

LEGEND MINING LIMITED

ACN 060 966 145

**HALF-YEAR FINANCIAL REPORT
30 JUNE 2003**

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Legend Mining Limited
ACN 060 966 145

COMPANY DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Ross Gregory Ledger

REGISTERED OFFICE

Suite 1
46 Ord Street
WEST PERTH WA 6005

PO Box 626
WEST PERTH WA 6872

Telephone: +61 8 9322 3700
Facsimile: +61 8 9322 3800

AUDITORS

Grant Thornton
Chartered Accountants
256 St George's Terrace
PERTH WA 6000

SHARE REGISTRY

Advanced Share Registry Services Pty Ltd
6th Floor
200 Adelaide Terrace
EAST PERTH WA 6004

Telephone: +61 8 9221 7288
Facsimile: +61 8 9221 7869

HOME EXCHANGE

Australian Stock Exchange Ltd
2 The Esplanade
PERTH WA 6000

BANKERS

National Australia Bank
1232 Hay Street
WEST PERTH WA 6005

DIRECTORS' REPORT

Your Directors submit the Financial Report of the economic entity for the half year ended 30 June 2003.

DIRECTORS

The names and details of the directors who have held office during or since the end of the half year are:

(i) Michael Atkins

Michael Atkins was appointed on 14 February 2003.

(ii) Murray Vincent McDonald

(iii) Ian David Cowden

(iv) Kevin Watson

Kevin Watson retired on 17 February 2003.

RESULTS OF OPERATIONS

The consolidated loss of the consolidated entity for the half-year was \$171,847 (2002:loss \$437,578) after income tax.

REVIEW OF OPERATIONS

During the half-year, the Company's operations were focused on production at the Munni Munni silver deposit, and further exploration at Carlow Castle.

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

M V McDonald
Director

Dated this day of 2003

Perth, Western Australia

Legend Mining Limited
ACN 060 966 145

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 30 JUNE 2003

	Economic Entity	
	30 June 2003	30 June 2002
	\$	\$
Revenues from ordinary activities	65,299	39,056
Employee benefits expense	(33,910)	(140,378)
Depreciation expense	(15,153)	(18,837)
Borrowing costs expense	(19,217)	(11,042)
Other expenses from ordinary activities	(168,866)	(306,377)
Net loss from ordinary activities after income tax expense attributable to members of the entity	(171,847)	(437,578)
Total changes in equity other than those resulting from transactions with owners as owners	(171,847)	(437,578)
Basic earnings (loss) per share (cents per share)	(0.41)	(1.05)
Dilutive earnings (loss) per share (cents per share)	(0.41)	(1.05)

The accompanying notes form part of these financial statements.

Legend Mining Limited
ACN 060 966 145

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Economic Entity	
	30 June 2003	31 December 2002
	\$	\$
CURRENT ASSETS		
Cash assets	171,331	375,767
Receivables	1,500	20,929
TOTAL CURRENT ASSETS	172,831	396,696
NON-CURRENT ASSETS		
Other financial assets	40,455	45,118
Plant and equipment	129,980	145,133
Deferred exploration, evaluation & development costs	1,511,330	1,387,502
TOTAL NON-CURRENT ASSETS	1,681,765	1,577,753
TOTAL ASSETS	1,854,596	1,974,449
CURRENT LIABILITIES		
Payables	614,812	633,999
Interest-bearing liabilities	252,589	255,860
Provisions	57,500	57,500
TOTAL CURRENT LIABILITIES	924,901	947,359
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	30,971	30,290
TOTAL NON-CURRENT LIABILITIES	30,971	30,290
TOTAL LIABILITIES	955,872	977,649
NET ASSETS	898,724	996,800
EQUITY		
Contributed equity	7,747,787	7,674,016
Reserves	361,890	361,890
Accumulated losses	(7,210,953)	(7,039,106)
TOTAL EQUITY	898,724	996,800

The accompanying notes form part of this financial report.

Legend Mining Limited
ACN 060 966 145

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2003

	Economic Entity	
	30 June 2003	30 June 2002
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	22,156	718,727
Payments to suppliers and employees	(217,300)	(399,458)
Interest received	2,989	6,688
Borrowing costs	(21,807)	(8,341)
Net cash (used in)/provided by operating activities	(213,962)	317,616
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of Investments	–	32,187
Payment for investments	–	(10,000)
Payment for exploration, evaluation and development expenditure	(64,245)	(275,835)
Net cash used in investing activities	(64,245)	(253,648)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares & options	73,771	361,890
Net cash provided by financing activities	73,771	361,890
Net increase (decrease) in cash held	(204,436)	425,858
Cash at 31 December	375,767	247,086
Cash at 30 June	171,331	672,944

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2003

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2002 and any public announcements made by Legend Mining Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 31 December 2002 Annual Report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

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 30 June 2003, the economic entity had a deficiency in working capital of \$752,070. 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 economic entity 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 economic entity 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.

	Economic Entity	
	30 June 2003	30 June 2002
NOTE 2: LOSS FROM ORDINARY ACTIVITIES	\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Interest revenue	2,989	6,688
Debt forgiveness (1)	59,583	—

(1) Iana Pty Ltd (a related party to Ian David Cowden) has forgiven a debt of \$59,583.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2003

NOTE 3: SEGMENT INFORMATION

The economic entity operates in one business and geographical segment being mineral exploration within Australia.

NOTE 4: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

After reporting date, the economic entity has negotiated the issue of 7,500,000 shares at 2.5 cents to Yandal Investments Pty Ltd to extinguish as part payment of \$250,000 in debt loaned by Yandal Investments Pty Ltd in October 2002. This is subject to shareholder approval for the issue of shares. The economic entity has also negotiated the repayment of debts owing to McKay Drilling for \$185,000, representing a debt forgiveness of \$140,855.90. This amount is required to be paid subsequent to successful equity raising.

Legend Mining Limited
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 8:
 - a. comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the economic entity's financial position as at 30 June 2003 and of its performance for the half year ended on that date.
2. 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 29th day of August 2003

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF LEGEND MINING LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Legend Mining Limited (the consolidated entity), for the half-year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Australian Accounting Standard AASB 1029: Interim Financial Reporting 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 consolidated entity's financial position and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities & Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF LEGEND MINING LIMITED (cont)**

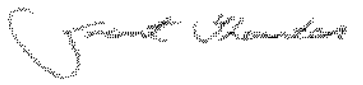
Statement

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:

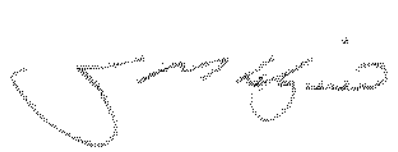
- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 1029: Interim Financial Reporting 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 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, Western Australia

Dated this 29th day of August 2003