

mine**life**

WEEKLY RESOURCE REPORT by Gavin Wendt



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Legend Mining (LEG) – Hold around \$0.031

Grassroots iron ore explorer evaluating a potentially mammoth-scale, direct-shipping/magnetite iron ore project in Cameroon, West Africa. The company is the real sleeper in the African emerging iron ore space.

Corporate Details

Status: Grassroots Explorer
 Size: Small Cap
 Commodity Exposure: Iron Ore
 Share Price: \$0.031
 12-month Range: \$0.022 - \$0.099
 Shares: 1.74b, Options: 1.2b
 Top 20: 52%
 Net Cash: \$11m
 Market Value: \$54m



	Rating (✓ out of 5)
Management Quality	✓✓✓✓
Financial Security	✓✓✓✓
Project Quality	✓✓✓✓
Exploration / Resource Potential	✓✓✓✓✓
Project Risk	✓✓✓✓

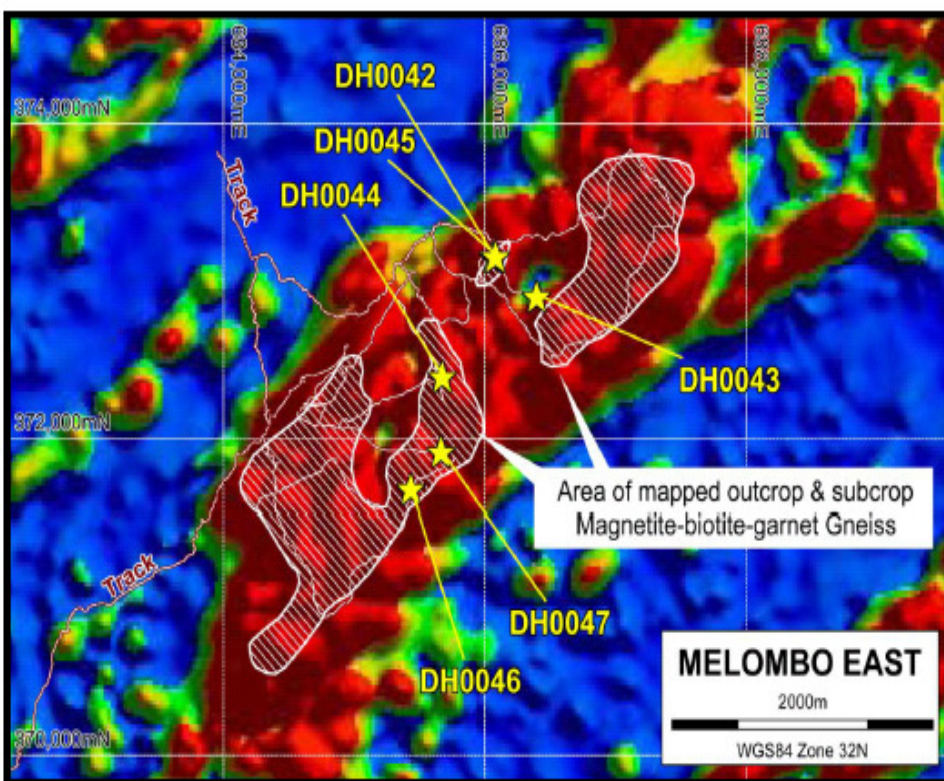
Legend has announced interim drilling results from exploration work on its Melombo East target area within the Ngovayang iron ore project in Cameroon. Four holes have been completed to target depths, whilst a further two were abandoned due to rig mechanical problems. Encouragingly, two of the completed holes encountered magnetite gneiss intercepts comprising 120 metres and 80 metres respectively, with both ending in mineralisation.

The 16-hole diamond drilling program is testing a large (6km x 1.5km) complex aeromagnetic feature at the Melombo East target. Significant thicknesses of magnetite gneiss were intersected in drill-holes DH044 (121.38 metres) and DH046 (80.46 metres) with both holes terminating in magnetite gneiss. The magnetite in these intersections is coarse-grained and relatively uniform throughout. Both holes have been submitted for laboratory analysis for a full iron ore suite of elements, with results awaited.

What's also significant is that the geological mapping associated with this current program has generated a magnetite iron footprint of around 2.5 sq km. What all this means is that Legend is looking at a potentially huge magnetite target, given that two of its drill intercepts have ended in mineralisation. Drilling difficulties were encountered in hole DH042 (26.52 metres) and the subsequently re-drilled hole DH045 (29.98 metres) resulting in the holes being abandoned. Magnetite gneiss was however intersected in both holes.

Geological mapping has recently been completed over the entire Melombo East target, taking advantage of numerous exposures uncovered by bulldozers during rig access track construction. The prospect is dominated by a thick package of banded and inter-layered gneiss, with variable magnetite-biotite-garnet-amphibole-chlorite content.

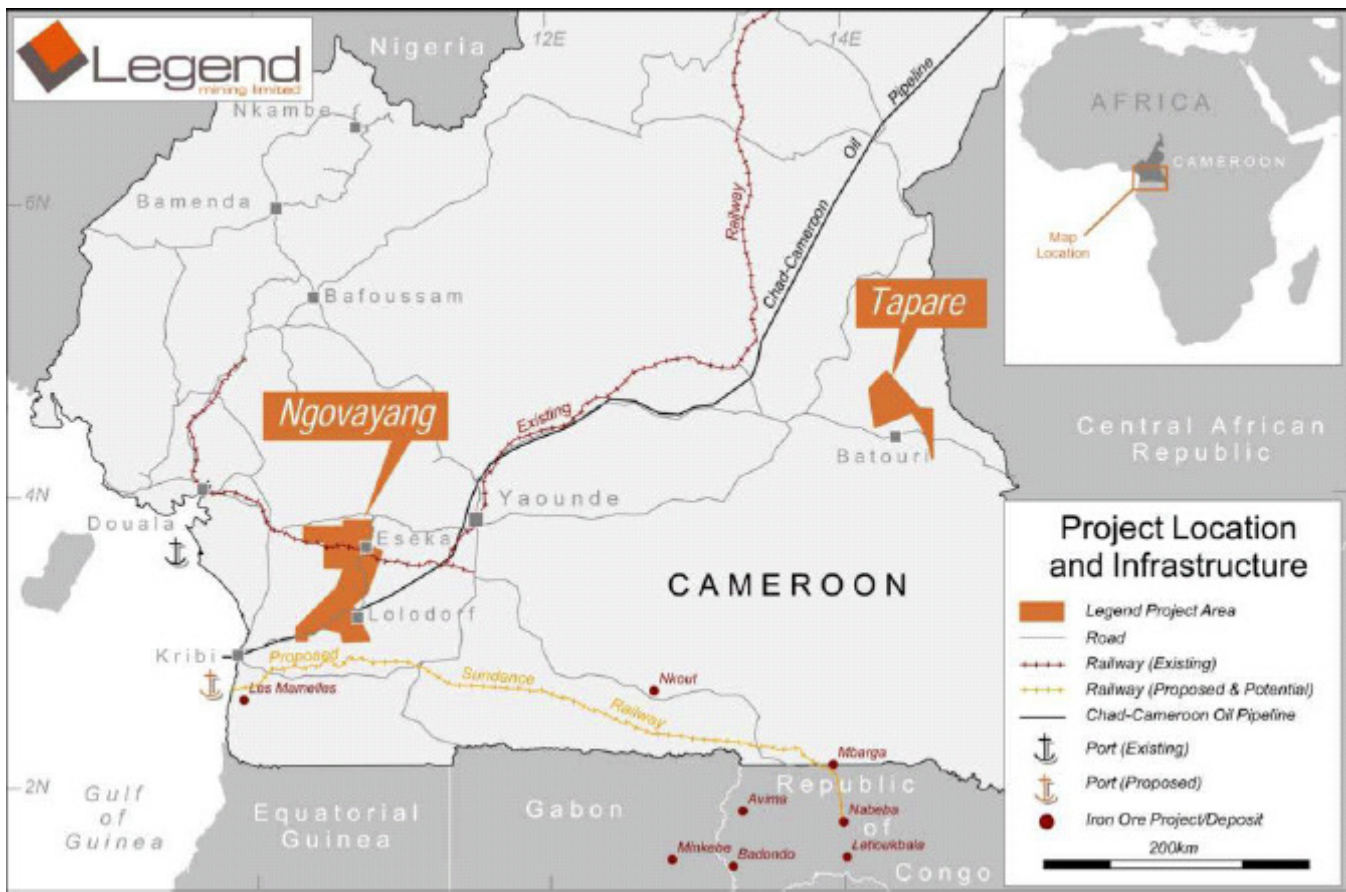
Outcrop is somewhat limited, however mapping has defined two large areas (2km x 1km and 1.5km x 0.8km) of outcropping or sub-cropping magnetite-biotite-garnet gneiss, as shown in the image below. The gneiss trends in a NE-SW direction with a northwesterly dip ranging between 30-600 and correlates well with the aeromagnetic image as expected. Importantly, the information gained from the mapping and drilling has resulted in an even better understanding of the geological character and distribution of magnetite at the prospect.



Geophysical modeling over Melombo East is currently being undertaken and is aimed at assisting drill-hole targeting, as well as providing information on the possible dimensions/extent of the magnetite gneiss. Melombo East is considered highly prospective for a large tonnage magnetite deposit, given the thick drill intersections of magnetite gneiss in DH044 and DH046 that remain open at depth, along with the large strike extent of the magnetite gneiss, as indicated by the geological mapping.

With respect to the upcoming drilling program, the seasonal wet season has unfortunately caused the suspension of drilling activity until later in the year, when a further 10 drill-holes are planned – with pad preparation already complete. In the meantime reconnaissance work over the target areas is continuing, along with geophysical modeling of Melombo East.

Over the past couple of months Legend has also undertake drilling programs on the Melombo West and Melombo North target areas, as part of its overall regional drilling program. What’s significant about the results is their consistency with previous drilling work, which reinforces the large-scale iron ore potential of the Ngovayang Project, particularly in the context of the high-grade (+70% Fe) and low impurity magnetite concentrate reported earlier this year.



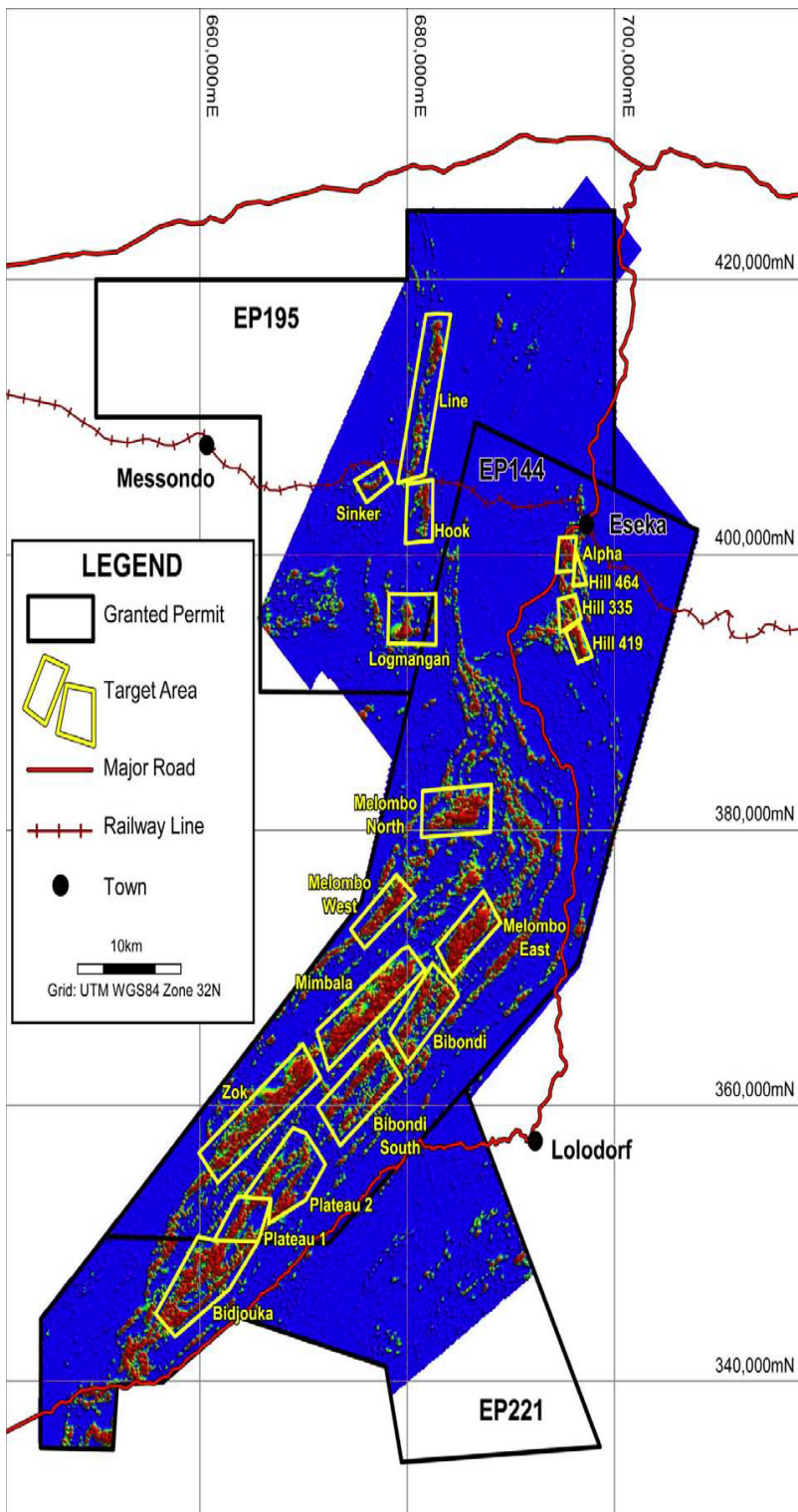
In mid-August Legend completed drilling work at Melombo West, with the best intercepts comprising holes NMLWD001 – 53.05 metres @ 22.6% Fe and NMLWD002 – 125.98 metres @ 16.3% Fe. These iron grades were measured by Niton XRF analyser and laboratory tests can reasonably be expected to upgrade these values.

Six of the seven holes drilled reported magnetite of similar character and tenor to the results previously announced from the Alpha, Hill 335, Hill 419 and Melombo North targets. Three drill-holes, NMLWD001, NMLWD002 and NMLWD006 were submitted for laboratory analysis and the results will be reported once they are received.

The company has also previously reported encouraging laboratory results from two diamond drill-holes that tested the Melombo North target, with the thicknesses and grades of these drill intersections separately comprising 91.2 metres @ 23.1% Fe in hole NMELD002 and 105.4 metres at 29.5% in hole NMLED007. These were initially under-reported as 94.85 metres @ 17.6% Fe and 58.42 metres @ 22.8% Fe by the Niton XRF analyser.

Legend’s key attraction is that it is searching for large-scale, company-making iron ore deposits of more than a billion tonnes in size. Most important of all in a bulk commodity context is that the company’s Ngovayang Project has the advantage of being well serviced by access infrastructure, including rail and road networks to and from the port city of Douala.

Legend's flagship Ngovayang iron ore project comprises 3,900 sq km in southern Cameroon. The company recently expanded its acreage footprint with the addition of EP221, immediately south of EP144. This is an important acquisition, as Legend's regional aeromagnetic/radiometric survey completed during 2010 confirmed the new permit's prospectivity for iron ore. The results clearly identified the southerly continuation of magnetic units identified to the north into EP144.



This map demonstrates clearly the scale of the iron ore potential within Legend's project area, especially given the size and number of targets (note the 10km scale bar). The map reveals extensive areas with high magnetic intensity that regional reconnaissance work has confirmed to be predominantly due to occurrences of magnetite-bearing gneiss.

So far Legend has only drill-tested four targets - Eseka, Melombo North, Melombo West and Melombo East. These form part of the company's overall program to drill and rank as many targets as possible during calendar 2011.

Importantly in terms of future development potential, Legend recently signed a Letter of Intent for access co-operation with Sundance to share usage of rail and port infrastructure. The proposed rail route being developed by Sundance passes within close proximity to the southern boundary of the Ngovayang project.

There should be various near-term factors comprising the release of further drilling results, as well as corporate activity related to Sundance, that should help maintain market interest in the company.

Accordingly, I maintain a Hold recommendation on Legend Mining.

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