



Annual Report 2009

Company Directory	1
Chairman's Report	2
Directors' Review of Activities	3
Corporate Governance Statement	15
Directors' Report	20
Statement of Comprehensive Income	32
Statement of Financial Position	33
Statement of Cashflows	34
Statement of Changes in Equity	35
Notes to the Financial Statements	37
Directors' Declaration	73
Declaration of Auditor's Independence	74
Independent Auditor's Report	75
Shareholder Information	77
Tenement Listing	78

COMPANY DIRECTORY

DIRECTORS

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

SECRETARIES

Tony Walsh
Brett White

REGISTERED OFFICE

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West Perth WA 6005
Telephone: (08) 9212 0600
Facsimile: (08) 9212 0611

BANKERS

National Australia Bank
1232 Hay Street
West Perth, WA 6005

AUDITORS

Stantons International
Level 1 / 1 Havelock Street
West Perth WA 6005

HOME EXCHANGE

Australian Securities Exchange
2 The Esplanade
Perth WA 6000

SHARE REGISTRY

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009
Telephone: (08) 9389 8033
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ASX CODE

LEG – ordinary shares

C H A I R M A N ' S R E P O R T

Dear Shareholder,

Legend has continued to manage its treasury successfully, and throughout 2009 increased its cash and liquid assets from approximately \$12.3 million to \$14 million, after having funded all its operations during the year.

This enhanced financial position placed Legend in an excellent position to consider numerous opportunities during the year, culminating in the execution of a Heads of Agreement to acquire the Cameroon Project on 4 September 2009, which shareholders ratified at a General Meeting held on 4 December 2009.

Subsequent to the end of the financial year, Legend has carried out a detailed aeromagnetic and radiometric survey on the 3,580 km² priority area of the tenements, the results of which were released on 5 February 2010. On the strength of the raw data received from this survey and its own ground work, Legend decided to immediately proceed to exercise its option to acquire the 90% interest in the Cameroon Project on 4 February 2010.

Legend considers that its Cameroon Project has the potential to be a major itabirite-magnetite project, with some direct shipping ore potential. Importantly the northern Eseka area of Legend's Project area has rail and road infrastructure running through it, connecting it to the deep-water port city of Douala (the largest port in Cameroon). These infrastructure considerations combined with the apparent scale of the itabirite prospectivity gives the Directors of Legend considerable confidence that its Cameroon Project has the potential to be a significant Company making project.

Once again I would like to offer my sincere thanks to our management, led by my colleague Mark Wilson, for their professionalism and commitment during the year, and in particular for identifying the Cameroon project and negotiating its acquisition. I also welcome our Cameroon partners onto Legend's share registry and we look forward to working with them to grow the value of the Cameroon Project for our shareholders.



MICHAEL ATKINS

Chairman

31 March 2010

DIRECTORS' REVIEW OF ACTIVITIES

PROJECTS

Legend Mining Limited (Legend) focussed much of its efforts during 2009 on the review and evaluation of new projects suitable for acquisition, while continuing to advance its existing West Australian Projects; Pilbara, Gum Creek and Mt Gibson (see Figure 1).

This process of new project generation led to Legend's July 2009 introduction to Camina SA (Camina) a Cameroon exploration company which owns several exploration tenements in Cameroon, West Africa.

Following an evaluation and assessment period involving legal/corporate due diligence, technical reviews and field visits, Legend shareholders approved all resolutions to acquire 90% of the shares in Camina at a General Meeting held on 4 December 2009.



FIGURE 1: LOCATION OF PROJECTS

DIRECTORS' REVIEW OF ACTIVITIES

CAMEROON PROJECT – (IRON ORE, GOLD)

The Cameroon Project is located in the southwestern region of Cameroon, West Africa and covers approximately 3,900km² comprising three granted exploration permits and one exploration permit application (see Figure 2). The Project is considered prospective for iron ore in the form of direct shipping ore (DSO) itabirite-magnetite and itabirite, and also has potential for gold mineralisation.

Legend announced on 4 September 2009 the signing of a legally binding Heads of Agreement (HOA) with Camina, which gave Legend the right to acquire a 90% interest in the Project via a 90% ownership of Camina, with Legend committed to a minimum exploration expenditure of \$1M over 12 months. (ASX Announcement: 4 September 2009)

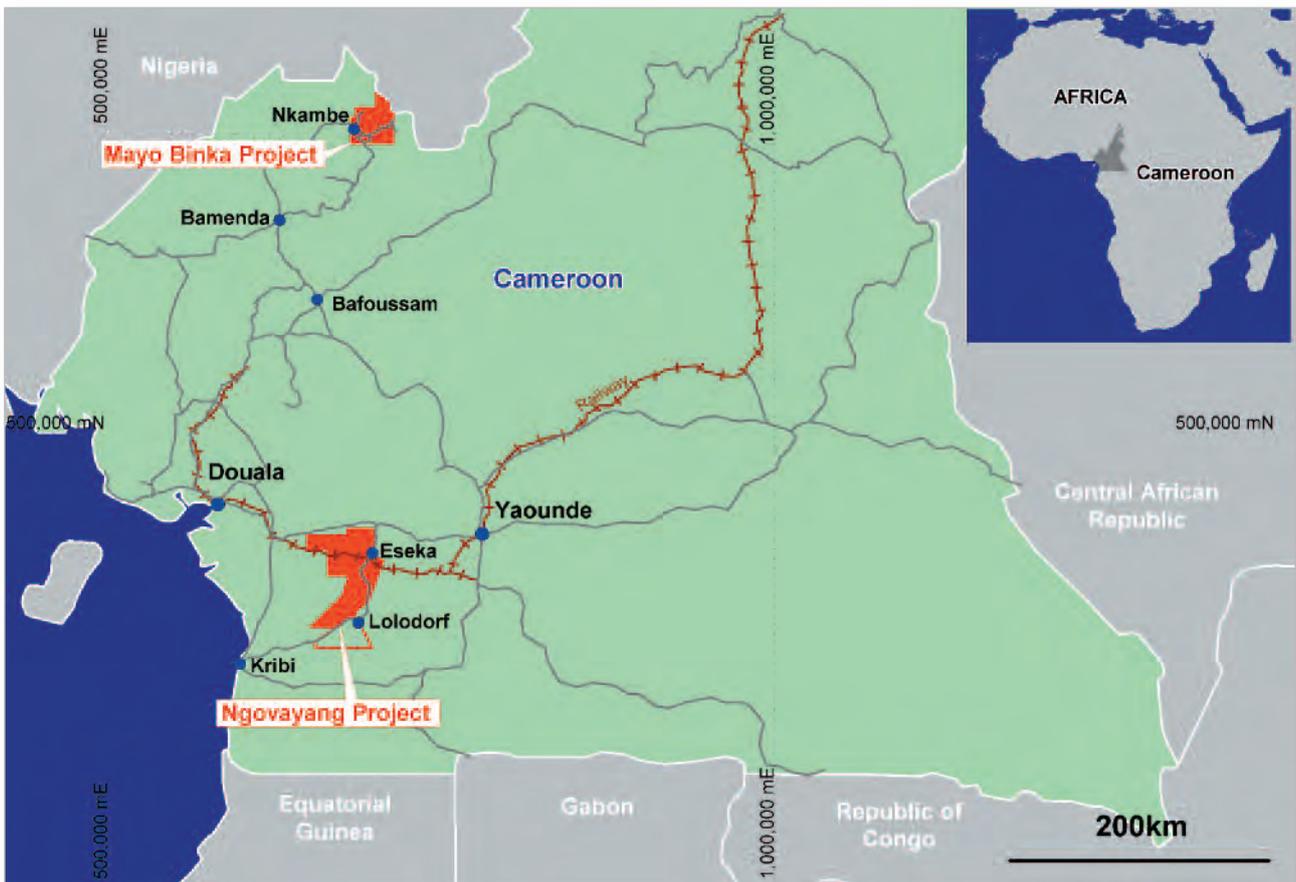


FIGURE 2: CAMEROON PROJECT LOCATION

DIRECTORS' REVIEW OF ACTIVITIES

Key Terms of Transaction

The transaction was subject to a 45 day period of legal due diligence from 4 September 2009 and to all regulatory approvals, including Legend shareholder approval. Contemporaneously Legend and Camina entered into a full form agreement which formed the basis for the resolutions put forward at a Legend General Meeting of shareholders on 4 December 2009.

The key terms are:

- Following Legend shareholder approval for the transaction;
 - a) Legend shall issue to the Camina nominees 50 million Legend fully paid shares and pay A\$170,000 to Camina for the right to carry out an exploration programme of a minimum value of A\$1 million over a 12 month period;
 - b) Legend shall issue 200 million (140 million to consultants and advisors, 55 million to Mr Mark Wilson, Legend Managing Director and 5 million to Mr Michael Atkins, Legend Chairman) 5 year options exercisable at 4 cents per option, with the proviso that such options shall lapse if Legend declines to exercise its right to acquire the 90% interest in Camina at the conclusion of the exploration programme;
- At the conclusion of the exploration programme, Legend at its sole discretion can acquire 90% of the shares in Camina in return for the issue of a further consideration of 350 million Legend shares and 200 million Legend 5 year options exercisable at 4 cents per option to Camina nominees;
- Once a JORC compliant resource of 250 million tonnes of iron ore containing a minimum of 50 million tonnes of DSO is identified on the permits, Legend will issue a further 400 million Legend shares to Camina nominees. (Performance Options (a)); and
- Once a JORC compliant Resource of 2 billion tonnes of iron ore containing a minimum of 200 million tonnes of DSO is identified on the permits OR the first US\$60 million from sales of ore from the permits is achieved, Legend will issue a further 400 million Legend shares to Camina nominees. (Performance Options (b))

Legend shareholders voted to pass all resolutions relating to the Cameroon transaction at a General Meeting held on 4 December 2009. Results of the meeting were released to the ASX on the same day.

Technical Discussion

Regional mapping of the Ngovayang Permit was originally undertaken by BRGM in 1986. This mapping identified a NE-SW trending package of Archaean to Proterozoic age quartzitic metasediment, gneiss and amphibolite, as well as numerous itabirite units containing millimetre to centimetre thick bands of magnetite. Within the Ngovayang Permit, 57km of itabirite has been identified in 13 separate zones. These itabirite zones, which can contain 20-45% Fe, are considered possible precursors for the formation of higher grade DSO mineralisation by supergene and/or alteration processes.

Legend's primary target is 50 million tonnes of DSO, which would translate into an initial 1-2 million tonnes per annum operation with potential future expansion. A secondary target is the lower grade, but potentially very large tonnage of itabirite. This type of material has the ability to be beneficiated into a valuable saleable product, however significant CAPEX for crushing/grinding/magnetic separation processing is required.

Ngovayang is well served by access infrastructure including rail and road networks to and from the port city of Douala (see Figure 2) which will greatly assist the exploration phases of work and potentially facilitate a start-up production transport system to port.

The Mayo Binka Permit contains essentially Proterozoic gneiss with subcropping boulders and scree of massive magnetite/hematite. The extensive scree and cover in the area will necessitate trenching to assist geological mapping and geochemical sampling.

A three week field trip by the Legend's technical team was undertaken in October/November 2009 to conduct ground truthing over eight iron ore targets at Ngovayang and assess massive outcropping hematite/magnetite at Mayo Binka. Encouragement from this work assisted in the planning of the area to be covered by an extensive aeromagnetic/radiometric survey.

DIRECTORS' REVIEW OF ACTIVITIES

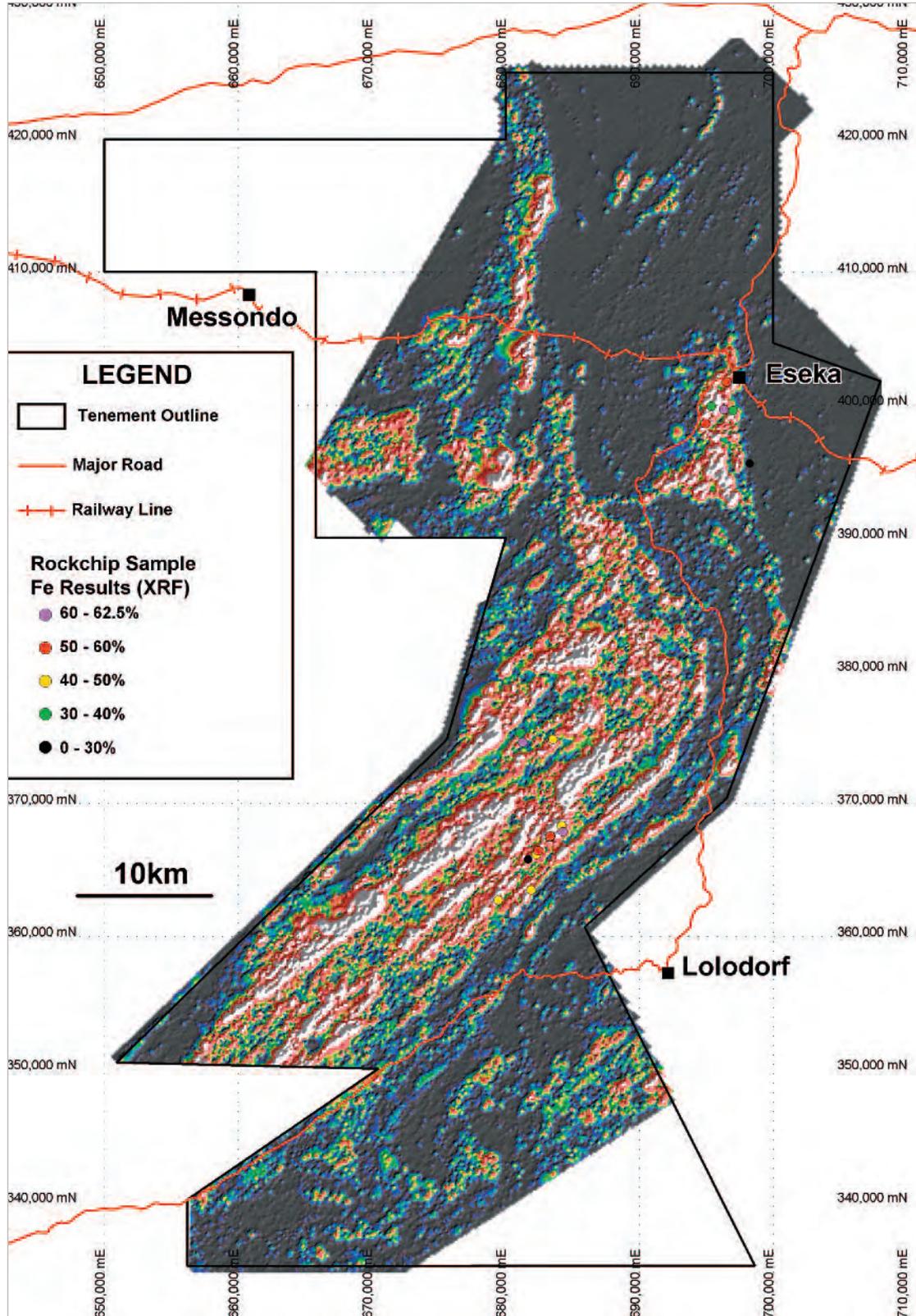


FIGURE 3: NGOVAYANG PROJECT - AEROMAGNETIC IMAGE (ANALYTICAL SIGNAL OF TOTAL MAGNETIC INTENSITY) WITH ROCKCHIP IRON RESULTS - (BASED ON PRELIMINARY 400M LINE SPACED DATA)

DIRECTORS' REVIEW OF ACTIVITIES

Subsequent to Report Date

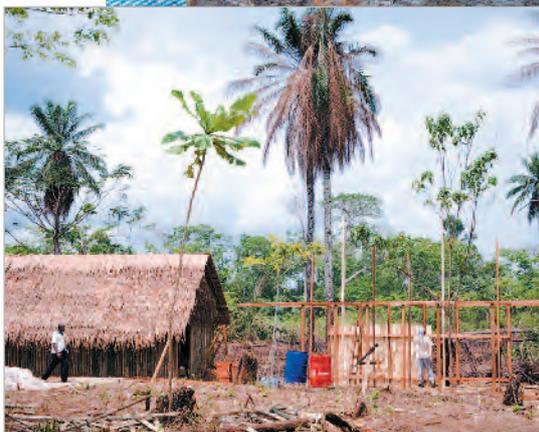
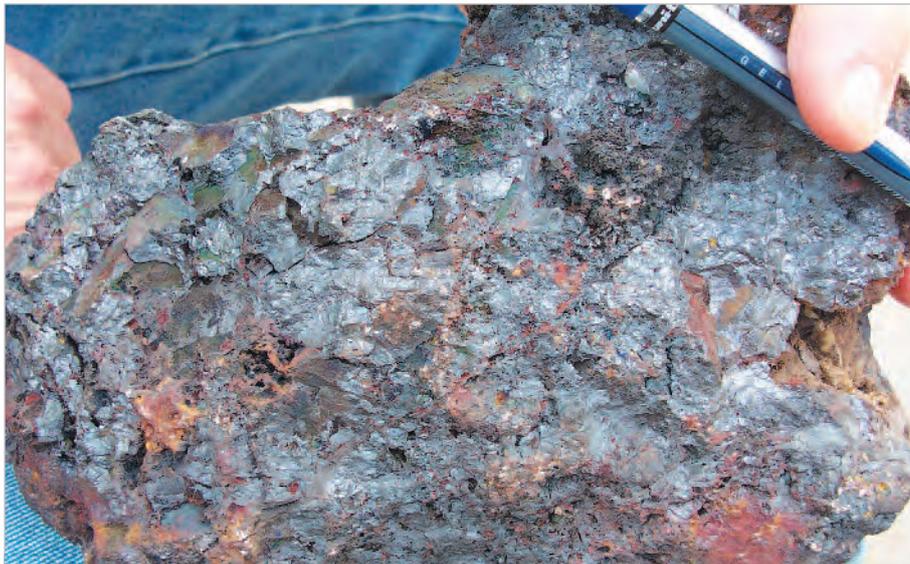
Aeromagnetic and radiometric surveys at Ngovayang and Mayo Binka covering 3,580km² commenced on 21 January 2010, with preliminary results released to the ASX on 5 February (see Figure 3).

Based on the results of the aeromagnetic surveys, Legend decided to exercise its right to acquire 90% of Camina on 4 February 2010.

Settlement of the transaction took place with the issue of:

1. 350 million Legend shares;
2. 200 million Legend 5 year options exercisable at 4 cents per option;
3. 400 million Performance Options (a), exercisable for nil consideration, once a JORC compliant resource of 250 million tonnes of iron ore containing a minimum of 50 million tonnes of DSO is identified on the permits; and
4. 400 million Performance Options (b), exercisable for nil consideration, once a JORC compliant resource of 2 billion tonnes of iron ore containing a minimum of 200 million tonnes of DSO is identified on the permits OR the first US\$60 million from sales of ore from the permits is achieved, to the Camina Vendors and Vendor nominee parties.

Legend's Cameroon Exploration Manager, Mr John Stockley arrived in Cameroon on 4 February 2010 and commenced establishing an exploration camp at Eseka. The exploration activity in Cameroon is being carried out by Camina from this camp with a team of five Cameroon geologists and support staff focussed initially in the area close to the Eseka road and rail infrastructure.



D I R E C T O R S ' R E V I E W O F A C T I V I T I E S

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 (Figures 1 and 4). The company holds exploration rights through granted tenements, tenement applications and joint venture agreements over 686km² of land in the West Pilbara base metal district. A breakdown of land equity interests is tabulated below:

PILBARA PROJECT EQUITY INTERESTS	AREA (km ²)
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
TOTAL	686

Exploration activities to date have resulted in the identification of 14 priority base metal drill targets, as well as highlighting the iron ore potential of banded iron formation (BIF) within the Project (see Figure 4). Follow-up of these targets, including drill testing, was not possible during 2009 due to delays in negotiating terms of a Heritage Agreement with the Ngarluma Aboriginal Corporation.

Aeromagnetic Modelling

Magnetic inversion modelling over 20km of BIF units of the Cleaverville Formation was completed by Southern Geoscience Consultants (SGC). The Mt Marie JV tenements contain 9.2km of the strike length, while the Legend 100% owned tenements contain 10.8km. The modelling was aimed at providing estimates of the thickness, depth to top and magnetic properties of the BIF, then using these estimates to calculate a volume and tonnage for the BIF.

The models over the entire 20km length were used to calculate a global tonnage estimate of 600Mt–1,000Mt^{1,2} of magnetite with an expected grade between 25-35% Fe, based on similar nearby resources at Cape Lambert and Mt Oscar, see ASX announcement 28 October 2009. The tonnage estimate is calculated over a 20km strike length, to a vertical depth of 200m below surface and assumes a density of 3.3g/cm³.

Figure 5a shows a total magnetic intensity image of the BIF, while the location of profiles and outlines of the forward modelling over a reduced to pole image are provided in Figure 5b.

Previous rockchip sampling results (44 samples) over the Cleaverville Formation BIF were announced by Legend to the ASX on 20 November 2008. This non-systematic sampling programme was targeting high grade magnetite-bearing BIF, with 30 samples returning results ranging between 30-58% Fe. These results when coupled with the inversion modelling confirms the magnetite potential of the Cleaverville Formation within Legend's Pilbara Project.

- 1 SGC consider the global tonnage estimate of 800Mt to be broadly indicative at best, potentially accurate to ±25% (600Mt to 1,000Mt), however should be considered accurate to ±50% (400Mt to 1,200Mt) for planning purposes. The tonnage estimate is calculated down to a vertical depth of 200m below surface and assumes a density of 3.3g/cm³.
- 2 While the company remains optimistic it will report resources and reserves in the future at its Pilbara Project, any discussion in relation to exploration targets, resource potential, reserves or "ore" is only conceptual in nature, there has been insufficient exploration to define a Mineral Resource at the company's Pilbara Project and it is uncertain if future exploration will result in the determination of a Mineral Resource.

DIRECTORS' REVIEW OF ACTIVITIES

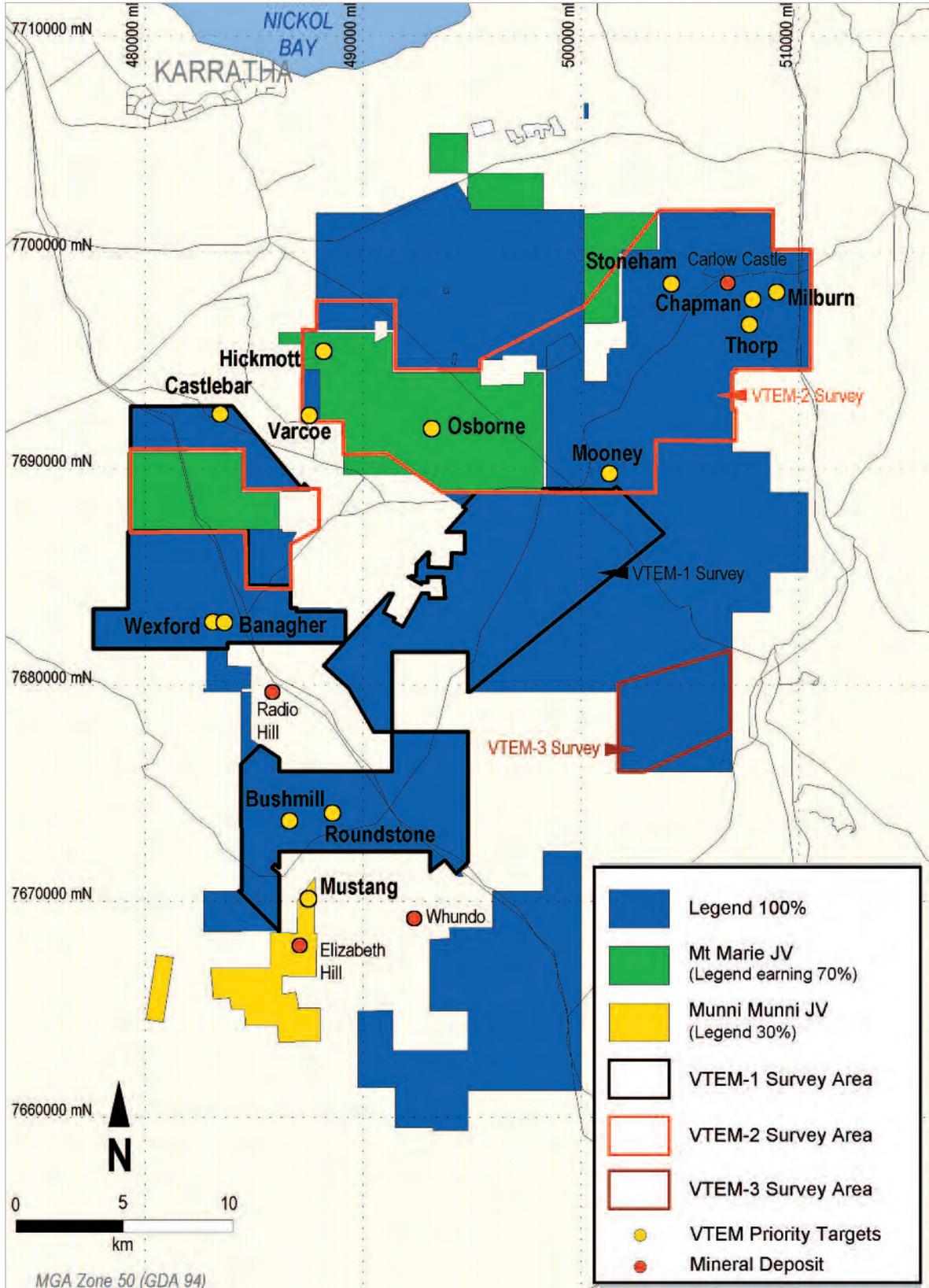


FIGURE 4: PILBARA PROJECT AREA SHOWING VTEM ANOMALIES

DIRECTORS' REVIEW OF ACTIVITIES

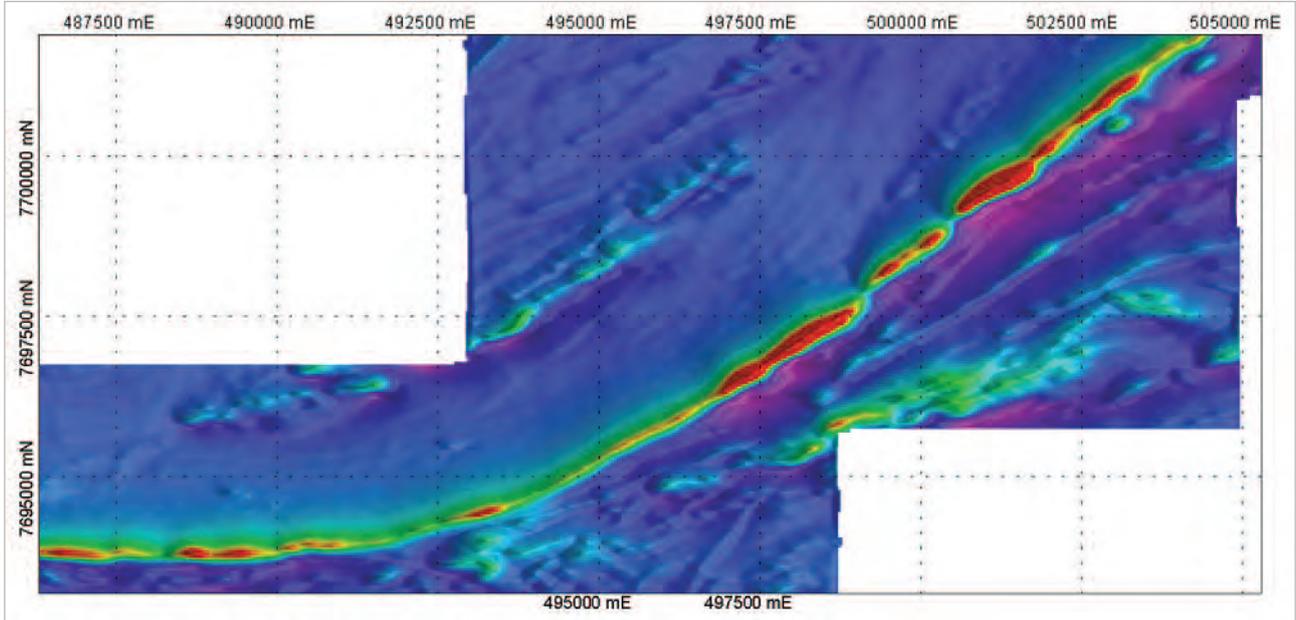


FIGURE 5A: TOTAL MAGNETIC INTENSITY (TMI) IMAGE OVER THE CLEAVERVILLE BIF.

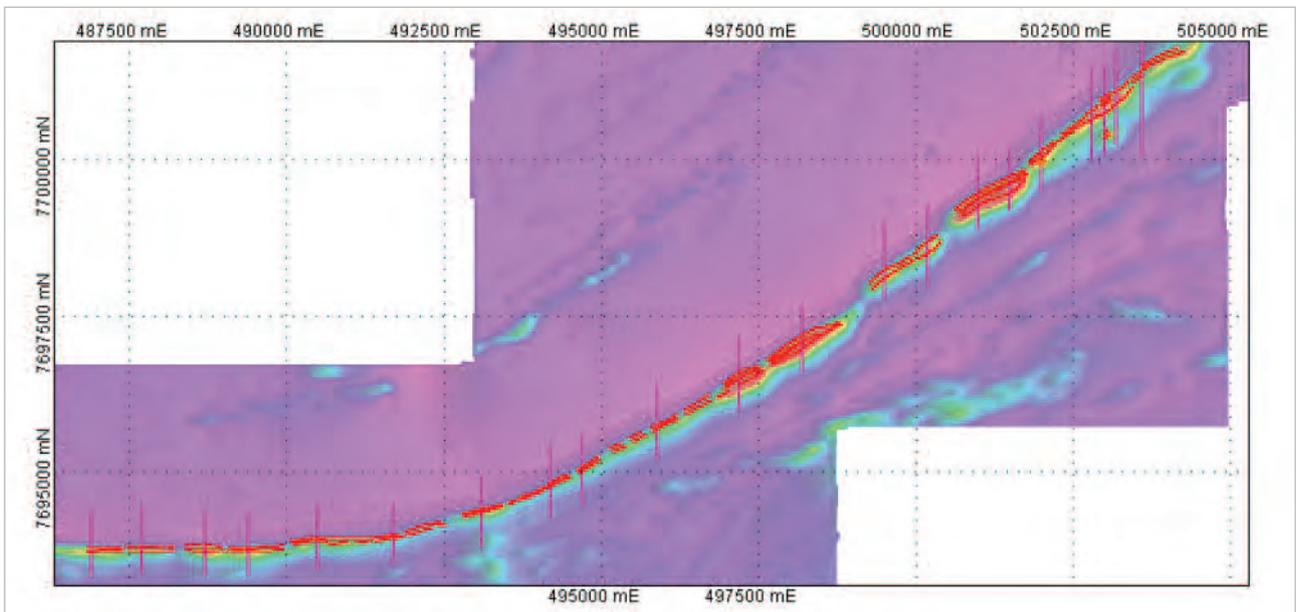


FIGURE 5B: LOCATIONS AND EXTENTS OF THE 21 NORTH-SOUTH FORWARD-MODELLED MAGNETIC-PROFILES (MAGENTA) AND OUTLINES OF FORWARD MODELS (RED) ON AN IMAGE OF THE REDUCED TO POLE (RTP) MAGNETICS.

DIRECTORS' REVIEW OF ACTIVITIES

MT GIBSON – (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 under care and maintenance.

During 2009 Legend commenced an extensive review of the gold potential of the Mt Gibson Project assessing the structural and lithological controls on gold mineralisation. The review involved the specialised consulting services of Predictive Discovery Pty Ltd using technology developed at CSIRO in the Predictive Mineral Discovery Co-operative Research Centre.

The results from Stage 1 & 2 of the review were extremely valuable in advancing the knowledge of the structural and lithological controls on the gold mineralisation. Unfortunately this work has not identified any new favourable structural positions of sufficient size to warrant drill testing.

Decommissioning of the Mt Gibson plant/mill infrastructure was completed during 2009 with the removal of all salvageable equipment and scrap metal down to concrete footings. Final rehabilitation around the plant/mill site will be undertaken with a view to reducing the environmental liability. Legend also completed significant rehabilitation and seeding activities over several waste dumps, as well as continuing revegetation trials over the tailings storage facility.

The lease of the camp facility to Extension Hill Pty Ltd for \$500,000 per annum continued throughout the year and the three year lease term concludes in August 2011.



MILL SITE AT MT GIBSON POST DECOMMISSIONING
(INSET: PRE DECOMMISSIONING)

DIRECTORS' REVIEW OF ACTIVITIES

GUM CREEK PROJECT – (NICKEL-COPPER-PLATINUM GROUP ELEMENTS, IRON ORE)

The Gum Creek Project is located 640km northeast of Perth, Western Australia (Figures 1 & 6) and comprises a land holding of 696km² in the Gum Creek Greenstone Belt. The Project is considered prospective for intrusion-related (Ni-Cu-PGE), komatiite flow-related (Ni) sulphide mineralisation and banded iron formation (BIF) hosted iron ore.

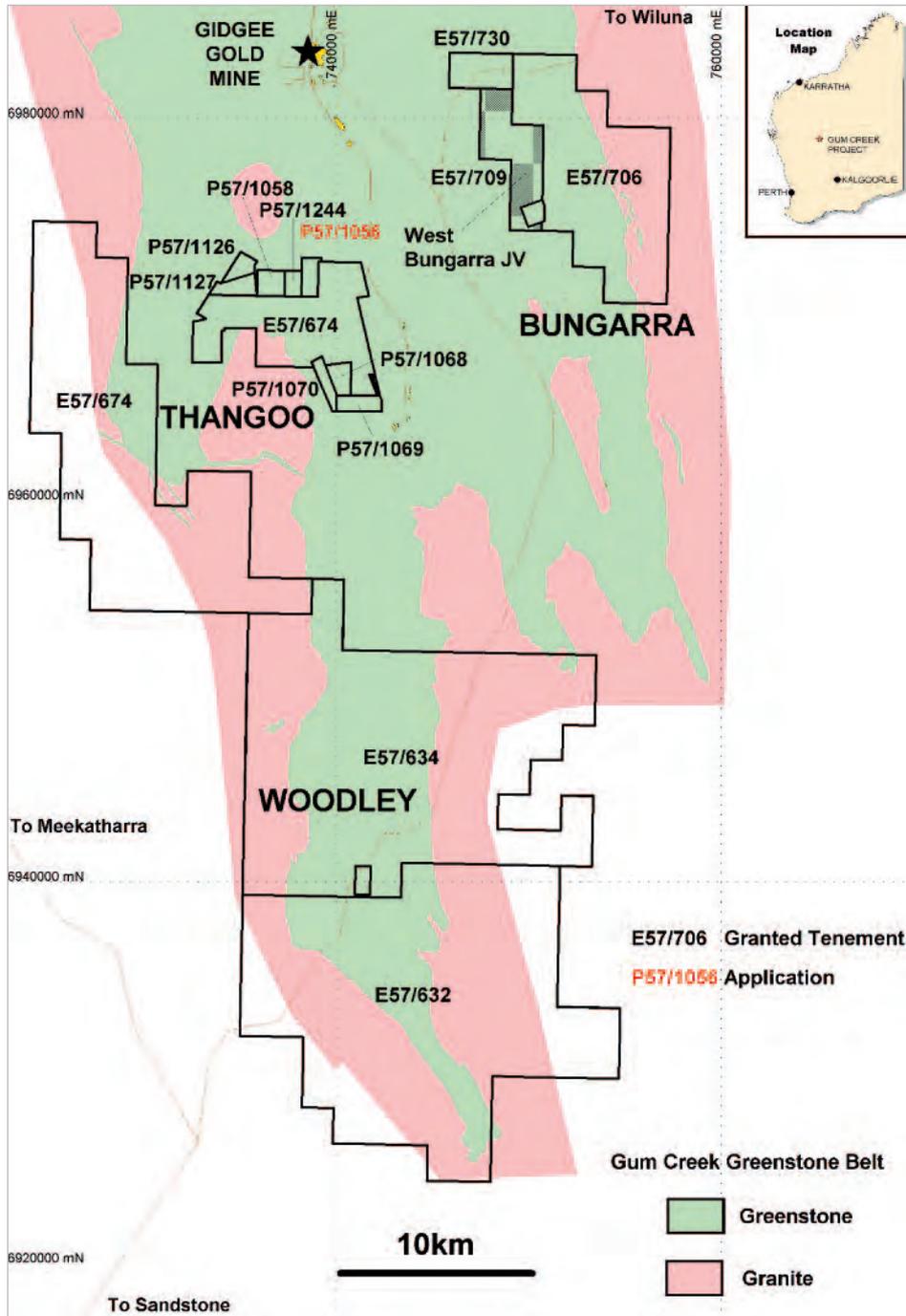


FIGURE 6: GUM CREEK PROJECT

During the year, a high resolution aeromagnetic survey was completed over the 22km strike length of the Woodley BIF (see Figure 7). The survey was aimed at providing high quality data for magnetic inversion modelling of the BIF to assess the magnetite potential of the unit. Results of the modelling are awaited.

A ground EM survey to the immediate west of the Bungarra Intrusion identified two moderate to strong conductors. Ground reconnaissance over the conductors identified brecciated siliceous ironstone with rockchip sampling returning a maximum value of 0.38g/t Au. Drill testing is required.

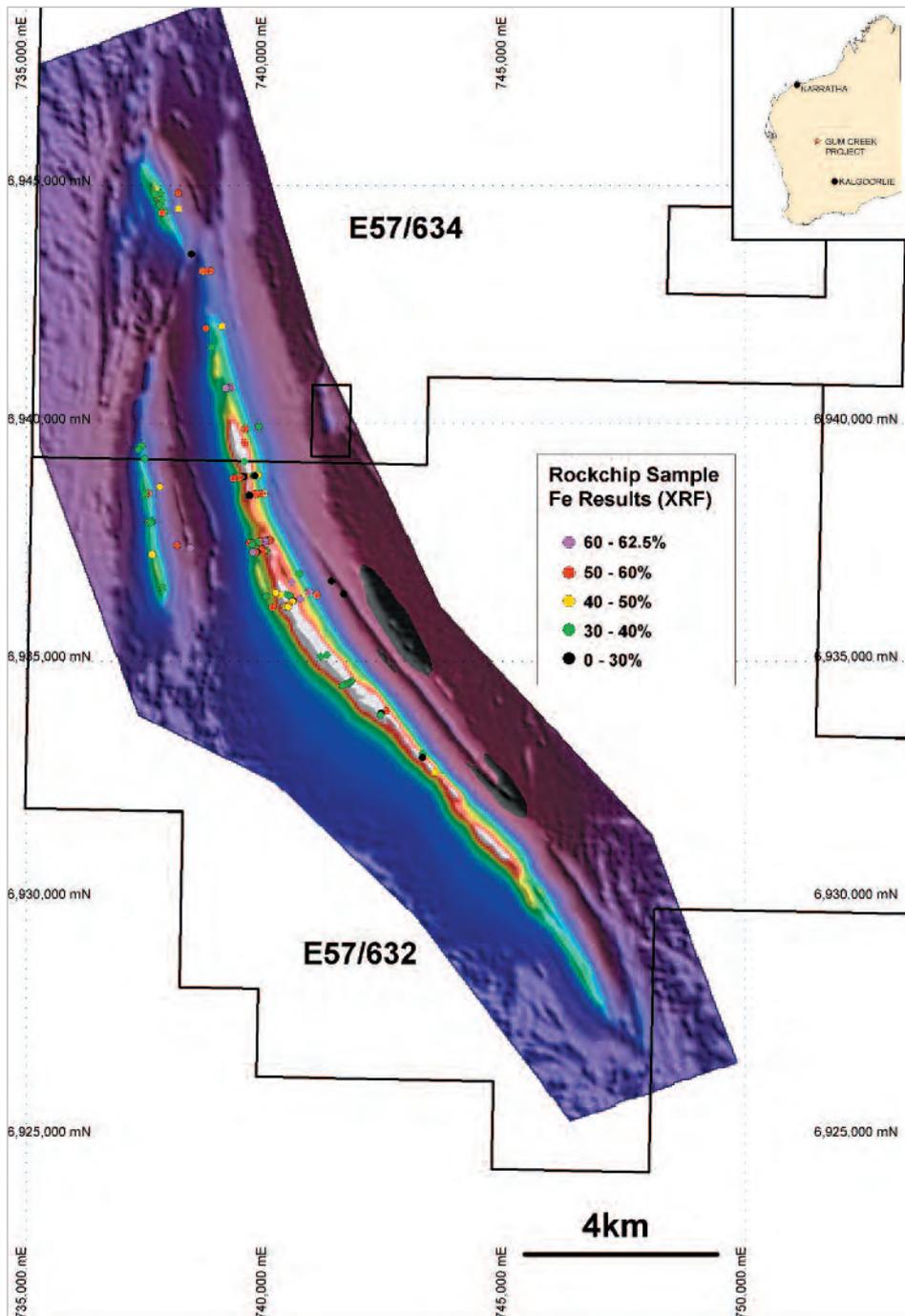


FIGURE 7: WOODLEY AEROMAGNETIC IMAGE (RTP)

D I R E C T O R S ' R E V I E W O F A C T I V I T I E S

CORPORATE

The Annual General Meeting of Legend shareholders was held at the Celtic Club, West Perth on 28 May 2009, with all resolutions passed by a unanimous show of hands at the meeting.

A general Meeting of Legend shareholders was held on 4 December 2009, where all resolutions relating to the acquisition of the Cameroon Project were approved. Results of the meeting were released to the ASX on the same day.

Legend raised \$3.42 million net of capital raising costs, in a share placement of 120 million shares @ 3c per share mostly to institutional clients of CPS Securities, as announced to the ASX on 29 December 2009. The shares were issued on 11 January 2010.

As at 31 December 2009, Legend held 1,716,000 shares in Independence Group NL (IGO) valued at \$8,408,400. The cost price of this investment is \$2,760,080 representing an unrealised gain of \$5,648,320. Legend also held 1,500,000 shares in Accent Resources NL (ACS) valued at \$232,500. The ACS shares were received as part consideration for the sale of a tenement (M59/166) from the Mt Gibson Project.



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.

CORPORATE GOVERNANCE STATEMENT

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; and
- 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.

C O R P O R A T E G O V E R N A N C E S T A T E M E N T

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,

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; and
- 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.

C O R P O R A T E G O V E R N A N C E S T A T E M E N T

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 8.1. 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.

C O R P O R A T E G O V E R N A N C E S T A T E M E N T

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING**3.1 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.

3.2 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.

4. 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.

5. 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; and
- 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.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

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.

C O R P O R A T E G O V E R N A N C E S T A T E M E N T

7. 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.

8. REMUNERATE FAIRLY AND RESPONSIBLY

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 it considers, in the context of the size and nature of the Company, that it would not improve the present modus operandi.

Recommendation Reference	Notification of Departure	Explanation for Departure
2.1, 2.2, 2.3	Majority of directors are not independent.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of a majority of independent non-executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.
2.4	A separate Nomination Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
4.2, 4.3	A separate Audit Committee has not been formed.	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
7.1	A separate Risk Committee has not been formed	The Board considers that the Company is not currently of a size to justify the formation of a risk committee. The Board as a whole undertakes the process of reviewing the risks of the Company. Where appropriate independent consultants are engaged to identify possible new candidates for the Board
8.2	No Formal Policy to encourage enhanced performance	The Board considers that the Company is not of a size, nor are its affairs of such complexity to justify the introduction of such policies. As the Company's activities increase in size, scope and nature the Board may reconsider its position on this matter.
8.1	There is no separate Remuneration Committee.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company.

As the Company's activities increase in size, scope and/or nature the Company's corporate governance principles will be reviewed by the Board and amended as appropriate

D I R E C T O R S ' R E P O R T

The Directors submit their report for the year ended 31 December 2009.

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 non executive chairman of Azumah Resources Ltd.

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

- Matsa Resources Ltd (resigned 30 November 2009)

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 eighteen 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.

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 3.5 years in the role of CFO/Financial Controller and also consults to a number of public companies in the resource sector.

D I R E C T O R S ' R E P O R T

3. EARNINGS PER SHARE

Basic profit per share: 0.447 cents
 Diluted profit per share: 0.380 cents

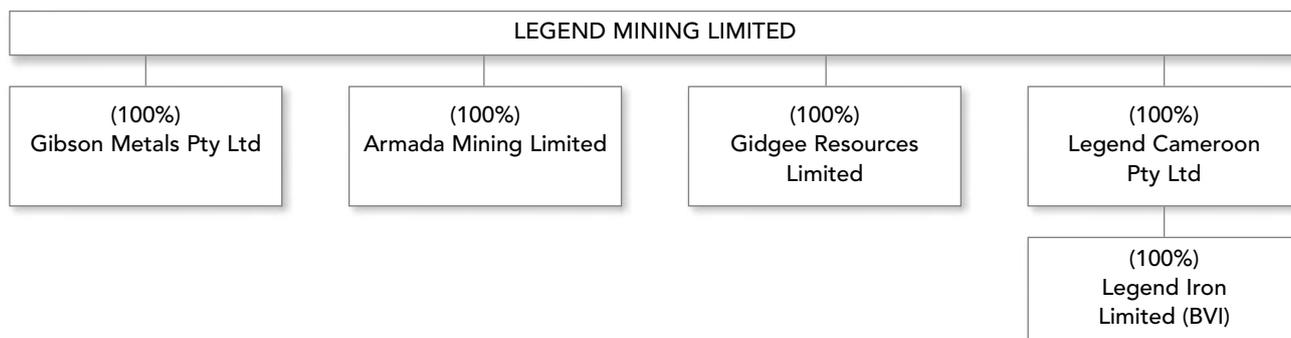
4. DIVIDENDS

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

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.



Gidgee Resources Limited, a dormant company was deregistered on 24 February 2010.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

- exploration for iron, gold and base metal (zinc-copper-gold, nickel-copper, zinc-copper and copper-gold) deposits in Australia and West Africa.

EMPLOYEES

The consolidated entity had a staff of 7 employees at 31 December 2009 (2008: 7 employees).

6. OPERATING AND FINANCIAL REVIEW

RESULTS OF OPERATIONS

The net loss after income tax of the consolidated entity for the year was \$5,414,373 (2008: \$2,912,365).

REVIEW OF OPERATIONS

The Directors' Review of Activities for the year ended 31 December 2009 is contained on pages 3 to 14 of the Annual Report.

SUMMARISED OPERATING RESULTS

Exploration Expenditure Write-Off: Deferred expenditure on tenements surrendered or withdrawn during the year amounted \$270,571 all expensed to the income statement (2008: \$6,750,384).

Deferred Exploration Costs: Total deferred expenditure on tenements capitalised during the year amounted to \$3,459,197, including \$1,900,000 non cash expenditure (2008: \$2,176,638).

D I R E C T O R S ' R E P O R T

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During 2009 Legend has:-

- Conducted a capital raising in December 2009, receiving \$3,420,000 net of capital raising costs (of which \$240,000 was received in December 2009 and the balance in January 2010) for the allocation of 120,000,000 ordinary shares;
- Entered into an agreement with Camina SA on 4 September 2009 for the right to acquire 90% of an Iron ore project in Cameroon;
- Conducted treasury operations during 2009, realising a net capital loss of \$750,253; and
- The fair value gain on investments in other listed entities during the year amounted to \$4,040,040.

8. ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's operations are subject to various environmental regulations under both Commonwealth and State legislation in Australia and legislation in Cameroon. 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 211,400,000 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, no options were converted to acquire ordinary shares.

11. SIGNIFICANT EVENTS AFTER THE BALANCE DATE**(a) ACQUISITION OF 90% OF CAMINA**

Aeromagnetic and radiometric surveys at Ngovayang and Mayo Binka covering 3,580km² commenced on 21 January 2010, with preliminary results released to the ASX on 5 February 2010.

Based on the results of the aeromagnetic surveys, Legend decided to exercise its right to acquire 90% of Camina on 4 February 2010.

Settlement of the transaction took place with the issue of:

1. 350 million Legend shares;
2. 200 million Legend 5 year options exercisable at 4 cents per option;
3. 400 million Performance Options (a), exercisable for nil consideration, once a JORC compliant resource of 250 million tonnes of iron ore containing a minimum of 50 million tonnes of DSO is identified on the permits; and
4. 400 million Performance Options (b), exercisable for nil consideration, once a JORC compliant resource of 2 billion tonnes of iron ore containing a minimum of 200 million tonnes of DSO is identified on the permits OR the first US\$60 million from sales of ore from the permits is achieved, to the Camina Vendors and Vendor nominee parties.

DIRECTORS' REPORT

The valuation of the respective issues are as follows:

Type of share/option issued	Number of shares/ options issued	Valuation of share /option (each)	Total valuation of shares/options
Vendor shares	350,000,000 shares	\$0.0350	\$12,250,000
Vendor options	200,000,000 options	\$0.0263	\$5,263,764
Performance options (a)	400,000,000 options	\$0.0116	\$4,620,000
Performance options (b)	400,000,000 options	\$0.0028	\$1,120,000
Total valuation			\$23,253,764

In addition 50,000,000 shares were issued on 11 December 2009 at a total value of \$1,900,000 after First Completion of the Cameroon transaction had taken place for the right to undertake exploration activities which has been capitalised as exploration and evaluation costs in Legend Mining Limited.

The fair value of the net assets of Camina SA that were acquired at 4 February 2010 have not yet been finalised, together with the related goodwill arising. The estimated fair value of tenements and the carrying value of goodwill approximate \$23.2 million.

(b) CAPITAL RAISING

On 4 and 7 January 2010 \$150,000 and \$3,210,000 respectively was received by Legend in consideration for the capital raising announced on the 29 December 2009. On 12 January 2010 120,000,000 ordinary shares and 30,000,000 unlisted options were issued.

Other than the items listed above there were no additional subsequent significant events after the balance date.

(c) CHANGES IN SHARE PRICE OF INDEPENDENCE GROUP NL

On 29 March 2010, the share price of Independence Group NL ("IGO") has declined from \$4.90 at 31 December 2009 to \$4.38. This results in a reduction in the fair value of Legend Mining Limited's investment in IGO of \$892,320.

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:

- (a) 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
- (b) 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.

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 Chairman (non-executive)
- M. Wilson Managing Director
- D. Ryan Non-Executive Director

(ii) Executives

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

D I R E C T O R S ' R E P O R T

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.

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.

D I R E C T O R S ' R E P O R T

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 2009 and terminates on the 30 June 2010 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); and
- 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.

Mr Michael Atkins, is employed under contract. The current contract commenced on the 1 July 2009. The significant terms of the contract are;

- Mr Atkins receives a fixed fee of \$66,000 per annum (including superannuation) as remuneration for service;
- Mr Atkins' appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company;
- Mr Atkins may resign from his position and thus terminate his contract by giving 1 month written notice; and
- The Company may terminate Mr Atkins' contract by way of resolution of the Company.

Mr Dermot Ryan, is employed under contract. The current 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; and
- 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 to provide the services of Brett White as Company Secretary and Chief Financial Officer at \$75 per hour (plus GST);
- TWCS may terminate this engagement by giving two months written notice; and
- 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; and
- The Company may terminate Mr Waterfield's employment contract by providing 1 month written notice or by providing payment in lieu of notice period.

D I R E C T O R S ' R E P O R T

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. 9,000,000 options were issued to eligible employees and contractors during the year under the Employee Share Option Plan.

Compensation of Key Management Personnel for Year Ended 31 December 2009

Name	Year	Short term Salary and Fees \$	Post Employment Superann- uation \$	Share based payments options \$	Movements in LSL \$	Total \$	% of compensa-tion granted as options	% of performance related remuneration
Director								
M. Atkins	2009	63,275	2,725*	177,853	-	243,853	73%	-
(Windamurah P/L)	2008	66,000	-	-	-	66,000	-	-
M. Wilson	2009	187,219	75,000	1,956,379	-	2,218,598	88%	-
(Hostyle P/L)	2008	207,097	50,000	-	-	257,097	-	-
D. Ryan	2009	-	40,000	-	-	40,000	-	-
	2008	3,058	36,943	-	-	40,001	-	-
Executive								
T. Walsh & B. White	2009	122,525^	-	-	-	122,525	-	-
	2008	155,439^	-	7,119	-	162,558	4%	-
D. Waterfield	2009	171,260	15,276	63,399	4,243	254,178	25%	-
	2008	172,985	15,275	14,239	12,730	215,229	7%	-
P. Petrovic	2009	67,640	-	21,133	-	88,773	24%	-
	2008	92,234	6,340	4,272	-	102,846	4%	-
Total	2009	611,919	133,001	2,218,764	4,243	2,967,927	75%	-
	2008	768,935	116,789	36,309	12,730	934,763	4%	-

* On 1 July 2009 Mr Michael Atkins commenced as an employee and received 9% compulsory superannuation.

^ An amount of \$100,125 (2008: \$83,439) is included in this figure for the provision of fees for Mr Brett White the company's joint company secretary and chief financial officer, who is a subcontractor to Mr Tony Walsh.

In addition Mr Brett White received 1,000,000 options directly valued at \$21,133 which are not included in the above remuneration table.

Options and rights over equity instruments granted as compensation 2009 to directors and executives

31-Dec-09						
Name	No. of Options	Grant Date	Value Per Option at Granted Date (\$)	Exercise Price Per Option (\$)	Expiry Date	Number of Options Vested in 2009
Directors						
M. Atkins	5,000,000	4 December 2009	0.0356	0.04	21 Dec 2014	5,000,000
M. Wilson	55,000,000	4 December 2009	0.0356	0.04	21 Dec 2014	55,000,000
Executive						
D. Waterfield	3,000,000	18 December 2009	0.0211	0.053	16 Dec 2014	3,000,000
P. Petrovic	1,000,000	18 December 2009	0.0211	0.053	16 Dec 2014	1,000,000

No options have been granted since the end of the financial year. The options were granted at no cost to the recipients.

D I R E C T O R S ' R E P O R T

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

Name	No. of Options	Grant Date	% Vested in the year	% forfeited in year	Financial years in which grant vests (Year ended)	Value yet to vest \$
31-Dec-09						
Directors						
M. Atkins	5,000,000	4 December 2009	100%	-	31 Dec 2009	-
M. Wilson	55,000,000	4 December 2009	100%	-	31 Dec 2009	-
Executive						
D. Waterfield	3,000,000	18 December 2009	100%	-	31 Dec 2009	-
P. Petrovic	1,000,000	18 December 2009	100%	-	31 Dec 2009	-
31-Dec-08						
Directors						
M. Atkins	-	-	-	-	-	-
M. Wilson	-	-	-	-	-	-
Executive						
T. Walsh	500,000	22 May 2007	38.9%	-	31 Dec 2008	-
D. Waterfield	1,000,000	22 May 2007	38.9%	-	31 Dec 2008	-
P. Petrovic	300,000	22 May 2007	38.9%	-	31 Dec 2008	-

Exercise of options granted as compensation

Name	Balance at beg of period 1 Jan 2009	Granted as Remuneration	Exercised during the year	Lapsed during the year	at end of period 31 Dec 2009	Not Vested & Not Exercisable	Vested & Exercisable
31-Dec-09							
Directors							
M. Atkins	500,000	5,000,000	-	500,000	5,000,000	-	5,000,000
M. Wilson	-	55,000,000	-	-	55,000,000	-	55,000,000
Executive							
T. Walsh	500,000	-	-	-	500,000	-	500,000
D. Waterfield	1,000,000	3,000,000	-	-	4,000,000	-	4,000,000
P. Petrovic	300,000	1,000,000	-	-	1,300,000	-	1,300,000
Total	2,300,000	64,000,000	-	500,000	65,800,000	-	65,800,000
31-Dec-08							
Directors							
M. Atkins	500,000	-	-	-	500,000	-	500,000
M. Wilson	-	-	-	-	-	-	-
Executive							
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
Total	3,550,000	-	-	1,250,000	2,300,000	-	2,300,000

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

D I R E C T O R S ' R E P O R T

Value of options awarded, exercised and lapsed during the year

Name	Value of	Value of options granted during the year \$	Value of options exercised during the year \$	Remuneration options lapsed during the year \$	consisting of options for the year %
31-Dec-09					
Directors					
M. Atkins		177,853	-	-	-
M. Wilson		1,956,379	-	-	-
D. Ryan		-	-	-	-
Executive					
T. Walsh		-	-	-	-
D. Waterfield		63,399	-	-	-
P. Petrovic		21,133	-	-	-
Total		2,218,764	-	-	-

No options were granted as compensation to directors and key management personnel in 2008.

Option holdings of Key Management Personnel

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

Name	Balance 1-Jan-09	Granted as compensation	On exercise of options	Options Lapsed	Balance 31-Dec-09
31-Dec-09					
Directors					
M. Atkins	-	-	-	-	-
M. Wilson	-	-	-	-	-
D. Ryan	-	-	-	-	-
Executives					
T. Walsh	-	-	-	-	-
D. Waterfield	-	-	-	-	-
P. Petrovic	-	-	-	-	-

Name	Balance 1-Jan-08	Granted as compensation	On exercise of options	Options Lapsed	Balance 31-Dec-08
31-Dec-08					
Directors					
M. Atkins	-	-	-	-	-
M. Wilson	-	-	-	-	-
D. Ryan	-	-	-	-	-
Executives					
T. Walsh	-	-	-	-	-
D. Waterfield	-	-	-	-	-
B. Phylant	-	-	-	-	-
P. Petrovic	-	-	-	-	-

DIRECTORS' REPORT

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

31-Dec-09	Balance 1-Jan-09	Granted as compensation	On exercise of options	Options Lapsed	Balance 31-Dec-09
Directors					
M. Atkins	500,000	5,000,000	-	500,000	5,000,000
M. Wilson	-	55,000,000	-	-	55,000,000
D. Ryan	-	-	-	-	-
Executives					
T. Walsh	500,000	-	-	-	500,000
D. Waterfield	1,000,000	3,000,000	-	-	4,000,000
P. Petrovic	300,000	1,000,000	-	-	1,300,000
	2,300,000	64,000,000	-	500,000	65,800,000

31-Dec-08	Balance 1-Jan-08	Granted as compensation	On exercise of options	Options Lapsed	Balance 31-Dec-08
Directors					
M. Atkins	500,000	-	-	-	500,000
M. Wilson	-	-	-	-	-
D. Ryan	-	-	-	-	-
Executives					
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
	3,550,000	-	-	1,250,000	2,300,000



D I R E C T O R S ' R E P O R T

Shareholdings of Key Management Personnel

31-Dec-09	Balance 1-Jan-09	Granted as compensation	On exercise of options	Net change additions	Balance 31-Dec-09
Directors					
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	-	-	3,900,000	30,000,000
D. Ryan (Enterprise Family Trust)	16,025,000	-	-	-	16,025,000
Executives					
T. Walsh	200,000	-	-	-	200,000
D. Waterfield	1,000,000	-	-	-	1,000,000
P. Petrovic	200,000	-	-	-	200,000
	45,083,334	-	-	3,900,000	48,983,334

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.

31-Dec-08	Balance 1-Jan-08	Granted as compensation	On exercise of options	Net change additions	Balance 31-Dec-08
Directors					
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
Executives					
T. Walsh	200,000	-	-	-	200,000
D. Waterfield	1,000,000	-	-	-	1,000,000
P. Petrovic	200,000	-	-	-	200,000
	45,083,334	-	-	-	45,083,334

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 \$33,000 (2008: \$66,000).

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 \$122,525 (2008: 155,439).

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 \$67,640 (2008: 26,950).

DIRECTORS' REPORT

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
Attended by:		
Michael Atkins	10	10
Mark Wilson	10	10
Dermot Ryan	9	10

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	5,000,000
M. Wilson (Chester Nominees WA P/L)	30,000,000	55,000,000
D. Ryan (Enterprise Family Trust)	16,025,000	-

16. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

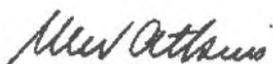
NON-AUDIT SERVICES

There were no non-audit services provided by the Company's auditor, Stantons International during the 2009 financial year other than for an amount of \$875 for corporate advice.

The board has considered the non-audit services provided during the year by the auditor and is satisfied the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditors independence requirements of the Corporations Act 2001.

We have received the Declaration of Auditor Independence from Stantons International, the Company's Auditor, this is available for review on page 74 and forms part of this report.

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



MICHAEL ATKINS

Chairman

Dated this 31st day of March 2010

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	CONSOLIDATED		COMPANY	
		2009 \$	2008 \$	2009 \$	2008 \$
Continuing Operations					
Rental revenue	4(a)	500,000	222,380	-	-
Finance revenue	4(b)	287,801	899,916	287,801	899,916
Other income	4(c)	5,067,720	2,613,217	4,369,933	2,613,217
Contribution from subsidiaries on transfer of current year tax losses	4(d)	-	-	-	282,078
Employee benefits expense	4(e)	(2,740,715)	(680,058)	(2,740,715)	(680,058)
Deferred exploration expenditure written off	4(f)	(270,571)	(6,750,384)	(270,571)	(2,402,972)
Other expenses	4(g)	(1,113,118)	(157,421)	(828,275)	(96,260)
Write-back/(provision) for impairment of investment and loans to subsidiaries	4(h)	-	-	184,146	(1,032,122)
Corporate head office expenses	4(i)	(6,249,386)	(615,205)	(6,233,534)	(615,205)
Finance costs	4(j)	(21,188)	(45,943)	(21,188)	(45,943)
Net loss from continuing operations before income tax expense		(4,539,457)	(4,513,498)	(5,252,403)	(1,077,349)
Income tax benefit/ (expense)	6	(874,916)	1,601,133	(601,472)	1,147,795
Net profit/(loss) from continuing operations for the period		(5,414,373)	(2,912,365)	(5,853,875)	70,446
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		(5,414,373)	(2,912,365)	(5,853,875)	70,446
Net profit/(loss) attributable to:					
Members of the parent entity		(5,414,373)	(2,912,365)	(5,853,875)	70,446
Comprehensive income/(loss) attributable to:					
Members of the parent entity		(5,414,373)	(2,912,365)	(5,853,875)	70,446
PROFIT/(LOSS) PER SHARE (cents per share)					
Basic profit/(loss) for the year	5	(0.447)	(0.24)		
Diluted profit/(loss) for the year		(0.380)	(0.24)		

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Note	CONSOLIDATED		COMPANY	
		2009 \$	2008 \$	2009 \$	2008 \$
ASSETS					
Current Assets					
Cash and cash equivalents	8	5,437,937	5,002,686	5,437,937	5,002,686
Trade & other receivables	9	512,844	228,470	512,844	228,470
Prepayments		52,832	12,464	52,832	12,464
Other financial assets	10	8,640,900	7,344,000	8,640,900	7,344,000
Total Current Assets		14,644,513	12,587,620	14,644,513	12,587,620
Non-current Assets					
Deferred tax asset	6	1,672,331	1,286,421	1,141,338	812,559
Trade & other receivables	9	-	-	918,027	683,870
Other financial assets	10	1,546,050	1,543,602	1,606,852	4,344,536
Property, plant & equipment	11	292,840	450,834	242,414	265,606
Deferred exploration costs	12	7,918,433	4,729,807	4,067,920	2,048,631
Total Non-current Assets		11,429,654	8,010,664	7,976,551	8,155,202
TOTAL ASSETS		26,074,167	20,598,284	22,621,064	20,742,822
LIABILITIES					
Current Liabilities					
Trade & other payables	13	347,375	176,469	176,052	130,271
Income tax payable	6	-	-	-	-
Provisions	14	56,153	42,327	56,153	42,327
Total Current Liabilities		403,528	218,796	232,205	172,598
Non-current Liabilities					
Trade & other payables	13	-	-	-	2,800,932
Provisions	14	1,514,866	1,504,179	125,866	115,179
Deferred tax liability	6	2,862,757	1,559,497	2,328,074	1,256,896
Total Non-current Liabilities		4,377,623	3,063,676	2,453,940	4,173,007
TOTAL LIABILITIES		4,781,151	3,282,472	2,686,145	4,345,605
NET ASSETS		21,293,016	17,315,812	19,934,919	16,397,217
EQUITY					
Equity attributable to equity holders of the parent					
Contributed Equity	15	38,420,414	36,333,141	38,420,414	36,333,141
Share Option Premium Reserve	16	10,545,911	3,241,607	10,545,911	3,241,607
Accumulated profits/(losses)		(27,673,309)	(22,258,936)	(29,031,406)	(23,177,531)
TOTAL EQUITY		21,293,016	17,315,812	19,934,919	16,397,217

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	CONSOLIDATED		COMPANY	
		2009 \$	2008 \$	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		745,004	351,932	745,004	351,932
Payments to suppliers, subsidiaries and employees		(1,774,553)	(1,159,931)	(2,943,890)	(2,352,145)
Payment for exploration and evaluation	12	(1,559,197)	(2,176,638)	(389,860)	(984,424)
Interest received		290,079	951,249	290,079	951,249
Finance costs		(21,188)	(33,803)	(21,188)	(33,803)
Tax paid		(10,128)	-	(10,128)	-
Net cash flows used in operating activities	20(ii)	(2,329,983)	(2,067,191)	(2,329,983)	(2,067,191)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant & equipment & scrap		606,130	10,576	606,130	10,576
Purchase of property, plant & equipment	11	(80,790)	(78,440)	(80,790)	(78,440)
Payment for the purchase of investments		(5,504,947)	(5,616,824)	(5,504,947)	(5,616,824)
Proceeds from the sale of investments		7,507,454	720,000	7,507,454	720,000
Payment for performance bonds		(2,448)	1,329	(2,448)	1,329
Net cash flows from/ (used in) investing activities		2,525,399	(4,963,359)	2,525,399	(4,963,359)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of ordinary shares and (refund) of options		(165)	119,681	(165)	119,681
Proceeds for shares to be issued		240,000	-	240,000	-
Net cash flows from financing activities		239,835	119,681	239,835	119,681
Net increase/(decrease) in cash and cash equivalents		435,251	(6,910,869)	435,251	(6,910,869)
Cash and cash equivalents at the beginning of year		5,002,686	11,913,555	5,002,686	11,913,555
Cash and cash equivalents at end of year	20	5,437,937	5,002,686	5,437,937	5,002,686

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

Consolidated	Issued Capital \$	Share Option Premium Reserve \$	Equity Revaluation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 January 2009	36,333,141	3,241,607	-	(22,258,936)	17,315,812
Loss for the period	-	-	-	(5,414,373)	(5,414,373)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(5,414,373)	(5,414,373)
Share based payments	-	7,304,304	-	-	7,304,304
Refund for overpayment of option	(165)	-	-	-	(165)
Issue of shares	1,900,000	-	-	-	1,900,000
Shares to be issued	240,000°	-	-	-	240,000
Cost of issue of share capital	(52,562)*	-	-	-	(52,562)
At 31 December 2009	38,420,414	10,545,911	-	(27,673,309)	21,293,016
At 1 January 2008	36,385,772	3,192,481	237,936	(19,346,571)	20,469,618
Loss for the period	-	-	-	(2,912,365)	(2,912,365)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(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

* This is related to the movement in the deferred taxation cost on the capital raising costs

° This is related to monies received for shares issued after 31 December 2009

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

Company	Issued Capital \$	Share Option Premium Reserve \$	Equity Revaluation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 January 2009	36,333,141	3,241,607	-	(23,177,531)	16,397,217
Profit for the period	-	-	-	(5,853,875)	(5,853,875)
Other comprehensive income	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	(5,853,875)	(5,853,875)
Share based payments	-	7,304,304	-	-	7,304,304
Refund for overpayment of option	(165)	-	-	-	(165)
Issue of shares	1,900,000	-	-	-	1,900,000
Shares to be issued	240,000 ^o	-	-	-	240,000
Cost of issue of share capital	(52,562)*	-	-	-	(52,562)
At 31 December 2009	38,420,414	10,545,911	-	(29,031,406)	19,934,919
At 1 January 2008	36,385,772	3,192,481	237,936	(23,247,977)	16,568,212
Loss for the period	-	-	-	70,446	70,446
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	70,446	70,446
Share based payments	-	49,126	-	-	49,126
Exercise of share option	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

* This is related to the movement in the deferred taxation cost on the capital raising costs

^o This is related to monies received for shares issued after 31 December 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

NOTE 1: CORPORATE INFORMATION

The financial report of Legend Mining Limited (the Company) for the year ended 31 December 2009 was authorised for issue in accordance with a resolution of the Directors on 31 March 2010.

Legend Mining Limited is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries together referred to as the Group or consolidated entity.

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).

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 2009 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	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	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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities except as disclosed below:

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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:

Buildings	10%
Plant and equipment	7.5% - 50%
Leased plant and equipment	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.

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

The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended AASB 123, the Group has adopted the Standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. The Group did not capitalise any borrowing costs in the current year.

(v) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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').

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(xix) Employee Benefits (continued)**

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 Group'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 activities during the year of the entities within the consolidated entity were:-

- exploration for iron, gold and base metal (zinc-copper-gold, nickel-copper, zinc-copper and copper-gold) deposits in Australia and West Africa.

NOTES TO THE FINANCIAL STATEMENTS

	Note	CONSOLIDATED		COMPANY	
		2009 \$	2008 \$	2009 \$	2008 \$
NOTE 4: REVENUE AND EXPENSES					
Revenues and expenses from continuing operations					
a) Rental Revenue					
Rental revenue		500,000	222,380	-	-
b) Finance Revenue					
Bank interest received and receivable		287,801	899,916	287,801	899,916
c) Other Income					
Fair value gain on investments held for trading		4,040,040	2,451,424	4,040,040	2,451,424
Gain on disposal of property, plant & equipment	(i)	467,056	886	48,692	886
Gain on sale of tenement		278,423	-	-	-
Field work completed by Legend Geologists		4,818	74,264	4,818	74,264
Gold sales		44,883	-	44,883	-
Refunds from DOIR		1,000	78,512	-	78,512
Reimbursement of expenses		-	2,862	-	2,862
Dividends received		125,000	-	125,000	-
Underwriting fees		90,000	-	90,000	-
Plant & equipment hire		16,500	5,269	16,500	5,269
		<u>5,067,720</u>	<u>2,613,217</u>	<u>4,369,933</u>	<u>2,613,217</u>
(i) Gain on disposal of property, plant & equipment comprises:					
Proceeds on sale		567,708	11,085	74,652	11,085
Carrying value of assets disposed		(100,652)	(10,199)	(25,960)	(10,199)
		<u>467,056</u>	<u>886</u>	<u>48,692</u>	<u>886</u>
d) Contribution from subsidiaries on transfer of current year tax losses					
		-	-	-	282,078
e) Employee Benefits Expense					
Salaries & oncosts		575,819	622,950	575,819	622,950
Share based payments		2,146,576	49,126	2,146,576	49,126
Other employee benefits		18,320	7,982	18,320	7,982
		<u>2,740,715</u>	<u>680,058</u>	<u>2,740,715</u>	<u>680,058</u>
f) Deferred Exploration Expenditure written off					
Write down of deferred exploration expenditure	12	270,571	6,750,384	270,571	2,402,972

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

	CONSOLIDATED		COMPANY	
	2009 \$	2008 \$	2009 \$	2008 \$
g) Other Expenses				
Depreciation	138,132	152,664	78,022	91,503
Rehabilitation expenses	224,733	-	-	-
Loss on sale of plant & equipment	-	509	-	509
Loss on sale of investments (i)	750,253	4,248	750,253	4,248
	<u>1,113,118</u>	<u>157,421</u>	<u>828,275</u>	<u>96,260</u>
(i) Loss on sale of investments comprises:				
Proceeds on sale of listed shares	(7,738,272)	(712,080)	(7,738,272)	(712,080)
Carrying value of assets disposed	8,488,525	716,328	8,488,525	716,328
Loss on sale of listed shares	<u>750,253</u>	<u>4,248</u>	<u>750,253</u>	<u>4,248</u>
h) Investment and receivables in subsidiary companies written off				
Intercompany receivables (written back)/provided for	-	-	(184,146)	1,032,122
Loan payable to Gidgee Resources Limited written back	-	-	(2,800,932)	-
During 2009 Gidgee Resources Limited forgave a loan receivable from Legend Mining Limited of \$2,800,932.				
Write down of investment in Gidgee Resources Limited	-	-	2,800,932	-
i) Corporate head office expenses				
Fees – Audit/Tax	90,321	43,846	90,321	43,846
Fees – ASX	27,010	24,909	27,010	24,909
Fees – Share registry	24,326	31,632	24,326	31,632
Consultancy Fees*	4,987,576	24,779	4,987,576	24,779
New project assessment	516,755	-	516,755	-
Office rent	127,208	115,748	127,208	115,748
Legal expenses	10,718	19,508	7,338	19,508
Travel expenses	33,017	57,473	33,017	57,473
Other expenses	432,455	297,310	419,983	297,310
	<u>6,249,386</u>	<u>615,205</u>	<u>6,233,534</u>	<u>615,205</u>
* This amount includes the valuation of 140 million unlisted options given to consultants in regards to the Cameroon transaction amounting to \$4,979,875 (note 18(a)).				
j) Finance costs	21,188	45,943	21,188	45,943

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

	2009	2008
	\$	\$
NOTE 5: PROFIT/(LOSS) PER SHARE		
(a) Reconciliation of earnings to net profit/(loss):		
Net Profit/(Loss)	(5,414,373)	(2,912,365)
Profit/(loss) used in the calculation of basic earnings per share	(5,414,373)	(2,912,365)
(b) Weighted average number of shares on issue during the financial year used in the calculation of basic loss per share	1,212,227,513	1,215,016,493
Weighted average number of ordinary shares on issue used in the calculation of diluted loss per share	1,212,227,513	1,215,016,493

	CONSOLIDATED		COMPANY	
	2009	2008	2009	2008
	\$	\$	\$	\$

NOTE 6: INCOME TAX

The major components of income tax expense are:

Income Statement

Current income tax

Current income tax charge/(benefit)	10,128	-	10,128	-
Under/(Over) Provision of Prior Year	-	(376,597)	-	(429,785)

Deferred income tax

Relating to origination and reversal of temporary difference	864,788	(1,026,983)	591,344	(520,457)
Under/(Over) Provision of Prior Year	-	(197,553)	-	(197,553)
Income tax expense/(benefit) reported in the income statement	874,916	(1,601,133)	601,472	(1,147,795)

A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit/(loss) before tax from ordinary activities	(4,539,457)	(4,513,498)	(5,252,402)	(1,077,349)
Accounting profit/(loss) before income tax	(4,539,457)	(4,513,498)	(5,252,402)	(1,077,349)
At the Group's statutory income tax rate of 30%	(1,361,837)	(1,354,049)	(1,575,721)	(323,205)
Expenditure not allowed for income tax purposes	2,353,580	39,693	2,349,264	39,693
Tax effect of writedown of intragroup loan	-	-	(55,244)	309,637
Non taxable income	-	-	-	(84,623)
Gross up of imputation credits	16,071	-	16,071	-
Recognition of tax losses arising from conversion of unused imputation credits	(24,428)	-	(24,428)	-
Utilisation of imputation credits to offset tax payable	(29,142)	-	(29,142)	-
Other	-	-	-	(372,735)
Under/(Over) Provision of Prior Year	-	(197,553)	-	(627,338)
Deductible equity raising costs	(79,328)	(89,224)	(79,328)	(89,224)
Income tax expense/(benefit) reported in the consolidated income statement	874,916	(1,601,133)	601,472	(1,147,795)

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED		COMPANY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Income tax expensed directly to equity				
Relating to equity costs	52,562	89,223	52,562	89,223
Relating to equity settled transactions	-	-	-	-
Relating to equity securities available for sale	-	-	-	-
Deferred tax expense/(income) recognised in equity	<u>52,562</u>	<u>89,223</u>	<u>52,562</u>	<u>89,223</u>
Current Income Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Income Tax				
Deferred income tax at 31 December related to the following:				
Consolidated				
Deferred tax liabilities				
Capitalised exploration and evaluation expenditure	(1,163,843)	(824,006)	(629,160)	(521,405)
Investments	(1,692,246)	(729,085)	(1,692,246)	(729,085)
Accrued interest income	(6,668)	(6,406)	(6,668)	(6,406)
Gross deferred income tax liabilities	<u>(2,862,757)</u>	<u>(1,559,497)</u>	<u>(2,328,074)</u>	<u>(1,256,896)</u>
Deferred tax assets				
Losses available to offset against future taxable income	174,724	560,610	174,724	560,610
Capital losses available to offset against future capital gains	793,337	-	793,337	-
Provision for rehabilitation	443,974	443,240	27,275	26,540
Other provisions	42,978	43,247	42,978	43,247
Impairment of property, plant & equipment	55,368	49,906	(7,566)	6,602
Share based costs on equity	98,795	151,357	98,795	151,357
Other	63,155	38,061	11,795	24,202
Gross deferred tax assets	<u>1,672,331</u>	<u>1,286,421</u>	<u>1,141,338</u>	<u>812,559</u>

Tax Consolidation

Legend Mining Limited and its 100% owned Australian resident subsidiaries 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 members 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: SEGMENT INFORMATION

Operating Segments

The Consolidated Entity has adopted AASB 8 Operating Segments with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Consolidated Entity operates in one operating segment and two geographical segments, being mineral exploration in Australia and West Africa. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

Primary Reporting – geographical segments

The geographical segments of the consolidated entity are as follows:

	AUSTRALIA		WEST AFRICA		TOTAL	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
Revenue	5,855,521	3,735,513	-	-	5,855,521	3,735,513
Segment Result	(4,008,316)	(4,513,498)	(531,141)	-	(4,539,457)	(4,513,498)
Segment Assets	23,778,430	20,598,284	2,295,737	-	26,074,167	20,598,284
Segment Liabilities	(4,781,151)	(3,282,472)	-	-	(4,781,151)	(3,282,472)

In the current year operations commenced in Cameroon, however all costs incurred were recorded in Legend Cameroon Pty Ltd which is an Australian company.

Segment revenues and expenses are those directly attributable to the segments and include those expenses incurred by head office where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash and cash equivalents, receivables, property, plant and equipment, investments in listed entities and capitalised exploration. Segment liabilities consist principally of payables, employee benefits, accrued expenses and provisions.

	CONSOLIDATED		COMPANY	
	2009	2008	2009	2008
	\$	\$	\$	\$
	2,437,937	2,002,686	2,437,937	2,002,686
	3,000,000	3,000,000	3,000,000	3,000,000
	5,437,937	5,002,686	5,437,937	5,002,686

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and in hand	2,437,937	2,002,686	2,437,937	2,002,686
Deposits-at call	3,000,000	3,000,000	3,000,000	3,000,000
	5,437,937	5,002,686	5,437,937	5,002,686

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.

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

	CONSOLIDATED		COMPANY	
	2009 \$	2008 \$	2009 \$	2008 \$
NOTE 9: TRADE AND OTHER RECEIVABLES				
Current				
Trade Receivables (a)	226,775	31,355	226,775	31,355
Other Receivables (a)	286,069	197,115	286,069	197,115
	512,844	228,470	512,844	228,470
Non-current				
Related party receivables (b)	-	-	6,106,551	6,338,491
Less: Provision for impairment (c)	-	-	(5,188,524)	(5,654,621)
	-	-	918,027	683,870

- (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	CONSOLIDATED		COMPANY	
		2009 \$	2008 \$	2009 \$	2008 \$
NOTE 10: OTHER FINANCIAL ASSETS					
Current					
Shares in Accent Resources NL - at market value (a)		232,500	-	232,500	-
Shares in Independence Group - at market value (a)		8,408,400	7,344,000	8,408,400	7,344,000
		8,640,900	7,344,000	8,640,900	7,344,000
Non-current					
Performance and other bonds (a)		1,546,050	1,543,602	1,546,050	1,543,602
Shares in controlled entities - at lower of cost and net realisable value (b)	22	-	-	60,802	2,800,934
		1,546,050	1,543,602	1,606,852	4,344,536

- (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 2.2% to 8.2% per annum.
 - Shares in Independence Group – 1,716,000 Independence Group were on hand at 31 December 2009. The shares had a market value of \$4.90 each at 31 December 2009.
 - Shares in Accent Resources NL – 1,500,000 Accent Resources were on hand at 31 December 2009. The shares had a market value of \$0.155 each at 31 December 2009.
- (b) At 31 December 2009 the investment in Gidgee Resources Ltd was written down by \$2,800,932 to a value of nil.

NOTES TO THE FINANCIAL STATEMENTS

	Buildings \$	Plant and equipment \$	Total \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT			
CONSOLIDATED			
At 1 January 2009			
net of accumulated depreciation	106,515	344,319	450,834
Additions	-	80,790	80,790
Disposals	-	(100,652)	(100,652)
Depreciation expense	(56,808)	(81,324)	(138,132)
At 31 December 2009			
Net of accumulated depreciation	49,707	243,133	292,840
At 1 January 2009			
Cost	284,040	706,276	990,316
Accumulated depreciation	(177,525)	(361,957)	(539,482)
Net carrying amount	106,515	344,319	450,834
At 31 December 2009			
Cost	284,040	602,354	886,394
Accumulated depreciation	(234,333)	(359,221)	(593,554)
Net carrying amount	49,707	243,133	292,840
COMPANY			
At 1 January 2009			
net of accumulated depreciation	-	265,606	265,606
Additions	-	80,790	80,790
Disposals	-	(25,960)	(25,960)
Depreciation expense	-	(78,022)	(78,022)
At 31 December 2009			
net of accumulated depreciation	-	242,414	242,414
At 1 January 2009			
Cost	-	612,116	612,116
Accumulated depreciation	-	(346,510)	(346,510)
Net carrying amount	-	265,606	265,606
At 31 December 2009			
Cost	-	592,354	592,354
Accumulated depreciation	-	(349,940)	(349,940)
Net carrying amount	-	242,414	242,414

NOTES TO THE FINANCIAL STATEMENTS

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

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

	Note	CONSOLIDATED		COMPANY	
		2009 \$	2008 \$	2009 \$	2008 \$
NOTE 12: DEFERRED EXPLORATION COSTS					
Deferred exploration and evaluation		6,245,930	3,057,304	4,067,920	2,048,631
Deferred mining information		1,672,503	1,672,503	-	-
		<u>7,918,433</u>	<u>4,729,807</u>	<u>4,067,920</u>	<u>2,048,631</u>
(a) Deferred exploration and evaluation costs					
At 1 January, at cost		3,057,304	7,631,050	2,048,631	3,467,179
Expenditure incurred during the year	12(iii)	3,459,197	2,176,638	2,289,860	984,424
Expenditure written off during the year	12(i)	(270,571)	(6,750,384)	(270,571)	(2,402,972)
At 31 December, at cost	12(ii)	<u>6,245,930</u>	<u>3,057,304</u>	<u>4,067,920</u>	<u>2,048,631</u>
(b) Deferred Mining Information					
At 1 January, at cost		1,672,503	1,672,503	-	-
At 31 December, at cost	12(ii)	<u>1,672,503</u>	<u>1,672,503</u>	<u>-</u>	<u>-</u>

Note:

- (i) 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 (\$270,571) of the affected tenements.
- (ii) 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.
- (iii) Included in expenditure incurred during the year are acquisition costs of \$1,900,000 relating to the issue of 50,000,000 shares at 3.8 cents each for the right to incur exploration costs on First Completion of the Cameroon transaction.

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

	CONSOLIDATED		COMPANY	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 13: TRADE AND OTHER PAYABLES				
Current – unsecured				
Trade payables	50,440	24,941	50,440	24,939
Other payables & accruals	296,935	151,528	125,612	105,332
	347,375	176,469	176,052	130,271

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.

Non Current – unsecured

Related party loans	-	-	-	2,800,932
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At 31 December 2009 a loan payable to Gidgee Resources Limited of \$2,800,932 was forgiven by Gidgee Resources Limited and written back to income in Legend Mining.

NOTE 14: PROVISIONS

Current

Employee benefits	56,153	42,327	56,153	42,327
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Non Current

Employee benefits	34,950	26,711	34,950	26,711
Provision for restoration – Pilbara	90,916	88,468	90,916	88,468
Provision for restoration – Mt Gibson	1,389,000	1,389,000	-	-
	1,514,866	1,504,179	125,866	115,179

Number of employees at year end	7	7	7	7
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Movement in provision for restoration:

Carrying amount at beginning of the year	1,477,468	1,472,840	88,468	83,840
Additional provision	2,448	4,628	2,448	4,628
Carrying amount at year end	1,479,916	1,477,468	90,916	88,468

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

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

	CONSOLIDATED & COMPANY	
	2009	2008
	\$	\$
NOTE 15: CONTRIBUTED EQUITY		
Ordinary shares		
Issued and fully paid	39,861,385	37,961,550
Shares to be issued	240,000	-
Issue costs	(1,680,971)	(1,628,409)
	38,420,414	36,333,141
	No	\$
Movement in ordinary shares on issue 2009		
At 1 January 2009	1,209,350,801	37,961,550
31-Mar-09 Refund for overpayment of options	-	(82)
17-Apr-09 Refund for overpayment of options	-	(83)
11-Dec-09 Issued as consideration on First Completion of Cameroon transaction	50,000,000	1,900,000
	1,259,350,801	39,861,385
31-Dec-09 Cash received for shares not yet issued (note 1)	-	240,000
	1,259,350,801	40,101,385
Movement in ordinary shares on issue 2008		
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)
	1,209,350,801	37,961,550

Note 1: On 29 December 2009 Legend announced a placement of 120 million new shares at \$0.03 per share largely to institutional clients of CPS Securities, to raise \$3.42 million net of capital raising costs. As at 31 December \$240,000 had been received.

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.

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

CONSOLIDATED & COMPANY

2009 2008
\$ \$

NOTE 16: SHARE OPTION PREMIUM RESERVE

Share option premium reserve	10,545,911	3,241,607
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	2009	2009
	No	\$

Movement in share option premium reserve in 2009

At 1 January 2009	3,900,000	3,241,607
30-Jul-09 Lapse of options	(1,500,000)	-
4-Dec-09 Issued of options per Camina share sale agreement	200,000,000	7,114,107
18-Dec-09 Issue of Employee options	9,000,000	190,197
	211,400,000	10,545,911

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
- the identified fair value of \$0.028 on the issue of 9,000,000 unlisted employee options
- the identified fair value of \$0.036 on the issue of 200,000,000 unlisted options

	2008	2008
	No	\$

Movement in share option premium reserve in 2008

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

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

NOTES TO THE FINANCIAL STATEMENTS

	Number	Exercise price cents per share
NOTE 17: SHARE OPTIONS		
Unlisted options – Expiry date 30 July 2009		
At 1 January 2009	1,500,000	26.25cents ¹
Options issued	-	-
Options exercised	-	-
Options expired/lapsed	(1,500,000)	26.25cents
At 31 December 2009	<u>-</u>	-
Unlisted options – Expiry date 22 May 2010		
At 1 January 2009	2,400,000	4.25cents ²
Options issued	-	-
Options exercised	-	-
Options expired/lapsed	-	-
At 31 December 2009	<u>2,400,000</u>	4.25cents
Unlisted options – Expiry date 16 December 2014		
At 1 January 2009	-	-
Options issued	9,000,000	5.30cents
Options exercised	-	-
Options expired/lapsed	-	-
At 31 December 2009	<u>9,000,000</u>	5.30cents
Unlisted options – Expiry date 21 December 2015		
At 1 January 2009	-	-
Options issued	200,000,000	4cents
Options exercised	-	-
Options expired/lapsed	-	-
At 31 December 2009	<u>200,000,000</u>	4cents

¹ Reduced from 30 cents per option to 26.25 cents following the return of capital

² Reduced from 8 cents per option to 4.25 cents following the return of capital

NOTES TO THE FINANCIAL STATEMENTS

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	
	2009	2008	2009	2008
	\$	\$	\$	\$
Employee Share Option Plan	190,197	49,126	190,197	49,126
Expense arising from issued of 140 million options to consultants	4,979,875	-	4,979,875	-
Expense arising from issue of 60 million options to directors	2,134,232	-	2,134,232	-
Expense arising from Share Based Option Plan	<u>7,304,304</u>	<u>49,126</u>	<u>7,304,304</u>	<u>49,126</u>

(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.

At a General Meeting on the 4 December 2009 shareholders approved the implementation of Employee Share Option Plan No 3. The new plan differs from the previous plans in that there is no 12 month vesting period on any new options received under plan No 3. There is a significant change in the context of recent proposals by the Federal Government to change the tax treatment of options issued under incentive schemes. Removal of the vesting period requirement allows the Board maximum flexibility to make offers of options on the terms of the plans appropriate at the time, having regard for the tax environment which the proposed participants find themselves in when an offer of options is received from the company.

The new plan will not affect options that were issued prior to the date of the General Meeting, which will remain governed by Employee Option Plan No 2, which was approved by shareholders in General Meeting dated 15 May 2007.

Expense Share Option Plan, 'ExSOP'

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

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

NOTE 18: SHARE-BASED PAYMENT PLANS (continued)

(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:

	2009 No.	2009 WAEP (\$)	2008 No.	2008 WAEP (\$)
Outstanding balance at the beginning of the year	2,400,000	0.0425	3,950,000	0.037
Granted during the year	9,000,000	0.0530	-	-
Expired/lapsed during the year	-	-	(1,550,000)	0.030
Exercised during the year	-	-	-	-
Outstanding at the end of the year	11,400,000	0.0508	2,400,000	0.0425
Exercisable at the end of the year	11,400,000	0.0508	2,400,000	0.0425

The outstanding balance as at 31 December 2009 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.
- (ii) 9,000,000 options over ordinary shares with an exercise price of \$0.053 each, exercisable from 16 December 2009 to 16 December 2014

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

	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding balance at the beginning of the year	-	-	4,250,000	0.0025
Granted during the year	-	-	-	-
Exercised during the year	-	-	(4,250,000)	0.0025
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

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

Outstanding balance at the beginning of the year	-	-	-	-
Granted during the year	200,000,000	0.04	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	200,000,000	0.04	-	-
Exercisable at the end of the year	200,000,000	0.04	-	-

NOTES TO THE FINANCIAL STATEMENTS

(d) Option pricing model

ESOP and ExSOP

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

Expected volatility (%)	120.00
Risk-free interest rate (%)	5.03
Expected life of option (days)	1824
Option exercise price (\$)	0.053
Share price at measurement date (\$)	0.035

A discount of 25% was applied as the options are unlisted and are not negotiable.

Director & contractor options

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

Expected volatility (%)	120.00
Risk-free interest rate (%)	5.03
Expected life of option (days)	1826
Option exercise price (\$)	0.040
Share price at measurement date (\$)	0.042

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**

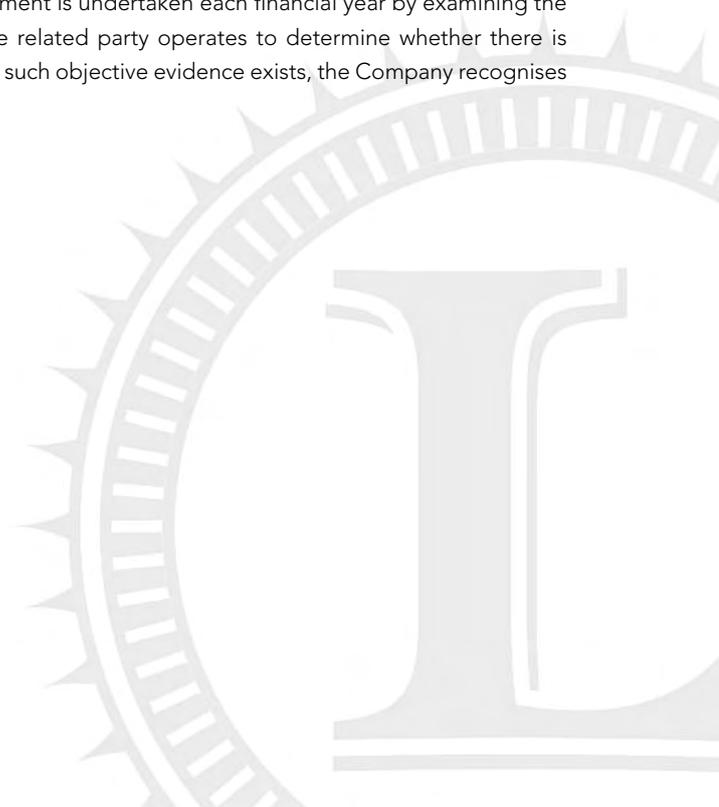
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Allowance for impairment on trade receivables

For the year ended 31 December 2009 the Company made a net reversal for impairment loss relating to amounts owed by related parties of \$184,146 (2008 \$1,032,122). 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 Company recognises an allowance for the impairment loss.

(iii) **Ultimate parent**

Legend Mining Limited is the ultimate parent company.



N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

NOTE 19: RELATED PARTIES (continued)

(iv) Loans to related parties

Legend Mining Limited advanced/ (received) the following loans to/(from) its subsidiary companies during 2009

	2009 \$	2008 \$
Gibson Metals Pty Ltd	383,129	511,039
Armada Mining Limited	(175,867)	681,175
Legend Cameroon Pty Ltd	410,024	-

The balance outstanding at 31 December 2009 are as follows:

	Note	CONSOLIDATED		COMPANY	
		2009 \$	2008 \$	2009 \$	2008 \$
Gibson Metals Pty Ltd		-	-	5,188,524	5,654,621
Armada Mining Limited				508,002	683,870
Legend Cameroon Pty Ltd		-	-	410,025	-
	9	-	-	6,106,551	6,338,491
Provision for impairment	9			(5,188,524)	(5,654,621)
Balance		-	-	918,027	683,870

During 2009 Gidgee Resources Limited forgave a loan receivable from Legend Mining Limited of \$2,800,932.

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 Statement of Financial Position as follows:

	Note	CONSOLIDATED		COMPANY	
		2009 \$	2008 \$	2009 \$	2008 \$
Cash on hand		300	300	300	300
Cash at bank		2,437,637	2,002,386	2,437,637	2,002,386
Deposits at call		3,000,000	3,000,000	3,000,000	3,000,000
	8	5,437,937	5,002,686	5,437,937	5,002,686

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

	Note	CONSOLIDATED		COMPANY	
		2009 \$	2008 \$	2009 \$	2008 \$
(ii) Reconciliation of net profit/(loss) after income tax to net cash used in operating activities					
Net Profit/(Loss)		(5,414,373)	(2,912,365)	(5,853,875)	70,446
Adjusted for:					
Net (Gain)/Loss on disposal of property, plant & equipment		(467,056)	(377)	(48,692)	(377)
Net (Gain)/Loss on sale of tenement		(278,423)	-	-	-
Contribution from subsidiaries on transfer of current year tax losses		-	-	-	(282,078)
Depreciation		138,132	152,664	78,022	91,503
Loss on sale of investments		750,253	4,248	750,253	4,248
Fair value gain on investments		(4,040,040)	(2,451,424)	(4,040,040)	(2,451,424)
Deferred exploration expenditure written off		270,571	6,750,384	270,571	2,402,972
Income tax expense/(benefit)		874,916	(1,601,133)	601,472	(1,147,795)
Investments and receivables in subsidiary companies written down		-	-	(184,146)	1,032,122
Share options expensed		7,304,304	49,126	7,304,304	49,126
		(861,716)	(8,877)	(1,122,131)	(231,257)
<i>Change in assets and liabilities:</i>					
(Increase)/ decrease in prepayments		(40,368)	327,130	(40,368)	327,130
(Increase)/ decrease in receivables		(53,962)	(130,333)	(518,531)	(811,510)
Exploration and evaluation expenditure		(1,559,197)	(2,176,638)	(389,860)	(984,424)
(Decrease)/Increase in provision for annual leave		13,826	(62,265)	13,826	(62,265)
(Decrease)/Increase in provision for long service leave		8,239	26,711	8,239	26,711
(Decrease)/ Increase in payables in operating activities		160,747	(47,547)	(283,606)	(336,204)
(Decrease)/ Increase in rehabilitation provision		2,448	4,628	2,448	4,628
Net Cash (Used)/ provided in operating activities		(2,329,983)	(2,067,191)	(2,329,983)	(2,067,191)

Non cash financing and investment activities

During the financial year, 50,000,000 ordinary shares were issued to Cameroon vendors on first completion of the Cameroon transaction valued at \$1,900,000.

Other than those listed above there were no other non cash financing and investment activities were transacted.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21: COMMITMENTS**(a) Exploration expenditure commitments.**

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay in 2010 amounts of approximately \$1,623,590 (2008: \$1,601,290) 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.

In addition on 5 February 2010 Legend announced it had taken up its right to acquire a 90% stake in Camina SA, a Cameroon company holding exploration licences in that country. An additional commitment of \$760,000 will need to be outlaid to maintain the rights of these exploration licences.

Note: This is the maximum commitment for 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 in Australia is expected to be less than \$1.6 million, while still holding all the tenements in good standing.

(b) Operating Lease commitments.

The company has a lease commitment over its office premises located at 640 Murray Street West Perth. The lease is for a period of two year commencing 1 November 2009. The lease commitment is \$108,000 per annum.

NOTE 22: INVESTMENTS IN CONTROLLED ENTITIES

Name	Class of Share	Interest Held 2009	Interest Held 2008
Gibson Metals Pty Ltd (formerly Arbotech Pty Ltd)	Ordinary	100%	100%
Armada Mining Ltd	Ordinary	100%	100%
Gidgee Resources Ltd	Ordinary	100%	100%
Legend Cameroon Pty Ltd (1)	Ordinary	100%	N/A
Legend Iron Ltd (BVI) (2)	Ordinary	100%	N/A

(1) Legend Cameroon Pty Ltd was incorporated on 22 September 2009

(2) Legend Iron Limited was incorporated on 24 September 2009 in the British Virgin Islands

Except as noted above the parent company and all the controlled entities are Australian registered entities.

Note: On 4 December 2009 the Legend board of directors met and elected to inform the ASIC of their decision to deregister Gidgee Resources. On 24 February 2010 the ASIC informed Legend that Gidgee Resources had been deregistered.

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

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:

	Weighted Average Interest Rate	Floating Interest \$	Fixed Interest \$	Non-Interest Bearing \$	Total \$
Consolidated 2009					
Financial assets:					
Cash and cash equivalents	3.97%	2,437,937	3,000,000	-	5,437,937
Other financial assets	4.64%	-	1,529,916	16,134	1,546,050
Other financial assets – Independence Group shares		-	-	8,408,400	8,408,400
Accent Resources NL shares		-	-	232,500	232,500
Trade & other receivables		-	-	512,844	512,844
		2,437,937	4,529,916	9,169,878	16,137,731
Financial liabilities:					
Trade & other payables		-	-	347,375	347,375
		-	-	347,375	347,375
Consolidated 2008					
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

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (continued)

	Weighted Average Interest Rate	Floating Interest \$	Fixed Interest \$	Non-Interest Bearing \$	Total \$
Company 2009					
Financial assets:					
Cash and cash equivalents	3.97%	2,437,937	3,000,000	-	5,437,937
Other financial assets	4.64%	-	1,529,916	16,134	1,546,050
Other financial assets – Independence Group shares		-	-	8,408,400	8,408,400
Accent Resources NL shares		-	-	232,500	232,500
Related party receivables		-	-	918,027	918,027
Trade & other receivables		-	-	512,844	512,844
		<u>2,437,937</u>	<u>4,529,916</u>	<u>10,087,905</u>	<u>17,055,758</u>
Financial liabilities:					
Trade & other payables		-	-	176,052	176,052
		-	-	<u>176,052</u>	<u>176,052</u>
Company 2008					
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
		<u>2,002,686</u>	<u>4,777,468</u>	<u>8,272,474</u>	<u>14,802,628</u>
Financial liabilities:					
Trade & other payables		-	-	130,271	130,271
Related party payables		-	-	2,800,932	2,800,932
		-	-	<u>2,931,203</u>	<u>2,931,203</u>

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

A change of 100 basis points in interest rates would result in a net gain/loss before taxation of \$69,678. This is based on the interest bearing financial assets as detailed above. As all the interest bearing financial assets are held by Legend Mining Limited, the company's sensitivity is the same as the consolidated entity.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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	
		2009 \$	2008 \$
Held for trading financial assets	10	8,640,900	7,344,000
Cash and cash equivalents	8	5,437,937	5,002,686
Trade and other receivables	9	512,844	228,470
Performance bonds	10	1,546,050	1,543,602
		16,137,731	14,118,758

The Company's maximum exposure to credit risk at the reporting date was \$8,640,900 (2008: \$7,344,000) for held for trading financial assets, \$5,437,937 (2008: \$5,002,686) for cash and cash equivalents, \$1,430,871 (2008: \$912,340) for trade and other receivables and \$1,546,050 (2008: \$1,543,602) for performance bonds totalling \$16,137,731 (2008: \$14,118,758).

All group trade and other receivables are current and have not been impaired. Provision for impairment of related party receivables is disclosed in note 9 and 19.

(c) Liquidity Risk

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

	Carrying Amount	Contractual cash flows	6 mths or less
CONSOLIDATED			
31 December 2009			
<i>Non-derivative financial liabilities</i>			
Trade and other payables	347,375	(347,375)	(347,375)
31 December 2008			
<i>Non-derivative financial liabilities</i>			
Trade and other payables	176,469	(176,469)	(176,469)
COMPANY			
31 December 2009			
<i>Non-derivative financial liabilities</i>			
Trade and other payables	176,052	(176,052)	(176,052)
31 December 2008			
<i>Non-derivative financial liabilities</i>			
Trade and other payables	130,271	(130,271)	(130,271)
Related party payables	2,800,932	(2,800,932)	(2,800,932)
Total	2,931,203	(2,931,203)	(2,931,203)

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(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:

	31 DECEMBER 2009		31 DECEMBER 2008	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
CONSOLIDATED				
Held for trading financial assets	8,640,900	8,640,900	7,344,000	7,344,000
Cash and cash equivalents	5,437,937	5,437,937	5,002,686	5,002,686
Performance and other bonds	1,546,050	1,546,050	1,543,602	1,543,602
Trade and other receivables	512,844	512,844	228,470	228,470
Trade and other payables	(347,375)	(347,375)	(176,469)	(176,469)
	<u>15,790,356</u>	<u>15,790,356</u>	<u>13,942,289</u>	<u>13,942,289</u>
COMPANY				
Held for trading financial assets	8,640,900	8,640,900	7,344,000	7,344,000
Cash and cash equivalents	5,437,937	5,437,937	5,002,686	5,002,686
Performance and other bonds	1,546,050	1,546,050	1,543,602	1,543,602
Trade and other receivables	512,844	512,844	228,470	228,470
Trade and other payables	(176,052)	(176,052)	(130,271)	(130,271)
Related party payables	-	-	(2,800,932)	(2,800,932)
	<u>15,961,679</u>	<u>15,961,679</u>	<u>11,187,555</u>	<u>11,187,555</u>

(e) Market risk

Market risk relates to the risk that the fair value or future cash flows from financial instruments will fluctuate because of changes in market prices. The groups' exposure to equity securities is considered high as the company has significant investments in other listed investments. Such risk is managed through diversification of investments.

A change of 10% in market price of the shares would result in a gain/loss before taxation of \$864,090.

NOTE 24: INTEREST IN JOINT VENTURE ASSETS

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

Joint Venture	Project	Activity	2009 Interest	2008 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%
Mount Marie Joint Venture	Pilbara	Nickel, Copper & Zinc Exploration	-	-

Net assets employed in the joint ventures totalling \$683,178 (2008: \$566,264) are included as deferred exploration expenditure carried forward in the financial statements.

N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

CONSOLIDATED		COMPANY	
2009	2008	2009	2008
\$	\$	\$	\$

NOTE 25: AUDITOR'S REMUNERATION

Remuneration of the auditor of the parent entity
Stantons International for

- auditing or reviewing the financial report	37,769	43,856	37,769	43,856
- consulting fees corporate advice	875	-	875	-

NOTE 26: CONTINGENT LIABILITIES

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

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 Group'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

(a) Acquisition of 90% of Camina

Aeromagnetic and radiometric surveys at Ngovayang and Mayo Binka covering 3,580km² commenced on 21 January 2010, with preliminary results released to the ASX on 5 February 2010.

Based on the results of the aeromagnetic surveys, Legend decided to exercise its right to acquire 90% of Camina on 4 February 2010.

Settlement of the transaction took place with the issue of:

1. 350 million Legend shares;
2. 200 million Legend 5 year options exercisable at 4 cents per option;
3. 400 million Performance Options (a), exercisable for nil consideration, once a JORC compliant resource of 250 million tonnes of iron ore containing a minimum of 50 million tonnes of DSO is identified on the permits; and
4. 400 million Performance Options (b), exercisable for nil consideration, once a JORC compliant resource of 2 billion tonnes of iron ore containing a minimum of 200 million tonnes of DSO is identified on the permits OR the first US\$60 million from sales of ore from the permits is achieved, to the Camina Vendors and Vendor nominee parties.

The valuation of the respective issues are as follows:

Type of share/option issued	Number of shares/options issued	Valuation of share/option (each)	Total valuation of shares/ options
Vendor shares	350,000,000 shares	\$0.0350	\$12,250,000
Vendor options	200,000,000 options	\$0.0263	\$5,263,764
Performance options (a)	400,000,000 options	\$0.0116	\$4,620,000
Performance options (b)	400,000,000 options	\$0.0028	\$1,120,000
Total valuation			\$23,253,764

In addition 50,000,000 shares were issued on 11 December 2009 at a total value of \$1,900,000 after First Completion of the Cameroon transaction had taken place for the right to undertake exploration activities which has been capitalised as exploration and evaluation costs in Legend Mining Limited.

The fair value of the net assets of Camina SA that were acquired at 4 February 2010 have not yet been finalised, together with the related goodwill arising. The estimated fair value of tenements and the carrying value of goodwill approximate \$23.2 million.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 27: EVENTS AFTER THE BALANCE SHEET DATE (continued)**(b) Capital raising**

On 4 and 7 January 2010 \$150,000 and \$3,210,000 respectively was received by Legend in consideration for the capital raising announced on the 29 December 2009. On 12 January 2010 120,000,000 ordinary shares and 30,000,000 unlisted options were issued.

Other than the items listed above there were no additional subsequent significant events after the balance date.

(c) Changes in share price of Independence Group NL

On 29 March 2010, the share price of Independence Group NL ("IGO") has declined from \$4.90 at 31 December 2009 to \$4.38. This results in a reduction in the fair value of Legend Mining Limited's investment in IGO of \$892,320.

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.

D I R E C T O R S ' D E C L A R A T I O N

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 20 – 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 2009 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 2009.

On behalf of the Board.



M. ATKINS

Chairman

Dated this 31st day of March 2010

DECLARATION OF AUDITOR'S INDEPENDENCE

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

31 March 2010

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 2009, 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

INDEPENDENT AUDITOR'S REPORT

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

**INDEPENDENT AUDITOR'S REPORT
 TO THE MEMBERS OF
 LEGEND MINING LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Legend Mining Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of Legend Mining Limited ("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.

Directors' responsibility for the Financial Report

The directors of Legend Mining Limited 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, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

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, 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 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.

I N D E P E N D E N T A U D I T O R ' S R E P O R T

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*.

Auditor's opinion

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 2009 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 also complies with International Financial Reporting Standards as disclosed in note 1.

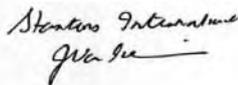
Report on the Remuneration Report

We have audited the remuneration report included in pages 25 to 32 of the directors' report for the year ended 31 December 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

In our opinion the remuneration report of Legend Mining Limited for the year ended 31 December 2009 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)



J P Van Dieren
Director

West Perth, Western Australia
31 March 2010

S H A R E H O L D E R I N F O R M A T I O N

The issued capital of the company as at 23 March 2010 is 1,729,350,801 ordinary fully paid shares.

DISTRIBUTION OF SHARE HOLDERS AS AT 23 MARCH 2010

Fully Paid Shares	Number
1 - 1,000	54
1,001 - 5,000	135
5,001 - 10,000	323
10,001 - 100,000	1,823
100,001 and over	1,054
	3,389
Number holding less than a marketable parcel	636

TOP 20 SHAREHOLDERS AS AT 23 MARCH 2010

Name	Total Holdings	% Issued Capital
Yandal Investments Pty Ltd	344,750,000	19.94
Australian Gold Resources Pty Ltd	164,985,000	9.54
Brispot Nominees Pty Ltd	102,600,276	5.93
Mikado Corporation Pty Ltd	70,000,000	4.05
Sarl Nsamba	61,005,125	3.53
Ron Medich Properties Pty Ltd	60,500,000	3.50
Karari Australia Pty Ltd	31,000,000	1.79
Chester Nominees WA Pty Ltd	30,000,000	1.74
Mr Paul Sharbanee	30,000,000	1.74
Mr Serge E Asso'o Mendo	23,500,000	1.36
Mr Emmanuel Cheo Suh	19,000,000	1.10
Mr Robert Sunji Noucha Thiery Yves Nganso	18,600,000	1.08
Mr Francis Mabou	16,500,000	0.95
Mr John Francis Corr	15,000,000	0.87
ANZ Nominees Limited	12,906,566	0.75
Sarl Negtel	12,800,000	0.74
Mr Bime Julius Manjoh	10,700,000	0.62
Ms Gisele Minlo Marie Momo	10,000,000	0.58
Bayonet Investments Pty Ltd	10,000,000	0.58
Mr Roger Bogne	10,000,000	0.58
	1,053,846,967	60.97

UNLISTED OPTION HOLDERS AS AT 23 MARCH 2010

Class of options	Number	Number of Holders
20 May 2010 exercisable at 4.25 cents per share	2,400,000	5
16 December 2014 exercisable at 5.30 cent per share	9,000,000	5
21 December 2015 exercisable at 4.0 cents per share	200,000,000	9
4 February 2015 exercisable at 4.0 cents per share	200,000,000	20
4 February 2015 exercisable at nil cents per share	400,000,000	18
4 February 2015 exercisable at nil cents per share	400,000,000	18

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

T E N E M E N T L I S T I N G

AS AT 23 MARCH 2010

Tenement	Status	Percentage Interest
GUM CREEK PROJECT		
E57/632	Granted	100%
E57/634	Granted	100%
E57/674	Granted	100%
E57/706	Granted	100%
E57/709	Granted	100%
E57/730	Granted	100%
P57/1058	Granted	100%
P57/1068	Granted	100%
P57/1069	Granted	100%
P57/1070	Granted	100%
P57/1126	Granted	100%
P57/1127	Granted	100%
P57/1244	Granted	100%
P57/1056	Pending	100%
Mt GIBSON PROJECT		
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%
M59/217	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%

T E N E M E N T L I S T I N G

Tenement	Status	Percentage Interest
PILBARA PROJECT		
E47/587	Granted	30.12%
E47/1178	Granted	100%
E47/1745	Granted	100%
E47/1746	Granted	100%
E47/1747	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
E47/1878	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%
P47/1360	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%
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%
ESPERANCE PROJECT		
E63/1349	Pending	100%
CAMEROON PROJECT		
EP136	Granted	90%
EP144	Granted	90%
EP196	Granted	90%
EPA2354	Pending	90%

NOTES



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