modus operandi.

### 9. ENCOURAGE ENHANCED PERFORMANCE

Board and management effectiveness are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature of the matter.

The Board has no formal policy in place to encourage enhanced performance as required by Recommendation 8.1, as it considers, in the context of the size and nature of the Company, that it would not improve the present modus operandi.



## 10. RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

Legend has a formal Privacy Policy. Legend is committed to respecting the privacy of stakeholders' personal information. This Privacy Policy sets out Legend's personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating stakeholders' information and the Security of stakeholders' information.

Other than the introduction of a formal Privacy Policy, the Board has not adopted any additional formal codes of conduct to guide compliance with legal and other obligations to legitimate stakeholders as required by Recommendation 10.1, as it considers, in the context of the size and nature of the Company, that it would not improve the present modus operandi.

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## DIRECTORS' REPORT

The Directors submit their report for the year ended 31 December 2008.

### 1. DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Michael Atkins (Chairman, Non Executive Director)

Mark Wilson (Managing Director)

Dermot Ryan (Non Executive Director)

### 2. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

**Michael Atkins** is a Fellow of the Institute of Chartered Accountants in Australia and was a founding partner of a national Chartered Accounting practice from 1979 to 1987. Between 1987 and 1998 he was involved in the executive management of several publicly listed resource companies with operations in Australia, USA, South East Asia and Africa. From 1990 to 1995 he was Managing Director and later a non-executive director of Claremont Petroleum NL and Beach Petroleum NL during their reconstruction, and then remained as a Non Executive Director until 1995. He was also founding Executive Chairman of Gallery Gold Ltd until 1998, and remained a Non Executive Director until 2000.

Since 1987 Mr Atkins has been a director of numerous companies primarily in the resources sector.

He is currently non-executive Chairman of Westgold Resources NL and a non-executive director of Matsa Resources Ltd.

During the past three years, Mr Atkins has also served as a Director of the following publicly listed companies:-

- Marion Energy Ltd (formerly Carpenter Pacific Resources Limited) (resigned 31 January 2006)
- Guardian Funds Management Ltd (resigned 31 January 2006)

**Mark Wilson** is a Member of the Institution of Engineers, Australia and a Chartered Professional Engineer with an Associateship in Civil Engineering from Curtin University in Western Australia. He has an extensive business background, mainly in corporate management and project engineering. This has included site management of remote construction projects, ten years of commercial construction as a founding proprietor of a Perth based company and the past seventeen years in executive, non-executive, consulting and owner roles in resource focused companies. He served as a Director of Duketon Goldfields NL in 1995/1996 and of Cambrian Resources NL (Servicepoint Ltd) from 1999 to 2003.

During the past three years, Mr Wilson has not served as a Director of any other publicly listed companies.

**Dermot Ryan** is a Fellow of the Australian Institute of Mining and Metallurgy, a Fellow of the Australian Institute of Geoscientists, a Chartered Professional Geologist and a graduate from Curtin University in Western Australia (B.App.Sc.) He has over 30 years experience in the discovery and successful development of gold, base metals, iron ore and diamond deposits. He has spent 20 years with the CRA (Rio Tinto) group of companies, including ten years as Chief Geologist for CRA Exploration in various parts of Australia. He was General Manager Exploration for Great Central Mines / Normandy Yandal Operations in the 5 year period up to 2001. He has acted as a mineral exploration consultant to both private and public mining and exploration companies in Western Australia, with an emphasis on the gold industry.



**2. INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONTD)**

On 14th October 2008, Mr Ryan became an Executive Director of ASX listed company Revere Mining Limited, which subsequently changed its name to Enterprise Metals Limited ("ENT") on 4 December 2008. With the exception of ENT, Mr Ryan has not served as a Director of any other publicly listed companies.

**Tony Walsh** (Joint Company Secretary) is a Chartered Accountant with over 20 years work experience with ASX and publicly listed companies where he has held positions as listings manager and company secretary and has experience in the areas of corporate regulation and capital raisings. He works for a number of public companies in the resource sector.

Mr Walsh is a Fellow of Chartered Secretaries Australia, an Associate Member of the Institute of Chartered Accountants in Australia and the Financial Services Institute of Australia.

**Brett White** (Joint Company Secretary) is a member of the Certified Practising Accountants in Australia and holds a bachelor of commerce degree. He has over 9 years experience in the fields of Taxation and Company Accounting.

Mr White has been with Legend Mining for the past 2.5 years in the role of CFO/Financial Controller and also consults to a number of public companies in the resource sector.

**3. EARNINGS PER SHARE**

Basic loss per share:	(0.24 cents)
Diluted loss per share:	(0.24 cents)

**4. DIVIDENDS**

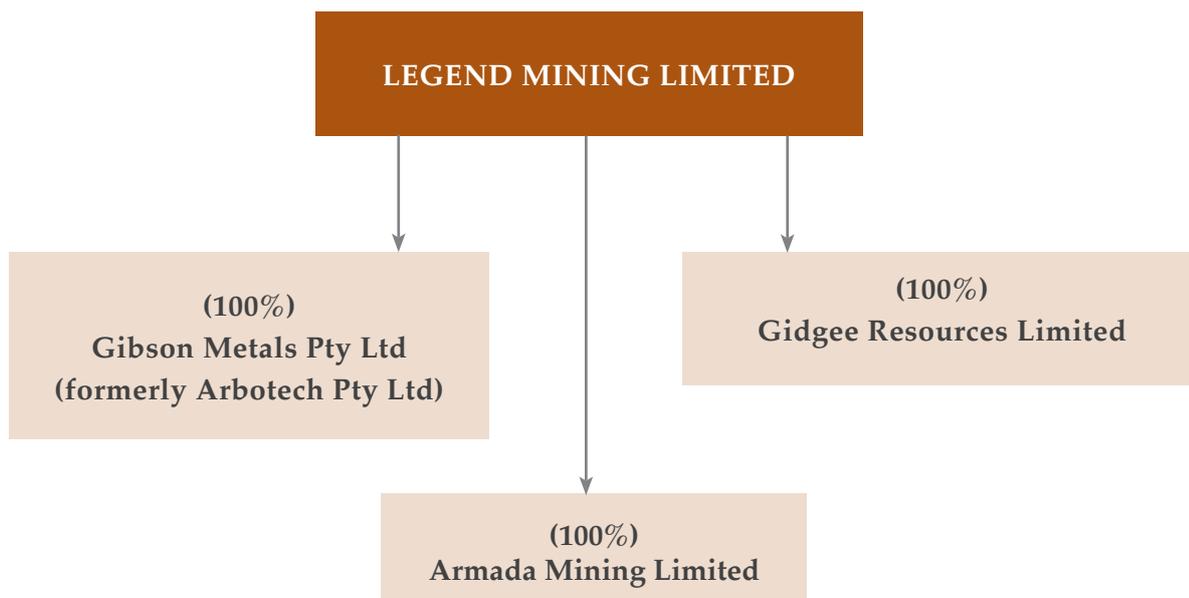
No dividend has been paid or recommended during the financial year.

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## 5. CORPORATE INFORMATION

### Corporate Structure

Legend Mining Limited is a company limited by shares that is incorporated and domiciled in Australia. Legend Mining Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure.



### Nature of Operations and Principal Activities

The principal activities during the year of the entities within the consolidated entity were:-

- exploration for gold and base metal (zinc-copper-gold, nickel-copper, zinc-copper and copper-gold) deposits.

### Employees

The consolidated entity had a staff of 7 employees at 31 December 2008 (2007: 12 employees).

## 6. OPERATING AND FINANCIAL REVIEW

### Results of Operations

The net loss after income tax of the consolidated entity for the year was \$2,912,365 (2007: profit \$12,456,423).

### Review of Operations

The Directors' Review of Activities for the year ended 31 December 2008 is contained on pages 3 to 13 of the Annual Report.

### Summarised Operating Results

*Exploration Expenditure Write-Off:* Deferred expenditure on tenements surrendered or withdrawn during the year amounted \$6,750,384 all expensed to the income statement (2007: \$15,325,993 with \$5,421,686 expensed to the Income Statement and the balance written off in the sale of the Gidgee Gold Project to Apex Minerals NL).

*Deferred Exploration Costs:* Total deferred expenditure on tenements capitalised during the year amounted to \$2,176,638 (2007: \$3,483,854).



## 7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During 2008 Legend has:-

- Received notice that Oxiana Limited (now Oz Minerals Ltd) has withdrawn from a farm-in and joint venture agreement over its Mt Gibson Project after 1 year.
- Entered into an agreement with Extension Hill Pty Ltd on 17 November 2008 for the rental of the Mt Gibson facilities at a annual rental of \$500,000 payable every 3 months
- Purchased 3.4 million shares in Independence Group Limited (IGO) at an average price of \$1.44 per share

## 8. ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Directors have complied with these regulations and are not aware of any breaches of the legislation during the financial year which are material in nature.

## 9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the consolidated entity, and expected results of those operations in subsequent financial years have been discussed, where appropriate, in the Chairman's Report and Review of Activities.

## 10. SHARE OPTIONS

### Unissued shares

As at the date of this report, there were 3,900,000 unissued ordinary shares under options. Refer to note 17 for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

### Shares issued as a result of the exercise of options

During the financial year, investors have exercised options to acquire 49,472,521 fully paid ordinary shares at an exercise price of 0.25 cents. Refer to notes 15 & 17 for further details of the options exercised.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

As at the date of the report there are no subsequent significant events after the balance date.

## 12. INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

The Company has not, during or since the financial year, in respect of any person who is or has been an Officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

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### 13. REMUNERATION REPORT (AUDITED)

The compensation arrangements in place for key management personnel of Legend are set out below:

#### Details of key management personnel

##### (i) Directors

M. Atkins	<i>Chairman (non-executive)</i>
M. Wilson	<i>Managing Director</i>
D. Ryan	<i>Non-Executive Director</i>

##### (ii) Executives

T. Walsh	<i>Company Secretary</i>
D. Waterfield	<i>Exploration Manager</i>
B. Phyland	<i>District Geologist – Resigned 28 July 2008</i>
P. Petrovic	<i>Systems Administrator</i>

#### Compensation Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

The Company embodies the following principle in its compensation framework:-

- Provide competitive rewards to attract high-caliber executives.

#### Remuneration Committee

Due to the size of Legend, remuneration is considered by the full Board. The Board reviews remuneration packages and policies applicable to the Directors and Senior Executives. Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Board obtains independent advice on the appropriateness of remuneration packages.

#### Compensation Structure

In accordance with best practice corporate governance, the structure of Non Executive Director and senior manager remuneration is separate and distinct.

#### Objective of Non Executive Director Compensation

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

#### Structure of Non Executive Director Compensation

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 30 May 2006 when shareholders approved the aggregate remuneration of \$200,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.



### 13. REMUNERATION REPORT (CONTD)

#### Objective of Senior Management and Executive Director Compensation

The company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the company and so as to:-

- reward executives for company and individual performance against targets set by reference to appropriate benchmarks,
- align the interests of executives with those of shareholders, and
- ensure total compensation is competitive by market standards.

#### Structure of Senior Management and Executive Director Compensation

In determining the level and make-up of executive compensation, the Board engages external consultants to provide independent advice.

It is the Board's policy that an employment contract is entered into with key executives.

Compensation consists of a fixed compensation element and the issue of options from time to time at the directors' discretion under the Employee Share Option Plan. Any issue of options to directors under the Employee Share Option Plan requires prior shareholder approval.

#### Fixed Compensation

Fixed compensation is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

#### Structure

Senior managers are given the opportunity to receive their fixed (primary) compensation in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

#### Employment Contracts

The Managing Director, Mr Mark Wilson, is employed under contract. The current employment contract commenced on the 1 July 2008 and terminates on the 30 June 2009 at which time the Company may choose to commence negotiations to enter into a new employment contract. The significant terms of the contract were;

- Mr Wilson received remuneration of \$250,000 per annum inclusive of statutory superannuation.
- Mr Wilson may resign from his position and thus terminate his contract by giving 1 month written notice.
- The company may terminate Mr Wilson's employment contract by providing 1 month written notice or by providing payment in lieu of notice period (based on the fixed component of his remuneration)
- The company may terminate Mr Wilson's contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs Mr Wilson is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

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### 13. REMUNERATION REPORT (CONTD)

Mr Dermot Ryan, is employed under a contract for services. The current services contract commenced on the 1 October 2006. The significant terms of the contract are;

- Mr Ryan receives a fixed fee of \$40,000 per annum (including superannuation) as remuneration for service.
- Mr Ryan's appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company
- Mr Ryan may resign from his position and thus terminate his contract by giving 1 month written notice.
- The company may terminate Mr Ryan's contract by way of resolution of the Company

Mr Tony Walsh, is employed under contract via his company Tony Walsh Corporate Services (TWCS). The current contract commenced on the 22 January 2009. The significant terms of the contract are:

- TWCS receives a fee of \$200 per hour (plus GST).
- TWCS may terminate this engagement by giving two months written notice.
- The company may terminate TWCS's contract by providing two months written notice.

Mr Derek Waterfield, is employed under contract. The current contract commenced on the 1 January 2009. The significant terms of the contract are;

- Mr Waterfield receives remuneration of \$185,000 per annum inclusive of statutory superannuation.
- Mr Waterfield may resign from his position and thus terminate his contract by giving 1 month written notice.
- The company may terminate Mr Waterfield's employment contract by providing 1 month written notice or by providing payment in lieu of notice period.

#### Employee Share Option Plan

The Board has in place an Employee Share Option Plan allowing share options to eligible employees in order to provide them with an incentive to provide growth and value to all shareholders. No options were issued to eligible employees during the year under the Employee Share Option Plan.

### 13. REMUNERATION REPORT (CONTD)

Compensation of Key Management Personnel for Year Ended 31 December 2008

Name	Year	Short term Salary and Fees	Post Employment Superannuation	Share based payments options	Movements in LSL	Total	% of compensation granted as options	% of performance related remuneration
		\$	\$	\$	\$	\$		
<b>Director</b>								
M. Atkins <i>(Windamurah P/L)</i>	2008	66,000	-	-	-	66,000	-	-
	2007	66,000	-	-	-	66,000	-	-
M. Wilson <i>(Hostyle P/L)</i>	2008	207,097	50,000	-	-	257,097	-	-
	2007	241,598	-	-	-	241,598	-	-
D. Ryan	2008	3,058	36,943	-	-	40,001	-	-
	2007	36,696	3,302	-	-	39,998	-	-
R Perring <i>(Quadramin)</i>	2008	-	-	-	-	-	-	-
	2007	109,500	-	-	-	109,500	-	-
<b>Executives</b>								
T. Walsh	2008	155,439	-	7,119	-	162,558	4%	-
	2007	151,776	-	11,181	-	162,957	7%	-
D. Waterfield	2008	172,985	15,275	14,239	12,730	215,229	7%	-
	2007	152,186	13,696	22,361	-	188,243	12%	-
B. Phyland	2008	72,122	8,231	10,679	-	91,032	12%	-
	2007	123,671	11,130	16,771	-	151,572	11%	-
P. Petrovic	2008	92,234	6,340	4,272	-	102,846	4%	-
	2007	84,020	7,561	6,708	-	98,289	7%	-
L. Mitchell	2008	-	-	-	-	-	-	-
	2007	44,155	3,973	-	-	48,128	-	-
<b>Total</b>	<b>2008</b>	<b>768,935</b>	<b>116,789</b>	<b>36,309</b>	<b>12,730</b>	<b>934,763</b>	<b>4%</b>	<b>-</b>
	<b>2007</b>	<b>1,009,602</b>	<b>39,662</b>	<b>57,021</b>	<b>-</b>	<b>1,106,285</b>	<b>5%</b>	<b>-</b>

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## 13. REMUNERATION REPORT (CONTD)

No options were granted during or subsequent to the 2008 financial year and until the date of this report.

Details of vesting profiles of options granted as remuneration to each director and executives of the company.

31-Dec-08	No. of Options	Grant Date	% Vested in the year	% forfeited in year	Financial years in which grant vests	Value yet to vest \$
Name						
<b>Executives</b>						
T. Walsh	500,000	22 May 2007	38.9%	-	1 Jan 2008	-
D. Waterfield	1,000,000	22 May 2007	38.9%	-	1 Jan 2008	-
B. Phyland	750,000	22 May 2007	38.9%	100%	1 Jan 2008	-
P. Petrovic	300,000	22 May 2007	38.9%	-	1 Jan 2008	-

31-Dec-07	No. of Options	Grant Date	% Vested in the year	% forfeited in year	Financial years in which grant vests	Value yet to vest \$
Name						
<b>Executives</b>						
T. Walsh	500,000	22 May 2007	61.1%	-	1 Jan 2008	7,119
D. Waterfield	1,000,000	22 May 2007	61.1%	-	1 Jan 2008	14,239
B. Phyland	750,000	22 May 2007	61.1%	-	1 Jan 2008	10,679
P. Petrovic	300,000	22 May 2007	61.1%	-	1 Jan 2008	4,272

### Exercise of options granted as compensation

31-Dec-08	Balance at beg of period 1 Jan 2008	Granted as Remuneration	Exercised during the year	Lapsed during the year	Balance at end of period 31 Dec 2008	Not Vested & Not Exercisable	Vested & Exercisable
Name							
<b>Executives</b>							
T. Walsh	500,000	-	-	-	500,000	-	500,000
D. Waterfield	1,000,000	-	-	-	1,000,000	-	1,000,000
B. Phyland	1,250,000	-	-	1,250,000	-	-	-
P. Petrovic	300,000	-	-	-	300,000	-	300,000
<b>Total</b>	<b>3,050,000</b>	<b>-</b>	<b>-</b>	<b>1,250,000</b>	<b>1,800,000</b>	<b>-</b>	<b>1,800,000</b>



13. REMUNERATION REPORT (CONTD)

31-Dec-07	Balance at beg of period 1 Jan 2007	Granted as Remuneration	Exercised during the year	Balance at end of period 31 Dec 2007	Not Vested & Not Exercisable	Vested & Exercisable
<b>Director</b>						
M. Wilson	5,000,000	-	(5,000,000)	-	-	-
R. Perring	5,000,000	-	(5,000,000)	-	-	-
D. Ryan	15,000,000	-	(15,000,000)	-	-	-
<b>Executives</b>						
T. Walsh	-	500,000	-	500,000	500,000	-
D. Waterfield	1,000,000	1,000,000	(1,000,000)	1,000,000	1,000,000	-
B. Phyland	500,000	750,000	-	1,250,000	750,000	500,000
P. Petrovic	200,000	300,000	(200,000)	300,000	300,000	-
<b>Total</b>	<b>26,700,000</b>	<b>2,550,000</b>	<b>(26,200,000)</b>	<b>3,050,000</b>	<b>2,550,000</b>	<b>500,000</b>

During the year, no shares were issued on exercise of options previously granted as compensation.

**Option holdings of Key Management Personnel**

(i) Options (listed) over Ordinary Shares in Legend Mining Limited (number)

31-Dec-08	Balance 1-Jan-08	Granted as compensation	On exercise of options	Net change other	Balance 31-Dec-08
<b>Directors</b>					
M. Atkins	-	-	-	-	-
M. Wilson	-	-	-	-	-
D. Ryan	-	-	-	-	-
<b>Executives</b>					
T. Walsh	-	-	-	-	-
D. Waterfield	-	-	-	-	-
B. Phyland	-	-	-	-	-
P. Petrovic	-	-	-	-	-

31-Dec-07	Balance 1-Jan-07	Granted as compensation	On exercise of options	Net change other	Balance 31-Dec-07
<b>Directors</b>					
M. Atkins	51,667	-	(51,667)	-	-
M. Wilson	-	-	-	-	-
R. Perring	-	-	-	-	-
D. Ryan	5,000	-	(5,000)	-	-
<b>Executives</b>					
T. Walsh	-	-	-	-	-
D. Waterfield	-	-	-	-	-
B. Phyland	50,000	-	(50,000)	-	-
P. Petrovic	50,000	-	(50,000)	-	-
L. Mitchell	-	-	-	-	-
	<b>156,667</b>	<b>-</b>	<b>(156,667)</b>	<b>-</b>	<b>-</b>

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# DIRECTORS' REPORT

## 13. REMUNERATION REPORT (CONTD)

(ii) Options (unlisted) over Ordinary Shares in Legend Mining Limited (number)

31-Dec-08	Balance 1-Jan-08	Granted as compensation	On exercise of options	Options Lapsed	Balance 31-Dec-08
<b>Directors</b>					
M. Atkins	500,000	-	-	-	500,000
M. Wilson	-	-	-	-	-
D. Ryan	-	-	-	-	-
<b>Executives</b>					
T. Walsh	500,000	-	-	-	500,000
D. Waterfield	1,000,000	-	-	-	1,000,000
B. Phyland	1,250,000	-	-	1,250,000	-
P. Petrovic	300,000	-	-	-	300,000
	<b>3,550,000</b>	<b>-</b>	<b>-</b>	<b>1,250,000</b>	<b>2,300,000</b>

31-Dec-07	Balance 1-Jan-07	Granted as compensation	On exercise of options	Balance 31-Dec-07
<b>Directors</b>				
M. Atkins	500,000	-	-	500,000
M. Wilson	5,000,000	-	(5,000,000)	-
R. Perring	5,000,000	-	(5,000,000)	-
D. Ryan	15,000,000	-	(15,000,000)	-
<b>Executives</b>				
T. Walsh	-	500,000	-	500,000
D. Waterfield	1,000,000	1,000,000	(1,000,000)	1,000,000
B. Phyland	500,000	750,000	-	1,250,000
P. Petrovic	200,000	300,000	(200,000)	300,000
L. Mitchell	-	-	-	-
	<b>27,200,000</b>	<b>2,550,000</b>	<b>(26,200,000)</b>	<b>3,550,000</b>

### Shareholdings of Key Management Personnel

31-Dec-08	Balance 1-Jan-08	Granted as compensation	On exercise of options	Net change additions	Balance 31-Dec-08
<b>Directors</b>					
M. Atkins (Windamurah P/L) (Alkali Exploration P/L)	1,558,334	-	-	-	1,558,334
M. Wilson (Chester Nominees WA P/L)	26,100,000	-	-	-	26,100,000
D. Ryan (Enterprise Family Trust)	16,025,000	-	-	-	16,025,000
<b>Executives</b>					
T. Walsh	200,000	-	-	-	200,000
D. Waterfield	1,000,000	-	-	-	1,000,000
B. Phyland	100,000	-	-	-	100,000
P. Petrovic	200,000	-	-	-	200,000
L. Mitchell	-	-	-	-	-
	<b>45,183,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,183,334</b>

Mr D. Ryan was a shareholder of Gidgee Resources Ltd, at the time of its acquisition by Legend Mining Limited on the 7 April 2005.



### 13. REMUNERATION REPORT (CONTD)

31-Dec-07	Balance 1-Jan-07	Granted as compensation	On exercise of options	Net change additions	Balance 31-Dec-07
<b>Directors</b>					
M. Atkins (Windamurah P/L) (Alkali Exploration P/L)	1,206,667	-	51,667	300,000	1,558,334
M. Wilson (Chester Nominees WA P/L)	16,900,000	-	5,000,000	4,200,000	26,100,000
R. Perring (Quality Services Enterprises P/L)	3,000,000	-	5,000,000	-	8,000,000
D. Ryan (Enterprise Family Trust)	1,020,000	-	15,005,000	-	16,025,000
<b>Executives</b>					
T. Walsh	100,000	-	-	100,000	200,000
D. Waterfield	-	-	1,000,000	-	1,000,000
B. Phyland	50,000	-	50,000	-	100,000
P. Petrovic	50,000	-	250,000	(100,000)	200,000
L. Mitchell	-	-	-	-	-
	<b>22,326,667</b>	<b>-</b>	<b>26,356,667</b>	<b>4,500,000</b>	<b>53,183,334</b>

#### Other transactions and balances with Key Management Personnel Services

During the year Windamurah Pty Ltd (a company associated with Mr M. Atkins) received fees for the provision of consulting services to the Company. The aggregate amount charged for such services was \$66,000 (2007: \$66,000).

During the year Hostyle Pty Ltd (a company associated with Mr M. Wilson) received fees for the provision of consulting services to the Company. The aggregate amount charged for such services was \$124,998 (2007:\$241,598).

During the year Tony Walsh Corporate Services (an entity associated with Mr T. Walsh) received fees for the provision of consulting services to the Company. The aggregate amount charged for such services and expenses was \$155,439 (2007: 151,776).

During the year Success Business Management (an entity associated with Mr P. Petrovic) received fees for the provision of consulting services to the Company. The aggregate amount charged for such services and expenses was \$26,950 (2007: Nil).

### 14. DIRECTORS' MEETINGS

The number of Meetings of Directors held during the year and the number of Meetings attended by each Director was as follows:-

Name	No. of Meetings Attended	No. of Meetings Held Whilst A Director
<b>Attended by:</b>		
Michael Atkins	11	12
Mark Wilson	12	12
Dermot Ryan	11	12

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## 15. DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options issued by the company in accordance with the Corporations Act 2001, at the date of this report is as follows:

Name	Ordinary shares	Options over ordinary shares
M. Atkins (Windamurah P/L), (Alkali Exploration P/L)	1,558,334	500,000
M. Wilson (Chester Nominees WA P/L)	26,100,000	-
D. Ryan (Enterprise Family Trust)	16,025,000	-

## 16. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

### Non-audit services

There were no non-audit services provided by the Company's auditor, Stantons International during the 2008 financial year.

We have received the Declaration of Auditor Independence from Stantons International, the Company's Auditor, this is available for review on page 73 and forms part of this report.

**SIGNED in accordance with a Resolution of the Directors on behalf of the Board**



M Wilson

*Managing Director*

Dated this 30th day of March 2009

# INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008



	Note	CONSOLIDATED		COMPANY	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>Continuing Operations</b>					
Rental revenue	4(a)	222,380	18,800	-	18,800
Finance revenue	4(b)	899,916	551,257	899,916	551,257
Net income from Sale of Gidgee Project		-	1,725,808	-	1,725,808
Other income	4(c)	2,613,217	94,259	2,613,217	94,259
Contribution from subsidiaries on transfer of current year tax losses	4(d)	-	-	282,078	-
Transfer from Equity Revaluation Reserve on in-specie distribution	4(e)	-	32,180,000	-	32,180,000
Employee benefits expense	4(f)	(680,058)	(650,540)	(680,058)	(650,540)
Deferred exploration expenditure written off	4(g)	(6,750,384)	(5,421,686)	(2,402,972)	(5,421,686)
Other expenses	4(h)	(157,421)	(185,799)	(96,260)	(124,637)
Investment and receivables in subsidiary companies written off	4(i)	-	-	(1,032,122)	(4,297,314)
Corporate head office expenses	4(j)	(615,205)	(699,979)	(615,205)	(699,979)
Finance costs	4(k)	(45,943)	(284,556)	(45,943)	(284,556)
Net profit/(loss) from continuing operations before income tax expense		(4,513,498)	27,327,564	(1,077,349)	23,091,412
Income tax benefit/ (expense)	6	1,601,133	(2,025,527)	1,147,795	(1,235,866)
<b>Net profit/(loss) attributable to members of the entity</b>		<b>(2,912,365)</b>	<b>25,302,037</b>	<b>70,446</b>	<b>21,855,546</b>
Dividend arising from in-specie distribution		-	(12,845,614)	-	(12,845,614)
<b>Net profit/(loss) after dividend</b>		<b>(2,912,365)</b>	<b>12,456,423</b>	<b>70,446</b>	<b>9,009,932</b>
<b>PROFIT/(LOSS) PER SHARE (cents per share)</b>					
Basic profit/(loss) after dividend for the year	5	(0.24 cents)	2.61 cents		
Diluted profit/(loss) after dividend for the year		(0.24 cents)	2.46 cents		

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# BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	CONSOLIDATED		COMPANY	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	8	5,002,686	11,913,555	5,002,686	11,913,555
Trade & other receivables	9	228,470	98,137	912,340	100,831
Prepayments		12,464	339,594	12,464	339,594
Other financial assets	10	7,344,000	321,025	7,344,000	321,025
<b>Total Current Assets</b>		<b>12,587,620</b>	<b>12,672,311</b>	<b>13,271,490</b>	<b>12,675,005</b>
<b>Non-current Assets</b>					
Deferred tax asset	6	1,286,421	902,732	812,559	496,420
Other financial assets	10	1,543,602	1,544,931	4,344,536	4,345,865
Property, plant & equipment	11	450,834	535,257	265,606	288,868
Deferred exploration costs	12	4,729,807	9,303,553	2,048,631	3,467,179
<b>Total Non-current Assets</b>		<b>8,010,664</b>	<b>12,286,473</b>	<b>7,471,332</b>	<b>8,598,332</b>
<b>TOTAL ASSETS</b>		<b>20,598,284</b>	<b>24,958,784</b>	<b>20,742,822</b>	<b>21,273,337</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade & other payables	13	176,469	224,016	130,271	514,664
Income tax payable	6	-	376,597	-	429,785
Provisions	14	42,327	104,592	42,327	104,592
<b>Total Current Liabilities</b>		<b>218,796</b>	<b>705,205</b>	<b>172,598</b>	<b>1,049,041</b>
<b>Non-current Liabilities</b>					
Related party loans	13	-	-	2,800,932	2,510,284
Provisions	14	1,504,179	1,472,840	115,179	83,840
Deferred tax liability	6	1,559,497	2,311,121	1,256,896	1,061,960
<b>Total Non-current Liabilities</b>		<b>3,063,676</b>	<b>3,783,961</b>	<b>4,173,007</b>	<b>3,656,084</b>
<b>TOTAL LIABILITIES</b>		<b>3,282,472</b>	<b>4,489,166</b>	<b>4,345,605</b>	<b>4,705,125</b>
<b>NET ASSETS</b>		<b>17,315,812</b>	<b>20,469,618</b>	<b>16,397,217</b>	<b>16,568,212</b>
<b>EQUITY</b>					
<b>Equity attributable to equity holders of the parent</b>					
Contributed Equity	15	36,333,141	36,385,772	36,333,141	36,385,772
Share Option Premium Reserve	16	3,241,607	3,192,481	3,241,607	3,192,481
Equity Revaluation Reserve		-	237,936	-	237,936
Accumulated profits/(losses)		(22,258,936)	(19,346,571)	(23,177,531)	(23,247,977)
<b>TOTAL EQUITY</b>		<b>17,315,812</b>	<b>20,469,618</b>	<b>16,397,217</b>	<b>16,568,212</b>

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008



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	Note	CONSOLIDATED		COMPANY	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		351,932	258,377	351,932	258,377
Payments to suppliers, subsidiaries and employees		(1,159,931)	(1,335,114)	(2,352,145)	(1,335,114)
Payment for exploration and evaluation	12	(2,176,638)	(3,483,854)	(984,424)	(3,483,854)
Interest received		951,249	478,569	951,249	478,569
Finance Costs		(33,803)	(401,958)	(33,803)	(401,958)
Net cash flows used in operating activities	20(ii)	(2,067,191)	(4,483,980)	(2,067,191)	(4,483,980)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant & equipment & scrap		10,576	-	10,576	-
Purchase of property, plant & equipment	11	(78,440)	(202,737)	(78,440)	(202,737)
Payment for the purchase of investments		(5,616,824)	-	(5,616,824)	-
Proceeds from the sale of investments		720,000	-	720,000	-
Payment for Performance Bonds		1,329	(1,396,201)	1,329	(1,396,201)
Net cash flows from/ (used in) investing activities		(4,963,359)	(1,598,938)	(4,963,359)	(1,598,938)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of ordinary shares		119,681	9,071,490	119,681	9,071,490
Transaction costs of issue of shares		-	-	-	-
Repayment of borrowings		-	-	-	-
Net cash flows from financing activities		119,681	9,071,490	119,681	9,071,490
Net increase/(decrease) in cash and cash equivalents		(6,910,869)	2,988,572	(6,910,869)	2,988,572
Cash and cash equivalents at the beginning of year		11,913,555	8,924,983	11,913,555	8,924,983
Cash and cash equivalents at end of year	20	5,002,686	11,913,555	5,002,686	11,913,555

# STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

Consolidated	Issued Capital	Share Option Premium Reserve	Equity Revaluation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
At 1 January 2008	36,385,772	3,192,481	237,936	(19,346,571)	20,469,618
Profit/(Loss) for the year	-	-	-	(2,912,365)	(2,912,365)
Share based payments	-	49,126	-	-	49,126
Exercise of share options	119,681	-	-	-	119,681
Cost of issue of share capital	(89,223)	-	-	-	(89,223)
Return of capital	(83,089)	-	(237,936)	-	(321,025)
At 31 December 2008	36,333,141	3,241,607	-	(22,258,936)	17,315,812
At 1 January 2007	57,328,816	3,115,335	-	(31,802,994)	28,641,157
Profit/(Loss) for the year	-	-	-	12,456,423	12,456,423
Share based payments	-	77,146	-	-	77,146
Exercise of share options	9,067,711	-	-	-	9,067,711
Cost of issue of share capital	240,541	-	-	-	240,541
Revaluation of Apex shares to fair value	-	-	32,417,936	-	32,417,936
Transfer to income statement in respect of in-specie distribution	-	-	(32,180,000)	-	(32,180,000)
Return of capital	(30,251,296)	-	-	-	(30,251,296)
At 31 December 2007	36,385,772	3,192,481	237,936	(19,346,571)	20,469,618

# STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008



Company	Issued Capital	Share Option Premium Reserve	Equity Revaluation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
At 1 January 2008	36,385,772	3,192,481	237,936	(23,247,977)	16,568,212
Profit/(Loss) for the year	-	-	-	70,446	70,446
Share based payments	-	49,126	-	-	49,126
Exercise of share options	119,681	-	-	-	119,681
Cost of issue of share capital	(89,223)	-	-	-	(89,223)
Return of capital	(83,089)	-	(237,936)	-	(321,025)
At 31 December 2008	36,333,141	3,241,607	-	(23,177,531)	16,397,217
At 1 January 2007	57,328,816	3,115,335	-	(32,257,909)	28,186,242
Profit/(Loss) for the year	-	-	-	9,009,932	9,009,932
Share based payments	-	77,146	-	-	77,146
Exercise of share options	9,067,711	-	-	-	9,067,711
Cost of issue of share capital	240,541	-	-	-	240,541
Revaluation of Apex shares to fair value	-	-	32,417,936	-	32,417,936
Transfer to income statement in respect of in-specie distribution	-	-	(32,180,000)	-	(32,180,000)
Return of capital	(30,251,296)	-	-	-	(30,251,296)
At 31 December 2007	36,385,772	3,192,481	237,936	(23,247,977)	16,568,212



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 1: CORPORATE INFORMATION

The financial report of Legend Mining Limited (the Company) for the year ended 31 December 2008 was authorised for issue in accordance with a resolution of the Directors on 30 March 2009.

Legend Mining Limited is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in note 3.

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for certain financial assets carried at fair value.

The financial report is presented in Australian dollars and all values are expressed as whole dollars.

### (b) Statement of compliance

The consolidated financial report of the group and the financial report of the company complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).



## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

### (b) Statement of compliance (contd)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 31 December 2008 are outlined in the table below:

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date for standard*	Application date for group
Revised	AASB 3: Business Combinations (2008)	Key changes include immediate expensing of transaction costs; measurement of contingent consideration at acquisition date.	1 July 2009	1 January 2010
Amended	AASB 127: Consolidated and Separate Financial Statements (2008)	No change to accounting policy required. Therefore no significant impact expected.	1 July 2009	1 January 2010
New Standard	AASB 8: Operating Segments	Introduces changes to disclosure of operating segments using the management approach to segment reporting.	1 July 2009	1 January 2010
Revised	AASB 101: Presentation of Financial Statements (2007)	No change to accounting policy required. However there will be a significant change in the presentation of the financial statements.	1 July 2009	1 January 2010
Revised	AASB 123: Borrowing Costs	No change to accounting policy required and the group has no borrowings.	1 July 2009	1 January 2010
2008-1	AASB 2: Share-based Payment.	No change to accounting policy required. Therefore no impact.	1 July 2009	1 January 2010
2008-5 & 2008-6	Various	No change to accounting policy required. Therefore no significant impact expected.	1 July 2009	1 January 2010
2008-7	Amendments to Accounting Standard – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	No change to accounting policy required. Therefore no significant impact expected	1 July 2009	1 January 2010

\* Application date is for the annual reporting periods beginning on or after the date shown in the above table.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

### (c) Summary of significant accounting policies

#### (i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Legend Mining Limited and its subsidiaries ('the Group').

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

In the company's financial statements, investments in subsidiaries are carried at cost.

#### (ii) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### *Share-based payment transactions*

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using a black-scholes formula taking into account the terms and conditions upon which the instruments were granted.

##### *Impairment of capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which the determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

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## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

### *Provision for Rehabilitation*

Rehabilitation costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated level of inflation.

The ultimate costs of rehabilitation is uncertain and cost can vary in response to many factors including changes to the relevant legal requirement, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

### **(iii) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the useful life of the asset from the time the asset is held ready for use.

Production assets are not depreciated during periods where mining activity is placed on a care and maintenance basis.

The depreciation rates used for each class are:

<b>Buildings</b>	10%
<b>Plant and equipment</b>	7.5% - 50%
<b>Leased plant and equipment</b>	22.5%

### *Impairment*

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### *Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

#### **(iv) Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

#### **(v) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### **(vi) Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

#### **(vii) Other Financial Assets**

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

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## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

### *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

### *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

### *Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

### **(viii) Inventories**

#### *Stores*

Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

### (ix) Deferred exploration costs

#### *Deferred exploration and evaluation costs*

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Mining information is stated at cost.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

#### *Impairment*

The carrying values of exploration and evaluation costs are reviewed for impairment when facts and circumstances indicate the carrying value may not be recoverable.

The recoverable amount of exploration and evaluation costs is the greater of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the fair value of money and the risks specific to the asset.

Accumulated costs in relation to an abandoned area are written off in full against the income statement in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Each area of interest is limited to the size related to known or probable mineral resources capable of supporting a mining operation.

### (x) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### *Rehabilitation provision*

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements.

Full provision is made, based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. These increases are accounted for on a net present value basis.

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## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Annual increases in the provision relating to the change in the net present value of the provision are accounted for in earnings.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology and other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

### (xi) Revenue

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

#### *Interest income*

Interest revenue is recognised as it accrues, using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Rental Income*

Rental income is accounted for on a straight line basis over the lease term.

All revenue is stated net of the amount of goods and services tax (GST).

### (xii) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax law used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

- Except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amounts of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

### (xiii) Other taxes

Revenue, expenses and assets are recognised net of the amount of GST except;

- where the amount of the GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to the ATO is included as a current asset or liability in the Balance Sheet.

Cashflows are included in the Cash Flow Statement on a gross basis. The GST components of cashflows arising from investing or financing activities which are recoverable from, or payable to the ATO are classed as operating cashflows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### (xiv) Recoverable amounts of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (xv) Trade and or other payables

Liabilities for trade creditors and other amounts are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of these goods and services. The amounts are unsecured and are usually paid within 30 days.

### (xvi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

### (xvii) Share based payment transactions

The Group provides benefits to employees (including directors) of the Group and to the providers of services to the Group in the form of share based payment transactions, whereby employees or service providers render services in exchange for shares or rights over shares ('equity-settled transactions').

There are currently three scenarios in place to provide these services:

- (a) 'Employees Share Option Plan', which provides benefits to eligible persons;
- (b) Capital raising costs, which provide payment to stockbrokers and finance institutions for capital raising services and commissions; and
- (c) Other grants of options to directors on an ad hoc basis.

The cost of the equity-settled transactions with stockbrokers and finance institutions is measured by reference to the fair value of the service received at the date they are granted

For transactions with employees (including directors), the cost of these equity-settled transactions is measured by reference to the fair value of the options provided. The fair value is determined by an external valuer using a Black-Scholes model.

The cost of these equity-settled transactions with employees is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award ('vesting date').

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

In valuing these equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Legend Mining Limited (market conditions) if applicable.

The cumulative expense recognised for these equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expenses recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

For transactions with other service providers, the cost of these equity-settled transactions is measured by reference to the value of the services provided. The cost of these equity-settled transactions is recognised, together with a corresponding increase in equity, at the time the services are provided unless they are transaction costs arising on the issue of ordinary shares, in which case the transaction costs are recognised directly in equity as a reduction of the proceeds received on the issue of shares.

#### (xviii) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs net of tax arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

#### (xix) Employee Benefits

Provision is made for employee benefits accumulated as a result of employee services up to the reporting date. These employee benefits include wages, salaries, annual leave and include related on-costs such as superannuation and payroll tax.

Provision for annual leave together with the associated employment on-costs are measured at the amounts expected to be paid when the liability is settled.

No provision is made for non-vesting sick leave, as the anticipated pattern of future sick leave taken indicates that accumulated non vesting sick leave will never be paid.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflow.

Contributions to employee superannuation funds of choice are expensed as incurred.

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## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

### (xx) Earnings per share

Basic earnings per share (EPS) is calculated as net loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net loss attributable to members, adjusted for:

- (i) Costs of servicing equity (other than dividends).
- (ii) The after tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and
- (iii) Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### (xxi) Financial risk management objectives and policies

The Group's principal financial instruments, comprise loans and borrowings, and cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arise from the Group's financial instruments are fair value interest rate risks, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed elsewhere in note 2 to the financial statements.

#### ***Fair value interest risk***

The Group's exposure to fair value interest risk is minimal.

#### ***Foreign currency risk***

The Group's exposure to foreign currency risk is minimal.

#### ***Commodity price risk***

The Group's exposure to price risk is minimal.

#### ***Credit risk***

The Group trades only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Since the Group only trades with recognised third parties, there is no requirement for collateral.

#### *Liquidity risk*

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a mixture of long and short term debt.

#### *Market risk*

Market risk is the risk that changes in market prices, such as equity prices and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters, while optimising the return.

To minimise the risk the Group's investments are of high quality and are publicly traded on the ASX. The investments are managed on a day to day basis so as to pick up any significant adjustments to market prices.

#### **(xxii) Interest in a jointly controlled operation**

The Group has three interests in joint ventures that are jointly controlled operations. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves the use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operations by recognising its interest in the assets and the liabilities of the joint ventures. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operations. For details of joint ventures please refer note 24.

### NOTE 3: NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group is:

- Exploration for gold and base metal (nickel-copper-zinc) deposits at Gum Creek, Mt Gibson and the Pilbara.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008



## NOTE 4: REVENUE AND EXPENSES

	Note	CONSOLIDATED		COMPANY	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>Revenues and expenses from continuing operations</b>					
<b>a) Rental Revenue</b>					
Rental revenue		222,380	18,800	-	18,800
<b>b) Finance Revenue</b>					
Bank interest received and receivable		899,916	551,257	899,916	551,257
<b>c) Other Income</b>					
Fair value gain on investments held for trading		2,451,424	-	2,451,424	-
Gain on disposal of property, plant & equipment		886	7,273	886	7,273
Field work completed by Legend Geologists		74,264	14,800	74,264	14,800
Payment for Aeromagnetic Data		-	5,000	-	5,000
Refunds from DOIR		78,512	14,222	78,512	14,222
Reimbursement of expenses		2,862	52,964	2,862	52,964
Vehicle Hire		5,269	-	5,269	-
		<b>2,613,217</b>	<b>94,259</b>	<b>2,613,217</b>	<b>94,259</b>
<b>d) Contribution from subsidiaries on transfer of current year tax losses</b>		-	-	282,078	-
<b>e) Transfer from Equity Revaluation Reserve on in-specie distribution</b>					
Transfer from Equity Revaluation Reserve on in-specie distribution from the sale of the Gidgee Gold Project to Apex Minerals NL		-	32,180,000	-	32,180,000
<b>f) Employee Benefits Expense</b>					
Salaries & oncosts		622,950	600,419	622,950	600,419
Share based payments		49,126	40,838	49,126	40,838
Other employee benefits		7,982	9,283	7,982	9,283
		<b>680,058</b>	<b>650,540</b>	<b>680,058</b>	<b>650,540</b>
<b>g) Deferred Exploration Expenditure written off</b>					
Write down of deferred exploration expenditure	12	6,750,384	5,421,686	2,402,972	5,421,686
<b>h) Other Expenses</b>					
Depreciation		152,664	185,799	91,503	124,637
Loss on sale of plant & equipment		509	-	509	-
Loss on sale of investments		4,248	-	4,248	-
		<b>157,421</b>	<b>185,799</b>	<b>96,260</b>	<b>124,637</b>
Inventory written off		-	159,353	-	159,353
<b>i) Investment and receivables in subsidiary companies written off</b>					
Intercompany receivables provided for		-	-	1,032,122	4,297,314
		-	-	<b>1,032,122</b>	<b>4,297,314</b>

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 4: REVENUE AND EXPENSES (CONTD)

	CONSOLIDATED		COMPANY	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>j) Corporate head office expenses</b>				
Fees – Audit/Tax	43,846	72,712	43,846	72,712
Fees – ASX	24,909	51,952	24,909	51,952
Fees – Share registry	31,632	80,813	31,632	80,813
Office rent	115,748	104,905	115,748	104,905
Legal expenses	19,508	78,627	19,508	78,627
Travel expenses	57,473	27,444	57,473	27,444
Other expenses	322,089	283,526	322,089	283,526
	615,205	699,979	615,205	699,979
<b>k) Finance costs</b>	45,943	284,556	45,943	284,556

## NOTE 5: PROFIT/(LOSS) PER SHARE

	2008	2007
	\$	\$
(a) Reconciliation of earnings to net profit/(loss):	(2,912,365)	12,456,423
Net Profit/(Loss)		
Profit/(loss) used in the calculation of basic earnings per share	(2,912,365)	12,456,423
(b) Weighted average number of shares on issue during the financial year used in the calculation of basic loss per share	1,215,016,493	968,997,475
Weighted average number of ordinary shares on issue used in the calculation of diluted loss per share	1,215,016,493	1,027,119,760

## NOTE 6: INCOME TAX

	CONSOLIDATED		COMPANY	
	2008	2007	2008	2007
	\$	\$	\$	\$
The major components of income tax expense are:				
<b>Income Statement</b>				
<i>Current income tax</i>				
Current income tax charge/(benefit)	-	376,597	-	429,785
Under/(Over) Provision of Prior Year	(376,597)	-	(429,785)	-
<i>Deferred income tax</i>				
Relating to origination and reversal of temporary difference	(1,026,983)	1,648,930	(520,457)	806,081
Under/(Over) Provision of Prior Year	(197,553)	-	(197,553)	-
Income tax expense reported in the income statement	(1,601,133)	2,025,527	(1,147,795)	1,235,866

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008



## NOTE 6: INCOME TAX (CONTD)

	CONSOLIDATED		COMPANY	
	2008	2007	2008	2007
	\$	\$	\$	\$
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit/(loss) before tax from ordinary activities	(4,513,498)	27,327,564	(1,077,349)	23,091,412
Accounting profit/(loss) before income tax	(4,513,498)	27,327,564	(1,077,349)	23,091,412
At the Group's statutory income tax rate of 30%	(1,354,049)	8,198,269	(323,205)	6,927,424
Expenditure not allowed for income tax purposes	39,693	169	39,693	169
Tax effect of writedown of intragroup loan	-	-	309,637	-
Non taxable income	-	-	(84,623)	-
Capital Gain on sale of assets	-	2,497,781	-	2,497,781
Recoupment of prior year tax losses not previously brought to account	-	(8,436,604)	-	(8,436,604)
Other	-	(234,088)	(372,735)	247,096
Under/(Over) Provision of Prior Year	(197,553)	-	(627,338)	-
Deductible equity raising costs	(89,224)	-	(89,224)	-
Income tax expense reported in the consolidated income statement	(1,601,133)	2,025,527	(1,147,795)	1,235,866
Income tax expensed directly to equity				
Relating to equity costs	89,224	-	89,224	-
Relating to equity settled transactions	-	-	-	-
Relating to equity securities available for sale	-	-	-	-
Deferred tax expense/(income) recognised in equity	89,224	-	89,224	-
<b>Current Income Tax</b>	-	376,597	-	429,785
<b>Deferred Income Tax</b>				
Deferred income tax at 31 December related to the following:				
<b>Consolidated</b>				
Deferred tax liabilities				
Capitalised exploration and evaluation expenditure	(824,006)	(2,289,315)	(521,405)	(1,040,154)
Investments	(729,085)	-	(729,085)	-
Accrued interest income	(6,406)	(21,806)	(6,406)	(21,806)
Gross deferred income tax liabilities	(1,559,498)	(2,311,121)	(1,256,896)	(1,061,960)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 6: INCOME TAX (CONTD)

	Consolidated		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Deferred tax assets				
Losses available to offset against future taxable income	560,610	-	560,610	-
Provision for rehabilitation	443,240	441,852	26,540	25,152
Other provisions	43,247	51,491	43,247	51,491
Impairment of property, plant & equipment	49,906	123,879	6,602	134,267
Share based costs on equity	151,357	240,541	151,357	240,541
Other	38,061	44,969	24,202	44,969
Gross deferred tax assets	1,286,421	902,732	812,559	496,420

### Tax Consolidation

Legend Mining Limited and its 100% owner Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2004. Legend Mining Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

### Tax effect accounting by member of the tax consolidated group

Tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences are recognised in the separate financial statements of the members of the tax consolidated group using the separate taxpayer within group method. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Members of the tax consolidated group have not entered into a tax funding agreement. As a result, the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, assumed by the Company, are recognised as a contribution from (or distribution to) equity participants.

## NOTE 7: SEGMENT INFORMATION

The Company operates in one business and geographical segment, being the mining and exploration for gold and base metals (nickel-copper-zinc) in Australia.

## NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Cash at bank and in hand	2,002,686	442,865	2,002,686	442,865
Deposits-at call	3,000,000	11,470,690	3,000,000	11,470,690
	5,002,686	11,913,555	5,002,686	11,913,555

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Deposits at call earn interest on a 30 day term basis at bank deposit rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008



## NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>Current</b>				
Trade Receivables (a)	31,355	-	31,355	-
Other Receivables (a)	197,115	98,137	197,115	98,137
Related party receivables (b)	-	-	6,338,491	4,625,191
Less: Provision for impairment (c)	-	-	(5,654,621)	(4,622,497)
	228,470	98,137	912,340	100,831

- (a) Terms and conditions relating to the above financial instruments
- Trade receivables are non-interest bearing and generally on 30 day terms.
  - Other receivables are non-interest bearing and have repayment terms of between 30 and 60 days.
- (b) For terms and conditions of related party receivables refer note 19.
- (c) The amount of the impairment has been measured as the difference between the net assets and liabilities of the controlled entity and the loans from the parent entity.

## NOTE 10: OTHER FINANCIAL ASSETS

	Note	Consolidated		Company	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>Current</b>					
Shares in Apex Minerals NL – at market value (a)		-	321,025	-	321,025
Shares in Independence Group – at market value (a)		7,344,000	-	7,344,000	-
		7,344,000	321,025	7,344,000	321,025
<b>Non-current</b>					
Performance and other bonds (a)		1,543,602	1,544,931	1,543,602	1,544,931
Shares in controlled entities - at (lower of cost and net realisable value)	22	-	-	2,800,934	2,800,934
		1,543,602	1,544,931	4,344,536	4,345,865

- (a) Terms and conditions relating to the above financial instruments
- Non-Current Rehabilitation/Performance bonds– bank deposits were held as security for rehabilitation and credit cards, as security for joint venture assets and security for Mt Gibson rehabilitation bonds. These deposits were held on 3 and 6 month term deposits at interest rates ranging from 3.3% to 8.2% per annum.
  - Shares in Independence Group – 3,400,000 Independence Group were on hand at 31 December 2008. The shares had a market value of \$2.16 each at 31 December 2008.
  - Shares in Apex Minerals NL – 256,820 Apex shares were on hand at 31 December 2007 from the in-specie distribution to shareholders. These shares were withheld to pay for the withholding tax due to the Australian Taxation Office on behalf of shareholders that didn't provide their tax file numbers before the in-specie distribution. The shares had a market value of \$1.25 each at 31 December 2007 and were subsequently sold at an average price of \$1.27 each during January 2008.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and equipment	Total
	\$	\$	\$
<b>Consolidated</b>			
At 1 January 2008			
net of accumulated depreciation	163,323	371,934	535,257
Additions	-	78,440	78,440
Disposals	-	(10,199)	(10,199)
Depreciation expense	(56,808)	(95,856)	(152,664)
At 31 December 2008	106,515	344,319	450,834
Net of accumulated depreciation			
At 1 January 2008			
Cost	284,040	1,110,537	1,394,577
Accumulated depreciation	(120,717)	(738,603)	(859,320)
Net carrying amount	163,323	371,934	535,257
At 31 December 2008			
Cost	284,040	706,276	990,316
Accumulated depreciation	(177,525)	(361,957)	(539,482)
Net carrying amount	106,515	344,319	450,834
<b>Company</b>			
At 1 January 2008			
net of accumulated depreciation			
Additions	-	288,868	288,868
Disposals	-	78,440	78,440
Depreciation expense	-	(10,199)	(10,199)
At 31 December 2008	-	(91,503)	(91,503)
net of accumulated depreciation	-	265,606	265,606
At 1 January 2008			
Cost	-	1,016,377	1,016,377
Accumulated depreciation	-	(727,509)	(727,509)
Net carrying amount	-	288,868	288,868
At 31 December 2008			
Cost	-	612,116	612,116
Accumulated depreciation	-	(346,510)	(346,510)
Net carrying amount	-	265,606	265,606

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008



## NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTD)

	Buildings	Plant and equipment	Total
	\$	\$	\$
<b>Consolidated</b>			
At 1 January 2007	321,921	1,463,930	1,785,851
net of accumulated depreciation			
Additions	-	202,737	202,737
Disposals	(84,620)	(1,182,912)	(1,267,532)
Depreciation expense	(73,978)	(111,821)	(185,799)
At 31 December 2007	163,323	371,934	535,257
Net of accumulated depreciation			
At 1 January 2007			
Cost	468,725	2,625,996	3,094,721
Accumulated depreciation	(146,804)	(1,162,066)	(1,308,870)
Net carrying amount	321,921	1,463,930	1,785,851
At 31 December 2007			
Cost	284,040	1,110,537	1,394,577
Accumulated depreciation	(120,717)	(738,603)	(859,320)
Net carrying amount	163,323	371,934	535,257
<b>Company</b>			
At 1 January 2007			
net of accumulated depreciation	101,790	1,376,510	1,478,300
Additions	-	202,737	202,737
Disposals	(84,620)	(1,182,912)	(1,267,532)
Depreciation expense	(17,170)	(107,467)	(124,637)
At 31 December 2007	-	288,868	288,868
net of accumulated depreciation			
At 1 January 2007			
Cost	184,685	2,531,836	2,716,521
Accumulated depreciation	(82,895)	(1,155,326)	(1,238,221)
Net carrying amount	101,790	1,376,510	1,478,300
At 31 December 2007			
Cost	-	1,016,377	1,016,377
Accumulated depreciation	-	(727,509)	(727,509)
Net carrying amount	-	288,868	288,868

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 12: DEFERRED EXPLORATION COSTS

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Deferred exploration and evaluation		3,057,304	7,631,050	2,048,631	3,467,179
Deferred mining information		1,672,503	1,672,503	-	-
		<b>4,729,807</b>	<b>9,303,553</b>	<b>2,048,631</b>	<b>3,467,179</b>
<b>(a) Deferred exploration and evaluation costs</b>					
At 1 January, at cost		7,631,050	19,473,189	3,467,179	15,788,645
Expenditure incurred during the year		2,176,638	3,483,854	984,424	3,003,986
Expenditure reassigned	12(i)	-	-	-	541
Expenditure written off during the year	12(ii)	(6,750,384)	(5,421,686)	(2,402,972)	(5,421,686)
Expenditure written off during the year via sale to Apex Minerals NL		-	(9,904,307)	-	(9,904,307)
At 31 December, at cost	12(iii)	<b>3,057,304</b>	<b>7,631,050</b>	<b>2,048,631</b>	<b>3,467,179</b>
<b>(b) Deferred Mining Information</b>					
At 1 January, at cost		1,672,503	1,672,503	-	-
At 31 December, at cost	12(iii)	<b>1,672,503</b>	<b>1,672,503</b>	<b>-</b>	<b>-</b>

### Note:

- (i) As part of the continuing tenement rationalisation, Legend Mining Limited lodged new tenement applications over areas covered by Gidgee Resources Limited tenement application. Expenditure allocated to these Gidgee Resources Limited tenements was reassigned to the new tenement applications.
- (ii) Carrying values for certain tenements were reviewed and subject to the following conditions being met;
  - (1) no substantive expenditure for further exploration in the specific areas has been budgeted for;
  - (2) exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources;
  - (3) it was decided to discontinue such activities in the specific areas;

it was decided to write off the carrying values (\$6,750,384) of the affected tenements.
- (iii) The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008



## NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Current – unsecured</b>				
Trade payables	24,941	192,447	24,939	192,447
Other payables & accruals	151,528	31,569	105,332	31,569
Related party payables	-	-	-	290,648
	176,469	224,016	130,271	514,664

Terms and conditions relating to the above financial instruments

- (i) Trade payables are non-interest bearing and normally settled on 30 day terms.
- (ii) Other payables are non-interest bearing and normally settled as they fall due.
- (iii) For terms and conditions relating to related party payables refer to note 19.

<b>Non Current – unsecured</b>				
Related party payables	-	-	2,800,932	2,510,284

## NOTE 14: PROVISIONS

	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Current</b>				
Employee benefits	42,327	104,592	42,327	104,592
<b>Non Current</b>				
Employee benefits	26,711	-	26,711	-
Number of employees at year end	7	12	7	12

At the May 2004 Annual General Meeting of the Company shareholders approved a resolution to implement an employee share option plan allowing Legend to issue options to eligible employees in order to provide them with an incentive to provide growth and value to all shareholders.

For details of options issued, converted or expired refer note 18.

	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Non Current</b>				
Provision for restoration – Pilbara	88,468	83,840	88,468	83,840
Provision for restoration – Mt Gibson	1,389,000	1,389,000	-	-
	1,477,468	1,472,840	88,468	83,840
<b>Movement in provision for restoration:</b>				
Carrying amount at beginning of the year	1,472,840	3,224,336	83,840	2,136,336
Additional provision	4,628	305,504	4,628	4,504
Amount utilised during the year				
Amounts transferred to Apex Minerals on sale of tenements	-	(2,057,000)	-	(2,057,000)
Carrying amount at year end	1,477,468	1,472,840	88,468	83,840

A provision for restoration is recognised in relation to the mining and exploration activities for costs such as reclamation, waste site closure, plant closure and other costs associated with restoration. No provisions were used or released during the year.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 15: CONTRIBUTED EQUITY

	Consolidated and Company	
	Dec-08	Dec-07
	\$	\$
<b>Ordinary shares</b>		
Issued and fully paid	37,961,550	68,176,255
Issue costs	(1,628,409)	(1,539,186)
Return of capital	-	(30,251,297)
	<b>36,333,141</b>	<b>36,385,772</b>
<b>Movement in ordinary shares on issue 2008</b>	No	\$
At 1 January 2008	1,159,878,280	37,924,958
2-Jan-08 Issued for cash on exercise of share options	1,511,666	3,779
5-Feb-08 Issued for cash on exercise of share options	760,804	1,902
19-Feb-08 Issued for cash on exercise of share options	12,924,000	32,310
16-Apr-08 Issued for cash on exercise of share options	1,343,554	3,359
15-May-08 Issued for cash on exercise of share options	303,333	758
17-Jun-08 Issued for cash on exercise of share options	3,324,909	8,312
1-Jul-08 Issued for cash on exercise of share options	2,560,000	6,400
11-Aug-08 Issued for cash on exercise of share options	26,744,255	66,861
Reimbursements for options not converted		(4,000)
Total prior to return of capital	1,209,350,801	38,044,639
Return of capital	-	(83,089)
	<b>1,209,350,801</b>	<b>37,961,550</b>
<b>Movement in ordinary shares on issue 2007</b>	No	\$
At 1 January 2007	924,082,247	59,108,544
16-Mar-07 Issued for cash on exercise of share options	172,000	6,880
28-May-07 Issued for cash & option premium on exercise of share options	260,111	10,404
27-Jul-07 Issued for cash on exercise of share options	192,324	7,693
30-Aug-07 Issued for cash on exercise of share options	859,112	34,364
17-Sep-07 Issued for cash on exercise of share options	3,718,572	148,743
21-Sep-07 Issued for cash & option premium on exercise of share options	5,587,333	223,493
2-Oct-07 Issued for cash on exercise of share options	6,164,667	246,587
5-Oct-07 Issued for cash on exercise of share options	3,618,333	144,733
15-Oct-07 Issued for cash on exercise of share options	4,800,332	192,013
18-Oct-07 Issued for cash & option premium on exercise of share options	37,230,153	1,489,206
24-Oct-07 Issued for cash & option premium on exercise of share options	121,056,667	4,842,267
26-Oct-07 Issued for cash on exercise of share options	8,068,966	322,759
5-Nov-07 Issued for cash on exercise of share options	34,323,954	1,372,958
1-Dec-07 Issued for cash on exercise of share options	33,400	1,336
4-Dec-07 Issued for cash on exercise of share options	9,710,109	24,275
Total prior to return of capital	1,159,878,280	68,176,255
Return of capital	-	(30,251,297)
	<b>1,159,878,280</b>	<b>37,924,958</b>

**NOTE 15: CONTRIBUTED EQUITY (CONTD)**

Effective 1 July 1998, the Corporations' legislation in place abolished the concept of authorised share capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

**NOTE 16: SHARE OPTION PREMIUM RESERVE**

	Dec-08	Dec-07
	\$	\$
<i>Share option premium reserve</i>	3,241,607	3,192,481

<i>Movement in share option premium reserve in 2008</i>	No	\$
At 1 January 2008	11,700,000	3,192,481
7-Feb-08 Options Lapsed	(2,000,000)	
22-May-08 Vesting of options issued to employees	-	49,126
28-Jul-08 Options Lapsed	(750,000)	
31-July-08 Options Lapsed	(500,000)	
11-Aug-08 Exercise of options	(4,250,000)	-
23-Nov-08 Options Lapsed	(300,000)	
	3,900,000	3,241,607

This reserve relates to :

- the fair value of the premium received by the Group on the issue of unlisted options
- the identified fair value of \$0.02 on the issue of 132,500,000 unlisted options
- the identified fair value of \$0.011 on the issue of 1,700,000 unlisted options
- the identified fair value of \$0.037 on the issue of 3,450,000 unlisted employee options

	Dec-08	Dec-07
	No	\$
<i>Movement in share option premium reserve in 2007</i>		
At 1 January 2007	152,700,000	3,115,335
20-Apr-07 Options lapsed	(15,000,000)	-
22-May-07 Issue of options to employees	3,450,000	77,146
28-May-07 Exercise of options	(200,000)	-
21-Sep-07 Exercise of options	(5,000,000)	-
18-Oct-07 Exercise of options	(3,250,000)	-
24-Oct-07 Exercise of options	(121,000,000)	-
	11,700,000	3,192,481

This reserve relates to :

- the fair value of the premium received by the Group on the issue of unlisted options
- the identified fair value of \$0.02 on the issue of 132,500,000 unlisted options
- the identified fair value of \$0.011 on the issue of 1,700,000 unlisted options
- the vesting portion of the identified fair value of \$0.037 on the issue of 3,450,000 unlisted options

Details of share options issued, vested or expired is available in note 18.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 17: SHARE OPTIONS

	Number	Exercise price cents per share
<b>(i) Listed options – Expiry date 31 July 2008</b>		
At 1 January 2008	46,422,285	0.25cents <sup>1</sup>
Options issued	-	
Options exercised	(45,222,521)	
Options expired/lapsed	(1,199,764)	
At 31 December 2008	-	0.25cents
<b>(ii) Unlisted options – Expiry date 7 February 2008</b>		
At 1 January 2008	2,000,000	6.25cents <sup>2</sup>
Options issued	-	
Options exercised	-	
Options expired/lapsed	(2,000,000)	
At 31 December 2008	-	6.25cents
<b>Unlisted options – Expiry date 30 July 2009</b>		
At 1 January 2008	1,500,000	26.25cents <sup>3</sup>
Options issued	-	
Options exercised	-	
Options expired/lapsed	-	
At 31 December 2008	1,500,000	26.25cents
<b>Unlisted options – Expiry date 31 July 2008</b>		
At 1 January 2008	4,750,000	0.25cents <sup>4</sup>
Options issued	-	
Options exercised	(4,250,000)	
Options expired/lapsed	(500,000)	
At 31 December 2008	-	0.25cents
<b>Unlisted options – Expiry date 22 May 2010</b>		
At 1 January 2008	3,450,000	
Options issued	-	4.25cents <sup>5</sup>
Options exercised	-	
Options expired/lapsed	(1,050,000)	4.25cents
At 31 December 2008	2,400,000	4.25cents

<sup>1</sup> Reduced from 4 cents per option to 0.25 cents following the return of capital

<sup>2</sup> Reduced from 10 cents per option to 6.25 cents following the return of capital

<sup>3</sup> Reduced from 30 cents per option to 26.25 cents following the return of capital

<sup>4</sup> Reduced from 4 cents per option to 0.25 cents following the return of capital

<sup>5</sup> Reduced from 8 cents per option to 4.25 cents following the return of capital



**NOTE 18: SHARE-BASED PAYMENT PLANS**

**(a) Recognised share-based payment expenses**

The expense recognised for services received during the year is shown in the table below:

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Expense arising from Employee Share Option Plan	49,126	77,146	49,126	77,146

**(b) Types of share-based payment plans**

**Employee Share Option Plan, 'ESOP'**

Share options are granted to Eligible Persons with more than 6 months' service. Eligible Persons are determined by the Board after taking into account the following considerations:

- (i) the seniority of the Eligible Person and the position the Eligible Person occupies within the Group;
- (ii) the length of service of the Eligible Person with the Group;
- (iii) the record of employment of the Eligible Person with the Group;
- (iv) the contractual history of the Eligible Person with the Group;
- (v) the potential contribution of the Eligible Person to the growth of the Group;
- (vi) the extent (if any) of the existing participation of the Eligible Person in the Plan; and
- (vii) any other matters which the Board considers relevant.

The ESOP is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. Under the ESOP, the exercise price of the options is set "at least 80% of the average closing sale price of the Shares on ASX over the five trading days immediately preceding the day of issue of Options by the Board" as per the terms stated in the ESOP.

Options may be exercised at any time during the period commencing 12 months after the Issue Date and ending on the Expiry.

When an Eligible Person ceases employment prior to the first anniversary of the Issue Date otherwise than to take up employment with an Associate Company, or ceases to be an Eligible Person on account of Retirement, Permanent Disability, Redundancy or death, the share options automatically lapse and are forfeited.

When an Eligible Person ceases employment after the first anniversary of the Issue Date and prior to the Expiry Date otherwise than to take up employment with an Associate Company, or ceases to be an Eligible Person on account of Retirement, Permanent Disability, Redundancy or death, the share options automatically lapse and are forfeited if the Eligible Person fails to exercise any or all of the options within a period of three months from the date of cessation of employment.

**Expense Share Option Plan, 'ExSOP'**

No options were issued under the "Expense Share Option Plan, ExSOP"

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 18: SHARE-BASED PAYMENT PLANS (CONTD)

### (c) Summaries of options granted

**ESOP:** The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2008	2008	2007	2007
	No.	WAEP	No.	WAEP
		(\$)		(\$)
Outstanding balance at the beginning of the year	3,950,000	0.037	1,700,000	0.04
Granted during the year	-	-	3,450,000	0.08
Expired/lapsed during the year	(1,550,000)	0.030	-	-
Exercised during the year	-	-	(1,200,000)	0.04
Outstanding at the end of the year	2,400,000	0.0425	3,950,000	0.037
Exercisable at the end of the year	2,400,000	0.0425	500,000	0.0025

The outstanding balance as at 31 December 2008 is represented by:

- (i) 2,400,000 options over ordinary shares with an exercise price of \$0.0425 each, exercisable from 22 May 2008 to 22 May 2010.

### ExSOP:

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2008	2008	2007	2007
	No.	WAEP	No.	WAEP
		(\$)		(\$)
Outstanding balance at the beginning of the year	4,250,000	0.0025	132,500,000	0.04
Granted during the year	-	-	-	-
Exercised during the year	(4,250,000)	0.0025	(128,250,000)	0.04
Outstanding at the end of the year	-	-	4,250,000	0.0025
Exercisable at the end of the year	-	-	4,250,000	0.0025

### (d) Option pricing model

#### ESOP and ExSOP

The fair value of the share options granted under the ESOP and ExSOP are measured at the reporting date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

No options were granted in 2008.



## NOTE 19: RELATED PARTIES

**(i) Wholly-owned group transactions**

Loans made by Legend Mining Limited to wholly-owned subsidiaries are repayable on demand and are not interest bearing.

**(ii) Other related party transactions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

*Allowance for impairment loss on trade receivables*

For the year ended 31 December 2008, the Group made an allowance for impairment loss relating to amounts owed by related parties of \$1,032,122 (2007: \$4,297,314). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

**(iii) Ultimate parent**

Legend Mining Limited is the ultimate parent company.

**(iv) Loans to related parties**

Legend Mining Limited advanced/ (received) the following loans to/(from) its subsidiary companies during 2008

Gibson Metals Pty Ltd	\$	511,039
Armada Mining Limited	\$	681,175
Gidgee Resources Limited	\$	-

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 20: CASH FLOW INFORMATION

### (i) Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Note	Consolidated		Company	
		2008 \$	2007 \$	2008 \$	2007 \$
Cash on hand		300	300	300	300
Cash at bank		2,002,386	442,565	2,002,386	442,565
Deposits at call		3,000,000	11,470,690	3,000,000	11,470,690
	8	5,002,686	11,913,555	5,002,686	11,913,555

### (ii) Reconciliation of net profit/(loss) after income tax to net cash used in operating activities

Net Profit/(Loss)	(2,912,365)	25,302,037	70,446	21,855,546
Adjusted for:				
(Gain)/Loss on disposal of property, plant & equipment	(377)	(1,725,808)	(377)	(1,725,808)
Contribution from subsidiaries on transfer of current year tax losses	-	-	(282,078)	-
Depreciation	152,664	185,799	91,503	124,637
Inventory written off	-	(159,353)	-	(159,353)
Loss on sale of investments	4,248		4,248	
Fair value gain on investments	(2,451,424)	-	(2,451,424)	-
Deferred exploration expenditure written off	6,750,384	5,421,686	2,402,972	5,421,686
Income tax expense/(benefit)	(1,601,133)	2,025,527	(1,147,795)	1,235,866
Investments and receivables in subsidiary companies written down	-	-	1,032,122	4,297,314
Share options expensed	49,126	77,146	49,126	77,146
Transfer from equity revaluation reserve	-	(32,180,000)	-	(32,180,000)
	(8,877)	(1,052,966)	(231,257)	(1,052,966)
<i>Change in assets and liabilities:</i>				
(Increase)/ decrease in prepayments	327,130	(321,464)	327,130	(321,464)
(Increase)/ decrease in receivables	(130,333)	135,629	(811,510)	135,629
Decrease / (Increase) in inventory	-	145,318	-	145,318
Exploration and Evaluation Expenditure	(2,176,638)	(3,483,854)	(984,424)	(3,202,854)
(Decrease)/Increase in provision for annual leave	(62,265)	15,457	(62,265)	15,457
(Decrease)/Increase in provision for long service leave	26,711	-	26,711	-
(Decrease)/ Increase in payables in operating activities	(47,547)	(227,604)	(336,204)	(207,604)
(Decrease)/ Increase in Rehabilitation provision	4,628	305,504	4,628	4,504
Net Cash (Used)/ provided in operating activities	(2,067,191)	(4,483,980)	(2,067,191)	(4,483,980)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008



## NOTE 20: CASH FLOW INFORMATION (CONTD)

### Non cash financing and investment activities

During the financial year, there were no non cash financing and investment activities were transacted.

## NOTE 21: COMMITMENTS

### Exploration expenditure commitments.

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay in 2009 amounts of approximately \$1,601,290 (2007: \$1,373,980) in respect of tenement lease rentals and to meet minimum expenditure requirements of the Department of Industry & Resources. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

**Note:** This is the maximum commitment to exploration, to fully meet DOIR requirements. In practice, Legend has routinely applied for and been granted exemptions from meeting these requirements on a tenement by tenement basis. As a result the actual amount required to be expended on exploration is expected to be less than \$1.6 million, while still holding all the tenements in good standing.

## NOTE 22: INVESTMENTS IN CONTROLLED ENTITIES

Name	Class of Share	Interest Held 2008	Interest Held 2007
Gibson Metals Pty Ltd (formerly Arbotech Pty Ltd)	Ordinary	100%	100%
Armada Mining Ltd	Ordinary	100%	100%
Gidjee Resources Ltd	Ordinary	100%	100%

The parent company and all the controlled entities are Australian registered entities.

## NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE

### (a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated 2009	Weighted Average Interest Rate	Floating Interest \$	Fixed Interest \$	Non-Interest Bearing \$	Total \$
Financial assets:					
Cash and cash equivalents	4.87%	2,002,686	3,000,000	-	5,002,686
Other financial assets	6.13%	-	1,527,468	16,134	1,543,602
Other financial assets – Independence Group shares		-	-	7,344,000	7,344,000
Trade & other receivables		-	-	228,470	228,470
		2,002,686	4,527,468	7,588,604	14,118,758
Financial liabilities					
Trade & other payables		-	-	176,469	176,469
		-	-	176,469	176,469

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (CONTD)

Company 2008	Weighted Average Interest Rate	Floating Interest \$	Fixed Interest \$	Non-Interest Bearing \$	Total \$
Financial assets:					
Cash and cash equivalents	4.87%	2,002,686	3,000,000	-	5,002,686
Other financial assets	6.13%	-	1,527,468	16,134	1,543,602
Other financial assets – Independence Group shares		-	-	7,344,000	7,344,000
Related party receivables		-	-	683,870	683,870
Trade & other receivables		-	-	228,470	228,470
		2,002,686	4,777,468	8,272,474	14,802,628
Financial liabilities					
Trade & other payables		-	-	130,271	130,271
Related party payables		-	-	2,800,932	2,800,932
		-	-	2,931,203	2,931,203
Consolidated 2007	Weighted Average Interest Rate	Floating Interest \$	Fixed Interest \$	Non-Interest Bearing \$	Total \$
Financial assets:					
Cash and cash equivalents	7.17%	442,865	11,470,690	-	11,913,555
Other financial assets	5.30%	-	1,528,797	16,134	1,544,931
Other financial assets – Apex Minerals Ltd shares		-	-	321,025	321,025
Trade & other receivables		-	-	98,137	98,137
		442,865	12,999,487	435,296	13,877,648
Financial liabilities					
Trade & other payables		-	-	224,016	224,016
		-	-	224,016	224,016
Company 2007	Weighted Average Interest Rate	Floating Interest \$	Fixed Interest \$	Non-Interest Bearing \$	Total \$
Financial assets:					
Cash and cash equivalents	7.17%	442,865	11,470,690	-	11,913,555
Other financial assets	5.30%	-	1,528,797	16,134	1,544,931
Other financial assets – Apex Minerals Ltd shares		-	-	321,025	321,025
Related party receivables		-	-	2,694	2,694
Trade & other receivables		-	-	98,137	98,137
		442,865	12,999,487	437,990	13,880,342
Financial liabilities					
Trade & other payables		-	-	224,016	224,016
Related party payables		-	-	2,800,932	2,800,932
		-	-	3,024,948	3,024,948

The maturity date for all financial instruments included in the above tables is 1 year or less from balance date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008



## NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (CONTD)

### (b) Credit Risk

The Group trades only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

There are no significant concentrations of credit risk within the Group.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount	
		2008 \$	2007 \$
Available-for-sale financial assets	10	-	321,025
Held for trading financial assets	10	7,344,000	-
Cash and cash equivalents	8	5,002,686	11,913,555
		12,346,686	12,234,580

The Company's maximum exposure to credit risk at the reporting date was \$7,340,000 (2007: \$321,025) for available-for-sale and held for trading financial assets and \$5,002,686 (2007: \$11,913,555) for cash and cash equivalents, totalling \$12,346,686 (2007: \$12,234,580).

### (c) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

#### Consolidated

31 December 2008	Carrying Amount	Contractual cash flows	6 mths or less
<b>Non-derivative financial liabilities</b>			
Trade and other payables	176,469	(176,469)	(176,469)

31 December 2007	Carrying Amount	Contractual cash flows	6 mths or less
<b>Non-derivative financial liabilities</b>			
Trade and other payables	224,016	(224,016)	(224,016)

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

## NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (CONTD)

### (d) Net Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	31 December 2008		31 December 2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Available-for-sale financial assets	-	-	321,025	321,025
Held for trading financial assets	7,344,000	7,344,000	-	-
Cash and cash equivalents	5,002,686	5,002,686	11,913,555	11,913,555
Performance and other bonds	1,543,602	1,543,602	1,544,931	1,544,931
Trade and other payables	(176,469)	(176,469)	(224,016)	(224,016)
	13,713,819	13,713,819	13,555,495	13,555,495

Company	31 December 2008		31 December 2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Available-for-sale financial assets	-	-	321,025	321,025
Held for trading financial assets	7,344,000	7,344,000	-	-
Cash and cash equivalents	5,002,686	5,002,686	11,913,555	11,913,555
Performance and other bonds	1,543,602	1,543,602	1,544,931	1,544,931
Trade and other payables	(130,271)	(130,271)	(224,016)	(224,016)
Related party payables	(2,800,932)	(2,800,932)	(2,800,932)	(2,800,932)
	10,959,085	10,959,085	10,754,563	10,754,563

## NOTE 24: INTEREST IN JOINT VENTURE ASSETS

Legend Mining Limited has an interest in the following joint venture assets.

Joint Venture	Project	Activity	2008 Interest	2007 Interest
Munni Munni Joint Venture	Elizabeth Hill	Silver Exploration	30.12%	30.12%
West Bungara Joint Venture	Gum Creek	Nickel, Copper & Zinc Exploration	70%	70%
Oxiana Joint Venture	Mt Gibson	Gold, Zinc & Copper Exploration	-	100%
Mount Marie Joint Venture	Pilbara	Nickel, Copper & Zinc Exploration	-	-

**Note:** The Oxiana Joint Venture was concluded on the 17 November 2008.

Net assets employed in the joint ventures totalling \$566,264 (2007: \$4,676,864) are included as deferred exploration expenditure carried forward in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008



## NOTE 25: AUDITOR'S REMUNERATION

	Consolidated		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Remuneration of the auditor of the parent entity Stantons International for				
- auditing or reviewing the financial report	43,856	33,282	43,856	33,282
- consulting fees corporate advice	-	6,000	-	6,000

## NOTE 26: CONTINGENT LIABILITIES

There are no contingent liabilities at the date of this report.

No matter or circumstance has arisen since the end of the year to the date of this report which has significantly effected, or may significantly effect, the operations of the consolidated entity the results of those operations or the state of affairs of the consolidated entity.

The consolidated entity's activities in Australia are subject to the Native Titles Act and the Department of Environment. Uncertainty associated with Native Title issues may impact on the Company's future plans.

There are no unresolved Native Title issues and the consolidated entity is not aware of any other matters that may impact upon its access to the land that comprises its project areas.

## NOTE 27: EVENTS AFTER THE BALANCE SHEET DATE

As at the date of the report there are no subsequent significant events after the balance date.

## NOTE 28: DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed this financial year.

There are no franking credits available for future reporting periods.

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## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Legend Mining Limited, I state that:

In the opinion of the Directors:

- a) the financial statements, notes and the remuneration disclosures that are contained in the Remuneration report in the Directors report (pages 24 – 31), of the consolidated entity, are in accordance with the Corporations Act 2001, including;
- i. Giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2008 and their performance for the year ended on that date; and
  - ii. Complying with Australian Accounting Standards' and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2008.

On behalf of the Board.



---

M. Wilson  
Managing Director

Dated this 30th day of March 2009



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## Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET  
WEST PERTH WA 6005, AUSTRALIA  
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204  
www.stantons.com.au

30 March 2009

Board of Directors  
Legend Mining Limited  
Level 2, 640 Murray Street  
WEST PERTH WA 6005

Dear Directors

**RE: LEGEND MINING LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Legend Mining Limited.

As the Audit Director for the audit of the financial statements of Legend Mining Limited for the year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely  
**STANTONS INTERNATIONAL**  
(Authorised Audit Company)

**J P Van Dieren**  
Director

## Stantons International

ABN 41 103 088 697

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WEST PERTH WA 6005, AUSTRALIA  
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204  
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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGEND MINING LIMITED

#### Report on the Financial Report and the AASB 124 remuneration disclosures contained in the Directors' Report

We have audited the accompanying financial report of Legend Mining Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the Directors' Report under the heading "Remuneration Report" on pages 25 to 32.

#### *Directors' responsibility for the Financial Report and the AASB 124 remuneration disclosures contained in the Directors' Report*

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Group and the company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are also responsible for the remuneration disclosures contained in the Directors' Report.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the Directors' Report based on our audit.

Member of Russell Bedford International



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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the Directors' Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the Directors' Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the Directors' Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' Report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, has been provided to the directors of Legend Mining Limited on 30 March 2009.

*Auditor's opinion on the financial report*

In our opinion:

- (a) the financial report of Legend Mining Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 1(b).

*Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report*

In our opinion the remuneration disclosures that are contained in pages 25 to 32 of the Directors' Report comply with section 300 A of the *Corporations Act 2001*.

**STANTONS INTERNATIONAL**  
**(An Authorised Audit Company)**

**J P Van Dieren**  
Director

West Perth, Western Australia  
30 March 2009

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## SHAREHOLDER INFORMATION

The issued capital of the company as at 31 December 2008 is 1,209,350,801 ordinary fully paid shares.

### Distribution of Share Holders as at 23 March 2009

Fully Paid Shares	Number
1 - 1,000	43
1,001 - 5,000	141
5,001 - 10,000	352
10,001 - 100,000	1,763
100,001 and over	963
	<u>3,262</u>

Number holding less than a marketable parcel 1,456

### Substantial Shareholder at 23 March 2009

Australian Gold Resources Pty Ltd 509,735,000

### Top 20 Shareholders as at 23 March 2009

Name	Total Holdings	% Issued Capital
Yandal Investments Pty Ltd	344,750,000	28.51
Australian Gold Resources Pty Ltd	149,985,000	12.40
Ron Medich Properties Pty Ltd	40,500,000	3.35
Karari Australia Pty Ltd	31,000,000	2.56
Chester Nominees WA Pty Ltd	26,100,000	2.16
Rigi Investments Pty Ltd	15,840,015	1.31
VE & DM Ryan	15,000,000	1.24
National Nominees Limited	10,016,666	0.83
Mr Philip Trafford	10,000,000	0.83
ANZ Nominees Limited	9,275,172	0.77
Citycorp Nominees Pty Ltd	8,885,388	0.74
Palazzo Nominees Pty Ltd	8,000,000	0.66
Mr Paul Townsend	5,389,135	0.45
Mr Brendan Hopkins	4,880,000	0.40
Cleancare Nominees Pty Ltd	4,354,395	0.36
Yarandi Investments Pty Ltd	4,262,064	0.35
Bertney Pty Ltd	4,150,000	0.34
Mr Andrew Vukosav	4,084,172	0.34
Arinya Investments Pty Ltd	3,764,347	0.31
Canaya Pty Ltd	3,400,000	0.28
	<u>703,636,354</u>	<u>58.18</u>

### Unlisted Option holders as at 23 March 2009

Class of options	Number	Number of Holders
20 May 2010 exercisable at 4.25 cents per share	2,400,000	5
30 July 2009 exercisable at 26.25 cents per share	1,500,000	3

Each option holder holds more than 100,000 unlisted options each.



## GUM CREEK PROJECT

Tenement	Status	Percentage Interest
E57/632	Granted	100%
E57/634	Granted	100%
E57/674	Granted	100%
E57/706	Granted	100%
E57/709	Granted	100%
P57/1126	Granted	100%
P57/1127	Granted	100%
P57/1068	Granted	100%
P57/1069	Granted	100%
P57/1070	Granted	100%
P57/1056	Pending	100%
P57/1058	Pending	100%
P57/1244	Pending	100%

## Mt GIBSON PROJECT

Tenement	Status	Percentage Interest
E59/1041	Granted	100%
G59/11	Granted	100%
G59/12	Granted	100%
G59/13	Granted	100%
G59/14	Granted	100%
G59/15	Granted	100%
G59/16	Granted	100%
G59/17	Granted	100%
G59/18	Granted	100%
L59/12	Granted	100%
L59/13	Granted	100%
L59/14	Granted	100%
L59/16	Granted	100%
L59/21	Granted	100%
L59/45	Granted	100%
L59/46	Granted	100%
L59/53	Granted	100%
M59/11	Granted	100%
M59/13	Granted	100%
M59/14	Granted	100%
M59/15	Granted	100%
M59/16	Granted	100%
M59/17	Granted	100%
M59/166	Granted	100%
M59/217	Granted	100%
M59/304	Granted	100%
M59/305	Granted	100%
M59/308	Granted	100%
M59/309	Granted	100%
M59/328	Granted	100%
M59/402	Granted	100%
M59/403	Granted	100%
M59/404	Granted	100%



## TENEMENT LISTING

### PILBARA PROJECT

Tenement	Status	Percentage Interest
E47/587	Granted	30.12%
E47/1178	Granted	100%
E47/1745	Granted	100%
E47/1746	Granted	100%
E47/1797	Granted	100%
E47/1806	Granted	Earning 70% from Fox Radio Hill PL
E47/1807	Granted	Earning 70% from Fox Radio Hill PL
M47/340	Granted	30.12%
M47/341	Granted	30.12%
M47/342	Granted	30.12%
M47/343	Granted	30.12%
P47/1135	Granted	100%
P47/1136	Granted	100%
P47/1360	Granted	100%
P47/1361	Granted	100%
P47/1362	Granted	100%
P47/1363	Granted	100%
P47/1364	Granted	100%
P47/1365	Granted	100%
P47/1366	Granted	100%
P47/1367	Granted	100%
P47/1368	Granted	100%
P47/1369	Granted	100%
P47/1370	Granted	100%
P47/1371	Granted	100%
P47/1372	Granted	100%
P47/1373	Granted	100%
P47/1374	Granted	100%
P47/1375	Granted	100%
P47/1380	Granted	100%
P47/1386	Granted	100%
E47/1747	Pending	100%
E47/1878	Pending	Earning 70% from Fox Radio Hill PL
M47/414	Pending	30.12%
M47/415	Pending	30.12%
P47/1112	Pending	100%
P47/1124	Pending	100%
P47/1126	Pending	100%
P47/1127	Pending	100%
P47/1131	Pending	100%
P47/1134	Pending	100%

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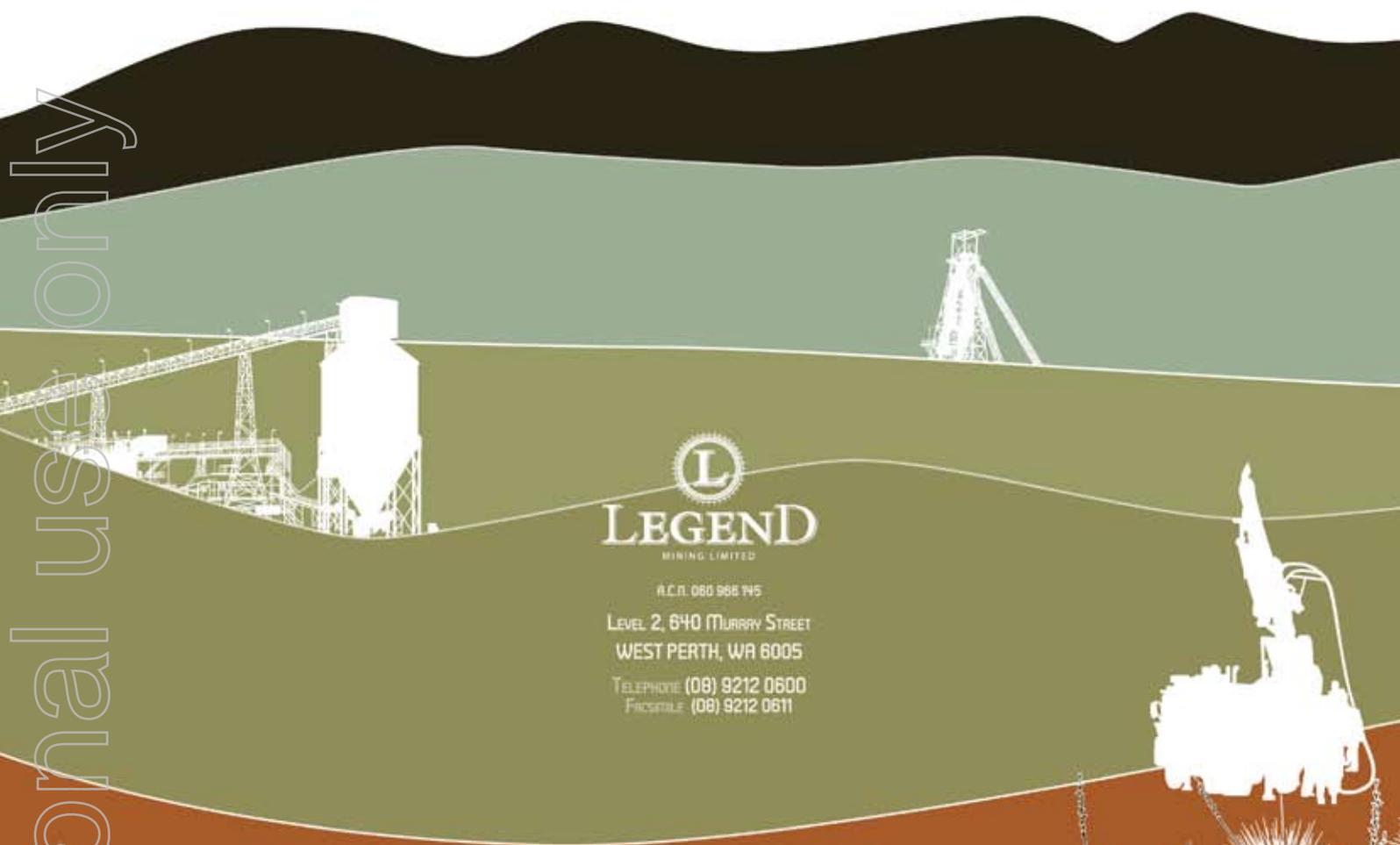
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MINING LIMITED

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