

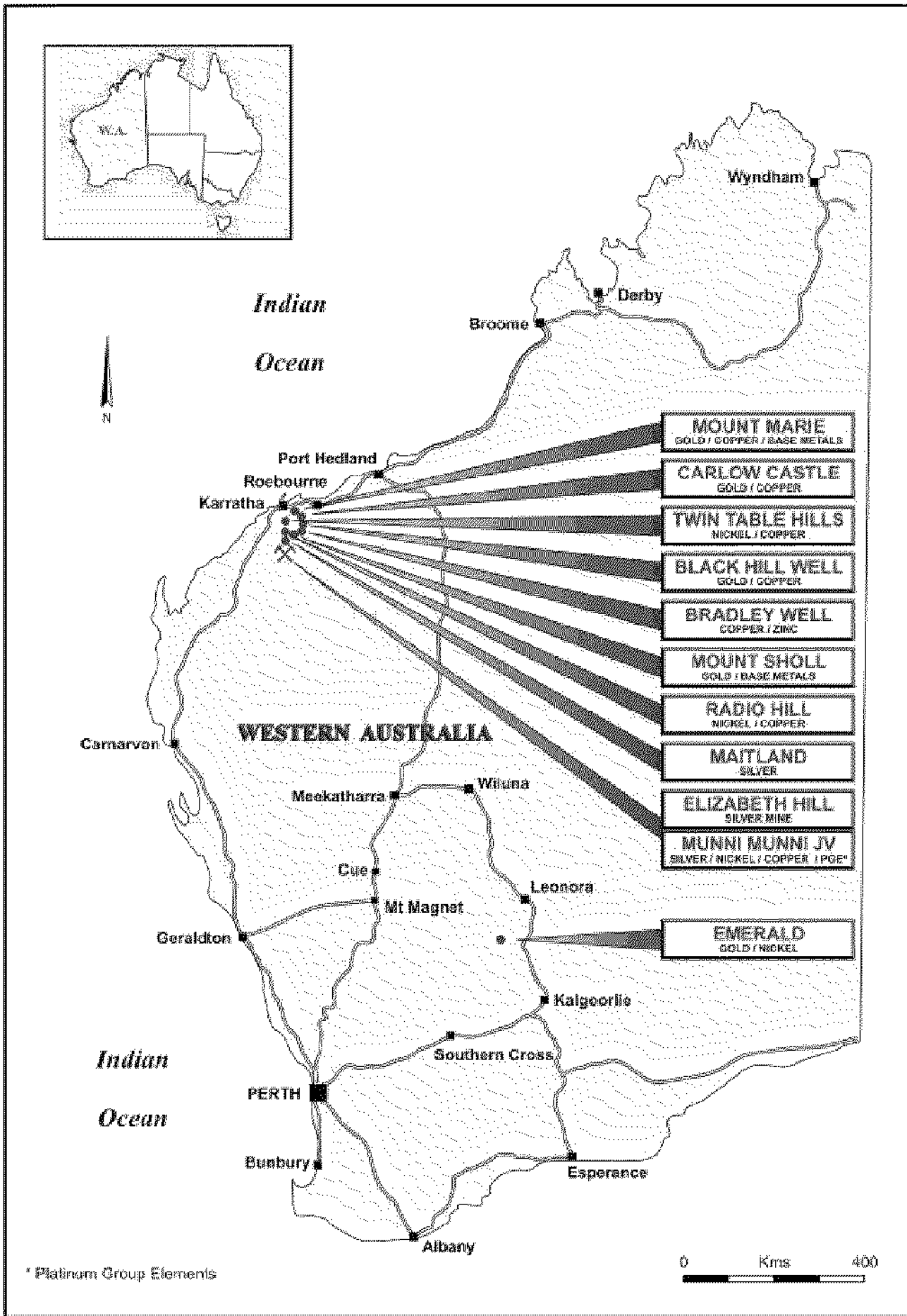
LEGEND MINING LIMITED

A.C.N. 060 966 145

ANNUAL REPORT

2002

PROJECT LOCATIONS
FIGURE 1



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COMPANY DIRECTORY

Directors

Michael William Atkins (Chairman)
Murray Vincent McDonald (Managing Director)
Ian David Cowden (Executive Director)

Secretary

Ross Gregory Ledger

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CHAIRMAN'S REPORT

Dear Shareholder,

I am very pleased to have recently accepted the invitation to join the Board of Legend at this exciting stage of development of its West Pilbara Project. I am confident that my experience in successfully developing similar exploration projects with other companies will be of benefit to Legend and all shareholders.

I see the initial focus to be on high quality, high grade ounces which offer higher profit margins for less capital outlay, in an area close to the rapidly expanding regional centre of Karratha with its excellent infrastructure. Initial exploration drilling at Carlow Castle as previously reported has recently discovered high grade resources including 30,000 ounces of gold averaging 10g/t (with 1.4% copper) which is open at depth. In addition, nearby drill targets have been identified with potential for extending this resource. Legend's immediate objective is to undertake a drilling programme at Carlow Castle with the aim of fast tracking the project towards development.

The Carlow Castle project area lies within Legend's large contiguous tenement holding of 750 square kilometres in an under-explored yet well mineralised greenstone belt in the West Pilbara Mineral Field of Western Australia. Legend has also acquired an extensive state of the art database including a recently flown TEMPEST airborne geophysical survey over much of its tenement holding. This survey has generated many drill targets capable of immediate follow up in areas unexplored in modern times and some with historical gold production on them. The targets identified from the geophysics give the company a realistic chance of making further significant resource discoveries, providing shareholders with considerable exploration upside in addition to existing Carlow Castle resources.

Results reported in the December 2002 Quarterly Report have further confirmed the significant potential for additional gold resources at Carlow, as well as for other gold and base metal mineralisation elsewhere on Legend's ground, and it is Legend's objective to advance these additional priority targets to drill testing.

Immediate focussed work is planned to achieve the following:

- ? Expand the existing gold-copper resources
- ? Drill at depth below existing resources
- ? Expand drill coverage of Carlow East where previous intercepts include 4m downhole at 4.55g/t Au, 1.32% Cu and 4m downhole at 1.87g/t Au, 5.66% Cu
- ? Test high priority geophysical targets identified by Legend as having similar responses to the resource area from the 37 anomalies **within 800m** of Carlow South

At the time of this report, your Directors are endeavouring to finalise the shortfall placements arising from the recent rights issue. Successful completion of this task will enable Legend to start the process by commencing work to upgrade and extend the resources at Carlow.

Michael Atkins
CHAIRMAN

11 April 2003

DIRECTORS' REVIEW OF ACTIVITIES

KARRATHA GOLD AND BASE METALS PROJECTS

Legend Mining Limited has compiled one of the largest tenement holdings in the under-explored yet highly prospective silver, gold-copper and base metal greenstone province of the West Pilbara Mineral Field of Western Australia.

HIGHLIGHTS

- ⌘ Exposure to precious and base metal commodities in the western greenstones of the Pilbara Craton through a large contiguous tenement block.
- ⌘ High-grade gold-copper resource at Carlow Castle with the potential to generate substantial early cash flow. The project has considerable upgrade potential being open at depth, has a substantial surrounding low-grade halo of mineralisation and is adjacent to substantial untested targets.
- ⌘ Legend's directors are highly experienced in both the junior resources sector and operations in the West Pilbara region.
- ⌘ Results from October 2002 field exploration were significant.

DEVELOPMENT STRATEGY

Legend's corporate philosophy is to systematically apply modern exploration and development techniques to unlock the recognised gold, silver and base metal potential of the West Pilbara. Legend will utilise a substantial regional database and in-depth local knowledge to further pursue high-grade gold, silver and multi-metallic targets that demonstrate the potential for early cash flow.

Legend has outlined a positive and readily achievable exploration and development timetable in the pursuit for early cash flow. This strategy includes:

- ⌘ The identification of additional and upgrade of existing resources at the Carlow Castle Project; and
- ⌘ The advancement of the Carlow Castle Project to pre-feasibility status by the end of 2003.

On a regional scale this strategy incorporates the follow-up and drill testing of over 100 targets generated from the regional GIS database and previous exploration by Legend.

ASSET AND REGIONAL SUMMARY

Legend controls ten mineral exploration properties covering approximately 750km² of contiguous tenements in the West Pilbara Mineral Field of Western Australia. The ten projects are considered prospective for silver, gold, gold-copper, copper, zinc, PGM and nickel-copper mineralisation in a range of geological settings.

The assets are located approximately 30km from Karratha, the regional centre of the West Pilbara, thus providing proximity to well established infrastructure.

The West Pilbara Mineral Field

The West Pilbara Mineral Field lies in the western portion of the Archaean-Proterozoic Pilbara Craton. The Pilbara Craton is a broadly east-west trending block that contains several large granitoid bodies surrounded by smaller areas of linear greenstone belts. Features of the regional setting of the projects include:

DIRECTORS' REVIEW OF ACTIVITIES

- ✍ The Sholl Shear Zone is a major east-west crustal feature trending through the central portion of the tenements, effectively dividing the tenements into two separate geological settings.
- ✍ North of the Sholl Shear Zone the older greenstone sequences display mineralisation for gold at Weerianna and Lower Nickol, gold-copper at Carlow Castle, alluvial gold at Nickol Bay and nickel-copper at Ruth Well.
- ✍ Greenstones south of the Sholl Shear Zone are younger than those in the north, and exhibit VMS, precious metal and PGM mineralisation. Small vein-hosted gold deposits occur at Sing Well, No 6 Well, Radley's Find and Four Ounce.
- ✍ Layered Archaean mafic-ultramafic bodies intrude the granite-greenstone terrane producing substantial amounts of base and precious metal mineralisation at Elizabeth Hill (silver), Munni Munni (PGM), Radio Hill (nickel-copper) and Mt Sholl (nickel-copper).

Deposits north and south of the Sholl Shear Zone exhibit the variable nature of the host rocks, structural controls and structural levels of gold mineralisation, exhibiting the importance of structural control on mineralisation in the West Pilbara. Unlike the Yilgarn Block hosted Eastern Goldfields of Western Australia, mineralisation in the West Pilbara developed during many periods in the evolution of the Pilbara Craton. This allows exploration for numerous styles of mineralisation and a variety of metallogenic associations to be targeted.

Mineralisation styles that have been identified include:

- ✍ Vein and hydrothermal mineralisation (gold, gold-copper, silver);
- ✍ Orthomagmatic mafic-ultramafic mineralisation (nickel, cobalt, PGM, vanadium, chromium); and
- ✍ VMS mineralisation (base metals, silver, gold).

The West Pilbara is characterised by 100,000 ounce plus gold equivalent polymetallic deposits, generally associated with the contacts between the greenstones and granitoids (Munni Munni, Whundo), or regional shear zones (Sherlock Bay, Salt Creek, Indee). Of particular interest in this region is the cluster of deposits occurring locally to the Legend projects and the number of major deposits associated with the regional Sholl and Mallina Shear Zones.

PROJECTS

Carlow Castle

Carlow Castle is an important focus of Legend's development strategy. Features and historical operations include:

- ✍ Variety of geological settings including the mafics of the Roebourne Group, the contact between the gabbroic and ultramafic units of the Andover Complex, the quartz-rich shear zones with the gabbros of the Andover Complex, and the gold-rich Cleaverville Formation that hosts the former Lynas Find gold mine and Degrey Mining's recent exploration success.
- ✍ History of gold-copper workings producing over 250 tonnes of copper at grades up to 17% copper and over 630 ounces of gold.
- ✍ A history of spasmodic exploration primarily targeting old workings, specific hosts and mineralisation styles.

DIRECTORS' REVIEW OF ACTIVITIES

It wasn't until exploration undertaken by Legend and through the application of broad regional targeting of a variety of metallogenic associations and mineralisation styles that a new gold-copper resource at Carlow South was identified. The Carlow South resource is a high-grade pod of gold-copper mineralisation to a depth of 100m (open at depth) within a broad shear zone surrounded by an extensive disseminated lower grade halo. This mineralisation is interpreted to be part of a larger system of the Roebourne Group as indicated by the stacked steeply dipping host veins. Inferred and Indicated Resources have been estimated as follows:

- ✂ Carlow South Lode
91,000 tonnes at 10.0g/t gold and 1.40% copper for 30,000 ounces of gold and 1,250 tonnes of copper.
- ✂ Carlow South Halo
1.24 million tonnes at 0.75g/t gold and 0.50% copper for 30,000 ounces of gold and 6,200 tonnes of copper.
- ✂ Carlow South Total
1.33 million tonnes at 1.39g/t gold and 0.94% copper for 60,000 ounces of gold and 7,450 tonnes of copper.

A non-JORC compliant resource has been previously suggested at the historic Carlow Castle workings to be in the vicinity of 230,000 tonnes at 4.7g/t gold, 2.0% copper and 0.5% cobalt.

The readily achievable strategy of bringing the Carlow Castle and Carlow South resources into production within 24 months will be dependant on the outline of further high-grade resources, for which numerous targets exist, and the extractability of the gold-copper sulphides by low cost methods such as heap leach.

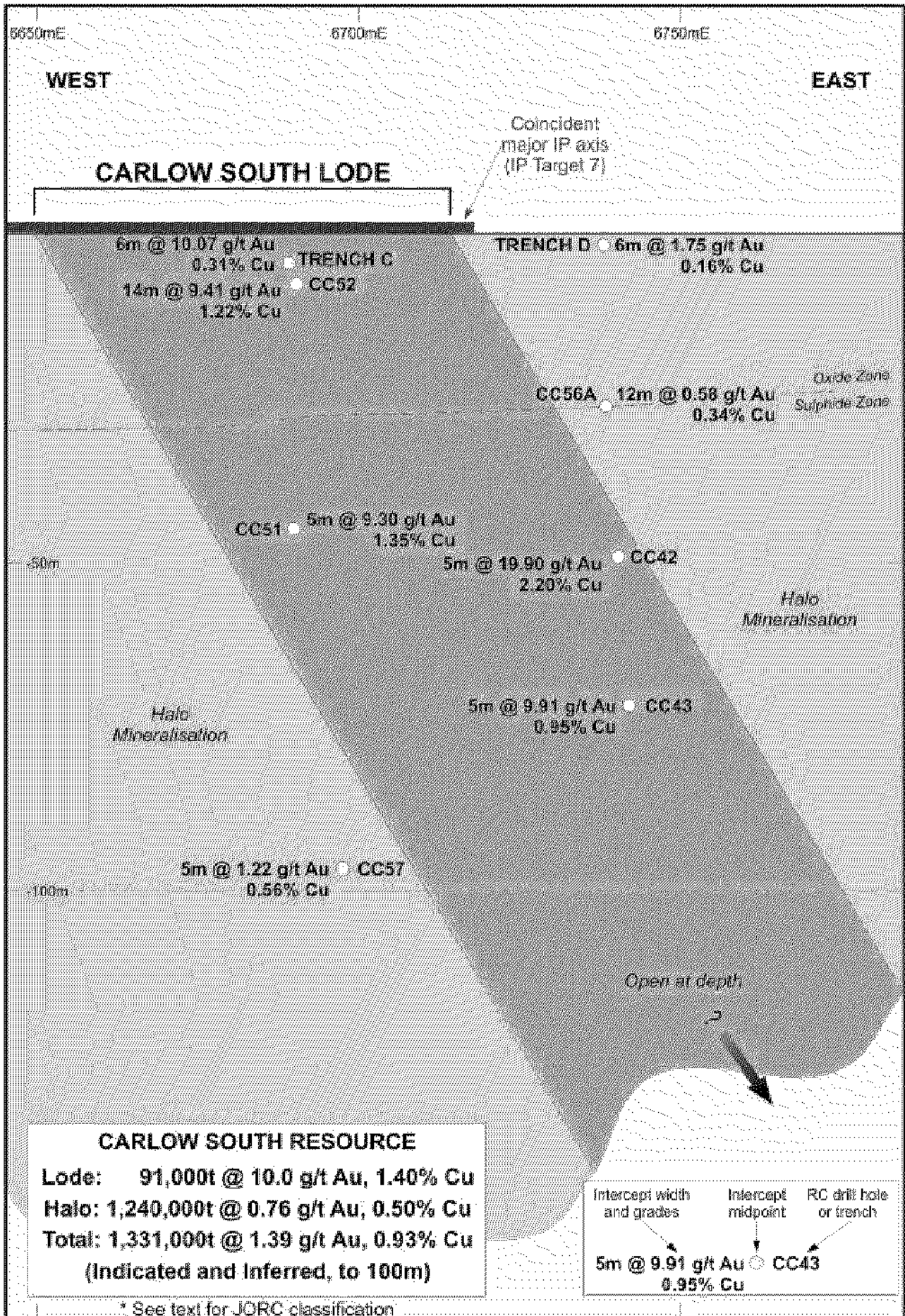
Provided funds are raised from the current prospectus, immediate focused exploration is planned to complete the following:

- ✂ Increase the status and expand the resources at Carlow Castle and Carlow South;
- ✂ Test previous intersections of 4m at 4.55g/t gold and 1.32% copper and 4m at 1.87g/t gold and 5.66% copper within a 500m radius of the Carlow South resource;
- ✂ Test Carlow Castle and Carlow South at depth; and
- ✂ Test 37 detailed geophysics targets that were identified by Legend utilising the same criteria that characterised the Carlow South deposit.

Titan JV

- ✂ Legend is earning 70% through expenditure of \$880,000 on 7 tenements between Carlow Castle and Radio Hill. The attractive attribute of this joint venture is the inclusion of the TEMPEST airborne electromagnetic database that covers the majority of Legend's project areas.
- ✂ Numerous nickel-copper sulphide targets associated with mafic and ultramafic intrusions have already been identified through this database. Exploration will be centred on the Mt Sholl layered ultramafic and mafic intrusion that is analogous to the Munni Munni complex and other mineralised layered complexes in the West Pilbara. Nickel-copper resources are present at Ruth Well, adjacent to the Sholl Shear Zone.
- ✂ The lack of cover and subsequent exposure of fresh rock in the West Pilbara region considerably enhances the application of such techniques. This technique is being successfully applied in the detection of sulphide mineralisation in the West Musgrave.

CARLOW SOUTH RESOURCE LONG SECTION
FIGURE 2



DIRECTORS' REVIEW OF ACTIVITIES

Bradley Well/Orpheus

- ✍ Previous grassroots exploration by Dragon Resources Ltd discovered a new major copper-zinc mineralised system at Orpheus occurring as sulphidic gossans and sulphidic quartz veins of VMS style along the 10km long Orpheus fault system.
- ✍ Sampling of the gossans that extend from Radio Hill through Orpheus to the Sholl Shear Zone has returned high-grade values of up to 14.5% zinc, 2.2% lead, 1.1g/t gold and 0.2% copper.

Mount Marie

- ✍ Detailed geophysics followed up by limited exploration has produced coincident high-grade gold and silver-palladium anomalies in a layered volcanic sequence north of the Sholl Shear Zone.
- ✍ Prospective for numerous mineralisation styles including black shale hosted stratigraphic copper-zinc-silver deposits, komatiitic volcanic nickel sulphide mineralisation and mesothermal gold mineralisation.
- ✍ Extensive alluvial gold workings are located nearby.

Mount Sholl / Black Hill Well / Twin Table Hills / Radio Hill

- ✍ These early stage exploration areas cover total of 233km². TEMPEST Airborne Electromagnetic Survey data has identified numerous conductive zones and anomalies.
- ✍ Mount Sholl has a history of alluvial gold production from Golden Reef (excised), including the discovery of +1kg nuggets. Initial exploration will target the source of the alluvial gold.
- ✍ Black Hill Well is underlain by the prospective Andover Intrusive Complex. The region will be targeted for gold-copper mineralisation in the Andover Complex and VMS mineralisation associated with felsic rock types.
- ✍ Twin Table Hills displays geophysical signatures analogous to Radio Hill and is considered prospective for massive nickel-copper sulphide mineralisation. The project area also displays structurally related felsic intrusives that have gold mineralisation potential.
- ✍ Radio Hill is located 2km north of the Radio Hill nickel-copper mine and displays the layered ultramafic-mafic intrusive complexes typical of the region. Legend has previously established multi metallic mineralisation while several discrete conductive zones have been established. The area has considerable potential for Radio Hill type massive sulphide mineralisation at the base of the ultramafics.

RECENT EXPLORATION RESULTS

During October 2002 further field exploration was undertaken on Legend's extensive tenement holdings between Karratha, Roebourne and the Radio Hill Nickel mine. Based on gold and base metal results from this program, a focussed and significant exploration effort will now be accelerated over what has recently become one of the largest holdings in this highly prospective yet underexplored greenstone belt.

A program of mapping and sampling to enhance definition of mineralisation controls at a number of prospects was completed, with a total of 180 rock chip and gossan samples collected. The principal targets were the Orpheus Shear Zone south of the regional Sholl Shear Zone, and the area surrounding the Carlow Castle and Carlow South copper-gold resources previously reported as containing 91,000t at 10.0g/t Au (indicated and inferred). Significant results with greater than 1.0g/t gold and/or 1.0% base metals are shown in Table 1 on Page 10.

DIRECTORS' REVIEW OF ACTIVITIES

Orpheus and Sholl (Legend 100%)

At least four gold/copper/zinc mineralisation centres were confirmed along the 7.5 kilometre strike of the Orpheus Shear Zone. From east to west these are: Orpheus, Nickol Anticline, Reef 3 and B5, a new discovery east of the Golden Reef alluvial workings. Some of the better rockchip sample results included 14.74g/t gold, 5.8% copper and 5.63% zinc at Orpheus and 13.05g/t gold, 20.77% copper and 9.71% zinc at Reef 3. At the Orpheus and Nickol Anticline prospects, several parallel gossanous shear zones were shown to be highly enriched in base and precious metals (Table 1, Page 10).

Mineralisation along the Orpheus Shear Zone has been only lightly drill tested by previous explorers. Legend is planning to further drill this extensive mineralised system based on the highly encouraging results from recent fieldwork.

Carlow Castle (Legend 100%)

Interpretation of recently acquired detailed aeromagnetics and the October 2002 field exploration program resulted in greater knowledge of the copper/gold mineralisation controls present in the area of the Carlow Castle and Carlow South high grade resources and surrounding mineral occurrences.

It had been previously demonstrated that at least three different orientations of fault and shear systems host copper/gold mineralisation in the area around the historic Carlow Castle Main Workings. This concept led to the discovery by Legend of the Carlow South high grade gold copper resource, which has a central core grading 10.0g/t Au below a thin soil cover and has yet to be closed off. We now have an upgraded mineralisation model that can be applied with confidence over a much larger area around Carlow.

Several composite rockchip samples taken along regional linear features returned elevated gold/copper values at Railway, Railway North and Carlow West. These large structures have yet to be subjected to detailed geological assessment. Legend will continue follow-up work in the coming field season to prioritise drill targets and is confident of finding further Carlow South style copper/gold mineralisation within the 52km² project area.

Table 1 Significant Sample Results, October 2002 Sampling Program

Target	Sample No.	East GDA 94	North GDA 94	Au	Ag	Cu	Cu-Rpl	Zn	Zn-Rpl
				ppm	ppm	%	%	%	%
Orpheus	KA004	49 8765	768 6848	14.74	293	4.74	5.75	0.04	0.04
Orpheus	KA005	49 8775	768 6826	8.53	23	1.15		0.01	
Orpheus	KA006	49 8826	768 6926	11.62	65	5.97		0.01	
Orpheus	KA010	49 9572	768 7161	0.71	16	0.29		2.89	
Orpheus	KA011	49 9781	768 7389	0.69	11	2.38		5.63	
Orpheus	KA012	49 9782	768 7477	6.70	3137	5.58	7.65	0.46	0.61
Orpheus	KA013	50 0107	768 7577	0.20	55	0.22		2.64	
Orpheus	KA015	49 9322	768 7342	0.10	6	0.11		1.15	
A4	KA075	49 3795	768 9104	0.51	2	0.96		0.01	
B5	KA037	49 5120	768 5332	1.76	2	0.05		0.02	
B5	KA039	49 5069	768 5242	1.66	2	0.05		0.06	
B5	KA168	49 5240	468 5469	1.56	1	0.04		0.05	
Nickol Anticline	KA087	49 6889	768 6665	1.75	1	0.03		0.02	
Reef 3	KA027	49 5499	768 6254	0.90	295	20.77	28.42	0.07	0.09
Reef 3	KA028	49 5475	768 6210	0.60	68	6.49	7.65	9.71	15.18
Reef 3	KA029	49 5470	768 6204	13.05	89	9.13	11.05	3.91	5.16
Reef 3	KA176	49 5460	468 6000	0.18	1	0.25		3.97	
Carlow West	KA132	50 6464	769 8843	0.01	1	4.72		0.01	
Railway	KA154	50 8712	769 6687	1.21	2	0.13		0.01	
Railway	KA157	50 8810	769 6356	4.43	0	0.00		0.00	
Railway North	KA162	50 9028	769 8400	0.45	4	5.89		0.01	
Railway North	KA163	50 9028	769 8400	0.49	1	1.12		0.02	

Composite rock chip and gossan samples were collected and descriptions and GPS locations recorded. Analyses were by Genalysis Laboratory Services Pty Ltd using B/SAAS for Au (0.01ppm detection), B/AAS for Ag (0.1ppm), Cu (1ppm) and Zn (1ppm). Repeat check analyses for Cu and Zn were by AX/OES (10ppm). Note: one silver check assay was also by AS/OES (5ppm).

DIRECTORS' REVIEW OF ACTIVITIES

OTHER PROJECTS AND ACTIVITIES

MAITLAND

Following application for a new exploration licence of 60 square kilometres located about on kilometre north of the Munni Munni Joint Venture ground and covering extensions of the Munni Munni Fault and related structures, Legend has acquired airborne geophysical survey data over the area and issue of the title is pending.

Target selection based on evaluation of detailed aeromagnetics, TEMPEST airborne electromagnetics, detailed photogeological studies and structural interpretation. Fieldwork to further investigate the silver mineralisation potential of these selected zones will commence on granting of the exploration licence, which includes the continuation of the Munni Munni fault north of the Elizabeth Hill Mine.

DONNINGTON HILL

Legend applied during the year for an exploration licence E70/2507 covering approximately 58 square kilometres north of Merredin in Western Australia. Previous exploration returned values up to 760g/t silver together with significant base metal values. The title is not yet granted.

ARMADA MINING

Due to market conditions and the results of the latest silver drilling programme on the Munni Munni joint venture Legend's Directors elected not to proceed with the float and to retain the gold, copper base metal properties in Legend.

ENTITLEMENT ISSUE TO SHAREHOLDERS AND PRO-RATA PLACEMENT TO PAST OPTIONS HOLDERS

Legend completed an entitlement issue to shareholders and pr-rata placement to those optionholders whose options expired on 31 March 2002 ("Past Options").

Shareholders approved the following:

- (a) The entitlement issue to shareholders of approximately 20,867,332 Options, exercisable at 15 cents each on or before 30th April 2005 ("New Options") on the basis of one (1) New Option for every two (2) Shares held at an issue price of one (1) cent per New Option to raise \$208,672; and
- (b) A pro-rata Placement to Past Optionholders of approximately 15,321,875 New Options, exercisable at 15 cents each on or before 30th April 2005 on the basis of one (1) New Option for every two (2) Past Options at an issue price of one (1) cent per New Option to raise up to \$153,218.

EMERALD JOINT VENTURE (LEGEND 40%)

Hamill Resources Ltd during the year undertook a regional reconnaissance and airborne magnetic survey on the Legend/Hamill Joint Venture ground, located between Mt Ida and Davyhurst in the Eastern Goldfields of Western Australia.

Hamill Resources Ltd is earning up to 80% by conducting exploration at Emerald, south of Mt Ida in the Eastern Goldfields. The tenement is considered prospective for high grade gold mineralisation.

DIRECTORS' REVIEW OF ACTIVITIES

An auger geochemistry program was designed to test an area in the south of the project considered favourable for hosting gold mineralisation, based upon favourable structural intersections and rock types. Seven east-west lines spaced 200m apart were drilled at 25m intervals for a total of 437 holes, and assayed for Au, As, and Ni at 1.8m depth. Significant elevations in Ni over interpreted ultramafic units on the northern five lines indicate a high level of integrity for much of the assay data. The program highlighted two trends anomalous in gold.

MUNNI MUNNI JOINT VENTURE

MKS Capital completed its obligation to pay the joint venture \$2.1 million (Legend \$630,000) to finalise the purchase of the silver tailings.

During the 2002 year, two drilling programs were completed on the joint venture silver deposit.

A surface RC drilling program commenced mid-late May 2002 to target shallow mineralisation around the high grade Elizabeth Hill silver ore body, and to test new structural targets north and south of the known mineralisation.

Data from existing drilling and from underground mining indicated that the upper part of the mineralisation had not been adequately tested, as many of the early surface drill holes were vertical and may have missed the steeply plunging ore body.

The large amount of silver mined from Elizabeth Hill, in excess of 2.5 million ounces, indicates that the known ore body is likely to be part of a large hydrothermal system and it was considered that additional mineralisation is likely to be present in structurally favourable sites along the Munni Munni Fault.

Structural/alteration mapping was carried out showing that alteration and related silver mineralisation is associated with late stage reactivation of north-south and east-west structures.

Twenty seven shallow RC holed totalling 1465m were drilled to:

1. Locate the Munni Munni Fault in areas of no outcrop. An old EM survey was useful in locating the fault in areas with alluvial cover.
2. Identify extent and nature of alteration associated with the fault
3. Identify areas with high background silver, keeping in mind that silver is strongly leached in the near surface environment.

Drilling showed that south of Elizabeth Hill the Munni Munni Fault was located further west than previously assumed, and that carbonate alteration was widespread along the Munni Munni Fault, whereas silver related alteration seem to be restricted to dilational zones associated with cross structures in areas where the fault separates granites from pyroxenites.

Eleven RC holes totalling 383m were drilled in the mine area and helped to constrain the extent of previously identified shallow mineralisation.

In November and December 2002, 33 reverse circulation holes were drilled at the Elizabeth Hill Silver Project with a total of 4096m. Secondary silver minerals were detected in 5 holes with best results of 250ppm in AG43 at 118-119m and 233ppm in AG33 at 190-194m.

Most of the holes drilled south of the mine intersected only minor carbonate alteration and no or patchy silver mineralisation. The east-west trending Elizabeth Hill Fault was found to have a shallow (30°) northerly dip but does not appear to be mineralised. Widespread low grade (tens of ppm) silver anomalies are associated with an east-west fault immediately south of the previously mined orebody.

DIRECTORS' REVIEW OF ACTIVITIES

SUBSEQUENT EVENTS

Following the results of the detailed drilling silver program Legend's board decided to stay at 33¹/₃% interest in all joint venture ground and not proceed to 50% interest.

The board considers that Legend's 100% owned Maitland Ground may represent a better target than continuing to spend funds on the joint venture ground. Legend is not required to pay any further funds to East Coast Minerals in relation to the joint venture agreement following Legend's election not to proceed.

CHAIRMAN

Michael Atkins was appointed Chairman following the retirement of Kevin Watson. The board appreciated Kevin's dedication to the company.

Michael Atkins was appointed on 17th February 2003 as Non-Executive Chairman.

Michael 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.

Since 1987 he has acted as Executive Director of and been involved in the Executive Management of several publicly listed resources companies with operations in Australia, United States, South East Asia and Africa.

He was founding Executive Chairman and later Non-Executive Director of Gallery Gold Ltd until 2000.

CURRENT PROSPECTUS

Legend has on issue a prospectus to raise up to approximately \$422,346 by way of entitlement issue to all shareholders to advance the Karratha gold and base metal projects and meet working capital requirements.

The Prospectus offers Existing Shareholders the opportunity to participate in a pro-rata non-renounceable Entitlement Issue of approximately 14,078,221 New Shares at an issue price of 3 cents per New Share. The New Shares will be offered on the basis of one (1) New Share for every three (3) Shares held at the Record Date.

Based on the capital structure of the company approximately 14,078,221 million shares will be offered pursuant to the entitlement issue and the proceeds raised from the issue will be approximately \$422,346.00 (before costs) assuming all entitlements are accepted.

Further details will be released later in the March 2003 quarterly report due to be released by the 30th April 2003.

LEGEND MINING LIMITED

TENEMENT DIRECTORY AS AT 31.12.2002

Tenement No. Application*		Registered Holder/Applicant	Shares Held	
Munni Munni	M47/340	Legend Mining Limited	33.33/100	
	M47/341	Legend Mining Limited	33.33/100	
	M47/342	Legend Mining Limited	33.33/100	
	M47/343	Legend Mining Limited	33.33/100	
	E47/587	Legend Mining Limited	33.33/100	
	M47/414*	Legend Mining Limited	33.33/100	
Carlow Castle	M47/415*	Legend Mining Limited	33.33/100	
	E47/562	Legend Mining Limited	100/100	
	M47/409*	Legend Mining Limited	100/100	
	E47/932	Legend Mining Limited	100/100	
	E47/957	Legend Mining Limited	100/100	
	E47/967	Legend Mining Limited	100/100	
	P47/944	Legend Mining Limited	100/100	
	P47/945	Legend Mining Limited	100/100	
	M47/417*	Legend Mining Limited	100/100	
	M47/490*	Legend Mining Limited	100/100	
	M47/491*	Legend Mining Limited	100/100	
	E47/1180*	Armada Mining Limited	100/100	
	E47/1181*	Armada Mining Limited	100/100	
	P47/1128*	Armada Mining Limited	100/100	
Bradley Well Mount Marie	P47/1129*	Armada Mining Limited	100/100	
	P47/1130*	Armada Mining Limited	100/100	
	P47/1133*	Armada Mining Limited	100/100	
	P47/1134*	Armada Mining Limited	100/100	
	E47/1049	Legend Mining Limited	100/100	
	E47/1150*	Legend Mining Limited	100/100	
	P47/1112*	Legend Mining Limited	100/100	
	P47/1113*	Legend Mining Limited	100/100	
	E47/1179*	Armada Mining Limited	100/100	
	P47/1126*	Armada Mining Limited	100/100	
Mount Sholl Twin Table Hills	P47/1132*	Armada Mining Limited	100/100	
	P47/1135*	Armada Mining Limited	100/100	
	P47/1136*	Armada Mining Limited	100/100	
	P47/1137*	Armada Mining Limited	100/100	
	P47/1159*	Legend Mining Limited	100/100	
	E47/966	Legend Mining Limited	100/100	
	M47/462*	Legend Mining Limited	100/100	
	M47/463*	Legend Mining Limited	100/100	
	M47/493*	Legend Mining Limited	100/100	
	M47/494*	Legend Mining Limited	100/100	
Radio Hill	E47/567	Legend Mining Limited	100/100	
	E47/1048	Legend Mining Limited	100/100	
	M47/457*	Legend Mining Limited	100/100	
	M47/466*	Legend Mining Limited	100/100	
	E47/1178*	Armada Mining Limited	100/100	
	M47/518*	Armada Mining Limited	100/100	
	P47/1131*	Armada Mining Limited	100/100	
	P47/1158*	Legend Mining Limited	100/100	
	Emerald Maitland	E30/118	Legend Mining Limited	40/100
		E47/1152*	Legend Mining Limited	100/100
P47/1124*		Legend Mining Limited	100/100	
Donnington Hill	E70/2507*	Legend Mining Limited	100/100	
Ruth Well	P47/1127*	Armada Mining Limited	100/100	

The information on exploration results and Mineral Resources contained in this report is based on information compiled by consulting geologists Mr Ian Cowden FAusIMM, CPGeo, MAIG and Mr Frans Voermans FAusIMM, CPGeo, MAIG. Each has appropriate relevant experience to be considered as a Competent Person as defined in the JORC Code 1999. Mr Cowden, and Mr Voermans consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the period 1 January 2002 to 31 December 2002. These practices are dealt with under the following headlines: Board of Directors, Business Risks, Ethical Standards and Directors Dealings in Company Shares.

1. BOARD OF DIRECTORS

The board is responsible for the overall Corporate Governance of Legend Mining Limited (“the Company”) including the strategic direction, establishing goals for management and monitoring the achievement of these goals. Due to the size of the board, issues of nomination and remuneration of directors and business risk management are considered by the full board. The board has established a framework for the management of the Company including an overall framework of internal control, a business risk management process and the establishment of appropriate ethical standards.

Composition of Board

The directors of the Company in office at the date of this statement are:

Name	Position	Expertise
Michael Atkins	Chairman	Finance
M V McDonald	Managing Director	Management
I D Cowden	Executive Director	Exploration and Mining

The composition of the board is determined using the following principles:

- * The board comprises 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.
- * The board should comprise directors with a broad range of expertise.

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

The terms and conditions of the appointment and retirement of directors are set out in a letter of appointment, which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

The performance of all directors is reviewed by the chairman each year. Directors whose performance is unsatisfactory will be requested to retire.

Independent Professional Advice

Each director has the right to seek independent professional advice at the Company’s expense. However, prior approval of the chairman is required, which will not be unreasonably withheld.

CORPORATE GOVERNANCE STATEMENT

1. BOARD OF DIRECTORS cont'd...

Remuneration

Due to the size of the Company remuneration is considered by the full board. The board reviews remuneration packages and policies applicable to the managing director and directors themselves. 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.

Further details of directors' remuneration, superannuation and retirement payments are set out in the notes to the financial statements.

Audit

Being a small Company with three directors the board has not established a separate audit committee; 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, Stock Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission, Australian Stock Exchange 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. BUSINESS RISKS

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

3. ETHICAL STANDARDS

The board subscribes to the statement of Ethical Standards as published by the 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.

4. DIRECTORS DEALINGS IN COMPANY SHARES

Directors must notify the Australian Stock Exchange Limited of any acquisition or disposal of shares by lodgement of a notice of directors interests. Board policy is to prohibit directors from dealing in company shares whilst in possession of price sensitive information.

DIRECTORS REPORT

The board of directors of Legend Mining Limited ("the Company") have pleasure in submitting their report together with the consolidated financial report for the year ended 31 December 2002, and auditors report thereon.

1. **DIRECTORS**

- (a) The directors of the Company in office at any time during or since the financial year are:

Albert Kevin Robert Watson (Resigned 12 December 2002)

Mr Watson has extensive experience in the commercial and banking and finance industries. He was employed at ANZ for 43 years and during that time held various senior executive positions including State Manager, WA and Assistant General Manager, SA and WA. Mr Watson is also closely affiliated with the Chamber of Commerce and Industry of WA of which he is a past President. In later years, he has been involved extensively in the resources industry and is currently a director of Pan Pacific Petroleum NL and New Zealand Oil and Gas Limited. Mr Watson was appointed in 1995.

Murray Vincent McDonald

Mr McDonald is a Certified Practising Accountant who has, over his last 23 years, participated in the management of a number of companies in the mining industry. Mr McDonald's expertise ranges from operational management of mining projects to resource project funding and implementation. He is a member of the Taxation Institute of Australia, an affiliate member of the Australasian Institute of Mining and Metallurgy and an affiliate member of the Securities Institute of Australia. He is the founder of Legend Mining Limited. Director since 1995.

Ian David Cowden

Appointed 18 July 2000, Mr Cowden (FAusIMM CPGeo MAIG) is a consulting geologist who has had over 30 years experience in the exploration and mining industry worldwide. He had held executive and senior positions in junior explorers and major international mining companies, with emphasis on feasibility studies and successful development and mining of a range of commodities including gold and silver.

Michael Atkins (Appointed 14 February 2003)

Mr Atkins accepted the Board's invitation to join the company as a non-executive chairman, and was formally appointed on 14 February 2003. He is a fellow of the Institute of Chartered Accountants in Australia, and was a founding partner of a national accounting practice from 1979 to 1987. Since 1987 he has acted as Executive Director, and been involved in the executive management of several publicly listed resource companies with operations in Australia, USA, South East Asia and South Africa. Mr Atkins was a founding Executive Chairman and later non-Executive Chairman of Gallery Gold Limited until 2000. He is currently a non-executive director of Aurex Consolidated Ltd, Servicepoint Ltd and Sun Capital Group Ltd.

DIRECTORS REPORT

- (b) At the date of this report, the direct interests of the directors in the shares and other equity securities of the Company and related bodies corporate were:

Name	Shares	Listed Options
A K R Watson	-	-
M V McDonald	7,525,001	682,439
I D Cowden	-	-

2. **PRINCIPAL ACTIVITIES**

The principal activities of the consolidated entity during the financial year were mineral exploration.

There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

3. **OPERATING RESULTS**

The consolidated loss of the consolidated entity after providing for income tax amounted to \$1,871,020 (2001: \$969,305).

4. **DIVIDENDS PAID OR RECOMMENDED**

No amounts have been paid or declared as dividends during the course of the financial year.

5. **REVIEW OF OPERATIONS**

The details of the consolidated entity's exploration and mining activities during the year are included within the Review of Activities.

6. **CHANGES IN STATE OF AFFAIRS**

The state of affairs of the consolidated entity was not affected by any significant changes during the financial year other than:

- ? On 4 November 2002 the Company placed 500,000 shares issued at 7 cents per fully paid share to raise \$35,000 in additional working capital;
- ? On 30 May 2002 the company completed a capital raising of \$361,893 by an entitlement issue to existing shareholders of 20,867,332 options issued at 1 cent and a pro-rata placement to previous optionholders of 15,321,875 options issued at 1 cent each.

DIRECTORS REPORT

7. **AFTER BALANCE DATE EVENTS**

On 19th February 2003 a prospectus was lodged with ASIC and the ASX for the purposes of raising capital of approximately \$422,346 via a 1:3 non-renounceable entitlement issue to existing shareholders of approximately 14,078,221 shares. The offer closed on 21 March 2003. The financial effect of this transaction has not been brought to account at balance date.

Other than the matter detailed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

8. **ENVIRONMENTAL REGULATION**

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

9. **FUTURE DEVELOPMENTS**

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. **MEETINGS OF DIRECTORS**

The following table sets out the number of meetings of the Company's directors held during the year ended 31 December 2002 and the numbers of meetings attended by each director.

	No of Meetings Attended	No of Meetings held whilst a Director
Number of meetings attended by:		
Albert Kevin Robert Watson	5	4
Murray McDonald	5	4
Ian David Cowden	5	5

The Company does not have a formally appointed audit committee as all directors are involved in all activities of the Company and the size and scope of operations does not warrant its formation.

11. **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

12. **SHARE OPTIONS**

The details of the options on issue by the Company is disclosed in Note 18 to the financial report.

DIRECTORS REPORT

13. INDEMNIFICATION OF 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.

14. DIRECTORS AND EXECUTIVE OFFICERS EMOLUMENTS

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the named officers (who total less than 5) receiving the highest emolument are:

Director	Base Emoluments	Superannuation	Total
	\$	\$	\$
Mr A K Watson	25,000	-	25,000
Mr M McDonald	138,000	10,080	148,080
Mr I D Cowden	20,000	-	20,000
Officer			
Mr R G Ledger	10,500	-	10,500

This report is made in accordance with a resolution of the directors.

Dated at Perth this 28TH day of March 2003

M V McDonald
MANAGING DIRECTOR

LEGEND MINING LIMITED

**Statement of Financial Performance
for the year ended 31 December 2002**

	Note	Consolidated		Company	
		2002 \$	2001 \$	2002 \$	2001 \$
Revenue from ordinary activities	2	51,545	1,241,217	51,545	1,241,217
Raw materials and consumables used		-	(837,727)	-	(837,727)
Employee benefits expense		(209,760)	(95,968)	(209,760)	(95,968)
Depreciation & amortisation expense	3 (a)	(38,428)	(31,951)	(38,428)	(31,951)
Administration expenses		(655,084)	(636,749)	(654,203)	(636,749)
Borrowing costs expense	3 (a)	-	(5,897)	-	(5,897)
Other expenses from ordinary activities	3(b)	(1,019,293)	(602,230)	(1,019,293)	(602,230)
Loss from ordinary activities before income tax expense		(1,871,020)	(969,305)	(1,870,139)	(969,305)
Income tax expense relating to ordinary activities		-	-	-	-
Net loss		(1,871,020)	(969,305)	(1,870,139)	(969,305)
Total changes in equity other than those resulting from transactions with owners as owners.		(1,871,020)	(969,305)	(1,870,139)	(969,305)

EARNINGS PER SHARE

Basic loss per share (cents per share)	(4.48)	(2.76)
Diluted loss per share (cents per share)	(4.37)	(2.76)

The accompanying notes form part of these financial statements

LEGEND MINING LIMITED

**Statement of Financial Position
as at 31 December 2002**

	Note	Consolidated		Company	
		2002 \$	2001 \$	2002 \$	2001 \$
CURRENT ASSETS					
Cash	7	375,767	247,086	375,667	246,986
Receivables	8	20,929	635,140	21,809	635,140
TOTAL CURRENT ASSETS		396,696	882,226	397,476	882,126
NON-CURRENT ASSETS					
Other financial assets	9	45,118	15,530	45,120	15,530
Plant & Equipment	10	145,133	175,546	139,898	170,312
Exploration, evaluation & development expenditure	11	1,387,502	1,601,192	1,387,502	1,601,192
TOTAL NON-CURRENT ASSETS		1,577,753	1,792,268	1,572,520	1,787,034
TOTAL ASSETS		1,974,449	2,674,494	1,969,996	2,669,160
CURRENT LIABILITIES					
Payables	12	633,999	157,767	633,999	157,767
Interest bearing liabilities	13	255,860	5,865	255,860	5,865
Provisions	14	57,500	5,307	57,500	5,307
TOTAL CURRENT LIABILITIES		947,359	168,939	947,359	168,939
NON-CURRENT LIABILITIES					
Interest bearing liabilities	13	30,290	34,625	30,290	34,625
TOTAL LIABILITIES		977,649	203,564	977,649	203,564
NET ASSETS		996,800	2,470,930	992,347	2,465,596
EQUITY					
Contributed Equity	15	7,674,016	6,736,415	7,674,016	6,736,415
Reserves	16	361,890	902,601	361,890	902,601
Accumulated losses	17	(7,039,106)	(5,168,086)	(7,043,559)	(5,173,420)
		996,800	2,470,930	992,347	2,465,596

The accompanying notes form part of these financial statements

LEGEND MINING LIMITED

**Statement of Cashflows
for year ended 31 December 2002**

	Note	Consolidated		Company	
		2002 \$	2001 \$	2002 \$	2001 \$
Cash flows from operating activities					
Receipts from operations		651,666	544,943	651,666	544,943
Payments to suppliers & employees		(844,404)	(1,372,192)	(843,524)	(1,372,192)
Interest received		14,090	16,344	14,090	16,344
Interest paid & borrowing costs		(15,319)	(19,017)	(15,319)	(19,017)
Net cash used in operating activities					
	21 (ii)	(193,967)	(829,922)	(193,087)	(829,922)
Cash flows from investing activities					
Payments for exploration, evaluation & development activities		(531,241)	(79,120)	(531,241)	(79,120)
Payments for property, plant & equipment		(8,014)	(22,335)	(8,014)	(22,335)
Payment to joint venture partner		-	(750,000)	-	(750,000)
Proceeds from sale of investments		32,187	39,197	32,187	39,197
Proceeds from sale of headframe		-	33,000	-	33,000
Payment for investments		(24,500)	(4,475)	(24,500)	(4,475)
Net cash used in investing activities		(531,568)	(783,733)	(531,568)	(783,733)
Cash flows from financing activities					
Proceed from issue of shares & options		396,890	1,175,000	396,890	1,175,000
Proceeds from borrowings		465,000	-	465,000	-
Finance lease payments		(7,674)	-	(7,674)	-
Loan to controlled entity		-	-	(880)	-
Net cash provided by financing activities		854,216	1,175,000	853,336	1,175,000
Net increase/ (decrease) in cash held		128,681	(438,655)	128,681	(438,655)
Cash at the beginning of the financial year		247,086	685,741	246,986	685,641
Cash at the end of the financial year	21 (i)	375,767	247,086	375,667	246,986

**Notes to the financial statements
for year ended 31 December 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Legend Mining Limited and its controlled entity, and Legend Mining Limited as an individual parent entity. Legend Mining Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

(b) Going Concern

The financial statements have been prepared on the going concern basis, which assumes the realisation of assets and the settlement of liabilities in the ordinary course of business. At 31 December 2002, the Group had a deficiency in working capital of \$550,663. The directors believe it is appropriate to adopt the going concern basis in the preparation of the financial statements as:

- further cash resources are expected to be made available for operations and exploration activities via capital raisings from equity issues; and
- the Directors and management will continue to focus on cost containment in an effort to reduce cash used in operating activities and improve profitability.

The Group is dependent on future capital raisings and continued support and/or renegotiation of its current obligations with current financiers, in order to continue as a going concern. If this is not forthcoming, the Group may need to realise its assets and extinguish its liabilities other than in the ordinary course of business. No adjustments have been made to the financial statements to reflect this.

(c) Exploration, evaluation and development expenditure

The Company's policy with respect to exploration expenditure is to use the "area of interest" method. Under this method, expenditure is carried forward on the following basis:-

- (i) Each area of interest is considered separately when deciding whether and to what extent to carry forward or to write off exploration and evaluation costs.

Notes to the financial statements
for year ended 31 December 2002

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (ii) Exploration and evaluation costs related to an area of interest are carried forward provided the rights to tenure of the area are current and provided that one of the following conditions is met:
- ? such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
 - ? exploration and/or evaluation 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 and active and significant operations in or in relation to the area are continuing.
- (iii) Accumulated costs in relation to an abandoned area are written off in full against profit and loss 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.

Amortisation is not charged on costs carried forward in respect of areas of interest in development phase until production reaches commercial levels. When commercial production commences carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of economically recoverable reserves.

(d) **Taxation**

The economic entity adopts the liability method of tax effect accounting whereby the income tax expense is based on the loss from ordinary activities adjusted for any permanent differences. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefit in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

(e) **Plant and equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cashflows which will be received from the assets employment and the subsequent disposal. The expected net cashflows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for plant and equipment is between 10% and 40%.

(f) **Investments**

- (i) *Investments in Shares* - Investments in listed shares are carried at market value. Gains and losses are included in the loss from ordinary activities before income tax. Dividends are brought to account when the right to receive has been established.

Notes to the financial statements
for year ended 31 December 2002

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (ii) *Controlled Entities* - Investment in the controlled entity is carried at cost. Dividends and distributions are brought to account in the statement of financial performance when they are declared by the controlled entity.
- (iii) *Joint Venture* – The Consolidated Entity's interest in an unincorporated joint venture is brought to account by including its interest in the following amount in the appropriate categories in the statement of financial position and statement of financial performance:
 - ? each of the individual assets employed by the Joint Venture;
 - ? liabilities incurred by the consolidated entity in relation to the Joint Venture and liabilities for which it is jointly and/or severally liable; and
 - ? expenses incurred in relation to the Joint Venture.

Details of the consolidated entity's interests in joint ventures are shown in note 27.

(g) **Share Issue Expenses**

Share issue expenses incurred by the Company are offset against share capital.

(h) **Earnings per share**

(i) *Basic Earnings per share*

Basic earnings per share is determined by dividing the loss from ordinary activities after income tax by the weighted average number of ordinary shares outstanding during the financial period.

(ii) *Diluted Earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options and other potential ordinary shares outstanding during the financial period.

(i) **Rehabilitation and restoration costs**

Provisions are made for mine site rehabilitation and restoration on an incremental basis during the course of mine life (which includes the mine closure phase). Provisions, which are determined on an undiscounted basis, include the following costs: reclamation, plant closure, waste site closure and monitoring activities. These costs have been determined on the basis of current costs, current legal requirements and current technology. Changes in estimates are dealt with on a prospective basis.

(j) **Employee entitlements**

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

(k) **Principles of consolidation**

A controlled entity is any entity controlled by Legend Mining Limited. Control exists where Legend Mining Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Legend Mining Limited to achieve the objectives of Legend Mining Limited. A list of controlled entities is contained in note 25 to the financial statements.

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Notes to the financial statements
for year ended 31 December 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) **Receivables**

Trade debtors to be settled are carried at the amounts due. Specific provision is made for any accounts, the collectibility of which is considered doubtful.

(m) **Revenue Recognition**

Sales revenue comprises revenue earned from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the control of goods passes to the customer. Other income is recognised as it accrues.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(n) **Accounts payable**

Liabilities are recognised for amounts to be paid in the future for goods or services received whether or not billed to the company or consolidated entity.

(o) **Foreign currency**

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the period in which the exchange rates change.

(p) **Comparative figures**

The Comparative figures are amended where appropriate to conform with any change in the current year presentation.

(q) **Leased Assets**

Leases under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classed as operating leases. Finance leases are capitalised. A lease asset and lease liability equal to the present value of minimum lease payments recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed.

(r) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable. 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 statement of financial position. Cashflows are included in the statement of cashflows on a gross basis. The GST components of cashflows arising from investing activities which are recoverable from, or payable to, the ATO are classed as operating cashflows.

LEGEND MINING LIMITED

**Notes to the financial statements
for year ended 31 December 2002**

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
2. REVENUE				
Operating activities:				
Sales of ore	-	222,676	-	222,676
Sales of tailings dam	-	930,000	-	930,000
Sale of head frame	-	33,000	-	33,000
Interest received	14,090	16,344	14,090	16,344
Non-operating activities:				
Unrealised gain on investments	5,268		5,268	
Proceeds from sale of shares	32,187	39,197	32,187	39,197
	<u>51,545</u>	<u>1,241,217</u>	<u>51,545</u>	<u>1,241,217</u>
3. LOSS FROM ORDINARY ACTIVITIES				
<i>Loss from ordinary activities before income tax expense:</i>				
(a) Loss from ordinary activities has been arrived after charging / (crediting) the following:				
Interest expense	15,319	13,121	15,319	13,121
Depreciation				
– plant & equipment	30,882	26,851	30,882	26,851
– leased assets	7,546	5,100	7,546	5,100
Borrowing costs	-	5,897	-	5,897
Net expense from movements in provision for employee entitlements	52,193	(22,675)	52,193	(22,675)
Net gain on disposal of investments	32,187	288	32,187	288
Interest charges on capitalised leases	3,334	2,465	3,334	2,465
(b) Individually significant items included in loss from ordinary activities before income tax expense:				
Net gain on disposal of tailings dam	-	405,135	-	405,135
Exploration expenditure written off in respect of areas of interest abandoned	950,000	-	950,000	-
	<u>950,000</u>	<u>-</u>	<u>950,000</u>	<u>-</u>
4. EARNINGS PER SHARE				
(a) Reconciliation of earnings to net loss:				
Net Loss	(1,871,020)	(969,305)		
Earnings used in the calculation of basic EPS	(1,871,020)	(969,305)		
Increase in earnings on convertible notes	21,000	-		
Earnings used in the calculation of dilutive EPS	<u>(1,850,020)</u>	<u>(969,305)</u>		
(b) Weighted average number of shares on issue during the financial year used in the calculation of basic EPS				
	41,812,747	35,108,824		
Weighted average number of converting notes on issue	513,699	-		
Weighted average number of ordinary shares on issue used in the calculation of dilutive EPS.	<u>42,326,446</u>	<u>35,108,824</u>		

**Notes to the financial statements
for year ended 31 December 2002**

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
5. INCOME TAX				
(a) The prima facie income tax benefit on the loss from ordinary activities reconciles to the income tax expense in the accounts as follows:				
Loss from ordinary activities	(1,871,020)	(969,305)	(1,870,139)	(969,305)
Prima facie tax payable calculated at 30% (2001: 30%) of the loss from ordinary activities	(561,306)	(290,791)	(561,042)	(290,791)
Add/ (less) tax effect of permanent difference:				
Non-deductible expenditure	2,924	90,389	2,924	90,389
Tax losses not brought to account as future income tax benefits	558,382	200,402	558,118	200,402
Income tax benefit attributed to operating loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) Future income tax benefits not brought to account
The potential future income tax benefits arising from tax losses and timing differences have not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond reasonable doubt:

Tax losses carried forward @ 30%	1,156,227	597,844	1,090,930	532,548
Timing differences @ 30%	108,839	28,981	108,839	28,981
	<u>1,265,066</u>	<u>626,825</u>	<u>1,199,769</u>	<u>561,529</u>

The potential future income tax benefit will only be obtained if:

- (i) The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction to be realised;
- (ii) The consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) There are no changes in tax legislation adversely affecting the consolidated entity in realising the benefit from deductions.

**Notes to the financial statements
for year ended 31 December 2002**

6. SEGMENT INFORMATION

The Company operates in one business and geographical segment being mineral exploration in Australia.

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
7. CASH				
Cash on hand	200	200	100	100
Cash at bank	296,148	-	296,148	-
Deposits-at call	79,419	246,886	79,419	246,886
	375,767	247,086	375,667	246,986
8. RECEIVABLES				
Current				
Trade Debtors	60,350	691,963	60,350	691,963
Less provision for doubtful debts	(60,350)	(60,351)	(60,350)	(60,351)
GST Receivable	20,929	3,528	20,929	3,528
Loans to controlled entities	-	-	880	-
	20,929	635,140	21,809	635,140
9. OTHER FINANCIAL ASSETS				
Non-current				
Shares in controlled entity - at cost	-	-	2	2
Shares in listed companies				
- at cost	-	7,000	-	7,000
- at net market value	45,118	8,530	45,118	8,528
	45,118	15,530	45,120	15,530
No capital gains tax would be payable if the shares in listed companies were sold at balance date.				
10. PLANT AND EQUIPMENT				
Plant and equipment – at cost	255,921	275,442	250,686	251,039
Less accumulated depreciation	(136,778)	(133,432)	(136,778)	(114,263)
Total plant and equipment	119,143	142,010	113,908	136,776
Leased assets – at cost	38,636	38,636	38,636	38,636
Less accumulated depreciation	(12,646)	(5,100)	(12,646)	(5,100)
Total leased assets	25,990	33,536	25,990	33,536
Total plant & equipment – at cost	294,557	314,078	289,322	289,675
Less accumulated depreciation	(149,424)	(138,532)	(149,424)	(119,363)
Total net book value	145,133	175,546	139,898	170,312

**Notes to the financial statements
for year ended 31 December 2002**

10. PLANT AND EQUIPMENT (cont'd)

(a) Movements in carrying value

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant & Equipment	Leased Assets	Total
	\$	\$	\$
<i>Consolidated</i>			
Balance at the beginning of year	142,011	33,536	175,547
Additions	8,014	-	8,014
Depreciation Expense	(30,882)	(7,546)	(38,428)
Carrying amount at end of year	119,143	25,990	145,133
	\$	\$	\$
<i>Company</i>			
Balance at the beginning of year	136,776	33,536	170,312
Additions	8,014	-	8,014
Depreciation Expense	(30,882)	(7,546)	(38,428)
Carrying amount at end of year	113,908	25,990	139,898

11. EXPLORATION, EVALUATION & DEVELOPMENT EXPENDITURE

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Non-current				
Costs carried forward in respect of areas of interest				
Expenditure brought forward	1,601,192	772,072	1,601,192	772,072
Expenditure incurred during the year	736,310	829,120	736,310	829,120
Expenditure written off during the year	(950,000)	-	(950,000)	-
	1,387,502	1,601,192	1,387,502	1,601,192

The Munni Munni silver mine was on care and maintenance as at balance date. The balance carried forward represents projects in exploration and evaluation phase. The recoverability of exploration and evaluation expenditure carried forward is dependent upon the establishment of economic operations in the respective areas to which exploration and evaluation relates, or the future sale of the tenements for a consideration sufficient to cover their carrying value.

**Notes to the financial statements
for year ended 31 December 2002**

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
12. PAYABLES				
Current – unsecured				
Trade creditors (ii)	162,088	91,806	162,088	91,806
Other creditors & accruals (i)	471,911	65,961	471,911	65,961
	633,999	157,767	633,999	157,767

- (i) Included within this balance is a \$215,000 loan from an unrelated third party. \$90,000 of this loan is convertible into ordinary shares of the Company on or before 30 September 2003 at a rate equal to the weighted average selling price of ordinary shares in the Company during the 3 months prior to the date of conversion. The balance of this non interest bearing loan, being \$125,000 is repayable in full by 30 September 2003.
- (ii) Included in this amount is \$57,324 owing to Iana Pty Ltd, a company controlled by Mr Cowden. Refer to Note 20(c) of these financial statements.

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
13. INTEREST BEARING LIABILITIES				
Current				
Secured				
Borrowings (i)	250,000	-	250,000	-
Lease liability (ii)	5,860	5,865	5,860	5,865
	255,860	5,865	255,860	5,865
Non-current				
Secured				
Lease liability (ii)	30,290	34,625	30,290	34,625

- (i) Secured via a fixed charge over the asset to which it relates.
- (ii) Effectively secured over the leased assets.

Borrowings consist of amounts lent to the Company by an unrelated third party and are in the nature of a convertible note. The convertible bears an interest rate of 12% per annum and is convertible into ordinary shares of the Company at the rate of 10 cents per share on or before 30 November 2003.

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
14. PROVISIONS				
Current				
Employee entitlements	57,500	5,307	57,500	5,307
	57,500	5,307	57,500	5,307
Number of employees at year end	1	1	1	1

**Notes to the financial statements
for year ended 31 December 2002**

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
15. CONTRIBUTED EQUITY				
42,234,665 fully paid ordinary shares (2001: 41,734,665)				
Balance at the beginning of the reporting period:	6,736,415	5,411,416	6,736,415	5,411,416
<i>Shares Issued</i>				
- 500,000 (2001: 7,760,660) shares issued for cash on 4 November 2002				
- 1,000,000 shares issued for cash and professional services	35,000	1,174,999	35,000	1,174,999
- Expiry of 30,643,750 options on 31 March 2002	-	150,000	-	150,000
	902,601	-	902,601	-
	7,674,016	6,736,415	7,674,016	6,736,415

Terms and Conditions

The holders of ordinary shares are entitled to received dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings

In the event of winding up the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

16. RESERVES

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
<i>Option premium reserve</i>				
Balance at beginning of year	902,601	902,601	902,601	902,601
- Expiry of 30,643,750 options on 31 March 2002	(902,601)	-	(902,601)	-
- Entitlement issue to existing shareholders of 20,867,332 (2001:nil) options expiring 30 April 2005	208,672	-	208,672	-
- Pro-rata placement to past option-holders 15,321,875 (2001:nil) options expiring 30 April 2005	153,215	-	153,215	-
Balance at end of year	361,890	902,601	361,890	902,601

The option premium reserve records funds held on issue of options.

LEGEND MINING LIMITED

**Notes to the financial statements
for year ended 31 December 2002**

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
17. ACCUMULATED LOSSES				
Accumulated losses at the beginning of the financial year	(5,168,086)	(4,198,781)	(5,173,420)	(4,204,115)
Net loss attributable to members of the parent entity	(1,871,020)	(969,305)	(1,870,139)	(969,305)
Accumulated losses at the end of the financial year	<u>(7,039,106)</u>	<u>(5,168,086)</u>	<u>(7,043,559)</u>	<u>(5,173,420)</u>

18. OPTIONS

The Company had on issue at 31 December 2002 options over fully paid shares as follows:

Number of options	Expiry date	Exercise date	Exercise price
2,350,000 (unlisted)	01/06/06	Any time prior to expiry	22 cents
36,189,207 (listed)	30/05/05	Any time prior to expiry	15 cents

These options do not entitle the holder to participate in any share issue of any other corporation.

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
19(a) REMUNERATION OF DIRECTORS				
Income paid or payable or otherwise made available to all directors of each entity in the economic entity by the Company or any related party.	183,000	196,040	183,000	196,040

The number of directors whose income from the Company or related parties was within the following bands:

	Number		Number	
	2002	2001	2002	2001
\$20,000 - \$29,999	2	2	2	2
\$140,000 - \$149,999	1	1	1	1

19(b) REMUNERATION OF EXECUTIVES

The number of executive officers whose remuneration falls within the following bands:

	Number		Number	
	2002	2001	2002	2001
\$140,000 - \$149,999	1	1	1	1

Total remuneration received, or due and receivable by executive officers of the Company and economic entity from any entity and related party for the management of the affairs of the Company and its subsidiaries whose income is \$100,000 or more

	\$148,080	\$149,040	\$148,080	\$149,040
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**Notes to the financial statements
for year ended 31 December 2002**

20. RELATED PARTIES

- (a) The names of persons who were directors of the Company at any time during the financial year are as follows:

Albert K R Watson (resigned 12 December 2002)
Murray V McDonald
Ian D Cowden

- (b) Information on the remuneration of directors is set out in note 19.

- (c) Related party transactions

Mr I D Cowden and Iana Pty Ltd (a company controlled by Mr Cowden) received fees for the provision of geological services to the Company during the year. The aggregate amount charged for such services and expenses was \$117,983 (2001: \$113,286) which has not been included in remuneration of directors at note 19(a). The balance owing to Iana Pty Ltd at the end of year was \$57,324.

- (d) All amounts referred to in note (c) were charged at normal commercial rates.

- (e) Directors holdings of shares and share options.

The interests of directors and their director related entities in shares and share options of Legend Mining Limited at year end are set out below:

	2002	2001
	Number Held	Number Held
Ordinary Shares	7,525,001	7,525,001
Options over ordinary shares (listed)	682,435	6,835,122
Options over ordinary shares (unlisted)	-	1,250,000

- (f) Transactions of directors and director-related entities concerning shares or share options.

During the year directors and director related entities disposed of no ordinary shares of Legend Mining Limited.

**Notes to the financial statements
for year ended 31 December 2002**

21. NOTES TO STATEMENTS OF CASH FLOWS

(i) Reconciliation of Cash

For the purposes of the Statements of Cash Flows, cash 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 Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Note	Consolidated 2002 \$	2001 \$	Company 2002 \$	2001 \$
Cash on hand	7	200	200	100	100
Cash at bank	7	296,148	-	296,148	-
Deposits – at call	7	79,419	246,886	79,419	246,886
		375,767	247,086	375,667	246,986

(ii) *Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities*

Operating loss from ordinary activities after income tax	(1,871,020)	(969,305)	(1,870,139)	(969,305)
<i>Add /(less) items classified as investing/ financing activities:</i>				
Finance charges on capitalised finance leases	3,334	-	3,334	-
Profit on disposal of investments	(32,187)	-	(32,187)	-
<i>Add /(less) non cash items:</i>				
Depreciation	38,428	31,951	38,428	31,951
Exploration expenditure written off	950,000	-	950,000	-
Movement in provision for annual leave	52,193	(22,675)	52,193	(22,675)
Shares issued for professional services	-	150,000	-	150,000
Provision for rehabilitation	-	(100,000)	-	(100,000)
Provision for doubtful debts	-	5,601	-	5,601
Unrealised (gains)/ losses in the market value of investments	(5,268)	17,184	(5,268)	17,184
	(864,520)	(887,244)	(863,639)	(887,244)
<i>Change in assets & liabilities:</i>				
(Increase)/ decrease in receivables	615,028	(226,033)	615,028	(226,033)
Decrease / (Increase) in inventory	-	644,063	-	644,063
(Decrease)/ Increase in payables & borrowings	55,525	(360,708)	55,524	(360,708)
Net Cash provided/ (Used) in Operating Activities	(193,967)	(829,922)	(193,087)	(829,922)

(iii) Non cash financing and investment activities
During the financial year, the consolidated entity acquired plant and equipment with an aggregate value of \$nil (2001: \$38,636) by means of finance leases. These leases are not reflected in the statement of cashflows.

**Notes to the financial statements
for year ended 31 December 2002**

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
22. FINANCE LEASE COMMITMENTS				
Finance lease commitments are payable:				
- Within one year	7,673	7,673	7,673	7,673
- One year or later and no later than five years	31,882	39,554	31,882	39,554
- Less future finance charges	(3,405)	(6,737)	(3,405)	(6,737)
	36,150	40,490	36,150	40,490
Less liabilities provided for in the financial statements				
- Current	5,860	5,865	5,860	5,865
- Non Current	30,290	34,625	30,290	34,625
Total lease liability	36,150	40,490	36,150	40,490

23. FINANCING ARRANGEMENTS

The consolidated entity has access to the following lines of credit:

Total facilities				
Performance Bond	63,000	63,000	63,000	63,000
	63,000	63,000	63,000	63,000
Facilities used:				
Performance Bond/Bank Guarantee	63,000	63,000	63,000	63,000
	63,000	63,000	63,000	63,000

Overseas Bills Purchase Facility

Interest on this facility is charged at prevailing market rates plus 3.50%.

24. COMMITMENTS FOR EXPENDITURE

(a) Exploration expenditure commitments.

In order to maintain current rights of tenure to exploration tenements, the Company will be required to outlay in 2003 amounts of approximately \$119,958 (2001: \$141,040) in respect of tenement lease rentals and to meet minimum expenditure requirements of the Department of Minerals and Energy. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

**Notes to the financial statements
for year ended 31 December 2002**

24. COMMITMENTS FOR EXPENDITURE (cont'd)

(b) Mining plant rental commitments

The Company and its joint venture partner, East Coast Minerals NL ("the rentors") have entered into a rental agreement for the rental of mining plant for their Munni Munni operations for a period of not less than 12 months. This is currently being re-negotiated however and the directors estimate that within the next 12 months the Company's share of rental commitment is to a maximum of \$20,000. Under the terms of the agreement, the Company has the right at any time, to terminate the rental agreement without notice and without assigning a reason provided that the rentors pay the owner of the mining plant \$30,000 in satisfaction of all obligations and liabilities of the rentors to the owner.

25. INVESTMENTS IN CONTROLLED ENTITIES

Name	Class of Share	Interest Held 2002	Interest Held 2001
Arbotech Pty Ltd	Ordinary	100%	100%

Grant Thornton has not acted as auditor for Arbotech Pty Ltd. The Company has effectively been dormant during the year. The Company was incorporated in Australia.

26. FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2001	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non- Interest Bearing	Total
Financial assets:					
Cash	3.5%	246,886	-	200	247,086
Other Financial Assets		-	-	15,530	15,530
Receivables		-	-	635,140	635,140
		246,886	-	650,870	897,756
Financial liabilities					
Payables		-	-	157,767	157,767
Interest bearing liabilities	7.2%	-	40,490	-	40,490
			40,490	157,767	198,257
2002	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non- Interest Bearing	Total
Financial assets:					
Cash	3.7	296,149	79,418	200	375,767
Other Financial Assets		-	-	45,118	45,118
Receivables		-	-	20,929	20,929
		296,149	79,418	66,247	441,814
Financial liabilities					
Payables		-	-	633,999	633,999
Interest bearing liabilities	11.4	-	286,150	-	286,150
			286,150	633,999	920,149

**Notes to the financial statements
for year ended 31 December 2002**

26. FINANCIAL INSTRUMENTS DISCLOSURE (cont'd)

(b) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

On-Statement of Financial Position Financial Instruments

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

(c) Net Fair Value of Financial Assets and Liabilities

On-Statement of Financial Position Financial Instruments

The Company's financial assets and liabilities as disclosed in the statement of financial position are carried at amounts that approximate their net fair value.

Following are the carrying amounts and estimated net fair values of the consolidated entity's non-current financial instruments as at the reporting date. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing partners.

	2002 Carrying Amount \$	2002 Net Fair Value \$	2001 Carrying Amount \$	2001 Net Fair Value \$
Investments in listed corporations	45,118	45,118	15,530	15,530

27. INTEREST IN JOINT VENTURE OPERATIONS

Legend Mining Limited has an interest in the following joint venture arrangements:

Joint Venture	Project	Activity	2002 Interest	2001 Interest
Munni Munni Joint Venture	Elizabeth Hill	Silver Exploration	33.33%	33.33%
Titan Resources NL	Radio Hill West	Nickel Exploration	100%	100%
Emerald Joint Venture	Mt Ida Greenstone Belt	Nickel/Gold Exploration	40%	91%

**Notes to the financial statements
for year ended 31 December 2002**

27. INTEREST IN JOINT VENTURE OPERATIONS (Cont'd)

Included in the assets of the Company and the consolidated entity are the following items which represent the Company's and the consolidated entity's interests in the assets employed in the joint ventures.

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Non-Current Assets				
Plant and equipment – net book value	402	80,055	402	75,867
Current Liabilities				
Overdraft	14,335	-	14,335	-
Provisions	14,494	-	14,494	-
Total Liabilities	28,829	-	28,829	-
Net Liabilities	(28,427)	80,055	(28,427)	75,867

For the year ended 31 December 2002 the contribution of the Munni Munni Joint Venture to the operating loss of the Company and the consolidated entity was operating expenses of \$(28,427) (2001: \$500,000).

28. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 19th February 2003 a prospectus was lodged with ASIC and the ASX for the purposes of raising capital of approximately \$422,346 via a 1:3 non-renounceable entitlement issue to existing shareholders of approximately 14,078,221 shares. The offer closed on 21st March 2003. The effect of this transaction has not been brought to account at balance date.

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
29. AUDITORS REMUNERATION				
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial report	10,000	10,000	10,000	10,000
- other services	-	1,000	-	1,000
	10,000	11,000	10,000	11,000

DIRECTORS' DECLARATION

- I. The directors of the Company declare that:
- (a) the financial statements and notes, set out on pages 9 to 28, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 31 December 2002 and of their performance, for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001;
 - (b) in the directors opinion 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 is made in accordance with a resolution of the Board of Directors

M V McDonald
DIRECTOR

Dated this 28th day of March 2003.

INDEPENDENT AUDIT REPORT
To the Members of Legend Mining Limited**Scope**

We have audited the financial report of Legend Mining Limited and its controlled entity for the financial year ended 31 December 2002, comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to the Financial Statements and Directors' Declaration.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

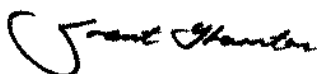
Audit Opinion

In our opinion, the financial report of Legend Mining Limited is in accordance with:

- a) 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 2002 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(b) to the financial statements, unless additional share capital is raised and the consolidated entity continues to receive ongoing support from its financiers, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.



Grant Thornton
Chartered Accountants



Greg LeGuier
Partner

Perth, WA
Dated this 28th day of March 2003

SHAREHOLDER INFORMATION

The issued capital of the company as at 31 March 2003 is 42,234,665 ordinary fully paid shares.

Distribution of Share holders as at 31 March 2003

		Fully Paid Shares		
1	-	1,000		20
1,001	-	5,000		94
5,001	-	10,000		174
10,001	-	100,000		347
100,001		and over		73
				708

Number holding less than a marketable parcel (1,000 shares) 20

Substantial Shareholder as at 31 March 2003

Murray McDonald 7,525,001

Top 20 Shareholders as at 31 March 2003

Name	Total Holdings	% Issued Capital
Murray McDonald	7,525,001	17.817
William Henry Hernstadt	1,336,014	3.163
Savwa Pty Ltd	1,190,000	2.817
May 96 Pty Ltd	1,030,000	2.438
Wildbush Pty Ltd	900,000	2.130
Afron Pty Ltd	825,000	1.953
Arthur Cabro	818,362	1.937
Kelbush Pty Ltd	666,666	1.578
Roger Mackay Enterprises Pty Ltd	666,666	1.578
Urs Scheibler	666,666	1.578
John Kirou	650,000	1.539
Ron Malcolm Bayley & Christine Bayley	533,333	1.262
Goldleaf Holding Pty Ltd	500,000	1.183
Sam Ioannou	500,000	1.183
Peter John William Sharpe	453,000	1.072
Gemlisa Pty Ltd	351,000	0.831
Athanasios Kirou & Ristana Kirou	350,000	0.828
Waratah View Pty Ltd	346,666	0.820
Tony John Lambert & Shane Lambert	344,378	0.815
Rirour Challis & Rania Challis	333,333	0.789
		47.327

SHAREHOLDER INFORMATION cont'd...

Top 20 Optionholders as at 31 March 2003

1 April 2005 Series

Name	Total Holdings	% Issued Capital
Murray McDonald	4,000,000	11.053
John William Meredith	1,650,833	4.561
May 96 Pty Ltd	1,005,000	2.777
Shearman Superannuation Nominees Pty Ltd	1,000,000	2.763
Fats Pty Ltd	1,000,000	2.763
Michael James Calneggia & Sally Ann Calneggia	1,000,000	2.763
John Kirou & Tania Kirou	970,000	2.680
Athanasios Kirou & Ristana Kirou	900,000	2.486
Donald Wayne Ferguson & Glenys Kay Ferguson	874,791	2.417
Afron Pty Ltd	847,500	2.341
Timothy Phillip Coleman & Maria Marciniak	800,000	2.210
Savwa Pty Ltd	775,000	2.141
Emerald Corporation Pty Ltd	750,000	2.072
Michael Robert Sterland	735,000	2.030
Mexport Pty Ltd	675,000	1.865
Dimitrios Graikos	648,664	1.792
M & K Korkidas Pty Ltd	528,779	1.461
Gemlisa Pty Ltd	521,750	1.441
Lawrence Crowe Consulting Pty Ltd	500,000	1.381
Phillip Anthony Riolo	500,000	1.381
	19,682,317	54.372

**Legend
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