LEGACY
IRON ORE LIMITED

Hyatt Centre Suite 32, 23 Plain Street, East Perth, WA 6004
PO Box 6878, East Perth BC, East Perth, WA 6892
Tel: 9421 2005 Fax: 9421 2001
ACN 125 010 353

21 January 2009

Mr Peter Tranter
Senior Adviser, Issuers (Perth)
ASX Markets Supervision Pty Ltd
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Peter,

I refer to your letter of 21 January 2009 regarding the Change of Director's Interest Notice (Appendix 3Y) and provide the following responses to your questions:

1. *Please explain why the Appendix 3Y was lodged late.*

Legacy Iron Ore Limited takes its corporate responsibility very seriously, but unfortunately, an administrative oversight led to the late lodgement of Miss Heng's Appendix 3Y on ASX in this instance.

Miss Heng correctly notified her options purchase to the Company within the correct timeframe. As a result, it is not a director communication error, but an administrative oversight error. We have taken immediate action to rectify this issue once we became aware of it.

2. *What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?*

In accordance with ASX Guidance Note 22, the Company has entered into agreements with each director whereby each director agrees to notify the Company of a change in their interest in the Company as soon as practicable (and in any even within 3 business days of a change in interest), and provide all the necessary information for the Company to lodge an Appendix 3Y with ASX.

In addition, the Company has the following policies in place governing continuous disclosure and trading in securities by directors and staffs:

- Continuous Disclosure Policy
- Share Trading Policy
- Board Charter

As part of our Disclosure Policy, approved by the board of Legacy Iron Ore Limited, the trading in securities is restricted. All directors are acutely aware of their continuous disclosure obligations. In addition any transactions undertaken by any director or staff member must be notified to the Company Secretary/Chief Executive Officer before any purchase or sale of Company securities is carried out and also once a purchase or sale is made. As noted above it is not this process that has failed, but an administrative error that lead to this oversight.

The internal administrative process that is concerned here has been reviewed and is thought to be adequate, with appropriate staff also being reminded of the reporting obligations.

3. *If the current arrangements are inadequate or are not being enforced, what additional steps do the Company intent to take to comply with listing rule 3.19B?*

The Company believes that this late lodgement of the above form is an honest administrative oversight, and therefore, does not consider that this was a consequence of inadequate arrangements.

Nevertheless, the Company will remind directors of their obligations to reinforce their obligation to notify ASX within 5 business days of any changes of notifiable interests in securities held by each director.

Yours sincerely,
LEGACY IRON ORE LIMITED

Ivan Wu
Company Secretary

ASX
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21 January 2009

Ivan Wu
Legacy Iron Ore Limited
Hyatt Centre, Suite 32
23 Plain Street
EAST PERTH WA 6004

By facsimile: 08 9421 2001 & Email

Dear Ivan

Legacy Iron Ore Limited (the "Company") Appendix 3Y –Change of Director's Interest Notice.

We refer to the Appendix 3Y lodged by the Company with ASX on 20 January 2009 for Sharon Kia Le Heng.

Listing rule 3.19A.2 which requires an entity to tell ASX the following:

> 3.19A.2 A change in the notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to the ASX no more than 5 business days after the change occurs.

Listing rule 3.19B which states as follows:

> 3.19B An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendix 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Appendix 3Y indicated a change in interests of the director on 27 October 2008 it appears that the Appendix 3Y should have been lodged with ASX by no later than 3 November 2008. As the Appendix 3Y was lodged on 20 January 2009 it appears that the Company may be in breach of listing rules 3.19B and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3Y was lodged late.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

3 If the current arrangements are inadequate or not being enforced, what additional steps do the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, **not later than 5.00 pm W.D.S.T. on Wednesday, 28 January 2009**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

Peter Tranter
Senior Adviser, Issuers (Perth)