



*Interim Financial Report
for the Six Month Period Ended
30 September 2017*

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DIRECTORS' REPORT

Your Directors present their report on Legacy Iron Ore Limited for the half-year ended 30 September 2017 ("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 Rakesh Gupta (Chief Executive Officer, appointed Executive Director on 31 August 2017)

Mr Devinder Singh Ahluwalia (Non-Executive Director)

Dr Tanugula Rama Kishan Rao (Non-Executive Director)

Mr Devanathan Ramachandran (Non-Executive Director)

Mr Timothy Turner (Non-Executive Director up to 30 August 2017)

2. COMPANY SECRETARY

Mr Ben Donovan holds the position of Company Secretary.

3. REVIEW OF OPERATIONS

CORPORATE

The Company is in good financial position with no debt, and, as at 30 September 2017 the Company holds \$3,966,827 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 is in a Joint Venture with Hawthorn Resources Limited (Hawthorn) on the Mt Bevan Project, north of Kalgoorlie in Western Australia, where the Company is progressing a potentially world class magnetite project and exploring for nickel-copper mineralisation at an early stage.

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 prospects/resources, whilst the Koongie Park project in the East Kimberley region has excellent potential to host VHMS base metal – gold and REE mineralisation.

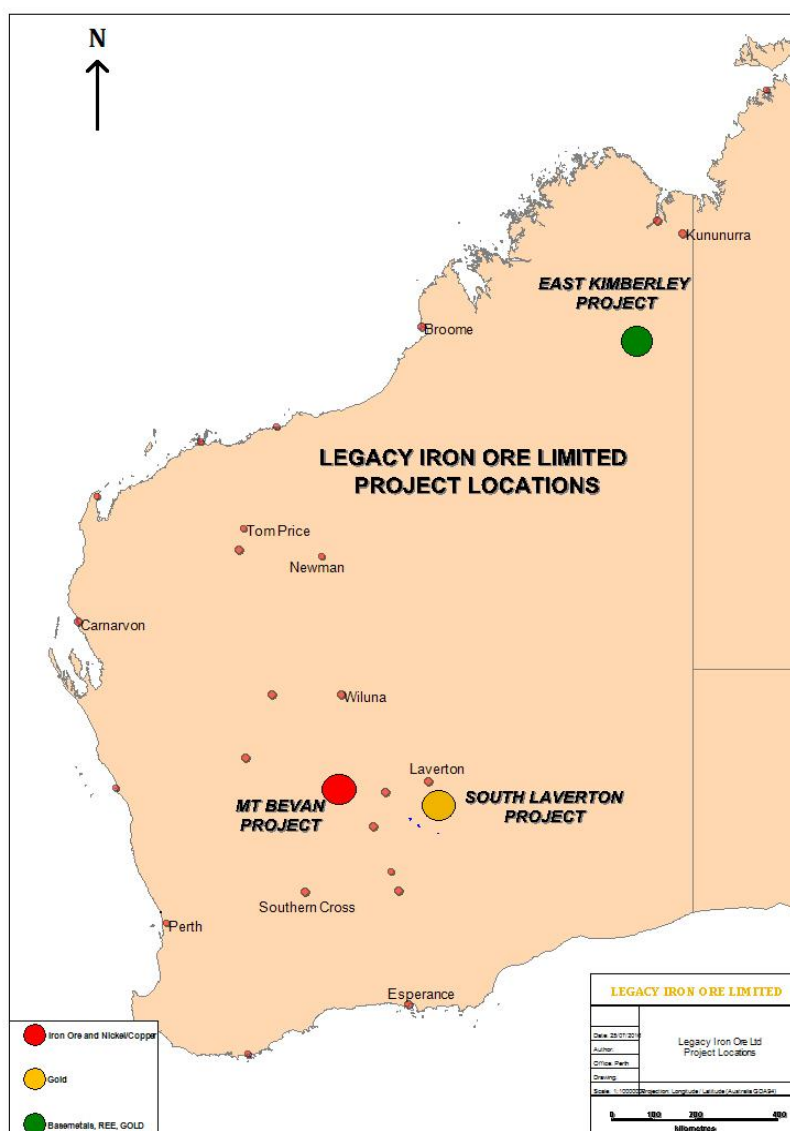


Figure 1: Legacy Iron – Project Locations

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)****IRON ORE and NICKEL-COPPER****Mt Bevan Project**

Mt Bevan Project is a joint venture between Legacy Iron (60% interest) and Hawthorn. The project is a large tenement which hosts 1,170 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.

Mt Bevan Iron Ore:

Mt Bevan is considered to hold excellent potential for the definition of major magnetite resources located relatively 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.

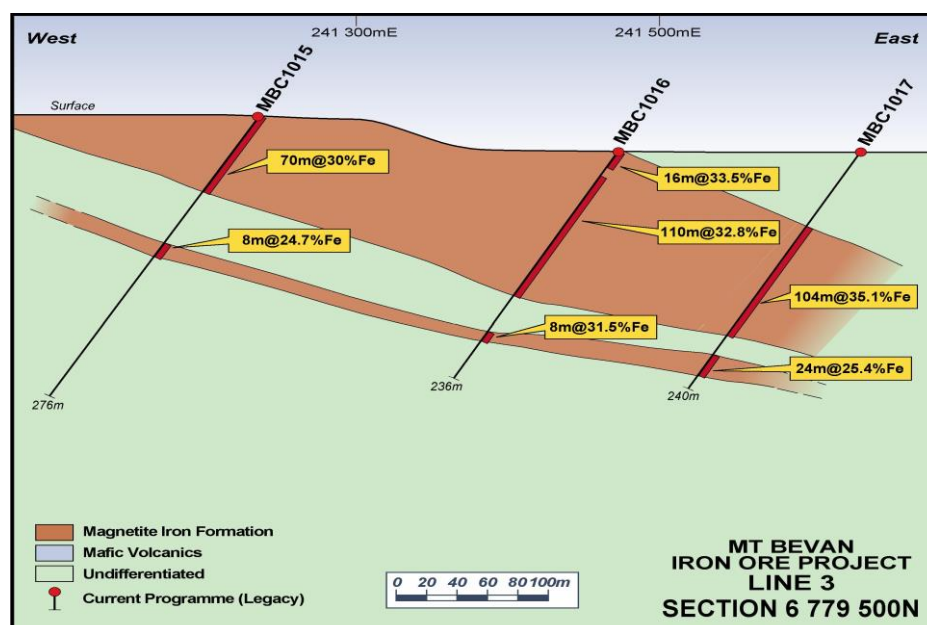


Figure 2: Drilling Cross Section - Lines 3

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

Mt Bevan Fresh BIF Resource											
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). - See Announcements from 2014 and 2015

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

Also, the joint venture has successfully identified multiple targets for DSO iron ore mineralisation in the tenement. For DSO, particularly at Mt Mason North where a hematite resource (DSO) lies across the tenement boundary with Jupiter Mines Limited. Several geological mapping traverses were made in the area (Mt Mason and Eastern BIFs) during the past two years and a large number of rock chip samples was collected for geochemical analysis to support the delineation of some drill targets.

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.

Additionally, during past few quarters, a thorough prospectivity assessment of the tenement was completed for the minerals other than iron. This review led the Company to identify a number of early stage exploration targets, including one in the northern most part of the tenement (Figure 3).

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). These targets and the latest round of follow up work on them is discussed below.

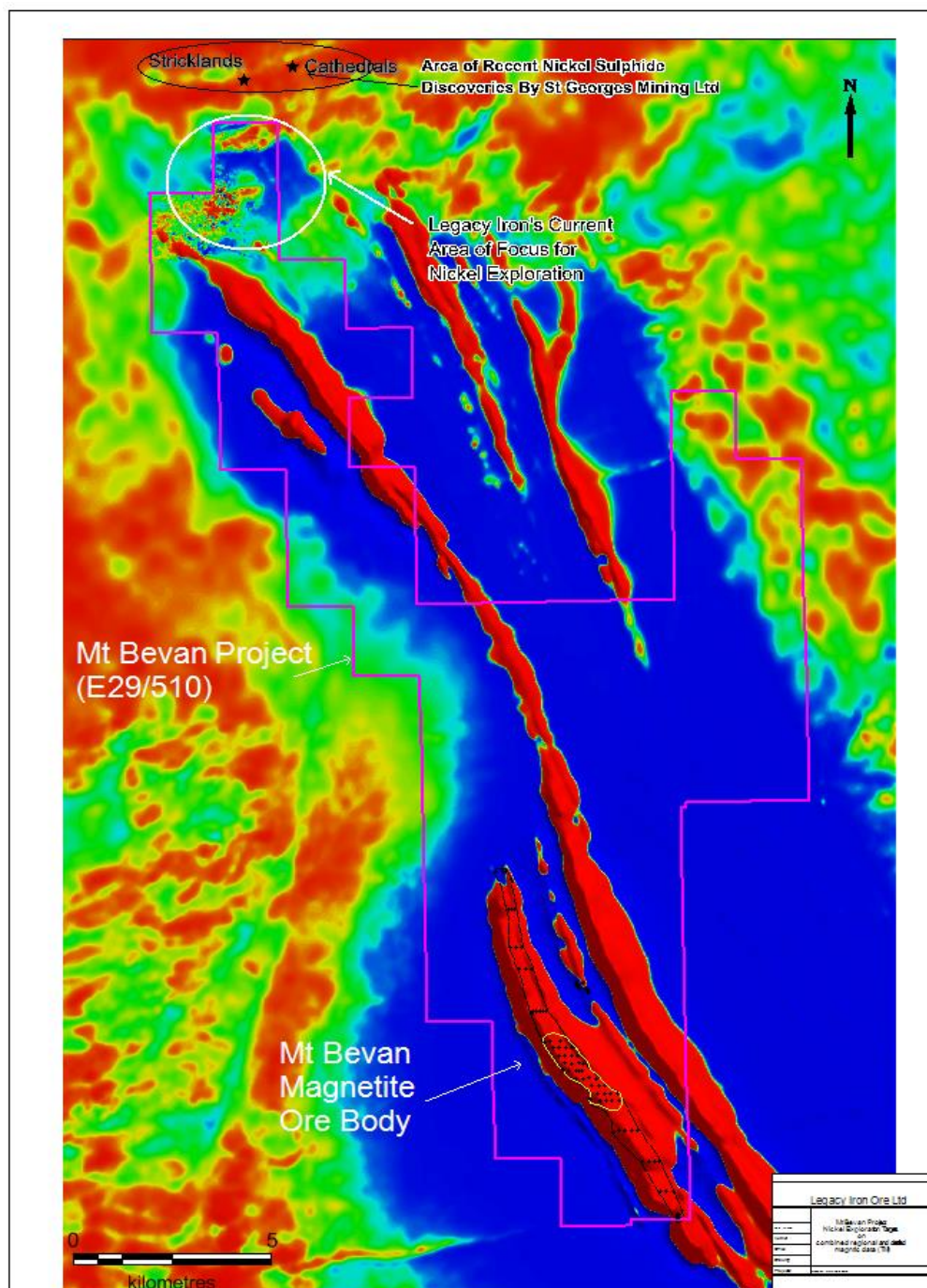
DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

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

Previous exploratory work done by Legacy Iron included, ground magnetic and ground electromagnetic surveys on priority target areas in the northern most part of the tenement.

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

Ground magnetic survey identified six different target zones in the project, including three high priority targets, which 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 identified by St Georges Mining Limited. These targets have been discussed in detail in the previous ASX announcements. As a follow up, a Moving Loop Ground Electromagnetic survey (MLEM) was completed during early 2017 on the priority one target areas to delineate highly conductive bedrock sources consistent with massive nickel sulphide mineralisation (refer previous ASX announcements).

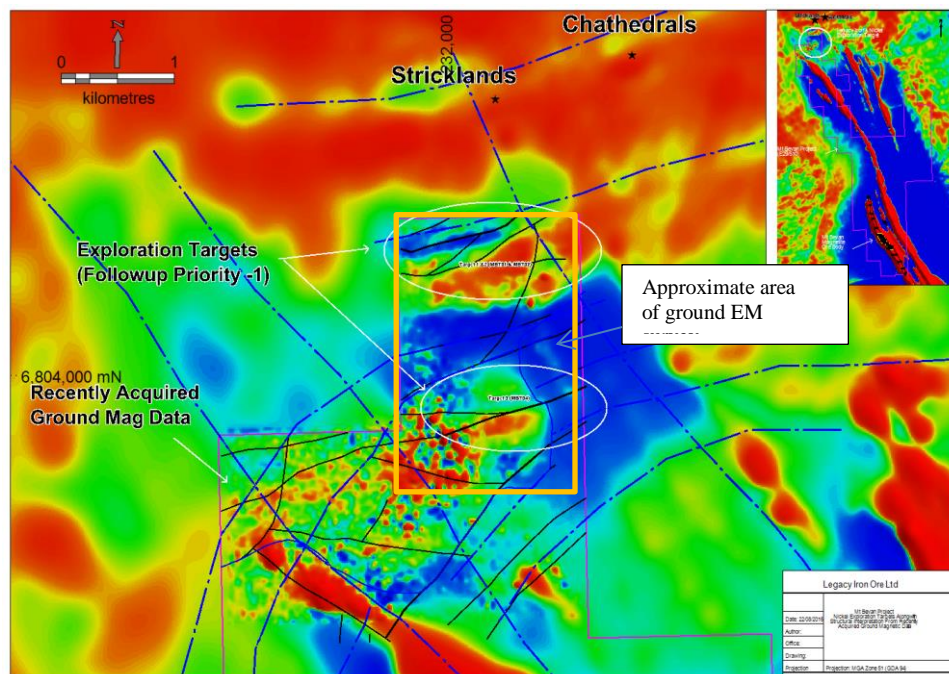


Figure 4: Detailed structural interpretation on recently acquired ground magnetic data image (TMI)

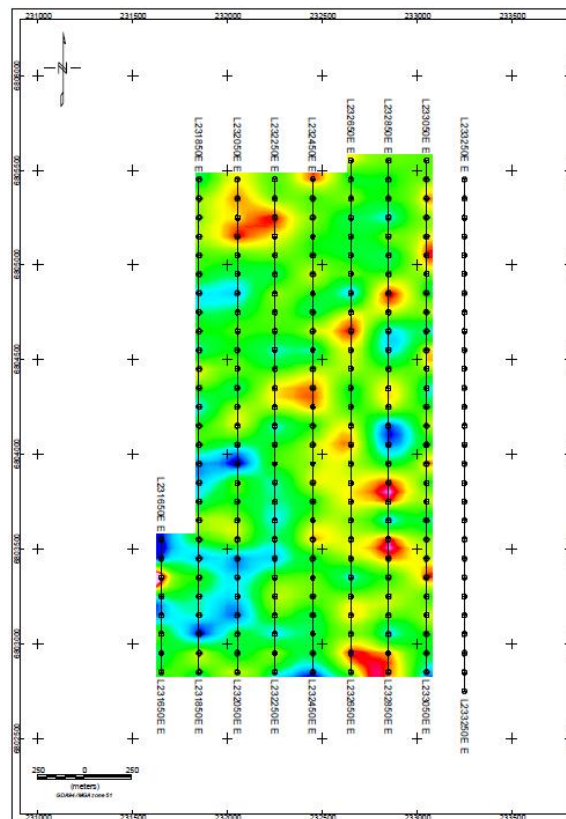
DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

Figure 5: Mt Bevan MLEM Slingram late time gridded (linear colour Stretch image) of CH25 (17.9ms)

As discussed in the previously, the MLEM data interpretation, completed by Newexco Services Pty Ltd, did not identify any Category 1 or very high priority anomaly in this initially targeted area, however, a lower order anomalous response was observed over three lines (232250E, 232050E and 231850E). This anomalous response coincides with the fault/shear zone similar to the Cathedral fault zone.

Due to the nature of the ground, further EM work employing a different configuration or other surface exploration technique was recommended to determine if the response was due to a bedrock conductor and methods to upgrade the anomalies. Based on the above recommendation, the joint venture committee decided to carry out an auger geochemical sampling across all the targets identified by the EM or Ground magnetic survey.

During the June 2017 the auger sampling work (Auger Samples) was completed. A total of approximately 1,100 samples were analysed for base metal suite of element at SGS lab (Figure 6).

Initial review of the results (received during this reporting period) shows that the absolute values of the nickel and related elements are relatively low (subdued) however it can potentially be explained by the semi transported nature of the cover (soil profile) in the area.

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

Some of the anomalous results are coincident with the interpreted low order EM and Mag anomalies in northern and central part of the sampling area.

A major anomalous response in the southern part of the sampling area is more or less coincident with a regional and other numerous local scale structures (Figure 6). To determine the source of the anomalies the joint venture plans a further detailed evaluation of these results by combining all the relevant data sets and drill test the key targets areas during the 2nd quarter of 2018.

Figure 6 below shows the results for nickel and copper values on the ground EM data (Refer ASX announcement dated 31 Oct 2017).

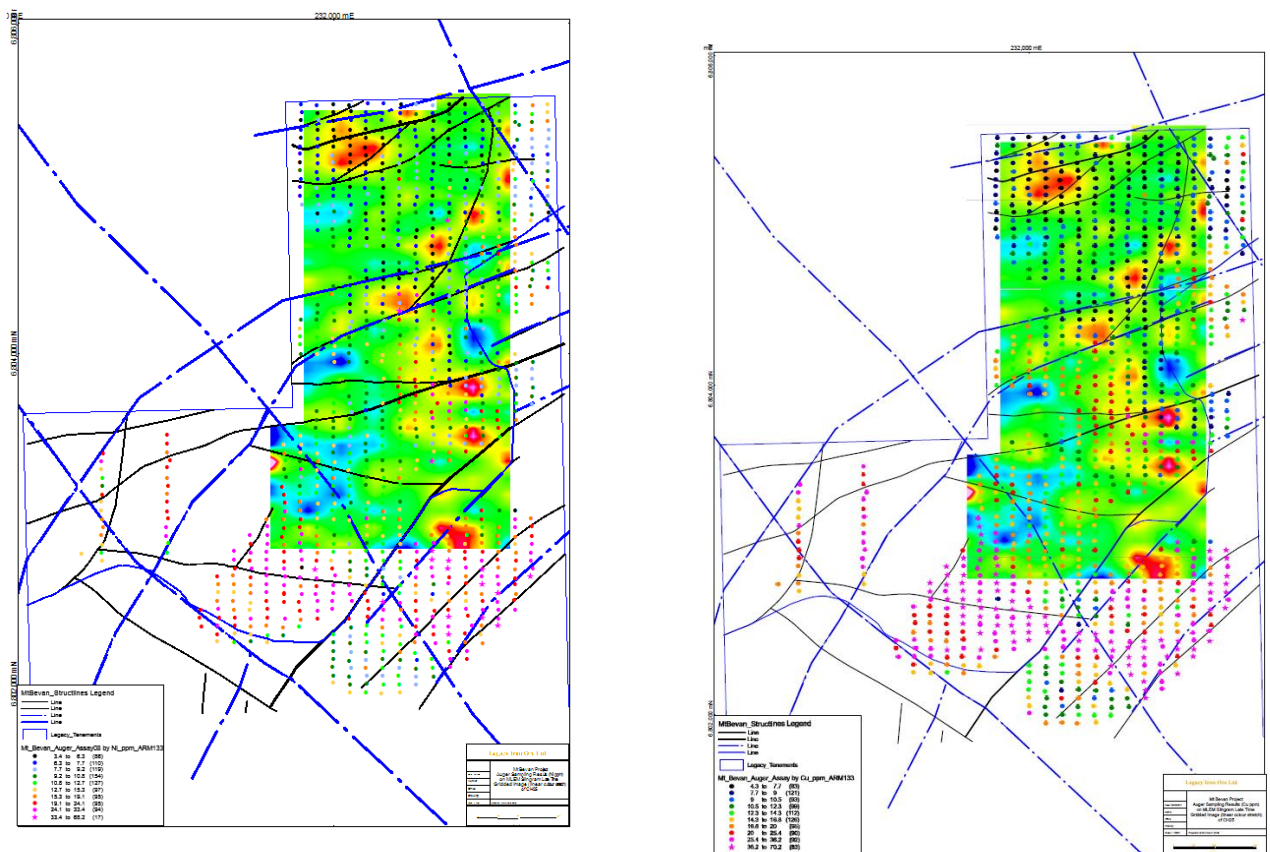


Figure 6: Mt Bevan Project: Auger Sampling Results (Ni and Cu in ppm) on MLEM Silngram Late Time Gridded Image (linear colour stretch) of CH25

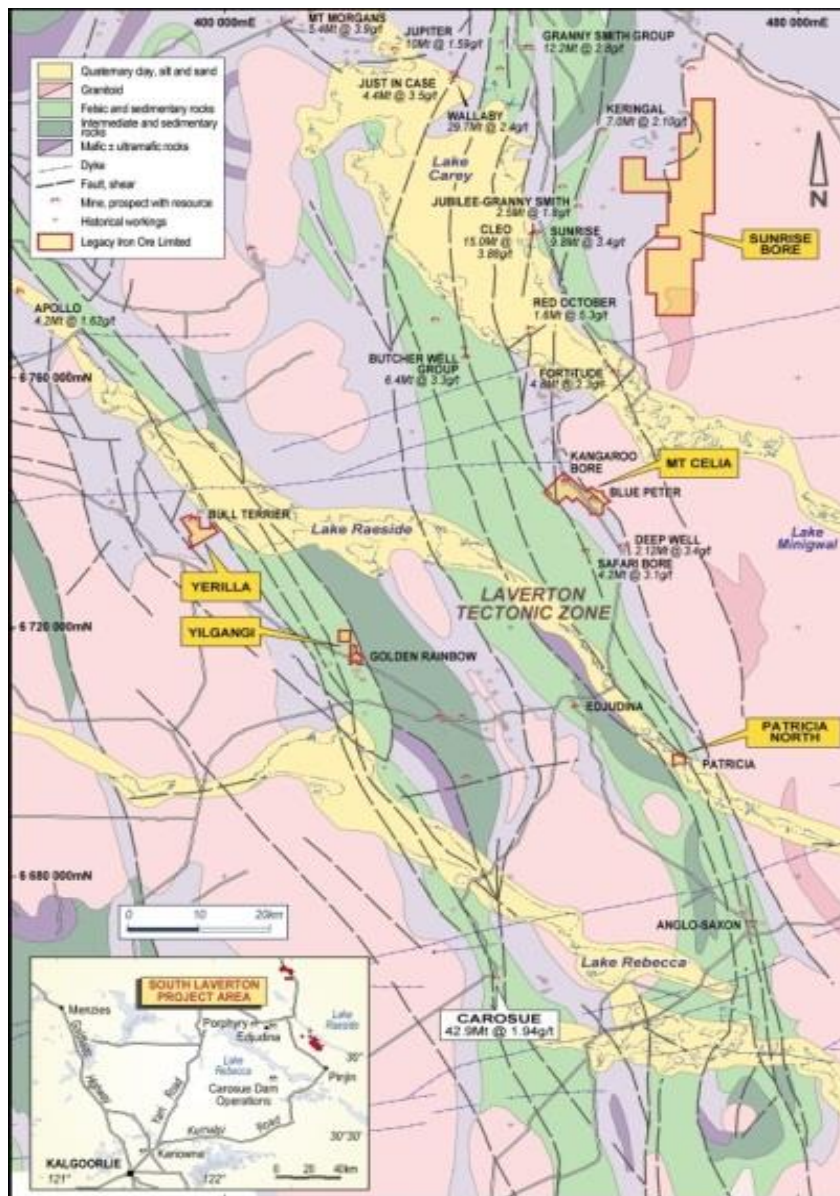
DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**Follow up Program

- To complete a detailed interpretation by combining ground geophysical, remote sensing and the recent geochemical sampling results to define the potential drill targets.
- Drill test the high priority targets (1,500-2,000m RC drilling) in Mar -June 2018.
- Geological mapping and sampling for remaining two target areas and if required some ground geophysics.
- Continue exploration (mapping/sampling) for shallow DSO iron ore mineralisation on tenement and identify drill targets.

GOLD**South Laverton Gold Project**

Figure 7 shows the location of current projects at South Laverton. The projects Mt Celia, Yarrilla and Yilgangi has gold occurrences with some known gold resource estimates from prior years (prior to the change in JORC code reporting in 2012). Legacy Iron plans to upgrade the resource upgrade for all the significant occurrence. A Resource upgrade for the Mt Celia project is currently underway.

Exploration on the South Laverton Project in the past six months focused mainly on the Mt Celia and Sunrise Bore projects and lesser work on the Patricia North, Yilgangi and Yellrila projects.

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)****Mt Celia Project****Figure 7: 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 (approximately, 8Moz gold resource), as shown in Figure 7.

The Project currently contains several known gold occurrences including Kangaroo Bore and Blue Peter projects (Figure 8). At Kangaroo Bore a significant amount of the historical drilling is already available indicating that the mineralisation extends for length of over 1 km.

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

At Blue Peter, the shear system contains several small historic gold workings (Figures 9). The shear system extends over a distance of at least 2 kilometers, and consists of single, parallel or enechelon 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.

The upgraded JORC compliant resource is currently being estimated.

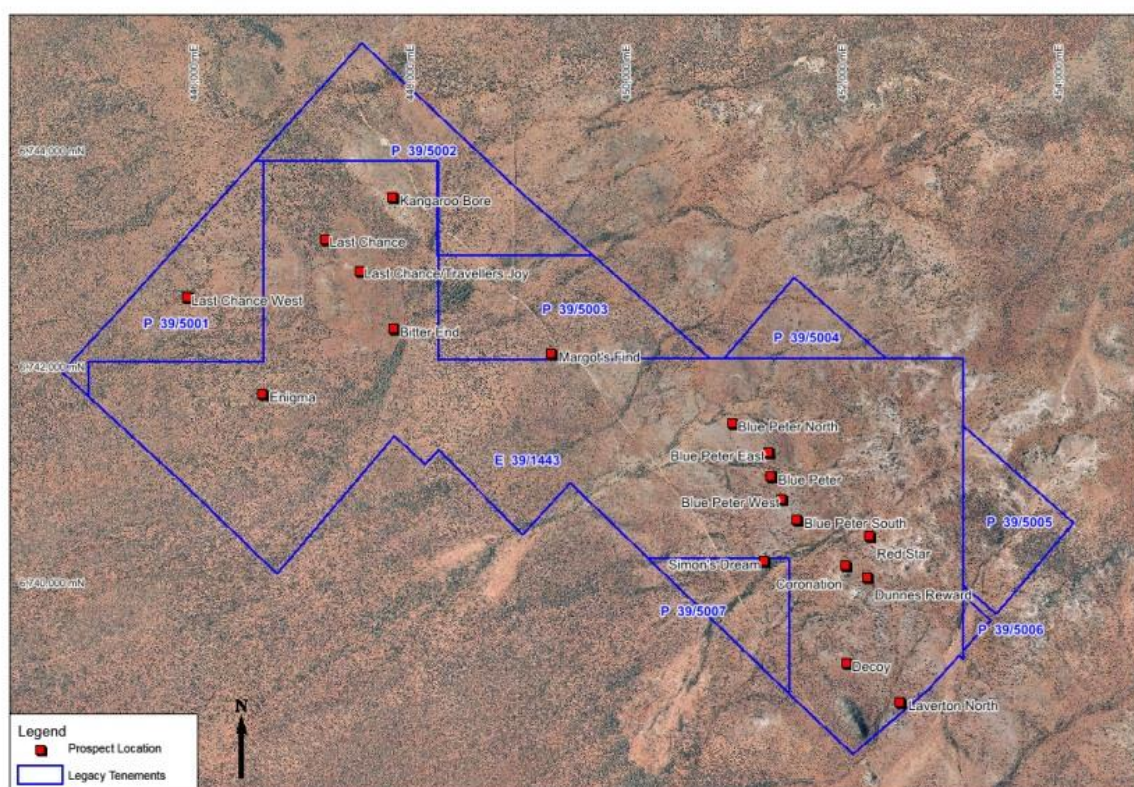


Figure 8: Mt Celia Project- Aerial image showing Kangaroo Bore, Blue Peter, Coronation and other prospects

The Kangaroo Bore prospect has seen a significant amount of exploration since 1987. A total of over 250 holes including 24 diamond holes have been drilled. These holes are along 45 drill sections which are located at approximately 25m apart from each other and perpendicular to the length of the mineralisation.

At Blue Peter and Coronation prospects, a total of 115 RC holes have been drilled to date and like Kangaroo Bore the resource estimate is underway currently.

Work completed during last six months:

- The results of the drilling completed in March 2017 (previous reporting period) were received and interpreted in April/May 2017. As mentioned above, this drilling was

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

mainly focused at the Coronation, Blue Peter prospects and a small number of holes were done at Kangaroo Bore and high priority geochemical anomalies identified from historical Auger sampling data in the Project. The results of this round of drilling (refer ASX announcement from May 2017) at the Blue Peter South and Coronation project indicates the continuity of the significant intersections along the dip up to a depth of 80m (vertical depth). Similar to the northern part of the Blue Peter project, the gold mineralisation appears to be associated mainly with the hanging wall and footwall contacts of a quartz lode – a zone of the quartz vein and stringers that shows patchy visible gold and pyrite. The exploratory holes in the southern and central part of the tenement were planned to test the elevated surface (historical auger sampling) geochemical anomalies. A weak gold anomalism associated with quartz veins and prospective lithological contacts have been noted in most of these holes. Further exploration work is required to effectively evaluate the anomalies.

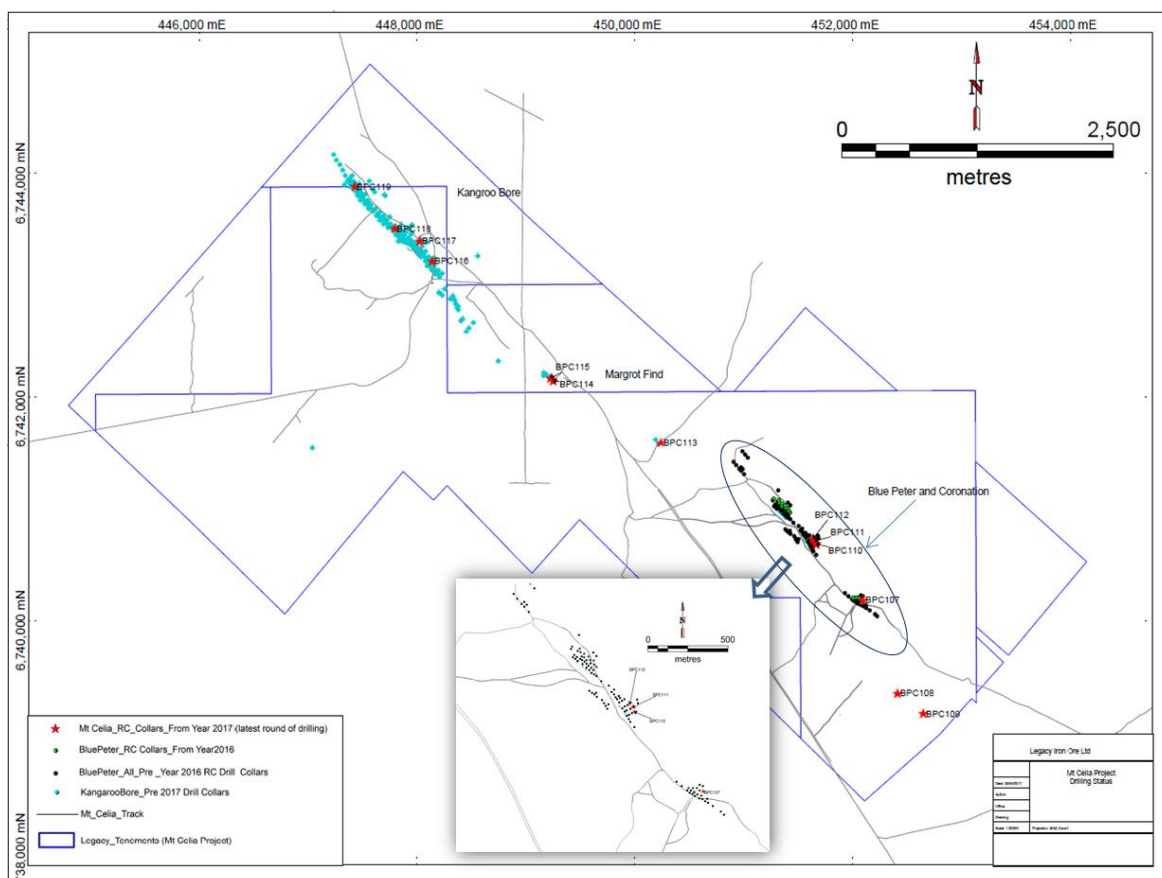


Figure 9: Blue Peter, Coronation and Kangaroo Bore Prospect – March 2017 drill hole location along with historical drilling.

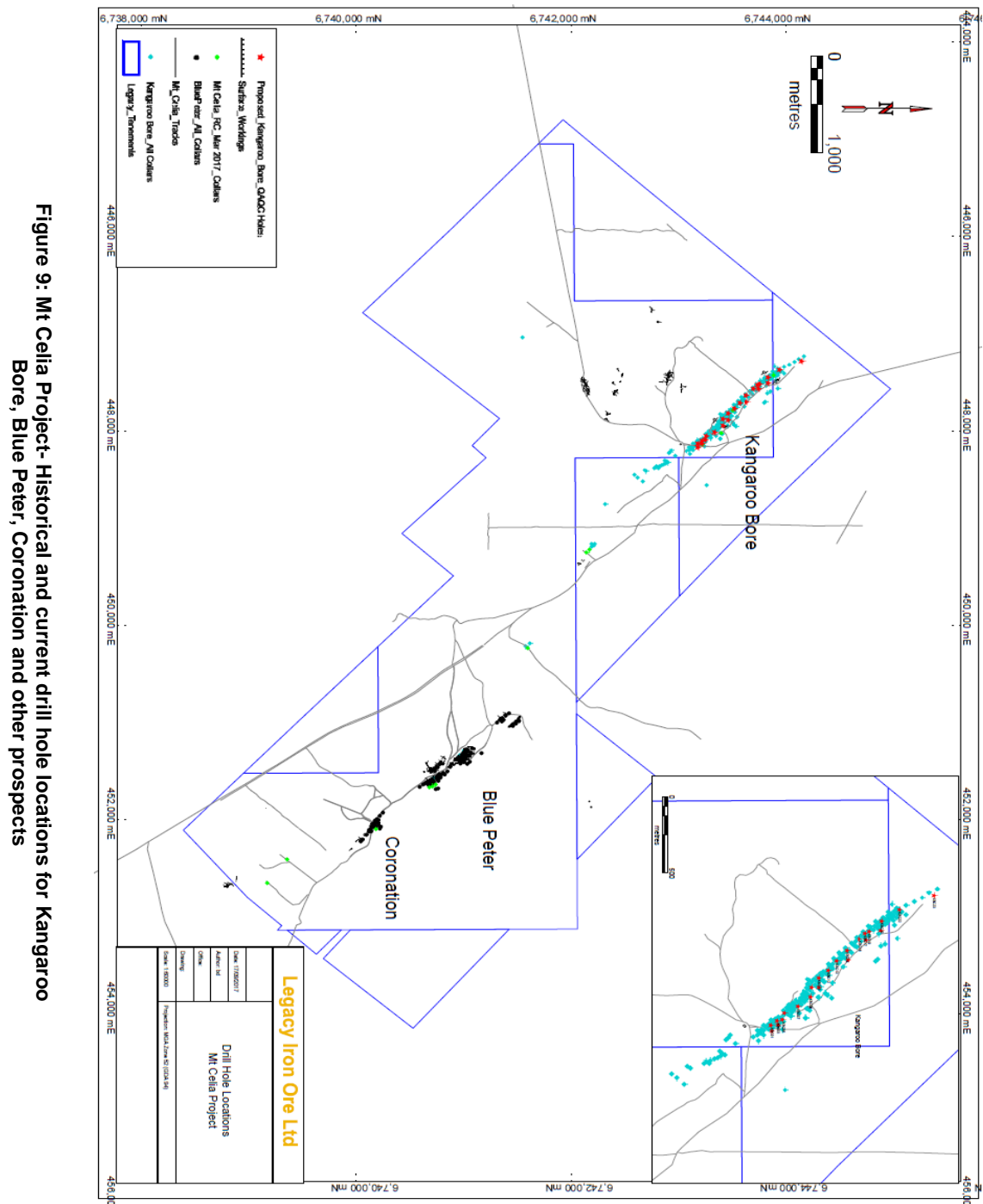
DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

Details of the significant intersections (Au>0.5g/t) from the current round of drilling is shown in table 2 below (refer ASX announcement 7 May 2017) –

Hole ID	Northing	Easting	Dip	Azimuth	RL	Depth in metre		End of Hole	Au in g/t	Comments
						From	To			
BPC107	6740183	452099	60	215	430	112	114	130	1.24	6m at 1.62 g/t; includes 2m at 2.48 g/t
BPC107						114	116		1.13	
BPC107						116	118		2.48	
BPC110	6740684	451669	60	240	423	114	116	140	1.67	2m at 1.67 g/t
BPC110	6740684	451669	60	240	423	122	124	140	0.67	
BPC111	6740713	451657	60	240	421	112	114	140	1.32	4m at 1.81m g/t
BPC111						114	116		2.31	
BPC111	6740713	451657	60	240	421	124	126	140	3.71	2m at 3.71 g/t
BPC112	6740735	451639	60	230	422	90	92	150	0.84	
BPC112	6740735	451639	60	230	422	102	104	150	3.6	2m at 3.60 g/t
BPC112	6740735	451639	60	230	422	108	110	150	1.12	
BPC115	6742172	449228	60	221	406	10	12	150	0.56	
BPC115						12	14		0.68	
BPC116	6743221	448140	60	221	405	22	24	100	12.9	16m at 7.00 g/t; includes 6m at 16.4 g/t.
BPC116						24	26		13.9	
BPC116						26	28		22.5	
BPC116						28	30		3.48	
BPC116						30	32		1.3	
BPC116						32	34		0.84	
BPC116						36	38		0.55	
BPC116						38	40		0.58	
BPC116	6743221	448140	60	221	405	44	46	100	5.06	14m at 3.24 g/t includes 2m at 5.06 g/t
BPC116						46	48		0.51	
BPC116						48	50		0.72	
BPC116						50	52		12.9	
BPC116						52	54		0.79	
BPC116						54	56		2.03	
BPC116						56	58		0.67	
BPC117	6743397	448025	60	221	405	92	94	160	0.59	
BPC117	6743397	448025	60	221	405	100	102	160	2.26	2m at 2.26 g/t
BPC117	6743397	448025	60	221	405	110	112	160	0.68	8m at 1.46 g/t
BPC117						112	114		1.39	
BPC117						116	118		2.12	
BPC117	6743397	448025	60	221	405	118	120	160	1.68	6m at 1.66 g/t; includes 2m at 3.44 g/t
BPC117						124	126		3.44	
BPC117						126	128		0.75	
BPC117	6743397	448025	60	221	405	128	130	160	0.8	

Table 2: Table showing all the intersections of gold mineralisation with gold assay more than 0.5g/t (Refer ASX announcement of May 2017)

- Based on the work done to date at Kangaroo and Blue Peter prospects, the upgraded JORC compliant resource is currently being estimated by SRK Consulting. It is likely to be completed by mid-November 2017.
- Additionally, during Sept 2017, a 2200m RC (22 holes) drilling program has also been completed at Kangaroo Bore to assist with the QAQC and support resource upgrade work. This program is likely to be available by mid-November 2017 (refer figure below and ASX announcement dated 21st Sept 2017).

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

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

- Complete the resource update by mid November 2017.
- Carry out pit optimisation study for the project and plan the next step to assist with the project development (if supported by the study outcome).
- Plan for the next round of drilling on other prospects present with in the Mt Celia project.
- Drill test the multiple Auger and RAB drilling anomalies known in the project area.

The Sunrise Bore project lies some 12 km east of the world class Sunrise Dam gold mine operated by AngloGold Ashanti (Figure 7). A number of prospective shear structures have been identified within the project area associated either with gold anomalism noted in earlier field work and/or nugget gold found by recent prospecting.

During this reporting period, the company has completed the third phase of the auger soil geochemical sampling program and geological traversing in the project. This round of Auger sampling covered the target areas that were not been adequately tested in past and historical sampling, and showed anomalism for gold and rare earth elements (Figure 10). All of these areas are associated with mapped regional geological structures and some gold anomalism.

The sampling work was mainly focused in the northern and southern part of the tenement. The central area of the tenement has already been sampled in the first two successful rounds of the auger sampling (ASX announcement - August 2016 & Figure 10 & 11). A number of anomalies has already been defined in the central part of the tenement and will be followed up/drill tested along with the additional anomalies identified from this third phase of the auger sampling.

Sampling and traversing work commenced from 1st June 2017 and was completed prior to the end of June 2017. A total of 1,587 auger samples have been collected during this program. Results of these samples were received towards end of this reporting period. QAQC assessment of the results and interpretation is underway currently.

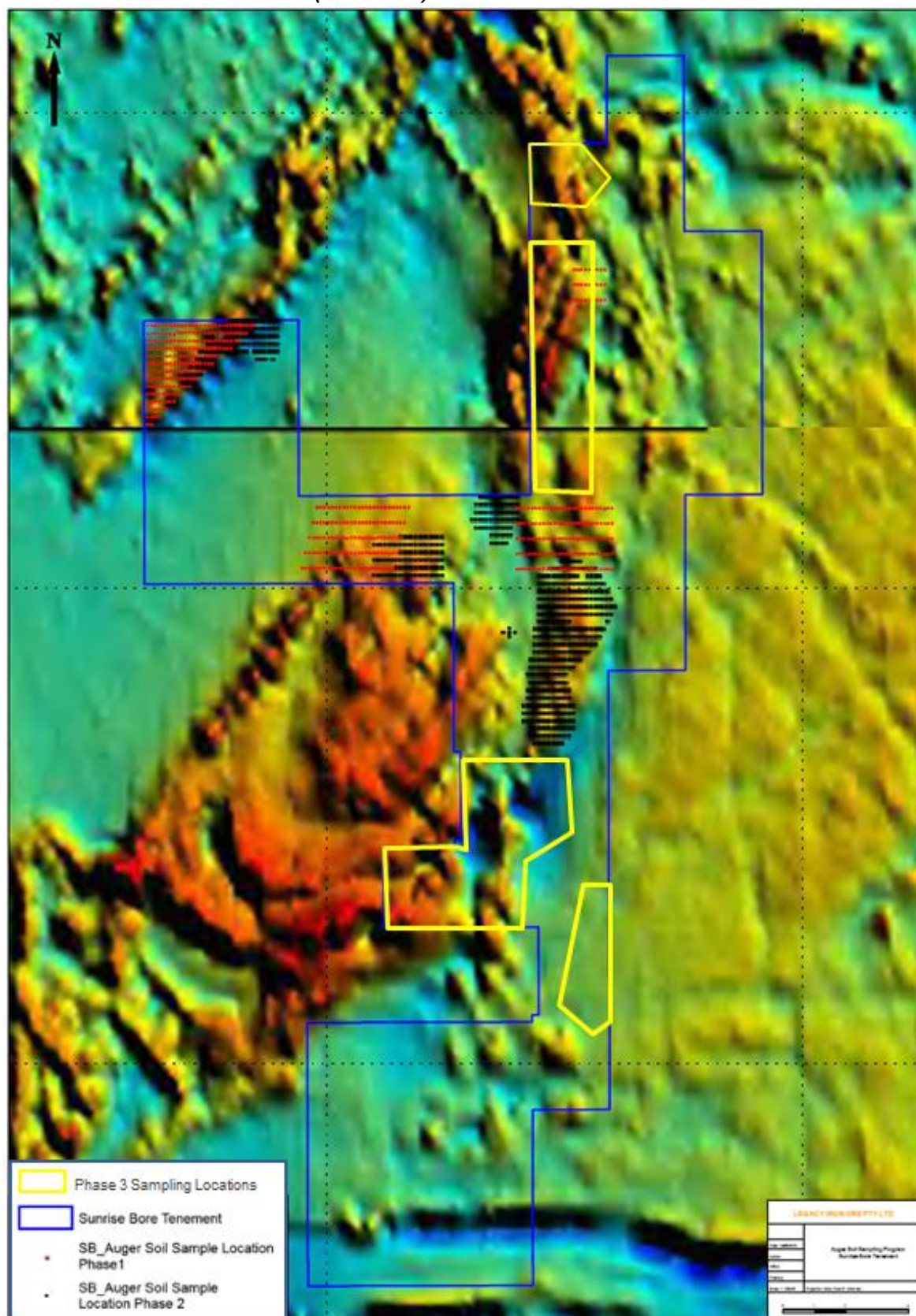
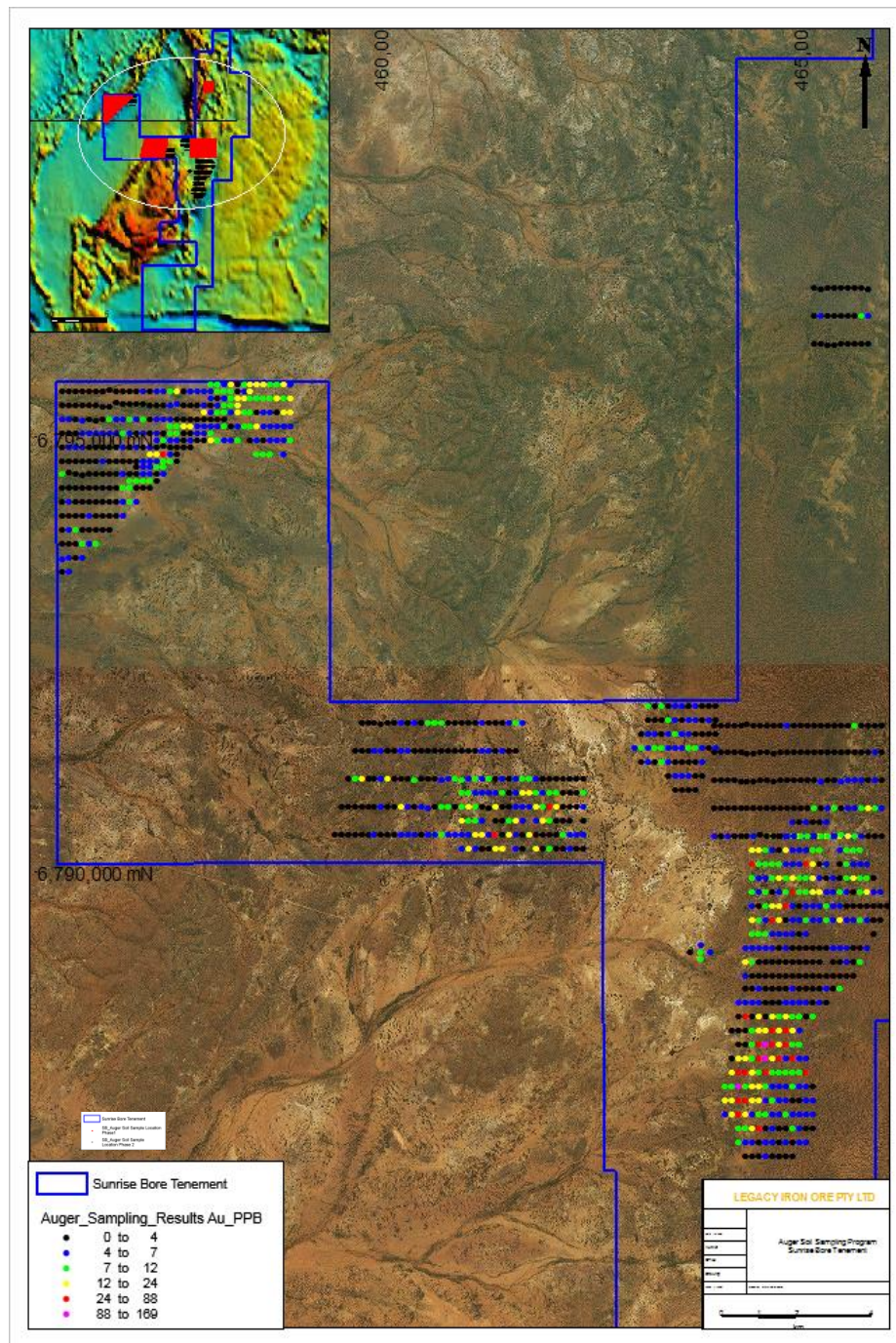
DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)**

Figure 10: Sunrise Bore Project showing magnetic image with Phase 3 sampling areas

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)****Figure 11: Sunrise Bore Phase 1 & 2 Sampling Results****Follow up Program**

Once the analytical results of this latest round of auger sampling interpreted, a follow-up strategy will be developed for the project and is likely to include infill geochemical sampling (auger, stream and rock chip sampling) along with ground based geophysical survey and RC/RAB drilling where necessary.

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

Given the Sunrise Bore project is a large tenement, some additional work including regional geochemical sampling, mapping and geophysical survey will also be undertaken over other areas of the tenement.

GOLD/BASEMETALS – EAST KIMBERLEY

The East Kimberley Project tenement is located in the Halls Creek area, 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).

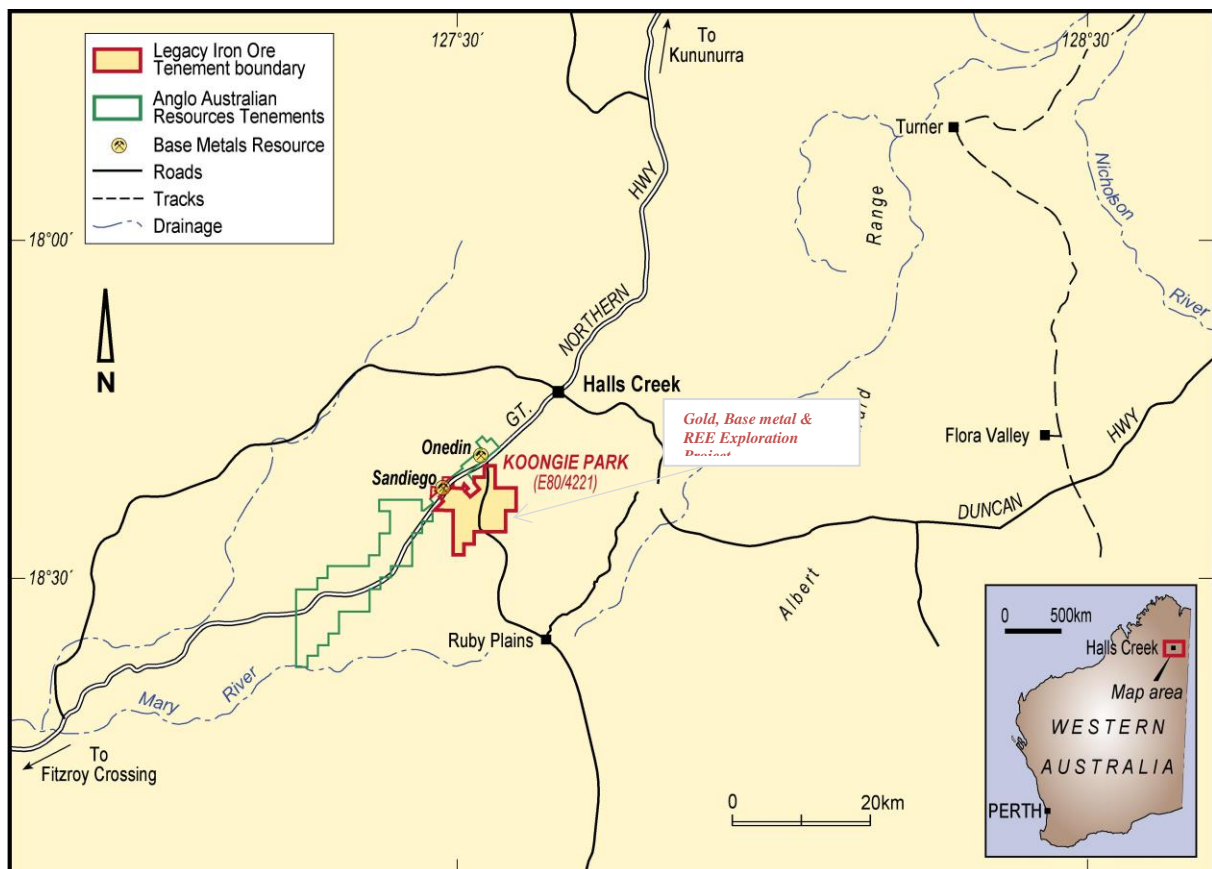


Figure 12: East Kimberley Project

Koongie Park Project

Legacy Iron holds exploration license 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

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

Group. This style of deposit is known worldwide to occur in clusters and often the early discoveries in these camps are not the largest.

Historical exploration done by Legacy Iron has consists 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.
- The flying of a helicopter borne geophysical survey over the northern part of the tenement. This was conducted by Fugro Geophysical Surveys and comprised a HELITEM survey measuring the electrical conductivity of the ground at depth.
- Drill testing (drilled 12 RC drill holes for 2,133 metres) over some of the high priority EM targets (HELITEM 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.
- A detailed geological review of the tenement was completed based on all the available data sets during October – November 2016. An area of 25 sq km was outlined for soil geochemical sampling with spacing of 200x80m grid and geological traversing.
- A total of 1,436 locations at 200x80m spacing have been sampled (auger soil geochemical samples) in the target area of 25 sq km. (Figure 13). The results of this work identified a number of anomalies for Base metals and REE (Figure 14-16 and ASX announcement on 31 July 2017).
- Geological traversing by the company in the past has identified an additional mineralised outcrop with anomalous values of Zn and Cu. These values were measured by using hand held XRF (portable XRF) unit and are indicative only and used in project as an additional tool to further assist the visual assessment of rock samples in the field. The outcrop is approximately 30-50m wide and 400-500m long. This outcrop is located approximately 1.5km ENE of the Sandiego deposit and 800m N of the known gossanous outcrop with in the tenement area (Figure 13).

Work completed during last six months:

- The results of Auger sampling were received in April/May 2017 and identified a number of anomalies for Base metals and REE (Figure 14-16 and ASX announcement on 31 July 2017).
- A follow up ground traversing was completed across the above mentioned geochemical anomalies (areas of initial interest for follow-up) in the project area.

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

- The geological traversing identified a number of oxidised/gossanous outcrops for base metals (with Zn values ranging from 50 ppm to 2000 ppm) and rocks enriched in heavy rare earth minerals (~1000 ppm Y) - Figure 13.

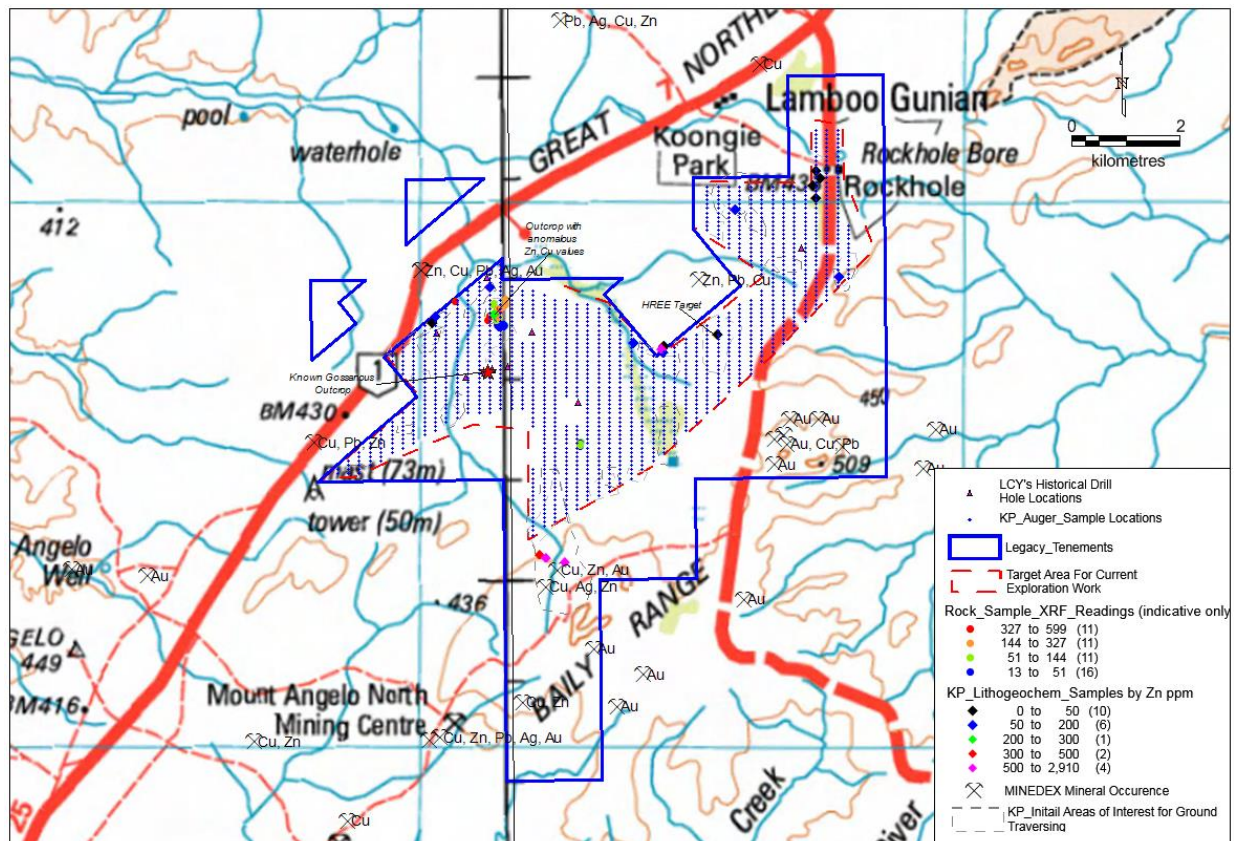
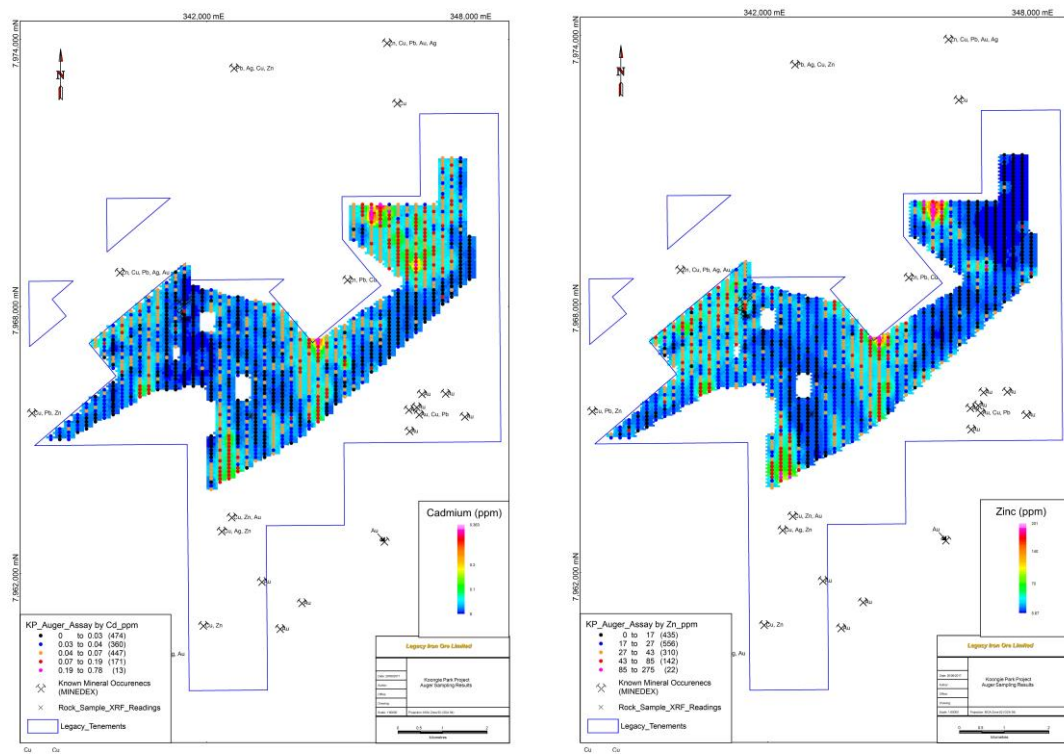
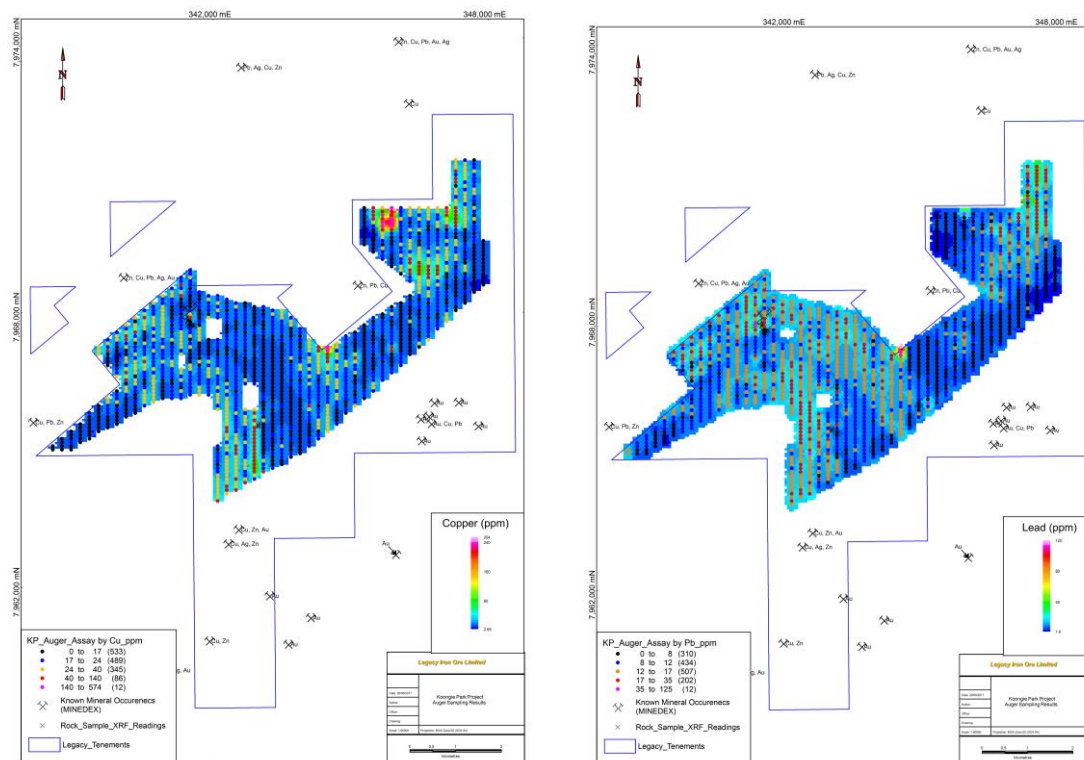
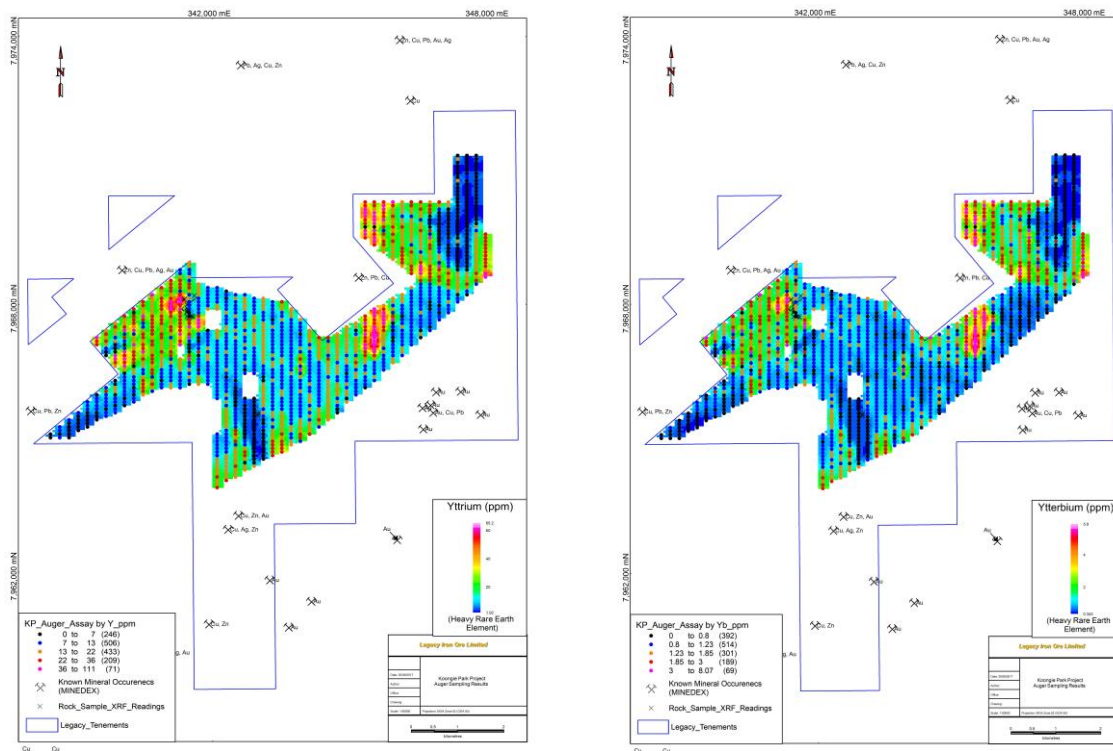
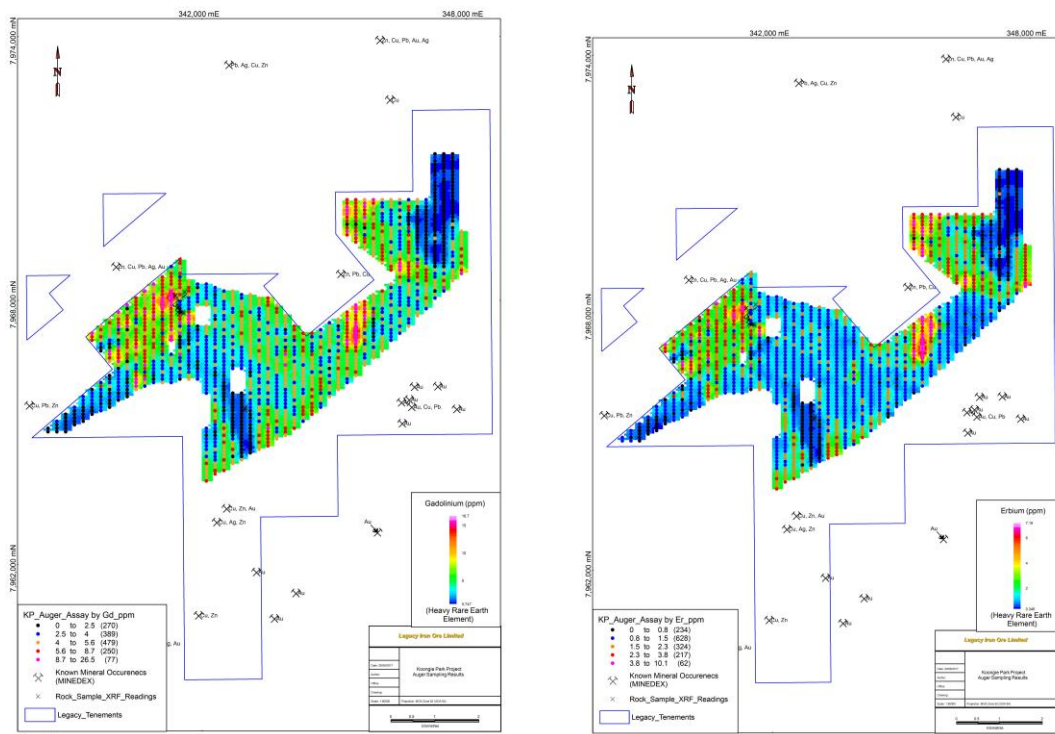


Figure 13: Koongie Park Project: Work Completed and Results

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)****Figure 14: Koongie Park project auger sampling – results**

DIRECTORS' REPORT (continued)**3. REVIEW OF OPERATIONS (continued)****Figure 15: Koongie Park project auger sampling – results****Figure 16: Koongie Park project auger sampling – results**

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

The follow-up steps/plan for the project includes-

- Complete a detailed analysis of the geochemical results along with geological and geophysical data sets to define anomalies for follow-up.
- Geological mapping and sampling in the southern part of the tenement where a number of occurrences are known for base metals.
- Follow-up by ground geophysics if required and Drill testing (approximately 3,000m)

PLANNED ACTIVITIES –

Principal activities planned for next six months will comprise:

Mt Bevan Project: Data interpretation and follow-up planning including finalising drill location for with JV partner for testing any potential the nickel targets in the project area.

Drill testing of the targets March/April 2018

South Laverton: Complete the resource estimation for Mt Celia project which is likely to increase the resource estimate for the project from the known historical resource numbers.

Decision on the next step for the project.

Sunrise Bore – Geochemical data interpretation of the latest round of the Auger sampling

East Kimberley: Detail interpretation of the geochemical sampling results and review the HeliTEM data in the light of the latest information.

Planning for drill testing

New Tenements: Develop a follow-up strategy/work plan for each of the tenement to act once they are granted.

Project Generation: Continue to 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.

DIRECTORS' REPORT (continued)**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 25.

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



Dr Narendra Kumar Nanda
Non-Executive Chairman
Hyderabad
29 November 2017

29 November 2017

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 2017, 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 Tirodkar
Director

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2017**

	Note	Half Year ended 30 September 2017 \$	Half Year ended 30 September 2016 \$
Other Revenue		62,602	89,264
Compliance and regulatory expenses		(27,604)	(28,411)
Depreciation and amortisation expenses		(17,706)	(22,340)
Key management personnel remuneration	3	(249,287)	(292,301)
Employee benefits expenses		(71,254)	(57,253)
Exploration expenditure expensed		(1,107)	(958)
Occupancy expenses	3	(75,785)	(134,137)
Legal expenses		(3,255)	(1,880)
Travel expenses		(12,897)	(9,246)
Other expenses		(38,098)	(38,101)
Corporate services		(5,809)	(5,613)
Finance costs		(1,459)	(5,670)
		<hr/>	<hr/>
Loss before income tax		(441,659)	(506,646)
Income tax benefit	4	<hr/> -	<hr/> -
LOSS FOR THE HALF YEAR ATTRIBUTABLE TO THE MEMBERS OF LEGACY IRON ORE LIMITED		<hr/> (441,659)	<hr/> (506,646)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>			
Net gain on revaluation of financial assets		226,350	188,625
<i>Items that will not be reclassified to profit or loss</i>		<hr/> -	<hr/> -
Total other comprehensive income		226,350	188,625
		<hr/>	<hr/>
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR ATTRIBUTABLE TO THE MEMBERS OF LEGACY IRON ORE LIMITED		<hr/> (215,309)	<hr/> (318,021)
Basic and diluted loss per share		(0.03) cents per share	(0.03) cents per share

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

	Note	30 September 2017 \$	31 March 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		3,966,827	4,719,189
Other Receivables	6	86,907	109,575
Other Financial Assets	5	761,666	533,336
TOTAL CURRENT ASSETS		<u>4,815,400</u>	<u>5,362,100</u>
NON-CURRENT ASSETS			
Plant and Equipment		28,974	44,568
Exploration and Evaluation Expenditure	7	9,429,301	9,011,359
TOTAL NON-CURRENT ASSETS		<u>9,458,275</u>	<u>9,055,927</u>
TOTAL ASSETS		<u>14,273,675</u>	<u>14,418,027</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		191,214	125,768
Employee Benefits		31,474	26,829
TOTAL CURRENT LIABILITIES		<u>222,688</u>	<u>152,597</u>
NON-CURRENT LIABILITIES			
Employee Benefits		9,579	8,713
TOTAL NON-CURRENT LIABILITIES		<u>9,579</u>	<u>8,713</u>
TOTAL LIABILITIES		<u>232,267</u>	<u>161,310</u>
NET ASSETS		<u>14,041,408</u>	<u>14,256,717</u>
EQUITY			
Issued Capital	8	54,626,757	54,626,757
Reserves		16,772,748	16,546,398
Accumulated Losses		(57,358,097)	(56,916,438)
TOTAL EQUITY		<u>14,041,408</u>	<u>14,256,717</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2017**

	Issued Capital \$	Share Based Payment Reserve \$	Option Premium Reserve \$	Financial Assets Reserve \$	Accumulated Losses \$	Total \$
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
BALANCE AT 1 APRIL 2017	54,626,757	16,242,084	90,539	213,775	(56,916,438)	14,256,717
Loss for the half-year	-	-	-	-	(441,659)	(441,659)
Other comprehensive income for the period	-	-	-	226,350	-	226,350
Total comprehensive income/(loss) for the period	-	-	-	226,350	(441,659)	(215,309)
Shares issued during the period (net of transaction costs)	-	-	-	-	-	-
BALANCE AT 30 SEPTEMBER 2017	54,626,757	16,242,084	90,539	440,125	(57,358,097)	14,041,408

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2017**

	Half Year ended 30 September 2017 \$	Half Year ended 30 September 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(474,579)	(616,080)
Interest received	99,652	127,515
Finance costs paid	(1,459)	(5,670)
Receipt from customer	4,516	3,504
<i>Net cash flows (used in) operating activities</i>	<u>(371,870)</u>	<u>(490,731)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration and evaluation	(415,420)	(378,998)
Payment for held to maturity financial asset	(1,675)	-
Purchase of fixed asset	(2,113)	(1,871)
Proceeds from/payment for security deposits	-	(1,606)
Receipt of cash call from Joint Venture participant	38,716	30,200
<i>Net cash flows (used in) investing activities</i>	<u>(380,492)</u>	<u>(352,275)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	-	(19,743)
<i>Net cash flows (used in) financing activities</i>	<u>-</u>	<u>(19,743)</u>
Net Decrease in Cash and Cash Equivalents	(752,362)	(862,749)
Cash and Cash Equivalents at the Beginning of Half Year	<u>4,719,189</u>	<u>6,346,123</u>
CASH AND CASH EQUIVALENTS AT THE END OF HALF YEAR	<u><u>3,966,827</u></u>	<u><u>5,483,374</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2017**

1. BASIS OF PREPARATION OF HALF YEAR REPORT

This condensed interim financial report for the half year reporting period ended 30 September 2017 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 2017 together with any public announcements made during the half year.

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 2017 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 2017, 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 2017.

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 2017. 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 2017**

2. DIVIDENDS

No dividends have been paid or proposed during the six month period ended 30 September 2017 (30 September 2016: NIL).

3. LOSS BEFORE INCOME TAX

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

	30 September 2017	30 September 2016
	\$	\$
Key management personnel remuneration	249,287	292,301
Occupancy expenses	75,785	134,137

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 2017 is 0% (30 September 2016: 0%).

5. OTHER FINANCIAL ASSETS

Current

	30 September 2017	31 March 2017
	\$	\$
- Security deposits held(i)	158,066	156,086
- Shares in listed corporation at fair value–Level 1(ii)	603,600	377,250
	761,666	533,336

(i) Deposits have been pledged as security for bank guarantees provided to lessors relating to lease of office premises 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 2017	377,250	578,450
Fair value gain/(loss) on available-for-sale financial assets (a)	226,350	(201,200)
Closing balance 30 September 2017	603,600	377,250

(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 2017**

	30 September 2017	31 March 2017
6. OTHER RECEIVABLES		
Current	\$	\$
Loans receivable - unrelated entity (a)	200,000	200,000
Less Provision for impairment	(200,000)	(200,000)
Sundry receivables (b)	54,660	85,099
Prepayments	32,247	24,476
Total current receivables	86,907	109,575

(a) The loan receivable from an unrelated entity is current and unsecured. The loan is past due and has been fully provided.

(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

	Six months ended 30 September 2017 \$	Six months ended 31 March 2017 \$
Non-Current		
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases – at cost	9,429,301	9,011,359
Movement in carrying amounts		
Carrying amount at the beginning of the period	9,011,359	8,669,063
Exploration tenements acquired	-	11,656
Exploration expenditure capitalised during the period	467,622	358,398
Less: Recovery of expenditure from Joint Venture participant	(49,680)	(27,758)
Carrying amount at the end of the period	9,429,301	9,011,359

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 2017**

8. ISSUED CAPITAL

(a) Fully paid ordinary shares

	Six months ended 30 September 2017		Six month ended 31 March 2017	
	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	<u>1,468,264,157</u>	<u>54,626,757</u>	<u>1,468,264,157</u>	<u>54,626,757</u>

(b) Options on issue

	Six months ended 30 September 2017 No	Six months ended 31 March 2017 No
At beginning of reporting period	-	-
Options issued during the half year	-	-
Options expired during the half year	-	-
At reporting date	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2017**

9. 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 2017				
SEGMENT REVENUE	4,516	-	58,086	62,602
SEGMENT NET LOSS BEFORE TAX				
Depreciation	-	-	(17,706)	(17,706)
Corporate charges	-	-	(486,555)	(486,555)
SEGMENT PROFIT/(LOSS)	4,516	-	(446,175)	(441,659)
SEGMENT ASSETS				
Segment assets	5,854,102	4,167,143	4,252,430	14,273,675
increases/(decreases) for the half year	300,869	343,422	(788,643)	(144,352)
SEGMENT LIABILITIES	-	-	232,267	232,267
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 assets				
increases/(decreases) for the half year	246,341	287,975	(887,547)	(353,231)
SEGMENT LIABILITIES	-	-	184,595	184,595

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
30 SEPTEMBER 2017**

10. CONTINGENT LIABILITIES

As per the terms of a sublease executed for the office space rental, Legacy is entitled to a rent concession of \$2,929.79 per month for the term of sublease (being 3 years). This concession will cease to apply and will be refunded to the sub lessor if the Company breaches an essential term of the sublease agreement at any time during the tenure of the lease. The Company accounted for a rent concession of \$31,056 till 30 September 2017.

11. 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 2017 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.



Dr Narendra Kumar Nanda
Non-Executive Chairman
Hyderabad
29 November 2017

**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 2017, 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 2017 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 29 November 2017.

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 2017 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
29 November 2017