# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

## FORM 10-Q

**(Mark one)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended June 30, 2014**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _______________ to _______________**

**Commission File Number: 000-32551**

# LEGEND INTERNATIONAL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **233067904** |
| (State or Other Jurisdiction of Incorporation) | (I.R.S. Employer Identification No.) |
| **Level 8, 580 St Kilda Road Melbourne, Victoria, Australia** | **3004** |
| (Address of Principal Executive Offices) | (Zip Code) |

**Registrant's telephone number, including area code: 001 (613) 8532 2866**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12-b2 of the Exchange Act.

(Check one): Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b2 of the Exchange Act). ☐ Yes ☒ No

There were 444,047,971 shares of common stock outstanding on August 19, 2014.

**Table of Contents**

## PART I – FINANCIAL INFORMATION

### Item 1. CONSOLIDATED FINANCIAL STATEMENTS

**Introduction to Interim Consolidated Financial Statements.**

The interim consolidated financial statements included herein have been prepared by Legend International Holdings, Inc. ("Legend" or the "Company") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "Commission"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These interim consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

In the opinion of management, all adjustments, consisting of normal recurring adjustments and consolidating entries, necessary to present fairly the consolidated financial position of the Company and subsidiaries as of June 30, 2014, the results of its consolidated operations for the three and six month periods ended June 30, 2014 and June 30, 2013, and the changes in its consolidated cash flows for the six month periods ended June 30, 2014 and June 30, 2013 have been included. The results of operations for the interim periods are not necessarily indicative of the results for the full year.

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Foreign Currency Translation**

The functional and reporting currency of the Company is the Australian dollar ("A$"). Amounts have been rounded, except for earnings per share, to the nearest thousand.

UNLESS OTHERWISE INDICATED, ALL FINANCIAL INFORMATION PRESENTED IS IN AUSTRALIAN DOLLARS.

**LEGEND INTERNATIONAL HOLDINGS, INC.**
Consolidated Balance Sheet

| | June 2014 A$000s (unaudited) | December 2013 A$000s |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash | 66 | 2 |
| Receivables | 833 | 1,371 |
| Prepayments | 40 | 101 |
| Marketable securities | 24 | 38 |
| Assets held for sale | - | 85 |
| Inventories | 101 | 101 |
| Total Current Assets | 1,064 | 1,698 |
| Non-Current Assets: | | |
| Property and equipment, net | 1,918 | 2,186 |
| Other investments | 200 | 200 |
| Deposits | 282 | 464 |
| Development costs | 3,006 | 2,996 |
| Total Non-Current Assets | 5,406 | 5,846 |
| Total Assets | 6,470 | 7,544 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Bank overdraft | - | 179 |
| Accounts payable and accrued expenses | 1,524 | 1,408 |
| Short-term debt | 850 | 850 |
| Lease liability | 17 | 53 |
| Total Current Liabilities | 2,391 | 2,490 |
| Non-Current Liabilities: | | |
| Reclamation and rehabilitation provision | 59 | 66 |
| Lease liability | 45 | 53 |
| Total Non-Current Liabilities | 104 | 119 |
| Total Liabilities | 2,495 | 2,609 |
| Commitments and Contingencies | | |
| Stockholders' Equity | | |
| Preferred stock: US$.001 par value, 20,000,000 shares authorized, none issued and outstanding. | | |
| Common stock: US$.001 par value, 1,250,000,000 and 400,000,000 shares authorized | | |
| 444,047,971 shares issued and outstanding | 496 | 496 |
| Additional paid-in-capital | 177,423 | 177,423 |
| Accumulated other comprehensive income/(loss) | (1,063) | (1,063) |
| Retained (deficit) | (172,881) | (171,921) |
| Total Stockholders' Equity | 3,975 | 4,935 |
| Total Liabilities and Stockholders' Equity | 6,470 | 7,544 |

The accompanying notes are integral part of the consolidated financial statements.

**LEGEND INTERNATIONAL HOLDINGS, INC.**
Consolidated Statements of Comprehensive Loss
(Unaudited)

| | For the three months ended June 30 | | For the six months ended June 30 | |
|---|---|---|---|---|
| | 2014 A$000s | 2013 A$000s | 2014 A$000s | 2013 A$000s |
| Revenues: | | | | |
| Other income | | | | |
| Interest income – other | 6 | 22 | 8 | 38 |
| Other | - | - | 8 | - |
| Total other income | 6 | 22 | 16 | 38 |
| Costs and expenses: | | | | |
| Legal, accounting and professional | 621 | 204 | 653 | 271 |
| Exploration expenditure | 288 | 613 | 699 | 1,241 |
| Aircraft costs | - | 93 | - | 364 |
| Interest expense | 46 | 287 | 82 | 639 |
| Financing costs | - | 31 | - | 170 |
| Administration expenses | 431 | 848 | 931 | 1,715 |
| Total costs and expenses | 1,386 | 2,076 | 2,365 | 4,400 |
| (Loss) from operations | (1,380) | (2,054) | (2,349) | (4,362) |
| Foreign currency exchange (loss) | (6) | (217) | - | (222) |
| Recovery of allowance for doubtful receivable | 656 | 1,595 | 1,396 | 434 |
| Realized/unrealized gain/(loss) on marketable securities | (24) | (39) | (14) | (39) |
| Gain/(loss) from sale of property and equipment | - | 17 | 7 | (9) |
| Writeoff/writedown of assets | - | (15) | - | (960) |
| (Loss) from continuing operations before income taxes | (754) | (713) | (960) | (5,158) |
| Benefit from income taxes | - | - | - | 32 |
| Net (loss) from continuing operations | (754) | (713) | (960) | (5,126) |
| Discontinued operations | | | | |
| Gain on disposal of discontinued operations | - | - | - | 9,194 |
| Equity in (losses) of unconsolidated entities | - | - | - | (25) |
| Net (loss) from discontinued operations | - | - | - | (2,723) |
| Amortization of mineral rights | - | - | - | (350) |
| Net profit attributable to non-controlling interests of discontinued operations | - | - | - | 1,152 |
| Net income from discontinued operations | - | - | - | 7,248 |
| Net income/(loss) | (754) | (713) | (960) | 2,122 |
| Basic and diluted net income/(loss) per common equivalent share | | | | |
| Net income/(loss) from continuing operations per share | (0.00) | (0.00) | (0.00) | (0.02) |
| Net income/(loss) from discontinued operations per share | - | - | - | 0.03 |
| Basic and diluted net income/(loss) per common equivalent shares | (0.00) | (0.00) | (0.00) | 0.01 |
| Weighted average number of common equivalent shares used in per share calculations | 444,047 | 314,405 | 444,047 | 291,852 |

The accompanying notes are integral part of the consolidated financial statements.

**LEGEND INTERNATIONAL HOLDINGS, INC.**
Consolidated Statements of Stockholders' Equity
for the period ended June 30, 2014
(Unaudited)

| | Common Stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares 000s | Par Value A$000s | Additional Paid-In Capital A$000s | Accumulated Other Comprehensive Income (Loss) A$000s | Retained (Deficit) A$000s | Stockholders' Equity (Deficit) A$000s |
| Balance, December 31, 2013 | 444,047 | 496 | 177,423 | (1,063) | (171,921) | 4,935 |
| Net loss from operations | - | - | - | - | (960) | (960) |
| Balance, June 30, 2014 | 444,047 | 496 | 177,423 | (1,063) | (172,881) | 3,975 |

The accompanying notes are integral part of the consolidated financial statements

**LEGEND INTERNATIONAL HOLDINGS, INC.**
Consolidated Statement of Cash Flows
(Unaudited)

| | For the six months ended June 30 | |
|---|---|---|
| | 2014 | 2013 |
| | A$000s | A$000s |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Income/(loss) | (960) | 2,122 |
| Adjustments to reconcile net income/(loss) to net cash(used) by operating activities: | | |
| Foreign currency exchange (gain) loss | - | 222 |
| Unrealized (gain)/losses on marketable securities | 14 | 39 |
| Provision for reclamation and remediation | (7) | (19) |
| Gain/loss on sale of property and equipment | (7) | 9 |
| Writedown/writeoff of assets | - | 960 |
| Depreciation and amortization | 87 | 278 |
| Gain on disposal of discontinued operations | - | (9,194) |
| Recovery of allowance for doubtful receivable | (1,396) | (434) |
| Interest receivable | (1) | (3) |
| Net Change in: | | |
| Receivables | 538 | 270 |
| Prepayments and deposits | 243 | 101 |
| Inventories | - | 31 |
| Accrued financing cost | - | (6,441) |
| Accounts payable and accrued expenses | 118 | (848) |
| Net Cash (Used) by Operating Activities | (1,371) | (12,907) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of subsidiary | - | 12,740 |
| Purchase of property and equipment | - | (38) |
| Development costs | (10) | (118) |
| Proceeds from sale of property and equipment | 273 | 4,668 |
| Net Cash Provided by Investing Activities | 263 | 17,252 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Advances (payable) / repayments – affiliates | 1,396 | (1,187) |
| Repayment of convertible debenture | - | (10,459) |
| Repayment under finance leases | (45) | (84) |
| Repayment for bank overdraft | (179) | - |
| Repayment for long term debt | - | (2,541) |
| Net proceeds from issuance of stock | - | 6,932 |
| Net Cash (Used)/Provided by Financing Activities | 1,172 | (7,339) |
| Discontinued Operations | | |
| Operating activities | - | 1,946 |
| Net Cash Provided by Discontinued Operations | - | 1,946 |
| Effect of exchange rate changes on cash | - | 61 |
| Net increase (decrease) in cash | 64 | (987) |
| Cash at beginning of period | 2 | 1,065 |
| Cash at end of period | 66 | 78 |
| Supplemental Disclosures: | | |
| Cash paid for interest | 64 | 1,433 |

The accompanying notes are integral part of the consolidated financial statements.

**LEGEND INTERNATIONAL HOLDINGS, INC.**
Notes to Consolidated Financial Statements

## 1. ORGANISATION AND BUSINESS

Legend International Holdings, Inc. ("the Company" or "Legend") was incorporated under the laws of the State of Delaware on January 5, 2001.

Legend is focused on the development of mining, beneficiation and processing of its 100% owned phosphate mineral reserves near Mount Isa in northwest Queensland whilst continuing its exploration activities. Legend has a phased implementation plan to become one of the world's leading suppliers of phosphate fertilizer.

As a result of establishing the Paradise South phosphate mineral reserve estimates, the Company accounts for development expenditure by capitalizing such costs. Exploration costs incurred on the Company's other activities are written off as incurred to the consolidated statements of comprehensive loss. The Company's business plan calls for the identification of mineral properties, where it can obtain secure title to exploration, development and mining interests. The Company's preference is to identify large minerals deposits with low operating costs.

The Company has historically funded its activities from funds provided by capital raising through the issuance of its shares and from advances from affiliated entities. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's operating requirements and its exploration and development plans. The Company has announced that intends to undertake a rights issue of shares to existing shareholders on the basis of one new shares for each existing share on issue, at a price of US$0.05 per share. The documents have been forwarded to the SEC for comment. Based on this process and the amount of the Company's cash and other current assets as of June 30, 2014, management believes that the Company has sufficient operating liquidity to sustain its activities through 2014. However, as the Company has not yet generated income producing activities, it will continue to seek opportunities to raise additional funds from capital raising efforts through the issuance of its shares, funding from affiliated entities as may be available, debt facilities and other financing arrangements until such time as the Company can commence revenue producing activities.

As future development and exploration activities will require additional financing, the Company is pursuing varying strategies to accomplish this including obtaining third parties to take an ownership interest in or to provide financing for the anticipated development activities related to the phosphate project, as well as capital raising through share issuances. In the event the Company is unsuccessful in raising such additional capital, it may not be able to continue active operations.

The financial statements presented herein have been prepared on a consolidated basis to include the accounts of Legend, its subsidiaries Paradise Phosphate Limited ("Paradise"), Teutonic Minerals Pty Ltd (inactive) and Alexya Pty Ltd (inactive). All intercompany balances and transactions have been eliminated in consolidation.

The Company's consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, Legend has incurred net losses since its inception. Notwithstanding the losses since inception, the Company has been able to continue to raise capital to fund its operations.

Other than the arrangements noted above, the Company has not confirmed any other arrangement for ongoing funding. The Company's ability to continue operations through fiscal 2014 is dependent upon future funding from capital raisings, or its ability to commence revenue producing operations and positive cash flows.

## 2. RECENT ACCOUNTING PRONOUNCEMENTS

In April 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity". ASU No. 2014-08 changes the definition of a discontinued operation to include only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results. ASU No. 2014-08 is effective prospectively for fiscal years beginning after December 15, 2014, with earlier adoption permitted. The Company has decided to early adopt this standard effective with the interim period beginning January 1, 2014. The adoption of ASU No. 2014-08 did not have a material impact on our financial position, results of operations or cash flows.

In June 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation". The new rules eliminate certain disclosures currently required under U.S. generally accepted accounting principles (GAAP) in the financial statements for development stage entities. The amendment removes the definition of a development stage entity, thereby removing the financial reporting distinction between the development stage entities and reporting entities from U.S. GAAP. The Company has eliminated the inception-to-date information in the statements of comprehensive (loss), cash flows, and shareholder equity. The financial statements are no longer labeled as a development stage entity, and no disclosure is required for a description of the development stage activities the entity is engaged or when they are no longer a development stage entity. This update also eliminates an exception provided to development stage entities in FASC Topic 810, Consolidation, for determining whether an entity is a Variable Interest Entity based on the amount of equity at risk. The adoption of the ASU No. 2014-10 did not have a material impact on our financial position, results of operations or cash flows.

*Other Recently Issued, but not Yet Effective Accounting Pronouncements*

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

## 3. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. The Company records depreciation and amortization, when appropriate, using straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Additions, major renewals and replacements that increase the property's useful life are capitalized. Property sold or retired, together with the related accumulated depreciation is removed from the appropriate accounts and the resultant gain or loss is included in net income (loss).

| | | At June 30, 2014 | | | At December 31, 2013 | | |
|---|---|---|---|---|---|---|---|
| | Depreciable Life (in years) | Cost A$000s | Accumulated Depreciation A$000s | Net Book Value A$000s | Cost A$000s | Accumulated Depreciation A$000s | Net Book Value A$000s |
| Land | | 231 | - | 231 | 231 | - | 231 |
| Buildings | 40 | 1,295 | (29) | 1,266 | 1,295 | (15) | 1,280 |
| Leasehold Improvements | 1-2 | 125 | (72) | 53 | 125 | (66) | 59 |
| Motor Vehicles | 5 | 787 | (633) | 154 | 849 | (662) | 187 |
| Equipment | 1-10 | 572 | (427) | 145 | 1,047 | (686) | 361 |
| Construction in Progress | | 69 | - | 69 | 68 | - | 68 |
| | | 3,079 | (1,161) | 1,918 | 3,615 | (1,429) | 2,186 |

The depreciation expense for the six months ended June 30, 2014 amounted to A$87,000 and for the six months ended June 30, 2013 amounted to A$278,000 and accumulated depreciation on assets written off and/or disposed of for the six months ended June 30, 2014 was A$356,000. Net book value of assets written off and/or disposed of for the six months ended June 30, 2014 amounted to A$181,000.

## 4. DEVELOPMENT COSTS

As a result of establishing the phosphate mineral reserve estimates, the Company accounts for development expenditure on the tenements where reserves have been identified by capitalizing such costs. Upon commencement of commercial production, capitalized costs will be transferred to the appropriate asset category and amortized over their estimated useful lives. Capitalized costs, net of salvage values, relating to a deposit which is abandoned or considered uneconomic for the foreseeable future, will be written off.

During the six months ended June 30, 2014 A$10,000 (2013: A$118,000) of costs incurred on the Paradise South phosphate project in the process of preparing the mineral deposit for extraction were capitalized and included in development costs.

## 5. DEPOSITS

Deposits held by the Company consist of:

| | June 30, 2014 A$000s | December 31, 2013 A$000s |
|---|---|---|
| Term deposit as security for a Banker's Undertaking | - | 184 |
| Cash deposits provided to Government Departments for the purpose of guaranteeing the Company's performance in accordance with mining law | 125 | 125 |
| Other | 157 | 155 |
| | 282 | 464 |

## 6. STOCKHOLDERS EQUITY

### Share Option Plan

The Company has a Stock Incentive Plan ("Stock Plan") for executives and eligible employees and contractors. Under this Stock Plan, options to purchase shares of stock can be granted with exercise prices not less than the fair market value of the underlying stock at the date of grant. The Company believes that such awards better align the interests of its employees with those of its shareholders. Option awards are generally granted with an exercise price equal to or greater than the market price of the Company's stock at the date of grant; those option awards generally vest 1/3 after 12 months, 1/3 after 24 months and the balance after 36 months with a 10-year contractual term. The expected life of the options is generally between 5 ½ to 6 ½ years. Certain option and share awards provide for accelerated vesting if there is a change in control (as defined in the Stock Plan). The maximum aggregate number of Shares which may be optioned and sold under the Stock Plan is 10% of the issued and outstanding shares (on a fully diluted basis).

The fair value of each option award is estimated on the date of grant using the Binomial option valuation model. The Binomial option valuation model requires the input of subjective assumptions, including the expected term of the option award and stock price volatility. Expected volatility is based on the historical volatility of our stock at the time grants are issued and other factors, including the expected life of the options of 5 ½ to 6 ½ years. The Company uses historical data to estimate option exercise and employee termination within the valuation model; separate groups of employees that have similar historical exercise behaviour are considered separately for valuation purposes. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding; the range given below results from certain groups of employees exhibiting different behaviour. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

A summary of option activity under the Plan as of June 30, 2014, and changes during the six months then ended is presented below:

| Options | Shares 000s | Weighted-Average Exercise Price |
|---|---|---|
| Balance, December 31, 2013 | 21,087 | $1.35 |
| Granted | - | - |
| Exercised | - | - |
| Forfeited and expired | (912) | $1.00 |
| Balance, June 30, 2014 | 20,175 | $1.37 |
| Options exercisable at June 30, 2014 | 20,175 | $1.37 |

At the time of an issue of options, management assess the forfeiture rate to be used for the issue based on historical experience and management's view on the likelihood that the individual will continue employment to the end of the vesting period. The forfeiture rates historically have varied between 33.3% and 100%.

For the six months ended June 30, 2014, stock-based compensation expense relating to stock options was A$nil. No income tax benefit was recognized in the six months ended June 30, 2014 for stock-based compensation arrangements. As at June 30, 2014, there was A$nil of unrecognized compensation cost, before income taxes, related to unvested stock options.

| Exercise Price US$ | Options Outstanding: Number Outstanding 000s | Weighted Average Remaining Contractual Life (In Years) | Weighted-Average Exercise Price | Options Exercisable: Number Exercisable 000s | Weighted Average Remaining Contractual Life (In Years) | Weighted-Average Exercise Price |
|---|---|---|---|---|---|---|
| $0.444 | 1,706 | 2.32 | | 1,706 | 2.32 | |
| $1.000 | 11,569 | 3.22 | | 11,569 | 3.22 | |
| $2.000 | 5,900 | 3.68 | | 5,900 | 3.68 | |
| $3.480 | 1,000 | 4.03 | | 1,000 | 4.03 | |
| | 20,175 | 3.32 | $1.37 | 20,175 | 3.32 | $1.37 |

The aggregate intrinsic value of outstanding stock options at June 30, 2014 was A$nil and the aggregate intrinsic value of exercisable stock options was A$nil.

## 7. AFFILIATE TRANSACTIONS

Legend advances to and receives advances from various affiliates. All advances between consolidated affiliates are eliminated on consolidation. The Company has entered into an agreement with AXIS Consultants Pty Ltd ("AXIS") to provide geological, management and administration services to the Company. AXIS is affiliated through common management. In addition, each of the companies is substantially dependent upon AXIS for its senior management and certain mining and exploration staff. The Company is one of nine affiliated companies to which AXIS provides services. Each of the companies has some common Directors, officers and shareholders. Legend holds a 9.09% interest at a cost of A$1 in AXIS, which is accounted for under the cost method. The Company has made advances to AXIS in connection with the ongoing business relationship between the two parties, which have been disclosed in the Company's SEC reports and which bear interest at market rates, but which are not specifically provided for in the AXIS Services Agreement. In order to service its clients, AXIS is required to make ongoing expenditures for payroll, facilities and equipment that may exceed the amount of its cash receipts during particular periods, depending on the amount of services provided to its clients and the amount of fees received from such clients during these periods. Historically, the shortfall in its cash receipts has been covered by cash advances from a number of the companies, which receive services from AXIS, including the Company. The purpose of such advances is to assist AXIS in meeting its ongoing cash flow requirements in order to assure that AXIS has the necessary resources to provide services to the Company on an as needed basis. The Company has not suffered any financial losses to date on account of such advances. On March 25, 2014, the Company and AXIS entered into a loan agreement and grantor security deed (floating charge). Under the loan agreement, interest is charged at the ANZ Banking Group Ltd reference rate and the amount is due to be repaid on March 25, 2015. The grantor security deed (floating charge) provides security to the Company in the form of a floating charge over the assets of AXIS.

During the six months ended June 30, 2013, AXIS charged the Company A$1,215,000 for management and administration services and A$668,000 for exploration and development services. The Company paid A$3,617,000 for 2013 charges and funding advances. For the six months ended June 30, 2013 AXIS repaid A$2,813,000 to the Company and accordingly the Company recorded an adjustment to the provision of A$434,000. For the six months ended June 30, 2013, the Company charged AXIS interest of A$nil. The amount owed by AXIS at June 30, 2013 under non-current assets – advances to affiliates was A$2,870,000, which has been fully provided for.

During the six months ended June 30, 2014, AXIS charged the Company A$785,000 for management and administration services and A$500,000 for exploration and development services. The Company invoiced AXIS for A$84,000 for 2014 charges incurred on behalf of AXIS. For the six months ended June 30, 2014, AXIS repaid A$195,000 to the Company and accordingly the Company recorded an adjustment to the provision of A$1,396,000. For the six months ended June 30, 2014, the Company charged AXIS interest of A$300,000 at a rate of 9.34%. The amount owed by AXIS at June 30, 2014 under non-current assets – advances to affiliates was A$5,868,000, which has been fully provided for.

The Company holds a 0.18% interest in MED. At June 30, 2014, the amount owed by MED to Company under current assets – receivables is A$821,000.

## 8. LEASE LIABILITY

The Company entered into capital finance lease agreements for motor vehicles. The leases are non-cancellable and require total monthly repayments of A$3,000 (2013: A$7,000) and expire at various dates from 2014 to 2016. Future minimum payments due for the remaining term of the leases as of June 30, 2014 are as follows:

| | A$000s |
|---|---|
| 2014 | 12 |
| 2015 | 14 |

| | A$000s |
|---|---|
| 2016 | 40 |
| | 66 |
| Less amounts representing interest | 4 |
| | 62 |
| | |
| Current liability | 17 |
| Non-current liability | 45 |
| | 62 |

At June 30, 2014 and 2013, the net book value of the motor vehicles under capital finance leases amounts to approximately A$76,000 and A$168,000 respectively.

**9. OTHER INVESTMENTS**

During December 2009, the Company invested A$2,784,000 in exchange for shares in a Fund that purchases shares in companies quoted on international stock exchanges. The fair value of the equity security is not readily determinable from published information. The Company accounts for these investments at cost and reviews the carrying amount for impairment at each balance sheet date. During 2011, the Company redeemed the investment with a cost basis of A$2,065,000 and at December 31, 2011, had received A$1,695,000 of the redeemed investment. At December 31, 2011, the Company assessed the current net asset value of the investment from information provided by the Fund Manager and determined that a provision for impairment was appropriate of A$719,000. At June 30, 2014, management has determined that the provision is still appropriate. The Company also holds an investment of A$200,000 in an unlisted company.

**10. COMMITMENTS AND CONTINGENCIES**

On March 25, 2013, the Indian Farmers Fertilizer Cooperative Limited ("IFFCO") and its subsidiary, Kisan International Trading FZE ("Kisan",) commenced an arbitration proceeding against the Company before the Singapore International Arbitration Centre seeking damages for the Company's alleged failure to enter into a long term rock off-take agreement ("ROTA") with IFFCO for phosphate rock in accordance with the terms of the Share Options Agreement, dated as of July 14, 2008, between the Company and IFFCO. Under the Share Options Agreement, the Company and IFFCO had agreed to use their reasonable best efforts to negotiate and enter into the ROTA within 24 months following the execution of this Agreement, which time period was subsequently extended to July 14, 2012. On April 25, 2013, the Company submitted a response denying IFFCO's claims on the basis that the Company had complied with its obligations under the Share Option Agreement. On May 6, 2013, IFFCO and Kisan filed a reply to the defense filed by Legend. The dispute was scheduled for arbitration in November 2013. In October 2013, IFFCO filed a revised claim and as a result, the Arbitration Commission abandoned the arbitration dates for November 2013 and awarded costs against IFFCO. The Company has filed a response to the new claims from IFFCO. The arbitration occurred in May 2014 and a decision is expected in late August. The proceeding is at a stage where it is difficult to determine the Company's exposure, if any. In any event, the Company intends to vigorously defend this matter. No provision for losses has been recorded in connection with this litigation.

Exploration

The Company has to perform minimum exploration work and expend minimum amounts of money on its tenements in accordance with the terms and conditions under which the tenements were granted. The overall expenditure requirement tends to be limited in the normal course of the Company's tenement portfolio management through expenditure exemption approvals, and expenditure reductions through relinquishment of parts or the whole of tenements deemed non-prospective. Should the company wish to preserve interests in its current tenements the amount which may be required to be expended is as follows:

| | A$000s |
|---|---|
| Not later than one year | 359 |
| Later than one year but not later than five years | 1,585 |
| Later than five years but not later than twenty one years | - |
| | 1,944 |

**11. FAIR VALUE OF FINANCIAL INSTRUMENTS**

ASC Topic 825 "Financial Instruments" requires the Company to disclose, when reasonably attainable, the fair market values of its assets and liabilities which are deemed to be financial instruments. The Company's financial instruments include cash, receivables, other investments, advances due from affiliates, accounts payable and accrued expenses, bank overdraft and loans. The carrying amounts of cash, receivables, advances due from affiliates, accounts payable and accrued expenses, bank overdraft and loans approximate their respective fair values due to the short term maturities of these instruments. The carrying amounts of marketable securities comprised of shares are measured at fair value based on unadjusted quoted market prices that are available in active markets as of the reporting date.

**12. INVESTMENTS/SUBSIDARIES**

Consolidated Entities

Paradise Phosphate Limited ("Paradise")

The Company holds 100% of the shares of Paradise which commenced operating during 2012. During 2012 Paradise issued 100,000,000 shares to Legend for all of Legend's phosphate assets. The assets were transferred at their respective cost basis. Legend has paid an estimated tax liability of A$618,000 as a result of the transfer of the assets to Paradise. As a result of further interpretation of the tax legislation, the interim tax paid was revised and in June 2014 the Company received a full refund including interest. The amount of other income of Paradise for the six months ended June 30, 2014 and 2013 included in the Consolidated Statement of Comprehensive Loss amounts to A$nil and A$27,000 respectively, and the amount of comprehensive loss is A$372,000 and A$1,487,000 respectively.

Alexya Pty Ltd ("Alexya")

On October 22, 2010, the Company incorporated a wholly owned Australian subsidiary, Alexya to hold a certain asset and liability which has been consolidated in the accompanying consolidated financial statements. For the six months ended June 30, 2013, the amount of revenue of Alexya included in the Consolidated Statement of Comprehensive Loss is A$nil, and the amount of the comprehensive loss A$1,197,000. For the six months ending June 30, 2014 Alexya did not operate.

Other Subsidiaries

The Company also has the following wholly owned inactive subsidiaries:

- Legend International Holdings Limited
- Legend Diamonds Pty Ltd.

Equity Investments

Northern Capital Resources Corp ("NCRC")

At June 30, 2014 and December 31, 2013, the Company's holding in NCRC was 31.50%. At December 31, 2013 and June 30, 2014, the carrying value of the investment was A$nil. For the six months ended June 30, 2014 and 2013, the Company recorded an equity loss in NCRC of A$nil and A$nil respectively. At June 30, 2014, the investment in the unconsolidated subsidiary is accounted for under the equity method.

The following table presents summary unaudited financial information for NCRC as of June 30, 2014 and June 30, 2013 and for the six months then ended. Such summary financial information has been provided herein based upon the individual significance of this unconsolidated equity investment to the consolidated financial information of the Company:

| | June 2014 A$000s | June 2013 A$000s |
|---|---|---|
| Current assets | 62 | 715 |
| Non- current assets | - | 653 |
| Total assets | 62 | 1,368 |
| Current liabilities | 249 | 207 |
| Total liabilities | 249 | 207 |
| Total shareholders' equity | (187) | 1,161 |
| Net profit/(loss) | (188) | (1,193) |

The excess of the carrying value of this equity investment to the Company's share of underlying equity in the net assets of the investee at June 30, 2014 is A$nil.

**13. SHORT TERM DEBT**

On August 14, 2013 the Company entered into a mortgage with a third party mortgagee for the sum of A$700,000 which is repayable on August 14, 2014. Mr. JI Gutnick has guaranteed the mortgage. The interest rate is 13.95% per annum, reducible to 8.95% per annum if interest is paid within seven days of the due date. For the six months ended June 30, 2014, the Company paid and or accrued interest of A$31,000. The security for the mortgage is a first ranking charge over a property owned by the Company. In July 2014 an informal repayment extension was granted to 14 November 2014 at the increased interest rate of 13.95%.

On December 31, 2013, the Company entered into a mortgage with a third party mortgagee for the sum of A$150,000 which is repayable on December 31, 2014. Mr J I Gutnick has guaranteed the mortgage. The interest rate is 25.95% per annum, reducible to 20.95% per annum if interest is paid within seven days of the due date. For the six months ended June 30, 2014, the Company paid and or accrued interest of A$14,000. The security for the mortgage is a second ranking charge over a property owned by the Company.

At June 30, 2014 the Company repaid an unsecured overdraft held with a bank. The bank charged interest on the overdraft at normal commercial rates. For the six months ended June 30, 2014, the Company paid interest of A$11,000.

## 14. COMPREHENSIVE INCOME (LOSS)

The Company follows ASC Topic 220 "Comprehensive Income" ("ASC 220"). ASC 220 requires a company to report comprehensive profit (loss) and its components in a full set of financial statements. Comprehensive income profit/(loss) is the change in equity during a period from transactions and other events and circumstances from non-owner sources such as unrealized gains (losses) on foreign currency translation adjustments.

## 15. INCOME TAXES

The Company has adopted the provisions of ASC Topic 740 "Income Taxes". ASC 740 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

ASC Topic 740 prescribes how a company should recognise, measure, present and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on a tax return. Additionally for tax positions to qualify for deferred tax benefit recognition under ASC 740, the position must have at least a "more likely than not" chance of being sustained upon challenge by the respective taxing authorities, and whether or not it meets that criteria is a matter of significant judgement. The Company believes that it does not have any uncertain tax positions that would require the recording or disclosure of a potential tax liability.

The Company is subject to taxation in both the USA and Australia.

At June 30, 2014, the net deferred tax asset consisted of the following:

| | USA<br>2014<br>A$000s | Australia<br>2014<br>A$000s | Total<br>2014<br>A$000s |
|---|---|---|---|
| Deferred tax assets | | | |
| Net operating loss carry-forward | 5,325 | 7,063 | 12,388 |
| Exploration expenditure | 4,086 | - | 4,086 |
| Less valuation allowance | (9,411) | (7,063) | (16,474) |
| Net deferred taxes | - | - | - |

Under ASC 740-10 tax benefits and provisions are recognised only for tax positions that are more likely than not to be sustained upon examination by tax authorities based on the technical merits of the position. The valuation allowance offsets the net deferred tax asset for which there is no assurance of recovery. The valuation allowance will be evaluated at the end of each year, considering positive and negative evidence about whether the deferred tax asset will be realized.

At that time, the allowance will either be increased or reduced; reduction could result in the complete elimination of the allowance if positive evidence indicates that the value of the deferred tax assets is no longer impaired and the allowance is no longer required.

In February 2012, as a result of the transfer of the phosphate assets to Paradise, the Company has realized carrying-forward net operating losses and exploration expenditure. In addition the Company made an interim tax payment of A$618,000 resulting from the transaction. As a result of further interpretation of the tax legislation, the interim tax paid has been revised and in June 2014 the Company has received a full refund including interest.

As a result of the ownership change that occurred in November 2004, Internal Revenue Code Section 382 limits the use of available operating loss carryforwards for losses incurred prior to the ownership change.

Carry-forward net operating losses will be available to offset future taxable income. Total available net operating loss carryforwards in the United States, which are subject to limitations, amount to approximately A$15,213,000 at June 30, 2014 and expire in years 2025 through 2033. Net operating loss carryforwards in Australia do not have a definite expiration date and amounted to A$23,544,000.

The Company's tax years for all years since December 31, 2010 remain open to most taxing authorities.

## 16. SUBSEQUENT EVENTS

The Company has evaluated events and transactions after the balance sheet date and, through the date the consolidated financial statements were issued and believes that all relevant disclosures have been included herein and there are no other events which require recognition or disclosure in the accompanying consolidated financial statements, other than disclosed herein.

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### FUND COSTS CONVERSION

The statements of comprehensive loss and other financial and operating data contained elsewhere here in and the balance sheets and financial results have been reflected in Australian dollars unless otherwise stated.

The following table shows the average rate of exchange of the Australian dollar as compared to the US dollar during the periods indicated:

| | |
|---|---|
| 6 months ended June 30, 2013 | A$1.00 = US$0.9140 |
| 6 months ended June 30, 2014 | A$1.00 = US$0.9429 |
| 6 months ended June 30, 2013 | A$1.00 = CDN$0.9616 |
| 6 months ended June 30, 2014 | A$1.00 = CDN$1.0057 |

### GENERAL

At June 30, 2014, the Company's holding in Merlin was 0.18%. Following the sale of Merlin shares in, June 2013 the Company lost its control in Merlin. As a result, Legend de-consolidated the operations of Merlin. Accordingly, the management discussion and analysis relates to the activities of the Company and does not include a discussion of Merlin activities unless otherwise stated.

As set out in notes to consolidated financial statements – affiliate transactions, the Company is managed by AXIS. Certain costs and expenses are incurred by the Company and certain costs and expenses are incurred by AXIS on behalf of the Company and billed to the Company by AXIS. The total amount of expenses billed to the Company by AXIS for the six months ended June 30, 2014 was A$1,285,000 (2013: A$1,883,000). The discussion in the next paragraphs relates to costs and expenses of the Company, incurred by both the Company and by AXIS that are billed to the Company.

### RESULTS OF OPERATION

**Three Months Ended June 30, 2014 vs. Three Months Ended June 30, 2013.**

The Company's financial statements are prepared in Australian dollars (A$). A number of the costs, expenses and assets of the Company are incurred/held in US$ and the conversion of these costs to A$ means that the comparison of the three months ended June 30, 2014 to the three months ended June 30, 2013 does not always present a true comparison.

As the company is not in production, we do not have an ongoing source of revenue. Our revenue stream is normally from interest received on cash in bank and adhoc tenement disposals and Australian Taxation Office refunds.

Other income decreased from A$22,000 for the three months ended June 30, 2013 to A$6,000 for the three months ended June 30, 2014, which primarily represents interest on funds in the bank A$2,000 (2013:16,000) and A$4,000 (2013: A$nil) interest on IRS refund.

Costs and expenses decreased from A$2,076,000 in the three months ended June 30, 2013 to A$1,386,000 in the three months ended June 30, 2014. The decrease in expenses is a net result of:

a) an increase in legal, accounting and professional expense from A$204,000 for the three months ended June 30, 2013 to A$621,000 for the three months ended June 30, 2014. For the three months ended June 30, 2014, we incurred A$580,000 for independent experts, attorneys in response to claims from IFFCO ( refer to note 10 Commitment and Contingencies); accounting and audit fees were A$30,000 (2013: A$63,000) for professional services in relation to financial statements, the quarterly Form 10-Qs, Form 10-K, and annual reporting in Australia, taxation fees of A$8,000 (2013: A$2,000) related to the Company and we incurred legal expenses of A$3,000 (2013: A$139,000) for general legal work.

b) a decrease in exploration expenditure written off from A$613,000 in the three months ended June 30, 2013 to A$288,000 in the three months ended June 30, 2014. The exploration costs include drilling/geological/geophysical/mineral analysis contractors, contract field staff costs, travel costs, accommodation and tenement costs on properties where we have not estimated mineral reserves. On our phosphate activities, costs which were capitalized and included in development costs decreased from A$78,000 for the three months ended June 30, 2013, to A$nil for the three months ended June 30, 2014 primarily due to lesser activity on the feasibility test work. The Company's main focus for the three months ended June 30, 2013 and for the three months ended June 30, 2014 has been tenement maintenance and rehabilitation.

c) a decrease in aircraft costs from A$93,000 in the three months ended June 30, 2013 to A$nil in the three months ended June 30, 2014 as we sold the aircraft early in fiscal 2013.

d) a decrease in interest expense from A$287,000 for the three months ended June 30, 2013 to A$46,000 for the three months ended June 30, 2014 due to repayment in May 2013 of convertible notes and an advance from affiliate incurring interest and borrowings under a loan facility. During the three months ended June 30, 2014 the Company incurred interest on short term loans and borrowings.

e) a decrease in financing costs from A$31,000 for the three months ended June 30, 2013 to A$nil for the three months ended June 30, 2014 due to repayment in May 2013 of convertible notes.

f) a decrease in administration expense from A$848,000 in the three months ended June 30, 2013 to A$431,000 in the three months ended June 30, 2014. During the three months ended June 30, 2014, the corporate management and service fees charged to us by AXIS was A$115,000 (2013: A$210,000). AXIS charged us direct costs of A$215,000 (2013: A$426,000) for Directors' fees, salaries and salary-related matters incurred on behalf of the Company, which relates to our share of salaries paid to the President and Chief Executive Officer, Chief Financial Officer and Secretary, Executive General Manager, General Manager Business, Project Manager and other staff of AXIS who provide services to the Company, and for independent directors fees. The Company incurred A$nil (2013: A$178,000) in direct salaries paid by Paradise. The Company paid insurance costs of A$44,000 (2013: A$65,000). The Company incurred A$nil (2013: A$38,000) for travel by Directors and officers, contractors and other AXIS staff who provide services to the Company; A$3,000 (2013: A$3,000) in borrowing costs and bank fees; A$7,000 (2013: A$25,000) in motor vehicle costs; A$15,000 (2013: A$5,000) for stock transfer agent services; A$2,000 (2013: A$10,000) for office and computing consumables; A$3,000 (2013: A$14,000) for other contractors including external information technology consultants; A$nil (2013: A$1,000) for staff support costs; A$3,000 (2013: A$19,000) for rent of offices in Melbourne, A$nil (2013: A$3,000) for subscriptions to industry papers and services; A$13,000 (2013: A$12,000) for depreciation of non-field assigned assets and minor equipment purchases; A$2,000 (2013: A$7,000) for telecommunications support; and A$9,000 (2013: A$10,000) for Delaware franchise tax. For the three months ended June 30, 2014, there was a reduction of A$16,000 in rent of offices, A$6,000 in telephone and internet charges, A$38,000 in travel costs, A$21,000 in insurance, A$18,000 for motor vehicle running costs; A$95,000 in corporate management and service fees charged to us by AXIS and A$211,000 in salaries and salary-related matters incurred on behalf of the Company charged to us by AXIS and direct salaries paid by Paradise as a result of the reduction in activity of the Company's main focus the phosphate business due to funding constraints. Included in administration expenses of A$431,000 (2013: A$848,000) is an amount of A$359,000 (2013: A$750,000) billed to us by AXIS.

As a result of the foregoing, the loss from operations decreased from A$2,054,000 for the three months ended June 30, 2013 to A$1,237,000 for the three months ended June 30, 2014.

A decrease in the foreign currency exchange loss of A$217,000 for the three months ended June 30, 2013 to A$6,000 for the three months ended June 30, 2014 was recorded as a result of the movement in the Australian dollar versus the US dollar.

At June 30, 2013, management considered the recoverability of the amount owed by AXIS and in accordance with the requirements of accounting standards and recorded a recovery of doubtful receivable. For the three months ended June 30, 2014, the Company recorded an adjustment to the provision of A$656,000 compared to A$1,595,000 for the three months ended June 30, 2013.

A net unrealized loss of A$24,000 (2013: A$39,000) was incurred on revaluation of certain marketable securities, being the difference between the carrying and market value in the three months ended June 30, 2014.

A net realized gain of A$nil (2013: gain A$17,000) was recorded on sale of property and equipment, being the difference between cost and sale price, was incurred in the three months ended June 30, 2014.

The Company had written off assets of A$15,000 for the three months ended June 30, 2013 for which there was no comparable amount for the three months ended June 30, 2014.

The loss from continuing operations before income taxes was A$713,000 for the three months ended June 30, 2013 compared to A$754,000 for the three months ended June 30, 2014.

There was no provision for income taxes in either the three months ended June 30, 2014 of 2013.

The net loss of A$754,000 for the three months ended June 30, 2014 compared to a net loss of A$713,000 for the three months ended June 30, 2013.

**Six Months Ended June 30, 2014 vs. Six Months Ended June 30, 2013.**

The Company's financial statements are prepared in Australian dollars (A$). A number of the costs, expenses and assets of the Company are incurred/held in US$ and the conversion of these costs to A$ means that the comparison of the six months ended June 30, 2014 to the six months ended June 30, 2013 does not always present a true comparison.

As the company is not in production, we do not have an ongoing source of revenue. Our revenue stream is normally from interest received on cash in bank and adhoc tenement disposals and Australian Taxation Office refunds.

Other income decreased from A$38,000 for the six months ended June 30, 2013 to A$16,000 for the six months ended June 30, 2014, which primarily represents interest on funds in the bank A$4,000 (2013:38,000); proceeds from disposal miscellaneous items on the closure of the Mt Isa Office A$8,000 (2013 A$nil) and A$4,000 ( A$nil) interest on IRS refund.

Costs and expenses decreased from A$4,400,000 in the six months ended June 30, 2013 to A$2,365,000 in the six months ended June 30, 2014. The decrease in expenses is a net result of:

a) an increase in legal, accounting and professional expense from A$271,000 for the six months ended June 30, 2013 to A$653,000 for the six months ended June 30, 2014. For the six months ended June 30, 2014, we incurred A$580,000 for independent experts, attorneys in response to claims from IFFCO ( refer to note 10 Commitment and Contingencies); accounting and audit fees of A$50,000 (2013: A$84,000) for professional services in relation to financial statements, the quarterly Form 10-Qs, Form 10-K, and annual reporting in Australia; taxation fees of A$13,000 (2013: A$32,000) related to the Company and we incurred legal expenses of A$10,000 (2013: A$155,000) for general legal work.

b) a decrease in exploration expenditure written off from A$1,241,000 in the six months ended June 30, 2013 to A$699,000 in the six months ended June 30, 2014. The exploration costs include drilling/geological/geophysical/mineral analysis contractors, contract field staff costs, travel costs, accommodation and tenement costs on properties where we have not estimated mineral reserves. On our phosphate activities, costs which were capitalized and included in development costs decreased from A$118,000 for the six months ended June 30, 2013, to A$10,000 for the six months ended June 30, 2014 primarily due to lesser activity on the feasibility test work. The Company's main focus for the six months ended June 30, 2013 and for the six months ended June 30, 2014 has been tenement maintenance and rehabilitation.

c) a decrease in aircraft costs from A$364,000 in the six months ended June 30, 2013 to A$nil in the six months ended June 30, 2014 as we sold the aircraft early in fiscal 2013.

d) a decrease in interest expense from A$639,000 for the six months ended June 30, 2013 to A$82,000 for the six months ended June 30, 2014 due to repayment in May 2013 of convertible notes and an advance from affiliate incurring interest and borrowings under a loan facility. During the six months ended June 30, 2014 the Company incurred interest on short term loans and borrowings.

e) a decrease in financing costs from A$170,000 for the six months ended June 30, 2013 to A$nil for the six months ended June 30, 2014 due to repayment in May 2013 of convertible notes.

f) a decrease in administration expense from A$1,715,000 in the six months ended June 30, 2013 to A$931,000 in the six months ended June 30, 2014. During the six months ended June 30, 2014, the corporate management and service fees charged to us by AXIS was A$237,000 (2013: A$412,000). AXIS charged us direct costs of A$478,000 (2013: A$524,000) for Directors' fees, salaries and salary-related matters incurred on behalf of the Company, which relates to our share of salaries paid to the President and Chief Executive Officer, Chief Financial Officer and Secretary, Executive General Manager, General Manager Business, Project Manager and other staff of AXIS who provide services to the Company, and for independent directors fees. The Company incurred A$nil (2013: A$376,000) in direct salaries paid by Paradise. The Company paid insurance costs of A$89,000 (2013: A$90,000). The Company incurred A$nil (2013: A$68,000) for travel by Directors and officers, contractors and other AXIS staff who provide services to the Company; A$4,000 (2013: A$4,000) in borrowing costs and bank fees; A$17,000 (2013: A$49,000) in motor vehicle costs; A$33,000 (2013: A$21,000) for stock transfer agent services; A$5,000 (2013: A$22,000) for office and computing consumables; A$10,000 (2013: A$22,000) for other contractors including external information technology consultants; A$nil (2013: A$9,000) for staff support costs; A$5,000 (2013: A$27,000) for rent of offices in Melbourne, A$1,000 (2013: A$5,000) for subscriptions to industry papers and services; A$32,000 (2013: A$24,000) for depreciation of non-field assigned assets and minor equipment purchases; A$2,000 (2013: A$33,000) for telecommunications support; and A$18,000 (2013: A$29,000) for Delaware franchise tax. For the six months ended June 30, 2014, there was a reduction of A$22,000 in rent of offices, A$31,000 in telephone and internet charges, A$68,000 in travel costs, A$175,000 in corporate management and service fees charged to us by AXIS and A$422,000 in salaries and salary-related matters incurred on behalf of the Company charged to us by AXIS and direct salaries paid by Paradise as a result of the reduction in activity of the Company's main focus the phosphate business due to funding constraints. Included in administration expenses of A$931,000 (2013: A$1,715,000) is an amount of A$704,000 (2013: A$1,215,000) billed to us by AXIS.

As a result of the foregoing, the loss from operations decreased from A$4,362,000 for the six months ended June 30, 2013 to A$2,049,000 for the six months ended June 30, 2014.

A decrease in the foreign currency exchange loss of A$222,000 for the six months ended June 30, 2013 to a foreign exchange gain of A$nil for the six months ended June 30, 2014 was recorded as a result of the movement in the Australian dollar versus the US dollar.

At June 30, 2013, management considered the recoverability of the amount owed by AXIS and in accordance with the requirements of accounting standards and recorded a recovery of doubtful receivable. For the six months ended June 30, 2014, the Company recorded an adjustment to the provision of A$1,396,000 compared to A$434,000 for the six months ended June 30, 2013.

A net unrealized loss of A$14,000 (2013: A$39,000) was incurred on revaluation of certain marketable securities, being the difference between the carrying and market value in the six months ended June 30, 2014.

A net realized gain of A$7,000 (2013: loss A$9,000) was recorded on sale of property and equipment, being the difference between cost and sale price, was incurred in the six months ended June 30, 2014.

The Company has written off assets of A$960,000 for the six months ended June 30, 2013 for which there was no comparable amount for the six months ended June 30, 2014.

The loss from continuing operations before income taxes was A$5,158,000 for the six months ended June 30, 2013 compared to A$960,000 for the six months ended June 30, 2014.

The Company has recorded reduction in the current tax liability of A$32,000 for the six months ended June 30, 2013 as a result of the transfer of the phosphate assets to a 100% owned subsidiary of Legend, for which there was no comparable amount for the six months ended June 30, 2014.

The net loss for continuing operations was A$960,000 for the six months ended June 30, 2014 compared to a net loss of A$5,126,000 for the six months ended June 30, 2013.

A net income of A$7,248,000 was recorded on discontinued operations in the six months ended June 30, 2013.

The net loss of A$960,000 for the six months ended June 30, 2014 compared to a net income of A$2,122,000 for the six months ended June 30, 2013.

Liquidity and Capital Resources

For the six months ended June 30, 2014, net cash used in operating activities was A$1,371,000 (2013: A$12,907,000) primarily consisting of the net loss of A$960,000 (2013: net income of A$2,122,000), adjusted for non-cash items being depreciation and amortization of A$87,000 (2013: A$278,000), write-down of assets of A$nil (2013: A$960,000); decrease in allowance for doubtful receivable of A$1,396,000 (2013: A$434,000); decrease in accounts receivable of A$538,000 (2013: A$270,000); decrease in prepayments and deposits of A$243,000 (2013: A$101,000); decrease in inventories of A$nil (2013: A$31,000) and an increase in accounts payable and accrued expenses of A$118,000 (2013: decrease A$848,000).

Net cash provided by investing activities was A$263,000 (2013: A$17,252,000) which consisted of, proceeds from sale of plant and equipment A$273,000 (2013: A$4,668,000); additions to mine development of A$10,000 (2013: A$118,000) and the six months ending June 30,2013 included proceeds from the sale of a subsidiary of A$12,740,000..

Net cash provided by financing activities was A$1,172,000 (2013: used by A$7,339,000) being repayments under finance leases of A$45,000 (2013: A$84,000), advances by affiliates of A$1,396,000 (2013: advances to affiliates of A$1,187,000), and repayment of bank overdraft of A$179,000 (2013: A$nil) and the six months ending June 30, 2013 included repayment of convertible debenture $10,459,000, long term debt of A$2,541,000 and proceeds from the private placement of 142,500,000 shares for net proceeds of A$6,932,000.

As at June 30, 2014, the Company had A$66,000 in cash.

We plan to continue our exploration and development program throughout 2014 and the Company has an obligation to incur expenditure on phosphate projects of A$100,000, and other commodity projects of A$259,000. Our budget for general administration costs for 2014 is A$1,915,000. At June 30, 2014, the Company had a receivable from AXIS amounting to A$5,868,000 which has been fully provided for. Legend is substantially dependent upon AXIS for our senior management, financial and accounting, corporate legal, geological and other corporate headquarters functions. For example, each of our officers is employed by AXIS. AXIS provides us with office facilities, administrative personnel and services, management and geological staff and services. Legend has continued to provide funds in advance of services to be rendered by AXIS as Legend has no capabilities to undertake the services in its own right nor has it the infrastructure itself.

The Company has historically funded its activities from funds provided by capital raising through the issuance of its shares and from advances from affiliated entities. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's operating requirements and its exploration and pre-development plans. The Company has announced that intends to undertake a rights issue of shares to existing shareholders on the basis of one new share for each existing share on issue, at a price of US$0.05 per share. The Company filed a Registration Statement on Form S-1 for the rights offering with the SEC on August 30, 2013, which is currently under review. Based on this process and the amount of the Company's cash and other current assets as of June 30, 2014, management believes if it can obtain the capital raising as discussed above, that the Company will have sufficient operating liquidity to sustain its activities through 2014. However, as the Company has not yet generated income producing activities, it will continue to seek opportunities to raise additional funds from capital raising efforts through the issuance of its shares, funding from affiliated entities as may be available and other financing arrangements until which time as the Company can commence revenue producing activities.

**Information Concerning Forward Looking Statements**

This report and other reports, as well as other written and oral statements made or released by us, may contain forward looking statements. Forward looking statements are statements that describe, or that are based on, our current expectations, estimates, projections and beliefs. Forward looking statements are based on assumptions made by us, and on information currently available to us. Forward-looking statements describe our expectations today of what we believe is most likely to occur or may be reasonably achievable in the future, but such statements do not predict or assure any future occurrence and may turn out to be wrong. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. The words "believe," "anticipate," "intend," "expect," "estimate," "project", "predict", "hope", "should", "may", and "will", other words and expressions that have similar meanings, and variations of such words and expressions, among others, usually are intended to help identify forward-looking statements.

Forward-looking statements are subject to both known and unknown risks and uncertainties and can be affected by inaccurate assumptions we might make. Risks, uncertainties and inaccurate assumptions could cause actual results to differ materially from historical results or those currently anticipated. Consequently, no forward-looking statement can be guaranteed. The potential risks and uncertainties that could affect forward looking statements include, but are not limited to:

- The risk factors set forth in Item 1A of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013,
- The possibility that the phosphates we find are not commercially economical to mine,
- The possibility that we do not find diamonds or other minerals or that the diamonds or other minerals we find are not commercially economical to mine,
- The risks and hazards inherent in the mineral exploration and development business (including environmental hazards, industrial accidents, weather or geologically related conditions),
- Changes in the market price of phosphate, base metals and diamonds,
- The uncertainties inherent in our exploratory activities, including risks relating to permitting regulatory delays,
- The effects of environmental and other governmental regulations,
- Uncertainty as to whether financing will be available to enable further exploration and development,
- Estimates of proven and probable reserves are subject to considerable uncertainty,
- Movements in foreign exchange rates,
- Increased competition, governmental regulation,
- Performance of information systems,

- Ability of the Company to hire, train and retain qualified employees,
- The availability of sufficient, transportation, power and water resources, and
- Our ability to enter into key exploration and supply agreements and the performance of contract counterparties.

In addition, other risks, uncertainties, assumptions, and factors that could affect the Company's results and prospects are described in this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, including under the heading "Risk Factors" and elsewhere herein and therein and may further be described in the Company's prior and future filings with the Securities and Exchange Commission and other written and oral statements made or released by the Company.

We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date of this document. The information contained in this report is current only as of its date, and we assume no obligation to update any forward-looking statements.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

The Company reports in A$ and holds cash denominated in US dollars. At June 30, 2014, this amounted to US$26,000 (A$27,000). A change in the exchange rate between the A$ and the US$ will have an effect on the amounts reported in the Company's consolidated financial statements, and create a foreign exchange gain or loss. A movement of 1% in the A$ versus the US$ exchange rate will have no effect on the consolidated balance sheet and statement of comprehensive loss.

**Item 4. Controls and Procedures.**

(a) Disclosure Controls and Procedures

Our principal executive officer and our principal financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as amended) as of the end of the period covered by this report. Based on that evaluation, such principal executive officer and principal financial officer concluded that, the Company's disclosure control and procedures were effective as of the end of the period covered by this report at the reasonable level of assurance.

(b) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the first quarter of 2014 that materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

(c) Other

We believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Therefore, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our disclosure controls and procedures are designed to provide such reasonable assurance of achieving our desired control objectives, and our principal executive officer and principal financial officer have concluded, as of June 30, 2014, that our disclosure controls and procedures were effective in achieving that level of reasonable assurance.

# PART II – OTHER INFORMATION

**Item 1. Legal Proceedings.**

On March 25, 2013, the Indian Farmers Fertilizer Cooperative Limited ("IFFCO") and its subsidiary, Kisan International Trading FZE ("Kisan",) commenced an arbitration proceeding against the Company before the Singapore International Arbitration Centre seeking damages for the Company's alleged failure to enter into a long term rock off-take agreement ("ROTA") with IFFCO for phosphate rock in accordance with the terms of the Share Options Agreement, dated as of July 14, 2008, between the Company and IFFCO. Under the Share Options Agreement, the Company and IFFCO had agreed to use their reasonable best efforts to negotiate and enter into the ROTA within 24 months following the execution of this Agreement, which time period was subsequently extended to July 14, 2012. On April 25, 2013, the Company submitted a response denying IFFCO's claims on the basis that the Company had complied with its obligations under the Share Option Agreement. On May 6, 2013, IFFCO and Kisan filed a reply to the defense filed by Legend. The dispute was scheduled for arbitration in November 2013. In October 2013, IFFCO filed a revised claim and as a result, the Arbitration Commission abandoned the arbitration dates for November 2013 and awarded costs against IFFCO. The Company has filed a response to the new claims from IFFCO. The arbitration occurred in May 2014 and a decision is expected in late August. The proceeding is at a stage where it is difficult to determine the Company's exposure, if any. In any event, the Company intends to vigorously defend this matter. No provision for losses has been recorded in connection with this litigation.

**Item 1A Risk Factors**

An investment in the Company involves a high degree of risk.

In addition to the other information set forth in this Report, investors should carefully review and consider the information regarding certain factors which could materially affect the Company's business, results of operations, financial condition and cash flows set forth below and in Part I Item 1A. "Risk Factors" in the Company's Fiscal 2013 Form 10-K. The Company may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

The Company is subject to litigation risks, which could adversely affect its business.

For further information, see "Item 1-Legal Proceedings."

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

Not Applicable

**Item 3. Defaults Upon Senior Securities.**

Not Applicable

**Item 4. Mine Safety Disclosures.**

Not Applicable

**Item 5. Other Information.**

Not Applicable

**Item 6. Exhibits.**

| Exhibit No. | Description |
|---|---|
| 31.1 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Joseph Isaac Gutnick |
| 31.2 | Certification of Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Peter James Lee |
| 32.1 | Certification of Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Joseph Isaac Gutnick |
| 32.2 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Peter James Lee |
| 101 | The following materials from the Legend International Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Comprehensive Loss, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Cash Flows and (iv) related notes. |

| | |
|---|---|
| #101.INS | XBRL Instance Document. |
| #101.SCH | XBRL Taxonomy Extension Schema Document. |
| #101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document. |
| #101.LAB | XBRL Taxonomy Extension Label Linkbase Document. |
| #101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document. |
| #101.DEF | XBRL Taxonomy Extension Definition Linkbase Document. |

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\# Filed herewith. In accordance with Rule 406T of Regulation S-T, these interactive data files are deemed “not filed” for purposes of section 18 of the Exchange Act, and otherwise are not subject to liability under that section.

**FORM 10-Q**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

LEGEND INTERNATIONAL HOLDINGS, INC.

(Registrant)

/s/ Peter J Lee
By: ……………………………………
Peter J Lee
Chief Financial Officer and Secretary

Dated: August 19, 2014

**EXHIBIT INDEX**

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**Exhibit 31.1**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph Isaac Gutnick, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Legend International Holdings, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2014

/s/ Joseph I Gutnick

Name: Joseph I. Gutnick
Title: Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter James Lee, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Legend International Holdings, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2014

/s/ Peter J Lee

Name: Peter Lee
Title: Secretary and
Chief Financial Officer
(Principal Financial Officer)

**Exhibit 32.1**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Legend International Holdings, Inc. (the "Company") for the quarter ended June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "report"), the undersigned, Joseph Isaac Gutnick, Chief Executive Officer of the Company, certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(1) The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 19, 2014

/s/ Joseph I Gutnick

Joseph Isaac Gutnick
Chairman of the Board, President and
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 32.2**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Legend International Holdings, Inc. (the "Company") for the quarter ended June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "report"), the undersigned, Peter James Lee, Chief Financial Officer of the Company, certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(1) The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 19, 2014

/s/ Peter J Lee

Peter James Lee
Secretary and
Chief Financial Officer
(Principal Financial Officer)