



2 August 2005

## **AUSTRALIAN STOCK EXCHANGE AND MEDIA RELEASE**

### **LEGEND TO ACQUIRE MT GIBSON GOLD & BASE METAL PROJECT**

**Legend Mining Limited (Legend) has today entered into an Agreement to acquire the Mt Gibson Project (Mt Gibson) in Western Australia from Oroya Mining Limited (Oroya) for a consideration of \$3.25 million, comprised of \$250,000 cash and 30 million ordinary shares in Legend.**

**Mt Gibson is located approximately 280 km north east of Perth, at the southerly tip of the Yalgoo-Singleton greenstone belt, some 90km southeast of the world class Golden Grove massive sulphide base and precious metal deposit recently purchased by Oxiana Limited. The published Mineral Resource for Mt Gibson is 12.4 million tonnes at 2.2 grams/tonne gold for 886,000 ounces.**

**Legend believes that the Mt Gibson tenements have the potential to host major precious and base metal deposits similar to Golden Grove.**

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Mt Gibson is the second major Archaean greenstone hosted goldfield, after Gidgee, that Legend has acquired in the past 18 months and represents another step by Legend in its objective to become a major Australian gold explorer and producer. Between the two projects, Legend wholly owns approximately 1.2 million ounces of gold in drilled estimated Mineral Resources.

The Mt Gibson acquisition complements Legend's existing Gidgee Project in that both goldfields:

- are known to contain high grade gold mineralisation which has been formerly (and only partly) mined,
- have recorded drill hole intersections of significant base metal massive sulphide (zinc +/- copper) mineralisation,
- have been under-explored over the past 10 years compared with other WA greenstone belts, especially with respect to deep rotary airblast ("RAB"), and reverse circulation ("RC") drilling, modern multi-element geochemistry and the latest deep penetrating geophysical methods, and

- have existing carbon in leach (“CIL”) gold processing plants (on care and maintenance), accommodation villages and other infrastructure in place on granted Mining Leases.

The same exploration strategy and tactics that are currently being successfully applied at Gidgee will be applied at Mt Gibson, by the same experienced exploration and management team. The presence of existing CIL plants at both sites places Legend in a strong position to capitalise rapidly on any new high-grade gold discoveries and any significant appreciation in the gold price.

## Key Terms

- Oroya to receive a \$250,000 reimbursement of expenses at settlement of the purchase of Mt Gibson.
- \$1.088 million to be released to Oroya, by Legend or its nominee replacing the cash-backed Unconditional Performance Bonds lodged with the Dept of Primary Industries by Oroya over Mt Gibson.
- 30 million fully paid ordinary shares in the capital of Legend will be issued to Oroya at settlement of the purchase of Mt Gibson and will be escrowed in two tranches:
  - 15 million shares for 12 months
  - 15 million shares for 18 months
- A ‘milestone’ issue to Oroya of a further 10 million fully paid shares in the capital of Legend upon completion of a bankable feasibility study or a decision to mine or upon sale of Mt Gibson to a third party.
- The mining tenements are inclusive of the technical data base, accommodation village, gold treatment plant, workshops, offices, bore field, mobile equipment, tools and spare parts on an ‘as is’ basis.
- Oroya will have the exclusive right to retreat the existing Dump Leach at its sole risk and benefit for a period of 1 year.
- The Agreement is conditional upon Legend completing due diligence by 2 September 2005 and both Legend and Oroya obtaining any necessary corporate, regulatory or shareholder approvals by 2 October 2005.
- Through the transaction, Legend will acquire all of the issued shares in Oroya’s wholly owned subsidiary Moreing Mining Pty Ltd which is the sole proprietor of Mt Gibson Gold Pty Ltd, the owner of the majority of the Mt Gibson tenements. The Agreement will also include EA59/1041 held by Oroya.
- Legend will assume Mt Gibson Gold’s obligations for the Mt Gibson Royalty Agreement (\$10 per ounce, after production of the first 20,000 ounces) arising from Oroya’s original purchase of the Project.

## Key Features of Mt Gibson

- Between 1986 and 1999, the Project produced 868,400 ounces of gold, 96% of which was from open pits mined to a nominal depth of 80 metres. These open pits lie over 7km of the *Mt Gibson Trend* which remains open for at least a further 5 kilometres north of the northernmost open pit (Hornet).
- As part of its Feasibility Study in 2004, Oroya defined remaining Mineral Resources of 886,000 ounces, mainly in the Yorktown, Saratoga and Enterprise areas. (refer attached

Table 1 and Figure 2). A total *gold endowment* of some 1.6 million ounces from surface to a depth of approximately 120 metres is indicated by the combination of *mined* Reserves and *remaining* Mineral Resources.

- The gold mineralisation within the Mt Gibson Trend shear system is open at depth and along strike. Legend considers that the zone below 120 metres depth has been under-tested by drilling, and that this represents an excellent exploration opportunity. For example, **MND042**, one of the few historical deeper holes below the **Hornet** open pit intersected 22 metres at 5.1 g/t gold at a vertical depth of 316 metres below surface.
- Previous mine development along the 7 kilometre zone south of Hornet focused predominantly on extensive surface lateritic gold mineralisation. This material provided a readily accessible geochemical medium upon which almost all early mine exploration depended. However, in the zone north of Hornet, the lateritic profile has been stripped away by erosion. This means that the geochemical signature that highlighted the southern resource areas is absent and, as a result, the northern prospective zone has not been explored to the same extent.
- The northern extensions of Hornet are characterised by strong magnetic trends and whole-rock multi-element geochemical anomalism, among which gold, zinc and lead are pronounced. Legend is confident these magnetic and geochemical vectors will enable effective exploration targeting. The exploration target is supergene enriched oxide and underlying sulphide gold deposits similar to that mined from the Hornet open pit and high-grade underground gold deposits.
- In addition, the potential for volcanogenic hosted massive sulphide (“VHMS”) style mineralisation similar to Golden Grove has been recognized for a number of years by a number of companies. Between mid-2003 and late 2004, Barrick Gold of Australia Limited drilled a series of 18 very deep holes (up to 1,400 metres) at Mt Gibson, 4 of which were in the vicinity of the **Hornet** pit. These holes intersected several deep gold-rich massive sulphide lodes. The following drill hole summaries are edited extracts from Oroya - Barrick Joint Venture reports:

**BGRCD9** intersected 4 metres at 13.5% zinc including 1.3 metres at 25.9% zinc from 775 metres. This massive and stringer style zone of high-grade zinc sulphides with associated anomalous gold is located 550m vertically below the **Hornet** open pit. The intersected zinc sulphides lie within a relatively wide zone of elevated gold values averaging 14.5m at 0.5 g/t gold from 765.5m. A second zinc intersection averaged 1.5m at 4.4% zinc from 765.5m.

These intersections are about 300m down-dip from the previous deepest intersection at Mt Gibson, in drill hole MND042, which averaged 22m at 5.1 g/t gold from 355m and included 2m at 1% zinc.

**BGRCD16** intersected a mineralised zone from 777 metres averaging 4 metres at 8.0 g/t gold, below the Hornet pit. This included a high grade zone of 1 metre at 28.4 g/t gold and 51.2 g/t silver from 778 metres. The mineralised zone is anomalous in arsenic, bismuth, copper, molybdenum, antimony, lead and zinc. Mineralisation is hosted by intensely brecciated and silicified felsic rock with some small quartz veining and includes veined aggregates of sphalerite and disseminated fine grained sulphides.

**BGRCD17** was designed to test the down dip extension of zinc-rich mineralisation intersected in **BGRCD9**. The target zone was successfully intersected about 130 metres down dip of the BGRCD9 intersection, with assays averaging 5.3 metres at 1.4 g/t gold from 786 metres, including 1.2 metres at 4.2% zinc, from 787.8 metres. This mineralisation included stringer-style

sphalerite, weak pyrite and pyrrhotite and traces of galena and chalcopyrite hosted by altered felsic rock.

**BGRCD18** tested a zone approximately 300 metres north of the Hornet pit with a best result of 3 metres at 3.5 g/t gold from 444 metres. The hole confirms the depth continuity of the Hornet gold mineralised zone well to the north of the existing Hornet open pit and existing drilling.

- The Mt Gibson assets include 16 contiguous granted Mining Leases covering 79km<sup>2</sup> and a contiguous Exploration Licence of 136km<sup>2</sup>. The 1.2Mtpa processing plant was commissioned in 1986 and ran continuously until 1998 when it was placed on care and maintenance. Additional infrastructure includes a modern village and administration units, all serviced by the main WA power grid.
- On 30 September 2004, Oroya announced the result of its Feasibility Study into the resumption of mining at the Mt Gibson Gold Project. The study revealed that the proposed resumption of mining, under the combination of parameters tested, was not commercially feasible at the time.
- This result was attributed to the key factors of escalating mining costs, unfavourable ratios of soft oxide to hard rock ores which drive plant throughput down and unit milling costs up, relatively high strip ratios and a higher than anticipated cost of plant refurbishment.

## Funding

- Legend has received written advice from Australian Gold Resources Pty Ltd revising the schedule for the exercise of its Legend Options such that:
  - a) a further 25 million Legend Options will be exercised on or before 19 August 2005, thereby raising \$1 million for Legend, and
  - b) the balance of its holding of Legend Options (being 24,992,500) will be exercised on or before 19 September 2005, thereby raising \$999,700 for Legend.
- Legend will fund the cash component of \$250,000 from internal resources.

**Dermot Ryan**  
**CEO**

Attachments:

Table 1	Mt Gibson Mineral Resource Statement - April 2005
Table 2	Gidgee Project Mineral Resource Statement - December 2004
Figure 1	Mt Gibson Location Map
Figure 2	Mt Gibson Resource Areas

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**Table 1 - Mt Gibson Project - Mineral Resource Inventory  
April 2005**

RESOURCE						Update Apr-05	Notes
	TONNES	Au (g/t)	Au (Oz)	CATEGORY	ESTIMATE TYPE		
Highway Laterites	110,460	0.85	3,019	Drill Indicated	WF/WA/MM	*	
Gibson Laterites	50,120	1.26	2,030	Drill Indicated	Manual Polygonal		
<b>HIGHWAY TREND</b>							
Highway	51,600	2.17	3,600	Drill Indicated	Manual Polygonal		
Highway Sth.	137,100	2.73	12,033	Drill Indicated	WF/WA/MM	*	1
Aquarius	101,600	4.47	14,601	Drill Indicated	WF/WA/MM	*	
Pisces	50,040	2.43	3,909	Drill Indicated	WF/WA/MM	*	
Gemini	32,350	3.29	3,422	Drill Indicated	WF/WA/MM	*	
<b>GIBSON TREND</b>							
Midway laterites	2,880	1.15	106	M, I, I	MIK/UC		
Hornet U/G	70,538	10.10	22,905	Drill Indicated	Manual Polygonal		2
MIDWAY-all	2,113,449	1.85	125,706	M, I, I	MIK/UC		
MIDWAY				M, I, I	MIK/UC		
MIDWAY				M, I, I	MIK/UC		
MIDWAY-Hornet	1,850,679	2.25	133,984	M, I, I	MIK/UC		
Lexington	553,070	1.77	31,473	Drill Indicated	WF/WA/MM	*	
Lexington East	66540	1.61	3,444	Drill Indicated	WF/WA/MM	*	
Orion Nth	423,220	1.65	22,451	Drill Indicated	WF/WA/MM	*	
Orion 1	1,005,350	1.44	46,545	Drill Indicated	WF/WA/MM	*	
Orion 2	1,426,106	3.25	149,014	Drill Indicated	Manual Polygonal		
Saratoga	3,031,634	1.79	174,794	M, I, I	MIK/UC		
Howler	371,000	3.28	39,124	Drill Indicated	WF/WA/MM	*	3
Tobias Find	172,210	1.89	10,464	Drill Indicated	WF/WA/MM	*	
<b>TAURUS TREND</b>							
Capricorn	358,944	1.72	19,849	M, I, I	MIK/UC		
Wombat U/G	43,950	4.99	7,051	Drill Indicated	WF/WA/MM	*	
Taurus U/G	162,750	4.01	20,982	Drill Indicated	WF/WA/MM	*	
Deep South	94,400	4.12	12,504	Drill Indicated	WF/WA/MM	*	
Wombat Pillar	26,300	8.46	7,153	Drill Indicated	WF/WA/MM	*	
Sheldon	103,260	4.74	15,736	Drill Indicated	WF/WA/MM	*	
<b>TOTALS</b>	<b>12,409,550</b>	<b>2.22</b>	<b>885,903</b>				

**Notes**

1. Requires further work, +/-10% 2. Below pit to 150RL 3 New – Combines Benham, Vincennes, Pensacola, Orion 4 u/gd M, I, I Measured, Indicated and Inferred MIK/UC Estimated by Multiple Indicator Kriging and Uniform Conditioning by SRK and/or RSG WF/WA/MM Latest estimate by Wireframe, weighted average, Micromine

The information on Ore Reserves and Mineral Resources at Mt Gibson contained in this report is based on data compiled by Mr Douglas Bright a member of the AusIMM and a full time employee of Oroya Mining Ltd. Mr Bright 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 "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and consents to the inclusion in this report of the information in the form and context in which it appears

**Table 2 Gidgee Project – Mineral Resource Inventory (Including Ore Reserves)  
December 2004**

<b>Project</b>	<b>JORC Classification</b>	<b>Tonnes</b>	<b>Grade (g/t Au)</b>	<b>Ounce (gold)s</b>	<b>Comments</b>
Swan Bitter Underground	Measured	27,000	10.42	9,046	Estimated from the model
	Measured	25,000	7.77	6,263	*Produced from 1 January 2005
<b>Total</b>	<b>Measured</b>	<b>52,000</b>	<b>9.14</b>	<b>15,309</b>	
Swan Bitter Underground	Indicated	29,000	10.71	9,987	Recoverable
Omega Underground	Indicated	31,000	9.20	9,170	Below 385m RL
Wilsons Underground	Indicated	448,000	7.30	105,158	Diluted; above 370m RL refractory
<b>Open Pit</b>					
Howards	Indicated	50,000	3.79	6,093	Based on Shells & Designs
Eagles Peak	Indicated	13,000	3.46	1,446	Based on Shells & Designs
Orion	Indicated	22,000	3.04	2,150	Based on Shells & Designs
Deep South	Indicated	20,000	3.02	1,942	Based on Shells & Designs
Toedter	Indicated	41,000	3.38	4,456	Based on Shells & Designs
Specimen Well	Indicated	24,000	5.35	4,129	Based on Shells & Designs
<b>Total</b>	<b>Indicated</b>	<b>678,000</b>	<b>6.63</b>	<b>144,532</b>	
Swan Bitter Underground	Inferred	65,000	7.96	16,637	Recoverable
Wilsons Underground	Inferred	286,000	6.40	58,855	Diluted; below 370m RL refractory
Kingfisher Underground	Inferred	390,000	6.80	85,273	
<b>Total</b>	<b>Inferred</b>	<b>741,000</b>	<b>6.75</b>	<b>160,765</b>	
<b>TOTAL</b>	<b>INDICATED+INFERRED</b>	<b>1,471,000</b>	<b>6.78</b>	<b>320,506</b>	

\* Does not include any of the new 2005 drilling results.

The information on Ore Reserves and Mineral Resources at Gidgee contained in this report is based on data compiled by consulting geologist Dr S Carras FAusIMM of Carras Mining Pty Ltd. Dr Carras 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 “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” and consents to the inclusion in this report of the information in the form and context in which it appears.

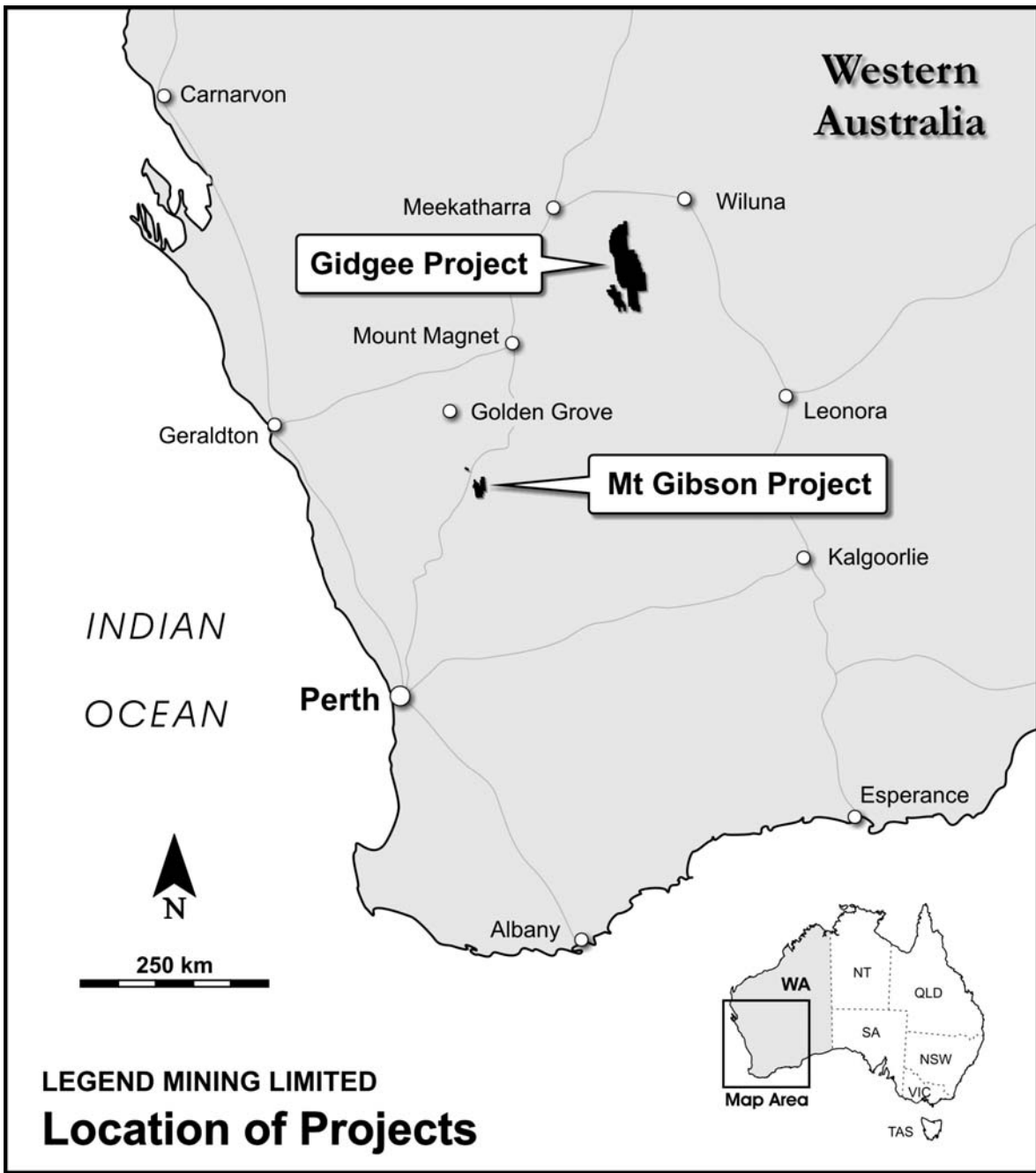
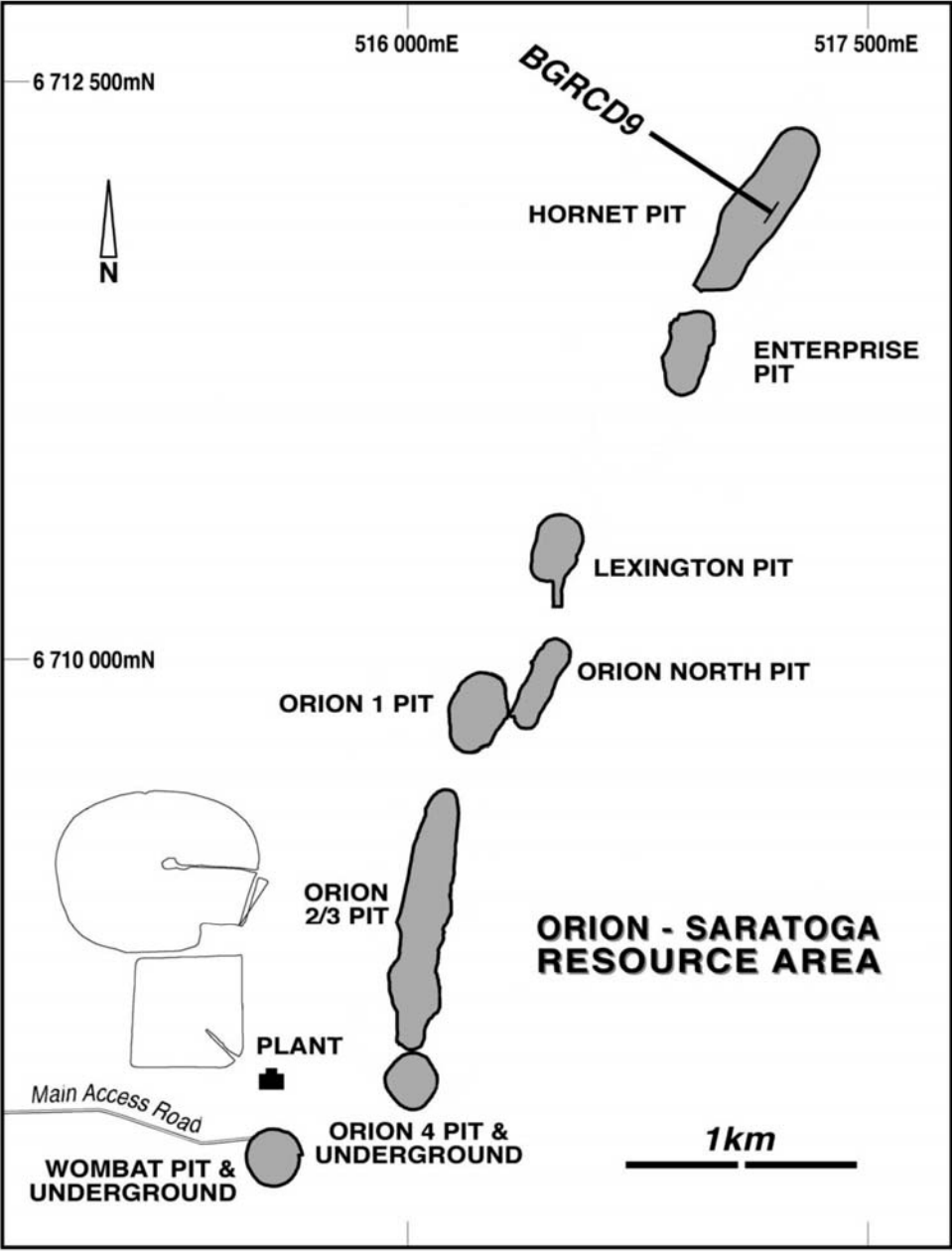


Figure 1



Resource Areas Showing Location of Hornet Pit and Drillhole BGRCD9

Figure 2