LEGACY IRON ORE LIMITED

(ABN 31 125 010 353)

Interim Financial Report for the Six Month Period Ended 31 December 2013

CONTENTS

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity, Legacy Iron Ore Limited, consisting of Legacy Iron Ore Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2013 ("Legacy Iron", the "Group" or the "Company").

1. DIRECTORS

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

Mr Narendra Kumar Nanda (Non-Executive Chairman)
Ms Sharon Heng (Executive Director & Managing Director)
Mr Timothy Turner (Non-Executive Chairman)
Mr Swaminathan Thiagarajan (Non-Executive Director)
Mr Subimal Bose (Non-Executive Director)

2. COMPANY SECRETARY

Mr Ben Donovan holds the position of Company Secretary.

3. REVIEW OF OPERATIONS

CORPORATE

Following the downturn of the equity market, the group has obtained the following debt funding for working capital purposes:

Convertible Note Funding

On 9 September 2013, Legacy Iron issued a convertible note with a face value of A$1,150,000 to The Australian Special Opportunity Fund LP (the Investor). The Investor can convert the Note into fully paid ordinary shares for an amount of between $50,000 and $150,000 at the Conversion Price at their discretion at any time after the Lock-Up Period. The Lock-Up period being 90 days after execution of the Note. Within 3 business days of the Lock-Up Period Legacy Iron redeemed A$500,000 by a cash payment. The Note contains a floor price of $0.03. Should the Conversion Price fall below the floor price and the Investor chooses to convert some of the Note to shares, the Company can choose to repay that amount of the Note chosen to be converted by the Investor at that time, or repay that amount by cash by repaying 105% of the value of the amount chosen to be converted. The Term of the Convertible Securities is for 24 months.

Citibank Debt Funding

Citibank has provided Legacy Iron with a A$2.7million loan facility. At 31 December 2013, A$2,000,000 has been drawn down on this loan. This loan is secured by a corporate guarantee provided by major shareholder, NMDC Limited.

Joint Venture – Cash Calls Received

Cash calls totalling A$501,580 were received from Hawthorn Resources Limited ("Hawthorn"), the 40% joint venture participant of the Mt Bevan Iron Ore project.

DIRECTORS' REPORT (continued)

3. REVIEW OF OPERATIONS (continued)

EXPLORATION

OPERATIONS' REPORT

Legacy Iron Ore Limited ("Legacy Iron" or "the Company") is an active exploration company with a diverse portfolio of assets spanning iron ore, manganese, coal, gold and base metals. The primary focus for the Company is its Joint Venture with Hawthorn on the Mt Bevan Iron Ore Project, north of Kalgoorlie in Western Australia, where the Company is proving up a potentially world class magnetite resource.

The Company holds significant landholdings in two major mineralised provinces within WA. In the Pilbara region Legacy Iron is exploring for iron ore and manganese while in the Eastern Goldfields region activities are focused on gold discoveries. The Company also holds substantial ground in the East Kimberley region with the most advanced prospect being the highly prospective Koongie Park VHMS base metal - gold project.

The Company has also recently commenced exploration on several prospective coal tenements located in southern Queensland.

IRON ORE

Mt Bevan Project

Mt Bevan is a joint venture between Legacy Iron and Hawthorn. Legacy Iron has now completed its earn-in of a 60% interest in the project by expending more than $3.5 million on exploration. Mt Bevan is considered to hold excellent potential for the definition of major magnetite resources located close to existing road, rail and port facilities. The project also has potential for DSO hematite discoveries.

During the period, a significant resource upgrade was made following the incorporation of the completed Phase 3 resource definition drilling programme.

The resource upgrade is for a 2km section of the 10km strike length of the Western BIF section of the Mt Bevan project.

Following completion of the phase 3 drilling, modelling has now resulted in an upgrade of the inferred resource for the 2km section to **an Indicated resource of 322Mt at a grade of 34.7% Fe with high mass recovery of 44.2%** which suggests the ore is more amenable to simple magnetic separation.

Earlier drilling at Mt Bevan allowed the definition of a JORC compliant Inferred Resource of 2.26 billion tonnes of magnetite mineralisation grading 27.6% Fe (15% cut off), or 1.59 billion tonnes of magnetite mineralisation grading 30.2% Fe (25% cut off)*. The resource extends over a 10 kilometre strike length of the Western BIF target at Mt Bevan.

The Phase 3 drilling targeted a central 2 kilometre strike length of this 19 kilometre long magnetite resource, identified as the preferred site of initial mining. This infill drilling was located between previous drill lines 3 to 5. A cross section for drill line 3 is shown in Figure 1 below which highlights the thickness of the magnetite mineralisation, typically exceeding 100m, and the shallow dip to the east.

DIRECTORS' REPORT (continued)

3. REVIEW OF OPERATIONS (continued)

EXPLORATION (continued)

Mt Bevan Iron Ore Project

* 2012 Inferred Resource Study:The information in this report that relates to Mineral Resources is based on work done by Andre Wulfse and Michael Cunningham of SRK Consulting (Australasia) Pty Ltd. Andre Wulfse takes overall responsibility for the Resource Estimate, and Michael Cunningham takes responsibility for the geological model. Steve Shelton of Legacy Iron Ore Limited is responsible for the integrity of the Exploration Results and Exploration Targets. Andre Wulfse and Michael Cunningham are Members of The Australasian Institute of Mining and Metallurgy, and Steve Shelton is a Member of the Australian Institute of Geoscientists. All 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.

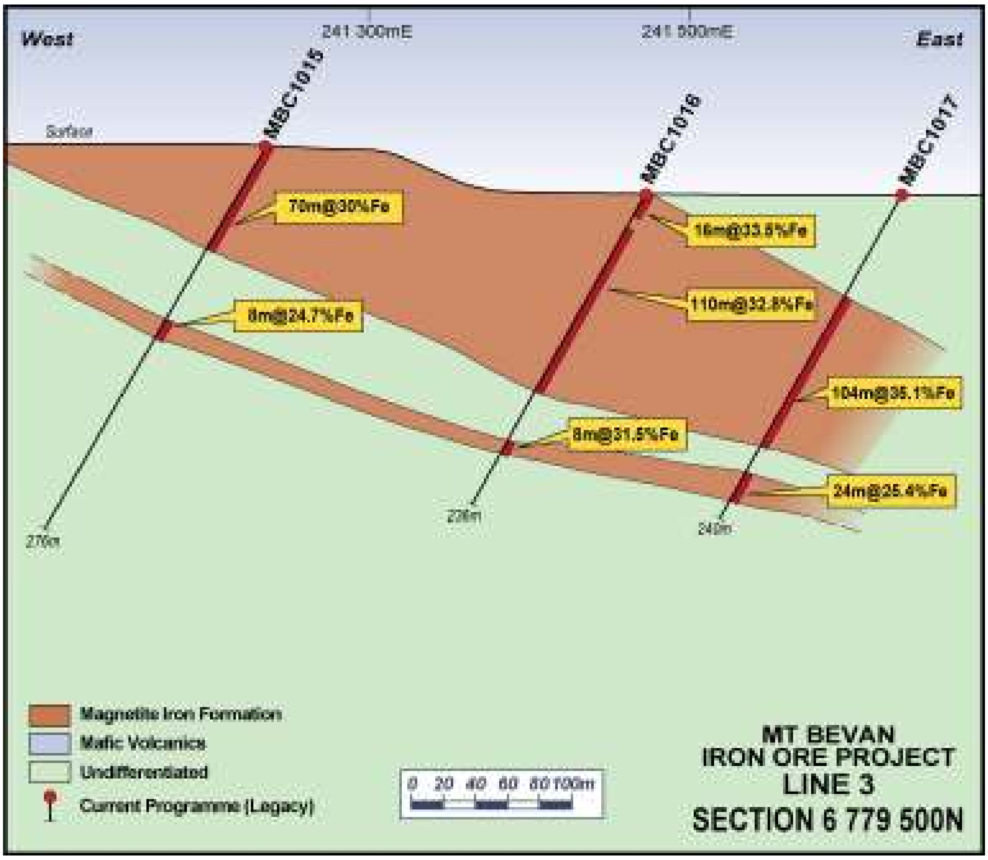

Figure 1: Drilling Cross Section - Lines 3

SRK Consulting has now completed modelling and a revised Mineral Resource Estimate based on the results of the Phase 3 infill drilling. The maiden Indicated Mineral Resource, which is reported in compliance with the JORC Code 2012, has been calculated by SRK as: **322 Mt @ 34.7 % with a high mass recovery of 44.2%**.

The Company is encouraged to see that the mass recovery of the Indicated Resource is high at 44.2% reflecting the high pure magnetite component of the host BIF unit.

This JORC Indicated Resource provides an increase in confidence in the geological continuity and grade of a substantial part of the Western BIF magnetite body.

The following table sets out the updated resource:

DIRECTORS' REPORT (continued)

3. REVIEW OF OPERATIONS (continued)

EXPLORATION (continued)

Mt Bevan Project

Mt Bevan Fresh BIF Resource											
Class	**Material**	**Tonnes x 10^6**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**CaO %**	**P %**	**S %**	**LOI %**	**MgO %**	**Mn %**
Indicated	*In situ* Total	322	34.7	46.2	0.57	1.35	0.054	0.131	-1.05	1.91	0.31
	In situ Magnetic*	44.18%	30.0	2.4	0.01	0.08	0.005	0.053	-1.38	0.05	0.01
	Concentrate	142	68.0	5.5	0.02	0.18	0.012	0.130	-3.12	0.12	0.03
Inferred	*In situ* Total	847	35.0	45.6	0.77	2.00	0.063	0.39	-1.15	1.77	0.04
	In situ Magnetic*	45.70%	30.8	2.8	0.01	0.06	0.004	0.042	-1.37	0.03	0.01
	Concentrate	387	67.5	5.9	0.03	0.14	0.009	0.096	-3.00	0.06	0.02
Total	*In situ* Total	1,170	34.9	45.8	0.71	1.82	0.060	0.137	-1.12	1.81	0.11
	In situ Magnetic*	45.28%	30.6	2.7	0.01	0.07	0.004	0.045	-1.37	0.03	0.01
	Concentrate	530	67.7	5.80	0.03	0.15	0.010	0.105	-3.03	0.07	0.02

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

For the reporting of resources, a block cut-off grade has not been applied to the model by SRK. This is because the minimum Fe and MagFe block grades for fresh BIF are relatively high (19% and 16% respectively), and therefore potentially economic.

This JORC Indicated resource is calculated for only a 2km strike of the 10km strike mineralisation. The Company considers that given the excellent geological continuity of the drilled mineralisation over a 10km strike, that there is no reason to suppose that similar tonnage and grade would not be obtained in infill drilling over the remaining 8km of strike.

The full Project Memorandum for this Mineral Resource Estimate including JORC 2012 Table 1 was included in the ASX announcement of 17 December 2013.

During the period, field work commenced targeting DSO hematite mineralisation. A program of geological mapping and sampling commenced covering the southern part of the Eastern BIF, and part of Mt Alexander. Several areas showing high iron assays (greater than 50% Fe) were identified. Further mapping and sampling will be carried out next quarter prior to initial RC drill testing of selected areas.

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

Pilbara Iron Ore and Manganese Projects

No exploration activities were conducted on the projects during the period saved for statutory reporting.

DIRECTORS' REPORT (continued)

3. REVIEW OF OPERATIONS (continued)

<u>EXPLORATION (continued)</u>

East Kimberley Project – Koongie Park

Drilling is planned for a number of significant identified through a HELITEM airborne EM survey completed in the June quarter. Statutory clearance for the drilling program has been received. A native heritage clearance will be undertaken in the December quarter prior to drilling.

GOLD

Database compilation and statutory reporting was conducted during the period.

<u>New Opportunities</u>

During the quarter, a joint venture agreement was completed with the Ling Prospecting syndicate and is currently awaiting final approval from both parties. The agreement relates to a contiguous package of gold tenements termed the Yundamindera Project. The project comprises eight prospecting licences and an exploration licence covering an area of some 51 square kilometres (Figure 2).

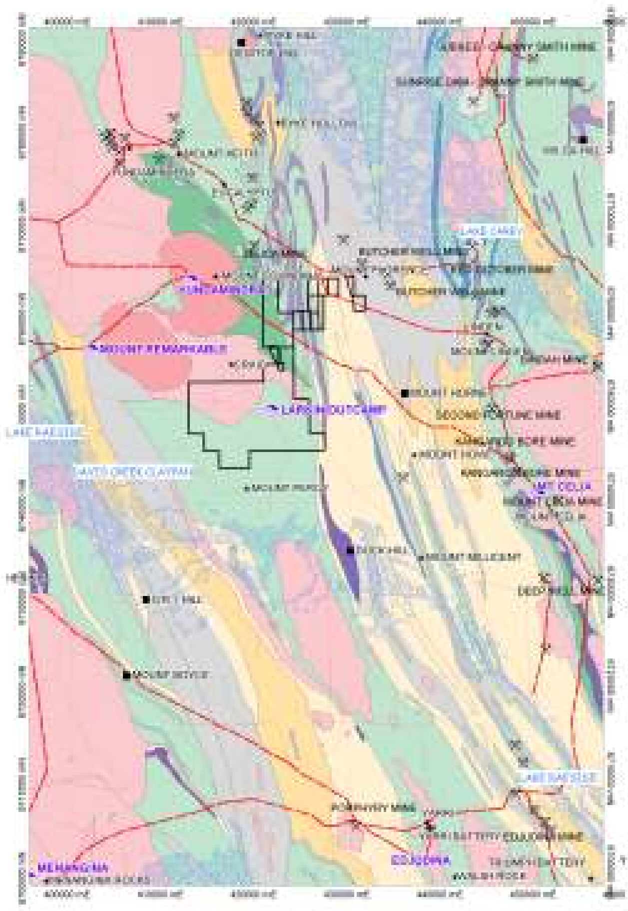

Figure 2: Location of Yundamindera Gold Project

DIRECTORS' REPORT (continued)

3. REVIEW OF OPERATIONS (continued)

EXPLORATION (continued)

Project Details

The tenements are located some 30km north west of Legacy Iron's major Mt Celia gold project (Figures 2 and 3). The region is highly prospective with the world-class Wallaby and Sunrise Dam gold mines located some 20 – 30km to the east and north-east respectively. Together these mines host total gold resources of close to 20Moz. Recent gold exploration and resource drilling in the area includes Linden/Second Fortune (held by Exterra Resources Limited) and Red October and Tin Dog (held by Saracen Mineral Holdings Limited).

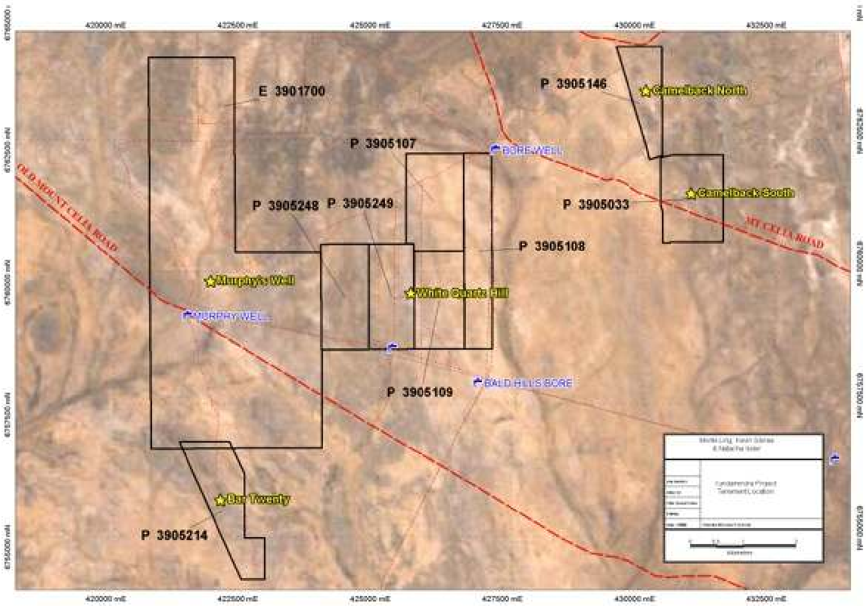

Figure 3: Yundamindera Project Tenements

Of major interest to Legacy Iron is the White Quartz Hill gold prospect (Figure 4).

DIRECTORS' REPORT (continued)

3. REVIEW OF OPERATIONS (continued)

EXPLORATION (continued)

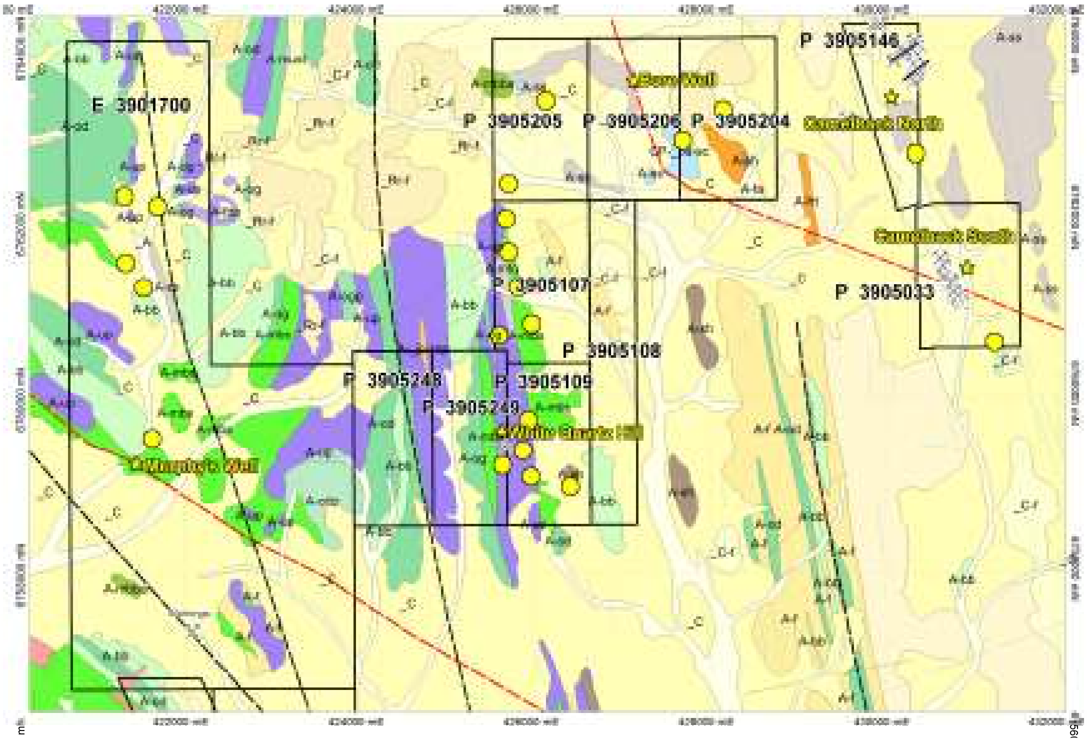

Figure 4: White Quartz Hill Prospect – Tenure and Geology

The prospect takes the form of a large broad hill topped by a 300m long white quartz reef. This reef is comprised of buck quartz with little gold mineralisation, and the flanks of the hill have much of this buck quartz float. However, there are several other sets of narrow quartz veining, some of which have been shown to contain strong visible gold (Figure 5).

The current vendors have opened up a small test pit down to a few metres depth on one of these auriferous quartz veins using a small backhoe (Figure 6). These vein sets and accompanying stockworks and breccias occur within typically strongly altered ultramafic and felsic lithologies. There has been no historic workings on this area and no drilling to date.

The lack of historic workings or drilling in this highly prospective area is explained by the large buck quartz reef and float derived from it which, when dollied or assayed, would have produced negligible gold. The auriferous veins are thinner and on the flanks of the hill masked by the buck quartz float.

DIRECTORS' REPORT (continued)

3. REVIEW OF OPERATIONS (continued)

EXPLORATION (continued)

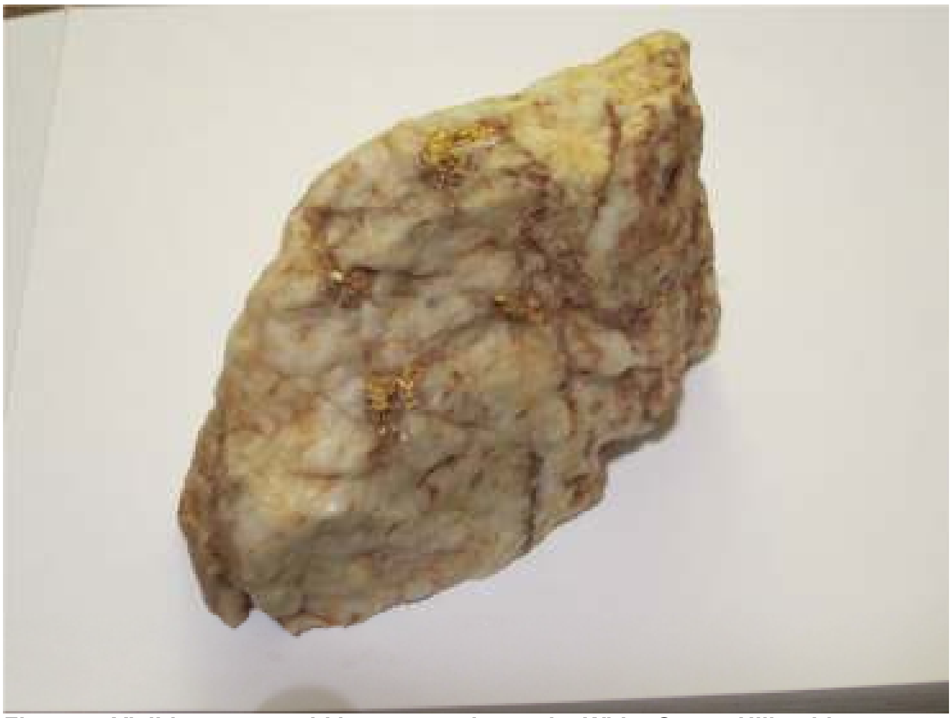

Figure 5: Visible coarse gold in quartz veins at the White Quartz Hill gold prospect

The high grade quartz veins, structural complexity and widespread alteration all indicate an excellent potential for defining a significant gold resource.

A heritage clearance has already been received for the prospect area, and drilling is planned to commence upon completion of mapping, costeaning and statutory approval.

DIRECTORS' REPORT (continued)

3. REVIEW OF OPERATIONS (continued)

EXPLORATION (continued)

Figure 6: Auriferous quartz veins exposed in recent test pit

Competent Person's Statement:

Mt Bevan Iron Ore

The information in this report that relates to Exploration Results, Exploration Targets, 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 information in this statement that relates to the Mineral Resource Estimate is based on work done by Rod Brown of SRK Consulting (Australasia) Pty Ltd and Steve Shelton of Legacy Iron Ore Limited. Steve Shelton takes responsibility for the integrity of the Exploration Results including sampling, assaying, and QA/QC. Rod Brown takes responsibility for the Mineral Resource Estimate. Steve Shelton takes responsibility for the Exploration Results presented in this statement.

Rod Brown and Steve Shelton 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 Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition).

The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

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

Sharon Heng
Director
Perth
14 March 2014

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14 March 2014

Board of Directors
Legacy Iron Ore Limited
Level 5
Citibank House
37 St Georges Terrace
Perth, WA 6000

Dear Sirs

RE: LEGACY IRON ORE LIMITED

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

As Audit Director for the review of the financial statements of Legacy Iron Ore Limited for the period ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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

Samir Tirodkar
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Half Year 2013 $	Half Year 2012 $
Other revenue		33,220	149,295
Compliance and regulatory expenses		(62,237)	(62,011)
Depreciation and amortisation expenses		(24,293)	(50,222)
Key management personnel remuneration		(246,006)	(299,969)
Employee benefits expenses		(398,503)	(646,047)
Exploration expenditure expensed		(29,964)	(22,163)
Exploration tenements written off	3	(1,812,753)	(540,839)
Occupancy expenses		(297,627)	(205,922)
Legal expenses		(130,492)	(126,330)
Travel expenses		(34,641)	(112,973)
Other expenses		(224,744)	(480,296)
Corporate services		(1,081,925)	(1,149,430)
Finance costs	3	(258,442)	(1,788)
Impairment of other receivables		(40,000)	-
Loss before income tax		(4,608,407)	(3,548,695)
Income tax benefit/(expenses)	4	-	-
LOSS FOR THE HALF YEAR ATTRIBUTABLE TO MEMBERS OF LEGACY IRON ORE LIMITED		**(4,608,407)**	**(3,548,695)**
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss			
Net gain/(loss) on revaluation of financial assets	6	(12,575)	251,500
Items that will not be reclassified to profit or loss		-	-
Total other comprehensive income/(loss)		(12,575)	251,500
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR ATTRIBUTABLE TO MEMBERS OF LEGACY IRON ORE LIMITED		**(4,620,982)**	**(3,297,195)**
Basic and diluted loss per share		(0.79) cents per share	(0.61) cents per share

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	31 December 2013 $	30 June 2013 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		1,154,320	1,386,872
Other Financial Assets	6	670,974	730,974
Other Receivables		323,024	611,238
TOTAL CURRENT ASSETS		2,148,318	2,729,084
NON CURRENT ASSETS			
Plant and Equipment		106,186	130,479
Exploration and Evaluation Expenditure	5	12,549,869	14,302,047
Other Financial Assets	6	616,175	628,750
TOTAL NON CURRENT ASSETS		13,272,230	15,061,276
TOTAL ASSETS		**15,420,548**	**17,790,360**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		515,794	968,197
Employee Benefits		64,247	111,807
Borrowings	7	2,000,000	-
TOTAL CURRENT LIABILITIES		2,580,041	1,080,004
NON CURRENT LIABILITIES			
Employee Benefits		29,894	28,761
Borrowings	7	550,000	-
TOTAL NON CURRENT LIABILITIES		579,894	28,761
TOTAL LIABILITIES		**3,159,935**	**1,108,765**
NET ASSETS		**12,260,613**	**16,681,595**
EQUITY			
Issued Capital	8	42,358,338	42,158,338
Reserves		16,320,048	16,332,623
Accumulated Losses		(46,417,773)	(41,809,366)
TOTAL EQUITY		**12,260,613**	**16,681,595**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Ordinary Share Capital $	Share Based Payment Reserve $	Option Premium Reserve $	Financial Assets Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2012	42,155,838	15,336,500	90,539	245,500	(29,861,945)	27,966,432
Loss for the half-year	-	-	-	-	(3,548,695)	(3,548,695)
Other comprehensive income for the period	-	-	-	251,500	-	251,500
Total comprehensive income/(loss) for the period	-	-	-	251,500	(3,548,695)	(3,297,195)
Shares issued during the period	2,500	-	-	-	-	2,500
BALANCE AT 31 DECEMBER 2012	**42,158,338**	**15,336,500**	**90,539**	**497,000**	**(33,410,640)**	**24,671,737**
BALANCE AT 1 JULY 2013	**42,158,338**	**16,242,084**	**90,539**	**-**	**(41,809,366)**	**16,681,595**
Loss for the half-year	-	-	-	-	(4,608,407)	(4,608,407)
Other comprehensive loss for the period	-	-	-	(12,575)	-	(12,575)
Total comprehensive income/(loss) for the period	-	-	-	(12,575)	(4,608,407)	(4,620,982)
Shares issued during the period	200,000	-	-	-	-	200,000
BALANCE AT 31 DECEMBER 2013	**42,358,338**	**16,242,084**	**90,539**	**(12,575)**	**(46,417,773)**	**12,260,613**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half Year 2013 $	Half Year 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(2,783,540)	(3,411,345)
Interest received	26,842	139,685
Finance costs paid	-	(1,788)
Net cash flows (used in) operating activities	(2,756,698)	(3,273,448)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration and evaluation	(625,870)	(1,665,877)
Payment for the acquisition of exploration assets	-	(2,906,451)
Proceeds from the sale of fixed assets	-	20,700
Payment for purchase of fixed assets	-	(50,291)
Payment of security deposit	(1,564)	-
Proceeds from held to maturity financial assets	60,000	-
Receipt of cash call from Joint Venture participant	501,580	-
Repayment of loan from unrelated entity	90,000	-
Net cash flows (used in) investing activities	24,146	(4,601,919)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	-	2,500
Repayment of borrowings	(515,000)	-
Proceeds from borrowings	2,015,000	-
Proceeds from the issue of convertible securities	1,000,000	-
Proceeds from the application of shares	25,432	-
Repayment of share application funds	(25,432)	-
Net cash flows from financing activities	2,500,000	2,500
Net Decrease in Cash and Cash Equivalents	(232,552)	(7,872,867)
Cash and Cash Equivalents at the Beginning of Half Year	1,386,872	12,693,187
CASH AND CASH EQUIVALENTS AT THE END OF HALF YEAR	**1,154,320**	**4,820,320**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION OF HALF YEAR REPORT

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2013 has been prepared in accordance with requirements of the *Corporations Act 2001* and Accounting Standard *AASB 134 Interim Financial Reporting*.

This condensed consolidated interim financial report is intended to provide users with an update on the latest annual financial statements of Legacy Iron Ore Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013 together with any public announcements made during the half year.

Accounting Policies

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

(a) Going Concern

The 31 December 2013 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the half-year ended 31 December 2013, the Group recorded a loss after tax of $4,608,407, cash outflows from operations of $2,756,698 and had a net working capital deficit of $431,723. The loss for the period is consistent with the stage of operations of the Group, being the exploration and evaluation of mineral resources.

The Directors' 15 month cash flow forecast for the Group anticipates a cash flow surplus sufficient to settle liabilities in the normal course of business. Exploration and evaluation activities will be funded through a combination of debt and additional equity. Debt funding comprises an additional draw down on the loan facility which major shareholder, NMDC Limited has agreed to guarantee. Additional equity funding will take the form of a combination of convertible notes and a rights' issue. The directors are in the process of determining the terms of the rights' issue.

Based upon the Directors' cash flow forecast, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and therefore the going concern basis of preparation remains appropriate.

Legacy Iron will be required to raise additional equity funding through private and/or public placements. There is uncertainty whether the placements will eventuate. In the event the placements are not successfully completed, the Group may not be able to continue as a going concern. Accordingly, the Group may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION OF HALF YEAR REPORT (continued)

Accounting Policies (continued)

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

(i) *Consolidated financial statements, joint arrangements and disclosure of interests in other entities*

The Group has adopted the following new and revised Australian Accounting Standards from 1 July 2013 together with consequential amendments to other Standards:

- AASB 10: *Consolidated Financial Statements;*
- *AASB 127: Separate Financial Statements (August 2011);*
- *AASB 11: Joint Arrangements;*
- *AASB 128: Investments in Associates and Joint Ventures (August 2011);*
- AASB 12: *Disclosure of Interests in Other Entities;*
- AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards; and*
- AASB 2012-10: *Amendments to Australian Accounting Standards — Transition Guidance and* Other *Amendments.*

These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transition requirements in AASB 10 and AASB 11. The effects of initial application of these Standards in the current half-year reporting period are as follows:

- *Consolidated financial statements:*
  AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. Revised AASB 127 facilitates the application of AASB 10 and prescribes requirements for separate financial statements of the parent entity. On adoption of AASB 10, the assets, liabilities and non-controlling interests related to investments in businesses that are now assessed as being controlled by the Group, and were therefore not previously consolidated, are measured as if the investee had been consolidated (and therefore applied acquisition accounting in accordance with AASB 3: *Business Combinations)* from the date when the Group obtained control of that investee on the basis of the requirements in AASB 10.
  Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012-2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 July 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.
  Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 1(c).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2013

1. BASIS OF PREPARATION OF HALF YEAR REPORT (continued)

Accounting Policies (continued)

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

- *Joint arrangements:*
AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Revised AASB 128 facilitates the application of AASB 11 and incorporates guidance relating to the equity method of accounting.

The Group has assessed the nature of its joint arrangements and determined to have a joint operation with Hawthorn Resources Limited.

The accounting for the group's joint operations has not changed as a result of the adoption of AASB 11. The group continues to recognise its direct right to the, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

However, the revised accounting policy for joint arrangements is set out in Note 1(d).

Disclosure of interest in other entities:
AASB 12 is the Standard that addresses disclosure requirements of AASB 10, AASB 11, AASB 127 and AASB 128. There are no material new disclosures relevant to the Group.

(ii) *Fair value measurements and disclosures*

The Group has adopted AASB 13: *Fair Value Measurement* and AASB 2011-8: *Amendments to Australian Accounting Standards arising from AASB* 13 from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. New disclosures prescribed by AASB 13 that are material to this interim financial report have been provided in Note 6. Although these Standards do not significantly impact the fair value amounts reported in the Group's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as, set out in Note 1(e), should be incorporated in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION OF HALF YEAR REPORT (continued)

Accounting Policies (continued)

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

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

(iii) *Other*

Other new and amending Standards that became applicable to the Group for the first time during this half-year reporting period are as follows:

AASB 2012-2: *Amendments to Australian Accounting Standards — Disclosures — Offsetting Financial Assets and Financial Liabilities* and AASB 2012-5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.*

These Standards make changes to presentation and disclosure requirements, but did not affect the Group's accounting policies or the amounts reported in the financial statements.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).*

These Standards did not affect the Group's accounting policies or the amounts reported in the financial statements, mainly because the Group does not have defined benefit plan assets or obligations.

(c) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION OF HALF YEAR REPORT (continued)

Accounting Policies (continued)

(d) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required. Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method. Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements. Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Details of the Group's interests in joint arrangements are provided in Note 12.

(e) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2013

1. BASIS OF PREPARATION OF HALF YEAR REPORT (continued)

Accounting Policies (continued)

(e) Fair Value of Assets and Liabilities (continued)

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair Value Hierarchy
AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2013

1. BASIS OF PREPARATION OF HALF YEAR REPORT (continued)

Accounting Policies (continued)

(e) Fair Value of Assets and Liabilities (continued)

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

2. DIVIDENDS

No dividends have been paid or proposed during the six month period ended 31 December 2013 (2012: NIL).

3. LOSS BEFORE INCOME TAX

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

	2013 $	2012 $
Exploration tenements written off (a)	1,812,753	540,839
Finance costs (b)	258,442	1,788

(a) During the period, the Directors resolved to abandon certain areas of interest which have low prospectivity. Accordingly the capitalised exploration expenditure in relation to the areas abandoned was recognised as an expense during the period. Refer further to Note 5.

(b) The Group obtained borrowings to finance its working capital. Refer further to Note 7.

4. INCOME TAX

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 31 December 2013 is 0% (31 December 2012: 0%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (continued)

5. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2013	30 June 2013
Non-Current	**$**	**$**
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases	**12,549,869**	**14,302,047**
Movement in carrying amounts		
Carrying amount at the beginning of the period	14,302,047	17,441,900
Exploration expenditure capitalised during the period	510,591	1,206,715
Less: Recovery of expenditure from Joint Venture participant	(450,016)	-
Less: Provision for Impairment of exploration expenditure	(1,812,753)	(4,346,568)
Carrying amount at the end of the period	**12,549,869**	**14,302,047**

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

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

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

6. OTHER FINANCIAL ASSETS

	31 December 2013	30 June 2013
Current	**$**	**$**
Held-to-maturity financial assets		
- Security deposits held (i)	**670,974**	**730,974**

(i) Held for credit cards, office lease and other collaterals.

Non-Current		
Available-for-sale financial assets		
- Shares in listed corporation at fair value – Level 1 (i)	**616,175**	**628,750**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (continued)

6. *OTHER FINANCIAL ASSETS (continued)*	31 December 2013	30 June 2013
	$	$
(i) During the half year, the movement in the available for sale financial assets is as follows:		
Opening balance 1 July 2013	628,750	2,012,000
Fair value gain/(loss) on available-for-sale financial assets reserve (a)	(12,575)	(497,000)
Impairment	-	(886,250)
Closing balance 31 December 2013	**616,175**	**628,750**

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

7. BORROWINGS	31 December 2013	30 June 2013
	$	$
CURRENT		
Bank loan (i)	2,000,000	-
NON-CURRENT		
Convertible securities (ii)	550,000	-
TOTAL BORROWINGS	**2,550,000**	**-**

(i) The bank loan is secured by a corporate guarantee provided by major shareholder, NMDC Limited. The term of the loan is on a rolling 90 days basis with 90 days termination notice. The facility is up to $2.7 million. Interest is variable and accrues at a rate of 0.75% above the Bank Bill Swap Rate (BBSY rate).

(ii) The convertible securities shall convert into new ordinary shares of the company by dividing the amount by the conversion price. The conversion price is 90% of the average three (3) consecutive daily volume weighted average price (VWAPs) as selected by the investor in its sole discretion during the twenty (20) trading days immediately prior to the conversion notice. The note contains a floor price of $0.03. Should the conversion price fall below the floor price and the investor chooses to convert some of the notes to shares, the company can choose to repay that amount of the note chosen to be converted by the investor at that time or repay that amount by cash by repaying 105% of the value of the amount chosen to be converted. The convertible securities do not carry any voting rights. The term of the convertible securities is for 24 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (continued)

8. ISSUED CAPITAL

(a) Fully paid ordinary shares

	31 December 2013		30 June 2013	
	No	$	No	$
At beginning of reporting period	581,308,502	42,158,338	581,308,502	42,158,338
Shares issued during the half year				
- Commencement fee for convertible securities	2,380,952	100,000	-	-
- Conversion of convertible securities	3,515,152	100,000	-	-
At reporting date	**587,204,606**	**42,358,338**	**581,308,502**	**42,158,338**

(b) Options on issue	31 December 2013 No	30 June 2013 No
At beginning of reporting period	145,678,908	160,590,000
Options issued during the half year	-	41,088,908
Options expired during the half year	(6,000,000)	(56,000,000)
At reporting date	**139,678,908**	**145,678,908**

9. RELATED PARTY TRANSACTIONS

Other Transactions with Key Management Personnel and Their Personally Related Entities:

	31 December 2013 $	31 December 2012 $
Provision of consultancy services by Regency Infrastructure, an entity related to Director, Ms Sharon Heng	100,000	66,925

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2013 (continued)

10. SEGMENT INFORMATION

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

The Group is managed on the basis of there being 3 (three) reportable segments being:
(i) Gold exploration and development in Australia;
(ii) Iron ore (and manganese) exploration and development in Australia; and
(iii) Coal exploration and development in Australia.

	Iron Ore $	Gold $	Coal $	Corporate $	Total $
Six months ended 31 December 2013					
SEGMENT REVENUE	3,401	-	-	29,819	**33,220**
SEGMENT NET LOSS BEFORE TAX					
Exploration tenements written off	(1,253,376)	(559,377)	-	-	(1,812,753)
Depreciation	-	-	-	(24,293)	(24,293)
Impairment of other receivables	-	-	-	(40,000)	(40,000)
Corporate charges	-	-	-	(2,764,581)	(2,764,581)
SEGMENT LOSS	(1,249,975)	(559,377)	-	(2,799,055)	**(4,608,407)**
SEGMENT ASSETS	7,151,912	2,461,752	3,552,380	2,254,504	**15,420,548**
Segment asset increases/(decreases) for the half year	(1,493,579)	(343,977)	72,804	(605,060)	(2,369,812)
SEGMENT LIABILITIES	-	-	-	3,159,935	**3,159,935**
Six months ended 31 December 2012					
SEGMENT REVENUE	-	-	-	149,295	**149,295**
SEGMENT NET LOSS BEFORE TAX					
Exploration tenements written off	(384,833)	(156,006)	-	-	(540,839)
Depreciation	-	-	-	(50,222)	(50,222)
Corporate charges	-	-	-	(3,106,929)	(3,106,929)
SEGMENT LOSS	(384,833)	(156,006)	-	(3,007,856)	**(3,548,695)**
SEGMENT ASSETS	13,933,209	2,421,978	3,098,713	5,997,354	**25,451,254**
Segment asset increases/(decreases) for the half year	610,707	274,610	3,098,713	(8,160,870)	(4,176,840)
SEGMENT LIABILITIES	-	-	-	779,517	**779,517**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2013 (continued)**

11. EVENTS SUBSEQUENT TO REPORTING DATE

On 16 January 2014, $75,000 convertible notes were converted into 3,409,091 ordinary shares at a conversion price of $0.022 per share.

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

12. CAPITAL AND LEASING COMMITMENTS

(a) Lease Commitments

Commitments in relation to non-cancellable operating leases not recognised as liabilities

	31 December 2013	30 June 2013
	$	$
Within 1 year	201,207	392,862
Later than 1 year but not later than 5 years	14,328	19,104
Later than 5 years	-	-
	215,535	**411,966**

(b) Minimum Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Group has the following discretionary exploration expenditure and rental requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	31 December 2013	30 June 2013
	$	$
Within 1 year	1,788,896	1,891,192
Later than 1 year but not later than 5 years	3,920,453	4,448,586
Later than 5 years	2,004,875	2,075,857
	7,714,224	**8,415,635**

If the Group decides to relinquish certain leases and/or does not meet these requirements, assets recognised in the Consolidated Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfer or farm out of exploration rights to third parties will reduce or extinguish these obligations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (continued)

13. INTERESTS IN JOINT VENTURES

The Group has an interest in the following joint venture:

	31 December 2013 $	30 June 2013 $
Mt Bevan (Hawthorn Resources Limited)	60%	60%

The principal activity of the joint venture is mineral exploration. The Group's interest in the joint venture is included in the Statement of Financial Position under the following classifications:

	31 December 2013 $	30 June 2013 $
Exploration and evaluation expenditure	4,838,145	5,149,540
	4,838,145	**5,149,540**

Included in the Group commitments (Note 12(b)) are the following commitments in relation to the joint venture:

Minimum Exploration Expenditure Commitments

	31 December 2013 $	30 June 2013 $
Within 1 year	225,795	247,099
Later than 1 year but not later than 5 years	-	7,337
Later than 5 years	-	-
	225,795	**254,436**

DIRECTORS' DECLARATION

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

(a) the Financial Statements and notes, as set out on the accompanying pages, are in accordance with the *Corporations Act 2001,* including:

  (i) complying with Accounting Standard AASB134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date.

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

Sharon Heng
Director
Perth
14 March 2014

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Legacy Iron Ore Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Legacy Iron Ore Limited (the consolidated entity). The consolidated entity comprises both Legacy Iron Ore Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Legacy Iron Ore Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Legacy Iron Ore Limited on 14 March 2014.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 1 to the financial statements, the financial statements have been prepared on the going concern basis. As at 31 December 2013, the entity had working capital deficiency of $431,723 and had incurred a loss for the half year of $4,608,407. The ability of the consolidated entity to continue as a going concern is subject to the successful recapitalisation of the consolidated entity. In the event that the Board is not successful in recapitalising the consolidated entity and in raising further funds, the consolidated entity may not be able to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

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

Stantons International

Samir Tirodkar
Director

West Perth, Western Australia
14 March 2014