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29 January 2009

The Company Announcements Office
ASX Limited

Via E Lodgement

REPORT FOR THE QUARTER ENDED 31 DECEMBER 2008

Please find attached the Company's Quarterly Report Highlights and Appendix 5B for the quarter ended 31 December 2008.

Yours faithfully
LEGACY IRON ORE LIMITED

Ivan Wu
Company Secretary

For more information, please contact:

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COMPANY HIGHLIGHTS

CORPORATE

- During the quarter, the Company completed the non-renounceable right issues at \$0.01 per option to eligible shareholders. A total of 10,155,572 options were received pursuant to the non-renounceable entitlement offer.
- Mr Dan Baldwin was appointed to the position of Exploration Manager effective from 1 December 2008. This key management role will drive the Company's exploration efforts.

Mr Baldwin is a geologist with a Bachelor of Applied Science (Honours) in Geology from the University of Ballarat and has a Graduate Diploma in Business from Curtin University of Technology. He has fourteen years of exploration, mining and project development experience predominantly in gold, in addition to IOCG and uranium in Australia and Canada. His strong expertise in geology and project development will play an integral role in ensuring Legacy Iron Ore capitalise on all opportunities and look to developing viable mining operations

- The Company continues to evaluate investment opportunities in the early definition of iron ore and gold assets in Australia. The current turmoil being experienced in the financial markets has also resulted in an extensive number of opportunities being presented to the Company for assessing and acquiring.

EXPLORATION

Legacy has a multi-pronged exploration focus for gold and iron ore. Our tenements are located in the Kimberley, Pilbara, Gascoyne and Yilgarn regions of Western Australia and the company is in the process of establishing and compiling data over the tenement packages. Legacy is currently looking to capitalise on new opportunities, principally in gold and iron ore.

Robertson Range Iron Project

Situated 20km north of FerrAus and Atlas Iron's mineral tenements where exploration to date has outlined significant iron resources in reportedly Marra Mamba Iron Formation, the Robertson Range Project appears to consist of a large number of block faults that have potential iron mineralisation. Exploration work over this vast project of 390km² east of Newman and covering a strike length of 30km of the north northeast striking Robertson Range has been initiated with the purchase of 2005 Landsat imagery. Interpretation of the imagery is continuing.

One field reconnaissance visit was conducted in the quarter. The team traversed a number of east-west sections through the southern and central parts of the lease.

Studies of the satellite imagery will assist in planning detailed mapping, rock chip sampling and drilling programs over the two mineral tenements.

Hamersley Iron Project

One of the two tenements (E47/1868) in the Hamersley Iron province was granted on the 13 January 2009. The tenements are prospective for goethite-hematite channel iron deposits as tributaries into the significant Beasley River channel iron deposit which abuts the project area (Figure 1). The project is also located 50km west of the Tom Price iron deposits.

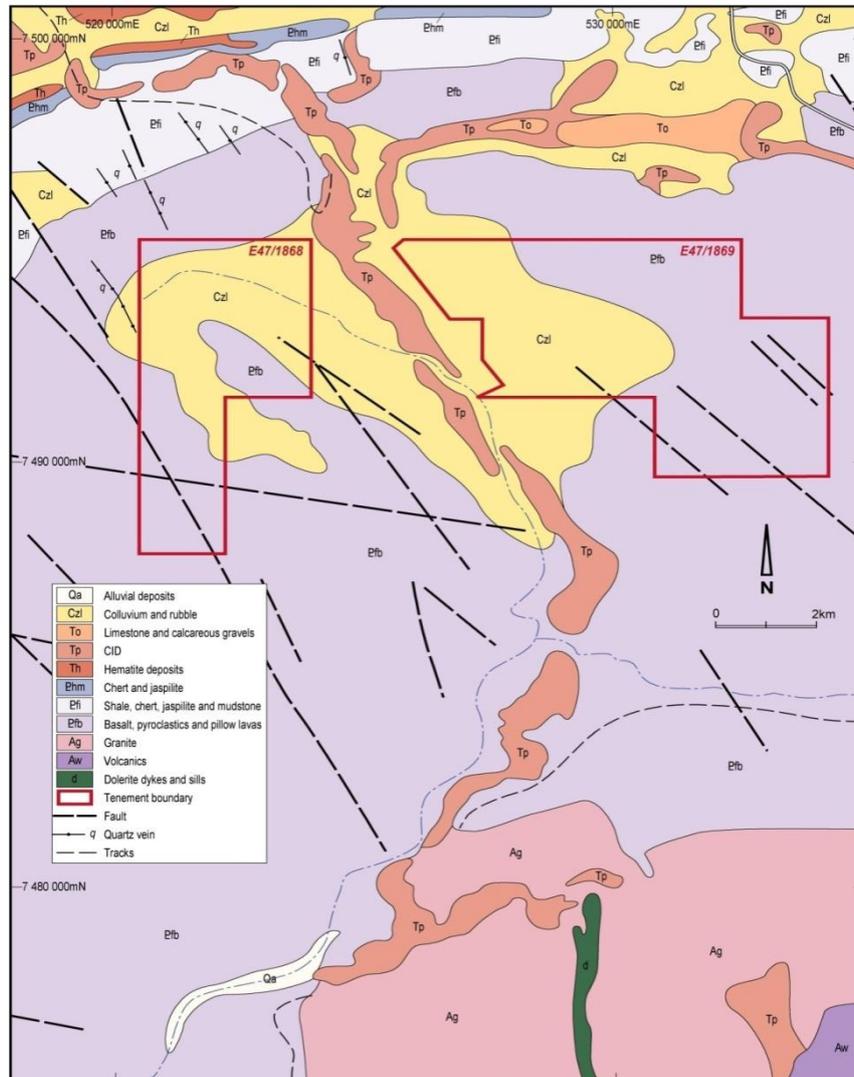


Figure 1: Geological map showing location of Legacy tenements. The Beasley River channel iron deposit (Tp) abuts the two tenements.

Exploration on the Hamersley Project during the quarter included a review of Quickbird satellite imagery covering the entire project area of 45km². Studies of the satellite imagery have defined ten iron rich targets on the tenement, some under shallow colluvial cover. These targets (highlighted in blue – Figure 2) are proximal to Beasley River channel iron deposit and have potential as iron rich tributaries. Publicly available aero-magnetic and radiometric geophysical surveys were acquired late in the quarter. This will assist in planning detailed mapping, rock chip sampling and drilling programs over the two mineral tenements.

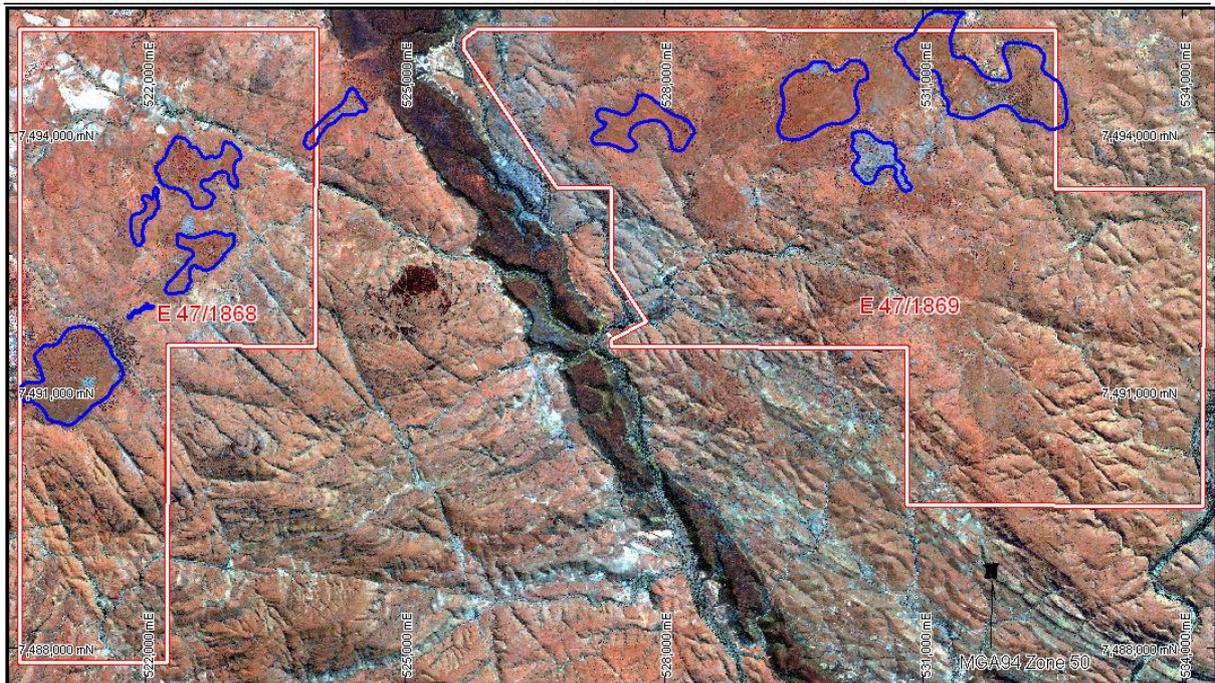


Figure 2: Quickbird Pan sharpened 321 satellite imagery with iron ore exploration targets (blue). The Beasley River channel iron deposit is the prominent diagonal feature between the two tenements.

Kimberley Iron Project

The mineral tenements which incorporate the Kimberley Iron Project lie east and west of Halls Creek. Extensive bedded ferruginous sedimentary sequences occur in the area, notably at Hardman Range, and hence the tenements are prospective for channel iron deposits. Exploration is planned to outline potential areas for goethite-hematite channel iron deposits.

A review and compilation of existing data was conducted during the quarter. A broad geochemical survey completed by CRA Exploration in 1993 covering our Hardman Range tenement (E80/3711) was located. This geochemical data set will be used to determine prospectivity on the tenement.

Ruby Queen Gold Project

This large tenement encompassing the Ruby Queen Project and covering 69km² is located 27km south southeast of Halls Creek. The project area is near to and along strike from the Ruby Queen and Palm Springs gold mines and contains multiple quartz vein systems. The prospective Ruby Queen Shear Zone – which is associated with the host rocks of the gold deposits at the Ruby Queen mine – traverses the entire length of the Ruby Queen Project for 21km.

Consistent with the prospectus, the team has reviewed most of the available historical reports over the tenement package and is the process of collating this data into a GIS database. In parallel, Legacy acquired Landsat and high resolution Quickbird satellite imagery. Processing of the imagery and Landsat ratios by Earthscan in West Perth has identified nine alteration target zones with mixed argillic mineral signatures (Figure 3). These

target zones sit within the Halls Creek Fault corridor, a major fault complex with multiple and sinuous splay faults. The imagery has also bolstered our geological interpretation of the area.

Broad spaced government aeromagnetic and radiometrics have also been acquired over the tenement package. Numerous rock chips and stream sediment samples have been taken over the tenement by previous explorers. The results of this compilation exercise and integration into a GIS platform will be reported in the following quarter.

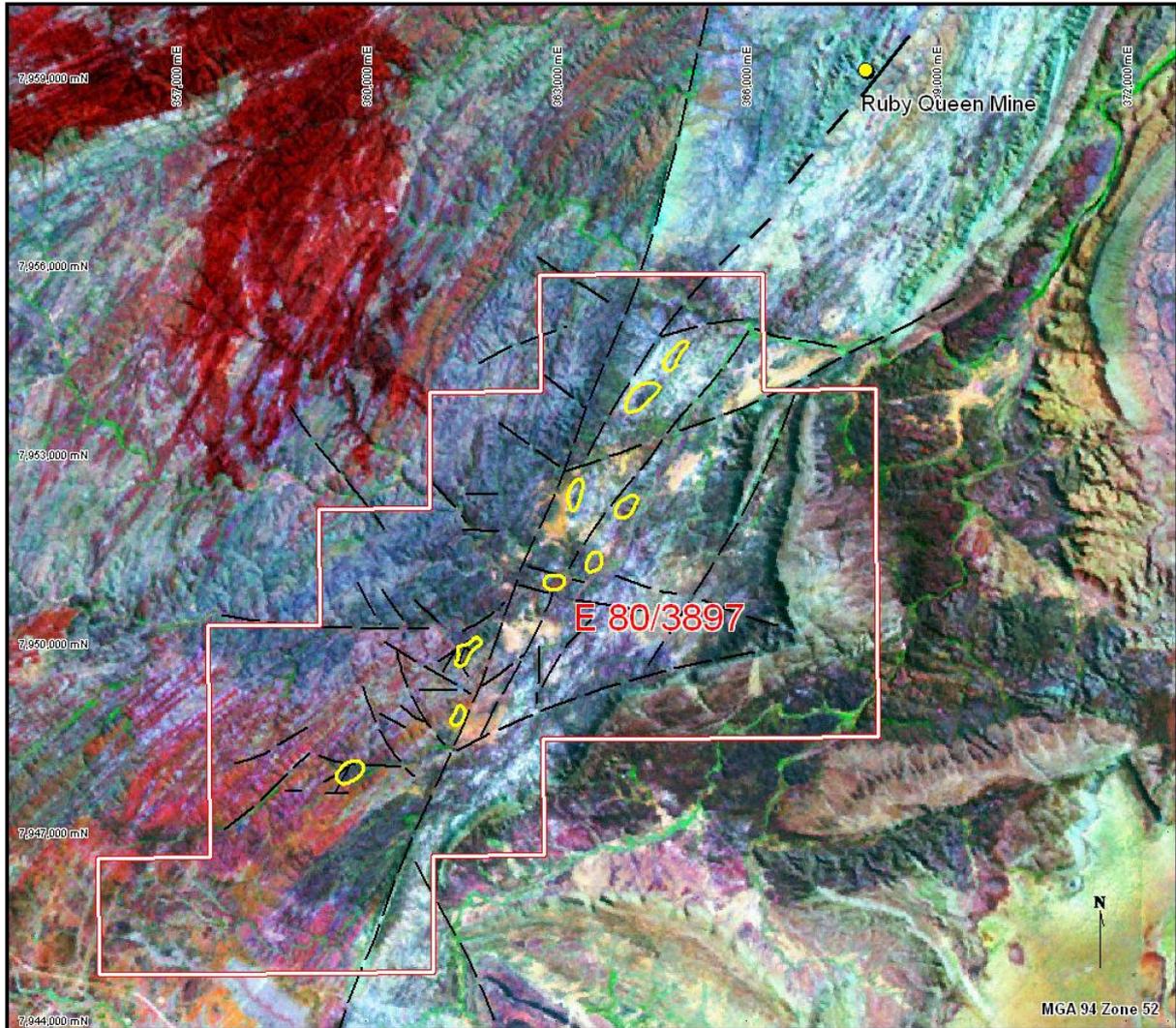


Figure 3: Landsat 742 satellite imagery with alteration targets (yellow).

Marymia Gold Project

The Marymia Project is prospective for gold deposits as the tenement's area occurs along strike from the major Plutonic gold deposit which contains an estimated 2.93Mozs of gold. A regional wedge of Archaean mafic-ultramafic rocks forms part of the geology of the project area and these rocks have significant gold potential.

Legacy has advanced this project with historical data review. The lease package has significant RAB drilling and soil geochemistry covering the prospective lithologies. Data is currently being entered to evaluate the exploration potential further. Legacy has also

acquired low terrain clearance 25m spaced aeromagnetic and radiometric surveys over the entire Plutonic-Marymia greenstone belt.

Once the data compilation is complete, a full evaluation of the gold potential on the tenement will be conducted.

Pilbara Gold Project

Located 38km southeast of Whim Creek, the Pilbara Gold Project consists of two mineral tenements with the 120m high Quartz Hill at its centre. The area is part of the Pilbara Well greenstone belt which is very prospective for gold mineralisation. Exploration involving structural mapping for fault zones – Quartz Hill appears to lie on one major fault zone – is planned.

Mount Phillips Gold Project

The geology at the Mount Phillips Project comprises a prospective auriferous contact between the northern basic schists of the Bassit Belt and the southern granites of the Minnie Creek Batholith. Exploration to evaluate the gold potential along this contact zone is planned.

Project Review

Legacy has evaluated numerous projects during the quarter in Tasmania and Western Australia covering gold and iron ore. The company is looking at capitalising on acquisition opportunities.

Yours faithfully

LEGACY IRON ORE LIMITED

Sharon Heng
Chief Executive

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Competent Persons Attributes:

The Exploration information in this report is based on information compiled by D Baldwin and G Whitfield who is a member of The Australasian Institute of Mining and Metallurgy. Mr. Whitfield 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. Whitfield consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

LEGACY IRON ORE LIMITED



ABN

31 125 010 353

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter 31 Dec 2008	Year to date (6 months) 31 Dec 2008
	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(235)	(414)
(b) development	-	-
(c) production	-	-
(d) administration	(355)	(907)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	78	99
1.5 Interest and other costs of finance paid	(4)	(7)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(516)	(1,229)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	(180)
(b) equity investments	-	-
(c) other fixed assets	(40)	(40)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(40)	(220)
1.13 Total operating and investing cash flows (carried forward)	(556)	(1,449)

	Current quarter \$A'000	Year to date \$A'000
1.13 Total operating and investing cash flows (brought forward)	(556)	(1,449)
Cash flows related to financing activities		
1.14 Proceeds from application for options	102	102
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	(7)	(11)
1.18 Dividends paid	-	-
1.19 Payments for capital raising costs	(45)	(569)
Net financing cash flows	50	(478)
Net increase (decrease) in cash held	(506)	(1,927)
1.20 Cash at beginning of quarter/year to date	2,735	4,156
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	2,229	2,229

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	262,670
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$135,483 payment for executive and non-executive directors fees and salaries;
\$93,623 payment for management fees to entity related to executive director; and
\$33,564 payment for accounting fees to entity related to non-executive director.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

Financing facilities available*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	147	147
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	245
4.2 Development	-
Total	245

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,229	2,735
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,229	2,735

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	86,620,001	18,090,001		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -		
7.5 *Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -		
7.7 Options <i>(description and conversion factor)</i>	38,155,572 28,000,000	10,155,572 -	<i>Exercise price</i> 25 cents 25 cents	<i>Expiry date</i> 7 January 2012 7 January 2013
7.8 Issued during quarter	10,155,572	10,155,572	25 cents	7 January 2012
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: _____
(Director/Company Secretary)

Date: 29 January 2009

Print name: **Ivan Wu**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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