



IRON ORE LIMITED

An NMDC Group Company

ASX Announcement
27 January 2012

About Legacy Iron Ore

Legacy Iron Ore Limited ("Legacy" or the "Company") is a Western Australian based Exploration Company, focused on iron ore and gold exploration and discovery.

Legacy's mission is to increase shareholder wealth through capital growth, created via the discovery, development and operation of profitable mining assets.

The Company was listed on the Australian Securities Exchange on 8 July 2008. Since then, Legacy has had a number of iron ore, manganese and gold discoveries which are now undergoing drilling and resource definition.

Board and Management

Narendra Kumar Nanda, Non-Executive Chairman

Sharon Heng, Managing Director

Swaminathan Thiagarajan, Non-Executive Director

Subimal Bose, Non-Executive Director

Timothy Turner, Non-Executive Director

Tao Han, Non-Executive Director

John Hebenton Chief Technical Officer

Capt. S P Singh, Chief Marketing Officer

Ben Donovan, Company Secretary

Key Projects

Mt Bevan Iron Ore Project

Hamersley Iron Ore Project

Robertson Range Iron Ore and Manganese Project

South Laverton Gold Project

East Kimberley Gold, Base Metals and REE Project

Enquiries

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The Company Announcements Office
ASX Limited

Via E Lodgement

LEGACY PLANS \$ 200M LINE OF CREDIT TO FUND ANY NEW ACQUISITIONS AND JOINT VENTURES

HIGHLIGHTS

- **Legacy in advanced discussions for \$200M line of credit to further fund mine development and future acquisitions.**
- **Agreement with Springtree that raises finance through ongoing equity dilution has been terminated.**
- **All new Australian projects proposed to be acquired and developed through Legacy**

The Board of Legacy Iron Ore Limited ("Legacy") is delighted to announce its plans to secure a \$200M line of credit to funding its future expansion in Australia. The line of credit is a precursor to plans for future project acquisitions and joint ventures.

This funding arrangement is testament to the significant advantages that are now available to Legacy as an NMDC group company. Access to funding of this scale will enable Legacy to rapidly accelerate its plans for growth. It also alleviates the prospect of further and ongoing equity dilution for our shareholders.

Accordingly, the Convertible Securities Agreement with SpringTree Global Investors LLC has now been cancelled.

New Projects

The Legacy board has been mandated to acquire new assets, with Legacy and NMDC agreeing that the board wishes to outline how the ownership of new assets will be addressed, as agreed between NMDC and Legacy:

- all new acquisitions (including projects currently under negotiation) will be executed through Legacy;
- regardless of whether they are completed via a joint venture agreement, partial or full acquisition, or by any other means.

Under the auspices of NMDC, due diligence is currently being initiated to finalise negotiations on the following projects:

- Minemakers Limited's Wonarah phosphate project
- Atlas Mining Limited's Ridley iron ore project

Upon successful completion of due diligence, both of these projects will be executed directly through Legacy.

Legacy and NMDC are also actively pursuing the acquisition of other mineral assets, including Coking/Thermal Coal and Iron Ore with several projects undergoing review.

Legacy will continue to provide further updates on new projects to shareholders as negotiations progress.

Purpose and Key Terms of the Legacy Line of Credit

The line of credit is being planned to expand the Company's operations by allowing Legacy to invest in resource focussed companies or projects, including those already under discussion. This is consistent with NMDC's strategic intent to aggressively grow its presence in Australia exclusively through Legacy, now its group company in Australia.

The line of credit may also be used to develop other existing projects at the Company's discretion.

Commenting, Legacy's MD Sharon Heng said "*These funding arrangements are demonstrative of NMDC's commitment to the success and long-term development of Legacy. With full support from NMDC, Legacy will be working hard to capture the significant opportunities and value for shareholders that these funding initiatives offer*".

Yours faithfully,
LEGACY IRON ORE LIMITED

Sharon Heng

Managing Director

About NMDC

- *India's National Mineral Development Corporation Limited*
- *Under the control of India's Ministry of Steel*
- *Since inception in 1958, involved in the exploration, development and production of a wide range of minerals, including iron ore, copper, rock phosphate, lime stone, dolomite, gypsum, bentonite, magnesite, diamonds, tin, tungsten, graphite, beach sands, etc...*
- *90% State-owned, 10% publicly listed*
- *Mumbai Stock Exchange: NMDC ; Market cap US\$15B*
- *Debt free, US\$4B cash reserves*
- *India's largest iron ore producer, approx 30mtpa (60%+ Fe) from 3 mines*
- *India's only fully mechanised diamond mine*
- *Currently developing two 3MTPA integrated steel plants*
- *Actively pursuing coking/thermal coal, iron ore, gold, diamonds, copper, phosphate and other minerals, through acquisitions and joint venture opportunities*
- *Will use Legacy as its vehicle to implement, develop and operate these assets in Australia*

About Mount Bevan

- *Joint venture iron ore project between Legacy and Hawthorn Resources Limited*
- *Legacy will earn a 60% interest in the project by expending a minimum of \$3.5m to develop the project to a pre-feasibility stage*

END