

LEGEND MINING LTD

ACN 060 966 145

NOTICE OF ANNUAL GENERAL MEETING

AND

PROXY FORM

Date of Meeting

Friday 28 May, 2004

Time of Meeting

11.00 am

Place of Meeting

The Celtic Club

48 Ord Street

West Perth WA 6005

NOTICE OF ANNUAL GENERAL MEETING
LEGEND MINING LTD
ACN 060 966 145

Notice is hereby given that the Annual General Meeting of Legend Mining Ltd ("Company") will be held at 11.00am Friday 28 May, 2004 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

AGENDA

RECEIPT OF ANNUAL REPORT AND ACCOUNTS

To receive and consider the Annual Report for the Company for the year ended 31 December 2003 comprising the Financial Report, Directors' Report, Review of Operations and Independent Audit Report.

RESOLUTION 1 – RE-ELECTION OF MR MURRAY McDONALD AS A DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That Mr Murray Vincent McDonald, who retires as a director in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director."

RESOLUTION 2 – RATIFICATION OF ISSUE OF 18,000,000 SHARES AT AN ISSUE PRICE OF 18 CENTS PER SHARE

"That, pursuant to and in accordance with Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the members of the Company ratify and approve the issue of 18,000,000 Shares at an issue price of 18 cents per Share and otherwise upon the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion statement

In relation to Resolution 2, pursuant of the Official Listing Rules of the Australian Stock Exchange, the Company will disregard any votes cast by any person who participated in the issue, and their associates.

The company however need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 3 – APPROVAL OF EMPLOYEES SHARE OPTION PLAN

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, pursuant to and in accordance with Exception 9(b) in Listing Rule 7.2 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes the shareholders of Legend Mining Ltd approve the issue of Options under the Employees Share Option Plan as detailed in the Explanatory Memorandum which accompanies and forms part of the Notice."

Voting exclusion statement

In relation to Resolution 3, pursuant of the Official Listing Rules of the Australian Stock Exchange, the Company will disregard any votes cast on this resolution by directors of the Company, except those that are ineligible to participate in any employee incentive schemes of the Company, and their associates.

The company however need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 – GRANT OF OPTIONS TO MICHAEL ATKINS

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, pursuant to and in accordance with Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act, the Company approve and authorise the grant and issue of up to 500,000 options for no consideration, at an exercise price of \$0.30, expiring 5 years from the date of grant, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting (including Annexure A to the Explanatory Memorandum) to Michael Atkins or his nominee.”

Voting exclusion statement

In relation to Resolution 4, pursuant of the Official Listing Rules of the Australian Stock Exchange, the Company will disregard any votes cast on this resolution by directors of the Company and their associates.

The company however need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – GRANT OF OPTIONS TO MURRAY MCDONALD

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, pursuant to and in accordance with Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act, the Company approve and authorise the grant and issue of up to 500,000 options for no consideration, at an exercise price of \$0.30, expiring 5 years from the date of grant, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting (including Annexure A to the Explanatory Memorandum) to Murray McDonald or his nominee.”

Voting exclusion statement

In relation to Resolution 5, pursuant of the Official Listing Rules of the Australian Stock Exchange, the Company will disregard any votes cast on this resolution by directors of the Company and their associates.

The company however need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 – GRANT OF OPTIONS TO IAN COWDEN

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, pursuant to and in accordance with Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act, the Company approve and authorise the grant and issue of up to 500,000 options for no consideration, at an exercise price of \$0.30, expiring 5 years from the date of grant, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting (including Annexure A to the Explanatory Memorandum) to Ian Cowden or his nominee.”

Voting exclusion statement

In relation to Resolution 6, pursuant of the Official Listing Rules of the Australian Stock Exchange, the Company will disregard any votes cast on this resolution by directors of the Company and their associates.

The company however need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7 - CHANGE OF AUDITOR

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“To appoint Ernst & Young as the company’s auditors to replace Grant Thornton who retire at this meeting. Ernst & Young have been nominated for appointment and have consented to act as auditors.”

RESOLUTION 8 – RATIFICATION OF ISSUE OF 1,000,000 SHARES AT AN ISSUE PRICE OF 20 CENTS PER SHARE

“That, pursuant to and in accordance with Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the members of the Company ratify and approve the issue of 1,000,000 Shares at an issue price of 20 cents per Share and otherwise upon the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting exclusion statement

In relation to Resolution 8, pursuant of the Official Listing Rules of the Australian Stock Exchange, the Company will disregard any votes cast by any person who participated in the issue, and their associates.

The company however need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

NOTES

Who may Vote

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding ordinary shares as at 11am on 26 May, 2004 will be entitled to attend and vote at the Annual General Meeting.

Proxies

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. To be valid, a proxy form must be received by the Company by 11.00am on Wednesday, 26 May, 2004 ("Proxy Deadline"). Proxies may be submitted:-
 - (a) by hand delivery to the Company's registered office at Suite 1, 46 Ord Street, West Perth, Western Australia, 6005; or
 - (b) by post addressed to Legend Mining Ltd, PO Box 626, West Perth WA 6872; or
 - (c) by facsimile at (08) 9322 3800.

A proxy appointment must be signed by the Shareholder or the Shareholder's attorney. Where the appointment is signed by the appointor's attorney, a certified copy of the authority, or the authority itself, must be lodged with the Company in one of the above ways by the Proxy Deadline. If facsimile transmission is used, the authority must be certified.

BY ORDER OF THE BOARD



Murray McDonald
Managing Director
Dated 13 April, 2004

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Legend Mining Ltd ("Legend" or "Company") in connection with the business to be conducted at the Annual General Meeting of shareholders to be held at the Celtic Club, 48 Ord Street, West Perth on 28 May, 2004 at 11.00am.

RESOLUTION 1. RE-ELECTION OF MR MURRAY MCDONALD AS DIRECTOR OF THE COMPANY

Pursuant to Rule 12.2 of the Company's Constitution, Murray McDonald, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

RESOLUTION 2. RATIFICATION OF ISSUE OF 18,000,000 SHARES AT AN ISSUE PRICE OF 18 CENTS PER SHARE

Resolution 2 has been included so that Shareholders may approve and ratify pursuant to ASX Listing Rule 7.4, the issue of 18,000,000 ordinary shares in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months.

In compliance with the information requirements of ASX Listing Rule 7.5, members are advised of the following particulars in relation to the placement:

- Ratification is sought for a total of 18,000,000 ordinary shares.
- The Shares were allotted at 18 cents per Share.
- The Shares rank equally in all respects with the existing Shares on issue.
- The Shares were issued to various institutional and sophisticated investors of KTM Capital Limited and Montague Stockbrokers Pty Ltd.
- None of the allotments were to related parties or their associates.
- The Company has used part of the funds raised to pay Abelle Limited the final payment of \$1.3 million in respect of the recent acquisition of the Gidgee Gold Project. The balance will be used as working capital to advance all aspects of Legend's operations.

The Directors recommend Shareholders vote in favour of this Resolution as it will allow the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

RESOLUTION 3. APPROVAL OF EMPLOYEES SHARE OPTION PLAN

This resolution proposes to implement the Employees Share Option Plan, pursuant to which it will issue Options to eligible employees in order to provide them with an incentive to deliver growth and value to all shareholders. A complete copy of the Employees Share Option Plan is set out below.

Shareholder approval is sought for the issue of the Options to eligible employees of the Company for the purposes of Exception 9(b) of ASX Listing Rule 7.2. If approval is given, Options issued under the Employees Share Option Plan will be exempt from counting towards the 15% of the issued capital of the Company that can be issued in any 12 month period without Shareholding approval under Listing Rule 7.1

As at the date of this Meeting, no securities will have been issued under the Employees Share Option Plan.

RESOLUTIONS 4-6. GRANT OF OPTIONS TO DIRECTORS

Shareholder approval is being sought in Resolutions 4 to 6 to grant a total of 1,500,000 Options to Directors of the Company, Michael Atkins, Murray McDonald and Ian Cowden or their respective nominees.

The grant of Options is designed to encourage the recipients to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the growth and prosperity of the company through share ownership. The options may not be exercised within a 12 month period.

Under the Company's current circumstances the Directors consider that the incentives to the parties noted above, represented by the issue of these options, are a cost effective and efficient reward incentive for the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation to the Directors.

Related Party Transactions Generally

Chapter 2 E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

1. The giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. Prior shareholder approval is obtained to the giving of the financial benefit.

Current Holdings

Director	Direct Holdings and those of Associates	Shares	Options
Michael Atkins Note 1	Alkali Exploration Pty Ltd	110,000	-
Murray McDonald	Held directly	5,525,001	4,000,000 listed
Ian Cowden Note 2	Iana Pty Ltd	-	100,000 listed

Notes

1. Mr Michael Atkins is a director of Alkali Exploration Pty Ltd
2. Mr Ian Cowden is a director of Iana Pty Ltd

Information Requirements

For the purposes of Chapter 2E, each of the Directors are considered to be related parties of the Company.

Resolutions 4 to 6 provide for the grant of Options to the Directors of the Company which is a financial benefit which requires shareholder approval.

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given:

Subject to shareholder approval the following maximum number of Options will be granted to the following related parties or their respective nominees:

Name of Related Party	Number of Options
Michael Atkins	500,000
Murray McDonald	500,000
Ian Cowden	500,000
Total	1,500,000

Each of the 1,500,000 Options to be granted to the Directors will have an exercise price of 30 cents being 63% above the weighted average closing share price on the ASX over the 5 trading days preceding the date of this Notice of Meeting.

Each of the Directors and proposed directors are related parties of the Company.

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Options for no consideration to the Directors as noted above. The terms and conditions of the Options to be granted to the Directors are set out in Annexure A to this Explanatory Memorandum.

Directors recommendation

Each of Murray McDonald and Ian Cowden recommend that shareholders vote in favour of Resolution 4. Michael Atkins declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular resolution as it relates to the proposed issue of option to him individually.

Each of Michael Atkins and Ian Cowden recommend that shareholders vote in favour of Resolution 5. Murray McDonald declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular resolution as it relates to the proposed issue of option to him individually.

Each of Michael Atkins and Murray McDonald recommend that shareholders vote in favour of Resolution 6. Ian Cowden declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular resolution as it relates to the proposed issue of option to him individually.

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The proposed ordinary Resolutions 4 to 6 would have the effect of giving power to the Directors to grant up to 1,500,000 Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 148,633,328 issued shares, 36,174,207 listed options and 2,350,000 unlisted options.

If any Options granted, as proposed above, are exercised (exercisable at 30 cents) the effect would be to dilute the share holding of existing shareholders. The market price of the Company's shares during the period of the options will normally determine whether or not option holders exercise the options. At the time any options are exercised and shares are issued pursuant to the exercise of the options, the Company's ordinary shares may be trading at a price which is higher than the exercise price of the options.

The Directors' base salaries per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the grant of Options the subject of Resolution 4 to 6 are as follows:

Director	Base salary p.a. (\$)	Total Financial Benefit (\$)
Michael Atkins	60,000	83,813
Murray McDonald	161,000	184,813
Ian Cowden	84,000	107,813

Valuation of Options

The Company's advisers have valued the Options to be granted to the Directors using the Black-Scholes Option Pricing Model ("BSModel"), which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory. The value of an option calculated by the BSModel is a function of a number of variables. Their assessment of the value of the Options has been prepared using the following assumptions:

Variable	Input
Share Price	20 cents
Exercise price of Directors' Options	30 cents
Risk Free Interest Rate	5.30%
Volatility	50.00%
Time (years) to expiry	5 years

For the purposes of this valuation the Company's advisers have assumed 28 May, 2004 as the issue date of the Options. For the share price, the advisers have assumed 20 cents, as this represents the most recent of Legend Mining Limited's shares and is considered by the advisers to be a fair value for Legend Mining Limited's Shares. The advisers have also assumed a volatility level of 50% given the industry in which the Company operates, its financial position and the volatility of listed shares of other companies comparable to Legend. Based on the assumptions and advice from the Company's advisers, it is considered that the estimated value of Options to be issued to the Directors is 0.048 cents each, or \$71,439 in total.

Listing Rule 7.1

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of the Company's shares then on issue. Listing Rule 7.1.1 provides that for the purposes of Listing Rule 7.1, options are treated as if they were the shares into which they will, upon exercise, convert. However, the options to be issued do not represent more than 15% of the Company's shares then on issue. Listing Rule 7.1 approval is sought so that the 15% threshold is maintained and available for use by the Company in the future should the circumstances require it

Listing Rule 10.11

Listing Rule 10.11 provides that a Company may not issue securities to a related party unless it has the approval of holders of ordinary securities. Approval given under Listing Rule 10.11 does not require approval to be given under Listing Rule 7.1.

Additional Information

For the purposes of Listing Rule 10.13, the following information is provided to shareholders:

- The Options will be granted to each of the Directors, as noted above;
- The maximum number of Options to be issued is 1,500,000;
- The Options will be granted on a date which will be no later than one month after the date of this Annual General Meeting;
- The Options will be granted for no consideration;
- No funds will be raised by the grant of the options; and
- The terms and conditions of the options are set out in Annexure A to this Explanatory Memorandum. The options may not be exercised within the first 12 months of their term, unless a takeover bid is made for the Company or a scheme or arrangement is put to the shareholders or unless otherwise approved by shareholders.

RESOLUTION 8. RATIFICATION OF ISSUE OF 1,000,000 SHARES AT AN ISSUE PRICE OF 20 CENTS PER SHARE

Resolution 8 has been included so that Shareholders may approve and ratify pursuant to ASX Listing Rule 7.4, the issue of 1,000,000 ordinary shares in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months.

In compliance with the information requirements of ASX Listing Rule 7.5, members are advised of the following particulars in relation to the placement:

- Ratification is sought for a total of 1,000,000 ordinary shares.
- The Shares were allotted at a deemed issue price of 20 cents per Share.
- The Shares rank equally in all respects with the existing Shares on issue.
- The Shares were issued to Giovanni Nominees Pty Ltd.
- None of the allotments were to related parties or their associates.
- No funds were raised from the issue of shares. The Company issued shares in consideration of making a loan of \$2,000,000 to replace Environmental Performance Bonds held by Abelle Ltd.

The Directors recommend Shareholders vote in favour of this Resolution as it will allow the Company to fund the issue of Performance Bonds and will give flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

ANNEXURE A

TERMS AND CONDITIONS OF THE GRANT OF OPTIONS TO DIRECTORS

The terms and conditions of the New Options are as follows:

- (a) No monies will be payable for the issue of the Options.
- (b) A Certificate will be issued for the Options.
- (c) The New Options shall expire five (5) years after the date on which they are granted.
- (d) The Option may not be exercised within 12 months of their date of grant, except in the case of a takeover bid (as defined in the Corporations Act) being made for the Company or if a scheme of arrangement is proposed to be put to shareholders for approval or if otherwise approved by shareholders in a general meeting.
- (e) Each New Option shall confer the right to subscribe for one fully paid ordinary share, ranking pari passu with existing issued fully paid ordinary shares, in the capital of the Company.
- (f) The New Options shall be exercisable by notice in writing to the Company received at any time on or before the Expiry Date, however the fully paid ordinary shares will be allotted not more than fifteen days after (but not including) the exercise date.
- (g) The New Options may be exercised in whole or in part. If the Options are exercised in part each notice of exercise must be for not less than 1,000 shares and in multiples of 1,000 shares.
- (h) The exercise price for each Option shall be 30 cents.
- (i) Options shall not be listed for Official Quotation on ASX.
- (j) The New Options may not be transferred within 12 months of the date of their grant.
- (k) The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise Options listed for Official Quotation.
- (l) A certificate will be issued for the New Options. On the reverse side of the certificate there will be endorsed a statement of the rights of the option holders and a notice that is to be completed when exercising the Options. If there is more than one New Option comprised in this certificate and prior to the Expiry Date those Options are exercised in part, the Company will issue another certificate for the balance of the Options held and not yet exercised.
- (m) The option holder will not be permitted to participate in any new pro-rata entitlement issues of securities of the Company without first exercising the relevant New Options.
- (n) In the event of a reorganisation of the issued capital of the Company, the New Options will be reorganised in accordance with the Listing Rules of the Australian Stock Exchange Limited.
- (o) The new options will not give any right to participate in dividends until shares are allotted pursuant to the exercise of the relevant New Options.
- (p) If there is a pro-rata issue (other than a bonus issue) to the holders of the underlying securities the exercise price of the New Option may be reduced accordingly to the following formula:

$$O' = \frac{O - E [P - (S + D)]}{N + 1}$$

O' = the new exercise price of the option.

O = the old exercise price of the option

E = the number of underlying securities into which one option is exercisable

P = the average market price per share (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue)

N = the number of securities with rights or entitlements that must be held to receive a rights to one new security

- (q) In the case of a bonus issue the number of Shares over which the option is exercisable may be increased by the number of Shares which the option holder would have received if the option had been exercised before the record date for the bonus issue. The Company shall notify the ASX of the adjustments in accordance with the Listing Rules.

LEGEND MINING LTD

EMPLOYEES SHARE OPTION PLAN

1. PURPOSE OF THE PLAN

The Board of the Company proposes to introduce an Employees Share Option Plan ("Plan") for the purpose of:-

- (a) providing Eligible Persons with an additional incentive to work to improve the performance of the Company;
- (b) attracting and retaining Eligible Persons essential for the continued growth and development of the Company;
- (c) promoting and fostering loyalty and support amongst Eligible Persons for the benefit of the Company; and
- (d) enhancing the relationship between the Company and Eligible Persons for the long term mutual benefit of all parties.

2. COMMENCEMENT

Subject to the passing of a special resolution by the shareholders of the Company authorising the establishment of the Plan at a General Meeting of the Company to be held on 28 May, 2004 and to due compliance with Chapter 6D of the Corporations Act, the Plan shall take effect from such date subsequent to that meeting as resolved by the Board.

3. DEFINITIONS

3.1 In these Rules, unless the contrary intention appears:-

"Associate Company" means at any time any body corporate that at that time is a related body corporate of the Company within the meaning of section 50 of the Corporations Act;

"ASX" means Australian Stock Exchange Limited;

"Board" means the directors acting as the board of directors of the Company;

"Business Day" means a day on which the stock market of ASX is open for trading securities;

"Certificate" means the certificate issued by the Company to a Holder in respect of an Option;

"Change of Control Event" means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, in general meeting, to replace all or a majority of the Board;

"Company" means Legend Mining Ltd;

"Corporations Act" means the Corporations Act 2001;

"Director" means a director of a Group Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

"Eligible Person" means a person who is:-

- (a) an officer or any full or part-time continuing employee of a Group Company (including bodies corporate); or
- (b) a casual employee or contractor if permitted by ASIC.

LEGEND MINING LTD

EMPLOYEES SHARE OPTION PLAN CONTINUED...

“Exercise Price” means, in relation to an Option, the subscription price per Share, determined in accordance with clause 14, payable by a Holder on exercise of the Option;

“Expiry Date” means, in relation to an Option, the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time;

“Group” means collectively the Company and each Associated Company;

“Group Company” means the Company or any Associated Company;

“Holder” means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company’s register of options as the holder of that Option;

“Issue Date” means, in relation to an Option, the date on which the Company grants that Option;

“Listing Rules” means the Official Listing Rules of ASX;

“Offer Period”, in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression of section 624 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder’s statement on the Company in relation to that takeover bid, the Offer Period shall be deemed to have commenced at the time of that announcement;

“Option” means an Option issued under the Plan to subscribe (subject to clauses 13.2 and 13.4) for a Share;

“Permanent Disablement” means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

“Permitted Nominee” has the meaning given to it by clause 7.3;

“Plan” means the Legend Mining Ltd Employees Share Option Plan established in accordance with these Rules;

“Redundancy” means, in relation to an Eligible Person, a determination by the Board that the relevant Group Company’s need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of any Group Company of his own accord);

“Retirement” means, in relation to an Eligible Person, retirement by that Eligible Person from any Group Company at age 60 or over or such earlier age as considered appropriate by the Board;

“Rules” means these rules, as amended from time to time;

“Series” means, in relation to Options, Options with a common Issue Date;

“Shares” means fully paid ordinary shares in the capital of the Company;

- 3.2 Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.
- 3.3 The singular includes the plural and vice versa.
- 3.4 A reference to a gender includes all genders.
- 3.5 An expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.

LEGEND MINING LTD

EMPLOYEES SHARE OPTION PLAN CONTINUED...

4. ESTABLISHMENT AND TERMINATION OF THE PLAN

- 4.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.
- 4.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.
- 4.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

5. NUMBER OF OPTIONS TO BE ISSUED

- 5.1 The Company shall not offer or issue Options to any Eligible Person in accordance with the Plan if the total number of shares the subject of the Options, when aggregated with:-
- (a) the number of shares in the same class which would be issued were each outstanding offer or invitation or option to acquire unissued shares in the Company, being an offer or invitation made or option acquired pursuant to the Plan or any other employee or executive share plan extended only to Eligible Persons, to be accepted or exercised (as the case may be); and
- (b) the number of shares in the same class issued during the previous five years pursuant to the Plan or any other employee or executive share plan extended only to Eligible Persons,
- offers that do not need disclosure because of section 708; and options over shares where the option has expired, would exceed 5% of the total number of issued shares in the Company as at the time of the proposed offer or issue.

6. ENTITLEMENT TO PARTICIPATE

- 6.1 The Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. In making that determination, the Board must consider, where appropriate:-
- (a) the seniority of the Eligible Person and the position the Eligible Person occupies within the Group;
- (b) the length of service of the Eligible Person with the Group;
- (c) the record of employment of the Eligible Person with the Group;
- (d) the contractual history of the Eligible Person with the Group;
- (e) the potential contribution of the Eligible Person to the growth of the Group;
- (f) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- (g) any other matters which the Board considers relevant.
- 6.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.
- 6.3 Unless otherwise determined by the Board having regard to the potential contribution of a person to the business of the Group and any other relevant factors, no Eligible Person shall be entitled to participate in the Plan unless that Eligible Person has been in continuous employment with, or an officer or director of a Group Company for at least 6 months prior to the Issue Date.

LEGEND MINING LTD
EMPLOYEES SHARE OPTION PLAN CONTINUED...

7. OFFER OF OPTIONS

7.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Persons at such times and on such terms as the Board considers appropriate. Each offer must state or include:-

- (a) that the Eligible Person to whom it is addressed may accept the whole or any lesser number of Options offered. The offer may stipulate a minimum number of Options and any multiple of such minimum or any other number which may be accepted;
- (b) the Exercise Price of the Options;
- (c) the period within which the offer may be accepted;
- (d) a copy of the Plan;
- (e) any other matters which the Board may determine.

7.2 Upon receipt of an offer of Options, an Eligible Person may, within the period specified in the offer:-

- (a) accept the whole or any lesser number of Options offered by notice in writing to the Board; or
- (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an offer in favour of a nominee without giving any reason for such decision.

7.3 Upon:-

- (a) receipt of the acceptance referred to in clause 7.2(a); or
- (b) the Board resolving to allow a renunciation of an offer in favour of a nominee ("Permitted Nominee") and the Permitted Nominee accepting the whole or any lesser number of Options offered by notice in writing to the Board,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be issued Options subject to these Rules.

7.4 Certificates for Options will be dispatched within 10 Business Days after their Issue Date.

7.5 If Options are issued to a Permitted Nominee of an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

8. QUOTATION

8.1 The Company will not apply for Official Quotation of any Options.

8.2 If the Company's Shares have been granted Official Quotation by ASX, the Company must apply for Official Quotation of all Shares allotted pursuant to the exercise of Options not later than 10 Business Days after the date of allotment.

9. NOT TRANSFERABLE

Subject to clause 12.5, Options are not transferable.

10. EXERCISE OF OPTIONS

10.1 Subject to these Rules, Options may be exercised at any time during the period commencing 12 months after the Issue Date and ending on the Expiry.

LEGEND MINING LTD
EMPLOYEES SHARE OPTION PLAN CONTINUED...

- 10.2 Notwithstanding clause 10.1, all Options may be exercised:-
- (a) during an Offer Period; or
 - (b) at any time after a Change of Control Event has occurred; or
 - (c) at any time after the announcement of a proposed reorganisation of capital of the kind referred to in clause 13.4.
- 10.3 Options not exercised on or before the Expiry Date will automatically lapse.
- 10.4 Options may only be exercised by notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:-
- (a) the Exercise Price for the number of Options specified in the notice; and
 - (b) the Certificate for those Options, for cancellation by the Company.
- The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, clearance of that cheque).
- 10.5 Subject to clause 10.3, within 10 Business Days after the notice referred to in clause 10.4 becoming effective, the Board must:-
- (a) allot and issue the number of Shares specified in the notice to the Holder;
 - (b) cancel the Certificate for the Options being exercised; and
 - (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

11. SHARES ALLOTTED ON EXERCISE OF OPTIONS

All Shares allotted upon exercise of Options rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the Holders to participate fully in:-

- (a) dividends declared by the Company after the date of allotment; and
- (b) all issues of securities made or offered pro rata to holders of Shares.

12. CEASING TO BE AN ELIGIBLE PERSON

- 12.1 Subject to Listing Rule 6.12, Options issued pursuant to the Plan will be allotted on the condition that the whole of the Options issued to an Eligible Person automatically lapse and are forfeited if that Eligible Person is dismissed from employment with the Company for any one or more of the following reasons (or voluntarily resigns in circumstances where the board believes the Eligible Person conducted him or herself as specified in (a) – (d) below):-
- (a) wilful misconduct bringing disrepute on the Company or Associate Company;
 - (b) repeated disobedience, after prior written warning;
 - (c) incompetence in the performance of duties for which the Eligible Person was employed, after prior written warning;
 - (d) fraud or any other dishonesty in respect of the property or affairs of the Company or Associate Company; or
 - (e) any other reason, based on which the Directors believe is fair and reasonable to warrant the lapsing and forfeiture of the Options.
-

LEGEND MINING LTD

EMPLOYEES SHARE OPTION PLAN CONTINUED...

- 12.2 If at any time prior to the first anniversary of the Issue Date an Eligible Person voluntarily resigns from employment with the Company otherwise than to take up employment with an Associate Company, or ceases to be an Eligible Person on account of Retirement, Permanent Disability, Redundancy or death the whole of the Options issued to that Eligible Person automatically lapse and are forfeited.
- 12.3 If at any time after the first anniversary of the Issue Date and prior to the Expiry Date of those Options an Eligible Person voluntarily resigns from employment with the Company otherwise than to take up employment with an Associate Company, or ceases to be an Eligible Person on account of Retirement, Permanent Disability, Redundancy or death the whole of the Options issued to that Eligible Person automatically lapse and are forfeited if that Eligible Person or if appropriate, his Permitted Nominee fails to exercise any or all of those Options within a period of three (3) months from the date provided in the certificate issued pursuant to clause 12.4 below.
- 12.4 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the date of such occurrence.
- 12.5 Subject to clause 12.2 above, if at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's legal personal representative may:-
- (a) elect to be registered as the new Holder of the deceased Holder's Options;
 - (b) whether or not he becomes so registered, exercise those Options as if he were the Holder of them in accordance with these Rules; and
 - (c) if the deceased Holder had already given the Company a notice of exercise of his Options, pay the Exercise Price in respect of those Options.

13. ENTITLEMENT TO PARTICIPATE IN FUTURE ISSUES

13.1 New Issues

Holders may only participate in new issues of securities to holders of Shares if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give at least nine Business Days' notice to Holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

13.2 Bonus Issues

If there is a bonus share issue ("Bonus Issue") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank *pari passu* in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

13.3 Pro Rata Issues

There will be no change to the exercise price of an Option or the number of Shares over which an Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than a Bonus Issue).

13.4 Reorganisation of Capital

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, Options will be reorganised in accordance with the Listing Rules.

LEGEND MINING LTD

EMPLOYEES SHARE OPTION PLAN CONTINUED...

13.5 **Advice**

In accordance with the Listing Rules, the Company must give notice to each Holder of any adjustment to the number of Shares for which the Holder is entitled to subscribe or to the Exercise Price pursuant to the provisions of clauses 13.2 or 13.4.

14. **EXERCISE PRICE OF OPTIONS**

The Exercise Price of each Option will be determined by the Board when it resolves to offer the Option and will be not less than:-

- (a) \$0.20; or
- (b) at least 80% of the average closing sale price of the Shares on ASX over the five trading days immediately preceding the day of issue of Options by the Board.

15. **AMENDMENTS TO THE RULES**

The Board may alter, delete or add to these Rules at any time (save for the provisions of clause 5), but, where the Company is admitted to the Official List of ASX, its resolution to do so has no effect unless the requirements of the Listing Rules in relation to the alteration, deletion or addition have been complied with.

16. **NOTICES**

Notices may be given by the Company to any Holder either personally or by sending by post to his address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or Secretary of the Company. A Notice of Exercise shall not be deemed to be served on the Company until actually received.

17. **RIGHTS OF EMPLOYEES**

The Plan shall not form part of any contract of employment between the Company and any of its employees and shall not confer directly or indirectly on any employee any legal or equitable rights whatsoever against the Company.

18. **POWERS OF THE BOARD**

The Plan shall be administered by the Board who shall have power to:-

- (a) determine procedures from time to time for administration of the Plan consistent with these Rules;
- (b) in accordance with clause 15, amend or modify these Rules;
- (c) resolve conclusively all questions of fact or interpretation arising in connection with the Plan; and
- (d) delegate to any one or more persons for such period and on such conditions as the Board may determine the exercise of any of the Board's powers or discretions arising under the Plan.

ANNEXURE A

LEGEND MINING LTD EMPLOYEES SHARE OPTION PLAN APPLICATION FORM AND INSTRUCTIONS TO PARTICIPANTS

LEGEND MINING LTD
ABN 22 060 966 145

OFFER

In accordance with the Rules of the Legend Mining Ltd Employees Share Option Plan (“Option Scheme”), the Directors invite you to participate in the Option Scheme, and offer to grant to you options to acquire ordinary fully paid shares in Legend Mining Ltd (“Options”) upon the following terms:

- The maximum number of Options which are offered to you is [];
- the Exercise Price of each Option is [];
- the Exercise Period for each Option commences on the Date of Allotment and ends on the Expiry Date;
- if you cease to be employed by Legend Mining Ltd for any reason any unexercised Options will lapse 3 months after the day you cease to be employed;
- if you die or become incapacitated, any unexercised Options will lapse unless exercised by your personal representative within 3 months of your death;
- if a Takeover Offer is made for Legend Mining Ltd you will be afforded the opportunity to exercise all of your Options; and
- generally, as set out in the Rules of the Plan.

ACCEPTANCE

If you wish to ACCEPT this offer you MUST:

Complete the section below headed “Your Particulars” in accordance with instructions on the reverse of this Application Form.

Return the completed Application Form to:

Company Secretary
Legend Mining Ltd
PO Box 626
WEST PERTH WA 6872

To reach Legend Mining Ltd by NO LATER THAN 5.00pm (Western Standard Time) on [] day [] [] (“Acceptance Date”). Application Forms received after this date will NOT be accepted.

**MURRAY MCDONALD
PO BOX 626
WEST PERTH WA 6872**

7 April, 2004

The Company Secretary
Legend Mining Ltd
Suite 1, 46 Ord Street
WEST PERTH WA 6005

Dear Madam

For the purposes of Section 328(1) of the Corporations Act, I Murray McDonald being a member of Legend Mining Ltd, hereby nominate Ernst & Young as auditor of the company.

Yours faithfully

A handwritten signature in black ink, appearing to read "Murray McDonald". The signature is written in a cursive style with a large initial 'M' and a long, sweeping tail.

Murray McDonald

LEGEND MINING LTD

ACN 060 966 145

PROXY FORM

**The Company Secretary
Legend Mining Ltd
PO Box 626
WEST PERTH WA 6872**

I/We
(Block Letters)

Being a member of Legend Mining Ltd and holding shares in the capital of the Company hereby appoint

of

or failing him/her

of

or failing him/her, the Chairman of the Meeting on my/our behalf at the General Meeting of the Company to be held on Friday 28 May, 2004 at 11.00am at The Celtic Club 48 Ord Street, West Perth and at any adjournment thereof.

If you do not wish to direct your proxy how to vote, please place a mark in this box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

The Chairman intends to vote all undirected proxies in favour of the resolutions.

If two proxies are being appointed, the proportion of the member's voting rights, which this proxy is appointed to represent, is set out below.

Instructions on voting;-

If you wish to direct your proxy how to vote in respect to the proposed resolutions, please indicate the manner in which your proxy is to vote by ticking the appropriate column below, otherwise your proxy may vote as he/she thinks fit.

Resolution 1 – Appointment Of Director M McDonald	For	<input type="checkbox"/>	Against	<input type="checkbox"/>
Resolution 2 – Ratification of Placement – 18 million shares	For	<input type="checkbox"/>	Against	<input type="checkbox"/>
Resolution 3 – Approval of Employees Share Option Plan	For	<input type="checkbox"/>	Against	<input type="checkbox"/>
Resolution 4 – Grant of Options to Michael Atkins	For	<input type="checkbox"/>	Against	<input type="checkbox"/>
Resolution 5 – Grant of Options to Murray McDonald	For	<input type="checkbox"/>	Against	<input type="checkbox"/>
Resolution 6 – Grant of Options to Ian Cowden	For	<input type="checkbox"/>	Against	<input type="checkbox"/>
Resolution 7 – Change of Auditor to Ernst & Young	For	<input type="checkbox"/>	Against	<input type="checkbox"/>
Resolution 8 – Ratification of Placement – 1 million shares	For	<input type="checkbox"/>	Against	<input type="checkbox"/>

Signed this day of 2004.

Shareholder Signature

NOTICE OF ANNUAL GENERAL MEETING
LEGEND MINING LTD
ACN 060 966 145

PROXIES

In accordance with Section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments:

Registered Office: Suite 1, 46 Ord Street
WEST PERTH WA 6005

Facsimile Number: 08 9322 3800

Postal Address: PO Box 626
WEST PERTH WA 6872

- Votes at the general meeting may be given personally or by proxy, attorney or representative.
- A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. When more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.
- A proxy may but need not be a shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointee or his attorney duly authorised in writing or, if such appointer is a corporation, either under seal or under hand to an officer or his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the registered Office of the Company at least 48 hours prior to the meeting. For convenience of shareholders a Proxy form is enclosed.

For the purpose of Section 1009N of the Corporations Act, the Company determines that members holding ordinary shares at 11.00am WST on 26 May, 2004 will be entitled to attend and vote at the Annual General Meeting.
