IRON ORE LIMITED

(ABN 31 125 010 353)

Interim Financial Report for the Six Month Period Ended 31 December 2011

CONTENTS

DIRECTORS' REPORT

Your Directors present their report on Legacy Iron Ore Limited ("Legacy" or the "Company") for the half year ended 31 December 2011.

1. DIRECTORS

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

Mr Narendra Kumar Nanda (Non-Executive Chairman) - appointed 16 December 2011
Ms Sharon Heng (Executive Director & Managing Director)
Mr Timothy Turner (Non-Executive Chairman) - resigned 16 December 2011 and re-appointed 27 January 2012
Mr John Hebenton (Executive Director) - appointed 12 September 2011 and resigned 16 December 2011
Mr Tao Han (Non-Executive Director) - removed 29 February 2012
Mr Rana Som (Non-Executive Director) - appointed 16 December 2011 and resigned 18 January 2012
Mr Swaminathan Thiagarajan (Non-Executive Director) - appointed 16 December 2011
Mr Subimal Bose (Non-Executive Director) - appointed 18 January 2012

2. COMPANY SECRETARY

Mr Ben Donovan held the position of Company Secretary from 8 July 2011 and up to the date of this report. Mr Ivan Wu held the position of Company Secretary until 8 July 2011.

3. REVIEW OF OPERATIONS

CORPORATE

- **Share Subscription Agreement with NMDC Limited**

In October 2011, Legacy signed a binding Share Subscription Agreement with National Development Corporation Limited ("NMDC"), a Government of India fully owned public enterprise. The agreement, subject to all necessary regulatory, FIRB and shareholder approvals, gives NMDC a 50% interest in the issued equity of Legacy with the placement of A$18.89m. NMDC is a Government of India owned public enterprise and is actively involved in the exploration of a wide range of minerals including iron ore, copper, phosphate, diamonds, tin and other metals, with sales in excess of A$1.2 billion.

On 9 December, NMDC advised that the Foreign Investment Review Board (FIRB) approved their proposed investment in the Company. On 16 December 2011, the shareholders of the Company met and approved the placement of AUD$18.89million by NMDC for a 50% interest in the issued capital and options of the Company.

- **Relocation of Office**

The Company relocated its office to Level 5, Citibank House 37, St Georges Terrace, Perth.

3. REVIEW OF OPERATIONS (continued)

CORPORATE (continued)

- **SpringTree Funding**

  Legacy has continued to receive $300,000 per month under the SpringTree funding agreement. Total funding received to 31 December 2011 is $3,550,000. With the exception of the last $300,000 tranche, all funds have been converted to fully paid ordinary shares. The funding agreement takes the form of a convertible security agreement in respect of the issue of up to AUD$7,600,000 worth of convertible securities over a 24 month period.

  The price at which shares will be issued in the conversions of the convertible securities under the agreement is generally 90% of the average of the daily volume weighted average prices of shares during a specified period prior to the relevant issuance date of the securities. On one occasion only, the conversion price may be 130% of the average of the daily volume weighted average prices of the shares during the 20 trading day period prior to the date of execution of the agreement.

  On 27 January 2012, Legacy terminated this agreement. Refer further to Note 9 of the Financial Statements.

- **Additional Convertible Securities**

  To further strengthen the Company's cash reserves and ensure it can continue to meet its ongoing aggressive drilling and exploration programs, the Company entered into two short term funding agreements with two funds separately managed by founders of SpringTree Global Investors, LLC. This provided the Company with $1,000,000 interest free and unsecured against the Company's assets.

- **Extraordinary General Meeting**

  On 16 December 2011, all resolutions were passed by the shareholders of the Company including the approval of the placement of AUD$18.89million by NMDC for a 50% interest in the issued capital and options of the Company.

3. REVIEW OF OPERATIONS (continued)

CORPORATE (continued)

- **New Board Appointments**

  Following the placement of shares to NMDC and approval by shareholders at the EGM held on 16 December 2011, Mr Rana Som, Mr Narendra Kumar Nanda and Mr Swaminathan Thiagarajan have been appointed Non-Executive Directors. Mr Timothy Turner and Mr John Hebenton have resigned from their Non-Executive Director positions.

  Refer further to Note 9 to the Financial Statements for changes to the Board since 31 December 2011.

- **Mt Bevan Development**

  On 21 December 2011, the Company and Hawthorn Resources Limited ("Hawthorn") signed a term sheet whereby, subject to necessary due diligence, regulatory and shareholder approval, Legacy will acquire a 60% interest in the issued capital of Hawthorn at a cost of $5,000,000 at an issue price of $0.015 in Hawthorn. On 23 January 2012 this term sheet was terminated.

  Legacy has confirmed it is continuing with the previous Joint Venture agreement with Hawthorn whereby Legacy will earn a 60% interest in the Mt Bevan iron ore project after spending $3,500,000.

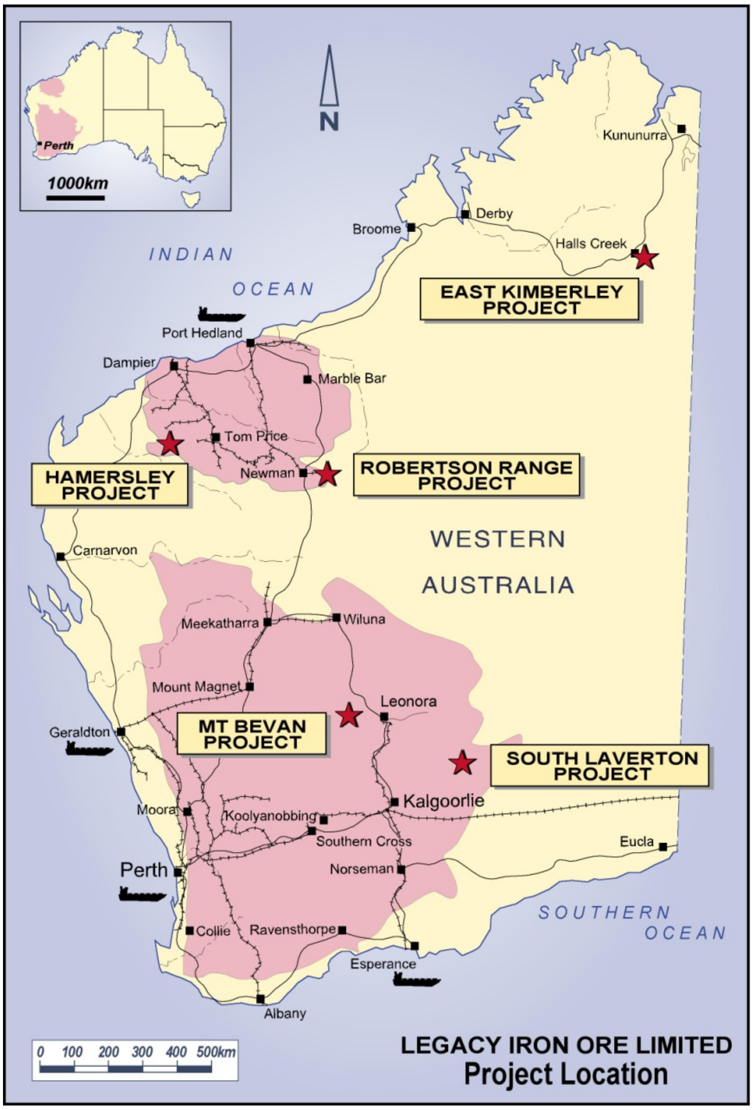
3. REVIEW OF OPERATIONS (continued)

EXPLORATION

OPERATIONS REPORT

IRON ORE

Legacy Iron Ore Limited ("Legacy" or "the Company") operates the Mt Bevan Joint Venture in the Yilgarn of Western Australia where it has recently drilled a major magnetite resource. It also holds two substantial iron ore projects located close to infrastructure in the Pilbara of Western Australia.



Mt Bevan Iron Ore Project

Mt Bevan is the Company's prime focus of exploration and is a joint venture between Legacy and Hawthorn ("Hawthorn") whereby Legacy will earn a 60% interest in the project by expending a minimum of $3.5 million on exploration.

Two phases of drilling has resulted in the definition of a major magnetite resource, independently assessed by SRK Consulting, as shown below.

3. REVIEW OF OPERATIONS (continued)

EXPLORATION (continued)

Mineral Resource Estimate Statement for the Mt Bevan Iron Ore Project as at 1 February 2012, reported at a cut-off grade of Fe>15%

Classification	Tonnes (Bt)	Fe %	SiO2 %	Al2O3 %	CaO %	P %	S %	LOI %
Inferred	2.26	27.58	48.51	4.07	3.09	0.06	0.19	0.35

Mineral Resource Estimate Statement for the Mt Bevan Iron Ore Project as at 1 February 2012, reported at a cut-off grade of Fe>25%

Classification	Tonnes (Bt)	Fe %	SiO2 %	Al2O3 %	CaO %	P %	S %	LOI %
Inferred	1.59	30.2	47.5	2.9	2.6	0.06	0.17	0.23

This magnetite resource takes the form of a single shallowly dipping slab extending over a strike length of 10km, and with a true thickness typically exceeding 100m. Drilling has been to a conservative 300m depth, with mineralisation remaining open at depth.

Extensive DTR and other metallurgical testing has shown excellent results including high weight recovery, relatively coarse grind and predicted low energy costs. The relatively coarse grind and low silica of the resulting concentrate potentially offer the attractive option of producing a normal BF (Blast Furnace) concentrate or a premium DR (Direct Reduction) concentrate.

An 8000m Phase 3 infill drilling program is due to commence in March 2012 to convert part of the JORC Inferred Resource to Indicated category, and to investigate DSO hematite targets on the project.

Pilbara Iron Ore/Manganese Projects

Legacy holds substantial tenements in the Pilbara region close to infrastructure that are highly prospective for iron ore and manganese.

Hamersley Project

The Hamersley Project lies 60km due west of Tom Price in the West Pilbara of Western Australia. The project comprises two Exploration Licences covering an area of some 48 square kilometres. Field programs discovered outcropping CID mineralisation at the Beasley River East prospect with sampling over a 300m strike producing an average assay of 61.1% CaFe with low contaminants. This mineralisation appears comparable in type and grade with the Hamersley Iron Beasley River resource and those defined by Murchison Metals and Ausquest to the south.

Apart from geological reconnaissance work, exploration programs at Hamersley were curtailed due to the priority work at Mt Bevan, and the awaiting of approval from the native title party for RC drilling.

Robertson Range Project

The Robertson Range Project lies 100km-120km east-northeast of Newman in the East Pilbara of Western Australia. The project comprises two granted Exploration Licences covering an area of some 800 square kilometres. The tenements are prospective for iron ore and manganese.

Exploration at the project during the year consisted of drill testing some of the CID (Iron Ore) targets, the flying of heli-magnetic surveys, and conduct of a ground IP survey.

3. REVIEW OF OPERATIONS (continued)

EXPLORATION (continued)

The drilling program successfully intersected alluvial channels containing strongly ferruginous pisolitic and nodular material of presently unknown provenance. The channels, where intersected by fence drilling, were typically up to 200m wide. The iron rich zones showed a vertical (true) thickness of up to 5m, but on average from 1-3m. Further assessment is ongoing.

Significant manganese mineralisation was discovered at the Black Hill prospect, and a follow up IP survey defined a major anomaly that is planned to be drill tested in mid 2012.

The helimag survey outlined several magnetic anomalies associated with the Jim Jim Hills hematite mineralisation, and these are planned to be drill tested in mid 2012.

GOLD

Legacy's major gold focus lies in the South Laverton region, where the Company holds some 560 square kilometres of prospective ground. 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 exceeding 20 million ounces.

Mt Celia

The Mt Celia Project lies within the LTZ some 40km south of the Sunrise Dam gold mine (8 – 12 Moz gold resource).

The Mt Celia Project contains JORC inferred resources of 46,400oz gold at Kangaroo Bore (1.04Mt @ 1.4g/t gold using a 0.7g/t cut-off) and 30,554oz gold at Blue Peter (239,232t @ 3.97 g/t gold using a 1.0g/t cut-off). The project area also contains several poorly explored gold prospects defined by soil and RAB geochemistry.

A 1200m RC drilling program is underway at Blue Peter (March 2012) to test mineralisation at depth.

Stophanis Well Project – Patricia North

The Stophanis Well Project lies in and adjacent to a major deformation zone that hosts significant gold mineralisation. The project area flanks a small internal granitoid stock along strike of the now abandoned Patricia open cut gold mine.

Two phases of RAB drilling were completed at the Patricia North prospect located north along strike of the abandoned Patricia mine. This drilling showed the presence of several extensive mineralised zones and produced ore grade intercepts in still widely spaced RAB drilling at shallow depths. RC drill testing of these zones is planned.

OTHER METALS

East Kimberley Project

The East Kimberley Project tenements are located in the Halls Creek area. The tenements comprise three exploration licences:

Koongie Park – adjoining the Anglo Australian Resources Koongie Park base metal resource and containing similar prospective stratigraphy.

Antrim Plateau – prospective for manganese.

3. REVIEW OF OPERATIONS (continued)

EXPLORATION (continued)

Mt Bradley – adjoining the Hastings (previously Brockman) REE/Niobium resource and containing similar prospective stratigraphy.

Helicopter assisted field work was conducted at the project tenements during the year. Geological mapping and rock chip sampling programs were conducted and further sampling and drill testing is planned for 2012.

Competent Person's Statement:

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

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

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

Sharon Heng
Director

Perth, 15 March 2012

Grant Thornton

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Auditor's Independence Declaration
To The Directors of Legacy Iron Ore Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Legacy Iron Ore Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 15 March 2012

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Half Year 2011 $	Half Year 2010 $
Revenue	24,634	75,600
Compliance and regulatory expenses	(99,414)	(63,057)
Depreciation and amortisation expenses	(34,310)	(29,187)
Key management personnel remuneration	(433,599)	(161,389)
Employee benefits expense	(213,281)	(36,814)
Exploration expenditure expensed	(3,899)	(7,927)
Exploration tenements written off	(84,066)	(201,138)
Administration expenses	(3,450,660)	(483,558)
Commissions expense	-	(210,000)
Finance costs	(77,202)	(5,181)
Share based payments	(1,866,103)	(701,904)
Loss before income tax	(6,237,900)	(1,824,555)
Income tax benefit	-	-
LOSS FOR THE HALF YEAR	(6,237,900)	(1,824,555)
OTHER COMPREHENSIVE LOSS		
Net loss on revaluation of financial assets	(750,000)	-
Other comprehensive loss, net of tax	(750,000)	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR	**(6,987,900)**	**(1,824,555)**
Basic and diluted loss per share	(2.32) cents per share	(1.10) cents per share

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT
31 DECEMBER 2011

	Note	31 December 2011 $	30 June 2011 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		669,576	1,285,161
Trade and Other Receivables	3	574,619	123,965
TOTAL CURRENT ASSETS		1,244,195	1,409,126
NON-CURRENT ASSETS			
Plant and Equipment		118,468	117,410
Exploration and Evaluation Expenditure	4	11,599,237	9,995,587
Available for Sale Financial Assets	5	2,750,000	3,500,000
TOTAL NON-CURRENT ASSETS		14,467,705	13,612,997
TOTAL ASSETS		**15,711,900**	**15,022,123**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		613,355	364,061
Short-Term Provisions		106,354	35,297
Borrowings		1,979,444	322,619
TOTAL CURRENT LIABILITIES		2,699,153	721,977
NON-CURRENT LIABILITIES			
Borrowings		33,606	43,913
TOTAL NON-CURRENT LIABILITIES		33,606	43,913
TOTAL LIABILITIES		**2,732,759**	**765,890**
NET ASSETS		**12,979,141**	**14,256,233**
EQUITY			
Issued Capital	6	22,789,888	20,195,483
Reserves	7	16,672,046	14,305,643
Accumulated Losses		(26,482,793)	(20,244,893)
TOTAL EQUITY		**12,979,141**	**14,256,233**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED
31 DECEMBER 2011

	Ordinary Share Capital $	Share Based Payment Reserve $	Option Premium Reserve $	Financial Assets Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2010	16,157,790	10,778,056	90,539	-	(14,602,618)	12,423,767
Adjustment of an error in the prior period	-	-	-	-	783,751	783,751
Adjusted equity at 1 July 2010	16,157,790	10,778,056	90,539	-	(13,818,867)	13,207,518
Loss attributable to the members of the Company	-	-	-	-	(1,824,555)	(1,824,555)
Total other comprehensive income for the period	-	-	-	-	-	-
Shares issued during the period	2,380,000	-	-	-	-	2,380,000
Transaction costs relating to shares/options issued	(37,567)	-	-	-	-	(37,567)
Recognition as remuneration / consultancy fees of options and performance shares issued	-	621,904	-	-	-	621,904
BALANCE AT 31 DECEMBER 2010	**18,500,223**	**11,399,960**	**90,539**	**-**	**(15,643,422)**	**14,347,300**
BALANCE AT 1 JULY 2011	20,195,483	12,215,104	90,539	2,000,000	(20,244,893)	14,256,233
Loss attributable to the members of the Company	-	-	-	-	(6,237,900)	(6,237,900)
Other comprehensive loss for the period	-	-	-	(750,000)	-	(750,000)
Total other comprehensive loss for the period	-	-	-	(750,000)	(6,237,900)	(6,987,900)
Shares issued during the period	6,963,500	-	-	-	-	6,963,500
Transaction costs relating to shares/options issued	(4,369,095)	-	-	-	-	(4,369,095)
Recognition as remuneration / consultancy fees of options and performance shares issued	-	3,116,403	-	-	-	3,116,403
BALANCE AT 31 DECEMBER 2011	**22,789,888**	**15,331,507**	**90,539**	**1,250,000**	**(26,482,793)**	**12,979,141**

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Half Year 2011 $	Half Year 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	16,656	19,721
Payments to suppliers and employees	(2,021,352)	(995,467)
Interest received	23,719	63,419
Finance costs paid	(11,202)	(4,532)
Net cash flows used in operating activities	(1,992,179)	(916,859)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration and evaluation	(1,698,022)	(894,775)
Payment for purchase of available for sale financial assets	-	(1,500,000)
Proceeds from the sale of fixed assets	5,870	-
Payment for purchase of fixed assets	(46,476)	(9,795)
Net cash flows used in investing activities	(1,738,628)	(2,404,570)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	78,500	2,300,000
Payments for costs of capital raising	(103,795)	(37,568)
Repayment of borrowings	(12,850)	(16,922)
Proceeds from borrowings	353,367	-
Proceeds from the issue of convertible securities	2,800,000	-
Net cash flows from financing activities	3,115,222	2,245,510
Net Increase/(Decrease) in Cash and Cash Equivalents	(615,585)	(1,075,919)
Cash and Cash Equivalents at the Beginning of Half Year	1,285,161	2,624,732
CASH AND CASH EQUIVALENTS AT THE END OF HALF YEAR	**669,576**	**1,548,813**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2011

1. BASIS OF PREPARATION OF HALF YEAR REPORT

These general purpose Financial Statements for the interim half year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134 *Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual Financial Statements of Legacy Iron Ore Limited (the Company). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2011 together with any public announcements made during the half year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual Financial Statements except in relation to the matters discussed below:

New and revised Accounting Requirements Applicable to the Current Half-year Reporting Period

For the half year reporting period to 31 December 2011, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Company. A discussion of these new and revised requirements that are relevant to the Company is provided below:

- **AASB 124: Related Party Disclosure (December 2009)**

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following:

- The definition of a "related party" is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:

  - the definition now identifies a subsidiary and an associate with the same investor as related parties to each other;

  - entities significantly influenced by one person and entities significantly influenced by a close family member of that person are no longer related parties of each other;

  - the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and

  - the definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.

- A partial exemption is provided from the disclosure requirements of government related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a significant impact on the Financial

Statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2011

1. BASIS OF PREPARATION OF HALF YEAR REPORT (continued)

New and revised Accounting Requirements Applicable to the Current Half-year Reporting Period (continued)

- **AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 and AASB 134 and Interpretation 13]**

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards Financial Statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- addition a number of examples to the list of events and transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

Application of the amendments in AASB 2010-4 did not have a significant impact on the Financial Statements of the Group.

- **AASB 1054: Australian Additional Disclosures and AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 223]**

AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

Application of AASB 1054 did not have a significant impact on the Financial Statements of the Company.

2. DIVIDENDS

No dividends have been paid or proposed during the six month period ended 31 December 2011.

3. TRADE AND OTHER RECEIVABLES

Current	31 December 2011 $	30 June 2011 $
Receivable from Director – Sharon Heng	240,000	-
Other receivables	334,619	123,964
Carrying amount at the end of the period	**574,619**	**123,964**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2011 (continued)

4. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2011 $	30 June 2011 $
Non-Current		
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases	**11,599,237**	**9,995,587**
Movement in carrying amounts		
Carrying amount at the beginning of the period	9,995,587	10,649,870
Exploration expenditure capitalised during the period	1,687,716	2,158,863
Less: Exploration written-off on areas to be relinquished	(84,066)	(2,813,146)
Carrying amount at the end of the period	**11,599,237**	**9,995,587**

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.

5. AVAILABLE FOR SALE FINANCIAL ASSETS

Available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. Hawthorn Resources Ltd is listed on the Australian Stock Exchange. Shares were valued as at 31 December 2011.

	31 December 2011 $	30 June 2011 $
Shares at Fair Value:		
Hawthorn Resources Limited	2,750,000	3,500,000
	2,750,000	**3,500,000**
During the half year, the balance movement was as follows:		
Opening balance 1 July 2011	3,500,000	1,500,000
Acquired pursuant to share subscription agreement	-	-
Fair value gain/(loss) on available-for-sale financial assets reserve	(750,000)	2,000,000
Closing balance 31 December 2011	**2,750,000**	**3,500,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (continued)

6. ISSUED CAPITAL

Issues of Ordinary Shares	31 December 2011 No	31 December 2011 $	30 June 2011 No	30 June 2011 $
At beginning of reporting period	229,839,454	20,195,483	180,103,280	18,500,223
Shares issued during the half year (i)	58,523,245	6,963,500	49,736,174	1,763,056
Less: Capital raising costs	-	(4,369,095)	-	(67,796)
At reporting date	**288,362,699**	**22,789,888**	**229,839,454**	**20,195,483**

(i) Shares issued during half year

		31 December 2011 No	31 December 2011 $
14.7.11	Conversion of convertible notes at $0.0909 per share	3,300,330	300,000
16.8.11	Conversion of convertible notes at $0.098 per share	3,006,012	300,000
15.9.11	Conversion of convertible notes at $0.1553 per share	1,931,745	300,000
12.10.11	Issue to corporate advisors at $0.11 per share	18,000,000	1,980,000
14.10.11	Conversion of convertible notes at $0.1066 per share	2,814,259	300,000
16.11.11	Options exercised	785,000	78,500
16.11.11	Conversion of convertible notes at $0.1072 per share	2,798,507	300,000
16.12.11	Conversion of convertible notes at $0.1039 per share	2,887,392	300,000
19.12.11	Issue to corporate advisors at $0.135 per share	23,000,000	3,105,000
		58,523,245	**6,963,500**

7. RESERVES

Share Based Payment Reserve	31 December 2011 $	30 June 2011 $
Balance at beginning of reporting period	12,215,104	11,399,960
Vesting of performance shares granted 7 January 2008	-	399,055
11 February 2011 – 2,900,000 options issued as part consideration for convertible securities agreements	-	181,125
24 May 2011 – 2,000,000 options issued to employees	-	219,964
14 July 2011 – 3,000,000 options issued to Company Secretary	456,240	-
15 September 2011 – 1,600,000 options issued to consultant	194,438	-
16 November 2011 – 23,100,000 options issued to corporate advisors	1,719,163	-
16 November 2011 – 13,000,000 options issued to Director and employee	746,898	-
Vesting of employee option	(336)	15,000
Balance at end of reporting period	**15,331,507**	**12,215,104**

Option Premium Reserve		
Balance at beginning and end of reporting period	**90,539**	**90,539**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2011 (continued)

7. RESERVES (continued)

	31 December 2011	30 June 2011
Financial Asset Reserve	$	$
Balance at beginning of reporting period	2,000,000	-
Revaluation	(750,000)	2,000,000
Balance at end of reporting period	**1,250,000**	**2,000,000**
Total Reserves	**16,672,046**	**14,305,643**

8. 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 2 (two) reportable segments being:

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

The mineral assets held via outright ownership or joint venture are considered 2 (two) business segments being gold and iron ore in Australia.

Segment Performance	*Western Australia Iron Ore*	*Western Australia Gold*	*Total*
	$	*$*	*$*
Six months ended 31 December 2011			
SEGMENT REVENUE	-	-	-
Reconciliation of segment revenue to total company revenue			
Interest revenue	-	-	21,771
Other revenue	-	-	2,863
Total revenue	**-**	**-**	**24,634**
SEGMENT NET LOSS BEFORE TAX			
Exploration tenements written off	-	84,066	84,066
Segment loss	-	84,066	84,066
Reconciliation of segment result to total company loss after tax			
Revenue	-	-	(24,634)
Depreciation	-	-	34,310
Corporate charges	-	-	6,144,158
Total loss before tax		**-**	**6,237,900**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2011 (continued)

8. SEGMENT INFORMATION (continued)

	Western Australia Iron Ore $	Western Australia Gold $	Total $
Six months ended 31 December 2010			
SEGMENT REVENUE	-	-	-
Reconciliation of segment revenue to total company revenue			
Interest revenue	-	-	55,880
Other revenue	-	-	19,720
Total revenue	**-**	**-**	**75,600**
SEGMENT NET LOSS BEFORE TAX			
Exploration tenements written off	201,138	-	201,138
Segment loss	201,138	-	201,138
Reconciliation of segment result to total company loss after tax			
Interest Revenue	-	-	(75,600)
Depreciation	-	-	29,187
Corporate charges	-	-	1,669,830
Total loss before tax	**201,138**	**-**	**1,824,555**

(ii) Segment Assets

Opening balance 30 June 2011	8,046,177	1,949,410	9,995,587
Additions	1,543,087	144,629	1,687,716
Exploration tenements written off	-	(84,066)	(84,066)
Total segment assets at 31 December 2011	9,589,264	2,009,973	11,599,237
Reconciliation of segment assets to company assets			
Unallocated assets:			
Cash and cash equivalents	-	-	669,576
Other receivables	-	-	19,464,619
Plant and equipment	-	-	118,468
Available for sale financial assets	-	-	2,750,000
Total assets at 31 December 2011	**9,589,264**	**2,009,973**	**34,601,900**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (continued)

9. EVENTS SUBSEQUENT TO REPORTING DATE

Issue of Shares to NMDC

Pursuant to the share subscription agreement, Legacy issued 288,362,699 fully paid ordinary shares and 118,890,000 options to NMDC Limited for $18,890,000. This placement was approved by shareholders on 16 December 2011.

Change in Directors

Mr Rana Som resigned from the position of Non-Executive Director on 18 January 2012.
Mr Subimal Bose was appointed Non-Executive Director on 18 January 2012.
Mr Timothy Turner was reappointed Non-Executive Director on 27 January 2012.
Mr Tao Han was removed from the position as Non-Executive Director at the General Meeting of Shareholders held on 29 February 2012.

SpringTree Funding Agreement Terminated

On 27 January 2012, Legacy terminated the convertible securities funding agreement with SpringTree. A termination fee of $75,000 was paid on 14 February 2012.

No other matter or circumstance has arisen since the end of the half year 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.

10. CAPITAL AND LEASING COMMITMENTS AND CONTINGENCIES

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:

Within 1 year	1,298,910	1,136,335
Later than 1 year but not later than 5 years	1,608,905	2,009,246
Later than 5 years	1,432,256	1,491,697
	4,340,071	**4,637,278**

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

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Legacy Iron Ore Limited, 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,* including:

(i) complying with Australian Accounting Standard, AASB 134 Interim Financial Reporting; and

(ii) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the half year ended on that date.

(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.

Sharon Heng
Director

Perth, 15 March 2012

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Independent Auditor's Review Report
To the Members of Legacy Iron Ore Limited

We have reviewed the accompanying half-year financial report of Legacy Iron Ore Limited ("Company"), which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Legacy Iron Ore Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Legacy Iron Ore Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner – Audit & Assurance

Perth, 15 March 2012