IRON ORE LIMITED

ASX Announcement
20 June 2011

About Legacy Iron Ore

Legacy Iron Ore Limited ("Legacy" or the "Company") is a Western Australian based Exploration Company, focused on iron ore and gold exploration and discovery.

Legacy's mission is to increase shareholder wealth through capital growth, created via the discovery, development and operation of profitable mining assets.

The Company was listed on the Australian Securities Exchange on 8 July 2008. Since then, Legacy has had a number of iron ore, manganese and gold discoveries which are now undergoing drilling and resource definition.

Board and Management

Timothy Turner, Non-Executive Chairman
Sharon Heng, Executive Director & Chief Executive Officer
Tao Han, Non-Executive Director
Ivan Wu, Company Secretary & General Manager
Steve Shelton, Exploration Manager
Marina Watts, Senior Geologist

Key Projects

Mt Bevan Iron Ore Project
Hamersley Iron Ore Project
Robertson Range Iron Ore and Manganese Project
South Laverton Gold Project
East Kimberley Gold and Base Metals Project

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The Company Announcements Office
ASX Limited

Via E Lodgement

MT BEVAN IRON ORE PROJECT
MAIDEN 617 MT RESOURCE

- **Maiden JORC compliant Inferred Resource of 617 Mt at 32.1% Fe, substantially exceeding the initial exploration target.**
- **Resource covers only 40% of strike of first iron ore target.**
- **Modelling confirms magnetite body as thick shallow dipping slab.**
- **Preliminary DTR tests show excellent weight recoveries averaging 45.6%, and a concentrate grade of 71.4% Fe, with low silica and negligible phosphorus and sulphur.**
- **Overall Exploration Target for magnetite revised to 1.5 – 2.0 Bt grading 30% - 40% Fe* – for southern part of Western BIF target alone.**
- **Next phase drilling planned for August 2011 to extend resource on north and south of area drilled and test area bordering Jupiter's Mt Mason for DSO hematite.**

Legacy is pleased to announce a maiden ore resource for the first phase drilling program at its Mt Bevan Iron Ore Project ("Mt Bevan"), located approximately 100km West of Leonora in the central Yilgarn region.

The Mt Bevan Iron Ore Project is a joint venture between Legacy and Hawthorn Resources Limited ("Hawthorn") whereby Legacy will earn a 60% interest in the project by expending a minimum of $3.5 million to develop the project to a pre-feasibility status.

This first phase drilling program was conducted over some 40% of the strike length of the Western BIF unit – the first of several iron ore prospects to be drill tested within the project area. Results of the drilling and initial metallurgical testing were the subject of a previous announcement (23 May 2011) and are included in the project background section of this announcement.

In summary, this first phase drilling program was conducted on five drill fences spaced approximately 1km along strike, making a total of 4.6km of effective strike length tested to date.

All drill fences intersected a thick (circa 80m – 140m true thickness) magnetite bearing BIF unit that dips shallowly to the east.

Modelling and ore reserve estimation by SRK Consulting has resulted in the calculation of a JORC compliant Inferred Resource of 616.8 million tonnes @ 32.1% Fe using a 15% Fe cut-off grade, for this first phase program.

Appendix 1 provides a summary report by SRK Consulting relating to the QAQC, modelling and resource calculation undertaken for this first phase of drilling.

Legacy has previously announced an exploration target for magnetite mineralisation in the order of 1 – 1.5 billion tonnes grading between 30% and 40% Fe* within the Mt Bevan project area (*see foot note on the Clause 18 inclusion*). Based on the results of the first phase drilling program, we have reconsidered the exploration target for magnetite mineralisation. It is now considered that an exploration target* of 1.5 – 2.0 billion tonnes grading between 30% - 40% Fe exists purely within the southern part of the Western BIF target zone. There also exists significant potential for the definition of shallow DID and DSO hematite iron ore resources that could allow for early stage mining.

The modelled orebody is shown in *Figures 1* and *2*. *Figures 3* and *4* shows the main magnetite body without the thinner hangingwall and footwall magnetite horizons.

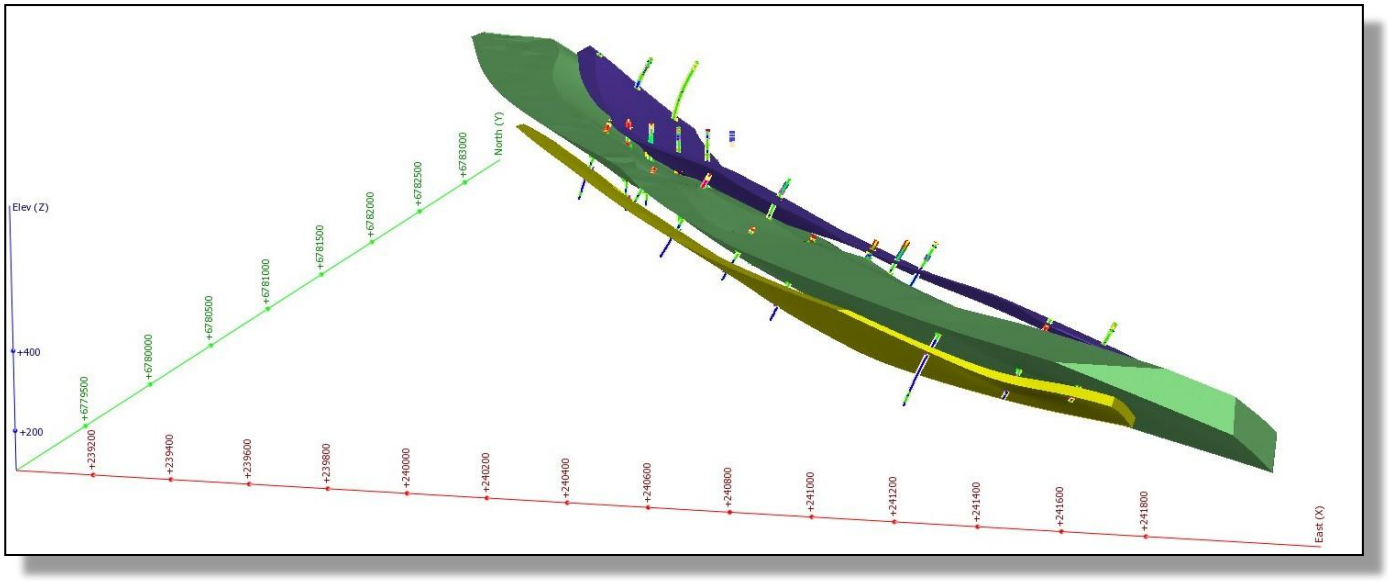

Figure 1: Mt Bevan First Phase drilling – model of magnetite mineralised units with drillholes. View is to Northeast. Main unit (green) averages circa 100m+ true thickness. Thinner hangingwall and footwall mineralised units shown (purple and yellow)

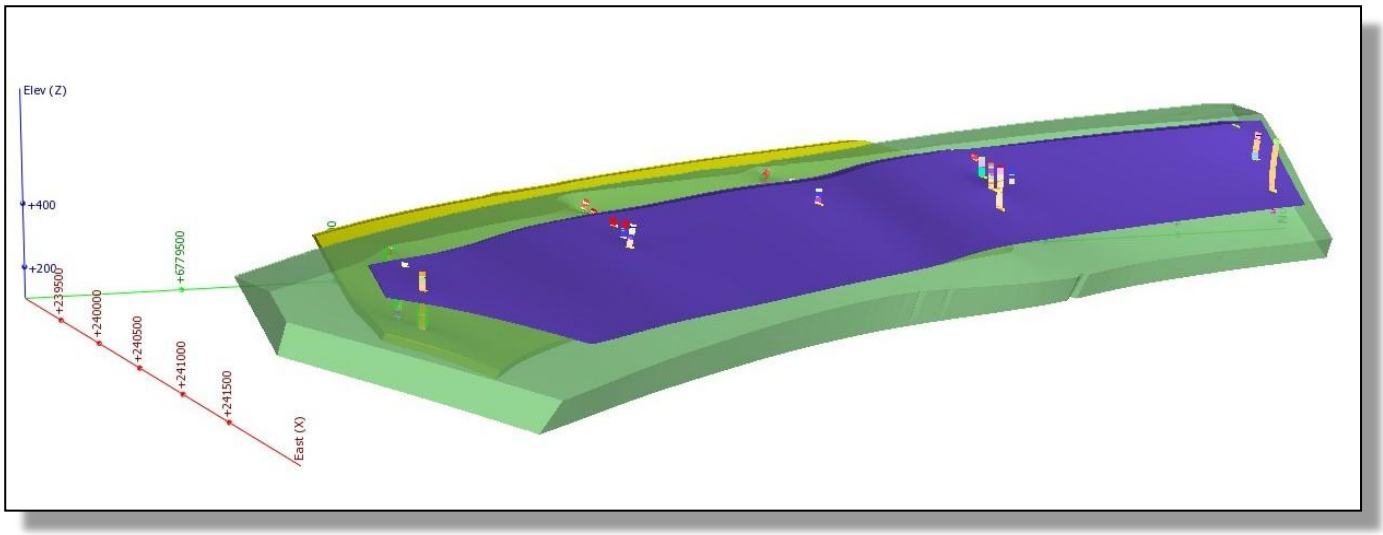

Figure 2: Mt Bevan First Phase Drilling – modelled mineralised units. View to west (up dip direction) showing all units

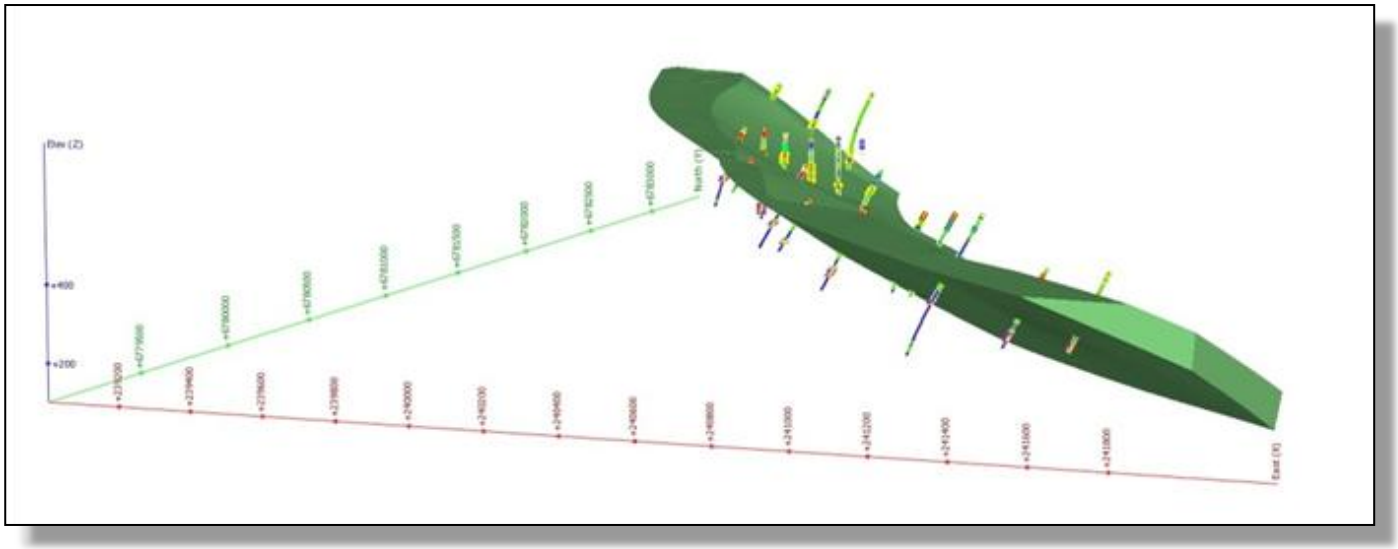

Figure 3: Modelled main magnetite mineralised unit – view to northeast

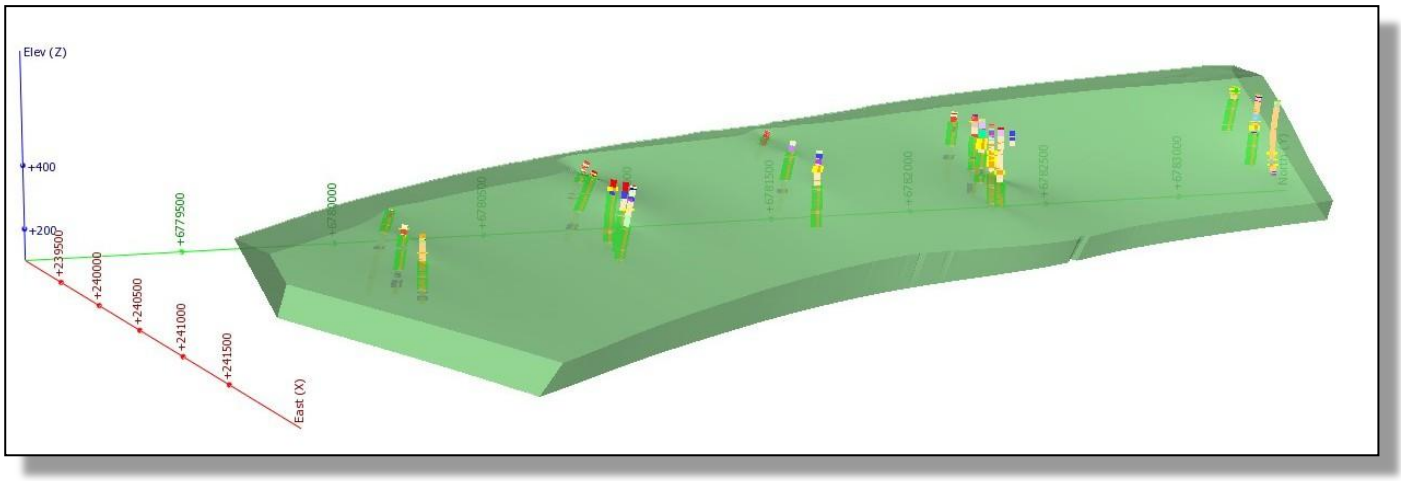

Figure 4: Modelled main magnetite mineralised unit – view to west

Figures 5 and *6* show the locations of the drill holes. *Figures 7* to *11* show the drilling fence cross sections from south to north. The modelling and drilling cross sections illustrate the very strong continuity of the magnetite bearing units along strike and also down dip. The shallow dip and substantial thickness of the mineralisation will allow low waste ore stripping ratios, meaning that final open cut depths could potentially far exceed the approximately 250m vertical depth tested by drilling to date.

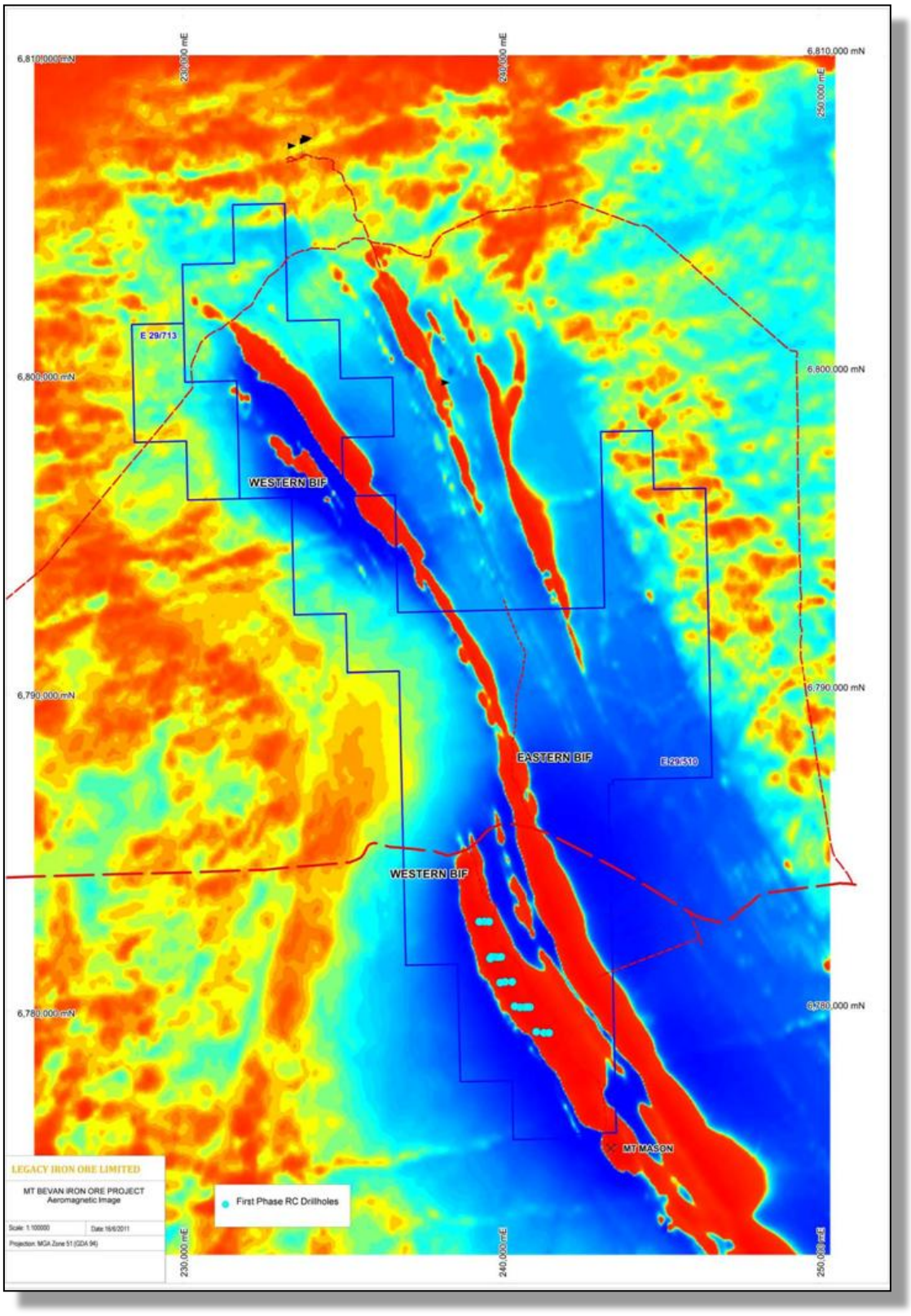

Figure 5: Aeromagnetic image showing magnetite bearing BIF units (red) and first phase drill holes

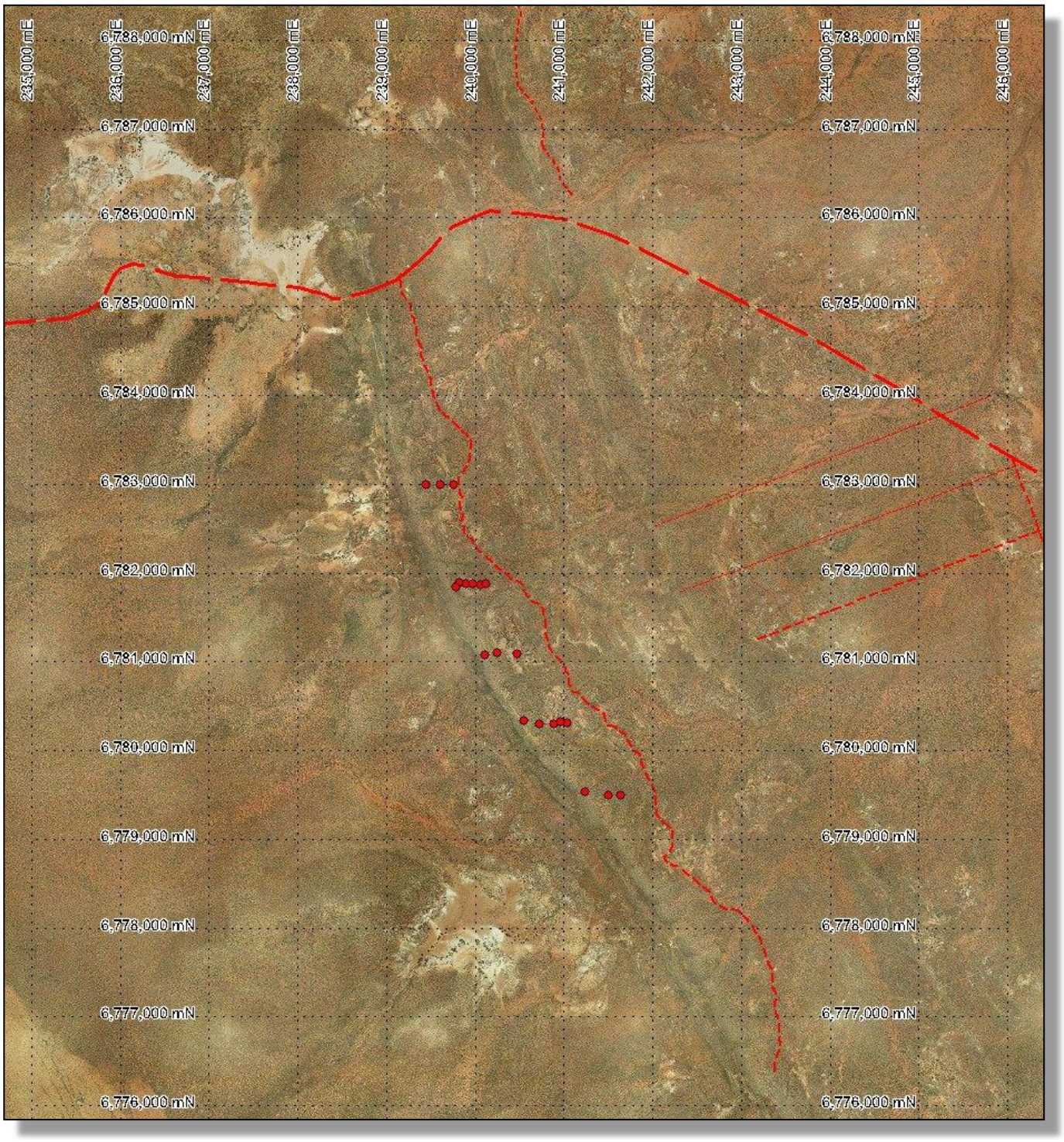

Figure 6: Phase 1 RC Drilling - Drill Hole Locations
Drilling to date has tested about 40% of the strike length of the Western BIF

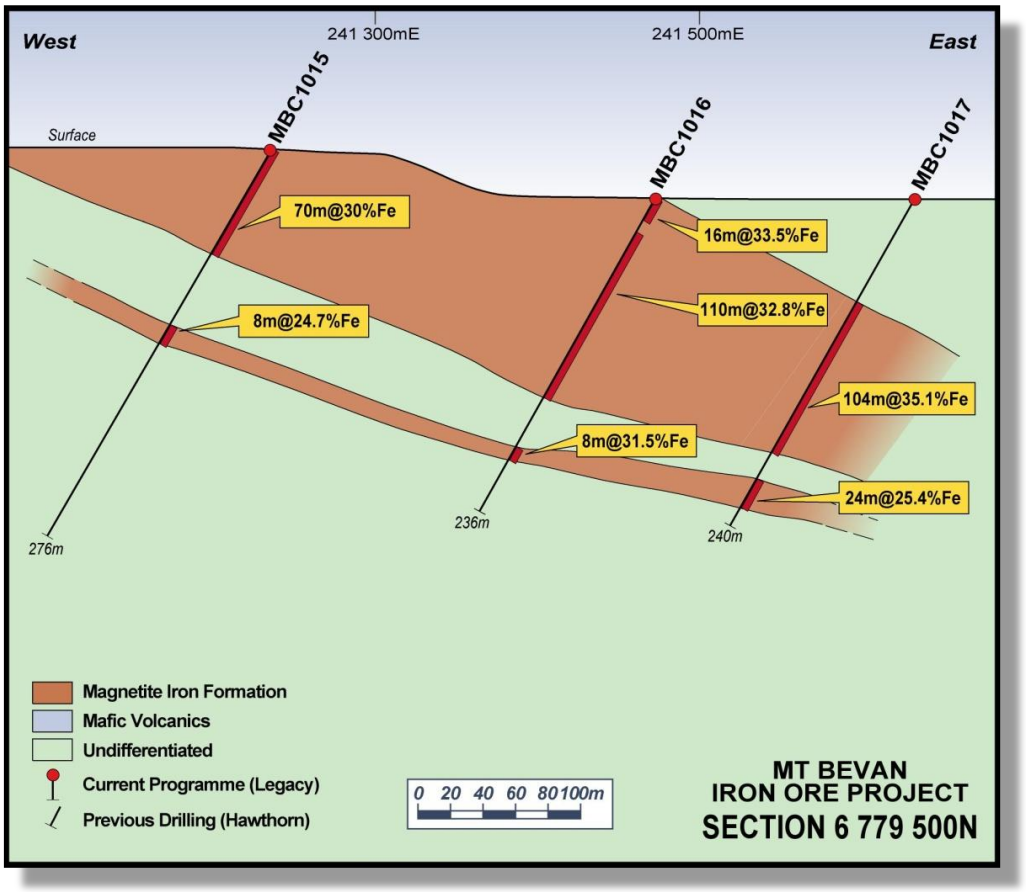

Figure 7: Drill Section Line 3 - 6 779 500N

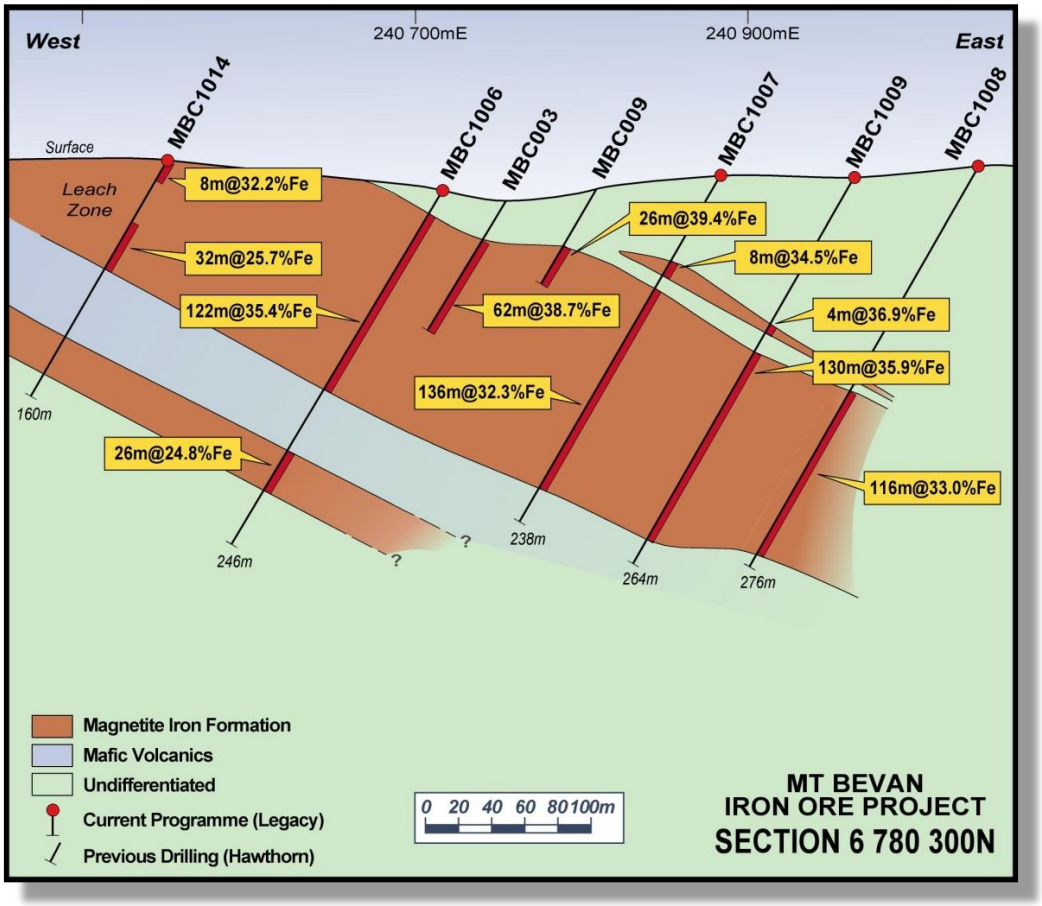

Figure 8: Drill Section Line 4 - 6 780 300N

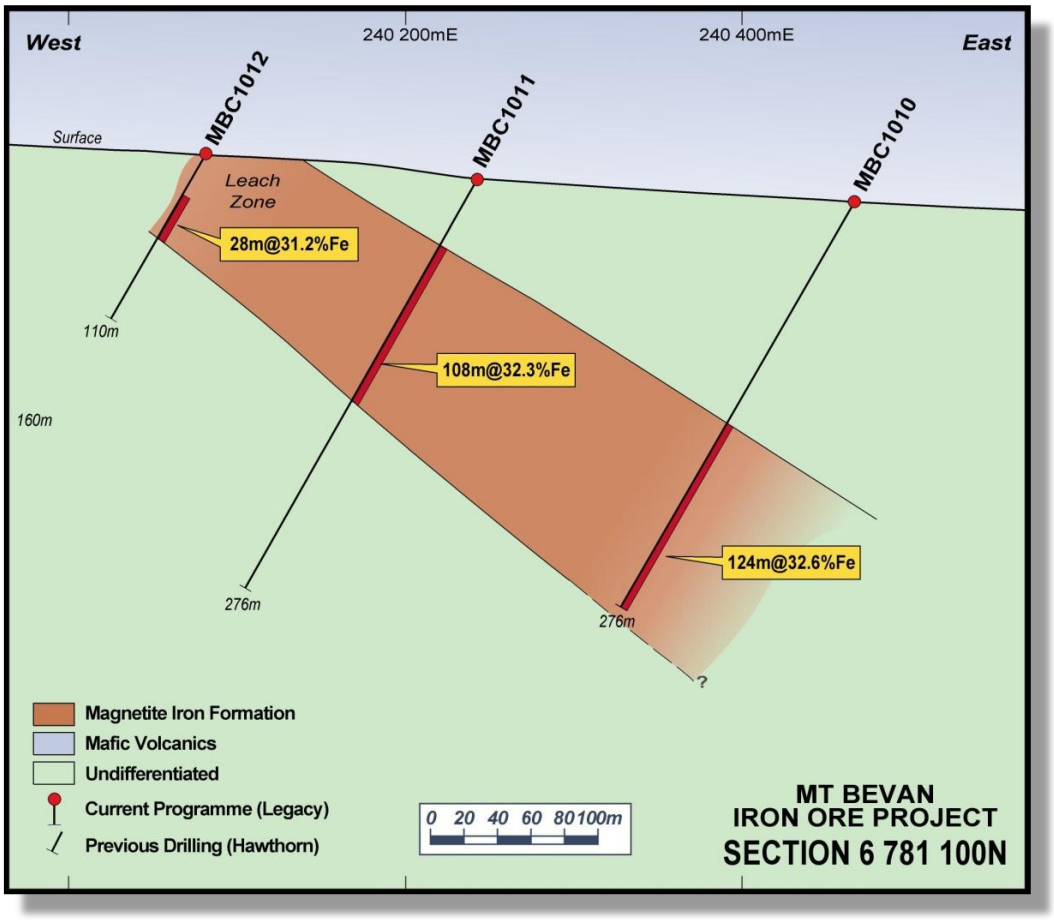

Figure 9: Drill Section Line 5 - 6 781 100N

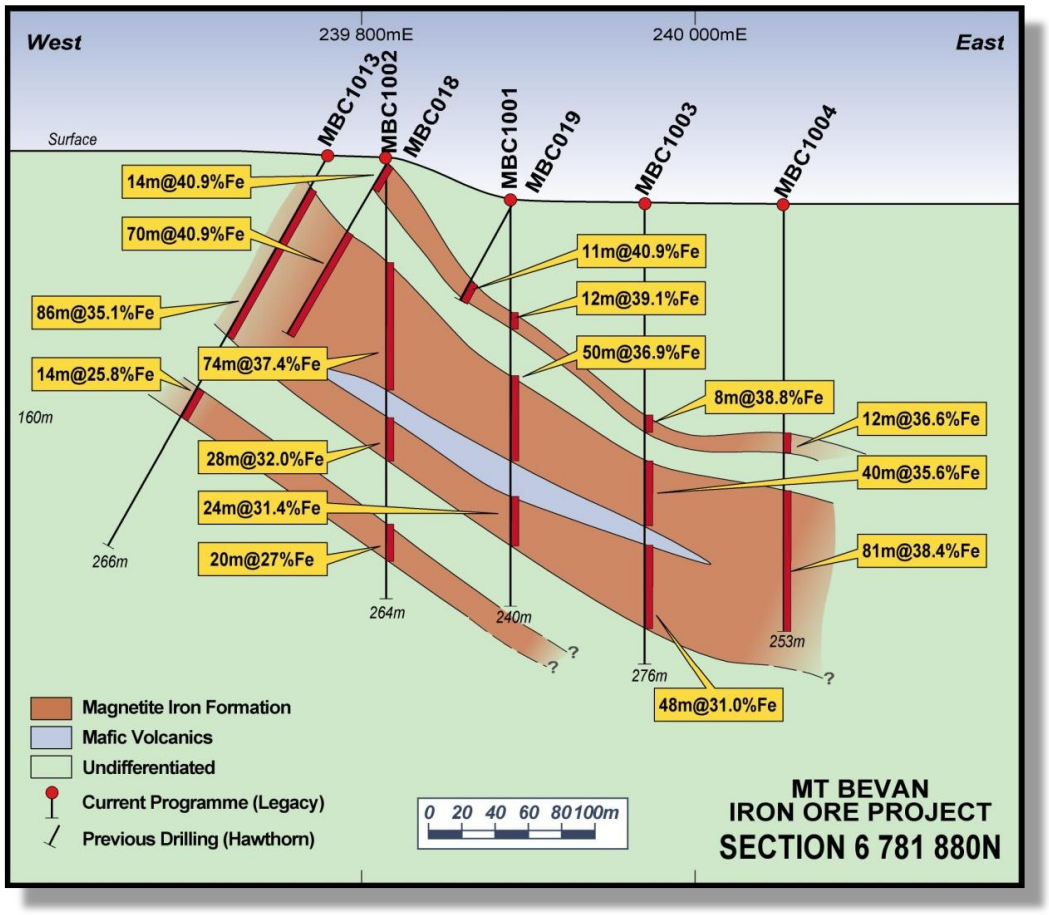

Figure 10: Drill Section Line 6 - 6 781 880N

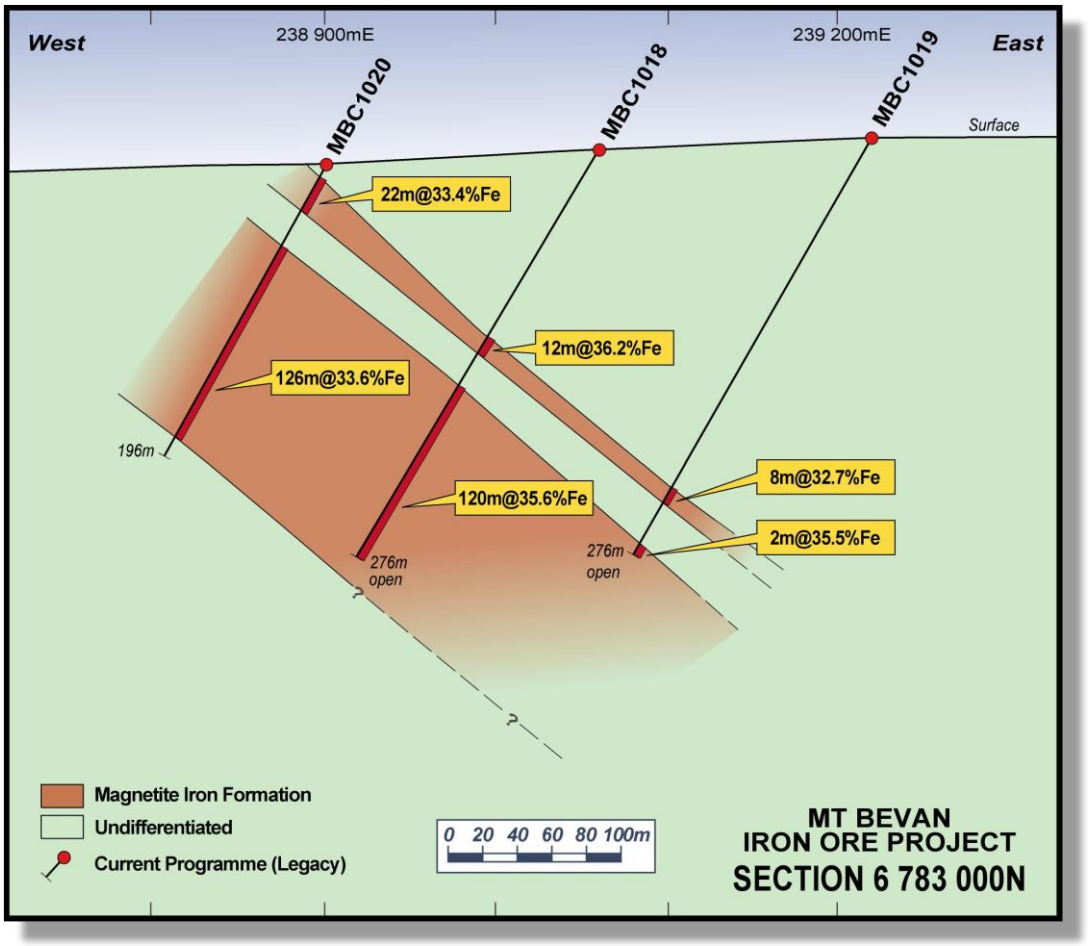

Figure 11: Drill Section Line 7 - 6 783 000N

Background

Mt Bevan is considered to hold excellent potential for the definition of substantial DSO hematite and magnetite iron resources that are located close to existing road, rail and port facilities.

The recently completed first phase drilling program was located in the southern part of the Mt Bevan project area, to the immediate north of the significant magnetite and hematite resources held by Jupiter Mines Limited ("Jupiter") (*Figure 6*). The Jupiter Mt Ida magnetite resource consists of an inferred mineral resource of 530Mt grading 31.9% Fe (15% Fe grade cut-off) and the hematite resource consists of 5.75Mt @ 59.9% Fe (inferred) at Mt Mason close to the Mt Bevan southern boundary. This mineralisation is known to extend into the Legacy/Hawthorn joint venture ground at Mt Bevan. Jupiter has recently announced that scoping studies, carried out by Promet Engineering Pty Ltd, have been completed on both the Mt Ida magnetite resource and Mt Mason DSO haematite resource, delivering financially robust results in both cases. Jupiter commenced Feasibility Study RC drilling at Mt Mason during May 2011.

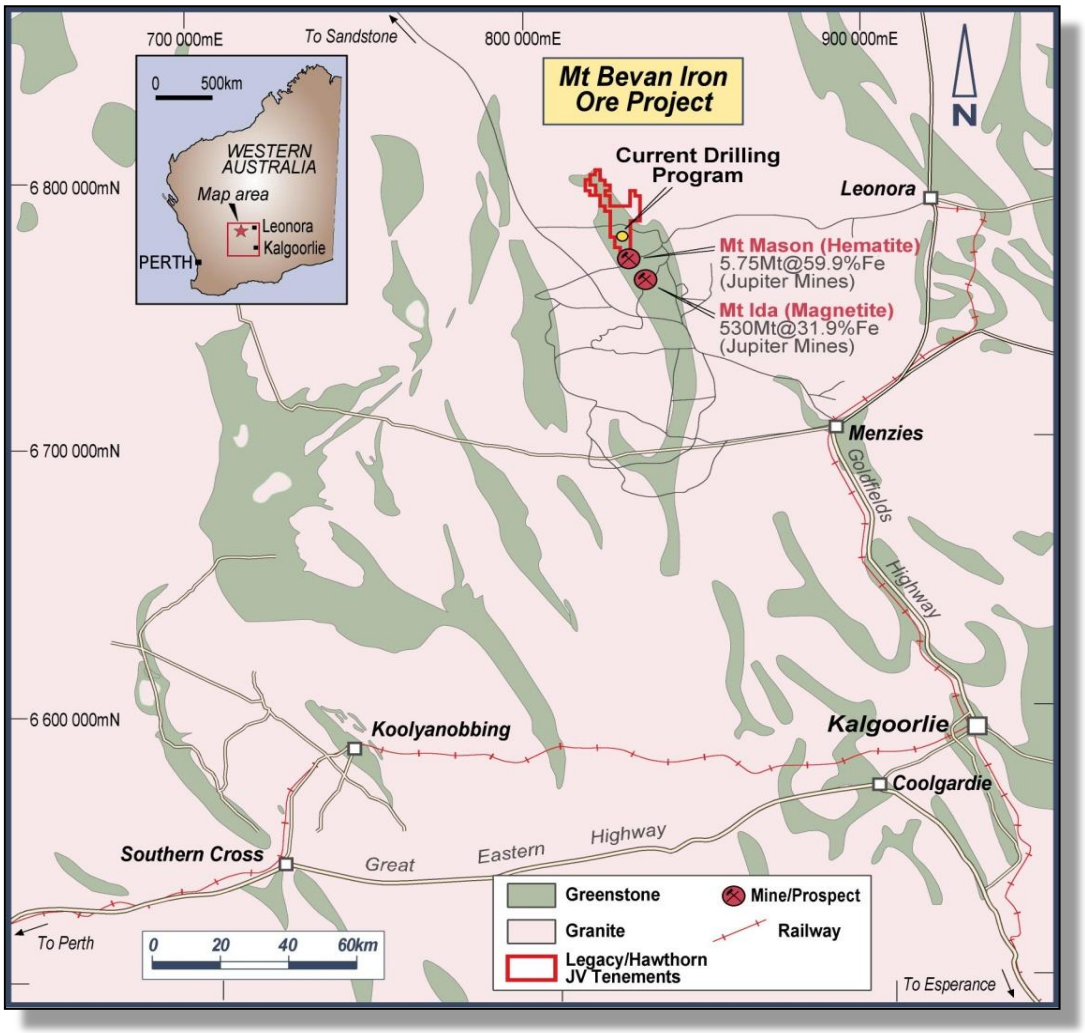

Figure 12: Mt Bevan Iron Ore Project

Legacy has previously announced an exploration target for magnetite mineralisation in the order of 1–1.5 billion tonnes grading between 30% and 40% Fe* within the Mt Bevan project area (*see foot note on the Clause 18 inclusion*). Based on the results of the first phase drilling program, we have reconsidered the exploration target for magnetite mineralisation. It is now considered that an exploration target* of 1.5 – 2.0 billion tonnes grading between 30% - 40% Fe exists purely within the southern part of the Western BIF target zone. There also exists significant potential for the definition of shallow DID and DSO hematite iron ore resources that could allow for early stage mining.

A total of 20 vertical and angle RC drill holes were completed in the first phase of drilling. Drilling on the five drill fences covered an approximately 4.6km strike of the Western BIF horizon (*Figure 6*). This BIF horizon extends for at least 11km within the southern part of the project area, and is the northern, more extensive part of the same horizon that hosts the Mt Ida magnetite resource of Jupiter (currently an inferred mineral resource of 530Mt grading 31.9% Fe). In addition, this Western BIF horizon is present over several kilometres of strike length in the northern part of the project area. The project area also contains the Eastern BIF unit that occupies some 20km strike within the project area. No drill testing for magnetite has been undertaken on this unit to date.

This drilling program aimed to test to depths of approximately 200m - 250m over a 4km - 5 km strike length. Assay results for the 5,000m RC drilling program produced highly encouraging results. The most significant intersections are shown in *Table 1* below.

Drillhole MBC	To m	From m	Interval m	Fe %
1001	106	156	50	36.9
1002	64	138	74	37.4
1004	72	253 (EOH)	81(open)	38.4
1006	16	138	122	35.4
1007	76	212	136	32.3
1008	154	270	116	33.0
1009	120	250	130	35.9
1010	152	276 (EOH)	124	32.6 (open)
1011	42	150	108	32.3
1013	38	124	86	35.1
1016	42	152	110	32.8
1017	86	190	104	35.1
1018	156	276 (EOH)	120	35.6 (open)
1020	56	182	126	33.6

Table 1: Significant Intersections - RC Drilling

Note: (EOH) – End of Hole

Preliminary metallurgical test work is underway including grind curve analysis and DTR (Davis Tube Recovery) testing. This work will be reported on when results are available. Preliminary DTR tests have been conducted by Ammtec Limited on four RC samples taken from the main magnetite unit in drillhole MBC 1007. As shown in *Table 2*, these show excellent weight recoveries averaging 45.6%, and a concentrate grade of 71.4% Fe, with low silica and negligible phosphorus and sulphur. It is important to note that these samples are taken from a single drill hole and from RC sample material that has been ground to relatively fine fractions by the normal drilling process. Nevertheless, these preliminary tests are highly encouraging.

Drillhole Interval m	Head Grade Fe %	Weight Recovery %	Fe Concentrate %	SiO_2 Concentrate %	Al_2O_3 Concentrate %	P Concentrate %	S Concentrate %
80 - 82	37.8	47.2	71.3	1.3	< 0.1	< 0.001	0.002
116 - 118	40.7	45.9	71.6	0.9	< 0.1	< 0.001	< 0.001
124 - 126	36.4	46.0	71.4	1.3	< 0.1	< 0.001	< 0.001
134 - 136	37.7	43.1	71.2	1.3	< 0.1	0.002	< 0.001
AVERAGE	**38.2**	**45.6**	**71.4**	**1.2**	**< 0.1**	**< 0.001**	**< 0.001**

Table 2: Preliminary DTR Tests on RC Samples – Drillhole MBC 1007

This program is the first of several programs designed to systematically explore the extensive BIF units that outcrop over some 20km of strike. Statutory approvals are being sought to conduct a second phase drilling program comprising some 5,000m – 6,000m of RC and diamond drilling. This drilling is designed to test the southern part of the Western BIF unit over the remaining 6km strike length, to the north and south of the first phase drilling. This will include drill testing the area adjacent to the southern boundary with Jupiter, where previous drilling on the project ground intersected thick widths of DSO hematite mineralisation adjacent to the Jupiter's Mt Mason DSO hematite resource. It is anticipated that this second phase drilling program will commence in August this year.

Yours faithfully,
LEGACY IRON ORE LIMITED

Sharon Heng
Chief Executive Officer

END

Competent Person's Statement:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves (excluding the SRK Consulting study) is based on information compiled by Steve Shelton who is a member of The Australasian Institute of Geoscientists and a full time employee of Legacy Iron Ore Limited. Mr. Shelton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Shelton consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.

* The exploration target for the Mt Bevan project of between 1–1.5Bt grading 30%–40% Fe should be considered in line with clause 18 of the JORC code. The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

APPENDIX 1

SRK Consulting (Australasia) Pty Ltd - Summary Report

SRK Consulting (Australasia) Pty Ltd was engaged by Legacy Iron Ore Limited to complete an initial Mineral Resource Estimate for magnetite iron mineralisation in the Mt Bevan Iron Ore Project located approximately 100km west of Leonora in the central Yilgarn region of Western Australia.

The Mt Bevan Iron Ore Project is a joint venture between Legacy and Hawthorn Resources Limited. The modelled mineralisation consists of three banded iron formation (BIF) units that dip approximately 30° towards the northeast in the Mt Ida Archaean Greenstone Belt (*Figure 1*). The units include a central BIF that ranges in thickness from 60m to 140m and is continuous along strike for over 4,000 m, based on drilling and outcrop exposures. There are two thinner BIF units (upper and lower) that appear to be less continuous along strike with thicknesses ranging from 10m to 20 m.

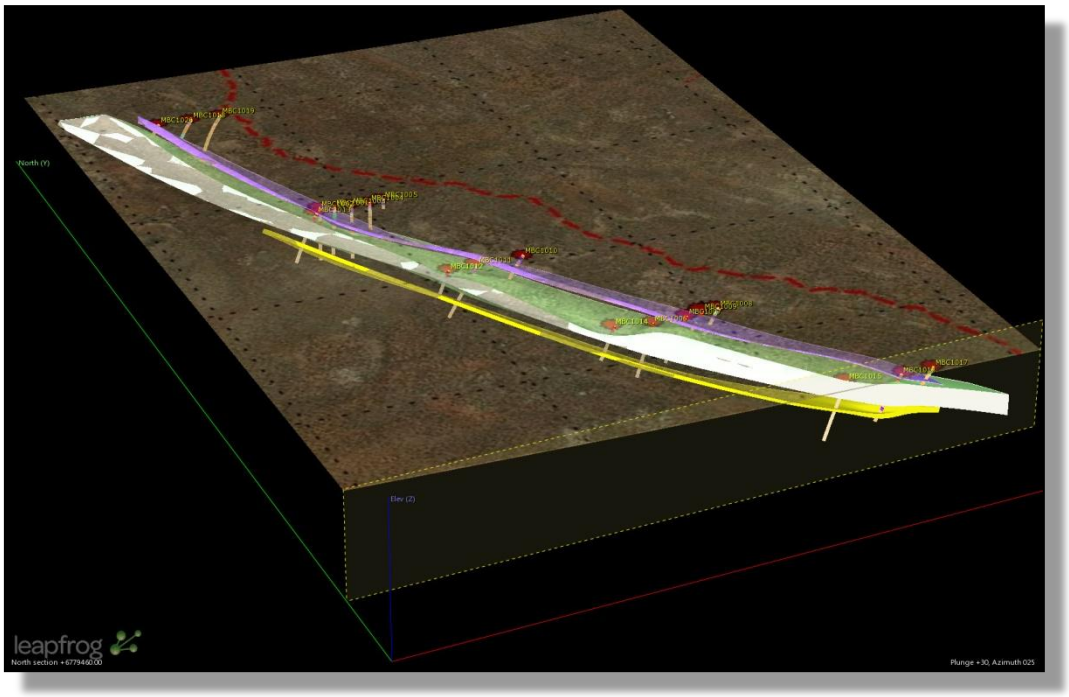

Figure 1: Cross section view looking down towards the northeast with air photo draped over semi-transparent topography, drill holes and the three modelled BIF units

The Mineral Resource Estimate is based on an initial geological interpretation provided by Legacy as well as on the logging results from 5,000m of Reverse Circulation drilling derived from 20 holes. In SRK's opinion, the tonnage, grade and mineral content of the current Mineral Resource Estimate was estimated with a low level of confidence and commensurate with an Inferred Mineral Resource category as recommended by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004). SRK is of the opinion that further exploration related work is required to upgrade the resource to a category associated with a reasonable or high level of confidence. The results of the Mineral Resource Estimate for the Mt Bevan Iron Ore Project are tabulated in *Table 1* and *Table 2* at cut-off grades of Fe>15% and Fe>25% respectively.

Classification	Tonnes (Mt)	Fe %	SiO2 %	Al2O3 %	CaO %	P %	S %	LOI %
Inferred	616.8	32.1	47.4	3.4	3.1	0.05	0.13	-0.25

Table 1: Mineral Resource Estimate Statement for the Mt Bevan Iron Ore Project as at 17 June 2011, reported at a cut-off grade of Fe>15%

Classification	Tonnes (Mt)	Fe %	SiO_2 %	Al_2O_3 %	CaO %	P %	S %	LOI %
Inferred	522.2	34.4	46.8	2.5	2.7	0.06	0.13	-0.38

Table 2: Mineral Resource Estimate Statement for the Mt Bevan Iron Ore Project as at 17 June 2011, reported at a cut-off grade of Fe>25%

Note: The Mineral Resource was estimated within constraining wireframe solids based on geological limits of the mineralised and internal waste units. The grades and tonnes have been rounded to reflect the degree of uncertainty related to the estimate.

The following points summarise the methodologies and assumptions used by the Competent Persons during the Geological and Resource Modelling processes:

- Legacy supplied all exploration data, two-dimensional geological interpretations and technical and geological support to SRK during the modelling process.
- SRK previously undertook a QAQC review of the exploration program and related data which included a site-based review of sampling and sub-sampling methods.
- SRK imported Legacy's geological interpretations into Leapfrog™ and used these as a basis for more advanced three-dimensional geological modelling, using the drill data to constrain the solids.
- Drilling results are derived from 20 holes consisting of five drill sections at an approximate mean strike spacing of 1,000 m and down-dip spacing of 150 m. The drill hole sampling interval is 1 m.
- Four main geological domains were modelled by SRK;
    1. A continuous thick central BIF unit
    2. A continuous thin upper hangingwall BIF unit
    3. A discontinuous thin lower footwall BIF unit
    4. A discontinuous internal (to the thick central unit) "waste" mafic unit
- A topographical surface was generated by SRK using collar data supplied by Legacy.
- A base of weathering surface was generated by SRK at a projected vertical depth of -50 m below surface.
- The final geological model was imported into Datamine Studio and verified.
- Drill hole samples within the geological domains were coded. The samples were 1 m long and were therefore not composited.
- Exploratory data analysis of the grades of the coded samples was completed.
- Variograms were initially modelled but proved to be inconclusive, and SRK applied an inverse distance squared algorithm for all elements
- A volume block model was designed, with blocks coded on the geological model.
- The block model was designed using parent cells of 75 x 400 x0.5m, with subcells down to 10 x 50 x 0.5 m. An isotropic search radius was used.

- A minimum of three samples and a maximum number of 20 samples from any single drillhole were used per block estimate. Cell discretisation of 3X x 3Y x 3Z was used.
- Validation was done by means of sectional validation and statistical analysis.
- Based on similar deposits studied by SRK and discussions with Legacy's Geologist, a density value of 3.4 t/m^3 was applied to the BIF units.
- The Mineral Resource Estimate was wholly classified as Inferred after applying the following constraints:
  - Weathered material (above a vertical depth of -50 m) was excluded from the resource
  - Although the deposit appears open along strike, the resource was limited to roughly half the strike drillhole spacing
  - The downdip extent of the resource was constrained by a distance of approximately 100 m from the last data point
  - A maximum mining depth of -300m below surface was assumed, and no resources below this reference were reported
- At the current scale of drilling, the central unit is very continuous both along strike and downdip. SRK is of the opinion that further exploration work; in particular infill drilling and density measurements, are required to successfully upgrade the resource.

The information in this report that relates to Mineral Resources is based on work done by Andre Wulfse and Paul Hodkiewicz of SRK Consulting (Australasia) Pty Ltd. Andre Wulfse takes overall responsibility for the Resource Estimate, and Paul Hodkiewicz takes responsibility for the geological model. Steve Shelton of Legacy Iron Ore Limited is responsible for the integrity of the Exploration Results. Andre Wulfse and Paul Hodkiewicz are Members of The Australasian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking to qualify as a Competent Persons in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 edition). The Competent Persons consent to the inclusion of such information in this Memo in the form and context in which it appears.