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The Company Announcements Office
ASX Limited

Via E Lodgement

LEGACY STRENGTHENS CAPITAL POSITION TO RETAIN FULL CONTROL OF IRON ORE ASSETS

Emerging iron ore and gold explorer Legacy Iron Ore Limited ("Legacy" or the "Company", ASX: **LCY**, **LCYO**) announced earlier today that interest in a recent placement had strengthened the Company's cash position allowing the Company to retain full control over its prospective iron ore assets. Accordingly, the Company advises that it will not be proceeding with the 50:50 joint venture ("JV") as announced on 23 October 2009.

The purpose of the JV was to ensure that the Company's iron ore tenements ("Tenements") would be developed in a timely manner. The introduction of new capital means that there is no longer a financial incentive for the Company to undertake a JV. The Company can now pursue the development of the iron ore assets whilst still retaining a 100% interest.

The Tenements are in close proximity to BHP, Rio Tinto and FerrAus, where significant iron ore resources have already been identified, and initial field work has shown rock chip assay samples with up to 55.66% Fe (see announcement dated 29 June 2009), confirming the presence of iron mineralisation.

The Company's recent capital injection is welcomed by the Board and will provide for drilling and exploration work on the Tenements.

About Legacy:

Legacy Iron Ore Limited is a progressive West Australian explorer with a broad spread of interests in iron ore and gold. Legacy's projects are located in some of the most prospective regions in the world – iron ore in the Hamersley Basin, and gold in the Eastern Goldfields of Western Australia. The Company has recently intensified both its gold and iron ore programs to fast-track potentially viable mining operations and capitalise on buoyant commodity prices.

Legacy Iron Ore Limited officially listed on the Australian Securities Exchange on 8 July 2008. For more information, visit the website at www.legacyiron.com.au.

Yours faithfully,

LEGACY IRON ORE LIMITED

Ivan Wu
Company Secretary

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Competent Person Attributes:

The Exploration information in this report is based on information compiled by Stephen Shelton who is a member of The Australasian Institute of Geoscientists and a full time employee of Legacy Iron Ore Ltd.. Mr. Shelton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Shelton consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.