



A.C.N. 060 966 145

**ANNUAL REPORT**

**31<sup>st</sup> DECEMBER 2004**

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**COMPANY DIRECTORY**

**Directors**

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

**Secretary**

Andrew Chapman

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1232 Hay St  
WEST PERTH WA 6005

**Auditors**

Ernst & Young  
Chartered Accountants  
11 Mounts Bay Road  
PERTH WA 6000

**Home Exchange**

Australian Stock Exchange Ltd  
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PERTH WA 6000

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CHAIRMAN'S REPORT

Dear Shareholder

Having acquired the Gidgee Gold Project in December 2003, Legend finalised settlement of the acquisition in March 2004 and produced over 42,000 ounces of gold from the Swan Bitter underground mine during the year.

Whilst production commenced with promise, we had hoped to discover additional underground resources and to have some small open pits to supplement production. The open pits were delayed by over 6 months due to the newly implemented permits needed to clear native vegetation for the open pits, and in addition Legend was not able to locate sufficient additional underground lodes at Swan Bitter near to existing development.

In September 2004 we announced that prominent Australian Prospector Mark Creasy has joined forces with Legend, adding his considerable 2000km<sup>2</sup> tenement holdings to enable Legend to effectively control almost the entire Gidgee Greenstone Belt which lies between Sandstone and Meekatharra in Western Australia. The Creasy Group also invested \$5 million in cash in Legend by way of a convertible note.

The Board considered this merger and strategic alliance had the potential to propel the Gidgee Gold Project into a major exploration play and ultimately enable Legend to increase the scale of its gold production.

The Board and Mr Creasy believe that the Gidgee Greenstone Belt, known for its high grade gold occurrences, is under explored and has significant potential for discovery of further large high-grade gold deposits. Significant base metal mineralisation is also considered as a priority target within the new tenement holdings.

Subsequent to year end, the Gidgee gold operations were put on temporary care and maintenance, and Legend is now focussed on extensive exploration and resource extension drilling programmes to find major ore bodies, with the object of adding significantly to the project ore reserves to allow full scale mining and milling to resume.

The decision to focus all our 2005 efforts on aggressive exploration, with three rigs currently on site, has already produced some very encouraging early results.

We continue to improve our knowledge on the structural geology and mineralisation controls, allowing the team to improve drilling targeting for additional large gold resources.

Last year I reported to you that I considered the Gidgee acquisition would allow Legend to grow, diversify and create wealth for our shareholders, and your Board considers that this goal is still achievable, notwithstanding the disappointment of having to put the mining operations temporarily on care and maintenance pending discovery of additional mineable resources.

During the year all our capital raisings were successful and I would like to thank all our loyal shareholders old and new for the very significant support Legend has received.

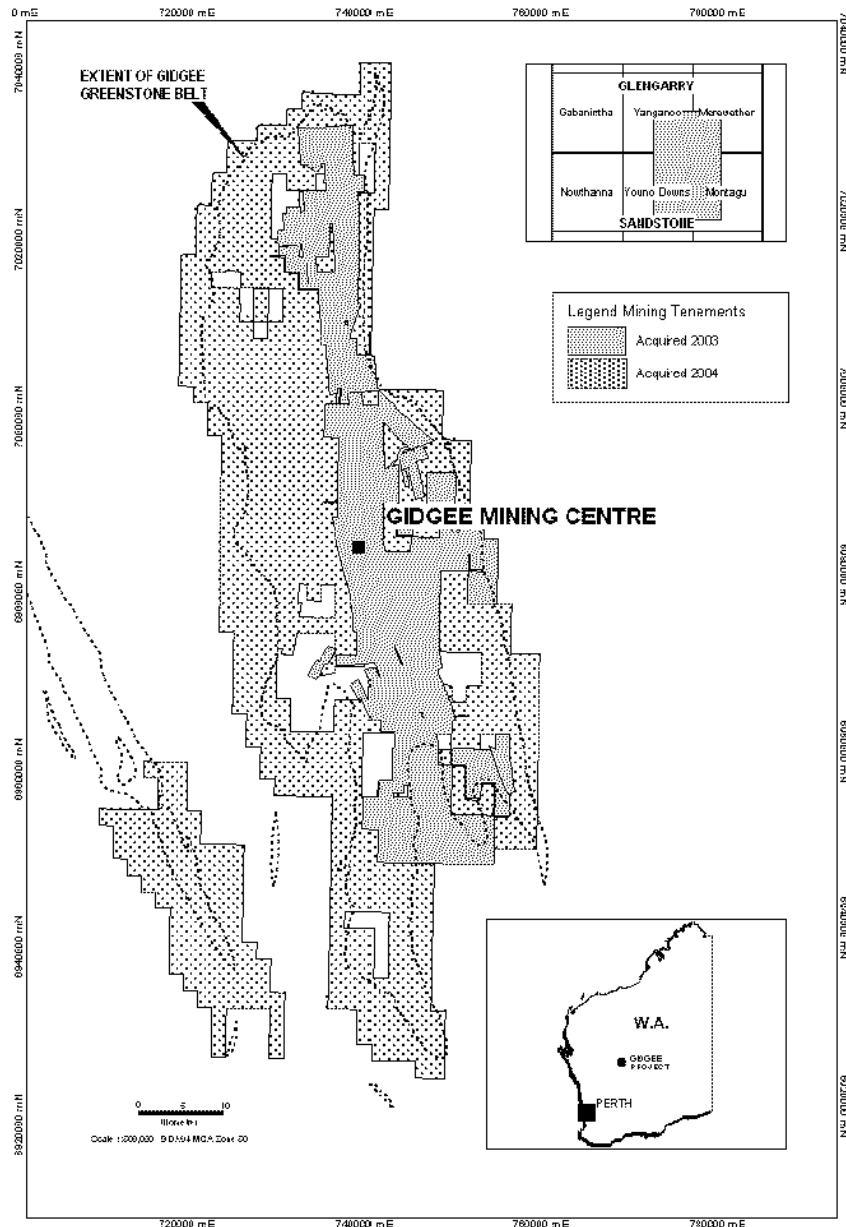
Current reports on your company including details of the latest significant results may be accessed from our web page [www.legendmining.com.au](http://www.legendmining.com.au)

CHAIRMAN'S REPORT

I wish to thank my fellow Directors and all the Gidgee team for a major contribution during the reporting year and in particular the current work that is showing results of a lot of hard work. I would like to especially thank the mining and exploration team that have continued to work on through the transition to care and maintenance and who have shown considerable support and loyalty to Legend during this difficult however exciting time.

I look forward with confidence to keep you up to date with current and future events at Gidgee and recommend you read the entire annual report.

*Michael Atkins*  
**Michael Atkins**  
**CHAIRMAN**  
 31<sup>ST</sup> March 2005.



## DIRECTORS' REVIEW OF ACTIVITIES

The Gidgee Gold Project is located approximately 650 kilometers north north east of Perth. The nearest townships are Sandstone, some 90 kilometers to the south and Meekatharra, some 120 kilometers to the northwest.

In less than four months from takeover of the Gidgee operation in mid-December 2003, Legend paid the full acquisition price of \$6,380,000 including replacement of the \$2 million environmental performance bonds.

Final cash payment of \$1,300,000 was made to Abelle Limited prior to 31<sup>st</sup> March 2004, achieving a \$200,000 discount by payment 3 months early.

### ACQUISITION OF GIDGEE RESOURCES PTY LTD

Legend, on the 10 November 2004 entered into a formal agreement with the Mark Creasy controlled Gidgee Resources Pty Ltd. The Board believes this merger and strategic alliance has the potential to propel the Gidgee Gold Project into one of Australia's major exploration plays and ultimately, a major gold producer. This involvement in the operations of Legend will provide the following:

- The expertise of the Creasy Group.
- Significant increase in exploration potential adding 2,000 square kilometres of tenements surrounding and overlapping with Legend's existing 600 square kilometres. Previous exploration on Gidgee's holdings has identified many untested or shallowly drilled gold targets, including at least 34 historical gold occurrences which produced approximately 23,000 ounces.
- Control of almost all of the Gidgee Greenstone Belt, a highly prospective geological unit which lies between Sandstone and Meekatharra and has past gold production of approximately 1.5 million ounces.
- Commencement of an aggressive drilling program to expand Legend's known mineral resources and/or reserves and test the already identified targets on the combined lease holdings.
- An investment of \$5,000,000 into Legend via a convertible note from the Creasy Group used mainly to repay existing liabilities and also to provide working capital.

By acquiring Gidgee Resources and its 2,000km<sup>2</sup> of tenements, the Company has gained control over almost all of the Gidgee greenstone belt. In January 2005, Legend commenced a major exploration effort targeted on extensions of known deposits and discovery of large new orebodies.

Mr Mark Creasy said "the Belt is under explored and there is significant potential for discovery of further large high-grade gold deposits and base metal deposits. I am pleased to have the opportunity to work with Legend to fully explore the Belt given the strength of the combined land position, the resources and reserves and the existing infrastructure."

Yandal Investments has loaned \$5,000,000 to Legend under the Converting Loan Agreement. The Converting Loan Agreement is secured by a second ranking fixed and floating charge over all of the present and future property of the Company including all the mining tenements and a second ranking mortgage over the Company's mining tenements.

Legend now holds approximately 2,600 square kilometres including a 600,000 tonnes per annum mill and associated infrastructure including accommodation and its own airstrip.

## DIRECTORS' REVIEW OF ACTIVITIES

Both Legend and Gidgee Resources have extensive experience in the exploration, discovery and development of a number of major gold deposits in the Yilgarn of Western Australia. The Gidgee greenstone belt has been identified as having similarities to the adjacent Wiluna and Yandal greenstone belts, which are host to several large high grade gold deposits and several nickel sulphide deposits.

Following the acquisition of Gidgee Resources, Legend has focused on major exploration and resource extension drilling programmes, with the objective of adding significantly to the project's mineral resource and ore reserve base.

Legend believes that, in order to secure the long-term future of Gidgee as a profitable and growing operation, it is imperative to focus on building the ore reserve and mineral resource inventory through major drilling programmes, thus opening up further underground and open pit mining opportunities.

### EXPLORATION DRILLING SUCCESS GIDGEE MINE AREA

Spectacular drilling results have been reported over February and March 2005. The results confirm the decision to place the mill on temporary care and maintenance and use all available cash resources to implement significant drilling programmes. Currently there are 3 drill rigs on site and the results (see previous ASX releases for full details) have confirmed the high-grade nature of gold at Gidgee. Legend is continuing to move as quickly as possible in maintaining the drilling programmes on a continuous basis.

Following the mill being placed on temporary care and maintenance, Legend is now an exploration company with a reported 320,000 ounces of gold resources at Gidgee. We believe these recent exploration successes will add to our resource and reserve base with the objective of recommissioning the operation at a future date.

Results from the first three Reverse Circulation (RC) drillholes targeted on the "Swift line" of shallow open pits at Gidgee confirmed its potential for significant high grade gold mineralisation, similar in style to the adjacent Swan Bitter-Butcherbird-Kingfisher zone which has provided much of the plus 1.5 million ounces gold produced to date from the Gidgee greenstone belt.

The first three holes of the 2005 programme (GDC011-014) recorded intercepts of **13 metres at 4.6g/t gold** (including **3 metres at 15.3g/t**), **8 metres of 2.6g/t gold** (including **1 metre of 10.7g/t**) and **8 metres of 9.1g/t gold** (including **4 metres at 16.4 g/t**) together with **2 metres at 13.4g/t gold** and **1 metre at 64.2g/t gold**.

Legend considers these results to be highly encouraging, as they are from the initial part of a drilling programme designed to test some 4-500 metres strike length of previous shallow workings of the Swift-Gannet-Vigilant line of mineralisation.

Depths of intersection vary from 25m to 265m below surface. The gold mineralisation occurs in fine grained mafic rocks within zones of quartz/carbonate/sulphide alteration and bleaching, typical of many of the major high-grade gold orebodies already mined at Swan Bitter some 300m to the west of the Swift line.

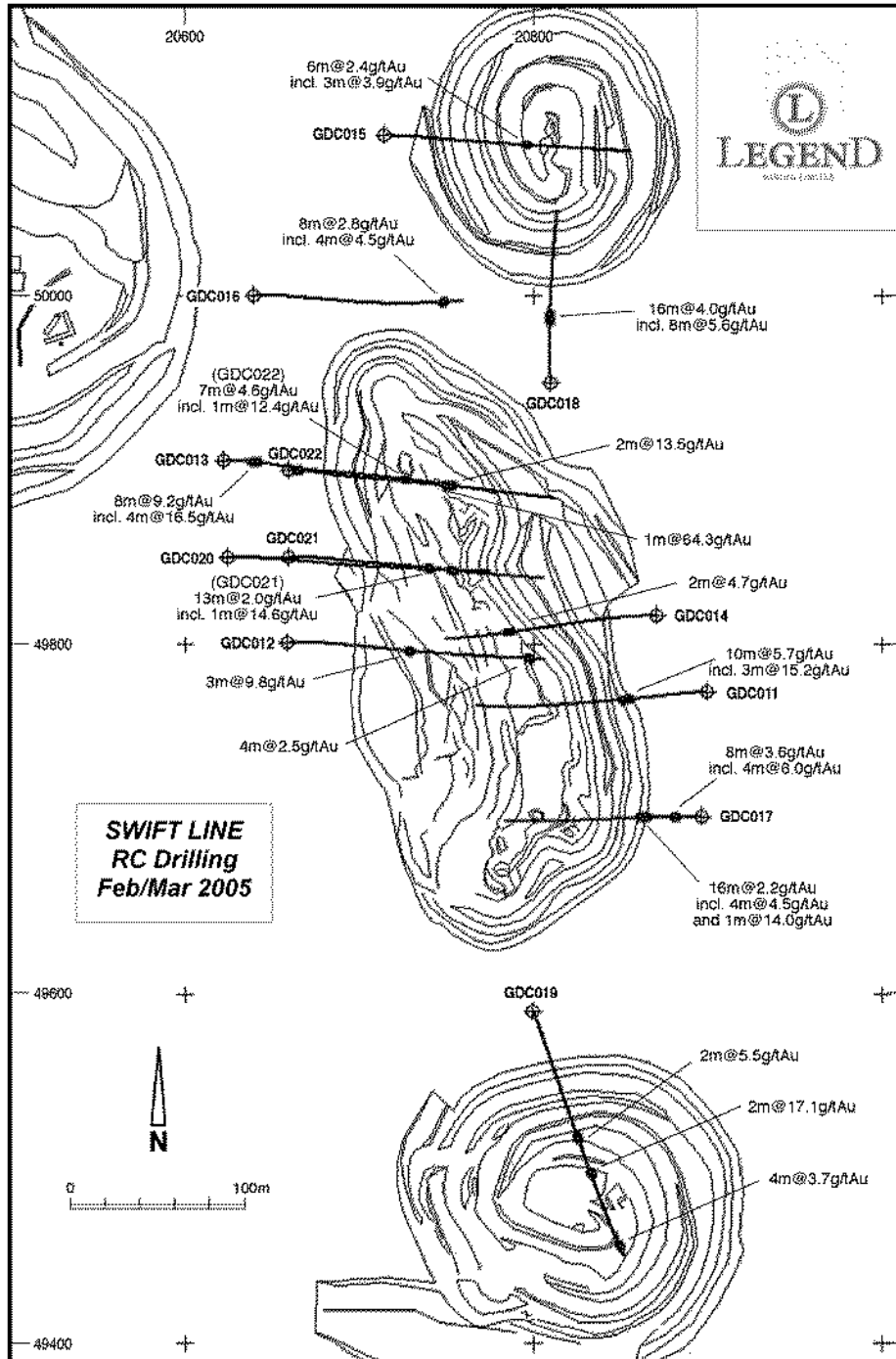
This early success confirms that Legend's change of focus at Gidgee, towards increasing resources and reserves so that continuous production can be resumed, is already paying good dividends.

Additional highly encouraging gold intercepts have been received from continuing RC drilling targeted on the Swift line. The next six holes (GDC014-019) have recorded intercepts including **24 metres at 2.5g/t gold** (including **8 metres at 4.7g/t gold**), **16 metres at 2.2g/t gold** (including **4 metres at 4.5g/t gold** and **1 metre at 14.0g/t gold**), **8 metres of 3.6g/t gold** (including **4 metres at 6.0 g/t gold**) and **4 metres at 4.5g/t, 4.5g/t and 4.1g/t gold**.

DIRECTORS' REVIEW OF ACTIVITIES

All of the first nine "Swift" holes intersected significant gold mineralisation, similar in style to the adjacent Swan Bitter-Kingfisher zone. The intercepts have been made over a strike length of 640 metres and within a zone 225 metres wide. Depths vary from 25m to 270m below surface, in a number of stacked zones of quartz/carbonate/sulphide alteration and bleaching in mafic rocks.

Based on the apparent continuity of gold mineralisation intersected on widely spaced (100m and some 50m) lines, Legend is evaluating the potential of the Swift line for further open pit resources, cut-backs of existing open pits and possible additional underground operations.



Plan View of the Swift Line, RC drilling showing high-grade gold intercepts.

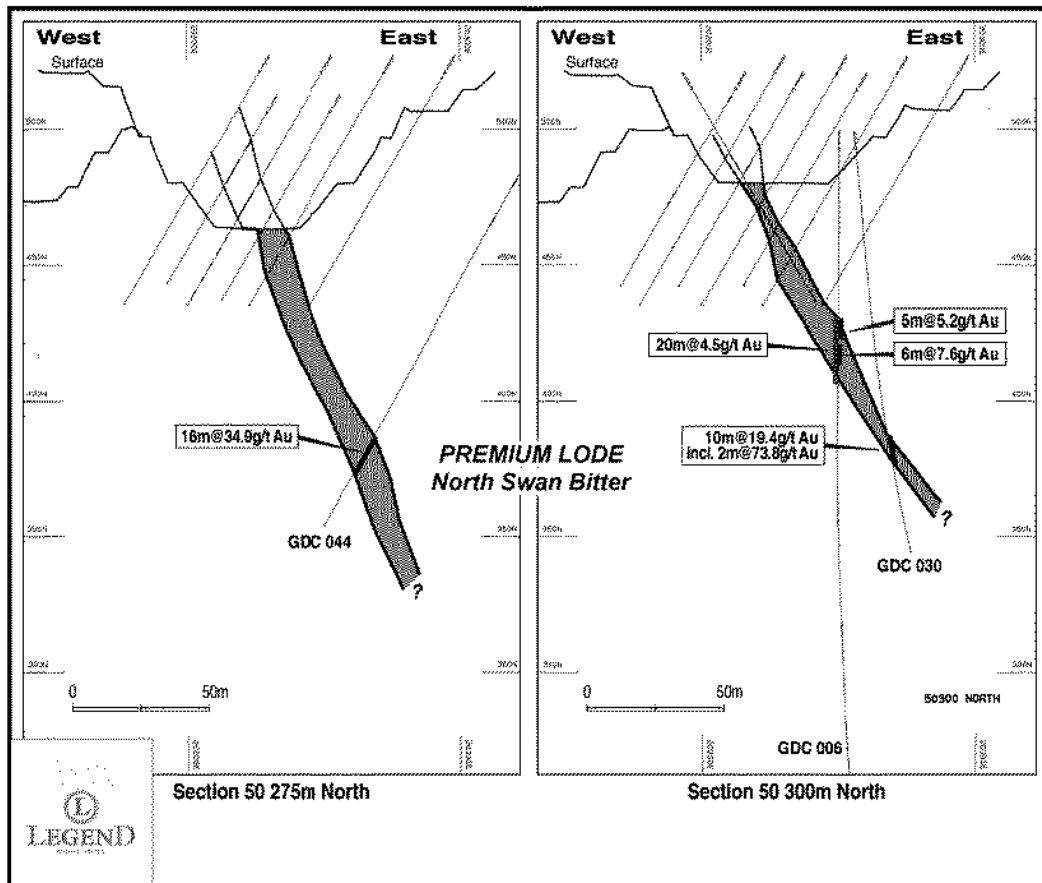
DIRECTORS' REVIEW OF ACTIVITIES

More recent drilling at Swift (GDC20-028) has continued to produce new high grade gold results, including **5 metres at 15.1g/t gold** (including **2 metres at 33.8g/t gold**), **3 metres at 32.7g/t gold** and **2 metres at 17.1g/t gold**. These occur within four broader gold mineralised zones which remain open along strike.

Preliminary 4 metre composite results from the most recent hole GDC039 include **12 metres at 9.5g/t gold** from 24 metres downhole, which includes **4 metres at 23.2g/t gold** from 28 metres. This hole was drilled as an infill hole at 25m spacing between previously reported holes.

Additional spectacular high grade gold intercepts have also been recorded from new holes (GDC029-30) drilled at North Swan Bitter, following up from drill intercepts recorded late last year. These include **10 metres at 19.4g/t gold** (including **2 metres at 73.8g/t gold**) and **5 metres at 15.4g/t gold** (including **2 metres at 31.4g/t gold**).

Preliminary results from hole GDC044 have recorded **16 metres at 34.9g/t gold**, including **4 metres at 110.0g/t gold** from about 140 metres depth. This intercept lies about 25 metres south of previously reported intercepts of **10 metres at 19.4g/t gold** (GDC030) and **6 metres at 7.6g/t gold** (GDC006), and 25 metres north of GDC005 which previously recorded **4 metres at 9.7g/t gold**.



*Cross section of the newly discovered Premium Lode, North Swan Bitter*

These high grade intersections are considered to indicate a continuation or repetition of the Cascade Lode, and this potential new discovery has been named the Premium Lode. The preliminary gold results from GDC044 are from four metre composite samples.

Initial interpretation by the geological team indicates that these intercepts are part of a tabular shear lode



**DIRECTORS' REVIEW OF ACTIVITIES**

system which strikes northwards and dips on average at 70 degrees to the east. This interpreted northern continuation of the Cascade lode system extends over at least 100m of strike and 125m of dip. True width appears to range from 12.5 metres (GDC044) and 10.5 metres (GDC041) to 2.6 metres (GDC006). These results, remain open to the north and at depth. More drilling of the Premium Lode is planned as part of the ongoing exploration programme.

RAB drilling of new gold targets outside the immediate mine area commenced in February 2005 with a 30,000m programme. Additional targets will continue to be generated and tested throughout 2005.

**REVIEW OF OPERATIONS GIDGEE GOLD PROJECT (Legend 100%)**

Operating statistics for the year ending 31 December 2004 are as follows:

Detail	2004 Year	Units
Ore Mined (Swan Bitter u/g)	167,499	tonnes
Ore Grade	7.50	g/t Au
Low Grade Stocks drawn	74,379	tonnes
Ore Grade	1.07	g/t Au
Ore Processed	241,137	tonnes
Head Grade (calculated)	5.68	g/t Au
Recovery	95.4	%
Gold Produced	42,297	ounces
<b>Production Cost Statement</b>		
Net Cash Costs	512	\$/oz
Inventory Movements	(4)	\$/oz
Cash Operating Costs	516	\$/oz
Depreciation/Amortisation	106	\$/oz
Total Production Cost	622	\$/oz
<small>Costs are reported to Australian Gold Council Standard</small>		

The milling operation was moved to a two week on/two week off campaign basis from October 2004, due to lack of continuous ore supply.

Gold production for 2004 was 70% of the 2003 total.

**DIRECTORS' REVIEW OF ACTIVITIES**

**STATEMENT OF RESERVES AND RESOURCES**

During the first Quarter of 2005, Legend commissioned an independent review of the Gidgee Ore Reserves and Mineral Resources for the Gidgee project, as at 31 December 2004. The work was carried out by Dr S Carras of Carras Mining Pty Ltd, an acknowledged expert in this field.

In compiling his report, Dr Carras took into consideration that the operation was scheduled to be placed on temporary care and maintenance effective from the end of March 2005. His review of previous estimates acknowledged that costs in the West Australian mining industry have risen by some 35%-45% over the last 15 months, while the price of gold has remained relatively fixed.

This has resulted in reclassification and downgrading of a large amount of material previously reported as Mineral Resources to "Mineral Inventory", which is not reported here as it falls outside the JORC Code classification but will continue to be used for internal company planning.

It is important to note that none of the excellent 2005 drilling results at Swift, were included in this resource review, as they have all been achieved during 2005. Legend anticipates that it will report mineral resource estimates for these projects during the year.

**GIDGEE GOLD PROJECT RESERVES 31 DECEMBER 2004**

<b>Project</b>	<b>JORC Classification</b>	<b>Tonnes</b>	<b>Grade (g/t Au)</b>	<b>Ounces (gold)</b>	<b>Comments</b>
Swan Bitter Underground	Proved	27,000	10.42	9,046	Estimated from the model
	Proved	25,000	7.77	6,263	*Produced from 1 January 2005
<b>Total</b>	<b>Proved</b>	<b>52,000</b>	<b>9.14</b>	<b>15,309</b>	
Swan Bitter Underground	Probable	3,000	11.52	1,111	
<b>TOTAL</b>	<b>PROVED + PROBABLE</b>	<b>55,000</b>	<b>9.29</b>	<b>16,420</b>	

DIRECTORS' REVIEW OF ACTIVITIES

GIDGEE GOLD PROJECT RESOURCES (INCLUDING RESERVES) 31 DECEMBER 2004

Project	JORC Classification	Tonnes	Grade (g/t Au)	Ounce (gold)s	Comments
Swan Bitter Underground	Measured	27,000	10.42	9,046	Estimated from the model
	Measured	25,000	7.77	6,263	*Produced from 1 January 2005
<b>Total</b>	<b>Measured</b>	<b>52,000</b>	<b>9.14</b>	<b>15,309</b>	
Swan Bitter Underground	Indicated	29,000	10.71	9,987	Recoverable
Omega Underground	Indicated	31,000	9.20	9,170	Below 385m RL
Wilsons Underground	Indicated	448,000	7.30	105,158	Diluted; above 370m RL refractory
<b>Open Pit</b>					
Howards	Indicated	50,000	3.79	6,093	Based on Shells & Designs
Eagles Peak	Indicated	13,000	3.46	1,446	Based on Shells & Designs
Orion	Indicated	22,000	3.04	2,150	Based on Shells & Designs
Deep South	Indicated	20,000	3.02	1,942	Based on Shells & Designs
Toedter	Indicated	41,000	3.38	4,456	Based on Shells & Designs
Specimen Well	Indicated	24,000	5.35	4,129	Based on Shells & Designs
<b>Total</b>	<b>Indicated</b>	<b>678,000</b>	<b>6.63</b>	<b>144,532</b>	
Swan Bitter Underground	Inferred	65,000	7.96	16,637	Recoverable
Wilsons Underground	Inferred	286,000	6.40	58,855	Diluted; below 370m RL refractory
Kingfisher Underground	Inferred	390,000	6.80	85,273	
<b>Total</b>	<b>Inferred</b>	<b>741,000</b>	<b>6.75</b>	<b>160,765</b>	
<b>TOTAL</b>	<b>INDICATED+ INFERRED</b>	<b>1,471,000</b>	<b>6.78</b>	<b>320,506</b>	

\* Does not include any of the new 2005 drilling results.

*The information on Ore Reserves and Mineral Resources at Gidgee contained in this report is based on data compiled by consulting geologist Dr S Carras FAusIMM of Carras Mining Pty Ltd. Dr Carras has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and consents to the inclusion in this report of the information in the form and context in which it appears.*

**DIRECTORS' REVIEW OF ACTIVITIES**

**KARRATHA EXPLORATION PROJECTS**

During the reporting year Legend continued limited exploration on the Karratha projects. The Board, currently is looking at alternate arrangements for the Karratha exploration projects, as Legend now is focussed on the exploration efforts at Gidgee. The Board is now reviewing options in respect of the Karratha assets.

- **Carlow Castle (Legend 100%)**

Exploration drilling at Carlow Castle has discovered high grade resources, including 30,000 ounces of gold averaging 10g/t (with 1.4% copper) at Carlow South, which is open at depth. This resource, which has been previously reported by Legend, is in the category of "indicated and inferred" mineral resources, as defined in the JORC Code.

- **Carlow South Resource (Legend 100%)**

Legend Mining has previously reported at Carlow South an indicated and inferred resource which totals 1,331,000 tonnes averaging 1.38g/t Au and 0.56% Cu to 100m depth.

The contained metal content equates to approximately 57,000 ounces of gold and 7,470 tonnes of copper. The resource has been classified in accordance with the JORC Code as follows:

<b>Project</b>	<b>JORC Classification</b>	<b>Tonnes</b>	<b>Grade (g/t Au)</b>	<b>Grade (%Cu)</b>	<b>Comments</b>
Carlow South Lode	Indicated	30,000	10.0	1.40	surface to 30m depth
	Inferred	61,000	10.0	1.40	30m to 100m depth
<b>TOTAL</b>	<b>INDICATED + INFERRED</b>	<b>91,000</b>	<b>10.0</b>	<b>1.40</b>	surface to 100m depth
Carlow South Halo	Inferred	1,240,000	0.75	0.50	surface to 100m depth

*The information on Ore Reserves and Mineral Resources at Karratha contained in this report is based on data compiled by consulting geologist Mr F Voermans F.AusIMM CP Geo MAIG of Voermans Consulting Pty Ltd. Mr Voermans has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and consents to the inclusion in this report of the information in the form and context in which it appears.*

**MUNNI MUNNI JOINT VENTURE (East Coast Minerals NL 66.66% (ECM), Legend 33.33%)**

Legend contributed to a Joint Venture drilling program in October 2004. The targets were anomalies discovered through a previously conducted EM survey. The aim was to find Nickel/Copper, Silver and Platinum targets.

Joint Venture partner ECM reported from its initial small drilling programme a newly discovered cobalt, nickel, copper, sulphide (plus silver, platinoid) occurrence known as Liane on the Munni Munni Joint Venture ground located approximately 1km south-west of the joint venture former silver mine. ECM concluded that:

## DIRECTORS' REVIEW OF ACTIVITIES

"Large sized nickel sulphides are often found associated with similar large-scale sized gabbroic intrusions e.g. Sudbury (Canada), while in Western Australia the deposits at Carr Boyd, Radio Hill and Sally Malay are of this type. The association of nickel, silver, copper and cobalt at similar geological locations are also well known and has been previously mined at Bou Azzer in Morocco and Cobalt Camp in Canada.

The company intends to commence a drilling program when the weather is cooler and a more suitable rig is available. Targets at this time will be the down plunge extensions of this newly discovered zone, along with three other anomalous but un-drilled targets."

### CAPITAL RAISINGS & SHARE ISSUES

During the reporting year, a total of 41,015,000 shares were issued, raising \$4,782,250.

Please refer to the Directors' Report – Changes in State of Affairs for details.

### CORPORATE MATTERS

#### CHANGE OF COMPANY SECRETARY

Mr **Andrew Chapman** was appointed as **Company Secretary** on the 15 October 2004.

Mr Chapman has considerable experience as Company Secretary to listed resource companies.

#### CHANGE OF REGISTERED OFFICE

Level 5, 50 Colin Street, West Perth WA 6005

### AUDITORS

At the May 2004 Annual General Meeting shareholders approved the appointment of Ernst & Young as auditors for the Company.

#### APPOINTMENT OF GENERAL MANAGER

**Andrew Law** was appointed **General Manager** of the Gidgee Gold Project in September 2004.

Andrew is a mining engineer with some 24 years mining experience in Africa and Australia. The last 18 years has been spent in Western Australia managing various open pit and underground mining operations with companies such as Metana Minerals, Plutonic Resources, Roche Mining, Cable Sands and more recently with Placer Dome Asia Pacific at the Kalgoorlie West Open Pit Operations. Andrew is a Fellow of the AusIMM and a Fellow of the Australian Institute of Quarrying.

#### EMPLOYEE OPTION SCHEME

At the May 2004 Annual General Meeting of the Company shareholders approved by resolution to implement an employee share option plan allowing Legend to issue options to eligible employees in order to provide them with an incentive to provide growth and value to all shareholders.

## DIRECTORS' REVIEW OF ACTIVITIES

### **SUBSEQUENT EVENTS**

Legend has placed with selected institutional clients of Findlay & Co up to 70 million fully paid ordinary shares at 0.06 cents per share.

Additionally a share purchase plan has been offered to all shareholders of Legend, with both fundings raising approximately \$5 million. The funds raised are being used to continue the aggressive drilling programme commenced by Legend on the 10<sup>th</sup> January 2005, and working capital.

### **Acquisition of Gidgee Resources Pty Ltd**

At the General Meeting of shareholders 10 January 2005, shareholders approved the acquisition of 100% of the fully paid ordinary shares in the capital of Gidgee Resources Pty Ltd.

### **Care and Maintenance**

The mine and mill was effectively placed on temporary care and maintenance during March 2005.

### **Giovanni Nominees Pty Limited**

A secured loan in favour of Giovanni Nominees Pty Ltd was discharged on the 25 March 2005.

**CORPORATE GOVERNANCE STATEMENT**

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of Legend Mining Limited. The Board of Directors (“Board”) supports a system of corporate governance to ensure that the management of the Company is conducted to maximise shareholder wealth in a proper and ethical manner.

**ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS**

On the 31 March 2003, the ASX Corporate Governance Council released its Principles of Good Corporate Governance and Best Practice Recommendations (“ASX Principles”). The ASX Principles, in conjunction with the ASX Listing Rules, require companies to disclose in their annual reports whether their corporate governance practices follow the ASX Principles on an “if not, why not” basis for the first financial year commencing after 1 January 2003.

In accordance with the Principles of Good Corporate Governance and the Best Practice Recommendations, the Corporate Governance Statement must now, amongst other things, disclose the extent to which the guidelines have been followed during the period. Unless disclosed below, all Corporate Governance Principles have been applied for the entire financial year ended 31 December 2004. Where the Company has not adopted the relevant recommendation, the reasons are set out below.

**1. BOARD OF DIRECTORS**

The Board of directors are responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Company and monitoring the business and affairs on behalf of its shareholders, by whom the directors are elected and to whom they are accountable. Further the Board takes responsibility specifically for:

- Appointment and removal of the Chief Executive Officer and the Company Secretary.
- Final approval of management’s development of corporate strategy and performance objectives.
- Reviewing and modification of internal control with respect to internal and legal compliance and its code of conduct.
- Monitoring and evaluating senior management’s performance and implementation of the Company’s strategy and ensuring the appropriate resources are available to meet that strategy.
- On the appointment of directors to the Board those directors receive a letter of appointment identifying their duties and specific responsibilities, the Company’s expectations of them, their remuneration and their obligations with respect to advising the Company of any compliance matters.

The board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals. While the board has established a framework for the management of the Company including an overall framework of internal control, a business risk management process and the establishment of appropriate ethical standards, it has not established a formal charter of functions as required under Recommendation 1.1 as it considers, having regard to the size of the Company, it would not improve the Company’s operations.

**Composition of Board**

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

<b>Name</b>	<b>Position</b>	<b>Expertise</b>
Michael Atkins	Chairman	Commercial
Murray McDonald	Managing Director	Management / Finance
Ian Cowden	Executive Director	Exploration and Mining

## CORPORATE GOVERNANCE STATEMENT

### 1. BOARD OF DIRECTORS (CONT)...

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

- \* The board comprises 3 directors and may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.
- \* The board should comprise directors with a broad range of expertise.

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

#### **Monitoring of the board's performance**

The performance of all directors is reviewed by the Chairman on an ongoing basis and any director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other board members.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the director's performance during the course of the year.

Those guidelines include:

- Attendance at all board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that director's position being reviewed.
- Attendance at the Company's shareholder meetings. Non-attendance without reasonable excuse will result in that director's position being reviewed.

The Company does not comply with Recommendation 2.1 which states the majority of directors should be independent directors. Mr Atkins is the only director considered independent and acts as Chairman of the Company, as required under recommendation 2.2

#### **Independent Professional Advice**

Each director has the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. However, prior approval of the Chairman is required, which will not be unreasonably withheld.

A separate nomination committee has not been formed as required under recommendation 2.4 as the Board considers the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee.



**CORPORATE GOVERNANCE STATEMENT**

**1. BOARD OF DIRECTORS (CONT)...**

**Remuneration**

Due to the size of the Company remuneration is considered by the full board. This does not comply with Recommendation 9.2. The board reviews remuneration packages and policies applicable to the managing director and directors themselves. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. The board obtains independent advice on the appropriateness of remuneration packages.

The Board does not have in place a formal option Incentive Scheme to enable the Board to grant share options as an incentive for superior performance.

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

*Overall Director Remuneration* – Shareholders must approve the framework for any equity schemes and if a director is recommended for being able to participate in an equity scheme, this participation must be approved by the shareholders.

*Non-Executive Remuneration* – Shareholders approve the maximum aggregate remuneration for non-executive directors. The maximum aggregate remuneration approved for non-executive directors is currently \$200,000.

**Audit**

Due to its size and composition the board has not established a separate audit committee as requested by recommendation 4.2; however, the external auditor has full access to the board throughout the year.

The responsibilities of the board ordinarily include:

- \* Reviewing internal control and recommending enhancements;
- \* Monitoring compliance with Corporations Act 2001, Stock Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission, Australian Stock Exchange and financial institutions;
- \* Improving the quality of the accounting function;
- \* Reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified appropriate and prompt remedial action is taken by management; and
- \* Liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The board reviews the performance of the external auditors on an annual basis and nomination of auditors is at the discretion of the board.

**2. BUSINESS RISKS**

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

## CORPORATE GOVERNANCE STATEMENT

### 3. ETHICAL STANDARDS

The board subscribes to the statement of Ethical Standards as published by the Australian Institute of Company Directors.

All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

### 4. DIRECTORS DEALINGS IN COMPANY SHARES

The Company does not have a formal trading policy as required by Recommendation 3.2 however, Directors must notify the Australian Stock Exchange Limited of any acquisition or disposal of shares by lodgement of a notice of director's interests. Board policy is to prohibit directors from dealing in company shares whilst in possession of price sensitive information.

### 5. CORPORATE REPORTING

On submission of a set of the Company's financial reports for review by the Board senior management confirms that to the best of their knowledge and ability the financial reports present a true and fair view in all material aspects of the Company's financial condition and that operational results are in accordance with relevant accounting standards.

Further, the statement made by senior management regarding the integrity of the financial statements also includes a statement regarding risk management and internal compliance and control which influence the policies adopted by the Board.

### 6. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Board has not devised a formal communications strategy as required by Recommendation 6.1 however, the board of directors aim to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to shareholders through:

- the annual report which is distributed to all shareholders
- half-yearly, quarterly reports and all Australian Stock Exchange announcements which are posted on the Company's website.
- the annual general meeting and other meetings so called to obtain approval for board action as appropriate.
- Compliance with the continuous disclosure requirements of the Australian Stock Exchange Listing Rules.

The Company's auditor is required to be present, and available to shareholder, at the annual general meeting of the Company.

### 7. RECOGNISE AND MANAGE RISK

Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various directors and management, depending upon the nature and materiality of the matter being dealt with.

The Board has no formal policy in place as required by Recommendation 7.1, as it considers, in the context of the size and nature of the company, that it would not improve the present modus operandi.

**CORPORATE GOVERNANCE STATEMENT**

**8. ENCOURAGE ENHANCED PERFORMANCE**

Board and management effectiveness are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various directors and management, depending upon the nature of the matter being dealt with.

The Board has no formal policy in place as required by Recommendation 8.1, as it considers, in the context of the size and nature of the company, that it would not improve the present modus operandi.

**9. RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS**

The Board has not adopted a formal code of conduct to guide compliance with legal and other obligations to legitimate stakeholders as required by Recommendation 10.1, as it considers, in the context of the size and nature of the company, that it would not improve the present modus operandi.

**DIRECTORS' REPORT**

The board of directors of Legend Mining Limited ("the Company") have pleasure in submitting their report together with the consolidated financial report for the year ended 31 December 2004, and auditors report thereon.

**1. DIRECTORS**

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

**Michael Atkins**

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

**Murray Vincent McDonald**

Mr McDonald is a Certified Practising Accountant who has, over his last 24 years, participated in the management of a number of companies in the mining industry. Mr McDonald's expertise ranges from operational management of mining projects to resource project funding and implementation. He is a member of the Taxation Institute of Australia, an affiliate member of the Australasian Institute of Mining and Metallurgy and an affiliate member of the Securities Institute of Australia. He is the founder of Legend Mining Limited. Mr McDonald has been a Director since 1995.

**Ian David Cowden**

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

All Directors were in office for this entire period unless otherwise stated.

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

Name	Shares	Listed Options
M Atkins	-	-
M McDonald	5,525,001	4,000,000
I Cowden	-	100,000

**2. PRINCIPAL ACTIVITIES**

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

**DIRECTORS' REPORT**

**3. OPERATING RESULTS**

The consolidated loss of the consolidated entity after providing for income tax amounted to \$9,213,720 (2003: \$250,413).

**4. DIVIDENDS**

No dividend has been paid or recommended during the financial year. The directors will, if the opportunity arises and subject to appropriate surplus profits and auditor approval, pay a dividend to all shareholders.

**5. REVIEW OF OPERATIONS**

The details of the consolidated entity's exploration and mining activities during the year are included within the Review of Activities (see pages 4 – 11).

**6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

The state of affairs of the consolidated entity was affected by the following changes during the year:

- The Gidgee Gold Project acquisition final payment made March 2004.
- The issue of 41,015,000 shares which raised \$4,782,250.
- The raising of a \$2,000,000 short term loan from Giovanni Nominees Pty Ltd
- The raising of \$5,000,000 by a loan from Yandal Investments Pty Ltd which became a convertible note by approval of shareholders at the General Meeting of shareholders on the 10 January 2005.
- The signing of a letter of agreement with Mr Mark Creasy to acquire Gidgee Resources Pty Ltd.
- The appointment of Mr Andrew Law as General Manager.
- The appointment of Mr Andrew Chapman as Company Secretary.

**7. SIGNIFICANT EVENTS AFTER BALANCE DATE EVENTS**

- The issue of 70 million shares @ 6 cents in January 2005 and February 2005. This successfully raised \$4,200,000.
- The Shareholder Purchase Plan @ 6 cents. This successfully raised \$896,779.
- The Shareholders General Meeting on the 10 January 2005, did by outstanding support formally approve an agreement with Mr Mark Creasy to acquire Gidgee Resources Limited.
- The Gidgee operations were placed on care and maintenance during 2005. This was based on a decision to aggressively explore for future resources and reserves during the 2005 calendar year.

**8. ENVIRONMENTAL REGULATION**

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

**9. FUTURE DEVELOPMENTS**

Likely developments in the operations of the consolidated entity, and expected results of those operations in subsequent financial years have been discussed, where appropriate, in the Chairman's Report and Review of Activities.

**DIRECTORS' REPORT**

**10. MEETINGS OF DIRECTORS**

The following table sets out the number of meetings of the Company's directors held during the year ended 31 December, 2004 and the numbers of meetings attended by each director.

	<b>No of Meetings Attended</b>	<b>No of Meetings held whilst a Director</b>
Number of meetings attended by:		
Michael Atkins	13	13
Murray McDonald	13	13
Ian Cowden	13	13

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

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

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

**12. SHARE OPTIONS**

The details of the options on issue by the Company, is disclosed in Note 19 to the financial report.

**13. INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS**

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- (a) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- (b) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

**14. DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS**

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

<b>Director</b>	<b>Base Emoluments \$</b>	<b>Superannuation \$</b>	<b>Total \$</b>
Mr M Atkins	-	-	-
Mr M McDonald*	231,458	35,292	266,750
Mr I Cowden	-	-	-

- Includes Long Service Leave and Holiday Pay

**DIRECTORS' REPORT**

The Company had no executive officers during the period.

**Remuneration Policy**

Due to the size of the Company remuneration is considered by the full board. This does not comply with Recommendation 9.2. The board reviews remuneration packages and policies applicable to the managing director and directors themselves. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. The board obtains independent advice on the appropriateness of remuneration packages.

The Board does not have in place a formal option Incentive Scheme to enable the Board to grant share options as an incentive for superior performance.

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

*Overall Director Remuneration* – Shareholders must approve the framework for any equity schemes and if a director is recommended for being able to participate in an equity scheme, this participation must be approved by the shareholders.

*Non-Executive Remuneration* – Shareholders approve the maximum aggregate remuneration for non-executive directors. The maximum aggregate remuneration approved for non-executive directors is currently \$200,000.

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

Dated at Perth this 30<sup>th</sup> day of March 2005



**M V McDonald**  
**MANAGING DIRECTOR**

**LEGEND MINING LIMITED**

**Statement of Financial Performance  
for the year ended 31 December 2004**

	Note	Consolidated		Company	
		2004 \$	2003 \$	2004 \$	2003 \$
Sales revenue	2	24,689,609	1,244,554	24,689,609	1,244,554
Cost of sales	3	(31,269,866)	(866,004)	(31,269,866)	(866,004)
Gross (loss)/profit		<u>(6,580,257)</u>	<u>378,550</u>	<u>(6,580,257)</u>	<u>378,550</u>
Other revenues from ordinary activities	2	227,890	164,584	227,890	164,584
Exploration expenditure written off	3	(495,563)	-	(495,563)	-
Borrowing cost expense	3	(528,300)	(23,227)	(528,300)	(23,227)
Corporate head office costs		(1,726,006)	(770,320)	(1,726,006)	(770,320)
Other expenses from ordinary activities		<u>(111,484)</u>	<u>-</u>	<u>(105,086)</u>	<u>-</u>
Net loss from ordinary activities before income tax expense		(9,213,720)	(250,413)	(9,207,322)	(250,413)
Income tax expense relating to ordinary activities	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss attributable to members of Legend Mining Limited		<u>(9,213,720)</u>	<u>(250,413)</u>	<u>(9,207,322)</u>	<u>(250,413)</u>
Share issue costs	16	(243,630)	(191,569)	(243,630)	(191,569)
Total expenses attributable to members of Legend Mining Limited and recognised directly in equity	16	<u>(243,630)</u>	<u>(191,569)</u>	<u>(243,630)</u>	<u>(191,569)</u>
Total changes in equity other than those resulting from transactions with owners as owners.		<u>(9,457,350)</u>	<u>(441,982)</u>	<u>(9,450,952)</u>	<u>(441,982)</u>
<b>EARNINGS PER SHARE</b>					
Basic loss per share (cents per share)	4	(0.061)	(0.005)		
Diluted loss per share (cents per share)	4	(0.061)	(0.005)		



**LEGEND MINING LIMITED**

**Statement of Financial Position  
as at 31 December 2004**

	Note	Consolidated		Company	
		2004 \$	2003 \$	2004 \$	2003 \$
<b>CURRENT ASSETS</b>					
Cash assets	7	3,070,328	3,303,622	3,070,325	3,303,522
Receivables	8	418,584	256,699	420,530	257,579
Inventories	9	740,074	581,444	740,074	581,444
<b>TOTAL CURRENT ASSETS</b>		<b>4,228,986</b>	<b>4,141,765</b>	<b>4,230,929</b>	<b>4,142,545</b>
<b>NON-CURRENT ASSETS</b>					
Other financial assets	10	2,133,077	96,705	2,133,079	96,707
Property, plant & equipment	11	1,704,463	2,223,927	1,704,463	2,218,692
Deferred mine properties, development and infrastructure costs	12	-	2,223,174	-	2,223,174
Deferred exploration and evaluation costs	12	5,946,701	3,835,978	5,946,701	3,835,978
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,784,241</b>	<b>8,379,784</b>	<b>9,784,243</b>	<b>8,374,551</b>
<b>TOTAL ASSETS</b>		<b>14,013,227</b>	<b>12,521,549</b>	<b>14,015,172</b>	<b>12,517,096</b>
<b>CURRENT LIABILITIES</b>					
Payables	13	4,372,956	3,991,018	4,372,956	3,991,018
Interest bearing liabilities	14	5,564,201	6,593	5,564,201	6,593
Provisions	15	128,352	77,028	128,352	77,028
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,065,509</b>	<b>4,074,639</b>	<b>10,065,509</b>	<b>4,074,639</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest bearing liabilities	14	-	24,092	-	24,092
Provisions	15	2,120,000	2,120,000	2,120,000	2,120,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,120,000</b>	<b>2,144,092</b>	<b>2,120,000</b>	<b>2,144,092</b>
<b>TOTAL LIABILITIES</b>		<b>12,185,509</b>	<b>6,218,731</b>	<b>12,185,509</b>	<b>6,218,731</b>
<b>NET ASSETS</b>		<b>1,827,718</b>	<b>6,302,818</b>	<b>1,829,663</b>	<b>6,298,365</b>
<b>EQUITY</b>					
Contributed Equity	16	17,969,067	13,230,447	17,969,067	13,230,447
Reserves	17	361,890	361,890	361,890	361,890
Accumulated losses	18	(16,503,239)	(7,289,519)	(16,501,294)	(7,293,972)
		<b>1,827,718</b>	<b>6,302,818</b>	<b>1,829,663</b>	<b>6,298,365</b>

**LEGEND MINING LIMITED**

**Statement of Cash Flows  
For the year ended 31 December 2004**

	Note	Consolidated		Company	
		2004 \$	2003 \$	2004 \$	2003 \$
<b>Cash flows from operating activities</b>					
Receipts from customers		23,454,838	1,014,239	23,454,838	1,014,239
Payments to suppliers & employees		(22,409,262)	(747,378)	(22,409,165)	(747,378)
Interest received		175,605	9,716	175,605	9,716
Borrowing costs		(311,235)	(23,227)	(311,235)	(23,227)
Net cash flows from operating activities	22 (ii)	909,946	253,350	910,043	253,350
<b>Cash flows from investing activities</b>					
Proceeds from the sale of property, plant, equipment & scrap		18,196	-	18,196	-
Payments for exploration, evaluation & development activities		(2,252,142)	(277,173)	(2,252,142)	(277,173)
Payments for property, plant & equipment		(383,673)	(1,407,306)	(383,673)	(1,407,306)
Payment of final amount due to vendor for the acquisition of the Gidgee Gold Project		(1,300,000)	-	(1,300,000)	-
Proceeds from sale of investments		-	28,018	-	28,018
Payment for investments		(2,000)	-	(2,000)	-
Payment for mine properties & development		(5,209,983)	-	(5,209,983)	-
Performance Bond Term Deposit		(2,057,000)	-	(2,057,000)	-
Net cash flows used in investing activities		(11,186,602)	(1,656,461)	(11,186,602)	(1,656,461)
<b>Cash flows from financing activities</b>					
Proceed from issue of shares & options		4,782,250	4,475,500	4,782,250	4,475,500
Proceeds from borrowings		7,000,567	215,000	7,000,567	215,000
Repayment of borrowings		(1,489,175)	(162,500)	(1,489,175)	(162,500)
Capital Raising costs		(243,630)	(191,569)	(243,630)	(191,569)
Finance lease payments		(6,650)	(5,465)	(6,650)	(5,465)
Net cash flows from financing activities		10,043,362	4,330,966	10,043,362	4,330,966
Net increase/ (decrease) in cash held		(233,294)	2,927,855	(233,197)	2,927,855
Add: Cash at 1 January, 2004		3,303,622	375,767	3,303,522	375,667
Cash at 31 December, 2004	22 (i)	3,070,328	3,303,622	3,070,325	3,303,522

**Notes to the financial statements  
for the year ended 31 December 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of accounting**

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

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

The financial report has been prepared in accordance with the historical costs convention, except for bullion on hand, which is measured at the amount realised at the spot gold price.

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

**(b) Cash**

For the purposes of the statement of cash flows, cash includes cash on hand, and at call with banks or financial institutions net of bank overdrafts, money market investments readily convertible to cash within 2 working days, and gold bullion. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues. Gold bullion is valued at the spot gold price.

**(c) Receivables**

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

Receivables from related parties are recognised and carried at the nominal amount.

**(d) Investments**

(i) *Investments in Shares* – listed shares are carried at the lower of cost and recoverable amount.

(ii) *Controlled Entities* - Investment in the controlled entity is carried at cost. The carrying amount of controlled entity investments is reviewed annually by directors to ensure not in excess of recoverable amount of these investments.

(iii) *Joint Venture* – The consolidated entity's share of assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statements of financial performance and financial position. Details of the consolidated entity's interests are shown in Note 28.

The consolidated entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

**Notes to the financial statements  
for the year ended 31 December 2004**

(e) **Inventories**

Ore stocks, gold in circuit, stores inventories and gold dore are valued at the lower of cost and net realisable value using a weighted average cost method and applying absorption costing. The cost of mining stocks includes direct material, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

(f) **Exploration, evaluation and development expenditure**

Exploration, evaluation and development expenditure is incurred and accumulated in respect of each area of interest is considered separately when deciding whether and to what extent to carry forward or to write off exploration and evaluation costs.

Exploration and evaluation costs related to an area of interest are carried forward provided the rights to tenure of the area are current and provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of consolidatedly recoverable reserves and active and significant operations in or in relation to the area are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Each area of interest is limited to the size related to known or probable mineral resources capable of supporting a mining operation.

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**Notes to the financial statements  
for the year ended 31 December 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ((CONT))**

**(g) Property, plant and equipment**

Each class of property, plant and equipment are carried at cost, less where applicable any accumulated depreciation.

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

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	
	2004	2003
Buildings	10%	10%
Plant & Equipment	7.5% - 50%	7.5% - 50%
Leased plant and equipment	22.5%	22.5%

**(h) Leased Assets**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to entities in the consolidated entity, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

**(i) Payables**

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

**(j) Employee benefits**

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Contributions are made by the consolidated entity to employee superannuation funds and are charged to expenses when incurred.

Employee benefit expenses and revenues arising in respect of the following categories:

- \* wages and salaries, non-monetary benefits, annual leave and other leave; and
- \* other types of employee benefits

are recognised against profits on a net basis in their respective categories.

Notes to the financial statements  
for the year ended 31 December 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ((CONT))

(k) **Interest-bearing liabilities**

All interest bearing liabilities are measured at the principal amount. Interest is charged as an expense as it accrues.

Finance lease liability is determined in accordance with the requirements of AASB 1008 "Leases".

(l) **Share issue expenses**

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

(m) **Earnings per share**

(i) *Basic Earnings per share*

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

(ii) *Diluted Earnings per share*

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

(n) **Principles of consolidation**

The consolidated financial statements are those of the consolidated entity, comprising Legend Mining Limited (the parent company) and all entities that Legend Mining Limited controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control. Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(o) **Revenue**

Revenue from the sale of goods (precious metals) is recognised upon production of gold dore. Other income is recognised as it accrues.

Interest revenue is recognised as it is earned or as it accrues.

Dividend revenue is recognised when the right to receive the dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

**Notes to the financial statements  
for the year ended 31 December 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ((CONT))**

**(p) Comparative figures**

Where required by the Accounting Standards the comparative figures have been adjusted to conform with any changes in presentation in the current financial year.

**(q) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cashflows are included in the statement of cashflows on a gross basis. The GST components of cashflows arising from investing activities which are recoverable from, or payable to, the ATO are classed as operating cashflows.

**(r) Recoverable amounts**

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. In determining the recoverable amount, the expected net cash flows have not been discounted to their present value.

**(s) Income Tax**

The consolidated entity adopts the liability method of tax effect accounting whereby the income tax expense is based on the loss from ordinary activities adjusted for any permanent differences. To the extent timing difference occur between the time items are recognised in the financial statements and when items are taken into account in the determining taxable income, the net related taxable benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefit in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

**(t) Contributed Equity**

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**LEGEND MINING LIMITED**

**Notes to the financial statements  
for the year ended 31 December 2004**

	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
<b>2. REVENUE FROM ORDINARY ACTIVITIES</b>				
<b>Operating activities</b>				
Sales of gold & silver	24,689,609	-	24,689,609	-
Movement in fine gold metal account	-	1,244,554	-	1,244,554
<b>Total revenue from operating activities</b>	<b>24,689,609</b>	<b>1,244,554</b>	<b>24,689,609</b>	<b>1,244,554</b>
<b>Non operating revenues</b>				
Interest received	175,605	9,716	175,605	9,716
Forgiveness of debt owed by Legend Mining	-	100,778	-	100,778
Proceeds from sale of investments	-	28,018	-	28,018
Proceeds from sale of non current assets	13,779	-	13,779	-
Rent	22,367	5,455	22,367	5,455
Miscellaneous income	16,139	-	16,139	-
Unrealised gain on investments	-	20,617	-	20,617
<b>Total revenue from non-operating activities</b>	<b>227,890</b>	<b>164,584</b>	<b>227,890</b>	<b>164,584</b>
<b>Total revenue from ordinary activities</b>	<b>24,917,499</b>	<b>1,409,138</b>	<b>24,917,499</b>	<b>1,409,138</b>
<b>3. EXPENSES AND LOSSES/(GAINS)</b>				
<b>(a) Expenses</b>				
Cost of sales	31,269,866	866,004	31,269,866	866,004
Depreciation of non-current assets				
- buildings	27,153	1,095	27,153	1,095
- leased plant & equipment	4,611	5,498	4,611	5,498
- plant & equipment	821,382	36,208	821,382	36,208
<b>Total Depreciation of non-current assets</b>	<b>853,146</b>	<b>42,801</b>	<b>853,146</b>	<b>42,801</b>
Amortisation of non-current assets				
- Mine property & development	2,077,997	-	2,077,997	-
- Mine capital development	5,437,949	-	5,437,949	-
<b>Total Amortisation of non-current assets</b>	<b>7,515,946</b>	<b>-</b>	<b>7,515,946</b>	<b>-</b>
<b>Total depreciation and amortisation expenses</b>	<b>8,369,092</b>	<b>42,801</b>	<b>8,369,092</b>	<b>42,801</b>
Government mining royalties	560,925	22,868	560,925	22,868
Borrowing costs expensed				
Interest charges on capitalised leases	1,110	2,207	1,110	2,207
Interest expense on loans	527,190	21,020	527,190	21,020
<b>Total borrowing costs</b>	<b>528,300</b>	<b>23,227</b>	<b>528,300</b>	<b>23,227</b>
Loss on disposal of investments	-	4,012	-	4,012
Loss on disposal of non current assets	33,309	78,574	26,911	78,574
Provision for employee benefits	189,121	19,528	189,121	19,528
Write down of exploration expenditure	495,563	-	495,563	-
Provision for write down of investments	22,625	-	22,625	-



**Notes to the financial statements  
for the year ended 31 December 2004**

	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
<b>4. EARNINGS PER SHARE</b>				
(a) Reconciliation of earnings to net loss:				
Net Loss	(9,213,720)	(250,413)		
Earnings used in the calculation of basic EPS	<u>(9,213,720)</u>	<u>(250,413)</u>		
(b) Weighted average number of shares on issue during the financial year used in the calculation of basic EPS				
	150,543,365	50,066,323		
Weighted average number of ordinary shares on issue used in the calculation of dilutive EPS.				
	150,543,365	50,066,323		

Options outstanding at 31 December 2004, totalling 36,174,207, are not considered potential ordinary shares and are not therefore dilutive.

**5. INCOME TAX**

(a) The prima facie income tax benefit on the loss from ordinary activities reconciles to the income tax expense in the accounts as follows:

Loss from ordinary activities	(9,213,720)	(250,413)	(9,207,322)	(250,413)
Prima facie tax payable calculated at 30% of the loss from ordinary activities	(2,764,116)	(75,124)	(2,762,197)	(75,124)
Add/ (less) tax effect of permanent difference:				
Non-deductible expenditure	86,018	318	86,018	318
Under provision for income tax in prior year	-	229,074	-	229,074
Tax losses not brought to account as future income tax benefits	2,678,098	-	2,676,179	-
Recoupment of prior year tax losses not previously brought to account	-	(154,268)	-	(154,268)
Income tax benefit attributed to operating loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) Future income tax benefits not brought to account

The potential estimated future income tax benefits arising from tax losses and timing differences have not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond reasonable doubt:

Tax losses carried forward @ 30%	5,373,663	1,001,959	5,348,842	936,662
Timing differences @ 30%	370,243	224,932	370,243	224,932
	<u>5,743,906</u>	<u>1,226,891</u>	<u>5,719,085</u>	<u>1,161,594</u>

**Notes to the financial statements  
for the year ended 31 December 2004**

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

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

**Tax Consolidation**

Legend Mining Limited and its 100% owned subsidiaries do not form a tax consolidated group.

**6. SEGMENT INFORMATION**

The Company operates in one business and geographical segment being the operator of a producing gold mine in Australia.

	Note	Consolidated		Company	
		2004 \$	2003 \$	2004 \$	2003 \$
<b>7. CASH ASSETS</b>					
Cash at bank and in hand		2,146,773	2,027,408	2,146,770	2,027,308
Gold bullion		906,954	1,244,554	906,954	1,244,554
Deposits-at call		16,601	31,660	16,601	31,660
		<u>3,070,328</u>	<u>3,303,622</u>	<u>3,070,325</u>	<u>3,303,522</u>
<b>8. RECEIVABLES</b>					
Current					
Trade Debtors		5,214	-	5,214	-
		<u>5,214</u>	<u>-</u>	<u>5,214</u>	<u>-</u>
Other debtors		413,370	256,699	413,370	256,699
Loans to controlled entities		-	-	1,946	880
		<u>418,584</u>	<u>256,699</u>	<u>420,530</u>	<u>257,579</u>
(a) Terms and conditions relating to the above financial instruments					
(i) Trade debtors are non-interest bearing and generally on 30 day terms.					
(ii) Other debtors are non-interest bearing and have repayment terms of between 30 and 60 days.					
<b>9. INVENTORIES</b>					
Current					
Gold in circuit at cost		269,232	167,617	269,232	167,617
Ore stockpiles at cost		90,699	37,639	90,699	37,639
Stores and spares at cost		380,143	376,188	380,143	376,188
		<u>740,074</u>	<u>581,444</u>	<u>740,074</u>	<u>581,444</u>

**Notes to the financial statements  
for the year ended 31 December 2004**

	Note	Consolidated		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>10. OTHER FINANCIAL ASSETS</b>					
Non-current					
Performance bonds – bank deposit		2,120,000	63,000	2,120,000	63,000
Shares in controlled entities - at cost	26	-	-	2	2
Shares in listed companies – at (net market value)		13,077	33,705	13,077	33,705
		<u>2,133,077</u>	<u>96,705</u>	<u>2,133,079</u>	<u>96,707</u>

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

- (i) Performance bonds– bank deposits are held as security for environmental bonds, held on 90 day term deposit at 5.31%.

No capital gains tax would be payable if the shares in listed companies were sold at balance date.

**11. PROPERTY, PLANT AND EQUIPMENT**

Buildings – at cost	174,837	174,837	174,837	174,837
Less accumulated depreciation	(28,248)	(1,095)	(28,248)	(1,095)
Total buildings	<u>146,589</u>	<u>173,742</u>	<u>146,589</u>	<u>173,742</u>
Plant and equipment – at cost	2,365,908	1,832,253	2,365,908	1,827,018
Less accumulated depreciation	(845,114)	(37,081)	(845,114)	(37,081)
Total plant and equipment	<u>1,520,794</u>	<u>1,795,172</u>	<u>1,520,794</u>	<u>1,789,937</u>
Leased plant and equipment	38,636	38,636	38,636	38,636
Less accumulated depreciation	(22,755)	(18,144)	(22,755)	(18,144)
Total leased plant and equipment	<u>15,881</u>	<u>20,492</u>	<u>15,881</u>	<u>20,492</u>
Capital works in progress - cost	<u>21,199</u>	<u>234,521</u>	<u>21,199</u>	<u>234,521</u>
<b>Total property plant &amp; equipment – at cost</b>	<b>2,600,580</b>	<b>2,280,247</b>	<b>2,600,580</b>	<b>2,275,012</b>
<b>Less accumulated depreciation</b>	<b>(896,117)</b>	<b>(56,320)</b>	<b>(896,117)</b>	<b>(56,320)</b>
<b>Total net book value</b>	<b><u>1,704,463</u></b>	<b><u>2,223,927</u></b>	<b><u>1,704,463</u></b>	<b><u>2,218,692</u></b>

**Notes to the financial statements  
for the year ended 31 December 2004**

**(a) Movement in carrying amounts**

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

**11. PROPERTY, PLANT AND EQUIPMENT (CONT)**

	Buildings	Plant and equipment	Leased plant and equipment	Capital works in progress	Total
<i>Consolidated</i>					
Balance at beginning of year	173,742	1,795,172	20,492	234,521	2,223,927
Additions	-	379,607	-	-	379,607
Transferred from capital work in progress	-	213,322	-	(213,322)	-
Disposals	-	(45,925)	-	-	(45,925)
Depreciation expense	(27,153)	(821,382)	(4,611)	-	(853,146)
	<u>146,589</u>	<u>1,520,794</u>	<u>15,881</u>	<u>21,199</u>	<u>1,704,463</u>
<i>Company</i>					
Balance at beginning of year	173,742	1,789,937	20,492	234,521	2,218,692
Additions	-	379,607	-	-	379,607
Transferred from capital work in progress	-	213,322	-	(213,322)	-
Disposals	-	(40,690)	-	-	(40,690)
Depreciation expense	(27,153)	(821,382)	(4,611)	-	(853,146)
	<u>146,589</u>	<u>1,520,794</u>	<u>15,881</u>	<u>21,199</u>	<u>1,704,463</u>

Consolidated		Company	
2004	2003	2004	2003
\$	\$	\$	\$

**12. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS**

**Deferred mine properties, development and infrastructure costs**

Balance at beginning of year	2,223,174	-	2,223,174	-
Expenditure incurred during the year	5,292,772	2,223,174	5,292,772	2,223,174
Amortisation expense	(7,515,946)	-	(7,515,946)	-
	<u>-</u>	<u>2,223,174</u>	<u>-</u>	<u>2,223,174</u>

**Deferred exploration and evaluation costs**

Exploration and evaluation phases carried forward	3,835,978	1,387,501	3,835,978	1,387,501
Expenditure incurred during the year	2,606,286	648,646	2,206,286	648,646
Acquisition of Gidgee Gold tenements	-	1,799,831	-	1,799,831
Expenditure written off during the year	(495,563)	-	(495,563)	-
	<u>5,946,701</u>	<u>3,835,978</u>	<u>5,946,701</u>	<u>3,835,978</u>

**Notes to the financial statements  
for the year ended 31 December 2004**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	\$	\$	\$	\$
<b>13. PAYABLES</b>				
Current – unsecured				
Trade creditors	4,146,099	3,959,685	4,146,099	3,959,685
Other creditors & accruals	226,857	31,333	226,857	31,333
	4,372,956	3,991,018	4,372,956	3,991,018

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

(i) Trade creditors are non-interest bearing and normally settled on 30 day terms.

Other creditors are non-interest bearing and have an average term of 12 months.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	\$	\$	\$	\$

**14. INTEREST BEARING LIABILITIES**

Current - secured

Borrowings (ii)	5,540,166	-	5,540,166	-
Lease liability (i)	24,035	6,593	24,035	6,593
	5,564,201	6,593	5,564,201	6,593

Non-current - secured

Lease liability (i)	-	24,092	-	24,092
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(i) Effectively secured over the leased assets.

(ii) Terms and conditions relating to the above financial instruments:

- a. The company borrowed \$5,000,000 from Yandal Investments Pty Ltd, on the 10 November 2004. The loan became a convertible note following approval by shareholders at the General Meeting on the 10<sup>th</sup> January 2005. The convertible note may be converted into 125 million shares at an exercisable price of 4 cents per share, together with the issue of one option for each fully paid share and is exercisable on or before 31 May 2009. Interest is payable six monthly at 10%. Yandal Investments Pty Ltd has a fixed and floating charge over the assets of Legend Mining Limited and a registrable mortgage of tenements granted by Legend Mining Limited to the lender.
- b. A secured loan with a balance outstanding of \$540,166. This was fully discharged by 28 February 2005. Giovanni Nominees Pty Ltd has a fixed and floating charge over the assets of Legend Mining Limited. This security will be transferred to the lender as in (a.) above.

**Notes to the financial statements  
for the year ended 31 December 2004**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>15. PROVISIONS</b>				
<b>Current</b>				
Employee benefits	128,352	77,028	128,352	77,028
Number of employees at year end	26	41	26	41

At the May 2004 Annual General Meeting of the Company shareholders approved by resolution to implement an employee share option plan allowing Legend to issue options to eligible employees in order to provide them with an incentive to provide growth and value to all shareholders.  
No options were issued in 2004.

**Non Current**

Provision for restoration	2,120,000	2,120,000	2,120,000	2,120,000
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A provision for restoration is recognised in relation to the mining activities for costs such as reclamation, wast site closure, plant closure and other costs associated with restoration of a mining site  
Provision is based on a determination by the Environmental Department of the Department of Industry & Resources.

**16. CONTRIBUTED EQUITY**

170,633,328 fully paid ordinary shares  
(2003: 129,618,328)

Balance at the beginning of the reporting period:	13,230,447	7,674,016
<i>Shares Issued</i>		
- 18,000,000 shares issued for cash on 25 March, 2004	3,240,000	-
- 1,000,000 shares issued for debt satisfaction on 7 April, 2004	200,000	-
- Conversion of 15,000 options on the 7 April, 2004	2,250	-
- 22,000,000 shares issued for cash on 23 September, 2004	1,540,000	-
- 5,000,000 shares issued for cash on 24 June, 2003	-	75,000
- 7,500,000 shares issued for debt satisfaction on 30 September, 2003	-	250,000
- 2,000,000 shares issued for cash on 6 October, 2003	-	50,000
- 6,216,663 shares issued for cash on 20 November, 2003	-	373,000
- 50,000,000 shares issued for cash on 15 December, 2003	-	4,000,000
- 16,667,000 shares issued for Gidgee Gold Project acquisition on 15 December, 2003	-	1,000,000
- Share raising costs	(243,630)	(191,569)
	<u>17,969,067</u>	<u>13,230,447</u>

**Notes to the financial statements  
for the year ended 31 December 2004**

***Terms and Conditions***

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

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>17. RESERVES</b>				
<i>Option premium reserve</i>				
Balance at beginning of year	361,890	361,890	361,890	361,890
Balance at end of year	361,890	361,890	361,890	361,890

Nature and purpose of reserve.

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

**18. ACCUMULATED LOSSES**

Accumulated losses at the beginning of the financial year	(7,289,519)	(7,039,106)	(7,293,972)	(7,043,559)
Net loss attributable to members of the parent entity	(9,213,720)	(250,413)	(9,207,322)	(250,413)
Accumulated losses at the end of the financial year	(16,503,239)	(7,289,519)	(16,501,294)	(7,293,972)

**19. OPTIONS**

The Company had on issue at 31 December 2004 options over fully paid shares as follows:

<b>Number of options</b>	<b>Expiry date</b>	<b>Exercise date</b>	<b>Exercise price</b>
2,350,000 (unlisted)	01/06/06	Any time prior to expiry	22 cents
36,174,207 (listed)	30/04/05	Any time prior to expiry	15 cents
1,500,000 (unlisted)	30/06/09	Any time prior to expiry	30 cents

These options do not entitle the holder to participate in any share issue of any other corporation. During the year there was 500,000 unlisted options were issued to each of the Directors.

Notes to the financial statements  
for the year ended 31 December 2004

**20. DIRECTORS AND EXECUTIVE DISCLOSURES**

**(a) Details of specified directors and specified executives**

(i) Specified Directors

M. Atkins	Chairman (non-executive)
M.V. McDonald	Director and Chief Executive Officer
I.D. Cowden	Director

(ii) Specified Executives

A.M. Law	General Manager	Appointed 20 September 2004
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**(b) Remuneration of specified directors and specified executives**

(i) Remuneration policy

Due to the size of the Company remuneration is considered by the full board. The board reviews remuneration packages and policies applicable to the managing director and directors themselves. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. The board obtains independent advice on the appropriateness of remuneration packages.

The Board does not have in place a formal option Incentive Scheme to enable the Board to grant share options as an incentive for superior performance.

The Board of directors' does not link the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance.

*Overall Director Remuneration* – Shareholders must approve the framework for any equity schemes and if a director is recommended for being able to participate in an equity scheme, this participation must be approved by the shareholders.

*Non-Executive Remuneration* – Shareholders approve the maximum aggregate remuneration for non-executive directors. The maximum aggregate remuneration approved for non-executive directors is currently \$200,000.

(ii) Remuneration of specified Directors and specified Executives

		Primary	Post Employment	Equity	Other	Total
		Salary & Fees	Superannuation			
<b>Specified directors</b>						
M. Atkins						
	2004	-	-	-	-	-
	2003	34,000	-	-	-	34,000
M.V. McDonald						
*	2004	231,458	35,292	-	-	266,750
	2003	138,000	20,700	-	-	158,700
I.D. Cowden						
	2004	-	-	-	-	-
	2003	20,000	-	-	-	20,000
<b>Total remuneration: Specified directors</b>						
	2004	231,458	35,292			266,750
	2003	192,000	20,700			212,700



**Notes to the financial statements  
for the year ended 31 December 2004**

**20. DIRECTORS AND EXECUTIVE DISCLOSURES (CONT)**

**Specified executives**

A.M.Law

	2004	50,215	4,519	-	-	54,734
	2003	-	-	-	-	-

**Total remuneration: Specified executives**

	2004	50,215	4,519	-	-	54,734
	2003	-	-	-	-	-

**(c) Remuneration Options: Granted and vested during the year**

No options were granted or vested during the year

**(d) Shares issued on exercise of remuneration options**

No shares were issued on exercise of remuneration options during the year

**(e) Option holdings of specified directors and specified executives**

(i) Options (listed) over Ordinary Shares in Legend Mining Limited (number)	<b>Balance 1-Jan-04</b>	<b>Granted as remuneration</b>	<b>On exercise of options</b>	<b>Net change other</b>	<b>Balance 31-Dec-04</b>
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**Specified directors**

M. Atkins	-	-	-	-	-
M. V. McDonald	4,000,000	-	-	-	4,000,000
I.D. Cowden	100,000	-	-	-	100,000
	4,100,000	-	-	-	4,100,000

(ii) Options (unlisted) over Ordinary Shares in Legend Mining Limited (number)	<b>Balance 1-Jan-04</b>	<b>Granted as remuneration</b>	<b>On exercise of options</b>	<b>Net change additions</b>	<b>Balance 31-Dec-04</b>
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**Specified directors**

M. Atkins	-	-	-	500,000	500,000
M. V. McDonald	500,000	-	-	500,000	1,000,000
I.D. Cowden	500,000	-	-	500,000	1,000,000
	1,000,000	-	-	1,500,000	2,500,000

**(f) Shareholdings of specified directors and specified executives**

Shares held in Legend Mining Limited (number)	<b>Balance 1-Jan-04</b>	<b>Granted as remuneration</b>	<b>On exercise of options</b>	<b>Net change disposals</b>	<b>Balance 31-Dec-04</b>
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**Specified directors**

	<b>Ordinary</b>	<b>Ordinary</b>	<b>Ordinary</b>	<b>Ordinary</b>	<b>Ordinary</b>
M. Atkins	-	-	-	-	-
M. V. McDonald	7,525,001	-	-	(2,000,000)	5,525,001
I.D. Cowden	-	-	-	-	-
	7,525,001	-	-	(2,000,000)	5,525,001

**Notes to the financial statements  
for the year ended 31 December 2004**

**20. DIRECTORS AND EXECUTIVE DISCLOSURES (CONT)**

**(h) Other transactions and balances with specified directors and specified executives  
Services**

During the year WINDAMURAH Pty Ltd ( a company associated with Mr M. Atkins) received fees for the provision of consulting services to the Company. The aggregate amount charged for such services was \$72,911 (2003: \$22,628).

During the year Montague Stockbrokers ( a company associated with Mr M. Atkins) received fees for the provision of consulting services to the Company. The aggregate amount charged for such services was \$57,535.

During the year Iana Pty Ltd ( a company controlled by Mr I Cowden) received fees for the provision of geological services to the Company. The aggregate amount charged for such services and expenses was \$168,207 (2003: \$62,143). The balance owing to Iana Pty Ltd at the end of the year was \$10,450 (2003: \$82,142)

**21. RELATED PARTIES**

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

Loans made by Legend Mining Limited to wholly-owned subsidiaries have no repayment terms 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 Australian parent company

**Notes to the financial statements  
for the year ended 31 December 2004**

**22. CASH FLOW INFORMATION**

(i) Reconciliation of Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts and gold bullion. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Note	Consolidated		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
Cash on hand	7	303	287	300	187
Cash at bank	7	2,146,470	2,027,121	2,146,470	2,027,121
Deposits – at call	7	16,601	31,660	16,601	31,660
Gold Bullion	7	906,954	1,244,554	906,954	1,244,554
		<u>3,070,328</u>	<u>3,303,622</u>	<u>3,070,325</u>	<u>3,303,522</u>

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

Net Loss	(9,213,720)	(250,413)	(9,207,322)	(250,413)
<i>Non-cash flows in loss from ordinary activities:</i>				
Loss on disposal of investments	-	4,012	-	4,012
Loss on disposal of assets	33,309	78,574	26,911	78,574
Interest expense paid by issue of shares	200,000	-	200,000	-
Depreciation	853,146	42,801	853,146	42,801
Amortisation	7,515,946	-	7,515,946	-
Exploration expenditure written off	495,563	-	495,563	-
Forgiveness of debt	-	(100,778)	-	(100,778)
Unrealised (gains)/ losses in the market value of investments	-	(20,617)	-	(20,617)
	<u>(115,756)</u>	<u>(246,421)</u>	<u>(115,756)</u>	<u>(246,421)</u>

**Notes to the financial statements  
for the year ended 31 December 2004**

**22. CASH FLOW INFORMATION (CONT)**

	Note	Consolidated		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
<i>Change in assets and liabilities:</i>					
(Increase)/ decrease in receivables		(161,885)	(235,770)	(162,951)	(235,770)
Decrease / (Increase) in inventory		(158,630)	(581,444)	(158,630)	(581,444)
Increase in provision for annual leave		189,121	19,528	189,121	19,528
(Decrease)/ Increase in payables		1,157,096	1,297,457	1,158,259	1,297,457
Net Cash provided/ (Used) in Operating Activities		909,946	253,350	910,043	253,350

(iii) **Non cash financing and investment activities**

During the previous financial year, the consolidated entity acquired mine properties with a value of \$2,057,000 with a corresponding rehabilitation bond liability. Legend also issued 16,667,000 ordinary shares for value of \$1,000,000 to Abelle Ltd in part settlement of the Gidgee Gold Project.

**23. FINANCE LEASE COMMITMENTS**

Finance lease commitments are payable:

- Within one year	24,122	7,673	24,122	7,673
- One year but not later than five years	-	24,209	-	24,209
- Less future finance charges	(87)	(1,197)	(87)	(1,197)
	24,035	30,685	24,035	30,685

Consists of:

- Current	24,035	6,593	24,035	6,593
- Non Current	-	24,092	-	24,092
Total lease liability	24,035	30,685	24,035	30,685

**24. COMMITMENTS FOR EXPENDITURE**

(a) Exploration expenditure commitments.

In order to maintain current rights of tenure to exploration tenements, the Company will be required to outlay in 2005 amounts of approximately \$3,159,414 (2004: \$2,606,286) in respect of tenement lease rentals and to meet minimum expenditure requirements of the Department of Industry & Resources. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

**Note:** This is the maximum commitment to exploration, to fully meet DOIR 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 would be significantly less than \$2.38 million, while still holding all the tenements in good standing.

**Notes to the financial statements  
for the year ended 31 December 2004**

**25. INVESTMENTS IN CONTROLLED ENTITY**

Name	Class of Share	Interest Held 2004	Interest Held 2003
Arbotech Pty Ltd	Ordinary	100%	100%
Armada Mining Ltd	Ordinary	100%	100%

**26. FINANCIAL INSTRUMENTS DISCLOSURE**

**(a) Interest Rate Risk**

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated 2003	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non- Interest Bearing	Total
Financial assets:					
Cash	2.7%	2,027,121	31,660	1,244,841	3,303,622
Other Financial Assets	2.0%	-	63,000	33,705	96,705
Receivables		-	-	256,699	256,699
		2,027,121	94,660	1,535,245	3,657,026
Financial liabilities					
Payables		-	-	3,991,018	3,991,018
Interest bearing liabilities	7.2%	-	30,685	-	30,685
		-	30,685	3,991,018	4,021,703

Consolidated 2004	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non- Interest Bearing	Total
Financial assets:					
Cash	3.0%	3,053,727	16,601	-	3,070,328
Other Financial Assets	5.3%	-	2,120,000	13,077	2,133,077
Receivables		-	-	418,584	418,584
		3,053,727	2,136,601	431,661	5,621,989
Financial liabilities					
Payables		-	-	4,372,956	4,372,956
Interest bearing liabilities	10%	-	5,564,201	-	5,564,201
		-	5,564,201	4,372,956	9,937,157

**Notes to the financial statements  
for the year ended 31 December 2004**

**26. FINANCIAL INSTRUMENTS DISCLOSURE (CONT)**

**(b) Credit Risk**

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

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

**(c) Net Fair Value of Financial Assets and Liabilities**

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

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

	<b>2004 Carrying Amount \$</b>	<b>2004 Net Fair Value \$</b>	<b>2003 Carrying Amount \$</b>	<b>2003 Net Fair Value \$</b>
Investments in listed corporations	13,077	13,077	33,705	33,705

No financial assets and financial liabilities are traded on organised markets in standardised form other than listed investments.

**27. INTEREST IN JOINT VENTURE OPERATIONS**

Legend Mining Limited has an interest in the following joint venture operation.

<b>Joint Venture</b>	<b>Project</b>	<b>Activity</b>	<b>2004 Interest</b>	<b>2003 Interest</b>
Munni Munni Joint Venture	Elizabeth Hill	Silver Exploration	33.33%	33.33%

Net assets employed in the joint venture totalling \$180,000 are included as exploration expenditure carried forward in the financial statements.

**28. SIGNIFICANT EVENTS AFTER BALANCE DATE**

Please refer to the Director's Review of Activities for further details on the following items.

- The issue of 70 million shares @ 6 cents in January & February 2005. raising \$4,200,000.
- The Shareholder Purchase Plan @ 6 cents raising \$896,779.
- A Shareholders General Meeting on the 10 January 2005, formally approve an agreement with Mr Mark Creasy to acquire Gidgee Resources Pty Ltd, via the issue of 75million shares and 75 million options.
- The Gidgee operations were effectively placed on temporary care and maintenance in March 2005.

**Notes to the financial statements  
for the year ended 31 December 2004**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	\$	\$	\$	\$
<b>29. AUDITORS REMUNERATION</b>				
Remuneration of the auditor of the parent entity by Grant Thornton for				
- auditing or reviewing the financial report	-	16,150	-	16,150
Remuneration of the auditor of the parent entity by Ernst & Young for				
- auditing or reviewing the financial report	26,545	-	26,545	-
- consulting fees corporate advice	110,552	-	110,552	-

**30. CONTINGENT LIABILITIES**

The consolidated entity's activities in Australia are subject to the Native Title Act and the Department of Environment. Uncertainty associated with Native Title issues may impact on the Company'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 timely access to the land that comprises its project areas.

**31. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS**

Legend Mining Limited has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS) which become effective from 1 January 2005. The Company has conducted an internal assessment to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, Legend Mining Limited has identified impact areas and has sought to address each of the areas in order of priority. As Legend Mining Limited has a 31 December year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 January 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when Legend Mining Limited prepare its first fully IFRS compliant financial report for the year ended 31 December 2005. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Legend. At this stage the Company has not been able to quantify the impacts on the financial report.

**Classification of Financial Instruments**

Under AASB 139 Financial Instruments: Recognition and Measurement, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised cost, financial assets held to maturity – measured at amortised costs, financial assets and financial liabilities held for trading – measured at fair value with fair value changes charged to net profit or loss, financial assets available for sale - measured at fair value with fair value changes taken to equity and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. Current measurement is at amortised cost. The future financial effect of this change on accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

**Notes to the financial statements  
for the year ended 31 December 2004**

**Impairment of Assets**

Under AASB 136 Impairment of Assets the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. However, the financial impact on transition to AIFRS has yet to be determined.

**Share based payments**

Under AASB 2 Share Based Payments, the consolidated entity will be required to determine the fair value of options issued to employees as remuneration and recognize an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not yet vested as at 1 January 2005. The company has not quantified the impact.

**Income Taxes**

Under AASB 112 Income Taxes, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognized in either the Statement of Financial Position or a tax-based balance sheet. A realistic estimation of the future financial effects of this change in accounting policy has not yet been made.

**Exploration and evaluation expenditure**

AASB 6 "*Exploration for and Evaluation of Mineral Resources*" will require the consolidating entity to apply "area of interest accounting to exploration and evaluation expenditures, effectively grandfathering the treatment currently used by the consolidating entity under AASB 1022 "*Accounting for the Extractive Industries*". Under AASB 6, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the consolidating entity must perform impairment tests on those assets in accordance with AASB 136 "*Impairment of Assets*". Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136.

The adoption of AASB 6 is not expected to lead to a change in the consolidating entity's accounting policy with respect to exploration and evaluation expenditure.

**Mine development expenditure**

AASB 116 "Property, Plant and Equipment" will require mine development expenditure to be accounted for separately from exploration and evaluation expenditure, imposing the recoverable amount test of AASB 136 "*Impairment of Assets*" to be applied on transition to AIFRS. The consolidated entity has not assessed the financial impact of this change in accounting policy.



**DIRECTOR'S DECLARATION**

1. On behalf of the Board of Directors of the Company I declare that:
  - (a) the financial statements and notes, set out on pages 22 to 48, are in accordance with the Corporations Act 2001; including:
    - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 31 December 2004 and of their performance, for the year ended on that date; and
    - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
  - (b) in the directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the Board of Directors

*M McDonald*  
DIRECTOR

*Dated this*

INDEPENDENT AUDITOR'S REPORT



■ The Ernst & Young Building ■ Tel 61 8 9429 2222  
11 Mounts Bay Road Fax 61 8 9429 2436  
Perth WA 6000  
Australia  
GPO Box M939  
Perth WA 6843

Independent audit report to 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 company) and the consolidated entity, for the year ended 31 December 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, 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.

*Audit approach*

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

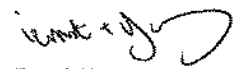
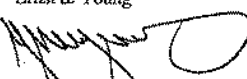
**Independence**

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

**Audit opinion**

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

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of Legend Mining Limited and the consolidated entity at 31 December 2004 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

  
Ernst & Young  
  
G H Meyerowitz  
Partner  
Perth  
Date: 31 March 2005

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

**SHAREHOLDER INFORMATION**

The issued capital of the company as at 31 December 2004 is 170,633,328 ordinary fully paid shares.

**Distribution of Share holders as at 31 December 2004**

Fully Paid Shares	Number
1 - 1,000	34
1,001 - 5,000	160
5,001 - 10,000	308
10,001 - 100,000	1,042
100,001 and over	302
	1,846

Number holding less than a marketable parcel (1,000 shares) 5

**Substantial Shareholder as at 22 March, 2005**

Donwillow Pty Ltd 16,666,666

**Top 20 Shareholders as at 22 March, 2005**

Name	Total Holdings	% Issued Capital
Donwillow Pty Ltd	16,666,666	6.449
Citicorp Nominees Pty Limited	13,040,000	5.046
Yandal Investments Pty Ltd	7,500,000	2.902
Murray McDonald	5,525,001	2.138
Johnny Kahlbetzer	5,300,000	2.050
Rigi Investments Pty Ltd	4,166,667	1.612
Captain Starlight Nominees Pty Limited	3,989,831	1.543
Equifast Nominees Pty Ltd	3,675,571	1.422
Yarandi Investments Pty Limited	3,580,238	1.385
David Hannon	3,366,667	1.302
Gameday Enterprises Pty Ltd	2,000,000	0.773
Europa Investment Services Ltd	1,830,000	0.708
Jetan Pty Ltd	1,510,000	0.584
Jetan Pty Limited	1,500,000	0.580
Blamneo Trading Pty Ltd	1,500,000	0.580
Mark Connell	1,475,000	0.570
John Kirou	1,450,000	0.561
Elphi Pty Ltd	1,340,912	0.518
Bannaby Investments Pty Ltd	1,333,336	0.515
Alimond Pty Ltd	1,300,000	0.503
	82,049,889	31.740

**SHAREHOLDER INFORMATION (CONT)...**

**Top 20 Optionholders as at 22 March, 2005**

**30 April 2005 Series (exercisable at 15 cents per share)**

Name	Total Holdings	% Issued Capital
Murray McDonald	4,000,000	11.057
Shane Collins	2,900,000	8.016
Donald Wayne & Glenys Kay Ferguson	1,551,962	4.290
Tricom Nominees Pty Ltd	1,500,625	4.148
Matthew John Scott	1,121,582	3.100
Michael Robert Sterland	1,000,000	2.764
Goldman Sachs JBWere Nominees Pty Ltd	1,000,000	2.764
Comsec Nominees Pty Limited	940,000	2.598
Savwa Pty Ltd	775,000	2.142
Robert Kenneth & Gaye Michele McIntyre	750,000	2.073
Wealthwise Education Pty Ltd	700,000	1.935
Richard & Gayle Lorraine Karolewicz	670,000	1.852
Dimitrios Graikos	648,664	1.793
James Andrew Gilmore	570,000	1.575
Beryl Joyce Clough	500,000	1.382
Paul Nagle	500,000	1.382
Equifast Nominees Pty Ltd	500,000	1.382
Victor Levy	492,774	1.362
David Haydn Wilson	470,000	1.299
Buffalo Holdings Pty Ltd	400,000	1.105
	20,990,607	58.018

**LEGEND MINING LIMITED**

**TENEMENT DIRECTORY AS AT 31.12.2004**

Tenement No. Application*	Registered Holder/Applicant	Shares Held	
Munni Munni	M47/340	Legend Mining Limited	33.33/100
	M47/341	Legend Mining Limited	33.33/100
	M47/342	Legend Mining Limited	33.33/100
	M47/343	Legend Mining Limited	33.33/100
	E47/587	Legend Mining Limited	33.33/100
	M47/414*	Legend Mining Limited	33.33/100
	M47/415*	Legend Mining Limited	33.33/100
Carlow Castle	E47/562	Legend Mining Limited	100/100
	M47/409*	Legend Mining Limited	100/100
	E47/932	Legend Mining Limited	100/100
	E47/957	Legend Mining Limited	100/100
	E47/967	Legend Mining Limited	100/100
	P47/944	Legend Mining Limited	100/100
	P47/945	Legend Mining Limited	100/100
	M47/417*	Legend Mining Limited	100/100
	M47/490*	Legend Mining Limited	100/100
	M47/491*	Legend Mining Limited	100/100
	E47/1180*	Armada Mining Limited	100/100
	E47/1181*	Armada Mining Limited	100/100
	P47/1128*	Armada Mining Limited	100/100
	P47/1129*	Armada Mining Limited	100/100
	P47/1130*	Armada Mining Limited	100/100
	P47/1133*	Armada Mining Limited	100/100
	P47/1134*	Armada Mining Limited	100/100
Bradley Well	E47/1049	Legend Mining Limited	100/100
Mount Marie	E47/1150*	Legend Mining Limited	100/100
	P47/1112*	Legend Mining Limited	100/100
	P47/1113*	Legend Mining Limited	100/100
	E47/1179*	Armada Mining Limited	100/100
	P47/1126*	Legend Mining Limited	100/100
	P47/1132*	Armada Mining Limited	100/100
	P47/1135*	Armada Mining Limited	100/100
	P47/1136*	Armada Mining Limited	100/100
	P47/1137*	Armada Mining Limited	100/100
	P47/1159*	Legend Mining Limited	100/100
Mount Sholl	E47/966	Legend Mining Limited	100/100
Twin Table Hills	M47/462*	Legend Mining Limited	100/100
	M47/463*	Legend Mining Limited	100/100
	M47/493*	Legend Mining Limited	100/100
	M47/494*	Legend Mining Limited	100/100
Radio Hill	E47/1048	Legend Mining Limited	100/100
	M47/457*	Legend Mining Limited	100/100
	M47/466*	Legend Mining Limited	100/100
	E47/1178*	Armada Mining Limited	100/100
	M47/518*	Legend Mining Limited	100/100
	P47/1131*	Armada Mining Limited	100/100
	P47/1158*	Legend Mining Limited	100/100
Maitland	E47/1152*	Legend Mining Limited	100/100
	P47/1124*	Legend Mining Limited	100/100
Donnington Hill	E70/2507*	Legend Mining Limited	100/100
Ruth Well	P47/1127*	Armada Mining Limited	100/100
Gidgee	E53/0345	Legend Mining Limited	100/100
Gidgee	E53/0422	Legend Mining Limited	100/100
Gidgee	E53/0774	Legend Mining Limited	100/100
Gidgee	E53/0891	Legend Mining Limited	100/100
Gidgee	E53/0957	Legend Mining Limited	100/100
Gidgee	E57/0167	Legend Mining Limited	100/100
Gidgee	E57/0190	Legend Mining Limited	100/100
Gidgee	E57/0191	Legend Mining Limited	100/100

**LEGEND MINING LIMITED**

**TENEMENT DIRECTORY AS AT 31.12.2004**

Gidgee	E57/0483	Legend Mining Limited	100/100
Gidgee	E57/0522	Legend Mining Limited	100/100
Gidgee	E57/0523	Legend Mining Limited	100/100
Gidgee	L53/0046	Legend Mining Limited	100/100
Gidgee	L53/0047	Legend Mining Limited	100/100
Gidgee	L53/0095	Legend Mining Limited	100/100
Gidgee	L53/0096	Legend Mining Limited	100/100
Gidgee	L53/0116	Legend Mining Limited	100/100
Gidgee	L57/0011	Legend Mining Limited	100/100
Gidgee	L57/0012	Legend Mining Limited	100/100
Gidgee	L57/0020	Legend Mining Limited	100/100
Gidgee	M51/0104	Legend Mining Limited	100/100
Gidgee	M51/0105	Legend Mining Limited	100/100
Gidgee	M51/0157	Legend Mining Limited	100/100
Gidgee	M51/0185	Legend Mining Limited	100/100
Gidgee	M51/0186	Legend Mining Limited	100/100
Gidgee	M51/0201	Legend Mining Limited	100/100
Gidgee	M51/0290	Legend Mining Limited	100/100
Gidgee	M51/0410	Legend Mining Limited	100/100
Gidgee	M51/0458	Legend Mining Limited	100/100
Gidgee	M51/0474	Legend Mining Limited	100/100
Gidgee	M53/0010	Legend Mining Limited	100/100
Gidgee	M53/0011	Legend Mining Limited	100/100
Gidgee	M53/0058	Legend Mining Limited	100/100
Gidgee	M53/0101	Legend Mining Limited	100/100
Gidgee	M53/0102	Legend Mining Limited	100/100
Gidgee	M53/0103	Legend Mining Limited	100/100
Gidgee	M53/0105	Legend Mining Limited	100/100
Gidgee	M53/0153	Legend Mining Limited	100/100
Gidgee	M53/0251	Legend Mining Limited	100/100
Gidgee	M53/0252	Legend Mining Limited	100/100
Gidgee	M53/0313	Legend Mining Limited	100/100
Gidgee	M53/0314	Legend Mining Limited	100/100
Gidgee	M53/0315	Legend Mining Limited	100/100
Gidgee	M53/0500	Legend Mining Limited	100/100
Gidgee	M53/0716	Legend Mining Limited	100/100
Gidgee	M53/0894	Legend Mining Limited	100/100
Gidgee	M53/0904	Legend Mining Limited	100/100
Gidgee	M53/0988	Legend Mining Limited	100/100
Gidgee	M57/0019	Legend Mining Limited	100/100
Gidgee	M57/0026	Legend Mining Limited	100/100
Gidgee	M57/0033	Legend Mining Limited	100/100
Gidgee	M57/0044	Legend Mining Limited	100/100
Gidgee	M57/0045	Legend Mining Limited	100/100
Gidgee	M57/0069	Legend Mining Limited	100/100
Gidgee	M57/0070	Legend Mining Limited	100/100
Gidgee	M57/0071	Legend Mining Limited	100/100
Gidgee	M57/0072	Legend Mining Limited	100/100
Gidgee	M57/0073	Legend Mining Limited	100/100
Gidgee	M57/0074	Legend Mining Limited	100/100
Gidgee	M57/0143	Legend Mining Limited	100/100
Gidgee	M57/0144	Legend Mining Limited	100/100
Gidgee	M57/0145	Legend Mining Limited	100/100
Gidgee	M57/0146	Legend Mining Limited	100/100
Gidgee	M57/0210	Legend Mining Limited	100/100
Gidgee	M57/0211	Legend Mining Limited	100/100
Gidgee	M57/0212	Legend Mining Limited	100/100
Gidgee	M57/0230	Legend Mining Limited	100/100
Gidgee	M57/0231	Legend Mining Limited	100/100
Gidgee	M57/0232	Legend Mining Limited	100/100
Gidgee	M57/0236	Legend Mining Limited	100/100
Gidgee	M57/0241	Legend Mining Limited	100/100

**LEGEND MINING LIMITED**

**TENEMENT DIRECTORY AS AT 31.12.2004**

Gidgee	M57/0242	Legend Mining Limited	100/100
Gidgee	M57/0250	Legend Mining Limited	100/100
Gidgee	M57/0251	Legend Mining Limited	100/100
Gidgee	M57/0252	Legend Mining Limited	100/100
Gidgee	M57/0292	Legend Mining Limited	100/100
Gidgee	M57/0349	Legend Mining Limited	100/100
Gidgee	M57/0375	Legend Mining Limited	100/100
Gidgee	P53/0635	Legend Mining Limited	100/100
Gidgee	P53/0636	Legend Mining Limited	100/100
Gidgee	P53/0637	Legend Mining Limited	100/100
Gidgee	P53/0693	Legend Mining Limited	100/100
Gidgee	P53/0698	Legend Mining Limited	100/100
Gidgee	P53/0699	Legend Mining Limited	100/100
Gidgee	P53/0700	Legend Mining Limited	100/100
Gidgee	P53/0707	Legend Mining Limited	100/100
Gidgee	P53/1074	Legend Mining Limited	100/100
Gidgee	P53/1112	Legend Mining Limited	100/100
Gidgee	P53/1114	Legend Mining Limited	100/100
Gidgee	P53/1152	Legend Mining Limited	100/100
Gidgee	P53/1153	Legend Mining Limited	100/100
Gidgee	P53/1155	Legend Mining Limited	100/100
Gidgee	P53/1162	Legend Mining Limited	100/100
Gidgee	P53/1163	Legend Mining Limited	100/100
Gidgee	P53/1199	Legend Mining Limited	100/100
Gidgee	P57/0662	Legend Mining Limited	100/100
Gidgee	P57/0665	Legend Mining Limited	100/100
Gidgee	P57/0666	Legend Mining Limited	100/100
Gidgee	P57/0697	Legend Mining Limited	100/100
Gidgee	P57/0760	Legend Mining Limited	100/100
Gidgee	P57/0761	Legend Mining Limited	100/100
Gidgee	P57/0762	Legend Mining Limited	100/100
Gidgee	P57/0871	Legend Mining Limited	100/100
Gidgee	P57/0971	Legend Mining Limited	100/100
Gidgee	P57/1015	Legend Mining Limited	100/100
Gidgee	P57/1019	Legend Mining Limited	100/100
Gidgee	P57/1024	Legend Mining Limited	100/100
Gidgee	P57/1026	Legend Mining Limited	100/100
Gidgee	P57/1028	Legend Mining Limited	100/100
Gidgee	E53/1020*	Abelle Limited	Transfers pending
Gidgee	E53/1021*	Abelle Limited	Transfers pending
Gidgee	E57/0484*	Dalrymple Resources NL	Transfers pending
Gidgee	E57/0495*	Abelle Limited	Transfers pending
Gidgee	E57/0517*	Abelle Limited	Transfers pending
Gidgee	E57/0520*	Abelle Limited	Transfers pending
Gidgee	M53/0450*	Abelle Limited	Transfers pending
Gidgee	M53/0496*	Abelle Limited	Transfers pending
Gidgee	M53/0497*	Abelle Limited	Transfers pending
Gidgee	M53/0597*	Abelle Limited	Transfers pending
Gidgee	M53/0941*	Abelle Limited	Transfers pending
Gidgee	M53/0942*	Abelle Limited	Transfers pending
Gidgee	M53/0945*	Abelle Limited	Transfers pending
Gidgee	M53/0992*	Abelle Limited	Transfers pending
Gidgee	M53/0993*	Abelle Limited	Transfers pending
Gidgee	M53/0994*	Abelle Limited	Transfers pending
Gidgee	M53/1000*	Abelle Limited	Transfers pending
Gidgee	M53/1010*	Legend Mining Limited	Transfers Pending
Gidgee	M53/1011*	Legend Mining Limited	Transfers Pending
Gidgee	M57/0278*	Arimco Mining Pty Ltd	Transfers pending
Gidgee	M57/0286*	Abelle Limited	Transfers pending
Gidgee	M57/0287*	Abelle Limited	Transfers pending
Gidgee	M57/0288*	Abelle Limited	Transfers pending
Gidgee	M57/0291*	Abelle Limited	Transfers pending

**TENEMENT DIRECTORY AS AT 31.12.2004**

Gidgee	M57/0293*	Dalrymple Resources NL	Transfers pending
Gidgee	M57/0294*	Dalrymple Resources NL	Transfers pending
Gidgee	M57/0308*	Abelle Limited	Transfers pending
Gidgee	M57/0314*	Abelle Limited	Transfers pending
Gidgee	M57/0361*	Abelle Limited	Transfers pending
Gidgee	M57/0362*	Abelle Limited	Transfers pending
Gidgee	M57/0372*	Arimco Mining Pty Ltd	Transfers pending
Gidgee	M57/0377*	Abelle Limited	Transfers pending
Gidgee	M57/0378*	Abelle Limited	Transfers pending
Gidgee	M57/0410*	Abelle Limited	Transfers pending
Gidgee	M57/0435*	Abelle Limited	Transfers pending
Gidgee	M57/0465*	Abelle Limited	Transfers pending
Gidgee	P53/1161*	Abelle Limited	Transfers pending
Gidgee	P57/0897*	Arimco Mining Pty Ltd	Transfers pending
Gidgee	P57/1025*	Abelle Limited	Transfers pending
Gidgee	P57/1027*	Abelle Limited	Transfers pending