



**LEGEND
MINING LIMITED**

A.C.N. 060 966 145

ANNUAL REPORT

1999



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C O M P A N Y D I R E C T O R Y

Directors

Albert Kevin Robert Watson (Chairman)
 Murray Vincent McDonald (Managing Director)
 Thomas Cochrane Meiklejohn

Secretary

Ross Gregory Ledger
 PO Box 626
 WEST PERTH WA 6872

Registered Office

Suite 1
 46 Ord Street
 WEST PERTH WA 6005

Telephone: (08) 9322 3700
 Facsimile: (08) 9322 3800

Share Registry

Advanced Share Registry Services
 Level 6
 200 Adelaide Terrace
 PERTH WA 6000

Telephone: (08) 9221 7288
 Facsimile: (08) 9221 7869

Bankers

Bank of Western Australia Ltd
 108 St Georges Terrace
 PERTH WA 6000

Auditors

KPMG
 Chartered Accountants
 152-158 St Georges Terrace
 PERTH WA 6000

Home Exchange

Australian Stock Exchange Ltd
 2 The Esplanade
 PERTH WA 6000

CHAIRMAN'S REPORT

Dear Shareholder

This is the fifth Annual General Meeting to be presented to shareholders of Legend Mining Limited. The review of activities and financial reports contain comprehensive information which I hope you will read.

Last year I reported that a gravity plant was being constructed on site at the Elizabeth Hill Silver Project in Karratha, Western Australia. We are currently completing our review of costs associated with the project and are confident that we shall effect reductions in a number of areas.

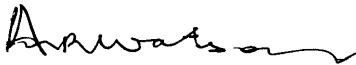
In December 1999 your company reported a follow up drill program at Legend's 100% owned Carlow Castle tenement. Initial geological assessment of the drilling results points to the presence of gold/copper mineralised system at shallow depths. In April this year, an exploration program was undertaken and results will be released when available.

At a General Meeting of your company on Tuesday, 7 March 2000, shareholders unanimously approved the change of status of Legend Mining NL to Legend Mining Limited. At this time the company also issued a prospectus for the placement of new options to holders of options which expired on 31 December 1999 and 31 January 2000, to raise \$427,000.

We are currently updating our mailing lists and ask all shareholders to complete the enclosed application form and thus ensure that you receive quarterly reports and any other correspondence that we might wish to address to shareholders during the year.

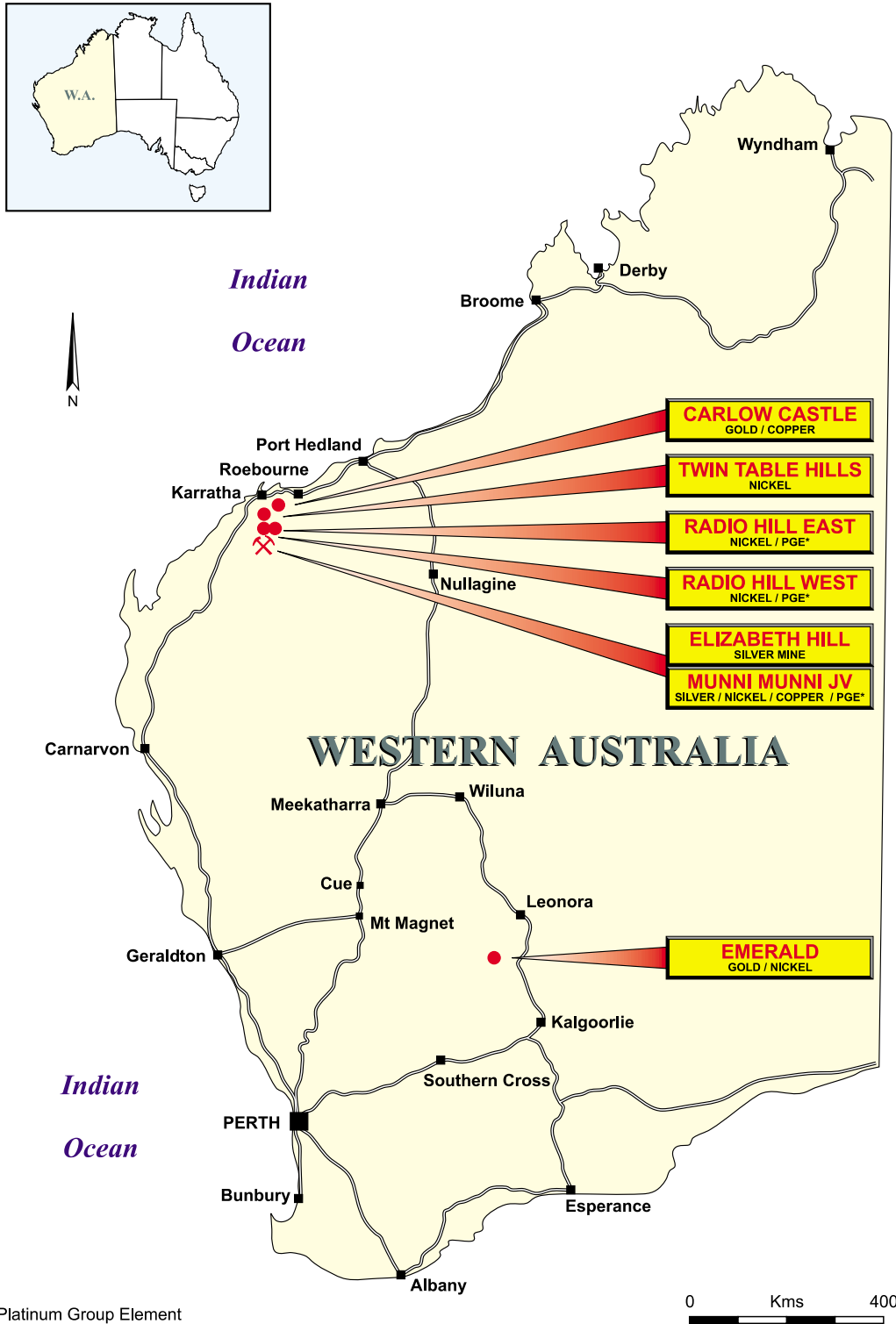
Finally, I wish to thank my co-workers, company secretary and advisers for their strong support of the company during the calendar year 1999.

Yours faithfully



KEVIN WATSON
Chairman

PROJECT LOCATIONS
FIGURE 1



* Platinum Group Element

REVIEW OF ACTIVITIES

Elizabeth Hill Silver Mine, Munni Munni Project

Joint Venture participants are:	Legend Mining NL	30%
	East Coast Minerals NL	70%

Achievements at the Elizabeth Hill silver mine during calendar year 1999 have included:

- Construction and commissioning of an on-site processing plant to recover silver metal and concentrates.
- Completion and equipping of two shafts totalling 190 metres depth for ore hoisting, access and ventilation.
- Underground development now extended to total almost one kilometre, including seven levels and sublevels, to a depth of 102m below surface.
- Approval to upgrade underground mining operations from exploration/trial mining to a continuous production basis was received from the Department of Minerals and Energy in December 1999.
- Hoisting and treatment of 10,467 tonnes of mainly development material for production of 338,660 ounces of silver. Head grade of 0.20% silver during 1999 substantially increased to 0.37% in January-February 2000.
- Recoveries averaged 51% for the year, however metallurgical testwork indicates that recoveries in excess of 90% are achievable by modifications to the existing treatment plant, including installation of a float circuit.
- Cash receipts from 1999 silver production realised \$2,430,482 of which \$1,375,865 was received during 1999. Strong US\$ silver prices and favourable exchange rates resulted in an average price of \$A8.24/oz being achieved.
- Updated resource estimate containing over 4 million ounces of silver in the indicated and inferred categories from surface to 105m depth, pre-mining. The indicated resource averages over 140 ounces of silver per tonne, equivalent in value to approximately 2.5 ounces of gold per tonne.

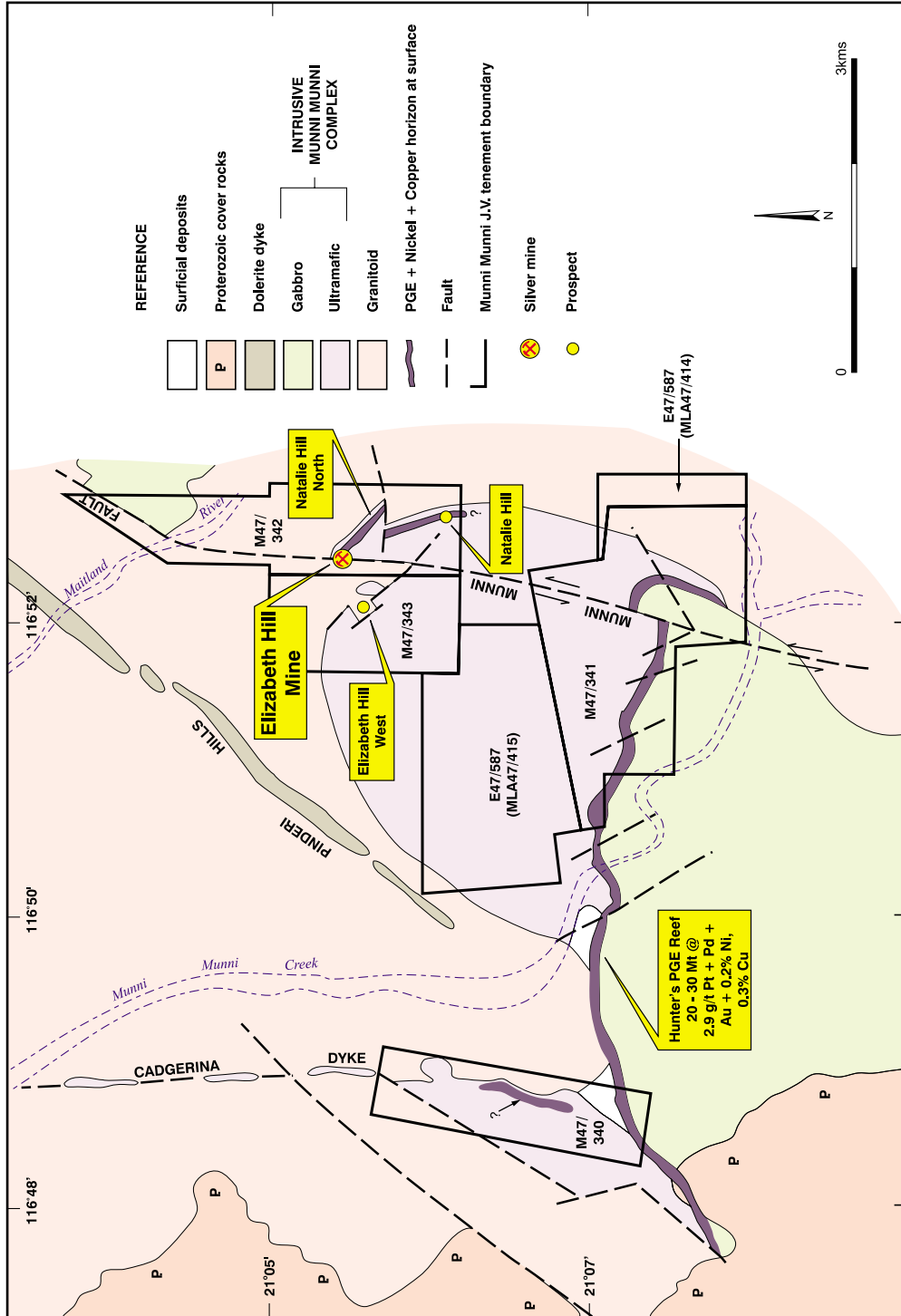
Operations at Elizabeth Hill during calendar 1999 saw the Project successfully advance to a full scale production basis at the end of the year, having commenced with trial mining and test treatment of a 5,000 tonne parcel of high grade silver ore from underground development.

On site construction of a modular gravity treatment plant was started in late February. The plant comprises a crushing circuit, ball mill, in-line pressure jig, Falcon concentrator and two gravity tables. It has been acquired on a lease/hire arrangement and has a throughput design rate of 10tph. Process water is provided from dewatering of the underground mine, and electricity is supplied from a diesel generator powerhouse. Mine and mill personnel are accommodated in an 18 person camp located nearby.

Underground development of the silver mine continued throughout the year. A second shaft was completed to the 82m level (82 metres below surface) for ventilation and access. Extensive level and sublevel development has been carried out between depths of 52m and 102m, together with an ore pass system for delivery of stope material to the main haulage level at 102m. In preparation for full scale production stoping during 2000, several of the developed levels were stripped out to full width of the high grade silver mineralisation. A system of rises to provide alternative access and ventilation to stope areas has now been installed.

Mining operations during the year have been conducted under an approval from the Department of Minerals and Energy for development and extraction of a 5,000 tonne trial bulk sample. Early in December, this was upgraded to allow continuous production mining operations. Modifications to the ventilation circuit in December 1999 and January 2000 have been undertaken prior to commencement of full scale stoping.

GEOLOGY AND TENURE,
MUNNI MUNNI JOINT VENTURE
FIGURE 2



REVIEW OF ACTIVITIES

Elizabeth Hill Silver Mine, Munni Munni Project (cont'd)

A total of 10,467 tonnes of mainly development material was treated through the plant from March to December 1999. Nine separate milling campaigns were completed during the year on a three week on, one week off basis. The mill was initially run as a single shift 12 hour per day operation but will move to double shift continuous treatment averaging 2,000 tonnes per month as increased tonnages of stope ore become available in the year 2000.

Head grades in 1999 averaged 0.20% silver due to the large proportion of development material treated. In the first two months of 2000, feed was mainly stope ore and the average head grade was substantially increased to 0.37% silver (120 ounces per tonne). Recoveries using the simple gravity circuit presently installed averaged 51% in 1999. Metallurgical testwork indicates recoveries of greater than 90% are achievable by upgrading of the plant to include a float circuit with leaching of float tails. These plant modifications would also allow retreatment of existing tailings material, which could produce up to an additional 400,000 ounces of silver.

Cash receipts from 388,660 ounces of silver produced during 1999 totalled \$2,430,482, of which \$1,375,865 was received during 1999. Most of the revenue was received from sale of silver concentrates to Rand Refineries, South Africa. Coarse native silver metal was also treated and sold at AGR Perth. Some specimen samples were sold to dealers and private individuals, receiving a premium above the value of contained silver.

Geological mapping of the workings and drilling of 69 underground diamond drillholes for 978 metres advance confirmed that silver mineralisation is located within and adjacent to the regional north trending Munni Munni fault as an extremely high grade irregular shoot. It is preferentially developed in and along the eastern side of the fault zone in altered basal ultramafics of the intrusive Munni Munni Complex of Archaean age, at and just above their contact with underlying basement granite.

An updated mineral resource estimate for the Elizabeth Hill silver deposit was completed in November 1999, using all surface and underground data for the mine area to the end of September. The estimate was based on a geologically constrained 3D block model of the total in situ >200g/t Ag mineralised envelope (pre-mining) to a depth of 105 metres below surface. It is reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves, 1999 Edition (The JORC Code) as follows:

Classification	Tonnes	Ag g/t	Contained Ounces Ag	Depth Below Surface
Indicated	16,200	4,400	2.28 million	55-105m
Inferred	7,900	3,600	0.98 million	55-105m
Inferred (shallow)	22,700	1,200	0.87 million	0-55m
Total Indicated & Inferred	46,800	2,700	4.05 million	0-105m

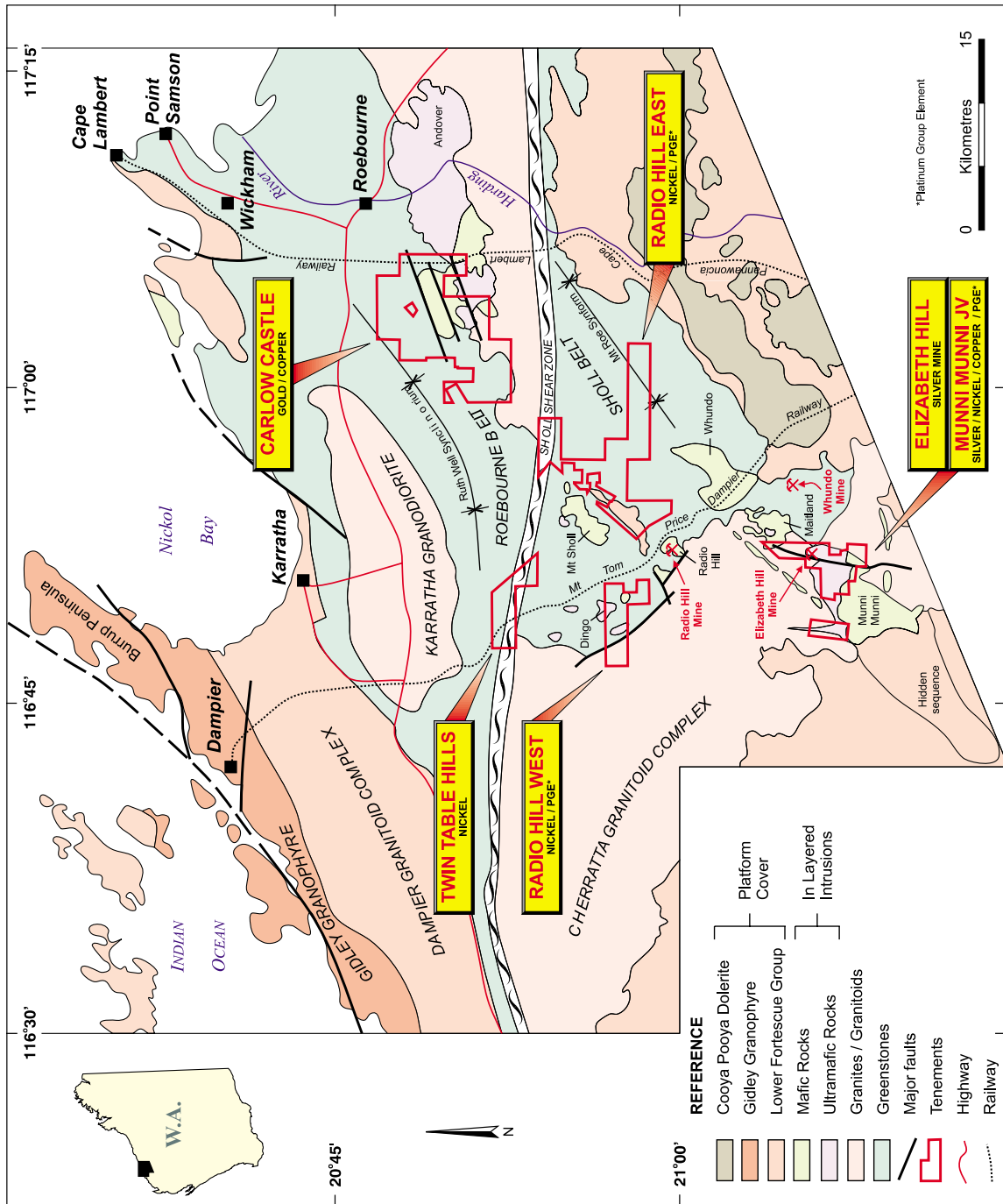
Owing to the extremely high silver grades at Elizabeth Hill and the nugget effect caused by rich veins and local erratic concentrations of native silver metal, estimation of grade within the precision required for the Measured resource category under the JORC Code is not possible. Accordingly, the indicated and inferred categories have been adopted for this estimate.

No top assay cut was applied and an average bulk density of 2.75t/m³ was used, based on measurement of drillcore. The resource estimate does not extend below 105m depth as data is not as yet available.

The resource between 55-105m below surface totals 24,100 tonnes at 4,100g/t Ag (indicated plus inferred) for a total of 3.26 million contained ounces of silver. Underground mining and development during 1999 has resulted in extraction of approximately 6,600 tonnes of this deeper part of the resource, leaving about 17,500 tonnes in situ.

The inferred (shallow) resource is poorly defined due to incomplete drill coverage and recovery problems due to abundant groundwater. It is anticipated that the average grade will be increased by additional infill drilling.

REGIONAL GEOLOGY
FIGURE 3



R E V I E W O F A C T I V I T I E S

Carlow Castle (Legend 100%)

Two campaigns of RC drilling were carried out during the year. A significant new zone of primary gold-copper (cobalt) mineralisation was discovered at Carlow South, several hundred metres south of the old Carlow Castle main workings in a flat lying area covered by soil.

In June-July 1999, 15 RC holes totalling 686m were drilled on three promising targets identified by previous exploration at Good Luck West (CC29-32), Graham's Reef (CC33-39) and Carlow South (CC40-42). The last of these holes, CC42, intersected 16 metres at 6.66g/t gold and 0.9% copper at Carlow South including a 5m interval at 19.99g/t gold, 2.20% copper and 0.46% cobalt.

A follow-up RC program of 10 holes for 671m drilled at Carlow South in December 1999 intersected anomalous mineralisation in all holes over an area of at least 60m by 330m. All holes were drilled at -60° towards 170°. The more significant intervals are given below:

Hole No.	AMG Co-ordinates		Mineralisation Interval			Gold g/t	Copper %
	Eastings	Northings	From	To	Width		
CC 42	506736	7698517	46 incl. 54	62 59	16m 5m	6.66 19.99	0.90 2.20
CC 43	506734	7698546	21 78 incl. 81	46 92 86	25m 14m 5m	0.81 4.07 9.91	1.00 0.56 0.95
CC 44	506642	7698539	3 37	28 50	25m 13m	0.96 2.01	0.59 0.53
CC 50	506790	7698499	45	51	6m	1.62	0.67
CC 51	506685	7698536	20 46 incl. 50	40 55 55	20m 9m 5m*	0.78 5.48 9.30	0.37 1.03 1.35
CC 52	506690	7698515	3	17	14m	9.41	1.22

* interval also averages 0.43% cobalt

Initial assessment indicates the presence of several steep dipping gold-copper (cobalt) lodes trending east-west within a more extensive area of lower grade mineralisation and alteration which remains open in all directions. Further exploration planned for 2000 includes surface costeaming, mapping and sampling followed by RC drilling and preliminary metallurgical testwork with the objective of defining a viable resource.

Legend has substantially increased its holdings in the area by applying for three additional exploration licences.

Radio Hill West (Legend 40%)

Titan Resources NL, as Joint Venture operator, conducted detailed MMI (Mobile Metal Ion) soil sampling over geochemically anomalous areas of the Bullock Hide and Dingo Intrusions. A total of 428 samples was collected on grid spacings of 100m x 50m. The previous anomalies were confirmed at Bullock Hide but correlation at Dingo was not as well defined.

Ground EM geophysical surveys are planned for the first half of 2000, followed by RC drilling of EM targets.

Twin Table Hills (Legend 100%)

Limited field work was undertaken to further evaluate the geochemically anomalous contact of the Andover Intrusion with greenstones of the Roebourne Group. Four soil traverses totalling 76 samples were collected.

REVIEW OF ACTIVITIES

Emerald (Legend 51%)

A short RAB drilling program of 17 shallow holes for 316 metres at the Emerald South prospect did not locate the source of the soil gold anomaly reported from 1998 exploration. At Snake Hill West, a 400 metre long gossan was mapped and returned anomalous copper and zinc values in the ten samples collected. Geological evaluation is continuing, and further drill testing is proposed.

TENEMENT DIRECTORY

Tenement No. Application*		Registered Holder/Applicant	Shares Held
MUNNI MUNNI	M47/340	LEGEND MINING NL	30/100
	M47/341	LEGEND MINING NL	30/100
	M47/342	LEGEND MINING NL	30/100
	M47/343	LEGEND MINING NL	30/100
	E47/587	LEGEND MINING NL	30/100
	M47/414*	LEGEND MINING NL	30/100
CARLOW CASTLE	M47/415*	LEGEND MINING NL	30/100
	E47/562	LEGEND MINING NL	100/100
	M47/409*	LEGEND MINING NL	100/100
	E47/932*	LEGEND MINING NL	100/100
	E47/957*	LEGEND MINING NL	100/100
	E47/967*	LEGEND MINING NL	100/100
	P47/944	LEGEND MINING NL	100/100
	P47/945	LEGEND MINING NL	100/100
	M47/417*	LEGEND MINING NL	100/100
	TWIN TABLE HILLS	E47/648	LEGEND MINING NL
M47/462*		LEGEND MINING NL	100/100
M47/463*		LEGEND MINING NL	100/100
RADIO HILLWEST	E47/567	LEGEND MINING NL	40/100
	M47/457*	LEGEND MINING NL	40/100
	M47/466*	LEGEND MINING NL	40/100
RADIO HILL EAST	E47/966*	LEGEND MINING NL	100/100
EMERALD	E30/118	LEGEND MINING NL	51/100

The information on Mineral Resources and exploration results contained in this report is based on information compiled by consulting geologists Mr Ian Cowden FAusIMM, MAIG and Mr Frans Voermans FAusIMM, MAIG respectively. Each has appropriate relevant experience to be considered as a Competent Person as defined in the JORC Code 1999. Mr Cowden and Mr Voermans consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

LEGEND MINING NL - ANNUAL REPORT 1999
CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the period 1st January 1999 to 31 December 1999. These practices are dealt with under the following headlines: Board of Directors, Risk Management and Ethical Standards.

1. BOARD OF DIRECTORS

The board is responsible for the overall Corporate Governance of Legend Mining NL ("the Company") including the strategic direction, establishing goals for management and monitoring the achievement of these goals. Due to the size of the board, issues of nomination and remuneration of directors and business risk management are considered by the full board. 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.

Composition of Board

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

Name	Position	Expertise
A K R Watson	Chairman	Banking & Finance
M V McDonald	Managing Director	Management
T C Meiklejohn	Non Executive Director	Mining Engineer

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.

The terms and conditions of the appointment and retirement of directors are set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

The performance of all directors is reviewed by the chairman each year. Directors whose performance is unsatisfactory will be requested to retire.

Independent Professional Advice

Each director has the right to seek independent professional advice at the Company's expense. However, prior approval of the chairman is required, which will not be unreasonably withheld.

LEGEND MINING NL - ANNUAL REPORT 1999
CORPORATE GOVERNANCE STATEMENT

1. BOARD OF DIRECTORS cont'd...

Remuneration

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.

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

Audit

Being a small Company with three directors the board has not established a separate audit committee, 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 Law, 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. Where appropriate, experts are invited to address board meetings on the major risks facing the economic entity and to develop strategies to mitigate those risks.

LEGEND MINING NL - ANNUAL REPORT 1999
CORPORATE GOVERNANCE STATEMENT

3. ETHICAL STANDARDS

The board subscribes to the statement of Ethical Standards as published by the 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

Directors must notify the Australian Stock Exchange Limited of any acquisition or disposal of shares by lodgement of a notice of directors interests. Board policy is to prohibit directors from dealing in company shares whilst in possession of price sensitive information.

DIRECTORS' REPORT

The board of directors of Legend Mining NL ("the Company") have pleasure in submitting their report together with the consolidated financial report for the year ended 31 December 1999, and auditors report thereon.

1. DIRECTORS

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

Albert Kevin Robert Watson

Mr Watson has extensive experience in the commercial and banking and finance industries. He was employed at ANZ for 43 years and during that time held various senior executive positions including State Manager, WA and Assistant General Manager, SA and WA. Mr Watson is also closely affiliated with the Chamber of Commerce and Industry of WA of which he is a past President. In later years, he has been involved extensively in the resources industry and is currently a director of Pan Pacific Petroleum†NL and New Zealand Oil and Gas Limited. Mr Watson was appointed in 1995.

Murray Vincent McDonald

Mr McDonald is a Certified Practising Accountant who has, over his last 20 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 NL.

Thomas Cochrane Meiklejohn

Mr Meiklejohn is a consulting Mining Engineer with broad experience in the exploration, development and operation of large natural resource projects. Mr Meiklejohn was Group General Manager - Mining for the Normandy Poseidon Group from 1986 to 1993. This position included responsibilities such as Chairman of the Kalgoorlie Superpit Joint Venture, Area Operations Manager of the Martha Hill Gold Mine in New Zealand, the Dikili Gold Project in Turkey and the Big Bell Mine. Mr Meiklejohn was appointed in 1995.

Mr Meiklejohn is currently a director of Red Back Mining NL. and Aquarius Exploration NL.

- (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	Options
A K R Watson	20,000	29,000
M V McDonald	7,775,001	3,635,122
T C Meiklejohn	-	-

- (c) No director has an interest, whether directly or indirectly, in a contract or proposed contract with the Company, other than as disclosed in note 20.

DIRECTORS' REPORT

2. PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the year were mineral exploration, mining of silver, and environmental consulting. Since July 1999 the economic entity has ceased environmental consulting. There were no other significant changes in the nature of these activities during the year.

3. DIVIDENDS

No amounts have been paid or declared as dividends during the course of the financial year.

4. REVIEW OF OPERATIONS

The details of the economic entity's exploration activities during the year are included within the Review of Activities as set out on pages 5 to 10.

5. STATE OF AFFAIRS

The state of affairs of the economic entity was not affected by any significant changes during the financial year other than:

- On 15 February 1999, the Company placed 3,025,000 ordinary shares of 20 cents each, together with 1,512,500 options to subscribe for ordinary shares of 20 cents each exercisable on or before 31 January 2000, to raise \$605,000 to provide additional working capital.
- On 22 November 1999, the Company issued 16,387,500 new options exercisable at 20 cents each on or before 31 March 2002, to raise \$491,000 to provide additional working capital.

6. SIGNIFICANT EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent years, other than the matter detailed below.

On 7 March 2000, the company lodged a prospectus to raise up to \$427,688, by the issue of up to 14,256,250 new options exercisable at 20 cents each on or before 31 March 2002 at an issue price of 3 cents per new option. The offer is to holders of options which expired on 31 December 1999 and 31 January 2000, on the basis of one new option for every two lapsed options.

7. ENVIRONMENTAL REGULATION

The economic 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., other than:

8. LIKELY DEVELOPMENTS

Likely developments in the operations of the economic 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

9. MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 31 December 1999 and the numbers of meetings attended by each director.

	No of Meetings Attended	No of Meetings held whilst a Director
Number of meetings attended by:		
Albert Kevin Robert Watson	7	7
Murray McDonald	7	7
Thomas Meiklejohn	6	7

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

10. DIRECTORS' BENEFITS

Directors' benefits are set out in notes 19 and 20.

11. SHARE OPTIONS

The details of the options on issue by the Company are disclosed in note 18 to the financial report. Subsequent to 31 December 1999 28,512,500 options have expired.

12. INDEMNIFICATION OF 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.

DIRECTORS' REPORT

13. DIRECTORS AND EXECUTIVES 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 officers (who total less than 5) receiving the highest emolument are:

Director	Base Emoluments \$	Superannuation \$	Total \$
Mr A K Watson	25,000	1,750	26,750
Mr M McDonald	78,047	76,633	154,680
Mr T C Meiklejohn	15,000	1,050	16,050
Officer			
Mr R G Ledger	16,255	-	16,255

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

Dated at Perth this 29th day of March 2000.



M V McDonald
MANAGING DIRECTOR

LEGEND MINING NL

**Profit and Loss Statements
for the year ended 31 December 1999**

	Note	Consolidated		Company	
		1999 \$	1998 \$	1999 \$	1998 \$
Operating loss before abnormal items and income tax	2,3 (a)	1,392,092	431,727	1,385,959	437,806
Abnormal items	3 (b)	(320,000)	-	(320,000)	-
Operating loss before income tax	1,072,092	431,727	1,065,959	437,806	
Income tax attributable to operating loss	5	-	-	-	
Operating loss after income tax, attributable to members of the Company		1,072,092	431,727	1,065,959	437,806
Accumulated losses at the beginning of the financial year		2,195,532	1,763,805	2,207,987	1,770,181
Accumulated losses at the end of the financial year		3,267,624	2,195,532	3,273,946	2,207,987

The above Profit and Loss Statements should be read in conjunction with the accompanying notes.

LEGEND MINING NL

**Balance Sheets
as at 31 December 1999**

	Note	Consolidated		Company	
		1999 \$	1998 \$	1999 \$	1998 \$
CURRENT ASSETS					
Cash	7	336,919	863,461	336,819	862,364
Receivables	8	161,698	69,144	161,292	67,121
Inventory	9	130,800	-	130,800	-
Total current assets		629,417	932,605	628,911	929,485
NON-CURRENT ASSETS					
Investments	10	96,113	45,700	96,113	45,700
Property, plant & equipment	11	142,733	71,661	136,917	62,326
Exploration, evaluation & development expenditure	12	2,243,493	1,621,242	2,243,493	1,621,242
Total non-current assets		2,482,339	1,738,603	2,476,523	1,729,268
TOTAL ASSETS		3,111,756	2,671,208	3,105,434	2,658,753
CURRENT LIABILITIES					
Accounts payable	13	300,173	39,249	300,173	39,249
Borrowings	14	217,584	28,222	217,584	28,222
Provisions	15	9,293	24,268	9,293	24,268
Total current liabilities		527,050	91,739	527,050	91,739
TOTAL LIABILITIES		527,050	91,739	527,050	91,739
NET ASSETS		2,584,706	2,579,469	2,578,384	2,567,014
SHAREHOLDERS' EQUITY					
Share capital	16	5,377,416	4,775,001	5,377,416	4,775,001
Reserves	17	474,914	-	474,914	-
Accumulated losses		(3,267,624)	(2,195,532)	(3,273,946)	(2,207,987)
TOTAL SHAREHOLDERS' EQUITY		2,584,706	2,579,469	2,578,384	2,567,014

The above Balance Sheets should be read in conjunction with the accompanying notes.

LEGEND MINING NL

**Statements of Cash Flows
for the year ended 31 December 1999**

	Note	Consolidated		Company	
		1999 \$	1998 \$	1999 \$	1998 \$
Cash flows from operating activities					
Receipts from customers & silver proceeds		415,076	138,485	415,076	14,850
Payments to suppliers and employees		(1,674,831)	(623,703)	(1,673,834)	(504,522)
Interest received		30,544	67,389	30,544	67,389
Interest paid		(3,514)	(124)	(3,514)	(124)
Net cash used in operating activities	21 (ii)	(1,232,725)	(417,953)	(1,231,728)	(422,407)
Cash flows from investing activities					
Payments for exploration & development activities		(756,047)	(699,685)	(756,047)	(699,685)
Payments for property, plant & equipment		(96,961)	(55,056)	(96,961)	(55,056)
Settlement received for legal dispute		320,000	-	320,000	-
Payments for investments		(27,500)	-	(27,500)	-
Net cash used in investing activities		(560,508)	(754,741)	(560,508)	(754,741)
Cash flows from financing activities					
Proceeds from issue of shares & options		1,101,225	600,000	1,101,225	600,000
Share option issue expenses		(23,896)	(18,000)	(23,896)	(18,000)
Net cash provided by financing activities		1,077,329	582,000	1,077,329	582,000
Net decrease in cash held		(715,904)	(590,694)	(714,907)	(595,148)
Cash at the beginning of the financial year		835,239	1,425,933	834,142	1,429,290
Cash at the end of the financial year	21 (i)	119,335	835,239	119,235	834,142

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

**Notes to the Financial Statements
for the year ended 31 December 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are a general purpose financial report which have been prepared in accordance with the applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. The accounting policies have been consistently applied unless otherwise stated. The accounts have been prepared on the basis of historic costs and do not take into account changing money values or except where stated current valuations of non-current assets.

(b) Going Concern

The consolidated entity has incurred a loss during the period of \$1,072,092, net cash used in operating activities was \$1,232,725 and had a working capital surplus, as at 31 December 1999, of only \$102,367. The accounts have been prepared on the going concern basis which contemplates the establishment of profitable operations (principally from its Munni Munni operations) and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe this to be appropriate for the following reasons:

- Cash flow forecasts of the consolidated entity for the forthcoming year given the following factors:
 - difficulties associated with the initial commissioning of the Munni Munni operation being monitored and addressed; and
 - focus by the Directors and management on cost containment in an effort to reduce cash used in operating activities and improve profitability.
- On 7 March 2000 the company lodged a prospectus to raise up to \$427,688 (refer Note 28). The Directors are confident that these funds will be raised to provide additional working capital.

(c) Valuation of Non-Current Assets

The carrying amounts of all non-current assets, except for exploration expenditure (refer note 1(c)), are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current assets exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

(d) Exploration, evaluation and development expenditure

The Company's policy with respect to exploration expenditure is to use the "area of interest" method. Under this method, expenditure is carried forward on the following basis:-

- (i) 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.
- (ii) Exploration and evaluation costs related to an area of interest are written off as incurred, except costs 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 economically recoverable reserves and active and significant operations in or in relation to the area are continuing.

Notes to the Financial Statements
for the year ended 31 December 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd...

(iii) Accumulated costs in relation to an abandoned area are written off in full against profit and 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.

Costs associated with on-going commissioning and development at the Munni Munni processing plant and normal mining related activities are charged to the profit and loss account as incurred.

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 economically recoverable reserves.

(e) **Taxation**

Tax effect accounting is adopted. However the directors consider it prudent not to recognise the future income tax benefits for tax losses and accordingly tax losses are not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation.

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

Items of property, plant and equipment are brought to account at cost less, where applicable, accumulated depreciation. The depreciation amount of all fixed assets is depreciated over their useful lives, commencing from the time the asset is held ready for use. The depreciation rate used for plant and equipment is 25%.

(g) **Investments**

(i) **Investments in Shares** - Investments in shares are carried at the lower of cost and recoverable amount. Gains and losses are included in the operating loss before income tax. Dividends are brought to account as they are received.

(ii) **Controlled Entities** - Investment in the controlled entity is carried in the Company's accounts at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the profit and loss account when they are declared by the controlled entity.

(iii) **Joint Venture** - The Economic Entity's interest in an unincorporated joint venture is brought to account by including its interest in the following amount in the appropriate categories in the balance sheet and profit and loss account:

- each of the individual assets employed by the Joint Venture;
- liabilities incurred by the economic entity in relation to the Joint Venture and liabilities for which it is jointly and/or severally liable; and
- expenses incurred in relation to the Joint Venture.

(h) **Share Issue Expenses**

Share issue expenses incurred by the Company since 31 December 1998 are offset against share capital.

Notes to the Financial Statements
for the year ended 31 December 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd...

(i) Earnings per share

(i) Basic Earnings per share

Basic earnings per share is determined by dividing the operating loss 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 probably arise from the exercise of options outstanding during the financial period.

(j) Rehabilitation and restoration costs

Where possible rehabilitation is performed progressively and charged to costs as part of normal activity. In addition, where rehabilitation and restoration costs can not be performed until the end of the project, progressive provision is made.

(k) Employee entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements 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 their nominal amount and include related on-costs.

(l) Principles of consolidation

The term "economic entity" means the parent entity and controlled entities. The consolidated financial statements include as controlled entities all entities in which the economic entity holds directly or indirectly, more than 50% of the voting rights, and any other entities where it is considered that control can be exercised with less than 50% of the voting rights. The controlled entity is listed in note 25 to the accounts. All inter entity balances and unrealised profits and losses on transactions are eliminated. Where necessary, accounting policies dissimilar within the controlled entity have been made consistent with the policies adopted by the economic entity.

(m) Receivables

Trade debtors to be settled within 60 days are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(n) Revenue Recognition

Sales revenue comprises revenue earned from the provision of products to entities outside the economic entity. Sales revenue is recognised when the goods are delivered. Other income is recognised as it accrues.

**Notes to the Financial Statements
for the year ended 31 December 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd...

(o) Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is allocated on an average basis and includes fixed and variable overhead costs directly related to mining activities.

(p) Accounts payable

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. Trade accounts payable are normally settled within 60 days.

(q) Foreign currency

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the profit and loss statement in the financial year in which the exchange rates change.

(r) Comparative figures

Comparative figures are for the financial year ended 31 December 1998. The comparative figures for prior years are amended where appropriate to reflect any change in classification in the current year.

Consolidated		Company	
1999	1998	1999	1998
\$	\$	\$	\$

2. REVENUE

Revenue from operating activities:

Sales of goods	552,151	138,485	552,151	14,850
Other revenue:				
Interest received or due and receivable	30,544	67,389	30,544	67,389
	582,695	205,874	582,695	82,239

**Notes to the Financial Statements
for the year ended 31 December 1999**

	Consolidated		Company	
	1999	1998	1999	1998
	\$	\$	\$	\$
3. OPERATING LOSS				
(a) The operating loss before abnormal items and income tax has been arrived at after charging the following specific items:				
Exploration expenditure written off	133,796	51,445	133,796	51,445
Depreciation	25,879	16,666	22,360	10,936
Interest expense	3,514	124	3,514	124
Share issue expenses	-	18,000	-	18,000
Movement in provision for annual leave	(14,975)	8,827	(14,975)	8,827
Reversal of provision for elimination of investments	(21,113)	-	(21,113)	-
Movement in provision for doubtful debts	54,750	-	54,750	-
	<u>133,796</u>	<u>51,445</u>	<u>133,796</u>	<u>51,445</u>
(b) Abnormal items (tax effect: \$nil; 1998: \$nil):				
Settlement of legal dispute (i)	320,000	-	320,000	-
(c) Auditors' Remuneration				
Audit services:				
Auditors of the company	12,500	11,135	12,500	11,135
	<u>12,500</u>	<u>11,135</u>	<u>12,500</u>	<u>11,135</u>
4. EARNINGS PER SHARE				
Basic (loss) per share	<u>(3.31)</u>	<u>(1.47)</u>	<u>(3.29)</u>	<u>(1.49)</u>
	1999	1998	1999	1998
	Number	Number	Number	Number
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings/(loss) per share	<u>32,393,772</u>	<u>29,454,115</u>	<u>32,393,772</u>	<u>29,454,115</u>
Diluted earnings/(loss) per share				

Options are considered to be potential ordinary shares. If the options on issue were to be exercised, it would not result in a diluted earnings/(loss) per share inferior to the basic earnings/(loss) per share. For this reason, the diluted earnings/(loss) per share figure has not been calculated and disclosed.

**Notes to the Financial Statements
for the year ended 31 December 1999**

	Consolidated		Company	
	1999	1998	1999	1998
	\$	\$	\$	\$
5. INCOME TAX				
(a) The prima facie income tax benefit on the operating loss reconciles to the income tax expense in the accounts as follows:				
Operating loss	(1,072,092)	(431,727)	(1,065,959)	(437,806)
Income tax benefit calculated at 36% of the operating loss	(385,953)	(155,422)	(383,745)	(157,610)
Add/(less) tax effect of permanent difference:				
Non-deductible expenditure	3,591	11,140	3,591	9,140
Tax losses not brought to account as future income tax benefits	382,362	144,282	380,154	148,470
Income tax benefit attributed to operating loss	-	-	-	-

(b) Future income tax benefits not taken to account

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

Tax losses carried forward @ 30% (1998:36%)				
Timing differences @ 36%	975,801	577,616	913,505	505,616
	23,056	16,747	23,056	16,200
	998,857	594,363	936,561	521,816

Legislation reducing the company tax rate from 36% to 34% in respect of the 2000/2001 income tax year and then 30% from the 2001/2002 income tax year was announced on 21 September 1999 and received royal assent on 10 December 1999. As a result the future income tax benefit not brought to account has been remeasured using the appropriate new rate, depending on the timing of potential recoupment of the losses carried forward.

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

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

**Notes to the Financial Statements
for the year ended 31 December 1999**

6. STATEMENT OF OPERATIONS OF SEGMENTS

	Segment Revenue	Segment Result	Segment Assets
<i>Industry Segments</i>			
1999 - Mineral exploration	582,695	(1,065,959)	3,105,434
Environmental consulting	-	(6,133)	6,322
	582,695	(1,072,092)	3,111,756
Total	582,695	(1,072,092)	3,111,756
1998 - Mineral exploration	82,239	(437,806)	2,658,753
Environmental Consulting	123,635	6,079	12,455
	205,874	(431,727)	2,671,208
Total	205,874	(431,727)	2,671,208

Geographical Segments

The economic entity operates predominantly in Australia.

	Consolidated		Company	
	1999	1998	1999	1998
	\$	\$	\$	\$
7. CASH				
Cash on hand	200	200	100	100
Deposits – at call	336,719	863,261	336,719	862,264
	336,919	863,461	336,819	862,364
8. RECEIVABLES (Current)				
Trade Debtors	192,731	56,094	192,325	54,071
Less provision for doubtful trade debtors	(54,750)	-	(54,750)	-
Other Debtors	23,717	13,050	23,717	13,050
Loans to controlled entities	-	-	-	99,000
Less provision for doubtful debts	-	-	-	(99,000)
	161,698	69,144	161,292	67,121
9. INVENTORY (Current)				
Concentrate stock – at net realisable value	130,800	-	130,800	-

LEGEND MINING NL

Notes to the Financial Statements
for the year ended 31 December 1999

	Note	Consolidated		Company	
		1999	1998	1999	1998
		\$	\$	\$	\$
10. INVESTMENTS (Non Current)					
Shares in Controlled Entity	25	-	-	-	345,000
Less write down to recoverable amount		-	-	-	(345,000)
Shares in listed companies at lower of cost and market value		96,113	45,700	96,113	45,700
Total non-current investments		96,113	45,700	96,113	45,700
No capital gains tax would be payable if the shares in listed companies were sold at balance date.					
11. PROPERTY, PLANT & EQUIPMENT					
Plant & equipment – at cost		203,884	106,934	179,481	82,531
Less accumulated depreciation		61,151	35,273	42,564	20,205
Total plant & equipment		142,733	71,661	136,917	62,326
12. EXPLORATION, EVALUATION & DEVELOPMENT EXPENDITURE (Non Current)					
Costs carried forward in respect of areas of interest:					
Expenditure brought forward		1,621,242	955,252	1,621,242	955,252
Expenditure incurred during the year		756,047	717,435	756,047	717,435
Expenditure written off during the year		(133,796)	(51,445)	(133,796)	(51,445)
Balance carried forward		2,243,493	1,621,242	2,243,493	1,621,242
The recoverability of exploration and evaluation expenditure carried forward is dependent upon the establishment of economic operations in the respective areas to which exploration relates, or the future sale of the tenements for a consideration sufficient to cover their carrying value.					
13. ACCOUNTS PAYABLE (Current)					
Trade creditors		269,678	34,249	269,678	34,249
Other creditors and accruals		30,495	5,000	30,495	5,000
		300,173	39,249	300,173	39,249

**Notes to the Financial Statements
for the year ended 31 December 1999**

		Consolidated		Company	
	Note	1999 \$	1998 \$	1999 \$	1998 \$
14. BORROWINGS (Current)					
Bank overdraft – secured	22	217,584	28,222	217,584	28,222
15. PROVISIONS (Current)					
Provisions for annual leave		9,293	24,268	9,293	24,268
16. SHARE CAPITAL					
32,798,005 (1998: 29,750,005 of \$0.20 par value each) ordinary shares, fully paid					
		5,377,416	4,775,001	5,377,416	4,775,001
<i>Movements in ordinary share capital</i>					
Balance at the beginning of the financial year		4,775,001	5,350,001	4,775,001	5,350,001
Balance of share premium and share discount reserve	(i)	-	(1,175,000)	-	(1,175,000)
Shares issued					
- 3,025,000 (1998: 3,000,000) issued for cash	(ii)	597,815	600,000	597,815	600,000
- 23,000 shares issued from the exercise of options	18	4,600	-	4,600	-
		5,377,416	4,775,001	5,377,416	4,775,001

(i) The Company Law Review Act 1998 (“the Act”) came into effect on 1 July 1998. The Act abolished par value shares, and any amount standing to the credit of the share premium and share discount reserve became part of the Company’s share capital on 1 July 1998. From 1 July 1998 share capital does not have a nominal (par) value.

(ii) On 15 February 1999 3,025,000 ordinary shares were issued at 20 cents each, together with 1,512,500 options (refer to note 18 for further information on options granted). Transaction costs of \$7,185 were recognised as a reduction of the proceeds of issue.

In the prior year 3,000,000 ordinary shares of 20 cents each were issued on 6 February 1998.

17. RESERVES

Option premium reserve		474,914	-	474,914	-
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On 23 November 1999, the Company issued 16,387,500 options exercisable at 20 cents each on or before 31 March 2002, to raise \$491,625 to provide additional working capital. Transaction costs of \$16,711 were recognised as a reduction of the proceeds of issue.

**Notes to the Financial Statements
for the year ended 31 December 1999**

Consolidated		Company	
1999	1998	1999	1998
\$	\$	\$	\$

18. OPTIONS

The Company had on issue options over fully paid ordinary shares as follows:

Number of options	Expiry date	Exercise date	Exercise price
16,387,500	31/03/02	Any time prior to expiry	20 cents
18,512,500	31/01/00	Any time prior to expiry	20 cents

In addition to 17,000,000 options existing as at 31 December 1999, on 15 February 1999, the Company issued 1,512,500 options to subscribe for ordinary shares at 20 cents each exercisable on or before 31 January 2000.

On 23 November 1999, the company issued 16,387,500 options at a price of 3 cents to subscribe for ordinary shares at 20 cents each exercisable on or before 31 March 2002.

On 31 December 1999, 23,000 options were exercised to raise \$4,600. The remaining 9,977,000 options lapsed. These options do not entitle the holder to participate in any share issue of any other corporation.

19(a) REMUNERATION OF DIRECTORS

Income paid or payable or otherwise made available to the directors from the Company or any related party.

197,480	194,685	197,480	194,685
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The number of directors whose income from the Company or related bodies corporate was within the following bands:

	Number		Number	
	1999	1998	1999	1998
\$10,000 - \$19,999	1	1	1	1
\$20,000 - \$29,999	1	1	1	1
\$150,000 - \$159,999	1	1	1	1

19(b) REMUNERATION OF EXECUTIVES

The number of executive officers including executive directors of the Company whose remuneration falls within the following bands:

\$150,000-\$159,999	1	1	1	1
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Total remuneration received, or due and receivable by executive officers of the Company whose income is \$100,000 or more

\$154,680	\$152,835	154,680	\$152,835
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**Notes to the Financial Statements
for the year ended 31 December 1999**

20. RELATED PARTIES

- (a) The names of persons who were directors of the Company at any time during the financial year are as follows:

Albert K R Watson

Murray V McDonald

Thomas C Meiklejohn

- (b) Information on the remuneration of directors is set out in note 19.

- (c) Related party transactions

Mr T C Meiklejohn and Woodlane Holdings Pty Ltd (a company controlled by Mr Meiklejohn) received fees for the provision of technical services to the Company during the year the aggregate amount charged for such services was \$48,650 (1998: \$21,300) which has not been included in remuneration of Directors at note 19(a).

- (d) All amounts referred to in note (c) were charged at normal commercial rates.

- (e) Directors holdings of shares and share options.

The interests of directors and their director related entities in shares and share options of Legend Mining NL at year end are set out below:

	1999 Number Held	1998 Number Held
Ordinary Shares	7,795,001	8,845,001
Options over ordinary shares	3,855,122	10,020,000

- (f) Transactions of directors and director-related entities concerning shares or share options.

During the year directors and director related entities disposed of 1,050,000 ordinary shares of Legend Mining NL. 10,000,000 options over ordinary shares held by directors and director related entities lapsed during the year. Of the options issued during the year, 3,835,112 were issued to directors and director related entities. (1998: number of ordinary shares acquired or disposed nil).

**Notes to the Financial Statements
for the year ended 31 December 1999**

21. NOTES TO STATEMENTS OF CASH FLOWS

(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. Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the balance sheet as follows:

	Note	Consolidated		Company	
		1999	1998	1999	1998
		\$	\$	\$	\$
Cash on hand	7	200	200	100	100
Deposits – at call	7	336,719	863,261	336,719	862,264
Bank overdraft	14	(217,584)	(28,222)	(217,584)	(28,222)
		<u>119,335</u>	<u>835,239</u>	<u>119,235</u>	<u>834,142</u>

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

Operating loss after abnormals and income tax		(1,072,092)	(431,727)	(1,065,959)	(437,806)
Less items classified as investing activities:					
Settlement received for legal dispute		(320,000)	-	(320,000)	-
Add (less) non cash items:					
Depreciation		25,879	16,666	22,360	10,936
Exploration expenditure written off		133,796	51,445	133,796	51,445
Movement in provision for annual leave		(14,975)	8,827	(14,975)	11,885
Reversal of provision for diminution of investments		(21,113)	-	(21,113)	-
Provision for doubtful debts		54,750	-	54,750	-
		<u>(1,213,755)</u>	<u>(354,789)</u>	<u>(1,211,141)</u>	<u>(363,540)</u>
Change in assets & liabilities:					
Increase in receivables		(149,094)	(30,081)	(150,711)	(28,760)
Increase in inventory		(130,800)	-	(130,800)	-
(Decrease)/increase in accounts payable		260,924	(33,083)	260,924	(30,107)
Net Cash Used in Operating Activities		<u>(1,232,725)</u>	<u>(417,953)</u>	<u>(1,231,728)</u>	<u>(422,407)</u>

(iii) Financing facilities.

Refer Note 22.

**Notes to the Financial Statements
for the year ended 31 December 1999**

Consolidated		Company	
1999	1998	1999	1998
\$	\$	\$	\$

22. FINANCING ARRANGEMENTS

The consolidated entity has access to the following lines of credit:

Total facilities available:			
Bank overdraft	250,000	-	250,000
Facilities utilised at balance date:			
Bank overdraft	217,584	-	217,584
Facilities not utilised at balance date:			
Bank overdraft	32,416	-	32,416

Bank Overdraft

Interest on the bank overdraft is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 31 December 1999 is 10.25%.

The bank overdraft of the Company is secured by a mortgage debenture over the Company's assets and undertakings and a letter of lien over the company's investment in East Coat Minerals. The bank overdraft is payable on demand and is subject to annual review.

Subsequent to year end the bank overdraft facility has been repaid.

**Notes to the Financial Statements
for the year ended 31 December 1999**

23. 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 2000 amounts of approximately \$135,500 (1999: \$131,108)200,000 in respect of tenement lease rentals and to meet minimum expenditure requirements of the Department of Minerals and Energy. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

	Consolidated		Company	
	1999	1998	1999	1998
	\$	\$	\$	\$
(b) Operating lease commitments				
Future operating lease rentals not provided for in the financial statements and payable:				
not later than one year	-	7,575	-	7,575
	-	7,575	-	7,575

(c) Mining plant rental commitments

The company and its joint venture partner, East Coast Minerals NL ("the rentors") have entered into a rental agreement for the rental of mining plant for their Munni Munni operations for a period of not less than 12 months. In the next 12 months the company's share of rental commitment is \$70,000. Under the terms of the agreement, the company has the right at any time, to terminate the rental agreement without notice and without assigning a reason provided that the rentors pay the owner of the mining plant \$30,000 in satisfaction of all obligations and liabilities of the rentors to the owner.

The rentors also have an option to purchase the plant at any time for \$552,000.

**Notes to the Financial Statements
for the year ended 31 December 1999**

Consolidated		Company	
1999	1998	1999	1998
\$	\$	\$	\$

24. AMOUNTS RECEIVABLE IN FOREIGN CURRENCIES

The Australian dollar equivalents of unhedged amounts receivable in foreign currencies, calculated at year end exchange rates, are as follows:

United States dollars

Amounts receivable:

Current	137,075	-	137,075	-
	137,075	-	137,075	-

25. INVESTMENTS IN CONTROLLED ENTITIES

Name	Class of Share	Interest Held 1999	Interest Held 1998
Arbotech Pty Ltd	Ordinary	100%	100%

KPMG has not acted as auditor for Arbotech Pty Ltd. The company has effectively been dormant during the year.

**Notes to the Financial Statements
for the year ended 31 December 1999**

26. FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

1999	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non- Interest Bearing	Total
Financial assets:					
Cash	4.19%	336,719	-	200	336,919
Receivables		-	23,717	137,981	161,698
Investments	4.36%	-	-	96,113	96,113
		336,719	23,717	234,294	594,730
Financial liabilities:					
Bank overdraft	10.25%	217,584	-	-	217,584
Accounts payable	-	-	-	300,173	300,173
		217,584		300,173	517,757
1998					
Financial assets:					
Cash	4.72%	846,869	16,392	200	863,461
Receivables	4.95%	-	13,050	56,094	69,144
Investments	-	-	-	45,700	45,700
		846,869	29,442	101,994	978,305
Financial liabilities:					
Bank overdraft	-	-	-	28,222	28,222
Accounts payable	-	-	-	39,249	39,249
		-	-	67,471	67,471

(b) Credit Risk Exposures

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

On-Balance Sheet Financial Instruments

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

The economic entity is not materially exposed to any individual overseas country or individual customer. Concentrations of credit risk on trade debtors due from customers are: Mining – 100% (1998: 100%)

**Notes to the Financial Statements
for the year ended 31 December 1999**

26. FINANCIAL INSTRUMENTS DISCLOSURE cont'd

(c) Net Fair Value of Financial Assets and Liabilities

On-Balance Sheet Financial Instruments

The company's financial assets and liabilities in current assets and liabilities in the balance sheet are carried at amounts that approximate fair value.

Following are the carrying amounts and estimated fair values of the economic 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.

	1999 Carrying Amount \$	1999 Net Fair Value \$	1998 Carrying Amount \$	1998 Net Fair Value \$
Investments in listed corporations	96,113	206,301	45,700	311,160

27. INTEREST IN JOINT VENTURE OPERATIONS

Legend Mining NL has an interest in the following joint venture arrangements:

Joint Venture	Project	Activity	1999 Interest	1998 Interest
Munni Munni Joint Venture	Elizabeth Hill	Silver Exploration	30%	30%
Titan Resources NL	Radio Hill West	Nickel Exploration	40%	40%
Emerald Joint Venture	Mt Ida Greenstone Belt	Nickel/Gold Exploration	51%	51%

Included in the assets of the Company and the consolidated entity are the following items which represent the Company's and the consolidated entity's interests in the assets employed in the joint ventures.

	Consolidated		Company	
	1999	1998	1999	1998
	\$	\$	\$	\$
Current Assets				
Inventory	130,800	-	130,800	-
Non-current Assets				
Plant and equipment – net book value	113,293	39,391	113,293	39,391
Exploration and evaluation expenditure	1,783,840	1,174,656	1,783,840	1,174,656
Total assets	<u>2,027,933</u>	<u>1,214,047</u>	<u>2,027,933</u>	<u>1,214,047</u>

**Notes to the Financial Statements
for the year ended 31 December 1999**

For the year ended 31 December 1999 the contribution of the Munni Munni Joint Venture to the operating loss of the Company and the consolidated entity was operating expenses of \$1,251,388 (1998: \$nil) and for Emerald Joint Venture a loss of \$46,356 (1998: \$nil)

28. SUBSEQUENT EVENTS

On 7 March 2000, the company lodged a prospectus to raise up to \$427,688 by the issue of up to 14,256,250 new options exercisable at 20 cents each on or before 31 March 2002 at an issue price of 3 cents per new option. The offer is to holders of options which expired on 31 December 1999 and 31 January 2000, on the basis of one new option for every two lapsed options.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Legend Mining NL, we state that:

1. In the opinion of the directors of Legend Mining NL:
 - (a) the financial statements and notes, set out on pages 18 to 38, are in accordance with the Corporations Law, including:
 - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 31 December 1999 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

Signed in accordance with a resolution of the directors.



M V McDonald
DIRECTOR

29.3.2000
Dated

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
LEGEND MINING NL



Scope

We have audited the financial report of Legend Mining NL for the financial year ended 31 December 1999, consisting of the profit and loss accounts, balance sheets, statements of cash flows, accompanying notes and the directors' declaration set out on pages 18 to 394. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view of the economic entity which is consistent with our understanding of the Company's and consolidated entity's financial position, and performance as represented by the results of their operations and cash flows.


The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

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

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 31 December 1999 and of their performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.


KPMG
Chartered Accountants


J G Robinson
Partner

Perth
Dated: 29.3.2000

S H A R E H O L D E R I N F O R M A T I O N

The issued capital of the company as at 11 April 2000 is 32,938,000 ordinary fully paid shares of 20 cents each, with 30,643,150 options over the unissued capital of the company.

Distribution of Share and Option holders as at 11 April 2000

	Fully Paid Shares	March 2000 Options (\$0.20)
1 - 1,000	17	4
1001 - 5,000	108	13
5,001 - 10,000	194	107
10,001 - 100,000	371	200
100,001 and over	41	36
	731	360

Number of holding no less than a marketable parcel (1,000 shares) 8

Substantial Shareholder as at 11 April 2000

Murray McDonald 7,725,001

Top 20 Shareholders as at 11 April 2000

Name	Total Holdings	% Issue Capital
Murray McDonald	7,775,001	23.58
Consolidated Underwriting Corp Pty Ltd	1,100,000	3.33
SAVVA Pty Ltd	1,000,000	3.03
William Henry Hernstadt	912,936	2.79
Peter John and Ellen Sharpe	565,000	1.68
John Kirou Family Account	500,000	1.51
James Thomas McKerron	410,000	1.24
Anthanasios Kirou and Ristana Kirou	350,000	1.06
Equifast Nominees Pty Ltd	322,642	0.97
Ceil Comfort Home Insolation	320,000	0.97
Chinor Pty Ltd	300,000	0.90
Paticoa Nominees Pty Ltd	292,803	0.88
VRY Nominees	290,000	0.87
Citicorp Nominees Pty Ltd	285,000	0.86
Inter-China Holdings Pty Ltd	270,000	0.81
Mr. Pat Volpe	250,000	0.75
Tony and Shane Lambert	250,000	0.75
Ronay Investments Pty Ltd	208,503	0.63
Allan William Poulter	205,000	0.62
Paley Pty Ltd	200,000	0.60
	15,806,885	47.83

SHAREHOLDING INFORMATION c o n t ' d . . .

Top 20 Optionholders as at 11 April 2000

31 March 2000 Series

Top 20 Shareholders as at 11 April 2000

Name	Total Holdings	%
Murray McDonald	3,166,667	10.33
KDDG Nominees Pty Ltd (MM Super fund)	3,468,455	11.31
Peter John and Ellen Sharpe	1,323,501	4.31
May - 96 Pty Ltd	1,165,000	3.80
John Kirou Family Account	925,000	3.01
Donald Wayne Ferguson	903,475	2.94
Athanasios and Ristana Kirou	850,000	2.77
Bernard Lawrence Wilkins	846,325	2.76
Savva Pty Ltd	550,000	1.79
Inter China Holdings Pty Ltd	550,000	1.79
Mr. Dimitrios Graikos Faimily Account	537,000	1.75
Gemlisa Pty Ltd	512,500	1.67
Mexport Pty Ltd	335,000	1.09
M & K Korkidas Pty Ltd	305,000	0.99
Gary Ronald Harbord	300,000	0.97
Colosselm Securities Pty Ltd	275,000	0.89
William Henry Hernstadt	250,000	0.81
James Thomas McKerron	242,000	0.79
Conlie Sid Salvenini	233,333	0.76
Christopher James King	231,000	0.75
Allan William Poulter	227,000	0.74
	17,196,256	56.02

NOTES

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LEGEND MINING LIMITED

A.C.N. 060 966 145

Suite One
46 Ord Street
West Perth WA 6005
PO Box 626
West Perth WA 6872

Telephone: (08) 9322 3700
Facsimile: (08) 9322 3800