IRON ORE LIMITED

ASX Announcement
27 January 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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ASX Limited

Via E Lodgement

MT BEVAN IRON ORE PROJECT DRILLING UPDATE

- **Botanical survey has been successfully completed and DMP approval for drilling granted**
- **Initial 5,000m RC drilling program to commence on 11 February 2011**
- **Objective of this program to generate maiden JORC compliant Inferred magnetite resource**
- **An Exploration Target* of 500Mt of magnetite mineralisation within the zone covered by this first phase drilling**

Legacy Iron Ore Limited is pleased to provide an update on the forthcoming drilling program at the Mt Bevan Iron Ore Project.

The Mt Bevan Iron Ore Project is a joint venture between Legacy and Hawthorn Resources Limited 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.

The Mt Bevan Iron Ore Project 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.

An initial 5,000m RC drilling program is planned to commence on 11 February 2011. This program will be the first of several programs designed to systematically explore the extensive Banded Iron Formation units that outcrop over some 20km of strike. A botanical survey has been successfully completed, and DMP approval for drilling granted.

The proposed drilling program will be located in the southern part of the project area, to the immediate north of the hematite and magnetite resources held by Jupiter Mines Limited ("Jupiter"). Previous reconnaissance drilling in this area encountered thick (circa 100m) shallow dipping magnetite mineralisation hosted within the Banded Iron Formation.

The drilling will test to depths of approximately 200m - 250m over a 5km strike length. This program should provide an initial JORC compliant resource for the drilled area. It is considered that there is an exploration target* for magnetite mineralisation of the order of 500Mt within the zone covered by this first phase of drilling. This zone represents some 30% of the prospective BIF stratigraphy as identified to date.

Project Background

The Mt Bevan Project consists of Exploration Licences E29/210 and E29/713 located approximately 100km west of the Leonora Township in the central Yilgarn region of Western Australia (*Figure 1*).

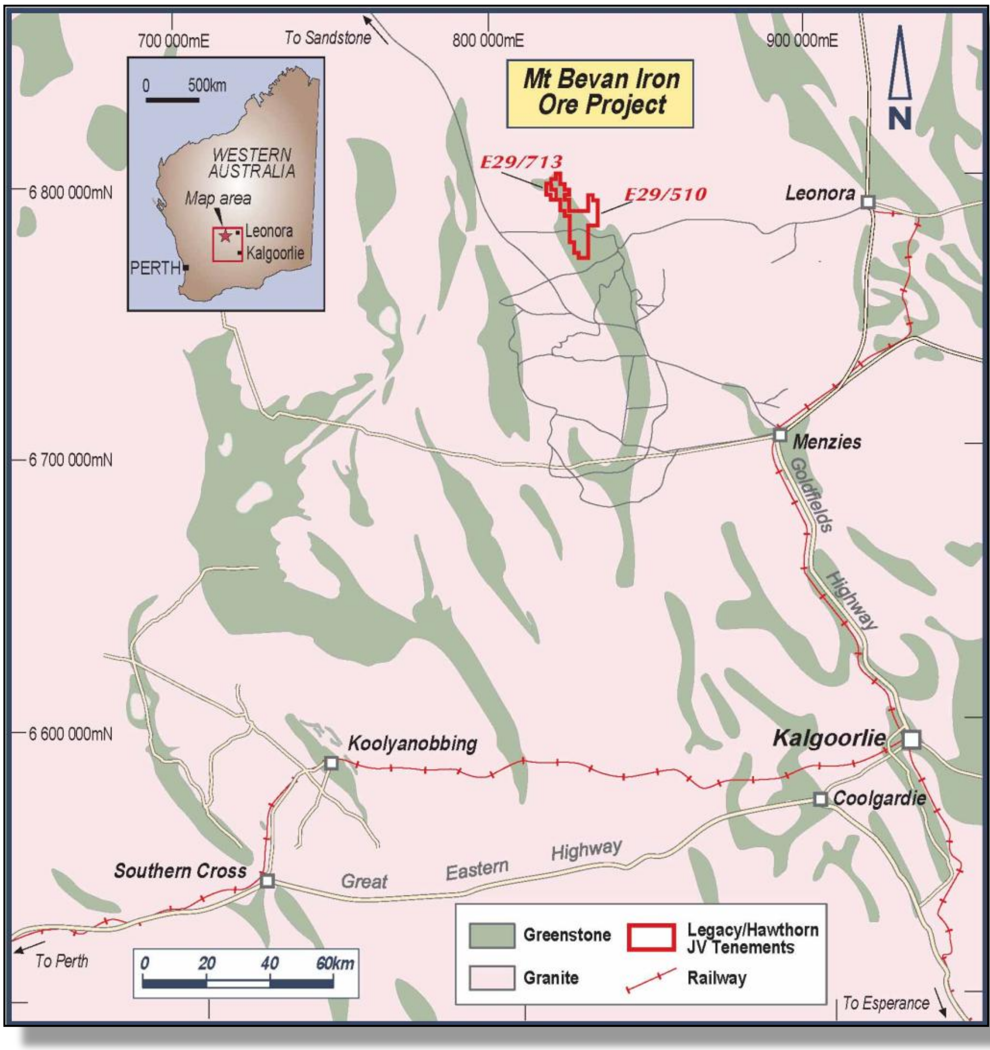

Figure 1: Location of Mt Bevan Project

The project covers the northern parts of the Mt Ida Archaean greenstone belt. To the immediate south along strike, Jupiter have reported a JORC compliant inferred resource comprising DSO hematite of 5.75Mt @ 59.9% Fe at Mt Mason, and are progressively drilling out a magnetite resource at Mt Ida with an exploration target of some 1.1 – 1.3Bt grading between 30 – 40% Fe (*Figure 2*). Jupiter have recently reported a maiden inferred resource for the Mt Ida magnetite project of 530Mt @ 31.9% Fe for the Central Area – over only some 30% of the strike length considered as the conceptual target within their ground.

Aeromagnetics and field mapping within the project area shows the presence of at least two extensive BIF horizons (*Figure 3*). These horizons are interrupted in the middle of the tenement by a granitoid stock, with the northern and southern horizons extending for some 10 - 12km each.

Iron mineralisation noted to date in outcrop or subcrop includes pods of hematite of up to 20m in width and several hundred metres in strike length. Most work has been directed to the southern portion of the tenement where it abuts the Mt Mason hematite prospect defined by Jupiter.

Only the last RC drilling program conducted in April 2010 targeted the deeper magnetite rich mineralisation, located below the shallow hematite positions. *Figure 4* provides a summary plan of the widely spaced drilling conducted to date, with *Figure 4* showing an early drill section.

Following a review of all exploration and drilling data, Legacy is of the opinion that based on the exploration undertaken to date and the likely strike extent of the host BIF units, there is an exploration target for magnetite mineralisation in the order of 1 – 1.5Bt grading between 30% and 40%*. There also exists significant potential for the definition of shallow DID and DSO hematite iron ore resources that could provide early stage mining.

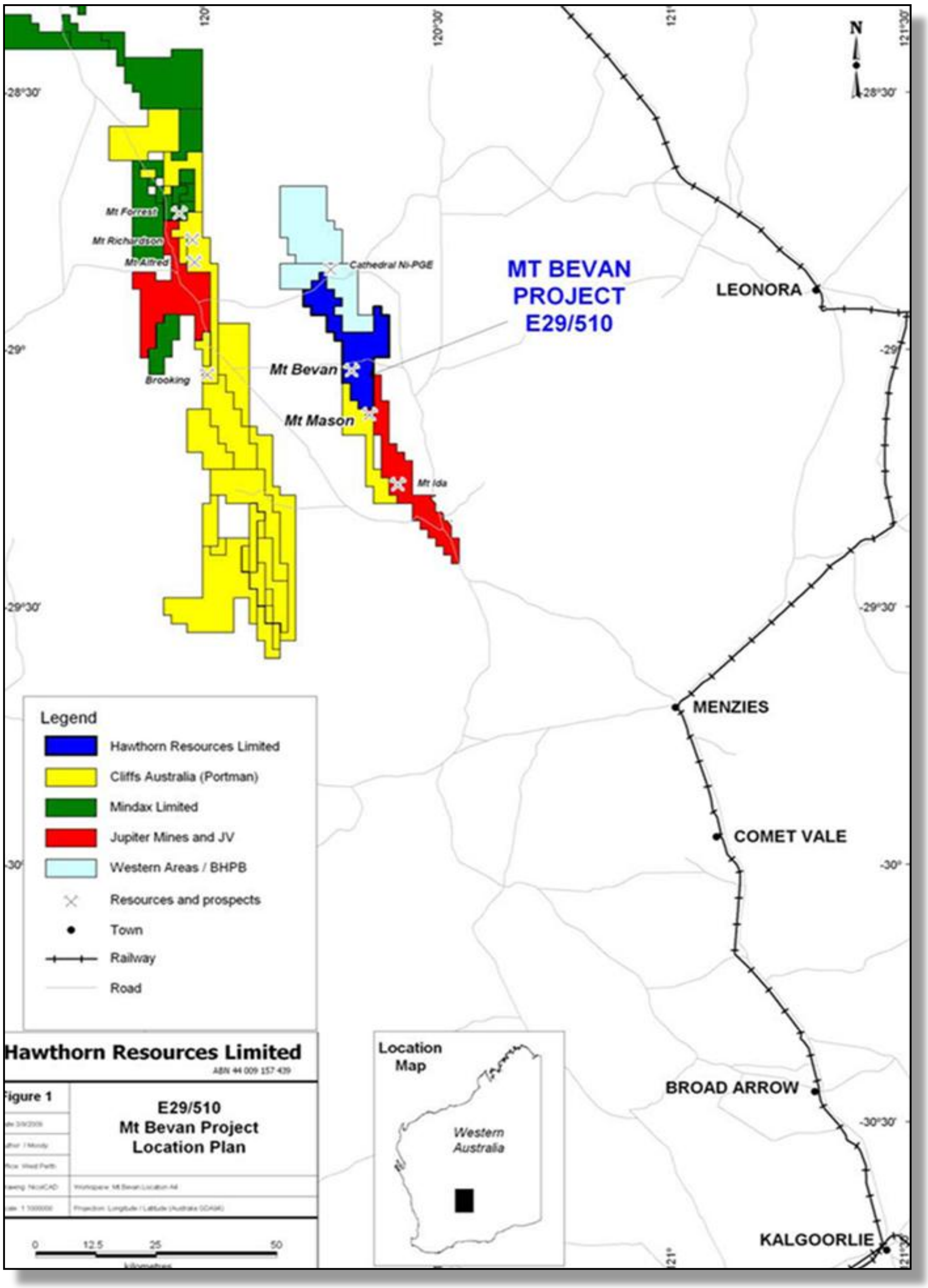

Figure 2: Mt Bevan Iron Ore Project – Regional Tenements

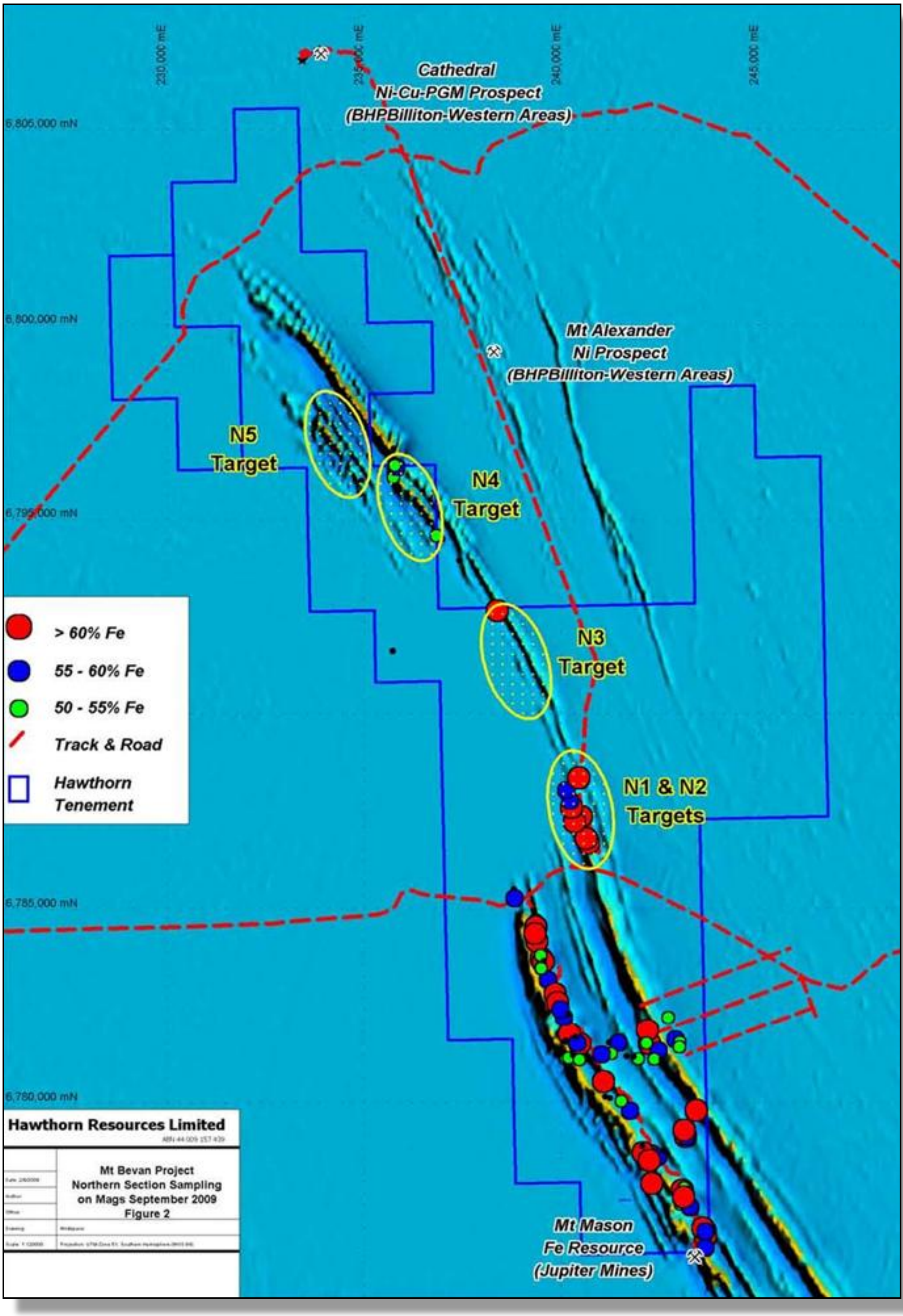

Figure 3: Aeromagnetic image of Mt Bevan Project – showing BIF horizons as highly magnetic features

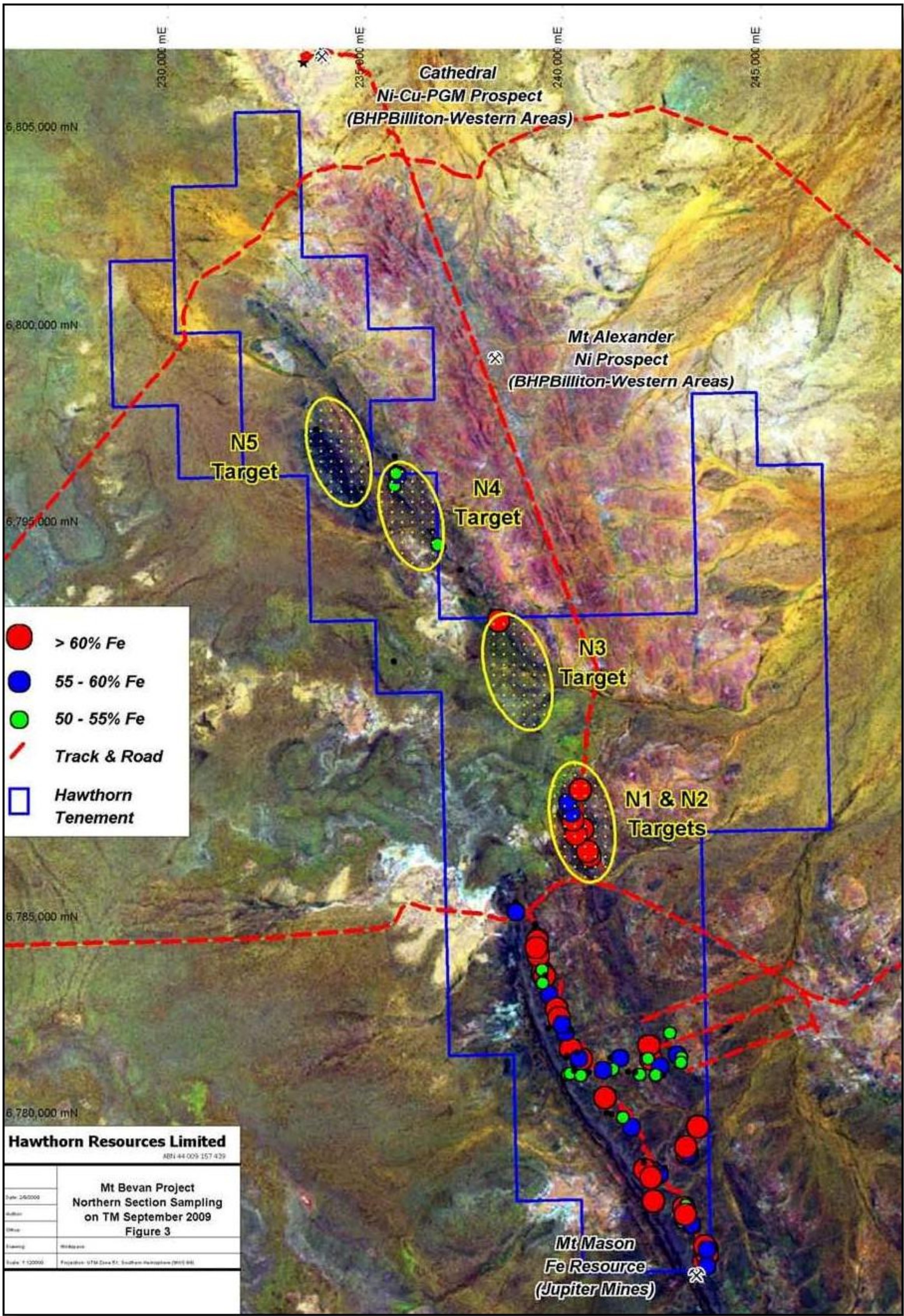

Figure 4: Mt Bevan Project – TM image showing BIF horizons and main target areas to date

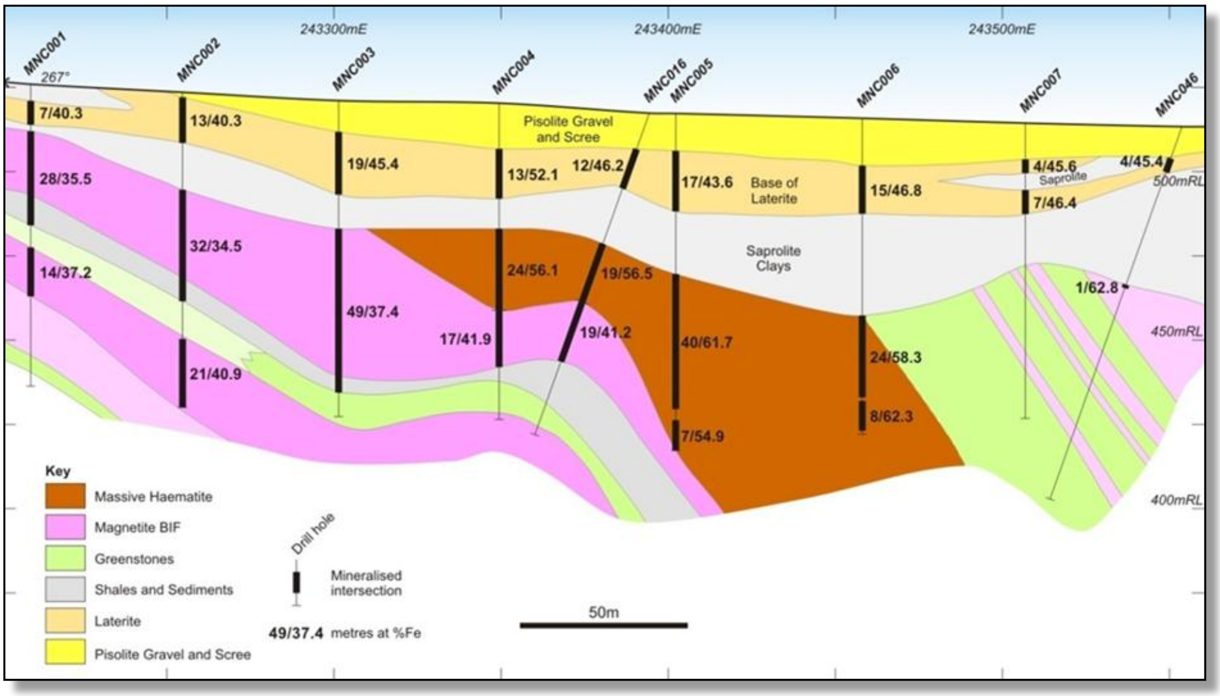

Figure 5: Drill section showing DSO hematite and underlying magnetite rich mineralisation

Although most drilling to date has not been directly targeting magnetite rich mineralisation within the BIFs, several drillholes collared during the later RC drilling program encountered thick coarse grained magnetite bearing units. These units appear to extend over at least 10km based on aeromagnetics. Drilling intersected widths of up to 100m, with the footwall often not being reached (*Figure 6*). The thickness of the magnetite rich unit and its shallow dipping attitude are similar to that recently reported by Jupiter along strike to the south at their Mt Ida magnetite project.

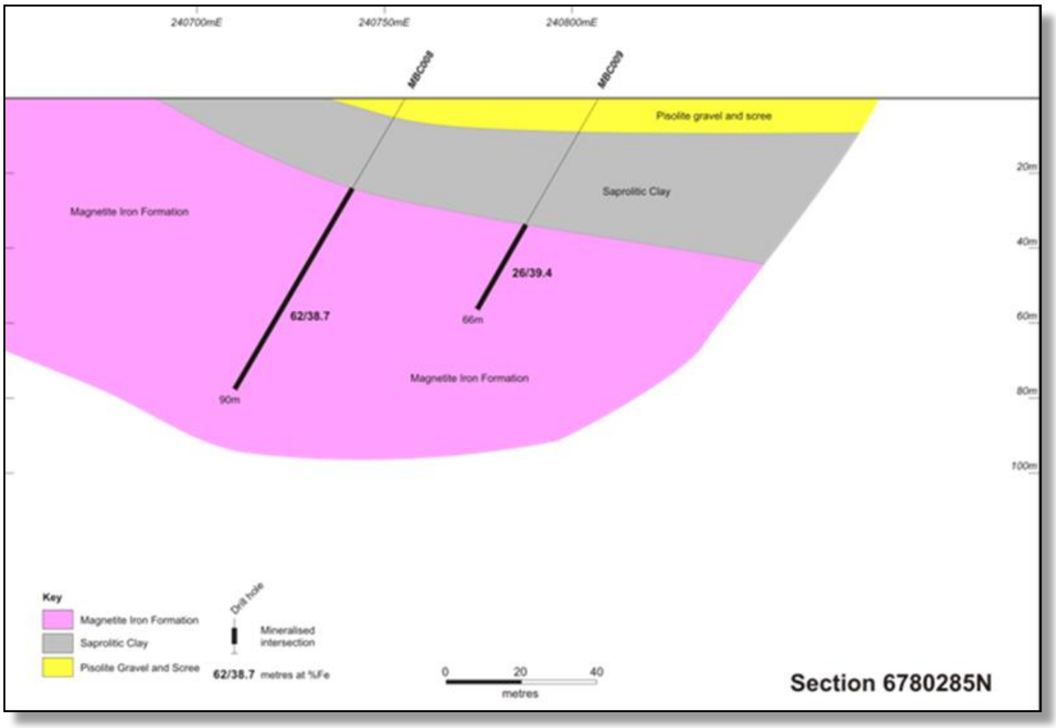

Figure 6: Drill section showing thick, moderately dipping magnetite rich mineralisation within the host BIFs

This RC drilling program will aim to define the thickness and attitude of the magnetite bearing units, as well as test shallow DSO hematite and DID iron mineralisation (*Figure 7*).

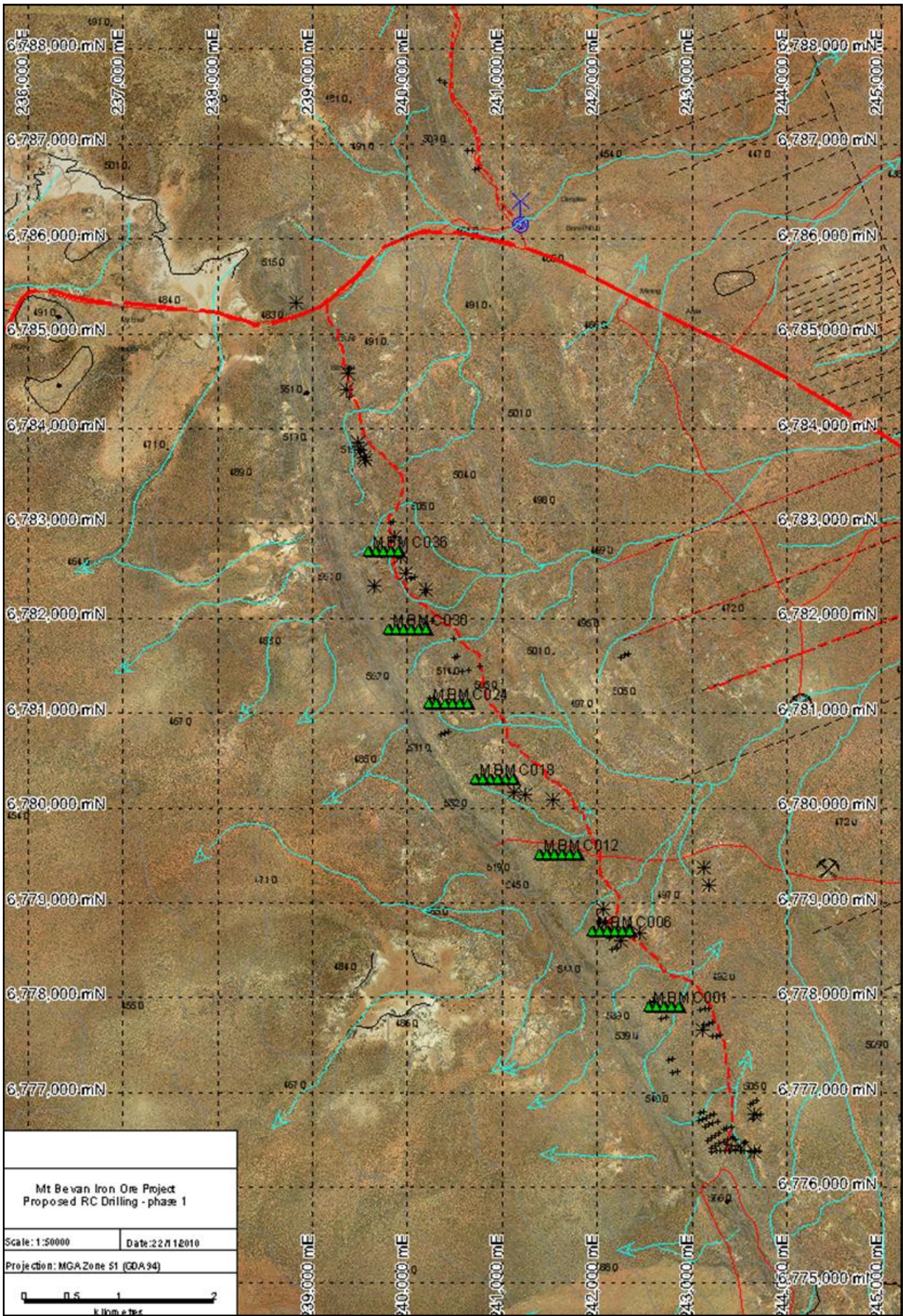

Figure 7: Proposed RC Drilling Program – Phase 1

In the event a significant magnetite deposit is identified, a number of Chinese steel mills have indicated to the Company they would consider a proposal to enter into off-take agreements, with the view to beneficiation/upgrade the magnetite content of the ore before transporting the product to existing magnetite separation and pellet plants in overseas markets, thereby heavily reducing the capital costs of development.

The close proximity to infrastructure including highways, a major rail line at Menzies and available deep-water port facilities at Esperance, are all key economic considerations when considering the future development of such a potential mineralisation.

Adjoining or nearby projects such as Jupiter's Mt Mason hematite (5.75Mt resource at 59.9% Fe) and Mt Ida magnetite deposits (1.1 - 1.3Bt at 30% - 40% Fe 'exploration target') and Cashmere Iron Limited's Cashmere Downs hematite/magnetite deposit (JORC compliant resources exceeding 1Bt) have the added potential to add impetus to the development of these rail and port facilities.

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 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.

About Hawthorn:

Hawthorn is an Australian diversified base metal and gold explorer with significant strategic tenement holdings throughout Western Australia and Queensland.

The Company has a strong portfolio of managed and joint venture projects held by Hawthorn and its subsidiaries Ellendale Resources Pty Ltd and Northern Resources Australia Pty Ltd.

For further information, please refer to Hawthorn's website.