

# Legend Mining Ltd

## (LEG \$0.048) Speculative Buy – Initiation of Coverage

EUROZ

| Analyst    | Date                          | Price Target |
|------------|-------------------------------|--------------|
| Jon Bishop | 18 <sup>th</sup> October 2019 | \$0.08/sh    |

### Fraser Focused Nickel Sulphide Explorer

#### Key points

- We like the Nickel thematic: Growing battery demand at the margin adding fundamental supply-demand imbalances driven by traditional consumption but a lack of upstream discovery and development;
- This is further nuanced by economic bias towards Nickel Sulphide as the ore source for battery grade Nickel Sulphate;
- LEG represents a concentrated Nickel Sulphide exploration strategy, focused exclusively on the emerging Fraser Range belt;
- LEG is the second largest tenement holder with nearly 3,100km<sup>2</sup> of ground;
- Mark Creasy and Independence Group NL (ASX:IGO) account for over 40% of LEGs register and are key JV partners in several of LEGs permits;
- Consequently, LEG benefits significantly from the respective in-house technical capabilities of IGO and Creasy Group;
- We unashamedly point to the SIR.ASX success story as evidence of exploration leverage for junior explorers;
- Regional discovery by either LEG or other active operators in the Fraser Range have the capacity to excite the market;
- There should be plenty of news flow with diamond drilling commencing immediately at Area D;
- Outside of a discovery at Area D, CY'20 should see additional diamond and RC drilling activity at each of Magnus, Octagonal, Crean, Shackleton and Worsely, each of which have identified mineralisation with first pass drilling;
- With \$13m in cash and receivables plus a further \$10m of options in the money, LEG is well funded for its current planned activities;
- We initiate with a Speculative Buy recommendation & \$0.08/sh Price Target;
- Scale of landholding in an emerging Ni Sulphide province is a key differentiator LEG in the peer group.

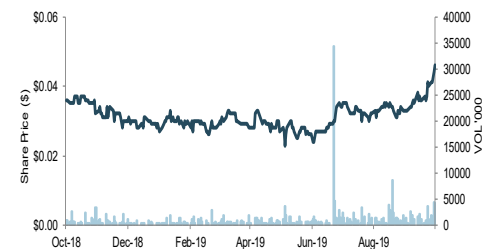
#### Legend Mining Ltd Year End 30 June

|                                |          |
|--------------------------------|----------|
| Issued Capital                 | 2,372.1m |
| FPO Ord Share                  | 238.0m   |
| Opts (@ 4c Sep 2020, Mar 2021) | 136.1m   |
| Opts (@ var)                   |          |

|                                     |                  |
|-------------------------------------|------------------|
| Market Cap (fully diluted @ 4.6cps) | \$130m           |
| Cash                                | \$10.7m          |
| Cash Receivable (Jindal)            | \$3m             |
| Unpaid Cash (opt exercise)          | \$9.5m           |
| Debt                                | \$ nil           |
| Enterprise Value                    | \$107m           |
| Year Low - High                     | \$0.023- \$0.049 |
| Average Daily Volume                | 1.21m            |

|                     |       |
|---------------------|-------|
| Major Shareholders: |       |
| Creasy Group        | 26.8% |
| Independence Group  | 14.2% |
| Mark Wilson         | 5.4%  |

#### Share Price Chart



#### Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

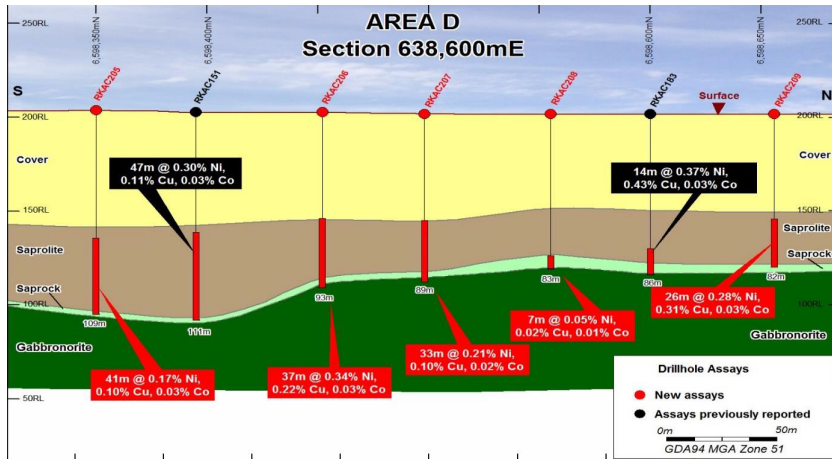
# Legend Mining Ltd

(LEG \$0.048) Speculative Buy – Initiation of Coverage

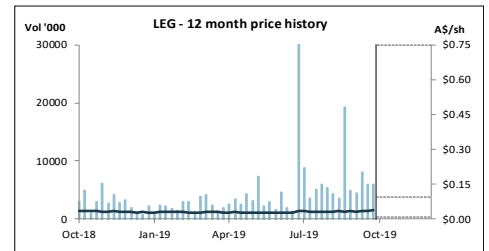


## Key Variables

| ASSET VALUATION                | A\$m       | A\$/sh      |
|--------------------------------|------------|-------------|
| Rockford Project               | 200.0      | 0.08        |
| Cash                           | 10.7       | 0.00        |
| Receivables (Jindal)           | 3.0        | 0.00        |
| Unpaid Capital (opt. in money) | 9.5        | 0.00        |
| Debt                           | -          | -           |
| <b>A\$</b>                     | <b>223</b> | <b>0.08</b> |



## Our Share Price Sensitivity



## Our Market Sensitivity

Valuation - \$0.08/sh

Price Target - \$0.08/sh

### Bull Scenario - \$0.75/sh

Exploration success in the form of thick and or high grade mineralisation at Area D or the other prospects augers well for potential economic discovery (per SIR).

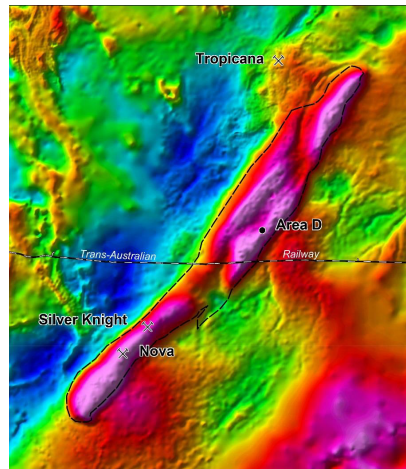
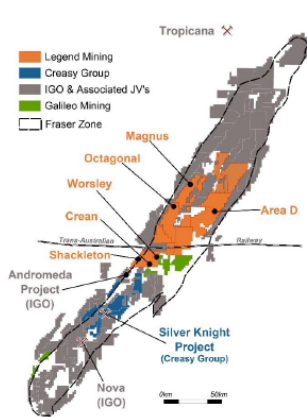
### Base Scenario - \$0.08/sh

Exploration activity in a favourably disposed market for exploration for base metals, attracts market interest in the lead up, during and awaiting assays.

### Bear Scenario - \$0.01/sh

Equity markets fall and or the exploration programme fails to yield any material success that at least alludes to potential for future discoveries.

## FRASER ZONE - MAIN PLAYERS



## Company Summary

Legend Mining Limited (LEG) is an Australian mining and exploration company listed on the Australian Securities Exchange. The company's exploration focus is on its nickel-copper Rockford Project in the Fraser Range district of Western Australia. Drilling at Area D is due to commence in Oct 2019.

## Disclaimer

The projections and information above is based on the set assumptions outlined. Due care and attention has been used in the preparation of this information. However actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Euroz.

## Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

## Legend Mining Ltd

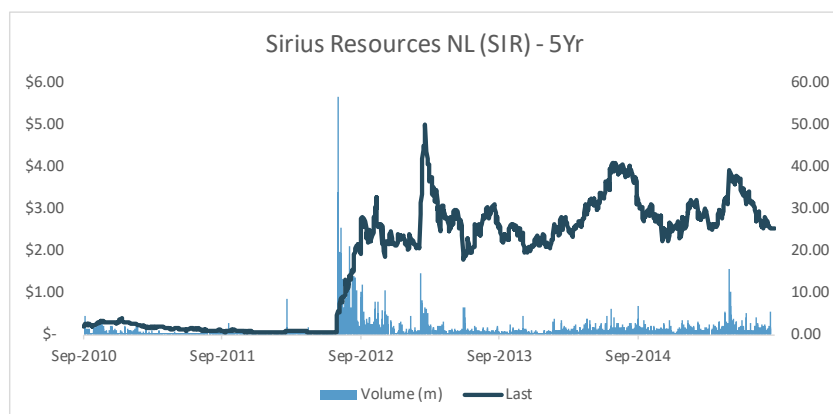
(LEG \$0.048) Speculative Buy – Initiation of Coverage

### EXECUTIVE SUMMARY

Legend Mining Ltd (ASX: LEG) is nickel explorer, focused entirely on the emerging Fraser Range province in Western Australia. It is the second largest tenement holder behind Independence Group NL (ASX: IGO) in the belt with over 3,000km<sup>2</sup> under licence.

Junior exploration can provide spectacular returns from the 'discovery hole'. Discovery of the Nova Ni-Cu ore body by Sirius Resources (ASX: SIR) in July of 2012 put the Fraser Range 'on the map' as a new frontier base metal province that – except for regional greenfields screening and the work of Mark Creasy – had been largely been unexplored.

As a consequence of the initial discovery, SIRs share rose from 6cps to over \$2/sh in following 8mnths, peaking at over \$3/sh. The subsequent Bollinger lode discovery – an extension to the Nova ore body – in Feb 2013 saw SIRs share price double again:



SIR was ultimately acquired by IGO in a cash and scrip deal valuing SIR at well over \$1Bn at the time. The Fraser Range is now a key focus of IGOs exploration efforts with nearly \$50m being spent in the region in FY'20 after a period of consolidation in the belt post the acquisition of SIR in 2015. Creasy remains active also with a large portion of his exploration spend dedicated to the region and including his own Silver Knight discovery.

LEG is the notable remaining junior on account of both its tenure holding (relative to IGO and Creasy Group) but also the JVs it has formed with Creasy to advance drill ready targets at Magnus, Octagonal, Shackleton and Worsley. LEG is earning 70% through carry of Creasy through to BFS completion and FID. LEG also formed two JVs with IGO and Creasy Group in July 2019, extending the Rockford Project to the north. IGO also farmed-into three further smaller tenements infilling the Rockford Project. LEG is free carried for its retained 30% interest.

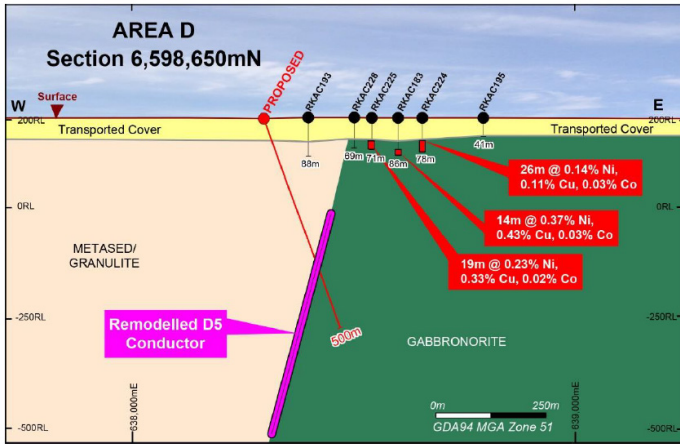
#### Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

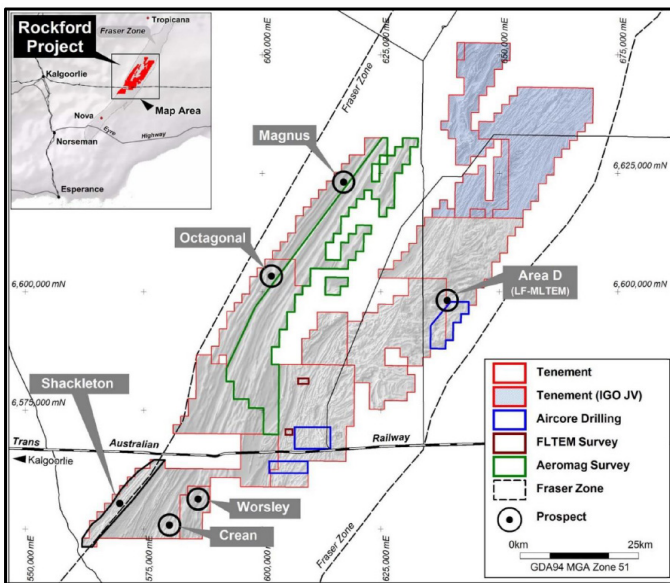
# Legend Mining Ltd

## (LEG \$0.048) Speculative Buy – Initiation of Coverage

LEG is about to commence a two hole diamond drilling programme to test the D5 and D1 conductors constituting the 'Area D' target in the Rockford Project:



Throughout CY'20, Company will undertake diamond drilling at each of the Octagonal, Magnus, Crean and Worsley prospects:



The Company is well funded with \$10.7m in Cash and further \$3m in receivables. LEG also has a further c.\$10m in options in the money. Whilst representation of IGO (+14%) and Creasy Group (+26%) on the register should ensure access to equity capital when required.

Our \$0.08/sh Valuation effectively represents nominal exploration value for LEGs dominant lease hold position in the Fraser Range. The ground appears fertile for discovery noting the number of drill ready targets identified through systematic exploration activity by both LEG and its JVPs. As noted above, in a discovery a case, our Price Target is rendered meaningless and multiples of the current share price are likely. Exploration disappointment is the risk to the downside. We capture this in our Sensitivity page. We initiate coverage with a Speculative Buy recommendation and \$0.08/sh Price Target with imminent drilling catalysts.

**Euroz Securities Limited**

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

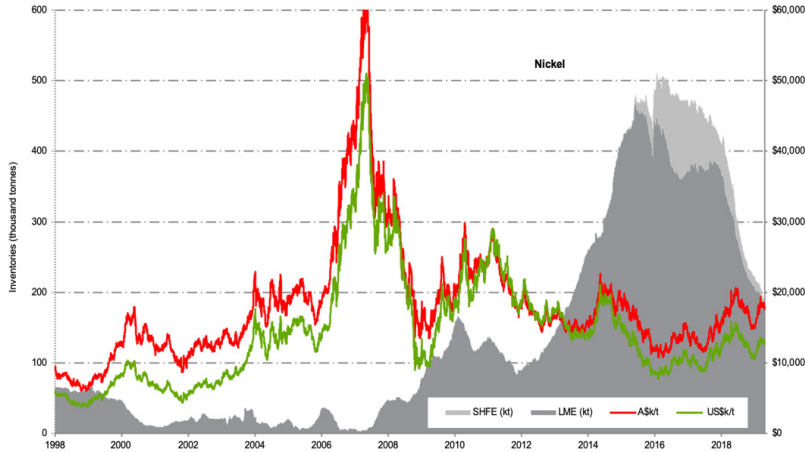


# Legend Mining Ltd

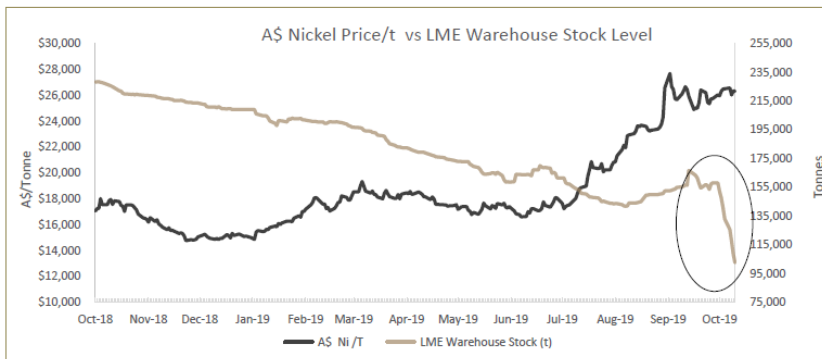
(LEG \$0.048) Speculative Buy – Initiation of Coverage

## Nickel Market Fundamentals

One of the key tenets behind our conviction on nickel equities is basic supply-demand fundamentals. The International Nickel Study Group (INSG) has tracked and published inventory movements (LME and SHME) over past 20yrs:



Source: INSG ([www.insg.org](http://www.insg.org))



Source: MCR Presentation (15/10/2019)

Whether this is manipulation to incentivise additional supply or warehousing by the major stainless consumers either in anticipation of the Indonesian laterite ban from Jan 1 of 2020 or in effect both, is irrelevant in our view. Both are constructive for our thesis.

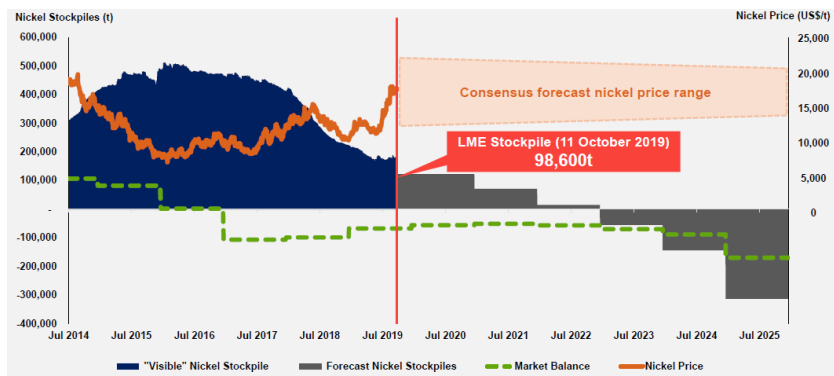
**Euroz Securities Limited**

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

# Legend Mining Ltd

## (LEG \$0.048) Speculative Buy – Initiation of Coverage

The lack of incentive pricing since 2011 (and arguably the GFC), has resulted in underinvestment in upstream identification and development of new sources of Ni supply. Coupled with modest steady growth to global consumption relating almost solely to stainless steel demand, the global market has been in deficit since 2015. Whilst the market is not yet at the point of the 2000s – whereby low inventory combined with a rapid escalation in consumption by China saw supply deficits drive prices to US\$60,000/T – supply-demand fundamentals look supportive to Ni prices over the medium to long term:



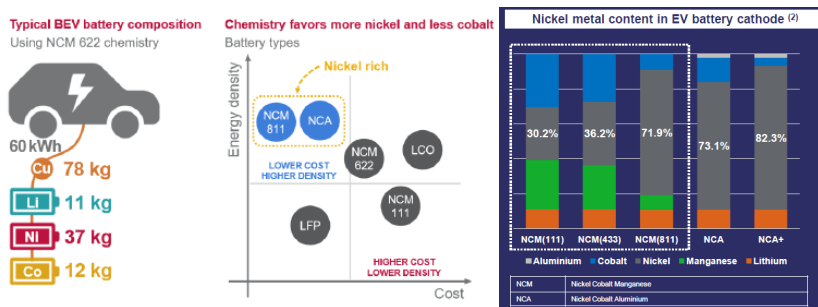
Source: IGO Presentation (15/10/19) adapted from Bloomberg, Consensus Economics, Roskill.

What is most appealing to us is that the current dynamic is yet to feel the potential impact by battery consumption demand for Ni for its use in Electric Vehicle batteries:



Source: MCR Presentation, Oct 2019, adapted from Vale.

And particularly given the relatively lower cost-higher density solution increasingly Ni rich battery technology, provides:



Sources: MCR Presentation, April 2019, adapted from Vale & IGO Presentation, May 2019 BofAML Conference

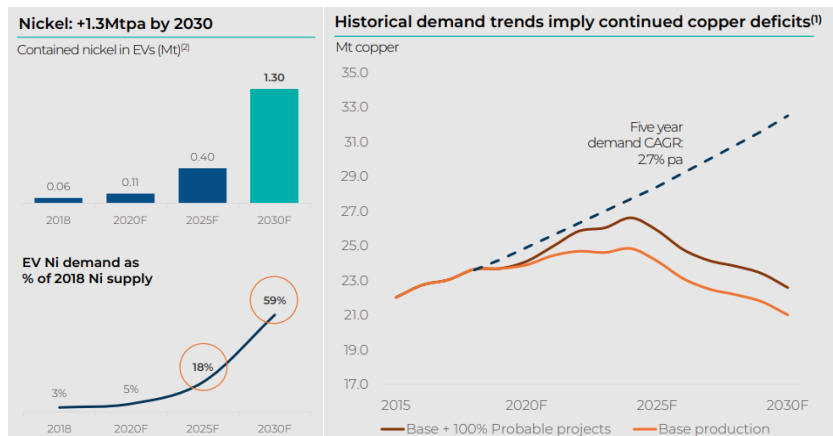
**Euroz Securities Limited**

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

## Legend Mining Ltd

### (LEG \$0.048) Speculative Buy – Initiation of Coverage

Glencore – admittedly with much to gain from this perspective – articulate the potential impact to supply imbalances with their projected growth to marginal demand from the emerging EV market:



Glencore Investor Presentation, May 2019 (<https://www.glencore.com/dam/jcr:a85b1c58-a7d2-4e27-b008-4ffe290dab29/GLEN-Presentation-BAML-Barcelona-FINAL.pdf>)

What should be noted, is that despite the rapid growth in Indonesia NPI production over the past 2yrs, Glencore's analysis considers this in its projections and yet still forecasts long term supply deficits. This becomes particularly interesting from the perspective that NPI is arguably (currently) focused upon servicing the stainless-steel market.

Consequently, Euroz currently distinguishes between nickel sulphide and nickel laterite assets with a view to Research, for two reasons:

1. Relative capital intensity of laterite developments just to produce NPI; and
2. The relative simplicity (in terms of process flow sheet and therefore capital intensity) to create nickel sulphate from nickel sulphides.

Consequently, we share the growing view that nickel sulphide assets and their owners will attract a relative premium over the medium term. And this will be directly reflected by a likely bifurcation of the nickel market whereby nickel in concentrates derived from sulphides will command a premium to lateritic sourced metal.

#### Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

## Legend Mining Ltd

## (LEG \$0.048) Speculative Buy – Initiation of Coverage

From an ASX context, the nickel sulphide portion of the market is dominated by IGO and WSA. The next tier is represented by the developers being PAN – in the midst of resuming operations at its Savannah mine in the Kimberley – and MCR, who is progressing a re-start strategy from its interests in Kambalda district:

| Company              | Type | Location              | Price           | M Cap  | Net Cash     | EV          | Resource     | Reserve      | Prod'n      | EV:Rsc     | EV:Rsv     | EV/prod    |             |
|----------------------|------|-----------------------|-----------------|--------|--------------|-------------|--------------|--------------|-------------|------------|------------|------------|-------------|
|                      |      |                       |                 |        |              |             |              |              |             |            |            |            | A\$/sh      |
| Independence Group   | IGO  | Sulphide              | WA              | \$6.02 | 3,603.9      | 262.5       | 2,266.4      | 327          | 263         | 45         | 6.93       | 8.60       | 50.81       |
| Western Areas Ltd    | WSA  | Sulphide              | WA              | \$3.10 | 845.3        | 144.1       | 701.2        | 922          | 249         | 21         | 0.76       | 2.82       | 33.87       |
| Nickel Mines Limited | NIC  | Laterite              | Indonesia       | \$0.64 | 893.4        | 44.8        | 848.6        | 678          | -           | 15         | 1.25       | na         | 57.56       |
| Clean Teq Hldgs Ltd  | CLQ  | Laterite              | NSW             | \$0.27 | 197.8        | 99.7        | 98.1         | 937          | -           | -          | 0.10       | na         | na          |
| Panoramic Resources  | PAN  | Sulphide              | WA              | \$0.32 | 206.1        | (6.9)       | 213.0        | 282          | 146         | 8          | 0.76       | 1.46       | 26.29       |
| Mincor Resources NL  | MCR  | Sulphide              | WA              | \$0.63 | 177.8        | 29.2        | 148.6        | 175          | 28          | -          | 0.85       | 5.27       | na          |
| Poseidon Nick Ltd    | POS  | Sulphide              | WA              | \$0.05 | 134.8        | 46.0        | 88.8         | 428          | 25          | -          | 0.21       | 3.55       | na          |
| Orion Minerals Ltd   | ORN  | Sulphide              | WA/South Africa | \$0.03 | 66.8         | 6.0         | 60.8         | 52           | -           | -          | 1.17       | na         | na          |
| Zeta Resources Ltd   | ZER  | Sulphide/<br>Laterite | Numerous        | \$0.34 | 96.4         | (68.4)      | 164.8        | -            | -           | -          | na         | na         | na          |
| Alpha Hpa Ltd        | A4N  | Laterite              | NSW             | \$0.17 | 103.5        | 2.0         | 101.6        | -            | -           | -          | na         | na         | na          |
| Australian Mines Ltd | AUZ  | Laterite              | QLD             | \$0.03 | 93.0         | 5.3         | 87.7         | 626          | -           | -          | 0.14       | na         | na          |
| Legend Mining        | LEG  | Sulphide              | WA              | \$0.05 | 109.1        | 1.8         | 107.3        | -            | -           | -          | na         | na         | na          |
| Jervois Mining       | JRV  | Laterite              | NSW             | \$0.22 | 144.4        | 5.2         | 139.2        | 1,199        | -           | -          | 0.12       | na         | na          |
| Ardea Resources Ltd  | ARL  | Laterite              | WA              | \$0.47 | 52.8         | 10.7        | 42.1         | 1,794        | 404         | -          | 0.02       | 0.10       | na          |
| Cassini Resources    | CZI  | Sulphide              | WA              | \$0.09 | 37.4         | 3.5         | 33.9         | 1,226        | -           | -          | 0.03       | na         | na          |
| St George Min Ltd    | SGQ  | Sulphide              | WA              | \$0.18 | 64.5         | 5.3         | 59.2         | -            | -           | -          | na         | na         | na          |
| GME Resources Ltd    | GME  | Laterite              | WA              | \$0.06 | 32.4         | 0.3         | 32.1         | 993          | 672         | -          | 0.03       | 0.05       | na          |
| Pioneer Res Ltd      | PIO  | Sulphide              | WA              | \$0.02 | 24.1         | (3.0)       | 27.1         | -            | -           | -          | na         | na         | na          |
| Axiom Mining Limited | AVQ  | Laterite              | Solomon Islands | \$0.03 | 13.5         | (0.1)       | 13.6         | -            | -           | -          | na         | na         | na          |
| Centaurus Metals Ltd | CTM  | Laterite              | Brazil          | \$0.01 | 44.0         | 3.0         | 41.0         | 4,821        | -           | -          | 0.01       | na         | na          |
| Barra Resources      | BAR  | Laterite              | WA              | \$0.02 | 11.3         | 2.0         | 9.3          | 212          | -           | -          | 0.04       | na         | na          |
| Duketon Mining       | DKM  | Sulphide              | WA              | \$0.20 | 23.0         | 2.6         | 20.4         | 71           | -           | -          | 0.29       | na         | na          |
| Blackstone Ltd       | BSX  | Sulphide              | Vietnam         | \$0.12 | 22.0         | 5.6         | 16.4         | -            | -           | -          | na         | na         | na          |
| Galileo Mining Ltd   | GAL  | Laterite              | WA              | \$0.12 | 11.1         | 8.0         | 3.0          | 178          | -           | -          | 0.02       | na         | na          |
| Rox Resources        | RXL  | Sulphide              | WA              | \$0.03 | 37.9         | 7.4         | 30.5         | 95           | -           | -          | 0.32       | na         | na          |
| Auroch Minerals Ltd  | AOU  | Sulphide              | WA              | \$0.08 | 9.9          | 1.7         | 8.2          | 32           | -           | -          | 0.26       | na         | na          |
| Estrella Res Ltd     | ESR  | Sulphide              | WA              | \$0.01 | 5.9          | 0.5         | 5.4          | 4            | -           | -          | 1.34       | na         | na          |
| Alchemy Resource Ltd | ALY  | Laterite              | NSW             | \$0.01 | 6.6          | 0.7         | 6.0          | 211          | -           | -          | 0.03       | na         | na          |
| Greatbould Resources | GBR  | Sulphide              | WA              | \$0.05 | 5.6          | 1.5         | 4.1          | -            | -           | -          | na         | na         | na          |
| Traka Resources      | TKL  | Sulphide              | WA              | \$0.01 | 4.4          | 0.7         | 3.7          | -            | -           | -          | na         | na         | na          |
| Golden Mile Res Ltd  | G88  | Laterite              | WA              | \$0.07 | 3.9          | 1.4         | 2.5          | -            | -           | -          | na         | na         | na          |
| <b>Mean</b>          |      |                       |                 |        | <b>228.5</b> | <b>20.1</b> | <b>173.7</b> | <b>492.3</b> | <b>57.6</b> | <b>2.8</b> | <b>0.7</b> | <b>3.1</b> | <b>42.1</b> |

Source: Euroz and Company data.

Beyond which there is a number of junior explorers with assets of varied maturity, the majority of which with WA focus.

There are number that are yet to define a Resource, including LEG. However, we respect the impact a discovery hole can have on junior explorers: SVY and SIR before it being notable recent examples. Though not the cheapest of the exploration peers, LEGs point of differentiation is two-fold:

- It is the second largest land holder in the Fraser Range, a belt now viewed to be fertile but largely untested for Ni sulphide deposits;
- It shares ground and has representation by two entities, synonymous with Ni sulphide development and exploration discovery on its register, in IGO and Mark Creasy.

Consequently, we view that LEG will benefit from new discovery both through its own drilling activity but should IGO and/or Creasy make new or expand existing discoveries on the belt. And it is this association that likely imputes the relatively higher market valuation.

#### Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.



## Legend Mining Ltd

### (LEG \$0.048) Speculative Buy – Initiation of Coverage

#### VALUATION & PRICE TARGET

Valuation - \$0.08/sh

Price Target - \$0.08/sh

LEG is an exploration company. Without production and revenue nor a defined Resource, valuation of the business is purely nominal and therefore highly subjective.

Drilling catalysts in a supportive market will attract market interest and trading activity. As previously highlighted, LEG is about to embark on a targeting diamond drilling programme. And further drilling should occur throughout CY'20. We believe that the Ni sulphide thematic should add interest to LEGs activities and disproportionately reward share price in the event of discovery. We set a Price Target ahead of current share price as we believe that anticipation of drilling and potential drilling success will translate to upwards stock price momentum.

Exploration is a high-risk venture with no certainty of success and is the key risk to achieving our Valuation or Price Target.

Whilst economic discovery is always the ultimate objective, activity is always iterative and results, whilst technically successful (thereby serving to assist in vectoring-in on potential ore bodies) may not deliver equity market gratification as a consequence.

We attribute a Speculative Buy recommendation as a consequence and stress that without discovery can result in significant share price underperformance.

#### RESERVES & RESOURCES

Reserves - nil

Resources - nil

---

#### Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

---

# Legend Mining Ltd

## (LEG \$0.048) Speculative Buy – Initiation of Coverage

### INVESTMENT ISSUES

LEG offers exposure to established, methodical base metals exploration company with a sizeable tenement package in the emerging Fraser Range province. The large land position, extensive exploration work and strong JV and technical relationships with established explorers in IGO and Creasy Group, provides excellent foundations to make geological discoveries over time.

Regional exploration screening – geophysics, ground mapping reconnaissance, soil sampling – has established a number of drillable targets. Over the short to medium term, the Company hopes to make a discovery of (potentially) ore grade mineralisation. At which point, sufficient mineralisation defined via drilling will substantiate a Resource. This would then lead to overlaying project economics via initial scoping and later, feasibility studies, as the Resource becomes better defined.

Drilling catalysts in the short term will garner market interest and therefore liquidity plus possible share price appreciation on speculation surrounding drilling results. In addition, a favourable prevailing nickel macro will boost sentiment. This will also encourage the potential for corporate interest should the Company build critical mass at a discovery location(s). We believe that this can drive outperformance versus its peer group over the medium term.

#### Earnings and Cash Flow

The Company is currently in exploration phase and therefore will not generate earnings for the foreseeable future, barring realisation of cash for asset farm-downs/sales.

Tax and Royalties

- Corporate tax – 30%
- State tax – Nickel ad valorem rate of 2.5%

#### Dividends

Company does not currently have recurring revenues and therefore no capacity to pay dividends.

#### Balance Sheet

Cash and receivables total \$13.5M (includes \$3M receivable from Jindal).

It also has 238m 4c options exp Sep 2020 and Mar 2021 representing a further up to \$9.5m of possible equity capital if exercised.

The Company has no Debt.

#### Currency

LEG is a A\$ denominated company and reports all costs and earnings in A\$.

#### Balance Date

LEG reports on a Dec 31 FY.

#### Company History

Legend Mining Ltd (LEG.ASX) listed in August, 1995

---

#### Euroz Securities Limited

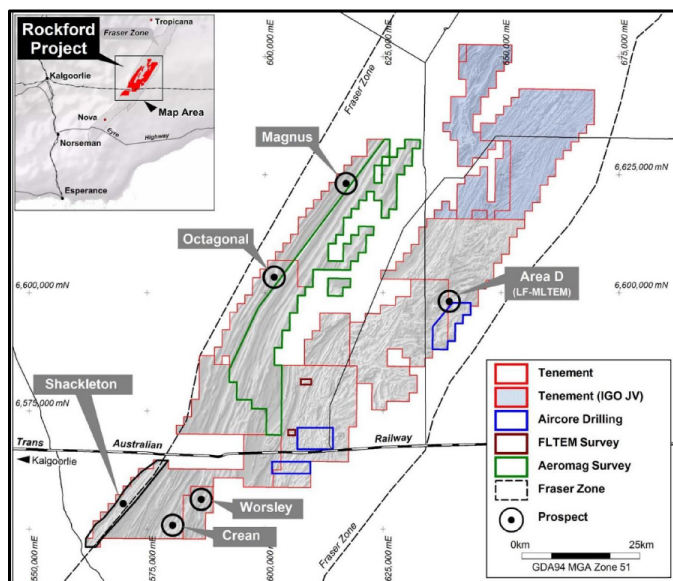
All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

---

## Legend Mining Ltd

(LEG \$0.048) Speculative Buy – Initiation of Coverage

## FORWARD WORK PROGRAMME



## 2019

- On-going regional aircore, geochem and geophysics
- AREA D - diamond drilling (2 holes) targeting Conductors D5 and D1
- Crean Prospect (Ni-Cu-Co) - Innovative MLTEM survey (4Q19)
- Worsley Prospect (VMS style) - Infill MLTEM survey (4Q19)

## 2020

- Octagonal and Magnus Prospects (Ni-Cu-Co) - diamond drilling
- Crean Prospect (Ni-Cu-Co) - diamond drilling
- Worsley Prospect (VMS style) - diamond drilling
- Shackleton Prospect (VMS style) - RC/diamond drilling

## Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

# Legend Mining Ltd

(LEG \$0.048) Speculative Buy – Initiation of Coverage

## RISKS

**Market Risk** – General market risk.

**Commodity Price** – LEG is a resource exploration company. Market valuation is inextricably linked to prevailing resource sector macro and to the relevant commodity price. Nickel as a commodity is heavily industrial growth sentiment/supply-demand driven.

**Exploration Risk** – The ultimate success of LEGs strategy is largely driven by exploration success. Whilst results to date are encouraging, they do not guarantee future drilling success nor sufficient scale to underwrite an economic development. Exploration is by its very nature, high risk.

**Sovereign Risk** – Low;

**Financing Risk** – LEG is an exploration company requiring ongoing drilling capital. Given a lack of recurring operating cashflow, a debt funded business model is entirely inappropriate at this point in the Company's evolution. The Company is very well funded with \$13.5m in cash and receivables and a low burn rate.

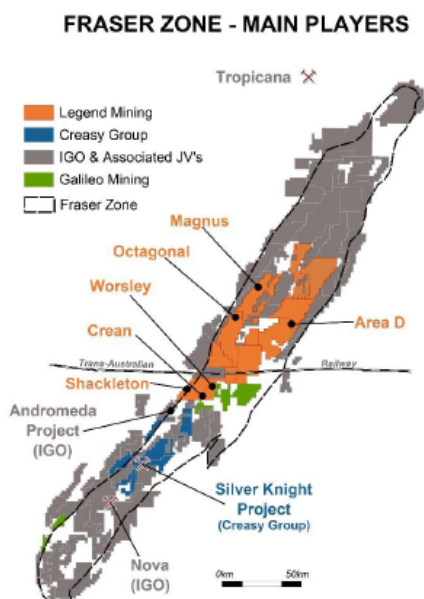
We initiate with a Speculative Buy recommendation reflective (particularly) of exploration risk and macro/nickel price risk.

## PROJECTS – 'ROCKFORD PROJECT'

LEG – Various interests

**Exploration Targets** – Ni, Cu ('Nova' magmatic Ni Sulphides) & Gold (Tropicana style)

LEG is entirely focused upon the Fraser Range province in Western Australia. It is the second largest lease holder with 3,088km<sup>2</sup> in granted exploration tenements:



Map of the Fraser Range, identifying the key companies active in the belt and their associated lease holdings

### Euroz Securities Limited

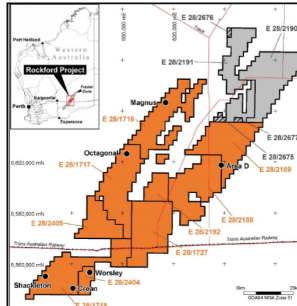
All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

# Legend Mining Ltd

## (LEG \$0.048) Speculative Buy – Initiation of Coverage

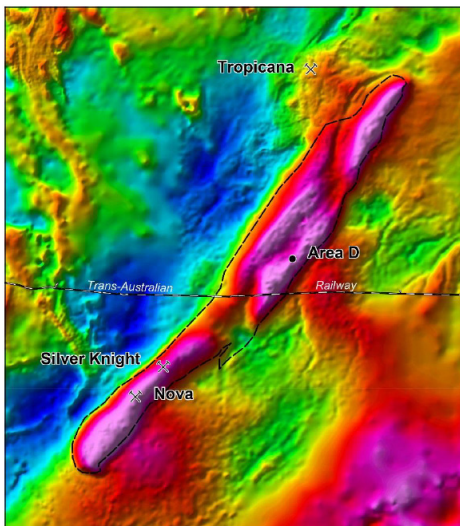
A summary of LEG’s Fraser Range ‘Rockford Project’ interests are summarised in the table below and follow the recent JVAs signed with Creasy Group and IGO in July, 2019:

| JVA Title           | Tenement | Area km <sup>2</sup> | Ownership                         |
|---------------------|----------|----------------------|-----------------------------------|
| Ponton JVA 2019     | E28/1716 | 355                  | Legend 70% / Creasy 30%           |
|                     | E28/1617 | 354                  |                                   |
| Ponton JVA 2015     | E28/1718 | 353                  | Legend 70% / Creasy 30%           |
|                     | E28/1727 | 353                  |                                   |
| Rockford JVA 2015   | E28/2188 | 354                  | Legend 70% / Creasy 30%           |
|                     | E28/2189 | 331                  |                                   |
|                     | E28/2192 | 91                   |                                   |
| NA                  | E28/2404 | 58.8                 | Legend 100%                       |
|                     | E28/2405 | 179.7                |                                   |
| Rockford JVA 2019   | E28/2190 | 355                  | IGO 60% / Creasy 30% / Legend 10% |
|                     | E28/2191 | 278                  |                                   |
| Legend/IGO JVA 2019 | E28/2675 | 11.8                 | IGO 70% / Legend 30%              |
|                     | E28/2676 | 5.9                  |                                   |
|                     | E28/2677 | 5.9                  |                                   |



Source: LEG Presentation

Exploration has proven the ground to be prospective for Ni-Cu magmatic sulphides (Nova, Silver Knight) as well as gold per the Tropicana Mine. These locations, as well as the upcoming drilling target of Area D, are highlighted on the gravity image of the Fraser Range below:



Gravity map of the Rockford Project area of interest within the Fraser Range region, highlighting existing mines and discoveries as well as the Area D location to be undergoing diamond drilling from Oct 2019.

**Euroz Securities Limited**

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

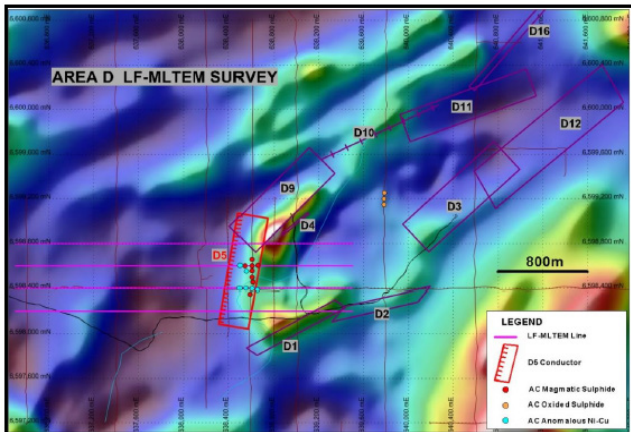
# Legend Mining Ltd

(LEG \$0.048) Speculative Buy – Initiation of Coverage

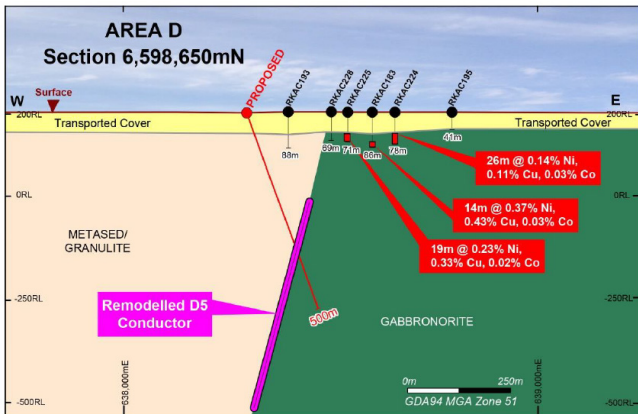
## Area D

### Drilling from October 2019

The Area D bedrock electromagnetic conductors, will be the focus of the upcoming diamond drilling programme. Two holes will test conductors D5 and D1, recently remodelled following acquisition of low frequency moving loop electromagnetic survey (MLTEM):



D5 - originally identified by MLTEM surveying. Aircore drilling to the immediate east of D5 upgraded the area with the intersection of magmatic Ni-Cu-Co sulphides in several holes, most notably RKAC183 (14m @ 0.37% Ni, 0.43% Cu, 0.03% Co from 72m -ASX release 9/4/2018). Subsequent aircore drilling defined a coherent 500m x 200m blanket of anomalous Ni-Cu-Co up to 47m thick (RKAC151), overlying gabbro-norite bedrock:



**Euroz Securities Limited**

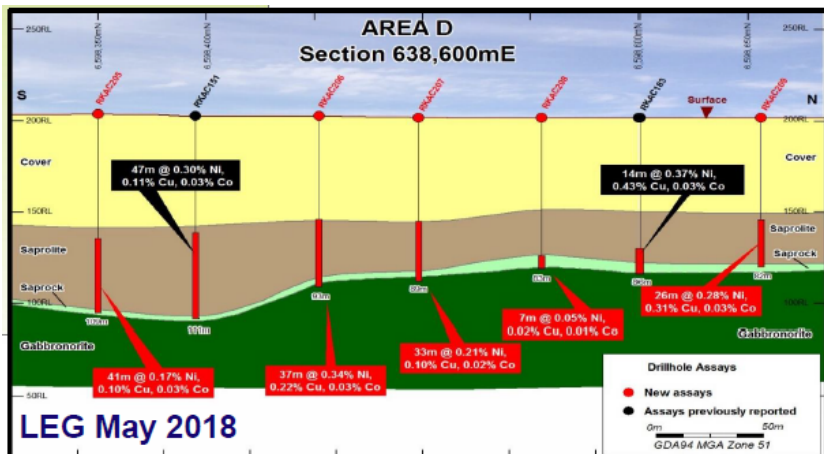
All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.



# Legend Mining Ltd

## (LEG \$0.048) Speculative Buy – Initiation of Coverage

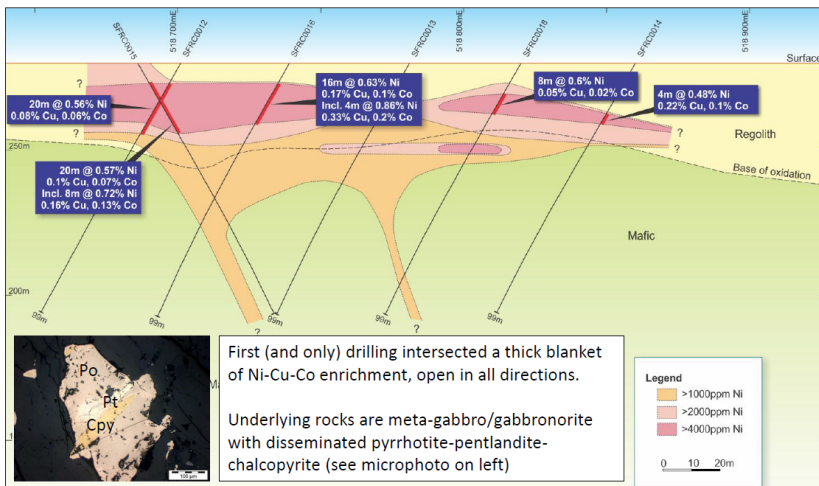
D1 – was identified on MLTEM in 2015. Limited aircore drilling above the conductor identified host rock packages consistent with magmatic sulphide mineralisation seen at D5. Gabbronorite, pyroxenite and metasediments are interpreted to represent a possible contact between intrusive ultramafics and host metasediments per the D5 location:



The planned drillhole has a target depth of 500m with the D1 conductor remodelled at -350m downhole. Upon completion, downhole EM surveying of the hole will be undertaken to ensure the conductor has been intersected and to test for offhole conductors.

This vectoring process to date has followed a similar evolution to the work that defined the ‘Eye’ nickel-copper anomaly and ultimately lead to SIRs Nova discovery below:

### Fraser Range JV: the Eye nickel-copper anomaly – cross section of drilling on line 6479800N



SIR presentation Nov 2011

### Euroz Securities Limited

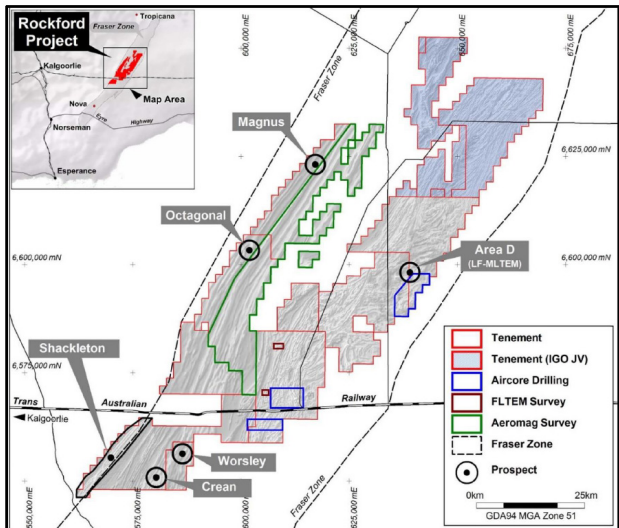
All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

Legend Mining Ltd  
 (LEG \$0.048) Speculative Buy – Initiation of Coverage



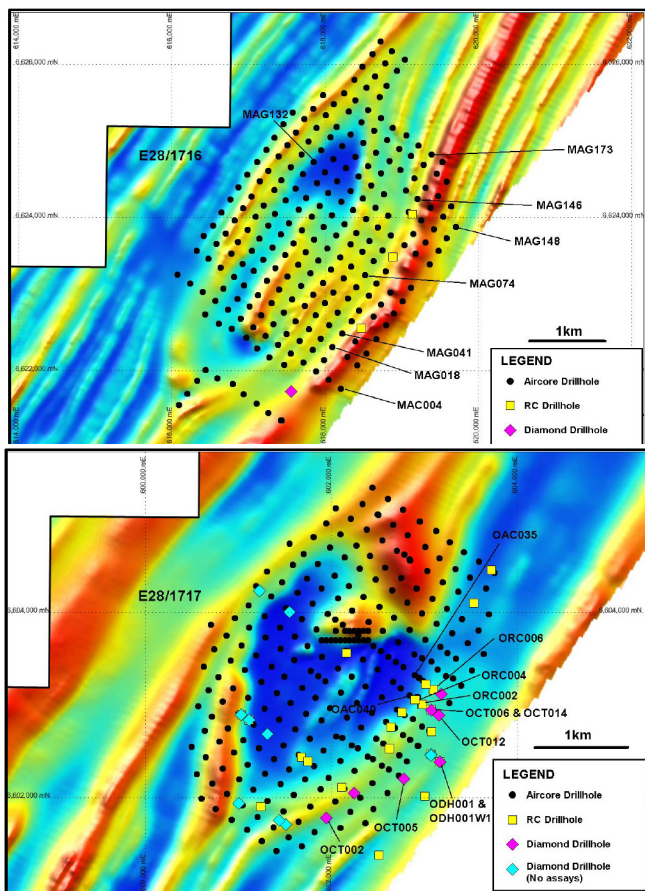
Broader Rockford Project

Drilling 2020



Octagonal & Magnus – Ponton JVA with Creasy Group

As discussed in the preceding sections, diamond drilling will be undertaken through CY'20 at Magnus and Octagonal. Both targets have undergone several phases of historical aircore, RC and diamond drilling:



Magnus (LHS) and Octagonal (RHS) Prospects overlaying historical drilling locations on aeromagnetic imagery

Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.



## Legend Mining Ltd

### (LEG \$0.048) Speculative Buy – Initiation of Coverage

Octagonal and Magnus have similar aeromagnetic character and similar host rocks to Nova. Recent drilling returned multiple intersections of massive, semi-massive, net textured, stringer and disseminated pyrrhotite-pentlandite-chalcopyrite

- 82m @ 0.18% Ni, 0.15% Cu, 0.01% Co from 168m in OCT006 (RC drillhole)
  - Inc. 1m @ 1.55% Ni, 0.53% Cu, 0.08% Co from 174m
  - Inc. 1m @ 2.24% Ni, 1.52% Cu, 0.12% Co from 199m
- 0.36m @ 0.89% Ni, 0.29% Cu, 0.12% Co from 497.07m in OCT002 (DD)
- 0.55m @ 0.82% Ni, 1.23% Cu, 0.05% Co from 181m in OCT014 (DD)

### Worsley VMS Prospect – LEG 100%

Worsley prospect highlighting EM conductor on aeromagnetics and associated drilling (LHS) and cross-section showing key intercept relative to EM conductor as modelled

Worsley will also likely receive further diamond drilling in CY'20. This follows results from this CYs campaign that returned notable intercepts associated with an EM conductor:

- RKAC594 28m @ 0.17% Zn, 1.37 g/t Ag from 40m
  - Incl. 4m @ 0.71% Zn, 1.71 g/t Ag, 0.11% Ni, 0.09% Co from 52m

---

#### Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

---

# Legend Mining Ltd

## (LEG \$0.048) Speculative Buy – Initiation of Coverage

### DIRECTORS & MANAGEMENT

#### Michael Atkins (Chairman)

Michael Atkins is a Fellow of the Australian Institute of Company Directors. Mr Atkins was a founding partner of a national Chartered Accounting practice from 1979 to 1987 and was a Fellow of the Institute of Chartered Accountants in Australia between 1984 and 2012. Between 1987 and 1998 he was involved in the executive management of several publicly listed resource companies with operations in Australia, USA, South East Asia and Africa. From 1990 to 1995 he was managing director and later a non-executive director of Claremont Petroleum NL and Beach Petroleum NL during their reconstruction, and then remained as a non-executive director until 1995. He was also founding executive chairman of Gallery Gold Ltd until 1998, and remained a non-executive director until 2000. Since February 2009 Mr Atkins has been a Director – Corporate Finance at Patersons Securities Limited where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector. He is currently non-executive chairman of Australian listed companies Azumah Resources Ltd and Castle Minerals Ltd, and non-executive director of SRG Limited. Mr Atkins has not held any former public company directorships in the last three years.

#### Mark Wilson (Managing Director)

Mark Wilson is a Member of the Institution of Engineers, Australia and a Chartered Professional Engineer with an Associateship in Civil Engineering from Curtin University in Western Australia. He has an extensive business background, mainly in corporate management and project engineering. This has included site management of remote construction projects, ten years of commercial construction as a founding proprietor of a Perth based company and the past twenty years in executive, non-executive, consulting and owner roles in resource focused companies. During the past three years, Mr Wilson has also served as non-executive director of Australian listed company Tanga Resources Limited (resigned July 2017).

#### Derek Waterfield (Executive Director – Technical)

Derek Waterfield is a Member of the Australian Institute of Geoscientists and a graduate of the University of Queensland (B.Sc. Hons). He has over 25 years' experience in gold, base metals, iron ore, nickel and uranium exploration throughout Australia and Cameroon. He started his career with CRA Exploration Pty Ltd and has held senior exploration leadership positions with Normandy Mining and Newmont Australia, and led the team that discovered the Moolart Well gold deposit in the Duketon Belt 350km north of Kalgoorlie. He was Exploration Manager at Legend Mining for five years managing Legend's WA and Cameroon projects. More recently he has been Exploration Manager for Enterprise Metals Ltd, responsible for gold, iron ore, uranium and base metal exploration in WA. Mr Waterfield has not held any former public company directorships in the last three years.

#### Tony Walsh (Company Secretary)

Tony Walsh (Company Secretary) was appointed Company Secretary effective on 12 December 2016. Mr Walsh has over 30 years' experience in dealing with listed companies, ASX, ASIC and corporate transactions including 14 years with the ASX in Perth where he acted as ASX liaison with the JORC committee, four years as Chairman of an ASX listed mining explorer and as a director of a London AIM listed explorer. Tony is also currently Company Secretary of Battery Minerals Mining Ltd and is a Director of Entek Energy Limited. Mr Walsh is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia, the Institute of Chartered Secretaries and the Institute of Chartered Accountants in Australia.

He is currently a non-executive director of the Women's and Infants Research Foundation.

#### Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

## Legend Mining Ltd

## (LEG \$0.048) Speculative Buy – Initiation of Coverage

## MARKET STATISTICS

| Issued Capital                                 |                  |
|--|------------------|
| FPO Ord Share                                  |                  |
| Opts (@ 4c Sep 2020, Mar 2021)                 | 238.0m           |
| Opts (@ var)                                   | 136.1m           |
| Market Capitalisation (fully diluted @ 4.8cps) | \$130m           |
| Cash   | \$10.7m          |
| Cash Receivable (Jindal)                       | \$3m             |
| Unpaid Cash (opt exercise)                     | \$9.5m           |
| Debt   | \$ nil           |
| Enterprise Value                               | \$107m           |
| Year Low - High                                | \$0.023- \$0.049 |
| Average Daily Volume                           | 1.21m            |
| Major Shareholders:                            |                  |
| Creasy Group                                   | 26.8%            |
| Independence Group                             | 14.2%            |
| Mark Wilson                                    | 5.4%             |

## TOP 20 SHAREHOLDERS

| Shareholders                             | Shares (m)      | % Held       |
|--|-----------------|--------------|
| 1 Creasy Group                           | 581.24          | 28.43        |
| 2 Wilson Group                           | 128.75          | 6.3          |
| 3 Bailey Group                           | 119.43          | 5.84         |
| 4 Zero Nominees Pty Ltd                  | 64.18           | 3.14         |
| 5 Bellarine Gold Pty Ltd                 | 46.82           | 2.29         |
| 6 Listoga Pty Ltd                        | 35.00           | 1.71         |
| 7 Mr Matthew McLeish                     | 24.00           | 1.17         |
| 8 Topaz Pty Ltd                          | 22.70           | 1.11         |
| 9 PHH Pty Limited                        | 17.80           | 0.87         |
| 10 Mr Peter Hawkes Whitcombe             | 14.46           | 0.71         |
| 11 Nino Constructions Pty Ltd            | 13.16           | 0.64         |
| 12 HSBC Custody Nominees (Australia) Ltd | 13.11           | 0.64         |
| 13 Citicorp Nominees Pty Ltd             | 12.13           | 0.59         |
| 14 Three Cheeky Monkeys                  | 11.99           | 0.59         |
| 15 Michaelmas Island Pty Ltd             | 11.22           | 0.55         |
| 16 Mr Andrew Nicholas Vukosav            | 10.38           | 0.51         |
| 17 Musgrave Minerals Limited             | 10.00           | 0.49         |
| 18 Mr P R Trafford                       | 9.80            | 0.48         |
| 19 M & K Li Howard                       | 9.46            | 0.46         |
| 20 Ironbridge Farms Pty Ltd              | 9.00            | 0.44         |
| <b>Total</b>                             | <b>1,164.63</b> | <b>56.96</b> |

## Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

# Disclaimer

## Copyright & Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Securities Ltd (ACN 089 314 983) ("Euroz") only. Euroz is the holder of an Australian Financial Services Licence (AFSL 243302) issued by the Australian Securities and Investments Commission ("ASIC") and is a participant of the Australian Securities Exchange Group ("ASX Group").

The information contained herein is confidential and may be legally privileged. If you are not the intended recipient no confidentiality is lost nor privilege waived by your receipt of it. Please delete and destroy all copies, and contact Euroz on (+618) 9488 1400. You should not use, copy, disclose or distribute this information without the express written authority of Euroz.

## Disclaimer & Disclosure

This report was prepared solely by Euroz Securities Limited. ASX Limited ABN 98 009 642 691 and its related bodies corporate ("ASX") did not prepare any part of the report and has not contributed in any way to its content. The role of ASX in relation to the preparation of the research reports is limited to funding their preparation, by Euroz Securities Limited in accordance with the ASX Equity Research Scheme.

ASX does not provide financial product advice. The views expressed in this research report may not necessarily reflect the views of ASX. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by ASX as to the adequacy, accuracy, completeness or reasonableness of the research reports.

Euroz and its associates declare that they deal in securities as part of their securities business and consequently may have a relevant interest in the securities recommended herein (if any). This may include providing equity capital market services to their issuing company, hold a position in the securities, acting as principal or agent, or make a market therein and as such may effect transactions not consistent with the recommendation (if any) in this report.

Euroz declares that it may have acted as an underwriter, arranger, co-arranger or advisor in equity capital raisings, and will have received a fee for its services, for any company mentioned within this report during the last 12 months.

You should not act on any recommendation issued by Euroz without first consulting your investment advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to your investment objectives, financial situation and particular needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it. The opinions expressed are subject to change without notice. No member of Euroz accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material.

We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference.

## Analyst Certification

We hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities.

No part of our compensation was, is or will be directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in this research.

## Contact Details

**Euroz Securities Limited** +61 8 9488 1400

### Research Analysts

|   |                 |
|---|-----------------|
| Jon Bishop - Head of Research           | +61 8 9488 1481 |
| Andrew Clayton - Resources Analyst      | +61 8 9488 1427 |
| Michael Emery - Resources Analyst       | +61 8 9488 1430 |
| Gavin Allen - Industrials Analyst       | +61 8 9488 1413 |
| Seth Lizee - Associate Research Analyst | +61 8 9488 1414 |

### Institutional Sales

|   |                 |
|---|-----------------|
| Andrew McKenzie - Executive Chairman    | +61 8 9488 1407 |
| Rob Black - Managing Director           | +61 8 9488 1423 |
| Jay Hughes - Executive Director         | +61 8 9488 1406 |
| Russell Kane - Executive Director       | +61 8 9488 1426 |
| Simon Yeo - Executive Director          | +61 8 9488 1404 |
| Timothy Bunney - Executive Director     | +61 8 9488 1461 |
| Peter Schwarzbach - Executive Director  | +61 8 9488 1492 |
| Stacy Kitsantas - Institutional Adviser | +61 8 9488 1486 |

### Private Client Advisers

|   |                 |
|---|-----------------|
| Chris Webster - Head of Private Clients | +61 8 9488 1412 |
| Ben Statham - Executive Director        | +61 8 9488 1417 |
| Brian Bates - Executive Director        | +61 8 9346 0314 |
| Cameron Murray - Executive Director     | +61 8 9488 1440 |
| James Mackie - Executive Director       | +61 8 9488 1416 |
| Lucas Robinson - Executive Director     | +61 8 9488 1424 |
| Ryan Stewart - Executive Director       | +61 8 9488 1441 |
| Tim Lyons - Executive Director          | +61 8 9346 0324 |
| Brett Stapleton - Associate Director    | +61 8 9488 1435 |
| Giles McCaw - Associate Director        | +61 8 9488 1462 |
| Michael Bowden - Associate Director     | +61 8 9346 0307 |
| Richard Gardner - Associate Director    | +61 8 9488 1444 |
| Paul Berson - Associate Director        | +61 8 9346 0314 |
| Paul Cooper - Associate Director        | +61 8 9346 0316 |
| Ian Harrison - Investment Adviser       | +61 8 9488 1422 |
| Lauren Walker - Investment Adviser      | +61 8 9488 1495 |
| Michael Bartley - Investment Adviser    | +61 8 9346 0352 |
| Tom Kenny - Investment Adviser          | +61 8 9488 1431 |
| Zac Vinten - Associate Adviser          | +61 8 9488 1473 |
| Laurence Grescos - Associate Adviser    | +61 8 9488 1419 |

## Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.