



HALF YEAR REPORT

30 JUNE 2012

ACN 060 966 145

CONTENTS

	Page
Company Directory	1
Directors' Report	2
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Cash Flows	5
Consolidated Statement of Changes in Equity	6
Notes to the Financial Statements	7
Directors' Declaration	18
Declaration of Auditor Independence	19
Independent Auditor's Review Report	20

Web

www.legendmining.com.au

Email

legend@legendmining.com.au

ASX Codes

LEG – ordinary shares

COMPANY DIRECTORY

Directors

Michael William Atkins (Non-Executive Chairman)
Mark William Wilson (Managing Director)
Dermot Michael Ryan (Non-Executive Director)

Company Secretary

Dennis Wilkins

Registered Office

Level 2
640 Murray Street
PO Box 626
WEST PERTH, WA 6005

Telephone: (08) 9212 0600
Facsimile: (08) 9212 0611

Bankers

National Australia Bank
1232 Hay Street
WEST PERTH, WA 6005

Auditors

Ernst & Young
11 Mounts Bay Road
PERTH, WA 6000

Home Exchange

Australian Securities Exchange Ltd
2 The Esplanade
PERTH WA 6000

Share Registry

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS, WA 6009

Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

Lawyers

Macdonald Legal
Suite 23, 18 Stirling Highway
NEDLANDS WA 6009

DIRECTORS' REPORT

The Directors submit their report for the half-year ended 30 June 2012.

DIRECTORS

The names and details of the Company's directors during the financial period and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Michael Atkins (Chairman, Non-Executive Director)

Mark Wilson (Managing Director)

Dermot Ryan (Non-Executive Director)

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities during the period of the entities within the consolidated entity were exploration for iron ore and gold deposits.

RESULTS OF OPERATIONS

The profit of the consolidated entity for the half-year after tax and non-controlling interests was \$1,939,512 (2011: loss \$2,592,095) after income tax.

REVIEW OF OPERATIONS

1. Legend has continued to focus exploration activities on the Cameroon project. During this 6 month period Legend has spent in excess of \$3.1 million on the development of the Cameroon Project to identify potential targets.
2. Legend settled the sale of the Mt Gibson Gold Project to Extension Hill Pty Ltd on 13 March 2012. Legend received \$6.8 million cash after adjustments for outgoings, employee benefits and storm damage allowance. Legend also received \$1.4 million being the term deposit which secured the environmental bonds for the project.
3. Legend completed the sale of the Pilbara Project Tenements (including sale of the subsidiary company Armada Mining Limited) to ASX listed company Artemis Resources Limited. The sale consideration was 60 million fully paid ordinary shares in Artemis, with this shareholding subject to a 12 months voluntary escrow.

AUDITOR'S INDEPENDENCE

The Auditor's Independence Declaration under S307C of the *Corporations Act 2001* has been received from Ernst & Young, the Company's auditor, and is available for review on page 18.

SIGNED in accordance with a Resolution of the Directors on behalf of the Board



M Wilson
Managing Director

Dated this 7 September 2012

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

	Notes	CONSOLIDATED	
		30 June 2012	Restated 30 June 2011
		\$	\$
Continuing Operations			
Rental revenue	3(a)	20,168	250,000
Finance revenue	3(b)	303,227	171,030
Other income	3(c)	5,855,510	457,595
Net loss on revaluation of financial assets held for trading	3(g)	(454,250)	(2,412,667)
Deferred exploration expenditure written off	3(e)	-	(978,359)
Other expenses	3(f)	(1,112,404)	(315,455)
Corporate expenses		(1,251,732)	(755,452)
Finance costs		(6,831)	(19,059)
Net profit/(loss) from continuing operations before income tax expense		3,353,688	(3,602,367)
Income tax (expense)/benefit		(1,414,176)	1,010,272
Profit/(loss) from continuing operations for the period		1,939,512	(2,592,095)
Other comprehensive income			
Movement in foreign currency translation reserve		(1,673,473)	306,206
Other comprehensive income for the year, net of tax		(1,673,473)	306,206
Total comprehensive income/(loss) for the period		266,039	(2,285,889)
Profit/(loss) for the period attributable to:			
Members of Legend Mining Limited		1,939,512	(2,592,095)
Non-controlling interest		-	-
		1,939,512	(2,592,095)
Comprehensive income/(loss) attributable to:			
Members of Legend Mining Limited		433,386	(2,316,510)
Non-controlling interest		(167,347)	30,621
		266,039	(2,285,889)
PROFIT/(LOSS) PER SHARE (cents per share)			
Basic profit/(loss) for the period	4	0.0978	(0.1491)
Diluted profit/(loss) for the period	4	0.0978	(0.1491)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Notes	CONSOLIDATED	
		As at	Restated as at
		30 June 2012	31 December 2011
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	13,175,159	8,423,590
Trade & other receivables		104,124	28,565
Prepayments		114,027	50,375
Inventory		16,878	10,810
Other financial assets	7	3,188,000	4,311,250
		<u>16,598,188</u>	<u>12,824,590</u>
Assets of disposal group classified as held for sale	8	-	5,443,494
Total Current Assets		<u>16,598,188</u>	<u>18,268,084</u>
Non-current Assets			
Prepayments		-	376,547
Deferred tax asset		-	11,071
Other financial assets	7	66,134	66,134
Property, plant & equipment	9	1,259,832	1,177,201
Deferred exploration costs	10	34,489,554	32,141,786
Total Non-current Assets		<u>35,815,520</u>	<u>33,772,739</u>
TOTAL ASSETS		<u>52,413,708</u>	<u>52,040,823</u>
LIABILITIES			
Current Liabilities			
Trade & other payables	11	851,202	667,194
Current tax liabilities		1,204,988	-
Provisions		80,753	108,781
		<u>2,136,943</u>	<u>775,975</u>
Liabilities of disposal group classified as held for sale		-	1,646,337
Total Current Liabilities		<u>2,136,943</u>	<u>2,422,312</u>
Non-current Liabilities			
Provisions		37,371	43,273
Deferred tax liability		212,613	-
Total Non-Current Liabilities		<u>249,984</u>	<u>43,273</u>
TOTAL LIABILITIES		<u>2,386,927</u>	<u>2,465,585</u>
NET ASSETS		<u>50,026,781</u>	<u>49,575,238</u>
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	12	60,357,426	60,171,922
Reserves	13	16,012,504	17,518,629
Accumulated losses		(28,190,397)	(30,129,909)
Total parent entity interest		<u>48,179,533</u>	<u>47,560,642</u>
Non controlling interests		1,847,248	2,014,596
TOTAL EQUITY		<u>50,026,781</u>	<u>49,575,238</u>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

	CONSOLIDATED	
	30 June 2012	Restated 30 June 2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	206,088	305,914
Payments to suppliers and employees	(1,157,434)	(481,325)
Interest received	306,444	165,934
Interest paid	(19,944)	(19,059)
Net cash flows used in operating activities	<u>(664,846)</u>	<u>(28,536)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant & equipment & scrap	45,000	166,055
Proceeds from sale of tenements	7,750,000	-
Purchase of property, plant & equipment	(531,070)	(233,694)
Payment for exploration & evaluation	(3,111,595)	(3,610,194)
Refund of/(payment for) performance bonds	1,389,000	(195)
Dividends received	12,000	42,667
Net cash flows from/(used in) investing activities	<u>5,553,335</u>	<u>(3,635,361)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	-	360,000
Refund of receipts for share issue that did not proceed	(71,130)	-
Payments of share issue transaction costs	(10,790)	-
Net cash flows (used in)/from financing activities	<u>(81,920)</u>	<u>360,000</u>
Net increase/(decrease) in cash and cash equivalents	4,806,569	(3,303,897)
Cash and cash equivalents at the beginning of period	8,423,590	6,676,441
Effects of exchange rate movements on cash and cash equivalents	(55,000)	-
Cash and cash equivalents at end of period	<u>13,175,159</u>	<u>3,372,544</u>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

Consolidated	Notes	Issued Capital \$	Foreign Currency Translation Reserve \$	Share Option Premium Reserve \$	Accumulated Losses \$	Non- Controlling Interests \$	Total Equity \$
At 1 January 2012 (Restated)	2(f)	60,171,922	(4,898,949)	22,417,578	(30,129,909)	2,014,596	49,575,238
Profit for the period		-	-	-	1,939,512	-	1,939,512
Other comprehensive income		-	(1,506,125)	-	-	(167,348)	(1,673,473)
Total comprehensive income for the period		-	(1,506,125)	-	1,939,512	(167,348)	266,039
Issue of shares		200,000	-	-	-	-	200,000
Cost of issue of share capital		(14,496)	-	-	-	-	(14,496)
At 30 June 2012		<u>60,357,426</u>	<u>(6,405,074)</u>	<u>22,417,578</u>	<u>(28,190,397)</u>	<u>1,847,248</u>	<u>50,026,781</u>
At 1 January 2011 (Restated)	2(f)	53,075,655	(3,579,448)	22,309,675	(25,879,740)	2,161,208	48,087,350
Loss for the period		-	-	-	(2,592,095)	-	(2,592,095)
Other comprehensive income		-	275,585	-	-	30,621	306,206
Total comprehensive loss for the period		-	275,585	-	(2,592,095)	30,621	(2,285,889)
Issue of shares		462,000	-	-	-	-	462,000
Cost of issue of share capital		(35,644)	-	-	-	-	(35,644)
At 30 June 2011 (Restated)	2(f)	<u>53,502,011</u>	<u>(3,303,863)</u>	<u>22,309,675</u>	<u>(28,471,835)</u>	<u>2,191,829</u>	<u>46,227,817</u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012

NOTE 1: CORPORATE INFORMATION

The financial report of Legend Mining Limited (the Company) for the half-year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 7 September 2012.

Legend Mining Limited is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are exploration for iron ore, gold and base metal deposits.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Legend Mining Limited for the year ended 31 December 2011.

It is also recommended that the half-year financial report be considered together with any public announcements made by Legend Mining Limited and its controlled entities during the half-year ended 30 June 2012 in accordance with the continuance disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. The half-year financial report has been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value.

The half-year financial report is presented in Australian dollars and all values are expressed as whole dollars.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discreet reporting period.

(b) Adoption of new and revised Accounting Standards

The Company has adopted all new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available and are detailed below.

- AASB 1054 Australian Additional Disclosures: This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard, with AASB 2011-1 relocates all Australian specific disclosures from other standards to one place. Adoption of this standard did not have a significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012

- AASB 2010-6 Amendments to Australian Accounting Standards – *Disclosures on Transfers of Financial Assets* [AASB 1 & AASB 7]: The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale. Adoption of this standard did not have a significant impact on the financial statements of the Group.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

(c) Significant accounting policies

The half-year financial report has been prepared using the same accounting policies as used in the annual financial statements for the year ended 31 December 2011. Note 2(e) discloses the impact of the change in accounting policy in relation to the capitalisation of certain exploration expenses by the Group's Cameroon based subsidiary in respect of the corresponding interim reporting period.

(d) Estimates

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

(e) Change in accounting policy

As more fully disclosed in the annual financial report for the year ended 31 December 2011, the Group changed its accounting policy relating to the capitalisation of certain exploration expenditure incurred by its Cameroon based subsidiary, Camina SA, in the previous financial year. Previously, certain general and administrative costs that related directly to operational activities in Cameroon were expensed as incurred. The Group now classify all expenditure incurred in Cameroon as exploration and evaluation costs, which in turn are accounted for in accordance with the Group's policy on deferred exploration costs.

The Group retrospectively applied the change in accounting policy as if it had always applied and has therefore restated exploration and evaluation expenditure in relation to each area of interest for the comparative interim period. The operations in Cameroon were acquired during the 2010 year.

The impact of the change in accounting policy on the comparative interim period are as follows:

	30 June 2011	Impact of change in accounting policy	Restated 30 June 2011
	\$	\$	\$
Statement of Financial Position (Extract)			
Deferred exploration costs	34,138,024	745,495	34,883,519
NET ASSETS	46,268,681	745,495	47,014,174
Reserves	22,272,469	(233,557)	22,038,912
Accumulated losses	(29,376,334)	904,499	(28,471,835)
Non-controlling interests	(129,465)	74,553	(54,912)
TOTAL EQUITY	46,268,681	745,495	47,014,174

Statement of Financial Position amounts other than those mentioned above were not affected by the retrospective adoption of the revised accounting policy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

Statement of Comprehensive Income (Extract)

Loss from continuing operations for the period	(2,955,377)	363,282	(2,592,095)
Total comprehensive loss for the half-year	<u>(2,477,962)</u>	<u>192,073</u>	<u>(2,285,889)</u>

Loss per share (cents per share)

Basic loss for the period	(0.1707)	0.0216	(0.1491)
Diluted loss for the period	(0.1707)	0.0216	(0.1491)

(f) Correction of prior-period errors

On 4 February 2010, Legend Mining Limited acquired 90% of the share capital of Camina SA, a company holding certain exploration and development licences in Cameroon.

During the current reporting period the Group reviewed its accounting treatment of the transaction, and consequently recognised the full value of the net assets acquired, and the non-controlling interest therein to reflect the non-controlling interest in the exploration and evaluation asset acquired.

In addition, the group has made adjustments to the carrying amount of exploration assets acquired to reflect the value of the assets in the functional currency of the operation to which the assets relate and to translate the assets into Australian dollars at the applicable period end rate pursuant to the requirements of AASB121: The Effects of Changes in Foreign Exchange Rates. Previously the exploration assets acquired had been accounted for at cost in the functional currency of the parent and not in the functional currency of the operation to which the assets relate

The impact of the correction of the error on the 30 June 2011 comparatives is summarised as follows:

	30 June 2011	Impact of correction of prior period error	Restated 30 June 2011
	\$	\$	\$
Statement of Financial Position (Extract)			
Deferred exploration costs	34,883,519	(786,359)	34,097,160
NET ASSETS	<u>47,014,174</u>	<u>(786,359)</u>	<u>46,227,815</u>
Reserves	22,038,912	(3,033,100)	19,005,812
Non-controlling interests	(54,912)	2,246,741	2,191,829
TOTAL EQUITY	<u>47,014,174</u>	<u>(786,359)</u>	<u>46,227,815</u>

Statement of Financial Position amounts other than those mentioned above were not affected by the correction of the prior period error.

The correction of the error did not have any impact on the Statement of Comprehensive Income for the period ended 30 June 2011.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

The impact of the correction of the error on the 31 December 2011 comparatives is summarised as follows:

	31 December 2011	Impact of correction of prior period error	Restated 31 December 2011
	\$	\$	\$
Statement of Financial Position (Extract)			
Deferred exploration costs	34,051,515	(1,909,729)	32,141,786
NET ASSETS	<u>51,484,967</u>	<u>(1,909,729)</u>	<u>49,575,238</u>
Reserves	21,562,762	(4,044,133)	17,518,629
Non-controlling interests	(119,808)	2,134,404	2,014,596
TOTAL EQUITY	<u>51,484,967</u>	<u>(1,909,729)</u>	<u>49,575,238</u>

Statement of Financial Position amounts other than those mentioned above were not affected by the correction of the prior period error.

Statement of Comprehensive Income (Extract)

Other comprehensive income for the year	(342,743)	(1,123,370)	(1,466,113)
Total comprehensive loss for the year	<u>(4,592,912)</u>	<u>(1,123,370)</u>	<u>(5,716,282)</u>

The correction of the error did not have any impact on the earnings/(loss) per share.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

NOTE 3: REVENUE AND EXPENSES

CONSOLIDATED

	30 June 2012	Restated 30 June 2011
	\$	\$
Revenues and expenses from continuing operations		
a) Rental Revenue		
Rental revenue	20,168	250,000
<hr/>		
b) Finance Revenue		
Bank interest received and receivable	303,227	171,030
<hr/>		
c) Other Income		
Profit on sale of plant & equipment	45,000	320,514
Profit on sale of tenements	5,593,420	38,500
Management fee	200,000	-
Dividends received	12,000	42,667
Office sublease	-	15,000
Field work completed by Legend geologists	5,090	40,914
	<hr/>	<hr/>
	5,855,510	457,595
<hr/>		
d) Employee Benefits Expense		
Salaries & On costs	437,471	221,531
Other employee benefits	1,230	10,427
	<hr/>	<hr/>
	438,701	231,958
<hr/>		
e) Deferred Exploration Expenditure written off		
Write off of deferred exploration expenditure	-	978,359
<hr/>		
f) Other Expenses		
Depreciation	23,751	35,279
Foreign exchange loss	-	63,102
Exploration expenditure not capitalised	65,990	-
Loss on disposal of Armada Mining Limited and remaining tenements of the Pilbara Project (Note 8)	1,022,663	-
Rehabilitation expenses	-	217,074
	<hr/>	<hr/>
	1,112,404	315,455
<hr/>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

NOTE 3: REVENUE AND EXPENSES

	CONSOLIDATED	
	30 June 2012	30 June 2011
	\$	\$
g) Net gain/(loss) on revaluation of Investments		
Fair value revaluation on Independence Group NL shares	(198,000)	(2,474,667)
Fair value revaluation on Nemex Resources Limited shares and options	(297,000)	132,000
Fair value revaluation on Pilbara Minerals Limited shares	(19,250)	(70,000)
Fair value revaluation on Artemis Resources Limited shares	60,000	-
	(454,250)	(2,412,667)

NOTE 4: LOSS PER SHARE

	30 June 2012	Restated 30 June 2011
	\$	\$
	(a) Earnings used in the calculation of basic earnings/(loss) per share	
Net profit/(loss) from continuing operations attributable to ordinary equity holders of Legend Mining Limited	1,939,512	(2,592,095)
(b) Weighted average number of shares on issue during the financial period used in the calculation of basic earnings/(loss) per share	1,983,317,834	1,738,205,773
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings/(loss) per share	1,983,317,834	1,738,205,773

NOTE 5: SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports that are used by the chief operating decision maker ("CODM") in order to allocate resources to the segment and to assess its performance. The CODM of the Group is the Board of Directors.

The Group has identified its operating segments based on the internal reports that are provided to the CODM on a regular basis. The Group has two reportable operating segments being Australia and Africa, and conducts exploration and evaluation activities in Africa.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of this financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012

NOTE 5: SEGMENT INFORMATION (CONTD)

	Australia		West Africa		Total	
	June	June	June	June	June	June
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Segment Income	6,178,905	878,625	-	-	6,178,905	878,625
Segment Result	3,353,688	(3,602,367)	-	-	3,353,688	(3,602,367)
Segment Assets	16,583,255	18,365,345	35,830,453	31,835,138	52,413,708	50,200,483
Segment Liabilities	(1,865,087)	(3,815,625)	(521,840)	(168,163)	(2,386,927)	(3,983,788)

Segment revenues and expenses are those directly attributable to the segments and include those expenses incurred by head office where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash and cash equivalents, receivables, property, plant and equipment, investments in listed entities and capitalised exploration. Segment liabilities consist principally of payables, employee benefits, accrued expenses and provisions.

NOTE 6: CASH AND EQUIVALENTS

	Consolidated	
	30 June 2012	31 December 2011
	\$	\$
Cash at bank and in hand	3,175,159	3,423,590
Short term deposits	10,000,000	5,000,000
Total cash and cash equivalents	13,175,159	8,423,590

NOTE 7: OTHER FINANCIAL ASSETS

	Consolidated	
	30 June 2012	31 December 2011
	\$	\$
Current		
Performance and other bonds (a)	-	1,389,000
Shares in Independence Group NL at market value	2,070,000	2,268,000
Shares in Pilbara Minerals Limited at market value	24,500	43,750
Shares and options in Nemex Resources Limited at market value	313,500	610,500
Shares in Artemis Resources Limited at market value	780,000	-
	3,188,000	4,311,250
Non-current		
Performance and other bonds (a)	66,134	66,134

There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

(a) Terms and conditions relating to the above financial instruments

- Non-Current Rehabilitation/Performance bonds – bank deposits were held as security for rehabilitation and credit cards, as a security deposit for the premises rented and as security for joint venture assets. These bonds were held for periods ranging from 90 days to 183 days at interest rates ranging from 1.5% to 5.05% per annum.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

NOTE 8: DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Consolidated	
	30 June 2012	31 December 2011
	\$	\$
Assets		
Deferred exploration costs	-	5,443,494
	<hr/>	<hr/>
Liabilities		
Provisions	-	1,389,000
Deferred tax liabilities	-	257,337
	<hr/>	<hr/>
	<hr/>	<hr/>

On 27 June 2012 Legend completed the sale of Armada Mining Limited, its 100% owned subsidiary, as well as the remaining tenements at its Pilbara project. Sale consideration was 60 million fully paid ordinary shares in Artemis Resources Limited, at a market value of \$720,000 at completion. Completion of the sale resulted in a loss to the Group of \$1,022,663 on disposal of Armada and the remaining tenements of the Pilbara project.

On 22 November 2011 Legend announced its intention to sell the Mt Gibson Gold Project to Top Iron Pty Ltd. The Project was subject to a first right of refusal held by Extension Hill Pty Ltd, who successfully exercised the right with completion of the sale on 12 March 2012. Legend received \$6.8M cash after adjustments for outgoings, employee benefits and storm damage allowance. Legend also received \$1.4M being the term deposit which secured the environmental bonds for the project. The Group recognised a gain of \$4,843,420 on sale of the Mt Gibson Gold Project.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and equipment	Total
	\$	\$	\$
Consolidated			
At 30 June 2012			
Cost	358,488	1,378,070	1,736,558
Accumulated depreciation	(47,919)	(428,807)	(476,726)
Net carrying amount	<hr/>	<hr/>	<hr/>
	310,569	949,263	1,259,832
	<hr/>	<hr/>	<hr/>
At 31 December 2011			
Cost	304,090	1,272,654	1,576,744
Accumulated depreciation	(33,520)	(366,023)	(399,543)
Net carrying amount	<hr/>	<hr/>	<hr/>
	270,570	906,631	1,177,201
	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

NOTE 10: DEFERRED EXPLORATION COSTS

	Consolidated	
	30 June 2012	Restated 31 December 2011
	\$	\$
Deferred exploration costs incurred	14,268,890	10,797,751
Deferred exploration costs acquired	20,220,664	21,344,035
	34,489,554	32,141,786

	6 Months Ended 30 June 2012	Restated 6 Months Ended 30 June 2011
	\$	\$
(a) Deferred exploration and evaluation costs		
At 1 January, at cost	32,141,786	34,167,827
Exchange differences	(1,548,886)	(305,871)
Expenditure incurred during the period	3,896,654	3,306,673
Assets reclassified as held for sale	-	(2,093,110)
Expenditure written off during the period	-	(978,359)
At 30 June, at cost	34,489,554	34,097,160

Note:

- (i) Carrying values for certain tenements were reviewed and written off based on the following;
- (1) if no substantive expenditure for further exploration in the specific areas has been budgeted for and exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources then the carrying values of these tenements were written off.
- (ii) The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

NOTE 11: TRADE AND OTHER PAYABLES

	30 June 2012	31 December 2011
Current – unsecured	\$	\$
Trade payables	537,264	228,823
Other payables & accruals	313,938	367,241
Funds received for share issue that did not proceed	-	71,130
	851,202	667,194

Terms and conditions relating to the above financial instruments

- (i) Trade payables are non-interest bearing and normally settled on 30 day terms.
- (ii) Other payables are non-interest bearing and normally settled as they fall due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

NOTE 12: CONTRIBUTED EQUITY

Consolidated and Company

	30 June 2012	31 December 2011
	\$	\$
Ordinary shares		
Issued and fully paid	63,573,386	63,373,386
Issue costs	(3,215,960)	(3,201,464)
	60,357,426	60,171,922

Movement in ordinary shares on issue 2012

	30 June 2012	30 June 2012
		\$
At 1 January 2012	1,980,350,801	63,373,386
Issued in period	10,000,000	200,000
	1,990,350,801	63,573,386

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

NOTE 13: RESERVES

	30 June 2012	31 December 2011
	\$	\$
Share Option Premium Reserve	22,417,578	22,417,578
Foreign Exchange Translation Reserve	(6,405,074)	(4,898,949)
	16,012,504	17,518,629

NOTE 14: COMMITMENTS

Exploration expenditure commitments

Following the sale of the Mt Gibson Gold Project and the Pilbara Project Tenements the Group no longer has any tenement holdings within Australia, and therefore no minimum expenditure requirements of the Department of Mines & Petroleum. All minimum expenditure requirements for the tenements held in Cameroon have been met for the current licence terms.

NOTE 15: CONTINGENT LIABILITIES

There has been no material change of any contingent liabilities during the half-year.

No other matters or circumstances have arisen since the end of the half-year to the date of this report which have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity.

The consolidated entity's activities in Australia are subject to the Native Titles Act and the Department of Environment. Uncertainty associated with Native Title issues may impact on the consolidated entity's future plans.

There are no unresolved Native Title issues and the consolidated entity is not aware of any other matters that may impact upon its access to the land that comprises its project areas.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

NOTE 16: EVENTS AFTER THE BALANCE SHEET DATE

During August 2012 Legend announced its intention to commence an on-market buy-back of up to 125,000,000 ordinary shares of the Company in accordance with the ASX guidelines and Corporations Act. The share buy-back commenced on 17 August 2012 and will continue for a period of up to 6 months.

NOTE 17: DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed this financial period.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Legend Mining Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and notes, of the consolidated entity, are in accordance with the Corporations Act 2001, including;
 - i. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the period ended on that date; and
 - ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; 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.

On behalf of the Board.

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

Mark Wilson
Managing Director

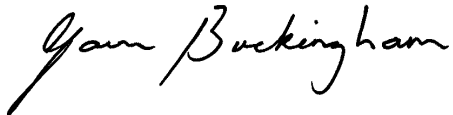
Dated this 7 September 2012

Auditor's Independence Declaration to the Directors of Legend Mining Limited

In relation to our review of the financial report of Legend Mining Limited for the half-year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



G Buckingham
Partner
Perth
7 September 2012

To the members of Legend Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Legend Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Legend Mining Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Legend Mining Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Gann Buckingham

G Buckingham
Partner
Perth
7 September 2012