

LEGACY IRON ORE LIMITED(LCY) UPDATE

Mt Bevan maiden JORC Inferred Resource of 617 Mt at 32.1% Fe.

DIRECTORS

Timothy Turner, Non-Executive Chairman
 Sharon Heng, Director Chief Executive Officer
 Tao Han, Non-Executive Director

MARKET DATA

ASX Code: LCY
 Current Price: \$0.11
 52 week Share Price Range: \$0.078 - \$0.20
 Market Capitalisation: \$25.3 million

CAPITAL STRUCTURE

Shares on Issue: 229.8 million
 Unlisted Options: 44.9 million
 Convertible Notes: 72.9 million

FINANCIAL SUMMARY

	Dec 2010	Mar 2011
Cash Assets	1.5	1.7
Def. Explor. Costs	11.3	11.6
Total Assets	14.6	14.6
Debt	-	-

MAJOR SHAREHOLDERS

Sharon Kia Le Heng 19.1%
 Wealth Forever Limited 9.6%
 SHKIA Holdings Pty Ltd 9.2%

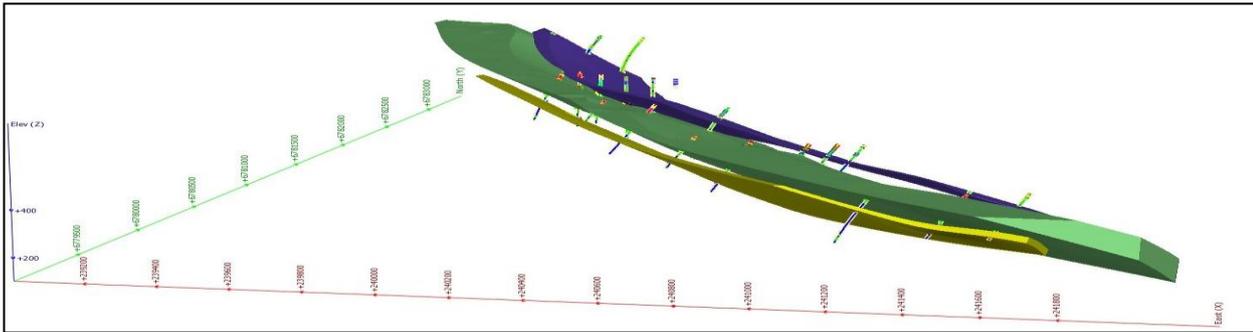
SENIOR ANALYST

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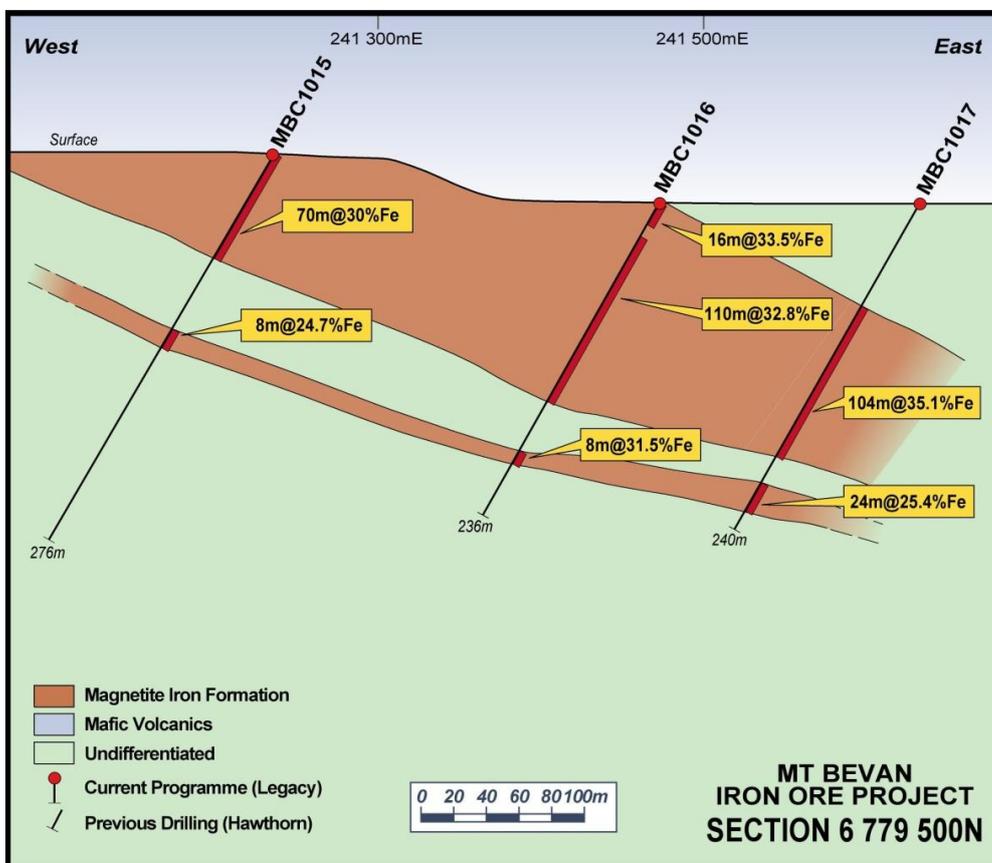
June 2011

KEY POINTS

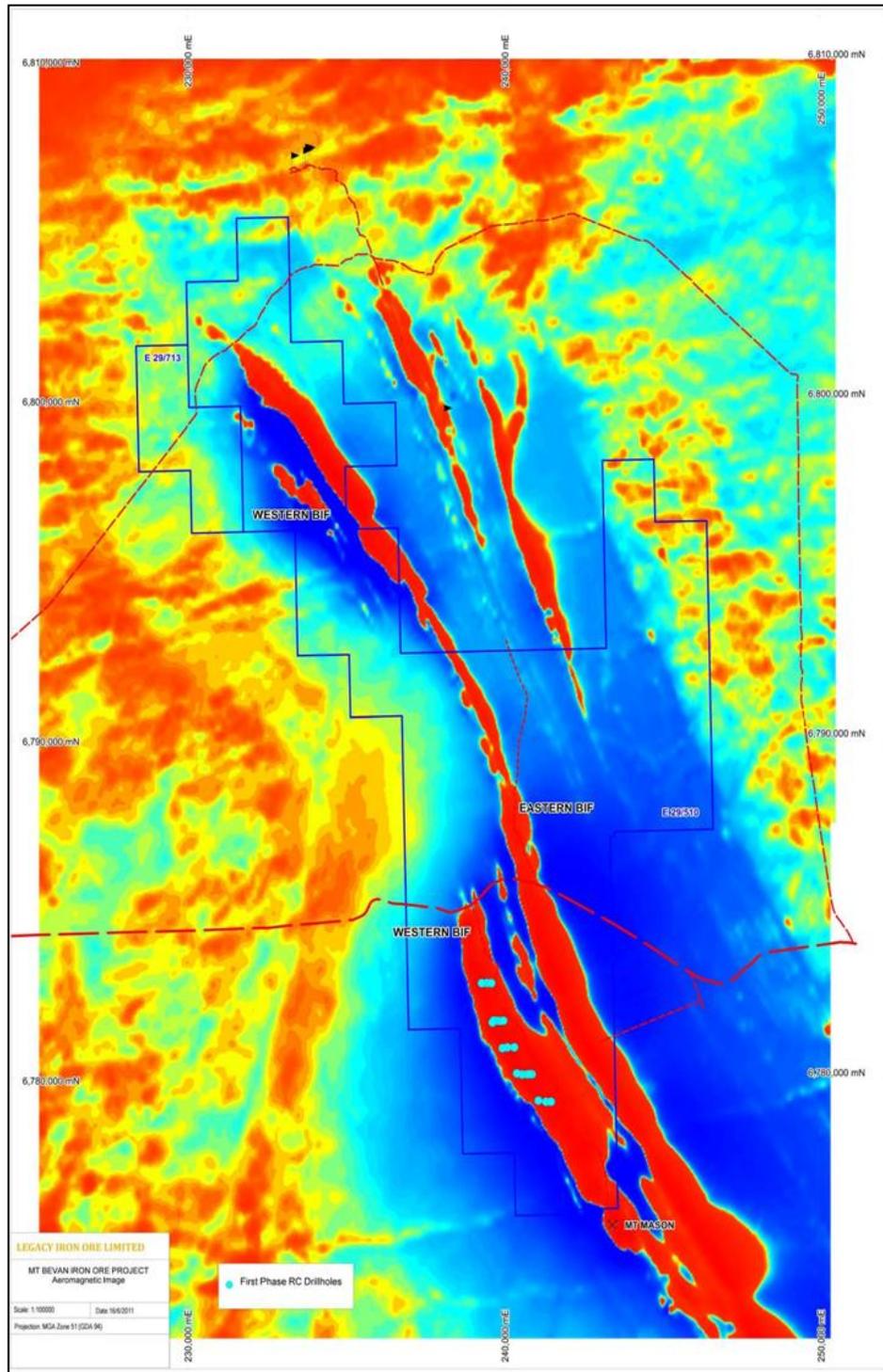
- LCY has announced a maiden Mt Bevan project JORC Inferred Resource estimate, by SKR Consulting, of 617 million tonnes magnetite ore at a grade of 32.1 % using a cut off grade of 15% following completion of phase 1,5000m drilling program, assay and DTR (weight recovery) test results.
- Exploration target of 1.5 – 2.0 billion tonnes magnetite grading 30-40% considered to exist within the Western BIF target zone. Potential also exists for definition of shallow detrital and DSO hematite iron ore.
- Resource covers only 40% of strike with next phase drilling planned for August 2011 to extend the resource north and south and test the area bordering Jupiter Limited's Mt Mason DSO hematite project.
- Preliminary Davis Tube Recovery (DTR) tests averaging 45.6% weight recovery and a concentrate grade of 71.4% Fe. With low silica, phosphorus and sulphur.
- On 24 May 2011 LCY announced an MOU which subject to FIRB and shareholder approval will allow National Mineral Development Corporation Limited (NMDC) to acquire up to 50% of LCY by subscription for new shares at an agreed price. Negotiation of the MOU and an Independent valuation are now proceeding with further shareholder announcements expected early August



Mt Bevan first phase drilling – model of magnetite mineralised units with drillholes viewed to northeast. Main unit (green) averages circa 100m + true thickness. Thinner hangingwall and footwall mineralised units shown (purple and yellow).



Drill Section Line 3.



Aeromagnetic image showing magnetite bearing BIF units (in red) and first phase drill holes.

INVESTMENT PROPOSITION

Results of first phase drilling at Mt Bevan confirm that LCY has an exciting and potentially very big magnetite project with initial expectations exceeded and target resource increased by 25% to 2 billion tonnes. With further drilling within its earn in commitment (60% for \$3.5 million to pre feasibility) and with a major cornerstone investor in NMDC, LCY will command strong market attention. Mt Bevan also sits adjoining Jupiter Limited's Mt Ida (DSO ore) and Mt Mason magnetite projects.

While we expect that the introduction of NMDC to the LCY register will have substantial positive impact on the Company's future activities and performance, assessment of the degree of impact is difficult until details of a definitive agreement resultant from the MOU are released. We note that NMDC's diversified resources strategy, position in the Indian iron and steel industry and expertise in commercialising several high grade iron ore mines in India with total resources in excess of 1.2 billion tonnes currently producing 30Mt pa, clearly provide significant advantages to LCY in addition to the expected cash injection. We continue to follow the agreement process and we understand that the agreement will be announced to shareholders by early August. We note that any agreement is subject to a FIRB decision and shareholder meeting.

With LCY identifying exploration potential of a further 1.5bn to 2bn tonnes in the Western zone, planning is underway for a further phase of Mt Bevan drilling (August 2011) to extend further north and south of the phase 1 drilled area, including the area adjoining the Jupiter Limited Mt Mason project. Additional drilling will lead to the potential expansion and upgrade of the current JORC resource, which will have the potential to quickly elevate LCY from explorer to pre development feasibility with significant upside.

Mt Bevan is strategically located adjacent to the Jupiter Mines Limited's Mt Ida magnetite project, which in January 2011 announced a maiden Inferred Resource of 530 Mt at 31.9% Fe, also Mt Mason with 5.75Mt at 59.9% Fe Hematite. Jupiter, Chaired by Brian Gilbertson (ex BHP Billiton) and very well funded, with significant Chinese investment, is moving to further expand its resource and has announced commencement of development Feasibility Study of its \$1.6B Mt Ida project and is currently capitalised at \$950million.

The February 2011 funding agreement reached with SpringTree Special Opportunities Fund placed LCY in a financially strong position allowing it to capitalise on any early exploration success and thereby achieve its strategic objectives in iron ore at Mt Bevan and gold at the Mt Celia Projects. We however, now believe that this opportunity will be overtaken once the agreement with NMDC is complete.

EVENT

LCY announcement 20 June 2011, a 617 million tonnes at 32.1%. Initial JORC Inferred Resource estimate calculated by SKR Consultants. The resource only covers some 40% of strike of the Banded Iron Formation (BIF) ore target area (making a total of 4.6 km of effective strike length tested to date). The 20 hole program has been drilled on 5 drill lines (fences) approximately 1km apart along strike, all holes intersected shallow dipping magnetite bearing (approx 80 -140m true thickness) BIF units showing strong continuity between lines.

LCY announcement on 24 May 2011 the signing of an MOU with NMDC which subject to final agreement, FIRB and shareholder approvals will see NMDC issued with up to 50% of LCY in return for an equity injection based on an independent valuation currently being undertaken. LCY are obligated to call a shareholder approval meeting within 28 days of signing a final agreement with NMDC.

NMDC an Indian Government public enterprise under the Ministry of Steel is an active explorer and producer 2009/10 sales AUD 1.2 billion, assets AUD 3.2 billion, producing 30 million tonnes of iron ore per year and is India's largest iron ore producer. NMDC is also involved in copper, phosphate, diamonds, tin and coal exploration.

COMMENT

LCY has established a significant resource at Mt Bevan and on completing its earn in obligations should emerge as a lead player in the Central Yilgarn's iron ore development.

Legacy has achieved recognition from the giant Indian market place hungry for resources and eager to invest particularly where potentially large resource commodities are available for Indian domestic consumption. While we expect to see more examples of the style of investment now evolving between LCY and NMDC, the opportunity for LCY shareholders to participate appears to have significant upside. When completed, the proposed agreement with NMDC will, we believe, provide LCY with

significant impetus, financial and technical resources to further explore and to develop to production a diversified resource portfolio. NMDC have also indicated an intention to use LCY as a vehicle to further expand and acquire additional complimentary resource projects.

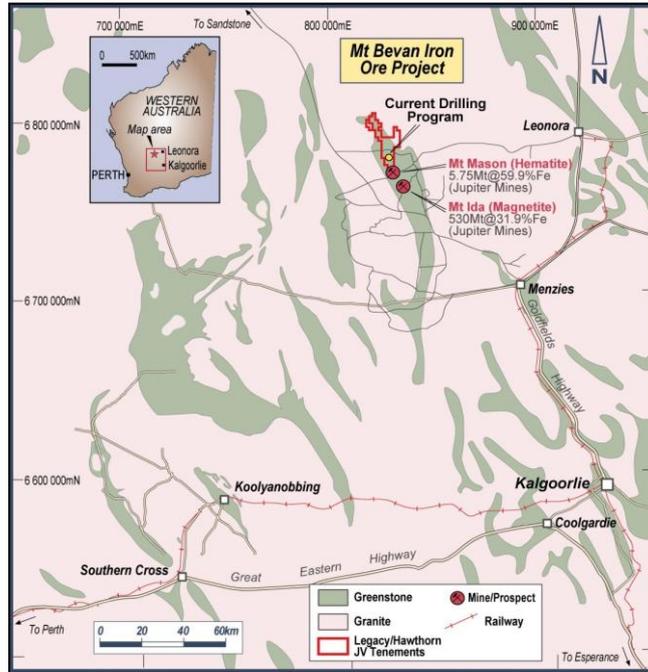
Strong Asian, particularly Chinese and Indian demand for quality magnetite continues to fuel the competition to secure access to resource and potential production that the LCY/HAW JV may establish at Mt Bevan. Focusing on the Mt Bevan joint venture in the increasingly recognised Yilgarn iron ore province has already attracted greater attention and we believe a market re-rating.

The Central Yilgarn region is seeing significant iron ore development activity with Jupiter, Fairstar, Cazaly and other Members of the Yilgarn Iron Ore Producers Association (YIPA) as is LCY. This area, unlike the Mid-West of WA, has access to infrastructure, rail, and Port (Esperance) that whilst in need of expansion or upgrade, can be achieved with relatively lower budgets and a shorter timeframe.

Legacy also expects to reach key resource development milestones at its two leading gold projects at Mt Celia, which will contribute substantially to the Company's value. The Company is considering production alternatives to generate early cash flows including toll treatment of ore at existing regional facilities.

MT BEVAN IRON ORE PROJECT E29/210 & E29/713

- LCY earning 60% from Hawthorn Resources Limited (HAW) by expending \$3.5 million to develop the Project to pre-feasibility status by 31 December 2012.
- LCY holds 250,000,000 Hawthorn (ASX: HAW) shares, representing over 18% shareholding (including holdings under the Co-Operation Deed).
- Mt Bevan tenements are located 100 km West of Leonora in the Central Yilgarn region of WA with 25km of Banded Iron Formation strike extending from the adjoining South East location of Jupiter Mines Limited's Mt Ida/Mt Mason iron ore Resource (530Mt @ 31.94% Fe). 5 km of at least 11 km BIF horizon that extends beyond LCY ground to the Mt Ida, Jupiter resource area.
- The recently completed 5,000m drilling program follows previous reconnaissance drilling that encountered magnetite mineralisation hosted within the Banded Iron Formation (BIF). This current drilling, tested only some 30% of the prospective BIF stratigraphy, with LCY targeting an initial JORC Inferred Resource of circa 500Mt grading 30-40% Fe. We note the first phase of drilling and maiden JORC Inferred Resource has substantially exceeded that initial target.
- The availability of key infrastructure components will have a significant impact on development options.



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