

mine**life**

WEEKLY RESOURCE REPORT by Gavin Wendt



ISSUE 141

16th October, 2013

US fiscal failure warrants a de-Americanized world

Given the ongoing turmoil related to the US debt situation, journalist Liu Chang with China's Xinhua news agency wrote an interesting piece recently. He wrote: "As U.S. politicians of both political parties are still shuffling back and forth between the White House and the Capitol Hill without striking a viable deal to bring normality to the body politic they brag about, it is perhaps a good time for the befuddled world to start considering building a de-Americanized world."

"Moreover, instead of honoring its duties as a responsible leading power, a self-serving Washington has abused its superpower status and introduced even more chaos into the world by shifting financial risks overseas, instigating regional tensions amid territorial disputes, and fighting unwarranted wars under the cover of outright lies. As a result, the world is still crawling its way out of an economic disaster thanks to the voracious Wall Street elites."

"Most recently, the cyclical stagnation in Washington for a viable bipartisan solution over a federal budget and an approval for raising debt ceiling has again left many nations' tremendous dollar assets in jeopardy and the international community highly agonized. Such alarming days when the destinies of others are in the hands of a hypocritical nation have to be terminated, and a new world order should be put in place, according to which all nations, big or small, poor or rich, can have their key interests respected and protected on an equal footing. To that end, several cornerstones should be laid to underpin a de-Americanized world."

Legend Mining (LEG) – Maintain Speculative Buy around \$0.012

A well-established and professionally run exploration company, with a regional focus on its vast Ngovayang project in Cameroon, West Africa. The project is prospective for precious metals and iron ore.

Corporate Details

Status: Grassroots Explorer
 Size: Small Cap
 Commodity Exposure: Gold
 Share Price: \$0.012
 12-month Range: \$0.007 - \$0.024
 Shares: 1.96b, Options: 1.2b
 Top 20: 53%
 Net Cash: \$10m
 Market Value: \$24m



Key Parameters	Rating (✓ out of 5)	Quarterly Statistics
Management Quality	✓✓✓✓✓	Q2 2013 Exploration Spend: \$0.831m
Financial Security	✓✓✓✓✓	Q2 2013 Admin Spend: \$0.506m
Project Quality	✓✓✓✓✓	Exploration Spend 62%, Admin Spend 38%
Exploration / Resource Potential	✓✓✓✓✓	Q3 2013 Forecast Exploration Spend: \$0.8m
Project Risk	✓✓✓✓✓	Q3 2013 Forecast Admin. Spend: \$0.4m

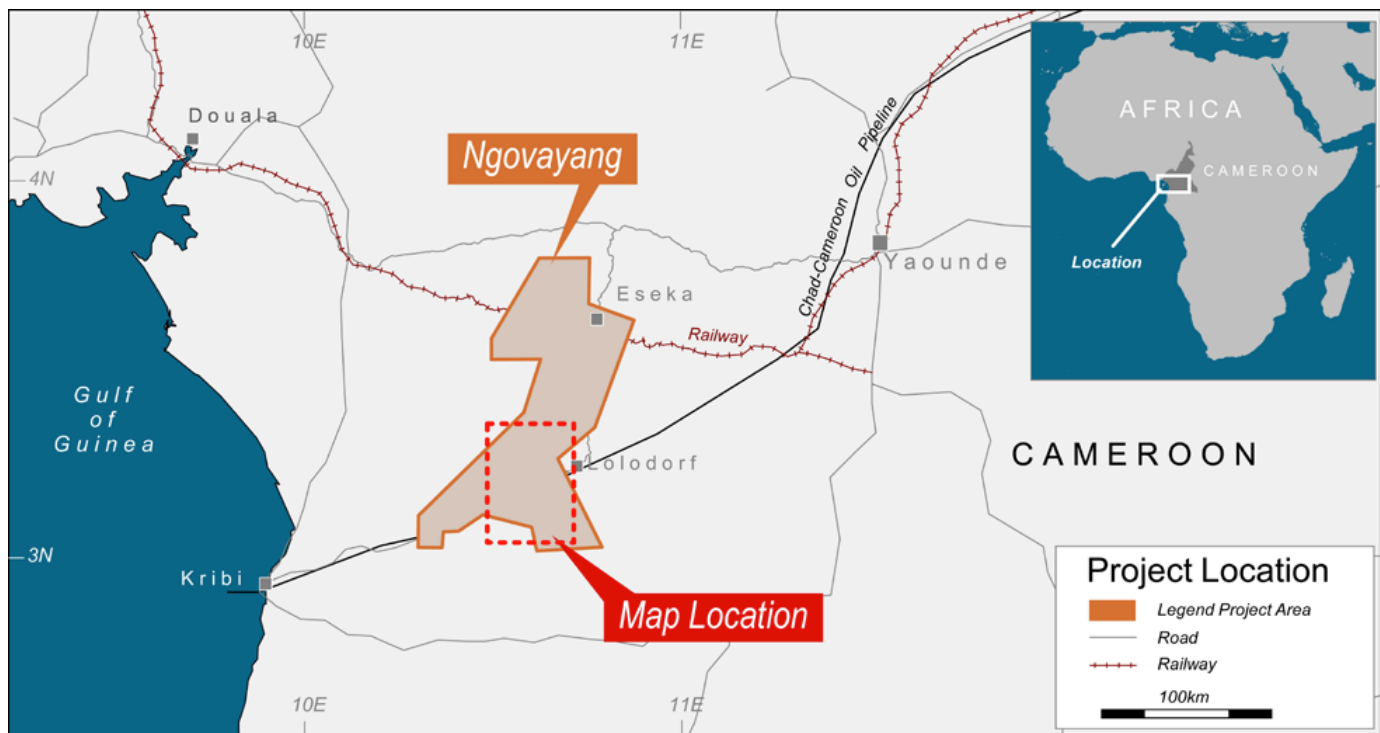
We introduced Legend Mining into our Portfolio during April 2011 with a Speculative Buy recommendation around \$0.052 and we accumulated further stock during late 2011 with a further Speculative Buy recommendation around \$0.029. The company represents one of our favourite African exploration exposures – initially because of the company's longer-term iron ore potential - but more recently because of the precious metals potential within its vast Ngovayang project area in Cameroon, West Africa.

The company's 90%-owned Ngovayang project encompasses three exploration tenements with a total coverage of 2,469 sq km in the southwestern region of Cameroon. The commodity that has historically received the most attention within its project area is iron ore, and it has the very real potential to host vast reserves of high-grade magnetite ore. The project is also well serviced by existing infrastructure, lying within 100km of the coast between the international airport cities of Yaounde and Douala.

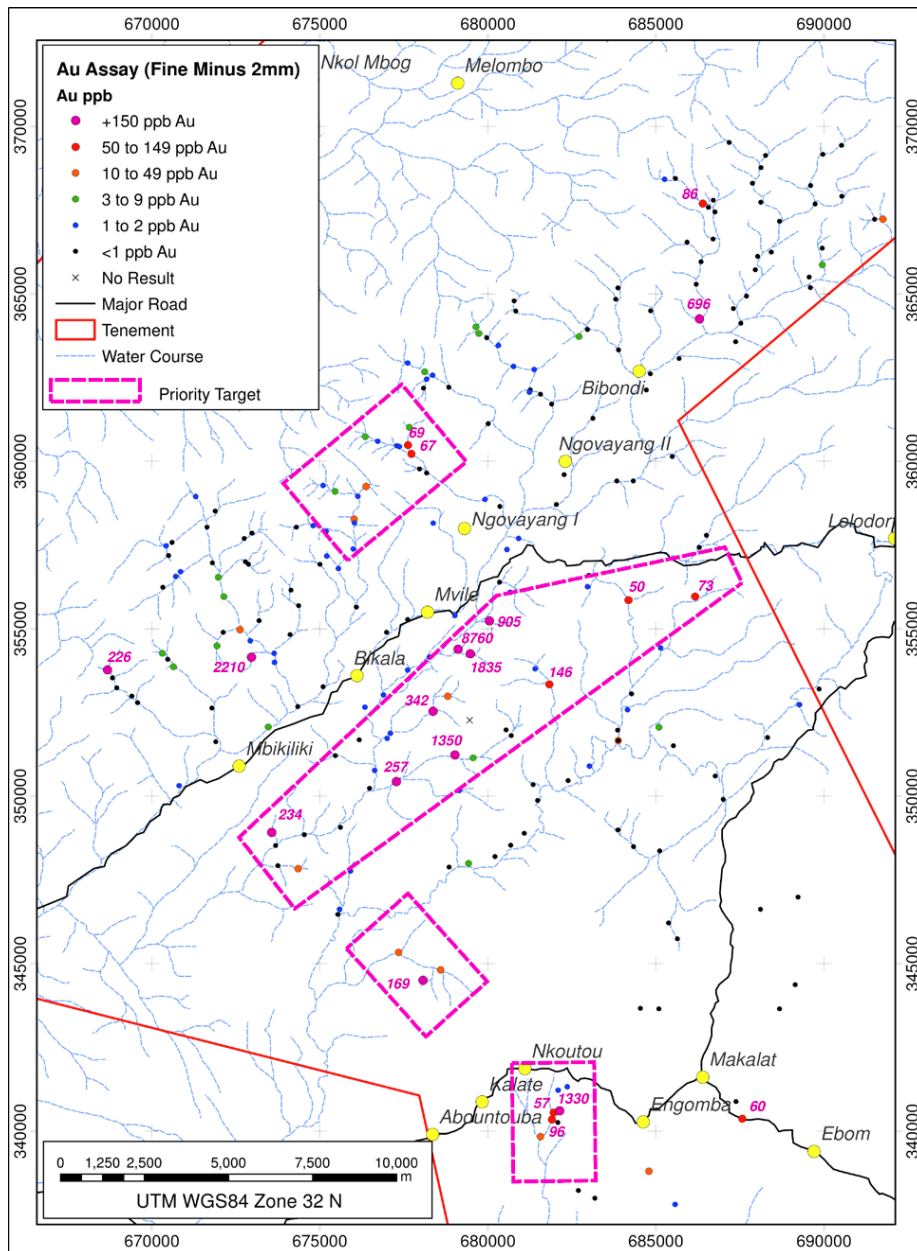
More recently, Legend has broadened its exploration scope and focused increasingly on the gold potential within Ngovayang. Encouragingly, the company has reaped almost immediate success, with gold panning from the creeks within Ngovayang generating numerous gold nuggets. The results are encouraging, as they suggest the company is getting closer to the source of the gold. Importantly, there are extensive alluvial artisanal workings within the target area that have never been systematically explored for gold.

Gold Exploration Activity

Gold-focused exploration work commenced during Q4 2012, when a stream sediment sampling program comprising 231 sample sites was completed over a drainage shed on the southeastern side of the Ngovayang Range. The sampled area straddles a wide northeast – southwest-trending regional shear corridor with associated granitoid intrusives, hosting several small-scale artisanal alluvial gold workings. This work successfully identified gold nuggets hosted within various prospective locations, but Legend is currently focusing exploration on two key specific target areas – Nkoutou and Bikala.

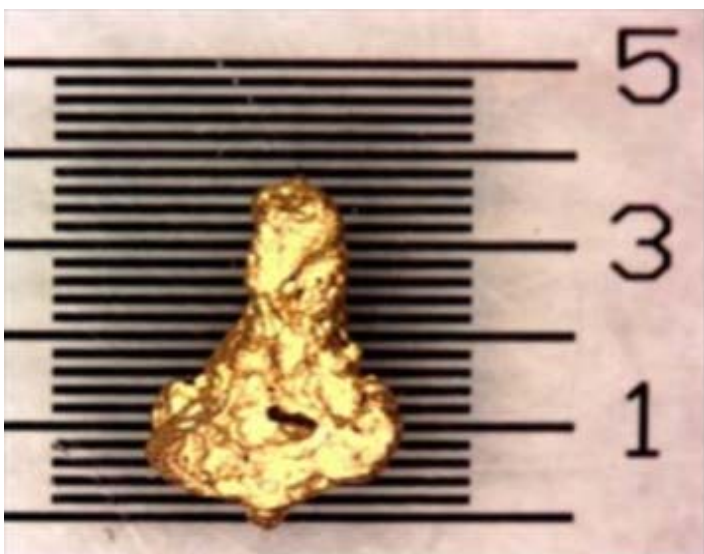


Over recent months, Legend has announced encouraging results from stream sediment sampling programs at its Nkoutou gold prospect, which have returned assays of up to 14.15g/t Au. The program comprised 189 stream sediment samples, with 14 samples returning gold values greater than 0.1g/t Au. These anomalous stream samples are associated with several drainages/catchments, which are confined between two north-south and north-northeast – south-southwest-trending ridges.



The overall 300-strong sample program is helping to locate the source of the gold and has identified a large 1,500m x 400m anomalous drainage system that is being followed-up by detailed soil sampling. Other results from the sampling program include 5.02g/t Au, 3.08g/t Au and 2.62g/t Au, which are some of the highest results returned from the program so far.

Legend had previously discovered small gold nuggets panned from the creeks within its Ngovayang project, providing some indication that the company could be getting closer to the source of the gold from its exploration program. Stream sediment sampling and gold panning has suggested a 4 sq km target area, with extensive alluvial artisanal workings. The target area has never been systematically explored for gold using modern methods.



The occurrence of these high gold values within specific streams is a pointer to the potential source of the gold. In addition, a hydrothermal origin for some gold grains, based on silver content, is suggested from scanning electron microscope work by the CSIRO. Artisanal workings have also proven to be more extensive in this area than previously known, although no hard-rock artisanal workings have been located, which is attributed to the fact that there is only a limited amount of outcrop, together with the presence of between 1 - 10 metres of highly-weathered cover.

Current Activity

Legend this week advised having received final gold assays from its 300-sample soil program at Nkoutou, which has highlighted a 150-metre wide zone along the central sample traverse, with gold values between 28 - 560ppb Au. This relatively discrete gold anomaly lies to the immediate north of a drainage channel that returned highly significant stream sediment values of 3.08, 2.62, 1.50 and 1.33g/t Au. The tenor, size and location of the soil anomaly explain the gold results in the drainage and associated artisanal workings.

For the first time in this gold program, detailed mapping has potentially identified a source of gold, which has been confirmed by soil sampling, stream sediment sampling and the presence of artisanal workings. Follow-up work programs will be determined by further field investigations.

Iron Ore

Having completed extensive drilling over recent years, Legend is in a strong position to deliver upon one of its key objectives, the establishment of an initial JORC-compliant resource estimate for its Melombo East prospect. At the same time the company is undertaking extensive metallurgical test-work, with recent results demonstrating that a large percentage of the iron within Melombo East samples is consistently reporting to the concentrate, with test-work returning iron recovery of 87.2%.

Metallurgical test-work of drill-core samples from the Cameroon prospect has also returned average weight recovery of 33.5%, whilst the magnetite concentrate contains 69% iron and has low levels of impurities. Magnetite liberation is similar across three drill-holes that are spread out over 4km. The results of this test-work demonstrate that a high percentage of total iron in the samples is consistently reporting to the concentrate and therefore not lost to waste.


The relatively low impurities indicate that that a premium concentrate would be the end-product and that potentially expensive backend flotation won't be required. The similarities with previous metallurgical test-work are considered very encouraging for the entire project. Previous independent modelling of the Melombo East prospect indicates the potential for a range of 300Mt - 500Mt of magnetite ore with a grade of 16-40% Fe, based on laboratory assay results of magnetite gneiss from drilling and sampling.


Summary

Legend Mining remains one of our preferred African exploration exposures. The company remains cashed-up, with around \$10 million currently in the kitty to fund ongoing exploration activity. Its share price has firmed solidly from a 12-month low of \$0.007 during May to a current high of \$0.013 – an almost doubling in the space of just a few months. Whilst the Ngovayang project is huge in terms of size, Legend has spent considerable time and effort with its iron ore search and is now adopting the same methodical approach with respect to its gold exploration activity. Recent exploration results suggest it is closing in on the likely source of the alluvial gold, which means it's an ideal time to boost and average-down our position at what are extremely cheap share price levels. Accordingly, I maintain our Speculative Buy recommendation around \$0.012.

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MineLife Portfolio: Please refer to our Portfolio page for a full listing of all our stocks held, including purchase prices and dates.



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