

# Quick Comment

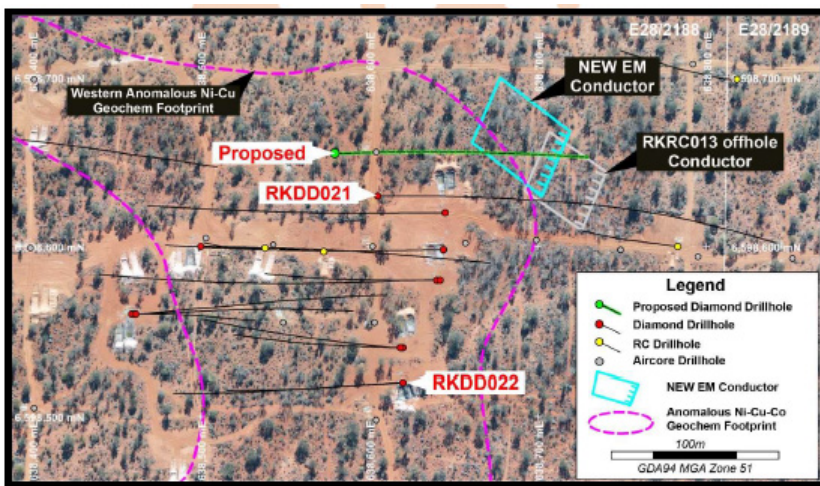
## Legend Mining Ltd (LEG \$0.15) Speculative Buy

Analyst	Date	Price Target
Jon Bishop	27 <sup>th</sup> August 2020	\$0.30/sh

### Strong Off-hole DHEM Conductor defined at 200m Step-out Location

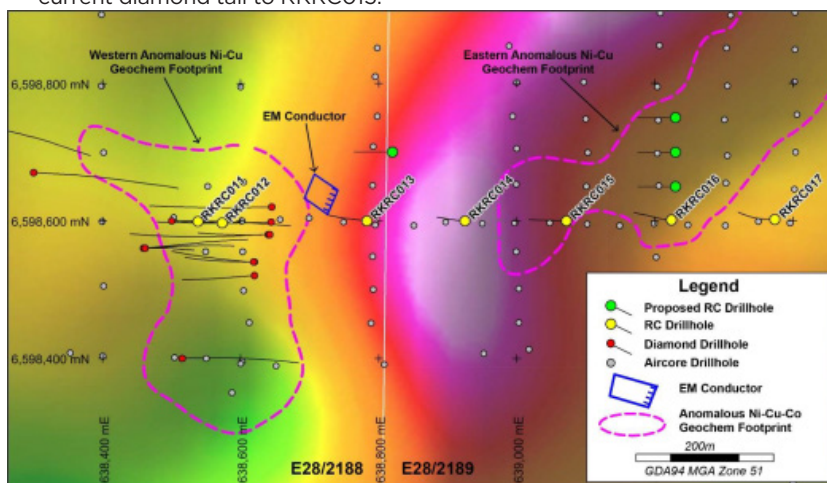
#### Key Points

- Completion of a Down-Hole Electro-Magnetic (“DHEM”) survey in the recent diamond 200m step-out hole RKDD021, has defined a strong off-hole conductor;
- The 25-30,000S conductor is proximal to the conductor defined in RC hole RKRC013:



RKDD021 offhole DHEM targets and proposed diamond drillhole

- The first conductor correlated to two zones comprising c.25m of heavy disseminated through to semi-massive Ni-Cu sulphides drilled by diamond hole RKDD021 (assays pending);
- The new conductor is thought to represent an extension to the lower 15.4m zone of net-textured/matrix and semi-massive Ni-Cu sulphides hosted within an intrusive ultramafic olivine gabbro-norite;
- The new conductor will be drilled by the diamond rig post completion of the current diamond tail to RKRC015:



- Another hole - RKDD022 - was also completed to the south of the initially defined mineralised zone;

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- A thin zone of mineralisation was encountered over 1m c.175m downhole but of greater significance, defined ultramafic rock packages – hosts to mineralisation in the belt – suggesting that the broader intrusive complex extends to the south;
- DHEM will now be undertaken on the hole;

### TECHNICAL SIGNIFICANCE

- DHEM is working in terms of locating Ni-Cu sulphide mineralisation in the primary rock;
- The latest diamond drill hole represented a c.200m step-out from last drilled mineralisation (vs the previous drilling defined mineralisation over an implied N-S strike of c.120m to the west);
- The hole found both the basal contact and mineralisation coincident with ultramafic intrusive rock packages, interpreted to be a mineralised intrusive or chonolith;
- The new conductor is stronger than that prompting hole RKDD021 to be drilled and is consistent with the observation during drilling that the hole did not hit the strongest part of the first conductor;
- The orientation and location of the new conductor is consistent with the structural interpretation of the RKDD021 core;
- These elements combined with the presence of PGEs and Au in previous assays, suggests to us that the current discovery is proximal to the main massive sulphide intrusive source and potential ore body;
- Aircore and RC drilling remains ongoing to the east;
- Very simply: should LEG encounter any significant semi-massive to massive mineralisation coincident with the new DHEM feature and/or the north-northeast aircore anomalism, we view that the Company will be in-play.

### Investment Thesis

The definition of a strong offhole conductor from the most recent and material 200m step-out diamond hole is exciting. DHEM has worked in the Mawson discovery area to date and presence of the new conductor proximal to recently drilled mineralisation encourages us for follow-up success when drilled in the next few days. Definition of wide magmatic Ni-Cu sulphide mineralisation within ultramafic host rocks suggests that LEG is nearing the major intrusive source. The latest hole matches the structural model and has also defined a basal contact; carries textures consistent with major massive magmatic Ni-Cu sulphide discoveries elsewhere on the Fraser Range and globally. On-going hits of thick, massive Ni-Cu sulphides are highly encouraging in terms of the evolution of a major new discovery. High grade Ni, Cu and Co with precious metals credits supports in situ values north of US\$500/T of ore. And given the aerial geochem footprint is extending materially to the north east, combined with clear evidence that the geophysics are starting to bear fruit, we are sure of on-going drilling success. LEG has \$30m in cash and receivables and a further c.\$19.5m of options in the money so is very well funded to execute the current programme. Further drilling success will see continued upward trajectory given SIR.ASX was sold eventually for c.A\$1.8Bn for its Nova-Bollinger discovery. Speculative Buy maintained.

### Legend Mining Ltd (LEG)

Share Price	0.15	A\$/sh	Enterprise Value	400	A\$m
Price Target	0.30	A\$/sh	Debt	Nil	A\$m
Valuation	0.25	A\$/sh	Cash (inc Receivables&opts)	47m	A\$m
Shares on issue (plus opts)	2,893	m(dil)	Largest Shareholder	Creasy Group	28.4%
Market Capitalisation	448	A\$m			

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