



SEPTEMBER 2004 QUARTERLY REPORT

HIGHLIGHTS

Corporate

- Prominent Australian Prospector, Mark Creasy, Joins Forces With Legend
- Focus Moves from Mining to Ore Reserve Extension and Exploration Drilling
- Creasy Group to Invest \$5 Million via Secured Convertible Note
- Original Creasy Agreement Amended to Reflect New Arrangement
- Settlement Scheduled First Week of November
- Cash Balance at 30 September 2004 \$1.26 Million

Gidjee Gold Project

- Legend to Move to Dominant Land Position in Gidjee Greenstone Belt
- Exploration Success at Swan Bitter North
- Gold Production Below Budget at 7,574oz, Revenue \$4.3 Million
- Immediate Review of Operations, Ore Reserves and Mineral Resources
- Major Exploration and Resource Drilling Programmes Imminent, Scaling Back of Underground Mining and Production

1. OVERVIEW

On 15th September, 2004 Legend announced that it had entered into an agreement with the Mark Creasy controlled Gidjee Resources Limited. The Board believes this merger and strategic alliance has the potential to propel the Gidjee Gold Project into one of Australia's major exploration plays and ultimately, a major gold producer.

Following execution of an amended Terms Sheet, formal agreement is scheduled for sign off in the first week of November. A Notice of Meeting, setting out details of the transaction and including an Independent Experts Report, will be finalised shortly and forwarded to all shareholders. The meeting will be held in early December after the statutory notice period.

By acquiring Gidjee Resources and its 2,000km² of tenements surrounding and overlapping with Legend's existing 600km² of ground, the Company will gain control over almost all of the Gidjee greenstone belt which lies between Sandstone and Meekatharra. Legend is now commencing a major exploration effort targeted on extensions of known deposits and discovery of large new orebodies.

Gold production from the Gidgee belt to date is about 1.5 million ounces. Mr Creasy believes it to be under explored, with significant potential for discovery of further large high-grade gold deposits, a view strongly endorsed by Legend's board. Review work by Gidgee Resources has also shown the belt to have significant potential for Canadian-style copper zinc massive sulphide deposits, despite this prospectivity having been largely ignored in the recent past.

Legend has already commenced planning of substantial drilling programmes seeking large mineral deposits across the newly-merged holdings, with the first of the rigs planned to start in mid November.

During the last six weeks since the original 15th September agreement, a detailed review of all operations has been undertaken in conjunction with the acquisition of Gidgee Resources Limited. Following this review, a revised Terms Sheet has been agreed and the new material terms are as follows:

- Legend will issue \$3 million in shares at a price of 4 cents each to acquire all shares in Gidgee Resources Limited, with one free attaching option for each share exercisable at 4 cents on or before 31st May 2009
- The Creasy Group to invest \$5 million into Legend via a convertible note, mainly to repay existing liabilities. The note will be convertible into ordinary shares in Legend at a price of 4 cents each, with one free attaching option for each share exercisable at 4 cents on or before 31st May 2009
- Legend is to raise \$5 million in two tranches, to fund exploration drilling and provide working capital. The first placement of \$1.5 million at 7 cents per share has been completed under the 15% rule, as announced on 23rd September, to sophisticated investor clients of KTM Capital Limited of Sydney
- The second capital raising will now be \$3.5 million, to be completed within 90 days of receiving shareholder approval for the Gidgee Resources transaction.

The Company estimates that upon settlement of the Creasy Agreement in the first week of November, the cash position net of all secured and unsecured creditors will be approximately \$750,000 excluding the further raising of \$3.5 million.

Following the acquisition of Gidgee Resources, Legend will focus on major exploration and resource extension drilling programmes, with the objective of adding significantly to the project's mineral resource and ore reserve base.

Gold production during the quarter has been disappointing at 7,547oz, bringing the year to date total to 34,305oz. Part of the production shortfall is attributable to continuing delays in commencement of Legend's first planned open pits at Specimen Well, Eagles Peak and Toedter, largely due to new Department of Environment legislation introduced in July requiring permits to be granted prior to clearing of native vegetation. Final clearances are still awaited. The remaining production shortfall can be attributed to below budget ore production and grade.

Legend believes that, in order to secure the long-term future of Gidgee as a profitable and growing operation, it needs to scale back mining and production in the short term and focus on building the ore reserve and mineral resource inventory, thus opening up further underground and open pit mining opportunities. A new General Manager, Andrew Law, has been appointed to the Gidgee operation to oversee and manage that process.

Acquisition of the Gidgee Resources ground is an integral part of this strategy, as it allows exploration of almost the entire Gidgee belt for additional areas of mineralisation.

2. GOLD PRODUCTION

Operating statistics for the quarter ending 30 September 2004 are as follows:

Detail	Sept 2004 Qtr	2004 Year to Date	Units
Ore Mined (Swan Bitter u/g)	34,900	136,018	tonnes
Ore Grade	6.54	7.43	g/t Au
Low Grade Stocks drawn	16,821	60,285	tonnes
Ore Grade	1.23	1.07	g/t Au
Ore Processed	49,981	196,308	tonnes
Head Grade (calculated)	4.94	5.65	g/t Au
Recovery	95.4	96.2	%
Gold Produced	7,574	34,305	ounces
Production Cost Statement			
Net Cash Costs	743	480	\$/oz
Inventory Movements	(1)	(1)	\$/oz
Cash Operating Costs	742	481	\$/oz
Depreciation/Amortisation	245	131	\$/oz
Total Production Cost	987	612	\$/oz
<i>Costs are reported to Australian Gold Council Standard</i>			

Underground jumbo development at Swan Bitter continued above budget during the quarter, although it is below budget for the year to date. Six separate areas and up to 13 headings were available for development between July and September 2004.

During July, existing longhole stopes were depleted and the new Algeria, Mali and West Lode stopes were not brought forward into production as quickly as had been planned. During August, these lodes were accessed and stoping of the ore bodies commenced during September. As a result of these delays, considerably less longhole stope ore was mined and treated than planned and gold production was well below the budget of

18,635oz for the quarter.

A further contributing factor was the non-availability of open pit ore during the quarter, with over 2,600 ounces of open pit gold budgeted for production in the September quarter. This resulted largely from the introduction of new Department of Environment legislation early in July 2004, which requires separate permits to be obtained prior to clearing of native vegetation. Although the requisite permits were applied for shortly after the legislation was passed, final approval to proceed has yet to be received and accordingly, open pit production remains on hold.

The 2004 budget forecast has now been revised downwards to 43,500 ounces of gold, which anticipates no contribution of open pit ore during the remainder of the year and a major scale back of production and mining during the December 2004 quarter. The open pit ore was a significant part of the previous production schedule strategy, allowing blending of underground ore from Swan Bitter with the softer open pit oxide material to reduce unit operating costs.

During the September quarter, ore was sourced from separate areas of the Mali and West Lodes, with lesser contributions from Albania, Algeria, Australia, Georgia, Monaco and Tunisia Lodes. The trial of the tele-remote bogger was successfully completed in July.

Reconciliations for 2004 to date show the amount of gold produced to be 12% above the amount predicted from grade control, due largely to the considerable coarse gold content in the ore. Although almost half of the gold won has been recovered from the gravity circuit, this quarter produced only 24% gravity gold due to the lower proportion of stope ore processed.

Mill availability was good for the quarter and remains above forecast at 96% for the year to date. Maintenance shut downs included replacement of the ball mill gearbox and reline of the SAG mill, both of which were successfully completed ahead of schedule.

3. CORPORATE CHANGES

In September, soon after the Gidgee Resources acquisition, Creasy Group nominee Dermot Ryan was appointed as non-executive director. However, on legal advice regarding a potential conflict of interest prior to the Gidgee Resources transaction being approved by Legend shareholders, Mr Ryan subsequently resigned from that position. Mr Ryan has indicated that he will be pleased to consider re-appointment following Legend shareholder approval of the Gidgee Resources acquisition.

Also on 21st September, Legend announced the appointment of Andrew Law as General Manager for Gidgee. Mr Law, a mining engineer with 24 years experience in Africa and Australia, joins Legend from Placer Dome Asia Pacific, Kalgoorlie West Operations.

Subsequent to the end of the reporting period, Andrew Chapman has been appointed as

Company Secretary, replacing Donna Dockerill who has provided invaluable assistance in the change-over of ownership of the Gidgee Gold Project to Legend in December 2003 and in consolidating the new ownership.

4. OPERATIONS REVIEW

Legend commenced a complete review of mining operations at Gidgee following results that were below expectation during the September quarter. This is being carried out by the newly appointed General Manager at Gidgee, together with consultants and senior mine staff. A major scale back of production is being instigated, as recently completed financial modelling shows that high grade primary ore scheduled from the Swan Bitter underground mine can not provide sufficient feed to the mill. Additional oxide feed from the proposed open pit mining, which has been delayed, is required for profitable operation. The Gidgee mill will operate for the remainder of 2004 on an approximately 50% availability basis, nominally for two weeks on/two weeks off but varied as necessary for operational purposes.

Project ore reserves and mineral resources are being re-evaluated as part of the review, as much of the inventory outside of Swan Bitter was estimated and reported prior to Legend's ownership. It is planned to produce a detailed ore reserve and mineral resource statement as part of the December quarterly report.

As part of the scale back exercise, ore reserves at Swan Bitter have been reappraised and at the 30th September 2004 stand at 124,200t at 7.69g/t Au in the proved and probable categories (see table below). Of this, 37,200 tonnes at 7.98g/t Au is scheduled as part of routine mining operations, and a further 87,000 tonnes at 7.56g/t Au would be left in pillars so as not to affect access through the Swan Bitter portal and upper decline areas.

Following the decision to scale back Gidgee production and revise the milling schedule, ore reserves previously reported at Wilsons have been removed from the schedule and reclassified as indicated resources. Results are awaited from on-going studies by consultants and Gidgee mine staff on the potential viability of the previously reported 307,000 ounce indicated and inferred refractory gold resource at Wilsons, 12 kilometres from the plant, under the revised planning for 2005.

Comparison of Previous and New Ore Reserves, Swan Bitter Underground and Wilsons Deposits

Swan Bitter Ore Reserves		31 January 2004		30 September 2004	
	Proved	62,250t	6.5g/t Au	66,009t	8.2g/t Au
	Probable	60,750t	8.8g/t Au	58,191t	7.1g/t Au
	Total	123,000t	7.6g/t Au	124,200t	7.7g/t Au
Wilsons Ore Reserves					
	Probable	475,000t	6.7g/t Au	Nil	

Notes: based on cut-off grade of 3.5g/t Au (Swan Bitter) 5.0g/t Au (Wilsons); A\$550/oz gold price
Swan Bitter reserves include 87,000t at 7.56g/t Au in remnant pillars

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6. SURFACE DRILLING SUCCESS

Deep diamond drilling from surface at Swan Bitter North and Kingfisher North was carried out during the quarter with encouraging results. Further reverse circulation (RC) drilling programmes were completed at Specimen Well, Eagles Peak South and Robin/Kingfisher North. Over 5,014 metres of surface drilling was completed during the reporting period, in 22 holes.

A total of 5 diamond drillholes for 3,189.3 metres was completed at Swan Bitter North, with four holes from the same pad at varying dips and the other hole 100m further south.

Results from the first hole (JDWA243) were extremely encouraging, intercepting a probable northerly strike extension of the Swan Bitter shear system about 330 metres north of current underground workings. The best intercept of **4.80 metres at 8.2g/t gold** at a vertical depth of about 300 metres, is within an area never before drilled at depth.

The second hole (JDWA244) also intersected significant zones of gold mineralisation, particularly in the RC pre-collar in the upper part of the hole. The other three holes intersected variable alteration and veining, with scattered narrow zones of anomalous gold to 9.27g/t, but the geological controls are not understood at this early stage.

Further deep drilling to follow up these encouraging initial holes and better define extensions to the Swan Bitter mineralised system is planned for later this year. Significant results from surface drilling at Swan Bitter North this quarter included:

Hole	East (local grids)	North (local grids)	Hole Depth	From (m)	Interval	Gold Grade (uncut)
Swan Bitter North						
JDWA243	20222	50389	666.4m	260.30	0.55m	10.6g/t
JDWA243				301.60	0.40m	10.7g/t
JDWA243				354.40	4.80m	8.2g/t
JWDA244	20224	50386	696.6m	140.00	13.00m	2.0g/t
JWDA244		includes		149.00	4.00m	4.2g/t
JWDA244		includes		150.00	2.00m	6.9g/t
JWDA247	20222	50386	450.4m	163.80	1.10m	4.9g/t
JWDA247				281.30	1.10m	4.1g/t
JWDA247				393.50	0.90m	9.3g/t

Notes: Dips/azimuth at collars are: JDWA243 (-65/265); JDWA244 (-80/255); JDWA247 (-72/245)
 No estimate of true width is possible as these are widely spaced holes in an area not previously drilled.
 Analyses by 200g Leachwell/AAS, Giddee lab (JWDA243, 247 half core; JWDA244 RC chips/half core)

Two deep diamond holes for 843.1 metres were also completed at Kingfisher North adjacent to the previously defined resource area, successfully intersecting the target structures at up to 150 metres deeper than in previous holes. The best intercept recorded was **2.60 metres at 5.4g/t gold** from 294.70m downhole.

Significant results from Kingfisher North this quarter included:

Hole	East (local grids)	North (local grids)	Hole Depth	From (m)	Interval	Gold Grade (uncut)
Kingfisher North						
JDWA239	4776	10764	321.1m	294.70	2.60m	5.4g/t
JDWA240	4629	10525	522.0m	526.30	1.00m	1.3g/t

Notes: True widths of the Kingfisher North intercepts are estimated to be approximately 70% of the downhole intervals.
Dips/azimuth at collars are: JDWA239 (-70/060); JDWA240 (-76/055)
Analyses by 200g Leachwell/AAS, Gidgee lab (JDWA239, 240, half core)

Drilling of a further 6 deeper RC holes for 796m at Specimen Well has confirmed continuity of the mineral resource, which extends down plunge to the south. The high grade intercept of **2m downhole at 22.4g/t Au** in SWRC096 is below the base of the planned open pit, but indicates good potential for later underground mining and will be followed up with further exploration. Significant results from Specimen Well include:

Hole	East (local grids)	North (local grids)	Hole Depth	From (m)	Interval	Gold Grade (uncut)
Specimen Well						
SWRC096	8280	29020	150m	93	2m	22.4g/t
SWRC098	8315	29040	185m	122	4m	2.4g/t
SWRC099	8296	29060	120m	32	8m	5.5g/t
SWRC099				57	12m	3.0g/t

Notes: Dips/azimuth at collars are all -60/270
True width is approximately 70% of downhole width.
Analyses by 200g Leachwell/AAS, Gidgee lab

Only two of seven planned holes were completed at Eagles Peak South, targeted on extensions of mineralisation intersected previously in EPRC084. The other planned holes were shown by survey to be on a Legend EL application. Significant results include:

Hole	East (local grids)	North (local grids)	Hole Depth	From (m)	Interval	Gold Grade (uncut)
Eagles Peak South						
EPRC093	38350	98375	70m	37	2m	2.9g/t
EPRC093				45	1m	4.7g/t

Notes: Dips/azimuth at collars are all -60/090
True width is approximately 70% of downhole width.
Analyses by 200g Leachwell/AAS, Gidgee lab

Shallow RC drilling of a 500m long and up to 120m wide rotary airblast (RAB) gold anomaly between the Kingfisher and Butcherbird/Swan Bitter pits had previously intersected significant gold mineralisation, near the Robin trial pit. The most significant results from the northern part of the anomaly were **13m at 5.96g/t Au**.

During the Quarter, Legend drilled 1,056m in 7 RC holes to test below this anomalous zone and a similar zone some 200 metres to the south. Strongly foliated mafic volcanics with scattered gold intercepts were recorded, and further drilling is planned following interpretation of structural and geological controls.

7. FIRST OF NEW DRILLING PROGRAMMES FROM NOVEMBER 2004

Detailed planning for major drilling programmes to test targets with potential for large-scale gold mineralisation commenced towards the end of the quarter, following the agreement to acquire Gidgee Resources.

The first of several drill rigs is anticipated to commence mid November, starting with deep RC drilling in the Swan Bitter North area. Other targets have been selected on the basis of detailed structural, geological and geophysical interpretations with priority given to those which have the potential to host significant deposits.

Target generation across the newly-combined tenement holding is being actively pursued by Legend, to provide continuous deep RC drilling, diamond drilling and RAB and aircore drilling programmes over the next six months. Both gold and base metal mineralisation styles have been identified and will be targeted.

8. MUNNI MUNNI JOINT VENTURE (LEGEND 33.33%)

Joint Venture managers East Coast Minerals have advised that a short drilling programme to test for nickel-copper mineralisation was planned to start in October. The targets were defined by airborne electromagnetic (EM) surveys and a follow-up ground EM programme. Results will be reported as soon as they are received.

9. KARRATHA GOLD AND BASE METAL PROJECT, WEST PILBARA

This project covers about 675 square kilometres of the West Pilbara greenstone belt between Karratha, Roebourne and Radio Hill and has significant potential for gold, copper, nickel and other metals. No field work was carried out by Legend during the Quarter, but several proposals relating to potential joint venture are being evaluated.

Murray McDonald Director
29th October, 2004

The information on exploration results and Mineral Resources contained in this report is based on data compiled by consulting geologist Mr Ian Cowden FAusIMM, CPGeo of Iana Pty Ltd. Mr Cowden has appropriate relevant experience to be considered as a Competent Person as defined in the JORC Code 1999 and consents to the inclusion in this report of the information in the form and context in which it appears.