EXPLORATION LICENCE
23116

ABNER PROJECT

ANNUAL TECHNICAL REPORT

FOR THE PERIOD
3 MARCH 2008 TO 1 DECEMBER 2008

BY

A. Raza

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Department of Resources, Darwin
Legend International Holdings, Inc., Melbourne
TENEMENT REPORT INDEX

TENEMENT HOLDER: LEGEND INTERNATIONAL HOLDINGS INC.
TENEMENT MANAGER: LEGEND INTERNATIONAL HOLDINGS INC.
PROJECT: ABNER PROJECT
TENEMENT: EXPLORATION LICENSE 23116
ANNUAL REPORT PERIOD: 3 MARCH 2008 TO 1 DECEMBER 2008
DUE DATE: 7 AUGUST 2011
AUTHOR: A. RAZA
STATE: NORTHERN TERRITORY
LATITUDE: 16°34’S - 16°39’S
LONGITUDE: 135°44’E - 135°45’E
MGA (EASTING): 578214ME - 580007ME
MGA (NORTHING): 8159038MN - 8168237MN
1:250,000 SHEETS: SE53-03 BAUHINIA Downs
1:100,000 SHEET: 6064 MALLAPUNYAH
COMMODITY: DIAMONDS
KEYWORDS: DIAMONDS, KIMBERLITE, MCARTHRU BASIN,
TABLE OF CONTENTS

TENEMENT REPORT INDEX ....................................................................................................................... ii
SUMMARY OF EXPLORATION ACTIVITIES ............................................................................................. 1
TENEMENT STATUS .................................................................................................................................... 1
LOCATION AND ACCESS .......................................................................................................................... 2
  Regional Geology ..................................................................................................................................... 3
  Local Geology .......................................................................................................................................... 3
EXPLORATION ............................................................................................................................................. 4
BIBLIOGRAPHY .......................................................................................................................................... 5

TABLE OF FIGURES

Figure 1: Exploration Index .......................................................................................................................... 1
Figure 2: Location Map ................................................................................................................................. 2
Figure 3: Regional Geology .......................................................................................................................... 4
Figure 4: Historical diamond exploration sampling data in the Calvert Hills Project area ......................... 5

List of Tables

Table 1: Tenement Status ............................................................................................................................. 2
SUMMARY OF EXPLORATION ACTIVITIES

This annual report describes exploration activities conducted on the EL 23116 during the final year - from 3rd of March, 2008 to the surrender of licence on 1st of December, 2008 (Figure 1). The EL 235116 was granted to the Astro Diamond Mines, NL (Astro) on the 3rd of March 2003. Astro placed it in its Abner Project, a component of main Calvert Hill Project.

In 2006, Legend International Holdings Inc. (Legend) was appointed to manage Abner Project. In the following year (2007), Legend became its owner and operator and continued with the planned exploration work until its surrender on 1 December 2008.

The entire exploration program was planned and implemented on project basis. Therefore, those tenements in the project, which indicated high potential of mineral prospectivity by the internal review process, received greater attention.

During the final year of the tenure of EL23116, only ground based exploration activity was the reconnaissance survey.

Figure 1: Exploration Index

TENEMENT STATUS

The EL23116 is a part of the package of tenements comprising Abner Project and was granted to the Astro Diamond Mines, NL on 3rd of March 2003, covering 18 sub-blocks (59.25 km²) (Figure 1). It was transferred to the Legend International Holdings, Inc on the 30 of July 2007 as a part of Dealing 92370. Legend held and managed the tenement prior to its surrender on 1 December 2008.
The tenement underwent two reduction deferrals at third and sixth anniversaries. Waivers of reduction were granted on 2 February 2005 and 31 January 2008. Compulsory 50% reduction occurred on fourth (3 March 2006) and fifth (28 May 2007) anniversary reducing the area to 5 sub-blocks (16.46 km²). Tenement history is summarized in Table 1.

![Table 1: Tenement Status](image)

<table>
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<td>Waiver of reduction</td>
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<tr>
<td></td>
<td>Surrendered</td>
<td>01/12/2008</td>
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</table>

**LOCATION AND ACCESS**

EL23116 lies ~100km SW of Borroloola and ~15km northwest of McArthur River. The project area can be accessed from Cape Crawford located along the sealed Carpentaria Highway. Dirt roads and station tracks service the project area away from the main highway (Figure 2).

Established aviation facilities at Borroloola and McArthur River Mine offer an alternative means to approach the project. Land use in the region is predominantly pastoral leasehold for cattle grazing.

![Figure 2: Location Map](image)
GEOLOGY

Regional Geology

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

The McArthur Basin is one of platform cover sequence which developed above the NAC between 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 or mega sequences, the Tawallah, McArthur, Nathan and Roper Groups that are separated by regional unconformities.

Remnants of the Cambrian Bukalara Sandstone and the Cretaceous sediments of the Dunmarra Basin overlie the McArthur 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 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 have been discovered in the basin. They are part of sporadically occurring post-Cambrian volcanic activity on the NAC.

Local Geology

The EL23116 is located north of the Abner Range, along the western margin of the Batten Trough, a major north-trending synsedimentary graben that contains thick sequence (up to 10km) of middle Porterozoic McArthur Basin sediments and hosts major base metal deposits.

The Ballbirini Dolomite, a member formation of the Nathan Group, dominates the surface geology of the tenement. A significant part of the tenement is covered with the Cainozoic sediments that mainly include alluvium, sandy and gravelly skeletal soil, ferruginous detritus typify the recent sedimentation (Figure 3).

The NNW trending Tawallah Fault is located just to the west of the tenement. The Tawallah Fault is one of the few faults that define the western margin of the Batten Trough.

Tenement was considered prospective for commercial source of diamonds and/or base metals due to its proximity to the known kimberlite pipes and base metal deposits.
EXPLORATION

Historically, extensive diamond exploration work has been conducted over the surrounding areas of EL23116 (Figure 4). Major contributors in the region are CRAE and Ashton and more recently Gravity Diamonds. Each has carried out several phases of HMA and soil/loam sampling, geophysical surveys and drilling.

These sampling programs identified widespread distribution of microdiamonds and indicator minerals, mainly chromite grains. In most cases, the source of anomalous indicator mineral grains remained unknown.

EL23116 has been part of the Calvert Hills Project. All phases of exploration program were designed and executed on project basis. Therefore, those tenements in the project which were considered as ‘low priority’ from the internal review process remained relatively less explored. EL23116 has been one of the tenements which displayed little potential of hosting commercial source of diamonds. Consequently, overall limited on ground exploration has been carried out on EL23116.

During its last year of tenure, only ground based exploration activity was field inspection of some of the pipe-like geomorphic features to confirm presence of kimberlite. This reconnaissance survey did not yield encouraging results and hence no further work was recommended.

The EL23116 was therefore recommended for surrender and relinquished on the 1st December, 2008.
Figure 4: Historical diamond exploration sampling data in the Calvert Hills Project area.

BIBLIOGRAPHY