



29 September 2005

Company Announcements Office  
Australian Stock Exchange Ltd

## **LEGEND SIGNS AGREEMENT FOR PURCHASE OF MT GIBSON PROJECT ASSETS**

Legend Mining Limited (Legend) and Oroya Mining Limited (Oroya) have today signed the Agreement for the sale of the Mt Gibson Project assets from Oroya and its subsidiary Mt Gibson Gold Pty Ltd (Mt Gibson) to Gibson Metals Pty Ltd (Gibson Metals), a wholly owned subsidiary of Legend. Legend has completed its technical, legal and tax due diligence on the project and settlement will take place following Ministerial consent to the transfer of the project tenements and regulatory consent for the Tribute Agreement relating to Oroya's right to retreat the existing Dump Leach.

The original Terms Sheet announced to Australian Stock Exchange on 2 August 2005 was amended by mutual agreement between Legend and Oroya in the Sale Agreement to provide for the transfer of the Mt Gibson Project Tenements, mining information and infrastructure directly to Gibson Metals. The original Terms Sheet provided for Legend to acquire all of the issued shares in Oroya's wholly owned subsidiary Moreing Mining Limited, which is the sole proprietor of Mt Gibson Gold Pty Ltd, the owner of the majority of the Mt Gibson Project tenements.

The Key Terms are as previously announced, being:

- Oroya to receive a \$250,000 reimbursement of expenses at settlement.
- \$1.088 million to be released to Oroya by Legend or its nominee replacing the cash backed Unconditional Performance Bonds lodged with the Department of Industry and Resources by Oroya over the Mt Gibson project.
- 30 million fully paid ordinary shares in the capital of Legend to be issued to Oroya at settlement and to be escrowed in two tranches:

15 million shares escrowed for 12 months; and  
15 million shares escrowed for 18 months.

- A 'milestone' issue to Oroya of a further 10 million fully paid shares in the capital of Legend on either: completion of a bankable feasibility study, a decision to mine or the sale of the Mt Gibson Project to a third party.
- The acquisition is inclusive of the mining tenements, technical data base, accommodation village, gold treatment plant, workshops, offices, bore field, mobile equipment, tools and spare parts on an 'as is' basis.
- Legend will assume Mt Gibson Gold Pty Ltd's obligations for the Mt Gibson gold royalty arising from Oroya's original purchase of the Project.
- Oroya and Gibson Metals have signed a Tribute Agreement granting Oroya the exclusive right to retreat the existing Dump Leach at its sole risk and benefit for a period of 1 year.

The Mt Gibson gold-base metal project is located approximately 280 kilometres northeast of Perth at the southern tip of the Yalgoo - Singleton greenstone belt. Mt Gibson is situated on the NNE trending Mt Gibson - Meekatharra Fault, a significant structure within the Murchison province that can be traced in excess of 500 km and is thought to be associated with numerous +3 million ounce gold deposits.

On the basis of geologic setting and styles of alteration and mineralisation, Legend believes that the Mt Gibson deposit is a classic example of a gold rich volcanogenic massive sulphide ("VMS") deposit with a strong similarity to the +10 million ounce Bousquet - La Ronde deposit (defined to 3,000 metres depth by drilling) hosted within the Cadillac Shear Zone in the Abitibi belt in Canada. It is Legend's intention to explore the Mt Gibson deposit below 120 metres depth for gold rich massive sulphides using surface and down-hole electrical geophysics and carefully targeted drilling.

Previous exploration and mining at Mt Gibson has concentrated on oxide mineralisation, with over 95% of drilling confined to within 120 metres of the surface. This drilling has defined an inventory of over 1.7 million ounces of gold, comprised of 0.9 million ounces of previous production (Forsayth - Renolds) and 0.8 million ounces in current resource, defined since 2001 by Oroya Mining. (refer Figure 1 for location). The main resource areas, pit locations and a significant cross section through the Hornet pit are shown in Figures 2 and 3.

Given the strike extent of 7km and the likelihood of multiple steeply north-plunging shoots, the Legend is targeting resources up to 10 million ounces of high-grade gold mineralisation, of similar grades to Bousquet-LaRonde (ie 5 –10 g/t Au) hosted within stringer and massive sulphides.

The potential quantity and grade is conceptual in nature and there has been insufficient exploration at Mt Gibson to define a sulphide Mineral Resource and it is uncertain if further exploration will result in determination of a sulphide resource of the above magnitude.

Mineralisation at Mt Gibson is hosted within the "Mt Gibson Shear Zone", a NNE striking intensely deformed anastomosing ductile zone in excess of 1 km wide. The

shear zone has been identified by +3g/t "max gold" in drilling. Mineralised zones are typically composed of irregular sulfide stringer zones comprising between 7-20% pyrite/chalcopyrite. Magnetite and minor pyrrhotite may also be present adjacent to and within mineralised zones. Zones of massive sulphide have also been recorded.

Besides the presence of significant Cu and Zn+Pb, the metallic signature of mineralisation at Mt Gibson is characterised by a gold to silver ratio of 2:1 and by weak to moderate enrichments in arsenic, antimony, bismuth and barium. This metallic signature is similar to other large gold-rich VMS systems such as Bousquet - La Ronde. Manganiferous garnet-bearing alteration zones are also known to be present in both deposits.

During 2003/04, Barrick Australia drilled 18 deep holes along the 7km of strike of the Mt Gibson Shear Zone, testing for the presence of Bousquet-La Ronde style high-grade gold mineralisation within massive sulphides. The majority of the Barrick holes successfully intersected gold mineralisation associated with stringer or massive sulphides (pyrrhotite and/or sphalerite), albeit the intersections were not ore grade and thickness. Barrick attempted to undertake downhole EM to search for "off-hole" conductors associated with massive sulphides, but the majority of their holes were blocked and the program was unsuccessful. Barrick subsequently withdrew from their JV at Mt Gibson in early 2005.

Legend considers that Barrick's exploration model was robust, but that the down plunge extent of the Mt Gibson sulphide bodies has been inadequately tested by downhole EM and drilling. Legend is proposing an exploration budget of \$0.5 million for geophysics and drilling at Mt Gibson over the next 12 months.

Dermot Ryan  
Executive Director  
29 September 2005

*The information relating to exploration and results from Mt Gibson in this report is based on data compiled by Mr Dermot Ryan, a Fellow of the AusIMM and an employee of Legend Mining Ltd. Mr Ryan has sufficient relevant experience in 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.*

*Forward-Looking Statements: This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Legend Mining Limited's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Legend believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.*

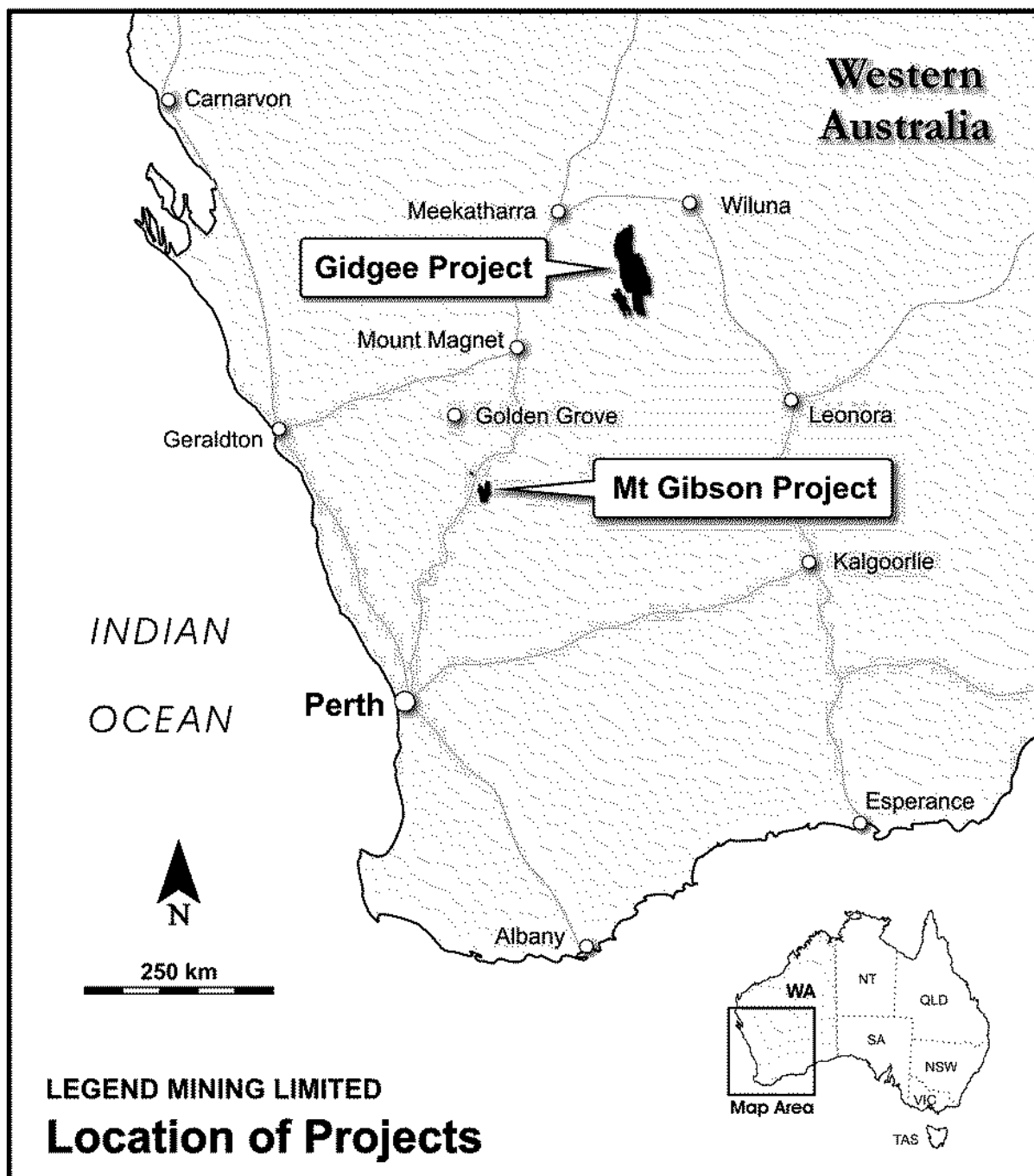
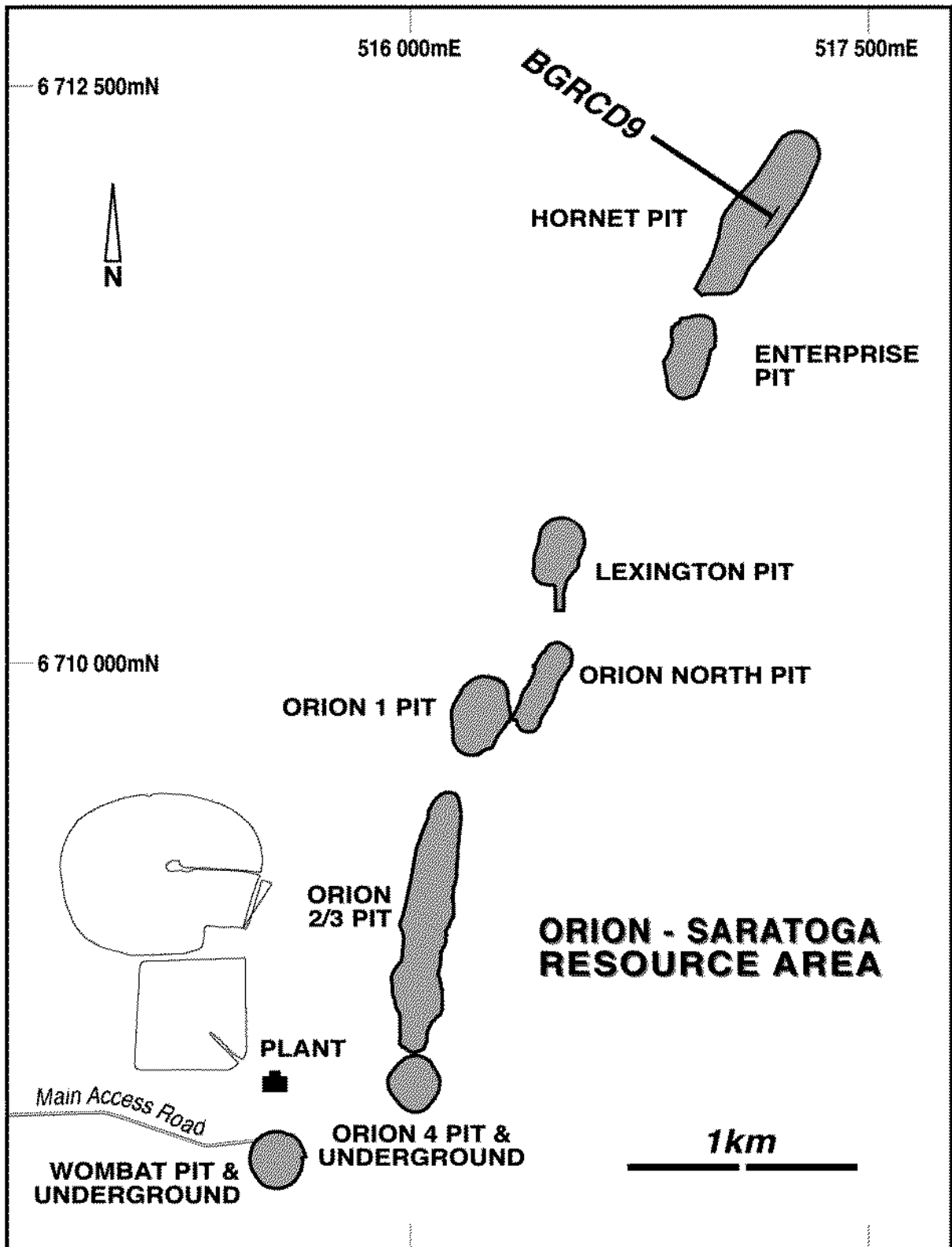
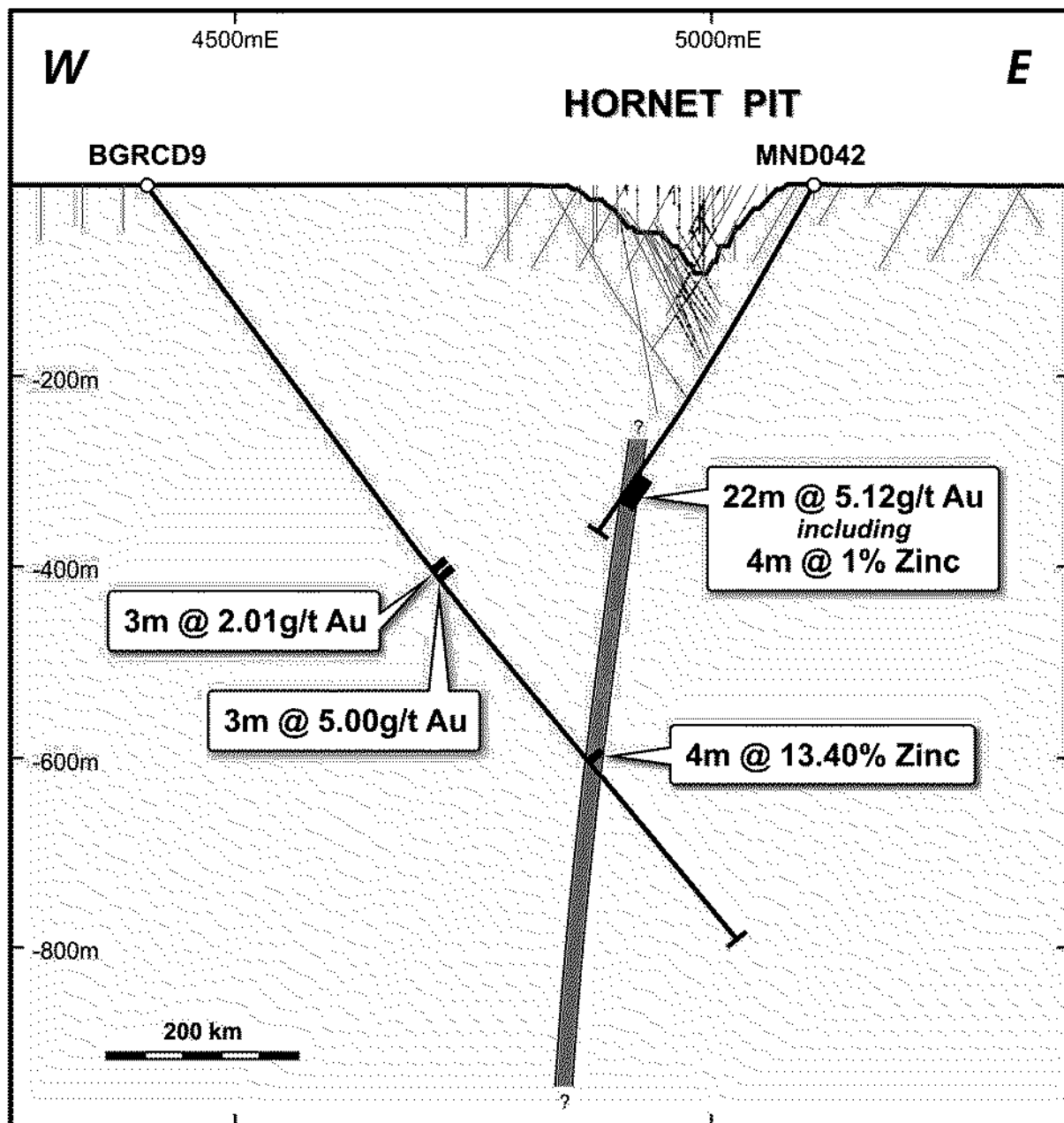


Figure 1.



Resource Areas Showing Location of Hornet Pit and Drillhole BGRCD9

Figure 2.



**Hornet 10320mN Cross Section**

**Figure 3.**