EXPLORATION LICENCE 26360

SELBY PROJECT

ANNUAL REPORT

FOR THE PERIOD

25 MARCH 2008 TO 24 MARCH 2009

DUE DATE: 24th April 2009

BY

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DISTRIBUTION:
Department of Regional Development, Primary Industry, Fisheries and Resources, NT.
Legend International Holdings, Melbourne
TENEMENT REPORT INDEX

OPERATOR: Legend International Holdings

PROJECT: Selby

TENEMENT: Exploration Licence 26360

REPORT PERIOD: 25 March 2008 to 24 March 2009

DUE DATE: 24 April 2009

AUTHOR: B. White

STATE: Northern Territory

LATITUDE: 16°38'00"S to 16°39'00"S

LONGITUDE: 137°41'00" to 137°42'00"

MGA (easting): 786,200mE to 788,000mE

MGA (northing): 8,157,200mN to 8,159,000mN

1:250,000 SHEET: SE53-04 Robinson River,

1:100,000 SHEET: 5297 Pungalina

MINERAL FIELD:

COMMODITY: Diamonds, Base Metals

KEYWORDS: Data Review, field reconnaissance
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1 SUMMARY OF EXPLORATION ACTIVITIES

This report describes the exploration activities conducted over Exploration Licence 26360 (Figure 1) between the 25th of March, 2008, and the 24th of March, 2009. Work conducted over the tenement included a historical data review and a field reconnaissance survey.

2 TENEMENT STATUS

Exploration Licence 26360 was granted to Legend International Holdings Inc. ("Legend") on the 25th of March, 2008, covering an area of approximately three (3) square kilometres and forms part of the company's Selby project.

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Status</th>
<th>Date</th>
<th>Area (sub-blocks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL26360</td>
<td>Granted</td>
<td>25/03/2008</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 1: Tenement Status

3 LOCATION AND ACCESS

Exploration Licence 26360 is located approximately one hundred and eighty five (185) kilometres from Borroloola, NT, as measured along main roads and highways (Figure 2). The tenement can be accessed from Borroloola along the Carpentaria Highway and the Seven Emu Road towards Pungalina Station. Vehicular access from the station may be limited, helicopters may provide the only reliable method of transport to and from the tenement.
4 GEOLOGY

4.1 REGIONAL GEOLOGY

All of the economic diamond deposits and other significantly diamondiferous occurrences in Australia occur on the North Australian Craton (“NAC”). The NAC underlies the Kimberley region of northern WA, the northern two thirds of the NT and the north western part of Queensland. It is also host to many significant base metal, gold and uranium deposits. The NAC was formed about 1850Ma during the Barramundi Orogeny by the amalgamation of Archaean and early Proterozoic rocks which now form the basement rocks to the younger sequence. Proterozoic (1820-1600Ma) platform cover sediments, Palaeozoic volcanics and sediments, and Mesozoic sediments cover these basement rocks.

The McArthur Basin is one example of platform cover that developed above the NAC during 1800-1500Ma. Its sedimentary package consists of unmetamorphosed and less intensely deformed rocks of carbonate, siliciclastic and interbedded volcanics deposited in a shallow intracratonic basin. This sedimentary sequence has been divided into four groups, the Tawallah, McArthur, Nathan and Roper Groups. Each group is separated from the other by regional unconformities.

The McArthur Basin is overlain by the remnants of the Cambrian Bukalara Sandstone and the Cretaceous sediments of the Dunmarra Basin. There is a widespread distribution of Cainozoic sandy soil, laterite and alluvium cover.

The major tectonic elements of the basin include the north-trending Batten Fault Zone and its northern equivalent, the Walker Fault Zone, which are separated by the east-trending Urapunga Fault Zone. The close association of base metal deposits and major structures in the McArthur Basin suggests that these fault zones provided an important control on mineralization.

The McArthur Basin hosts world class lead-zinc-silver and copper deposits and several occurrences of smaller uranium and base metal deposits. A number of varying economic and sub-economic diamond-bearing kimberlite pipes of varying size have been discovered in the basin. They are part of sporadically occurring post-Cambrian volcanic activity on the NAC.

The large time span for the intrusion of diamondiferous rocks, 367Ma (Devonian age) for Merlin kimberlite field, 179Ma (Jurassic age) for Timber Creek kimberlite field, and 25Ma (Tertiary age) lamproite field in the Ellendale (West Kimberley) area, makes the NAC very prospective for diamond exploration. It is expected that kimberlites would occur in the central parts of the NAC and lamproites would be favored in the marginal areas and in cross cutting Proterozoic mobile zones.

The kimberlites and lamproites of the NAC tend to occur along major northwest and northeast trending structures. These structures can be seen in the gravity data crossing the NAC and have a strike length of...
many hundreds of kilometres. These structures are interpreted to be fundamental fractures in the NAC and are potential channel ways for diamondiferous intrusives.

4.2 LOCAL GEOLOGY

Rocks of the Masterton Sandstone completely dominate the geology of the tenement (Figure 3).

The following description of local geology has been adapted from Pietsch et al (1991)

The Masterton Sandstone comprises quartz sandstone and minor siltstone. Conglomerate units are common in the lower part and ferruginous mottled sandstone is prominent at the top of the sandstone. Planar and trough cross beds can be found in the sandstone, although sedimentary textures are often masked by silicification. The Masterton Sandstone can be divided into three main parts: a lower coarse to very coarse grained and conglomeratic facies; a fine to medium grained quartz sandstone; and an upper, mainly medium to coarse grained ferruginous mottled sandstone.

To the north, a very small part of the tenement is covered by Quaternary alluvial sediments.

5 EXPLORATION

During the reporting period, a historical data review was completed that examined EL26360 as part of the Selby Project. A field reconnaissance survey was conducted on this and other tenements of the Selby Project as part of a tenement rationalisation process and target generation exercise.
Legend
- EL26360 boundary
- Qa>a Alluvium
- Czs>a Soil, sand, ferruginous cemented detritus
- -Ptn Red, medium-grained quartz sandstone, locally feldspathic, with polymictic conglomerate; white, massive, medium-grained feldspathic sandstone
- -PtU Red-brown flaggy fine grained sandstone and siltstone

0 1 2 Kilometres

EL26360 Geology

Soil, sand, ferruginous cemented detritus
- Alluvium
- Red, medium-grained quartz sandstone, locally feldspathic, with polymictic conglomerate; white, massive, medium-grained feldspathic sandstone
- Red-brown flaggy fine grained sandstone and siltstone
6 BIBLIOGRAPHY

