

IRON ORE LIMITED

(ABN 31 125 010 353)

*Interim Financial Report
for the Six Month Period Ended
30 September 2016*

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DIRECTORS' REPORT

Your Directors present their report on Legacy Iron Ore Limited for the half-year ended 30 September 2016 ("Legacy Iron" or the "Company").

1. *DIRECTORS*

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

Dr Narendra Kumar Nanda (Non-Executive Chairman)
Mr Timothy Turner (Non-Executive Director)
Mr Devanathan Ramachandran (Non-Executive Director)
Mr Devinder Singh Ahluwalia (Non-Executive Director)
Dr Tanugula Rama Kishan Rao (Non-Executive Director)

2. *COMPANY SECRETARY*

Mr Ben Donovan holds the position of Company Secretary.

3. *REVIEW OF OPERATIONS*

CORPORATE

The Company is now in a good financial position with no debt, other than a finance lease on a motor vehicle and, as at 30 September 2016 the Company holds \$5,483,374 in cash and cash equivalents. The Company is aware of the difficult market conditions and the need for conserving the funds on hand. The Company is also actively pursuing for suitable opportunities for business development.

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)****EXPLORATION**

Legacy Iron is an active exploration company with a diverse portfolio of assets spanning iron ore, gold and base metals (Figure 1). The Company has a Joint Venture with Hawthorn Resources Ltd at the Mt Bevan Project, north of Kalgoorlie in Western Australia, where the Company is progressing early stage exploration for nickel-copper mineralisation, and also continuing to develop its magnetite project.

The Company also has significant landholdings in the Eastern Goldfields (Yilgarn) and East Kimberley districts of WA. In the Eastern Goldfields, the company holds tenements with a number of gold resources, whilst the Koongie Park project in the East Kimberley region has excellent potential to host VHMS basemetal – gold mineralisation.

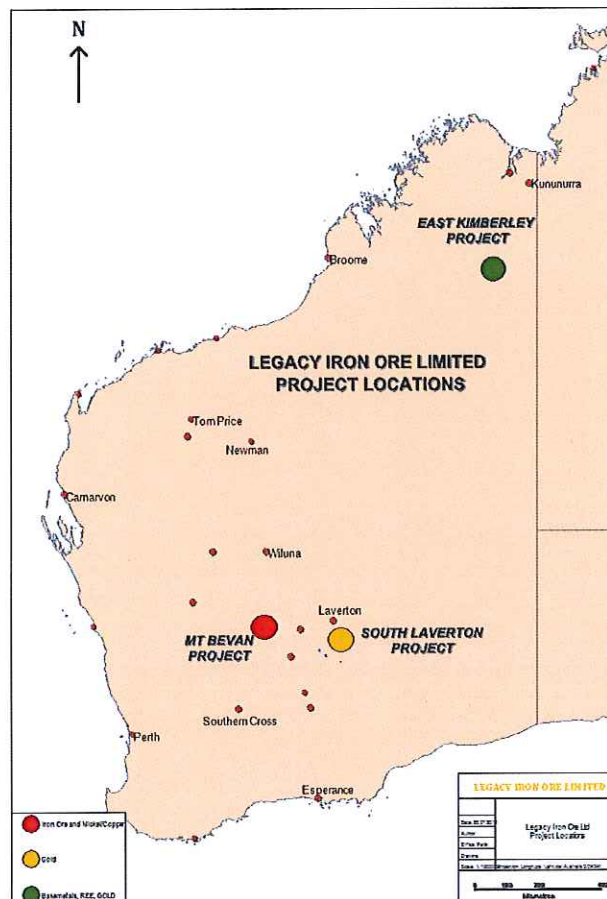


Figure 1: Legacy Iron – Project Locations

IRON ORE and NICKEL-COPPER**Mt Bevan Project**

Mt Bevan Project is a joint venture between Legacy Iron (60% interest) and Hawthorn Resources Limited (Hawthorn). The project is a large tenement which hosts 1170 Mt of magnetite resource @ 34.9% Fe (refer Table 1 below) as well as a great potential for discovery of nickel-copper mineralisation in northern most part of the tenement.

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)***Mt Bevan Iron Ore:*

Mt Bevan is considered to hold excellent potential for the definition of major magnetite resources located close to existing road, rail and port facilities. The project also has potential for DSO hematite discoveries.

Successful exploration and resource definition program carried out now underpins the potential for a large scale development at Mt Bevan (refer Table 1 below for the current resource estimate and Figure 2 for a representative cross section). Legacy Iron continues to work with its 40% JV partner, Hawthorn, regarding the scope, timing and funding of further phases for the project.

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

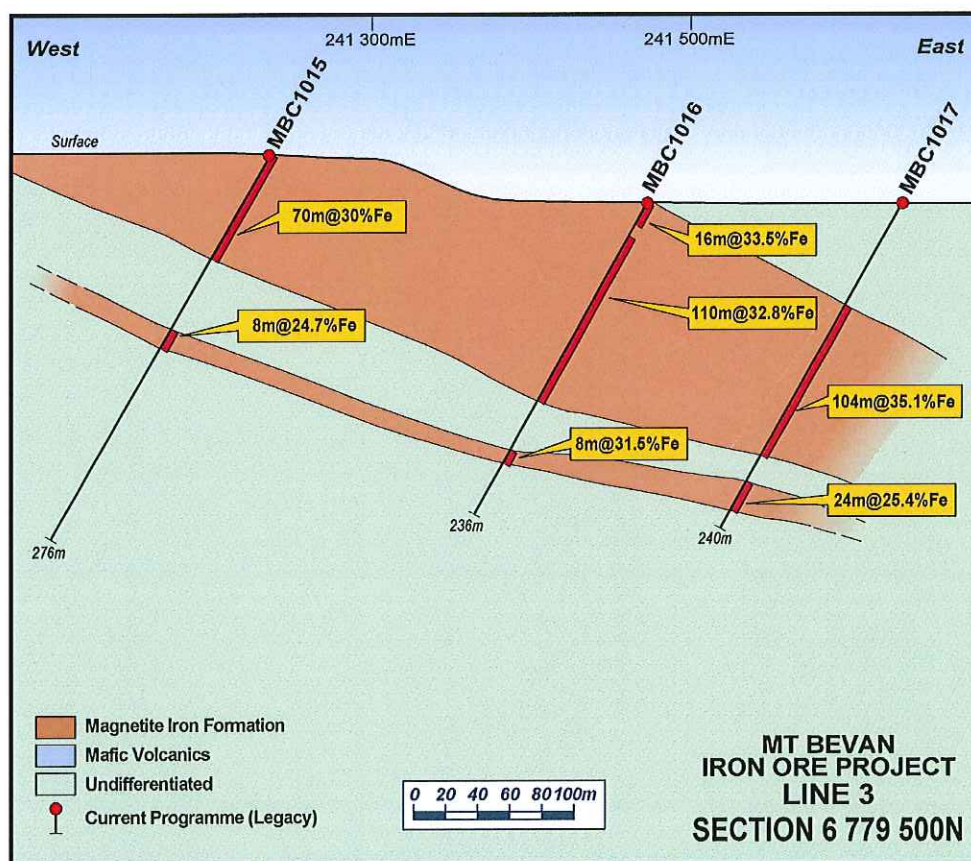


Figure 2: Drilling Cross Section - Lines 3

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

Mt Bevan Fresh BIF Resource (refer ASX announcement on 17 December 2013)											
Class	Material	Tonnes x 10 ⁶	Fe %	SiO ₂ %	Al ₂ O ₃ %	CaO %	P %	S %	LOI %	MgO %	Mn %
Indicated	<i>In situ</i> Total	322	34.7	46.2	0.57	1.35	0.054	0.131	-1.05	1.91	0.31
	<i>In situ</i> Magnetic*	44.18%	30.0	2.4	0.01	0.08	0.005	0.053	-1.38	0.05	0.01
	Concentrate	142	68.0	5.5	0.02	0.18	0.012	0.130	-3.12	0.12	0.03
Inferred	<i>In situ</i> Total	847	35.0	45.6	0.77	2.00	0.063	0.39	-1.15	1.77	0.04
	<i>In situ</i> Magnetic*	45.70%	30.8	2.8	0.01	0.06	0.004	0.042	-1.37	0.03	0.01
	Concentrate	387	67.5	5.9	0.03	0.14	0.009	0.096	-3.00	0.06	0.02
Total	<i>In situ</i> Total	1,170	34.9	45.8	0.71	1.82	0.060	0.137	-1.12	1.81	0.11
	<i>In situ</i> Magnetic*	45.28%	30.6	2.7	0.01	0.07	0.004	0.045	-1.37	0.03	0.01
	Concentrate	530	67.7	5.80	0.03	0.15	0.010	0.105	-3.03	0.07	0.02

Table 1: Mt Bevan Resource Estimate

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

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

There are still substantial areas of the Mezzo/Eastern BIF to be mapped and sampled. It is planned to continue the mapping/sampling program over the Eastern/Mezzo BIF.

Mt Bevan Nickel – Copper:

The Mt Bevan project is located immediately south and adjacent of St George Mining Limited's (ASX: SGQ) Mt Alexander Project tenement. St George has recently had significant success in identifying nickel-copper sulphide mineralisation at Cathedrals, Stricklands and Investigators along the Cathedrals Shear zone (Figure 3).

During this period, the joint venture completed a thorough prospectivity assessment for the nickel and copper mineralisation in the tenement. As a result, a number of early stage exploration targets were identified in the northern most part of the tenement which is located approximately 700m south of the Cathedral / Mount Alexander Prospect of St George Mining Limited (Figure 3). Also as an initial follow-up multiple geological traverses were made in the target area which had shown sufficient evidence to support additional exploration work to accurately interpret the mineralisation targets/geology for further work and drill testing. As a first step towards this, a detailed ground magnetic survey has also been completed over the initial area of interest (northern most part of the project) in month of June 2016.

A detailed interpretation of geology and structure from the ground magnetic survey was completed using the external consultant. The interpretation identified six different target zones in the project, which include three high priority targets, have significant potential to host nickel sulphide mineralization, based on their structural and geological setting and similarities to the adjoining Cathedrals fault. It is interpreted that this fault controls the mineralisation recently discovered by St Georges Mining Limited.

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

These targets have been discussed individually in table 2 and areas of high priority targets for follow-up has been outlined in Figure 4.

Specifically the target 1 area (MBT01) is centered around the most analogous fault to the Cathedrals fault, with a similar amount of demagnetization as well as the most similar length and direction. Targets MBT02 and MBT04 are also along the similar orientation to the Cathedrals fault and are more highly magnetic, which improves their prospectivity, as the nickel sulphide mineralisation can be magnetic.

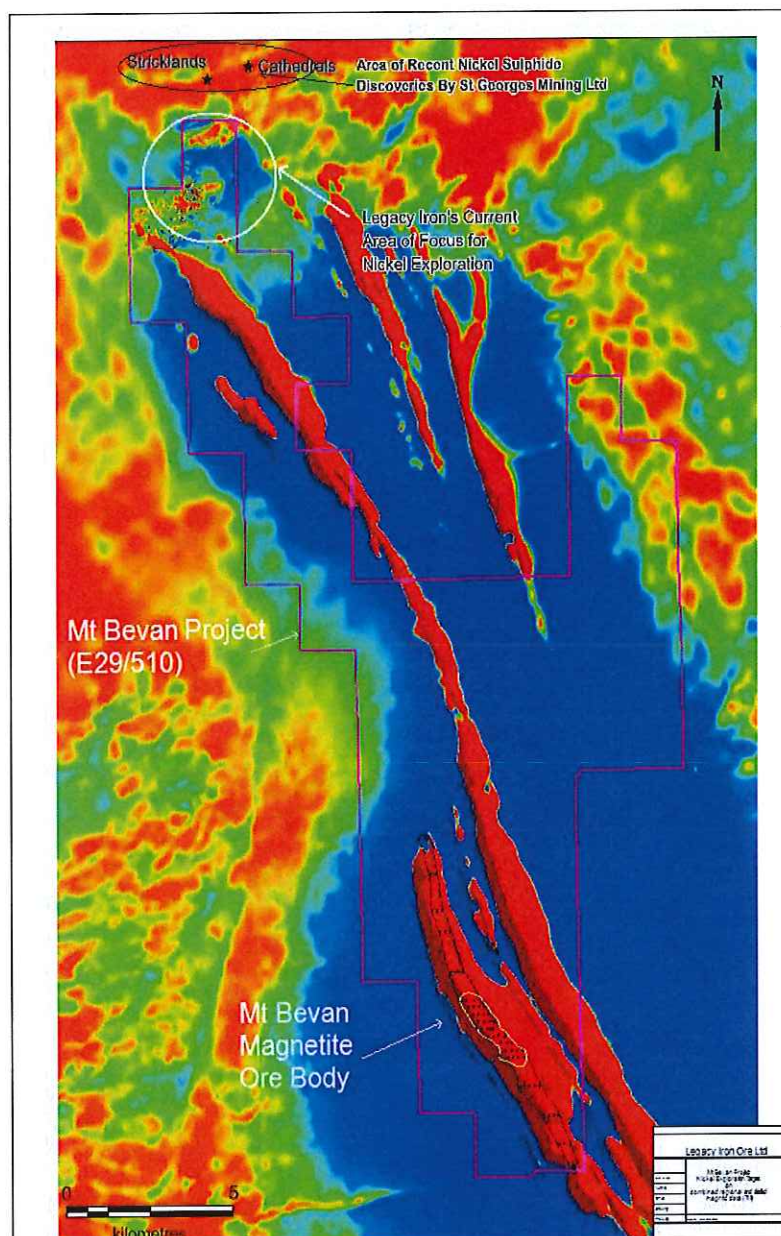


Figure 3: Mt Bevan Project – Airborne Magnetic data image (TMI) showing area of interest for the nickel sulphide exploration

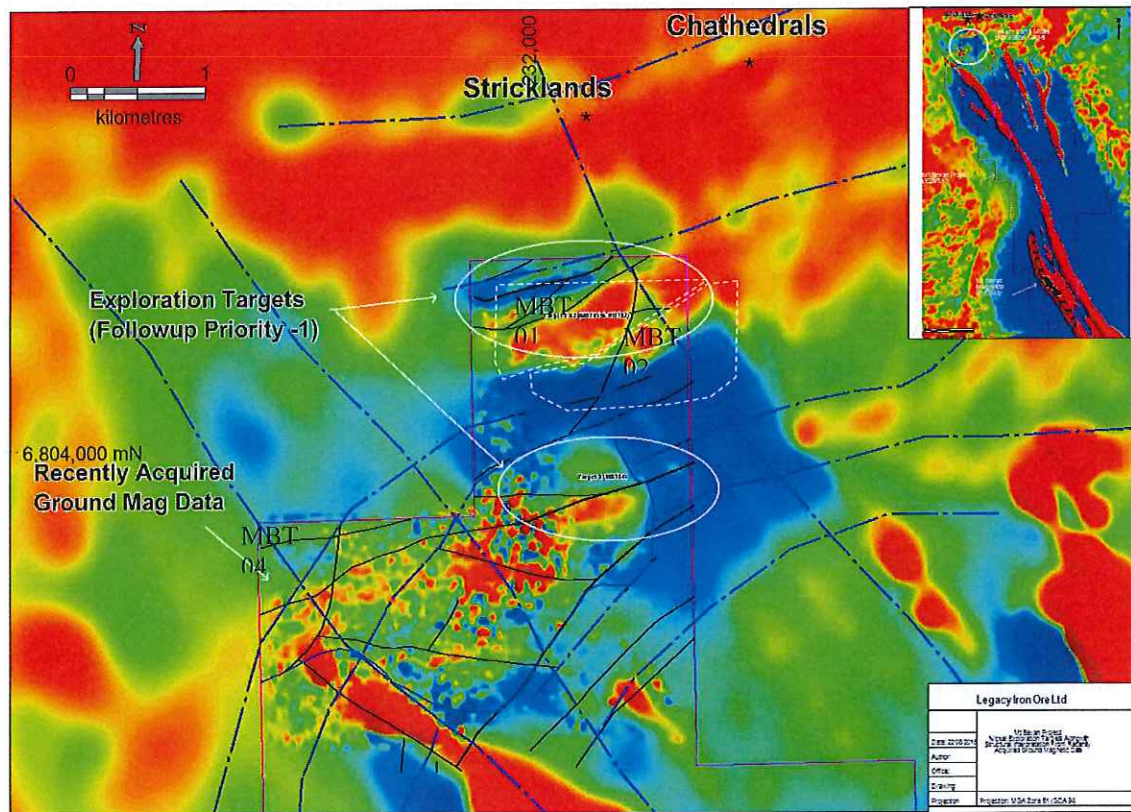
DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

Figure 4: Detailed structural interpretation on recently acquired ground magnetic data image (TMI)

The details of the six targets zones have been described in table 2 below:

Target Name	Priority	East (m)	North (m)	Description
MBT-01	High	232442	6805212	Demagnetisation along fault structure, of similar length and direction to the Cathedrals Fault and only 1km south of mineralisation at the Stricklands discovery.
MBT-02	High	232617	6805106	Moderate to highly magnetic units positioned between two faults (analogous to the Cathedrals Fault). Eastern end of target is likely to be a mixed amphibolite/ granite zone.
MBT-03	Medium	232539	6804307	Weakly magnetic zone, with analogous fault directions as the Cathedrals Fault.
MBT-04	High	232480	6803605	The eastern end of this target area shows clearly defined, broad, moderately magnetic bodies with a likely demagnetised fault inbetween. The western end of the target area has high amplitude shallow magnetic responses that might constitute a target or that may be a magnetic target masked by significant shallow laterite responses.
MBT-05	Medium	231814	6802734	High amplitude shallow magnetic response northwest of a major fault. The shallow magnetic responses that may constitute a target or simply be laterite related, or the laterite might be masking a deeper response.
MBT-06	Low	232592	6802508	Weakly magnetic zone southeast of major fault. Possible mixed granite and mafic zone.

Table 2: Target Zone details

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**Follow up Program

It is envisaged that following the strong indications for nickel mineralization, the Joint Venture parties will undertake additional exploration work on the high priority targets, including ground based electromagnetic (EM) survey and follow up by drill testing for high priority targets.

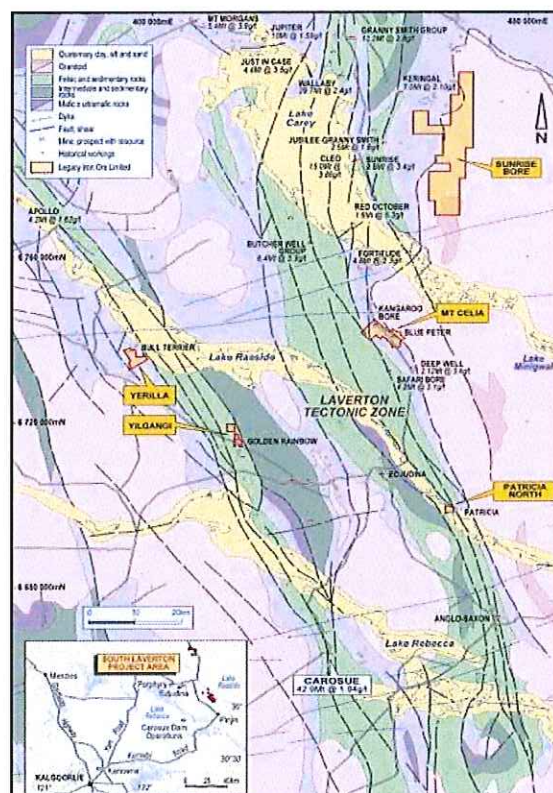
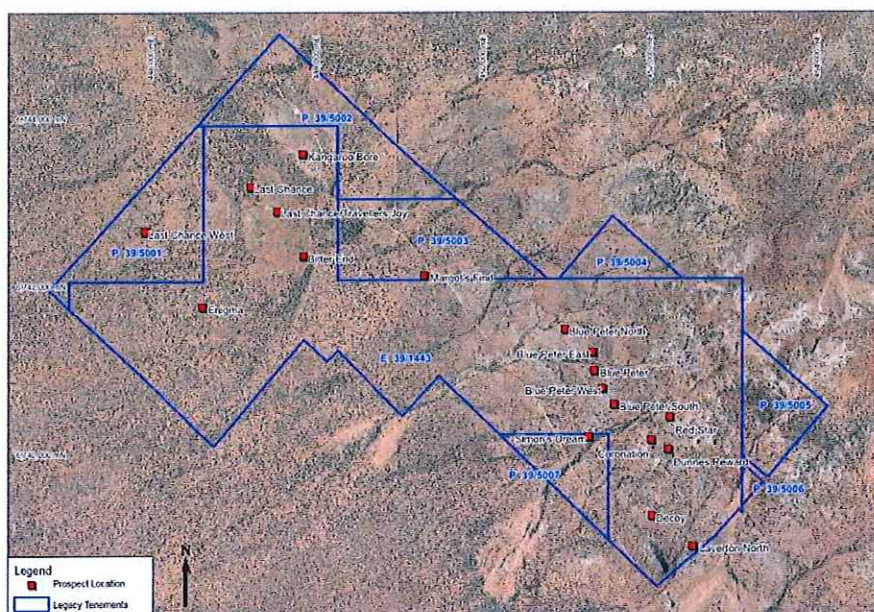
GOLD**South Laverton Gold Project****Mt Celia Project**

Figure 5: South Laverton Gold Project – Mt Celia

The Mt Celia Project lies within the Laverton Tectonic Zone some 40km south of the Sunrise Dam gold mine (8Moz gold resource), as shown in Figure 5.

The Project currently contains two JORC compliant gold resources, being the Kangaroo Bore - Inferred resource of 46,000oz gold (1.04Mt @ 1.4g/t gold using a 0.7g/t cut-off), and Blue Peter - Inferred resource of 30,554oz gold (239,232t @ 3.97g/t gold using a 1.0g/t cut-off) – refer ASX announcement on 15 Dec 2010.

3. REVIEW OF OPERATIONS (continued)



A 1,960 metre RC drilling (15 drill holes) program has recently been successfully completed with the aim to upgrade and expand the company's known gold resources. The drilling was targeted on the Blue Peter and Coronation prospects where previous drilling program produced numerous high grade gold intersections over a strike length of approximately 790m and 250m respectively (Refer to ASX announcement dated 2 September 2010). Drill holes in this program were positioned to confirm the continuity of mineralisation at depth, along strike and down dip of mineralisation at both the prospects.

The results have returned with multiple high-grade intersections which include (ASX Announcement 7 Oct 2016) –

- 8m @ 5.32g/t Au incl. 2m @11.9g/t from 78m to 86m in BPC096
- 8m @ 7.22g/t Au incl. 2m @20.1g/t from 108m to 118m in BPC103
- 4m @ 3.35g/t Au incl. 2m @5.24g/t from 112m to 116m in BPC098
- 4m @3.24g/t Au incl. 2m @4.08g/t from 100m to 104m in BPC104
- 2m @6.60g/t Au from 160m to 162m in BPC 097

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

Following figure shows the location latest drill holes along with historical drilling –

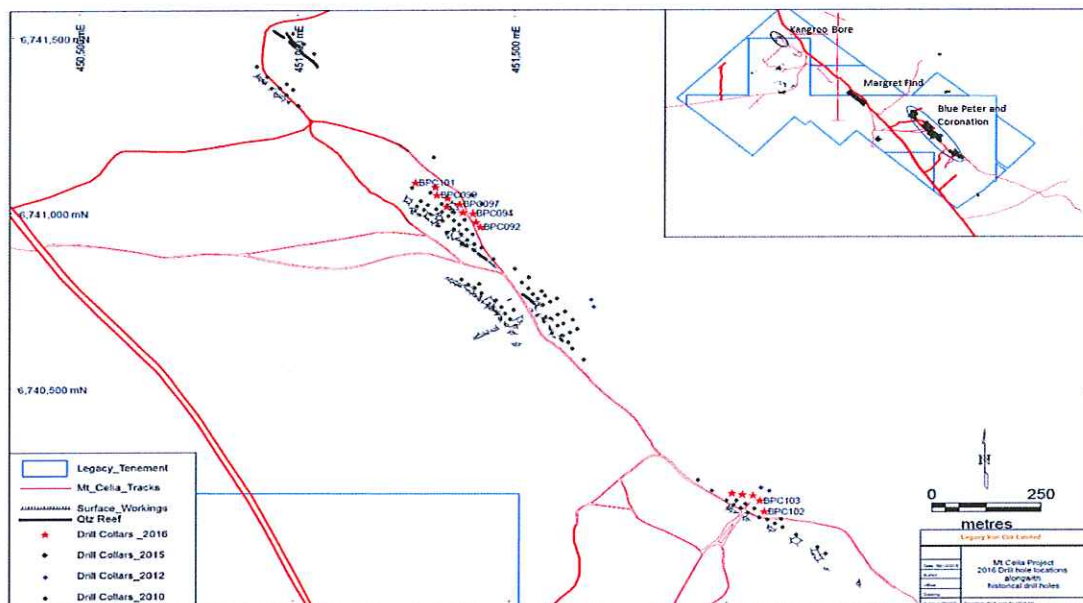


Figure 7: Blue Peter & Coronation Prospect – August 2016 Drill hole location along with historical drilling.

Details of the significant intersections (Au>1.0g/t) from the current round of drilling is shown in the table below –

Hole ID	Northing	Easting	Dip	Azimuth	RL	Depth in metre		End of Hole	Au in g/t	Comments
						From	To			
BPC092	6740966	451427	-60	220	411	90	92	120	1.18	2m at 1.18
BPC093	6740980	451416	-60	220	410	98	100	126	1.18	2m at 1.18
BPC094	6741005	451410	-60	220	417	134	136	156	4.12	2m at 4.12
BPC095	6741008	451387	-60	220	416	86	88	120	1.54	2m at 1.5
BPC096	6741024	451350	-60	220	420	78	80	100	11.9	8m at 5.32 ; includes 2m at 11.9
BPC096						80	82		5.99	
BPC096						82	84		2.25	
BPC096						84	86		1.14	
BPC097	6741031	451379	-60	220	421	156	158	180	4.58	2m at 4.58
BPC097	6741031	451379	-60	220		160	162	180	6.6	2m at 6.6
BPC098	6741048	451351	-60	220	420	112	114	144	5.24	4m at 3.35
BPC098						114	116		1.47	
BPC099	6741057	451327	-60	220	420	94	96	126	1.33	8m at 1.51
BPC099						96	98		1.91	
BPC099						98	100		1.37	
BPC099						100	102		1.43	
BPC101	6741092	451277	-60	220	421	78	80	126	3.69	2m at 3.69
BPC102	6740159	452085	-60	215	433	68	70	108	4.17	2m at 4.17
BPC103	6740190	452075	-60	215	430	108	110	138	5.04	8m at 7.22; includes 2m at 20.1
BPC103						110	112		1.89	
BPC103						112	114		1.87	
BPC103						116	118		20.1	
BPC104	6740205	452057	-60	215	430	100	102	132	4.08	6m at 2.56; includes 4m at 3.24
BPC104						102	104		2.41	
BPC104						104	106		1.21	
BPC105	6740207	452033	-60	215	431	78	80	114	2.45	2m at 2.45
BPC106	6740206	452005	-60	215	434	56	58	102	1.01	2m at 1.01

Table 3: Table showing all the intersections of gold mineralisation with gold assay more than 1.0g/t (refer ASX Announcement from 7 Oct 2016)

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

This RC drilling program was focused on the Blue Peter shear system containing several small historic gold workings (Figures 6 and 7). The shear system extends over a distance of at least 2 kilometres, and consists of single, parallel or en echelon quartz filled shears within mafic and lesser ultramafic lithologies, that flank an eastern granitoid.

This geometry coupled with the widespread gold dry blowings is favourable for a bulk tonnage gold potential for the system.

Future Plan:

- Next step for the project is to update the geology and resource model which is likely to increase the resource estimate for the project.
- Additionally complete the current year's phase two drilling program in some of the areas in the project.

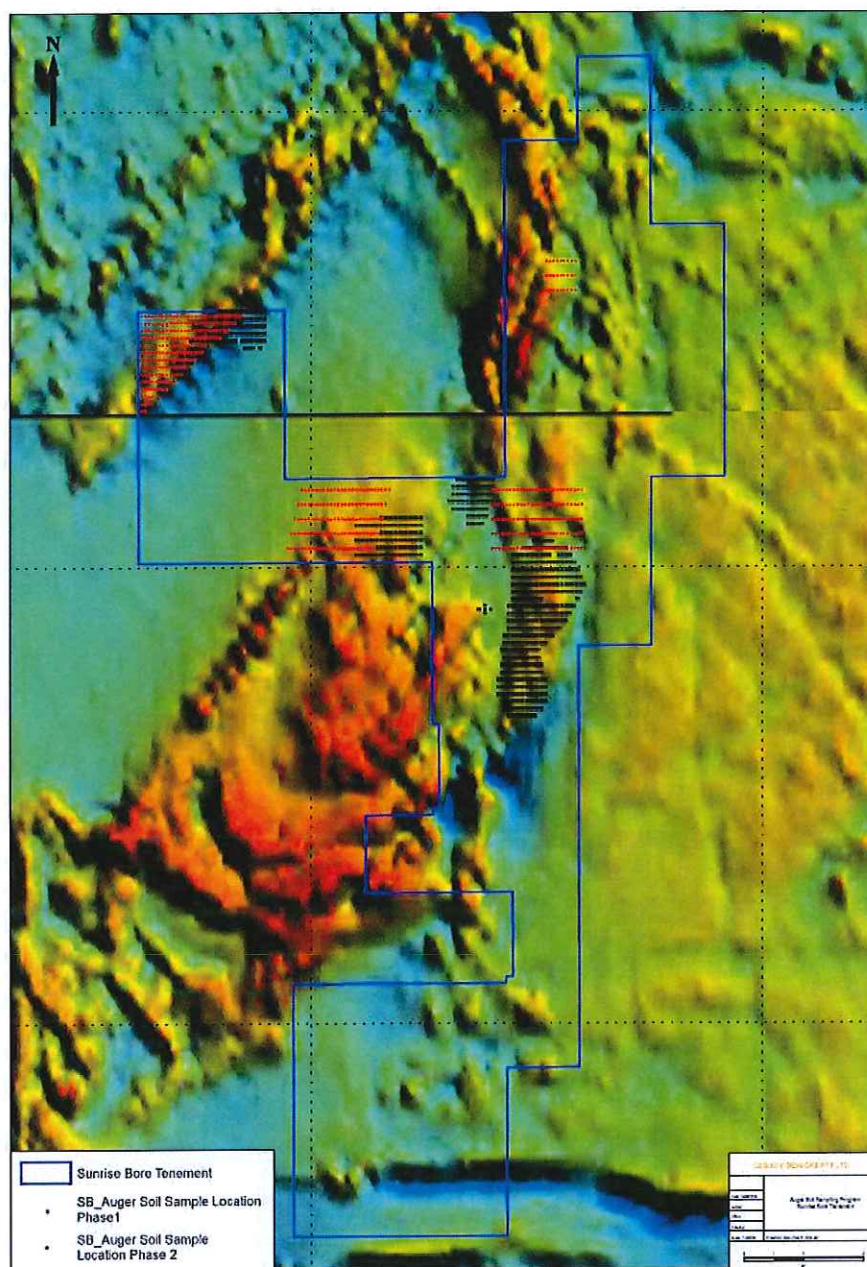
Sunrise Bore Project

The Sunrise Bore project lies some 12 km east of the world class Sunrise Dam gold mine operated by AngloGold Ashanti.

The results second phase of the auger soil geochemical sampling program were received during this period. Phase 2 consisted of 621 auger soil samples designed to cover a number of priority target shear zones, several of which are associated with gold anomalism noted in the reconnaissance field work. These were in addition to the 496 samples taken during Phase 1 (see ASX announcement dated 28 April 2016).

In this round of auger sampling (June 2016), samples were collected over five different target areas which included 78 infill samples across the low order anomalies identified from phase 1 round of sampling (figure 8).

The majority of the samples were collected over a broadly spaced grid (160mx80m), in order to facilitate the coverage of a larger area of the newly identified targets.

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)****Figure 8: Sunrise Bore sample locations**

Results of the phase 2 round of sampling returned with a peak Au value of 169ppb, while this is not an extremely high value but it is higher than that the background gold (Au) values (figure 9). A number of areas contained results between 24ppb to 169ppb and provide encouragement for the Company to follow up with close spaced soil sampling, ground geophysics and drill testing depending on the continued encouragement from the follow-up work.

The samples returned (being over 24ppb) are shown in Table 4 below (ASX announcement 18 August 2016):

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

Sample ID	Easting	Northing	Au in PPB
SBA0903	464620	6787840	169
SBA0892	464620	6788000	94
SBA0924	464300	6787520	88
SBA0902	464540	6787840	59
SBA0948	464300	6787360	50
SBA0891	464700	6788000	48
SBA0905	464780	6787840	43
SBA1036	464460	6790080	41
SBA0678	462040	6790740	39
SBA0910	465100	6787680	39
SBA0874	464380	6788320	37
SBA0889	464860	6788000	35
SBA1026	465100	6790080	34
SBA0916	464620	6787680	32
SBA0882	464700	6788160	31
SBA1055	464700	6789440	31
SBA1102	464940	6789760	31
SBA0907	464940	6787840	29
SBA0947	464380	6787360	29
SBA1088	464860	6789600	29
SBA0884	464860	6788160	27
SBA0893	464540	6788000	27
SBA0919	464380	6787680	27
SBA0571	457440	6794800	25
SBA0920	464300	6787680	25
SBA0984	464540	6787040	25
SBA0953	464300	6787200	24

Table 4: samples over 24 ppb Au

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

All sample results are shown in figure below.

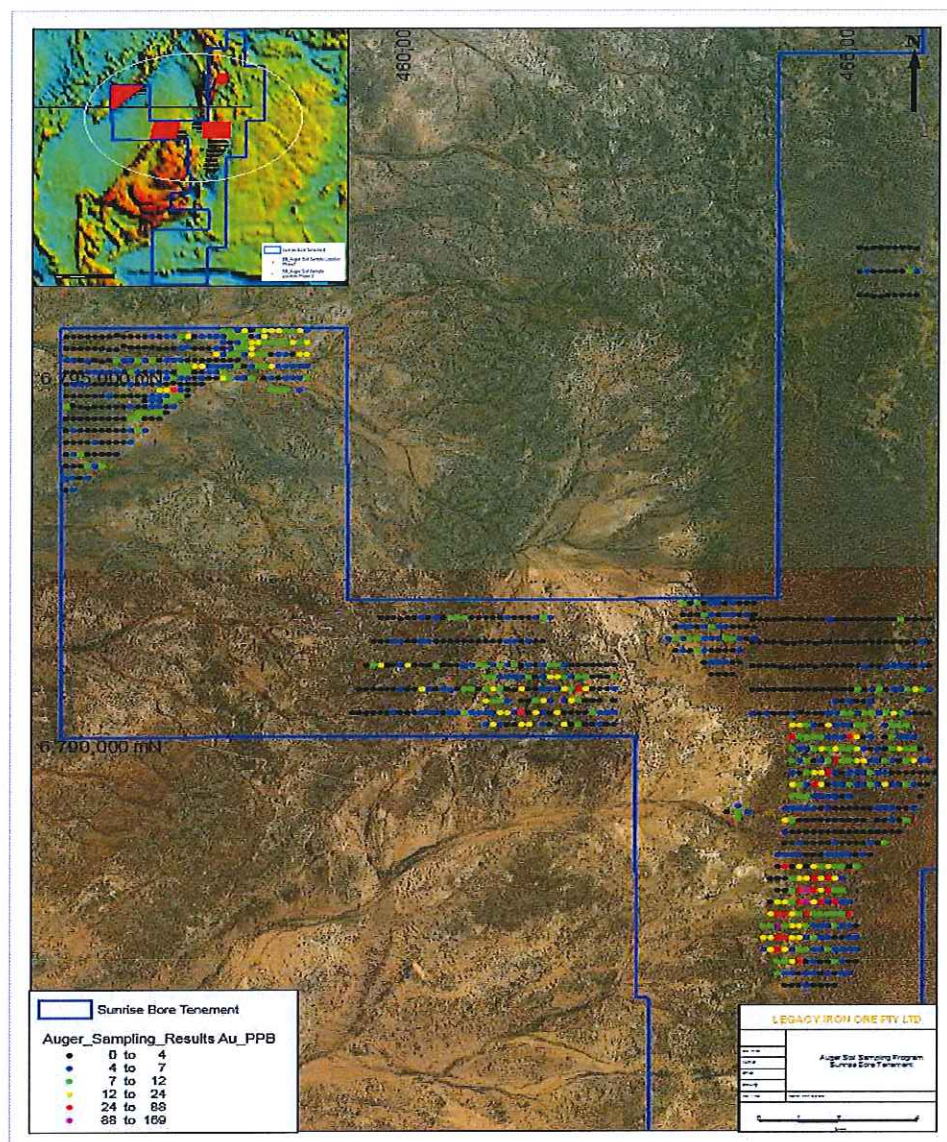


Figure 9: Sunrise Bore auger drilling – results

Follow up Program

The next phase of follow-up exploration work is under planning at this stage, and is likely to include infill geochemical sampling (auger, stream and rock chip sampling) along with ground based geophysical survey where necessary.

The follow-up exploration work is planned for early 2017, and given Sunrise Bore is a large tenement, additional work by regional geochemical sampling, mapping and geophysical survey will also be undertaken over other areas of the tenement.

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)****GOLD/BASEMETALS – EAST KIMBERLEY**

The East Kimberley Project tenement is located in the Halls Creek area. Halls Creek is located 347km south of Kununurra and is readily accessible via the sealed Great Northern Highway. The project currently comprises exploration licence "Koongie Park - E80/4221" (Figure 10).

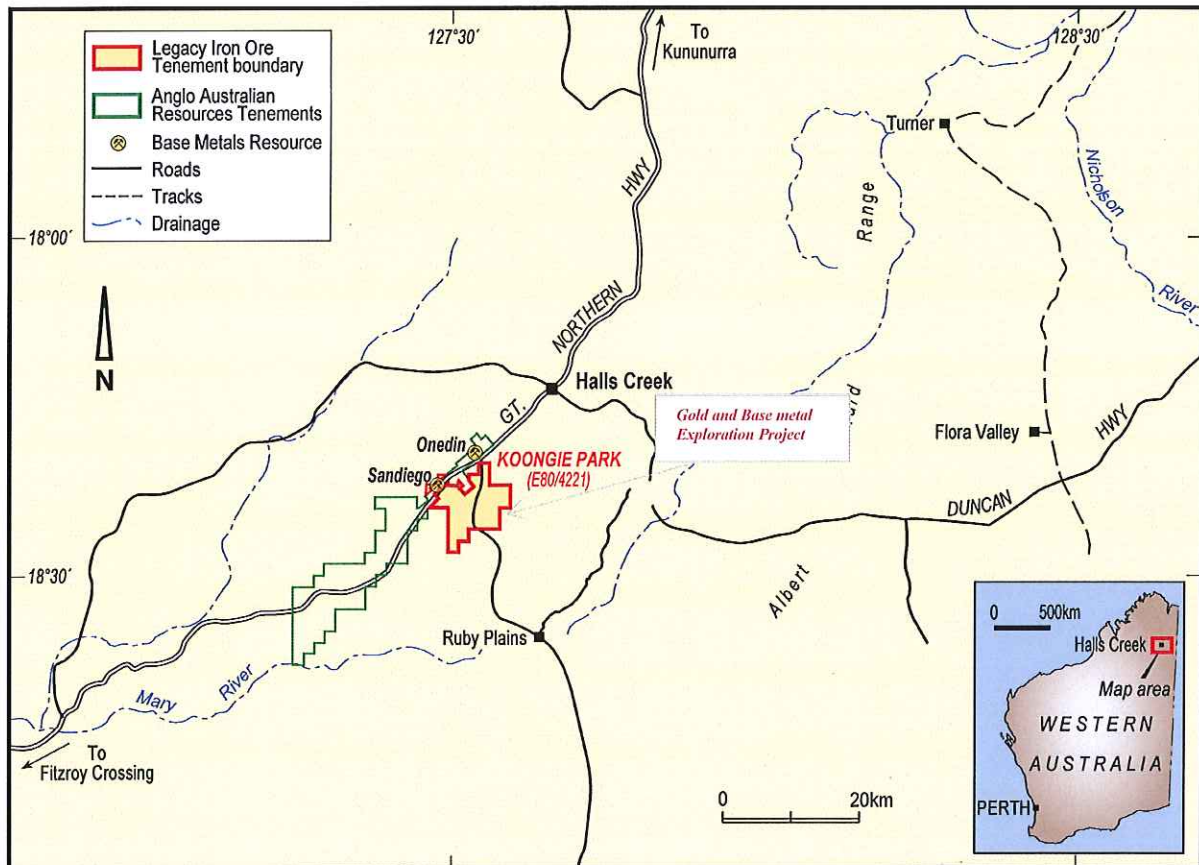


Figure 10: East Kimberley Project

Koongie Park Project

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

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

Exploration done by Legacy Iron, prior to this reporting period, has consisted of:

- Field reconnaissance and minor rock chip sampling. Most of the northern part of the tenement is under shallow alluvial cover with very little rock outcrop.

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

- The flying of a helicopter borne geophysical survey over the northern part of the tenement. This was conducted by Fugro Geophysical Survey and comprised a HELITEM survey measuring the electrical conductivity of the ground at depth.
- Drill testing (drilled 12 RC drill holes for 2133 metres) over some of the high priority EM targets but none of the drill hole intersected any mineralisation, however the drilling to date has only tested a small part of this unit (less than 1 km strike), and at a wide spacing.

Work completed during the last six months:

A detailed geological review of the tenement was completed based on all the available data sets. An area of 25 sq km has been outlined for soil geochemical sampling with spacing of 200x80m grid. This work is likely to provide a geochemical overview of the areas sampled to target the next phase of the exploration along with other available data sets.

Future Plan:

Complete the proposed soil geochemical sampling program and define some targets for further follow-up including drill testing within the area outlined (figure 11).

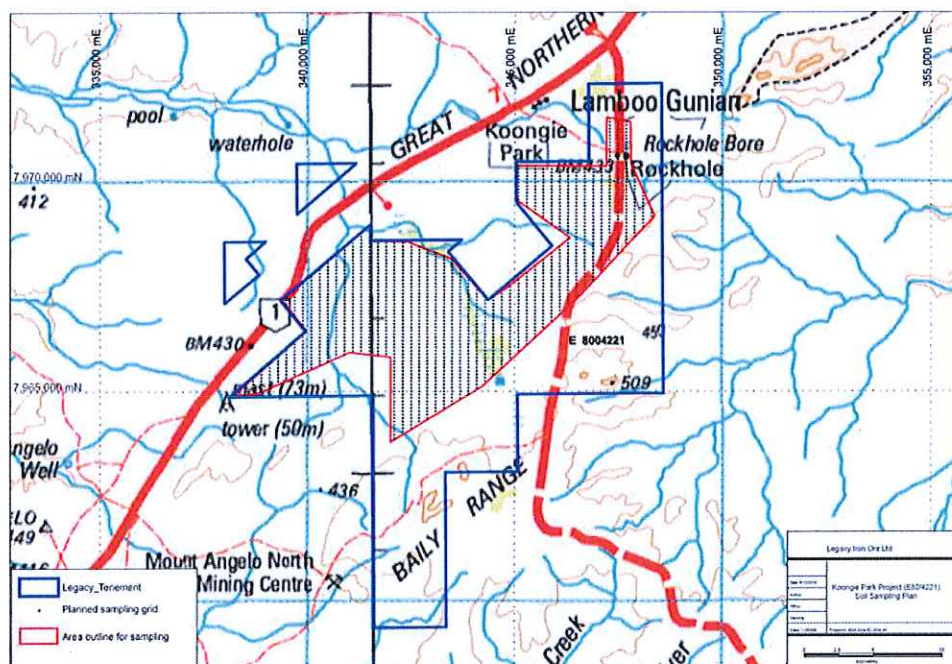


Figure 11: location of proposed work (soil sampling)

PLANNED ACTIVITIES –

Principal activities planned for next six months will comprise:

Mt Bevan Project: Complete ground electromagnetic (EM) survey across the priority one targets identified from the ground magnetic data interpretation.

South Laverton: Update the geology and resource model for Mt Celia (Blue Peter and Coronation prospects) which is likely to increase the resource estimate for the project.
Additionally phase two drilling program at Blue Peter and Kangaroo Bore targets will also be completed.

Sunrise Bore The next phase of follow-up exploration work is under planning at this stage, and is likely to include infill geochemical sampling (auger, stream and rock chip sampling) along with ground based geophysical survey where necessary. Given Sunrise Bore is a large tenement, additional work including regional geochemical sampling, mapping and geophysical survey may also be undertaken in other areas of the tenement.

East Kimberley: Carry out the proposed soil geochemical sampling program in the project area.

Project Generation: Continue to monitor and review new potential opportunities.

Competent Person's Statement:

The information in this report that relates to Exploration Results is based on information compiled by Bhupendra Dashora who is a member of AusIMM and employee of Legacy Iron Ore Limited. Mr. Dashora has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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". Mr. Dashora consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

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



Mr Timothy Turner

Non-Executive Director
1 December 2016

1 December 2016

Board of Directors
Legacy Iron Ore Limited
Level 2
1-5 Havelock Street
West Perth, WA 6005

Dear Sirs

RE: LEGACY IRON ORE LIMITED

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

As Audit Director for the review of the financial statements of Legacy Iron Ore Limited for the period ended 30 September 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



Samir Tiroadkar
Director

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2016**

	Note	Company Half Year ended 30 September 2016 \$	Consolidated Half Year ended 30 September 2015 \$
Other Revenue		89,264	140,872
Compliance and regulatory expenses		(28,411)	(31,892)
Depreciation and amortisation expenses		(22,340)	(24,964)
Key management personnel remuneration	3	(292,301)	(274,941)
Employee benefits expenses		(57,253)	(172,378)
Exploration expenditure expensed		(958)	(6,839)
Occupancy expenses	3	(134,137)	(139,884)
Legal expenses		(1,880)	(9,910)
Travel expenses		(9,246)	(36,961)
Other expenses		(38,101)	(32,719)
Corporate services		(5,613)	(36,325)
Finance costs		(5,670)	(6,684)
Loss before income tax		(506,646)	(632,625)
Income tax benefit	4	-	-
LOSS FOR THE HALF YEAR ATTRIBUTABLE TO THE MEMBERS OF LEGACY IRON ORE LIMITED		(506,646)	(632,625)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>			
Net gain on revaluation of financial assets		188,625	276,650
<i>Items that will not be reclassified to profit or loss</i>		-	-
Total other comprehensive income		188,625	276,650
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR ATTRIBUTABLE TO THE MEMBERS OF LEGACY IRON ORE LIMITED		(318,021)	(355,975)
Basic and diluted loss per share		(0.03) cents per share	(0.04) cents per share

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

	Note	Company 30 September 2016 \$	Company 31 March 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		5,483,374	6,346,123
Other Receivables	6	124,089	129,851
Other Financial Assets	5	864,870	674,812
TOTAL CURRENT ASSETS		<u>6,472,333</u>	<u>7,150,786</u>
NON CURRENT ASSETS			
Plant and Equipment		59,636	80,105
Exploration and Evaluation Expenditure	7	8,669,063	8,323,372
TOTAL NON CURRENT ASSETS		<u>8,728,699</u>	<u>8,403,477</u>
TOTAL ASSETS		15,201,032	15,554,263
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		80,180	105,709
Employee Benefits		24,613	14,551
Borrowings	8	79,802	99,545
TOTAL CURRENT LIABILITIES		<u>184,595</u>	<u>219,805</u>
TOTAL LIABILITIES		184,595	219,805
NET ASSETS		<u>15,016,437</u>	<u>15,334,458</u>
EQUITY			
Issued Capital	9	54,626,757	54,626,757
Reserves		16,747,598	16,558,973
Accumulated Losses		(56,357,918)	(55,851,272)
TOTAL EQUITY		<u>15,016,437</u>	<u>15,334,458</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2016**

	Issued Capital \$	Share Based Payment Reserve \$	Option Premium Reserve \$	Financial Assets Reserve \$	Accumulated Losses \$	Total \$
CONSOLIDATED BALANCE AT 1 APRIL 2015	54,626,757	16,242,084	90,539	-	(54,430,626)	16,528,754
Loss for the half-year	-	-	-	-	(632,625)	(632,625)
Other comprehensive income for the period	-	-	-	276,650	-	276,650
Total comprehensive income/(loss) for the period	-	-	-	276,650	(632,625)	(355,975)
Shares issued during the period (net of transaction costs)	-	-	-	-	-	-
BALANCE AT 30 SEPTEMBER 2015	54,626,757	16,242,084	90,539	276,650	(55,063,251)	16,172,779
BALANCE AT 1 APRIL 2016	54,626,757	16,242,084	90,539	226,350	(55,851,272)	15,334,458
Loss for the half-year	-	-	-	-	(506,646)	(506,646)
Other comprehensive income for the period	-	-	-	188,625	-	188,625
Total comprehensive income/(loss) for the period	-	-	-	188,625	(506,646)	(318,021)
Shares issued during the period (net of transaction costs)	-	-	-	-	-	-
BALANCE AT 30 SEPTEMBER 2016	54,626,757	16,242,084	90,539	414,975	(56,357,918)	15,016,437

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2016**

	Company Half Year ended 30 September 2016 \$	Consolidated Half Year ended 30 September 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(616,080)	(786,549)
Interest received	127,515	246,981
Finance costs paid	(5,670)	(6,684)
Receipt from customer	3,504	3,205
Amount received from former director	-	100,000
<i>Net cash flows (used in) operating activities</i>	<u>(490,731)</u>	<u>(443,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration and evaluation	(378,998)	(658,352)
Payment for purchase of fixed asset	(1,871)	-
Proceeds from/payment for security deposits	(1,606)	(2,132)
Receipt of cash call from Joint Venture participant	30,200	39,783
<i>Net cash flows (used in) investing activities</i>	<u>(352,275)</u>	<u>(620,701)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	(19,743)	(18,251)
<i>Net cash flows (used in) financing activities</i>	<u>(19,743)</u>	<u>(18,251)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	(862,749)	(1,081,999)
Cash and Cash Equivalents at the Beginning of Half Year	<u>6,346,123</u>	<u>7,995,082</u>
CASH AND CASH EQUIVALENTS AT THE END OF HALF YEAR	<u>5,483,374</u>	<u>6,913,083</u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2016**

1. BASIS OF PREPARATION OF HALF YEAR REPORT

This condensed interim financial report for the half year reporting period ended 30 September 2016 is a general purpose financial statement prepared in accordance with requirements of the *Corporations Act 2001*, Applicable Accounting Standards, including *AASB 134 Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

This condensed interim financial report is intended to provide users with an update on the latest annual financial statements of Legacy Iron Ore Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2016 together with any public announcements made during the half year.

The wholly controlled subsidiary, Legacy Gold Limited, was wound up and deregistered effective 6 April 2015. Accordingly the corresponding figures for the previous half year are for the consolidated entity as against the current half year for the Company.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except in relation to the matters discussed at Note 1(b) below:

(a) Going Concern

The 30 September 2016 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

(b) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

In the half-year ended 30 September 2016, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for annual reporting periods beginning on or after 1 April 2016.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to the Company's accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 September 2016. As a result of this review the directors have determined that there is no impact, material or otherwise, of these new and revised Standards and Interpretations on the Company. The Company does not expect to early adopt any of these standards and interpretations that are not yet effective.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2016**

2. DIVIDENDS

No dividends have been paid or proposed during the six month period ended 30 September 2016 (30 September 2015: NIL).

3. LOSS BEFORE INCOME TAX

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

	Company 30 September 2016	Consolidated 30 September 2015
	\$	\$
Key management personnel remuneration	292,301	274,941
Occupancy expenses	134,137	139,884

4. INCOME TAX

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 September 2016 is 0% (30 September 2015: 0%).

5. OTHER FINANCIAL ASSETS

Current

	Company 30 September 2016	Company 31 March 2016
	\$	\$
- Security deposits held(i)	286,420	284,987
- Shares in listed corporation at fair value–Level 1(ii)	578,450	389,825
	864,870	674,812

(i) Deposits have been pledged as security for bank guarantees provided to lessors relating to lease of office premises, lease of motor vehicle and credit card facility.

(ii) During the half year, the movement in the available-for-sale financial assets is as follows:

Opening balance 1 April 2016	389,825	440,125
Fair value gain/(loss) on available-for-sale financial assets (a)	188,625	(50,300)
Closing balance 30 September 2016	578,450	389,825

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2016**

	Company 30 September 2016	Company 31 March 2016
6. OTHER RECEIVABLES		
Current	\$	\$
Loans receivable- unrelated entity (a)	200,000	200,000
Less Provision for impairment	(200,000)	(200,000)
Sundry receivables(b)	64,397	82,489
Prepayments	59,692	47,362
Total current receivables	124,089	129,851

(a) The loan receivable from an unrelated entity is current and unsecured. The loan is past due and considered impaired.

(b) Amounts receivable from unrelated entities are expected to be recovered within normal terms.

(c) Fair value, credit risk and risk exposure

Due to the short term nature of the current receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of receivables mentioned above.

7. EXPLORATION AND EVALUATION EXPENDITURE

	Company Six months ended 30 September 2016	Company Six months ended 31 March 2016
Non-Current	\$	\$
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases – at cost	8,669,063	8,323,372
Movement in carrying amounts		
Carrying amount at the beginning of the period	8,323,372	8,258,249
Exploration expenditure capitalised during the period	384,240	264,506
Less: Recovery of expenditure from Joint Venture participant	(38,549)	(4,848)
Less: Exploration written-off on areas to be relinquished	-	(194,535)
Carrying amount at the end of the period	8,669,063	8,323,372

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2016**

8. BORROWINGS	Company 30 September 2016 \$	Company 31 March 2016 \$
Current		
Lease liability (i)	79,802	99,545
	79,802	99,545

- (i) The lease liability represents amount due on a non-cancellable finance lease entered into by the Company for a motor vehicle with an effective interest rate of 7.89%.

9. ISSUED CAPITAL

(a) Fully paid ordinary shares	Company Six months ended 30 September 2016		Company Six month ended 31 March 2016	
	No	\$	No	\$
At beginning of reporting period	1,468,264,157	54,626,757	1,468,264,157	54,626,757
Shares issued during the half year	-	-	-	-
At reporting date	1,468,264,157	54,626,757	1,468,264,157	54,626,757

(b) Options on issue	Company Six months ended 30 September 2016 No	Company Six months ended 31 March 2016 No
At beginning of reporting period	4,000,000	62,630,000
Options issued during the half year	-	-
Options expired during the half year	(4,000,000)	(58,630,000)
At reporting date	-	4,000,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2016**

10. SEGMENT INFORMATION

Identification of Reportable Segments

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

The Company is managed on the basis of there being 2 (two) reportable segments being:

- (i) Gold exploration and development in Australia;
- (ii) Iron ore (and manganese) exploration and development in Australia;

	<i>Iron Ore</i> \$	<i>Gold</i> \$	<i>Corporate</i> \$	<i>Total</i> \$
Six months ended 30 September 2016				
SEGMENT REVENUE	3,504	-	85,760	89,264
SEGMENT NET LOSS BEFORE TAX				
Depreciation	-	-	(22,340)	(22,340)
Corporate charges	-	-	(573,570)	(573,570)
SEGMENT PROFIT/ (LOSS)	3,504	-	(510,150)	(506,646)
SEGMENT ASSETS	5,712,795	3,534,718	5,953,519	15,201,032
Segment asset increases/(decreases) for the half year	246,341	287,975	(887,547)	(353,231)
SEGMENT LIABILITIES	-	-	184,595	184,595
Six months ended 30 September 2015				
SEGMENT REVENUE	3,205	-	137,667	140,872
SEGMENT NET LOSS BEFORE TAX				
Depreciation	-	-	(24,964)	(24,964)
Net Gain on deregistration of Subsidiary Company	-	-	-	-
Corporate Charges	-	-	(748,533)	(748,533)
SEGMENT PROFIT /(LOSS)	3,205	-	(635,830)	(632,625)
SEGMENT ASSETS	5,555,866	3,142,508	7,770,348	16,468,722
Segment asset increases/(decreases) for the half year	361,872	537,153	(1,306,362)	(407,337)
SEGMENT LIABILITIES	-	-	295,943	295,943

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2016**

11. CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 30 September 2016.

12. EVENTS SUBSEQUENT TO REPORTING DATE

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

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Legacy Iron Ore Limited, the Directors of the Company declare that:

- (a) the Financial Statements and notes, as set out on the accompanying pages, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 September 2016 and of its performance for the half year ended on that date.
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Mr Timothy Turner

Non-Executive Director

1 December 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
LEGACY IRON ORE LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Legacy Iron Ore Limited, which comprises the statement of financial position as at 30 September 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity, statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 September 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Legacy Iron Ore Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Legacy Iron Ore Limited on 1 December 2016.

Conclusion

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

- (a) giving a true and fair view of the Company's financial position as at 30 September 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

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

Stantons International

Samir

Samir Tirodkar
Director

West Perth, Western Australia
1 December 2016