

A.C.N. 060 966 145



**LEGEND**  
MINING LIMITED

**HALF-YEAR REPORT**

**30 JUNE 2010**

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## CONTENTS

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	<b>Page</b>
Company Directory	1
Directors' Report	2
Condensed Statement of Comprehensive Income	4
Condensed Statement of Financial Position	5
Condensed Consolidated Statement of Cash Flows	6
Condensed Consolidated Statement of Changes in Equity	7
Notes to the Financial Statements	8
Director's Declaration	19
Declaration of Auditor Independence	20
Independent Auditor's Review Report	21

### Web

[www.legendmining.com.au](http://www.legendmining.com.au)

### Email

[legend@legendmining.com.au](mailto:legend@legendmining.com.au)

### ASX Codes

LEG – ordinary shares

## COMPANY DIRECTORY

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### Directors

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

### Company Secretaries

Tony Walsh  
Brett White

### Registered Office

Level 2  
640 Murray Street  
PO Box 626  
WEST PERTH, WA 6005

Telephone: (08) 9212 0600  
Facsimile: (08) 9212 0611

### Bankers

National Australia Bank  
1232 Hay Street  
WEST PERTH, WA 6005

### Auditors

Stantons International  
Level 1, 1 Havelock Street  
WEST PERTH, WA 6005

### Home Exchange

Australian Securities Exchange Ltd  
2 The Esplanade  
PERTH WA 6000

### Share Registry

Advanced Share Registry Services  
150 Stirling Highway  
NEDLANDS, WA 6009

Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

### Lawyers

Macdonald Legal  
Suite 29, 18 Stirling Highway  
NEDLANDS WA 6009

## DIRECTORS' REPORT

The Directors submit their report for the half-year ended 30 June 2010.

### DIRECTORS

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

Michael Atkins (Chairman, Non Executive Director)

Mark Wilson (Managing Director)

Dermot Ryan (Non Executive Director)

### NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities during the period of the entities within the consolidated entity were exploration for iron ore, gold and base metal (zinc-copper-gold, nickel-copper, zinc-copper and copper-gold) deposits.

### RESULTS OF OPERATIONS

The loss of the consolidated entity for the half-year after tax and non controlling interests was \$851,029 (2009: profit \$3,952,802) after income tax.

### REVIEW OF OPERATIONS

1. On 4 February Legend exercised its right to acquire 90% of Camina SA, a Cameroon exploration company which owns several exploration tenements in Cameroon, West Africa. Settlement of the transaction took place with the issue of:
  - 350 million Legend shares;
  - 200 million Legend 5 year options exercisable at 4 cents per option;
  - 400 million Performance options (a), exercisable for nil consideration, once a JORC compliant resources of 250 million tonnes of iron ore containing a minimum of 50 million tonnes of DSO is identified on the permits; and
  - 400 million Performance options (b), exercisable for nil consideration, once a JORC compliant resources of 2 billion tonnes of iron ore containing a minimum of 200 million tonnes of DSO is identified on the permits or the first US\$60 million from sales of ore from the permits is achieved, to the Camina Vendors and Vendor nominees parties.
2. Legend has continued exploring its 4 projects, Cameroon, Pilbara, Mt Gibson, and Gum Creek with the bulk of the exploration funds used in the Cameroon project. During this 6 month period Legend has spent in excess of \$1.7 million on the development of the Cameroon Project to identify potential targets. This has culminated in the commencement of drilling on 4 August 2010.
3. On 28 June Legend announced the results of a magnetic modelling report, which focussed on a 20km strike length of BIF and indicated the potential for a range of 1.75-3.25Bt of magnetite. An expected grade of 30-40% Fe was considered likely based on 48 non-systematic rockchip samples of outcropping BIF. The next stage is to plan an initial drilling programme.
4. On 24 February 2010, Gidgee Resources Pty Ltd, a 100% wholly owned subsidiary of Legend Mining Limited was deregistered.

## AUDITOR'S INDEPENDENCE

The Auditor's Independence Declaration under S307C of the *Corporations Act 2001* has been received from Stantons International, the Company's Auditor, and is available for review on page 19.

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

M. W. ✓

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**M Wilson**  
**Managing Director**

Dated this 13 September 2010

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 JUNE 2010**

	Notes	CONSOLIDATED	
		As at 30-Jun-10 \$	As at 30-Jun-09 \$
<b>Continuing Operations</b>			
Rental revenue	3(a)	249,492	250,000
Finance revenue	3(b)	200,669	147,125
Other income	3(c)	146,990	2,157,420
Net gain/(loss) on revaluation of financial assets held for trading	3(g)	(426,056)	3,568,000
Deferred exploration expenditure written off	3(e)	(62,344)	(54)
Other expenses	3(f)	(294,067)	(70,075)
Corporate head office expenses		(957,987)	(489,471)
Finance costs		(25,752)	(13,900)
Net profit / (loss) from continuing operations before income tax expense		(1,169,055)	5,549,045
Income tax benefit/ (expense)		279,554	(1,596,243)
<b>Profit / (Loss) from continuing operations for the period</b>		<b>(889,501)</b>	<b>3,952,802</b>
<b>Other comprehensive income</b>			
Movement in foreign currency translation reserve		9,897	-
<b>Other comprehensive income for the year, net of tax</b>		<b>9,897</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>(879,604)</b>	<b>3,952,802</b>
<b>Profit / (Loss) for the period attributable to:</b>			
Members of Legend Mining Limited		(851,029)	3,952,802
Non-controlling interest		(38,472)	-
		<b>(889,501)</b>	<b>3,952,802</b>
<b>Comprehensive income / (loss) attributable to:</b>			
Members of Legend Mining Limited		(841,132)	3,952,802
Non-controlling interest		(38,472)	-
		<b>(879,604)</b>	<b>3,952,802</b>
<b>PROFIT/(LOSS) PER SHARE (cents per share)</b>			
Basic profit/(loss) for the period	4	0.0537	0.327
Diluted profit/(loss) for the period	4	0.0307	0.326

The accompanying notes form part of these financial statements

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2010**

	Notes	CONSOLIDATED	
		As at 30-Jun-10 \$	As at 31-Dec-09 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	6,180,674	5,437,937
Trade & other receivables		53,521	512,844
Prepayments		179,851	52,832
Other financial assets	7	8,636,000	8,640,900
<b>Total Current Assets</b>		15,050,046	14,644,513
<b>Non-current Assets</b>			
Deferred tax asset		1,852,115	1,672,331
Other financial assets	7	1,547,047	1,546,050
Property, plant & equipment	8	443,313	292,840
Deferred exploration costs	9	9,560,960	7,918,433
Mineral rights acquisition costs	16	23,253,764	-
<b>Total Non-current Assets</b>		36,657,199	11,429,654
<b>TOTAL ASSETS</b>		51,707,245	26,074,167
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	10	495,924	347,375
Provisions – employees		54,350	56,153
<b>Total Current Liabilities</b>		550,274	403,528
<b>Non-current Liabilities</b>			
Provisions for long service leave		67,131	34,950
Provisions for rehabilitation		1,480,913	1,479,916
Deferred tax liability		2,742,102	2,862,757
<b>Total Non-Current Liabilities</b>		4,290,146	4,377,623
<b>TOTAL LIABILITIES</b>		4,840,420	4,781,151
<b>NET ASSETS</b>		46,866,825	21,293,016
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Contributed equity	11	53,111,299	38,420,414
Reserves	12	22,319,572	10,545,911
Accumulated losses		(28,524,338)	(27,673,309)
<b>Total parent entity interest</b>		46,906,533	21,293,016
Non controlling interests		(39,708)	-
<b>TOTAL EQUITY</b>		46,866,825	21,293,016

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2010**

	CONSOLIDATED	
	As at 30-Jun-10 \$	As at 30-Jun-09 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	255,257	312,413
Payments to suppliers and employees	(654,933)	(322,170)
Payment for exploration and evaluation	(1,704,871)	(595,536)
Interest received	200,856	147,125
Interest paid	(25,752)	(13,900)
Net cash flows used in operating activities	(1,929,443)	(472,068)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant & equipment & scrap	32,828	287,652
Proceeds from sale of investments	871,297	4,965,358
Purchase of property, plant & equipment	(226,892)	-
Purchase of investments	(1,222,056)	(5,000,000)
Payment for performance bonds	(997)	-
Dividends Received	38,000	68,000
Net cash flows from/ (used in) investing activities	(507,820)	321,010
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds / (refunds) from issue of ordinary shares	3,180,000	(165)
Net cash flows from / (used in) financing activities	3,180,000	(165)
Net increase/(decrease) in cash and cash equivalents	(742,737)	(151,223)
Cash and cash equivalents at the beginning of period	5,437,937	5,002,686
Cash and cash equivalents at end of period	6,180,674	4,851,463

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 JUNE 2010**

Consolidated	Issued Capital	Foreign Currency Translation Reserve	Share Option Premium Reserve	Non controlling interests	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$	\$
<b>At 1 January 2010</b>	38,420,414	-	10,545,911	-	(27,673,309)	21,293,016
Loss for the period	-	-	-	(38,472)	(851,029)	(889,501)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	-	(38,472)	(851,029)	(889,501)
Acquisition of 90% of Camina	12,250,000	-	11,003,764	-	-	23,253,764
Non-controlling interest acquired	-	-	-	(1,236)	-	(1,236)
Share based payments	-	-	760,000	-	-	760,000
Exchange differences arising on translation of foreign operations	-	9,897	-	-	-	9,897
Issue of shares	3,360,000	-	-	-	-	3,360,000
Cost of issue of share capital	(919,115)	-	-	-	-	(919,115)
<b>At 30 June 2010</b>	<b>53,111,299</b>	<b>9,897</b>	<b>22,309,675</b>	<b>(39,708)</b>	<b>(28,524,338)</b>	<b>46,866,825</b>
<b>At 1 January 2009</b>	<b>36,333,141</b>	<b>-</b>	<b>3,241,607</b>	<b>-</b>	<b>(22,258,936)</b>	<b>17,315,812</b>
Profit for the period	-	-	-	-	3,952,802	3,952,802
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,952,802</b>	<b>3,952,802</b>
Refund for overpayment of option	(165)	-	-	-	-	(165)
Exercise of share options	-	-	-	-	-	-
Cost of issue of share capital	(23,198)*	-	-	-	-	(23,198)
<b>At 30 June 2009</b>	<b>36,309,778</b>	<b>-</b>	<b>3,241,607</b>	<b>-</b>	<b>(18,306,134)</b>	<b>21,245,251</b>

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

The accompanying notes form part of these financial statements



## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2010

### NOTE 1: CORPORATE INFORMATION

The financial report of Legend Mining Limited (the Company) for the half-year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 13 September 2010.

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

The nature of the operations and principal activities of the Group are described in the Directors' Report.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Legend Mining Limited for the year ended 31 December 2009.

It is also recommended that the half-year financial report be considered together with any public announcements made by Legend Mining Limited and its controlled entities during the half-year ended 30 June 2010 in accordance with the continuance disclosure obligations arising under the Corporations Act 2001.

#### (a) Basis of preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The half-year report has been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards ("IFRS").

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

For the purpose of preparing the half-year financial report, the half-year has been treated as a discreet reporting period.

#### (b) Adoption of new and revised Accounting Standards

The Company has adopted all new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial statement on the basis that they represent a significant change in information from that previously made available and are detailed below.

##### *Presentation of Financial Statements*

AASB 101 prescribes the contents and structure of financial statements. Changes reflected in this financial report include:

- the replacement of the Income Statement with the Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2010**

Other accounting standards which are effective for this accounting period include *AASB 3 - Business Combinations* and *AASB 8 - Operating segments*. These accounting standards have been adopted in the current period.

The group has continued to operate in one business segment (Mining Exploration) and in two geographical regions (Australia & West Africa).

New and revised Standards and Interpretations issued but not yet applicable are not expected to have a significant impact on the financial position or performance of the consolidated entity.

### **(c) Significant accounting policies**

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 31 December 2009.

### **(d) Principles of Consolidation**

The half-year consolidated financial statements comprise the financial statements of Legend Mining Limited and its subsidiaries as at 30 June 2010 ('the Group').

The consolidated half year financial statements incorporate the assets, liabilities and results of entities controlled by Legend Mining Limited at reporting date ('the Group'). A controlled entity is any entity over which Legend Mining Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interest's interest in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

### **(e) Estimates**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2009.

### **(f) Business Combinations**

The purchase method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The cost of a business combination is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2010

Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the business combination over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

### NOTE 3: REVENUE AND EXPENSES

	<b>CONSOLIDATED</b>	
	<b>30-Jun-10</b>	<b>30-Jun-09</b>
	\$	\$
<b>Revenues and expenses from continuing operations</b>		
<b>a) Rental Revenue</b>		
Rental revenue	249,492	250,000
<b>b) Finance Revenue</b>		
Bank interest received and receivable	200,669	147,125
<b>c) Other Income</b>		
Profit on sale of plant & equipment	32,828	270,294
Profit on share trading	70,397	1,725,358
Dividends received	38,000	68,000
Underwriting fees	-	90,000
Field work completed by Legend geologists	5,765	3,768
	146,990	2,157,420
<b>d) Employee Benefits Expense</b>		
Salaries & On costs	313,139	272,171
Other employee benefits	27,945	4,263
	341,084	276,434
<b>e) Deferred Exploration Expenditure written off</b>		
Write off of deferred exploration expenditure	62,344	54

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2010**

**NOTE 3: REVENUE AND EXPENSES**

	<b>CONSOLIDATED</b>	
	<b>30-Jun-10</b>	<b>30-Jun-09</b>
	\$	\$
<b>f) Other Expenses</b>		
Depreciation	76,419	70,075
Foreign exchange loss	45,425	-
Impairment of Goodwill	11,122	-
Rehabilitation expenses	161,101	-
	294,067	70,075
	294,067	70,075
<b>g) Net gain/(loss) on revaluation of Investments</b>		
Fair value revaluation on Independence Group NL shares	(216,056)	4,693,000
Fair value revaluation on Pilbara Minerals Limited shares	(210,000)	(1,125,000)
	(426,056)	3,568,000
	(426,056)	3,568,000

**NOTE 4: LOSS PER SHARE**

	<b>30-Jun-10</b>	<b>30-Jun-09</b>
	\$	\$
<b>(a) Reconciliation of earnings to net profit / (loss):</b>		
Net Profit/(Loss)	889,501	3,952,802
Earnings used in the calculation of basic earnings / (loss) per share	889,501	3,952,802
	889,501	3,952,802
<b>(b) Weighted average number of shares on issue during the financial period used in the calculation of basic earnings / (loss) per share</b>	1,655,041,409	1,209,350,801
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings / (loss) per share	1,655,041,409	1,209,350,801
	1,655,041,409	1,209,350,801

**NOTE 5: SEGMENT INFORMATION**

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

*Primary Reporting – geographical segments*

The geographical segments of the consolidated entity are as follows:

	<b>Australia</b>		<b>West Africa</b>		<b>Total</b>	
	<b>June 2010</b>	<b>December 2009</b>	<b>June 2010</b>	<b>December 2009</b>	<b>June 2010</b>	<b>December 2009</b>
	\$	\$	\$	\$	\$	\$
Revenue	597,151	5,855,521	-	-	597,151	5,855,521
Segment Result	(491,688)	(4,008,316)	(397,813)	(531,141)	(889,501)	(4,539,457)
Segment Assets	47,337,263	23,778,430	4,369,982	2,295,737	51,707,245	26,074,167
Segment Liabilities	(4,767,528)	(4,781,151)	(72,892)	-	(4,840,420)	(4,781,151)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2010

### NOTE 5: SEGMENT INFORMATION (CONTD)

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

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

### NOTE 6: CASH AND EQUIVALENTS

	Consolidated	
	30-Jun-10 \$	31-Dec-09 \$
Cash at bank and in hand	3,180,674	2,437,937
Short term deposits	3,000,000	3,000,000
Total cash and cash equivalents	6,180,674	5,437,937

### NOTE 7: OTHER FINANCIAL ASSETS

	Consolidated	
	30-Jun-10 \$	31-Dec-09 \$
<b>Current</b>		
Shares in Independence Group NL at market value	8,496,000	8,408,400
Shares in Pilbara Minerals Limited at market value	140,000	-
Shares in Accent Resources NL at market value	-	232,500
	8,636,000	8,640,900
<b>Non-current</b>		
Performance and other bonds (a)	1,547,047	1,546,050

(a) Terms and conditions relating to the above financial instruments

- Non-Current Rehabilitation/Performance bonds– bank deposits were held as security for rehabilitation and credit cards, as a security deposit for the premises rented and as security for joint venture assets. These bonds were held on 90 day term deposits at 5.00%, 183 day term deposit at 2.20% and on 6 months at 6.00%.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2010**

**NOTE 8: PROPERTY, PLANT AND EQUIPMENT**

	Buildings \$	Plant and equipment \$	Total \$
<b>Consolidated</b>			
At 1 January 2010, net of accumulated depreciation	49,707	243,133	292,840
Additions	124,607	102,285	226,892
Disposals	-	-	-
Depreciation expense	(31,927)	(44,492)	(76,419)
At 30 June 2010, Net of accumulated depreciation	<u>142,387</u>	<u>300,926</u>	<u>443,313</u>
At 1 January 2010			
Cost	284,040	602,354	886,394
Accumulated depreciation	(234,333)	(359,221)	(593,554)
Net carrying amount	<u>49,707</u>	<u>243,133</u>	<u>292,840</u>
At 30 June 2010			
Cost	408,647	722,239	1,130,886
Accumulated depreciation	(266,260)	(421,313)	(687,573)
Net carrying amount	<u>142,387</u>	<u>300,926</u>	<u>443,313</u>
<b>Consolidated</b>			
At 1 January 2009, net of accumulated depreciation	106,515	344,319	450,834
Additions	-	80,790	80,790
Disposals	-	(100,652)	(100,652)
Depreciation expense	(56,808)	(81,324)	(138,132)
At 31 December 2009, Net of accumulated depreciation	<u>49,707</u>	<u>243,133</u>	<u>292,840</u>
At 1 January 2009			
Cost	284,040	706,276	990,316
Accumulated depreciation	(177,525)	(361,957)	(539,482)
Net carrying amount	<u>106,515</u>	<u>344,319</u>	<u>450,834</u>
At 31 December 2009			
Cost	284,040	602,354	886,394
Accumulated depreciation	(234,333)	(359,221)	(593,554)
Net carrying amount	<u>49,707</u>	<u>243,133</u>	<u>292,840</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2010**

**NOTE 9: DEFERRED EXPLORATION COSTS**

		<b>Consolidated</b>	
		<b>30-Jun-10</b>	<b>31-Dec-09</b>
		<b>\$</b>	<b>\$</b>
Deferred exploration and evaluation		7,888,457	6,245,930
Deferred mining information		1,672,503	1,672,503
		<u>9,560,960</u>	<u>7,918,433</u>
		<b>30-Jun-10</b>	<b>30-Jun-09</b>
		<b>\$</b>	<b>\$</b>
<b>(a) Deferred exploration and evaluation costs</b>			
At 1 January, at cost		6,245,930	3,057,304
Expenditure incurred during the period		1,704,871	595,536
Expenditure written off during the period	(ii)	(62,344)	(54)
At 30 June, at cost	(iii)	<u>7,888,457</u>	<u>3,652,786</u>
<b>(b) Deferred Mining Information</b>			
At 1 January, at cost		1,672,503	1,672,503
At 30 June, at cost	(iii)	<u>1,672,503</u>	<u>1,672,503</u>

**Note:**

- (i) As part of the continuing tenement rationalisation, Legend Mining Limited lodged new tenement applications over areas covered by Gidgee Resources Limited tenement application. Expenditure allocated to these Gidgee Resources Limited tenements was reassigned to the new tenement applications once Gidgee Resources Limited was deregistered.
- (ii) Carrying values for certain tenements were reviewed and subject to the following conditions being met;
- (1) no substantive expenditure for further exploration in the specific areas has been budgeted for;
  - (2) exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources;
- it was decided to discontinue such activities in the specific areas.
- (iii) The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

**NOTE 10: TRADE AND OTHER PAYABLES**

	<b>30-Jun-10</b>	<b>31-Dec-09</b>
	<b>\$</b>	<b>\$</b>
<b>Current – unsecured</b>		
Trade payables	128,846	50,440
Other payables & accruals	367,078	296,935
	<u>495,924</u>	<u>347,375</u>

Terms and conditions relating to the above financial instruments

- (i) Trade payables are non-interest bearing and normally settled on 30 day terms.
- (ii) Other payables are non-interest bearing and normally settled as they fall due.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2010**

**NOTE 11: CONTRIBUTED EQUITY**

**Consolidated and Company**

	<b>30-Jun-10</b>	<b>31-Dec-09</b>
	\$	\$
<b>Ordinary shares</b>		
Issued and fully paid	55,711,385	39,861,385
Shares to be issued	-	240,000
Issue costs	(2,600,086)	(1,680,971)
	53,111,299	38,420,414
<b>Movement in ordinary shares on issue 2010</b>		
At 1 January 2010	1,259,350,801	40,101,385
Issued in period		
11-January-10 Issue of shares	120,000,000	3,360,000
5-February 10 Issue of shares	350,000,000	12,250,000
	1,729,350,801	55,711,385

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

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

**NOTE 12: RESERVES**

	<b>30-Jun-10</b>	<b>31-Dec-09</b>
	\$	\$
Share Option Premium Reserve	22,309,675	10,545,911
Foreign Exchange Translation Reserve	9,897	-
	22,319,572	10,545,911

**NOTE 13: RELATED PARTY DISCLOSURES**

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

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

**(ii) Other related party transactions**

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

**(iii) Ultimate parent**

Legend Mining Limited is the ultimate parent company.

**(iv) Loans to related parties**

Legend Mining Limited have advanced/ (received) the following loans to/ (from) its subsidiary companies during the half-year ended 30 June 2010.

	<b>As at 30-Jun-10</b>	<b>As at 31-Dec-09</b>
	\$	\$
Gibson Metals Pty Ltd	152,686	383,129
Armada Mining Limited	19,183	(175,867)
Legend Cameroon Pty Ltd	(392,545)	410,025
Camina Ltd	4,694,172	-
	4,694,172	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2010

### NOTE 14: COMMITMENTS

(a) Exploration expenditure commitments.

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay approximately \$2,611,180 in the following 12 months, (previous 12 months: \$1,566,290) in respect of tenement lease rentals and to meet minimum expenditure requirements of the Department of Mines & Petroleum. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

This is the maximum commitment to exploration, to fully meet DMP requirements. In practice, Legend has routinely applied for and been granted exemptions from meeting these requirements on a tenement by tenement basis. As a result the actual amount required to be expended on exploration is expected to be less than \$2,611,180 while still holding all the tenements in good standing.

### NOTE 15: CONTINGENT LIABILITIES

There has been no material change of any contingent liabilities during the half-year.

No other matters or circumstances have arisen since the end of the half-year to the date of this report which have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity.

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

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

### NOTE 16: BUSINESS COMBINATIONS – ACQUISITION OF A SUBSIDIARY

On 4 February 2010, Legend Mining acquired 90% of the share capital of Camina Limited "Camina", a company holding certain exploration and development licences, in Cameroon.

#### (i) Consideration transferred

The purchase of CAMINA was satisfied by the issue of 350M shares in Legend Mining Limited issued at 3.5 cents per share, 200M options and 800M performance options. The issue price of shares was based on the market price on the date of purchase.

	\$
350M shares in Legend Mining Limited	12,250,000
200 million Legend 5 year options exercisable at 4 cents per option	5,263,764
400 million Performance options exercisable for nil consideration	4,620,000
400 million Performance options exercisable for nil consideration	1,120,000
	<u>23,253,764</u>

Acquisition-related costs such as legal fees, consultancy and tax advisory fees have been written off in the period as incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2010**

**NOTE 16: BUSINESS COMBINATIONS – ACQUISITION OF A SUBSIDIARY (CONTD)**

**(ii) Assets acquired and liabilities assumed at the date of acquisition**

The fair values of identifiable assets and liabilities of Camina as at the date of acquisition were:

	<b>Carrying amount on date of acquisition \$</b>	<b>Fair value on date of acquisition \$</b>
Cash at Bank	57,490	57,490
Trade Debtors	3,326	3,326
Exploration & Evaluation Costs	11,924	11,924
Plant & Equipment	2,711	2,711
Intangibles Assets	6,551	6,551
Trade Creditors	(38)	(38)
Long-term debt	<u>(94,323)</u>	<u>(94,323)</u>
Net liabilities	<u>(12,359)</u>	<u>(12,359)</u>
Group share of net liabilities acquired (90%)		(11,123)
Goodwill - Mineral rights acquisition costs		23,264,887*
Total consideration		<u>23,253,764</u>

\*At 30 June 2010, the excess of the goodwill (Mineral rights acquisition costs) over the cost of acquisition was written off to the statement of comprehensive income.

	<b>As at 30-Jun-10 \$</b>	<b>As at 31-Dec-09 \$</b>
<b>Gross carrying amount</b>		
Balance at the beginning of the interim period	-	-
Amounts recognised from business combinations occurring in the period (note 15i)	<u>23,264,887</u>	-
Balance at the end of the interim period	<u>23,264,245</u>	-
<b>Accumulated impairment losses</b>		
Balance at the beginning of the interim period	-	-
Impairment losses recognised during the period (note 15i)	<u>11,123</u>	-
Balance at the end of the interim period	<u>11,123</u>	-
<b>Net book value</b>		
At the beginning of the interim period	-	-
At the end of the interim period	<u>23,253,764</u>	-

**(iii) Non-controlling interest**

The non-controlling interest (10%) in CAMINA SA recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$1,236. During the period, non-controlling interest share of losses amounted to \$38,472.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2010**

**NOTE 17: EVENTS AFTER THE BALANCE SHEET DATE**

As at the date of this report Legend has traded an additional 800,000 Independence Group shares realising an accounting profit of \$562,234 after brokerage fees.

As at close of business of the 10 September 2010 the valuation of the investments was as follows:

Independence Group NL \$6.10 per share or a gain of \$1.38 per share since 30 June 2010 representing a net gain before tax of \$1,380,000.

Pilbara Minerals \$0.060 per share or a loss of \$0.020 per share since 30 June 2010 representing a net loss before tax of \$35,000.

As at the date of this report there are no subsequent significant events after the balance date other than those described above.

**NOTE 18: DIVIDENDS PAID AND PROPOSED**

No dividends were paid or proposed this financial period.

There are no franking credits available for future reporting periods.

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## DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- a) the financial statements and notes, of the consolidated entity, are in accordance with the Corporations Act 2001, including;
  - i. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance for the period ended on that date; and
  - ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

M. Wilson

**Mark Wilson**  
**Managing Director**

**Dated this 13 September 2010**

# Stantons International

ABN 41 103 088 697

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

13 September 2010

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

Dear Directors

**RE: LEGEND MINING LIMITED**

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

As the Audit Director for the review of the financial statements of Legend Mining Limited for the half year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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



**J P Van Dieren**  
Director

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Legend Mining Limited, which comprises the condensed statement of financial position as at 30 June 2010, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Legend Mining Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Legend Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

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### *Independence*

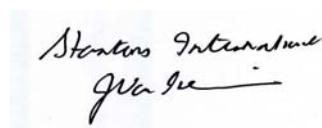
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Legend Mining Limited on 13 September 2010.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Legend Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

A handwritten signature in black ink, appearing to read "John P Van Dieren", is written over a light blue rectangular background.

**John P Van Dieren  
Director**

West Perth, Western Australia  
13 September 2010