



31 January 2006

DECEMBER 2005 QUARTERLY REPORT

HIGHLIGHTS

At the **Gidgee Project**, 25 Reverse Circulation (RC) holes were drilled to complete the testing of interpreted ore positions within a north-westerly corridor beneath the Swift, Emu and North Swan Bitter pits. Significant results from this program include:

GDC 203	12 metres at 10.4 g/t Au from 100 metres
GDC 208	8 metres at 14.2 g/t Au from 100 metres
GDC 210	8 metres at 5.0 g/t Au from 112 metres

Modelling of drill data has identified mineral resources containing approximately 110,000 ounces of gold to 250 metres depth in the Premium/North Swan Bitter area and mineral resources containing approximately 74,000 ounces of gold to 130 metres depth in the Swift area.

A number of prospects with defined oxide resources and several new gold targets located within a 45km radius of the Gidgee mill have been identified for priority assessment and drill testing.

Settlement of the acquisition of the **Mt Gibson Project** from Oroya Mining Limited (Oroya) was completed on the 16 November 2005. Legend recognises considerable potential for both gold and copper-zinc deposits within the project area. Exploration for new laterite and oxide gold resources is scheduled to commence in Q1 2006. An assessment of the existing gold resource (12.4Mt at 2.22g/t Au for 886,000ozs) has also commenced to examine the economic impact of the recent escalation in gold price.

A new technical team has been appointed comprising Mr Bob Perring as Executive Director – Technical and Mr Derek Waterfield as Exploration Manager.

1. GIDGEE PROJECT

Legend holds over 2,500 km² of tenements (granted and application) within the Gum Creek Greenstone Belt centred on the Gidgee mill. The recent work within the Gidgee mine area has contributed substantially to the development of a district-scale structural framework, which is being used to rank and prioritise gold targets with oxide resource potential located within 45km of the Gidgee mill. Testing of these targets is scheduled to commence in Q1 2006.

During the December Quarter, 25 RC holes (GDC191 to GDC215) totalling 4,090 metres were drilled. Figure 1 shows hole locations and Table 2, towards the back of this report, provides a summary of assay results.

The new structural model for the Gidgee mine area proved to be a robust predictor of mineralisation within the primary zone beneath the base of oxidation. The plunging, pipe-like quartz lodes and vein sets were found to contain highly variable and erratic (nuggetty) gold grades. The high-grade Premium gold lode beneath the Swan Bitter and Swift pits (e.g. 18m at 20.2g/t gold from 71m and 11m at 9.8g/t gold from 96m) has been closed off by the recent drilling. However, the host structure continues below 250m from surface and further drilling for additional high-grade lodes is feasible from underground once access is re-established.

Drilling at Kea, located between the Swift and Emu pits, outlined a north-easterly plunging zone of gold mineralisation consisting of south-westerly dipping quartz veins. This mineralisation represents incremental resource potential only.

Mineral Resource Estimates for Premium and Swift at Gidgee

The Company completed mineral resource estimates of the Premium and Swift zones in November-December 2005 as detailed to the Australian Stock Exchange on the 28 December 2005 and summarised in Table 1 below.

Table 1: Summary of Mineral Resource Estimate

Area	Depth (metres)	Tonnes	Grade (g/t Au)	Ounces	Resource Classification
Premium	0 to 120	360,000	2.75	32,000	Indicated
	120 to 250	232,000	10.5	78,000	Indicated
Swift	0 to 100	494,000	3.1	49,000	Indicated
	80 to 130	86,000	9.2	25,000	Inferred

These mineral resources consist of a number of bodies requiring further dilution for mining shape and underground development and any loss due to mining method. The mineral resources in the Swift area are particularly fragmented. A preliminary review of these mineral resources suggests that Premium and Swift on their own will not provide sufficient ore reserves to justify the reopening of the Gidgee mill, and additional mineral resources outside Premium and Swift will be required.

A more comprehensive economic evaluation will be undertaken in Q1 and Q2 2006 to determine the viability of mining these and other resources in the Gidgee area at higher gold prices.

2. MT GIBSON PROJECT

The settlement of the acquisition of the Mt Gibson Project by Gibson Metals Pty Ltd, a wholly owned subsidiary of Legend, from Oroya Mining Limited (Oroya), was completed on the 16 November 2005. Under the terms of the Agreement, Legend paid \$330,748 cash to reimburse expenses and issued 30 million fully paid ordinary Legend shares to Oroya. The shares are escrowed in two tranches of 15 million shares for periods of 12 and 18 months respectively. Oroya is entitled to a further 10 million fully paid shares in Legend upon the completion of a bankable feasibility study, a decision to mine or sale of Mt Gibson to a third party. A Term Deposit of \$1,088,000 was lodged with Macquarie Bank Ltd (Macquarie) as security for the Macquarie-issued Mt Gibson Project Environmental Bonds.

Legend has taken possession of all Oroya's digital and hardcopy data relating to the Mt Gibson Project. Development of a new geological framework for the district to assist target identification and ranking is well advanced. Legend recognises considerable potential for both gold and copper-zinc deposits within the Mt Gibson project area. Fieldwork will commence in Q1 2006.

An assessment of the existing gold resource (12.4Mt at 2.22g/t Au for 886,000ozs) has also commenced to examine the economic impact of the recent escalation in gold price.

3. PILBARA GOLD AND BASE METAL PROJECTS

Munni Munni Joint Venture (Legend 30.12%)

As advised to the Australian Stock Exchange on the 25 January 2006, Legend accepted an offer from Sunloop Pty Ltd (Sunloop) to purchase Legend's 30.12% equity in the Joint Venture for the sum of \$400,000. Under the Joint Venture Agreement, Legend's Joint Venture partner, East Coast Minerals N.L., holds a pre-emptive right to acquire Legend's share in the event of an offer being received from a third party and has 60 days from the 25 January 2006 to advise Legend of its intentions pursuant to these rights. Sunloop has a 30 day period from the 25 January 2006 in order to conduct due diligence to its satisfaction and settlement is scheduled on or before 25 April 2006.

Karratha Project

Legend will continue to review how best to advance the Karratha Project with a view to enhancing value for shareholders.

4. CORPORATE

Cash Position

Further to the in-principle funding agreement announced to the Australian Stock Exchange on the 16 November 2005 with Yandal Investments Pty Ltd (Yandal), Legend received advice from Macquarie on the 28 December 2005 that Macquarie had approved an Environmental Bond Facility totalling \$3,145,000 to Legend. The transaction, which is complete, has Macquarie provide Environmental Bonds for Legend totalling \$3,145,000 secured by equities provided by Yandal and Mark Creasy for an all-up charge to Legend of 11.6% per annum. This will enable the release of Legend's Term Deposits previously securing the Environmental Bonds issued by both Macquarie (\$1,088,000 for the Mt Gibson Project) and National Australia Bank (\$2,057,000 for the Gidgee Project). The \$1,088,000 Term Deposit was released to Legend on 23 January 2006 and the Macquarie Gidgee Bonds have been lodged with the Department of Industry and Resources by Legend's agent with instructions to release and return the National Bank bonds as soon as possible, thereby enabling the release of the \$2,057,000 to Legend.

Management Changes

On the 18 January 2006, the Board of Legend appointed Mr Mark Wilson as Managing Director and Mr Bob Perring as Executive Director - Technical. Mr Dermot Ryan, previously Chief Executive Officer, has become a Non-Executive Director of Legend.

Mr Wilson's appointment has no fixed term, no termination or bonus payments and there is no entitlement to any securities in the Company as part of his appointment.

Mr Derek Waterfield has been appointed to the position of Exploration Manager effective 6 February 2006. Mr Waterfield has 17 years experience predominantly in gold exploration in Western Australia, and has been directly involved in a number of greenfield gold discoveries. He has held senior technical and exploration management positions within Newmont Australia and Normandy Mining Limited, and is a graduate of the University of Queensland.

The Board wishes to thank Mr Don Thomson, previously the Exploration Manager, for his contribution to the company and is pleased to retain access to his knowledge and experience through a consulting arrangement.

5. OPERATIONS

Both the mining and processing operations at the Mt Gibson and Gidgee Projects remain on care and maintenance.

Mark Wilson
Managing Director
31 January 2006

The information relating to exploration and results from Gidgee in this report was compiled by Mr Donald Thomson, MAusIMM, an employee of Legend Mining Ltd. Mr Thomson 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". The information contained in this report pertaining to Resources Estimate at Swift and Premium is based on data compiled by Dr S Carras FAusIMM of Carras Mining Pty Ltd. Dr Carras has 30 year experience 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". Mr Thomson and Dr Carras consent 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.

Table 2.

Gidgee Gold Mine Area

Drilling Results from December 2005 Program

Hole	Northing	Eastng	Depth	Dip	Azimuth	From (metres)	To (metres)	Intercept (g/t gold)
GDC191	6983532	739213	300	-55	250	158	159	1m @ 4.16
GDC191						181	184	3m @ 1.56
GDC191						267	269	2m @ 1.57
GDC192	6983445	739516	173	-60	244	103	115	12m @ 3.32
GDC193	6983359	739702	128	-60	244	34	35	1m @ 1.37
GDC194	6983549	739195	304	-60	250	150	151	1m @ 1.50
GDC194						249	251	2m @ 3.11
GDC194						281	286	5m @ 1.34
GDC195	6983577	739202	340	-70	250	No Significant Intersections		
GDC196	6983850	739068	118	-55	250	No Significant Intersections		
GDC197	6983318	739492	202	-47	030	176	180	4m @ 1.77
GDC198	6983692	739124	148	-60	030	32	44	12m @ 1.56
GDC199	6983595	739096	160	-47	030	140	144	4m @ 1.68
GDC200	6983301	739481	136	-60	030	104	116	12m @ 2.02
GDC201	6983581	739182	112	-60	030	No Significant Intersections		
GDC202	6983380	739706	151	-50	230	No Significant Intersections		
GDC203	6983417	739721	166	-50	210	20	24	4m @ 3.68
GDC203						100	112	12m @ 10.40
GDC204	6983631	739241	150	-60	030	No Significant Intersections		
GDC205	6983622	739338	154	-60	030	20	24	4m @ 1.66
GDC206	6983297	739314	106	-60	030	No Significant Intersections		
GDC207	6983321	739447	118	-60	030	24	28	4m @ 4.94
GDC208	6983279	739441	160	-60	030	100	108	8m @ 14.21
GDC208						152	156	4m @ 1.62
GDC209	6983837	739112	154	-60	030	No Significant Intersections		
GDC210	6983422	739662	148	-60	210	112	120	8m @ 4.98
GDC211	6983283	739711	148	-60	030	128	132	4m @ 2.89
GDC212	6983591	739315	172	-60	030	64	68	4m @ 1.87
GDC213	6983767	739100	148	-60	030	No Significant Intersections		
GDC214	6983691	739123	100	-80	030	No Significant Intersections		
GDC215	6983593	739090	100	-80	030	No Significant Intersections		

Minimum cut-off 1 g/t Au, minimum 1 metre sample width, maximum 4 metres internal dilution.

Co-ordinates: MGA 94 - Zone 50

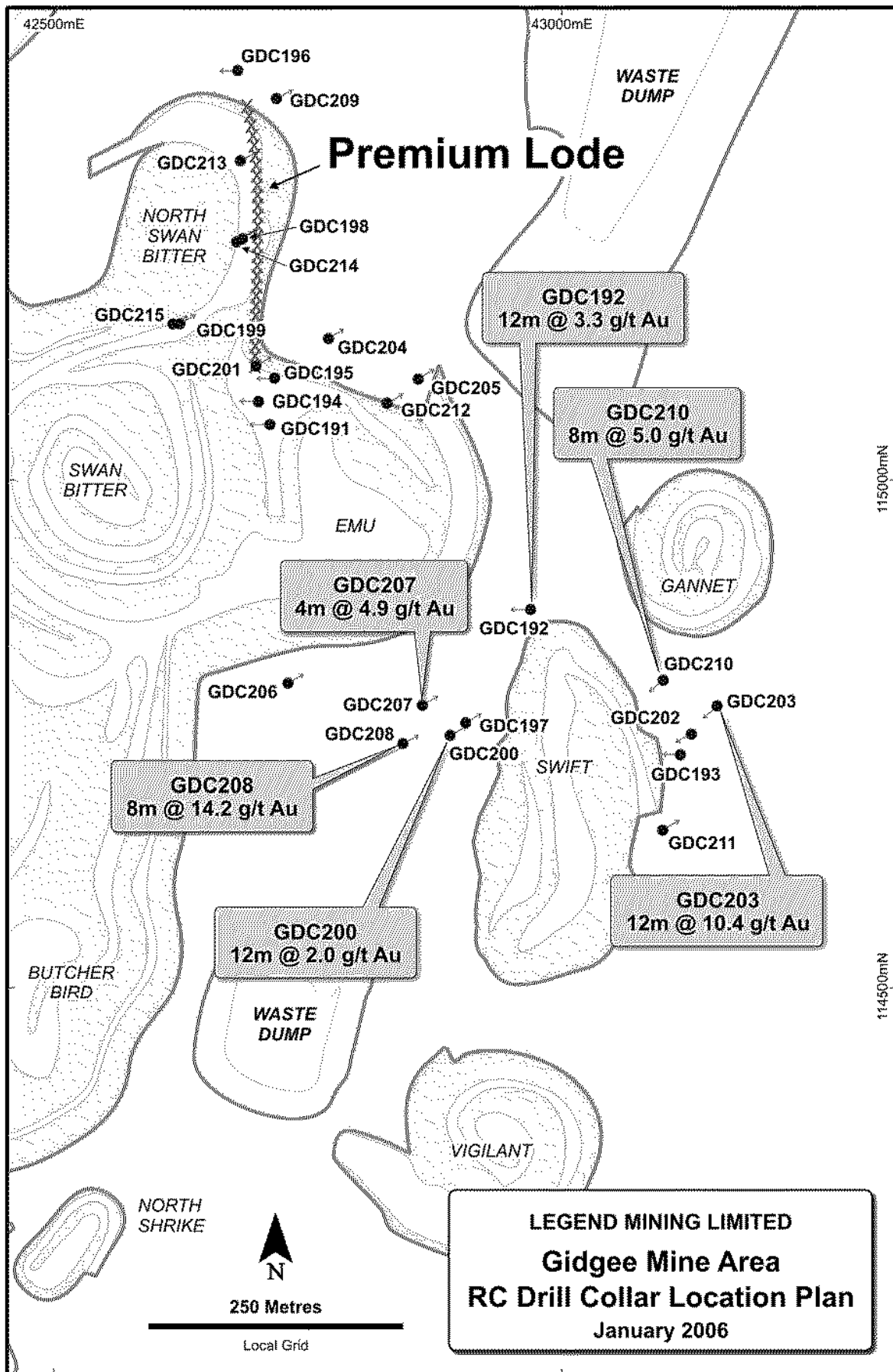


Figure 1: Drill Hole Location Plan