

**LEGEND MINING LIMITED**  
**ABN 22 060 966 145**

**PROSPECTUS**

For a non-renounceable pro rata entitlements issue to Shareholders of 152,859,440 New Shares at an issue price of \$0.04 per share plus 152,859,440 free Attaching Options on the basis of 1 New Share plus one Attaching Option for every 3 Existing Shares held to raise \$6,114,377.60 before issue costs

**Underwriter**

Findlay & Co Stockbrokers (Underwriters) Pty Ltd

ACN 078 379 683

**Important Notice**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospective should be considered as speculative.

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### 1 SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

Announcement of Issue	10 March 2006
Application to ASX for official quotation of the Securities	6 June 2006
Lodgement of Prospectus with ASIC	6 June 2006
Record Date	15 June 2006
Closing Date for acceptance and payment of \$0.04 per New Share	6 July 2006
Trading commences on a deferred settlement basis	6 July 2006
Statements for Securities despatched (latest date)	17 July 2006

The Company, in conjunction with the Underwriter, reserves the right to vary the above dates.

#### **IMPORTANT NOTES**

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 6 June 2006 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company will apply to ASX for the Securities to be granted quotation on ASX.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus including each of the documents attached to it and which form part of this Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

## **ELECTRONIC PROSPECTUS**

A copy of the Prospectus can be downloaded from the website of the Company at [www.legendmining.com.au](http://www.legendmining.com.au) or the website of the Underwriter at [www.findlay.com.au](http://www.findlay.com.au). Any person accessing the electronic version of the Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to a hard copy of the Prospectus or it accompanies the complete and unaltered version of the Prospectus. Any person may obtain a hard copy of the Prospectus free of charge by contacting the Company or the Underwriter.

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## 2 CORPORATE DIRECTORY

### Directors

Michael William Atkins (Non-Executive Chairman)  
Mark William Wilson (Managing Director)  
Robert John Perring (Executive Director, Technical)  
Dermot Michael Ryan (Non-Executive Director)

### Share Registry

Advanced Share Registry Services  
110 Stirling Highway  
NEDLANDS WA 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

### Company Secretary

Andrew David Chapman

### Solicitors

Pullinger Readhead Lucas  
Level 2, Fortescue House  
50 Kings Park Road  
WEST PERTH WA 6005

Telephone: (08) 9320 4999  
Facsimile: (08) 9320 4900

### Auditors

Ernst & Young  
The Ernst & Young Building  
11 Mounts Bay Road  
PERTH WA 6000  
Telephone: (08) 9429 2222  
Facsimile: (08) 9429 2436  
Website: [www.ey.com](http://www.ey.com)

### Underwriter

Findlay & Co Stockbrokers  
(Underwriters) Pty Ltd  
Level 12  
10 Spring Street  
SYDNEY NSW 2000

Telephone: (02) 9259 8000  
Facsimile: (02) 9247 9342

### Registered Office

Level 2  
640 Murray Street  
WEST PERTH WA 6005  
Telephone: (08) 9212 0600  
Facsimile: (08) 9212 0611  
Website: [www.legendmining.com.au](http://www.legendmining.com.au)

### Web Address

[www.legendmining.com.au](http://www.legendmining.com.au)

**ASX Code:** LEG

**ABN:** 22 060 966 145

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### 3 CHAIRMAN'S LETTER

6 June 2006

As I have previously noted in Legend's recent 2005 Annual Report, Legend reached agreement with Mr Mark Creasy (who controls Legend's major shareholder Yandal Investments Pty Ltd), for the early conversion of its secured convertible note, and the immediate exercise of the resultant options that were attached to the shares issued as a result of its conversion.

I would like to thank shareholders for their support in passing the necessary resolutions at the Company's General Meeting, held on 30 May 2006, which now paves the way for the rights issue the subject of this Prospectus to raise approximately \$6.12 million, which together with the \$5 million from exercise of the Yandal convertible note options, will raise in excess of \$11 million.

Legend now faces a solid future, well funded, with a new and well credentialed management team, and with significant tenement holdings each with production facilities and infrastructure under care and maintenance.

At the end of 2005, Legend had combined mineral resources of over 1 million ounces of gold, albeit uneconomic at current gold prices. It does however provide considerable leverage to both exploration success and/or further increases in the gold price.

With the funding that will come from this underwritten rights issue, Legend's technical team can now turn its focus to the exploration of the highly prospective Gidgee tenement holdings, which cover approximately 2,500km<sup>2</sup> of the Gum Creek Greenstone Belt, and the Mt Gibson base metal project (zinc-copper).

Legend will now embark on an aggressive exploration program over the next 6 months, with the aim of making new discoveries on the Company's substantial tenement holdings at Gidgee and Mt Gibson.



**Michael Atkins**  
Chairman

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## **4 DETAILS OF THE OFFER**

### **4.1 Introduction**

This Prospectus is for the issue of 152,859,440 New Shares plus 152,859,440 Attaching Options on the terms and conditions set out in this Prospectus.

The Rights Issue will raise approximately \$6,120,000 (before the costs of the Issue) and will be underwritten by the Underwriter, conditional on a major shareholder of the Company, Yandal Investments Pty Ltd, converting its Convertible Note early and immediately exercising the Conversion Options in order to raise \$5,000,000. Accordingly, total funds to be raised by the combination of the Issue and conversion of the Convertible Note will be approximately \$11,120,000 before costs.

Yandal has agreed to convert its Convertible Note early in return for 125,000,000 Early Conversion Fee Options exercisable at \$0.04 by 31 July 2008, subject to shareholder approval and subject to performance by the Underwriter of its underwriting obligations. Yandal has requested that 25,000,000 of the Early Conversion Fee Options be issued to Mr Wilson, Mr Ryan and Mr Perring in lieu of issue to Yandal, subject to shareholder approval. Shareholders approved this on 30 May 2006.

### **4.2 Underwriting**

The Issue is fully underwritten by Findlay & Co Stockbrokers (Underwriters) Pty Limited. A summary of the underwriting agreement is set out in section 8.3 of the Prospectus.

### **4.3 The Issue**

A non-renounceable pro rata entitlements issue to Shareholders of 152,859,440 New Shares and 152,859,440 Attaching Options on the basis of 1 New Share plus 1 free Attaching Option for every 3 Existing Shares held as at the Record Date at an issue price of \$0.04 each to raise \$6,114,377.60 before issue costs.

The number of New Shares to which you are entitled is calculated as at the Record Date and is shown on the Application Form which accompanies this Prospectus.

The Directors may at any time in conjunction with the Underwriter decide to withdraw this Prospectus and the offer of Securities made under this Prospectus in which case the Company will return all application monies within 28 days of giving such notice of withdrawal.

### **4.4 Issue Amount**

The total amount of New Shares to be issued pursuant to this Prospectus will be 152,859,440 at an issue price of \$0.04 per New Share plus 152,859,440 free Attaching Options to raise \$6,114,377.60 before the costs of the Issue.

#### **4.5 No Rights Trading**

The Rights to the Securities pursuant to the entitlements issue are non-renounceable. Accordingly, there will be no trading of these rights. If you do not take up your entitlement the offer will lapse and the Securities will be dealt with by the Underwriter.

#### **4.6 Acceptances and Entitlements**

This offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company and the Underwriter to extend the offer period or close the offer early.

Fractional entitlements or allocations (as the case may be) to Securities will be rounded up to the nearest whole number.

Instructions for completion of the acceptance of your entitlement are set out on the Application Form which accompanies this Prospectus.

Acceptance cannot exceed your entitlement as shown on the Application Form. If it does, acceptance will be deemed to be for your maximum entitlement and any surplus subscription funds will be returned.

#### **4.7 Shortfall**

Subject to the terms of the Underwriting Agreement, the Underwriter will subscribe for the Securities which have not been accepted under the Issue.

#### **4.8 Action required by Shareholders**

##### **(a) Acceptance in Full**

If you wish to take up all of your entitlement, please complete the Application Form, which accompanies this Prospectus, in accordance with the instructions contained thereon. Forward your completed Application Form, together with your cheque for the amount shown to reach the Company's share registry, at Advanced Share Registry Services (to the address shown below), by the Closing Date or such date as the Directors and Underwriter advise.

Cheques should be made payable to **Legend Mining Limited Share Issue Account** and crossed "Not Negotiable".

##### **(b) Partial Acceptance**

If you wish to take up part of your entitlement, please complete the Application Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being no more than as specified on the Application Form) and forward the completed Application Form together with your cheque for the total amount payable to reach the Company's share registry at Advanced Share Registry Services (to the address shown below), by the Closing Date or such late date as the Directors and Underwriter advise.

Cheques should be made payable to **Legend Mining Limited Share Issue Account** and crossed "Not Negotiable".

Any Securities not applied for will be dealt with in accordance with the terms of the Underwriting Agreement with the Underwriter.

**(c) Non Acceptance**

If you do not wish to take up any part of your entitlement you are not required to take any action.

**If you have any queries concerning your entitlement or allocation, please contact:**

Advanced Share Registry Services  
110 Stirling Hwy, Nedlands, WA, 6009  
Tel: (08) 9389 8033 Fax: (08) 9389 7871

**or contact your stockbroker or professional adviser.**

**4.9 Market Prices of Existing Shares on ASX**

The highest and lowest market sale price of the Existing Shares which are on the same terms and conditions as are offered under this Prospectus during the three months immediately preceding the lodgement of this Prospectus with the ASIC and the last market sale price on the date before the lodgement date of this Prospectus is set out below.

	<b>3 month high</b>	<b>3 month low</b>	<b>Last market sale price (on 5 June 2006)</b>
<b>Existing Shares</b>	6.4 cents on 15 March 2006	4.6 cents on 23 May 2006	5.9 cents

**4.10 Opening and Closing Dates**

The Issue will open for receipt of acceptances on 21 June 2006 and will close on 6 July 2006, subject to the right of the Company, in consultation with the Underwriter, to vary these dates.

**4.11 Allotment**

The Securities are expected to be allotted by no later than 5:00 pm (WST) on 17 July 2006.

**4.12 ASX Listing**

Application will be made within seven days of the date of issue of this Prospectus for the Securities to be granted Official Quotation by ASX.

If such an application is not made within these seven days, or Official Quotation of the Securities is not granted by ASX within three months of the date of issue of this Prospectus, then all application monies received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

The fact that ASX may agree to grant Official Quotation of the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities. ASX takes no responsibility for the contents of this Prospectus.



#### **4.13 Rights and Liabilities attaching to the Securities**

The New Shares will rank equally in respect of dividends and in all other respects (eg voting, bonus issues) as Existing Shares.

A summary of the rights and liabilities attaching to the New Shares are set out in section 6.

#### **4.14 Issue Outside Australia**

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Issue. Residents of countries outside Australia should consult their professional adviser as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application for Securities on the basis of this Prospectus. No action has been taken to register or qualify the Securities or the Issue or otherwise to permit an offering of the Securities in any jurisdiction outside Australia and New Zealand.

#### **4.15 Taxation Implications**

The Directors do not consider that it is appropriate to give potential applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of potential applicants. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to potential applicants in the Issue. Potential applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Issue.

#### **4.16 Privacy Act**

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the SCH Business Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

#### **4.17 Enquiries**

Any questions concerning the Issue should be directed to Andrew Chapman the Company Secretary or Mark Wilson, the Managing Director, on (08) 9212 0600.

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## 5 PURPOSE AND EFFECT OF THE ISSUE

### 5.1 Purpose of the Issue

The purpose of the Issue is to raise \$6,114,377.60, in addition to the amount of \$5,000,000 to be raised as a result of the Yandal Conversion. The proceeds from the Issue and the Yandal Conversion are planned to be used in accordance with the table set out below:

<b>Proceeds</b>	<b>\$</b>
Issue of 152,859,440 New Shares at \$0.04 each	6,114,377.60
Yandal Conversion	5,000,000.00
<b>Total Proceeds</b>	<b>11,114,377.60</b>
<b>Use of Proceeds</b>	
Debt Reduction	3,000,000.00
Exploration Expenditure to February 2007	5,000,000.00
Working Capital	2,700,177.60
Expenses of the Offer	414,200.00
<b>ESTIMATED TOTAL</b>	<b>11,114,377.60</b>

### 5.2 Effect of the Issue and Pro Forma Balance Sheet

The Company currently has on issue 458,578,322 Existing Shares and 18,550,000 unlisted options. On the assumption that all of the existing options are not exercised, and further assuming that:

- (a) 152,859,440 New Shares are issued pursuant to the Prospectus and an additional 152,859,440 Attaching Options are issued but not exercised;
- (b) Yandal converts its Convertible Note, resulting in the issue of 125,000,000 Conversion Shares and exercises the Conversion Options attaching to the Conversion Shares, resulting in the issue of a further 125,000,000 Shares;
- (c) 7,500,000 Underwriting Fee Options are issued to the Underwriter pursuant to the Underwriting Agreement, but not exercised;
- (d) 100,000,000 Early Conversion Fee Options are issued to Yandal and 25,000,000 Early Conversion Fee Options are issued to Messrs Wilson, Ryan and Perring pursuant to a Terms Sheet dated 10 March 2006 as approved by Shareholders on 30 May 2006, but not exercised; and
- (e) no more Shares or options are issued or exercised by the Company,

the capital structure of the Company immediately following the Issue will be as follows:

**No. of Shares**

458,578,322	Shares on issue at the date of this Prospectus
152,859,440	Shares issued pursuant to this Prospectus
250,000,000	Shares issued pursuant to the Yandal Conversion
<b>861,437,762</b>	<b>Total Shares on issue</b>

**No. of Options**

18,550,000	Options (unlisted) on issue at the date of this Prospectus
152,859,440	Attaching Options issued pursuant to this Prospectus
7,500,000	Underwriting Fee Options
100,000,000	Early Conversion Fee Options issued to Yandal
25,000,000	Early Conversion Fee Options issued to Messrs Wilson, Ryan and Perring
<b>303,909,440</b>	<b>Total Options on issue</b>

The principal effect of the Issue, when taking into account the Yandal Conversion, will be:

1. Cash reserves before the debt reduction will initially increase by approximately \$10,706,177 after the estimated costs of the Issue; and
2. The number of Shares on issue will increase from 458,578,322 to 861,437,762, on the basis of the assumptions referred to above.

**5.3 Balance Sheet**

Set out below is an audited Consolidated Balance Sheet of the Company as at 31 December 2005, and an unaudited pro forma Consolidated Balance Sheet as at 31 December 2005 incorporating the effect of the Issue which has been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. The unaudited pro forma Consolidated Balance Sheet includes:

- (a) the issue of 100,000,000 Early Conversion Fee Options to Yandal and 25,000,000 Early Conversion Fee Options to Messrs Wilson, Ryan and Perring at a value of \$1.359 million, representing the average value of the range of approximately \$906,000 and \$1,800,000;
- (b) the Yandal Conversion; and
- (c) the estimated costs of (a) and (b) of \$47,000, which are included as part of the Expenses of the Issue.

## Consolidated Balance Sheet

	Audited 31 December 2005 \$'000	Pro-Forma 31 December 2005 \$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	407	8,113
Other financial assets	3,145	3,145
Trade and Other Receivables	52	52
Prepayments	30	30
Inventories	157	157
<b>Total Current Assets</b>	3,791	11,497
<b>Non-current Assets</b>		
Other financial assets	141	141
Property, Plant & Equipment	1,831	1,831
Deferred exploration costs	19,545	19,545
<b>Total Non-current Assets</b>	21,517	21,517
<b>TOTAL ASSETS</b>	25,308	33,014
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and Other Payables	621	621
Interest bearing loans and borrowings	8,000	-
Provisions	62	62
	8,683	683
<b>Non-current Liabilities</b>		
Provisions	3,208	3,208
<b>Total Non-current Liabilities</b>	3,208	3,208
<b>TOTAL LIABILITIES</b>	11,891	3,891
<b>NET ASSETS</b>	13,417	29,123
<b>EQUITY</b>		
Equity attributable to equity holders of the parent		
Contributed Equity	37,036	51,376
Share Option Premium Reserve	447	1,813
Accumulated losses	(24,066)	(24,066)
<b>TOTAL EQUITY</b>	13,417	29,123

#### 5.4 Assumptions for Unaudited Proforma Consolidated Balance Sheet

The unaudited proforma consolidated Balance Sheet disclosed above has been prepared on the basis that there has been no material movements in the assets and liabilities of the consolidated entity between 31 December 2005 and the close of the entitlements issue other than:

- (a) The consummation of the Rights Issue to raise \$6,114,377.60 and associated costs with the issue incorporating \$414,200 cash and 7,500,000 options valued at approximately \$82,000, utilising the Black Scholes model. In determining the theoretical valuation we have assumed the following:
  - (i) The share price at date of issue is 5.5 cents per share;
  - (ii) The Underwriting Fee Options are exercisable at \$0.04 each;
  - (iii) The price volatility of shares in the Company is 73.41%;
  - (iv) The Underwriting Fee Options are to be exercised by 31 July 2008;
  - (v) The risk free interest rate is 5.5%;
  - (vi) No early exercise by Optionholders; and
  - (vii) A discount rate of 50% to 75% for the non-negotiability of the Underwriting Fee Options and recognition of the level of trade relevant to the number of potential shares to be issued through the exercise of Underwriting Fee Options, and
- (b) The repayment of the loan of \$3 million due on 31 July 2006 and payable to Yandal.

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## 6 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

The following is a summary of the more significant rights and liabilities attaching to Securities to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Securities are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

**(a) Share Capital**

All issued Shares rank equally in all respects.

**(b) Voting Rights**

At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for each Share held, and for every contributing share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share. Where there is an equality of votes, the chairperson has a casting vote.

**(c) Dividend Rights**

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the Shareholders in proportion to the Shares held by them respectively, according to the amount paid up (not credited) as paid up on the Shares.

**(d) Rights on Winding-Up**

Subject to the rights of holders with shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all assets which may be legally distributed amongst the members will be distributed in proportion to the shares held by them respectively, accordingly to the amount paid up or credited as paid up on the share.

**(e) Transfer of Shares**

Shares in the Company may be transferred by instrument in any form which complies with the Company's constitution, the Corporations Act, ASX Listing Rules and SCH Business Rules.

Shares may be transferred by such means in accordance with ASX Listing Rules and the SCH Business Rules. The Directors may refuse to register a transfer of shares only in those circumstances permitted by the Company's constitution, ASX Listing Rules and SCH Business Rules.

**(f) Calls on Shares**

Where shares are issued as partly paid, the Directors may make calls upon the holders of those shares to pay the whole of or a portion of the balance of the issue price. If a shareholder fails to pay a call or instalment of a call, then subject to the Corporations Act and ASX Listing Rules, the shares in respect of the call may be forfeited and interest and expenses may be payable in accordance with the Company's constitution, the Corporations Act and ASX Listing Rules or proceedings taken to recover the amount unpaid.

**(g) Further Increases in Capital**

The allotment and issue of any new shares is under the control of the Directors and, subject to any restrictions on the allotment of shares imposed by the Company's constitution, ASX Listing Rules or the Corporations Act, the Directors may allot, issue or grant options over or otherwise dispose of those shares to such persons, with such rights or restrictions as they may from time to time determine.

**(h) Variation of Rights Attaching to Shares**

Where shares of different classes are issued, the rights attaching to the shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those shares of that class, or with the written consent of the holders of at least three quarters of the issued shares of that class.

**(i) General Meeting**

Each holder of shares will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to shareholders under the Company's constitution, the Corporations Act and ASX Listing Rules.



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## **7 RISK FACTORS**

### **7.1 General**

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **7.2 Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

### **7.3 Market conditions**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **7.4 Security Investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

### **7.5 Exploration and Evaluation Risks**

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

## **7.6 Commodity Price and Exchange Rate Risks**

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

## **7.7 Environmental Risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company's attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

## **7.8 Native Title and Title Risks**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

## **7.9 Joint Venture Parties, Agents and Contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or

managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

#### **7.10 Future Capital Requirements**

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

#### **7.11 Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

#### **7.12 Resource Estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

#### **7.13 Reliance on Key Personnel**

The Company's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the metals and mining industry and the Company's ability to retain its key executives.

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## 8 ADDITIONAL INFORMATION

### 8.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111 AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Securities which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 31 December 2005 being the last financial statements for a financial year, of

the Company lodged with the ASIC before the issue of this Prospectus;  
and

- (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2005 audited financial statements:

Date	Description of Announcement
5 April 2006	Release of Escrow Shares
24 April 2006	Termination of Sale of Joint Venture Interest
26 April 2006	Annual Report 2005 Notice of Annual General Meeting
27 April 2006	First Quarter Activities Report
27 April 2006	First Quarter Cashflow Report
28 April 2006	Appendix 3B
9 May 2006	Extension of Loan Repayment Date
24 May 2006	Investor Presentation
30 May 2006	Results of Meeting

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## **8.2 Overseas Shareholders**

The Issue is made exclusively to Shareholders (other than Directors and their associates) resident in Australia and New Zealand. Shareholders outside Australia and New Zealand cannot accept the offer associated with the Issue and their entitlement or allocation (as the case may be) will be dealt with by the Company and the Underwriters.

## **8.3 Material Contracts**

The following are summaries of the significant terms of the material agreements which relate to the business of the Company, copies of which may be reviewed at the registered office of the Company.

### **Underwriting Agreement**

The Company has entered into an Underwriting Agreement dated 6 June 2006 with Findlay & Co Stockbrokers (Underwriters) Pty Limited. Pursuant to the Underwriting Agreement, Findlay & Co Stockbrokers (Underwriters) Pty Limited will be entitled to an

underwriting fee equalling 6% of the underwritten amount of \$6,114,377.60, namely \$366,862.65, plus 7,500,000 unlisted options exercisable at \$0.04 by 31 July 2008.

The Underwriter will pay all sub-underwriting commissions out of its fees. The Underwriting Agreement is conditional on usual and appropriate termination events not occurring, and;

- (a) approval being granted by the shareholders of the Company to the issue and exercise of the Early Conversion Fee Options in consideration of the Yandal Conversion; and
- (b) as a condition subsequent, the conversion of the Convertible Note by Yandal and exercise of the Conversion Options, which itself is conditional on the Underwriter's full performance of its underwriting obligations.

#### 8.4 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue of Securities pursuant to this Prospectus; or
- (c) the Issue of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Issue of Securities pursuant to this Prospectus.

Directors' interests in Securities of the Company at the date of this Prospectus (and on the basis that the resolutions to approve the issue of Early Conversion Options to Messrs Wilson, Ryan and Perring are approved and consummated, and Mr Wilson and Mr Perring acquire 10,000,000 and 2,000,000 Shares respectively from Yandal at \$0.04 each pursuant to Terms Sheet dated 10 March 2006, disclosed to ASX on 10 March 2006) are:

<b>Name</b>	<b>Shares</b>	<b>Options</b>
Michael William Atkins (Non-Executive Chairman)	155,000	500,000
Mark William Wilson (Managing Director)	10,000,000	5,000,000
Robert John Perring (Executive Director, Technical)	2,000,000	5,000,000
Dermot Michael Ryan (Non-Executive Director)	15,000	15,000,000

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be

divided among the Non-executive Directors and in default of agreement then in equal shares. In the last two years, ending 30 April 2006, \$1,110,321 (excluding GST where applicable) has been paid by the Company by way of remuneration for services provided by all Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

Mr Atkins, non-executive Chairman of Legend, is a shareholder and non executive Chairman of Montagu Capital Ltd, the holding company of Montagu Stockbrokers Pty Ltd and Montagu Corporate Pty Ltd (a proposed sub-underwriter to the Issue). Mr Atkins has an approximate 5% interest in Montagu Capital Ltd through shares held by Windamurah Pty Ltd as trustee for the Atkins Superannuation Fund. Montagu Corporate Pty Ltd, as a proposed subunderwriter to the Issue, will be entitled to subunderwriting fees, and accordingly Mr Atkins may derive a financial benefit as a result.

## **8.5 Interests and Consents of Experts and Advisers**

The following parties have given (and not before the date of this document withdrawn) their consent to be named in this document in the form and context in which they are named:

- Findlay & Co Stockbrokers (Underwriters) Pty Limited, in the capacity of Underwriter;
- Ernst & Young in the capacity of auditors of the Company, and for references made in the Prospectus to the audited financial statements of the Company as at 31 December 2005 ; and
- Pullinger Readhead Lucas, in the capacity of solicitors to the Company.

Reference to Advanced Share Registry Services as share registrar to the Company appears for information purposes only.

Each of Findlay & Co Stockbrokers (Underwriters) Pty, Ernst & Young, and Pullinger Readhead Lucas have not:

- authorised or caused the issue of this Prospectus;
- made, or purported to have made, any statement in this Prospectus except as set out in this section; or
- assumed the responsibility for any part of this Prospectus except as set out in this section.

Findlay & Co Stockbrokers (Underwriters) Pty Limited is acting as Underwriter and for this is being paid an underwriting fee of 6% (plus GST) of the underwritten amount of \$6,114,377.60, namely \$366,862.65 plus 7,500,000 unlisted options exercisable at \$0.04 by 31 July 2008.

Pullinger Readhead Lucas are entitled to be paid \$15,000 for advice and assistance in relation to certain aspects of the capital raising the subject of this Prospectus and the Yandal Conversion, and in assisting the Company in relation to its due diligence regime

and enquiries. Pullinger Readhead Lucas received the amount of \$144,655 in the last 2 years ending 30 April 2006. These amounts were paid for the provision of professional services to the Company.

No expert, nor any firm of which such expert is a partner, has or had in the past two years any interest in the promotion or formation of the Company or in property proposed to be acquired by the Company, nor have any amounts been paid or agreed to be paid (whether in cash, shares or otherwise) to an expert or to a firm in which an expert is a partner for services rendered by the expert in connection with the promotion of the Company other than set out below.

Findlay & Co Stockbrokers (Underwriters) Pty Limited received the amount of \$475,463 in the last 2 years ending 30 April 2006 comprising of \$131,063 cash, shares valued at \$257,400 and options valued at \$87,000.

Ernst & Young Chartered Accountants & Business Advisors received the amount of \$228,054 in the last 2 years ending 30 April 2006. These amounts were paid for the provision of professional services to the Company in connection with auditing or reviewing the financial reports of the Company and consulting fees for corporate advice to the Company.

## 8.6 Estimated Expenses of Issue

The estimated expenses of the Issue are as follows:

	\$
ASX/ASIC Listing fees	17,000
Broker fees	367,200
Legal and other expenses	20,000
Printing and mailing expenses	10,000
Total	<hr/> 414,200 <hr/>

## 8.7 Market Price of Securities

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest closing market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.064 on 15 March 2006

Lowest: \$0.046 on 23 May 2006

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 5.9 cents per Share on 5 June 2006.



## 8.8 Electronic Prospectus

The ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

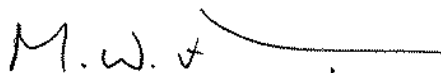
If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at [www.legendmining.com.au](http://www.legendmining.com.au) and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 8.9 Directors' Consent

Each Director has consented to the lodgement of this Prospectus with the ASIC.

Signed on behalf of the Directors pursuant to a resolution of the Board.

A handwritten signature in black ink, appearing to read 'M.W. Wilson', followed by a long horizontal line extending to the right.

**Mark William Wilson**  
Managing Director

## **GLOSSARY**

**Annual General Meeting** means the annual general meeting of the Company held on 30 May 2006.

**Application Form** means the Entitlement and Acceptance form attached to or accompanying this Prospectus.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means Australian Stock Exchange Limited (ABN 51 008 624 691).

**Attaching Options** means an option attached to the New Shares to subscribe for one ordinary share in the Company at \$0.04 on or before 31 July 2008 to be listed on ASX.

**Business Day** means a day on which trading takes place on the stock market of ASX.

**CHES** means ASX Clearing House Electronic Sub-registry System.

**Closing Date** means 6 July 2006, or such other date as may be determined by the Directors and the Underwriters under this Prospectus.

**Company** means Legend Mining Limited (ABN 22 060 966 145).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Conversion Options** means options to subscribe for Shares at \$0.04 attaching to the Conversion Shares.

**Conversion Shares** means the Shares issued upon conversion of the Convertible Note.

**Convertible Note** means the convertible note dated 10 November 2004 issued by the Company to Yandal to secure debt of \$5,000,000.

**Corporations Act** means the Corporations Act 2001 (Commonwealth).

**Directors** means directors of the Company at the date of this Prospectus.

**Dollar** or \$ means Australian dollars.

**Early Conversion Fee Options** means options to subscribe for Shares at \$0.04 on or before 31 July 2008 issued pursuant to resolutions 5,6,7 and 8 of the Notice of Meeting convening a shareholders meeting on 30 May 2006 .

**Existing Share** means a fully paid ordinary share in the capital of the Company.

**Issue** means the issue of Securities under this Prospectus.

**Listing Rules** or **ASX Listing Rules** means the Listing Rules of the ASX.

**New Shares** means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus.

**Prospectus** means the prospectus constituted by this document.

**SCH Business Rules** means the business rules of the securities clearing house which operates CHESS.

**Securities** means the New Shares and Attaching Options to be issued under this Prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Underwriter** means Findlay & Co. Stockbrokers (Underwriters) Pty Ltd (ACN 078 379 683).

**Underwriting Agreement** means the underwriting agreement dated 6 June 2006 between the Underwriter and the Company.

**Underwriting Fee Options** means the 7,500,000 unlisted options exercisable at \$0.04 by 31 July 2008, forming part of the fee payable to the Underwriter under the Underwriting Agreement.

**WST** means Western Standard Time.

**Yandal** means Yandal Investments Pty Ltd ABN 89 070 684 810.

**Yandal Conversion** means the conversion of the Convertible Note and subsequent exercising of the Conversion Options attaching to the Conversion Shares.