LEGACY IRON ORE LIMITED

(ACN 125 010 353)

Annual Report
for the Year Ended 30 June 2014

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Ms Sharon Heng, Executive Director & Managing Director (resigned 31 October 2014)
Mr Swaminathan Thiagarajan, Non-Executive Director
Mr Subimal Bose, Non-Executive Director
Mr Timothy Turner, Non-Executive Director
Mr Devanathan Ramachandran, Non-Executive Director (appointed 5 November 2014)

COMPANY SECRETARY
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STOCK EXCHANGE LISTING
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: LCY

Dear Shareholder,

I am pleased to present an overview of your Company's activities for the year ended 30 June 2014.

It has been another challenging year for Australia's junior exploration and the development sector, evidenced by widespread difficulty to raise funds and pressure on share prices. Despite this, Legacy Iron has managed to complete a significant capital raising of circa $12.3m to assist in the reduction of debt and having ongoing working capital.

The support of our largest shareholder NMDC Limited was evident with NMDC taking up their full entitlement under the entitlement offer, and increasing their shareholding to approximately 78%.

During the financial year, Legacy Iron continued to drill the large scale Mt Bevan iron ore project, with drilling targeting DSO haematite targets following encouraging surface sampling on the Eastern BIF target.

Work was also undertaken on the upgrading of the resource at Mt Bevan, with Legacy Iron announcing a maiden indicated resource of 322Mt at a grade of 34.7%Fe with a high mass recovery of 44.2% over a 2km section of the western BIF.

I sincerely thank all staff and shareholders for your ongoing support, and look forward to 2015 as Legacy Iron continues to progress its broader asset portfolio.

Yours faithfully,

Mr N.K. Nanda
Non-Executive Chairman

OPERATIONS REPORT

Legacy Iron is an active exploration company with a diverse portfolio of assets spanning iron ore, manganese, gold and base metals. The primary focus for the Company is its Joint Venture with Hawthorn on the Mt Bevan Iron Ore Project, north of Kalgoorlie in Western Australia, where the Company is progressing a potentially world class magnetite project (*Figure 1*).

The Company holds significant landholdings in two major mineralised provinces within WA. In the Pilbara region, Legacy Iron is exploring for iron ore and manganese while in the Eastern Goldfields region, activities are focused on gold discoveries. The Company also holds substantial ground in the East Kimberley region with the most advanced prospect being the highly prospective Koongie Park VHMS base metal - gold project.

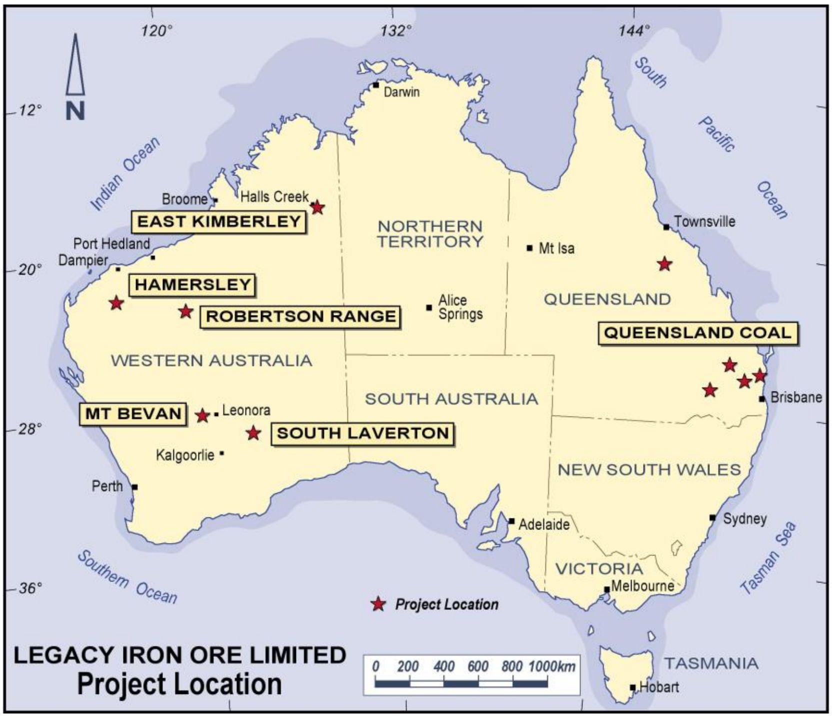


Figure 1: Location of Legacy Iron Projects

IRON ORE

Legacy Iron Ore Limited ("Legacy Iron" or "the Company") is the manager of the Mt Bevan Joint Venture in the Yilgarn of Western Australia. The Mt Bevan Iron Ore Project ("Mt Bevan") is a joint venture between Legacy Iron and Hawthorn Resources Limited (ASX: HAW or "Hawthorn) with Legacy Iron holding 60% interest in the project. Legacy Iron has now drilled out a major magnetite resource and is investigating the strong potential for shallow DSO or beneficiable hematite resources. It also holds two substantial iron ore projects located close to infrastructure in the Pilbara of Western Australia (*Figure 2*).

OPERATIONS REPORT (continued)

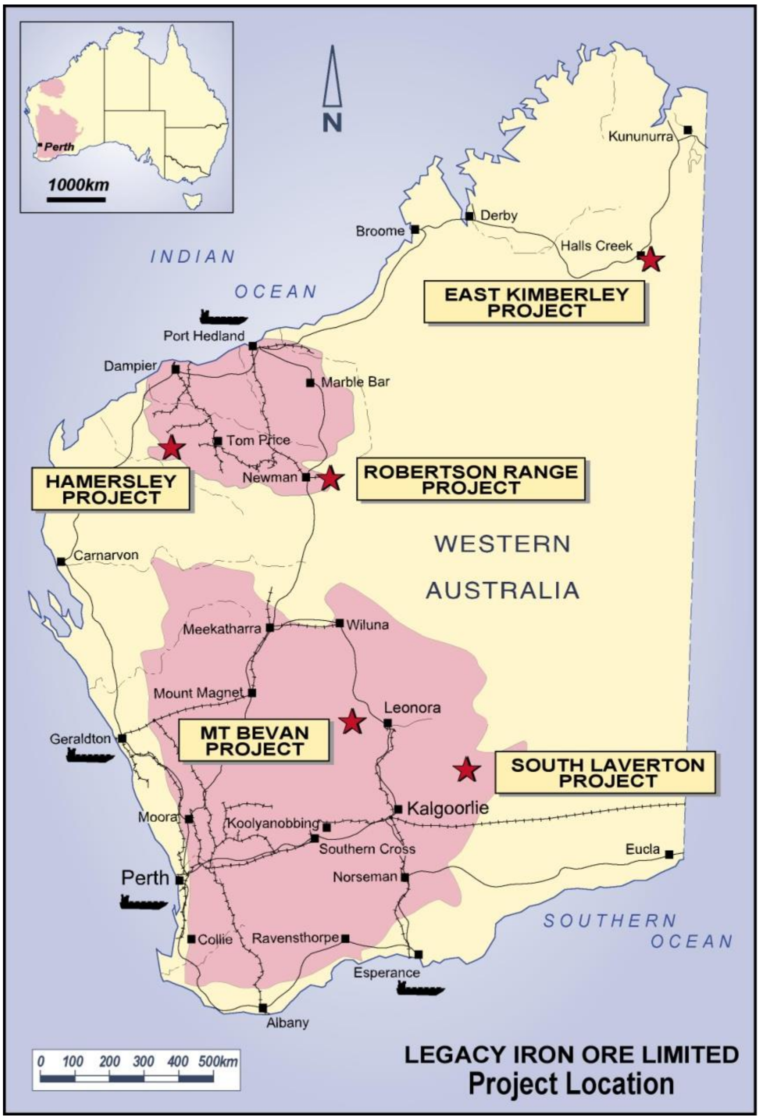


Figure 2: Legacy Iron Projects – Western Australia

Mt Bevan Magnetite Project

Mt Bevan Project is a joint venture between Legacy Iron and Hawthorn. Legacy Iron has a 60% interest in the project. Mt Bevan is considered to hold excellent potential for the definition of major magnetite resources located close to existing road, rail and port facilities. The project also has potential for DSO hematite discoveries.

The highly successful exploration and resource definition program carried out now underpins the potential for a large scale development at Mt Bevan (*refer Table 1 below for the current resource estimate, and Figure 3 for a representative cross section*). Following the successful conclusion of a recent strategic review and forward growth strategy, Legacy Iron has confirmed its intention to progress the Project to the next phase as a priority and is currently in discussions with its 40% JV partner at Mt Bevan, Hawthorn, regarding the scope, timing and funding of further phases of the project.

OPERATIONS REPORT (continued)

The next phase of work is likely to require the completion of further resource definition and development studies required to convert existing mineral resources into JORC reserves, and further define the scope, design and capital cost of the Project and to comprehensively demonstrate the projects viability.

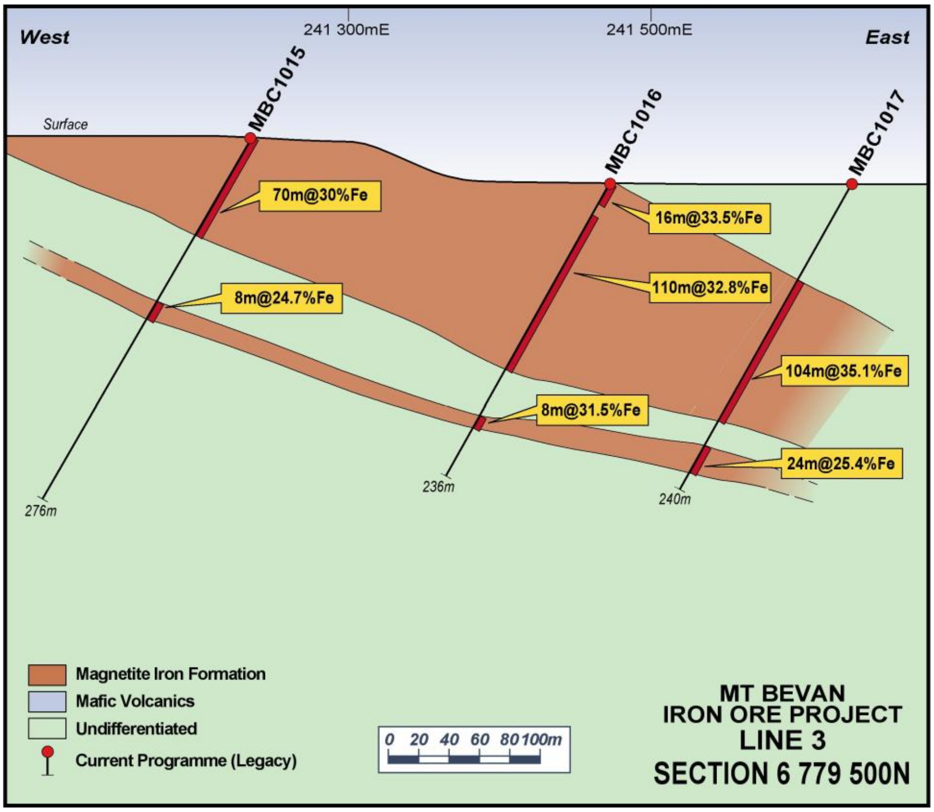


Figure 3: Drilling Cross Section – Lines 3

Table 1: Mt Bevan Resource Estimate

*In situ Magnetic is the material that is expected to report to the magnetic fraction. The in situ Magnetic quantities in the Tonnes column are expressed as the percentage of the in situ Total tonnes (as estimated from Davis Tube Mass recovery).

Mt Bevan Fresh BIF Resource											
Class	**Material**	**Tonnes x 10^6**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**CaO %**	**P %**	**S %**	**LOI %**	**MgO %**	**Mn %**
Indicated	*In situ* Total	322	34.7	46.2	0.57	1.35	0.054	0.131	-1.05	1.91	0.31
	In situ Magnetic*	44.18%	30.0	2.4	0.01	0.08	0.005	0.053	-1.38	0.05	0.01
	Concentrate	142	68.0	5.5	0.02	0.18	0.012	0.130	-3.12	0.12	0.03
Inferred	*In situ* Total	847	35.0	45.6	0.77	2.00	0.063	0.39	-1.15	1.77	0.04
	In situ Magnetic*	45.70%	30.8	2.8	0.01	0.06	0.004	0.042	-1.37	0.03	0.01
	Concentrate	387	67.5	5.9	0.03	0.14	0.009	0.096	-3.00	0.06	0.02
Total	*In situ* Total	1,170	34.9	45.8	0.71	1.82	0.060	0.137	-1.12	1.81	0.11
	In situ Magnetic*	45.28%	30.6	2.7	0.01	0.07	0.004	0.045	-1.37	0.03	0.01
	Concentrate	530	67.7	5.80	0.03	0.15	0.010	0.105	-3.03	0.07	0.02

OPERATIONS REPORT (continued)

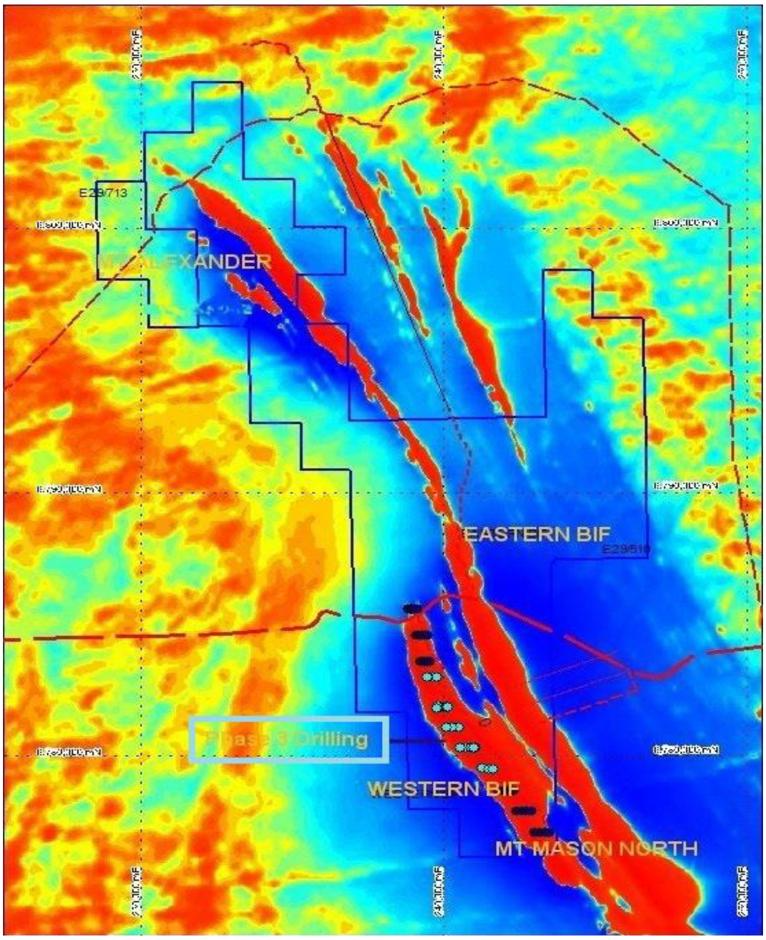


Figure 4: Aeromagnetic image showing Eastern and Western BIF Targets

Mt Bevan DSO Exploration

During the year, surface mapping and geochemical programs were completed targeting DSO iron ore mineralisation within the project area

The initial work completed in the Phase 4 program returned a series of encouraging high iron, low contaminant assays after mapping and surface sampling on the Eastern BIF target. Following the success of this work, a second phase of mapping and sampling was undertaken. This program comprised infill and extensional sampling on the Eastern BIF which extends for some 20km of strike within the Mt Bevan project area (*Figure 4*). This work has now been completed, with encouraging results. Surface mapping also outlined another BIF horizon lying between the Western and Eastern BIFs – this has been termed the Mezzo BIF.

Visibly high iron samples were first 'screened' by use of a portable Niton XRF, and selected samples despatched to ALS Perth for Fe suite analysis. A number of high iron (greater than 50% Fe) assays were received from this and the earlier field program. An aerial image showing the position of high Fe samples is shown as *Figure 5*; with *Table 2* below providing combined most significant assays (greater than 60%) for the two field programs.

The Eastern BIF was identified by Legacy Iron earlier as having potential for DSO hematite, with only very sparse drilling conducted to date on this target. Most prior drilling has focussed on the Western BIF where a major magnetite resource was defined over a 10km strike length.

OPERATIONS REPORT (continued)

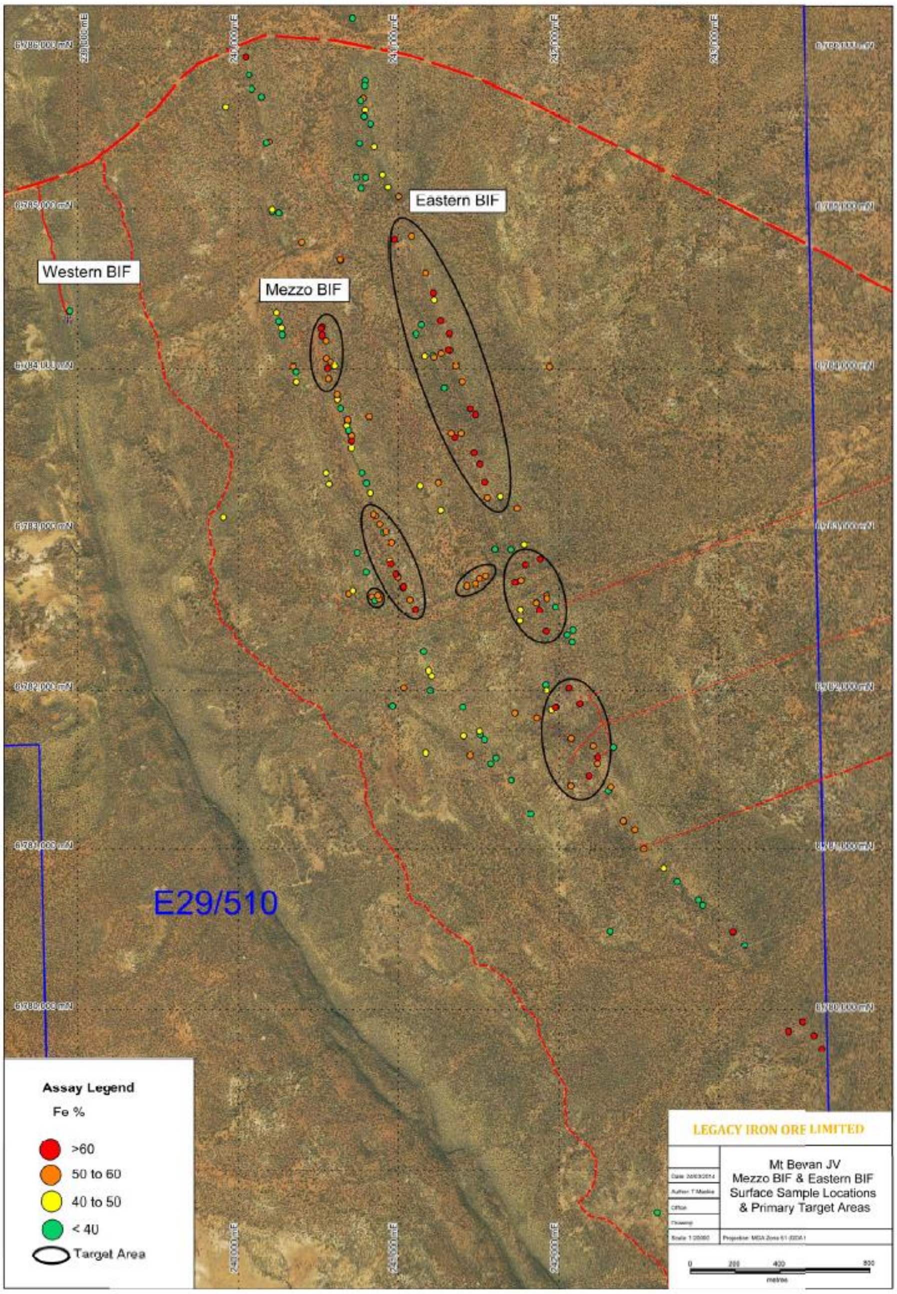


Figure 5: Eastern and Mezzo BIF Surface Sampling – Drill Targets

OPERATIONS REPORT (continued)

Eastern BIF

SampleID	Easting	Northing	Fe %	Al2O3 %	SiO2 %	S %	LOI %
EB1019	241449	6783752	61.4	0.8	7.15	0.05	3.84
EB1044	241791	6782778	61.6	1.45	2.23	0.047	7.27
EB1048	243522	6779923	65.9	0.42	0.81	0.041	3.29
EB1052	242401	6781176	60.98	1.98	4.57	0.131	4.85
EB1062	241351	6783578	61.21	2.43	3.43	0.084	6.75
EB1063	241507	6783408	61.49	1.71	3.31	0.062	5.82
EB1103	242061	6782015	60.39	4.88	1.7	0.108	6.51
EB1117	243089	6780492	63.97	0.49	2.19	0.041	5.41
EB1138	243640	6779762	63.44	1.24	2.95	0.071	3.62
EB1139	243592	6779842	65.04	1.18	1.36	0.066	3.7
EB1140	243433	6779865	64.33	1.2	2.5	0.055	3.61
EB1172	240976	6784807	60.89	3	4.89	0.065	5.23
EB1180	241920	6782366	61.34	1.98	2.64	0.219	5.36
EB1185	241976	6781889	62.21	1.38	4.67	0.092	4.87
EB1186	242129	6781913	61.8	1.54	4.66	0.1	4.5
EB1190	242186	6781465	61.1	1.9	5.9	0.166	4.1
EB1193	242239	6781581	62.05	2.01	3.97	0.084	4.9
EB1205	241882	6782815	62.59	1.69	3.52	0.06	5.36
EB1214	241537	6783293	61.72	2.03	3.34	0.066	5.66
EB1215	241506	6783409	63.61	1.42	3.07	0.046	4.63
EB1216	241471	6783480	60.42	2.44	5.27	0.074	5.51
EB1241	241481	6783715	61.07	2.11	4.02	0.042	5.74
EB1251	241312	6784123	60.84	1.64	5.2	0.066	5.57
EB1252	241318	6784222	64.81	1.86	2.34	0.052	3.13
EB1253	241263	6784301	65.33	0.67	2.67	0.086	3.07
EB1255	241218	6784477	60.05	1.34	5.07	0.089	7.1
EB1283	241878	6782498	62.88	1.93	3.86	0.066	4.03

Mezzo BIF

SampleID	Easting	Northing	Fe %	Al2O3 %	SiO2 %	S %	LOI %
EB1039	240523	6784256	61.34	1.68	2.07	0.075	8.15
EB1047	241029	6782639	60.41	1.1	4.69	0.06	7.53
EB1075	241727	6782669	64.03	1.68	2.36	0.091	3.48
EB1077	241033	6782644	60.19	1.44	3.29	0.136	8.81
EB1078	240987	6782720	62.32	0.59	2.06	0.035	8.15
EB1080	240526	6784262	60.49	1.6	2.33	0.084	8.84
EB1087	240955	6782784	61.67	0.96	7	0.041	3.66
EB1088	241107	6782502	61.07	1.8	2.34	0.08	7.37
EB1147	240046	6785947	60.44	2.3	6.66	0.094	4.01
EB1221	240526	6784212	60.07	2.33	3.29	0.048	7.74
EB1222	240520	6784253	62.07	1.2	1.74	0.031	7.97
EB1230	240560	6784005	63.36	0.92	3.61	0.006	4.58
EB1236	240685	6783676	62.93	1.96	3.78	0.102	3.8
EB1261	240710	6783555	60.19	1.58	4.52	0.096	7.67

Table 2: Eastern and Mezzo BIF rock chip samples – assays > 60% Fe

DSO drill targets previously identified under the Phase 4 exploration programme at Mt Bevan are currently awaiting approval from the Department of Mines and Petroleum (DMP). Legacy Iron anticipates drilling several targets along Eastern and Mezzo BIF horizons together with Mt Mason North in August 2014, pending approval from the DMP.
Legacy Iron holds a 60% share of the Mount Bevan Joint Venture with Hawthorn Resources Ltd holding the remaining 40%.

(Full details of the project are available at the Company website www.legacyiron.com.au).

OPERATIONS REPORT (continued)

The JORC 2012 *Table 1* referring to the SRK Mineral Resource Estimation, and that referring to the DSO hematite geochemical sampling are shown in *Appendix 1*.

Pilbara Iron Ore and Manganese Projects

The Company has iron ore and manganese projects in the Pilbara region of Western Australia (*Figure 6*). These projects are proximal to existing iron and manganese ore resources and infrastructure.

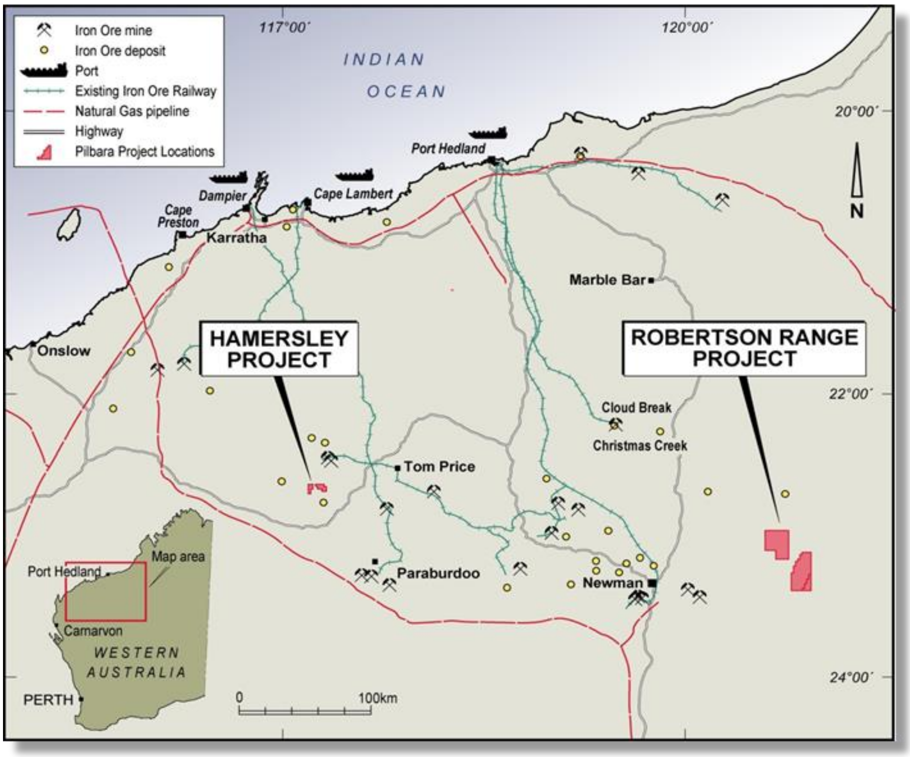


Figure 6: Iron Ore and Manganese Project Locations

Robertson Range Project

The Robertson Range Project lies 100km - 120km east-northeast of Newman in the East Pilbara of Western Australia. The project comprises two granted Exploration Licences (E45/3395 and E46/818) and an Exploration Licence application (E45/3394) covering an area of some 800km^2. Exploration Licence E45/3395 is prospective for iron ore, whilst E46/818 is prospective for manganese.

Manganese Project

The extensive 370 square kilometre project area lies 90 km east of Newman and is located immediately south of the Nicholas Downs manganese mine (*Figure 7*). The Nicholas Downs mine, previously known as the Balfour Downs deposit, is being developed by a joint venture comprising Hancock Prospecting Pty Ltd and PMI (Mineral Resources Ltd). Mining has recently commenced at this high grade manganese orebody which has a reported resource base of some 20 million tonnes (JORC – inferred), with a targeted production of 600,000 tonnes per annum of 38% manganese ore*.

*Hancock Prospecting Pty Ltd, 2011 website

OPERATIONS REPORT (continued)

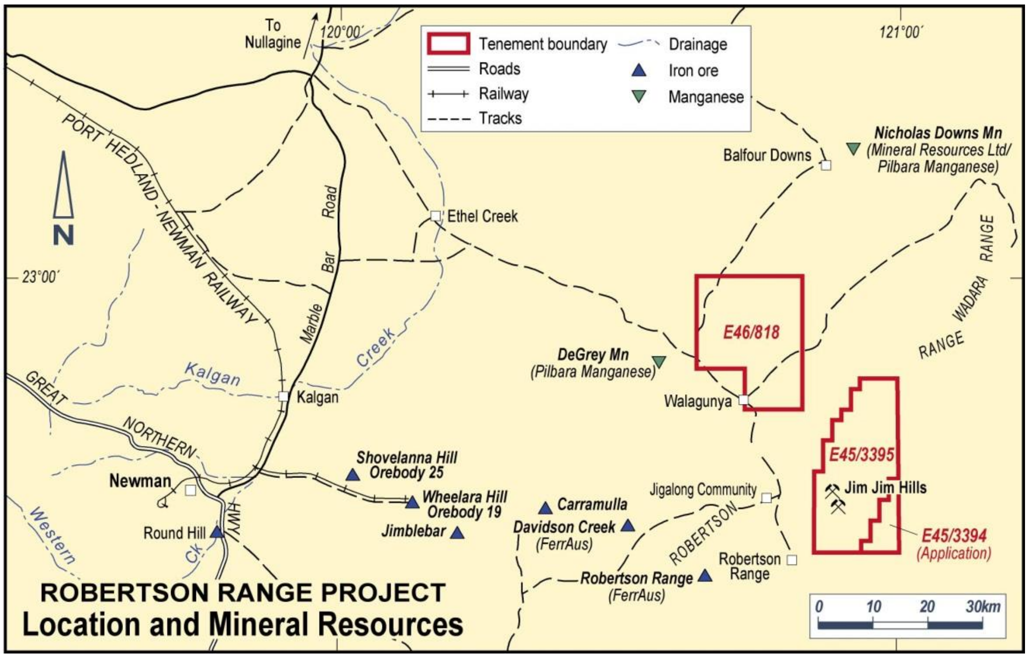


Figure 7: Manganese Project Location (E46/818)

Previous work had shown that most of the tenement is underlain by Balfour Formation manganiferous shales, masked in part by surprisingly thin alluvial cover. The shales are host rocks to the major Nicholas Downs manganese mine located some 25km along strike to the NNE.

Three manganese bearing prospects have now been identified in the southern more exposed part of the project area (*Figure 8*).

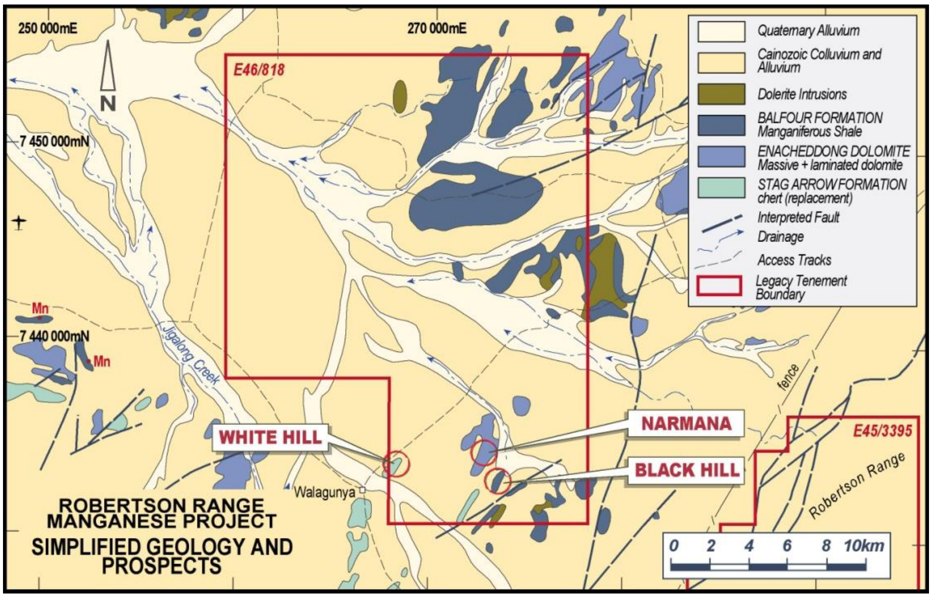


Figure 8: Robertson Range Manganese Prospects

OPERATIONS REPORT (continued)

A ground gradient IP survey and limited RC drilling has been conducted at the **Black Hill prospect** – where surface rock chip samples assayed in the range 10.6 – 33.3% manganese (average 21.8%) – *Figure 9*.

Figure 9: Outcropping Manganese Mineralisation in Balfour Formation

The limited RC drilling program intersected thick intersections of low grade manganese mineralisation (*Table 3*).

Table 3: Scout RC Drilling – significant intersections

Drill hole	Easting (m)	Northing (m)	Azimuth degrees	Dip degrees	From (m)	To (m)	Thickness (m) #	MnO %
BHC001	273605	7433296	0	-90	3	16	13	11.35
BHC002	273572	7433199	0	-90	3	16	13	13.53
BHC003	273541	7433108	0	-90	1	14	13	13.55*
BHC004	273572	7432851	0	-90	6	12	6	11.11
BHC005	273200	7432700	0	-90	4	8	4	11.49

*Includes 6 -7m: 1.0m @ 22.4% Mn. #The true width of intersections is estimated to vary between 60 – 75% of the drilling intersections noted above ## Further information regarding the drilling program and assaying is shown in Appendix 1.

Limited work was conducted during the current year with discussion with native heritage parties regarding future drilling in progress.

OPERATIONS REPORT (continued)

GOLD

Legacy's major interest lies in the South Laverton region, where the company holds some 460 square kilometres of prospective ground (*Figure 10*). The South Laverton project area lies along the Keith Kilkenny Tectonic Zone ("KKTZ") and the southern part of the Laverton Tectonic Zone ("LTZ"). These structures host numerous major gold mines, with the LTZ in particular hosting gold resources of some 20 million ounces. Drilling has defined several JORC compliant gold resources on Legacy tenements totalling 121,454 oz at Mt Celia, Yilgangi and Yerilla projects # (*Table 4*).

previously reported to ASX in detail

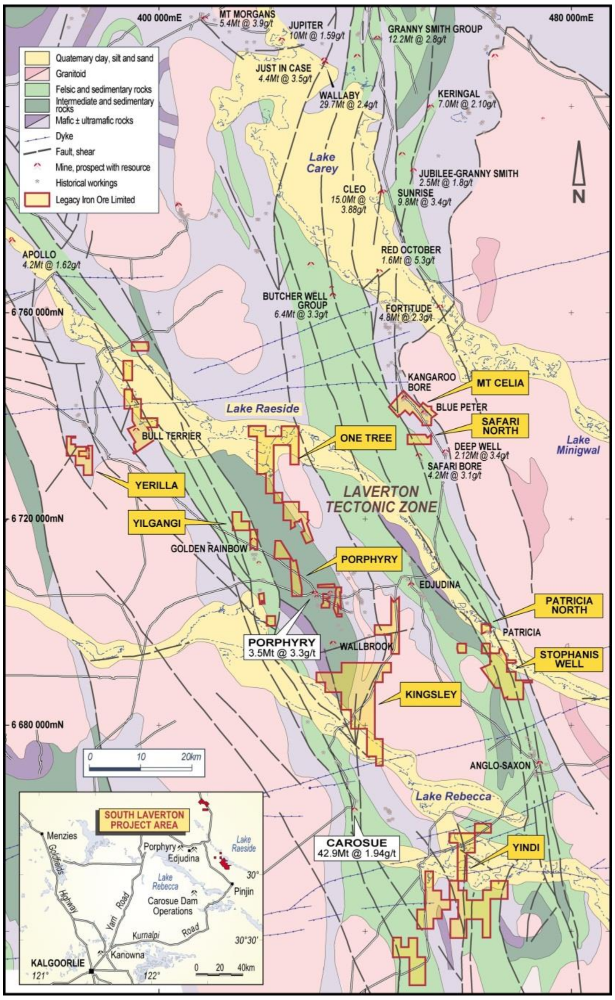


Figure 10: South Laverton Gold Project - Tenement Locations

OPERATIONS REPORT (continued)

Table 4: LEGACY IRON ORE LIMITED
JORC COMPLIANT RESOURCES - GOLD

PROJECT	DEPOSIT	JORC Resource Category	LOWER CUT OFF	TONNAGE	GRADE	GOLD
			g/t Au	**Tonnes**	**g/t Au**	**oz**
Mt Celia	Kangaroo Bore	Indicated	0.7	1,037,000	1.4	46,400
	Blue Peter	Inferred	1.0	239,232	3.97	30,554
Yerilla	Bull Terrier	Inferred	1.0	527,000	1.92	32,500
Yigangi	Golden Rainbow	Inferred	1.0	204,600	1.83	12,000
Total Gold oz						**121,454**

Only limited exploration was conducted on the South Laverton gold tenements during the year due to other exploration priorities.

East Kimberley Project

The East Kimberley Project tenements are located in the Halls Creek area. Halls Creek is located 347km south of Kununurra and is readily accessible via the sealed Great Northern Highway. These tenements currently comprise three exploration licences – Koongie Park, Mt Bradley and Antrim Plateau *(Figure 11*).

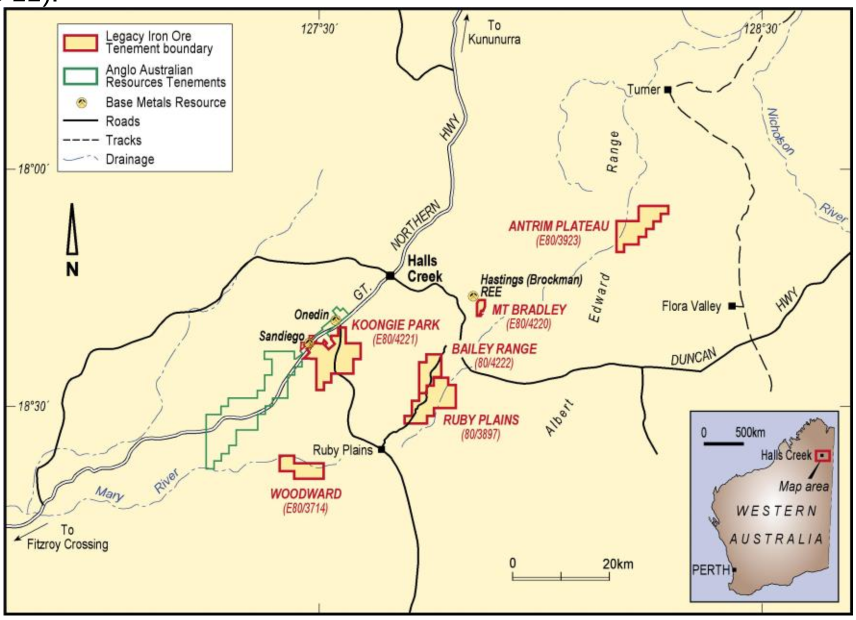


Figure 11: Location of East Kimberley Projects

OPERATIONS REPORT (continued)

Previous exploration including helicopter-borne geochemical sampling has highlighted the following tenements as having potential for significant mineralisation:

- Koongie Park (E80/4221) – Volcanogenic Hosted Massive Sulphide deposit ("VHMS") base metal mineralisation (i.e. Doolgunna/Degrussa, and Bentley/Jaguar style).
- Antrim Plateau (E89/3923) – manganese and copper mineralisation.
- Mt Bradley (E80/4220) – manganese and Rare Earth Elements (REE) mineralisation.

Koongie Park

Legacy Iron holds exploration licence E80/4221 that is contiguous with ground under exploration by Anglo Australian Resources Limited (AAR) at its Koongie Park VHMS base metals deposit. AAR has defined substantial base metal/gold/silver mineralisation in two deposits to date, with a total JORC resource (Indicated and Inferred) of 8Mt at 3.3% zinc, 1.2% copper, 0.3g/t gold and 23g/t silver. AAR has also recently outlined a shallow supergene high grade copper resource.

The style of mineralisation (VHMS) is similar to that found at Sandfire Resources' Doolgunna discovery and at the Teutonic Bore/Jaguar/Bentley deposits of Independence Group. This style of deposit is known worldwide to occur in clusters and often the early discoveries in these camps are not the largest.

High resolution aeromagnetic data has shown the presence in Legacy Iron's ground of substantial areas of the same stratigraphic units that host the AAR base metal mineralisation (*Figure 12*). These lie largely under shallow alluvial plain cover.

OPERATIONS REPORT (continued)

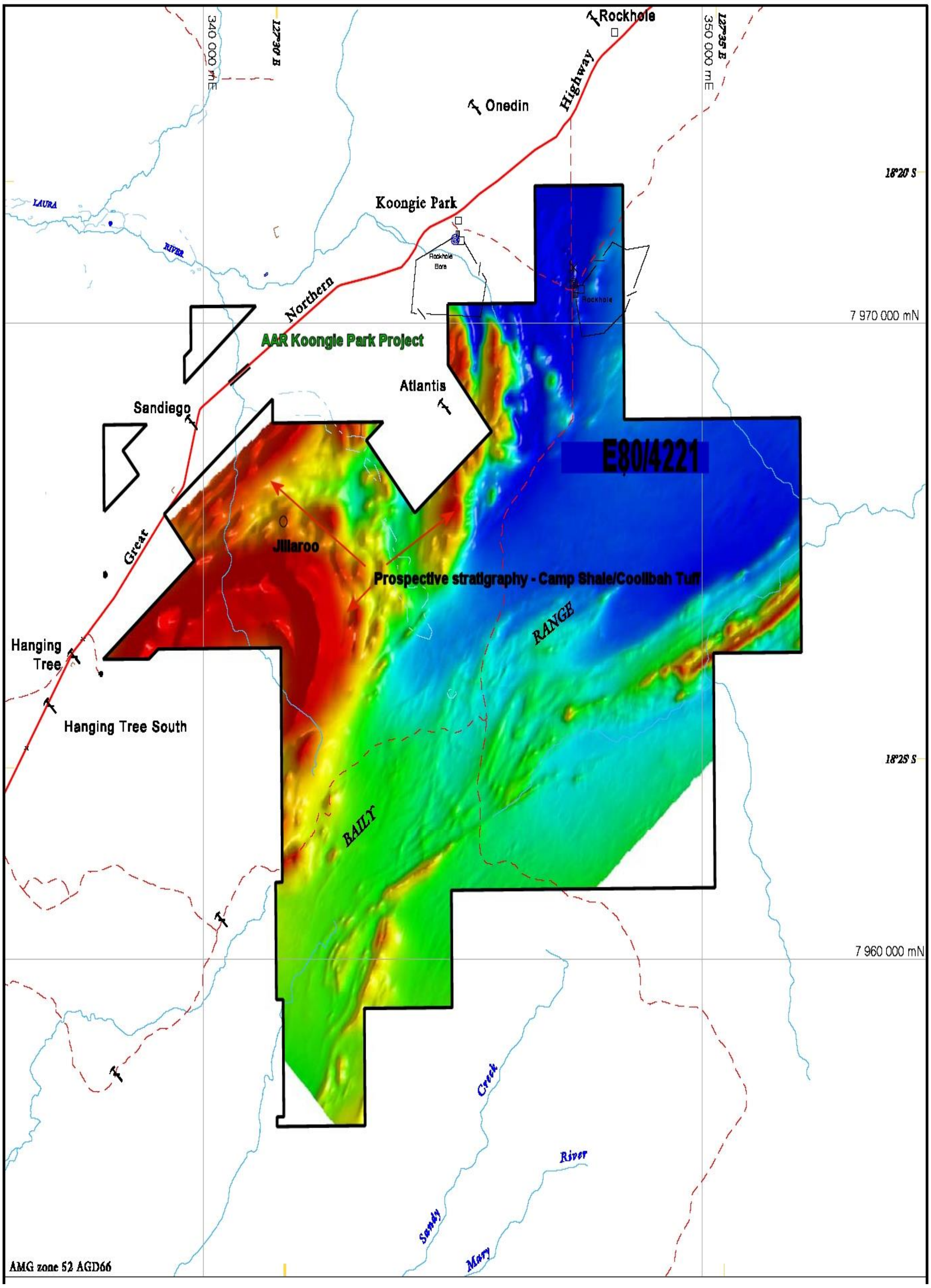


Figure 12: Koongie Park – High Resolution Aeromagnetics
(red = high magnetic stratigraphy equating to magnetite bearing members of prospective Camp Shale Member)

Fieldwork was aimed at validating these similar trends as much as possible in the field. The host Camp Shale unit was found to outcrop only in the most northern sector. However, weathering resistant tourmaline rich cherts were found as sparse outcrop and sub-crop in the southern sector within open alluvial plain. These are indicative of submarine exhalative processes related to VHMS mineralisation (*Figure 13*).

OPERATIONS REPORT (continued)

Figure 13: Koongie Park – Outcropping Tourmalinite Chert Horizons

At one occurrence, the **Jillaroo prospect**, the chert horizon contains a substantial gossan (representing weathered, leached sulphide mineralisation). Assays taken using a portable Niton XRF unit showed substantially elevated base metal concentrations to 994 ppm zinc, 173 ppm copper, and 253 ppm lead (*Figures 14 and 15*).

Figure 14: Jillaroo Prospect – Tourmalinite Chert with Gossan

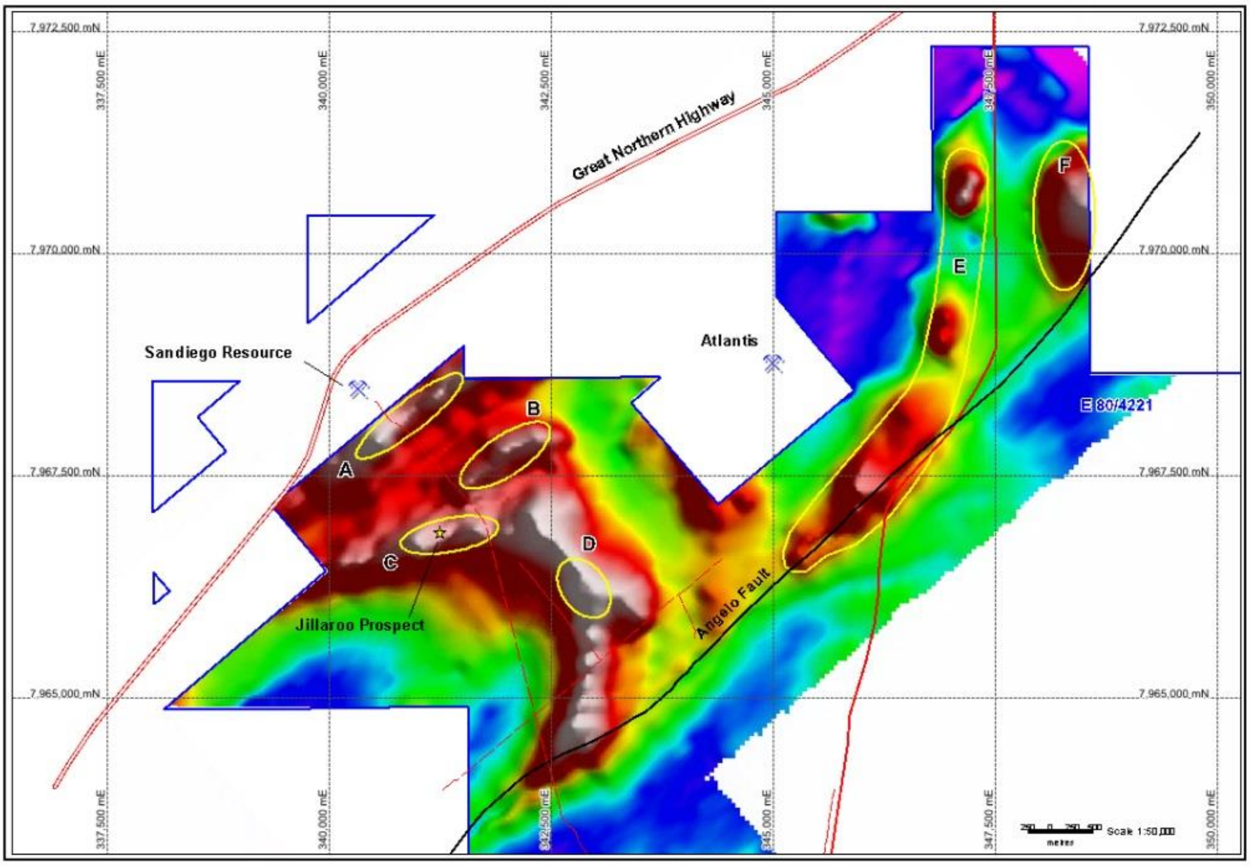
OPERATIONS REPORT (continued)

Figure 15: Jillaroo Prospect – Gossan

This reconnaissance work clearly indicates the excellent potential of the Legacy Iron ground to host VHMS mineralisation.

A HELITEM survey over the northern part of the project area produced several significant conductors, one of which is associated with the Jillaroo prospect gossan. Modelling of these conductors produced the following significant results (*Figure 16*):

OPERATIONS REPORT (continued)



(Channel 15 – midtime)

Figure 16: 3D Plan of HELITEM Conductors

A to D: Conductors associated with the VHMS basemetal prospective volcanosedimentary stratigraphy. This stratigraphy is masked by shallow alluvium. Conductors are moderately to steeply dipping with modelled tops being shallow (60 – 90m).

E and F: These conductors are associated with the major Angelo Fault with the most significant conductors occurring on the fault at interpreted splay fault induced dilational zones. These conductors have been modelled with tops 175 – 205m deep.

Drilling is planned for a number of significant targets identified through the HELITEM airborne EM survey. A native heritage clearance will be undertaken prior to drilling.

OPERATIONS REPORT (continued)

Mt Bradley

Mt Bradley lies immediately adjacent to the Hastings (aka Brockman) REE resource being drilled by Hastings Rare Metals Limited. Hastings has a JORC-compliant resource exceeding 22Mt grading 0.795% ZrO_2, 0.31% Nb_2O_5, 0.023% Ta_2O_5 and heavy REE grades of 0.10% Y_2O_3, with potential for significant quantities of heavy REE including dysprosium and yttrium. Mt Bradley is one of the most advanced REE resources in Australia, having been the subject of major drilling and trial plant scale metallurgical testing by Union Oil Development Corporation during the 1980s. The high Niobium content of the resource is of particular economic interest.

The REE mineralisation is hosted by tuffaceous rhyolitic volcaniclastics of the Brockman Volcanics – the 'Niobium Tuff'. Similar rhyolitic to alkalic intrusives are known to occur within the Mt Bradley tenement and were highlighted in a recent Geological Survey of WA assessment. These have received little attention due to the past focus on gold exploration, and low REE prices.

Fieldwork at Mt Bradley was curtailed due to access problems and other exploration priorities – the area is extremely rugged, with vehicular access at present only to the southern part due to wash outs. Limited geochemical sampling was carried out in the vicinity of the Titan gold prospect. Helicopter borne mapping and geochemical sampling is planned for the coming field season.

COAL

The Legacy Iron coal projects are located in the productive Surat and Mulgildie coal basins and are close to major roads and the rail network. Substantial coal investments have been made nearby by BHP, Xstrata and, more recently, a number of major Indian corporations.

Reconnaissance shallow drilling undertaken last year on the tenements held by Legacy Iron intersected only thin, poor quality coal seams in a few holes. Based on these results, Legacy Iron considers that there is low potential for an economically viable resource to be identified on these coal tenements. As such, the Company is in the process of relinquishing its coal tenements including EPC2303, EPC2304 and EPC2580.

Competent Person's Statement:

The information in this statement that relates to the Mt Bevan Mineral Resource Estimate is based on work done by Rod Brown of SRK Consulting (Australasia) Pty Ltd and Steve Shelton of Legacy Iron Ore Limited. Steve Shelton takes responsibility for the integrity of the Exploration Results including sampling, assaying, and QA/QC. Rod Brown takes responsibility for the Mineral Resource Estimate.

Rod Brown and Steve Shelton are Members of The Australasian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition).

Steve Shelton is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition).

The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

OPERATIONS REPORT (continued)

APPENDIX ONE

JORC 2012 TABLE 1 SRK MINERAL RESOURCE ESTIMATE

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	Sampling was conducted in three exploration phases between February 2011 and June 2012. Similar data acquisition techniques were used for all three phases. The deposit was sampled using both reverse circulation (RC) and diamond core samples (DD). The RC samples were taken over 1 m intervals, with the material collected from a rig-mounted riffle splitter, or a standalone cone splitter. A smaller standalone splitter was used to prepare 2 m composites for head grade analyses, and 4 m or 6 m composites for DTR analyses. The sampling activities were monitored by Legacy geologists during drilling. Field duplicates were collected at a frequency of 1:15 to assist with the identification of sampling issues. The DD samples were collected over a nominal interval of 2 m, with the interval length adjusted such that the samples did not span lithological boundaries. For Phase 1 and Phase 2, the cores were halved using a core saw. For Phase 3, whole core samples were submitted for testing.
Drilling techniques	The RC samples were collected using either a 5.625" or 5.5" face sampling hammer. The diamond drilling was performed using either PQ3 or HQ3 coring equipment. The cores were oriented using Ezy-Mark™ equipment.
Drill sample recovery	A Legacy Iron field geologist was present during drilling to monitor and address issues that may impact upon sample recovery. Each 1 m RC sample was weighed to provide an indicative measure of sample recovery, with the estimated recovery recorded on the geology logs. Triple tube coring equipment was used for the core sampling, and core recovery was measured and recorded on the geological logs. The major oxide grades were compared to the recovery estimates, and strong correlations were not evident. Some of the RC holes were twinned with diamond holes. No significant grade differences were identified, indicating that preferential material loss was unlikely to have occurred.
Logging	The RC samples were logged on 1 m intervals. Magnetic susceptibility readings were taken for each interval using a KT-10 magnetic susceptibility meter. Material scooped from each interval was wet sieved and geologically logged, with specimens retained in chip trays and photographed. All diamond cores were logged on site and photographed. Geological, mineralogical, and geotechnical data were collected. Magnetic susceptibility readings were taken on core every 30 cm throughout mineralised zones. Selected intervals were submitted for petrological and metallurgical testwork. The samples have been logged to a level of detail considered appropriate to support mineral resource estimation, mining, and metallurgical studies.

OPERATIONS REPORT (continued)

Section 1 Sampling Techniques and Data (continued)

Criteria	Commentary
Sub-sampling techniques and sample preparation	The Phase 2 core samples were halved using a core saw. The Phase 3 core samples were not split prior to laboratory submission. The RC samples were initially split using a rig-mounted riffle splitter or a standalone cone splitter. Sample preparation involved conventional grinding and splitting procedures. The core and RC samples were crushed to 100% passing 3.35 mm. A rotary splitter was used to collect a 150 g split. Staged wet-sieving and pulverising was used to achieve a pulp with a p97 – 75um, with minimal over-grinding. The pulps were oven-dried and a rotary splitter was used to collect a 10 g aliquot for XRF and Satmagan testing, and a 20 g aliquot for DTR testing. Field duplicates, pulp duplicates and blanks were used to monitor the sample preparation activities. The sample grind and split sizes are considered to be appropriate for the tested material.
Quality of assay data and laboratory tests	All samples were assayed for the standard iron ore suite of 24 elements by fused bead XRF. The suite included Fe, SiO_2, Al_2O_3, CaO, MgO, Mn, P, S, and TiO_2. LOI was determined by thermogravimetric analysis. DTR tests were used to produce magnetic concentrates and estimate mass recovery. The concentrate grades were assayed using XRF, and included the same analytical suite as that used for the head grades. Quality control procedures included CRMs, blanks, field duplicates, pulp duplicates, pulp repeats, and independent laboratory checks. An assessment of the QA data indicated an acceptable level of precision, with no evidence of significant bias. The QA submission frequencies equalled or exceeded those commonly used in the industry.
Verification of sampling and assaying	The relatively uniform nature of the mineralisation means that the resource estimates are not significantly influenced by individual intersections. Several RC holes were twinned with diamond core holes. This was primarily implemented to assess for sampling bias, but the twinned pairs show good agreement for the positions and grade tenor of the BIF intersections. In addition, significant intersections were checked by alternative company personnel. Laboratory and survey data were provided electronically and entered into an *MS Access* database. Geology data were entered manually. The various data types were cross-validated using visual and statistical methods. All data are securely held in company head office with back up data held off-site. No assay data required adjustment.
Location of data points	The drillhole collar locations were surveyed by a professional contractor using differential GPS, with a nominal accuracy 0.05 m. Downhole dip measurements were taken during drilling to assist with deviation control. All holes were downhole surveyed after drilling using gyroscopic equipment (SPT 007042 and Target INS). The majority of readings were taken at 5 m intervals, with a stated accuracy of +/- 1 degree in azimuth and +/- 0.1 degree in inclination. The topographic data were provided as 10 m contours derived from Landsat imagery. Both the contour and the drill collar data were used to generate the topographic surface model. The 10 m contour dataset is relatively coarse, but the natural surface over the majority of the deposit is very flat, and the style of mineralisation means that the resource estimates will not be significantly affected by uncertainty in the topography.
Data spacing and distribution	The nominal drill spacing is 150 m along section. The section spacing is nominally 200 m for the central part of the deposit and between 600-1,000 m for the northern and southern extension zones. The majority of samples were collected over 2 m intervals. For resource estimation, the samples were composited to 4 m. Both geological and grade continuity are evident in the sample datasets to levels that are consistent with the guidelines for the resource classifications that have been applied to the estimates.

OPERATIONS REPORT (continued)

Section 1 Sampling Techniques and Data (continued)

Criteria	Commentary
Orientation of data in relation to geological structure	The orientation of the mineralised zone is generally consistent over the extents of the deposit and the drillholes have been angled to intersect the zones at right angles. In places, the drill section lines are slightly offset to the dip direction, but this is accounted for in the estimation method. At the chosen sampling interval, the controls on mineralisation are generally parallel to the lode geometry, and the likelihood of biases due to incompatible lode to sample orientation is considered to be low.
Sample security	The RC drill samples were packed into sealed polyweave bags and delivered to BV Amdel, Kalgoorlie under the direct supervision of a Legacy Iron geologist. Amdel then despatched the samples to its Perth laboratory. The diamond core trays were securely bound and transported by road to BV Amdel Perth using a local transport company. The laboratory checks the received samples against the despatch documents and issues a reconciliation report for each batch.
Audits or reviews	In 2012, SRK conducted a review of the sampling techniques and did not identify any significant issues. An assessment of the quality assurance data indicates that the estimation datasets are sufficiently reliable for the classifications that have been assigned.

Section 2 Reporting of Exploration Results

Exploration results have not been reported for Mt Bevan in this release. Some criteria have been retained to provide information on tenure and geology.

Criteria	Commentary
Mineral tenement and land tenure status	Exploration prospects are located wholly within the Mt Bevan Joint Venture Exploration Leases. Mt Bevan is a 60:40 joint venture between Legacy Iron and Hawthorn Resources Limited. Legacy Iron is the project operator. There are currently no registered native title interests in the area of drilling. At the time of reporting, there are no known impediments to obtaining a licence to operate in the area, and the tenement is in good standing.
Exploration done by other parties	Initial exploration for iron mineralisation in the tenements was undertaken by joint venture partner Hawthorn Resources Ltd. This consisted principally of a ground magnetic survey and several phases of shallow RC drilling targeting hematitic iron ore.
Geology	The Mt Bevan magnetite mineralisation is a stratiform, syngenetic deposit hosted within BIF units of the northern part of the Archaean Mt Ida Greenstone Belt. The identified resource is located within the Western BIF which comprises three parallel individual BIF units extending along strike for some 11 km.
Drill hole Information	A tabulation of the drillhole information was presented in an announcement to the ASX on 6 February 2013. No additional exploration results have since been reported.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	Laboratory and survey data were provided electronically and loaded into the database. Geology data were transferred from field data sheets and manually entered into an *MS Access* database. Validation included visual and statistical checks. Legacy Iron geologists performed independent checking to assist with data verification. As part of the resource estimation study, the datasets for head grade analyses, DTR analyses, geological logging, and magnetic susceptibility were compared, and any inconsistencies were checked against the original data sources.

OPERATIONS REPORT (continued)

Section 3 Estimation and Reporting of Mineral Resources (continued)

Criteria	Commentary
Site visits	Rod Brown (SRK) conducted a site visit in May 2012 to examine the geology and to inspect the Phase 3 exploration activities. No significant issues with the data collection procedures were observed. The mineralisation characteristics observed in outcrop and core were consistent with those evident in the datasets.
Geological interpretation	The geological interpretation derived from the drill data is consistent with field observations, and the generally accepted understanding of the regional geology. The interpretation is based on a combination of geological logging, geophysical, and geochemical data, and there does not appear to be significant inconsistencies between these datasets. The upper and lower limits of the mineralised package appear to be well defined. There is some uncertainty associated with the position of individual BIF units within the zone. However, because the grades for the individual units are similar and the waste zones are relatively thin, alternative interpretations are unlikely to result in significant changes to the regional grade and tonnage estimates.
Dimensions	The mineralisation is hosted in three sub-parallel BIF units, which exhibit a NNW strike and dip shallowly to the east. The three units have been intersected in most drillholes. They have an identified strike length of approximately 8.5 km, a down-dip length of approximately 500 m, and a combined thickness of approximately 100 m. The deepest mineralisation in the defined resource is approximately 300 m below the surface.
Estimation and modelling techniques	The resource estimates have been prepared using conventional block modelling and distance weighted estimation techniques. A single model was prepared to represent the defined extents of the mineralisation. The modelling study was performed using Datamine Studio 3®, Leapfrog®, and Supervisor®. Iron is deemed to be the only constituent of economic importance and no by-products are expected. Separate hard-boundary estimation domains were defined for BIF, mafic, oxide, transition, and fresh material. A combination of grade, magnetic susceptibility, and geological logging data was used for domain interpretation. A parent cell size of 50 x 50 x 4 m (XYZ) was used. This is relatively small for the regions drilled on the wider section spacings. However, no cut-off grades have been used for reporting the estimates, and this material has been classified as Inferred. Sub-cells were used to enable the accurate reproduction of the domain volumes. The major oxide grades, the mass recovery, and the in situ grades of the material that is expected to report to the magnetic fraction, were estimated for each parent cell using ordinary kriging. Based on statistical analyses, grade capping was not considered to be necessary. A single set of search and variographic parameters were used for all constituents. The search ellipsoids were oriented parallel to the general orientation of the BIF units. Quantitative Kriging Neighbourhood Analysis (QKNA) was used to assist with the selection of search parameters. A 3-pass search strategy was applied. Model grades have been extrapolated 100 m beyond the southernmost and northernmost drill lines that intersect BIF. Down-dip extension has been limited to 75 m (half drill spacing) beyond the easternmost drillhole on each drill line. Up-dip extension is effectively controlled by the top of fresh rock weathering surface or the topographic surface. The majority of holes penetrate the footwall of the mineralised package. Concentrate grades were back-calculated from the mass recovery and the in situ magnetic fraction grades.

OPERATIONS REPORT (continued)

Section 3 Estimation and Reporting of Mineral Resources (continued)

Criteria	Commentary
Estimation and modelling techniques (continued)	Validation included visual checking of the estimated grades with the composite grades, local and global statistical comparisons of the sample and model grades, an assessment of the estimation performance measures, and checking of oxide totals and grade ratios.
Moisture	The resource estimates are expressed on a dry tonnage basis, and in situ moisture content has not been estimated. A description of density data is presented below.
Cut-off parameters	To date, there are no process study data that can be used to assess the economic viability of the Mt Bevan material. Therefore, cut-off parameters used elsewhere in the industry for studies on other deposits that exhibit a similar style of mineralisation were considered for Mt Bevan. The resource is confined to material in the fresh BIF domains. Within the fresh BIF, the grades that are commonly used for resource reporting (total Fe, magnetic Fe (MagFe), mass recovery, and Fe concentrate) are relatively uniform. The application of a total Fe cut-off of up to 25%, or a MagFe cut-off of up to 20%, has negligible effect on the resource quantities. For these reasons, it was not considered necessary to apply a cut-off grade for resource reporting.
Mining factors or assumptions	A mining study has not yet been completed for Mt Bevan. However, mining is expected to be a conventional open-pit truck and shovel operation. Some of the BIF units outcrop along a scarp on the western edge of the deposit. To the east, the topography is very flat, and the mineralised zone is relatively thick and shallowly dipping. An arbitrary limit of 300 m below the surface has been applied to the resource. This largely corresponds to the base of the drilling.
Metallurgical factors or assumptions	The expectation that a marketable Fe concentrate can be derived from the resource is based on the results of approximately 1,600 Davis Tube tests performed on 4-6 m composites collected from all drillholes that intersected BIF. The results indicate that high mass recoveries are possible, with the concentrates reporting high Fe and low contaminant grades. These results indicate that it should be possible to produce a high quality magnetite product.
Environmental factors or assumptions	There is currently no reason to consider that normal waste and process residual disposal options could not be implemented at the project area. The BIF ridges are potentially environmentally sensitive, but to date, no endangered flora or fauna species have been identified. The very large surrounding mulga and granite wash plain areas – the principal sites of potential disturbance and waste options, are not viewed as environmentally sensitive.
Bulk density	Dry *in situ* bulk density (DIBD) data were acquired from water immersion tests performed on 70 core samples. The data coverage is quite limited, and only deemed suitable for regional and global estimates for the fresh BIF. A default DIBD of 3.5 t/m^3 was used for all fresh BIF. This is consistent with the average value of the test results, as well as with values used for other deposits that exhibit similar mineralisation characteristics and Fe grade tenor. Resources have not been defined in the mafic or weathered zones.
Classification	The resource classifications have been applied based on a consideration of the confidence in the geological interpretation, the quality and quantity of the input data, the confidence in the estimation technique, and the likely economic viability of the material. The main BIF zones can be traced over the extents of the deposit. They are relatively consistent in terms of thickness and orientation, with little evidence of folding or faulting that could otherwise result in uncertainly with the boundary location and lode volume. The data spacing and quantity is considered adequate for the delineation of Indicated resources in the central part of the deposit, and for Inferred resources in the northern and southern extensions. Based on an assessment of the quality assurance data, the input data are considered to be sufficiently reliable for these classifications. The model validation checks show a good match between the input data and estimated grades, indicating that the estimation procedures have performed as intended. The confidence in the estimates is consistent with the classifications that have been applied.

OPERATIONS REPORT (continued)

Section 3 Estimation and Reporting of Mineral Resources (continued)

Criteria	Commentary
Audits or reviews	An independent review or audit of these resource estimates has not been performed.
Discussion of relative accuracy/ confidence	The resource estimates have been prepared and classified in accordance with the guidelines that accompany The JORC Code (2012), and no attempts have been made to further quantify the uncertainty in the estimates. The uncertainty in the estimates is predominantly related to boundary location and confidence in the local grade estimates. Infill drilling would be required to address these issues and enable Inferred to be upgraded to Indicated and Indicated upgraded to Measured. The domain boundaries honour the drillhole intercepts, but a trend surface has been fitted between holes. Variogram definition is considered adequate for the classifications applied but is relatively poor in all directions other than along strike due to a lack of sample pairs. Both boundary interpretation and variography would be improved by additional data. The resource quantities should be considered as global estimates only. Mining has not occurred in the project area, and there are no production data that can be used to assess the veracity of the resource estimates.

Section 4 Estimation and Reporting of Ore Reserves

Reserves for Mt Bevan have not been defined.

OPERATIONS REPORT (continued)

JORC 2012 TABLE 1 GEOCHEMICAL SAMPLING

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Surface sampling - rock chip sampling over outcrop and subcrop of weathered BIF as identified by the geologist in charge. Most samples either spot or taken over a cut channel not exceeding 3m.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling was conducted.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling was conducted.

OPERATIONS REPORT (continued)

Section 1 Sampling Techniques and Data (continued)

Criteria	JORC Code explanation	Commentary
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling was conducted.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling was conducted.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Logging of rock chip samples conducted in the field by geologist. • Logging qualitative in nature. • No drilling conducted.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample weights of 2-3 kilograms taken and submitted for assay. • No drilling was conducted. • Entire sample crushed and pulverised and split samples used for assay.

OPERATIONS REPORT (continued)

Section 1 Sampling Techniques and Data (continued)

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Assaying by ALS Perth using standard XRF Fusion – Iron Ore Suite. • Entire sample crushed and pulverised. • Independent laboratory standards used.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• *Sample and logging data manually compiled and entered into exploration database.*
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• No mineral resource/reserve estimations - surface sampling only.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Samples taken at surface at 90 degrees to strike ie along dip direction.
Sample security	• *The measures taken to ensure sample security.*	• Samples held in field camp, with field personnel delivering to laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	

OPERATIONS REPORT (continued)

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Exploration prospects are located wholly within the Mt Bevan Joint Venture Exploration Leases, and specifically Exploration Licence E29/510 in Western Australia. Mt Bevan is a 60:40 joint venture between Legacy Iron and Hawthorn Resources Limited. Legacy Iron is the project operator. There are currently no registered native title interests in the area of drilling. At the time of reporting, there are no known impediments to obtaining a licence to operate in the area, and the tenement is in good standing.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Initial exploration for iron ore mineralisation in the tenements was undertaken by joint venture partner Hawthorn Resources Ltd. This consisted principally of several phases of shallow RC drilling targeting hematitic iron ore, and a ground gravimetric survey.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Mt Bevan magnetite mineralisation is a stratiform, syngenetic deposit hosted within BIF units of the northern part of the Archaean Mt Ida greenstone belt. The resource identified to date is located within the Western BIF which comprises 3 parallel individual BIF units extending along strike for some 11km.
Drill hole information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar.* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar.*	• No drilling conducted.

OPERATIONS REPORT (continued)

Section 2 Reporting of Exploration Results (continued)

Criteria	JORC Code explanation	Commentary
Drill hole information (continued)	○ *dip and azimuth of the hole.* ○ *down hole length and interception depth.* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No data averaging or aggregation techniques applied.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No drilling was conducted.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to Figures and Tables included in the text.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All results reported for screened surface samples as described in text.

OPERATIONS REPORT (continued)

Section 2 Reporting of Exploration Results (continued)

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other substantive exploration data required.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Infill and extensional surface sampling, RC drill testing of suitable targets.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Legacy Iron Ore Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

1. DIRECTORS

The names of Directors in office during the whole of the year and up to the date of this report unless otherwise stated:

Mr Narendra Kumar Nanda, Non-Executive Chairman
Ms Sharon Heng, Executive Director & Managing Director (resigned 31 October 2014)
Mr Timothy Turner, Non-Executive Director
Mr Swaminathan Thiagarajan, Non-Executive Director
Mr Subimal Bose, Non-Executive Director
Mr Devanathan Ramachandran, Non-Executive Director (appointed 5 November 2014)

2. COMPANY SECRETARY

Mr Benjamin Donovan holds the position of Company Secretary.

3. PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were the exploration and evaluation of the Group's iron ore, gold and coal assets.

4. REVIEW OF OPERATIONS

- **Appointment of CEO**

To oversee the development and progression of the Mt Bevan project, including feasibility study work, Legacy Iron appointed Mr Julian Mizera as Chief Executive Officer, who subsequently resigned on 29 August 2014.

- **Mt Bevan Development**

Refer to review of exploration activities above.

- **Funding Arrangements**

During a difficult equity market the Group sought alternative arrangements to fund its operations. The Group issued convertible securities with a face value of $1,150,000. Following part repayment and partial conversion to ordinary shares, at 30 June 2014 the remaining convertible securities on issue is $100,000. The remaining $100,000 has since been repaid.

The Group borrowed $3 million from Citibank to fund further operations and to repay $725,000 of the convertible notes. The convertible notes were repaid to avoid further dilution of the underlying value of the shares on issue. This Citibank loan is backed by way of a corporate guarantee of Legacy Iron's major shareholder, NMDC Limited. A further $100,000 has borrowed after the balance date.

Subsequent to year end, the Group raised additional equity capital to repay all external debt and provide further resources for development and working capital. Refer further to Point 8 of the Directors' Report.

DIRECTORS' REPORT (continued)

5. OPERATING RESULTS

The Group incurred a loss after income tax of $9,773,185 for the year (2013: Loss of $11,717,947 (Restated. Refer Note 1(b)). This loss is a result of the following:

- Cost savings in the area of employee benefits and corporate services; and
- The write off of abandoned exploration tenements amounting to $5,581,732.

The Group had cash funds on hand of $337,879 at 30 June 2014 (30 June 2013: $1,386,872).

6. DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the matters outlined in Section 4 above, no significant changes in the Group's state of affairs occurred during the financial year.

8. AFTER BALANCE DATE EVENTS

Ms Sharon Heng, Executive Managing Director resigned from the Board of Directors on 31 October 2014.

Following a review and analysis by the Board of financial transactions for the period June 2011 to present within the Company, Ms Sharon Heng (Managing Director of the Company, resigned 31 October 2014) has entered into an agreement to pay the sum of $868,144 to the Company with payments scheduled to occur on an interest bearing basis (from the date of the agreement), with the Company being entitled to immediately request appropriate security on normal commercial terms to secure performance of the agreement to repay this sum. This has resulted in a retrospective restatement of the financial transactions. Refer further to Note 1(b) of the notes to the consolidated financial statements. At the date of this report, Ms Heng has repaid to the Company $482,000.

On 7 July 2014, the Group announced a renounceable rights issue at $0.014 to raise up to $25 million.

On 25 August 2014, the Group issued an additional 877,650,460 fully paid ordinary shares through the 3 for 1 renounceable rights issue at $0.014 per share. Funds raised from this rights issue before costs total $12,287,106.44. Following this allotment, NMDC now holds 1,153,450,796 Legacy Iron shares, being 78.56% of the issued share capital of the Company.

On 25 August 2014, Ms Sharon Heng ceased to be a substantial shareholder of the Company.

The fund raised from the rights issue have been used to repay the Citibank loan ($3.1 million being $3 million as at 30 June 2014 and a further $100,000 subsequently) and the outstanding convertible note from The Australian Special Opportunity Fund totaling $105,000.

Mr Devananthan Ramachandran was appointed as a Non-Executive Director on 5 November 2014.

There are no other matters or circumstance that have arisen since 30 June 2014 that has significantly affected, or may significantly affect:

(a) the Group's operations in the future financial years; or
(b) the results of those operations in future financial years; or
(c) the Group's state of affairs in future financial years.

DIRECTORS' REPORT (continued)

9. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will continue its mineral exploration activity on its exploration projects with the object of identifying commercial resources. The main area of focus will be the ongoing development of the Mt Bevan iron ore project and advancing several of the projects that the Company. The Group will also seek to acquire other exploration and mining projects.

10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

<u>Mr Narendra Kumar Nanda</u>	Non-Executive Chairman
Qualifications	He is a fellow member of the Institution of Engineers (India), a fellow member of the Mining Engineers Association of India and a Council Member of the Mining Engineers Association of India. Shri. Nanda holds a Bachelor's Degree in Mining with a 1st Division from Indian School of Mines, Dhanbad and a Master's Degree in Mining from Indian School of Mines, Dhanbad.
Experience	Shri N. K. Nanda, currently a Director (Technical) in NMDC Limited, a Government of India Enterprise, under the Ministry of Steel, was born in 1960. After having early education in Orissa, he graduated with B. Tech. (Mining) from prestigious Indian School of Mining, Dhanbad in 1982 and further his education with a post graduate of M-Tech. from ISM, Dhanbad in 2000. He started his career with Hindustan Copper Ltd., Malanjkhand in 1982 and after a five-year stint at ACC Ltd., joined NMDC in 1989. After enriching experience to his credit, in various capacities and projects of NMDC, he has been elevated on the Board of NMDC as Director (Technical) in 2008. He was also awarded "**Eminent Engineer**" award by the Institution of Engineers, Bhilai in 2004. As Director (Technical), NMDC, he is looking after Research & Development, Investigation, Engineering, New Project Execution including NMDC Integrated Steel Plant at Nagarnar, apart from Joint Ventures, mergers and acquisitions. Shri Nanda specialises in projects planning, execution and development and has special interest in diversification activities, He has published and presented a number of technical papers during various seminars in India as well as abroad. Shri Nanda is conferred with Abheraj Baldota Memorial Award "Mining Engineer of the Year for 2010 – 2011" by the Mining Engineers Association of India on 13 July 2012 at Ahemdabad.
Other Directorships	NMDC Limited, JKMDC Limited, NMDC-CMDC Limited, NMDC-SARL, NMDC Power Limited (subsidiaries of NMDC Limited), Krishnapatnam Railway Company Limited and ICVL Pty Ltd.
Interest in Shares and Options	NIL. It is noted that Mr Nanda is a Director of NMDC Limited, but is not deemed to control NMDC Limited.
Special Responsibilities	Mr Nanda is a member of the Audit Committee and is Chairman of the Remuneration and Nomination Committee

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DIRECTORS' REPORT (continued)

10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Ms Sharon Heng Executive Director/Managing Director (resigned 31 October 2014)

Qualifications B.A. (Pol Sc), MBA

Experience Ms Heng has a background in commodities trading, international business development and strategic alliance planning. She has over 15 years' experience in international business consultancy, joint venture negotiations, resource funding and capital raising. Ms Heng has extensive experience in China, dealing with government and private sectors, within the oil and gas, energy, infrastructure and mining industries.

Other Directorships Ms Heng has not held a directorship in any other listed company in the last 3 years.

Interest in Shares and Options

Fully Paid Ordinary Shares	50,183,603
Options exercisable at $0.22 on or before 7/1/2015(i)	11,000,000
25 cents, 6 April 2015 Employee Options	1,800,000
25 cents, 31 December 2014 options	2,000,000
30 cents, 31 December 2014 options	2,000,000
35 cents, 31 December 2014 options	2,000,000
40 cents, 31 December 2014 options	2,000,000
45 cents, 31 December 2014 options	2,000,000

(i) Upon exercise, the option holder is entitled to receive a further option exercisable at $0.25 on 7 January 2016.

Special Responsibilities Ms Heng is a member of the Audit and Remuneration and Nomination Committees.

Mr Timothy Paul Turner Non-Executive Director

Qualifications B.Bus, FCPA, CTA, Registered Company Auditor

Experience As the senior partner of the accounting firm Hewitt, Turner & Gelevitis he specialises in all areas of business consultancy, strategic planning and is responsible for the issuing of audit opinions.

Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a Registered Company Auditor, a Fellow of CPA (Australia) and a Chartered Tax Advisor.

Other Directorships Mr Turner is also a Director of Cape Lambert Resources Limited (appointed 16 September 2004), International Petroleum Limited (appointed 31 January 2006) and African Petroleum Corporation Limited (appointed 16 May 2007).

Interest in Shares and Options

Fully Paid Ordinary Shares	750,000
25 cents, 6 April 2015 Employee Options	500,000
Options exercisable at $0.22 on or before 7/1/2015 (i)	100,000

(i) Upon exercise, the option holder is entitled to receive a further option exercisable at $0.25 on 7 January 2016.

Special Responsibilities NIL

DIRECTORS' REPORT (continued)

10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Mr Swaminathan Thiagarajan	Non-Executive Director
Qualifications	Bachelor's Degree in Science from the University of Madras and a Fellow Member of the Institute of Chartered Accountants of India.
Experience	Shri Swaminathan Thiagarajan has been Director of Finance at NMDC Limited since 9 July 2009 and serves as its Chief Financial Officer. Shri Thiagarajan has approximately 32 years of experience in the field of Finance. He is actively involved in all the expansion and diversification activities of NMDC, both India and abroad. He is also handling investor / analyst relations post-divestment of 10% of equity of GOI to public. He joined NMDC in March 1979 and has served in various capacities in different units of it during his service with it. He served as Head of Finance Department at the Corporate office at NMDC since 2004.
Other Directorships	NMDC Limited, JKMDC Limited, NMDC-CMDC Limited and NMDC Power (subsidiaries of NMDC Limited).
Interest in Shares and Options	NIL. It is noted that Mr Thiagarajan is a Director of NMDC Limited, but is not deemed to control NMDC Limited.
Special Responsibilities	Mr Thiagarajan is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

Mr Subimal Bose	Non-Executive Director
Qualifications	B.Tech. (Hons) Degree in Mining Engineering from I.I.T., Kharagpur and I Class Mines Manager Certificate of Competency.
Experience	Mr Subimal Bose has been the Director of Production at NMDC Limited since 17 June 2011. Mr Bose has about 30 years of experience in the field of mining. Mr Bose served as General Manager of Kirandul at NMDC Limited until 17 June 2011. Mr Bose joined NMDC as Deputy General Manager (Mining) in 2001, where he served in various positions such as Additional General Manager, Joint General Manager and General Manager/Head of the Project. He was associated with Cement Corporation of India Limited from 30 December 1981 to 12 November 2001.
Other Directorships	Mr Bose has been a Director of NMDC Limited since 17 June 2011.
Interest in Shares and Options	NIL. It is noted that Mr Bose is a Director of NMDC Limited, but is not deemed to control NMDC Limited.
Special Responsibilities	NIL

DIRECTORS' REPORT (continued)

10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Mr Devanathan Ramachandran	Non-Executive Director (appointed 5 November 2014)
Qualifications	Master of Business Administration, Australian Graduate School of Management, Sydney; a Master of Science, Virginia Polytechnic Institute & State University, USA; and a Bachelor of Technology (Honours), Indian Institute of Technology, India.
Experience	Mr Ramachandran has approximately 30 years of wide-ranging experience in global mining and fertilizer industries. He has acquired hands-on business expertise across a variety of mineral commodities and cultures working in corporate, technical and operational roles in global leaders such as BHP Billiton, Rio Tinto and Vale. Holding extensive business development experience ranging from identification and evaluation of investment opportunities through due diligence and post-merger integration, Mr Ramachandran has a proven track record in large investments in mining and fertilizer industries often with significant rail, port, power and other infrastructure.
Other Directorships	NIL
Interest in Shares and Options	NIL
Special Responsibilities	NIL

Benjamin Donovan	Company Secretary	
Qualifications	B.Comm (Hons)	
Experience	Mr Donovan is a member of Chartered Secretaries Australia and provides corporate advisory and consultancy services to a number of companies. Mr Donovan is currently a Director and Company Secretary of several ASX listed and public unlisted companies, and has extensive experience in listing rules, compliance and corporate governance, having served as a Senior Adviser at the Australian Securities Exchange (ASX) in Perth, including as a member of the ASX JORC Committee. In addition, Mr Donovan has experience in the capital markets having raised capital and assisted numerous companies on achieving a listing on ASX, as well as for a period of time, as a private client adviser at a boutique stock broking group.	
Interest in Shares and Options	Fully Paid Ordinary Shares	5,160,002
	10 cents, 23 December 2015 options	2,215,000
	25 cents, 31 December 2015 options	3,150,000

DIRECTORS' REPORT (continued)

11. REMUNERATION REPORT (audited)

This report details the nature and amount of remuneration for the Directors and other key management personnel of Legacy Iron Ore Limited.

Non-Executive Director Remuneration Policy

The key principle underpinning Non-Executive Director remuneration is the need to attract skilled and experienced Directors to direct the current business and into the future. The Board's policy is to periodically review its approach to Non-Executive Director remuneration and seek independent advice to ensure its Non-Executive Directors' fees remain competitive with other similarly sized mining exploration companies listed on the ASX. The Board also periodically reviews its policies to ensure these are in line with best practice and follow principles of good corporate governance.

Remuneration Consultants

The Company does not engage the services of any remuneration consultants.

Non-Executive Director Fees

Total fees are set within the maximum aggregate amount approved by shareholders at the November 2011 Annual General Meeting, being in aggregate $500,000. Currently Non-Executive Directors receive a fixed fee for their services as a Director and do not receive additional committee fees or other payments for additional services.

There is no direct link between remuneration paid to the Non-Executive Directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

There are no retirement benefits for Non-Executive Directors.

In addition to these fees, Non-Executive Directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred attending meetings of the Board, committees or shareholders, or while engaged on the Company's business.

It is noted that the Non-Executive Directors appointed by NMDC Limited, (Mr Nanda, Mr Thiagarajan and Mr Bose) have informed the Company to waive their director fees.

The total remuneration paid to, or in respect of, each Non-Executive Director during the year is set out in this report.

Executive Remuneration Policy

The Group's Remuneration Policy aims to reward executives fairly and responsibly in accordance with the Australian market and ensure that the Company:
• provides competitive rewards that attract, retain and motivate executives of the highest calibre;
• structures remuneration at a level that reflects the executive's duties and accountabilities and is competitive within Australia;
• aligns executive incentive rewards with the creation of value for shareholders; and
• complies with applicable legal requirements and appropriate standards of governance.

Voting and Comments made at the Company's 2013 Annual General Meeting

The Group received 15% of "no" votes on its remuneration report for the 2013 financial year. The Group did not receive any specific feedback at the AGM on its remuneration report.

DIRECTORS' REPORT (continued)

11. REMUNERATION REPORT (audited) (continued)

Details of Directors and Key Management Personnel

(i) Directors
Mr Narendra Kumar Nanda
Ms Sharon Kia Le Heng (resigned 31 October 2014)
Mr Timothy Paul Turner
Mr Swaminathan Thiagarajan
Mr Subimal Bose
Mr Devanathan Ramachandran (appointed 5 November 2014)

(ii) Other Key Management Personnel
Mr Julian Mizera – Chief Executive Officer (appointed 24 March 2014 and resigned 29 August 2014)
Mr Steve Shelton – Exploration Manager
Mr Benjamin Donovan – Company Secretary
Mr Viswa Prasad Dheram – Chief Financial Officer (appointed 11 April 2014)

Group Performance and Shareholder Wealth and Directors' and Executives' Remuneration

Options were issued to key management personnel to increase goal congruence between shareholders and key management personnel.

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

	2014	2013 (restated)	2012 (restated)	2011	2010
Loss per share (cents)	(1.67)	(2.02)	(2.16)	(3.60)	(3.36)
Net loss	(9,773,185)	(11,717,947)	(9,155,485)	(6,426,026)	(4,494,115)
Share price	2 cents	5 cents	10 cents	10 cents	12 cents
Dividends	Nil	Nil	Nil	Nil	Nil

However given the nature and stage of the Group's operation being exploration and evaluation activities, the Board does not believe historical performance is the most appropriate basis to compensate key management personnel.

Options

To provide further goal congruence between shareholders and key management personnel (KMP), the following options were issued:

30 June 2014: NIL.

30 June 2013

Number	KMP	Expiry date	Date of Issue	Exercise price
11,000,000	Sharon Heng	7 January 2015	22 February 2013	$0.2229
100,000	Timothy Turner	7 January 2015	22 February 2013	$0.2229

Options were subscribed for a consideration of $0.001 per option. Upon exercise of these options, the option holder is entitled to receive a further option exercisable at $0.25 on 7 January 2016.

The Group has no other policy for other short term or long term incentive bonuses or other benefits.

DIRECTORS' REPORT (continued)

11. REMUNERATION REPORT (audited) (continued)

Details of Remuneration for Year Ended 30 June 2014

The remuneration for key management personnel of the group during the year was as follows:

30 June 2014	Short Term Benefits		Share-Based Payments		Post Employment Benefits			
Name	Salary, Fees and Commissions $	Non-Cash Benefits $	Shares $	Options $	Superannuation Contribution $	Termination Benefits	Total $	Value of options/ performance shares as a proportion of remuneration %
Narendra Kumar Nanda	-	-	-	-	-	-	-	-
Sharon Heng	324,723	86,761 (i)	-	-	25,514	-	436,998	-
Timothy Turner	72,000		-	-	-	-	72,000	-
Swaminathan Thiagarajan	-	-	-	-	-	-	-	-
Subimal Bose	-	-	-	-	-	-	-	-
Julian Mizera	76,822	-	-	-	6,530	-	83,352	-
Ben Donovan	89,100	-	-	-	-	-	89,100	-
Steve Shelton	216,969	-	-	-	20,427	-	237,396	-
Viswa Prasad Dheram	25,308	17,994 (ii)	-	-	2,154	-	45,456	-
Total	**804,922**	**104,755**	**-**	**-**	**54,625**	**-**	**964,302**	**-**

- It is noted that the Non-Executive Directors appointed by NMDC Limited, (Mr Nanda, Mr Thiagarajan and Mr Bose) have informed the Company to waive their director fees.

(i) Relates to the use of a motor vehicle.
(ii) Relates to rental and outgoings and other expenses.

Details of Remuneration for Year Ended 30 June 2013

The remuneration for key management personnel of the group during the year was as follows:

30 June 2013	Short Term Benefits		Share-Based Payments		Post Employment Benefits			
Name	Salary, Fees and Commissions $	Non-Cash Benefits (i) $	Shares $	Options $	Superannuation Contribution $	Termination Benefits	Total $	Value of options/ performance shares as a proportion of remuneration %
Narendra Kumar Nanda	-	-	-	-	-	-	-	-
Sharon Heng	362,564	29,621	-	181,500	21,725	-	595,410	30%
Timothy Turner	72,000	-	-	1,650	-	-	73,650	2%
John Hebenton	67,350	10,492	-	-	4,500	75,000	157,342	-
Swaminathan Thiagarajan	-	-	-	-	-	-	-	-
Subimal Bose	-	-	-	-	-	-	-	-
Ben Donovan	89,572	-	-	-	-	-	89,572	-
Steve Shelton	250,000	-	-	-	22,500	-	272,500	-
Total	**841,486**	**40,113**	**-**	**183,150**	**48,725**	**75,000**	**1,188,474**	

- It is noted that the Non-Executive Directors appointed by NMDC Limited, (Mr Nanda, Mr Thiagarajan and Mr Bose) inform the Company to waive their director fees.

(i) Relates to the use of a motor vehicle.

DIRECTORS' REPORT (continued)

11. REMUNERATION REPORT (audited) (continued)

SHARE BASED COMPENSATION

Options Issued as Part of Remuneration for the Year Ended 30 June 2014

There were no options issued as parted of remuneration for the year ended 30 June 2014.

Options Issued as Part of Remuneration for the Year Ended 30 June 2013

The following options were subscribed for by key management personnel and their personally related entities as part of the options issued to all option holder dated 27 March 2013. Options were granted for a consideration of $0.001 per option. Options and performance shares carry no dividend or voting rights. Upon exercise of the options, the option holder is entitled to receive a further piggyback option exercisable at $0.25 on 7 January 2016.

30 June 2013 Name	22.29 cent Options No.	Total Fair Value $
Sharon Heng	11,000,000	181,500
Timothy Turner	100,000	1,650
Total	**11,100,000**	**183,150**

The following assumptions were used in determining the fair value of the options on grant date:

Valuation Assumption	22.29 cent Options
Underlying security value	7.8 cents
Grant date	22/2/2013
Vesting period	Immediately
Exercise price	$0.2229
Expected dividend yield	0%
Risk free rate	2.64%
Volatility	90%
Probability of vesting	N/A
Expiry date	7/1//2015
Fair value per security	$0.0165

No other options issued to key management personnel were exercised during the year ended 30 June 2014 (2013: NIL).

Key management personnel are prohibited from hedging their exposure to incentive remuneration for arrangements entered into on or after 1 July 2011.

SERVICE AGREEMENT

Executive Director – Sharon Heng (resigned 31 October 2014)

On 1 October 2011 and as amended, the Group entered into a services agreement with Sharon Heng as Managing Director. The key terms being:

- Annual gross salary of $300,000 plus superannuation of 9% per annum. Subsequent to legislative amendments, superannuation increased to 9.25%.
- Subject to review 36 months from the date of commencement.
- Entitled to any bonus once declared by the Board.
- Entitled to the use of a fully maintained company car.
- Termination can occur by either party giving 3 months' notice. If the Group requires Ms Heng to not fulfil the 3 months' notice, she is eligible to 3 months payment in lieu.

DIRECTORS' REPORT (continued)

11. REMUNERATION REPORT (audited) (continued)

SERVICE AGREEMENT (continued)

Chief Executive Officer – Julian Mizera (appointed 24 March 2014 and resigned 29 August 2014)

On 24 March 2014, the Group entered into a services agreement with Julian Mizera as Chief Executive Officer. The key terms being:

- Annual gross salary of $260,000 plus superannuation of 9.25% per annum.
- Subject to annual review.
- Entitled to any bonus once declared by the Board.
- Termination can occur by either party giving 3 months' notice. If the Group requires Mr Mizera to not fulfil the 3 months' notice, he is eligible to 3 months payment in lieu.

Julian Mizera had resigned on 29 August 2014.

Non-Executive Director – Tim Turner

On 8 August 2011, the Group entered into a 3 year consultancy contract with Mr Turner for $72,000 per annum. This contract ended on 7 August 2014 with an option to extend for a further 12 month period. Following the re-appointment of Mr Turner in January 2012, the Group renewed this agreement.

On 8 September 2011, the Group also entered into an agreement with Hewitt Turner & Gelevitis for the provision of accounting services and ATO compliance. From 1 March 2012 the agreed fee is $6,350 per month. Mr Turner is a partner of the Hewitt Turner & Gelevitis.

Exploration Manager – Steve Shelton

Effective 12 October 2009, the Group entered into an employment contract with Mr Steve Shelton to provide the services of Exploration Manager of the Company. His current base salary is $250,000 per annum plus superannuation. The contract expires with one month's notice. Upon termination he is entitled to any unpaid salary until the date of termination.

Company Secretary – Ben Donovan

Effective 4 July 2011, the Group entered into a Company Secretary services' agreement with Mr Benjamin Donovan. His fee is $50,400 per annum for a 3 year period ending 3 July 2014. Except for gross misconduct, which allows for immediate termination of the agreement, the Group and Mr Donovan may terminate the agreement by either party giving 3 months' notice. If the Group requires Mr Donovan to not fulfil the 3 months' notice, he is eligible to 3 months payment in lieu. At the end of the 3 year period, the agreement will be deemed to be automatically renewed for a further 2 years, unless the Group provides written notice of its intention not to renew the agreement not less than 3 months prior to the end of the initial 3 year period. An amendment was made in January 2012 to increase the base fee to $72,000 per annum.

DIRECTORS' REPORT (continued)

11. REMUNERATION REPORT (audited) (continued)

Ordinary Shareholdings
Number of ordinary shares held directly, indirectly or beneficially by Directors and other Key Management Personnel:

2014	Balance at 1 July 2013 No	Balance on appointment No	Received as Compensation No	Net Change Other * No	Balance 30 June 2014 No
Narendra Kumar Nanda	-	-	-	-	-
Sharon Heng	48,578,603	-	-	1,560,000	50,138,603
Timothy Turner	750,000	-	-	-	750,000
Julian Mizera	NA*	-	-	-	-
Steve Shelton	740,000	-	-	-	740,000
Swaminathan Thiagarajan	-	-	-	-	-
Subimal Bose	-	-	-	-	-
Ben Donovan	5,160,002	-	-	(151,990)	5,008,012
Viswa Parasd Dheram	NA*	-	-	-	-
Total	**55,228,605**	**-**	**-**	**1,408,010**	**56,636,615**

Option Holdings
Numbers of options held by Key Management Personnel:

2014	Balance at 1 July No	Balance on Appointment No	Granted During the Year as Compensation No	Net Change Other * No	Balance at 30 June No	Total Vested No	Total Exercisable at 30 June 2014 No
Narendra Kumar Nanda	-	-	-	-	-	-	-
Sharon Heng	22,800,000	-	-	-	22,800,000	22,800,000	22,800,000
Timothy Turner	600,000	-	-	-	600,000	600,000	600,000
Julian Mizera	NA*	-	-	-	-	-	-
Steve Shelton	5,500,000	-	-	-	5,500,000	5,500,000	5,500,000
Swaminathan Thiagarajan	-	-	-	-	-	-	-
Subimal Bose	-	-	-	-	-	-	-
Ben Donovan	5,365,000	-	-	-	5,365,000	5,365,000	5,365,000
Viswa Prasad Dheram	NA*	-	-	-	-	-	-
Total	**34,265,000**	**-**	**-**	**-**	**34,265,000**	**34,265,000**	**34,265,000**

* Did not hold office at this date hence disclosure is not necessary.

Loans to Key Management Personnel

Other than $868,144 recoverable from Ms Sharon Heng, there have been no loans made to key management personnel. Refer to Note 1(b) and Note 10 for details of monies recoverable from Ms Heng.

END OF THE AUDITED REMUNERATION REPORT

DIRECTORS' REPORT (continued)

12. MEETINGS OF DIRECTORS

During the year, 10 directors' meetings were held. Attendances by each director during the year were as follows:

Directors' Meetings

Director	Number Eligible to Attend	Meetings Attended
Narendra Kumar Nanda	10	10
Sharon Heng	10	10
Timothy Turner	10	9
Swaminathan Thiagarajan	10	10
Subimal Bose	10	7

The above does not include circular resolutions of the Board.

There were 2 audit committee meetings held during the year. Given the size of the Group the Board as a whole reviewed matters relating to nomination and remuneration matters as indicated below.

	Audit		Nomination and Remuneration	
Director	Eligible to attend	Attended	Eligible to attend	Attended
Narendra Kumar Nanda	2	2	-	-
Sharon Heng	2	2	-	-
Timothy Turner	2	2	-	-
Swaminathan Thiagarajan	2	2	-	-
Subimal Bose	2	2	-	-

13. INDEMNIFYING OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Director, Principal Executive Officer or Secretary of the Group shall be indemnified out of the property of the Group against any liability incurred by him/her in his/her capacity as Director, Principal Executive Officer or Secretary of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. During the year, the Group paid a premium to insure the Directors and Secretary of the Company. The terms of the contract of insurance prohibit disclosure of the premium paid and nature of liabilities covered.

14. PROCEEDINGS ON BEHALF OF GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceeding. The Group was not a party to any such proceedings during the year, other than has been previously disclosed.

On 15 February 2013, the Company served a statement of claim on the directors of Subiaco Capital Pty Ltd (**Subiaco Capital**) out of the Magistrates Court of Queensland in Brisbane in relation to a claim of $115,556.25 as damages for breach of contract, plus interest pursuant to the relevant Queensland legislation and costs.

This claim relates to the non-payment by Subiaco Capital of half of the duty payable under an agreement for the sale of mining assets dated 25 July 2012 under which the Company agreed to purchase and Subiaco Capital agreed to sell two exploration permits for coal numbered 2303 and 2304 (**Agreement**).

The Company has paid the full amount of the duty assessed by the Queensland Commissioner of Stamp Duty (i.e. $231,112.50) and seeks reimbursement for half of that amount (i.e. $115,556.25) from Subiaco Capital in accordance with the Queensland Duties Act.

This litigation is ongoing.

DIRECTORS' REPORT (continued)

15. OPTIONS

Unissued Shares under Option

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number Under Option
31 December 2014	$0.10	11,354,383
31 December 2014	$0.15	8,304,525
7 January 2015 (i)	$0.2229	21,430,000
31 December 2014	$0.25	4,000,000
31 December 2014	$0.30	4,000,000
31 December 2014	$0.35	4,000,000
31 December 2014	$0.40	4,000,000
31 December 2014	$0.45	4,000,000
23 December 2015	$0.10	12,430,000
1 April 2015	$0.25	11,660,000
31 December 2015	$0.25	46,200,000
24 May 2016	$0.18	4,000,000
TOTAL		**135,378,908**

All options issued to NMDC Limited are subject to a voluntary escrow, where the options held by NMDC can only be exercised following the exercise by an option-holder unrelated to NMDC Limited.

(i) These options upon exercise will entitle the option holder to receive a further piggyback option exercisable at $0.25 on 7 January 2016.

During the year ended 30 June 2014, no amounts are unpaid on any of the shares. No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Details of Shares Issued During or Since Year End as a Result of Exercise of Options

No shares have been issued during or since the year ended 30 June 2014 as a result of the exercise of options. No amounts are unpaid on any of the shares.

16. ENVIRONMENTAL ISSUES

The Group is subject to significant environmental regulation in respect of its exploration activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the period under review.

17. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 46 of the annual report.

18. NON AUDIT SERVICES

During the year, Stantons International Audit and Consulting Pty Ltd did not provide any non-audit services to the Group.

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

Timothy Turner
Non-Executive Director

11 November 2014

Stantons International

Stantons International Audit and Consulting Pty Ltd
trading as

Chartered Accountants and Consultants

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Australia

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www.stantons.com.au

11 November 2014

Board of Directors
Legacy Iron Ore Limited
Ground Floor
15 Rheola Street
West Perth, WA 6005

Dear Sirs

RE: LEGACY IRON ORE LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Legacy Iron Ore Limited.

As Audit Director for the audit of the financial statements of Legacy Iron Ore Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	Restated 2013 * $
Revenue	3	60,721	209,903
Compliance and regulatory expenses		(86,650)	(92,214)
Depreciation and amortisation	11	(41,020)	(75,829)
Key management personnel remuneration	4	(616,078)	(516,778)
Employee benefit expense		(638,617)	(1,187,126)
Exploration expenditure expensed	4	(33,592)	(68,386)
Exploration tenements written off	12	(5,581,732)	(4,887,407)
Occupancy expenses	4	(595,087)	(473,548)
Legal expenses		(163,233)	(250,776)
Travel expenses		(52,447)	(184,085)
Other expenses		(398,159)	(670,257)
Corporate services	4	(1,066,049)	(1,991,871)
Finance expense	4	(321,242)	(4,756)
Impairment of loans receivable	4	(240,000)	(886,250)
Share-based payments	4 & 25	-	(905,584)
Loss before income tax	4	(9,773,185)	(11,984,964)
Income tax benefit	5	-	267,017
Loss for the year		(9,773,185)	(11,717,947)
Other Comprehensive Income/(Loss)			
Items that may be reclassified to profit or loss			
Changes in the fair value of available-for-sale financial assets, net of tax	13	(352,100)	(245,500)
Items that will not be reclassified to profit or loss		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(10,125,285)**	**(11,963,447)**
Basic and diluted (loss) per share	6	(1.67) cents	(2.02) cents

* Refer to Note 1(b) for details regarding the restatement.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	30 June 2014 $	Restated 30 June 2013 * $	Restated 1 July 2012 * $
Assets				
Current Assets				
Cash and Cash Equivalents	9	337,879	1,386,872	13,428,361
Other Receivables	10	672,744	544,132	507,612
Other Financial Assets	13	983,522	1,359,724	1,760,500
TOTAL CURRENT ASSETS		1,994,145	3,290,728	15,696,473
Non-Current Assets				
Plant and Equipment	11	64,979	130,479	176,092
Exploration and Evaluation Expenditure	12	9,002,294	14,302,047	13,709,370
Other Receivable	10	286,144	758,145	507,724
TOTAL NON CURRENT ASSETS		9,353,417	15,190,671	14,393,186
TOTAL ASSETS		**11,347,562**	**18,481,399**	**30,089,659**
Liabilities				
Current Liabilities				
Trade and Other Payables	14	615,105	968,197	1,480,628
Employee Benefits	15	116,618	111,807	157,275
Borrowings	16	3,000,000	-	-
TOTAL CURRENT LIABILITIES		3,731,723	1,080,004	1,637,903
Non-Current Liabilities				
Employee Benefits	15	6,345	28,761	23,759
Borrowings	16	100,000	-	-
TOTAL NON-CURRENT LIABILITIES		106,345	28,761	23,759
TOTAL LIABILITIES		**3,838,068**	**1,108,765**	**1,661,662**
NET ASSETS		**7,509,494**	**17,372,634**	**28,427,997**
Equity				
Issued Capital	17	42,420,483	42,158,338	42,155,838
Reserves	18	15,980,523	16,332,623	15,672,539
Accumulated Losses		(50,891,512)	(41,118,327)	(29,400,380)
TOTAL EQUITY		**7,509,494**	**17,372,634**	**28,427,997**

* Refer to Note 1(b) for details regarding the restatement.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Ordinary Share Capital $	Share Based Payment Reserve $	Option Premium Reserve $	Financial Assets Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2012 (Previously reported)		42,155,838	15,336,500	90,539	245,500	(29,861,945)	27,966,432
Prior period adjustment	1(b)	-	-	-	-	461,565	461,565
BALANCE AT 1 JULY 2012 (restated)		42,155,838	15,336,500	90,539	245,500	(29,400,380)	28,427,997
Loss for the year (Previously reported)		-	-	-	-	(11,947,421)	(11,947,421)
Prior period adjustment		-	-	-	-	229,474	229,474
Loss for the year (restated)		-	-	-	-	(11,717,947)	(11,717,947)
Other comprehensive income	18	-	-	-	(245,500)	-	(245,500)
Total comprehensive income for the year		-	-	-	(245,500)	(11,717,947)	(11,963,447)
Shares/options issued during the year	17 & 18	2,500	-	41,089	-	-	43,589
Transaction costs relating to shares/options issued	18	-	-	(41,089)	-	-	(41,089)
Recognition as remuneration of options issued	18	-	905,584	-	-	-	905,584
BALANCE AT 30 JUNE 2013 (Restated)		**42,158,338**	**16,242,084**	**90,539**	**-**	**(41,118,327)**	**17,372,634**
Loss for the year		-	-	-	-	(9,773,185)	(9,773,185)
Other comprehensive income	18	-	-	-	(352,100)	-	(352,100)
Total comprehensive income for the year		-	-	-	(352,100)	(9,773,185)	(10,125,285)
Shares/options issued during the year	17	275,000	-	-	-	-	275,000
Transaction costs relating to shares/options issued	17	(12,855)	-	-	-	-	(12,855)
Recognition as remuneration of options issued	18	-	-	-	-	-	-
BALANCE AT 30 JUNE 2014		**42,420,483**	**16,242,084**	**90,539**	**(352,100)**	**(50,891,512)**	**7,509,494**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	30 June 2014 $	Restated 30 June 2013 * $
Cash Flows from Operating Activities			
Receipts from customers		16,871	-
Payment to suppliers and employees		(3,853,911)	(5,566,580)
Interest received		48,182	200,596
Finance costs paid		(210,945)	(357)
Income tax offset received		-	267,017
Net cash flows (used in) operating activities	24	(3,999,803)	(5,099,324)
Cash Flows from Investing Activities			
Payments for purchase of fixed assets		(818)	(55,899)
Payments for exploration and evaluation		(991,628)	(5,528,071)
Net payments of security deposits		27,187	-
Repayment of loan from unrelated entities		100,000	-
Receipt of cash call from joint venture participant		666,917	-
Proceeds from sale of fixed assets		-	20,700
Deposits paid		(2,993)	-
Payments for loans to unrelated entities		-	(400,000)
Payments to related entity		(110,000)	(250,421)
Net cash flows (used in) investing activities		(311,335)	(6,213,691)
Cash Flows from Financing Activities			
Proceeds from borrowings from related entity		15,000	-
Proceeds from issue of convertible securities		1,000,000	-
Proceeds from issue of shares and options		-	41,089
Proceeds from borrowings		3,000,000	-
Repayment of convertible loan		(725,000)	-
Repayment of loan to related entity		(15,000)	-
Payments for costs of capital raising		(12,855)	(41,089)
Proceeds from exercise of options		-	2,500
Net cash flows from financing activities		3,262,145	2,500
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,048,993)	(11,310,515)
Cash and Cash Equivalents at the Beginning of Year		1,386,872	12,697,387
Cash and Cash Equivalents at the End of Year	9	**337,879**	**1,386,872**

* Refer to Note 1(b) for details regarding the restatement.

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is for the consolidated entity consisting of Legacy Iron Ore Limited and its subsidiaries (the "Group"). The Group is domiciled in Australia and the address of the registered office is Ground Floor, Canute House, 15 Rheola Street, West Perth WA 6005. The Group is primarily involved in mineral exploration.

The financial report was approved by the Board of Directors on 11 November 2014.

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial report is presented in Australian dollars, which is the Group's functional currency.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets and share-based payments.

(a) Going Concern

The 30 June 2014 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2014 the Group recorded a loss after tax of $9,773,185, cash outflows from operations of $3,999,803 and had a net working capital deficit of $2,037,578. The loss for the year is consistent with the stage of operations of the Group, being the exploration and evaluation of mineral resources.

The Directors' 15 month cash flow forecast for the Group anticipates a cash flow surplus sufficient to settle liabilities in the normal course of business. The Group secured additional equity funds of $12,111,233 from major shareholder NMDC to repay borrowings and to fund further exploration activities. Refer further to Note 21 for details of additional equity funds secured subsequent to the end of the financial year ended 30 June 2014.

Based upon the directors' cash flow forecast, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and therefore the going concern basis of preparation remains appropriate.

(b) Prior Period Adjustment

Following a review and analysis by the Board of financial transactions for the period June 2011 to present within the Company, Ms Sharon Heng (Managing Director of the Company, resigned 31 October 2014) has entered into an agreement to pay the sum of $868,144 to the Company with payments scheduled to occur on an interest bearing basis with the Company being entitled to immediately request appropriate security on normal commercial terms to secure performance of the agreement to repay this sum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(b) Prior Period Adjustment (continued)

The Directors wish to restate the prior year financial statements to more appropriately reflect the nature of certain transactions initially recorded as "corporate services" and "other expenses" in the Statement of Profit or Loss to amounts paid to and recoverable from related party, Ms Heng in the Statement of Financial Position.

<u>1 July 2012 Opening Comparative</u>

As this adjustment related to multiple reporting periods, the Statement of Financial Position opening balances as at 1 July 2012 were restated, in accordance with AASB 101 Presentation of Financial Statements, as follows:

Statement of Financial Position (extract)	**30 June 2012 Previously Reported $**	**Increase/ (Decrease) $**	**Restated 30 June 2012 $**
Current Loans & Receivables	553,771	(46,159)	507,612
Non-Current Receivables	-	507,724	507,724
Accumulated Losses	(29,861,945)	(461,565)	(29,400,380)

Other items in the Statement of Financial Position were not affected by the prior period adjustment.

<u>30 June 2013 Comparative</u>

The impact of the prior period adjustments on the 30 June 2013 comparatives is summarised as follows:

Statement of Financial Position (extract)	**30 June 2013 Previously Reported $**	**Increase/ (Decrease) $**	**Restated 30 June 2013 $**
Current Loans & Receivables	611,238	(67,106)	544,132
Non-Current Receivables	-	758,145	758,145
Accumulated Losses	(41,809,366)	(691,039)	(41,118,327)

Other items in the Statement of Financial Position were not affected by the prior period adjustment.

Statement of Profit & Loss and other Comprehensive Income (extract)	**30 June 2013 Previously Reported $**	**Increase/ (Decrease) $**	**Restated 30 June 2013 $**
Revenue	209,903	-	209,903
Corporate Services	(2,198,796)	206,925	(1,991,871)
Other Expenses	(692,806)	22,549	(670,257)
Other Reported Expenses	(9,532,739)	-	(9,532,739)
Loss before Income Tax	(12,214,438)	229,474	(11,984,964)
Total Comprehensive Loss for the year	**(12,192,921)**	**229,474**	**(11,963,447)**
Basic and diluted (loss) per share	(2.06) cents		(2.02) cents

The correction further affected some of the amounts disclosed in Notes 4, 5, 6, 10, 19, 20, 23 and 24. Tax losses decreased by $768,466.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(d) Income Tax

The income tax expense/(revenue) for the year comprises current and deferred taxation. Income tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes.

Temporary differences are not provided for where the initial recognition of assets and liabilities affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Repairs and maintenance are charged to the Statement of Profit or Loss during the financial year in which they are incurred.

Depreciation
The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets for 2014 are as follows:

Computers and software	67%
Equipment	20%
Furniture and fittings	4-20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(f) Exploration and Evaluation Expenditure

Mineral tenements are carried at cost, less accumulated impairment losses. Mineral exploration and evaluation is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest or sale of that area of interest, or exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations on or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area of interest are written off in full against profit in the year in which the decision to abandon that 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.

(g) Leases

Finance Leases
Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased assets or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Operating Leases
Payment made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments

Initial Recognition and Measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the group becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through the profit and loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the Statement of Profit or Loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Available for Sale Financial Assets
Available for sale financial assets represent non-derivative financial assets that are not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor determinable payments. Available for sale financial assets are included in non-current assets, except those which are expected to mature within 12 months after the end of the reporting period.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. The fair value of trade and other receivables, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method. The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair Value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and options pricing models.

Impairment
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in the profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at that point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will entre bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

Impairment (continued)
For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognised the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

(i) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Defined Contribution Plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the Statement of Profit or Loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Employee Benefits (continued)

Equity-Settled Compensation
The Group operates equity-settled share-based payment share and option schemes to Directors and employees. The fair value of the equity to which Directors and employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Binomial or Black and Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Earnings per Share

The Company presents basis and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and performance shares.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank over overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(n) Share-Based Payments

The fair value determined at grant date of equity settled share-based payments is treated as the cost of assets acquired or expensed on a straight line basis over the vesting period, based on the group’s estimate of shares that will eventually vest. Vesting is not conditional upon a market condition. No asset or expense is recognised for share based payments that do not vest. For cash settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(o) Share Capital and Transaction Costs

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of any tax effects.

(p) Revenue Recognition

Interest income is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(r) Jointly Controlled Assets

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required. Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method. Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements. Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Details of the joint venture are set out in note 26.

(s) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Fair Value of Assets and Liabilities (continued)

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair Value Hierarchy
AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:
(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Fair Value of Assets and Liabilities (continued)

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(t) Critical Accounting Estimates and Judgments

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 12 Exploration and Evaluation Expenditure
- Note 13 Impairment of Available for Sale Financial Assets
- Note 24 Measurement of Share-Based Payments.

(u) Adoption of New and Revised Accounting Standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- AASB 10: *Consolidated Financial Statements;*
- AASB 11: *Joint Arrangements;*
- AASB 12: *Disclosure of Interests in Other Entities;*
- AASB 13: *Fair Value Measurement;*
- AASB 119: *Employee Benefits; and*
- AASB 127: *Separate Financial Statements*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Adoption of New and Revised Accounting Standards (continued)

Account Standard and Interpretation

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and provides a revised definition of "control" such that an investor controls an investee when:

a) it has power over an investee;
b) it is exposed, or has rights, to variable returns from its involvement with the investee; and
c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. This may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

There have been no changes to the treatment of investees compared to prior year.

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 11 replaces AASB 131 'Interests in Joint Ventures. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

Application of this standard has not impacted on the financial statements of the Group.

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Adoption of New and Revised Accounting Standards (continued)

Account Standard and Interpretation (continued)

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Application is AASB 119 Employee Benefits has not impacted on the financial statements for the year ended 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New Accounting Standards and Interpretations for Application in Future Years

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2017).

  AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New Accounting Standards and Interpretations for Application in Future Years (continued)

- *Other standards not yet applicable*
  These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities"	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

(w) Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

2. DIVIDENDS

No dividends have been paid or proposed during the year ended 30 June 2014 (2013: NIL). There are no franking credits available for use in subsequent reporting periods.

3. REVENUE

	2014 $	2013 $
Interest income	43,850	189,663
Profit on sale of fixed assets	-	20,240
Other revenue	16,871	-
Total Revenue	**60,721**	**209,903**

4. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging the following expenses:

	2014 $	Restated 2013 $
Depreciation of non-current assets	41,020	75,829
Exploration expenditure expensed	33,592	68,386
Exploration tenements written off	5,581,732	4,887,407
Impairment of loans receivable	240,000	886,250
Finance expenses	321,242	4,756
Key management personnel remuneration (A)	616,078	516,778
Loss on sale of assets	25,297	-
Operating lease rental expense	595,087	473,548
Share based payment – to consultants and KMP	-	905,584
Corporate services (B)	1,066,049	1,991,871

(A) Costs of $348,224 (2013: $488,546) directly related to exploration efforts are capitalised in exploration and evaluation expenditure.

(B) Corporate services included but not limited to technical consultants, mineral resource estimation, metallurgical testing and analysis, infrastructure studies, research & development (R&D) tax specialists and Corporate Advisors. These costs do not fall into the category of exploration expenditure. While the Company is still in exploration and development stage, the strategy is to engage external consultants who have the expertise and availability as and when required. This allows flexibility for the Company and is considered the most efficient use of resources given the size and development stage of the Company. As the Company grows, some of these services will be undertaken in-house. This will mean employing personnel on the Company's payroll.

During the prior year, there were two activities which have associated costs while they did not proceed further. They were (1) capital raising activity - the Rights issue and (2) the proposed spin-off of non-core gold and base metal assets. Costs were incurred related to capital raising activities via rights issues. The rights issue was cancelled but associated costs were incurred and payable. The proposed spin-off of the non-core gold and base metal assets involved legal and corporate due diligence as well as specialist tax advice which were incurred by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

5. INCOME TAX

		2014 $	Restated 2013 $
(a)	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax	-	-
		-	-
(b)	The prime facie tax on loss before income tax is reconciled to income tax benefit as follows:		
	Prima facie tax benefit on loss before income tax at 30%	(2,931,955)	(3,595,489)
	Add / (Less) Tax effect of:		
	- Non-deductible share-based payments	-	271,675
	- Fines and penalties	340	-
	- Research and development	-	(89,006)
	- Unrecognised deferred tax asset attributable to tax losses	2,931,615	3,145,803
	Income Tax Attributable to the Group	**-**	**(267,017)**
(c)	Deferred Tax Assets and Liabilities		
	Deferred tax assets and liabilities are attributable to the following:		
	Deferred Tax Liabilities		
	Prepayments	-	9,529
	Exploration and evaluation expenditure	2,525,280	4,265,639
	Interest receivable	926	2,225
	Total Deferred Tax Liabilities	2,526,206	4,277,393
	Deferred Tax Assets		
	Accrued expenses	5,227	15,518
	Provisions	36,889	42,170
	Available for Sale Financial Assets	371,505	265,875
	Provision for impairment of loan receivable	60,000	-
	Capital raising costs	494,554	163,290
	Tax losses recognised	1,558,031	3,790,540
	Total Deferred Tax Assets	2,526,206	4,277,393
	Net Tax Assets/Liabilities	-	-

(d) Tax Losses

At 30 June 2014, the Group has $46,237,691 (2013: $41,150,290) tax losses that are available for offset against future taxable profits of the Group. Amount of tax losses recognised at 30 June 2014 to offset deferred tax liabilities is $5,193,437 (2013: $12,635,133). Amount of unrecognised tax losses at 30 June 2014 is $41,044,254 (2013: $28,515,157).

The potential benefit of carried forward losses will only be obtained if assessable income is derived of a nature and, of an amount sufficient to enable the benefit from the deductions to the realised or the benefit can be utilised by the Group providing that:

(i) the provisions of deductibility imposed by law are complied with; and
(ii) no change in tax legislation adversely affect the realisation of the benefit from the deductions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

6. LOSS PER SHARE

		2014	Restated 2013
(a)	Basic and diluted loss per share	(1.67) cents	(2.02) cents
(b)	Loss used in the calculation of basic and diluted loss per share	($9,773,185)	($11,717,947)

		No	No
(c)	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	586,619,052	581,298,023

(d) Options

The options to subscribe to ordinary shares have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the years ended 30 June 2014 and 30 June 2013. These options could potentially dilute basic earnings per share in the future.

7. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Name and Positions of Key Management Personnel at any time during the financial year are:

Mr Narendra Kumar Nanda	Non- Executive Chairman
Ms Sharon Heng	Executive Director/Managing Director (resigned 31 October 2014)
Mr Timothy Turner	Non-Executive Director
Mr Swaminathan Thiagarajan	Non-Executive Director
Mr Subimal Bose	Non-Executive Director
Mr Julian Mizera	Chief Executive Officer (appointed 24 March 2014 and resigned 29 August 2014)
Mr Steve Shelton	Exploration Manager
Mr Viswa Prasad Dheram	Chief Financial Officer (appointed 11 April 2014)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Other Transactions with Key Management Personnel

Refer to Note 19 for details on other transactions with key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

8. AUDITORS' REMUNERATION

	2014 $	2013 $
During the year the following fees were expensed for services provided by the auditor of the parent entity:		
Stanton International Audit & Consulting Pty Ltd:		
- Auditing or reviewing the financial report	29,000	-
Grant Thornton Audit Pty Ltd		
- Auditing or reviewing the financial report	2,511	36,768
Total remuneration for assurance services	**31,511**	**36,768**

9. CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank and on hand	337,879	1,151,872
Short term bank deposits	-	235,000
	337,879	**1,386,872**

The effective interest rate on cash at bank was 2.64% (2013: 2.36%). The 2013 deposits had an average maturity of 3 months. Refer further to Note 23.

10. OTHER RECEIVABLES

	2014 $	Restated 2013 $
Current		
Loans receivable – unrelated entities (a)	200,000	400,000
Less Provision for impairment	(200,000)	-
Sundry receivables – unrelated entity (b)	4,493	112,367
Recovery of amounts from related entity (c)	582,000	-
Sundry receivables - related entity (refer to note 19)	52,826	-
Prepayments	33,425	31,765
Total current receivables	**672,744**	**544,132**
Non-current		
Recovery of amounts from related entity (c)	286,144	758,145
	286,144	**758,145**

(a) The loans receivable from an unrelated entity is current and unsecured. The loan is past due and considered impaired.
(b) Amounts receivable from unrelated entities are expected to be recovered within normal terms.
(c) The receivable has arisen following the restatement of certain financial transactions. The amount is recoverable from the former Managing Director. Refer to Note 1(b). Interest will accrue from 31 October 2014. At the date of this report, the receivable is unsecured however the Directors are seeking appropriate security on normal commercial terms to secure repayment of this sum. At the date of this report, Ms Heng has repaid to the Company $482,000.
(d) Fair value, credit risk and risk exposure
Due to the short term nature of the current receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of receivables mentioned above. Refer further to Note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

11. PLANT AND EQUIPMENT

	2014 $	2013 $
Furniture, fittings and equipment		
At cost	260,378	291,135
Accumulated depreciation	(195,399)	(160,656)
	64,979	130,479
Motor vehicles		
At cost	-	-
Accumulated depreciation	-	-
	-	-
TOTAL PLANT AND EQUIPMENT	**64,979**	**130,479**

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the financial year are set at below:

2014	Motor Vehicles $	Furniture, Fittings and Equipment $	Total $
Net carrying value at 1 July 2013	-	130,479	130,479
Additions	-	818	818
Disposals	-	(25,298)	(25,298)
Depreciation	-	(41,020)	(41,020)
Net Carrying Value at 30 June 2014	**-**	**64,979**	**64,979**
2013			
Net carrying value at 1 July 2012	1,758	174,334	176,092
Additions	-	30,676	30,676
Disposals	(460)	-	(460)
Depreciation	(1,298)	(74,531)	(75,829)
Net Carrying Value at 30 June 2013	**-**	**130,479**	**130,479**

12. EXPLORATION AND EVALUATION EXPENDITURE

	2014 $	2013 $
Non-Current		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	**9,002,294**	**14,302,047**
Movement in Carrying Amounts		
Carrying amount at the beginning of the year	14,302,047	13,709,370
Exploration assets acquired	-	3,092,789
Exploration expenditure capitalised	866,956	2,387,295
Less: Recovery of expenditure by Joint Venture participant	(584,977)	-
Less: Exploration written-off on areas to be relinquished	(5,581,732)	(4,887,407)
Carrying Amount at the End of the Year	**9,002,294**	**14,302,047**

The recoverability of the carrying amount of exploration and evaluation is dependent on:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and commercial exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

12. EXPLORATION AND EVALUATION EXPENDITURE (continued)

Impairment of Exploration and Evaluation Assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The Group undertakes at least on an annual basis, a comprehensive review for indicators of impairment of these assets. Should an indicator exist, then the area of interest is tested for impairment. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

In addition, an allocation of the cost associated with acquired mineral rights to individual projects was performed during the year. This allocation process required estimates and judgement by management as to the fair value of those projects acquired.

13. OTHER FINANCIAL ASSETS

	2014 $	2013 $
Current		
Held-to-maturity financial assets		
- Security Deposits Held (i)	706,872	730,974
Available-for-sale financial assets		
- Shares in listed corporation at fair value – Level 1(ii) (iii)	276,650	628,750
	983,522	**1,359,724**

(i) Deposits have been pledged as security for a bank guarantee provided to lessors relating to leases of office premises, leases of motor vehicles and credit card facility.

(ii) During the year, the movement in the balance is as follows:

	2014 $	2013 $
Opening balance 1 July 2013	628,750	1,760,500
Fair value gain/(loss) on available-for-sale assets reserve	(352,100)	(245,500)
Impairment	-	(886,250)
Closing balance 30 June 2014	**276,650**	**628,750**

(iii) Fair value is determined by reference to quoted prices in an active market (ASX) – Level 1.

14. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Current		
Trade payables	379,794	688,283
Sundry payables and accrued expenses	235,311	279,914
	615,105	**968,197**

Trade payables and sundry payables are non-interest bearing and are normally settled on 45 day terms.

15. EMPLOYEE BENEFITS

	2014 $	2013 $
Current		
Annual leave	81,749	111,807
Long service leave	34,869	-
	116,618	111,807
Non-Current		
Long service leave	6,345	28,761

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

15. EMPLOYEE BENEFITS (continued)

	2014 $	2013 $
Opening balance at 1 July 2013	140,568	181,034
Additional provisions	84,648	5,002
Amount used	(102,253)	(45,468)
Increase in the discounted amount arising because of time and effect of change in discount rate	-	-
Closing balance at 30 June 2014	**122,963**	**140,568**

16. BORROWINGS

	2014 $	2013 $
Current		
Bank loans (i)	3,000,000	-
	3,000,000	**-**
Non Current		
Convertible securities (ii)	100,000	-
	100,000	**-**

(i) The bank loan is secured by a corporate guarantee provided by major shareholder, NMDC Limited. The term of the loan is on a rolling 90 days basis with 90 days termination notice. The facility is up to $3 million. Interest is variable and accrues at a rate of 0.75% above the bank bill swap (BBSY) rate.

(ii) The convertible securities shall convert into new ordinary shares of the company by dividing the amount by the conversion price. The conversion price is 90% of the average three (3) consecutive daily volume weighted average price (VWAPs) as selected by the investor in its sole discretion during the twenty (20) trading days immediately prior to the conversion notice. The note contains a floor price of $0.03. Should the conversion price fall below the floor price and the investor chooses to convert some of the note to shares, the company can choose to repay that amount of the note chosen to be converted by the investor at that time or repay that amount by cash by repaying 105% of the value of the amount chosen to be converted. The convertible securities do not carry any voting rights. The term of the convertible securities is for 24 months.

(iii) The movement in convertible securities during the year is as follows:

	2014 $	2013 $
Opening balance at 1 July 2013	-	
Convertible notes issued	1,000,000	-
Convertible notes repaid	(725,000)	-
Convertible notes converted into ordinary shares	(175,000)	-
Closing balance at 30 June 2014	**100,000**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

17. ISSUED CAPITAL

	2014 $	2013 $
590,613,697 Fully paid ordinary shares (30 June 2013: 581,308,502)	**42,420,483**	**42,158,338**

	30 June 2014 No	30 June 2014 $	30 June 2013 No	30 June 2013 $
(a) Fully Paid Ordinary Shares				
At the Beginning of the Reporting Year	581,308,502	42,158,338	581,283,502	42,155,838
Shares Issued During the Reporting Year				
1 December 2012 – Options exercised	-	-	25,000	2,500
9 September 2013 – Commencement fee for convertible notes	2,380,952	100,000	-	-
11 December 2013 – Conversion of convertible notes	1,515,152	50,000	-	-
31 December 2013 – Conversion of convertible notes	2,000,000	50,000	-	-
16 January 2014 – Conversion of convertible notes	3,409,091	75,000	-	-
Transaction costs relating to share issues	-	(12,855)	-	-
At Reporting Date	**590,613,697**	**42,420,483**	**581,308,502**	**42,158,338**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held irrespective of the amount paid up or credited as paid up, less any amounts which remain unpaid on these shares at the time of the distribution.

At shareholders' meetings each share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

	30 June 2014 No	30 June 2013 No
(b) Options on Issue		
At the Beginning of the Reporting Year	145,678,908	219,500,094
Movement of Options on Issue During the Reporting Year		
1 December 2012 – Options exercised	-	(25,000)
31 December 2012 – Options expired	-	(58,885,094)
7 January 2103 – Options expired	-	(56,000,000)
22 February 2013 – Options issued to key management personnel (i)	-	11,100,000
26 April 2013 – Options issued to consultants (i)	-	10,330,000
26 April 2013 – Options issued to consultants	-	19,658,908
31 December 2013 – Options expired	(6,000,000)	-
14 February 2014 – Options expired	(4,300,000)	-
At Reporting Date	**135,378,908**	**145,678,908**

(i) Upon exercise, the option holder is entitled to receive a further piggyback option exercisable at $0.25 on 7 January 2016.

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity. Refer further to Note 25 Share Based Payments for details of options granted, lapsed, exercised and expired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

17. ISSUED CAPITAL (continued)

(c) Capital Management

The Board as a whole controls the capital of the Group in order to ensure the Group can fund its operations and continue as a going concern. The Directors oversee the risk management strategy.

The Group's capital consists of financial liabilities supported by financial assets. There are no externally imposed capital requirements. The Board effectively manage the Group's capital by assessing the Group's financial risks and responding to changes in these risks and in the market. This strategy is to ensure that there is sufficient cash to meet trade payables and ongoing exploration expenditure commitments. The Group is dependent on its ability to raise capital from the issue of equity from time to time.

18. RESERVES

	2014 $	2013 $
Option Premium Reserve (a)	90,539	90,539
Share-Based Payment Reserve (b)	16,242,084	16,242,084
Financial Asset Reserve (c)	(352,100)	-
	15,980,523	**16,332,623**
(a) Option Premium Reserve		
Balance at the beginning of the reporting year	90,539	90,539
Premiums received from the issue of options	-	41,089
Less transaction costs relating to option issues	-	(41,089)
Balance at the end of the reporting year	**90,539**	**90,539**

The option premium reserve is used to recognise premiums paid by option holders, net of transaction costs.

(b) Share Based Payment Reserve

	2014 $	2013 $
Balance at the beginning of the reporting period	16,242,084	15,336,500
25 February 2013 – 11,100,000 options issued to key management personnel	-	183,150
16 April 2013 – 29,988,908 options issued to consultants	-	722,434
Balance at the end of the reporting year	**16,242,084**	**16,242,084**

Refer to Note 25 for further details on share-based payments.

(c) Financial Asset Reserve		
Balance at the beginning of the reporting period	-	245,500
Revaluation/(Devaluation), net of tax	(352,100)	-
Impairment of asset	-	(245,500)
Balance at the end of the reporting period	**(352,100)**	**-**

The financial assets reserve records revaluation of Available-for-Sale financial assets.

19. RELATED PARTY TRANSACTIONS

The transactions set out below identify all transactions to related parties of the Company. Where a transaction is identified with an asterix (*), the transaction was entered into with a related party (Sharon Heng, Managing Director, resigned 31 October 2014) where a benefit was gained without prior disclosure of interests to the Board under section 191 of the Corporations Act, and without any necessary shareholder approvals under section 208 of the Corporations Act. All transactions below without an asterix (*) are transactions entered into on commercial terms and conditions no more favourable than those available to unrelated parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

19. RELATED PARTY TRANSACTIONS (continued)

(a) Parent Entity

The parent entity within the group is Legacy Iron Ore Limited.

(b) Subsidiary

Interest in the subsidiary is set out in Note 28.

(c) Key Management Personnel Remuneration

Key management personnel remuneration is as follows:

	2014 $	2013 $
Short-term employee benefits	909,677	881,599
Post-employment benefits	54,625	123,725
Share-based payments	-	183,150
TOTAL	**964,302**	**1,188,474**

Details of key management personnel remuneration, shares and options issued to key management personnel and their personally related entities during the year are disclosed in the Remuneration Report section of the Directors' Report.

Other Transactions with Key Management Personnel and Their Personally Related Entities

	2014 $	Restated 2013 $
Provision of accountancy services by Hewitt Turner & Gelevitis, an entity related to Director, Mr Timothy Paul Turner	83,091	96,144
Remuneration to closely related family member of Director, Ms Sharon Heng	92,490	213,400
Provision of non-cash benefit to closely related family member of Director, Ms Sharon Heng	11,763	11,763
Remuneration to closely related family member of Exploration Manager, Mr Stephen Shelton, including share based payment	13,985	227,592
Remuneration to other closely related family members of Exploration Manager, Mr Stephen Shelton	1,092	9,702
Provision of consultancy services by Raven Resources Pty Ltd, an entity closely related family member of Exploration Manager, Mr Stephen Shelton	65,700	-
Unsecured, interest free loan to the Company in August 2013 from Director, Ms Sharon Heng, which was repaid in full in October 2013 *	15,000	-
Expenses of Ms Sharon Heng paid by the Company and to be reimbursed to the Company by Ms Heng *	52,825	-
Payments to entities related to Director Ms Sharon Heng, which are to be recovered from Ms Heng (refer further to note 1(b)) *	110,000	250,421
Outstanding balances arising from these transactions		
Other current receivables – Ms Sharon Heng, unsecured, interest free *	52,825	-
Trade and other payables	(21,935)	(33,434)
Employee benefits payable	(104,490)	(76,783)
Amounts recoverable from Ms Sharon Heng – current, secured, interest bearing from October 2014 *	582,000	-
Amounts recoverable from Ms Sharon Heng - non-current, secured, interest bearing from October 2014 *	286,144	758,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

20. SEGMENT INFORMATION

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources.

The Group is managed on the basis of there being 3 (three) reportable segments being:
(i) Gold exploration and development in Australia;
(ii) Iron ore exploration and development in Australia; and
(iii) Coal exploration and development in Australia.

Basis of accounting for purposes of reporting by operating segments:

(a) Accounting Policies Adopted
Unless otherwise stated, all amounts reported to the Board of Directors, being the Chief Operating Decision Makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the financial statements of the Group.

(b) Inter-Segment Transactions
There are no inter-segment transactions. Segment assets are clearly identifiable on the basis of their nature. Segment liabilities include trade and other payables.

(c) Corporate charges are not allocated to reporting segments.

Segment Performance 2014	Western Australia Iron Ore $	Western Australia Gold $	Coal $	Corporate $	Total $
SEGMENT REVENUE	16,871	-	-	43,850	**60,721**
SEGMENT NET LOSS BEFORE TAX					
Exploration tenements written off	1,297,772	728,827	3,555,133	-	5,581,732
Depreciation	-	-	-	41,020	41,020
Corporate charges	-	-	-	4,211,154	4,211,154
Segment loss before tax	1,280,901	728,827	3,555,133	4,208,324	**9,773,185**
SEGMENT ASSETS	6,886,794	2,392,150	-	2,068,618	**11,347,562**
Segment asset increases/(decreases) for the year:	(1,758,697)	(413,579)	(3,479,576)	(790,946)	(6,442,798)
SEGMENT LIABILITIES	-	-	-	3,838,068	**3,838,068**

Segment Performance Restated 2013	Western Australia Iron Ore $	Western Australia Gold $	Coal $	Corporate $	Total $
SEGMENT REVENUE	-	-	-	209,903	**209,903**
SEGMENT NET LOSS BEFORE TAX					
Exploration tenements written off	4,670,409	216,998	-	-	4,887,407
Depreciation	-	-	-	75,829	75,829
Impairment of available for sale financial assets	886,250	-	-	-	886,250
Corporate charges	-	-	-	6,345,381	6,345,381
Segment loss before tax	5,556,659	216,998	-	6,211,307	**11,984,964**
SEGMENT ASSETS	8,645,491	2,805,729	3,479,576	3,550,603	**18,481,399**
Segment asset increases/(decreases) for the year:	(4,677,012)	658,362	3,479,576	(10,607,621)	(11,146,695)
SEGMENT LIABILITIES	-	-	-	1,108,765	**1,108,765**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

21. EVENTS SUBSEQUENT TO REPORTING DATE

Ms Sharon Heng, Executive Managing Director resigned from the Board of Directors on 31 October 2014.

Following a review and analysis by the Board of financial transactions for the period June 2011 to present within the Company, Ms Sharon Heng (Managing Director of the Company, resigned 31 October 2014) has entered into an agreement to pay the sum of $868,144 to the Company with payments on an interest bearing basis. At the date of this report, Ms Heng has repaid to the Company $482,000.

This has resulted in a retrospective restatement of the financial transactions. Refer further to Note 1(b) of the notes to the consolidated financial statements.

On 7 July 2014, the Group announced a renounceable rights issue at $0.014 to raise up to $25 million.

On 25 August 2014, the Group issued an additional 877,650,460 fully paid ordinary shares through the 3 for 1 renounceable rights issue at $0.014 per share. Funds raised from this rights issue before costs total $12,287,106.44. Following this allotment, NMDC Limited now holds 1,153,450,796 Legacy Iron shares, being 78.56% of the issued share capital of the Company.

On 25 August 2014, Ms Sharon Heng ceased to be a substantial shareholder of the Company.

The funds raised from the rights issue have been used to repay the Citibank loan ($3.1 million being $3 million as at 30 June 2014 and a further $100,000 subsequently) and the outstanding convertible note from The Australian Special Opportunity Fund totaling $100,000.

Mr Devananthan Ramachandran was appointed as a Non-Executive Director on 5 November 2014.

No other matter or circumstance has arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group.

22. CAPITAL AND LEASING COMMITMENTS AND CONTINGENCIES

	2014 $	2013 $

(a) Lease Commitments

Commitments in relation to non-cancellable operating leases not recognised as liabilities:

	2014 $	2013 $
Within 1 year	163,698	392,862
Later than 1 year but not later than 5 years	304,492	19,104
Later than 5 years	-	-
	468,190	**411,966**

The property lease is a non-cancellable sub-lease with a fixed term of 3 years with rent payable monthly in advance. The lease does not allow for further subletting of the leased area. Cash deposit of $64,613 (2013: $199,174) has been pledged as security for a bank guarantee provided to the lessor.

(b) Minimum Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Group has the following discretionary exploration expenditure and rental requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

22. CAPITAL AND LEASING COMMITMENTS AND CONTINGENCIES (continued)

Within 1 year	523,858	1,891,192
Later than 1 year but not later than 5 years	1,319,627	4,448,586
Later than 5 years	1,925,543	2,075,857
	3,769,028	**8,415,635**

If the Group decides to relinquish certain leases and/or does not meet these requirements, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm out of exploration rights to third parties will reduce or extinguish these obligations.

23. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable and loans.

Derivatives are not used by the Group.

(i) Treasury Risk Management

The Board analyses financial risk exposure and evaluates treasury strategies in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

(ii) Financial Risk Exposure and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

Exposure to interest rate arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or fair value of fixed financial instruments. Interest rate risk is managed by the Group only using fixed rates on debt. Refer to Note 23(b)(ii) for further details on interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by monitoring forecast and actual cash flows. Trade and other payables have contractual maturities of six (6) months or less.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no other material amounts of collateral held as security at 30 June 2014.

The Board manages credit risk by only depositing cash with Australian Authorised deposit taking institutions. Cash, cash equivalents and held to maturity financial assets have a AA rating.

The Group has not taken out any security or guarantees over loans and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

23. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial Risk Management Policies (continued)

The carrying amount of the Group's financial assets represents the maximum credit exposure:

	2014 $	Restated 2013 $
Other receivables (i)	57,319	512,367
Receivable – related entities	868,144	758,145
Cash and cash equivalents	337,879	1,386,872
Held to maturity Financial assets	706,872	730,974
Available for Sale Financial Investments	276,650	628,750
	2,246,864	**4,017,108**

(i) In addition to other receivables above is a $200,000 receivable which is considered past due and fully impaired (2013: $50,000). Amounts are considered "past due" when the debt has not been settled with the terms and conditions agreed between the Group and the counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtor and provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group. Refer to Note 10.

(b) Financial Instruments

(i) Derivative Financial Instruments

Derivative financial instruments are not used by the Group.

(ii) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amount may not reconcile to the Statement of Financial Position.

2014	Weighted Average Effective Interest Rate %	Floating Interest Rate within 1 Year $	Fixed Interest Rate Maturing within 1 Year $	Maturing over 1 year, less than 5 Years $	Non-Interest Bearing $	Total $
Financial Assets						
Cash & cash equivalents	2.64	336,879	-	-	1,000	337,879
Held to maturity financial assets	2.64	-	706,872	-	-	706,872
Loans & receivables		-	-	-	925,463*	925,463
Available for Sale Financial Investments		-	-	-	276,650	276,650
		336,879	706,872	-	1,203,113	2,246,864
Financial Liabilities (at Amortised Cost)						
Trade & other payables		-	-	-	615,105	615,105
Borrowings	3.48	3,000,000	-	-	100,000	3,100,000
		3,000,000	-	-	715,105	3,715,105
Net Financial Assets/(Liabilities)		**(2,663,121)**	**706,872**	**-**	**488,008**	**(1,468,241)**

* $868,144 will become interest bearing from 31 October 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

23. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial Instruments (continued)

(ii) Financial Instrument Composition and Maturity Analysis (continued)

Restated 2013	Weighted Average Effective Interest Rate %	Floating Interest Rate within 1 Year $	Fixed Interest Rate Maturing within 1 Year $	Maturing over 1 year, less than 5 Years $	Non-Interest Bearing $	Total $
Financial Assets						
Cash & cash equivalents	2.36	1,150,872	235,000	-	1,000	1,386,872
Held to maturity financial assets	2.36	-	730,974	-	-	730,974
Loans & receivables	4	-	200,000	-	1,070,512*	1,270,512
Available for Sale Financial Investments		-	-	-	628,750	628,750
		1,150,872	1,165,974	-	1,700,262	4,017,108
Financial Liabilities (at Amortised Cost)						
Trade & other payables		-	-	-	968,197	968,197
		-	-	-	968,197	968,197
Net Financial Assets/(Liabilities)		**1,150,872**	**1,165,974**	**-**	**732,065**	**3,048,911**

All trade and sundry payables are expected to be paid in less than 6 months.

* $868,144 will become interest bearing from 31 October 2014.

(iii) Net Fair Value of Financial Assets and Liabilities

The net fair value of the financial assets and financial liabilities approximates their carrying value. The available for sale financial investment's fair value has been determined using Level 1 inputs, ie quoted prices in active markets. The fair value of these financial assets has been based on the closing quoted bid prices at reporting date, excluding transaction costs.

Cash and cash equivalents, loans and receivables, held to maturity assets and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values. The fair values are determined on the basis of an income approach using a discounted cash flow methodology. Discount rates are based on market interest rates for similar instruments,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

23. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial Instruments (continued)

(iv) Sensitivity Analysis

Interest Rate Risk

The Group has performed a sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis

As 30 June 2014, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	(Higher)/Lower	
	2014 $	2013 $
(Increase)/Decrease in loss		
- Increase in interest rate by 100 basis points	(26,631)	11,508
- Decrease in interest rate by 100 basis points	26,631	(11,508)
Change in equity		
- Increase in interest rate by 100 basis points	(26,631)	11,508
- Decrease in interest rate by 100 basis points	26,631	(11,508)

The movements in the loss for the year are due to lower interest revenue from cash balances than interest charge on bank borrowings.

24. CASH FLOW INFORMATION

	2014 $	Restated 2013 $
(i) Reconciliation of Cash Flows from Operating Activities with Loss from or after Income Tax		
- Loss from ordinary activities after income tax	(9,773,185)	(11,717,947)
Non-cash flows in loss from ordinary activities		
- Share-based payments expense	-	905,584
- Non-cash finance expenses	100,000	-
- Depreciation	41,020	75,829
- Impairment	240,000	-
- Exploration tenements written off	5,581,732	4,887,407
- Impairment of available for sale financial assets	-	886,250
- (Profit)/Loss from sale of fixed assets	25,297	(20,240)
- Consultancy services settled by way of decrease in loan receivable	110,000	-
Changes in assets and liabilities		
- (Increase)/decrease in other receivables	7,474	158,157
- Increase/(decrease) in trade and other payables	(265,332)	(124,253)
- Increase/(decrease) in employee benefits	(66,809)	(150,111)
Net Cash Outflows from Operating Activities	**(3,999,803)**	**(5,099,324)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (CONTINUED)

24. CASH FLOW INFORMATION (continued)

	2014 $	2013 $
(ii) Non-Cash Financing and Investing Activities		
- Finance charges paid for by way of issue of shares	100,000	-
- Conversion of convertible notes into fully paid shares	175,000	
	275,000	**-**
(iii) Borrowing Facility		
Used	3,100,000	-
Unused	-	-
Total Facility	**3,100,000**	**-**

25. SHARE-BASED PAYMENTS

During the last two financial years, the following options were granted to Directors, employees, promoters, vendors, lenders and advisers for no consideration as part of their remuneration package and/or ongoing support of the Group. All options granted confer a right of one ordinary share for every option held. Options granted under the plan carry no dividend or voting rights.

Option Grantee	Grant Date	Expiry Date	Exercise Price $	Granted during Year No	Exercisable at End of Year No	Note
Key Management Personnel	25/2/2013	7/1/2015	0.22	11,100,000	11,100,000	(i)
Corporate Advisors	16/4/2013	31/12/2014	0.10	11,354,383	11,354,383	
Corporate Advisors	16/4/2013	31/12/2014	0.15	8,304,525	8,304,525	
Corporate Advisors	16/4/2013	7/1/2015	0.22	10,330,000	10,330,000	(i)

(i) These are options which, upon exercise entitle the option holder to receive a further piggyback option exercisable at $0.25 on 7 January 2016.

Fair Value of Options and Performance Shares Granted

The fair value of the options granted to employees, directors, lenders and advisors is deemed to represent the value of the employees, directors, lenders or advisors services received over the vesting period.

The assessed fair values at grant date of options granted during the year ended 30 June 2014 are set out in the tables below. The fair values at grant date are independently determined using a Binomial or Black and Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield, the probability of the share price reaching forecast target and the risk free interest rate for the term of the option. No allowance has been made for the effects of early exercise.

The weighted average fair value of options granted during 2013: $0.022.

The following inputs were applied into the pricing model:

	2014	2013
Weighted average price per share	N/A	$0.078
Weighted average exercise price	N/A	$0.17
Weighted average life of the option	N/A	1.94 years
Weighted average expected share price volatility	N/A	90%
Weighted average risk free interest rate	N/A	2.64%
Expected dividend yield	N/A	-

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

25. SHARE-BASED PAYMENTS (continued)

Total amounts arising from share based payment transactions recognised during the year are as follows:

	2014 $	2013 $
Options issued to employees and vendors	-	905,584
Shares issued for commencement fees of convertible notes (i)	100,000	-
	100,000	**905,584**

(i) This expense is classified as finance expense in the Statement of Profit or Loss.

The number and weighted average exercise prices of share options are as follows:

	2014		2013	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding at 1 July	$0.22	145,678,908	$0.20	219,500,094
Granted during the year	N/A	-	$0.17	41,088,908
Forfeited during the year	$0.19	(10,300,000)	$0.17	(114,885,094)
Exercised during the year	N/A	-	$0.10	(25,000)
Outstanding and exercisable at 30 June	$0.23	135,378,908	$0.22	145,678,908

The weighted average remaining contractual life of options outstanding at year end was 1.0 years (2013: 1.90 years).

26. INTERESTS IN JOINT VENTURE OPERATION

The Group has a 60% interest in the following joint venture operation which was set up with Hawthorn Resources Limited to explore and develop the Mt Bevan exploration tenements in Western Australian. The principal place of business of the joint venture operation is Australia. Under the Mt Bevan joint venture agreement, Legacy Iron has a 60% direct interest in all of the asset of the joint venture, the revenue generated and the expenses incurred by the joint arrangement. Legacy Iron is also liable for 60% of any liabilities incurred by the joint venture.

	2014 $	2013 $
Mt Bevan	60%	60%

The Company's interest in the joint venture is included in the Statement of Financial Position in accordance with the accounting policy described in note 1(r) under the following classifications:

	2014 $	2013 $
Exploration and evaluation expenditure	4,861,859	5,149,540
Trade and other payables	(80,523)	-

Included in the Group commitments (Note 22(b)) are the following commitments in relation to the joint venture:

Minimum Exploration Expenditure Commitments	2014 $	2013 $
Not later than 1 year	24,518	247,099
Later the 1 year but not later than 5 years	62,003	7,337
Later than 5 years	-	-
	86,521	**254,436**

The joint venture has no contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

27. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary Financial Information

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of Financial Position	2014 $	Restated 2013 $
Current Assets	1,984,277	3,491,638
Non-Current Assets	10,253,517	15,190,671
Total Assets	12,237,794	18,682,309
Current Liabilities	3,731,722	1,080,004
Non-Current Liabilities	989,845	228,761
Total Liabilities	4,721,567	1,308,765
Net Assets	**7,516,227**	**17,373,544**
Shareholders' Equity		
Issued Capital	42,420,483	42,158,338
Reserves	15,980,523	16,332,623
Accumulated Losses	(50,884,779)	(41,117,417)
	7,516,227	**17,373,544**
Loss of the Year	**(9,767,362)**	**(11,717,038)**
Total Comprehensive Loss of the Year	**(10,119,462)**	**(11,962,538)**

(b) Contractual Commitments of the Parent Entity

Refer to Note 22 for contractual commitments. All commitments relate to the parent entity.

(c) Contingent Liabilities and Guarantees of the Parent Entity

The parent entity did not have any contingent liabilities or guarantees as at 30 June 2014 or 30 June 2013.

28. SUBSIDIARY

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(c). The principal place of business is also its country of incorporation. Share capital consists solely of ordinary shares which are held directly by the Group.

Name of Subsidiary	Principal Place of Business	Class of shares	Ownership Interest 2014 %	Ownership Interest 2013 %
Legacy Gold Limited	Perth, Australia	Ordinary	100%	100%

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

29. FAIR VALUE MEASUREMENTS

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Available-for-sale financial assets

The Group does not measure any assets or liabilities on a non-recurring basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

29. FAIR VALUE MEASUREMENTS (continued)

Fair Value Hierarchy

AASB 13: *Fair value measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuations techniques. Valuation techniques would maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable data, the asset or liability is included in Level 3.

The following table provides the fair values of the Groups assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

2014	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Available for sale financial assets				
- Shares in listed companies (Note 13)	$276,650	-	-	$276,650
Total financial assets recognised at fair value on a recurring basis	$276,650	-	-	$276,650

2013	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Available for sale financial assets				
- Shares in listed companies (Note 13)	$628,750	-	-	$628,750
Total financial assets recognised at fair value on a recurring basis	$628,750	-	-	$628,750

DIRECTORS' DECLARATION

The Directors of the Company declare that:

(a) the financial statements and notes as set out on the accompanying pages, are in accordance with the Corporations Act 2001 and:

(i) Comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

(ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

(b) in the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(c) the Directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors.

Timothy Turner
Non-Executive Director

11 November 2014

Stantons International Audit and Consulting Pty Ltd
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
LEGACY IRON ORE LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Legacy Iron Ore Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Stantons International

Basis for Qualified Opinion

As stated in Note 1(b) and announced to the ASX on 31 October 2014, the Board undertook an independent review and analysis into the Group's corporate and other expenses incurred by the Group in the period from 1 July 2011 to 30 June 2014. As a result of the independent review and analysis, the Managing Director of the Company (Ms Sharon Heng, since resigned) agreed to pay $868,144 to the Company with payments scheduled to occur over the next 5 years on an interest bearing basis, or as amended. The terms of reference for the independent review and analysis covered only transactions entered into by the Group and external parties during the period of review and therefore, may not have identified all possible transactions which the company may have sought reimbursement from the Managing Director (since resigned).

Included in the Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2013 and 30 June 2014 are expenses of approximately $955,000 for which the independent review and analysis suggested the Board seek legal advice in relation to, and/or further information for the Board to determine the nature and authenticity of these expenses. The Board has ratified these expenses as business-related expenses on the grounds that the review found some basis for work being carried out in some circumstances, and that in other cases it would not be in the best interest of shareholders for the Company to follow up due to time and money considerations.

We were unable to obtain sufficient appropriate audit evidence about whether these expenses are bona fide business expenses in the respective financial years. Consequently, we were unable to determine whether any adjustments to the Financial Statements for the year and/or prior years were necessary.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph,

(a) the financial report of Legacy Iron Ore Limited is 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 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 38 to 43 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion

In our opinion the remuneration report of Legacy Iron Ore Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001.*

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director
West Perth, Western Australia
11 November 2014

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of unrestricted equity securities in the Company as at 31 October 2014 were as follows:

Category (Size of Holding)	Fully Paid Ordinary Shares
1-1,000	74
1,001-5,000	68
5,001-10,000	158
10,001-100,000	586
100,001 and over	305
Totals	**1,191**

Category (Size of Holding)	Listed Options Exercisable at $0.10 Each on or Before 31 December 2014
1-1,000	-
1,001-5,000	-
5,001-10,000	6
10,001-100,000	38
100,001 and over	25
Totals	**69**

The number of shareholdings held in less than a marketable parcel is six hundred fifty four (654) holders.

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as 31 October 2014:

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. NMDC Limited	1,153,450,796	78.56
2.HSBC Custody Nominees Australia Limited	50,995,420	3.47

Equity Securities

There are 19,658,908 unlisted options held by sixty nine (69) option holders.

Option Holders	Number of Unlisted Options Held	% Held of Unlisted Options
1. Lambert Nigel	2,452,960	12.48
2. Williams Michael John & Williams Katrina Elfreda	2,190,000	11.14
3. Sheather Warren Stuart	2,032,750	10.34
4. Johnston Anthony Patrick	1,960,000	9.97

Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares
Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options
The options have no voting rights.

ADDITIONAL SHAREHOLDER INFORMATION (continued)

Twenty Largest Share & Option Holders

The names of the twenty largest ordinary fully paid shareholders as at 31 October 2014 are as follows:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. NMDC Limited	1,153,450,796	78.56
2. Le Heng Sharon Kia	48,231,671	3.28
3. HSBC Custody Nominees Australia Limited	32,200,000	2.19
4. Citicorp Nominees Pty Ltd	21,258,067	1.45
5. HSBC Custody Nominees Australia Limited	18,795,420	1.28
6. Artking Holdings Pty Ltd	8,450,853	0.58
7. UOB Kay Hian Private Limited	5,556,144	0.38
8. Elohim Nominees Pty Ltd	5,008,012	0.34
9. Purkis Pty Ltd	4,620,000	0.31
10. Doyle Brett Douglas	4,000,000	0.27
11. Spasojevic Lucia	3,645,000	0.25
12. Faraone D & Lynch V C	3,501,426	0.24
13. Tan Suan Cheng	3,000,000	0.20
14. Masterbrands Australia Pty Ltd	2,950,000	0.20
15. Viney Craig Charles	2,100,000	0.14
16. Western Resources Australia Pty Ltd	2,000,000	0.14
17. Azizi Antanous	2,000,000	0.14
18. Naxos Corporation Pty Ltd	2,000,000	0.14
19. Le Heng Sharon Kia	1,931,932	0.13
20. Giancola James Anthony	1,900,000	0.13
	1,326,599,321	**90.35**

The names of the twenty largest listed option holders as at 31 October 2014 are as follows:

Name	Number of Listed Options Exercisable at $0.10 Each on or Before 31 December 2014	% Held of Listed Options
1. Lambert Nigel	2,452,960	12.48
2. Williams Michael John & Williams Katrina Elfreda	2,190,000	11.14
3. Sheather Warren Stuart	2,032,750	10.34
4. Johnston Anthony Patrick	1,960,000	9.97
5. Maio Vincenzo	1,834,000	9.33
6. Hodson Andrew	955,000	4.86
7. Masterbrands Australia Pty Ltd	954,000	4.85
8. Hsieh Ming Jen & Wu Pei Yu	650,000	3.31
9. Heng Nicholas Kia Hong	610,000	3.10
10. Thornton Kristian & S	540,000	2.75
11. Emcees Pty Ltd	505,000	2.57
12. Tiborc John Janos	439,666	2.24
13. Sims Wayne Alan & Gloria Heken Eva Sims	428,000	2.18
14. Browne Charles Lennox & Gaydrie Browne	300,000	1.53
15. International Business Network (Services) Pty Ltd	280,000	1.42
16. Lau Andrew Wee Ming	255,597	1.30
17. Clark Jane & Shaun	250,000	1.27
18. Klein Stephen	247,620	1.26
19. Wong Ricky Mornay	220,000	1.12
20. Slattery James Anthony	220,000	**1.12**
	17,324,593	**88.14**

SCHEDULE OF MINERAL TENEMENTS
AS AT 31 OCTOBER 2014

The Company has an interest in the gold rights of the following tenements:

Tenement	Holder/Applicant	Shares Held/Interest	Area Size
Gold			
E80/4220	Legacy Iron Ore Limited	100%	2 Blocks
E80/4221	Legacy Iron Ore Limited	100%	33 Blocks
E31/1034	Legacy Iron Ore Limited	100%	1 Block
E39/1748	Legacy Iron Ore Limited	100%	70 Blocks
M31/0426	Legacy Iron Ore Limited	100%	29 Hectares
E39/1443	Legacy Iron Ore Limited	100%	9 Blocks
P39/5001	Legacy Iron Ore Limited	100%	174 Hectares
P31/5002	Legacy Iron Ore Limited	100%	190 Hectares
P31/5003	Legacy Iron Ore Limited	100%	190 Hectares
P31/5004	Legacy Iron Ore Limited	100%	56 Hectares
P31/5005	Legacy Iron Ore Limited	100%	96 Hectares
P31/5006	Legacy Iron Ore Limited	100%	6 Hectares
P31/5007	Legacy Iron Ore Limited	100%	82 Hectares
M31/0427	Legacy Iron Ore Limited / Cazaly Resources	90% / 10%	91 Hectares
P31/1746	Legacy Iron Ore Limited / Cazaly Resources	90% / 10%	200 Hectares
E31/1019	Legacy Iron Ore Limited / Cazaly Resources	90% / 10%	1 Block
E31/1020	Legacy Iron Ore Limited / Cazaly Resources	90% / 10%	1 Block
M31/0107*	Murrin Murrin Holdings / Glenmurrin Pty Ltd	90%	456 Hectares
M31/0229*	Murrin Murrin Holdings / Glenmurrin Pty Ltd	90%	78 Hectares
M31/0230*	Murrin Murrin Holdings / Glenmurrin Pty Ltd	90%	629 Hectares

The Company has an interest in the iron ore rights of the following tenements:

Tenement	Holder/Applicant	Shares Held/Interest	Area Size
Iron Ore			
E47/1869	Legacy Iron Ore Limited	100%	10 Blocks
E29/0865	Legacy Iron Ore Limited	100%	16 Blocks
E29/0510	Legacy Iron Ore Limited / Hawthorn Resources Limited	60% / 40%	59 Blocks

The Company has an interest in the coal rights of the following tenements:

Tenement	Holder/Applicant	Shares Held/Interest	Area Size
Coal			
EPC 2303	Legacy Iron Ore Limited	100%	300 Blocks
EPC 2304	Legacy Iron Ore Limited	100%	300 Blocks
EPC 2580	Legacy Iron Ore Limited	100%	300 Blocks

*The Company has a 90% interest in the gold rights of these tenements.

Key to Tenement Schedule
EPC – Exploration Permit for Coal
E - Exploration Licence
P - Prospecting Licence
M - Mining Licence

CORPORATE GOVERNANCE STATEMENT

Legacy Iron Ore Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4[3]	n/a	n/a
Recommendation 1.3[3]	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1		✓	Recommendation 5.2[3]	n/a	n/a
Recommendation 2.2		✓	Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2[3]	n/a	n/a
Recommendation 2.4	✓		Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6[3]	✓		Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4[3]	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1	✓	
Recommendation 3.3	✓		Recommendation 8.2		✓
Recommendation 3.4	✓		Recommendation 8.3	n/a	n/a
Recommendation .3.5		n/a	Recommendation 8.4[3]	n/a	n/a
Recommendation 4.1	✓				
Recommendation 4.2		✓			

1 Indicates where the Company has followed the Principles & Recommendations.
2 Indicates where the Company has provided "if not, why not" disclosure.
3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.legacyiron.com.au, under the section marked Corporate Governance.

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2013/2014 financial year ("**Reporting Period**").

Principle 1 – Lay Solid Foundations for Management and Oversight

Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:
The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging

appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent Director, as appropriate.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:
The Chair and Managing Director are responsible for evaluating the senior executives. The Chair evaluates the senior executives by holding informal discussions with the senior executives on an ongoing basis, as required. It is envisaged that in the coming period, a more formal process for evaluation will be implemented.

Recommendation 1.3: Companies should provide the information indicated in the *Guide to reporting on Principle 1.*

Disclosure:
During the Reporting Period, a review of senior executives occurred with the Managing Director reporting to the Board via informal evaluations.

Principle 2 – Structure the Board to Add Value

Recommendation 2.1: A majority of the Board should be independent directors. As at 30 June 2014, the following Directors were appointed to the Board of the Company:

Name	Position	Independent
Mr Narendra Kumar Nanda	Non-Executive Chairman	No
Ms Sharon Heng	Managing Director/ Executive Director	No
Mr Swaminathan Thiagarajan	Non-Executive Director	No
Mr Timothy Turner	Non-Executive Director	Yes
Mr Subimal Bose	Non-Executive Director	No

An independent Director is defined as a Non-Executive Director and;

- Is not a substantial shareholder of the Company or an officer of or directly or indirectly associated with a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment;
- Within the past three years has not been a principal of a material professional advisor or a material consultant to the Company or an employee associated with a such a material service provider or advisor; and,
- Does not have a material contractual relationship with the Company other than as a Director of the Company.

Disclosure:
The Board comprises five Directors, with Mr Turner being the only independent, The remaining Directors are not independent because Ms Heng is employed in an executive capacity, and Mr Nanda, Mr Thiagarajan and Mr Bose are nominees of the largest shareholder in the Company. The Board considers that the merits of appointing additional Directors in order to achieve majority independent status are outweighed by the Board’s wish to maintain a relatively small Board of five Directors, which

the Board believes is adequate having regard to the operations of the Company.

Recommendation 2.2: The Chair should be an independent Director.

Disclosure:
The Chair of the Board since December 2011 has been Mr Narendra Kumar Nanda and is a nominated representative of the largest shareholder. He is not deemed to be independent.

Recommendation 2.3: The roles of the Chair and Chief Executive Officer (or equivalent) should not be exercised by the same individual.

Disclosure:
During the Reporting Period Mr Narendra Kumar Nanda were chair of the Company with the Managing Director position carried out by Ms Sharon Heng.

Recommendation 2.4: The Board should establish a Nomination Committee.

Disclosure:

The Nomination Committee consists of 3 members being Mr Nanda, Ms Heng and Mr Thiagarajan. Given the size of the Board none of the members are considered independent directors. The Committee has a charter setting out the criteria and responsibilities for the selection of new Directors.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.

Disclosure:

The Chair evaluates the Board, individual Directors, any applicable committees and the Managing Director by holding informal discussions with these parties on an ongoing basis, as required. Each new director is required to complete an induction process.

Recommendation 2.6: Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:
Skills, Experience, Expertise and Term of Office of Each Director
A profile of each Director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent Director of the Company is Mr Tim Turner. Mr Turner is independent as he is a Non-Executive Director who is not a member of management and is free of any material business or other relationship that could interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Group's Materiality Thresholds
The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Statement of Financial Position items are material if they have a value of more than 10% of net assets.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company’s rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on statement of financial position or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement Concerning Availability of Independent Professional Advice
If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters
The Nomination Committee did not meet during the period.

Principle 3 – Promote Ethical and Responsible Decision-Making

Recommendation 3.1: Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:
The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Company has established a diversity policy, which encourages and fosters an environment where individual differences of employees are recognised. The Company’s policy recognises the need for women to be employed in the business and actively sets targets for the number of women employed in different roles, the comparative remuneration and seeks to establish a workforce free of harassment arising out of gender, race or age.

The Board is looking to implement KPI’s as an incentive for achieving these targets. Whilst no KPI's have been implemented, such KPI's may include the number of females working within the Company in particular in the exploration teams, at least one female being shortlisted for every vacancy in the Company and the participation of females in talent development programs.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Disclosure:
As above.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

Disclosure:
The Company employs the following ratio of women and men throughout the organisation and its subsidiaries as full or part time employees:

Women – 44%

Men – 56%

Recommendation 3.5: Companies should provide the information indicated in the *Guide to reporting on Principle 3.*

Disclosure:
Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard Integrity in Financial Reporting

Recommendation 4.1 and Recommendation 4.2:

The Board should establish an Audit Committee and the Audit Committee should be structured so that it:

- consists only of Non-Executive Directors
- consists of a majority of independent Directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members

Disclosure:
The Board has established an Audit committee that is structured in accordance with Recommendation 4.2. Mr Thiagarajan is the chair of committee along with Mr Nanda and Ms Heng. While Mr Nanda and Mr Thiagarajan are considered Non-Executive Directors, given the size of the Board they along with Ms Heng are no considered independent.

Recommendation 4.3: The Audit Committee should have a formal charter.

Disclosure:
The Company has adopted an Audit Committee Charter which sets out the responsibilities and role of the Committee and how it reports to the Board.

Recommendation 4.4: Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:
The Audit Committee met twice during the Reporting Period. The Audit Committee has adopted an Audit Committee Charter.

Details of each of the Director's qualifications are set out in the Directors' Report. The Chairman of the Audit Committee has formal qualifications in the area of accounting and insolvency, while the other members have industry knowledge and experience and consider themselves to be financially literate. Further, the Company's Audit Committee Charter provides that the Board meet with the external auditor without management present, as required.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Group through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Principle 5 – Make Timely and Balanced Disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:
The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance. The policies also include

examples of disclosure requirements and who can communicate with media outlets.

Recommendation 5.2: Companies should provide the information indicated in the *Guide to reporting on Principle 5.*

Disclosure:
Please refer to the section marked Website Disclosures.

Principle 6 – Respect the Rights of Shareholders

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:
The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. This includes all relevant information being disclosed on the Company's website and a regular email mail out of announcements.

Recommendation 6.2: Companies should provide the information indicated in the *Guide to reporting on Principle 6.*

Disclosure:
Please refer to the section marked Website Disclosures.

Principle 7 – Recognise and Manage Risk

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:
The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director and the Chief Financial Officer/ Chief Executive Officer are responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Group's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:
Management report to the Board as to the effectiveness of the Company's management of its material business risks via the Audit Committee meetings. In addition at every board meeting, the Board is provided with an update to ensure all relevant risks and systems are in place and working effectively.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:
The Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4: Companies should provide the information indicated in the *Guide to reporting on Principle 7.*

Disclosure:
The Board has received an informal report from management under Recommendation 7.2.
The Board has received the assurance from the Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Principle 8 – Remunerate Fairly and Responsibly

Recommendation 8.1 and 8.2: The Board should establish a Remuneration Committee, which consists of mainly independent Directors.

Disclosure:

The Company has established a Remuneration Committee. The Committee has adopted a formal charter setting out the responsibilities and considerations in determining remuneration of Executives and Non-Executives. The Committee consists of Mr Nanda as Chairman, with Ms Heng and Mr Thiagarajan as members. Given the size of the Company none of the members are considered to be independent given they are employed as an executive or represent a major shareholder. The Board considers the remuneration committee is sufficient given the size of the Board.

Recommendation 8.3: Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.

Disclosure:

Non-Executive Directors are remunerated at a fixed fee for their time and their responsibilities to various committees.

The Non-Executive Directors are however eligible to participate in the Company's incentive plan. The Board considers that this is a necessary motivation to attract the highest calibre candidates to the Board at this stage in the Company's operations.

Recommendation 8.4: Companies should provide the information indicated in the *Guide to reporting on Principle 8.*

Disclosure:
Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The Remuneration Committee met once during the Reporting Period to amongst other items, discuss the employments terms of the Managing Director and recently appointed Non-Executive Directors. To assist the Remuneration Committee, it has adopted a Remuneration Committee Charter.

There are no termination or retirement benefits for Non-Executive Directors (other than for superannuation).

Securities Trading Policy

The Company has also established a policy concerning trading in the Company's securities by Directors, senior executives and employees.

The policy includes blackout periods where no trading in Group securities shall take place between:

(ii) Up to and including five (5) weeks prior to the announcement of the annual results, due to be lodged by no later than 30 September of each calendar year;

(iii) Up to and including five (5) weeks prior to the announcement of the half year results, due to be lodged by no later than 31 March of each calendar year; and

(iv) The last two (2) week period of the months of January, April, July and October prior to the release of the quarterly results for the periods ending 31 December, 31 March, 30 June and 30 September; or

(v) as directed in writing by the Company's Board at any time in its sole discretion.

If Directors including the Managing Director wish to trade securities outside the blackout period, they must obtain approval from the Chairman. Employees must obtain the approval of the Managing Director, and the Chairman must obtain the approval of the Board.