



IRON ORE LIMITED

An NMDC Company

ASX Announcement
2 September 2015

About Legacy Iron Ore

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

Legacy Iron'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 Iron 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

Devinder Singh Ahluwalia, Non-Executive Director

Tangula Rama Kishan Rao, Non-Executive Director

Timothy Turner, Non-Executive Director

Devanathan Ramachandran, Non-Executive Director

Rakesh Gupta, Chief Executive Officer

Ben Donovan, Company Secretary

Key Projects

Mt Bevan Iron Ore Project

South Laverton Gold Project

East Kimberley Gold, Base Metals and REE Project

Enquiries

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ASX Market Announcements

ASX Limited

Via E Lodgement

Chairman's Update

Following the passing of all resolutions at the recently held Annual General Meeting, I take pleasure in providing an update on the company's activities as shareholders of Legacy Iron Ore Limited (**Legacy Iron** or the **Company**).

NMDC Ltd is India's largest iron ore producer and made a significant investment in Legacy Iron in late 2011 as part of its overseas expansion strategy, and a subsequent investment of circa \$12m again recently, increasing their shareholding to 78%.

Following recent discussions with NMDC they have again reiterated their ongoing support for Legacy Iron and its iron ore project development and mineral exploration strategy.

NMDC has charted out a growth plan to take its iron ore production from 30Mt to 100Mt by 2022 and there is a space for Legacy Iron to contribute to this growth plan.

Since NMDC made its initial investment, it has been a very difficult environment for mineral exploration and development companies. Iron ore prices have fallen from \$170 per ton to be around \$50 per ton today.

As a result of this fall in pricing, the board has reviewed its strategy towards Mt Bevan and will continue to work under the Joint Venture structure till a more opportune time. As reflected in Hawthorn Resources Limited's quarterly reports, they have provided indications that they will seek to spend only the minimum amount on the development of Mt Bevan in the current environment. We will continue to work together to provide the best outcome for Legacy Iron shareholders.

Legacy Iron and its share price have been impacted by this change in sentiment and have faced a number of its own challenges. During the year, the board has been focused on developing opportunities to generate revenue for the Company, with a view to the company being able to fund its own path forwards.

In addition to Mt Bevan the Company is also increasing exploration work on its other assets.

Exploration work during the year has included

- Drilling at Koongie Park; and
- Field work at our gold assets ahead of more drilling

Mt Bevan continues to be a significant project for the company, with the potential to be a large scale, long life, open pit mining operation. However, it still faces challenges in export infrastructure solutions being available given its location in the emerging Yilgarn iron ore province of Western Australia.

The market for iron ore has remained subdued throughout late 2014 and early 2015, with predictions that iron prices will remain subdued into the near future. However, longer term, consensus is for an increase in prices above current levels. This argues well for the longer term development of Mt Bevan.

Legacy Iron continues to be well funded in the current environment of tough equity markets, with approximately \$7m in cash. An enviable position in the current market.

For Legacy Iron shareholders, 2015 and 2016 shapes as a year of activity at both an operational and corporate level which we believe will build value for shareholders.

Yours Faithfully

N.K. Nanda

Non-executive Chairman