Legend mining limited

2015 Annual Report

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ASX Code
LEG – ordinary shares

ACN 060 966 145

COMPANY DIRECTORY

ACN 060 966 145

Directors

Michael William Atkins
(Chairman)

Mark William Wilson
(Managing Director)

Derek William Waterfield
(Executive Director-Technical)

Secretary

Dennis Wilkins

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NEDLANDS, WA 6000

CHAIRMAN'S REPORT

For the year ended 31 December 2015

It gives me great pleasure to report that Legend is well on the way to realising its vision of becoming a successful Fraser Range explorer and hopefully a project developer.

As reported in the 2014 Annual Report, Legend has completed the sale of its Cameroon iron ore project, and now has only one payment of $3million outstanding from the initial sale proceeds of $12million, which is due for payment in December 2016. It is worth noting that this $3million is earning interest of 4%pa.

In July 2015, Legend acquired a very important package of tenements (The Rockford Project) in the Fraser Range, from Mr Mark Creasy, who also sold the tenements to Sirius Resources Limited that put the Fraser Range onto the world map. Legend spent many months reviewing the Rockford tenements, and following our confidential due diligence considers them to be some of the most prospective tenements in the Fraser Range.

Since completion of the Purchase and Joint Venture Agreement in September 2015 (on similar terms and conditions to the Sirius/Creasy agreement) Legend has commenced its exploration activities with extensive new and innovative moving loop electromagnetic surveys over six initial areas. This resulted in the identification of seven conductors in three separate areas. A follow up RC drilling program commenced in late February 2016 to test five of the seven conductors. These will be the first RC drill holes in the entire 3000 km^2 of the Rockford Project area and will give a geological perspective to compliment the gravity and aeromag data sets.

Our focus is to systematically explore the entire project area.

It is also important to note that, as an active explorer for nickel-copper in the now famous Fraser Range, Legend is also well funded. As at the date of this letter Legend had a treasury of circa $12million (being cash - $6million, shares held for sale - $3million and Cameroon sale receivable -$3million) which will cover 3 – 4 years of exploration activity at current rates of expenditure.

It is indeed an exciting time for Legend, and given the quality of our managerial and technical team, led by Mark Wilson, we look forward to the next year with great anticipation. Your Board thanks you the shareholders for your support over the last couple of years as we prosecuted this change of direction.

Michael Atkins

Chairman
4 March 2016

ROCKFORD PROJECT – Fraser Range District (Nickel-Copper, Gold)

On 2 July 2015 Legend signed a Purchase and Joint Venture Agreement for a 70% JV interest in a 2,530km^2 package of tenements from the Creasy Group in the highly prospective Fraser Range District of Western Australia, see Figure 1. The purchase was settled on 23 September 2015. Legend now controls a 2,939km^2 land package (409km^2 existing tenure) comprising eight contiguous granted exploration licences located 120km northeast of the Nova-Bollinger nickel-copper deposit. These tenements are collectively known as the Rockford Project.

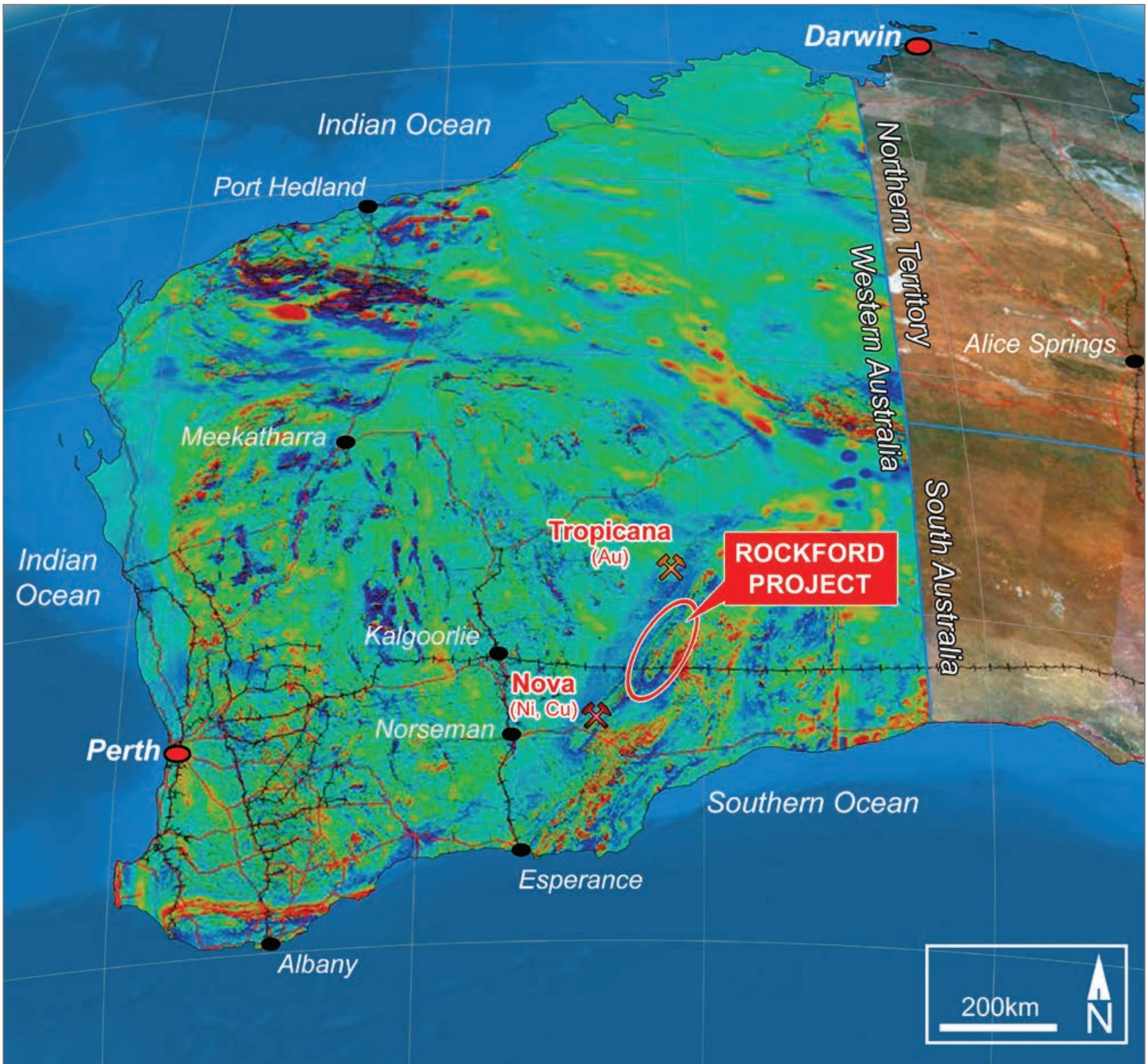

Figure 1: Rockford Project Location on Regional Aeromagnetic Image

The Rockford Project covers a strike length of 100km over a regional gravity high "ridge" associated with dense mafic/ultramafic intrusive rocks of the Fraser Zone, within the larger Albany-Fraser Orogen. Independence Group's Nova-Bollinger deposit, which lies within the Fraser Zone, is situated on a similar tenor gravity ridge to that of the Rockford Project, see Figure 2.

As part of ongoing reviews of project opportunities during 2015, Legend identified the prospectivity of the Creasy JV tenements through the assessment of regional aeromagnetic/gravity data, along with extensive publically available datasets covering the entire Fraser Range district.

Following the signing of a Confidentiality Agreement with the Creasy Group, Legend was then able to further assess the prospectivity utilising the Creasy database of recently acquired high resolution aeromagnetic and gravity data, reconnaissance aircore drill traverse information and comprehensive geochemical sample data. This assessment of the geophysical data and the presence of favourable nickel hosting lithologies in the aircore drilling confirmed Legend's perception of the high prospectivity of the Rockford Project.

TRANSACTION SUMMARY

As part of the Rockford transaction, Legend received an extensive exploration data package from the Creasy Group including:

- Project wide high resolution aeromagnetic data at 50m line spacing,
- Detailed gravity data over an 800m/400m x 100m grid, comprising 35,600 stations,
- Aircore drilling with multi-element analysis of bottom-of-hole samples,
- Detailed petrological descriptions of bottom-of-hole aircore samples,
- Project wide soil and calcrete geochemical sampling over an 800m x 400m grid.

These high quality datasets have proven extremely valuable (and will continue to be so) in the identification of areas for follow up exploration. The selection of areas initially involved the interpretation of these individual datasets, then their full integration to assist in the ranking and prioritisation process. The selection has comprised:

- Aeromagnetic data interpretation to provide a regional structural framework,
- Assessment of geological information from aircore drilling,
- Petrological descriptions of bottom-of-hole aircore samples to identify favourable nickel host rocks,
- 3D aeromagnetic inversion modelling to assist in identifying intrusive bodies,
- 3D gravity inversion modelling to assist in identifying intrusive bodies,
- Assessment of the surface geochemical data.

The Key Terms of the Tenement Sale and Exploration Joint Venture Agreement are as follows.

- Legend to acquire 70% interest in tenements (E28/2188-2192, E28/1718 & E28/1727) for:
  - $2.5M cash payment,
  - 71.5M Legend shares at deemed price of $0.007 ($500,500),
  - 150M five year Legend options exercisable at $0.04.
- Legend to sole fund exploration and free carry Creasy Group's 30% interest through to the signing of Mining Venture Agreements.

FIRST PROGRAMMES

An extensive moving loop electromagnetic ("MLEM") survey commenced on 24 September 2015 focussing on six targets, namely Areas A Central, B, C, D, E & F, see Figure 2. This new and innovative MLEM surveying comprised 82 traverses, 1,978 stations and covered 189.9 line km.

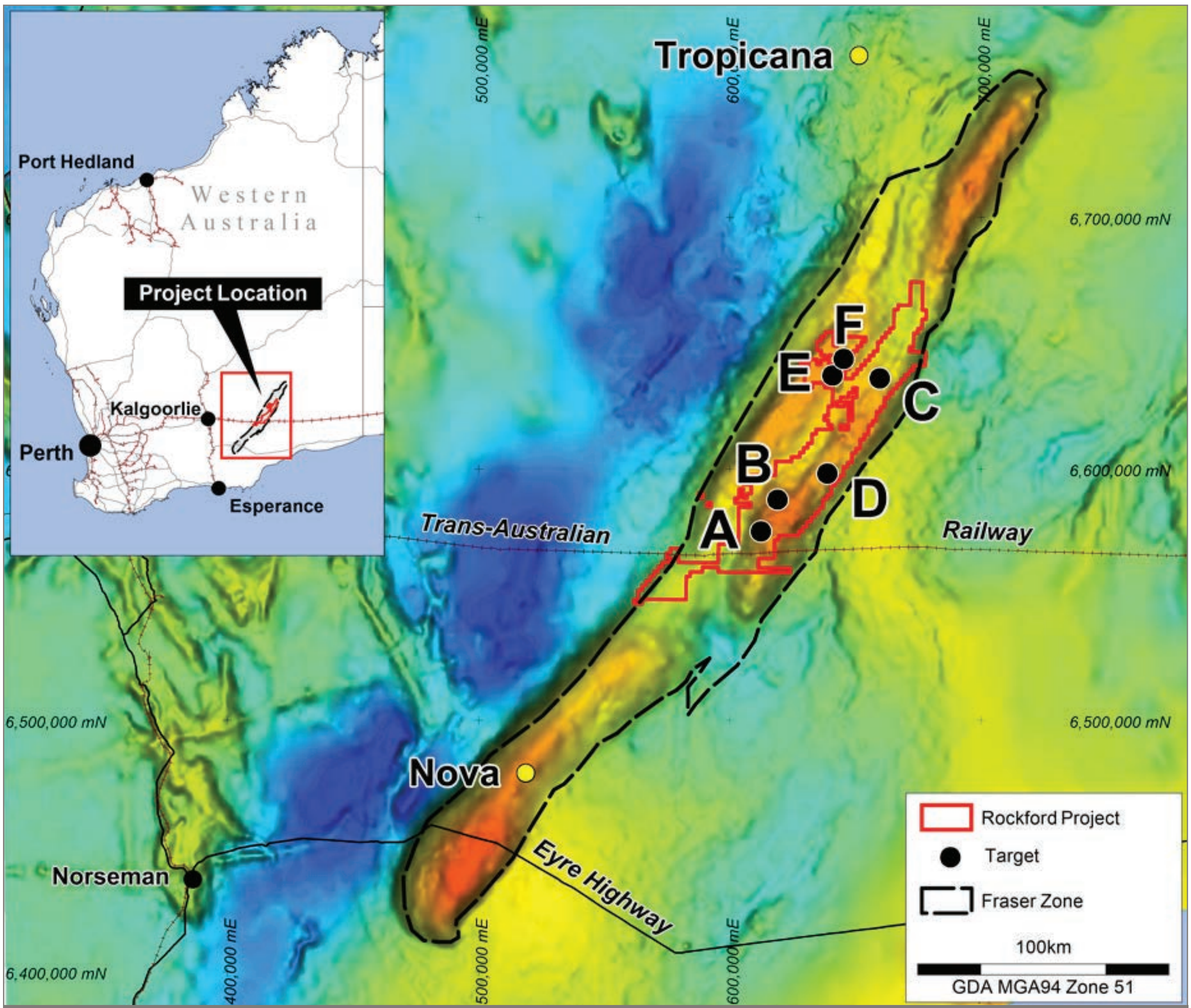

Figure 2: Rockford Project Target Areas on Regional Gravity

The results from the MLEM survey were highly encouraging with the identification of five conductors at Area D and single conductors at both Area E and Area F. Detailed geophysical modelling and interpretation of these conductors resulted in five conductors being selected for RC drill testing, four at Area D and one at Area F. The drilling programme to test these conductors is scheduled for late February 2016. Area D is considered a high priority target and described in more detail below.

Area D has a discrete 1.5km x 1km gravity high (4mgal) with an associated magnetic signature suggestive of a structural fold closure or intrusive feature. The MLEM survey identified five highly to moderately conductive bedrock conductors at relatively shallow depth. Figure 3 shows the location of the five conductors with respect to the discrete gravity high and the four proposed RC drillholes.

Conductors 1, 2 and 3 are characterised by very high conductances (~9,000-17,000S), large areal extent and represent conductive bedrock sources situated on the SE margin of the discrete gravity high and appear related to local aeromagnetic units, see Figure 3. These high conductive responses are consistent with the signature of well-developed sulphidic/graphitic bodies. Conductor 4 represents a moderate strength, localised (~300x200m) conductor positioned within the central zone of the gravity high.

The high conductance of Conductors 1-3 and the location of Conductor 4 with respect to the gravity feature make these conductors quality RC drill targets.

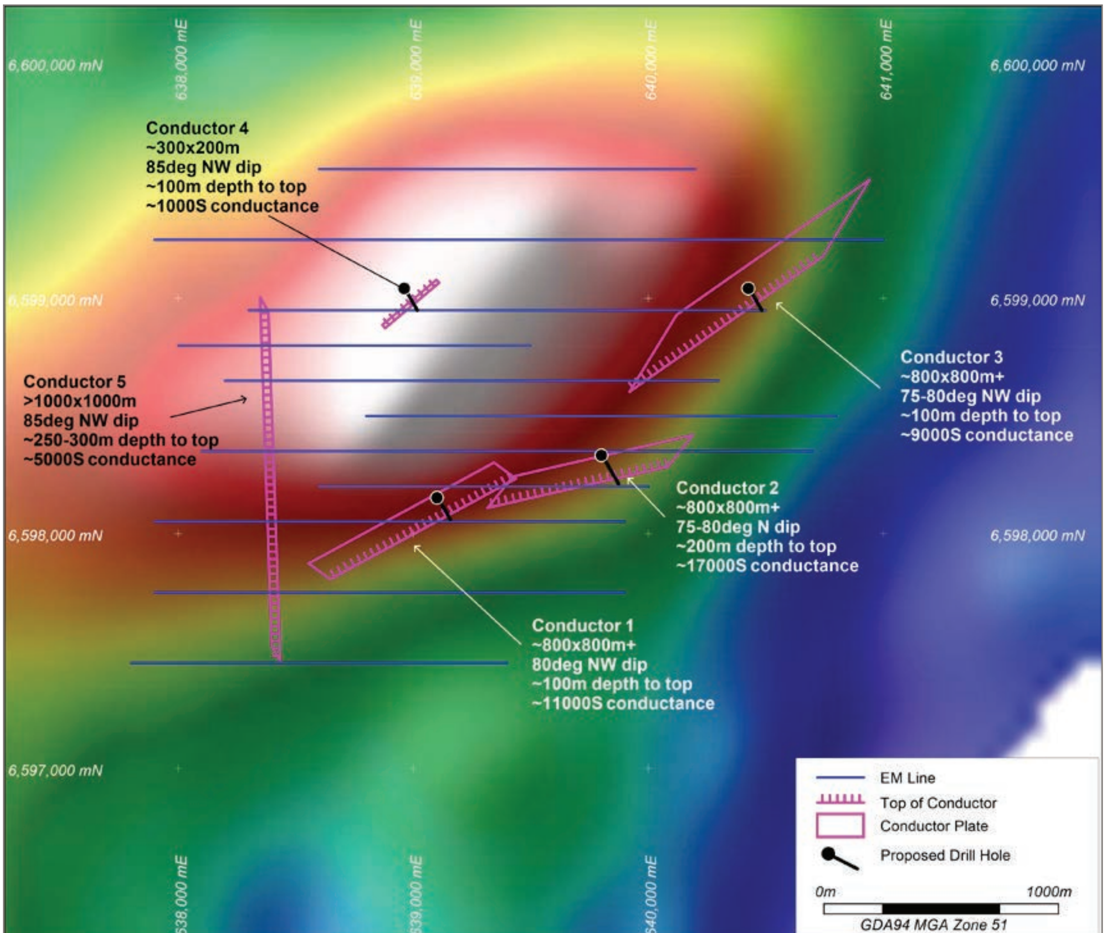

Figure 3: Rockford Project Area D Conductor Plates on Residual Gravity Image with Proposed Drillholes

CORPORATE

Independence Group NL – Sirius Resources NL; Acquisition/Demerger

Court approval for the Schemes of Arrangement regarding the acquisition of Sirius by Independence, and the demerger of Sirius' Polar Bear and Scandinavian assets into new company S2R was given on 9 September 2015. As a result of these transactions, Legend's previous holding of 1.5M Sirius shares is now as follows:

- 990K IGO shares after conversion of 1.5M SIR shares (0.66 IGO shares per SIR share)
- Received $780K cash ($0.52 per SIR share)
- Received $24,750 IGO dividend on 15 October 2015 ($0.025 per IGO share)
- Received 750K shares in new company S2R (1 S2R share for 2 SIR shares)

Cameroon Project Sale

A rescheduled debt payment regarding the sale of Legend's Cameroon Iron Ore Project to Jindal Mining and Exploration Limited was announced to the ASX on 28 July 2015. A summary of the total A$17.5M consideration under the sale agreement is given below:

- A $6M received at completion 5 August 2014
- A $3M received 15 September 2015
- A $3M payable on or before 15 December 2016, with interest of 4% payable quarterly in arrears on this $3M amount from 15 September 2015. ($30,000 received 16 December 2016)
- A$5.5M to be paid upon the first commercial shipment of iron ore from the Project.

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

CORPORATE GOVERNANCE STATEMENT

Legend Mining Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Legend Mining Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2015 Corporate Governance Statement was approved by the Board on 1 March 2016 and is current as at 4 March 2016. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.legendmining.com.au

The Directors submit their report for the year ended 31 December 2015.

1. DIRECTORS

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

Michael Atkins (Chairman, Non-Executive Director)

Mark Wilson (Managing Director)

Derek Waterfield (Executive Director - Technical)

2. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Michael Atkins is a Fellow of the Australian Institute of Company Directors.

Mr Atkins was a founding partner of a national Chartered Accounting practice from 1979 to 1987 and was a Fellow of the Institute of Chartered Accountants in Australia between 1984 and 2012.

Between 1987 and 1998 he was involved in the executive management of several publicly listed resource companies with operations in Australia, USA, South East Asia and Africa. From 1990 to 1995 he was managing director and later a non-executive director of Claremont Petroleum NL and Beach Petroleum NL during their reconstruction, and then remained as a non-executive director until 1995. He was also founding executive chairman of Gallery Gold Ltd until 1998, and remained a non-executive director until 2000.

Since February 2011 Mr Atkins has been a Director – Corporate Finance at Patersons Securities Limited where he advises on the formation of, and capital raising for, emerging companies in the Australia resources sector.

He is currently non-executive chairman of Australian listed company Azumah Resources Ltd and non-executive director of SRG Limited.

During the past three years, Mr Atkins has also served as a director of Westgold Resources Ltd (resigned October 2012) and Enterprise Uranium Limited (resigned March 2014), both publicly listed companies

Mark Wilson is a Member of the Institution of Engineers, Australia and a Chartered Professional Engineer with an Associateship in Civil Engineering from Curtin University in Western Australia. He has an extensive business background, mainly in corporate management and project engineering. This has included site management of remote construction projects, ten years of commercial construction as a founding proprietor of a Perth based company and the past twenty years in executive, non-executive, consulting and owner roles in resource focused companies. Mr Wilson is presently a non-executive director of Australian listed company Tanga Resources Limited (appointed 20 June 2014). Mr Wilson has not held any former public company directorships in the last 3 years.

Derek Waterfield is a Member of the Australian Institute of Geoscientists and a graduate of the University of Queensland (B.Sc. Hons). He has over 25 years' experience in gold, base metals, iron ore, nickel and uranium exploration throughout Australia and Cameroon.

He started his career with CRA Exploration Pty Ltd and has held senior exploration leadership positions with Normandy Mining and Newmont Australia, and led the team that discovered the Moolart Well gold deposit in the Duketon Belt 350km north of Kalgoorlie. He was Exploration Manager at Legend Mining for five years managing Legend's WA and Cameroon projects. More recently he has been Exploration Manager for Enterprise Metals Ltd, responsible for gold, iron ore, uranium and base metal exploration in WA. Mr Waterfield has not held any former public company directorships in the last 3 years.

Dennis Wilkins (Company Secretary) is the founder and principal of DWCorporate Pty Ltd a leading privately held corporate advisory firm servicing the natural resources industry.

Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006.

Since July 2001 Mr Wilkins has been running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

He is currently a non-executive director of Australian listed company Key Petroleum Ltd.

3. EARNINGS PER SHARE

Basic loss per share:	0.066 cents
Diluted loss per share:	0.066 cents

4. DIVIDENDS

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

5. CORPORATE INFORMATION

Corporate Structure

Legend Mining Limited is a company limited by shares that is incorporated and domiciled in Australia. Legend Mining Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure.

Nature of Operations and Principal Activities

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

- exploration for nickel and copper, deposits in Australia.

Employees

The consolidated entity had a staff of 4 employees at 31 December 2015 (2014: 4 employees).

6. OPERATING AND FINANCIAL REVIEW

Results of Operations

The net loss after income tax of the consolidated entity for the year was $1,311,284 (2014: $2,618,326).

Review of Operations

The Directors' Review of Activities for the year ended 31 December 2015 is contained on pages 3 to 7 of the Annual Report.

Summarised Operating Results

Impairment of Deferred Exploration Costs: There was nil impairment of deferred expenditure expensed to the income statement during the year (2014: $1,105,212).

Deferred Exploration Costs: Total acquisition costs and deferred expenditure on tenements capitalised during the year amounted to $5,092,136 (2014: $326,339).

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During 2015 Legend has:

(i) Entered into a Tenement Sale and Exploration Joint Venture Agreement ("Creasy Agreement") with the Creasy Group in the Fraser Range district of Western Australia. Legend acquired a 70% interest in tenements (E28/2188-2192, E28/1718 and E28/1727) for the following consideration:

- $2.5 million cash payment;
- 71.5 million Legend shares, for accounting purposes valued at a deemed price of $0.011 ($786,500); and
- 150 million five year Legend options exercisable at $0.04, for accounting purposes valued at a deemed price of $0.0039 ($585,000).

Legend is to sole fund exploration and free carry Creasy Group's 30% interest through to the signing of Mining Venture Agreements.

(ii) Rescheduled the payment terms under the Jindal Agreement with the key amendments as follows:

- The $6 million payment originally scheduled for 5 August 2015 is now to be paid in two tranches, $3 million on 15 September 2015 (received) and a further $3 million on or before 15 December 2016;
- Interest of 4% payable quarterly in arrears will be payable on the second $3 million; and
- The $5.5 million payable under the Jindal Agreement upon the grant of a Mining Convention at the Cameroon Iron Ore Project ("Project") is now rescheduled to be paid upon the first commercial shipment of iron ore from the Project.

8. ENVIRONMENTAL REGULATION AND PERFORMANCE

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

9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

10. SHARE OPTIONS

Unissued shares

As at the date of this report, there were 150,000,000 unissued ordinary shares under options. Refer to note 18 for further details of the options outstanding.

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

Shares issued as a result of the exercise of options

There were no shares issued as a result of the exercise of options during the financial year.

11. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

12. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

(i) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

(ii) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

13. INDEMNIFICATION OF AUDITORS

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

14. REMUNERATION REPORT (AUDITED)

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

Details of key management personnel

Directors

M Atkins	Chairman (non-executive)
M Wilson	Managing Director
D Waterfield	Executive Director - Technical

Compensation Philosophy

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

The Company embodies the following principle in its compensation framework:

- Provide competitive rewards to attract high-calibre executives.

Group Performance

The Group's financial performance for the last five years has been as follows:

	December 2015	December 2014	December 2013	December 2012	December 2011
Revenue	$575,162	$371,332	$280,734	$602,416	$780,553
Net profit/(loss) after tax	($1,311,284)	($2,618,326)	($38,412,494)	$2,215,446	($4,250,169)
Basic earnings/(loss) per share (cents per share)	(0.066)	(0.128)	(1.769)	0.112	(0.241)
Diluted earnings/(loss) per share (cents per share)	(0.066)	(0.128)	(1.769)	0.112	(0.214)
Net assets	$17,127,502	$17,067,286	$22,354,576	$51,900,776	$49,575,238
Share price (at balance date)	$0.008	$0.007	$0.008	$0.02	$0.03

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

Remuneration Committee

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

Compensation Structure

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

Objective of Non-Executive Director Compensation

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

Structure of Non-Executive Director Compensation

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

14. REMUNERATION REPORT (CONTD)

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

Objective of Senior Management and Executive Director Compensation

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

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

Structure of Senior Management and Executive Director Compensation

In determining the level and make-up of executive compensation, the Board may engage external consultants to provide independent advice. No external advice was obtained during the 2015 year.

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

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

Fixed Compensation

Fixed compensation is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices. No external advice was obtained during the 2015 year.

Structure

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

Employment Contracts

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

- Mr Wilson receives remuneration of $320,000 per annum exclusive of superannuation;
- Mr Wilson may resign from his position and thus terminate his contract by giving one month written notice;
- The company may terminate Mr Wilson's employment contract by providing six months' written notice if the position has become redundant, or three months' written notice in all other circumstances; and
- The Company may terminate Mr Wilson's contract at any time without notice if serious misconduct has occurred.

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

- Mr Atkins receives remuneration of $80,000 per annum exclusive of superannuation;
- Mr Atkins' agreement provides for engagement of consultancy services outside of the scope of the ordinary duties of a non-executive chairman. In addition to the director's fees above, Mr Atkins is paid $2,000 per day (inclusive of superannuation) for the provision of these consultancy services.
- Mr Atkins' appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company;
- Mr Atkins may resign from his position and thus terminate his contract by giving written notice; and
- The Company may terminate Mr Atkins' contract by way of resolution of the Company.

14. REMUNERATION REPORT (CONTD)

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

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

Employee Share Option Plan

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

At a General Meeting on 4 December 2009 shareholders approved the implementation of Employee Share Option Plan No 3. The new plan differs from the previous plans in that there is no 12 month vesting period on any new options received under plan No 3. There is a significant change in the context of recent proposals by the Federal Government to change the tax treatment of options issued under incentive schemes. Removal of the vesting period requirement allows the Board maximum flexibility to make offers of options on the terms of the plans appropriate at the time, having regard for the tax environment which the proposed participants find themselves in when an offer of options is received from the company.

Compensation of Key Management Personnel for Year Ended 31 December 2015

Name	Year	Short term Salary and Fees[1] $	Post-Employment Super-annuation $	Share based payments options $	Total $	% of compen-sation granted as options	% of performance related remuneration
Director							
M Atkins	2015	80,000	7,600	-	87,600	-	-
	2014	80,000	7,500	-	87,500	-	-
M Wilson	2015	340,102	35,077	-	375,179	-	-
	2014	349,949	30,000	-	379,949	-	-
D Waterfield	2015	228,462	20,900	-	249,362	-	-
	2014	222,538	20,625	-	243,163	-	-
Total	2015	648,564	63,577	-	712,141	-	-
	2014	652,487	58,125	-	710,612	-	-

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

Option holdings of Key Management Personnel[1]

Options held in Legend Mining Limited (number) during the year ended 31 December 2015

Name	Balance at beginning of year 1 Jan 2015	Granted as Remuneration	Exercised during the year	Net Change Other	Balance at end of year 31 Dec 2015	Not Vested & Not Exercisable	Vested & Exercisable
Directors							
M Atkins	5,000,000	-	-	[2] (5,000,000)	-	-	-
M Wilson	55,000,000	-	-	[2] (55,000,000)	-	-	-
D Waterfield	-	-	-	-	-	-	-
Total	**60,000,000**	**-**	**-**	**(60,000,000)**	**-**	**-**	**-**

(1) Includes options held directly, indirectly and beneficially by KMP.
(2) Options expired unexercised.

14. REMUNERATION REPORT (CONTD)

Shareholdings of Key Management Personnel[1]

Shares held in Legend Mining Limited (number) during the year ended 31 December 2015

Name	Balance 1 Jan 15	Granted as remuneration	On exercise of options	Net change other	Balance 31 Dec 15
Directors					
M Atkins (Windamurah P/L), (Alkali Exploration P/L)	4,558,334	-	-	-	4,558,334
M Wilson (Chester Nominees WA P/L)	70,000,000	-	-	[2]10,000,000	80,000,000
D Waterfield	1,000,000	-	-	-	1,000,000
Total	**75,558,334**	**-**	**-**	**10,000,000**	**85,558,334**

(1) Includes options held directly, indirectly and beneficially by KMP.
(2) On-market purchases made during the year.

END OF REMUNERATION REPORT

15. DIRECTORS' MEETINGS

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

Name	No. of Meetings Attended	No. of Meetings Held Whilst A Director
Attended by:		
Michael Atkins	8	8
Mark Wilson	8	8
Derek Waterfield	8	8

16. DIRECTORS' INTERESTS

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

Name	Ordinary shares	Options over ordinary shares
M Atkins (Windamurah P/L), (Alkali Exploration P/L)	4,558,334	-
M Wilson (Chester Nominees WA P/L)	80,000,000	-
D Waterfield	1,000,000	-

17. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Non-audit services

There were no non-audit services provided by the Company's auditor, Ernst & Young during the 2015 financial year.

We have received the Declaration of Auditor Independence from Ernst & Young, the Company's Auditor. This is available for review on page 50 and forms part of this report.

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

Mark Wilson
Managing Director

Dated this 4th day of March 2016

	Note	2015 $	2014 $
Continuing operations			
Finance revenue	4(a)	575,162	371,332
Other income	4(b)	115,659	874,340
Employee benefits expense	4(c)	(622,393)	(888,997)
Impairment of deferred exploration costs	4(d)	-	(1,105,212)
Loss on remeasurement of receivables	4(e)	(201,590)	-
Other expenses	4(f)	(565,174)	(1,080,108)
Corporate and administration expenses	4(g)	(612,948)	(816,039)
Net loss before income tax		(1,311,284)	(2,644,684)
Income tax benefit	6	-	26,358
Net loss for the year		**(1,311,284)**	**(2,618,326)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		-	(920,688)
Exchange differences realised on disposal of foreign operations		-	(2,576,839)
Items that will not be reclassified to profit or loss			
Non-controlling interest in exchange differences on translation of foreign operations		-	(102,395)
Other comprehensive loss for the year, net of tax		-	(3,599,922)
Total comprehensive loss for the year		**(1,311,284)**	**(6,218,248)**
Net loss attributable to:			
Members of Legend Mining Limited		(1,311,284)	(2,507,805)
Non-controlling interest		-	(110,521)
		(1,311,284)	**(2,618,326)**
Total comprehensive loss attributable to:			
Members of Legend Mining Limited		(1,311,284)	(6,005,332)
Non-controlling interest		-	(212,916)
		(1,311,284)	**(6,218,248)**
EARNINGS PER SHARE (cents per share)			
Basic loss per share	5	(0.066)	(0.128)
Diluted loss per share	5	(0.066)	(0.128)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	6,251,185	6,937,339
Trade & other receivables	9	2,926,177	5,797,098
Other financial assets	10	2,760,600	4,161,900
Total Current Assets		11,937,962	16,896,337
Non-current Assets			
Other financial assets	10	50,000	50,000
Property, plant & equipment	12	44,486	47,920
Deferred exploration costs	13	5,485,454	393,318
Total Non-current Assets		5,579,940	491,238
TOTAL ASSETS		17,517,902	17,387,575
LIABILITIES			
Current Liabilities			
Trade & other payables	14	225,665	140,105
Provisions	15	107,613	130,229
Total Current Liabilities		333,278	270,334
Non-current Liabilities			
Provisions	15	57,122	49,955
Total Non-current Liabilities		57,122	49,955
TOTAL LIABILITIES		390,400	320,289
NET ASSETS		17,127,502	17,067,286
EQUITY			
Equity attributable to equity holders of the parent			
Contributed Equity	16	60,588,031	59,801,531
Reserves	17	23,002,578	22,417,578
Accumulated losses		(66,463,107)	(65,151,823)
TOTAL EQUITY		17,127,502	17,067,286

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2015 $	2014 $
Receipts from customers		90,909	-
Payments to suppliers and employees		(1,244,765)	(1,773,675)
Payments for exploration expenditure not capitalised		(221,719)	-
Interest received		225,266	168,492
Income taxes refunded		-	22,003
Payments for cancellation of performance options		-	(1,000,000)
Net cash flows used in operating activities	21(ii)	(1,150,309)	(2,583,180)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of Jindal receivable	9(a)	3,000,000	-
Proceeds on sale of subsidiaries	11	-	5,775,000
Purchase of property, plant & equipment	12	(10,300)	(10,316)
Payment for the purchase of investments		(1,979,796)	(67,258)
Proceeds from the sale of investments		3,051,377	137,079
Payments for deferred exploration costs		(3,621,876)	(966,121)
Dividends received		24,750	-
Net cash flows from investing activities		464,155	4,868,384
Net (decrease)/increase in cash and cash equivalents		(686,154)	2,285,204
Cash and cash equivalents at the beginning of year		6,937,339	4,652,135
Cash and cash equivalents at end of year	21(i)	6,251,185	6,937,339

The accompanying notes form part of these financial statements

	Contributed Equity	Foreign Currency Translation Reserve	Share Option Premium Reserve	Accumulated Losses	Non-controlling interests	Total Equity
	$	$	$	$	$	$
At 1 January 2014	59,818,890	3,497,527	22,417,578	(62,644,018)	(735,401)	22,354,576
Loss for the year	-	-	-	(2,507,805)	(110,521)	(2,618,326)
Other comprehensive income	-	(3,497,527)	-	-	(102,395)	(3,599,922)
Total comprehensive expense for the year	-	(3,497,527)	-	(2,507,805)	(212,916)	(6,218,248)
Cost of issue of share capital	(17,359)	-	-	-	-	(17,359)
Non-controlling interests eliminated on disposal of subsidiaries	-	-	-	-	948,317	948,317
At 31 December 2014	59,801,531	-	22,417,578	(65,151,823)	-	17,067,286
At 1 January 2015	59,801,531	-	22,417,578	(65,151,823)	-	17,067,286
Loss for the year	-	-	-	(1,311,284)	-	(1,311,284)
Total comprehensive expense for the year	-	-	-	(1,311,284)	-	(1,311,284)
Shares issued during the year	786,500	-	-	-	-	786,500
Share-based payments	-	-	585,000	-	-	585,000
At 31 December 2015	60,588,031	-	23,002,578	(66,463,107)	-	17,127,502

The accompanying notes form part of these financial statements

NOTE 1: CORPORATE INFORMATION

The consolidated financial statements of Legend Mining Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 4 March 2016.

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for certain financial assets carried at fair value and the disposal group classified as held for sale which was measured at the lower of cost and fair value less costs to sell.

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

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

Compliance with IFRS

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

Changes in accounting policy, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(i) New and amended standards and interpretations

The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations effective as of 1 January 2015, including:

- AASB 2014-1 Amendments to Australian Accounting Standards (including Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles and Part B: Defined Benefit Plans: Employee Contributions – Amendments to AASB 19)

The adoption of these amendments has resulted in minor changes to disclosures in the Group's financial statements. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 31 December 2015 are outlined below:

AASB 9 *Financial Instruments* (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Amendments to AASB 9 (December 2009 & 2010 editions)(AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

The main changes are described below.

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in December 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on or after 1 January 2015.

The effect of this amendment on the Group's financial statements has yet to be determined.

AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]* (applicable for annual reporting periods commencing on or after 1 January 2016).

AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

a) The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and

b) The acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The Standard also makes editorial correction to AASB 11. There will be no impact on the Group's financial position or performance.

AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)* (applicable for annual reporting periods commencing on or after 1 January 2016).

AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. There will be no impact on the Group's financial position or performance.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

AASB 15 *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing on or after 1 January 2017).

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations (IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 A*greements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue-Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

a) Step 1: Identify the contract(s) with a customer

b) Step 2: Identify the performance obligations in the contract

c) Step 3: Determine the transaction price

d) Step 4: Allocate the transaction price to the performance obligations in the contract

e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number of Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

There will be no impact on the Group's financial position or performance.

AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements* (applicable for annual reporting periods commencing on or after 1 January 2016).

AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.

AASB 2014-9 also makes editorial corrections to AASB 127. Early adoption is permitted.

There will be no impact on the Group's financial position or performance.

AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable for annual reporting periods commencing on or after 1 January 2016).

AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 ad those in AASB 128 (August 2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:

a) A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and

b) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

AASB 2014-10 also makes editorial correction to AASB 10. Early adoption is permitted.

There will be no impact on the Group's financial position or performance.

AASB 2015-1 *Amendments to Australian Accounting Standards Annual Improvements to IFRSs 2012-2014 Cycle* (applicable for annual reporting periods commencing on or after 1 January 2016).

Amendments to clarify minor points in various accounting standards, including AASB 5, AASB 7, AASB 119 and AASB 134. There will be no impact on the Group's financial position or performance.

AASB 2015-2 *Disclosure Initiative – Amendments to AASB 101* (applicable for annual reporting periods commencing on or after 1 January 2016).

The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of the financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The effect of this amendment on the Group's financial statements has yet to be determined.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* (applicable for annual reporting periods commencing on or after 1 July 2015).

This standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. There will be no impact on the Group's financial position or performance.

IFRS 16 *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019).

The key features of IFRS 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonable certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- IFRS 16 contains disclosure requirements for lessees.

Lessor accounting

- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

IFRS 16 supersedes:

a) IAS 17 Leases

b) IFRIC 4 Determining whether an Arrangement contains a Lease

c) SIC-15 Operating Leases – Incentives

d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

The effect of this amendment on the Group's financial statements has yet to be determined.

(d) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Legend Mining Limited and its subsidiaries ('the Group') as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (ie existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.
- When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

- **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)**

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

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

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

(ii) Significant accounting judgements, estimates and assumptions

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

Held for trading investments

The Group has classified equity investments as held for trading. This classification requires significant judgements on the intentions of the Group in relation to the investments held.

Share-based payment transactions

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

Impairment of capitalised exploration and evaluation expenditure

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

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

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

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

(iii) Property, plant and equipment

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

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

The depreciation rates used for each class are:

Buildings	10%
Plant and equipment	7.5% - 50%

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Impairment

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

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

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

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

Derecognition and disposal

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

(iv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(v) Cash and cash equivalents

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

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

(vi) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

(vii) Other Financial Assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(viii) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

(ix) Deferred exploration costs

Deferred exploration and evaluation costs

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

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment

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

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

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

(x) Provisions

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(xii) Revenue

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest income

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

Rental Income

Rental income is accounted for on a straight line basis over the lease term.

All revenue is stated net of the amount of goods and services tax (GST).

(xiii) Income tax

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

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

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

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

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

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

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

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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

(xiv) Other taxes

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

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

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

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

(xv) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the identifiable net assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(xvii) Trade and or other payables

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

(xviii) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

(xix) Share based payment transactions

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

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

(a) 'Employees Share Option Plan', which provides benefits to eligible persons;

(b) Capital raising costs, which provide payment to stockbrokers and finance institutions for capital raising services and commissions; and

(c) Other grants of options to directors on an ad hoc basis.

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

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

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

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

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

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

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

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(xxi) Contributed Equity

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

(xxii) Employee Benefits

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

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

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

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

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflow.

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

(xxiii) Earnings per share

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

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

(a) Costs of servicing equity (other than dividends).

(b) The after tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and

(c) Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

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

(xxiv) Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(c) Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average rates for the reporting period. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(xxv) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. For the sale to be highly probable management must be committed to a plan to sell the asset, and an active program to locate a buyer and complete the plan must have been initiated. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

(xxvi) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the Group's normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Group's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTE 3: NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

NOTE 4: REVENUE AND EXPENSES

Revenues and expenses from continuing operations

	Note	2015 $	2014 $
a) Finance Revenue			
Bank interest received and receivable		190,833	178,287
Interest on Jindal receivable	9	35,000	-
Receivables – unwinding of discount		349,329	193,045
		575,162	371,332
b) Other Income			
Fair value gain on investments held for trading		-	504,671
Gain on disposal of subsidiaries		-	369,669
Other		115,659	-
		115,659	874,340
c) Employee Benefits Expense			
Salaries & on-costs		602,369	876,031
Other employee benefits		20,024	12,966
		622,393	888,997
d) Impairment of Deferred Exploration Costs			
Impairment of deferred exploration costs	11	-	1,105,212
e) Loss on remeasurement of Receivables			
Loss on remeasurement of Jindal receivable	9	201,590	-
f) Other Expenses			
Depreciation		13,735	17,858
Loss on disposal of property, plant & equipment	(i)	-	7,162
Fair value loss on investments held for trading		329,720	-
Performance Options cancellation fee	19(b)	-	1,000,000
Exploration expenditure not capitalised		221,719	55,088
		565,174	1,080,108
(i) Loss on disposal of property, plant & equipment comprises:			
Proceeds on sale		-	10,316
Carrying value of assets disposed		-	(17,478)
		-	(7,162)
g) Corporate and administration expenses			
Fees – Audit/Tax		93,681	95,215
Fees – ASX		31,102	30,411
Fees – Share registry		21,706	21,727
Consultancy Fees		110,207	200,181
Office rent		70,474	70,876
Legal expenses		18,536	125,870
Travel expenses		37,841	101,587
Other expenses		229,401	170,172
		612,948	816,039

NOTE 5: EARNINGS PER SHARE

		2015 $	2014 $
(a)	Reconciliation of earnings to net loss:		
	Net loss	(1,311,284)	(2,507,805)
	Loss used in the calculation of basic earnings per share	(1,311,284)	(2,507,805)
(b)	Weighted average number of shares on issue during the financial year used in the calculation of basic loss per share	1,982,243,952	1,962,850,801
	Weighted average number of ordinary shares on issue used in the calculation of diluted loss per share	1,982,243,952	1,962,850,801

(c) Information on classification of options

As the Group has made a loss for the year ended 31 December 2015, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

NOTE 6: INCOME TAX

	2015 $	2014 $
The major components of income tax expense are:		
Income Statement		
Current income tax		
Current income tax benefit	-	-
Over provision of prior tax year	-	(8,999)
Deferred income tax		
Relating to origination and reversal of temporary differences	-	(17,359)
Income tax benefit reported in the income statement	-	(26,358)

A reconciliation between tax benefit and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before tax from ordinary activities	(1,311,284)	(2,644,684)
Accounting loss before income tax	(1,311,284)	(2,644,684)
At the Group's statutory income tax rate of 30%	(393,385)	(793,405)
Expenditure not allowed for income tax purposes	63,875	745,162
Utilisation of unrecognised capital losses	(222,244)	-
Movement in unrecognised temporary differences	(44,322)	-
Conversion of franking credits to tax losses	(10,607)	-
Other assessable income	8,656	-
Current year tax losses not recognised	606,966	133,004
Current year capital losses not recognised	-	84,054
In respect of sale of subsidiaries	-	(110,901)
Non-assessable income	-	(57,914)
Over provision of prior tax year	-	(8,999)
Deductible equity raising costs	(8,939)	(17,359)
Income tax benefit reported in the consolidated income statement	-	(26,358)
Income tax expensed directly to equity		
Relating to equity costs	-	17,359
Deferred tax expense recognised in equity	-	17,359
Current Income Tax Asset	-	13,004

NOTE 6: INCOME TAX (CONTD)

	2015 $	2014 $
Deferred Income Tax		
Deferred income tax at 31 December related to the following:		
Consolidated		
Recognised deferred tax liabilities		
Capitalised exploration and evaluation expenditure	(455,058)	(117,995)
Investments	(98,686)	(414,373)
Other	(7,598)	(8,734)
Amounts disclosed as deferred tax liability	(561,343)	(541,102)
Set-off of deferred tax assets	561,343	541,102
Net deferred tax liabilities recognised	-	-
Recognised deferred tax assets		
Tax losses available to offset against future taxable income	292,922	463,135
Other provisions	58,421	64,555
Property, plant & equipment	-	1,073
Share based costs on equity	-	12,339
Other future blackhole deductions	210,000	-
Gross deferred tax assets	561,343	541,102
Set-off of deferred tax assets	(561,343)	(541,102)
Net deferred tax assets recognised	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following as the statutory requirements for recognising those deferred tax assets have not been met		
Deductible temporary differences	34,498	-
Tax revenue losses	973,532	189,805
Tax capital losses	3,102,748	6,681,901
	4,110,778	6,871,706

Tax Consolidation

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

Tax effect accounting by members of the tax consolidated group

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

Members of the tax consolidated group have not entered into a tax funding agreement. As a result, the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, assumed by the Company, are recognised as a contribution from (or distribution to) equity participants. There were no contributions (or distributions) made during the year ended 31 December 2015.

NOTE 7: SEGMENT INFORMATION

Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports that are used by the chief operating decision maker ("CODM") in order to allocate resources to the segment and to assess its performance. The CODM of the Group is the Board of Directors.

The Group has identified its operating segments based on the internal reports that are provided to the CODM on a regular basis. The Group had two reportable operating segments, being exploration and evaluation activities in Australia and West Africa, until completion of the sale of the African operations (refer note 11). Following completion of the sale the Group now has only one reportable segment being exploration and evaluation activities in Australia.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of this financial report.

	Australia		West Africa		Total	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Revenue	575,162	371,332	-	-	575,162	371,332
Segment Result	(1,311,284)	(1,882,783)	-	(735,543)	(1,311,284)	(2,618,326)
Segment Assets	17,517,902	17,387,575	-	-	17,517,902	17,387,575
Segment Liabilities	(390,400)	(320,289)	-	-	(390,400)	(320,289)

Segment revenues and expenses are those directly attributable to the segments and include those expenses incurred by head office where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash and cash equivalents, receivables, property, plant and equipment, investments in listed entities and capitalised exploration. Segment liabilities consist principally of payables, employee benefits, accrued expenses and provisions.

NOTE 8: CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash at bank and in hand	251,185	1,437,339
Deposits	6,000,000	5,500,000
	6,251,185	6,937,339

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

Deposits at call earn interest on a 30, 60 and 90 day term basis at bank deposit rates.

NOTE 9: TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Current		
Receivable from Jindal Mining & Exploration Limited (a)	2,901,340	5,748,601
Other receivables (b)	24,837	48,497
	2,926,177	5,797,098

Terms and conditions relating to the above financial instruments:

(a) The receivable from Jindal Mining & Exploration Limited ("Jindal") shown at 31 December 2014 was for the second tranche of $6 million due on 5 August 2015 following the sale of the Cameroon Project (refer note 11). The repayment terms of this amount were renegotiated on 28 July 2015, with the key amendments being:

- The $6 million payment is now to be paid in two tranches; $3 million on 15 September 2015 (received) and a further $3 million on or before 15 December 2016;
- Interest of 4% payable quarterly in arrears will be payable on the second $3 million; and
- The $5.5 million payable under the Jindal Agreement upon the grant of a Mining Convention at the Cameroon Iron Ore Project ("Project") is now rescheduled to be paid upon the first commercial shipment of iron ore from the Project.

NOTE 9: TRADE AND OTHER RECEIVABLES (CONTD)

As at 31 December 2015 the remaining balance of $3m receivable on or before 15 December 2016 is recognised at amortised cost, with the gross proceeds being discounted at 8% from the due date. Upon recognition of the fair value of the receivable calculated using the amended terms, a loss of $201,590 was recorded in the profit or loss to reconcile to the amortised cost of the original receivable at the time of the renegotiation.

(b) Other receivables are non-interest bearing and have repayment terms of between 30 and 60 days.

Trade and other receivables are not past due and no impairment is required.

NOTE 10: OTHER FINANCIAL ASSETS

	2015 $	2014 $
Current		
Shares in Independence Group NL – at fair value (a)	2,514,600	-
Shares in S2 Resources Ltd – at fair value (b)	120,000	-
Shares and options in Nemex Resources Ltd – at fair value (c)	66,000	141,900
Shares in Artemis Resources Ltd – at fair value (d)	60,000	180,000
Shares in Sirius Resources Ltd – at fair value (e)	-	3,840,000
	2,760,600	4,161,900
Non-current		
Performance and other bonds (f)	50,000	50,000

Terms and conditions relating to the above financial instruments:

(a) Shares in Independence Group NL – 990,000 shares were on hand at 31 December 2015. The shares had a market value of $2.54 each (2014: N/A).

(b) Shares in S2 Resources Ltd – 750,000 shares were on hand at 31 December 2015. The shares had a market value of $0.16 each (2014: N/A).

(c) Shares and options in Nemex Resources Ltd – 3,300,000 shares were on hand at 31 December 2015. The shares had a market value of $0.02 each (2014: 3,300,000 shares at $0.043).

(d) Shares in Artemis Resources Ltd – 60,000,000 shares were on hand at 31 December 2015. The shares had a market value of $0.001 each at 31 December 2015 (2014: 60,000,000 shares at $0.003).

(e) Shares in Sirius Resources Ltd – Nil shares were on hand at 31 December 2015 (2014: 1,500,000 shares at $2.56).

(f) Performance bonds – bank deposit held as security for credit cards. At 31 December 2015, this deposit is held on a 6 month term deposit with an interest rate of 3.05% per annum (31 December 2014, 6 months at 3.55%pa).

The equity investments are all classified as held for trading. The market value of all equity investments represent the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

The fair value of the above equity investments at the date of signing this report has increased to $2,790,300.

NOTE 11: DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	At Date of Disposal 22 July 2014 $
Net assets – at fair value less costs to sell	
Cash	17,474
Receivables	67
Prepayments	18,499
Inventory	2,563
Property, plant & equipment	588,302
Deferred exploration costs	11,984,175
Payables	(21,574)
	12,589,506
Reserves attributable to disposal group classified as held for sale	
Foreign currency translation reserve	2,576,839
Consideration received or receivable	
Cash	6,000,000
Transaction fees	(225,000)
Proceeds on sale of subsidiaries per the Statement of Cash Flows	5,775,000
Present value of amount due on 22 July 2015	5,555,556
Total disposal consideration	11,330,556
Carrying amount of net assets and reserves sold	(12,589,506)
Non-controlling interests eliminated	(948,220)
Exchange differences realised on disposal of foreign operations	2,576,839
Gain on disposal of subsidiaries included in other income (note 4(b))	369,669

On 20 November 2013 Legend announced that it had entered into a Share Sale and Debt Assignment Agreement ("Agreement") for the sale of Legend's 90% interest in Camina SA, the holding company of the Ngovayang Project in the Republic of Cameroon (the "Transaction"). The sale was implemented by the sale of 100% of Legend's wholly-owned British Virgin Islands subsidiary, Legend Iron Limited ("Company"), and transfer of intercompany debts by Legend Cameroon Pty Ltd ("Seller") to Jindal Mining & Exploration Limited ("Purchaser").

Pursuant to the Agreement, Legend has or shall receive cash consideration of:

(i) $6 million upon completion of the Transaction;

(ii) $6 million twelve months after completion; and

(iii) $5.5 million within 10 business days of the execution of a Mining Convention between the purchaser and the Government of Cameroon.

The contingent consideration of $5.5 million is dependent upon the execution of a mining convention between the purchaser and the government of Cameroon. Given the probability and time risk of the mining convention being executed, the directors have taken a conservative view and assigned a nil fair value to the contingent consideration.

Completion occurred on 22 July 2014 and the first tranche of $6 million was received on 5 August 2014.

Prior to disposal, the fair value of the disposal group, classified as level 3 in the fair value hierarchy, was determined by reference to the estimated fair value of the consideration receivable. In determining fair value, the first tranche of $6 million has been valued at its face value given the expected short term maturity thereof. The second tranche of $6 million due to be received on 22 July 2015 was been discounted at 8% over this period.

The carrying value of the Group's projects in West Africa was reviewed, and impairment of $1,105,212 recognised during the 2014 year, in light of the sale agreement entered into. The carrying value was determined by reference to the fair value of the proceeds to be received in accordance with the sale agreement.

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2015 $	2014 $
Plant and equipment		
At 1 January 2015		
Net of accumulated depreciation	47,920	62,624
Additions	10,300	10,316
Disposals	-	(7,162)
Depreciation expense	(13,734)	(17,858)
At 31 December 2015		
Net of accumulated depreciation	44,486	47,920
At 1 January 2015		
Cost	129,237	250,488
Accumulated depreciation	(81,317)	(187,864)
Net carrying amount	47,920	62,624
At 31 December 2015		
Cost	139,537	129,237
Accumulated depreciation	(95,051)	(81,317)
Net carrying amount	44,486	47,920

NOTE 13: DEFERRED EXPLORATION COSTS

	Note	2015 $	2014 $
Deferred exploration costs		5,485,454	393,318
Deferred exploration and evaluation costs			
At 1 January, at cost		393,318	66,979
Acquired during the year	13(i)	3,871,500	-
Expenditure incurred during the year		1,220,636	326,339
At 31 December, at cost	13(ii)	5,485,454	393,318

Note:

(i) During the year Legend entered into a Tenement Sale and Exploration Joint Venture Agreement ("Creasy Agreement") with the Creasy Group in the Fraser Range district of Western Australia. Legend acquired a 70% interest in tenements (E28/2188-2192, E28/1718 and E28/1727) for the following consideration:

- $2.5 million cash payment;
- 71.5 million Legend shares, for accounting purposes valued at a deemed price of $0.011 ($786,500); and
- 150 million five year Legend options exercisable at $0.04, for accounting purposes valued at a deemed price of $0.0039 ($585,000).

Legend is to sole fund exploration and free carry Creasy Group's 30% interest through to the signing of Mining Venture Agreements.

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

NOTE 14: TRADE AND OTHER PAYABLES

	2015 $	2014 $
Current – unsecured		
Trade payables	31,672	105,105
Other payables and accruals	193,993	35,000
	225,665	140,105

Terms and conditions relating to the above financial instruments

(i) Trade payables are non-interest bearing and normally settled on 30 day terms.

(ii) Other payables are non-interest bearing and normally settled as they fall due.

(iii) There are no trade payables past due for payment.

NOTE 15: PROVISIONS

	2015 $	2014 $
Current		
Employee benefits	107,613	130,229
Non-Current		
Employee benefits	57,122	49,955
Number of employees at year end	4	4

NOTE 16: CONTRIBUTED EQUITY

	2015 $	2014 $
Ordinary shares		
Issued and fully paid	63,862,164	63,075,664
Issue costs	(3,274,133)	(3,274,133)
	60,588,031	59,801,531

Movement in ordinary shares on issue 2015	**No**	**$**
At 1 January 2015	1,962,850,801	63,075,664
Shares issued for tenement acquisition (refer note 13)	71,500,000	786,500
At 31 December 2015	2,034,350,801	63,862,164

Movement in ordinary shares on issue 2014	**No**	**$**
At 1 January 2014	1,962,850,801	63,075,664
At 31 December 2014	1,962,850,801	63,075,664

Effective 1 July 1998, the Corporations' legislation in place abolished the concept of authorised share capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued shares.

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

NOTE 17: RESERVES

	Foreign currency translation reserve	Share option premium reserve
Movement in reserves	**$**	**$**
At 1 January 2014	3,497,527	22,417,578
Exchange differences on translation of foreign operations	(920,688)	-
Exchange differences realised on disposal of foreign operations	(2,576,839)	-
At 31 December 2014	-	22,417,578
Options issued for tenement acquisition (refer note 13)	-	585,000
At 31 December 2015	-	23,002,578

Share option premium reserve

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

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

NOTE 18: SHARE OPTIONS

	Number	Exercise price cents per share
Unlisted options – Expiry date 4 February 2015		
At 1 January 2015	191,250,000	4 cents
Expired on 4 February 2015	(191,250,000)	4 cents
At 31 December 2015	-	
Unlisted options – Expiry date 21 December 2015		
At 1 January 2015	30,000,000	6 cents
Expired on 21 December 2015	(30,000,000)	6 cents
At 31 December 2015	-	
Unlisted options – Expiry date 4 February 2015		
At 1 January 2015	199,750,000	4 cents
Expired on 4 February 2015	(199,750,000)	4 cents
At 31 December 2015	-	
Unlisted options – Expiry date 4 February 2015		
At 1 January 2015	14,400,000	5 cents
Expired on 4 February 2015	(14,400,000)	5 cents
At 31 December 2015	-	
Unlisted options – Expiry date 23 September 2020		
At 1 January 2015	-	
Options issued for tenement acquisition (refer note 13)	150,000,000	4 cents
At 31 December 2015	150,000,000	4 cents

NOTE 19: SHARE-BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

There was no expense recognised for services received during the current or prior year.

(b) Types of share-based payment plans

Employee Share Option Plan, 'ESOP'

Share options are granted to Eligible Persons with more than 6 months service. Eligible Persons are determined by the Board after taking into account the following considerations:

(i) the seniority of the Eligible Person and the position the Eligible Person occupies within the Group;

(ii) the length of service of the Eligible Person with the Group;

(iii) the record of employment of the Eligible Person with the Group;

(iv) the contractual history of the Eligible Person with the Group;

(v) the potential contribution of the Eligible Person to the growth of the Group;

(vi) the extent (if any) of the existing participation of the Eligible Person in the Plan; and

(vii) any other matters which the Board considers relevant.

At a General Meeting on the 4 December 2009 shareholders approved the implementation of Employee Share Option Plan No 3. The new plan differs from the previous plans in that there is no 12 month vesting period on any new options received under plan No 3. There is a significant change in the context of recent proposals by the Federal Government to change the tax treatment of options issued under incentive schemes. Removal of the vesting period requirement allows the Board maximum flexibility to make offers of options on the terms of the plans appropriate at the time, having regard for the tax environment which the proposed participants find themselves in when an offer of options is received from the company.

Expense Share Option Plan, 'ExSOP'

Share options were granted as opposed to cash payments for the following expenses:

(i) capital raising costs – 14,400,000 options were granted to Azure Capital as compensation for the commission on the share issue dated 24 November 2011. The options were not issued until 9 January 2012.

(ii) Tenement acquisition – 150,000,000 options were granted as part consideration for the tenement acquisition from the Creasy Group, following shareholder approval at a general meeting on 17 September 2015. The options were issued on 23 September 2015.

Performance Options

A total of 800 million performance options, with a nil exercise price, were granted as part consideration for the acquisition of Camina SA, expiring 5 years from final completion which occurred on 4 February 2010. The options were issued in two equal tranches of 400 million each with the following vesting conditions:

Performance Options A - will vest once the Group has established that there is a 250 million tonnes inferred iron ore resource which is in compliance with the JORC Code within the permit area, including a minimum of 50 million tonnes of direct shipping ore.

Performance Options B - will vest once the Group has:

(i) generated at least US$60 million in sales revenue from mining activity in the permit area; or

(ii) established that there is an inferred iron ore resource of at least 2 billion tonnes which is in compliance with the JORC Code within the permit area, including a minimum of 200 million tonnes of direct shipping ore.

Following shareholder approval at a general meeting on 19 August 2014, the 800 million performance options were cancelled on 28 August 2014 for payment of $1 million to the option holders. In accordance with AASB 2 this repurchase of equity instruments can be treated as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments, measured at the repurchase date. Any such excess shall be treated as an expense.

Management calculated the fair value of the performance options at the cancellation date to be nil as the likelihood of the satisfaction of the performance conditions being met by 4 February 2015, the expiry date of the options, is nil. As a result, the payment of $1 million was recognised as an expense in the profit and loss during the 2014 year.

NOTE 19: SHARE-BASED PAYMENT PLANS (CONTD)

(c) Summaries of options granted

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

	2015 No.	2015 WAEP ($)	2014 No.	2014 WAEP ($)
Outstanding balance at the beginning of the year	60,000,000	0.0400	69,000,000	0.0417
Expired/lapsed during the year	(60,000,000)	0.0400	(9,000,000)	0.0530
Outstanding at the end of the year	-	-	60,000,000	0.0400
Exercisable at the end of the year	-	-	60,000,000	0.0400

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

	2015 No.	2015 WAEP	2014 No.	2014 WAEP
Outstanding balance at the beginning of the year	175,650,000	0.044	175,650,000	0.044
Granted during the year	150,000,000	0.040	-	-
Expired/lapsed during the year	(175,650,000)	0.044	-	-
Outstanding at the end of the year	150,000,000	0.040	175,650,000	0.044
Exercisable at the end of the year	150,000,000	0.040	175,650,000	0.044

The outstanding balance as at 31 December 2015 is represented by:

(i) 150,000,000 options over ordinary shares with an exercise price of $0.04 each, exercisable immediately and expiring on 23 September 2020.

NOTE 20: RELATED PARTIES

(i) Wholly-owned group transactions

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

(ii) Other related party transactions

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

(iii) Ultimate parent

Legend Mining Limited is the ultimate parent company.

(iv) Compensation of key management personnel of the Group

	2015 $	2014 $
Short-term employee benefits	648,564	652,487
Post-employment benefits	63,577	58,125
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total compensation paid to Key Management Personnel	712,141	710,612

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

NOTE 21: CASH FLOW INFORMATION

(i) Reconciliation of Cash

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

	Note	2015 $	2014 $
Cash on hand		500	500
Cash at bank		250,685	1,436,839
Deposits at call		6,000,000	5,500,000
	8	6,251,185	6,937,339

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

	2015	2014
Net loss after tax	(1,311,284)	(2,618,326)
Adjusted for:		
Net loss on disposal of property, plant & equipment	-	7,162
Net gain on disposal of subsidiaries	-	(369,669)
Depreciation	13,735	17,856
Dividends received	(24,750)	-
Impairment of Jindal receivable	201,590	-
Unwinding of discount on receivables	(349,329)	(193,045)
Fair value loss/(gain) on investments	329,720	(504,671)
Deferred exploration costs impaired	-	1,160,302
	(1,140,318)	(2,500,391)
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	18,660	(16,017)
(Decrease)/increase in provision for annual leave	(22,616)	26,731
Increase in provision for long service leave	7,167	7,167
(Decrease) in deferred tax liabilities	-	(17,359)
(Decrease) in payables	(13,202)	(83,311)
Net cash used in operating activities	(1,150,309)	(2,583,180)

Non-cash financing and investing activities

During the 2015 financial year, as part of the Creasy Agreement (refer to note 13) tenement acquisitions, Legend issued the following non-cash consideration:

- 71.5 million Legend shares, for accounting purposes valued at a deemed price of $0.011 ($786,500); and
- 150 million five year Legend options exercisable at $0.04, for accounting purposes valued at a deemed price of $0.0039 ($585,000).

Other than listed above there were no other non-cash financing or investing activities during the 2015 or 2014 years.

NOTE 22: COMMITMENTS

(a) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay approximately $1,964,518 (2014: $120,000) in the following twelve months in respect of tenement lease rentals and to meet minimum expenditure requirements of the Department of Industry & Resources. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

(b) Operating Lease commitments

The company has a lease commitment over its office premises located at 8 Kings Park Road, West Perth. The lease is for a period of two years commencing 1 November 2015. The lease commitment is $55,367 for the first year increased for CPI in the second year. There is an option to renew for a further 1 year, with a market rent review, at the conclusion of the term.

NOTE 23: INVESTMENTS IN CONTROLLED ENTITIES

(a) Details of subsidiaries

Set out below are the Group's subsidiaries at 31 December 2015. All the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, and the proportion of ownership interests held equals to the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Place of Business / Country of Incorporation	Ownership Interest Held by the Group		Ownership Interest Held by Non-Controlling Interests	
		2015 %	2014 %	2015 %	2014 %
Gibson Metals Pty Ltd	Australia	100	100	-	-
Legend Cameroon Pty Ltd	Australia	100	100	-	-

(b) Non-controlling interests (NCI)

Set out below is summarised financial information for Camina SA, the former subsidiary of the Group that had non-controlling interests during the 2014 financial year. The amounts disclosed are before inter-company eliminations.

	2015 $	2014 $
Summarised Statement of Financial Position		
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Net (liabilities)/assets	-	-
Accumulated NCI	-	-
Summarised Statement of Comprehensive Income		
Revenue	-	-
Loss for the year	-	(1,105,212)
Other comprehensive income	-	(3,886,237)
Total comprehensive income	-	(4,991,449)
Loss allocated to NCI	-	(110,521)
Dividends paid to NCI	-	-
Summarised Cash Flows		
Cash flows from operating activities	-	-
Cash flows from investing activities	-	(612,625)
Cash flows from financing activities	-	629,758
Net increase in cash and cash equivalents	-	17,133

NOTE 24: FINANCIAL INSTRUMENTS DISCLOSURE

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

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arise from the Group's financial instruments are fair value interest rate risks, liquidity risk, credit risk and equity price risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

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

Fair value interest risk

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

Commodity price risk

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

Credit risk

The Group trades only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The only significant concentration of credit risk within the Group is the loan receivable from Jindal. Exposure to credit risk is managed through regular analysis of Jindal's ability and willingness to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure. At 31 December 2015 the Group had a material credit risk exposure to Jindal. The receivables recorded on the Group's balance sheet contains an amount of $3 million (carrying amount $2,901,340) due from Jindal under the SSDA for the sale of the shares in, and debts due from, Legend Iron Limited, as renegotiated as detailed in note 9. It is expected the material credit exposure to Jindal will be completely removed during the financial year ended 31 December 2016. No collateral is held as security. Jindal's obligations are supported by a guarantee from its parent entity. Jindal's parent is a large industrial conglomerate listed on both the Bombay Stock Exchange and National Stock Exchange of India. The credit rating and financial health of Jindal and its parent entity are monitored regularly as is Jindal's exploration activities in-country Cameroon.

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

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

Liquidity risk

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

Equity price risk

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

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

NOTE 24: FINANCIAL INSTRUMENTS DISCLOSURE (CONTD)

(b) Interest Rate Risk

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

2015	**Weighted Average Interest Rate**	**Floating Interest $**	**Fixed Interest $**	**Non-Interest Bearing $**	**Total $**
Financial assets:					
Cash and cash equivalents	2.87%	250,685	6,000,000	500	6,251,185
Other financial assets	3.24%	-	50,000	-	50,000
		250,685	6,050,000	500	6,301,185
2014 **2013**					
Financial assets:					
Cash and cash equivalents	3.05%	1,436,839	5,500,000	500	6,937,339
Other financial assets	3.63%	-	50,000	-	50,000
		1,436,839	5,550,000	500	6,987,339

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

A change of 100 basis points in interest rates would result in a net gain/loss before taxation of $66,443 (2014: $58,447). This is based on the interest bearing financial assets as detailed above.

(c) Credit Risk

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

	Note	**Carrying Amount**	
		2015 $	**2014 $**
Cash and cash equivalents	8	6,251,185	6,937,339
Trade and other receivables	9	2,926,177	5,797,098
Performance bonds	10	50,000	50,000
		9,227,362	12,784,437

The Company's maximum exposure to credit risk at the reporting date was $9,227,362 (2014: $12,784,437).

All group trade and other receivables are current and have not been impaired.

(d) Liquidity Risk

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

31 December 2015	**Carrying Amount**	**Contractual cash flows**	**6 mths or less**
Non-derivative financial liabilities			
Trade and other payables	225,665	(225,665)	(225,665)
	225,665	(225,665)	(225,665)

31 December 2014	**Carrying Amount**	**Contractual cash flows**	**6 mths or less**
Non-derivative financial liabilities			
Trade and other payables	140,105	(140,105)	(140,105)
	140,105	(140,105)	(140,105)

NOTE 24: FINANCIAL INSTRUMENTS DISCLOSURE (CONTD)

(e) Net Fair Value of Financial Assets and Liabilities

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

	31 December 2015		31 December 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Held for trading financial assets	2,760,600	2,760,600	4,161,900	4,161,900
Cash and cash equivalents	6,251,185	6,251,185	6,937,339	6,937,339
Performance and other bonds	50,000	50,000	50,000	50,000
Trade and other receivables	2,926,177	2,926,177	5,797,098	5,797,098
Trade and other payables	(225,665)	(225,665)	(140,105)	(140,105)
	11,762,297	11,762,297	16,806,232	16,806,232

(f) Equity price risk

The Group's exposure to equity securities is considered high as the company has significant investments in other listed investments totalling $2,760,600 at 31 December 2015. Such risk is managed through diversification of investments and daily monitoring of price movements.

A change of 10% in the market price of the shares would result in a gain/loss before taxation of $276,060 (2014: $416,190).

(g) Foreign Exchange risk

At balance date, the group had no material foreign currency denominated liabilities and receivables.

NOTE 25: FAIR VALUES

The carrying amounts of the Group's financial assets and financial liabilities at 31 December 2015 and 31 December 2014 are reasonable approximations of its fair value.

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

The following table provides the fair value measurement hierarchy of the Group's assets measured at fair value:

Asset measured at fair value	Date of valuation	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Recurring				
Quoted equity investments (Note 10)	31-Dec-2015	2,760,600	2,760,600	-	-

There have been no transfers between Level 1 and Level 2 during the year.

The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

NOTE 26: INFORMATION RELATING TO LEGEND MINING LIMITED ("THE PARENT ENTITY")

	2015	2014
	$	$
Current assets	9,036,621	11,147,736
Total assets	17,736,562	17,638,976
Current liabilities	390,400	270,335
Total liabilities	390,400	320,290
Net assets	17,346,162	17,318,686
Contributed equity	60,588,031	59,801,531
Accumulated losses	(66,244,447)	(64,900,423)
Share option premium reserve	23,002,578	22,417,578
	17,346,162	17,318,686
Loss of the parent entity after tax	(1,344,024)	(3,593,871)
Total comprehensive loss of the parent entity	(1,344,024)	(3,593,871)

NOTE 27: AUDITOR'S REMUNERATION

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

	Consolidated	
	2015	2014
	$	$
Amounts received or due and receivable by Ernst & Young Australia for:		
- An audit or review of the financial report of the entity and any other entity in the consolidated group	42,895	63,345
	42,895	63,345

NOTE 28: CONTINGENT LIABILITIES

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

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

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

NOTE 29: EVENTS AFTER THE BALANCE SHEET DATE

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

NOTE 30: DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed this financial year.

There are no franking credits available for future reporting periods.

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

In the opinion of the Directors:

(a) the financial statements and notes on pages 16-48, and the remuneration disclosures that are contained in the Remuneration report in the Directors report pages 12-15, of the consolidated entity, are in accordance with the Corporations Act 2001, including;

  i Giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

  ii Complying with Australian Accounting Standards' and the Corporations Regulations 2001; and

  iii The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b); and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2015.

On behalf of the Board.

M.W.

Mark Wilson
Managing Director

Dated this 4th day of March 2016

Building a better working world

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Auditor's Independence Declaration to the Directors of Legend Mining Limited

As lead auditor for the audit of Legend Mining Limited for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
4 March 2016

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

Report on the financial report

We have audited the accompanying financial report of Legend Mining Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report.

Opinion

In our opinion:

a. the financial report of Legend Mining Limited is in accordance with the *Corporations Act 2001*, including:

    i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

    ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 12 to 15 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Legend Mining Limited for the year ended 31 December 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
4 March 2016

SHAREHOLDER INFORMATION

For the year ended 31 December 2015

The issued capital of the company as at 1 March 2016 is 2,034,350,801 ordinary fully paid shares.

Distribution of Share Holders as at 1 March 2016

Fully Paid Shares			Number of Holders	Number of Shares
1	-	1,000	92	26,381
1,001	-	5,000	125	471,661
5,001	-	10,000	307	2,591,921
10,001	-	100,000	1,748	82,794,276
100,001		and over	1,347	1,948,466,562
			3,619	2,034,350,801
Number holding less than a marketable parcel			1,435	24,677,607

Top 20 Shareholders as at 1 March 2016

Name	Total Holdings	% Issued Capital
YANDAL INVESTMENTS PTY LTD	344,750,000	16.95
AUSTRALIAN GOLD RESOURCES PTY LTD	164,985,000	8.11
CHESTER NOMINEES WA PTY LTD	80,000,000	3.93
MIKADO CORPORATION PTY LTD	53,500,000	2.63
PONTON MINERALS PTY LTD	48,000,000	2.36
MOTTE & BAILEY PTY LTD	40,566,140	1.99
BELLARINE GOLD PTY LTD	33,519,371	1.65
KARARI AUSTRALIA PTY LTD	31,000,000	1.52
CASTLE BAILEY PTY LTD	29,433,860	1.45
SIXTY-EIGHTH STOWAWAY PTY LTD	27,000,000	1.33
ROCKFORD METALS PTY LTD	23,500,000	1.16
MR MATTHEW MCLEISH	20,004,285	0.98
MR ALEXANDER JASON ELKS	20,000,000	0.98
TOPAZ PTY LTD	19,703,072	0.97
PHH PTY LIMITED	17,800,000	0.87
BONTOWN PTY LTD	16,000,000	0.79
SHAH NOMINEES PTY LTD	13,000,000	0.64
NEFCO NOMINEES PTY LTD	12,000,000	0.59
MR ANDREW NICHOLAS VUKOSAV	10,177,777	0.50
MR L P JUDD and MRS S H JUDD	10,010,000	0.49
	1,014,949,505	49.89

Unlisted Option holders as at 1 March 2016

Class of options	Number	Number of Holders
23 September 2020 exercisable at 4.0 cents per share	150,000,000	2

TENEMENT LISTING

As at 1 March 2016

Tenement	Status	Percentage Interest
FRASER PROJECT		
E28/1718	Granted	70%
E28/1727	Granted	70%
E28/2188	Granted	70%
E28/2189	Granted	70%
E28/2190	Granted	70%
E28/2191	Granted	70%
E28/2192	Granted	70%
E28/2342	Granted	100%
ELA28/2408	Application	N/A
ELA28/2415	Application	N/A

Legend
mining limited

legendmining.com.au