



DECEMBER 2004 QUARTERLY REPORT

HIGHLIGHTS

- Creasy Group Deal Receives Overwhelming Shareholder Support
- Share Placement Plan Raises over \$800,000 in January
- Further \$4.2 million Placement
- Ore Reserve Extension and Exploration Drilling Programmes Stepping Up
- Swan Bitter Production Scale Back Continues
- Gold Production 7,992oz, Revenue \$4.4 million
- Exploration Success Continues at Gidgee Mine Area

1. OVERVIEW

During the quarter, Legend continued to advance its emphasis on resource extension drilling and exploration at Gidgee. Scaling back of production from the Swan Bitter underground gold mine continued, with campaign milling of ore on a 2 week on, two week off basis from early October 2004.

A formal agreement with the Creasy Group and Gidgee Resources was signed on 10th November, 2004 and received 97% approval from shareholders at a General Meeting on 10th January, 2005. 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.

Legend now controls almost all of the Gidgee greenstone belt, which lies between Sandstone and Meekatharra and has produced about 1.5 million ounces of gold to date.

A major exploration and drilling effort targeted on extensions of known gold deposits and discovery of large new orebodies commenced during the December quarter, and has been stepped up further during January 2005.

Initial targeting has been in the Gidgee Mine area at Swan Bitter North, where deep diamond drilling last quarter intersected **4.80 metres at 8.2g/t gold** in what is believed to be a northerly strike extension of the Swan Bitter shear system. Further significant gold intersections have been made, as detailed in Section 3 below.

A total of 7,992 ounces was produced in the December quarter, about half that envisaged in the original 2004 budget forecast. The board has resolved that scaling back of mining and milling announced in the September Quarterly Report is continuing and the Gidgee operation will temporarily be placed on care and maintenance scheduled for the end of March 2005.

Mining and milling will be resumed as soon as sufficient additional resources and ore reserves have been delineated by the aggressive drilling programmes which are currently underway and showing early success.

2. CORPORATE

During the quarter, full details have been released to the ASX of the acquisition of Gidgee Resources Limited, investment of \$5 million by the Creasy Group through a convertible note, issue of a Share Purchase Plan and placement of up to 70 million shares to raise up to \$4.2 million for exploration and working capital.

These announcements are also currently available for viewing on Legend's website at www.legendmining.com.au and are summarised as follows:

- Legend will issue \$3 million in shares at 4 cents each to acquire all shares in Gidgee Resources Limited, with one free attaching option for each share
- On 10th November, 2004 the Creasy Group invested \$5 million into Legend via a convertible note. The note will be convertible into ordinary shares in Legend at 4 cents each, with one free attaching option for each share
- Legend will raise up to \$4.2 million to fund exploration drilling and provide working capital. This placement to sophisticated investors, largely introduced by Findlay and Company, has been well subscribed with the majority of funds already banked and is expected to be completed this week.

On the 10th January, 2005 shareholders overwhelmingly approved all these transactions at a General Meeting.

3. EXPLORATION DRILLING SUCCESS, GIDGEE MINE AREA

New major programmes of deep RC drilling from surface at Swan Bitter North have been underway since the September quarter, with very encouraging results.

The first programme has been drilled to test northerly strike extensions of the Swan Bitter shear system, and to follow up a previous diamond drill interval of **4.80 metres at 8.2g/t gold** at a vertical depth of about 300 metres, in hole JDWA243.

Nine RC holes were completed in November/December 2004, for 2,854 metres. Full results are given below, updating the partial results reported last month. These

include:

- RC composite four metre sample results including **4m at 24.9g/t gold, 20m at 3.7g/t gold, 20m at 2.8g/t gold and 20m at 2.8g/t gold**
- Resplit one metre RC samples from composite intervals confirming the high grade mineralisation with best results of **2m at 34.7g/t gold (including 1m at 65.0g/t gold), 4m at 9.7g/t gold (including 1m at 18.8g/t gold), 6m at 7.6g/t gold (including 1m at 13.2g/t gold), 5m at 5.6g/t gold, 20m at 4.5g/t gold and 3m at 6.8g/t gold (including 1m at 12.2g/t gold)**

Hole	East (local grid)	North (local grid)	RL	Hole Depth	Assay Method	From (m)	Interval	Gold Grade (uncut)
Swan Bitter North/TNA								
GDC001	20225	50380	523	311m	FA50	266	2.0m	6.7g/t
GDC002	20276	50193	482	52m	Hole abandoned in fill, no assays			
GDC003	20353	50155	521	334m	LW	104	20m	2.8g/t
				incl	FA50	104	5m	4.3g/t
				incl	FA50	104	1m	5.7g/t
				incl	FA50	106	1m	6.0g/t
				incl	FA50	116	5m	5.6g/t
				incl	FA50	117	1m	12.2g/t
				incl	FA50	119	1m	6.6g/t
GDC004	20349	50194	521	334m	FA50	126	1m	6.2g/t
					FA50	201	1m	5.6g/t
GDC005	20277	50241	487	334m	LW	20	4m	24.9g/t
				incl	FA50	20	2m	34.7g/t
				incl	FA50	20	1m	65.0g/t
					LW	80	20m	2.8g/t
				incl	FA50	82	4m	9.7g/t
				incl	FA50	82	1m	18.8g/t
				incl	FA50	84	1m	10.1g/t
					FA50	99	1m	14.2g/t
GDC006	20250	50290	493	335m	LW	64	20m	3.7g/t
				incl	FA50	65	20m	4.5g/t
				incl	FA50	65	5m	5.2g/t
				incl	FA50	73	6m	7.6g/t
				incl	FA50	74	1m	13.2g/t
				incl	FA50	80	5m	3.1g/t
GDC007	Deferred							
GDC008	20072	50403	524	359m	FA50	266	1m	3.1g/t
GDC009	20068	50147	523	401m	FA50	37	1m	3.0g/t
GDC010	20101	50346	510	394m	FA50	357	1m	3.2g/t

Notes: Dips/azimuth at collars are: GDC001, 006, 009, 010: -90/000; GDC002, 003: -60/270; GDC004: -55/270; GDC005: -75/270; GDC008: -85/090
 No estimate of true width is possible as these are widely spaced holes in an area not previously drilled.
 Assay method LW, RC chips 4m composite by 200g Leachwell/AAS, Gidgee minesite lab
 Assay method FA50, RC chips 1m resplit by 50g fire assay/AAS, Genalysis Laboratory Services

The shallow high grade intercept in GDC005 (20-22m) is in oxidised material and quartz veining near the base of fill from previous open pit mining. This may be either in-situ wall material or backfill, and follow-up drilling of this intercept is planned.

Holes GDC008-010 were drilled with vertical or near-vertical declinations, to test high grade gold intercepts in underground hole GUD1182, but did not reach target due to drillhole deviation. Further holes will test this TNA target in February 2005.

Deep RC drilling recommenced in mid-January 2005, initially beneath the Swift line of shallow oxide open pits which are located about 300 metres east of Swan Bitter – Butcherbird line and on a subparallel trend of gold mineralisation. Results of the first four holes are being compiled, and will be reported very soon.

A second RC rig will supplement the present deep RC rig during February. In addition, a RAB rig will also be mobilised in early February to commence a planned 30,000m campaign on at least seven separate near-mine and more regional gold targets.

4. GOLD PRODUCTION

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

Detail	Dec 2004 Qtr	2004 Year	Units
Ore Mined (Swan Bitter u/g)	31,481	167,499	tonnes
Ore Grade	7.77	7.50	g/t Au
Low Grade Stocks drawn	14,094	74,379	tonnes
Ore Grade	1.07	1.07	g/t Au
Ore Processed	44,829	241,137	tonnes
Head Grade (calculated)	5.81	5.68	g/t Au
Recovery	95.5	95.4	%
Gold Produced	7,992	42,297	ounces
Production Cost Statement			
Net Cash Costs	659	512	\$/oz
Inventory Movements	(22)	(4)	\$/oz
Cash Operating Costs	681	516	\$/oz
Depreciation/Amortisation	224	106	\$/oz
Total Production Cost	905	622	\$/oz
<i>Costs are reported to Australian Gold Council Standard</i>			

Gold production during the quarter was up slightly at 7,992oz from the previous period, despite the scaling back of mining and milling operations. This reflects improvements in planning and management during the quarter, as well as the achievement of the reduced workforce. Total gold production for the 2004 year is 42,297oz, or 70% of the previous year's production and 60% of the budget forecast made in March 2004.

Part of the shortfall is attributed to below budget ore production and grade from the underground operation. The remainder is due to continuing delays in commencement of Legend's planned open pits at Specimen Well, Eagles Peak and Toedter, largely due to new Department of Environment legislation introduced in July requiring permits to be granted prior to clearing of native vegetation. Open pit ore formed a significant part of the budget strategy, allowing blending of high grade underground ore from Swan Bitter with the softer open pit oxide material to reduce unit operating costs.

Underground jumbo development at Swan Bitter was only 43% of the reduced scaleback plan for the quarter. Up to five separate areas and eight headings were available for development between September and December 2004.

During October and November, seven stopes were operational including two longhole stopes. Main contributor was West lode, with almost 10,000t broken. In December, a third longhole stope was brought on-line and over 90% of ore broken was by longhole methods.

During the quarter, ore was sourced from separate areas of Mali and West lodes, with lesser contributions from Albania, Australia, Monaco and Tasmania Lodes. A total of 31,428 tonnes was mined, reflecting the reduced equipment numbers under the scaleback plan but also lower than average availability.

Reconciliations for 2004 to date show the amount of gold produced to be 3% above the amount predicted from grade control. This has decreased from 12% the previous quarter, due largely to the lesser coarse gold content in the ore. Although previously almost half of the gold won has been recovered from the gravity circuit, this quarter produced only 29% gravity gold.

As part of the scaling back process, milling during the quarter was on a campaign basis of two weeks on, two weeks off. Availability was good for the quarter and remains above forecast at 96% for the year to date.

As previously announced, Legend believes that in order to secure the long-term future of Gidgee as a profitable and growing operation it needs to focus in the short term on building the ore reserve and mineral resource inventory, thus opening up further underground and open pit mining opportunities.

Re-evaluation of ore reserves and mineral resources is continuing, and a detailed ore reserve and mineral resource statement will now be released in the March 2005 quarter.

Legend's focus is now on major exploration and resource extension drilling programmes to find major orebodies, with the objective of adding significantly to the project's mineral resource and ore reserve base to allow full scale mining and milling to resume as soon as possible.

5. UNDERGROUND DRILLING

A further 9,232 metres of underground diamond drilling was completed for the quarter, an increase of 28% over the previous period.

A new lode about 70m below Mali has been discovered and named Cuba. Further drilling during January will expand knowledge of this new ore zone, and help determine it's relationship to the Mali Lode.

Significant underground drilling intersections include:

Hole	East (mine grid)	North (mine grid)	RL (m)	Dip/ Azimuth	Hole Length	From (m)	Length (m)	Gold Grade (uncut)
Algeria Lode								
GUD1177	20070	49835	355	-28/327	161.9	124.8	5.9m	10.9g/t
GUD1209	20070	49837	371	-50/020	37.0	22.0	2.0m	5.5g/t
GUD1211	20067	49835	371	-17/285	55.7	34.0	1.4m	46.2g/t
Tunisia Lode Extensions								
GUD1179	20090	50025	195	04/115	148.3	127.1	1.0m	9.1g/t
GUD1180	20090	50025	195	-18/065	107.5	75.3	0.6m	33.1g/t
GUD1182	20080	50025	195	-22/000	292.0	114.0	0.4m	21.6g/t
						121.7	0.9m	15.2g/t
						157.3	0.3m	49.1g/t
						168.5	0.8m	11.3g/t
						192.9	0.9m	14.5g/t
						290.5	+1.5m	56.2g/t
GUD1197	20288	49752	410	-15/030	112.3	88.9	0.8m	7.4g/t
GUD1200	20167	49898	220	10/000	142.9	71.0	1.4m	6.6g/t
GUD1201	20175	49899	220	-15/340	90.4	55.4	0.6m	14.7g/t
						68.0	1.0m	8.1g/t
Albania Lode								
GUD1187	20297	49745	410	-15/030	60.8	9.7	0.9m	36.0g/t
GUD1191	20315	49825	188	-60/270	514.0	471.7	0.8m	11.8g/t
Mali Lode Deeps								
GUD1212	20310	49775	188	-50/280	332.1	233.6	1.6m	75.0g/t
GUD1213	20310	49775	188	-55/295	350.6	162.0	2.0m	6.5g/t
						219.0	5.1m	5.9g/t
Cuba Lode/Mali Extended								
GUD1206	20202	49875	232	-50/290	85.0	7.0	4.5m	8.4g/t
GUD1219	20225	49807	177	-12/315	136.0	115.4	2.6m	4.7g/t
GUD1220	20225	49807	177	-16/330	143.3	94.0	5.0m	8.3g/t
GUD1229	20225	49807	177	-10/330	134.0	106.9	3.5m	43.6g/t

Estimates of true width are not yet available and will be reported when available.

Significant gold grades continued to be intersected within the Mali and Algeria Lodes, including **5.9m at 10.9g/t, 1.4m at 46.2g/t and 1.6m at 75.0g/t gold.**

The newly discovered Cuba lode has recorded **3.5m at 43.6g/t gold**, and the northern extension of Tunisia Lode (TNA) intersected **1.5m at 56.2g/t gold** at the end of hole.

8. MUNNI MUNNI JOINT VENTURE (LEGEND 33.33%)

Joint Venture managers East Coast Minerals announced in December that a small drilling programme near the former silver mine at Elizabeth Hill had intersected a new cobalt, nickel, copper, sulphide (+silver, platinum) occurrence known as Liane.

The short drilling programme at Munni Munni, in the West Pilbara of Western Australia, was planned to test three geophysical targets defined by airborne electromagnetic (EM) surveys and a follow-up ground EM programme. Only one target was partially tested, and more suitable rig is being sought. Analytical results will be reported as soon as they are received.

9. KARRATHA GOLD AND BASE METAL PROJECT, WEST PILBARA

This project covers about 675 square kilometres of the West Pilbara greenstone belt between Karratha, Roebourne and Radio Hill and has significant potential for gold, copper, nickel and other metals. Further office based review and field prospecting work was carried out during the quarter.

Murray McDonald
Director

31st January, 2005

The information on exploration results and Mineral Resources contained in this report is based on data compiled by consulting geologist Mr Ian Cowden FAusIMM, CPGeo of Iana Pty Ltd. Mr Cowden has appropriate relevant experience to be considered as a Competent Person as defined in the JORC Code 2004 and consents to the inclusion in this report of the information in the form and context in which it appears.