

Legend Mining Ltd

(LEG \$0.09) Speculative Buy

EUROZ HARTLEYS

| Analyst | Date | Price Target |
|------------|--------------------------------|--------------|
| Jon Bishop | 25 th November 2020 | \$0.30/sh |

Transferring Wealth from the Impatient to Patient

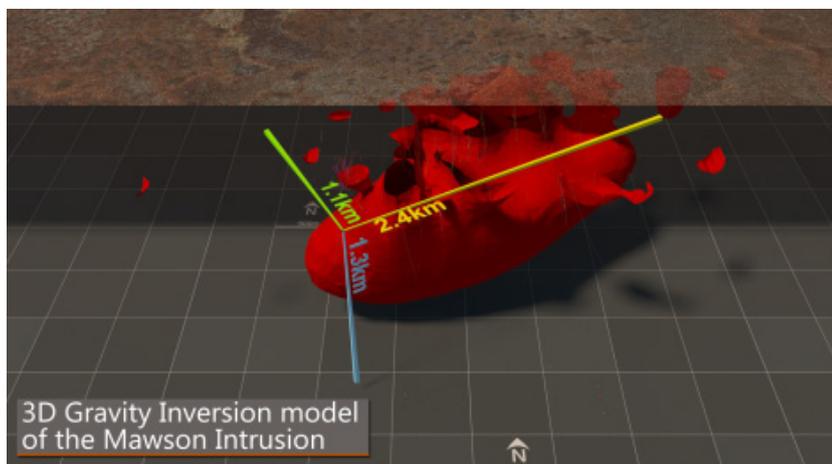
Investment case

The instant gratification retail market seems willing to forego a growing mineralised footprint of circa 2km x 600m aurally that is being increasingly validated by drilling results to +300m below surface. Comparisons with major magmatic Ni-Cu sulphide discoveries globally suggest that the +90m drill intercepts of semi-massive Ni-Cu mineralisation seen at Mawson place the discovery in rarefied company. And though the mineralised intrusive source has not yet been drilled out to an economic discovery, occurrence of high grade massive sulphides within ultramafic intrusive rocks, net textures consistent with analogous major deposits and the presence of PGEs and gold suggest this is a matter of time and not 'if'. Recent Company updates prompt us to revisit recent results in the context of the working geological model. We are unwavering in our conviction: Speculative Buy maintained.

Key points

Recent Company updates prompt us to highlight the key features of the ongoing results from activities at the Mawson discovery:

- Recently released assay and drilling results from the northern extension to Mawson main, have continued to conform to the 'deeper plumbing' gravity inversion model:



- The recent diamond hole RKDD032 – drilled to test the strong 25-70,000S DHEM conductor – returned 10.97m of semi-massive to massive mineralisation in 10 zones within a broader 27.82m mineralised envelope (assays pending):

| Legend Mining Ltd | Year End 30 June | |
|-----------------------|------------------|--------|
| Share Price | \$0.090 | A\$/sh |
| Issued Capital | | |
| FP Ord | 2,515.0 | m |
| Opt @ var prices | 387.0 | m |
| Rights @ var prices | m | |
| Total Dil. FPOrd | 2,902.0 | m |
| Market Capitalisation | \$248 | m |
| Enterprise Value | \$208 | m |
| Debt | \$- | m |
| Cash | \$39.5 | m |

Directors

| | |
|-----------|--------------|
| M. Atkins | Chairman |
| M. Wilson | Managing Dir |
| O. Kiddie | Exec. Dir |

Shareholders

| | |
|--------------------|-------|
| Creasy Group | 30.7% |
| Independence Group | 13.3% |
| David Bailey | 5.4% |
| Mark Wilson | 4.8% |

Company Details

Level 1, 8 Kings Park Rd, West Perth, WA, 6005

Share Price Chart



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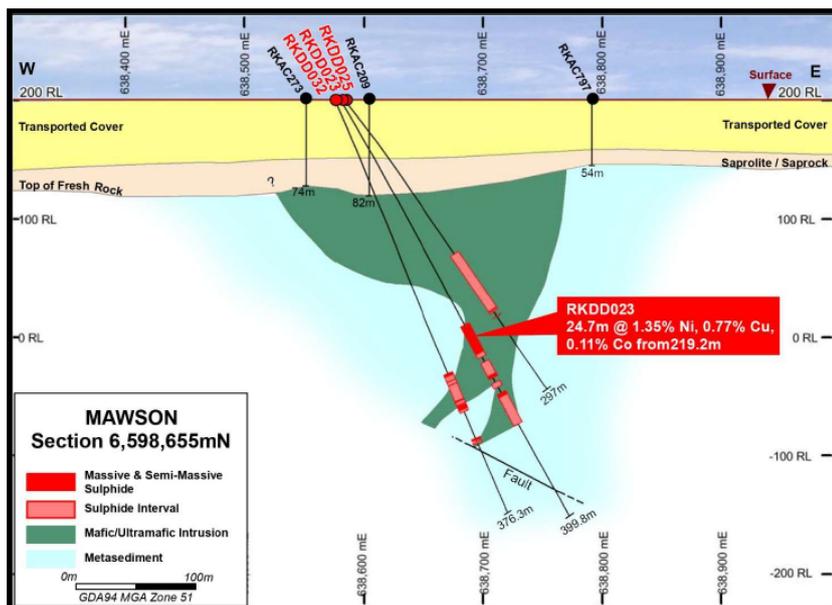
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- Notably, the mineralisation occurs largely within the ultramafic intrusive assoc. with the mineralisation assayed at RKDD023 (23.7m @ 1.35% Ni & 0.77% Cu av.) and the mineralisation observed in RKDD025;
- Spatially, these three incidents of mineralisation occur over vertical 'strike' of 60-80m;
- A fault at the base of the recorded mineralisation in RKDD032 both accounts for the mineralisation not conforming to the strength of the conductor as well as suggesting the mineralisation is slightly off-set (structural interp underway to locate the next hole and post DHEM);
- Applying the working model, there is good grounds to believe that this fault may form part of a larger structural control that enabled the intrusive ultramafic system and therefore a possible leading indication of the source;
- We view that the vertical emplacement model is holding water and thus LEG is ever closer to making the key drilling hit.
- We believe that the Mawson system is large and the discovery of the intrusive (and economic) source will be made in the coming year, by combining these latest observations with:
 1. The broad scale footprint (+2km x 600m) of the anomalism (defined on geochem, aircore, RC, diamond and geophysics);
 2. The occurrence on mineralisation within the ultramafic intrusive; and
 3. The associated PGEs and gold in assays.
- Patience is required for these types of ore-bodies noting LEGs maturing (in terms of repeatability of drilling mineralisation) model after only 30 holes places it favourably when looking to the vaunted Voiseys Bay which took well over 150 holes before it was 'established';
- To that end, LEG is well funded with c.\$40m in treasuries and options in the money;
- And noting the willingness of the current market to seize upon exploration scale potential (with LEG's established success) we draw upon old inspiration suggesting that the recent sell-off should represent a transfer of wealth from the impatient;
- Speculative Buy retained.

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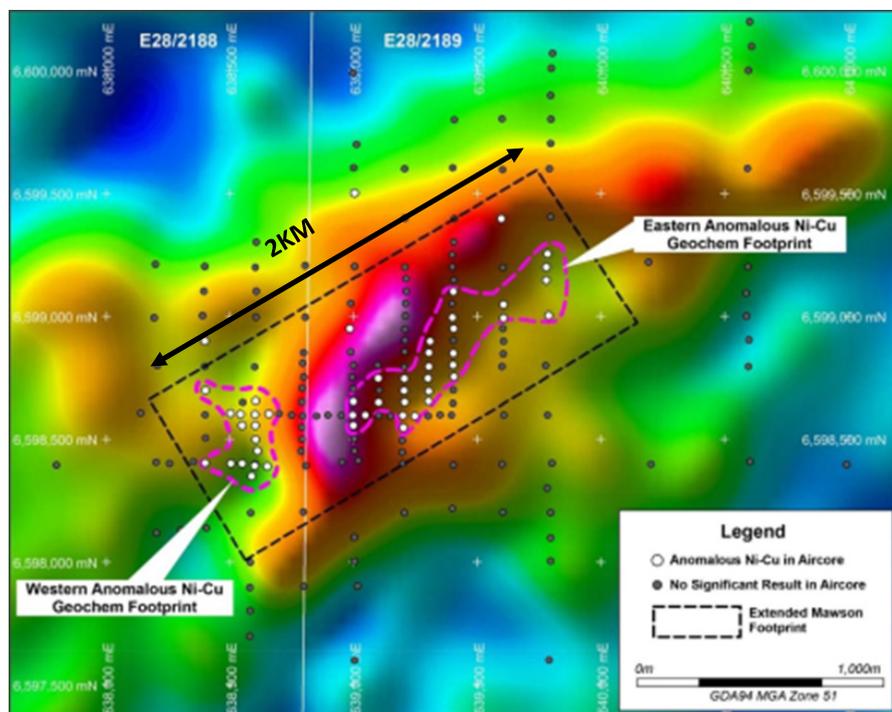
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Analysis

In the current market, exploration potential defined by geophysical and geochemical anomalism has been richly rewarded. DEG, CHN and more recently, AZS have all highlighted scale potential via geophysics and follow-up drilling success.

We find it hard, therefore, to differentiate LEG (noting the recent underperformance), noting the footprint of the Mawson area that has been defined:

1. Initially by geophysics (Gravity) and subsequently (and consistently) by DHEM);
2. Subsequently by anomalism in aircore;
3. More recently by RC drilling; and
4. Ultimately by evidence of massive mineralisation in country and also (notably) intrusive rocks via diamond drilling:



The difference to date perhaps is twofold:

1. Geophysical anomalism that has relatively lower conductance but much large aerial footprint in terms of EM plate size (refer: SIR, AZS); and
2. Delays to geophysics have precluded orienting LEGs follow-up diamond (particularly to the east) to validate extension of potentially economic (semi to massive) mineralisation at depth away from the Mawson Main area.

In addition, we would also suggest that the working geological model (of vertical emplacement) is not broadly understood by the speculative money driving interest in these stocks ie big plate a few holes = a new Nova. LEG looks very different.

We would encourage consideration of the geological model that is widely accepted as the working model that has given rise to many of the world's major Ni-Cu-PGE sulphide deposits: Voisey's Bay; Noril'sk; Jinchuan.

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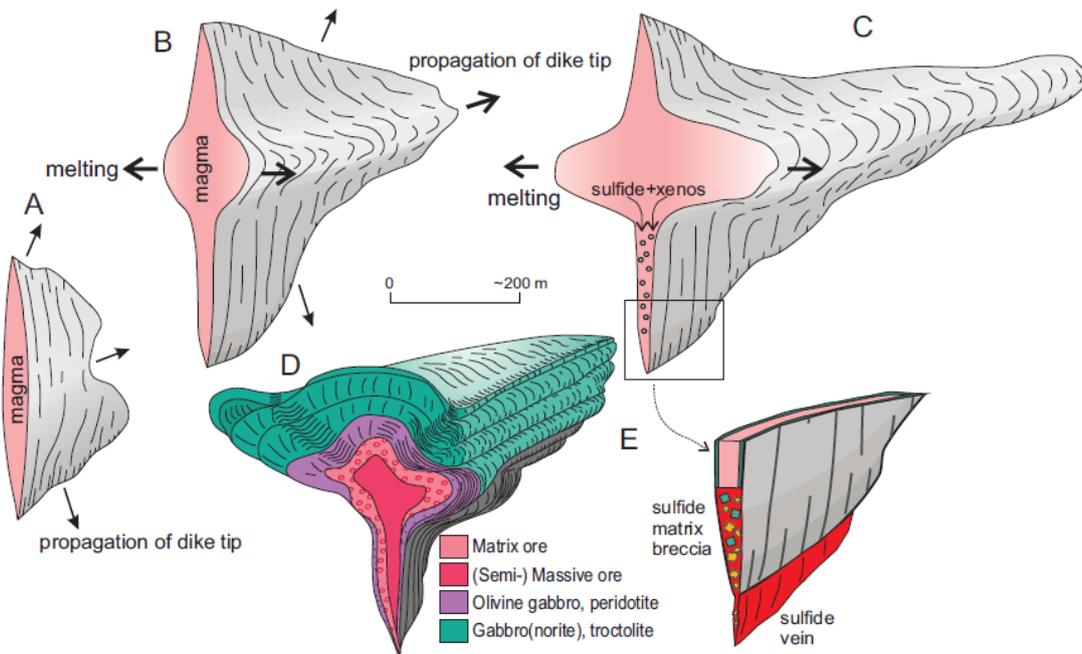
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These are all considered small intrusive mafic-ultramafic deposits that have – by definition – small aerial footprints, but when defined, significant vertical mineral endowments.

The working model, as described by Stephen Barnes and James Mungall (2018, Society of Economic Geologists, Economic Geology v.113, no.3, pp789-798), is very simply summarised by the following schematic:



We highlight that to date, there is clear evidence of a large aerial footprint likely associated entirely with an ultramafic intrusive (this is evidence by the right rocks in drilling as well as broad scale metamorphism of the host rocks).

Textures described in the literature (net textures, leopard textures, brecciated sulphides and broad matrix disseminated sulphides) have all be observed in the drilling to date.

Again, the presence of PGEs as well as massive sulphides over significant intervals (within 90m intervals of mineralisation) correlate strongly with the model.

Drilling is vectoring in on the underlying conduit in our view; therefore is a matter of time not if, a major economic system is established at Mawson via discovery of the source.

Patience is required, however, LEG have the capital and IP to execute.

The hiatus in drilling over the summer should enable the Company to properly review the data and catch up on necessary DHEM and structural logging to orient the next holes in new year.

We maintain our conviction that the bigger picture is significantly bigger, and the current sell-off is presenting a material opportunity to own the next major economic discovery in the Fraser Range.

Speculative Buy maintained.

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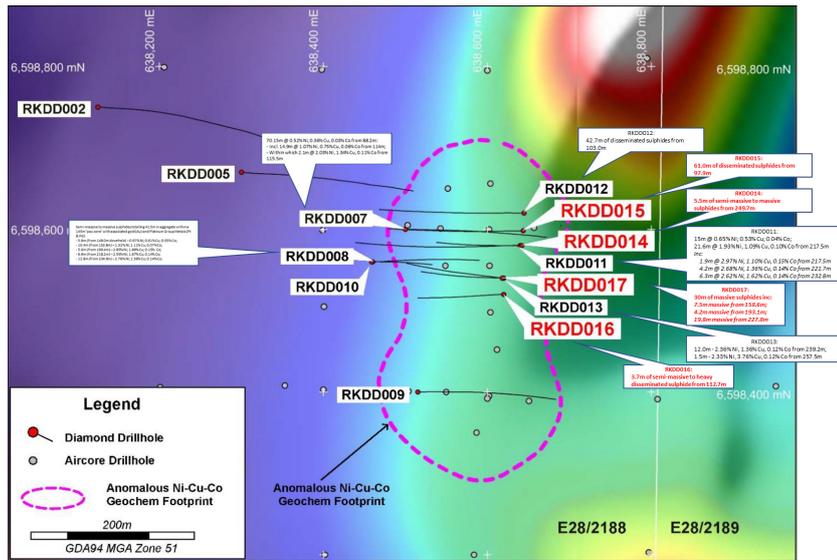
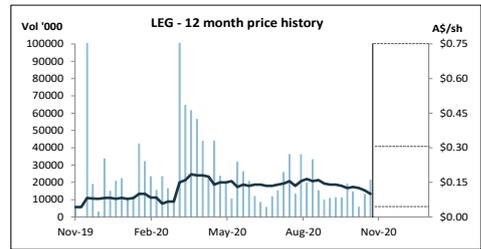
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Key Variables

| ASSET VALUATION | A\$m | A\$/sh |
|--------------------------------|------------|-------------|
| Rockford Project | 600.0 | 0.22 |
| Broader exploration | 50.0 | 0.02 |
| Cash | 27.0 | 0.01 |
| Receivables (Jindal) | 3.0 | 0.00 |
| Unpaid Capital (opt. in money) | 19.5 | 0.01 |
| Debt | - | - |
| A\$ | 700 | 0.25 |

Our Share Price Sensitivity



Our Market Sensitivity

Valuation - \$0.25/sh

Price Target - \$0.30/sh

Bull Scenario - \$0.75/sh

Continued growth to the Mawson discovery and/or other exploration discoveries within LEG tenure mature towards economic scale developments.

Base Scenario - \$0.30/sh

Exploration activity in a favourably disposed market for exploration for base metals, attracts market interest in the lead up, during and awaiting assays. Drilling at Mawson continues to build a discovery of Resource potential.

Bear Scenario - \$0.03/sh

Equity markets fall and/or the exploration programme fails to yield a discovery of economic potential.

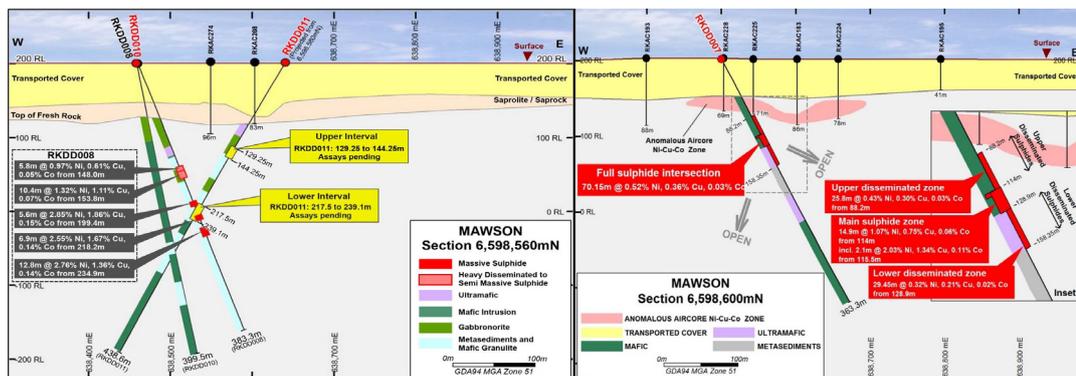
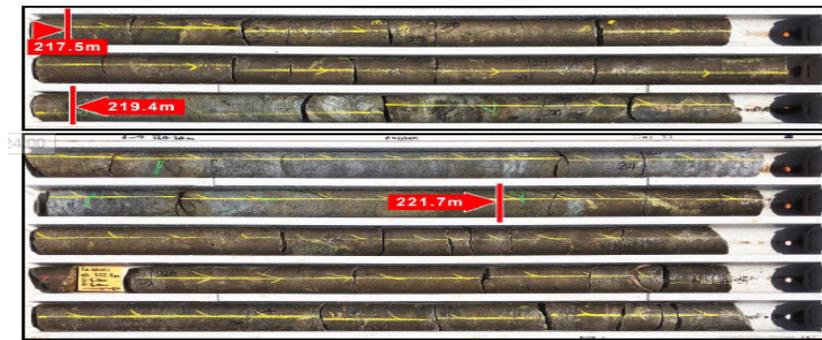
Company Summary

Legend Mining Limited (LEG) is an Australian mining and exploration company listed on the Australian Securities Exchange. The Company's exploration focus is on its nickel-copper Rockford Project in the Fraser Range district of Western Australia. Drilling in the Mawson Prospect in Nov 2019 has yielded a material shallow intercept of 70m of Ni-Cu-Co-Au-PGM bearing ultra-mafic and mafic rocks. A second hole has added to the discovery in Mar 2020.

Disclaimer

The projections and information above is based on the set assumptions outlined. Due care and attention has been used in the preparation of this information. However actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Euroz.

Appendix 1 – RKDD011 Lower Sulphide Interval 217.5 – 239.1m



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