



Quarterly Report

Period ended 30 September 2013

About Legacy Iron Ore

Legacy Iron Ore Limited ("Legacy" or the "Company") is a Western Australian based Exploration Company, focused on iron ore development and mineral 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

Narendra Kumar Nanda, Non-Executive Chairman

Sharon Heng, Executive Director & Managing Director

Swaminathan Thiagarajan, Non-Executive Director

Subimal Bose, Non-Executive Director

Timothy Turner, Non-Executive Director

Ben Donovan, Company Secretary

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, Base Metals and REE Project

Enquiries

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31 October 2013

The Company Announcements Office
ASX Limited

Via E Lodgement

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

Please find attached the Company's Quarterly Activities Report and Appendix 5B for the quarter ended 30 September 2013.

Yours faithfully

LEGACY IRON ORE LIMITED

Sharon Heng
Managing Director

HIGHLIGHTS

EXPLORATION

Mt Bevan (60%)

- Discussions remained ongoing during the quarter with joint venture partner Hawthorn Resources Limited regarding the approval of the Phase 4 budget. Agreement regarding the phase 4 budget was received subsequent to the end of the quarter and will begin in the December quarter.
- During the quarter, the Company issued a default notice to Hawthorn for non-payment of a cash call totalling \$416,000. Hawthorn subsequently made a payment of the cash call.

East Kimberley – Koongie Park Project

- HELITEM airborne EM survey completed covering base metal - gold prospective stratigraphy, including Jillaroo gossan prospect. Numerous significant conductors identified. Statutory clearance received – awaiting native heritage survey prior to drilling.

Yundamindera Gold Project

- During the quarter, Legacy Iron entered into a term sheet with the vendors of several prospective gold tenements, namely the Yundamindera project. The Company is in the process of finalising all outstanding items to work towards a formal agreement.

CORPORATE

- Additional funding secured via a \$1 million convertible note from the Australian Special Opportunity Fund and a \$2.7 million loan from Citibank with the corporate guarantee of Legacy's major shareholder, NMDC Limited.
- A proposed pro-rata non-renounceable rights issue to raise up to approximately \$24.8 million was withdrawn as a result of market conditions.

EXPLORATION

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 Resources Limited (“Hawthorn Resources”) 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 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 Resources. 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.

No field work was carried out during the September quarter while discussions remained ongoing with Hawthorn Resources regarding the forward work program.

Legacy Iron as Manager of the Joint Venture, proposed a budget for phase 4 consisting of an upgrade of the existing Mineral Resource Estimate to incorporate an Indicated Resource, and a scout drilling program focussed on DSO haematite targets at Mt Mason North and Mt Alexander. The proposed budget was approved by Hawthorn Resources subsequent to the end of the quarter and phase 4 activities were commenced in the December quarter.

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

Pilbara Iron Ore and Manganese Projects

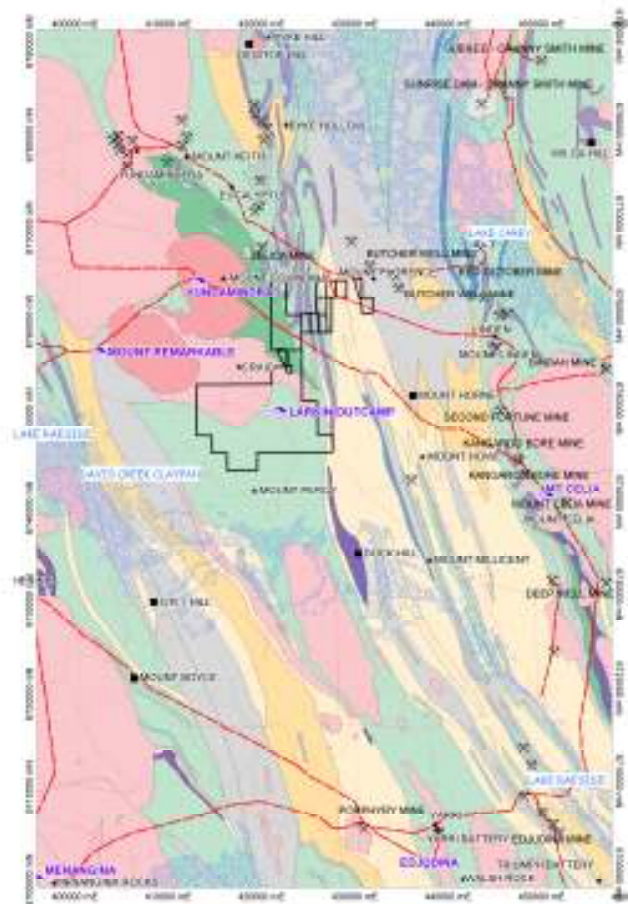
No exploration activities were conducted on the projects during the period saved for statutory reporting.

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.

Database compilation and statutory reporting was conducted during the period.

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 1).



Project Details

The tenements are located some 30km north west of Legacy Iron's major Mt Celia gold project (Figures 1 and 2). 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).

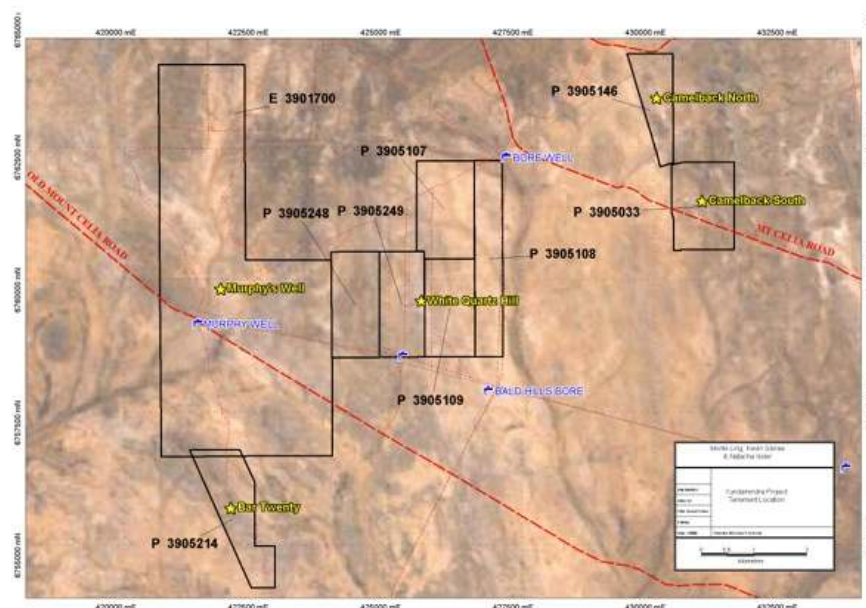


Figure 2: Yundamindera Project Tenements

Of major interest to Legacy Iron is the White Quartz Hill gold prospect (Figure 3).

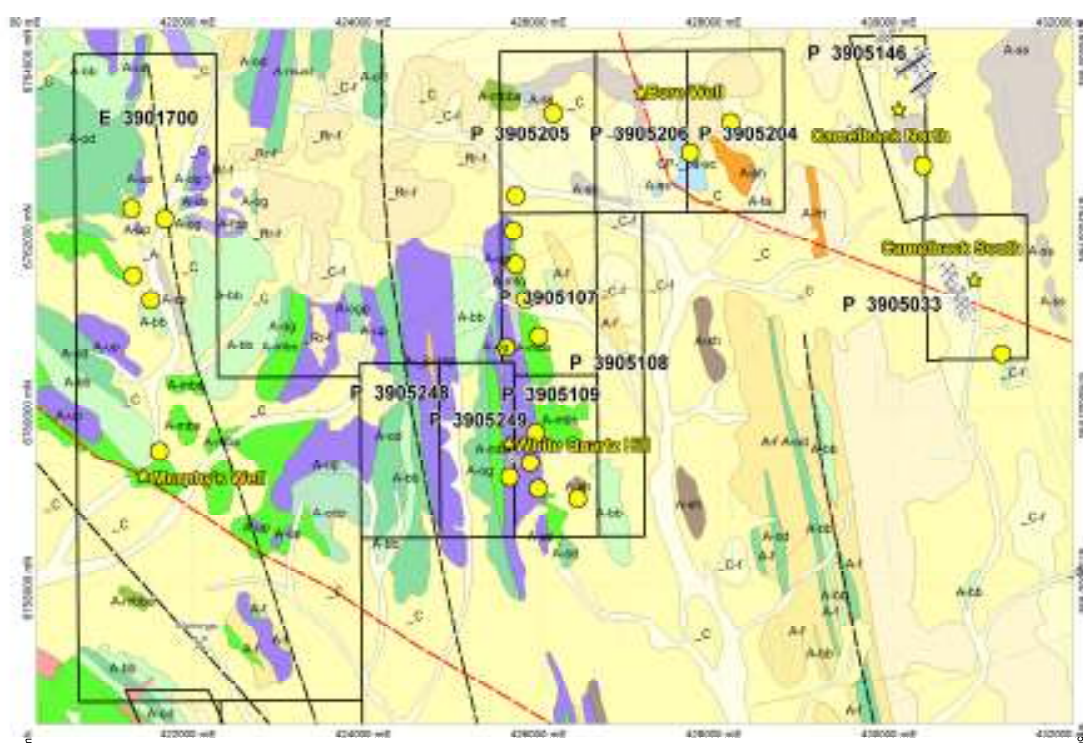


Figure 3: White Quartz Hill Prospect – Tenure and Geology

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 4).

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 5). 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.



Figure 4: 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.



Figure 5: Auriferous quartz veins exposed in recent test pit

COAL

A review of farm-in and acquisition opportunities continued during the quarter.

PLANNED ACTIVITIES – DECEMBER 2013 QUARTER

Principal activities planned for the December 2013 quarter will comprise:

Mt Bevan:	Commence Phase 4 drilling and convert approximately one third of the current JORC Inferred Resource to an Indicated Resource. Mapping and sampling of Eastern BIF – DSO hematite targets. Drill planning and statutory approval for drilling of priority targets.
South Laverton:	Mapping, costeaning and sampling at the Yundamindera project focussing on the Quartz Hill prospect to enable drill planning.
East Kimberley:	RC Drilling of priority conductors at the Koongie Park Project post native heritage clearances.

CORPORATE

Funding Update

On 20 June 2013, Legacy Iron lodged with ASIC and ASX a prospectus for a pro-rata non-renounceable issue of 3 new shares for every 4 held by shareholders at an issue price of \$0.057 per share. If fully subscribed funds raised would total approximately \$24,850,938 (before costs and expenses). The rights issue was not underwritten. A replacement prospectus was announced on 28 June 2013.

On 12 August 2013, market conditions lead the Legacy Board to cancel the proposed rights issue and elect for an interim funding solution of a \$3 million loan from Citibank with the corporate guarantee of major shareholder NMDC Limited.

In addition, to increase the funds of the Company, a \$1 million convertible note facility with The Australian Special Opportunity Fund LP was drawn down. The principle terms of the Note are contained in an announcement made to the ASX on 13 September, 2013.

As at 30 September 2013, the Group has cash and cash equivalents of \$1,677,399.

Subsequent to the end of the quarter, the Company secured a debt facility from Citibank for \$2.7 million with a corporate guarantee provided by NMDC Limited.


PROJECT REVIEW

In line with its objective to increase shareholder wealth, Legacy Iron has evaluated and is in the process of evaluating numerous projects during the quarter. These projects are predominantly in Western Australia, covering gold, iron ore and other commodities.

Upon acquiring suitable projects, Legacy Iron will look to extract the greatest value for shareholders. Subsequent to the end of the quarter, RBS Morgans was appointed as corporate advisor to assist with this process.

Yours faithfully

LEGACY IRON ORE LIMITED



Sharon Heng
Managing Director

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 relating to the SRK Resource Estimation Report for the Mt Bevan Iron Ore Project 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 responsibility for the Resource Modelling, and Paul Hodkiewicz takes responsibility for the Geological Modelling. 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 Report in the form and context in which it appears. Peter Williams undertook Peer Review of this Report. Peter Williams is a Member of the Australian Institute of Geoscientists.

Mining exploration entity quarterly report

Name of entity



Quarter ended ("current quarter")

30 September 2013

		Current quarter 30 Sept 2013 \$A'000	Year to date (3 months) 30 Sept 2013 \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(1,193) - - (779)	(1,193) - - (779)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	13	13
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – Receipt by joint venture participant	416	416
Net Operating Cash Flows		(1,543)	(1,543)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	90	90
1.12	Other (provide details if material)	(2)	(2)
Net investing cash flows		88	88
1.13	Total operating and investing cash flows (carried forward)	(1,455)	(1,455)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,455)	(1,455)
Cash flows related to financing activities			
1.14	Proceeds from issue of shares, options	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,015	1,015
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	1,015	1,015
	Net increase (decrease) in cash held	(440)	(440)
1.20	Cash at beginning of quarter/year to date	2,117	2,117
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,677	1,677

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	195
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions \$168,761 payment for directors and their associates fees and salaries; and \$26,492 payment for accounting fees to entity related to non-executive director.	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	-
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	2,700	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	882
4.2 Development	-
4.3 Production	-
4.4 Administration	675
Total	1,557

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	711	1,151
5.2 Deposits at call	966	966
5.3 Bank overdraft		-
5.4 Other (commercial bills)		-
Total: cash at end of quarter (item 1.22)	1,677	2,117

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference *securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 *Ordinary securities	583,689,454	583,689,454	-	-
7.4 Changes during quarter				
(a) Increases through issues	2,380,952	2,380,952	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-

+ See chapter 19 for defined terms.

7.5	Convertible debt securities <i>Face value of AUD\$1,150,000. Does not bear interest and is unsecured. After initial 90 day no draw down period (lock up period) the convertible securities shall convert into new ordinary shares of the company determined by dividing the amount by the conversion price. After completion of the lock-up period, the company will redeem AUD\$500,000 of the convertible securities by repayment of AUD\$500,000 in funds. Repayment of the convertible securities during the lock up period can occur by the company paying the AUD\$1,150,000 face value. Shares issued upon conversion will rank pari passu with existing ordinary shares. The convertible securities do not carry any voting rights. Term is 24 months.</i>	\$1,000,000			
7.6	Changes during quarter (a) Increases through issue (b) Decreases through securities matured, converted	\$1,000,000			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options (description and conversion factor)			Exercise Price	Expiry Date
		11,354,383	-	10 cents	31 December 2014
		8,304,525	-	15 cents	31 December 2014
		11,660,000	-	25 cents	1 April 2015
		12,430,000	-	10 cents	23 December 2015
		4,300,000	-	11.73 cents	14 February 2014
		4,000,000	-	18 cents	24 May 2016
		46,200,000	-	25 cents	31 December 2015
		6,000,000	-	25 cents	31 December 2013
		4,000,000	-	25 cents	31 December 2014
		4,000,000	-	30 cents	31 December 2014
		4,000,000	-	35 cents	31 December 2014
		4,000,000	-	40 cents	31 December 2014
		4,000,000	-	45 cents	31 December 2014
		21,430,000	-	22.29 cents	7 January 2015
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~ give a true and fair view of the matters disclosed.

Sign here:


 (Director/~~Company secretary~~)

Date: **31 October 2013**

Print name: **Sharon Heng**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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