IRON ORE LIMITED

ASX Announcement
20 July 2011

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

Timothy Turner, Non-Executive Chairman
Sharon Heng, Executive Director & Chief Executive Officer
Tao Han, Non-Executive Director
Ben Donovan, Company Secretary
Steve Shelton, Exploration Manager
Marina Watts, Senior Geologist

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 and Base Metals Project

Enquiries

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The Company Announcements Office
ASX Limited

Via E Lodgement

MT BEVAN IRON ORE PROJECT
OUTSTANDING DTR MAGNETITE RECOVERIES AND PRODUCT

Highlights

- **Results show concentrate with high Fe purity.**
- **Average weight recovery of 44.63%.**
- **Iron concentrate grade averaging 69.8%.**
- **Very low silica, content averaging 3.3%, with very low levels of sulphur and phosphorus.**
- **Confirms the potential for the project to deliver Blast Furnace (BF) or Direct Reduction (DR) grade quality pellets.**
- **The maiden JORC compliant Inferred Resource of 617 Mt at 32.1% Fe covers only 40% of strike length of the first iron ore target.**
- **Overall Exploration Target for magnetite revised to 1.5 – 2.0 Bt grading 30% - 40% Fe* – for the southern part of the Western BIF target alone.**
- **Next phase drilling planned for August 2011 to extend the resource and over the whole extent of the southern part of the Western BIF.**

Legacy Chief Executive Officer, Sharon Heng's Comments

"Legacy's Mt Bevan joint venture with Hawthorn Resources Limited is shaping up to be one of Australia's premier magnetite resources."

"It combines a potentially very large magnetite resource with low strip ratios and excellent metallurgy, in a location close to road, rail and an existing deep water port."

"Mt Bevan is attracting several overseas companies for potential investment in the Company."

"The Indian Government's wholly-owned public enterprise, the National Mineral Development Corporation ("NMDC"), subject to all necessary approvals, could acquire up to a 50% stake in Legacy."

"This strategic alliance will not only enable Legacy to fund and unlock value on all existing projects but to acquire and develop more advanced projects as well, with the financial backing from NMDC, should it come onboard as Legacy's largest shareholder."

Following the announcement of its maiden JORC inferred resource on 20 June 2011, Legacy Iron Ore Limited ("Legacy") is pleased to announce that Davis Tube Recovery ("DTR") metallurgical tests confirm the high grade magnetite mineralisation at Mount Bevan ("Mt Bevan").

The results from this comprehensive DTR test work are excellent and continue to demonstrate that the Mt Bevan resource will produce a consistent, high quality concentrate product with low impurities.
Mt Bevan is a joint venture between Legacy and Hawthorn Resources Limited ("Hawthorn") whereby Legacy will earn a 60% interest in the project by expending a minimum of $3.5 million to develop the project to a pre-feasibility status.

A maiden JORC compliant Inferred Resource of 617 Mt at 32.1% Fe for the first phase RC drilling program was announced on 20 July 2011. This first phase drilling program was conducted over some 40% of the strike length of the Western BIF unit – the first of several iron ore prospects to be drill tested within the project area.

A total of 206, 6m composite samples were taken from the central thick magnetite bearing BIF drilled during this first RC drilling program and tested by ALS Perth for magnetite recovery using the Davis Tube Recovery ("DTR") technique. This technique includes the recovery onto magnets of magnetite from a sample ground to a specific grind size as determined by grind curve testing and analysis. The DTR method provides a laboratory approximation for commercial extraction of magnetite by magnetic separators.

The DTR program was conducted by ALS, Perth with supervision by Calibre Global – a major Australian based international provider of project management, engineering and consultancy services to the resources and infrastructure industries. Preliminary metallurgical testwork by Ammtec including grind curve optimisation indicated the use of a 75 micron screen in the DTR procedure (yielding an approximate P80 of 45 – 50 micron). This is a relatively coarse screen size for WA magnetite mineralisation.

The results from this comprehensive DTR test work are excellent, with an average weight recovery of 44.63%, and an average concentrate grade of 69.8% Fe, Silica contents average a very low 3.28%, with very low sulphur and phosphorus. Of note, within the thick magnetite BIF, there appears to be higher Fe, lower silica in the upper (hangingwall) zone, offering potential during mining to produce differing mill feeds.

These results place the Mt Bevan magnetite resource at the highest quality level of West Australian magnetite projects, particularly in the low silica component of the concentrate. Most peer projects show DTR concentrate silica in the 4.5 to 6% range.

Attachment 1 provides all head assay and DTR results for the phase 1 RC drilling program.

The DTR results indicate that a high purity magnetite concentrate can be produced. This gives the project potentially the flexibility to produce either normal BF (Blast furnace) grade pellets (silica < 5.5%) which may be produced at a coarser grind size, or premium DR (Direct reduction) grade pellets (silica < 3%) at a finer grind size.

Background

Mt Bevan is considered to hold excellent potential for the definition of substantial DSO hematite and magnetite iron resources that are located close to existing road, rail and port facilities.

The announcement to the ASX on 20 June 2011 provides a comprehensive account of the exploration of the project to date and the calculation of a maiden inferred resource for a small part of the magnetite targets.

The recently completed first phase drilling program was located in the southern part of the Mt Bevan project area, to the immediate north of the significant magnetite and hematite resources held by Jupiter Mines Limited ("Jupiter") (*Figure 1*). The Jupiter Mt Ida magnetite resource consists of an inferred mineral resource of 530Mt grading 31.9% Fe (15% Fe grade cut-off) and the hematite resource consists of 5.75Mt @ 59.9% Fe (inferred) at Mt Mason close to the Mt Bevan southern boundary. This mineralisation is known to extend into the Legacy/Hawthorn joint venture ground at Mt Bevan. Jupiter has recently announced that scoping studies, carried out by Promet Engineering Pty Ltd, have been completed on both the Mt Ida magnetite resource and Mt Mason DSO haematite resource, delivering financially robust results in both cases. Jupiter commenced Feasibility Study RC drilling at Mt Mason during May 2011.

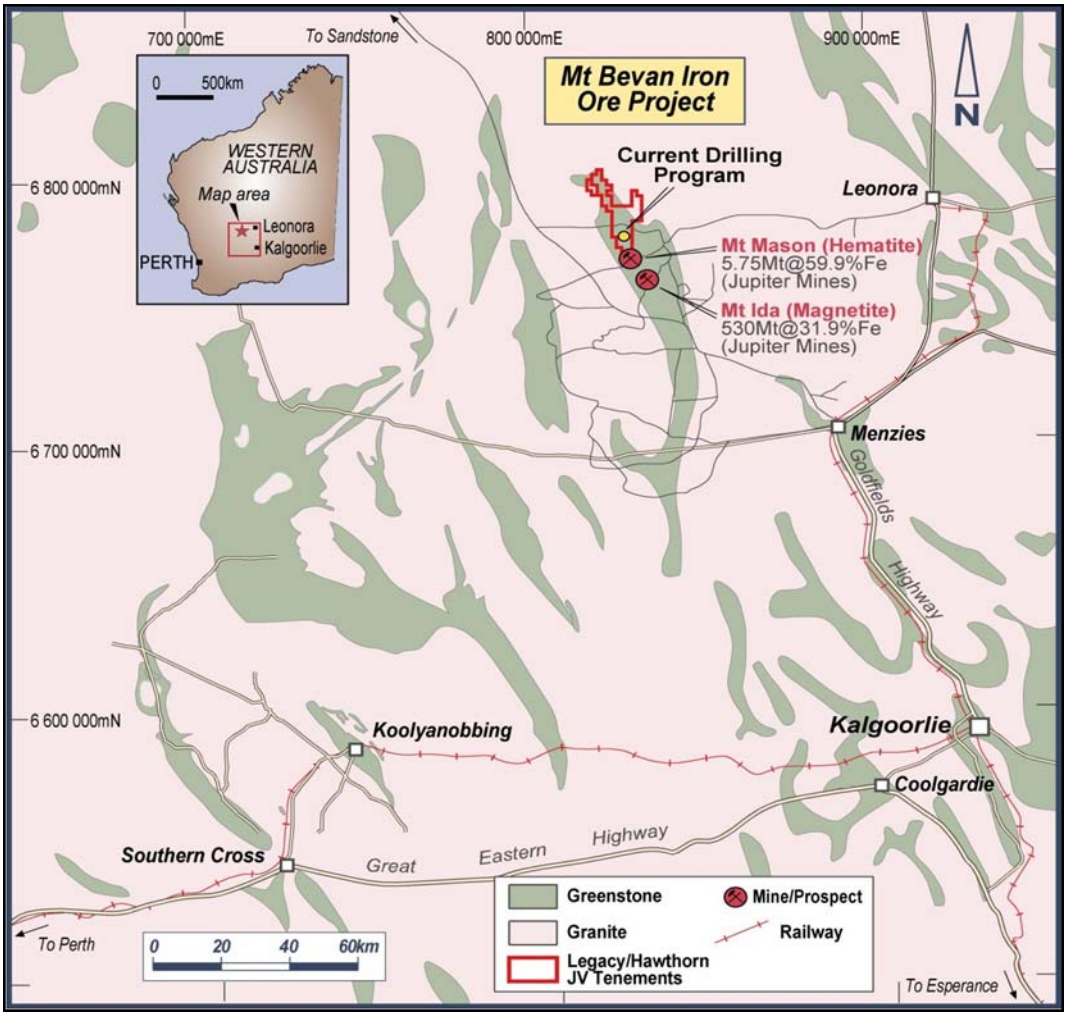

Figure 1: Mt Bevan Iron Ore Project

Legacy commenced deep drilling on the southern part of the Western BIF target on the basis of several thick magnetite intersections made earlier by joint venture partner Hawthorn. This target is an 11km continuous magnetite bearing BIF unit as shown in *Figures 2* and *3*.

A total of 20 vertical and angle RC drill holes were completed in the first phase of drilling. Drilling on the five drill fences covered an approximately 4.6km strike of the Western BIF horizon and tested to depths of 200 – 250m (*Figure 3*). This BIF horizon is the northern, more extensive part of the same horizon that hosts the Mt Ida magnetite resource of Jupiter (currently an inferred mineral resource of 530Mt grading 31.9% Fe). In addition, this Western BIF horizon is present over several kilometres of strike length in the northern part of the project area. The project area also contains the Eastern BIF unit that occupies some 20km strike within the project area. No drill testing for magnetite has been undertaken on this unit to date.

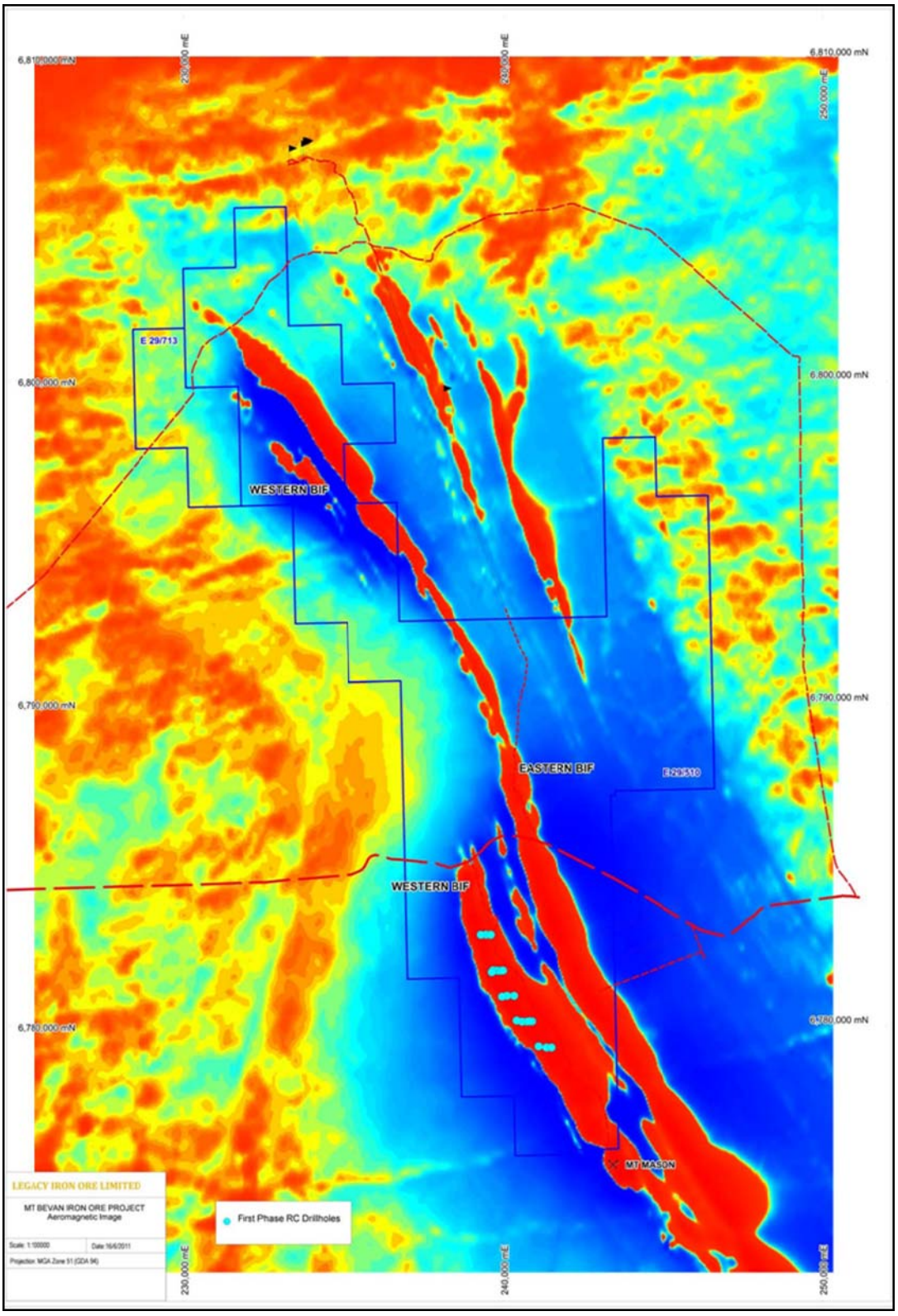

Figure 2: Aeromagnetic image showing magnetite bearing BIF units (red) and first phase drill holes

Figure 3: Phase 1 RC Drilling - Drill Hole Locations

Drilling intersected a continuous thick central magnetite bearing BIF slab together with a thin discontinuous hanging wall BIF and a thicker more continuous footwall BIF. True thicknesses of the central BIF unit usually typically exceed 100m true thickness. *Figures 4* and *5* show typical drill cross sections.

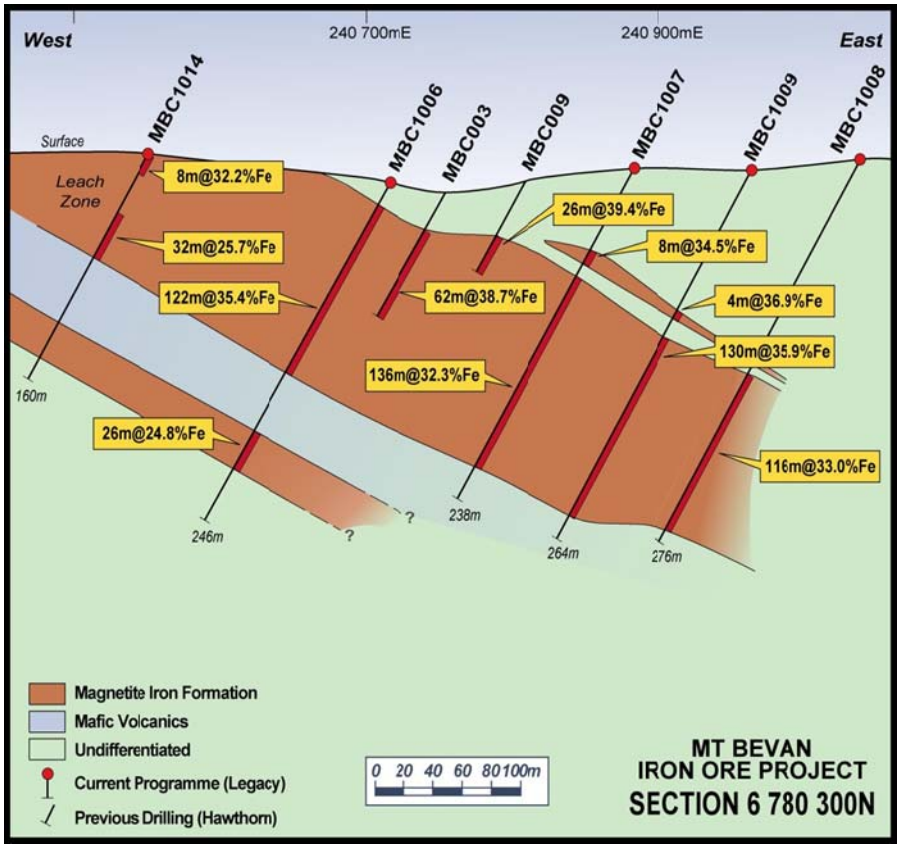

Figure 4: Drill Section Line 4 - 6 780 300N

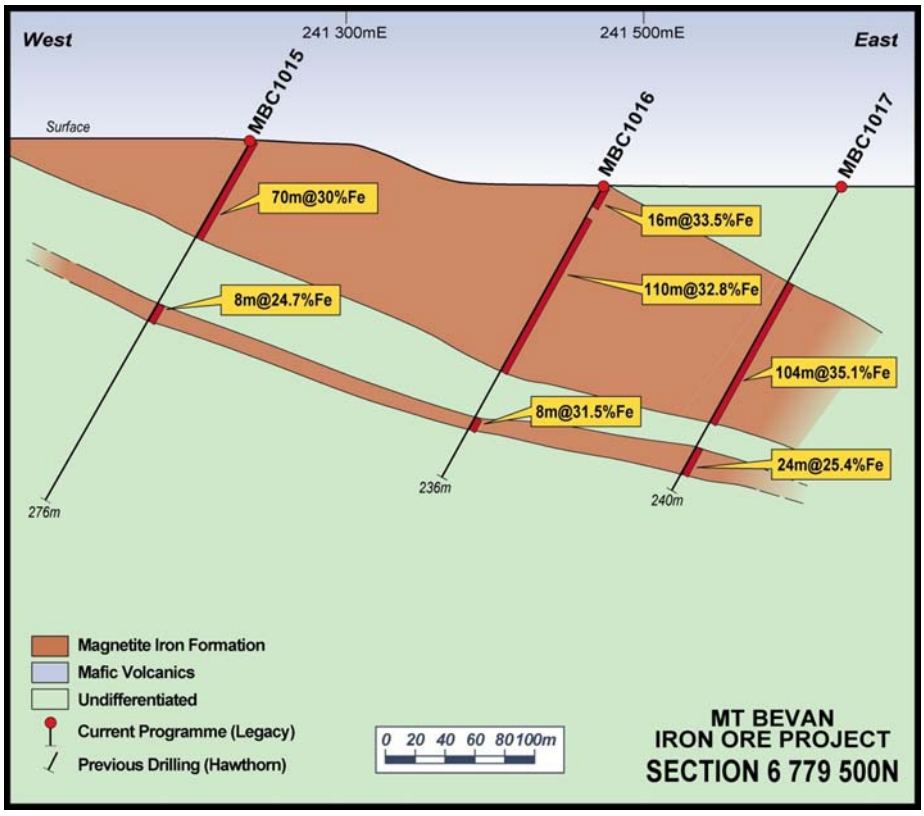

Figure 5: Drill Section Line 3 - 6 779 500N

Modelling and ore reserve estimation by SRK Consulting has resulted in the calculation of a JORC compliant Inferred Resource for this first phase program as shown in *Table 1* below:

Cut off grade Fe %	Tonnes (Mt)	Fe %	SiO2 %	Al2O3 %	CaO %	P %	S %	LOI %
15	616.8	32.1	47.4	3.4	3.1	0.05	0.13	-0.25
25	522.2	34.4	46.8	2.5	2.7	0.06	0.13	-0.38

Table 1: SRK Consulting Results

Modelling of the magnetite BIF units by SRK is illustrated by *Figures 6* and *7* below.

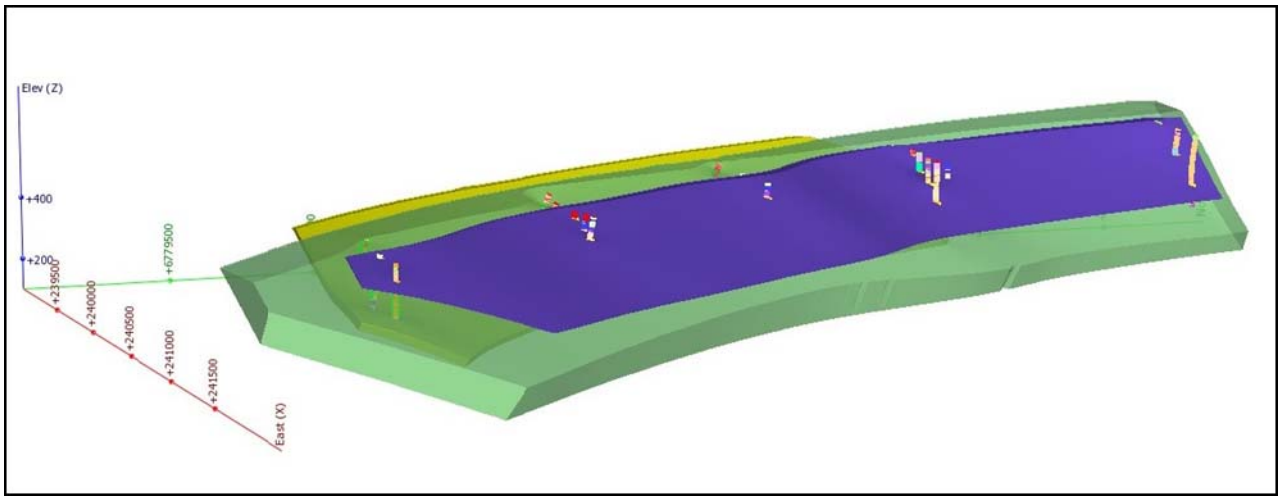

Figure 6: Mt Bevan First Phase Drilling – modelled mineralised units. View to west (up dip direction) showing all units. (green = thick central, purple = hanging wall, yellow = foot wall)

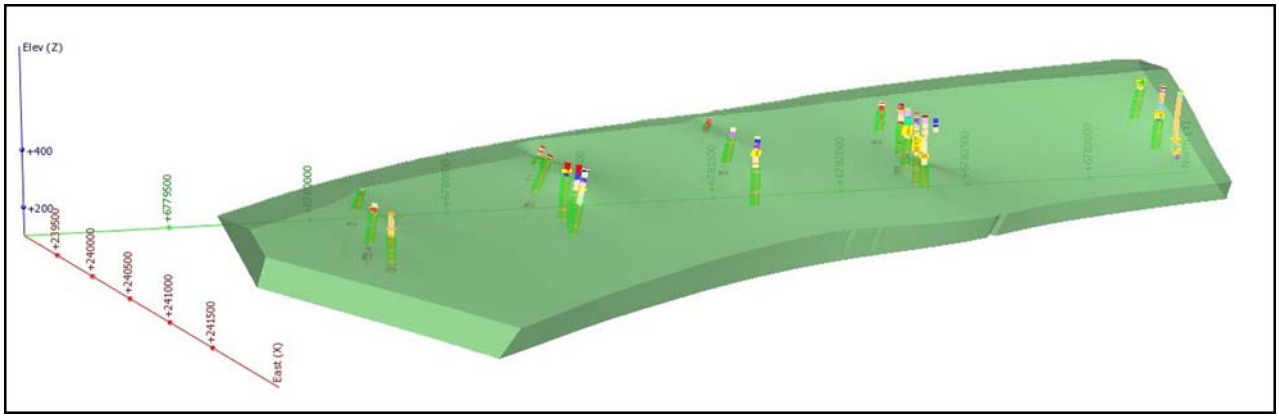

Figure 7: Modelled central magnetite mineralised unit – view to west

The modelling and drilling cross sections illustrate the very strong continuity of the magnetite bearing units along strike and also down dip. The shallow dip and substantial thickness of the mineralisation will allow low waste ore stripping ratios, meaning that final open cut depths could potentially far exceed the approximately 250m vertical depth tested by drilling to date.

Legacy has previously announced an exploration target for magnetite mineralisation in the order of 1–1.5 billion tonnes grading between 30% and 40% Fe* within the Mt Bevan project area (*see foot note on the Clause 18 inclusion*). Based on the results of the first phase drilling program, we have reconsidered the exploration target for magnetite mineralisation. It is now considered that **an exploration target* of 1.5 – 2.0 billion tonnes grading between 30% - 40% Fe exists purely within the southern part of the Western BIF target zone**. There also exists significant potential for the definition of shallow DID and DSO hematite iron ore resources that could allow for early stage mining.

A second phase of RC drilling will commence in mid August, together with diamond drilling for further metallurgical testwork. The 6,000m RC drilling program will cover the remainder of the 11km strike of the southern part of the Western BIF including near the southern boundary of the project area near Mt Mason where DSO hematite has been previously intersected in early drilling. This drilling should enable the calculation of a JORC compliant resource for the whole strike length of the 11km target.

In the light of the excellent exploration and metallurgical results to date, a decision has been made to advance a planned scoping study at Mt Bevan – this is now planned to commence next month.

Yours faithfully,
LEGACY IRON ORE LIMITED

Sharon Heng
Chief Executive Officer

END

Competent Person's Statement:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves (excluding the SRK Consulting study) is based on information compiled by Steve Shelton who is a member of The Australasian Institute of Geoscientists and a full time employee of Legacy Iron Ore Limited. Mr. Shelton 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Shelton consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.

* The exploration target for the Mt Bevan project of between 1.5 – 2.0Bt grading 30%–40% Fe should be considered in line with clause 18 of the JORC code. The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

ATTACHMENT 1

Mt Bevan Project – Significant Drill hole Intersections

Drill hole	From	To	Thickness	Fe Head	Weight Recovery		Davis Tube Recovery- Concentrate					
	m	m	m	%	%		Fe %	SiO2 %	Al2O3 %	P %	S%	LOI %
MBC1001	111	153	42	37.41	47.09		70.8	2.03	0.04	0.003	0.009	-3.359
	179	203	24	30.49	38.4		67.84	4.58	<0.01	0.01	0.535	-3.043
MBC1002	69	75	6	42.84	38.69		69.98	3.64	<0.01	0.005	0.023	-0.85
	77	131	54	36.34	46.48		70.77	2.09	<0.01	0.003	0.007	-1.154
MBC1003	151	187	36	35.88	47.73		66.32	7.7	0.09	0.003	0.007	-3.216
	211	247	36	29.51	37.51		68.33	4.57	0.03	0.012	0.706	-2.98
MBC1004	171	249	78	39.05	48.52		70.46	2.48	0.04	0.004	0.003	-3.365
MBC1006	81	135	54	33.14	42.23		69.81	3.86	0.03	0.009	0.055	-2.861
MBC1007	75	171	96	37.52	44.76		71.2	1.43	0.03	0.003	0.01	-3.32
MBC1008	155	227	72	36.98	46.96		70.71	2.12	0.04	0.003	0.004	-3.37
	235	241	6	30.74	41.75		66.11	6.11	<0.01	0.019	0.312	-3.15
MBC1009	126	246	120	35.94	45.8		69.35	3.84	0.07	0.007	0.101	-3.325
MBC1010	153	178	25	39.46	47.15		70.23	2.68	0.09	0.003	0.005	-3.29
	181	217	36	38.2	45.25		69.23	4.01	0.04	0.003	0.012	-3.243
	233	275	42	31.14	40.5		68.28	5.16	0.05	0.012	0.4	-3.05
MBC1011	73	145	72	32.18	39.6		67.9	5.53	0.07	0.013	0.254	-3.03
MBC1013	73	122	49	33.66	43.78		66.71	6.99	0.04	0.018	0.16	-2.955
MBC1016	83	143	60	33.45	43.13		68.77	4.7	0.02	0.01	0.011	-3.184
MBC1017	97	187	90	35.79	47.57		69.99	3.05	0.04	0.005	0.022	-3.23
MBC1018	125	137	12	34.36	46.45		69.65	3.27	0.08	0.006	0.024	-3.235
	155	203	48	37.69	46.86		71.1	1.59	0.06	0.003	0.002	-3.395
	209	275	66	36.36	44.91		71.48	1.16	0.01	0.001	0.004	-3.46
MBC1020	57	87	30	39.89	46.33		71.35	1.21	<0.01	0.002	0.006	-3.31
	99	177	78	34.2	42.8		70.9	1.71	0.06	0.003	0.194	-3.302