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ANNUAL
REPORT

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ASX Code

LEG – ordinary shares

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Company Directory

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Chairman's Report

The Mawson discovery at the end of 2019 ensured that 2020 would start with great anticipation. It was very exciting that we were able to continue the excellent work at Mawson in the last year, with an increase of 300% in our exploration expenditure rate. This has led to many outstanding diamond drillholes with significant nickel-copper massive sulphides and culminating in Legend's best hole to date at Mawson, RKDD034.

This diamond hole contained 43.1m of massive sulphides including 31.1m of 2.8% Ni, 2.2% Cu from only 200m downhole, and with nickel values up to 3.26%, copper values up to 3.84%, cobalt values up to 0.17%. These are the thickest and highest-grade nickel-copper sulphide intersections to date at Mawson and are indicative of a major mineralised intrusive system. The subsequent metallurgy results from this hole have significantly enhanced and de-risked the Rockford project.

We have also had regional success from innovative EM and aircore programmes especially at Hurley and Crean.

I have mentioned the increase in exploration spend over the last year with our exploration rate having increased from ~\$4million pa to ~\$12million pa. This has been made possible by both financial and operational factors. The combination of a successful capital raise, exercise of options and receipt of R&D tax refunds has resulted in our strong cash position at year's end, despite the increased exploration spend. This places us in a very strong position to deliver our planned exploration programs this coming year and beyond.

It was also pleasing to see how our management team and corporate facilities have increased during the year. The addition of Oliver Kiddie as an Executive Director, being a geological expert in the Fraser Range area, has further enhanced our existing team. We were also able to increase our corporate and administrative capacity. As Chairman, it gives me great pleasure to see how this management group continue to work together as a strong team, focussed on growing shareholder value.

I would like to take this opportunity to thank our Executive team, led by Mark Wilson, for the professional job they have done to continue the systematic work at such a high technical and professional standard to bring us closer to finding the mineralised source at Mawson.

Your Board thanks you the shareholders for your continuing support and we look forward to another exciting year ahead.



Michael Atkins
Chairman

19 March 2020



Directors' Review of Activities

For the year ended 31 December 2020

SUSTAINABILITY

Legend Mining Limited is dedicated to being a leading and sustainable Australian Mining Company built on exploration and corporate success for the benefit of all of its stakeholders.

During the year, the Company has reviewed and updated its Sustainability policies. These policies apply to all our people and implementation of these policies and their supporting standards and procedures are required across all Legend Mining operations.

Environment

Legend aspires to being effective environmental stewards and managing our impacts, whilst both achieving operational excellence and fulfilling our corporate social responsibilities. Legend is committed to positive environmental management outcomes to maintain and enhance performance.

Legend acknowledges the threat posed by climate change and will work to decarbonise our business in a measured, proportionate and sustainable manner.

Health & Safety

Legend seeks to minimise the harm caused by workplace hazards whilst both achieving operational excellence and fulfilling our corporate social responsibilities. Legend is committed to leadership in health and safety through the use of responsible and reliable management systems to maintain and enhance performance.

Community

Legend aspires to create enduring value for our host communities and limiting our negative impacts, whilst both achieving operational excellence and fulfilling our corporate social responsibilities.

Governance

Legend Mining Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Legend Mining Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement was approved by the Board on 17 March 2021 and is current as at 19 March 2021. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.legendmining.com.au



ENVIRONMENT | SOCIAL | GOVERNANCE

Directors' Review of Activities

For the year ended 31 December 2020

ROCKFORD PROJECT – FRASER RANGE DISTRICT

(Nickel-Copper-Cobalt, Copper-Zinc-Silver, Gold)

The Rockford Project is located within the highly prospective Fraser Range district of Western Australia, with tenure covering a total area of 3,088km² (see Figures 1 & 2). Exploration is primarily focussed on magmatic nickel-copper-cobalt (Nova-Bollinger style), along with volcanogenic massive sulphide (VMS) style zinc-copper-silver and Tropicana style structurally controlled gold mineralisation.

The Rockford Project comprises 14 contiguous granted exploration licences with a detailed breakdown of ownership, area and manager given below:

- Legend (100%) 238km²;
- Legend (70%)/Creasy Group (30%) Three JVs covering 2,192km² with Legend manager;
- IGO (60%)/Creasy Group (30%)/Legend (10% free carry) JV covering 633km² with IGO manager;
- IGO (70%)/Legend (30% free carry) JV covering 24km² with IGO manager.

The Rockford Project covers a strike length of ~100km over a regional gravity high “ridge” associated with dense mafic/ultramafic intrusive rocks of the Fraser Zone, within the larger Albany-Fraser Orogen. The Nova-Bollinger deposit and the Silver Knight deposit, both located within the Fraser Zone, are situated on a similar tenor gravity ridge to that of the Rockford Project.

During 2020, Legend's exploration activities undertaken were on two fronts (see Figure 2);

1. Advanced exploration at the Mawson Ni-Cu-Co discovery,
2. Regional exploration over aeromagnetic, gravity, and geochemical targets, including Hurley, Crean, and Worsley prospects, and tenements E28/1716 and E28/1717 which contain the advanced Magnus and Octagonal Ni-Cu-Co prospects.

FIGURE 1: ROCKFORD PROJECT LOCATION



Directors' Review of Activities

For the year ended 31 December 2020

MAWSON PROSPECT

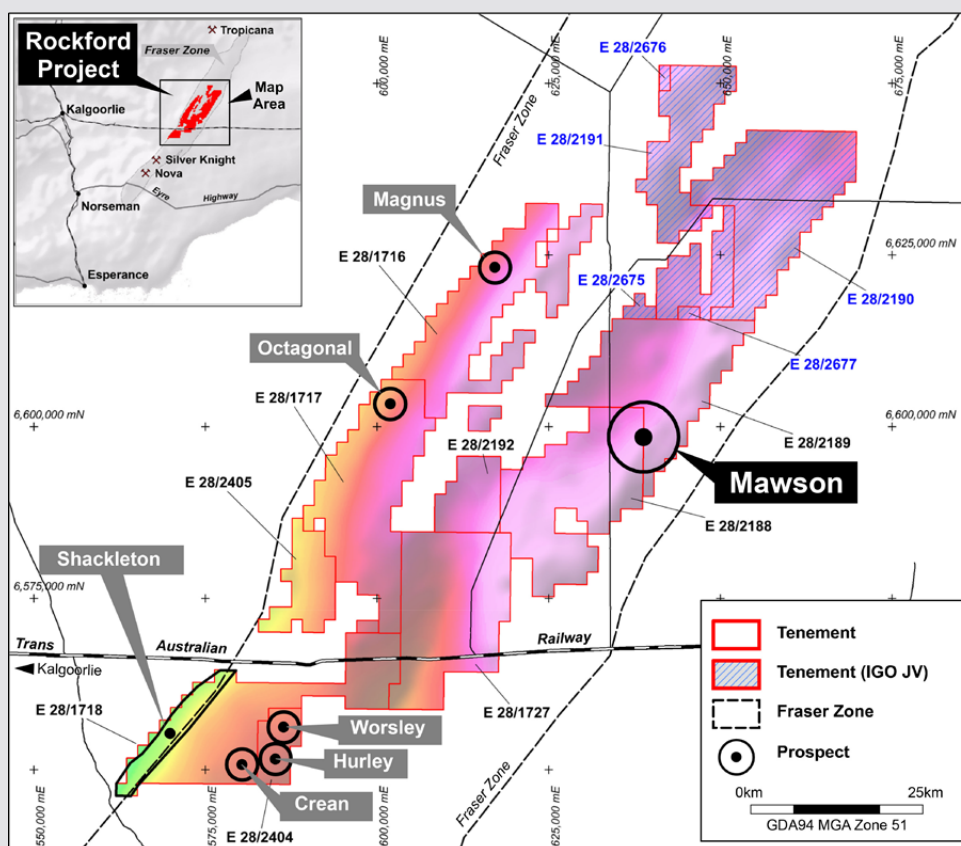
A summary of 2020 exploration activities and results for Mawson are provided below.

The Mawson prospect is within the central intrusion of the larger Mawson Intrusive Complex, characterised by a 16km x 6km aeromagnetic feature interpreted to be a cluster of mafic-ultramafic intrusions (see Figure 4). Innovative high power moving loop (MLTEM) and fixed loop (FLTEM) electromagnetic surveys have identified 17 significant bedrock conductors (D1-D17) outlining a broad synformal structure. Highly anomalous Ni-Cu results in aircore drilling over a 400m x 200m area were returned to the east of D5 associated with mafic/ultramafic intrusives host rocks. This was subsequently named the Western Aircore Geochemical Anomaly. Highly anomalous Ni-Cu results in aircore drilling over a 1200m x 200m area were returned central to the Mawson intrusion associated with mafic/ultramafic intrusives host rocks. This was subsequently named the Eastern Aircore Geochemical Anomaly.

Exploration completed at Mawson during 2020 included:

- Diamond drilling – 27 holes for 10,370.3m
- RC drilling – 31 holes for 9,347m
- Aircore drilling – 180 holes for 14,257m
- Detailed gravity surveying and associated modelling
- MLTEM surveying and associated modelling
- DHTM surveying and associated modelling
- Phase 1 sighter metallurgical testwork
- Level 1 reconnaissance environmental surveying
- Generation of the first 3D model of the Mawson intrusion
- External geochemical assessment
- The first interpretive geological map of Mawson
- Detailed petrology of host lithologies and associated primary Ni-Cu-Co mineralisation
- Comprehensive interpretation of all data collected for 2020.

FIGURE 2: ROCKFORD PROJECT - PROSPECT LOCATIONS



Directors' Review of Activities

For the year ended 31 December 2020

The field season commenced during the March 2020 quarter, with diamond drilling at Mawson. The initial drilling was following up significant Ni-Cu sulphide mineralisation intersected in drillhole RKDD007 and anomalous Ni-Cu geochemistry in previous aircore drillholes. Subsequent drilling was following up massive sulphide mineralisation in RKDD008 and targeting identified offhole downhole electromagnetic (DHTEM) conductors.

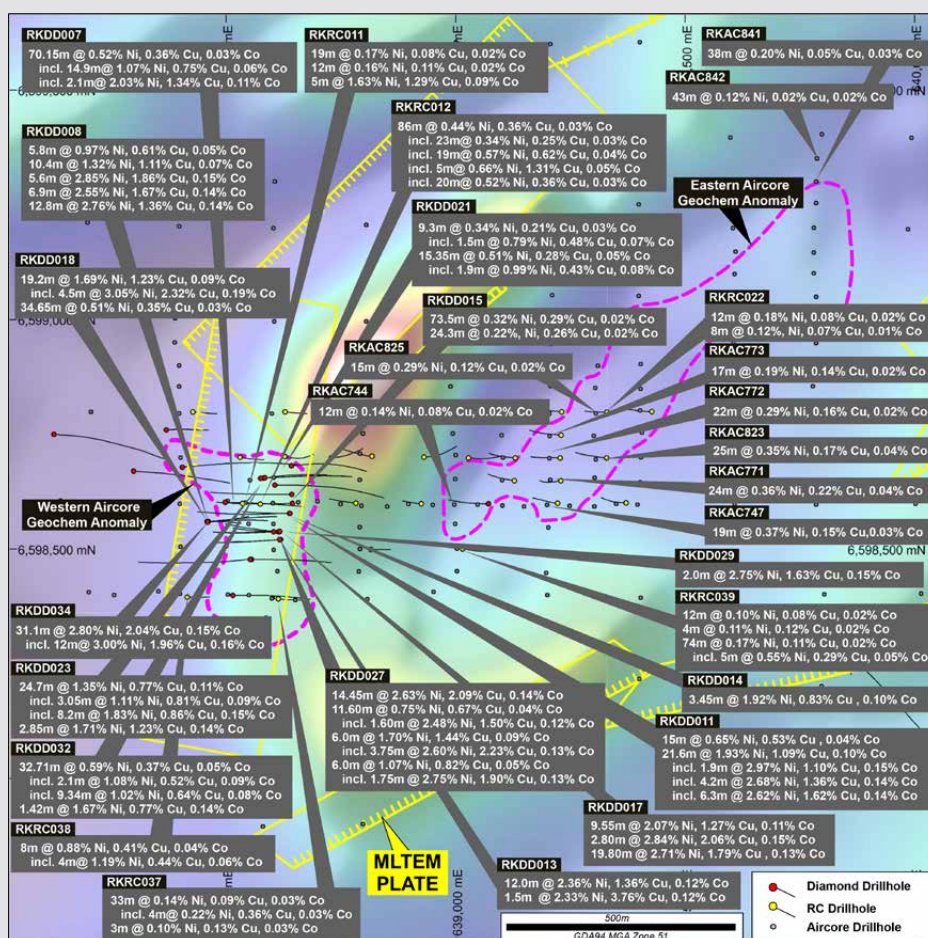
Exploration culminated in December 2020, with RKDD034 delivering the best hole to date. Drillhole RKDD034 intersected a total of 43.1m of massive Ni-Cu downhole, including 31.1m @ 2.80% Ni, 2.04% Cu, 0.15% Co from 200.7m (see Figure 3 and Table 1).

Mawson Diamond Drilling Summary

Drillholes RKDD012-018 were following up massive sulphide Ni-Cu mineralisation intersected in drillholes RKDD007, RKDD008 and RKDD011, while RKDD019-020 were targeting fixed loop electromagnetic (FLTEM) conductors at NE Mawson.

Further significant massive sulphide intervals were intersected in drillholes RKDD013 and RKDD017, while broad intervals containing disseminated to semi-massive sulphides were intersected in RKDD012, RKDD014, RKDD015, RKDD016 and RKDD018 (see Figure 3 and Table 1).

FIGURE 3: MAWSON DRILL INTERCEPTS WITH MLTEM CONDUCTORS ON AEROMAGNETICS



Directors' Review of Activities

For the year ended 31 December 2020

Diamond drillholes RKDD021-RKDD027 were following up massive sulphide Ni-Cu mineralisation intersected in previous drillholes as well as targeting DHTM conductors generated from diamond and RC drilling. Further significant massive sulphide intervals were intersected in drillholes RKDD023 and RKDD027, while broad intervals containing disseminated to semi-massive sulphides were intersected in RKDD021, RKDD022, RKDD024, and RKDD025 (see Figure 3 and Table 1).

RKDD028-RKDD034 were also following up massive sulphide Ni-Cu mineralisation intersected in previous drillholes, targeting DHTM conductors generated from diamond and RC drilling, and a metallurgical drillhole. Significant massive sulphide intervals were intersected in drillholes RKDD029, RKDD032, and RKDD034, while broad intervals containing disseminated to semi-massive sulphides were

intersected in RKDD028, RKDD030, RKDD032, RKDD033, and RKDD034 (see Figure 3 and Table 1). Assay results from the massive sulphide intersected in RKDD034 have resulted in the thickest and highest-grade massive Ni-Cu sulphide intercept at Mawson to date. This speaks to the potential for more mineralisation to be discovered at Mawson as the drilling footprint expands. The focus of the 2021 drilling program at Mawson will be to chase the mineralised intrusive package across the greater Mawson intrusion, driven by targeting generated from the compilation of datasets including geology, structure, geochemistry, and geophysics.

Selected drill sections displaying geology and mineralised intervals are presented in Figures 5, 6, 7, and 8.

PHOTO 1 - MASSIVE Ni-Cu SULPHIDE WITH LOOP TEXTURE FROM RKDD034 FROM 223M, NQ2



Directors' Review of Activities

For the year ended 31 December 2020

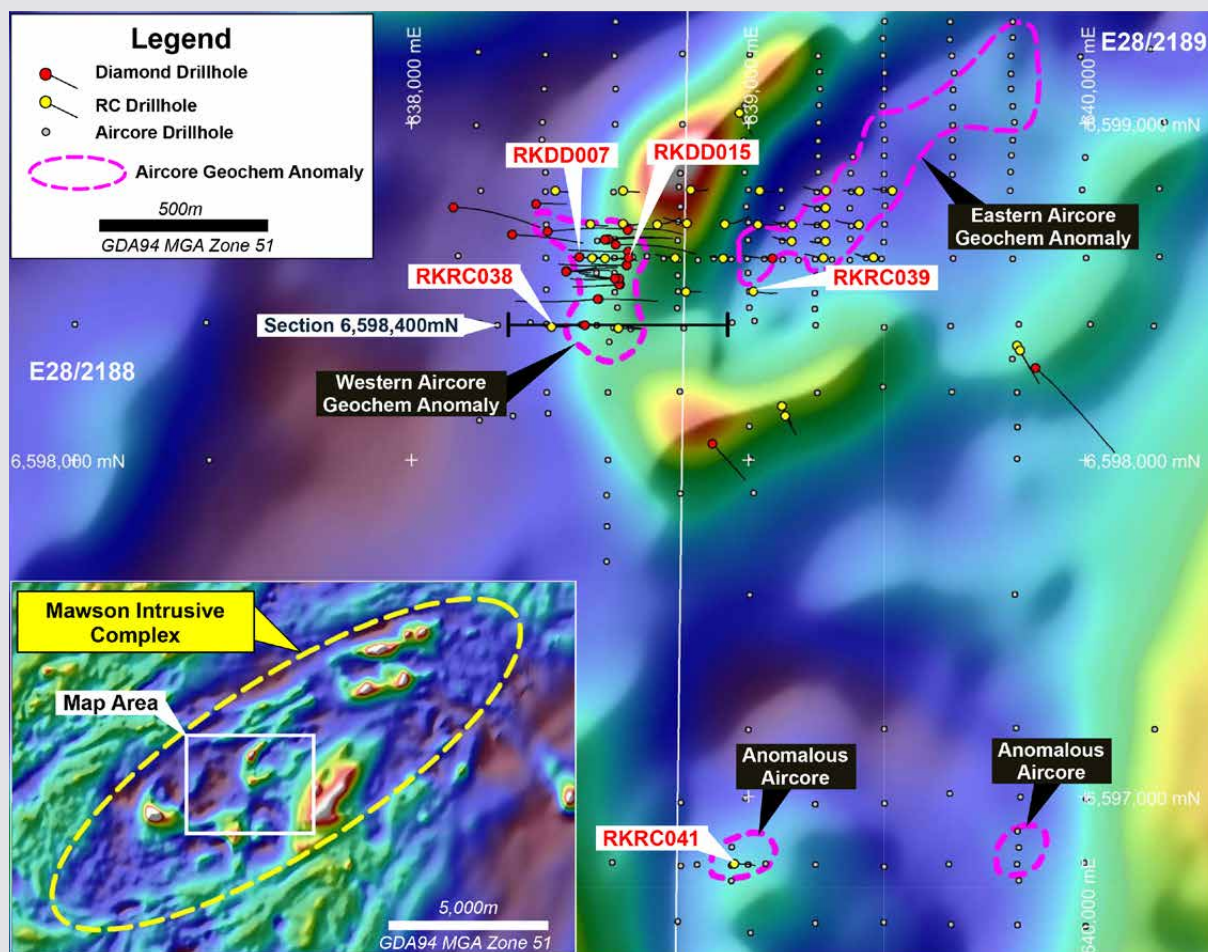
Mawson RC Drilling Summary

A 3,000m RC drilling programme was designed at Mawson with an initial west to east traverse testing three targets; the upper Ni-Cu sulphide zone between diamond holes RKDD007 and RKDD015, the main gravity high and the Eastern Aircore Geochemical Anomaly (see Figure 4). The initial programme was extended due to the effective coverage achieved by the RC drill rig. A total of 31 RC holes (RKRC011 – RKRC041) were completed for 9,347m between June and October 2020.

The RC drilling provides a time-effective alternative to diamond drilling, whilst also providing broader coverage of geology as well as DHTEM platforms at

Mawson. The programme was focused on expanding the geological knowledge of the Mawson intrusion, with drillholes completed north, south, and east of the Mawson Ni-Cu discovery (see Figure 4). RC drillholes RKRC038 and RKRC039 confirm that the prospective Mawson intrusive package extends south and east of the Mawson discovery zone, and also occur below areas with no aircore geochemical anomalism (see Figure 8). In addition, a single RC drillhole RKRC041 was drilled targeting primary Ni-Cu sulphide mineralisation below anomalous aircore geochemistry, approximately 2km south of the Mawson intrusion (see Figure 4). Highly encouraging geochemistry received suggests the intrusion encountered is identical to the ultramafic at the Mawson discovery.

FIGURE 4: AEROMAGNETIC IMAGE OF THE MAWSON INTRUSION IN RELATION TO THE MAWSON INTRUSIVE COMPLEX



Directors' Review of Activities

For the year ended 31 December 2020

TABLE 1: BEST DD & RC INTERCEPTS 2020

Hole	Intercept
RKDD007	70.15m @ 0.52% Ni, 0.36% Cu, 0.03% Co from 88.2m incl. 14.9m @ 1.07% Ni, 0.75% Cu, 0.06% Co from 114m incl. 2.1m @ 2.03% Ni, 1.34% Cu, 0.11% Co from 115.5m
RKDD008	5.8m @ 0.97% Ni, 0.61% Cu, 0.05% Co from 148m 10.4m @ 1.32% Ni, 1.11% Cu, 0.07% Co from 153.8m 5.6m @ 2.85% Ni, 1.86% Cu, 0.15% Co from 199.4m 6.9m @ 2.55% Ni, 1.67% Cu, 0.14% Co from 218.2m 12.8m @ 2.76% Ni, 1.36% Cu, 0.14% Co from 234.9m
RKDD011	15m @ 0.65% Ni, 0.53% Cu, 0.04% Co from 129.25m 21.6m @ 1.93% Ni, 1.09% Cu, 0.10% Co from 217.5m incl. 1.9m @ 2.97% Ni, 1.10% Cu, 0.15% Co from 217.5m incl. 4.2m @ 2.68% Ni, 1.36% Cu, 0.14% Co from 221.7m incl. 6.3m @ 2.62% Ni, 1.62% Cu, 0.14% Co from 232.8m
RKDD013	12.0m @ 2.36% Ni, 1.36% Cu, 0.12% Co from 239.2m 1.5m @ 2.33% Ni, 3.76% Cu, 0.12% Co from 257.5m
RKDD014	3.45m @ 1.92% Ni, 0.83% Cu, 0.10% Co from 251.75m
RKDD015	73.5m @ 0.32% Ni, 0.29% Cu, 0.02% Co from 87.5m 24.3m @ 0.22% Ni, 0.26% Cu, 0.02% Co from 279m
RKDD017	9.55m @ 2.07% Ni, 1.27% Cu, 0.11% Co from 158.6m 2.80m @ 2.84% Ni, 2.06% Cu, 0.15% Co from 193.1m 19.80m @ 2.71% Ni, 1.79% Cu, 0.13% Co from 227.8m
RKDD018	19.2m @ 1.69% Ni, 1.23% Cu, 0.09% Co from 97.9m incl. 4.5m @ 3.05% Ni, 2.32% Cu, 0.19% Co from 103.7m 34.65m @ 0.51% Ni, 0.35% Cu, 0.03% Co from 130.7m
RKDD021	9.3m @ 0.34% Ni, 0.21% Cu, 0.03% Co from 132.2m incl. 1.5m @ 0.79% Ni, 0.48% Cu, 0.07% Co from 140m 15.35m @ 0.51% Ni, 0.28% Cu, 0.05% Co from 219.1m incl. 1.9m @ 0.99% Ni, 0.43% Cu, 0.08% Co from 219.1m
RKDD023	24.7m @ 1.35% Ni, 0.77% Cu, 0.11% Co from 219.2m incl. 3.05m @ 1.11% Ni, 0.81% Cu, 0.09% Co from 219.2m incl. 8.2m @ 1.83% Ni, 0.86% Cu, 0.15% Co from 228.7m 2.85m @ 1.71% Ni, 1.23% Cu, 0.14% Co from 237.75m
RKDD027	14.45m @ 2.63% Ni, 2.09% Cu, 0.14% Co from 162.05m 11.60m @ 0.75% Ni, 0.67% Cu, 0.04% Co from 187.4m incl. 1.60m @ 2.48% Ni, 1.50% Cu, 0.12% Co from 188.85m 6.0m @ 1.70% Ni, 1.44% Cu, 0.09% Co from 214m incl. 3.75m @ 2.60% Ni, 2.23% Cu, 0.13% Co from 215.8m 6.0m @ 1.07% Ni, 0.82% Cu, 0.05% Co from 229m incl. 1.75m @ 2.75% Ni, 1.90% Cu, 0.13% Co from 231.8m
RKDD029	2.0m @ 2.75% Ni, 1.63% Cu, 0.15% Co from 171.2m
RKDD034	31.1m @ 2.80% Ni, 2.04% Cu, 0.15% Co from 200.7m incl. 12m @ 3.00% Ni, 1.96% Cu, 0.16% Co from 204m
RKRC011	19m @ 0.17% Ni, 0.08% Cu, 0.02% Co from 50m 12m @ 0.16% Ni, 0.11% Cu, 0.02% Co from 106m 5m @ 1.63% Ni, 1.29% Cu, 0.09% Co from 141m
RKRC012	86m @ 0.44% Ni, 0.36% Cu, 0.03% Co from 51m to EOH incl. 19m @ 0.57% Ni, 0.62% Cu, 0.04% Co from 74m incl. 5m @ 0.66% Ni, 1.31% Cu, 0.05% Co from 78m incl. 20m @ 0.52% Ni, 0.36% Cu, 0.03% Co from 117m to EOH
RKRC037	33m @ 0.14% Ni, 0.09% Cu, 0.03% Co from 61m incl. 4m @ 0.22% Ni, 0.36% Cu, 0.03% Co from 66m 3m @ 0.10% Ni, 0.13% Cu, 0.03% Co from 205m
RKRC038	8m @ 0.88% Ni, 0.41% Cu, 0.04% Co from 267m incl. 4m @ 1.19% Ni, 0.44% Cu, 0.06% Co from 271m
RKRC039	12m @ 0.10% Ni, 0.08% Cu, 0.02% Co from 100m 4m @ 0.11% Ni, 0.12% Cu, 0.02% Co from 140m 74m @ 0.17% Ni, 0.11% Cu, 0.02% Co from 159m incl. 5m @ 0.55% Ni, 0.29% Cu, 0.05% Co from 224m



Directors' Review of Activities

For the year ended 31 December 2020

FIGURE 5: DRILL SECTION 6,598,655N LOOKING NORTH

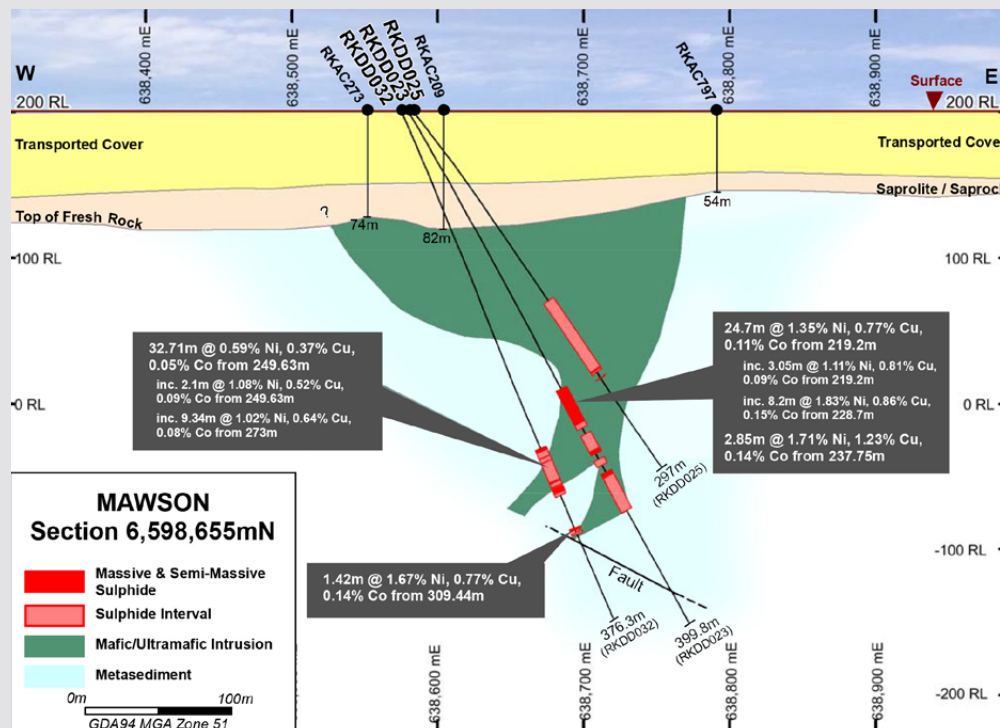
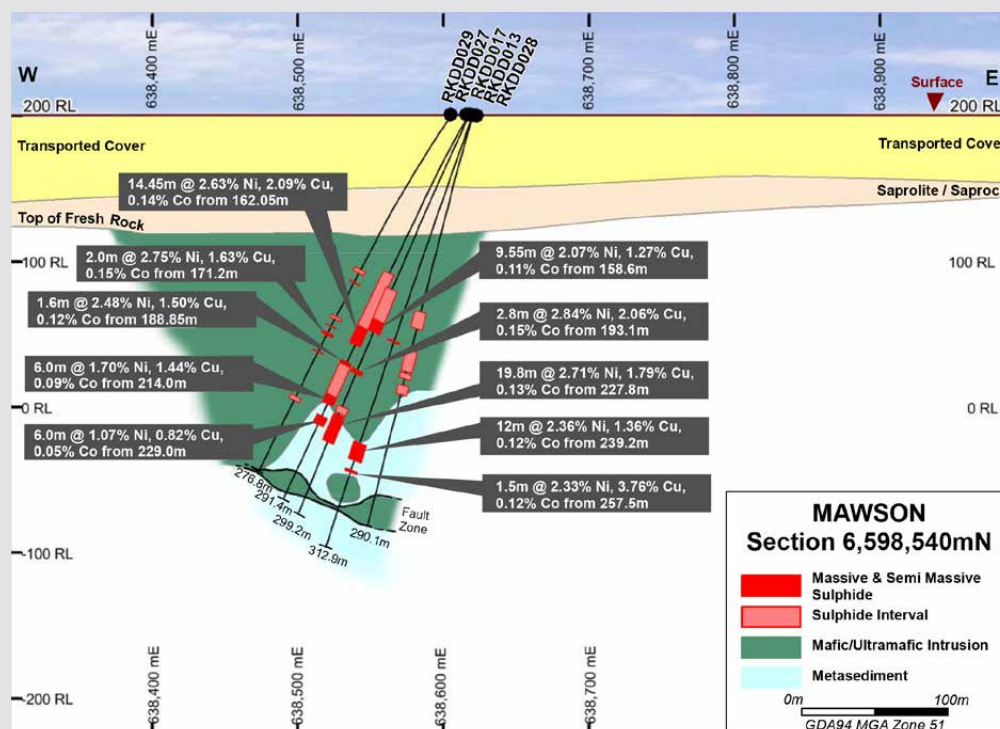


FIGURE 6: DRILL SECTION 6,598,540N LOOKING NORTH

*Note – this section does not accurately depict the actual 3D hole separation.



Directors' Review of Activities

For the year ended 31 December 2020

FIGURE 7: DRILL SECTION 6,598,560N LOOKING NORTH

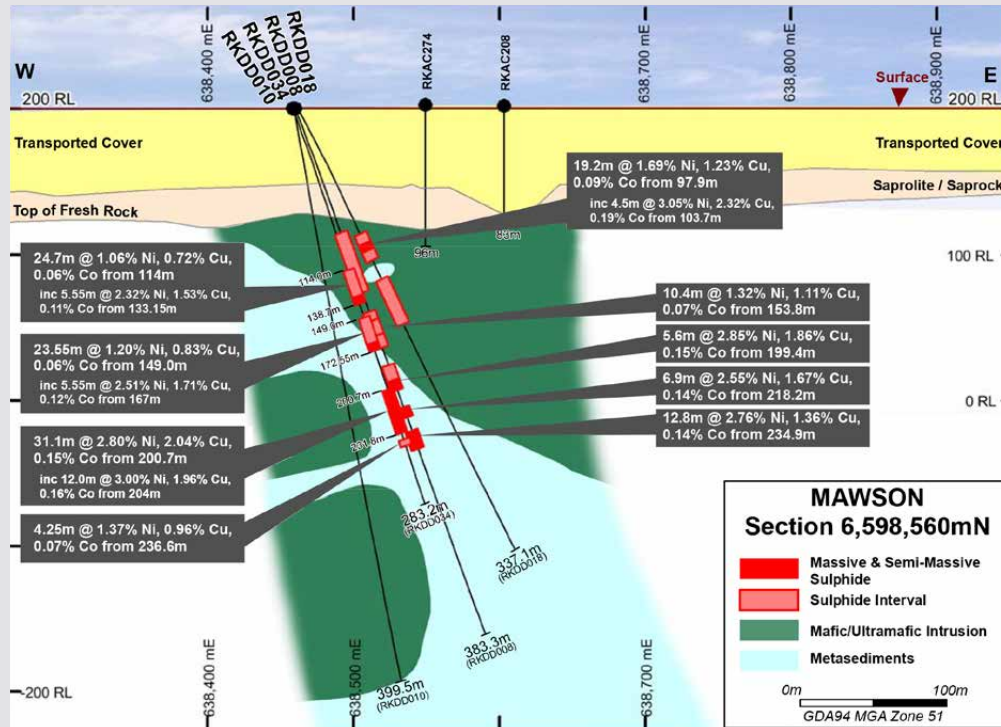
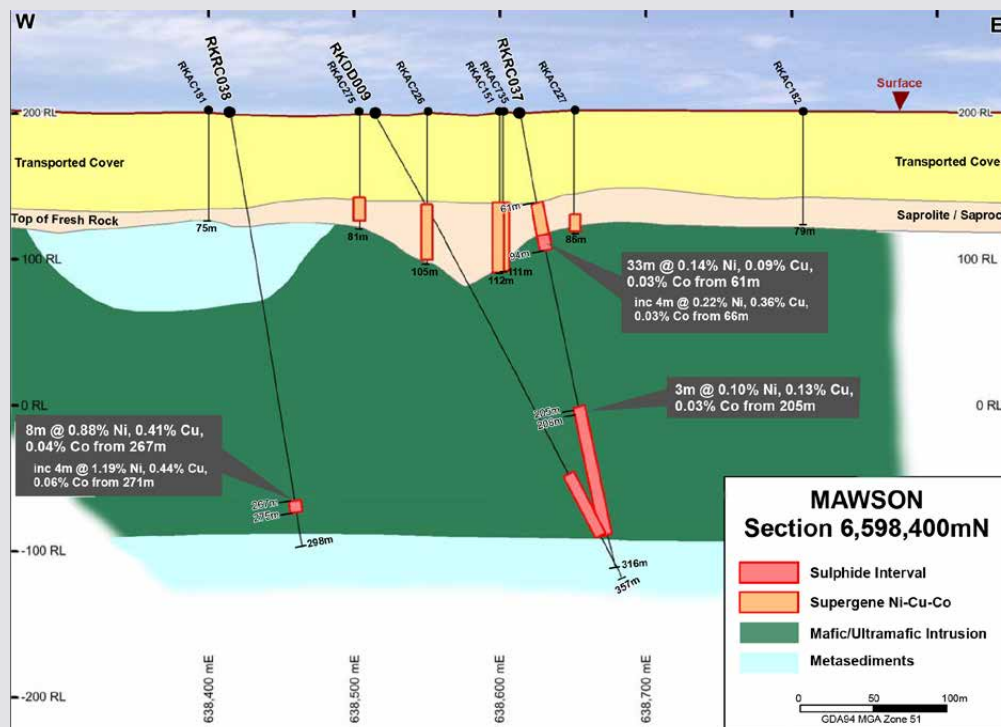


FIGURE 8: SECTION 6,598,400mN LOOKING NORTH



Directors' Review of Activities

For the year ended 31 December 2020

Mawson Aircore Drilling

An infill aircore drill programme commenced over selected areas at the Mawson Intrusive Complex, including the Mawson prospect, during the March 2020 quarter (see Figure 9). The holes were drilled on a nominal 200m x 200m grid and were designed to give a better understanding of the geochemistry, rock type and depth of cover in areas which have already produced modelled MLTEM conductors and/or anomalous geochemistry from previous aircore programmes.

A total of 180 holes for 14,257m were drilled across the Mawson Intrusive Complex between March and August 2020.

The drilling resulted in defining a large 1,200m x 200m NE-SW trending coherent Ni-Cu-Co geochemical anomaly situated to the east of the main Mawson sulphide mineralisation, called the Eastern Aircore Geochemical Anomaly (see Figure 3 and Figure 9). The position of this geochemical feature coincides with the centre of an oval shaped magnetic feature and a 4mgal gravity high. Assay results from

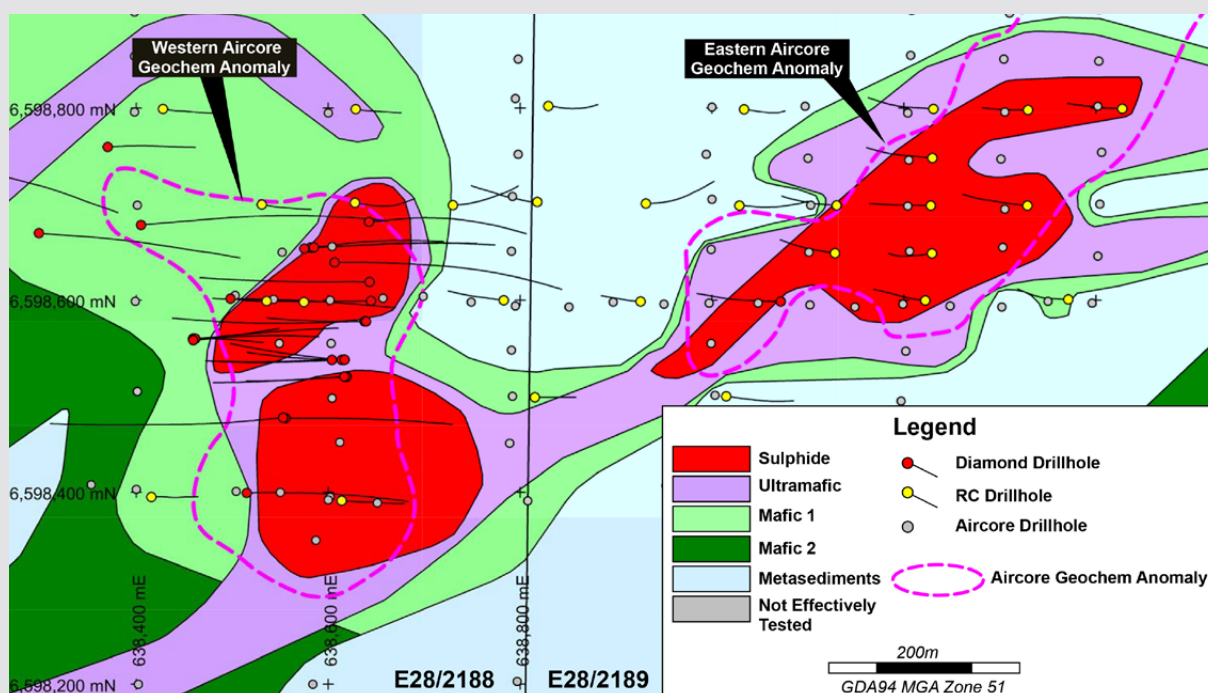
aircore drillholes (RKAC763 - RKAC868) at Mawson returned numerous anomalous Ni-Cu values and are associated with olivine bearing mafic/ultramafic host rocks, deemed very important as these are the host lithologies of the massive Ni-Cu-Co sulphide discovered at Mawson.

The drilling was designed to give a better understanding of the geochemistry, rock type and depth of cover in areas which have already produced modelled MLTEM conductors and/or anomalous geochemistry from previous aircore programmes. In addition, the lithogeochemical data collected allowed for the compilation of the first interpretative geological map of Mawson (see Figure 9).

Mawson Detailed Gravity

The Mawson gravity survey comprising 2,325 stations at 50m x 50m and 100m x 100m spacings covering 10.8km² has been completed and the data processed (see Figure 10). The survey was aimed at providing high resolution data to better define the main 4mgal gravity high and to be used in conjunction with aircore drilling to assist deep drill targeting.

FIGURE 9: INTERPRETED AIRCORE GEOLOGY MAP OF MAWSON



Directors' Review of Activities

For the year ended 31 December 2020

Figure 10 shows three discrete gravity highs (pink/red colour) within a larger 3km long arcuate feature with elevated gravity response. The main southern gravity high has a N-S trend and is situated ~300m east of the Ni-Cu sulphide mineralisation intersected in diamond drilling. The two other gravity highs trend NE-SW and lie 650m and 1,100m respectively NE of the mineralisation. 2D gravity modelling of the three gravity highs indicates densities associated with mafic and ultramafic lithologies as the likely source and represent highly favourable Ni-Cu-Co mineralisation host rocks.

Mawson 3D Model

During the September 2020 Quarter datasets including detailed aeromagnetics and detailed gravity were combined to create the first constrained and unconstrained 3D inversion models over the Mawson Ni-Cu discovery (see Figure 11). The resultant 3D models give the first depiction of the scale of the Mawson Intrusion and the associated prospectivity for

discovery of further Ni-Cu sulphide mineralisation not only at the Mawson Intrusion, but the greater 16km x 6km Mawson Intrusive Complex. These models form an exploration model foundation for Mawson, and will continue to evolve as additional geological, structural, geophysical, and geochemical data is continually added through ongoing exploration.

FIGURE 10: MAWSON DETAILED GRAVITY

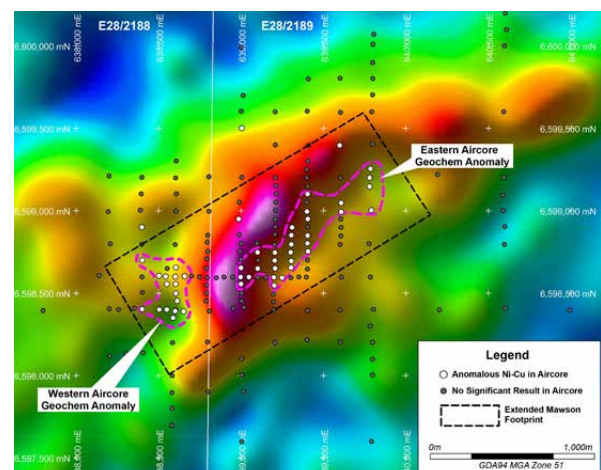
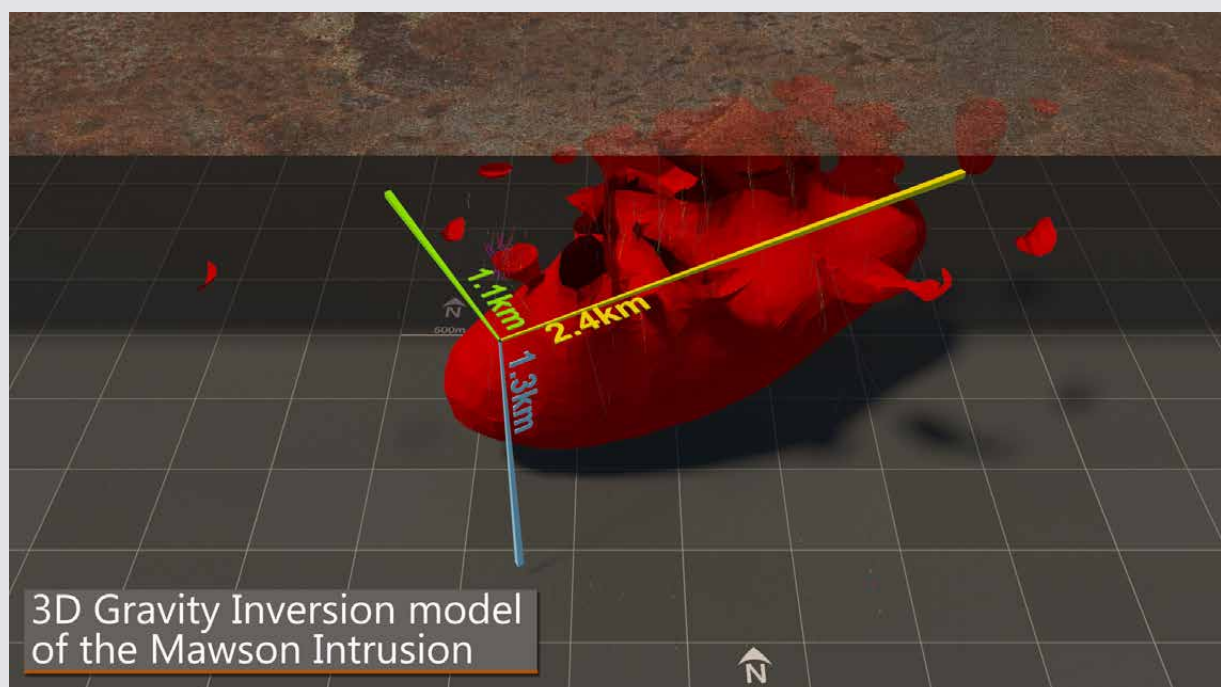


FIGURE 11: MAWSON 3D INVERSION MODEL



Directors' Review of Activities

For the year ended 31 December 2020

Metallurgy

Phase 1 Sighter Metallurgical Results

Strategic Metallurgy Pty Ltd were engaged by Legend Mining Ltd to conduct preliminary flotation test work to assess the ability to produce saleable nickel and copper concentrates from the Mawson massive sulphide (see Tables 2, 3, and 4). The metallurgical samples were taken from diamond drillhole RKDD034 at Mawson.

Highlights

- Preliminary test work confirms Mawson massive sulphide responds well to conventional flotation.
- Rougher recovery up to 98% for copper and 97% for nickel was achieved.
- Recovery of 99% for copper and 88% for nickel to a bulk concentrate grade of 12.0% (Cu+Ni).

- Selective flotation demonstrated the ability to produce separate saleable copper and nickel concentrates:

- Copper concentrate 31.8% Cu

- Nickel concentrate 13.1% Ni

- Nickel concentrate highly desirable to market due to high Fe:MgO ratio (>300) with no other deleterious elements noted.

- Optimisation expected to yield further improvement on current results.

Metallurgical samples were crushed to -3.35mm and split into 1kg sub-samples for flotation test work. The test work utilised depression of iron sulphides to selectively float separate copper and nickel concentrates. The flotation regime utilised common flotation reagents, similar to that used at IGO's Nova Nickel mine.

PHOTOS: LEFT - COPPER CONCENTRATE, RIGHT - NICKEL CONCENTRATE FROM MAWSON SULPHIDE SAMPLES



Directors' Review of Activities

For the year ended 31 December 2020

Table 2: Composite Head Assay

	Cu (%)	Ni (%)	Fe (%)	S (%)	MgO (%)
Head Assay	1.66	2.61	56.2	35.8	0.16

The target minerals in the Mawson massive sulphide are primarily chalcopyrite and pentlandite. No deleterious silicate gangue minerals were noted during testing. Flotation of the massive sulphide sample yielded both bulk and separate saleable copper and nickel concentrates at moderately high recoveries. A simple bulk concentrate flotation flowsheet can produce saleable concentrates at the nominal grade of 12% (Cu+Ni) whilst achieving a high recovery of copper (99.0%) and nickel (88.2%).

Table 3: Preliminary Concentrates Produced

	Bulk Concentrate			Copper Concentrate		Nickel Concentrate		
	Nickel	Copper	Grade	Recovery	Grade	Recovery	Grade	Fe:MgO
Rougher	99.2	99.9	4.5	93.1	24.2	91.7	2.68	1884
Cleaner	88.2	99.0	12.0	84.1	31.8	80.0	13.1	380

Table 4: RKDD034 - Assay Results

Hole	From	To	Int.	Ni%	Cu%	Co%	Sulphide Mode
RKDD034	200.7	231.8	31.1	2.80	2.04	0.15	Massive sulphide
Incl.	204.0	216.0	12.0	3.00	1.96	0.16	Massive sulphide

Environmental

A Level 1 reconnaissance flora and fauna environmental survey was completed across the Mawson prospect area in October 2020. The survey area covered >1,600 hectares of the Great Victoria Desert and Nullarbor Plain bioregions. The objective of the initial survey was to provide baseline data for environmental impact assessment of the proposed impact area, in order to support any future environmental approvals if required.

A more focused Level 2 survey will be conducted once the area of impact is better defined at the Mawson prospect.



Directors' Review of Activities

For the year ended 31 December 2020

REGIONAL EXPLORATION

A summary of 2020 Regional Rockford exploration activities and results are provided below.

Regional Rockford Aircore Drilling

A total of 291 aircore holes (RKAC0916 – RKAC1206) for 14,797m were drilled at selected regional target areas across the Rockford Project during the 2020 field season (see Figure 12). The drilling has been designed to test the geochemistry, rock type and depth of cover in areas which have received minimal or no previous exploration. Assay and geological results have resulted in three new Ni-Cu targets areas across the Rockford Project area (see Figure 12).

Aircore drilling also focused on infill around high-ranked prospects Hurley and Crean (see Figures 12 and 14). Drill traverses at Hurley and Crean were designed to test the up-dip projection of the H1-H3 and C1 conductors (see Table 5). Four drillholes at Hurley (RKAC1029, 1032, 1100 and 1103) returned elevated Ni-Cu associated with mafic intrusive and

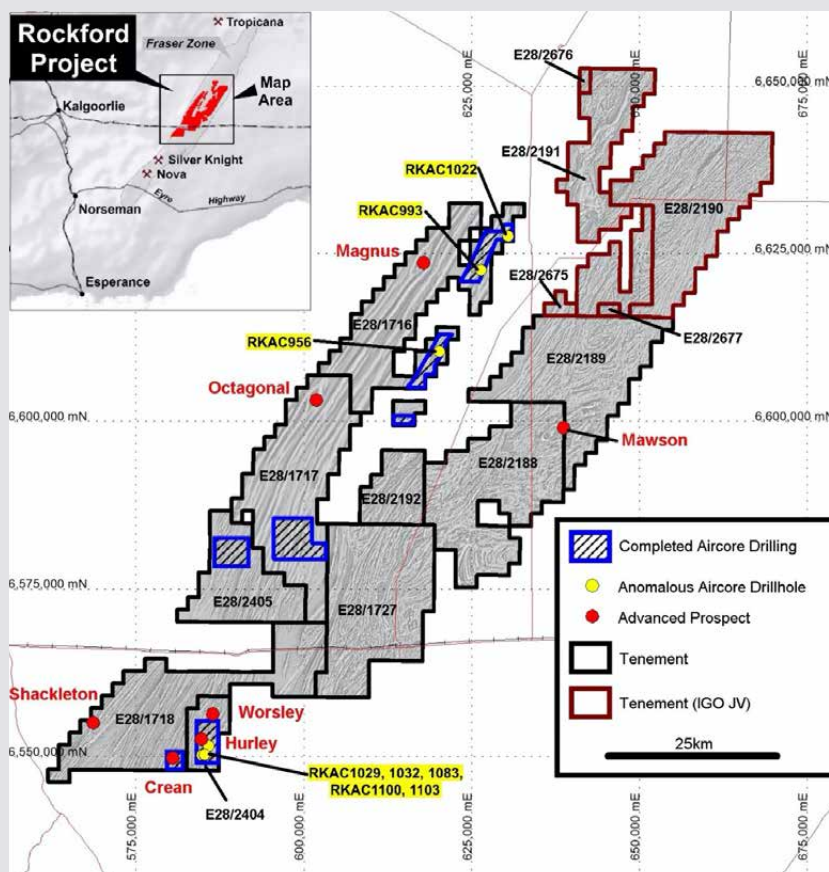
metasediment/granulite. Importantly these holes are located adjacent to the 4,000-7,000S H3 MLTEM conductor making this a priority target for deep drill testing.

In addition, a project-wide geochemical review of the historic aircore drilling across the Rockford Project, including Mawson, was completed. This resulted in over 30 new Ni-Cu targets generated (see Figure 13), the highest-ranked of which will be followed up with innovative MLTEM followed by infill aircore drilling. The most compelling of these targets will be prioritised for possible RC or diamond drilling during the 2021 field season.

MLTEM Surveys – Hurley, Crean, Worsley, Octagonal, and Magnus Prospects

MLTEM surveys were completed over the Worsley, Crean and Hurley prospects in May 2020 (see Figure 14). These surveys were targeting a combination of aeromagnetic and gravity features and identified conductors W1 (Worsley), C1 (Crean) and H1-H2 (Hurley).

FIGURE 12: REGIONAL AIRCORE DRILLING PROGRAMME ANOMALOUS DRILLHOLE LOCATIONS



Directors' Review of Activities

For the year ended 31 December 2020

Further infill surveying subsequently completed at Hurley over the H1-H2 conductors aimed at providing additional data to enable accurate modelling of the features. This surveying also identified a new strong conductor H3 in the southern part of the prospect (see Table 5 & Figure 14).

Both the H1 and H3 conductors are considered priority targets based on their modelled conductance and dimensions, association with aeromagnetic features, and aircore Ni-Cu geochemical anomalism.

The previously identified Worsley conductor corresponds closely with anomalous Zn-Cu-Ag results in aircore drillholes and a 400m diamond drillhole has been designed to test this conductor. The Crean conductor requires follow up aircore to better define the extent of previously identified anomalous Ni-Cu geochemistry and FLTEM to enable constrained modelling of the C1 conductor.

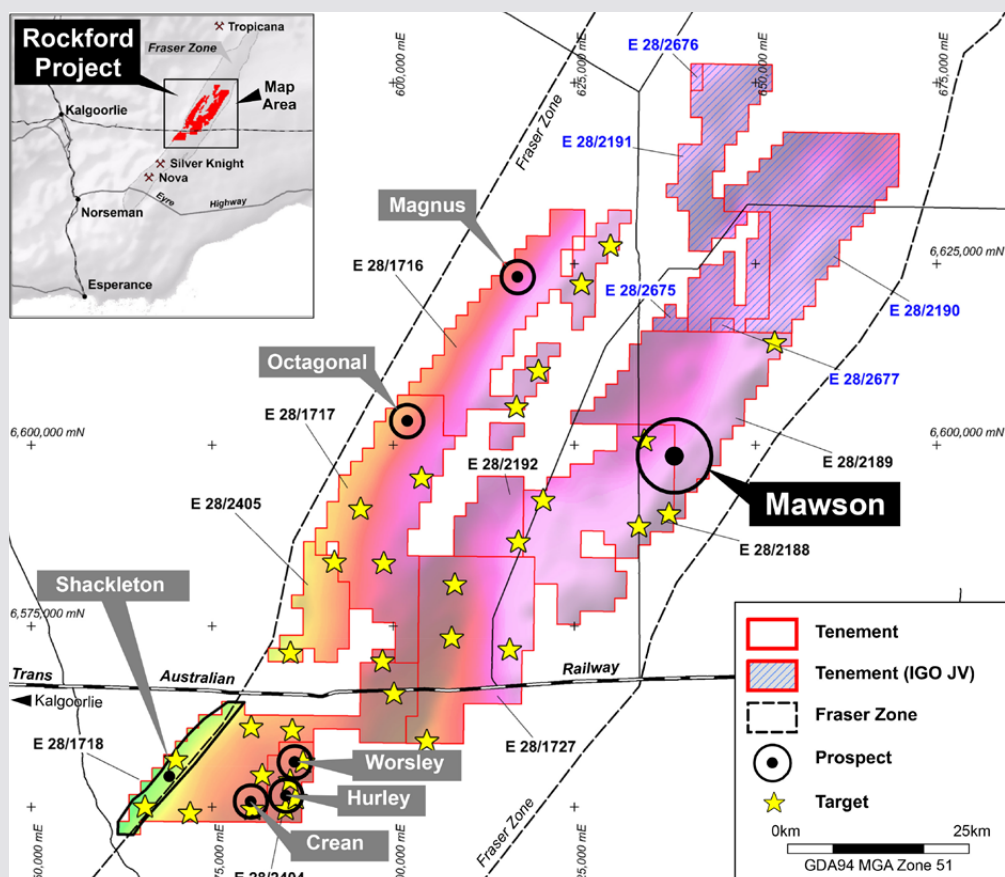
Table 5: Rockford South MLTEM - Modelled Plate Parameters

Prospect	Conductor	Conductance	Dimensions	Depth to Top	Orientation
*Hurley	H1	2,500-4,000S	250 x 1,250m	225-275m	15-25° NNE
*Hurley	H2	200-300S	1,000 x 750m	100-150m	70-80° SE
Hurley	H3	4,000-7,000S	500 x 300m	100-150m	~90° Strike NNE
^Worsley	W1	400-800S	>1,000 x 1,000m	200-250m	50-60° E/ESE
^Crean	C1	500-1,500S	>1,000 x 1,000m	500-600m	60-70° E/ESE

* Remodelled conductor reported to ASX 22 May 2020

^ Original conductor report to ASX 22 May 2020

FIGURE 13: REGIONAL ROCKFORD PROSPECT LOCATIONS ON REGIONAL GRAVITY



Directors' Review of Activities

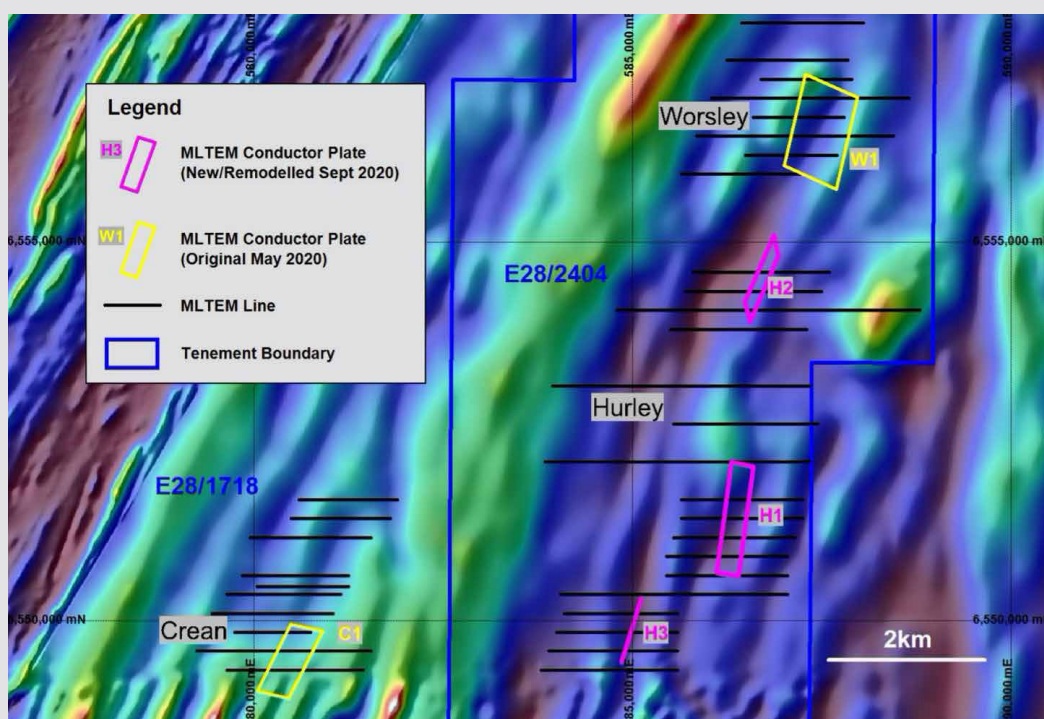
For the year ended 31 December 2020

MLTEM surveying was completed over the entire Magnus prospect. The survey identified the M1 conductor with the following modelled parameters; low-moderate conductance of ~300-500S, 200m x >250m dimensions, a dip of 50-60° to the SE and a depth to top of 75-125m (see Table 5). Further assessment of this conductor is required prior to possible drill testing. A number of other low conductance features were identified, however are considered low priority targets.

As with Magnus, MLTEM surveying was completed over the entire Octagonal prospect aimed at detecting extensions to previously identified nickel-copper mineralisation and identifying additional bedrock targets to a depth ~500m (beyond conventional EM depth penetration of 250-300m). The survey identified a number of large low to moderate stratigraphic features associated with the main mafic/ultramafic intrusive, however no new significant bedrock conductors were identified.



FIGURE 14: MLTEM SURVEY OVER HURLEY, WORSLEY AND CREAN PROSPECTS



For the year ended 31 December 2020

The map displays the Rockford Project area in Western Australia, showing various geological units and infrastructure. Key features include:

- Geological Units:** Labeled with codes such as E 28/1716, E 28/1717, E 28/1718, E 28/1727, E 28/189, E 28/2188, E 28/2190, E 28/2191, E 28/2404, E 28/2405, E 28/2676, E 28/2677, and E 28/2675.
- Infrastructure:** The Trans Australian Railway is shown running horizontally across the lower portion of the map.
- Geographic Context:** An inset map in the top left corner shows the location of the Rockford Project within Western Australia, highlighting the Fraser Zone and the Rockford Project area in red. Key locations marked include Port Hedland, Kalgoorlie, Perth, and Esperance.
- Scale and Coordinates:** A scale bar at the bottom right indicates distances from 0km to 20km. The coordinate system is GDA94 MGA Zone 51. Easting coordinates (600,000 mE to 620,000 mE) and Northing coordinates (6,560,000 mN to 6,600,000 mN) are marked along the axes.
- Other Labels:** "Magnus" and "Octagonal" are labeled with arrows pointing to specific features. "Track" is labeled near the top right.

JVA Title	Tenement	Area km ²	Ownership
Rockford JVA 2019	E28/2190	355	IGO 60% / Creasy 30% / Legend 10%
	E28/2191	278	
Legend/IGO JVA 2019	E28/2675	11.8	IGO 70% / Legend 30%
	E28/2676	5.9	
	E28/2677	5.9	
Ponton JVA 2019	E28/1716	355	Legend 70% / Creasy 30%
	E28/1617	354	
Ponton JVA 2015	E28/1718	353	Legend 70% / Creasy 30%
	E28/1727	353	
Rockford JVA 2015	E28/2188	354	Legend 70% / Creasy 30%
	E28/2189	331	
	E28/2192	91	
NA	E28/2404	58.8	Legend 100%
	E28/2405	179.7	

The information in this report that relates to Exploration Results is based on information compiled by Mr Oliver Kiddie, a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Legend Mining Limited. Mr Kiddie has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Kiddie consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Legend's Exploration Results is a compilation of previously released to ASX by Legend Mining (15 January 2020, 23 January 2020, 23 February 2020, 31 March 2020, 21 April 2020, 4 May 2020, 21 May 2020, 22 May 2020, 26 May 2020, 11 June 2020, 22 June 2020, 30 June 2020, 7 July 2020, 21 July 2020, 14 August 2020, 27 August 2020, 8 September 2020, 1 October 2020, 5 October 2020, 21 October 2020, 9 November 2020, 1 December 2020, and 15 December 2020) and Mr Derek Waterfield and Mr Oliver Kiddie consent to the inclusion of these Results in this report. Mr Waterfield and Mr Kiddie have advised that this consent remains in place for subsequent releases by Legend of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. Legend confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters in the market announcements continue to apply and have not materially changed. Legend confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Directors' Review of Activities

For the year ended 31 December 2020

CORPORATE

Director Appointment

During the year, Legend bolstered its team with the appointment of highly experienced ex-Creasy Group Geologist and Albany-Fraser Orogen expert, Mr Oliver Kiddie as Executive Director of the Company effective from 10 August 2020. Following Mr Kiddie's commencement as Executive Director, Mr Derek Waterfield stepped down from the Board and assumed the position of General Manager Exploration.

Placement

In June 2020 the Company completed a capital raising of \$20 million from existing major shareholders, and a range of institutional and sophisticated investors ("Placement"). The funds raised via the Placement will be applied to progress the Company's exploration activities at its Rockford Project in the Fraser Range, in particular on the Mawson Prospect and general working capital. The Placement was corner stoned by the Company's two largest shareholders, Creasy Group and IGO Limited. Euroz Securities Limited acted as Sole Lead Manager to the Placement with Canaccord Genuity (Australia) Limited as Co-Manager.

Exercise of Options

During the year, 13.1 million 4 cent March 2021 unlisted options, 150 million 4 cent September 2020 unlisted options and 150,000 7.2 cent September 2022 unlisted options were exercised by a number of parties including the Creasy Group and Musgrave Minerals Limited, adding \$6.5 million to the Company's Cash at Bank.

All Ordinaries Index

The Company was pleased to note that S&P Dow Jones Indices announced in their June 2020 Quarterly rebalance of S&P/ASX Indices that Legend Mining would join the All-Ordinaries Index effective 22 June 2020.

Jindal Receivable

During the 2020 year, Legend and Jindal agreed to a revised repayment schedule of the outstanding debt of A\$2.25M. On 23 December 2020, Legend received A\$294,372 from Jindal, being a principal repayment of \$250,000 and interest of \$44,372 for the September and December 2020 Quarters. This leaves a balance of A\$2M which continues to accrue interest at 4%pa (see note 9 to the Financial Statements for further details).

Annual Tax Return – R & D Claim

In December 2020 Legend submitted its 2020 annual tax return, which included a research and development (R&D) claim for reimbursement of \$2.6 million. The cornerstone of Legend's exploration activities at the Rockford Project is using innovative geo-sensing MLTEM surveys. These surveys qualify Legend for R&D cash reimbursement for these surveys and other associated activities via the annual tax return. On 2 February 2021, Legend received the R&D refund of \$2.6 million.

Annual General Meeting

On 14 May 2020, the Annual General Meeting (AGM) was held in compliance with the Australian government's restrictions on public gatherings. Due to the evolving COVID-19 situation, shareholders who wished to attend the meeting were required to register with the Company and were able to attend the AGM by phone if they so wished. All AGM resolutions were passed on a poll.



Directors' Report

For the year ended 31 December 2020

The Directors submit their report for the year ended 31 December 2020.

1. DIRECTORS

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

Michael Atkins (Chairman, Non-Executive Director)

Mark Wilson (Managing Director)

Oliver Kiddie (Executive Director) appointed 10 August 2020

Derek Waterfield (Executive Director - Technical) resigned and appointed General Manager Exploration 10 August 2020

2. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Michael Atkins, BComm FAICD, is a Fellow of the Australian Institute of Company Directors and was previously a Fellow of the Institute of Chartered Accountants in Australia.

Since 1987 he has been involved in the executive management and as a non-executive Chairman of numerous publicly listed resource companies with operations in Australia, USA, South East Asia and Africa, including as managing director of Claremont Petroleum NL and Beach Petroleum NL during their reconstruction phase, and as founder and executive chairman of Botswana gold company Gallery Gold Ltd. Michael has been non-executive Chairman of numerous ASX listed companies, including Westgold Resources and Azumah Resources.

He is currently a Senior Corporate Advisor to Canaccord Genuity (Australia) Ltd, and non-executive chairman of Castle Minerals Ltd, and non-executive director of SRG Global Limited, both ASX listed. Mr Atkins was non-executive Chairman of Azumah Resources Limited from October 2009 until his resignation in December 2019 and has not held any other former public company directorships in the last three years.

Mark Wilson, MIEAust CPEng, is a Member of the Institution of Engineers, Australia and a Chartered Professional Engineer with an Associateship in Civil Engineering from Curtin University in Western Australia. He has an extensive business background, mainly in corporate management and project engineering. This has included site management of remote construction projects and ten years of commercial construction as a founding proprietor of a Perth based company. Since 1995 he has held executive, non-executive, consulting and owner roles in resource focused companies.

Oliver Kiddie, BSc App Geol, MAusIMM, MAICD, (appointed 10 August 2020) is a geologist with over 18 years' experience across exploration, resource definition, project development, and production throughout Australia and internationally. He has extensive experience in base metal and gold exploration through senior management and executive positions, working for companies including Dominion Mining, European Goldfields, and most recently as GM Exploration for the Creasy Group. He led the exploration team of the Fraser Range project for the Creasy Group, including the discovery, resource definition, and mining lease application for the Silver Knight Ni-Cu-Co deposit. Mr Kiddie possesses a strong corporate background having managed numerous transactions and joint ventures as key responsibilities of senior management and executive positions. Mr Kiddie is a member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Company Directors. Mr Kiddie has not held any former public company directorships in the last three years.

Derek Waterfield, BSc(Hons), (resigned and appointed General Manager, Exploration, 10 August 2020) is a Member of the Australian Institute of Geoscientists and a graduate of the University of Queensland. He has over 30 years experience in gold, base metals, iron ore, nickel and uranium exploration throughout Australia and Cameroon.

He started his career with CRA Exploration Pty Ltd and has held senior exploration leadership positions with Normandy Mining and Newmont Australia and led the team that discovered the Moolart Well gold deposit in the Duketon Belt 350km north of Kalgoorlie. He was Exploration Manager at Legend Mining for five years managing Legend's WA and Cameroon projects. More recently he has been Exploration Manager for Enterprise Metals Ltd, responsible for gold, iron ore, uranium and base metal exploration in WA. Mr Waterfield has not held any former public company directorships in the last three years.

Tony Walsh, BComm, MBA, FCIS, was appointed Company Secretary effective on 12 December 2016.

Mr Walsh has over 30 years experience in dealing with listed companies, ASX, ASIC and corporate transactions including 14 years with the ASX in Perth where he acted as ASX liaison with the JORC committee, four years as Chairman of an ASX listed mining explorer and as a director of a London AIM listed explorer. Tony is also currently Company Secretary of Battery Minerals Mining Ltd and Great Western Exploration Limited and was a Director of XCD Energy Limited until his resignation in July 2020.

Mr Walsh is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia, the Institute of Chartered Secretaries and the Institute of Chartered Accountants in Australia.

He is currently a non-executive director of the Women's and Infants Research Foundation.

3. EARNINGS PER SHARE

Basic loss per share: 0.0383cents

Diluted loss per share: 0.0383cents

4. DIVIDENDS

No dividend has been paid or recommended during the financial year.

5. CORPORATE INFORMATION

Corporate Structure

Legend Mining Limited is a Company limited by shares that is incorporated and domiciled in Australia. Legend Mining Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. At the date of this report Legend Mining Limited had one wholly owned subsidiary, Legend Cameroon Pty Ltd.

Nature of Operations and Principal Activities

The principal activities during the year of the entities within the consolidated entity were:

- exploration for nickel and copper deposits in Australia.

Employees

The consolidated entity had a staff of fourteen employees at 31 December 2020 (2019: five employees).

6. OPERATING AND FINANCIAL REVIEW

Results of Operations

The net loss after income tax of the consolidated entity for the year was \$1,062,610 (2019: loss of \$401,801).

Review of Operations

The Directors' Review of Activities for the year ended 31 December 2020 is contained on pages 3 to 20 of the Annual Report.

Summarised Operating Results

Deferred Exploration Costs: Total acquisition costs and deferred expenditure on tenements capitalised during the year, net of amounts reimbursed through the research and development incentive grant amounted to \$7,673,641 (2019: \$2,474,909).

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Since the first quarter of 2020, the Company has seen macro-economic uncertainty with regards to prices and demand for commodities including nickel and copper as a result of the COVID-19 (coronavirus) outbreak. Furthermore, the scale and duration of these developments remain uncertain but could impact the Company's cash flow and financial condition.

There have been no other significant changes during the year.

8. ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's operations are subject to various environmental regulations under both Commonwealth and State legislation in Australia. The Directors have complied with these regulations and are not aware of any breaches of the legislation during the financial year which are material in nature.

9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the consolidated entity, and expected results of those operations in subsequent financial years have been discussed, where appropriate, in the Chairman's Report and Review of Activities.

10. SHARE OPTIONS

Unissued shares

As at the date of this report, there were 153,961,111 unissued ordinary shares under options. Refer to note 17 for further details of the options outstanding at 31 December 2020.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

10. SHARE OPTIONS (CONTD)

Shares issued as a result of the exercise of options

There were 163,250,000 shares issued as a result of the exercise of options during the financial year. See Note 17 for full details.

11. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 3 March 2021, 74,900,000 4 cent 30 March 2021 and 2,000,000 7.2 cent 30 September 2022 unlisted options were exercised. This exercise of options added \$3,140,000 to the Company's cash at bank.

No other matters or circumstance has arisen since the end of the financial year which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

12. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has not, during or since the financial year, in respect of any person who is or has been an officer of the Company or a related body corporate:

- (i) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- (ii) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

13. INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

14. REMUNERATION REPORT (AUDITED)

The compensation arrangements in place for key management personnel of Legend are set out below:

Details of key management personnel

Directors

M Atkins	Chairman (non-executive)
M Wilson	Managing Director
O Kiddie	Executive Director
D Waterfield	Executive Director – Technical (resigned)

Following Mr Kiddie's commencement as Executive Director on 10 August 2020, Mr Derek Waterfield stood down from the Board and assumed the position of General Manager, Exploration.

Compensation Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

The Company embodies the following principle in its compensation framework:

- Provide competitive rewards to attract high-calibre executives.
- **Group Performance**
- The Group's financial performance for the last five years has been as follows:

	December 2020	December 2019	December 2018	December 2017	December 2016
Revenue	\$262,488	\$231,690	\$223,469	\$267,989	\$407,180
Net loss after tax	(\$1,062,610)	(\$401,801)	(\$1,267,602)	(\$567,068)	(\$2,599,591)
Basic loss per share (cents per share)	(0.0383)	(0.0152)	(0.062)	(0.028)	(0.128)
Diluted loss per share (cents per share)	(0.0383)	(0.0152)	(0.062)	(0.028)	(0.128)
Net assets	\$49,863,081	\$24,795,193	\$13,082,152	\$14,349,754	\$14,734,111
Share price (at balance date)	\$0.115	\$0.09	\$0.03	\$0.03	\$0.01

14. REMUNERATION REPORT (CONTD)

As the Group is currently in exploration and evaluation phases, historical earnings are not yet an accurate reflection of Group performance and cannot be used as a long-term incentive measure. Consideration of the Group's earnings will be more relevant as the Group matures.

Remuneration Committee

Due to the size of Legend, remuneration is considered by the full Board. The Board reviews remuneration packages and policies applicable to the directors and senior executives. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives.

Compensation Structure

In accordance with best practice corporate governance, the structure of non-executive director and other senior manager remuneration is separate and distinct.

Objective of Non-Executive Director Compensation

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure of Non-Executive Director Compensation

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 16 May 2012 when shareholders approved the aggregate remuneration of \$300,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Objective of Executive Director Compensation

The company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the company and so as to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders; and
- ensure total compensation is competitive by market standards.

Structure of Executive Director Compensation

In determining the level and make-up of executive compensation, the Board may engage external consultants to provide independent advice. No external advice was obtained during the 2020 year.

It is the Board's policy that an employment contract is entered into with key executives.

Compensation consists of a fixed compensation element and the issue of options from time to time at the directors' discretion under the Employee Share Option Plan. Any issue of options to directors under the Employee Share Option Plan requires prior shareholder approval.

Fixed Compensation

Fixed compensation is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices. No external advice was obtained during the 2020 year.

Structure

Executive Directors are given the opportunity to receive their fixed (primary) compensation in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

14. REMUNERATION REPORT (CONTD)

Employment Contracts

The Managing Director, **Mr Mark Wilson**, is employed under contract. The current contract commenced on 1 July 2011 and is effective until terminated in accordance with the contract. The significant terms of the contract are:

- Mr Wilson receives remuneration of \$360,000 per annum exclusive of superannuation;
- Mr Wilson may resign from his position and thus terminate his contract by giving one month written notice;
- The company may terminate Mr Wilson's employment contract by providing six months' written notice if the position has become redundant, or three months' written notice in all other circumstances; and
- The Company may terminate Mr Wilson's contract at any time without notice if serious misconduct has occurred.

Mr Michael Atkins, is employed under contract. The current contract commenced on 1 July 2012 and is effective until terminated in accordance with the contract. The significant terms of the contract are:

- Mr Atkins receives remuneration of \$90,000 per annum exclusive of superannuation;
- Mr Atkins' agreement provides for engagement of consultancy services outside of the scope of the ordinary duties of a non-executive chairman. In addition to the director's fees above, Mr Atkins is paid \$2,000 per day (inclusive of superannuation) for the provision of these consultancy services.
- Mr Atkins' appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company;
- Mr Atkins may resign from his position and thus terminate his engagement by giving written notification of his resignation as a director; and
- The Company may terminate Mr Atkins' engagement by way of resolution of the Company's shareholders.

Mr Oliver Kiddie, (Executive Director effective from 10 August 2020), is employed under contract. The current contract commenced on 10 August 2020 and is effective until terminated in accordance with the contract. The significant terms of the contract are:

- Mr Kiddie receives remuneration of \$300,000 per annum exclusive of superannuation;
- Mr Kiddie may resign from his position and thus terminate his contract by giving three months' written notice;
- The Company may terminate Mr Kiddie's employment contract by providing three months' written notice if the position has become redundant, or one months' written notice in all other circumstances; and
- The Company may terminate Mr Kiddie's contract at any time without notice if serious misconduct has occurred.

Mr Derek Waterfield, (Executive Director - Technical until 10 August 2020) is employed under contract. The current contract as General Manager, Exploration, commenced on 10 August 2020 and is effective until terminated in accordance with the contract. The significant terms of the contract are:

- Mr Waterfield receives remuneration of \$220,000 per annum exclusive of superannuation;
- Mr Waterfield may resign from his position and thus terminate his contract by giving one month written notice;
- The company may terminate Mr Waterfield's employment contract by providing three months' written notice if the position has become redundant, or one months' written notice in all other circumstances; and
- The Company may terminate Mr Waterfield's contract at any time without notice if serious misconduct has occurred.

Employee Share Option Plan

The Board has in place an Employee Share Option Plan (ESOP) allowing share options to be issued to eligible employees in order to provide them with an incentive to provide growth and value to all shareholders.

At the 2020 Annual General Meeting (AGM) on 14 May 2020, shareholders approved the implementation of the current Employee Share Option Plan. A summary of the current Employee Share Option Plan was included in the 2020 Notice of AGM.

Share-based Payments

During the year the Company granted 7,000,000 zero exercise price incentive options to a director. See Note 18 for full details. (2019: \$NIL).

14. REMUNERATION REPORT (CONTD)

Compensation of Key Management Personnel for Years Ended 31 December 2020 and 31 December 2019

Name	Year	Short term Salary and Fees ⁽¹⁾	Post-Employment Super-annuation	Long-term benefits Long Service Leave	Share based payments options	Total	% of compensation granted as options	% of performance related remuneration
		\$	\$	\$	\$	\$		
Director								
M Atkins	2020	83,333	7,917	-	-	91,250	-	-
	2019	80,000	7,600	-	-	87,600	-	-
M Wilson	2020	352,468	27,083	13,667	-	393,218	-	-
	2019	338,462	22,300	5,333	-	366,095	-	-
O Kiddie	2020	122,436	11,310	-	236,621	370,367	64	-
	2019	-	-	-	-	-	-	-
D Waterfield	2020	132,282	15,675	2,139	-	150,096	-	-
	2019	230,154	20,900	3,667	-	254,721	-	-
Total	2020	690,519	61,985	15,806	236,621	1,004,931	-	-
	2019	648,616	50,800	9,000	-	708,416	-	-

(1) Short term salary and fees includes net movements in annual leave provisions.

Option holdings of Key Management Personnel

Options held in Legend Mining Limited (number) during the year ended 31 December 2020

Name	Balance at beginning of year 1 Jan 2020	Granted as Remuneration	Exercised during the year	Net Change Other	Balance at end of year 31 Dec 2020	Not Vested & Not Exercisable	Vested & Exercisable
Directors							
M Atkins	10,000,000	-	-	-	10,000,000	-	10,000,000
M Wilson	40,000,000	-	-	-	40,000,000	-	40,000,000
O Kiddie	-	7,000,000	-	-	7,000,000	7,000,000	-
D Waterfield	20,000,000	-	-	-	20,000,000	-	20,000,000
Total	70,000,000	7,000,000	-	-	77,000,000	7,000,000	70,000,000

Shareholdings of Key Management Personnel⁽¹⁾⁽²⁾

Shares held in Legend Mining Limited (number) during the year ended 31 December 2020

Name	Balance 1 Jan 20	Granted as remuneration	On exercise of options	Net change other ⁽²⁾	Balance 31 Dec 2020
Directors					
M Atkins (Windamurah P/L), (Alkali Exploration P/L)	7,108,334	-	-	-	7,108,334
M Wilson (Chester Nominees WA P/L) (Mrs MM Wilson)	128,748,200	-	-	1,000,000	129,748,200
O Kiddie (held by spouse: LSJ Windsor)	-	-	-	3,000,000	3,000,000
D Waterfield	1,000,000	-	-	-	1,000,000
Total	136,856,534	-	-	4,000,000	140,856,534

(1) Includes shares held directly, indirectly and beneficially by KMP.

(2) On-market purchases made during the year.

END OF REMUNERATION REPORT

Directors' Report

For the year ended 31 December 2020

15. DIRECTORS' MEETINGS

The number of Meetings of Directors held during the year and the number of Meetings attended by each Director was as follows:

Name	No. of Board Meetings Attended	No. of Meetings Held Whilst A Director	No of Audit Committee Meetings Attended	No of Audit Committee Meetings Held
Attended by:				
Michael Atkins	8	8	2	2
Mark Wilson	8	8	2	2
Oliver Kiddie	3	3	1	1
Derek Waterfield	5	5	1	1

16. DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options issued by the company in accordance with the Corporations Act 2001, at the date of signing this report is as follows:

Name	Ordinary shares	Options over ordinary shares
M Atkins (Windamurah P/L), (MW Atkins)	17,108,334	-
M Wilson (Chester Nominees WA P/L) (Hostyle Pty Ltd) (SMT Investments WA P/L)	169,748,200	-
O Kiddie (held by spouse LSJ Windsor)	3,000,000	7,000,000

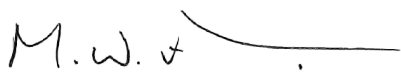
17. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Non-audit services

There were no non-audit services provided by the Company's auditor, Ernst & Young during the 2020 financial year.

We have received the Declaration of Auditor Independence from Ernst & Young, the Company's Auditor. This is available for review on page 56 and forms part of this report.

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



Mark Wilson
Managing Director

Dated this 19th day of March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Finance revenue	4(a)	262,488	231,690
Other Income	4(b)	371,384	750,000
Employee benefit expenses	4(c)	(212,456)	(306,383)
Financial expenses	4(d)	(2,158)	(5,160)
Other expenses	4(d)	(48,845)	(51,686)
Corporate and administration expenses	4(e)	(976,976)	(808,362)
Share-based payments expense	16	(236,621)	(211,900)
Loss before income tax		(843,184)	(401,801)
Income tax expense	6	(219,426)	-
Net loss for the year attributable to Members of Legend Mining Limited		(1,062,610)	(401,801)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to Members of Legend Mining Limited		(1,062,610)	(401,801)
EARNINGS PER SHARE (cents per share)			
Basic loss per share	5	(0.0383)	(0.0152)
Diluted loss per share	5	(0.0383)	(0.0152)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	25,191,146	10,133,887
Receivables	9	2,707,333	333,471
Other financial assets	10	50,000	148,273
Total Current Assets		<u>27,948,479</u>	<u>10,615,631</u>
Non-current Assets			
Other financial assets	10	5,775	5,775
Property, plant & equipment	11	536,121	84,777
Right of use assets		54,187	81,345
Deferred exploration costs	12	22,296,113	14,622,473
Total Non-current Assets		<u>22,892,196</u>	<u>14,794,370</u>
TOTAL ASSETS		<u>50,840,675</u>	<u>25,410,001</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	13	582,959	230,464
Employee benefit provisions	14	170,154	195,148
Lease liability	13	39,357	67,234
Total Current Liabilities		<u>792,470</u>	<u>492,846</u>
Non-current Liabilities			
Provisions	14	129,469	108,258
Lease liability	13	16,377	13,704
Deferred tax liability	6	39,278	-
Total Non-current Liabilities		<u>185,124</u>	<u>121,962</u>
TOTAL LIABILITIES		<u>977,594</u>	<u>614,808</u>
NET ASSETS		<u>49,863,081</u>	<u>24,795,193</u>
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	15	98,373,061	72,479,184
Share option premium reserve	16	23,851,799	23,615,178
Accumulated losses		(72,361,779)	(71,299,169)
TOTAL EQUITY		<u>49,863,081</u>	<u>24,795,193</u>

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

		2020	2019
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(799,646)	(1,301,781)
Proceeds from Jindal Receivable		500,000	500,000
Interest received		312,257	188,429
ATO Cash Flow Boost received		100,000	-
Payment for financial assets		(2,402)	(6,599)
Net cash flows from/(used) in operating activities	20(ii)	110,209	(619,951)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(561,872)	(7,500)
Proceeds from the sale of investments		75,179	-
Proceeds from sale of property, plant and equipment		200	-
Payments for deferred exploration costs		(10,288,306)	(3,519,570)
Receipt of research and development tax incentive grant		-	1,259,160
Net cash flows used in investing activities		(10,774,799)	(2,267,910)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Capital Raising		26,534,800	9,800,000
Payment of transaction costs relating to capital raising		(733,105)	(32,058)
Principal elements of lease payments		(79,846)	(70,023)
Net cash flows from financing activities		25,721,849	9,697,919
Net decrease in cash and cash equivalents		15,057,259	6,810,058
Cash and cash equivalents at the beginning of year		10,133,887	3,323,829
Cash and cash equivalents at end of year	20(i)	25,191,146	10,133,887

The accompanying notes form part of these financial statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Contributed Equity	Share Option Premium Reserve	Accumulated Losses	Total Equity
At 1 January 2020	72,479,184	23,615,178	(71,299,169)	24,795,193
Loss for the year	-	-	(1,062,610)	(1,062,610)
Total comprehensive loss for the year	-	-	(1,062,610)	(1,062,610)
Issued capital (note 15)	26,534,800	-	-	26,534,800
Capital raising cost (note 15)	(640,923)	-	-	(640,923)
Contingent shares issued for tenement acquisition	-	-	-	-
Employee and director options	-	236,621	-	236,621
At 31 December 2020	98,373,061	23,851,799	(72,361,779)	49,863,081
At 1 January 2019	60,711,242	23,268,278	(70,897,368)	13,082,152
Loss for the year	-	-	(401,801)	(401,801)
Total comprehensive loss for the year	-	-	(401,801)	(401,801)
Issued capital	11,800,000	-	-	11,800,000
Capital raising cost	(32,058)	-	-	(32,058)
Contingent shares issued for tenement acquisition	-	135,000	-	135,000
Employee and director options	-	211,900	-	211,900
At 31 December 2019	72,479,184	23,615,178	(71,299,169)	24,795,193

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 1: CORPORATE INFORMATION

The consolidated financial statements of Legend Mining Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 17 March 2021.

Legend Mining Limited (the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in note 3.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for certain financial assets carried at fair value.

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

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the ordinary course of business.

The financial report also complies with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

Changes in accounting policy, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the impact of new and amended accounting standards and interpretations as discussed below.

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's financial statements but are not deemed to have an impact on the consolidated financial statements of the Group. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective.

Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Legend Mining Limited and its subsidiaries ('the Group') as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (ie existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(ii) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using a Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which the determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

(iii) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a diminishing value basis over the useful life of the asset from the time the asset is held ready for use.

The depreciation rates used for each class are:

Buildings	10%
Plant and equipment	7.5% - 50%

Impairment

The carrying values of property, plant and equipment are reviewed for impairment as required, with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(iv) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(v) Financial Assets

Financial assets at amortised cost (debt instruments)

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

For all other receivables measured at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Financial assets at fair value through profit or loss (equity investments)

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

(vi) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. The Group receives grants in relation to Research and Development expenditure.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(vii) Deferred exploration costs

Deferred exploration and evaluation costs

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such 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 alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Farm-outs and carried interest— in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on Legend's account. The Group also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the Group as a gain on disposal.

For carried interests Legend recognises the expenditure when they are providing the carry to the other parties. Where the Group are being carried Legend does not recognise any expenditure paid for on their behalf.

Impairment

The carrying values of exploration and evaluation costs are reviewed for impairment when facts and circumstances indicate the carrying value may not be recoverable.

The recoverable amount of exploration and evaluation costs is the greater of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the fair value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Accumulated costs in relation to an abandoned area are written off in full against the income statement in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Each area of interest is limited to the size related to known or probable mineral resources capable of supporting a mining operation.

(viii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(ix) Interest income

Interest revenue is recognised as it accrues, using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(x) Taxes

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax law used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amounts of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

- Where the amount of the GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are classed as operating cash flows.

(xi) Trade and or other payables

Liabilities for trade creditors and other amounts are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of these goods and services. The amounts are unsecured and are usually paid within 30 days.

(xii) Share based payment transactions

The Group provides benefits to employees (including directors) of the Group and to the providers of services to the Group in the form of share based payment transactions, whereby employees or service providers render services in exchange for shares or rights over shares ('equity-settled transactions').

There are currently three scenarios in place to provide these services:

- (a) 'Employees Share Option Plan', which provides benefits to eligible persons;
- (b) Capital raising costs, which provide payment to stockbrokers and finance institutions for capital raising services and commissions; and
- (c) Other grants of options to directors on an ad hoc basis.

The cost of the equity-settled transactions with stockbrokers and finance institutions is measured by reference to the fair value of the service received at the date they are granted.

For transactions with employees (including directors), the cost of these equity-settled transactions is measured by reference to the fair value of the options provided. The fair value is determined by an external valuer using a Black-Scholes model.

The cost of these equity-settled transactions with employees is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award ('vesting date').

In valuing these equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Legend Mining Limited (market conditions) if applicable.

The cumulative expense recognised for these equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expenses recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

For transactions with other service providers, the cost of these equity-settled transactions is measured by reference to the value of the services provided. The cost of these equity-settled transactions is recognised, together with a corresponding increase in equity, at the time the services are provided unless they are transaction costs arising on the issue of ordinary shares, in which case the transaction costs are recognised directly in equity as a reduction of the proceeds received on the issue of shares.

(xiii) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs net of tax arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

(xiv) Employee Benefits

Provision is made for employee benefits accumulated as a result of employee services up to the reporting date. These employee benefits include wages, salaries, annual leave and include related on-costs such as superannuation and payroll tax.

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

No provision is made for non-vesting sick leave, as the anticipated pattern of future sick leave taken indicates that accumulated non-vesting sick leave will never be paid.

Contributions to employee superannuation funds of choice are expensed as incurred.

(xv) Earnings per share

Basic earnings per share (EPS) is calculated as net profit or loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit or loss attributable to members, adjusted for:

- (a) Costs of servicing equity (other than dividends).
- (b) The after tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and
- (c) Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(xvi) Foreign currency translation

(a) Functional and presentation currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (ie translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss respectively).

(xvii) Leases

Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and associated restoration provisions. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term (between one and two years). Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTE 3: NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities during the year of the entities within the consolidated entity were exploration for nickel and copper deposits in Australia.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 4: REVENUE AND EXPENSES

	Note	2020 \$	2019 \$
a) Finance Revenue			
Bank interest received and receivable		173,342	109,032
Other finance income		89,146	122,658
		<u>262,488</u>	<u>231,690</u>
b) Other			
Other income - ATO Cashflow Boost		100,000	-
Other income		21,384	-
Other income - impairment loss recovery (note 9)		250,000	750,000
		<u>371,384</u>	<u>750,000</u>
c) Employee Benefits Expense			
Salaries, on-costs and other employee benefits		212,456	306,383
		<u>212,456</u>	<u>306,383</u>
d) Other Expenses			
Depreciation		4,650	2,574
Exploration expenditure not capitalised		-	700
Financial expenses		2,158	5,159
Depreciation – Office Lease		55,904	48,413
Other		(11,709)	-
		<u>51,003</u>	<u>56,846</u>
e) Corporate and administration expenses			
Fees – Audit/Tax		414,923	249,752
Fees – ASX		56,225	45,734
Fees – Share Registry		-	11,559
Consultancy Fees		111,248	78,522
Legal expenses		-	21,172
Sale of fixed assets		1,649	678
Travel expenses		8,344	43,392
Other expenses		384,587	357,553
		<u>976,976</u>	<u>808,362</u>

NOTE 5: EARNINGS PER SHARE

	2020 \$	2019 \$
(a) Reconciliation of earnings to net loss:		
Net Loss	(1,062,610)	(401,801)
Loss used in the calculation of basic earnings per share	<u>(1,062,610)</u>	<u>(401,801)</u>
(b) Weighted average number of shares on issue during the financial year used in the calculation of basic loss per share	<u>2,772,382,838</u>	<u>2,642,257,182</u>
Weighted average number of ordinary shares on issue used in the calculation of diluted loss per share	<u>2,772,382,838</u>	<u>2,642,257,182</u>
(c) Information on classification of options		
For the year ended 31 December 2020, all options on issue were antidilutive as the Group made a loss. This has resulted in the diluted earnings per share being the same as the basic earnings per share. These options could potentially dilute basic earnings per share in the future. The number of anti-dilutive potentially issuable ordinary shares at 31 December 2020 is 230,861,111. (31 December 2019: 387,111,111)		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 6: INCOME TAX

	2020 \$	2019 \$
The major components of income tax expense are:		
Income Statement		
<i>Current income tax</i>		
Current year income tax charge (benefit)	-	-
Under/Over provision of prior tax year	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	219,426	-
Under/Over provision of prior tax year	-	-
Income tax benefit reported in the income statement	<u>219,426</u>	<u>-</u>
A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before tax from ordinary activities	(843,184)	(401,801)
Accounting loss before income tax	<u>(843,184)</u>	<u>(401,801)</u>
At the Group's statutory income tax rate of 30%	(252,955)	(120,540)
Expenditure not allowed for income tax purposes	1,086,001	558,355
Other assessable income	182	-
Non-assessable income	(30,000)	(169,986)
Current year capital losses not recognised	18,570	-
Recognition of previously unrecognised prior period tax losses	(440,903)	(202,555)
Deferred tax assets not brought to account	(86,641)	(64,312)
Deductible equity raising costs	(74,828)	(962)
Income tax expense attributable to entity reported in the consolidated income statement	<u>219,426</u>	<u>-</u>
Income tax expensed directly to equity		
Relating to equity costs	(180,148)	(962)
Deferred tax expense/(income) recognised in equity	<u>(180,148)</u>	<u>(962)</u>
Current Income Tax Asset/(Liability)	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 6: INCOME TAX (CONTD)

	2020	2019
	\$	\$
	30%	30%
Deferred Income Tax		
Deferred income tax at 31 December related to the following:		
Consolidated		
Recognised deferred tax liabilities		
Capitalised exploration and evaluation expenditure	(5,227,466)	(2,797,329)
Property, Plant & Equipment	(111,547)	(2,115)
Other	(1,398)	(6,531)
Amounts disclosed as deferred tax liability	(5,340,411)	(2,805,975)
Set-off of deferred tax assets	5,301,133	2,805,975
Net deferred tax liabilities disclosed	(39,278)	-
Recognised deferred tax assets		
Tax losses available to offset against future taxable income	4,914,041	2,702,959
Other provisions	204,697	100,022
Share based costs on equity	180,148	-
Other future blackhole deductions	2,247	-
Other	-	2,994
Gross deferred tax assets	5,301,133	2,805,975
Set-off of deferred tax assets	(5,301,133)	(2,805,975)
Net deferred tax assets recognised	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following as the statutory requirements for recognising those deferred tax assets have not been met		
Deductible temporary differences	817,800	914,597
Tax revenue losses	-	440,903
Tax capital losses	2,242,325	2,223,755
Net deferred tax assets not recognised	3,060,125	3,579,255

Tax Consolidation

Legend Mining Limited and its 100% owned Australian resident subsidiary formed a tax consolidated group with effect from 1 July 2004. Legend Mining Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement in order to allocate the income tax liabilities between the entities within the Group should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

Tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences are recognised in the separate financial statements of the members of the tax consolidated group using the separate taxpayer within a group method. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Members of the tax consolidated group have not entered into a tax funding agreement. As a result, the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, assumed by the Company, are recognised as a contribution from (or distribution to) equity participants. There were no contributions (or distributions) made during the year ended 31 December 2020.

2020 Tax Return

On 15 December 2020, the Company lodged its tax return for the tax year ended 30 June 2020 and claimed a refundable Research and Development (R&D) tax offset of \$2,598,393.97. On 2 February 2021, the Company received this refund.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 7: SEGMENT INFORMATION

Operating Segments

The group has one reportable operating segment, being exploration and evaluation activities in Australia.

NOTE 8: CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Cash at bank and in hand	2,191,146	633,887
Deposits	23,000,000	9,500,000
	<u>25,191,146</u>	<u>10,133,887</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Deposits at call earn interest on a 30, 60 and 90 day term basis at bank deposit rates at an average rate of 1.84%.

NOTE 9: RECEIVABLES

	2020 \$	2019 \$
Current		
Other receivables (b)	2,707,333	50,813
Receivable from Jindal Mining & Exploration Limited (a)	2,000,000	2,537,658
Provision for Jindal receivable	(2,000,000)	(2,255,000)
	<u>2,707,333</u>	<u>333,471</u>

Terms and conditions relating to the above financial instruments:

- (a) On 4 January 2017, the Company announced that it has received a request from Jindal Steel and Power (Mauritius) Limited ("Jindal") to consider a further deferral of the payment of the final amount of \$3 million owing to Legend from the sale of the Cameroon Iron Ore project. At that time, Legend agreed to this request in principle, and expected to report to the ASX as soon as an agreement of new payment terms was reached.

On 8 May 2019 Legend announced that it and Jindal had agreed to a payment schedule for the final amount of \$3 million owing to Legend from the sale of the Cameroon Iron Ore project. Legend and Jindal agreed that payments of \$250,000 per month will be made commencing 31 October 2019 until 31 August 2020 (11 payments) with the final payment of \$250,000 being made on 15 October 2020, totalling \$3 million in full. The outstanding amounts owing continue to attract interest at the rate of 4% per annum paid quarterly. Legend received \$250,000 in each of October and November 2019, reducing the outstanding amount to \$2,500,000 as at 31 December 2019.

On 22 January 2020 Legend received a payment of \$282,658 (principal and interest) from Jindal representing the December 2019 principal of \$250,000 and interest of \$32,658. On 23 March 2020 Legend and Jindal agreed to a revised payment schedule for the remaining \$2,250,000. This revision was caused by business disruption of COVID-19 in India. On 17 July 2020, the Company agreed to another revised proposal from Jindal to repay the outstanding \$2.25 million receivable over 21 months. On 22 July 2020 Legend received a payment of \$44,774 from Jindal representing March 2020 interest of \$22,397 and June 2020 interest of \$22,377. On 23 December 2020, Legend received a payment of \$294,372 (principal and interest) from Jindal representing the September 2020 interest of \$22,623, the November 2020 principal of \$250,000 and the December 2020 interest of \$21,749. As at 31 December 2020 the loan amount outstanding was \$2,000,000 and interest payments were as per the agreed 17 July 2020 repayment schedule.

Due to the continued uncertainty of the receipt of funds from Jindal, Legend have applied an expected credit loss rate of 100% (2019 89%) on the estimated gross carrying amount at default resulting in an expected credit loss of \$2,000,000 (2019 \$2,255,000).

- (b) R&D receivable of \$2,598,394 relating to 30 June 2020 - received on the 2 February 2021. Other receivables are non-interest bearing and have repayment terms of between 30 and 60 days.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 10: OTHER FINANCIAL ASSETS

	2020 \$	2019 \$
Current		
Shares in S2 Resources Ltd – at fair value (a)	-	98,273
Security bond – at amortised cost (b)	50,000	50,000
	<u>50,000</u>	<u>148,273</u>
Non-current		
Rental property bond (c)	<u>5,775</u>	<u>5,775</u>

Details of the above financial instruments:

- (a) The equity investments are all classified as financial assets at fair value through profit and loss. The market value of all equity investments represents the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.
- (b) Security bond – bank deposit held as security for credit cards. At 31 December 2020, this deposit is held on a 6 month term deposit with an interest rate of .40% per annum (31 December 2019, 6 months at 1.57%pa).
- (c) Rental Property Bond – this bond relates to a rental property in Boulder WA. No interest is received on this bond.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2020 \$	2019 \$
Plant and equipment		
At 31 December		
Gross carrying amount at cost	824,625	315,329
Accumulated depreciation	(288,504)	(230,552)
Net carrying amount	<u>536,121</u>	<u>84,777</u>
At 1 January		
Net of accumulated depreciation	84,777	109,099
Additions	538,497	7,500
Disposals	(1,649)	(878)
Depreciation expense - Admin	(4,650)	(2,574)
Depreciation expense - Exploration	(80,854)	(28,370)
At 31 December		
Net of accumulated depreciation	<u>536,121</u>	<u>84,777</u>

NOTE 12: DEFERRED EXPLORATION COSTS

	Note	2020 \$	2019 \$
Deferred exploration costs		<u>22,296,113</u>	<u>14,622,473</u>
Deferred exploration and evaluation costs			
At 1 January, at cost		14,622,473	10,012,564
Acquired during the year	(i)	-	2,135,000
Reimbursement of exploration expenditure – R&D Rebate		(2,598,394)	(1,259,160)
Expenditure incurred during the year		10,272,034	3,734,069
At 31 December, at cost	(ii)	<u>22,296,113</u>	<u>14,622,473</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 12: DEFERRED EXPLORATION COSTS (CONT)

Note:

- (i) During 2019 Legend entered into a new JVA ("Ponton JVA 2019") with Creasy Group over tenements E28/1716 and E28/1717 for a 70% interest in the tenements. Legend paid the upfront consideration of \$2,000,000, being 55,555,555 Legend shares at the price of 3.6 cents per share, to Creasy Group on 30 September 2019. The issue price was reflective fair value of the share price at acquisition date.

The acquisition included contingent consideration of 277,777,775 Legend shares at the price of 3.6 cents per share payable on completion of the first Bankable Feasibility Study and a Decision to Mine has been made. The contingent consideration of \$135,000 represents a share based payment and has been fair valued at acquisition date based on a probability of 1.35% of the contingent issuance being made. The fair value of the asset cannot be reliably estimated as it is an exploration and evaluation asset which is in its early stages and there is still a significant amount of exploration and evaluation work required to progress the asset to a point where the contingent issuance would be required. In addition, at the date of this report there are no ore reserves or mineral resources estimated or being estimated for this joint venture asset and this joint venture is not part of the Mawson project tenure.

The Ponton JVA 2019 has the Royalty Option to convert its 30% interest into a 2% net smelter royalty. No value has been assigned to this option given this is linked to the Bankable Feasibility Study being completed and the Decision to Mine being made.

During 2019 Legend farmed-out a portion of the Group's interest in E28/2190, E28/2191, E28/2675, E28/2676 and E28/2677 (collectively the Rockford JVA 2019 and Legend/IGO JVA 2019) for a free carry until mining joint venture for nil consideration in line with the Group's accounting policy, no gain or loss has been recognised on these farm-outs. The Group retains the following interest in the tenements:

- Rockford JVA 2019 – E28/2190 and E28/2191 – 10% free carried interest (previously 70% interest)
- Legend/IGO JVA 2019 – E28/2675, E28/2676 and E28/2677 – 30% free carried interest (previously 100% interest)

- (ii) The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

NOTE 13: TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
Current – unsecured		
Trade payables	582,959	230,464
Lease liability	39,357	67,234
	<u>622,316</u>	<u>297,698</u>
Non-Current		
Lease liability	16,377	13,704
	<u>16,377</u>	<u>13,704</u>

Terms and conditions relating to the above financial instruments

- (i) Trade payables are non-interest bearing and normally settled on 30 day terms.
- (ii) Other payables are non-interest bearing and normally settled as they fall due.
- (iii) There are no trade payables past due for payment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 14: EMPLOYEE BENEFITS PROVISIONS

	2020 \$	2019 \$
Current		
Employee benefits	170,154	195,148
Non-Current		
Employee benefits	129,469	108,258
Number of employees at year end	14	5

NOTE 15: CONTRIBUTED EQUITY

	2020 \$	2019 \$
Ordinary shares		
Issued and fully paid	72,479,184	60,711,242
55,555,555 Creasy JVA	-	2,000,000
272,222,222 IGO Limited	-	9,800,000
142,857,143 raised via Euroz	20,000,000	-
6,534,800 raised by exercising of options		
• 10,000,000 Musgrave options	400,000	-
• 3,250,000 ESOP options	134,800	-
• 150,000,000 Creasy options	6,000,000	-
Capital raising costs (net of tax)	(640,923)	(32,058)
	<u>98,373,061</u>	<u>72,479,184</u>

Movement in ordinary shares on issue 2020

	No.	\$
At 1 January 2020	2,372,128,578	72,479,184
142,857,143 share via Euroz	142,857,143	20,000,000
163,250,000 exercising of options	163,250,000	6,534,800
Capital raising costs	-	(640,923)
At 31 December 2020	<u>2,678,235,721</u>	<u>98,373,061</u>

Movement in ordinary shares on issue 2019

	No.	\$
At 1 January 2019	2,044,350,801	60,711,242
55,555,555 Shares issued for tenement acquisition	55,555,555	2,000,000
272,222,222 IGO Limited	272,222,222	9,800,000
Capital raising costs	-	(32,058)
At 31 December 2019	<u>2,372,128,578</u>	<u>72,479,184</u>

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

NOTE 16: RESERVES

	Share option premium reserve \$
Movement in reserves	
At 1 January 2020	23,615,178
Options issued to employees (refer note 18)	236,621
At 31 December 2020	<u>23,851,799</u>
At 1 January 2019	23,268,278
Options issued to employees(refer note 18)	211,900
Contingent shares issued for tenement acquisition (refer note 12 (i))	135,000
At 31 December 2019	<u>23,615,178</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 16: RESERVES (CONT)

Share option premium reserve

The share option premium reserve is used to record the value of share based payments provided to employees, directors and contractors, as part of their remuneration and contingent share issues as part of the acquisition of tenements.

On 10 August 2020, 7,000,000 zero exercise priced options expiring on 10 August 2025 issued under the Company's Employee Incentive Plan Rules approved at the 2020 AGM (ESOP) (note 18 (a)).

NOTE 17: SHARE OPTIONS

	Number	Exercise price cents per share
2020		
Unlisted options – Expiry date 23 September 2020		
At 1 January 2020	150,000,000	4 cents
Exercised 21 September 2020	(150,000,000)	
At 31 December 2020	-	
Unlisted options – Expiry date 30 March 2021		
At 1 January 2020	88,000,000	4 cents
Exercised 17 April 2020	(10,000,000)	
Exercised 3 August 2020	(3,100,000)	
At 31 December 2020	74,900,000	
Unlisted options – Expiry date 11 July 2022		
At 1 January 2020	102,217,540	7.2 cents
At 31 December 2020	102,217,540	
Unlisted options – Expiry date 30 September 2022		
At 1 January 2020	46,893,571	7.2 cents
Exercised 21 September 2020	(150,000)	
At 31 December 2020	46,743,571	
Unlisted zero exercise price options – Expiry date 10 August 2025 subject to vesting criteria (see Note 18)		
At 1 January 2020	-	Zero cents
Granted on 10 August 2020	7,000,000	
Exercised	-	
Vested	-	
At 31 December 2020	7,000,000	
2019		
Unlisted options – Expiry date 23 September 2020		
At 1 January 2019	150,000,000	4 cents
At 31 December 2019	150,000,000	
Unlisted options – Expiry date 30 March 2021		
At 1 January 2019	88,000,000	4 cents
At 31 December 2019	88,000,000	
Unlisted options – Expiry date 11 July 2022		
At 1 January 2019	-	
Issued during the year	102,217,540	7.2 cents
At 31 December 2019	102,217,540	
Unlisted options – Expiry date 30 September 2022		
At 1 January 2019	-	
Issued during the year	46,893,571	7.2 cents
At 31 December 2019	46,893,571	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 18: SHARE BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

During the 2020 year there were 7,000,000 options issued (2019: 13,000,000).

On 10 August 2020, pursuant to exception 12 of ASX Listing Rule 10.12, 7 million zero exercise price options expiring on 10 August 2025 issued under the Company's Employee Incentive Plan Rules approved at the 2020 AGM (ESOP) to Mr Oliver Kiddie, (subject to Mr Kiddie remaining in employment during the relevant vesting period) as follows:

- 1,500,000 zero exercise price options vesting 12 months after they are issued (Incentive Options Class A);
- 1,500,000 zero exercise price options vesting 24 months after they are issued (Incentive Options Class B); and
- 4,000,000 zero exercise price options vesting when the 20 day VWAP of share is greater than the Vesting Price of 28 cents per share for a minimum period of 20 continuous ASX trading days during the life of the zero exercise price options, and other terms and conditions determined by the Company's ESOP (Incentive Options Class C).

The fair values of the 1,500,000 Incentive Options Class A and 1,500,000 Incentive Options Class B, were calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	Incentive Option Class A	Incentive Options Class B
Exercise price (cents)	0.0	0.0
Life of the option (years)	5.0	5.0
Share price on grant date (cents)	.1350	.1350
Expected share price volatility	80%	80%
Risk free interest rate	.4259	.4259
Fair value at measurement date	.1350	.1350

The fair values of the 4,000,000 Incentive Options Class C, were calculated by using the Monte Carlo Valuation Model applying the following inputs:

	Incentive-Options Class C
Exercise price (cents)	0.0
Life of the option (years)	5.0
Share price on grant date (cents)	.1350
Expected share price volatility	80%
Risk free interest rate	.4259%
Fair value at measurement date	.1135

In 2019, 13,000,000 incentive options with an exercise price of 7.2 cents and expiring on 30 September 2022 were issued to employees and contractors under the Company's Employee Share Option Plan. The fair value of the incentive options granted at the grant date was 0.0163 cents, for a total value of \$211,900 included within share based payments expense.

The fair values of these 13,000,000 incentive options were calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	Incentive Options
Exercise price (cents)	7.2
Life of the option (years)	3.0
Underlying share price (cents)	4.6
Expected share price volatility	75.0%
Risk free interest rate	0.68%

(b) Types of share-based payment plans

Employee Share Option Plan, 'ESOP'

Share options are granted to Eligible Persons in the absolute discretion of the Board. Eligible Persons are determined by the Board after taking into account the following considerations:

- the seniority of the Eligible Person and the position the Eligible Person occupies within the Group;
- the length of service of the Eligible Person with the Group;
- the record of employment of the Eligible Person with the Group;
- the contractual history of the Eligible Person with the Group;
- the potential contribution of the Eligible Person to the growth of the Group;
- the extent (if any) of the existing participation of the Eligible Person in the Plan; and
- any other matters which the Board considers relevant.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 18. SHARE BASED PAYMENT PLAN (CONTD)

The Board has in place an Employee Share Option Plan (ESOP) allowing share options to be issued to eligible employees in order to provide them with an incentive to provide growth and value to all shareholders.

At the 2020 Annual General Meeting (AGM) on 14 May 2020 shareholders approved the implementation of the current ESOP. A summary of the current ESOP was included in the 2020 Notice of AGM.

(c) Summaries of options granted

ESOP: The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2020 No.	2020 WAEP (\$)	2019 No.	2019 WAEP (\$)
Outstanding balance at the beginning of the year	91,000,000	0.045	78,000,000	0.040
Granted during the year (see Note 16)	7,000,000	-	13,000,000	0.072
Exercised during the year (i), (ii)	(3,250,000)	0.042	-	-
Expired/lapsed during the year	-	-	-	-
Outstanding at the end of the year	94,750,000	0.041	91,000,000	0.045
Exercisable at the end of the year	87,750,000	0.045	91,000,000	0.045
Unvested at the end of the year	7,000,000	-	-	-

Other Options: The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2020 No.	2020 WAEP	2019 No.	2019 WAEP
Outstanding balance at the beginning of the year	296,111,111	0.055	160,000,000	0.040
Granted during the year	-	-	136,111,111	0.072
Exercised during the year (iii), (iv)	160,000,000	0.040	-	-
Expired/lapsed during the year	-	-	-	-
Outstanding at the end of the year	136,111,111	0.072	296,111,111	0.055
Exercisable at the end of the year	136,111,111	0.072	296,111,111	0.055

The following options were exercised during the year:

- (i) 3,100,000 ESOP options over ordinary shares with an exercise price of \$0.04 each, exercisable immediately and expiring on 30 March 2021;
- (ii) 150,000 ESOP options over ordinary shares with an exercise price of \$0.072 each, exercisable immediately and expiring on 30 September 2022;
- (iii) 150,000,000 Other Options over ordinary shares with an exercise price of \$0.04 each, exercisable immediately and expiring on 30 September 2020;
- (iv) 10,000,000 Other Options over ordinary shares with an exercise price of \$0.04 each, exercisable immediately and expiring on 30 March 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 19: RELATED PARTIES

(i) Wholly owned group transactions

Loans made by Legend Mining Limited to wholly owned subsidiaries are repayable on demand and are not interest bearing.

(ii) Other related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(iii) Ultimate parent

Legend Mining Limited is the ultimate parent company.

(iv) Compensation of key management personnel of the Group

	2020 \$	2019 \$
Short-term employee benefits	690,519	648,616
Long term benefits	15,806	9,000
Post-employment benefits	61,985	50,800
Share-based payments expense	236,621	-
Total compensation paid to Key Management Personnel	1,004,931	708,415

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

NOTE 20: CASH FLOW INFORMATION

(i) Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2020 \$	2019 \$
Cash on hand		500	500
Cash at bank		2,190,646	633,387
Deposits at call		23,000,000	9,500,000
	8	25,191,146	10,133,887

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

Net loss after tax	(1,062,610)	(401,801)
Net loss on disposal of property, plant & equipment	1,649	678
Depreciation	4,651	2,574
Depreciation – Lease	59,994	48,413
Interest expense capitalised to deferred exploration	(838)	(1,439)
Share-based payments expense	236,621	211,900
Fair value (gain)/loss on investments	23,094	(30,994)
Impairment of Jindal receivables	-	(250,000)
Deferred exploration expenses	(11,710)	700
Movement in provisions and other	(3,783)	41,483
Income Tax Expense	219,426	-
	(533,506)	(378,486)
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in receivables	267,813	(17,216)
Increase/(decrease) in payables	375,902	(224,249)
Net cash from/(used) in operating activities	110,209	(619,951)

Non-cash financing and investing activities

Other than listed above there were no other non-cash financing or investing activities during the 2020 or 2019 years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 21: COMMITMENTS

(a) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay approximately \$2,333,000 (2019: \$2,207,500) in the following twelve months in respect of tenement lease rentals and to meet minimum expenditure requirements of the Department of Industry & Resources. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

NOTE 22: INVESTMENTS IN CONTROLLED ENTITIES

Details of subsidiaries

Set out below are the Group's subsidiaries at 31 December 2020 and 31 December 2019. All the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, and the proportion of ownership interests held equals to the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Place of Business / Country of Incorporation	Ownership Interest Held by the Group		Ownership Interest Held by Non-Controlling Interests	
		2020 %	2019 %	2020 %	2019 %
Legend Cameroon Pty Ltd	Australia	100	100	-	-

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE

The Group's principal financial instruments comprise cash and short-term deposits, receivables and investments held for trading.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arise from the Group's financial instruments are interest rate risks, liquidity risk, credit risk and equity price risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Fair value interest risk

The Group's exposure to fair value interest risk is minimal.

Commodity price risk

The Group's exposure to price risk is minimal as the group is still in an exploration phase and has no revenues from mining.

Credit risk

The Group trades only with recognised, creditworthy third parties.

The only significant concentration of credit risk within the Group is the loan receivable from Jindal. Exposure to credit risk is managed through regular analysis of Jindal's ability and willingness to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure. The Group has provided for all of the \$2,000,000 receivable from Jindal (see note 9 for full details on this impairment). No collateral is held as security.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Group trades with investment grade institutions with a credit rating of AA-.

Since the Group only trades with recognised third parties, there is no requirement for collateral.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (CONTD)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a mixture of long and short term debt.

Equity price risk

Equity price risk is the risk that changes in equity prices will affect the fair value of the Group's holdings of financial instruments. The objective of equity price risk management is to manage and control the risk within acceptable parameters, while optimising the return.

To minimise the risk the Group's investments are of high quality and are publicly traded on the ASX. The investments are managed on a day to day basis so as to pick up any significant adjustments to market prices.

(a) Interest Rate Risk

The consolidated entity's exposure to cash flow interest rate risk is as follows:

2020	Weighted Average Interest Rate	Floating Interest \$	Fixed Interest \$	Non-Interest Bearing \$	Total \$
Financial assets:					
Cash and cash equivalents	1.84%	2,190,646	23,000,000	500	25,191,146
Other financial assets		-	55,775	-	55,775
		<u>2,190,646</u>	<u>23,055,775</u>	<u>500</u>	<u>25,246,921</u>
2019					
Financial assets:					
Cash and cash equivalents	3.40%	633,387	9,500,000	500	10,133,887
Other financial assets		-	55,775	-	55,775
		<u>633,387</u>	<u>9,555,775</u>	<u>500</u>	<u>10,189,662</u>

The maturity date for all financial instruments included in the above tables is 1 year or less from balance date.

A change of 50 basis points in interest rates would result in a net gain/loss before taxation of \$142,575(2019: \$67,289). This is based on the interest bearing financial assets as detailed above.

(b) Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount	
		2020 \$	2019 \$
Cash and cash equivalents	8	25,191,146	10,133,887
Trade and other receivables	9	2,707,333	333,471
Rental Bond/Security bond	10	55,775	55,775
		<u>27,954,254</u>	<u>10,523,133</u>

Except for the amount receivable from Jindal, all other trade and other receivables are current, apart from the rental bond \$5,775 (2019: \$5,775) and have not been impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (CONTD)

(c) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2020	Carrying Amount	Contractual cash flows	6 mths or less
Non-derivative financial liabilities			
Trade and other payables	582,959	582,959	582,959
Lease liability	55,734	55,734	55,734
	<u>638,693</u>	<u>638,693</u>	<u>638,693</u>
31 December 2019	Carrying Amount	Contractual cash flows	6 mths or less
Non-derivative financial liabilities			
Trade and other payables	230,464	230,464	230,464
Lease liability	80,938	80,938	80,938
	<u>311,402</u>	<u>311,402</u>	<u>311,402</u>

(d) Net Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	31 December 2020		31 December 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Held for trading financial assets	-	-	98,273	98,273
Cash and cash equivalents	25,191,146	25,191,146	10,133,887	10,133,887
Security bond	55,775	55,775	55,775	55,775
Trade and other receivables	108,939	108,939	333,471	333,471
Trade and other payables	(582,959)	(582,959)	(230,464)	(230,464)
Lease liability	(55,734)	(55,734)	(80,938)	(80,938)
	<u>24,717,167</u>	<u>24,717,167</u>	<u>10,310,004</u>	<u>10,310,004</u>

NOTE 24: FAIR VALUES

Management assessed that cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of the quoted equity instruments is based on price quotations at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 25: INFORMATION RELATING TO LEGEND MINING LIMITED ("THE PARENT ENTITY")

	2020	2019
	\$	\$
Current assets	27,948,479	10,615,631
Total assets	50,840,675	25,410,001
Current liabilities	792,470	492,846
Total liabilities	977,594	614,808
Net assets	49,863,081	24,795,193
Contributed equity	98,373,061	72,479,184
Accumulated losses	(72,361,779)	(71,299,169)
Share option premium reserve	23,851,799	23,615,178
	49,863,081	24,795,193
Loss of the parent entity after tax	(1,062,610)	(401,801)
Total comprehensive loss of the parent entity	(1,062,610)	(401,801)

There have been no guarantees entered into by the Parent Entity in relation to any debts of its subsidiaries.

The Parent has no contingent liabilities as at date of this report.

The Parent Entity has no contractual commitments for the acquisition of property, plant or equipment.

NOTE 26: AUDITOR'S REMUNERATION

The auditor of Legend Mining Limited is Ernst & Young Australia.

	Consolidated	
	2020	2019
	\$	\$
<i>Amounts received or due and receivable by Ernst & Young Australia for:</i>		
- An audit or review of the financial report of the entity and any other entity in the consolidated group	36,539	31,731
	36,539	31,731

NOTE 27: CONTINGENT LIABILITIES

There are no contingent liabilities at the date of this report.

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

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

NOTE 28: EVENTS AFTER THE BALANCE SHEET DATE

On 3 March 2021, 74,900,000 4 cent 30 March 2021 and 2,000,000 7.2 cent 30 September 2022 unlisted options were exercised. This exercise of options added \$3.14M to the Company's cash at bank.

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

NOTE 29: DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed this financial year. There are no franking credits available for future reporting periods.

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes on pages 28-54, and the remuneration disclosures that are contained in the Remuneration report in the Directors report pages 21-27, of the consolidated entity, are in accordance with the Corporations Act 2001, including;
 - i Giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
 - ii Complying with Australian Accounting Standards' and the Corporations Regulations 2001; and
 - iii The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2020.

On behalf of the Board.



Mark Wilson
Managing Director

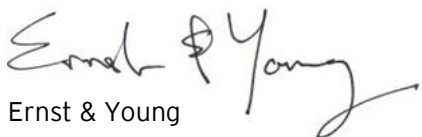
Dated this 19th day of March 2021

Auditor's independence declaration to the directors of Legend Mining Limited

As lead auditor for the audit of the financial report of Legend Mining Limited for the financial year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Legend Mining Limited and the entities it controlled during the financial year.



Ernst & Young



Darryn Hall
Partner
19 March 2021

Independent auditor's report to the members of Legend Mining Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Legend Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020 the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Accounting for and carrying value assessment of deferred exploration costs

Why significant	How our audit addressed the key audit matter
disclosed in Note 12 of the financial report, at 31 December 2020 the Group recognised deferred exploration and evaluation expenditure asset of \$22.3 million, predominantly related to its Rockford Project exploration tenements. Included in deferred exploration and evaluation expenditure, and treated as a reduction in the amount capitalised, is research and development (R&D) tax incentive benefits received in respect of deferred exploration and evaluation expenditure of \$2.6 million. The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require deferred exploration and evaluation expenditure to be assessed for impairment, involves a number of judgements, including assessing the intention of the Group to carry out significant exploration and evaluation activity in the near future, and, whether there is sufficient information available to conclude that the area of interest is not commercially viable. Due to the size of the deferred exploration and evaluation expenditure asset relative to the Group's total assets and the judgement involved in assessing whether indicators of impairment exist at 31 December 2020, this was a key audit matter. Refer to Note 2 Significant accounting policies to the financial report for accounting policies in relation to exploration and evaluation assets and Note 12 Deferred exploration costs for the amounts held on the Statement of financial position by the Group as at 31 December 2020 and related disclosure.	We evaluated the Group's assessment of the carrying value of exploration and evaluation assets. In obtaining sufficient audit evidence, we: ▶ Considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements and extension of term applications ▶ Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included assessment of the Group's cash-flow forecast models, enquiries with senior management and Directors as to the intentions and strategy of the Group ▶ Assessed the carrying value of intangible assets where recent exploration activity in a given exploration license provided negative indicators as to the recoverability of other intangible costs that remain capitalised ▶ Assessed the ability to finance any planned future exploration and evaluation activity ▶ Assessed the work of management's external expert in measuring and preparing the Group's R&D tax incentive claims and engaged our own tax specialists to review the form and nature of the claim submitted; and agreed the receipt of R&D tax incentive claims monies by the Group to supporting documentation ▶ Assessed the adequacy of the disclosure included in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

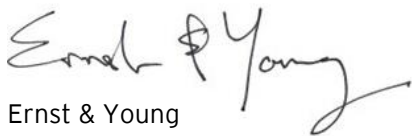
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 26 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Legend Mining Limited for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



Ernst & Young



Darryn Hall
Partner
Perth
19 March 2021

SHAREHOLDER INFORMATION

For the year ended 31 December 2020

SHAREHOLDER INFORMATION AT 12 MARCH 2021

The issued capital of the company is **2,755,135,721** ordinary fully paid shares.

Distribution of Share Holders

Fully Paid Shares	Shares	Holders
1 – 1,000	28,569	130
1,001 – 5,000	2,967,562	752
5,001 – 10,000	10,139,939	1,240
10,001 – 100,000	149,540,180	3,583
100,001 and over	2,592,459,471	1,513
Total	2,755,135,721	7,218
<i>Number of holdings less than a marketable parcel</i>	1,187,662	493

Top 20 Shareholders

Name	Shares	% of Units
CREASY GROUP	823,153,914	29.88
IGO LIMITED	356,578,323	12.94
WILSON GROUP	169,748,200	6.16
BAILEY GROUP	148,652,091	5.4
HSBC CUSTODY NOMINESS (AUSTRALIA)LIMITED	77,076,384	2.8
MR PLATON CONSTANTINE MANIOTIS	25,000,000	0.91
MR MATTHEW MCLEISH	24,000,000	0.87
THREE CHEEKY MONKEYS HOLDINGS PTY LTD	19,404,000	0.7
PHH PTY LIMITED	17,800,000	0.65
ATKINS GROUP	17,108,334	0.62
CITICORP NOMINEES PTY LIMITED	14,994,509	0.54
WATERFIELD GROUP	14,100,000	0.51
NINO CONSTRUCTIONS PTY LTD	13,161,547	0.48
MUSGRAVE MINERALS LIMITED	12,500,000	0.45
BNP PARIBAS NOMINEES PTY LTD	11,685,697	0.42
MICHAELMAS ISLAND PTY LTD	11,216,945	0.41
LISTOGA PTY LTD	10,000,000	0.36
MATTHEW & KIM LI HOWARD SUPERANNUATION PTY LTD	9,455,844	0.34
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,071,915	0.33
MR THOMAS BENJAMIN WILSON	9,000,000	0.33
TOTAL	1,793,707,703	65.1

Substantial shareholders

Name	Shares	% of Units
CREASY GROUP	823,153,914	29.88
IGO LIMITED	356,578,323	12.94
WILSON GROUP	169,748,200	6.16
BAILEY GROUP	148,652,091	5.4

Unlisted Option holders

Class of options	Options	Holders
11 July 2022 exercisable at 7.2 cents per share	102,217,540	1
30 September 2022 exercisable at 7.2 cents per share	44,743,571	4
10 August 2025 zero exercise price subject to three relevant vesting periods	7,000,000	1

TENEMENT LISTING

For the year ended 31 December 2020

AUSTRALIA – FRASER RANGE – ROCKFORD PROJECT

Tenements held at 12 March 2021

Tenement	Status	Percentage Interest
E28/1716	Granted	70%
E28/1717	Granted	70%
E28/1718	Granted	70%
E28/1727	Granted	70%
E28/2188	Granted	70%
E28/2189	Granted	70%
E28/2190	Granted	10%
E28/2191	Granted	10%
E28/2192	Granted	70%
E28/2404	Granted	100%
E28/2405	Granted	100%
E28/2675	Granted	30%
E28/2676	Granted	30%
E28/2677	Granted	30%



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