



IRON ORE LIMITED

(ACN 125 010 353)

**Financial Report
for the Year Ended 31 March 2017**

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CHAIRMAN'S LETTER



Dear Shareholder,

I am pleased to present an overview of your Company's activities for the year ended 31 March 2017.

The Company continued to maintain a discipline of containing costs whilst progressing existing projects, as another year of general weakness in commodity prices and tight capital markets persisted.

The price of iron ore continued to rebound giving the Board renewed commitment to the long term development of the Mt Bevan iron ore project which currently stands at 1.17 billion tonnes of magnetite mineralisation grading 34.9% Fe (25% cut off). The Board will continue to undertake development of Mt Bevan via a measured approach.

During the year, work also commenced at Mt Bevan in relation to sampling work for nickel, with continued success from companies on neighbouring tenements in identifying nickel mineralisation. Exploration plans for the year ahead include some additional exploration including sampling and drilling targeted for nickel.

Significant changes in the world political landscape saw gold continue to provide a shining point in the overall commodity weakness. In June 2016, a 2,000 metre RC drilling program commenced at the Mt Celia project with significant drill results including 8m at 7.22g/t Au, including 20.1g/t Au being reported.

Work will continue at the Mt Celia and Sunrise Bore projects in the coming year with a focus on further expanding the current known resource levels and upgrading them to the 2012 JORC standard.

The coming year will also see the Company enter a new area in the form of its newly applied tenements for tungsten. Subject to the tenements being granted, work will focus on the identification of mineralisation and ultimately a JORC compliant resource.

With approximately \$4.7m in cash reserves, the focus remains on controlled expenditure and fiscal discipline for the coming year, but with ongoing exploration.

I sincerely thank all shareholders and staff for your ongoing support, and look forward to 2017/18 as Legacy continues to progress its broader asset portfolio.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Nanda'.

Mr N.K. Nanda
Non-Executive Chairman

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CORPORATE DIRECTORY**DIRECTORS**

Dr Narendra Kumar Nanda (Non-Executive Chairman)
Mr Timothy Turner (Non-Executive Director)
Mr Devanathan Ramachandran (Non-Executive Director)
Mr Devinder Singh Ahluwalia (Non-Executive Director)
Dr Tanugula Rama Kishan Rao (Non-Executive Director)

CHIEF EXECUTIVE OFFICER

Mr Rakesh Gupta

COMPANY SECRETARY

Mr Benjamin Donovan

PRINCIPAL AND REGISTERED OFFICE

2nd Floor,
1-5 Havelock Street
WEST PERTH WA 6005

PO Box 5768
St Georges Terrace
PERTH WA 6831

Ph: (08) 9421 2005
Fax: (08) 9421 2001

Website: www.legacyiron.com.au
Email: info@legacyiron.com.au

AUDITORS

Stantons International
Level 2, Walker Avenue
West Perth WA 6005
Ph: (08) 9481 3188
Fax: (08) 9321 1204

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Ph: (08) 9315 2333
Fax: (08) 9315 2233

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: LCY

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, gold and base metals (Figure 1).

The Company has a Joint Venture Agreement with Hawthorn Resources NL on the Mt Bevan Project, north of Kalgoorlie in Western Australia, where the Company is progressing a potentially world class magnetite project and exploring for nickel-copper mineralisation at early stage.

The Company also has significant landholdings in the Eastern Goldfields (Yilgarn) and East Kimberley districts of WA. In the Eastern Goldfields, the company holds tenements with a number showing gold mineralisation, whilst the Koongie Park project in the East Kimberley region has excellent potential to host VHMS base metal – gold mineralisation.

Recently the Company has made an application to the state government for the grant of three new exploration tenements in the East Kimberly region. These areas are prospective for tungsten, REE, base metal and gold exploration – a number of known occurrences of these commodities are present in these areas.

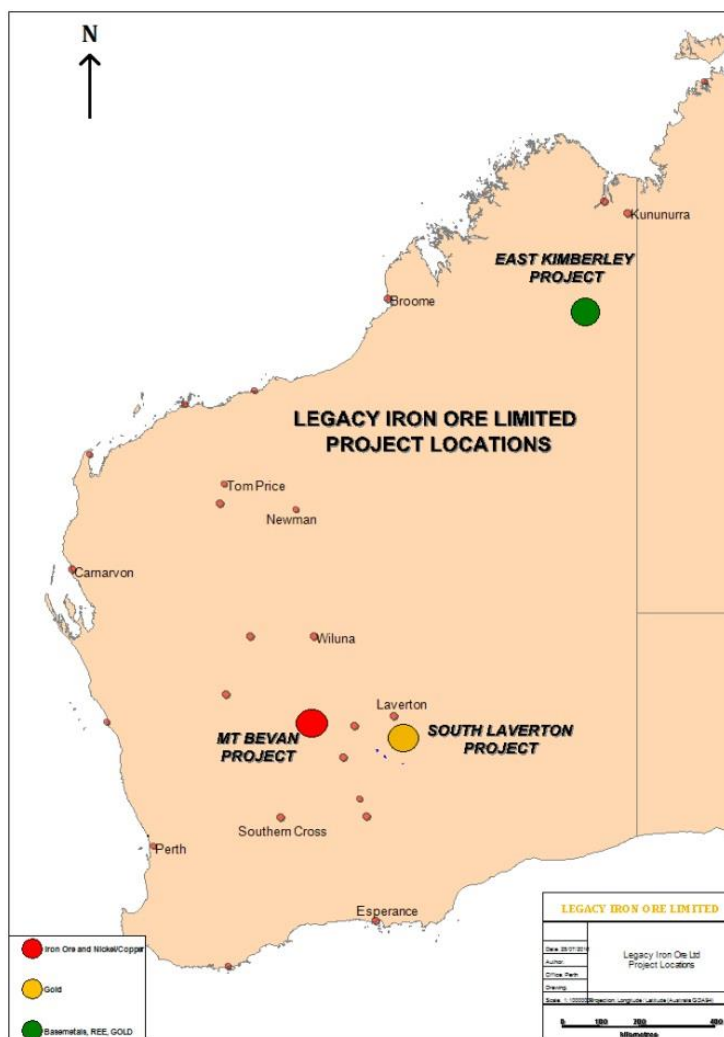


Figure 1: Legacy Iron – Project Locations

OPERATIONS REPORT (continued)

IRON ORE and NICKEL-COPPER

Mt Bevan Project

The Mt Bevan Project is a Joint Venture Agreement between Legacy Iron and Hawthorn Resources Limited (Hawthorn). Legacy Iron completed its earn-in of a 60% interest in the project by expending more than \$3.5 million on exploration.

The project is a large tenement which hosts 1,170 Mt of magnetite resource @ 34.9% Fe (refer Table 1 below) as well as a great potential for discovery of nickel–copper mineralisation in northern parts of the tenement.

During the reporting period the major field focus for the Mt Bevan project has been the identification and evaluation of nickel exploration targets.

Mt Bevan Magnetite

Mt Bevan is considered to hold excellent potential for the definition of world class magnetite resources located close to existing road, rail and port facilities. The project also has potential for DSO hematite discoveries.

Successful resource definition drilling to date has underpinned the potential for a large scale development at Mt Bevan (refer Table 1 below for the current resource estimate and Figure 2 for a representative cross section). Whilst Legacy Iron has confirmed its intention to the Joint Venture Committee to progress the project to the next phase, the current volatile commodity prices have required the Company to reduce exploration expenditure at present, with a view to meeting minimum expenditure commitments.

Legacy Iron will continue to hold discussions with its 40% JV partner at Mt Bevan, Hawthorn, regarding the scope, timing and funding of further phases of the project, in light of the current commodity prices.

Any future work is likely to require the completion of further resource definition and development studies required to convert existing mineral resources into JORC reserves, and further define the scope, design and capital cost of the project and to comprehensively demonstrate the projects viability.

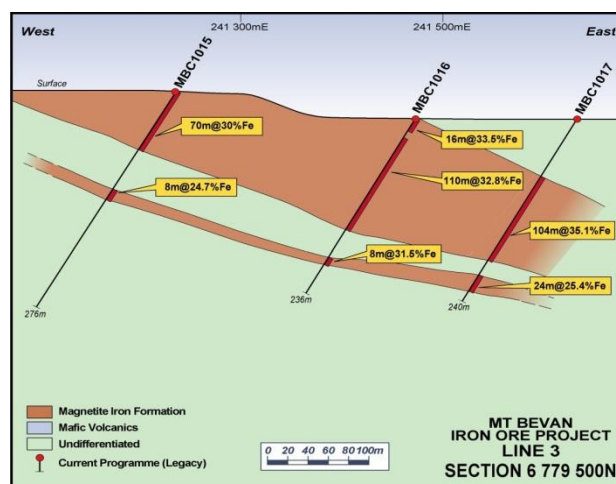


Figure 2: Drilling Cross Section - Lines

OPERATIONS REPORT (continued)

Mt Bevan Fresh BIF Resource											
Class	Material	Tonnes x 10 ⁶	Fe %	SiO ₂ %	Al ₂ O ₃ %	CaO %	P %	S %	LOI %	MgO %	Mn %
Indicated	<i>In situ</i> Total	322	34.7	46.2	0.57	1.35	0.054	0.131	-1.05	1.91	0.31
	<i>In situ</i> 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	<i>In situ</i> Total	847	35.0	45.6	0.77	2.00	0.063	0.39	-1.15	1.77	0.04
	<i>In situ</i> 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	<i>In situ</i> Total	1,170	34.9	45.8	0.71	1.82	0.060	0.137	-1.12	1.81	0.11
	<i>In situ</i> 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

Table 1: Mt Bevan Resource Estimate

*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). - See ASX Announcements from 2014 and 2015

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

For the purpose of listing rule 5.21, the Company has undertaken a review of the above resources for the Mt Bevan project, by examining the historical data in the current market environment. There has been no basis for concluding any material change to the resource total or category of resources shown in the above table.

Mt. Bevan Direct Shipping Ore (DSO)

During the previous year, surface mapping and geochemical programs were completed targeting DSO iron ore mineralisation within the project area particularly over the southern part of the Western, Mezzo and Eastern BIF (Figure 3). This program identified has multiple high grade zones which need further evaluation and there are still substantial areas of the Mezzo/Eastern BIF to be mapped and sampled.

The sampling in this area is of a reconnaissance/exploratory nature and requires additional and infill sampling to best define any drilling targets. The focus on this body of mineralisation has meant that there still remain substantial areas of the Mezzo/Eastern BIF to be mapped and sampled. It is planned to discuss with JV partner and continue the mapping/sampling program over the Eastern/Mezzo BIF in the coming year.

OPERATIONS REPORT (continued)

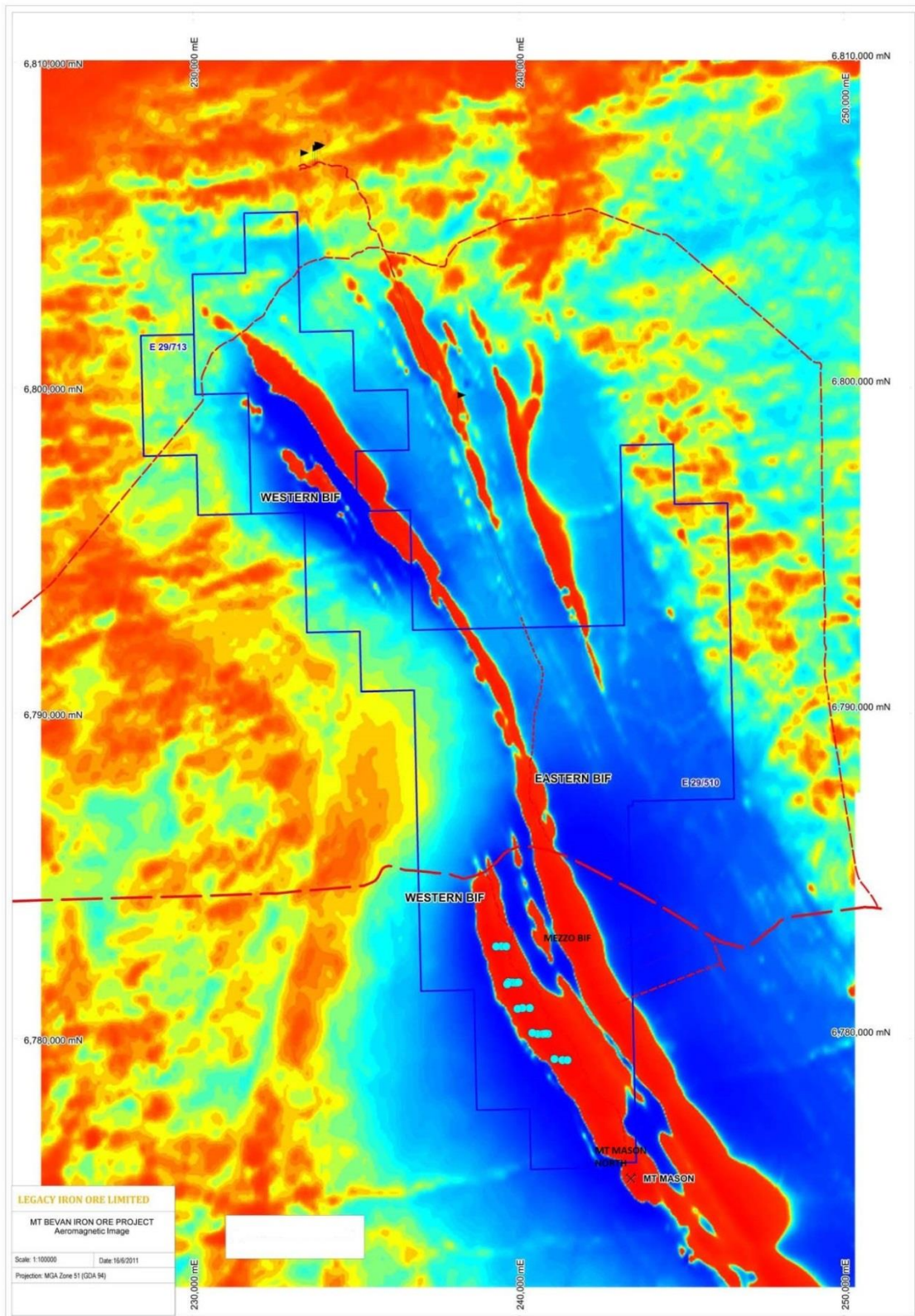


Figure 3: Location of historical field program

OPERATIONS REPORT (continued)

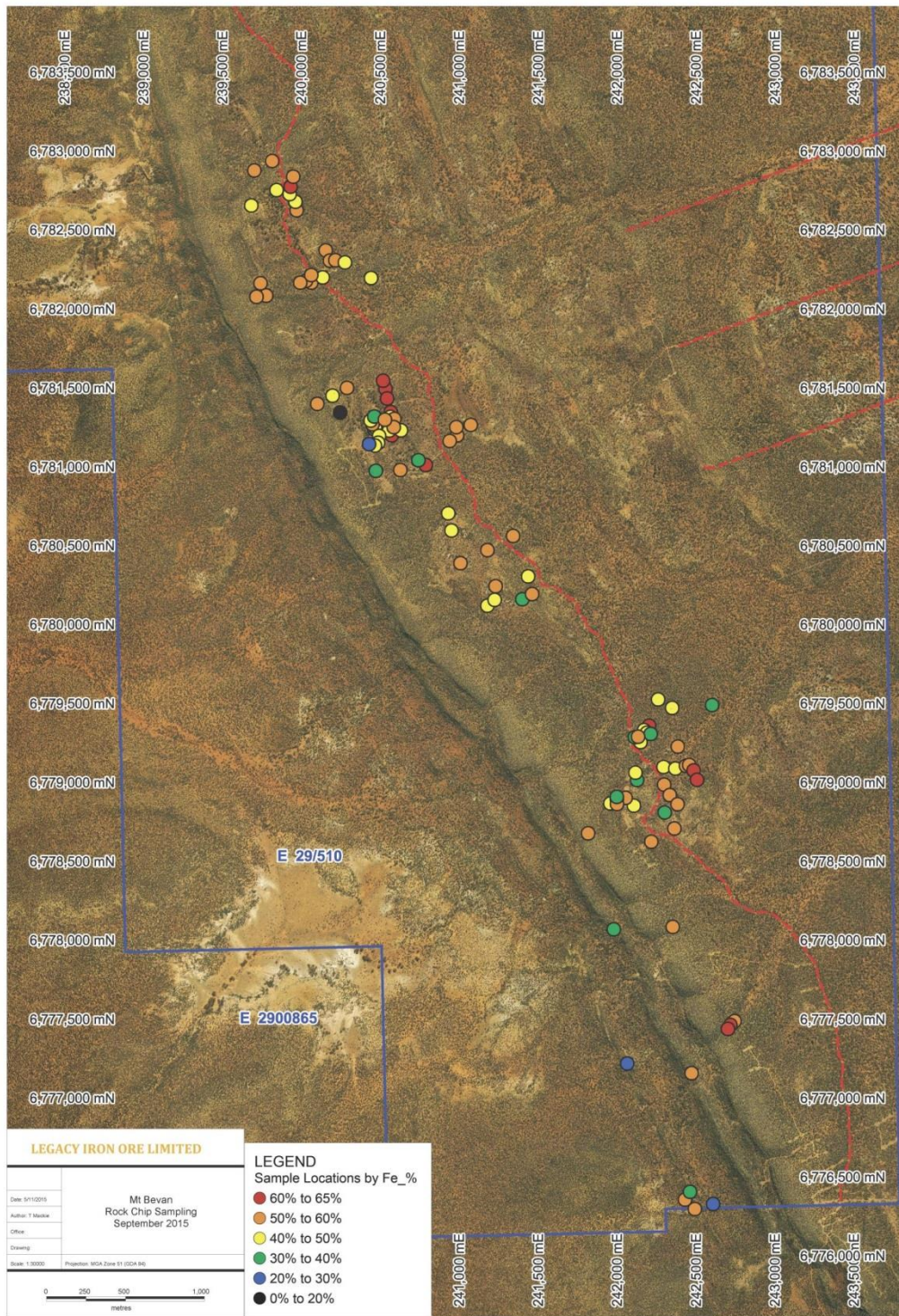


Figure 4: Sample locations from 2015 field program – assays

Mt Bevan Nickel and Copper –

The Mt Bevan project is located immediately south and adjacent of St George Mining Limited’s (ASX: SGQ) Mt Alexander Project tenement. St George has recently had significant success in identifying nickel-copper sulphide mineralisation at Cathedrals, Stricklands and Investigators along the Cathedrals Shear zone (Figure 5).

OPERATIONS REPORT (continued)

During this reporting period, the joint venture parties completed a thorough prospectivity assessment for the nickel and copper mineralisation in the tenement. As a result, a number of early stage exploration targets were identified including one in the northern most part of the tenement which is located approximately 700m south of the Cathedral / Mount Alexander Prospect of St George Mining Limited (Figure 5).

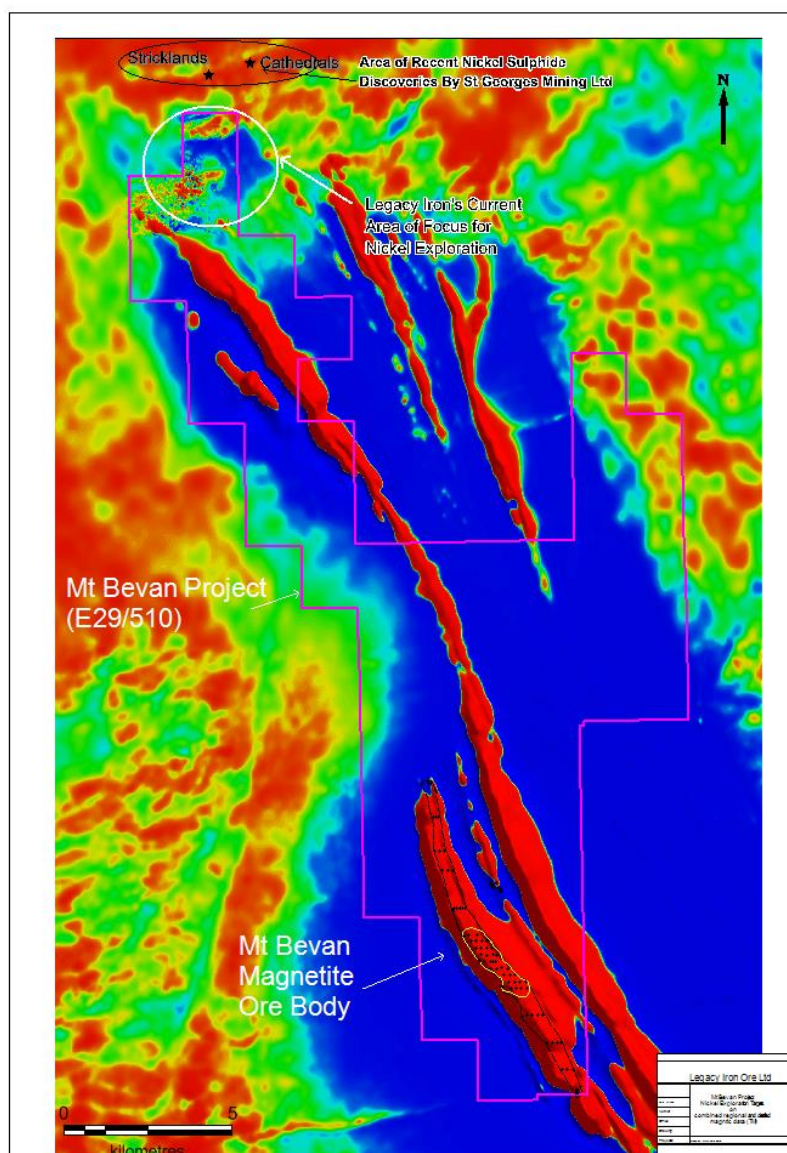


Figure 5: Mt Bevan Project – Airborne Magnetic data image (TMI) showing current area of interest for the nickel sulphide exploration

During this reporting period, the following activities were completed in the northern most part of the tenement (Figure 5) –

- Geological Traversing - as an initial follow-up, multiple geological traverses were made in the target area, which had shown sufficient evidence to support additional exploration work to accurately interpret the mineralisation targets/geology for further work and drill testing.

OPERATIONS REPORT (continued)

- Ground Magnetic Survey - A detailed ground magnetic survey was completed over this initial area of interest in month of June 2016. A thorough interpretation of geology and structure from this data was completed using the external consultant. The interpretation identified six different target zones within the surveyed area, three of which have been ranked as high priority targets. The high priority targets have significant potential to host nickel sulphide mineralization, based on their structural and geological setting and similarities to the adjoining Cathedrals fault. It is interpreted that this fault controls the mineralisation recently discovered by St Georges Mining Limited.

These targets have been discussed individually in table 2 and areas of high priority targets for follow-up has been outlined in Figure 6.

Specifically the highest priority target MBT01 (shown below) is centered around the most analogues fault to the Cathedrals fault, with a similar amount of demagnetization as well as the most similar length and direction. Targets MBT02 and MBT04 are also along the similar orientation to the Cathedrals fault and are more highly magnetic, which improves their prospectivity, as the nickel sulphide mineralisation can be magnetic.

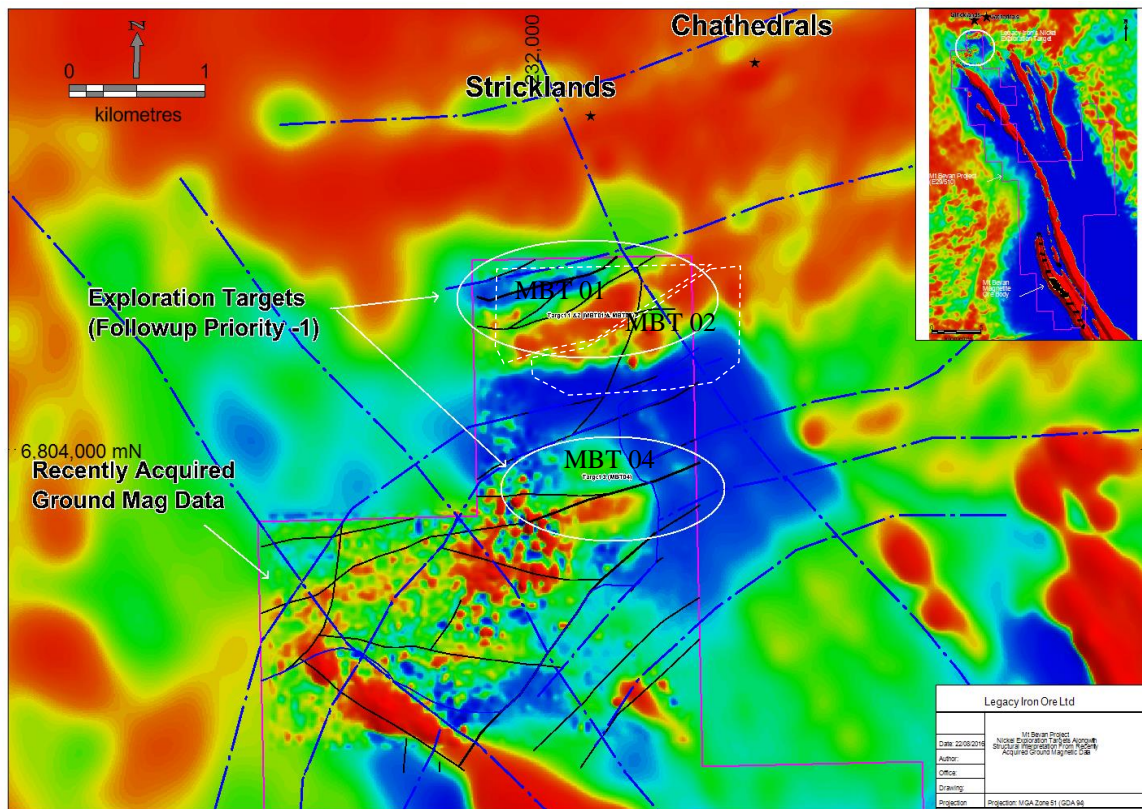


Figure 6: Detailed structural interpretation on recently acquired ground Magnetic data image (TMI)

OPERATIONS REPORT (continued)

The details of the six targets zones have been described in table 2 below:

Target Name	Priority	East (m)	North (m)	Description
MBT-01	High	232442	6805212	Demagnetisation along fault structure, of similar length and direction to the Cathedrals Fault and only 1km south of mineralisation at the Stricklands discovery.
MBT-02	High	232617	6805106	Moderate to highly magnetic units positioned between two faults (analogous to the Cathedrals Fault). Eastern end of target is likely to be a mixed amphibolite/ granite zone.
MBT-03	Medium	232539	6804307	Weakly magnetic zone, with analogous fault directions as the Cathedrals Fault.
MBT-04	High	232480	6803605	The eastern end of this target area shows clearly defined, broad, moderately magnetic bodies with a likely demagnetised fault inbetween. The western end of the target area has high amplitude shallow magnetic responses that might constitute a target or that may be a magnetic target masked by significant shallow laterite responses.
MBT-05	Medium	231814	6802734	High amplitude shallow magnetic response northwest of a major fault. The shallow magnetic responses that may constitute a target or simply be laterite related, or the laterite might be masking a deeper response.
MBT-06	Low	232592	6802508	Weakly magnetic zone southeast of major fault. Possible mixed granite and mafic zone.

Table 2: Target Zone details

- Ground Electromagnetic Survey –

Previous work done by Legacy Iron identified six different target zones in the project, including three high priority targets, which have significant potential to host nickel sulphide mineralization, based on their structural and geological setting and similarities to the adjoining Cathedrals fault (Figure 6).

As a follow up, a Moving Loop Electromagnetic survey (MLEM) was completed between 12 December 2016 and 22 January 2017 in the priority one target area (Figure 7). The objective of this MLEM survey was to delineate highly conductive bedrock sources consistent with massive nickel sulphide mineralisation.

The MLEM survey was carried out using a Fluxgate (B-field) sensor and Zonge ZT-30 Tx system operating at ~60 amps into a 200x200m loop. The survey was undertaken by Vortex Geophysics and data interpretation was completed by Newexco Services Pty Ltd. The survey lines were spaced 200m apart with readings taken at 100m intervals. A total of 228 stations encompassing 21.9 line kilometres was completed (Figure 7).

OPERATIONS REPORT (continued)



Figure 7: Status plan showing Mt Bevan MLEM completed stations (green circles) with background aerial photo. The blue rectangle is the proposed survey area.

The data interpretation completed by Newexco Services Pty Ltd did not identify any category 1 or very high priority anomaly in this initially targeted area however, a lower order anomalous response was observed over three lines (232250E, 232050E and 231850E). This anomalous response coincides with the fault/shear zone similar to the Cathedral fault zone (Figure 8). Further EM work employing a different configuration has been recommended to determine if the response is due to a bedrock conductor and upgrade the anomaly.

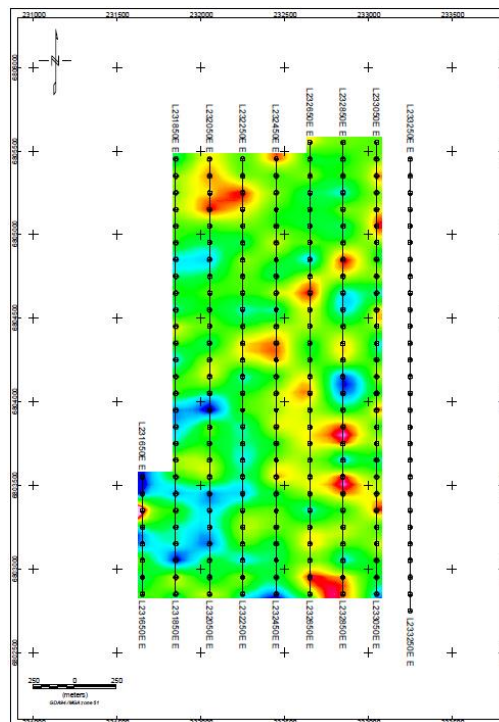


Figure 8: Mt Bevan MLEM Slingram late time gridded (linear colour Stretch image) of CH25 (17.9ms)

OPERATIONS REPORT (continued)

Follow up Program

- Develop a follow-up plan for the low order anomalous results and commence exploration across other nickel exploration targets present in the project area.
- Drill test any high priority exploration targets identified.

GOLD

South Laverton Gold Project

Legacy Iron’s major interest lies in the South Laverton region, where the Company holds extensive prospective ground (*Figure 9*). The South Laverton project area lies along the Keith Kilkenny Tectonic Zone (“KKTZ”) and the southern part of the Laverton Tectonic Zone (“LTZ”). These structures host numerous major gold mines, with the LTZ in particular hosting gold resources of some 20 million ounces. Adequate drilling data is available for a number of prospects in Mt Celia, Yilgangi, Yerrilla projects of the company to upgrade the historically known resources within next few months. Figure 9 below shows the location of current projects at South Laverton.

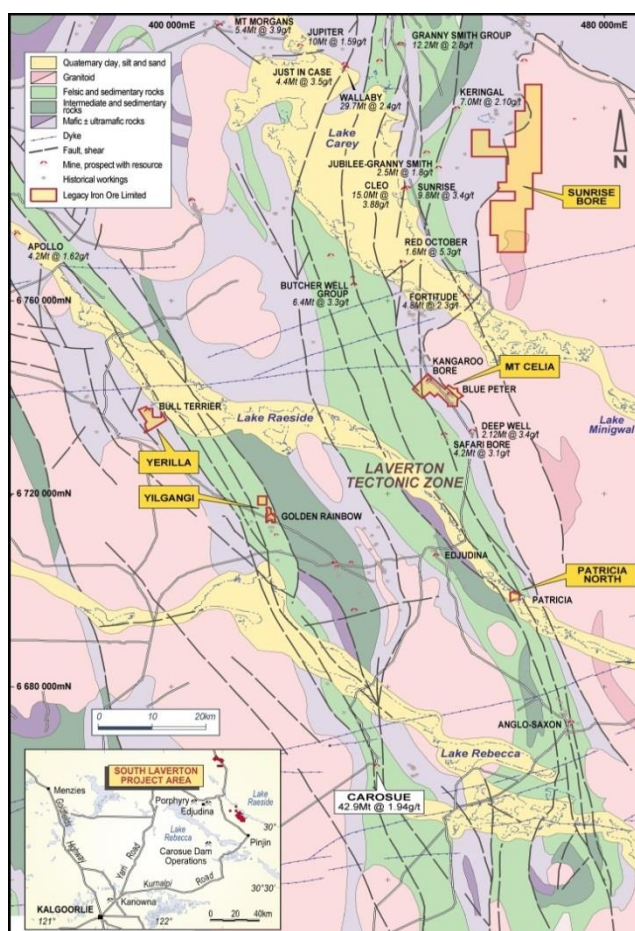


Figure 9: South Laverton Gold Project

OPERATIONS REPORT (continued)

Mt. Celia Project

The Mt Celia Project lies within the Laverton Tectonic Zone some 40km south of the Sunrise Dam gold mine (8Moz gold resource), as shown in figure 9.

The Project currently contains a number of known gold occurrences including Kangaroo Bore and Blue Peter prospects (Figure 10 & 11). The upgraded JORC compliant resource is likely to be estimated for both the prospects in the upcoming months.

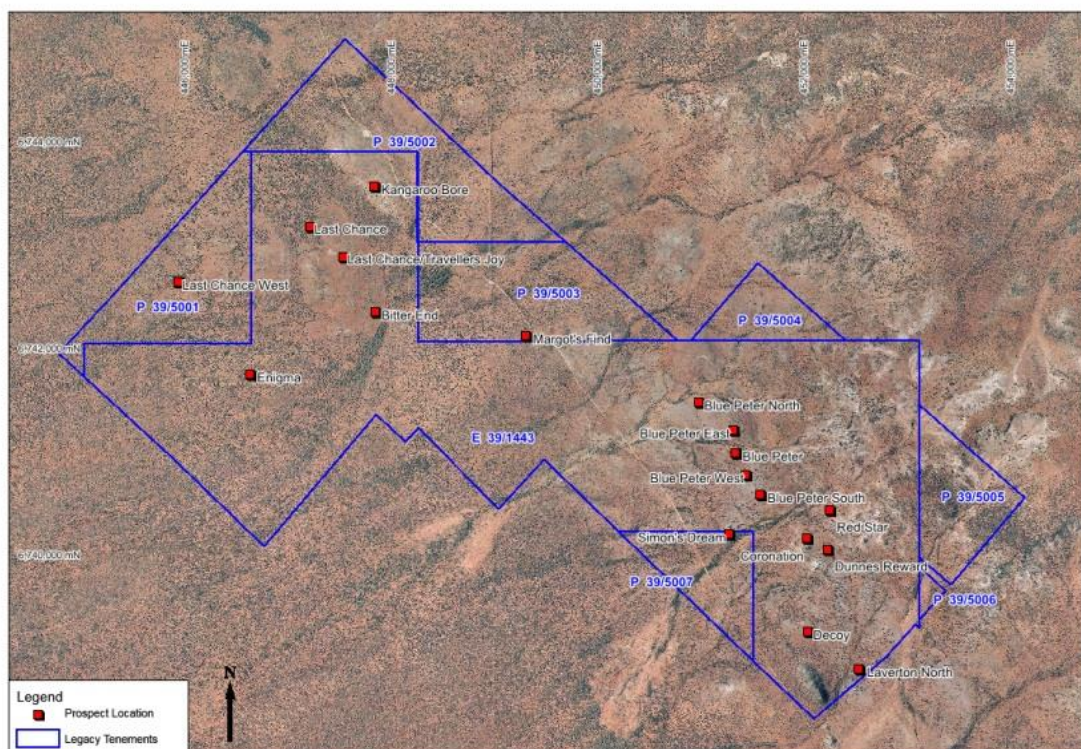


Figure 9: Mt Celia Project- Aerial image showing Blue Peter, Coronation and other prospects

During last 12 months two phases of drilling have been completed in the Mt Celia Project. A total of 28 holes for 3,348m of drilling have been completed using reverse circulation drilling.

Phase 1 – Drilling (July – Aug 2016):

A 1,960 metre RC drilling (15 drill holes) program was successfully completed with the aim to upgrade and expand the company's gold resources. The drilling was targeted on the Blue Peter and Coronation prospects where previous drilling program produced numerous high grade gold intersections over a strike length of approximately 790m and 250m respectively (Refer to ASX announcement dated 2 September 2010). Drill holes in this program were positioned to confirm the continuity of mineralisation at depth, along strike and down dip of mineralisation at both the prospects.

The initial review of the results of this round of drilling confirms the continuity of the significant intersections along the dip up to a depth of 70m (vertical depth). Gold mineralisation appears to be associated mainly with the hanging wall and footwall contacts of a quartz lode – a zone of the quartz vein and stringers that shows patchy visible gold and pyrite. All the samples from the target zone were analysed at SGS Lab in Perth.

OPERATIONS REPORT (continued)

The phase one drilling results returned with multiple high-grade intersections which includes (ASX Announcement 7 Oct 2016) –

- **8m @ 5.32g/t Au incl. 2m @11.9g/t** from 78m to 86m in BPC096
- **8m @ 7.22g/t Au incl. 2m @20.1g/t** from 108m to 118m in BPC103
- **4m @ 3.35g/t Au incl. 2m @5.24g/t** from 112m to 116m in BPC098
- **4m @3.24g/t Au incl. 2m @4.08g/t** from 100m to 104m in BPC104
- **2m @6.60g/t Au** from 160m to 162m in BPC 097

Following figure shows the location of the phase one drill holes along with historical drilling –

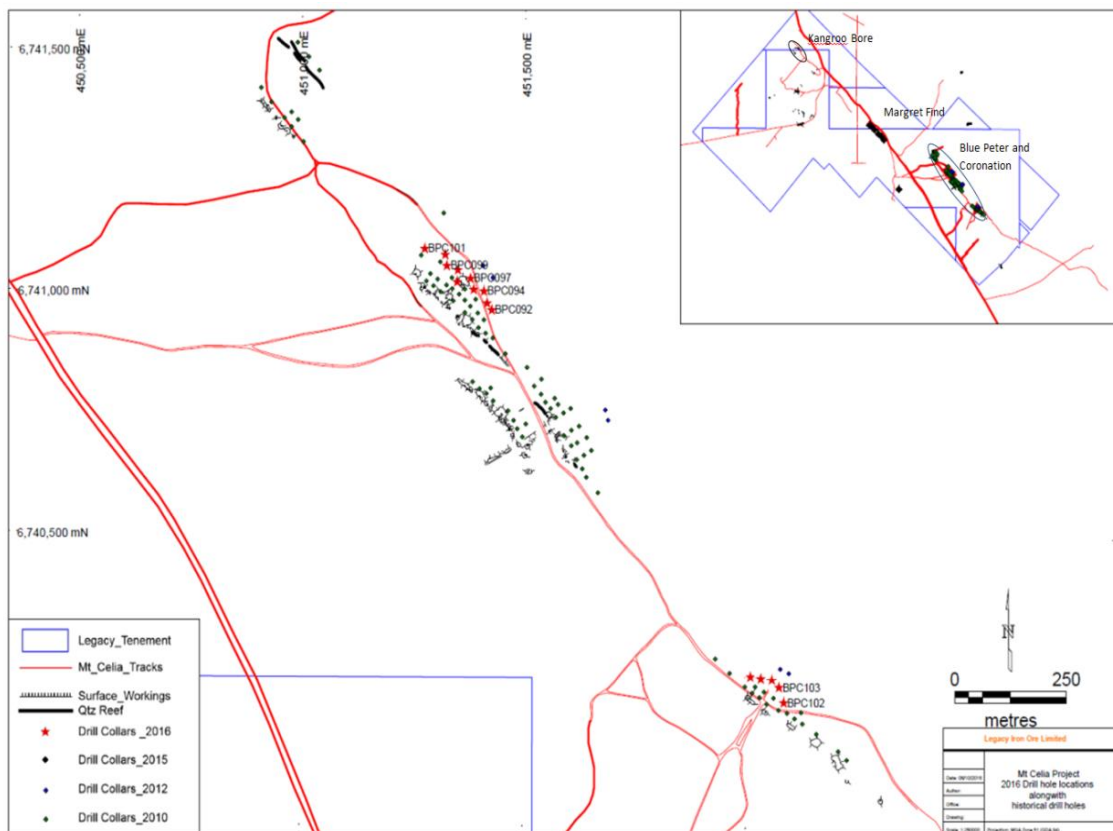


Figure 10: Blue Peter & Coronation Prospect – August 2016 Drill hole locations along with historical drilling.

Details of the significant intersections (Au>1.0g/t) from the first phase of drilling is shown in Table 3 below.

OPERATIONS REPORT (continued)

Hole ID	Northing	Easting	Dip	Azimuth	RL	Depth in metre		End of Hole	Au in g/t	Comments
						From	To			
BPC092	6740966	451427	-60	220	411	90	92	120	1.18	2m at 1.18
BPC093	6740980	451416	-60	220	410	98	100	126	1.18	2m at 1.18
BPC094	6741005	451410	-60	220	417	134	136	156	4.12	2m at 4.12
BPC095	6741008	451387	-60	220	416	86	88	120	1.54	2m at 1.5
BPC096	6741024	451350	-60	220	420	78	80	100	11.9	8m at 5.32 ; includes 2m at 11.9
BPC096						80	82		5.99	
BPC096						82	84		2.25	
BPC096						84	86		1.14	
BPC097	6741031	451379	-60	220	421	156	158	180	4.58	2m at 4.58
BPC097	6741031	451379	-60	220		160	162	180	6.6	2m at 6.6
BPC098	6741048	451351	-60	220	420	112	114	144	5.24	4m at 3.35
BPC098						114	116		1.47	
BPC099	6741057	451327	-60	220	420	94	96	126	1.33	8m at 1.51
BPC099						96	98		1.91	
BPC099						98	100		1.37	
BPC099						100	102		1.43	
BPC101	6741092	451277	-60	220	421	78	80	126	3.69	2m at 3.69
BPC102	6740159	452085	-60	215	433	68	70	108	4.17	2m at 4.17
BPC103	6740190	452075	-60	215	430	108	110	138	5.04	8m at 7.22; includes 2m at 20.1
BPC103						110	112		1.89	
BPC103						112	114		1.87	
BPC103						116	118		20.1	
BPC104	6740205	452057	-60	215	430	100	102	132	4.08	6m at 2.56; includes 4m at 3.24
BPC104						102	104		2.41	
BPC104						104	106		1.21	
BPC105	6740207	452033	-60	215	431	78	80	114	2.45	2m at 2.45
BPC106	6740206	452005	-60	215	434	56	58	102	1.01	2m at 1.01

Table 3: Table showing all the intersections of gold mineralisation with gold assay more than 1.0g/t (refer ASX Announcement from 7 Oct 2016)

Phase 2 – Drilling (March 2017):

As per the plan, the second phase of RC drilling at Blue Peter, Coronation and Kangaroo bore prospects was completed during the month of March 2017. The aim for this round of drilling was to test the depth and strike extensions to the southern side of the mineralisation at the Blue Peter and Coronation prospects (Figure 8 and 9). The Kangaroo Bore prospect was subject to some QAQC holes, these holes were planned to verify the historical drilling results. This program has tested different areas of the ore body and project to the areas already tested in Phase- I round of drilling.

A total of 1,388 m (13 holes) of drilling was carried out at Coronation, Blue Peter, Margot's Find and Kangaroo Bore Prospects within the Mt Celia Project. The program included 5 exploration, 4 depth extension and 4 QAQC holes (Figure 11).

Visual logging in field shows that most of the holes has been successful in intersecting targets and appears in coherence with planning. Samples from the selected intervals have been sent to the lab for analysis. Results will be available in the month April/May 2017.

OPERATIONS REPORT (continued)

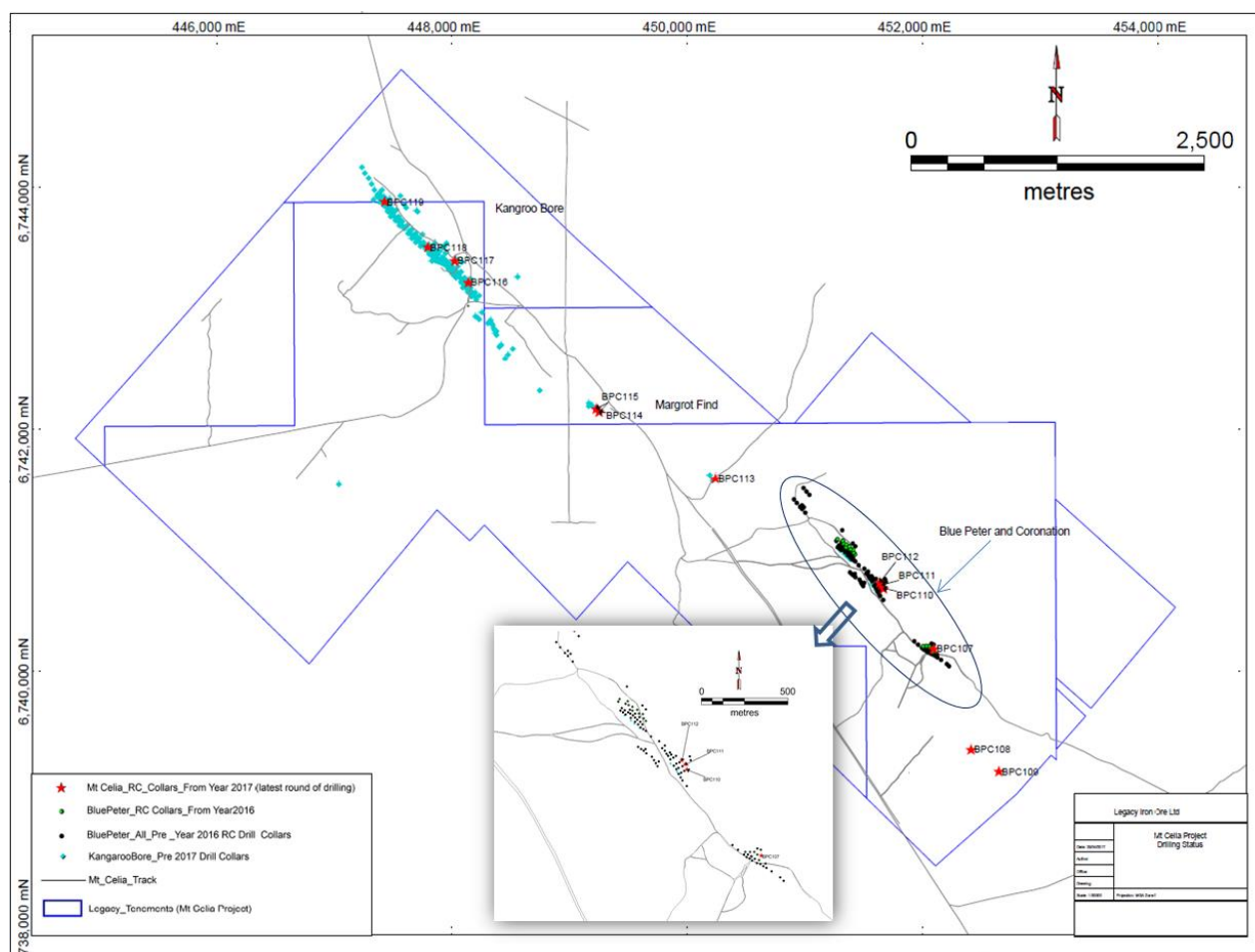


Figure 11: Blue Peter, Coronation and Kangaroo Bore Prospect – March 2017 drill hole location along with historical drilling.

This drilling along with the phase one (Aug 2016 drilling) will be used to upgrade the known historical resource for the project to the 2012 JORC standards.

Future Plan:

- Update the geology and resource models once the results of second round of drilling becomes available in April 2017.

Sunrise Bore Project

The Sunrise Bore project lies some 12 km east of the world class Sunrise Dam gold mine operated by AngloGold Ashanti.

During the year multiple round of auger soil geochemical sampling program were undertaken over a number of high priority targets which were identified on the basis of shear zones, magnetic anomalies, several of which are associated with gold anomalism noted in the reconnaissance field work etc.

A total of 1,117 samples were collected from six promising targets (Figure 12). The majority of the samples were collected over a broadly spaced grid (160mx80m), in order to facilitate the coverage of a larger area of the newly identified targets.

OPERATIONS REPORT (continued)

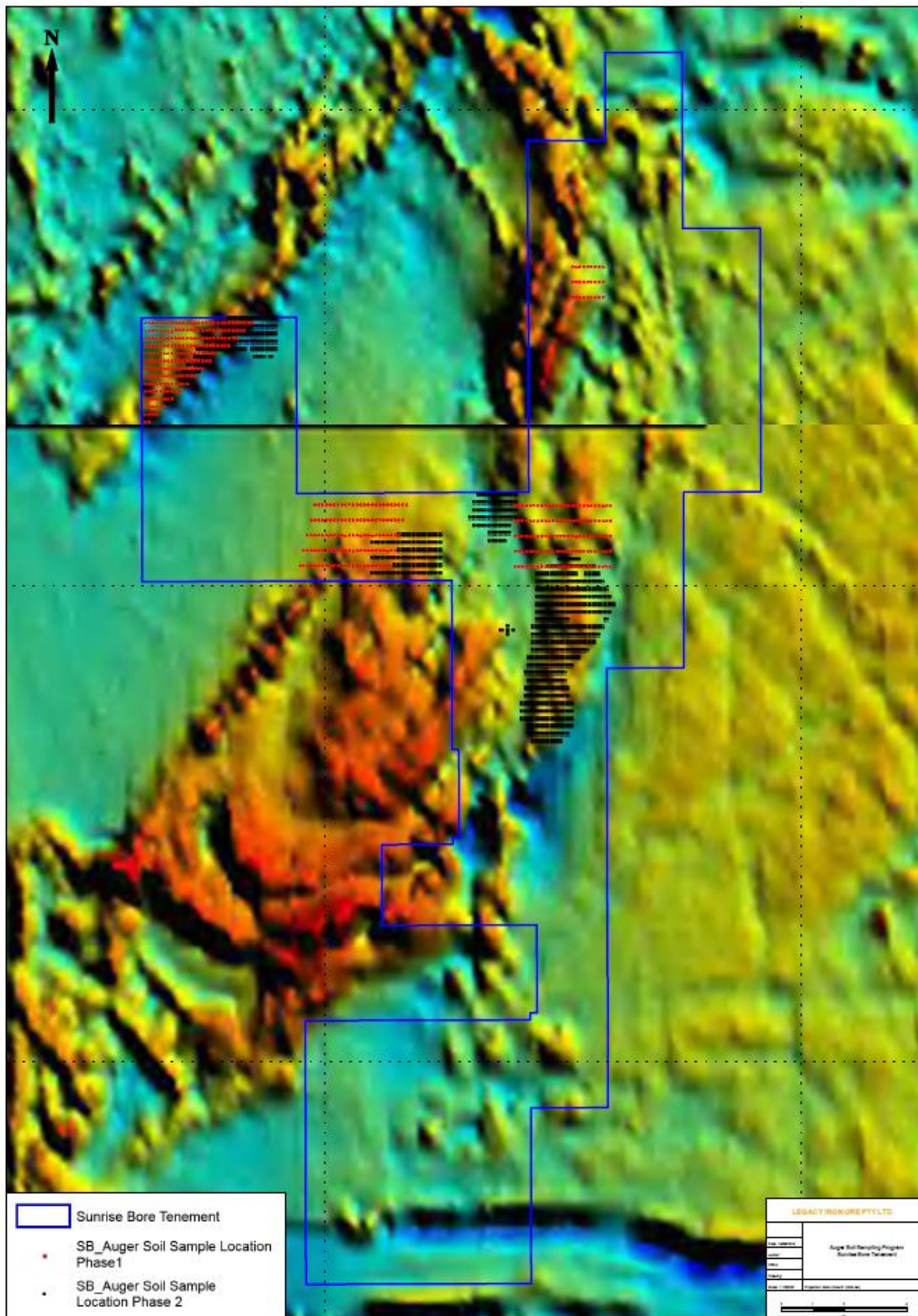


Figure 12: Sunrise Bore sample locations

All the samples were analysed in SGS Lab, Perth. Results returned a peak Au value of 169ppb, while this is not an extremely high value, it is higher than that the background gold (Au) values (Figure 13). A number of areas contained results between 24ppb to 169ppb and provide encouragement for the Company to follow up with close spaced soil sampling, ground geophysics and drill testing depending on the continued encouragement from the follow-up work.

OPERATIONS REPORT (continued)

The received assay results have been discussed in detail in the ASX announcements dated 28/04/2016 and 28/08/2016.

All Legacy Iron's sampling results to date are shown in the figure 13 below -

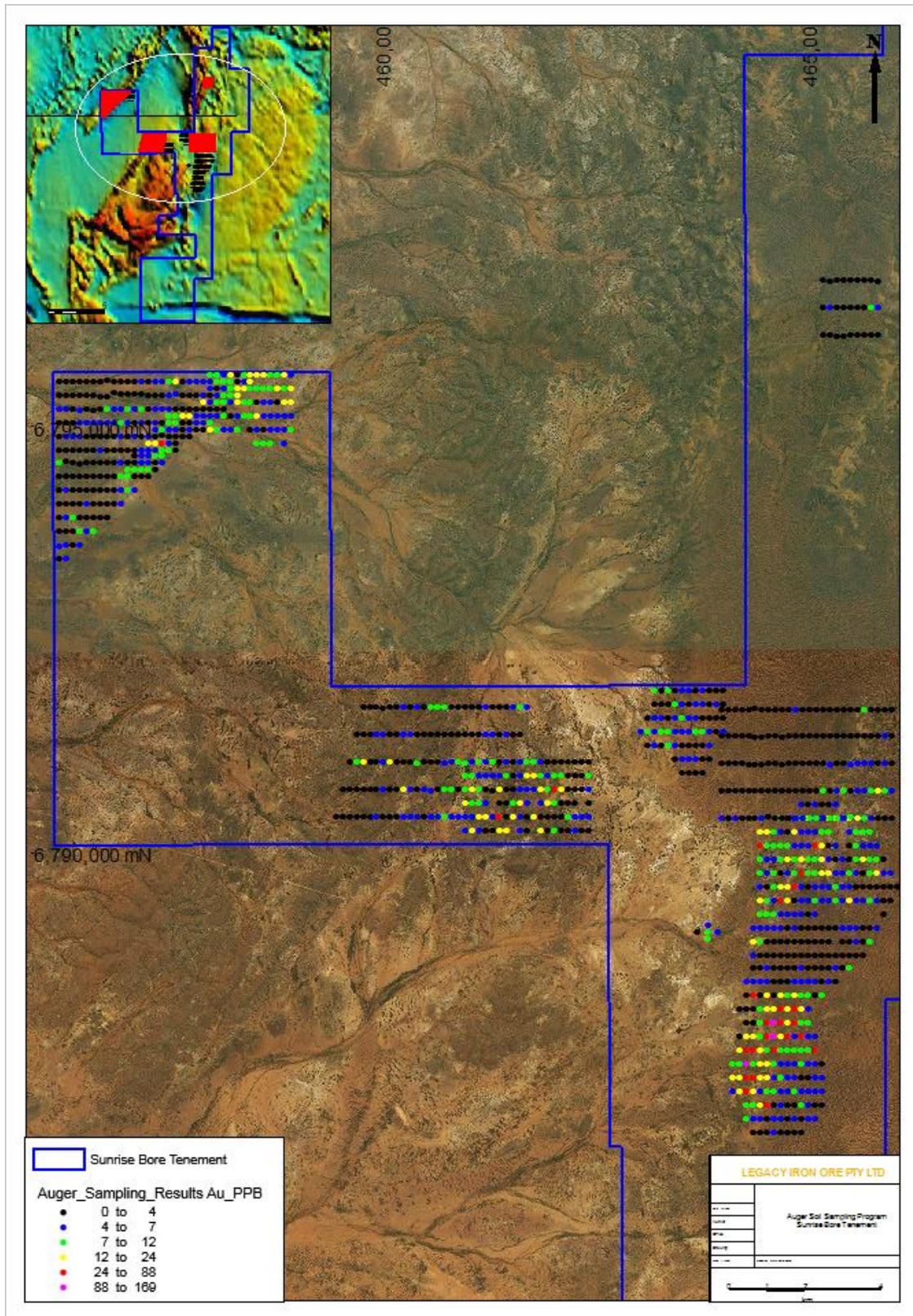


Figure 13: Sunrise Bore auger drilling – results

OPERATIONS REPORT (continued)

The samples returned (being over 24ppb) are shown in Table 4 below (ASX announcement 28/04/2016 and 18/08/ 2016):

Sample ID	Easting	Northing	Au in PPB
SBA0903	464620	6787840	169
SBA0892	464620	6788000	94
SBA0924	464300	6787520	88
SBA0902	464540	6787840	59
SBA0948	464300	6787360	50
SBA0891	464700	6788000	48
SBA0905	464780	6787840	43
SBA1036	464460	6790080	41
SBA0678	462040	6790740	39
SBA0910	465100	6787680	39
SBA0874	464380	6788320	37
SBA0889	464860	6788000	35
SBA1026	465100	6790080	34
SBA0916	464620	6787680	32
SBA0882	464700	6788160	31
SBA1055	464700	6789440	31
SBA1102	464940	6789760	31
SBA0907	464940	6787840	29
SBA0947	464380	6787360	29
SBA1088	464860	6789600	29
SBA0884	464860	6788160	27
SBA0893	464540	6788000	27
SBA0919	464380	6787680	27
SBA0571	457440	6794800	25
SBA0920	464300	6787680	25
SBA0984	464540	6787040	25
SBA0953	464300	6787200	24

Table 4: samples over 24 ppb Au

Follow up Program

The next phase of follow-up exploration work is under planning at this stage, and is likely to include infill geochemical sampling (auger, stream and rock chip sampling) along with ground based geophysical survey where necessary.

The follow-up exploration work is planned for Mid-2017, and given Sunrise Bore is a large tenement, additional work by regional geochemical sampling, mapping and geophysical survey will also be undertaken over other areas of the tenement.

Patricia North Project

Exploration activities conducted during the reporting period included historical data compilation, project review and field work for ground truthing of interpreted geological map and rock chip sampling.

Rock chip sampling was completed across much of the previously unsampled outcrop within the tenement, with particular attention paid toward any shear zones, quartz veins and workings. The target area was the south eastern corner of the tenement which had not been sampled by Legacy in the past.

OPERATIONS REPORT (continued)

Ground truthing of existing geological maps was undertaken to determine the accuracy of surface geological data with particular focus on any potential extension of quartz veining from the Patricia mine. Several east-west traverses were completed across the southern half of the tenement, with minor reconnaissance work completed to the north. Mapping data will be compiled and used to upgrade the existing maps to aid in further exploration targeting.

Mapping efforts are ongoing.

GOLD/BASE METALS – EAST KIMBERLEY

The East Kimberley Project is located in the Halls Creek area, 347km south of Kununurra, and is readily accessible via the sealed Great Northern Highway. The project currently comprises one granted exploration licences – Koongie Park and 3 tenement applications, (*Figure 14 – shows location of the granted tenement only*).

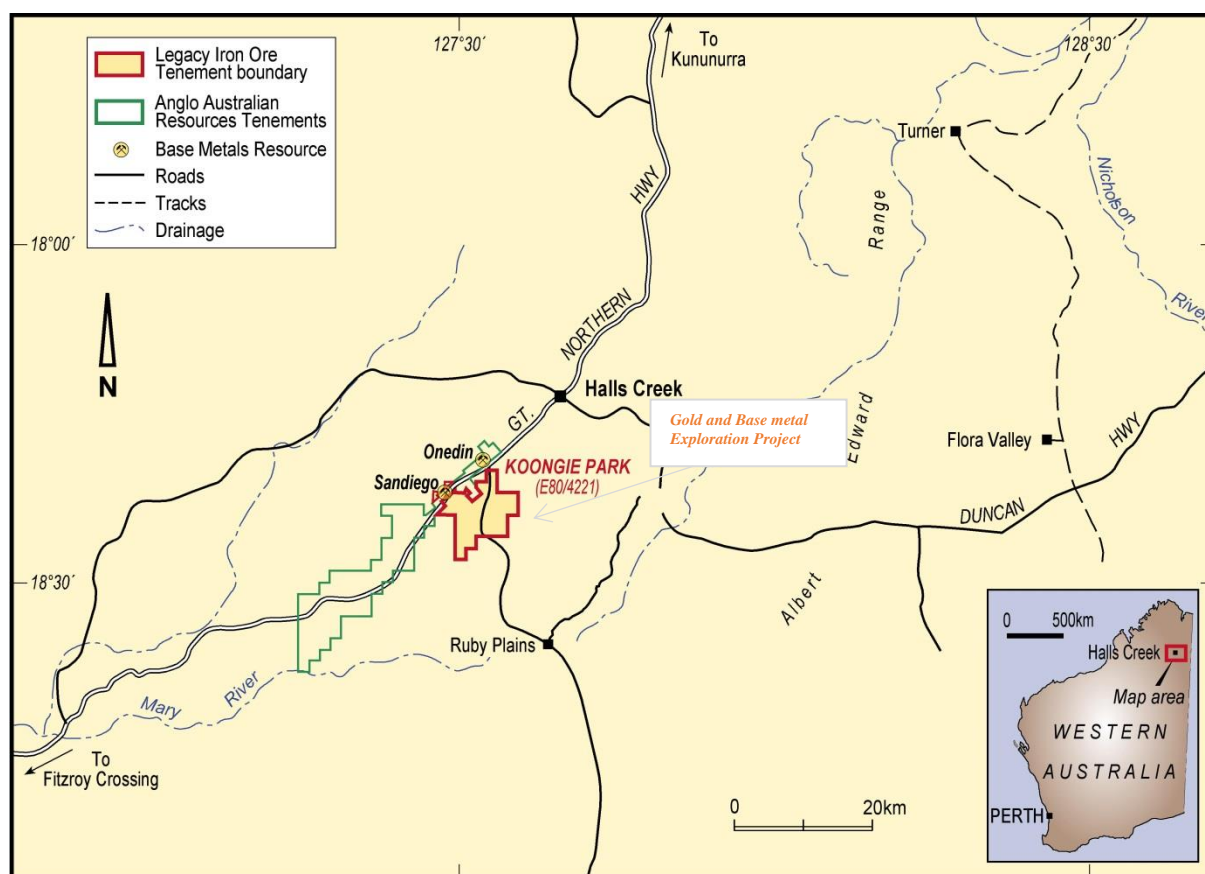


Figure 14: East Kimberley Projects

Koongie Park Project

Legacy Iron holds exploration licence E80/4221 that is contiguous with ground under exploration by Anglo Australian Resources Limited (AAR) at its Koongie Park VHMS base metals deposit. AAR has defined substantial base metal/gold/silver mineralisation in two deposits to date, with a total JORC resource (Indicated and Inferred) of 8Mt at 3.3% zinc, 1.2% copper, 0.3g/t gold and 23g/t silver. AAR has also recently outlined a shallow supergene high grade copper resource.

The style of mineralisation (VHMS) is similar to that found at Sandfire Resources' Doolgunna and Monty discoveries and at the Teutonic Bore/Jaguar/Bentley deposits of Independence Group. This

OPERATIONS REPORT (continued)

style of deposit is known worldwide to occur in clusters and often the early discoveries in these camps are not the largest.

Historical exploration done by Legacy Iron has consisted of:

- Field reconnaissance and minor rock chip sampling. Most of the northern part of the tenement is under shallow alluvial cover with very little rock outcrop.
- The flying of a helicopter borne geophysical survey over the northern part of the tenement. This was conducted by Fugro Geophysical Surveys and comprised a HELITEM survey measuring the electrical conductivity of the ground at depth.
- Drill testing (drilled 12 RC drill holes for 2133 metres) over some of the high priority EM targets (HELITEM targets) but none of the drill hole intersected any mineralisation, however the drilling to date has only tested a small part of this unit (less than 1 km strike), and at a wide spacing. Also, Drilling was successful in confirming an exhalative volcano-sedimentary sequence in this latter position. The sequence appears identical with that hosting the Anglo Australian Resources Koongie Park deposits, and the Cazaly/3D Resources Mt

During this reporting period following activities were completed for the project:

- Geological Review -

A detailed geological review of the tenement was completed based on all the available data sets during the last quarter. An area of 25 sq km was outlined for soil geochemical sampling with spacing of 200x80m grid and geological traversing (Figure 15).

- Geological Traversing/Mapping

In addition to the above work, geological traversing in the target area has identified an additional mineralised outcrop with anomalous values of Zn and Cu. These values were measured by a portable hand-held XRF unit and are indicative only. The XRF unit is used only as an additional tool to further assist the visual assessment of rock samples in the field. The outcrop is approximately 30-50m wide and 400-500m long. This outcrop is located approximately 1.5km ENE of the Sandiego deposit and 800m N of the known gossanous outcrop with in the tenement area (Figure 15).

- Geochemical Sampling

A total of 1436 location at 200x80m spacing have been sampled (soil geochemical samples) in the target area of 25 sq km. (Figure 15). Results of these samples are likely to return mid to late April 2017.

The map below shows the complete details of the field work and sampling program competed during this year.

This work is likely to provide a geochemical picture of the prospective areas to target the next phase of the exploration along with historical data sets.

OPERATIONS REPORT (continued)

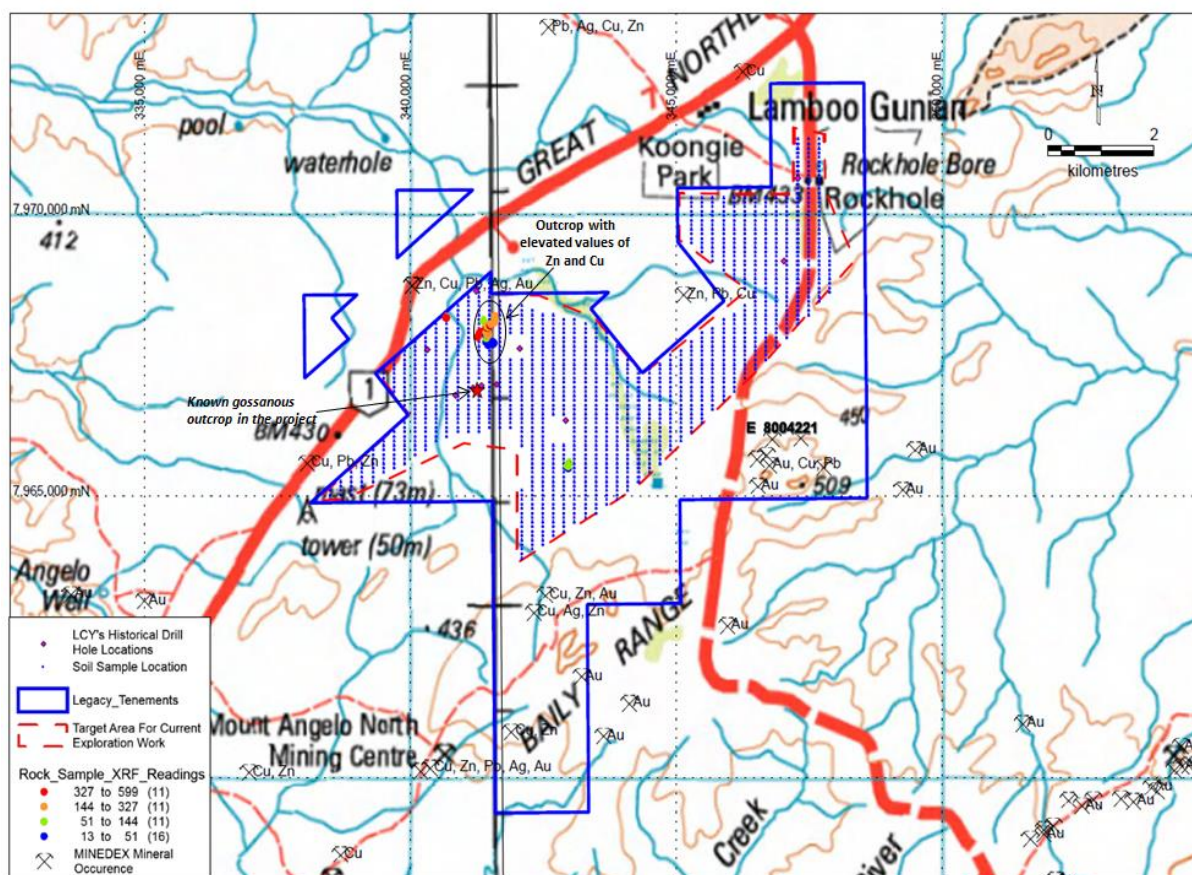


Figure 15: location of work completed in the last one year including soil sampling

Future Plan:

The follow-up steps/plan for the project includes-

- Once the results of the current survey are received a detailed analysis of the results will be completed.
- Geological mapping and sampling depending on the outcrop availability in the target area to develop good geological base map to plan the next stage of the exploration.
- Interpret the detailed geological structure from the available geophysical data sets.
- Follow-up by ground geophysics if required on targets identified in geochemical sampling.
- Drill testing (approximately 3000m)

Competent Person's Statement:

The information in this report that relates to Exploration Results is based on information compiled by Bhupendra Dashora who is a member of AusIMM and a consultant to Legacy Iron Ore Limited. Mr. Dashora 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Dashora consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.

DIRECTORS' REPORT

Your Directors present their report on the on the performance of the Company for the year ended 31 March 2017.

1. DIRECTORS

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

Dr Narendra Kumar Nanda (Non-Executive Chairman)
Mr Timothy Turner (Non-Executive Director)
Mr Devanathan Ramachandran (Non-Executive Director)
Mr Devinder Singh Ahluwalia (Non-Executive Director)
Dr Tanugula Rama Kishan Rao (Non-executive Director)

2. COMPANY SECRETARY

Mr Benjamin Donovan holds the position of Company Secretary.

3. PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were the exploration and evaluation of the Company's iron ore and gold assets.

4. REVIEW OF OPERATIONS

During the year the Company continued to explore its projects at a reduced rate as a result of the significant downturn in commodity prices.

The Company remains in a strong financial position, and, as at 31 March 2017 the Company holds \$4,719,189 in cash and cash equivalents.

5. OPERATING RESULTS

The Company incurred a loss after income tax of \$1,065,166 for the year ended 31 March 2017 (31 March 2016: Loss of \$1,420,646). This lower loss is a result of cost savings in all the areas of working.

The Company had cash funds on hand of \$4,719,189 at 31 March 2017 (31 March 2016: \$6,346,123).

6. DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the matters outlined in Section 4 above, no significant changes in the Company's state of affairs occurred during the financial year.

8. AFTER BALANCE DATE EVENTS

Other than what has been reported above, there are no other matters or circumstance that have arisen since 31 March 2017 that have significantly affected, or may significantly affect:

- (a) the Company's operations in the future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Company's state of affairs in future financial years.

DIRECTORS' REPORT (continued)**9. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The Company will continue its mineral exploration activity on its exploration projects with the object of identifying commercial resources. The main area of focus will be the ongoing development of the existing projects of the Company. The Company continues to look for promising projects for acquisition and further development towards mining.

DIRECTORS' REPORT (continued)**10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY****Dr Narendra Kumar Nanda**

Non-Executive Chairman

Qualifications

Dr. Nanda holds a Bachelor's Degree in Mining with a 1st Division from Indian School of Mines, Dhanbad and a Master's Degree in Mining from Indian School of Mines, Dhanbad. He has completed his Ph.D on "Beneficiation Studies on Iron formations of Donimalai Range".

Experience

Dr N. K. Nanda, currently Director (Technical) in NMDC Limited, a Government of India Enterprise, under the Ministry of Steel, was born in 1960. After having early education in Orissa, he graduated with B. Tech. (Mining) from prestigious Indian School of Mining, Dhanbad in 1982 and further his education with a post graduate of M-Tech. from ISM, Dhanbad in 2000. He is presently the President of Mining Geological & Metallurgical Institute of India, Chairman of Mining Engineers Association of India, Hyderabad Chapter and Mines Safety Association of Karnataka Member, Committee under Section 12 of Mines Act, under Ministry of Labour, Govt. of India and Mining Examinations Board, Controller of Examinations, O/O Director-General of Mines Safety, FIMI.

He started his career with Hindustan Copper Ltd., Malanjkhand in 1982 and after a five-year stint at ACC Ltd., joined NMDC in 1989.

After enriching experience to his credit, in various capacities and projects of NMDC, he has been elevated on the Board of NMDC as Director (Technical) in 2008.

As Director (Technical), NMDC, he is looking after Research & Development, Investigation, Engineering, New Project Execution including NMDC Integrated 3Mtpa Steel Plant at Nagarnar, apart from Joint Ventures, mergers and acquisitions.

Shri Nanda specialises in mineral exploration activities, mine operations, projects planning, execution and development and has special interest in diversification activities, He has published and presented a number of technical papers during various seminars in India as well as abroad.

Shri Nanda was conferred with several awards during his professional life which includes "Eminent Engineer" award by the Institution of Engineers, Bhilai in 2006, Abheraj Baldota Memorial Award "Mining Engineer of the Year for 2010 – 2011" by the Mining Engineers Association of India in 2012, "Steelies 2013" for excellence in Project Management by Steel & Metallurgy Magazine in 2013, "Outstanding Leadership Award" for his meritorious contribution to Iron Ore Mining industry by Mining Engineers Association of India in 2015 and award for outstanding contribution towards growth in mining industry in particular and the Nation as a whole" by CSIR-Central Institute of Mining and Fuel Research at New Delhi, India in 2017.

Other Directorships

NMDC Limited, J&K Mineral Development Co Ltd, NMDC-CMDC Limited, NMDC Power Limited, Karnataka Vijaynagar Steel Limited, Jharkhand National Mineral Development Corporation Limited Chattisgarh Mining Ventures Ltd, NMDC Steel Ltd and Kopano Iron Ore Co Ltd,.

Interest in Shares and Options

NIL. It is noted that Mr Nanda is a Director of NMDC Limited, but is not deemed to control NMDC Limited.

DIRECTORS' REPORT (continued)

Special Responsibilities Mr Nanda is a member of the Nomination Committee

10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Mr Timothy Paul Turner Non-Executive Director

Qualifications B.Bus, FCPA, CTA, Registered Company Auditor

Experience As the senior partner of the accounting firm Hewitt, Turner & Gelevitis he specialises in all areas of business consultancy, strategic planning and is responsible for the issuing of audit opinions.

Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a Registered Company Auditor, a Fellow of CPA (Australia) and a Chartered Tax Advisor.

Other Directorships Mr Turner is also a Director of Cape Lambert Resources Limited (appointed 16 September 2004), International Petroleum Limited (appointed 31 January 2006) and African Petroleum Corporation Limited (appointed 16 May 2007).

Interest in Shares and Options Fully Paid Ordinary Shares 750,000

Special Responsibilities Member of the Audit and Risk Committee, Chairman of the Remuneration Committee

Mr Devanathan Ramachandran Non-Executive Director

Qualifications Master of Business Administration, Australian Graduate School of Management, Sydney; a Master of Science, Virginia Polytechnic Institute & State University, USA; and a Bachelor of Technology (Honours), Indian Institute of Technology, India.

Experience Mr Ramachandran has approximately 30 years of wide-ranging experience in global mining and fertilizer industries. He has acquired hands-on business expertise across a variety of mineral commodities and cultures working in corporate, technical and operational roles in global leaders such as BHP Billiton, Rio Tinto and Vale.

Holding extensive business development experience ranging from identification and evaluation of investment opportunities through due diligence and post-merger integration, Mr Ramachandran has a proven track record in large investments in mining and fertilizer industries often with significant rail, port, power and other infrastructure.

Other Directorships NIL

Interest in Shares and Options NIL

Special Responsibilities Member of the Audit and Risk Committee, Chairman of the Nomination Committee, and Member of the Remuneration Committee.

DIRECTORS' REPORT (continued)**10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)****Mr Devinder Singh Ahluwalia**

Non-Executive Director

Qualifications

Bachelor of Commerce (Hons) from Delhi University, ICWAI.

Experience

Mr Ahluwalia is the current director (finance) of NMDC Limited. Prior to assuming this role, Mr Ahluwalia was the executive director (finance) at Rural Electrification Corporation in India and worked on the appraisal, financing and monitoring of numerous power projects, resource mobilisation, treasury management functions and ALM functions. Mr Ahluwalia also has extensive experience in accounting, taxation and commercial transactions. Mr Ahluwalia is presently holding the additional charge as Director(Finance) of MOIL Ltd, a Govt. of India enterprise.

Other Directorships

NMDC Limited, J&K Mineral Development Corporation Limited and Kopano-NMDC Minerals Pty. Limited and MOIL Ltd.

Interest in Shares and Options

NIL. It is noted that Mr Ahluwalia is a Director of NMDC Limited, but is not deemed to control NMDC Limited.

Special Responsibilities

Chairman of the Audit and Risk Committee, Member of the Nomination Committee, and a Member of the Remuneration Committee.

Mr Tanugula Rama Kishan Rao

Non-Executive Director

Qualifications

Dr Rao holds a Doctorate Degree from the Indian Agricultural Institute, New Delhi and also holds a Masters Degree in Economic Policy Management from Columbia University, USA.

Experience

Dr. T R K Rao, belongs to the 1986 batch of the Indian Railway Traffic Service (IRTS) and held various key positions in the Ministry of Railways, Government of India and State Government. His earlier positions also included working as Vice-Chairman-cum-Managing Director of Andhra Pradesh Mineral Development Corporation Ltd., Hyderabad, Managing Director of Sports Authority and Executive Director (Finance, Marketing & Public Relations) in Singareni Collieries Company Limited (Government owned Coal Company with large number of operating coal mines producing over 50 MTPA). He also served as a Special Secretary in Infrastructure and Revenue (Disaster Management) Department in Government of Andhra Pradesh, India, and as a Consultant at the World Bank, Washington DC.

He had served as Director on various Boards including Hindustan Shipyard Ltd, GMR Hyderabad, Vishakhapatnam Port Trust etc. and is presently working as Director (Commercial) in NMDC Ltd. since 17 November 14.

Other Directorships

NMDC Limited, NMDC Power Limited, Neelachal Ispat Nigam Limited and Krishnapatnam Railway Co. Limited.

Interest in Shares and Options

NIL. It is noted that Mr Rao is a Director of NMDC Limited, but is not deemed to control NMDC Limited.

Special Responsibilities

NIL

DIRECTORS' REPORT (continued)**10. INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)**

<u>Benjamin Donovan</u>	Company Secretary	
Qualifications	B.Comm (Hons)	
Experience	<p>Mr Donovan is a member of Chartered Secretaries Australia and provides corporate advisory and consultancy services to a number of companies.</p> <p>Mr Donovan is currently a Director and Company Secretary of several ASX listed and public unlisted companies, and has extensive experience in listing rules, compliance and corporate governance, having served as a Senior Adviser at the Australian Securities Exchange (ASX) in Perth, including as a member of the ASX JORC Committee.</p> <p>In addition, Mr Donovan has experience in the capital markets having raised capital and assisted numerous companies on achieving a listing on ASX, as well as for a period of time, as a private client adviser at a boutique stock broking group.</p>	
Interest in Shares and Options	Fully Paid Ordinary Shares	5,008,012

DIRECTORS' REPORT (continued)

11. REMUNERATION REPORT (audited)

This report details the nature and amount of remuneration for the Directors and other key management personnel of Legacy Iron Ore Limited.

Non-Executive Director Remuneration Policy

The key principle underpinning Non-Executive Director remuneration is the need to attract skilled and experienced Directors to direct the current business and into the future. The Board's policy is to periodically review its approach to Non-Executive Director remuneration and seek independent advice if needed to ensure its Non-Executive Directors' fees remain competitive with other similarly sized mining exploration companies listed on the ASX. The Board also periodically reviews its policies to ensure these are in line with best practice and follow principles of good corporate governance.

Remuneration Consultants

The Company does not engage the services of any remuneration consultants.

Non-Executive Director Fees

Total fees are set within the maximum aggregate amount approved by shareholders at the November 2011 Annual General Meeting, being in aggregate \$500,000. Currently Non-Executive Directors receive a fixed fee for their services as a Director and do not receive additional committee fees or other payments for additional services.

There is no direct link between remuneration paid to the Non-Executive Directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

There are no retirement benefits for Non-Executive Directors.

In addition to these fees, Non-Executive Directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred attending meetings of the Board, committees or shareholders, or while engaged on the Company's business.

It is noted that the Non-Executive Directors appointed by NMDC Limited, (Messrs Nanda, Ahluwalia and Rao) have informed the Company to waive their director fees.

The total remuneration paid to, or in respect of, each Non-Executive Director during the financial year is set out in this report.

Executive Remuneration Policy

The Company's Remuneration Policy aims to reward executives fairly and responsibly in accordance with the Australian market and ensure that the Company:

- provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- structures remuneration at a level that reflects the executive's duties and accountabilities and is competitive within Australia;
- aligns executive incentive rewards with the creation of value for shareholders; and
- complies with applicable legal requirements and appropriate standards of governance.

Voting and Comments made at the Company's 2016 Annual General Meeting

The Company received 0.05% of "no" votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

DIRECTORS' REPORT (continued)**11. REMUNERATION REPORT (audited) (continued)****Details of Directors and Other Key Management Personnel**

- (i) *Directors*
 Dr Narendra Kumar Nanda (Non-Executive Chairman)
 Mr Timothy Turner (Non-Executive Director)
 Mr Devanathan Ramachandran (Non-Executive Director)
 Mr Devinder Singh Ahluwalia (Non-Executive Director)
 Dr Tanugula Rama Kishan Rao (Non-executive Director)
- (ii) *Other Key Management Personnel*
 Mr Rakesh Gupta – Chief Executive Officer
 Mr Benjamin Donovan – Company Secretary
 Mr Viswa Prasad Dheram – Chief Financial Officer

References in this report to Key Management Personnel include directors and other key management personnel.

Company Performance and Shareholder Wealth and Directors' and Executives' Remuneration

No options were issued to key management personnel during the year.

In considering the Company's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

	2017 (12 months)	2016 (12 months)	2015 (9 months)	2014 (12 months)	2013 (12 months)
Loss per share (cents)	(0.07)	(0.10)	(0.27)	(1.67)	(2.02)
Net loss (\$)	(1,065,166)	(1,420,646)	(3,539,114)	(9,773,185)	(11,717,947)
Share price	0.5 cents	0.6 cents	0.6 cents	2 cents	5 cents
Dividends	Nil	Nil	Nil	Nil	Nil

However given the nature and stage of the Company's operations being exploration and evaluation activities, the Board has not linked any performance to milestones.

Options

To provide further goal congruence between shareholders and key management personnel (KMP), the Company has, at times, issued options to key management personnel. No options have been issued during the year ended 31 March 2017. There are no current plans to issue any options.

The Company has no other policy for other short term or long term incentive bonuses or other benefits.

DIRECTORS' REPORT (continued)

11. REMUNERATION REPORT (audited) (continued)

Details of Remuneration for Year Ended 31 March 2017

The remuneration for key management personnel of the Company during the year was as follows:

31 March 2017	Short Term Benefits			Share-Based Payments		Post Employment Benefits	Other Long Term			Value of options/ performance % shares as a proportion of remuneration
	Salary, Fees and Commissions	Non-Cash Benefits	Short term incentive	Shares	Options	Superannuation Contribution	Long Service Leave	Termination Benefits	Total	
Narendra Kumar Nanda	-	-	-	-	-	-	-	-	-	-
Timothy Turner	72,000	-	-	-	-	-	-	-	72,000	-
Devanathan Ramachandran	50,000	-	-	-	-	-	-	-	50,000	-
Devinder Ahluwalia	-	-	-	-	-	-	-	-	-	-
Tanugula Rama Kishan Rao	-	-	-	-	-	-	-	-	-	-
Rakesh Gupta	234,398	31,559(i)	-	-	-	21,690	-	-	287,647	-
Ben Donovan	74,000	-	-	-	-	-	-	-	74,000	-
Viswa Prasad Dheram	106,634	19,310(ii)	-	-	-	9,954	-	-	135,898	-
Total	537,032	50,869	-	-	-	31,644	-	-	619,545	-

- (i) Relates to the use of a motor vehicle.
(ii) Relates to rental and outgoings and other expenses.

Details of Remuneration for Year Ended 31 March 2016

The remuneration for key management personnel of the Company during the year was as follows:

31 March 2016	Short Term Benefits			Share-Based Payments		Post Employment Benefits	Other Long Term			Value of options/ performance % shares as a proportion of remuneration
	Salary, Fees and Commissions	Non-Cash Benefits	Short term incentive	Shares	Options	Superannuation Contribution	Long Service Leave	Termination Benefits	Total	
Narendra Kumar Nanda	-	-	-	-	-	-	-	-	-	-
Timothy Turner	72,078	-	-	-	-	-	-	-	72,078	-
Devanathan Ramachandran	50,000	-	-	-	-	-	-	-	50,000	-
Devinder Ahluwalia	-	-	-	-	-	-	-	-	-	-
Tanugula Rama Kishan Rao	-	-	-	-	-	-	-	-	-	-
Rakesh Gupta	223,262	47,339(i)	-	-	-	21,690	-	-	292,291	-
Ben Donovan	74,980	-	-	-	-	-	-	-	74,980	-
Steve Shelton(ceased 3/3/16)	169,743	-	-	-	-	19,463	-	61,538	250,744	-
Viswa Prasad Dheram	106,634	23,174(ii)	-	-	-	9,954	-	-	139,762	-
Total	696,697	70,513	-	-	-	51,107	-	61,538	879,855	-

- (i) Relates to the use of a motor vehicle.
(ii) Relates to rental and outgoings and other expenses.

DIRECTORS' REPORT (continued)**11. REMUNERATION REPORT (audited) (continued)**

The Non-Executive Directors appointed by NMDC Limited, (Messrs Nanda, Ahluwalia and Rao) have informed the Company to waive their director fees.

SHARE BASED COMPENSATION**Options Issued as Part of Remuneration**

There were no options issued as part of remuneration for the year ended 31 March 2017 (year ended 31 March 2016: Nil).

No options issued to key management personnel were exercised during the year ended 31 March 2017 (year ended 31 March 2016: NIL).

SERVICE AGREEMENT**Non-Executive Director – Tim Turner**

On 1 September 2015, the Company entered into an agreement with Timothy Paul Turner Family Trust trading as CRMS to provide the services of Mr Timothy Turner as a non-executive director of the Company. The agreement provides for a capped fee of \$72,000 per annum inclusive of superannuation payments,

The Company engages Hewitt Turner & Gelevitis, of which Mr Turner is a partner, for the provision of accounting services and tax compliance. These services are provided and charged on an ad hoc basis at commercial rates.

Chief Executive Officer – Mr Rakesh Gupta

Effective 21 January 2015, Mr Rakesh Gupta was contracted to provide the services of a chief executive officer for \$250,000 pa including superannuation. He is entitled to the use of a company car and other normal entitlements for such a position. Each party may give the other party one month's written notice to terminate the agreement.

Company Secretary – Ben Donovan

The Company entered into a Company Secretary services' agreement with Mr Benjamin Donovan. His base fee is \$72,000 pa. Except for gross misconduct, which allows for immediate termination of the agreement, the Company and Mr Donovan may terminate the agreement by either party giving 3 months' notice. If the Company requires Mr Donovan to not fulfil the 3 months' notice, he is eligible to 3 months payment in lieu.

Chief Financial Officer – Mr Viswa Prasad Dheram

Effective 11 April 2014, Mr Viswa Prasad was contracted to provide the services of a chief financial officer for \$114,734 pa including superannuation. He is entitled to the Company provided accommodation and other normal entitlements for such a position. Each party may give the other party one month's written notice to terminate the agreement.

DIRECTORS' REPORT (continued)

11. REMUNERATION REPORT (audited) (continued)

Ordinary Shareholdings

Number of ordinary shares held directly, indirectly or beneficially by Directors and other Key Management Personnel as at 31 March 2017:

	Balance at 31 March 2016 No	Balance on appointment No	Received as Compensation No	Net Change Other No	Balance 31 March 2017 No
31 March 2017					
Narendra Kumar Nanda	-	-	-	-	-
Timothy Turner	750,000	-	-	-	750,000
Devanathan Ramachandran	-	-	-	-	-
Devinder Ahluwalia	-	-	-	-	-
Tanugula Rama Kishan Rao	-	-	-	-	-
Rakesh Gupta	-	-	-	-	-
Ben Donovan	5,008,012	-	-	-	5,008,012
Viswa Parasd Dheram	-	-	-	-	-
Total	5,758,012	-	-	-	5,758,012

Number of ordinary shares held directly, indirectly or beneficially by Directors and other Key Management Personnel as at 31 March 2016:

	Balance at 31 March 2015 No	Balance on appointment No	Received as Compensation No	Net Change Other No	Balance 31 March 2016 No
31 March 2016					
Narendra Kumar Nanda	-	-	-	-	-
Timothy Turner	750,000	-	-	-	750,000
Devanathan Ramachandran	-	-	-	-	-
Devinder Ahluwalia	-	-	-	-	-
Tanugula Rama Kishan Rao	-	-	-	-	-
Rakesh Gupta	-	-	-	-	-
Ben Donovan	5,008,012	-	-	-	5,008,012
Steve Shelton (ceased 03/03/16)	440,000	-	-	-	NA*
Viswa Parasd Dheram	-	-	-	-	-
Total	6,198,012	-	-	-	5,758,012

* Did not hold office at this date hence disclosure is not necessary.

Option Holdings

No options were held by Key Management Personnel as at 31 March 2017.

Numbers of options held by Key Management Personnel as at 31 March 2016

31 March 2016	Balance at 31 March 2015 No	Balance on Appointment No	Granted During the Year as Compensation No	Exercised No	Forfeited/ Expired No	Balance at 31 March 2016 No	Total Vested No	Total Exercisable at 31 March 2016 No
Narendra Kumar Nanda	-	-	-	-	-	-	-	-
Timothy Turner	500,000	-	-	-	(500,000)	-	-	-
Devanathan Ramachandran	-	-	-	-	-	-	-	-
Devinder Ahluwalia	-	-	-	-	-	-	-	-
Tanugula Rao	-	-	-	-	-	-	-	-
Rakesh Gupta	-	-	-	-	-	-	-	-
Ben Donovan	5,365,000	-	-	-	(5,365,000)	-	-	-
Steve Shelton	6,000,000	-	-	-	(6,000,000)	-	-	-
Viswa Prasad Dheram	-	-	-	-	-	-	-	-
Total	11,865,000	-	-	-	(11,865,000)	-	-	-

Loans to Key Management Personnel

There were no loans made to key management personnel during the year.

END OF THE AUDITED REMUNERATION REPORT

DIRECTORS' REPORT (continued)**12. MEETINGS OF DIRECTORS**

During the financial year, 3 directors' meetings were held. Attendances by each director during the year were as follows:

Director	Directors' Meetings	
	Number Eligible to Attend	Meetings Attended
Narendra Kumar Nanda	3	3
Timothy Turner	3	3
Devanathan Ramachandran	3	3
Devinder Ahluwalia	3	3
Tanugula Rao	3	2

The above does not include circular resolutions of the Board.

There were 2 audit committee meetings held during the year. Given the size of the Company, the Board as a whole reviewed matters relating to nomination and remuneration matters as indicated below.

Director	Audit		Nomination and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended
Narendra Kumar Nanda	1	1	-	-
Timothy Turner	2	2	-	-
Devanathan Ramachandran	2	2	-	-
Devinder Ahluwalia	2	2	-	-
Tanugula Rao	1	1	-	-

13. INDEMNIFYING OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Director, Principal Executive Officer or Secretary of the Company shall be indemnified out of the property of the Company against any liability incurred by him/her in his/her capacity as Director, Principal Executive Officer or Secretary of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. During the year, the Company paid a premium to insure the Directors and Secretary of the Company. The terms of the contract of insurance prohibit disclosure of the premium paid and nature of liabilities covered.

14. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceeding. The Company was not a party to any such proceedings during the year, other than has been previously disclosed.

On 15 February 2013, the Company served a statement of claim on the directors of Subiaco Capital Pty Ltd (**Subiaco Capital**) out of the Magistrates Court of Queensland in Brisbane in relation to a claim of \$115,556.25 as damages for breach of contract, plus interest pursuant to the relevant Queensland legislation and costs. This claim relates to the non-payment by Subiaco Capital of half of the duty payable under an agreement for the sale of mining assets dated 25 July 2012 under which the Company agreed to purchase and Subiaco Capital agreed to sell two exploration permits for coal numbered 2303 and 2304 (**Agreement**).

The Company has paid the full amount of the duty assessed by the Queensland Commissioner of Stamp Duty (i.e. \$231,112.50) and seeks reimbursement for half of that amount (i.e. \$115,556.25) from Subiaco Capital in accordance with the Queensland Duties Act.

This litigation is ongoing.

DIRECTORS' REPORT (continued)**15. OPTIONS****Unissued Shares under Option**

At the date of this report, there are no options on issue. A total of 4,000,000 options exercisable at \$0.18 on or before 24 May 2016 expired during the year.

Details of Shares Issued During or Since Year End as a Result of Exercise of Options

No shares have been issued during the year or since the year ended 31 March 2017 as a result of the exercise of options. No amounts are unpaid on any of the shares.

16. ENVIRONMENTAL ISSUES

The Company is subject to significant environmental regulation in respect of its exploration activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

17. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 31 March 2017 has been received and can be found on page 36 of the annual report.

18. NON AUDIT SERVICES

During the year, Stantons International Audit and Consulting Pty Ltd did not provide any non-audit services to the Company.

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



Narendra Kumar Nanda
Non-Executive Chairman

17 May 2017

17 May 2017

Board of Directors
Legacy Iron Ore Limited
Level 2
1-5 Havelock Street
West Perth, WA 6005

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 audit of the financial statements of Legacy Iron Ore Limited for the year ended 31 March 2017, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

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



Samir Tirodkar
Director

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Company 31 March 2017 \$	Consolidated 31 March 2016 \$
Revenue	3	162,811	235,020
Compliance and regulatory expenses		(59,209)	(60,180)
Depreciation and amortisation	11	(44,681)	(49,501)
Key management personnel remuneration	4	(527,877)	(618,178)
Employee benefit expense		(203,300)	(238,636)
Exploration expenditure expensed	4	(1,885)	(7,502)
Exploration tenements written off	12	-	(194,535)
Occupancy expenses	4	(266,479)	(277,583)
Legal expenses		(2,680)	(12,091)
Travel expenses		(13,948)	(44,649)
Other expenses		(86,233)	(89,708)
Corporate services	4	(11,603)	(50,836)
Finance expense	4	(10,082)	(12,267)
Loss before income tax		(1,065,166)	(1,420,646)
Income tax	5	-	-
Loss for the year		(1,065,166)	(1,420,646)
Other Comprehensive Income/(Loss)			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets, net of tax	18	(12,575)	226,350
<i>Items that will not be reclassified to profit or loss</i>		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,077,741)	(1,194,296)
Basic (loss) per share	6	(0.07) cents	(0.10) cents

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	Note	31 March 2017 \$	31 March 2016 \$
Assets			
Current Assets			
Cash and Cash Equivalents	9	4,719,189	6,346,123
Other Receivables	10	109,575	129,851
Other Financial Assets	13	533,336	674,812
TOTAL CURRENT ASSETS		5,362,100	7,150,786
Non-Current Assets			
Plant and Equipment	11	44,568	80,105
Exploration and Evaluation Expenditure	12	9,011,359	8,323,372
TOTAL NON CURRENT ASSETS		9,055,927	8,403,477
TOTAL ASSETS		14,418,027	15,554,263
Liabilities			
Current Liabilities			
Trade and Other Payables	14	125,768	105,709
Employee Benefits	15	26,829	14,551
Borrowings	16	-	99,545
TOTAL CURRENT LIABILITIES		152,597	219,805
Non-Current Liabilities			
Employee Benefits	15	8,713	-
TOTAL NON-CURRENT LIABILITIES		8,713	-
TOTAL LIABILITIES		161,310	219,805
NET ASSETS		14,256,717	15,334,458
Equity			
Issued Capital	17	54,626,757	54,626,757
Reserves	18	16,546,398	16,558,973
Accumulated Losses		(56,916,438)	(55,851,272)
TOTAL EQUITY		14,256,717	15,334,458

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Ordinary Share Capital \$	Share Based Payment Reserve \$	Option Premium Reserve \$	Financial Assets Reserve \$	Accumulated Losses \$	Total \$
CONSOLIDATED BALANCE AT 31 MARCH 2015		54,626,757	16,242,084	90,539	-	(54,430,626)	16,528,754
Loss for the year		-	-	-	-	(1,420,646)	(1,420,646)
Other comprehensive income	18	-	-	-	226,350	-	226,350
Total comprehensive income/(loss) for the year		-	-	-	226,350	(1,420,646)	(1,194,296)
Shares issued during the year	17	-	-	-	-	-	-
Transaction costs relating to shares issued	17	-	-	-	-	-	-
BALANCE AT 31 MARCH 2016		54,626,757	16,242,084	90,539	226,350	(55,851,272)	15,334,458
Loss for the year		-	-	-	-	(1,065,166)	(1,065,166)
Other comprehensive (loss)	18	-	-	-	(12,575)	-	(12,575)
Total comprehensive (loss) for the year		-	-	-	(12,575)	(1,065,166)	(1,077,741)
Shares issued during the year	17	-	-	-	-	-	-
Transaction costs relating to shares issued	17	-	-	-	-	-	-
BALANCE AT 31 MARCH 2017		54,626,757	16,242,084	90,539	213,775	(56,916,438)	14,256,717

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Company 31 March 2017 \$	Consolidated 31 March 2016 \$
Cash Flows from Operating Activities			
Receipts from customers		6,028	3,646
Payment to suppliers and employees		(1,115,805)	(1,451,099)
Interest received		165,689	280,933
Finance costs paid		(10,082)	(12,267)
Amounts recovered from former director inclusive of interest	19	-	420,331
<hr/>			
<i>Net cash flows (used in) operating activities</i>	24	(954,170)	(758,456)
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(749,819)	(927,113)
Proceeds from held-to-maturity financial asset		174,000	-
Payment for held-to-maturity financial asset		(46,979)	-
Purchase of fixed assets		(9,492)	-
Receipt of cash call from joint venture participant		59,071	75,975
Proceeds from security deposits		-	(2,132)
<hr/>			
<i>Net cash flows (used in) investing activities</i>		(573,219)	(853,270)
Cash Flows from Financing Activities			
Repayment of finance lease		(99,545)	(37,233)
<hr/>			
<i>Net cash flows (used in) financing activities</i>		(99,545)	(37,233)
<hr/>			
Net (Decrease) in Cash and Cash Equivalents		(1,626,934)	(1,648,959)
Cash and Cash Equivalents at the Beginning of Year		6,346,123	7,995,082
<hr/>			
Cash and Cash Equivalents at the End of Year	9	4,719,189	6,346,123

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is for the financial year of twelve months ended 31 March 2017. Legacy Iron Ore Limited is an entity domiciled in Australia and the address of the registered office is 2nd Floor, 1-5 Havelock Street, West Perth WA 6005. The Company is primarily involved in mineral exploration.

Legacy Iron Ore Limited is a subsidiary company of NMDC Limited, a listed Public Sector Enterprise in India.

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial report is presented in Australian dollars, which is the company's functional currency.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets and share-based payments.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent and all of the subsidiaries. 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 YEAR ENDED 31 MARCH 2017 (continued)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income Tax

The income tax expense/(revenue) for the year comprises current and deferred taxation. Income tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes.

Temporary differences are not provided for where the initial recognition of assets and liabilities affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are as follows:

Computers and software	67%
Equipment	20%
Furniture and fittings	4-34%
Motor Vehicles	25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and Evaluation Expenditure

Mineral tenements are carried at cost, less accumulated impairment losses. Mineral exploration and evaluation is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest or sale of that area of interest, or exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations on or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area of interest are written off in full against profit in the period in which the decision to abandon that area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(e) Leases

Finance Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased assets or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating Leases

Payment made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

(f) Financial Instruments

Initial Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through the profit and loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the Statement of Profit or Loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Available for Sale Financial Assets

Available for sale financial assets represent non-derivative financial assets that are not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor determinable payments. Available for sale financial assets are included in non-current assets, except those which are expected to mature within 12 months after the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. The fair value of trade and other receivables, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method. The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and options pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in the profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at that point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognised the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the Statement of Profit or Loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Equity-Settled Compensation

The Company operates equity-settled share-based payment share and option schemes to Directors and employees. The fair value of the equity to which Directors and employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Binomial or Black and Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(i) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and performance shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(l) Share-Based Payments

The fair value determined at grant date of equity settled share-based payments is treated as the cost of assets acquired or expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. Vesting is not conditional upon a market condition. No asset or expense is recognised for share based payments that do not vest. For cash settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(m) Share Capital and Transaction Costs

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of any tax effects.

(n) Revenue Recognition

Interest income is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to the ATO is included as a current asset or liability.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(p) 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 operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Company's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Company 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 joint operations are set out in note 26.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Fair Value of Assets and Liabilities

The Company 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 Company 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.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company 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 Company 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 Company 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

The Company 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 Company 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.

(r) Critical Accounting Estimates and Judgments

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 12 Exploration and Evaluation Expenditure
- Note 13 Other Financial Assets
- Note 25 Share-Based Payments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Adoption of New and Revised Accounting Standards

The Company has applied the following standards and amendments for first time in their annual reporting period commencing 1 April 2016:

- **AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 2031 Materiality.**

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

(t) New Accounting Standards and Interpretations for Application in Future Years

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018).

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

Following the changes approved by the AASB in December 2014, the Company no longer expects any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities. While the Company has yet to undertake a detailed assessment of the financial instruments classified as available-for-sale financial assets, it would appear that they would satisfy the conditions for classification as available for sale and hence there will be no change to the accounting for these assets.

The new hedging rules would not impact the Company as the Company does not have any hedging arrangements. The new impairment model is an expected credit loss model which may result in the earlier recognition of credit losses. The Company has not yet assessed how its own impairment provisions would be affected by the new rules.

- *AASB 15 Revenue from Contracts with Customers* (applicable for annual reporting period commencing 1 January 2018).

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for good and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial recognition without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

This is unlikely to impact the Company as the Company does not have any revenue from contracts with customers at this stage.

- *AASB 16: Leases applies to annual reporting periods beginning on or after 1 January 2019.*

This Standard supersedes AASB117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, IC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of lease.

Early application of the Standard is permitted provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as AASB 16. The key features of AASB 16 are as follows:

- Leases are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for leases.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

- ***Other standards not yet applicable***

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(u) Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period. Where the Company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

2. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 March 2017 (2016: NIL). There are no franking credits available for use in subsequent reporting periods.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

3. REVENUE

	Company 31 March 2017 \$	Consolidated 31 March 2016 \$
Interest income	155,712	231,374
Other revenue	7,099	3,646
Total Revenue	162,811	235,020

4. LOSS BEFORE INCOME TAX

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

	Company 31 March 2017 \$	Consolidated 31 March 2016 \$
Depreciation of non-current assets	44,681	49,501
Exploration expenditure expensed	1,885	7,502
Exploration tenements written off	-	194,535
Finance expenses	10,082	12,267
Key management personnel remuneration (A)	527,877	618,178
Occupancy expenses	266,479	277,583
Corporate services	11,603	50,836

- (A) Costs of \$91,668 (2016: \$261,677) directly related to exploration efforts are capitalised in exploration and evaluation expenditure.

The wholly controlled subsidiary, Legacy Gold Limited, was wound up and deregistered effective 6 April 2015. The net investment of \$10,128 as on the date of deregistration has been impaired and gain on deregistration of subsidiary amounting to \$10,128 was recognised during the year 2015-16.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

5. INCOME TAX

	Company 31 March 2017 \$	Consolidated 31 March 2016 \$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prime facie tax on loss before income tax is reconciled to income tax benefit as follows:		
Prima facie tax benefit on loss before income tax at 30%	(319,550)	(426,194)
Add / (Less) Tax effect of:		
- Non-deductible items	3,190	1,209
- Unrecognised deferred tax asset attributable to tax losses	316,360	424,985
Income Tax Attributable to the Company	-	-
(c) Deferred Tax Assets and Liabilities		
Deferred tax assets and liabilities are attributable to the following:		
Deferred Tax Liabilities		
Exploration and evaluation expenditure	2,605,578	2,399,181
Interest receivable	17,138	20,133
Total Deferred Tax Liabilities	2,622,716	2,419,314
Deferred Tax Assets		
Accrued expenses	7,622	7,733
Provisions	10,662	4,365
Available for Sale Financial Assets	341,325	337,553
Provision for impairment of loan receivable	60,000	60,000
Capital raising costs	15,928	135,576
Tax losses recognised	2,187,179	1,874,087
Total Deferred Tax Assets	2,622,716	2,419,314
Net Tax Assets/Liabilities	-	-
(d) Tax Losses		

At 31 March 2017, the Company has \$54,063,601 (31 March 2016: \$51,952,854 (revised)) tax losses that are available for offset against future taxable profits of the Company. Amount of tax losses recognised at 31 March 2017 to offset deferred tax liabilities is \$7,290,596 (31 March 2016: \$6,246,957). Amount of unrecognised tax losses at 31 March 2017 is \$46,773,005 (31 March 2016: \$43,845,530).

The potential benefit of carried forward losses will only be obtained if assessable income is derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company providing that:

- (i) the provisions of deductibility imposed by law are complied with; and
- (ii) no change in tax legislation adversely affect the realisation of the benefit from the deductions.

6. LOSS PER SHARE

	Company 31 March 2017	Consolidated 31 March 2016
(a) Basic and diluted loss per share	(0.07) cents	(0.10) cents
(b) Loss used in the calculation of basic and diluted loss per share	(\$1,065,166)	(\$1,420,646)
	No	No
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	1,468,264,157	1,468,264,157

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

(d) Options

The options to subscribe for ordinary shares have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 31 March 2017 and the year ended 31 March 2016. There are no options on issue as at 31 March 2017.

7. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Name and Positions of Key Management Personnel at any time during the financial year are:

Dr Narendra Kumar Nanda	Non- Executive Chairman
Mr Timothy Turner	Non-Executive Director
Mr Devanathan Ramachandran	Non-Executive Director
Mr Devinder Ahluwalia	Non-Executive Director
Dr Tanugula Rama Kishan Rao	Non-Executive Director
Mr Rakesh Gupta	Chief Executive Officer
Mr Ben Donovan	Company Secretary
Mr Viswa Prasad Dheram	Chief Financial Officer

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

Key management personnel remuneration is as follows:

	Company 31 March 2017 \$	Consolidated 31 March 2016 \$
Short-term employee benefits	587,901	828,748
Post-employment benefits	31,644	51,107
Share-based payments	-	-
TOTAL	619,545	879,855

(b) Other Transactions with Key Management Personnel

Refer to Note 19 for details on other transactions with key management personnel.

8. AUDITORS' REMUNERATION

	Company 31 March 2017 \$	Consolidated 31 March 2016 \$
During the year the following fees were expensed for services provided by the auditor of the parent entity:		
- Auditing or reviewing the financial report	26,150	30,204
Total remuneration for assurance services	26,150	30,204

9. CASH AND CASH EQUIVALENTS

	31 March 2017 \$	31 March 2016 \$
Cash at bank and on hand	4,719,189	6,346,123
	4,719,189	6,346,123

The effective interest rate on cash at bank was 2.71% (2016: 2.91%).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

10. OTHER RECEIVABLES

	31 March 2017 \$	31 March 2016 \$
Current		
Loans receivable – unrelated entity (a)	200,000	200,000
Less Provision for impairment	(200,000)	(200,000)
Sundry receivables – unrelated entity (b)	85,099	82,489
Prepayments	24,476	47,362
Total current receivables	109,575	129,851

- (a) The loan receivable from an unrelated entity is current and unsecured. The loan is past due and considered impaired.
- (b) Amounts receivable from unrelated entities are expected to be recovered within normal terms.
- (c) *Fair value, credit risk and risk exposure*
Due to the short term nature of the current receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of receivables mentioned above. Refer further to Note 23.

11. PLANT AND EQUIPMENT

	31 March 2017 \$	31 March 2016 \$
Furniture, fittings and equipment		
At cost	244,431	260,378
Accumulated depreciation	(233,699)	(239,109)
	10,732	21,269
Motor vehicles		
At cost	100,000	100,000
Accumulated depreciation	(66,164)	(41,164)
	33,836	58,836
TOTAL PLANT AND EQUIPMENT	44,568	80,105

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the financial year are set out below:

	Motor Vehicles \$	Furniture, Fittings and Equipment \$	Total \$
31 March 2017			
Net carrying value at 1 April 2016	58,836	21,269	80,105
Additions	-	9,492	9,492
Disposals	-	(348)	(348)
Depreciation	(25,000)	(19,681)	(44,681)
Net Carrying Value at 31 March 2017	33,836	10,732	44,568
31 March 2016			
Net carrying value at 1 April 2015	83,836	45,770	129,606
Additions	-	-	-
Disposals	-	-	-
Depreciation	(25,000)	(24,501)	(49,501)
Net Carrying Value at 31 March 2016	58,836	21,269	80,105

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

12. EXPLORATION AND EVALUATION EXPENDITURE

	31 March 2017 \$	31 March 2016 \$
Non-Current		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	<u>9,011,359</u>	<u>8,323,372</u>
Movement in Carrying Amounts		
Carrying amount at the beginning of the period	8,323,372	7,635,874
Exploration tenements acquired (a)	11,656	-
Exploration expenditure capitalised	742,638	922,140
Less: Recovery of expenditure by Joint operations participant	(66,307)	(40,107)
Less: Exploration written-off on areas to be relinquished	-	(194,535)
Carrying Amount at the End of the Period	<u><u>9,011,359</u></u>	<u><u>8,323,372</u></u>

(a) New tenements applied and pending with Department of Mines and Petroleum.

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

- the continuance of the Company'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 Company'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.

Impairment of Exploration and Evaluation Assets

The Company's accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recovered by successful development of the area of interest or sale or where the exploration and evaluation have not reached a stage which permits a reasonable assessment of the existence of reserves and active or significant operations on or in relation to the area of interest are continuing.

The Company has established inferred/indicated category resources on some of its exploration sites and announced to the market from time to time. The management makes certain estimates as to future events and circumstances while evaluating the exploration assets. Any such estimates and assumptions may change as new information becomes available during the future exploration or otherwise.

The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties.

The Company undertakes at least on an annual basis, a comprehensive review for indicators of impairment of these assets. Should an indicator exist, then the area of interest is tested for impairment. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

In addition, an allocation of the cost associated with exploration of or acquired mineral rights to individual projects was performed during the year. This allocation process required estimates and judgement by management as to the fair value of those projects acquired.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

13. OTHER FINANCIAL ASSETS

	31 March 2017 \$	31 March 2016 \$
Current		
Held-to-maturity financial assets		
- Security Deposits Held (i)	156,086	284,987
Available-for-sale financial assets		
- Shares in listed corporation at fair value – Level 1(ii) (iii)	377,250	389,825
	533,336	674,812
(i) Deposits have been pledged as security for a bank guarantee provided to lessors relating to leases of office premises, lease of motor vehicle and credit card facility.		
(ii) During the period, the movement in the balance is as follows:		
Opening balance 1 April 2016	389,825	163,475
Fair value gain/(loss) on available-for-sale assets reserve	(12,575)	226,350
Closing balance 31 March 2017	377,250	389,825

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

14. TRADE AND OTHER PAYABLES

	31 March 2017 \$	31 March 2016 \$
Current		
Trade payables	21,061	16,871
Sundry payables and accrued expenses	104,707	88,838
	125,768	105,709

Trade payables and sundry payables are non-interest bearing and are normally settled on 45 day terms.

15. EMPLOYEE BENEFITS

	31 March 2017 \$	31 March 2016 \$
Current		
Annual leave	26,829	14,551
Long service leave	-	-
	26,829	14,551
Non-Current		
Long service leave	8,713	-
	8,713	-

	31 March 2017 \$	31 March 2016 \$
Opening balance at 1 April 2016	14,551	59,447
Additional provisions	60,072	32,388
Amount used	(39,081)	(77,284)
Increase in the discounted amount arising because of time and effect of change in discount rate	-	-
Closing balance at 31 March 2017	35,542	14,551

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

16. BORROWINGS

	31 March 2017	31 March 2016
	\$	\$
Current		
Lease liability (i)	-	99,545
	<u>-</u>	<u>99,545</u>

- (i) The lease liability represents amount due on a non-cancellable finance lease entered into by the Company for a motor vehicle with an effective interest rate of 7.89%. The finance lease has been fully repaid during the year.

17. ISSUED CAPITAL

	31 March 2017	31 March 2016
	\$	\$
1,468,264,157 Fully paid ordinary shares (31 March 2016: 1,468,264,157)	54,626,757	54,626,757

	31 March 2017		31 March 2016	
	No	\$	No	\$
(a) Fully Paid Ordinary Shares				
At the Beginning of the Reporting Period	1,468,264,157	54,626,757	1,468,264,157	54,626,757
Shares Issued During the Reporting Period	-	-	-	-
At Reporting Date	<u>1,468,264,157</u>	<u>54,626,757</u>	<u>1,468,264,157</u>	<u>54,626,757</u>

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held irrespective of the amount paid up or credited as paid up, less any amounts which remain unpaid on these shares at the time of the distribution.

At shareholders' meetings each share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

	31 March 2017	31 March 2016
	No	No
(b) Options on Issue		
At the Beginning of the Reporting Period	4,000,000	74,290,000
Movement of Options on Issue During the Reporting Period		
01 April 2015 – Options expired	-	(11,660,000)
23 December 2015 – Options expired	-	(12,430,000)
31 December 2015 – Options expired	-	(46,200,000)
24 May 2016 – Options expired	(4,000,000)	-
At Reporting Date	<u>-</u>	<u>4,000,000</u>

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity. Refer further to Note 25 Share Based Payments for details of options granted, lapsed, exercised and expired.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

17. ISSUED CAPITAL (continued)

(c) Capital Management

The Board as a whole controls the capital of the Company in order to ensure the Company can fund its operations and continue as a going concern. The Directors oversee the risk management strategy.

The Group's capital consists of financial liabilities supported by financial assets. There are no externally imposed capital requirements. The Board effectively manage the Group's capital by assessing the Group's financial risks and responding to changes in these risks and in the market. This strategy is to ensure that there is sufficient cash to meet trade payables and ongoing exploration expenditure commitments. The Group is dependent on its ability to raise capital from the issue of equity from time to time.

18. RESERVES

	31 March 2017	31 March 2016
	\$	\$
Option Premium Reserve (a)	90,539	90,539
Share-Based Payment Reserve (b)	16,242,084	16,242,084
Financial Asset Reserve (c)	213,775	226,350
	16,546,398	16,558,973
(a) Option Premium Reserve		
Balance at the beginning of the reporting period	90,539	90,539
Premiums received from the issue of options	-	-
Less transaction costs relating to option issues	-	-
Balance at the end of the reporting period	90,539	90,539
The option premium reserve is used to recognise premiums paid by option holders, net of transaction costs.		
(b) Share Based Payment Reserve		
Balance at the beginning of the reporting period	16,242,084	16,242,084
Movement during the period	-	-
Balance at the end of the reporting period	16,242,084	16,242,084
Refer to Note 25 for further details on share-based payments.		
(c) Financial Asset Reserve		
Balance at the beginning of the reporting period	226,350	-
Revaluation/(Devaluation), net of tax	(12,575)	226,350
Balance at the end of the reporting period	213,775	226,350

The financial assets reserve records revaluation of Available-for-Sale financial assets.

19. RELATED PARTY TRANSACTIONS

The transactions set out below identify all transactions to related parties of the Company. Where a transaction is identified with an asterisk (*), the transaction was entered into with a related party (Sharon Heng, Managing Director, resigned 31 October 2014) where a benefit was gained without prior disclosure of interests to the Board under section 191 of the Corporations Act, and without any necessary shareholder approvals under section 208 of the Corporations Act. All transactions below without an asterisk (*) are transactions entered into on commercial terms and conditions no more favourable than those available to unrelated parties.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

19. RELATED PARTY TRANSACTIONS (continued)

(a) Parent Entity

The parent entity within the group is Legacy Iron Ore Limited.

(b) Subsidiary

Interest in the previously held subsidiary is set out in Note 27.

(c) Key Management Personnel Remuneration

Details of key management personnel remuneration, shares and options issued to key management personnel and their personally related entities during the year are disclosed in the Remuneration Report section of the Directors' Report.

Other Transactions with Key Management Personnel and Their Personally Related Entities

	Company 31 March 2017 \$	Consolidated 31 March 2016 \$
Provision of accountancy services by Hewitt Turner & Gelevitis, an entity related to Director, Mr Timothy Paul Turner	9,903	36,058
Interest revenue from Ms Sharon Heng	-	17,231
Amount (including interest and expenses) recovered from Ms Heng*	-	420,331
Provision of consultancy services by Raven Resources Pty Ltd/Wirri Wirri Pty Ltd , entities closely related family member of Exploration Manager, Mr Stephen Shelton	-	67,950
Expenses of Ms Sharon Heng paid by the group and reimbursed to the group by Ms Heng *	-	3,382
Outstanding balances arising from these transactions		
Trade and other payables	(17,433)	(22,671)
Employee benefits payable	(115,18)	(1,854)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

20. SEGMENT INFORMATION

Identification of Reportable Segments

The Company 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 Company is managed on the basis of there being two (2) reportable segments being:

- (i) Gold exploration and development in Australia;
- (ii) Iron ore exploration and development in Australia; and

Basis of accounting for purposes of reporting by operating segments:

- (a) Accounting Policies Adopted

Unless otherwise stated, all amounts reported to the Board of Directors, being the Chief Operating Decision Makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the financial statements of the Company.

- (b) Inter-Segment Transactions

There are no inter-segment transactions. Segment assets are clearly identifiable on the basis of their nature. Segment liabilities include trade and other payables.

- (c) Corporate charges, finance costs and interest revenue are not allocated to reporting segments.

Segment Performance	Western Australia Iron Ore	Western Australia Gold	Corporate	Total
31 March 2017	\$	\$	\$	\$
SEGMENT REVENUE	6,028	-	156,783	162,811
SEGMENT NET LOSS BEFORE TAX				
Depreciation	-	-	44,681	44,681
Corporate charges	-	-	1,183,296	1,183,296
Segment profit(+)/ loss(-) before tax	6,028	-	(1,071,194)	(1,065,166)
SEGMENT ASSETS	5,553,233	3,823,721	5,041,073	14,418,027
Segment asset increases/(decreases) for the year:	86,779	576,978	(1,799,993)	(1,136,236)
SEGMENT LIABILITIES	-	-	(161,310)	(161,310)

Segment Performance	Western Australia Iron Ore	Western Australia Gold	Corporate	Total
31 March 2016	\$	\$	\$	\$
SEGMENT REVENUE	3,646	-	231,374	235,020
SEGMENT NET LOSS BEFORE TAX				
Exploration tenements written off	54,412	140,123	-	194,535
Depreciation	-	-	49,501	49,501
Corporate charges	-	-	1,411,630	1,411,630
Segment loss before tax	50,766	140,123	1,229,757	1,420,646
SEGMENT ASSETS	5,466,454	3,246,743	6,841,066	15,554,263
Segment asset increases/(decreases) for the year:	272,460	641,388	(2,235,644)	(1,321,796)
SEGMENT LIABILITIES	-	-	(219,805)	(219,805)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

21. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

22. CAPITAL AND LEASING COMMITMENTS AND CONTINGENCIES

	31 March 2017	31 March 2016
	\$	\$
(a) Lease Commitments		
Commitments in relation to non-cancellable operating leases not recognised as liabilities:		
Within 1 year	123,617	176,166
Later than 1 year but not later than 5 years	190,642	26,522
Later than 5 years	-	-
	<u>314,259</u>	<u>202,688</u>

A new non-cancellable sub-lease has been executed in November 2016 for the new office space, terminating the existing lease, with a fixed term of 3 years with rent payable monthly in advance. The lease does not allow for further subletting of the leased area. Cash deposits of \$113,724 (31 March 2016: \$66,745) have been pledged as security for a bank guarantees provided to the lessors.

(b) Minimum Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Company 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 March 2017	31 March 2016
	\$	\$
Within 1 year	284,539	320,043
Later than 1 year but not later than 5 years	372,203	645,039
Later than 5 years	155,836	206,686
	<u>812,578</u>	<u>1,171,768</u>

If the Company decides to relinquish certain leases and/or does not meet these requirements, assets recognised in the 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.

(c) Finance Lease Commitments

Minimum lease payments

	31 March 2017	31 March 2016
	\$	\$
Within 1 year	-	105,547
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Minimum lease payments	-	105,547
Less future finance charges	-	(6,002)
Present value of minimum lease payments	<u>-</u>	<u>99,545</u>

The finance lease on a motor vehicle has an effective interest rate of 7.89%. A cash deposit of \$174,000 was pledged as security for a bank guarantee provided to the lessor. The finance lease has been fully repaid during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

23. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks, accounts receivable, available for sale assets and accounts payable and loans.

Derivatives are not used by the Company.

(i) Treasury Risk Management

The Board analyses financial risk exposure and evaluates treasury strategies in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

(ii) Financial Risk Exposure and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

Exposure to interest rate arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or fair value of fixed financial instruments. Interest rate risk is managed by the Company only using fixed rates on debt and term deposits. Refer to Note 23(b)(ii) for further details on interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by monitoring forecast and actual cash flows. Trade and other payables have contractual maturities of six (6) months or less.

Price Risk

The Company is exposed to equity securities price risk. This arises from the investments held and classified on the statement of financial position as available for sale. The Company's investment is publicly traded on the Australian Securities Exchange (ASX).

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no other material amounts of collateral held as security at 31 March 2017.

The Board manages credit risk by only depositing cash with Australian Authorised deposit taking institutions. Cash, cash equivalents and held to maturity financial assets have a AA rating.

The Company has not taken out any security or guarantees over loans and other receivables.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

The carrying amount of the Company's financial assets noted below represents the maximum credit exposure:

	31 March 2017	31 March 2016
	\$	\$
Other receivables (i)	85,099	82,489
Receivable – related entities	-	-
Cash and cash equivalents	4,719,189	6,346,123
Held to maturity Financial assets	156,086	284,987
	4,960,374	6,713,599

- (i) In addition to other receivables above is a \$200,000 (31 March 2016: \$200,000) receivable which is considered past due and fully impaired. Refer to Note 10.

23. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial Instruments

(i) Derivative Financial Instruments

Derivative financial instruments are not used by the Company.

(ii) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amount may not reconcile to the Statement of Financial Position.

31 March 2017	Weighted Average Effective Interest Rate %	Floating Interest Rate within 1 Year \$	Fixed Interest Rate Maturing within 1 Year \$	Maturing over 1 year, less than 5 Years \$	Non-Interest Bearing \$	Total \$
Financial Assets						
Cash & cash equivalents	2.71	94,980	4,624,000	-	209	4,719,189
Held to maturity financial assets	2.58	-	153,724	-	2,362	156,086
Loans & receivables		-	-	-	85,099	85,099
Available for Sale Financial Investments		-	-	-	377,250	377,250
		<u>94,980</u>	<u>4,777,724</u>	<u>-</u>	<u>464,919</u>	<u>5,337,624</u>
Financial Liabilities (at Amortised Cost)						
Trade & other payables		-	-	-	125,768	125,768
		<u>-</u>	<u>-</u>	<u>-</u>	<u>125,768</u>	<u>125,768</u>
Net Financial Assets		94,980	4,777,724	-	339,151	5,211,856

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

23. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial Instruments (continued)

(ii) Financial Instrument Composition and Maturity Analysis (continued)

31 March 2016	Weighted Average Effective Interest Rate %	Floating Interest Rate within 1 Year \$	Fixed Interest Rate Maturing within 1 Year \$	Fixed Interest Maturing over 1 year, less than 5 Years \$	Non-Interest Bearing \$	Total \$
Financial Assets						
Cash & cash equivalents	2.91	146,108	6,200,000	-	15	6,346,123
Held to maturity financial assets	2.69	-	280,745	-	4,242	284,987
Loans & receivables Available for Sale		-	-	-	82,489	82,489
Financial Investments		-	-	-	389,825	389,825
		146,108	6,480,745	-	476,571	7,103,424
Financial Liabilities (at Amortised Cost)						
Trade & other payables		-	-	-	105,709	105,709
Borrowings	7.89	-	99,545	-	-	99,545
		-	99,545	-	105,709	205,254
Net Financial Assets		146,108	6,381,200	-	370,862	6,898,170

All trade and sundry payables are expected to be paid in less than 6 months.

(iii) Net Fair Value of Financial Assets and Liabilities

The net fair value of the financial assets and financial liabilities approximates their carrying value. The available for sale financial investment's fair value has been determined using Level 1 inputs, ie quoted prices in active markets. The fair value of these financial assets has been based on the closing quoted bid prices at reporting date, excluding transaction costs.

Cash and cash equivalents, loans and receivables, held to maturity assets and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values. The fair values are determined on the basis of an income approach using a discounted cash flow methodology. Discount rates are based on market interest rates for similar instruments.

(iv) Sensitivity Analysis

Interest Rate Risk

The Group has performed a sensitivity analysis demonstrates the effect on the current period results and equity which could result from a change in this risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

23. FINANCIAL RISK MANAGEMENT (continued)

(iv) Sensitivity Analysis (continued)

Interest Rate Risk (continued)

Interest Rate Sensitivity Analysis

As 31 March 2017, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	(Higher)/Lower 31 March 2017	31 March 2016
	\$	\$
(Increase)/Decrease in loss		
- Increase in interest rate by 100 basis points	47,066	66,266
- Decrease in interest rate by 100 basis points	(47,066)	(66,266)
Change in equity		
- Increase in interest rate by 100 basis points	47,066	66,266
- Decrease in interest rate by 100 basis points	(47,066)	(66,266)

24. CASH FLOW INFORMATION

	Company 31 March 2017	Consolidated 31 March 2016
	\$	\$
(i) Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax		
- Loss from ordinary activities after income tax	(1,065,166)	(1,420,646)
<i>Non-cash flows in loss from ordinary activities</i>		
- Depreciation	44,681	49,501
- Loss on sale of fixed assets	348	-
- Exploration tenements written off	-	194,535
<i>Changes in assets and liabilities</i>		
- Decrease in other receivables	27,062	504,770
- Increase/(decrease) in trade and other payables	17,914	(41,720)
- Increase/(decrease) in employee benefits	20,991	(44,896)
- Increase/(decrease) in finance lease	-	-
Net Cash Outflows from Operating Activities	(954,170)	(758,456)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)**

24. CASH FLOW INFORMATION (continued)

	Company 31 March 2017 \$	Consolidated 31 March 2016 \$
(ii) Non-Cash Financing and Investing Activities	-	-
(iii) Borrowing Facility		
Used	-	99,545
Unused	-	-
Total Facility	-	99,545

25. SHARE-BASED PAYMENTS

During the last two financial periods no options were granted to directors, employees, promoters, vendors, lenders and advisers as part of their remuneration package and/or ongoing support of the Group.

Total amounts arising from share based payment transactions recognised during the year is Nil (previous period Nil).

The number and weighted average exercise prices of share options are as follows:

	31 March 2017		31 March 2016	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of period	\$0.180	4,000,000	\$0.220	74,290,000
Granted during the year	N/A	-	N/A	-
Expired during the year	\$0.180	(4,000,000)	\$0.223	(70,290,000)
Exercised during the year	N/A	-	N/A	-
Outstanding and exercisable at end of year	N/A	-	\$0.180	4,000,000

The weighted average remaining contractual life of options outstanding at year end was Nil years (31 March 2016: 0.148 years).

26. INTERESTS IN JOINT OPERATIONS

The Company has a 60% interest in the following joint operation which was set up with Hawthorn Resources Limited to explore and develop the Mt Bevan exploration tenements in Western Australian. The principal place of business of the joint operation is Australia. Under the Mt Bevan joint venture agreement, Legacy has a 60% direct interest in all of the assets of the joint operation, the revenue generated and the expenses incurred by the joint operation. Legacy is also liable for 60% of any liabilities incurred by the joint operation.

	31 March 2017	31 March 2016
Mt Bevan	60%	60%

The Company's interest in the joint venture is included in the Statement of Financial Position in accordance with the accounting policy described in note 1(r) under the following classifications:

	31 March 2017 \$	31 March 2016 \$
Exploration and evaluation expenditure	5,175,983	5,076,629
Trade and other receivables(+)/payables(-)	(4,524)	(2,711)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

26. INTERESTS IN JOINT OPERATIONS (continued)

Included in the Company commitments (Note 22(b)) are the following commitments in relation to the joint venture:

	31 March 2017	31 March 2016
Minimum Exploration Expenditure Commitments	\$	\$
Not later than 1 year	28,223	33,612
Later the 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	28,223	33,612

The joint venture has no contingent liabilities.

27. SUBSIDIARY

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(a). The principal place of business is also its country of incorporation. Share capital consists solely of ordinary shares which are held directly by the Group.

Name of Subsidiary	Principal Place of Business	Class of shares	Ownership Interest 31 March 2017 %	Ownership Interest 31 March 2016 %
Legacy Gold Limited	Perth, Australia	Ordinary	0%	0%

Legacy Gold Limited was wound up and deregistered effective 6 April 2015.

28. FAIR VALUE MEASUREMENTS

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Available-for-sale financial assets

The Group does not measure any assets or liabilities on a non-recurring basis.

Fair Value Hierarchy

AASB 13: *Fair value measurement* 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 valuations techniques. Valuation techniques would 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 data, the asset or liability is included in Level 3.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

28. FAIR VALUE MEASUREMENTS (continued)

The following table provides the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

31 March 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
Available for sale financial assets				
- Shares in listed companies (Note 13)	377,250	-	-	377,250
Total financial assets recognised at fair value on a recurring basis	377,250	-	-	377,250

31 March 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
Available for sale financial assets				
- Shares in listed companies (Note 13)	389,825	-	-	389,825
Total financial assets recognised at fair value on a recurring basis	389,825	-	-	389,825

29. CONTINGENT LIABILITIES

As per the terms of a sublease executed for the office space rental, Legacy is entitled to a rent concession of \$2,929.79 per month for the term of sublease (being 3 years). This concession will cease to apply and will be refunded to the sublessor if the Company breaches an essential term of the sublease agreement at any time during the tenure of the lease. The Company accounted for a rent concession of \$13,477 till the year end.

DIRECTORS' DECLARATION

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 and:
 - (i) Comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the entity's financial position as at 31 March 2017 and of its performance for the financial year ended on that date; and
- (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; and
- (c) the Directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Financial Officer.

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



Narendra Kumar Nanda
Non-Executive Chairman

17 May 2017

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Legacy Iron Ore Limited (the Company), which comprises the statement of financial position as at 31 March 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 March 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have defined the matter described below to be the key audit matter to be communicated in our report. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matters

How the matter was addressed in the audit

Carrying Value of Exploration and Evaluation Assets

The Company has capitalised exploration and evaluation expenditure totalling \$9,011,359 (refer to Note 12) in terms of the application of the Company's accounting policy for exploration and evaluation expenditure, as set out in Note 2(d).

The capitalised exploration and evaluation is a key audit matter due to:

- The significance of the total balance (62.5% of total assets);
- The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* ("AASB 6"), in light of any indicators of impairment that may be present.

The presence of impairment indicators requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale, or where activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. The capitalisation and deferral of costs requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation may be established.

Accordingly, we have examined documentation in relation to:

- right of tenure of the Company's Mt. Bevan Iron Ore Project, Koongie Park Base Metal-Gold Project and other areas of interest.;
- the ability of the Company to maintain and fund future exploration activities.

Our audit procedures included, amongst others, the following:

- i. Evaluating the Company's accounting policy to recognise exploration and evaluation assets to the criteria in the accounting standard;
- ii. We assessed management's determination of its areas of interest for consistency with the definition in the accounting standard;
- iii. For each area of interest, we assessed the Company's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third party documentation. We also tested for compliance with the conditions such as minimum expenditure requirements, on a sample of licences;
- iv. We tested the additions to exploration and evaluation costs for the year by evaluating a sample of recorded expenditure for consistency to underlying accounting records, the capitalisation requirements of the Company's accounting policy and the requirements of the standard.
- v. We evaluated Company documents for consistency with the intentions for continuing exploration and evaluation activities in certain areas of interest and collaborated with interviews with geologists, chief financial officer and the chief executive officer. The company's documents we evaluated included:
 - Minutes of the board and management
 - Announcements made by the Company to the Australian Securities Exchange
 - Board papers prepared for discussion by the Board
- vi. We obtained and reviewed the directors' assessment of the carrying value of the exploration and evaluation assets, and compared this for consistency with the areas of interest.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 March 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 33 of the directors' report for the year ended 31 March 2017.

In our opinion the Remuneration Report of Legacy Iron Ore Limited for the year ended 31 March 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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



Samir Tirodkar

Director

West Perth, Western Australia

17 May 2017

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of unrestricted equity securities in the Company as at 5 May 2017 were as follows:

Category (Size of Holding)	Shareholders
1-1,000	78
1,001-5,000	69
5,001-10,000	146
10,001-100,000	536
100,001 and over	403
Totals	1,232

The number of shareholdings held in less than a marketable parcel is 856 holders.

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as 5 May 2017:

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. NMDC Limited	1,153,450,796	78.56

Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

There are no options on issue.

ADDITIONAL SHAREHOLDER INFORMATION (continued)**Twenty Largest Share & Option Holders**

The names of the twenty largest ordinary fully paid shareholders as at 5 May 2017 are as follows:

	Holder Name	Number Held	Percentage
1	NMDC LIMITED	1,153,450,796	78.56%
2	DBS VICKERS SECURITIES	18,080,000	1.23%
3	MR ALBAN HORST HASSLINGER	15,000,000	1.02%
4	ARTKING HOLDINGS PTY LTD	8,450,853	0.58%
5	FIRST INVESTMENT PARTNERS	6,995,945	0.48%
6	ELOHIM NOMINEES PTY LTD	5,008,012	0.34%
7	BNP PARIBAS NOMS PTY LTD	4,467,389	0.30%
8	MR CRAIG CHARLES VINEY	4,150,000	0.28%
9	MR BRETT DOUGLAS DOYLE	4,000,000	0.27%
10	SUPER MSJ PTY LTD	4,000,000	0.27%
11	MRS GUANGMEI ZUO	3,528,400	0.24%
12	DR DOMENICO FARAONE & DR VICKI CATHERINE LYNCH	3,501,426	0.24%
13	MR ALBAN HORST HASSLINGER	3,400,000	0.23%
14	MS SUAN CHENG TAN	3,000,000	0.20%
15	MR SANDER SCHAAKE	3,000,000	0.20%
16	LEEJAMES NOMINEES PTY LTD	3,000,000	0.20%
17	HSBC CUSTODY NOMINEES	2,947,000	0.20%
18	CITICORP NOMINEES PTY LIMITED	2,916,162	0.20%
19	MR KALPESH ARVIND PITALE	2,840,432	0.19%
20	NAXOS CORPORATION PTY LTD	2,500,000	0.17%
	TOTAL	1,254,236,415	85.4%

**SCHEDULE OF MINERAL TENEMENTS
AS AT 31 MARCH 2017**

The Company has an interest in the gold rights of the following tenements:

Tenement	Holder/Applicant	Shares Held/Interest	Area Size
Gold			
E80/4220	Legacy Iron Ore Limited	100%	2 Blocks
E80/4221	Legacy Iron Ore Limited	100%	33 Blocks
E31/1034	Legacy Iron Ore Limited	100%	1 Block
E39/1748	Legacy Iron Ore Limited	100%	70 Blocks
M31/0426	Legacy Iron Ore Limited	100%	29 Hectares
E39/1443	Legacy Iron Ore Limited	100%	9 Blocks
P39/5001	Legacy Iron Ore Limited	100%	174 Hectares
P31/5002	Legacy Iron Ore Limited	100%	190 Hectares
P31/5003	Legacy Iron Ore Limited	100%	190 Hectares
P31/5004	Legacy Iron Ore Limited	100%	56 Hectares
P31/5005	Legacy Iron Ore Limited	100%	96 Hectares
P31/5006	Legacy Iron Ore Limited	100%	6 Hectares
P31/5007	Legacy Iron Ore Limited	100%	82 Hectares
M31/0427	Legacy Iron Ore Limited / Cazaly Resources	90% / 10%	91 Hectares
E31/1019	Legacy Iron Ore Limited / Cazaly Resources	90% / 10%	1 Block
E31/1020	Legacy Iron Ore Limited / Cazaly Resources	90% / 10%	1 Block
M31/0107*	Murrin Murrin Holdings / Glenmurrin Pty Ltd	90%	456 Hectares
M31/0229*	Murrin Murrin Holdings / Glenmurrin Pty Ltd	90%	78 Hectares
M31/0230*	Murrin Murrin Holdings / Glenmurrin Pty Ltd	90%	629 Hectares

The Company has an interest in the iron ore rights of the following tenements:

Tenement	Holder/Applicant	Shares Held/Interest	Area Size
Iron Ore			
E29/0510	Legacy Iron Ore Limited / Hawthorn Resources Limited	60% / 40%	59 Blocks

*The Company has a 90% interest in the gold rights of these tenements.

Key to Tenement Schedule

- E - Exploration Licence
- P - Prospecting Licence
- M - Mining Licence

CORPORATE GOVERNANCE STATEMENT

Legacy Iron Ore Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**") third edition, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R	If not, why not		ASX P & R	If not, why not
Recommendation 1.1	✓		Recommendation 4.1		✓
Recommendation 1.2	✓		Recommendation 4.2	✓	
Recommendation 1.3	✓		Recommendation 4.3	✓	
Recommendation 1.4	✓		Recommendation 5.1	✓	
Recommendation 1.5		✓	Recommendation 6.1	✓	
Recommendation 1.6	✓		Recommendation 6.2	✓	Recommendation 1.3
Recommendation 1.7	✓		Recommendation 6.3	✓	
Recommendation 2.1		✓	Recommendation 6.4	✓	
Recommendation 2.2	✓		Recommendation 7.1	✓	
Recommendation 2.3	✓		Recommendation 7.2	✓	
Recommendation 2.4		✓	Recommendation 7.3	✓	
Recommendation 2.5		✓	Recommendation 7.4	✓	
Recommendation 2.6	✓		Recommendation 8.1	✓	
Recommendation 3.1	✓		Recommendation 8.2	✓	

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.legacyiron.com.au, under the section marked Corporate Governance.

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2016/2017 financial period ("**Reporting Period**").

Principle 1 – Lay Solid Foundations for Management and Oversight

Recommendation 1.1: A listed entity should disclose:

- (a) the respective roles and responsibilities of its board and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

CORPORATE GOVERNANCE STATEMENT(Continued)

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Chief Executive Officer and assisting the Chief Executive Officer in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, then directly to the Chair or the lead independent Director, as appropriate.

Recommendation 1.2: A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Disclosure:

The board undertakes a review of the potential candidate and their appropriate skills through a reference of previous positions and industry contacts. The board does not undertake the full checks as recommended.

Full details of each person are announced in the initial appointment announcement and also in the Annual Report. Where a director is seeking election, shareholders are given full details.

Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Disclosure:

Upon joining the Company, each director and senior executive enters into an agreement with the Company which sets out the key terms of their employment and their responsibilities including adhering to all Company policies.

Recommendation 1.4: The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Disclosure:

The Company Secretary advises the board directly on all matters regarding the function of the board, in consultation with any legal advice if so required. The Secretary is responsible for the co-ordinating of all board matters, committee meetings and advice.

Recommendation 1.5: A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or

(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.16

Disclosure: The Company does not qualify under the Act. The Company has a policy of appointing the most suitably qualified person to each position in the Company. Where there is a vacancy in the Company, the most suitable party will be employed.

At present, there is no documented policy of objectives, as positions are selected on the best available candidate.

CORPORATE GOVERNANCE STATEMENT(Continued)

At the date of this report, all senior executive positions, being persons who can influence the direction of the Company, are filled by males.

Recommendation 1.6:

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Chair is responsible for evaluating the board and the various committee members. The Chair holds informal discussions with the board on an ongoing basis, as required. It is envisaged that in the coming period, a more formal process for evaluation will be implemented.

Recommendation 1.7

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Chief Executive Officer is responsible for evaluating the senior executives, and does this by holding informal discussions with the senior executives on an ongoing basis, as required. The Chief Executive Officer also holds a formal review once a year.

Principle 2 – Structure the Board to Add Value**Recommendation 2.1**

The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Disclosure:

As at 31 March 2017, the Nomination Committee consists of 3 members being Mr Nanda, Mr Ahluwalia and Mr Devanathan. Mr Devanathan is considered to be independent, with the other two directors deemed as not independent. Given the size of the Company, the Board considers the make up of the Committee as appropriate. The Committee has a charter setting out the criteria and

CORPORATE GOVERNANCE STATEMENT(Continued)

responsibilities for the selection of new Directors.

The number of times the committee met is outlined in the annual report.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Disclosure:

The skills of each individual director is outlined in the annual report setting out the qualifications and experience of each person.

Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director

Name	Position	Independent
Mr Narendra Kumar Nanda	Non-Executive Chairman	No
Mr D.S. Ahluwalia	Non-Executive Director	No
Dr T.K. Rao	Non-Executive Director	No
Mr Timothy Turner	Non-Executive Director	Yes
Mr Devanathan Ramachandran	Non-Executive Director	Yes

An independent Director is defined as a Non-Executive Director and;

- Is not a substantial shareholder of the Company or an officer of or directly or indirectly associated with a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment;
- Within the past three years has not been a principal of a material professional advisor or a material consultant to the Company or an employee associated with a such a material service provider or advisor; and,
- Does not have a material contractual relationship with the Company other than as a Director of the Company.

Disclosure:

The Board comprises five Directors, with Mr Turner and Mr Devanathan being the two independent directors. The remaining Directors are not independent because Mr Nanda, Mr Ahluwalia, and Dr Rao are nominees of the largest shareholder in the Company. The Board considers that the merits of appointing additional Directors in order to achieve majority independent status are outweighed by the Board's wish to maintain a relatively small Board of five Directors, which the Board believes is adequate having regard to the operations of the Company.

A profile of each Director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent Directors of the Company are Mr Tim Turner and Mr Devanathan Ramachandran. Mr Turner and Mr Ramachandran is independent as they are both Non-Executive Directors who are not a members of management and are free of any material business or other relationship that could

CORPORATE GOVERNANCE STATEMENT(Continued)

interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Group's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Statement of Financial Position items are material if they have a value of more than 10% of net assets.
- Profit and loss items are material if they will have an impact on the current period operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on statement of financial position or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

Disclosure:

As set out above, the Company does not meet this requirement due to the size of the Company.

Recommendation 2.5: The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Disclosure:

The Chair of the Board since December 2011 has been Mr Narendra Kumar Nanda and is a nominated representative of the largest shareholder. He is not deemed to be independent. During the Reporting Period Mr Narendra Kumar Nanda was chair of the Company with the Chief Executive position carried out by Mr Rakesh Gupta.

Recommendation 2.6: A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Disclosure:

Each director is provided with an induction to the Company's assets and business including all policies and procedures. Each director can request appropriate development opportunities which will be considered by the board on each occasion.

If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval for

CORPORATE GOVERNANCE STATEMENT(Continued)

incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Principle 3 – Act ethically and responsibly**Recommendation 3.1**

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Principle 4 – Safeguard Integrity in Financial Reporting**Recommendation 4.1**

The board of a listed entity should:

- (a) have an audit committee which:
 - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - (2) is chaired by an independent director, who is not the chair of the board,and disclose:
 - (3) the charter of the committee;
 - (4) the relevant qualifications and experience of the members of the committee; and
 - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Disclosure:

The Board has established an Audit committee that is structured in accordance with Recommendation 4.1 where possible.

Mr D.S Ahluwlia is the chair of committee along with Mr Turner and Mr Ramachandran. Both Mr Turner and Mr Ramachandran are considered independent, although Mr Ahluwalia is considered non-independent, but is not the chair of the Board.

The Company has adopted an Audit Committee Charter which sets out the responsibilities and role of the Committee and how it reports to the Board.

Details of each of the Director's qualifications are set out in the Directors' Report. The Chairman of the Audit Committee has formal qualifications in the area of accounting, while the other members either have formal qualifications or have industry knowledge and experience and consider themselves to be financially literate. Further, the Company's Audit Committee Charter provides that the Board meet with the external auditor without management present, as required.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Group through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances.

CORPORATE GOVERNANCE STATEMENT(Continued)

The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Audit Committee met twice during the Reporting Period.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Disclosure:

The Chief Executive Officer and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Disclosure:

The Company invites the auditors to attend the AGM and forwards any questions received to the auditors for comment.

Principle 5 – Make Timely and Balanced Disclosure**Recommendation 5.1: Recommendation 5.1**

A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance. The policies also include examples of disclosure requirements and who can communicate with media outlets.

Principle 6 – Respect the Rights of Security Holders**Recommendation 6.1:**

A listed entity should provide information about itself and its governance to investors via its website.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. This includes all relevant information being disclosed on the Company's website.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

CORPORATE GOVERNANCE STATEMENT(Continued)**Disclosure:**

The company welcomes open communication with shareholders.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Disclosure:

A copy is available on the Company's website.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Disclosure:

The Company has an email where shareholders can request to receive all information electronically and offers the same service through its share registry.

Principle 7 – Recognise and Manage Risk

Recommendation 7.1: The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Chief Executive Officer who is responsible for identifying, assessing, monitoring and managing risks. The Chief Executive Officer and the Chief Financial Officer are responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Chief Executive Officer may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;

CORPORATE GOVERNANCE STATEMENT(Continued)

- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Group's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Board has also established an audit and risk committee.

Recommendation 7.2:

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

Disclosure:

Management report to the Board as to the effectiveness of the Company's management of its material business risks via the Audit Committee meetings. In addition at every board meeting, the Board is provided with an update to ensure all relevant risks and systems are in place and working effectively.

Recommendation 7.3: A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Disclosure:

The Company has a Chief Financial Officer which oversees the operations of the Company and sets the required measures for financial management. The Board receives assurances from the Chief Executive Officer and the Chief Financial Officer that the financial accounts are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company has an internal audit committee as outlined above, which then reviews these financial reports in addition to the external auditors.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Disclosure:

The Company is an exploration company and as such has exposure to the risks of the mining industry including commodity prices, environmental risks etc.

Principle 8 – Remunerate Fairly and Responsibly**Recommendation 8.1**

The board of a listed entity should:

- (a) have a remuneration committee which:
 - (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director,and disclose:
 - (3) the charter of the committee;

CORPORATE GOVERNANCE STATEMENT(Continued)

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Disclosure:

The Company has established a Remuneration Committee. The Committee has adopted a formal charter setting out the responsibilities and considerations in determining remuneration of Executives and Non-Executives. The Committee consists of Mr Turner as Chairman, with Mr Ramachandran and Mr Ahluwalia as members. Both Mr Turner and Mr Ramachandran are considered to be independent given they are not employed as an executive or represent a major shareholder. The Board considers the remuneration committee is sufficient given the size of the Board.

The remuneration committee did not meet during the period.

Recommendation 8.2:

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Disclosure:

Non-Executive Directors are remunerated at a fixed fee for their time and their responsibilities to various committees.

The Non-Executive Directors are however eligible to participate in the Company's incentive plan. The Board considers that this is a necessary motivation to attract the highest calibre candidates to the Board at this stage in the Company's operations.

Recommendation 8.3:

A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The Company does not have any equity-based remuneration policies at present.

The Remuneration Committee meets to discuss the employments terms of the Chief Executive Officer and Non-Executive Directors where required, under an adopted Remuneration Committee Charter.

There are no termination or retirement benefits for Non-Executive Directors (other than for superannuation).

Securities Trading Policy

The Company has also established a policy concerning trading in the Company's securities by Directors, senior executives and employees.

The policy includes blackout periods where no trading in Group securities shall take place between:

- (i) Up to and including five (5) weeks prior to the announcement of the annual results, due to be lodged by no later than 30 September of each calendar year;
- (ii) Up to and including five (5) weeks prior to the announcement of the half year results, due to be lodged by no later than 31 March of each calendar year; and

CORPORATE GOVERNANCE STATEMENT(Continued)

- (iii) The last two (2) week period of the months of January, April, July and October prior to the release of the quarterly results for the periods ending 31 December, 31 March, 30 June and 30 September; or
- (iv) as directed in writing by the Company's Board at any time in its sole discretion.

If Directors including the Managing Director wish to trade securities outside the blackout period, they must obtain approval from the Chairman. Employees must obtain the approval of the Managing Director, and the Chairman must obtain the approval of the Board.