EXPLORATION LICENCES
23510, 25491, 26495, 26509

KARAWA (FOELSCHE) PROJECT

COMBINED FINAL AND SURRENDER REPORT

FOR THE PERIOD
3 MARCH 2003 TO 1 MARCH 2012

BY

A. Raza

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Level 8, 580 St Kilda Road, Melbourne, Victoria, 3004, Australia

Telephone: +61 3 8532 2800 Facsimile: +61 3 8532 2805

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Legend International Holdings, Inc., Melbourne
**TENEMENT REPORT INDEX**

**TENEMENT HOLDER:** Legend International Holdings Inc.

**TENEMENT MANAGER:** Legend International Holdings Inc.

**PROJECT:** Karawa (previously known as Foelsche)

**COMBINED REPORTING GROUP:** G141/09

**TENEMENTS:** Exploration License 23510, 25491, 26495, 26509

**FINAL REPORT PERIOD:** 3 March 2003 to 1 March 2012

**DUE DATE:** 3 March 2012

**AUTHOR:** A. Raza

**STATE:** Northern Territory

**LATITUDE:** 16°46’S - 17°32’S

**LONGITUDE:** 136°27’E - 136°35’E

**MGA (EASTING):** 654381mE - 668534mE

**MGA (NORTHING):** 8114222mN - 8145686mN

**1:250,000 SHEETS:** SE53-03 Bauhinia Downs, SE53-04 Robinson River, SE53-07 Wallhallow, SE53-08 Calvert Hills

**1:100,000 SHEET:** 6064 Mallapunyah, 6065 Batten, 6163 Lancewood, 6164 Glyde, 6165 Borroloola, 6263 Surprise Creek, 6264 Foelsche, 6364 Pungalina, 6365 Robinson, 6463 Wollogorang, 6464 Selby, 6465 Calvert River

**MINERAL FIELD:** Merlin diamond field, HYC Pb-Zn

**COMMODITY:** Diamonds, base metals

**KEYWORDS:** Diamonds, data review, target areas, HMA sampling, indicator minerals, geophysics, photogeology
TABLE OF CONTENTS

TENEMENT REPORT INDEX ............................................................................................................................................ ii
SUMMARY OF EXPLORATION ACTIVITIES .................................................................................................................. 1
TENEMENT STATUS ....................................................................................................................................................... 1
LOCATION AND ACCESS ................................................................................................................................................ 2
GEOLOGY ......................................................................................................................................................................... 4
   Regional Geology ...................................................................................................................................................... 4
   Local Geology ........................................................................................................................................................... 4
EXPLORATION .................................................................................................................................................................... 6
   Previous Exploration ................................................................................................................................................... 6
   Astro Diamond Mines Ltd ......................................................................................................................................... 7
      2003-2004 .......................................................................................................................................................... 7
      2004-2005 .......................................................................................................................................................... 8
      2005-2006 .......................................................................................................................................................... 9
   Legend International Holdings ................................................................................................................................... 10
      2006-2007 .......................................................................................................................................................... 10
      2007-2008 .......................................................................................................................................................... 12
      2008-2009 .......................................................................................................................................................... 13
      2009-2010 .......................................................................................................................................................... 14
      2010-2011 .......................................................................................................................................................... 18
      2011-2012 .......................................................................................................................................................... 19
DISCUSSION ..................................................................................................................................................................... 22
BIBLIOGRAPHY ............................................................................................................................................................... 22
TABLE OF FIGURES

Figure 1: Exploration Index .................................................................................................................................................. 2
Figure 2: Location Map ...................................................................................................................................................... 3
Figure 3: Simplified Regional Geology .............................................................................................................................. 5
Figure 4: Historical diamond exploration sampling data in Calvert Hills Project area ......................................................... 6
Figure 5: Figure shows location and sub-projects in the Calvert Hills Project .................................................................. 7
Figure 6: Aeromagnetic map of Calvert Hills Project ......................................................................................................... 8
Figure 7: Identified exploration targets ................................................................................................................................ 9
Figure 8: Locations of EM survey acquired during 2005 .................................................................................................... 10
Figure 9: Map showing ground gravity survey and drillhole locations projected on NTGS DIM database ........................11
Figure 10: Map depicting sample and drill-hole locations .................................................................................................. 13
Figure 11: Map depicting MMI soil sample locations collected during 2008-2009 .............................................................. 14
Figure 12: HMA sample locations-2009-2010 ..................................................................................................................... 16
Figure 13: Map depicting geophysical and photogeological targets ................................................................................. 17
Figure 14: Map depicting sample locations collected during 2010-2011 .......................................................................... 18
Figure 15: Map depicting sample locations collected during 2011-2012 ....................................................................... 21

List of Tables

Table 1: Samples locations and their type .......................................................................................................................... 10
Table 2: Drill collar location for FEMG01-1 ........................................................................................................................... 12
Table 3: HMA samples- locations and results ...................................................................................................................... 12
Table 4: Rock chip samples information .............................................................................................................................. 12
Table 5: Drill collar location for FODD1 .............................................................................................................................. 12
Table 6: Samples detail and results collected during 2009-2010 ......................................................................................... 15
Table 7: Samples detail and results collected during 2010-2011 ......................................................................................... 18
Table 8: Result revision by consultant-Wayne Taylor ......................................................................................................... 19
Table 9: Sample locations collected in 2011-2012. S = stream ........................................................................................ 19
Table 10: Summary of HMA results .................................................................................................................................... 20
SUMMARY OF EXPLORATION ACTIVITIES

This final report describes the exploration activities conducted on ELs 23510, 25491, 26495 and 26509 forming the Karawa Project (formerly known as Foelsche) for the period starting from 3 March 2003 to 1 March 2012 (Figure 1). EL 23510 and EL25491 were granted to the Axis Consultants Pty Ltd (Axis) in 2003 and Astro Diamonds Mines (Astro) in 2007 respectively. Both tenements were placed in Astro’s managed Foelsche Project. Foelsche project was part of Astro’s principal Calvert Hill Project. Remaining two tenements, EL26495 and EL26509, were granted to Legend International Holdings (Legend) in 2008.

In 2006, Legend was appointed to manage Calvert Hills Project. In the following year (2007), Legend became its owner and operator. In 2008, EL26495 and EL26509 were added to the Foelsche project and Legend continued with the planned exploration work until its surrender on 1 March 2012. During Legend’s ownership, tenements remained part of the Foelsche Project until 2010, but then in 2011, Foelsche Project was renamed as ‘Karawa Project’. The exploration activities completed on the project either by Astro or by Legend included HMA sampling, geophysical survey, geochemical survey and drilling. Legend also engaged three external consultants- a geophysicist, a photogeologist and a geochemist, to provide critical review of company’s acquired exploration data.

TENEMENT STATUS

ELs23510, 25491, 26495 and 26509 are currently held and managed by the Legend International Holdings Inc. The history of each tenement is outlined below.

**EL23510:** was granted to Axis Consultants Pty Ltd on the 3 March 2003, covering three (3) sub blocks. Legend International Holdings became its owner in 2007. The tenement has undergone four (4) reduction deferrals at the third, fourth, fifth and sixth anniversaries. An application for renewal was granted on 5 February 2009 which expired on the 2 March 2011. Approval of second renewal application extended the tenement term to 2 March 2012. On 1 March 2012, EL23510 was surrendered to the Department.

**EL25491:** was granted to Astro Diamond Mines N.L. on the 12 March 2007 covering eight (8) sub blocks. On 3 December 2008, Astro authorized Legend to manage it until its official approval, which occurred in 2009. The tenement has undergone three reduction deferrals at the second, third and fourth anniversaries. EL25491 has been surrendered to the Department on 1 March 2012.

**EL26495:** was granted to Legend International Holdings on the 18 July, 2008 covering eight (8) sub blocks. The tenement has undergone two reduction deferrals at the second and third anniversaries. EL26495 has been surrendered to the Department on 1 March 2012.

**EL26509:** was granted to Legend International Holdings on the 28 July 2008 covering eight (8) sub blocks. The tenement has undergone two reduction deferrals at the second and third anniversaries. Legend has surrendered the title to the Department on 1 March 2012.
LOCATION AND ACCESS

The Karawa (Foelsche) project is situated ~85km south-southeast of Borroloola and ~15km east of Merlin Diamond Mine (Figure 2). EL23510 and EL25491 can be accessed via the Merlin-Kiana station track. The remainder two tenements, EL26509 and EL26495, are covered by heavily incised sandstone cover and are only accessible by helicopter.
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 underlies 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 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 such platform cover 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, the Tawallah, McArthur, Nathan and Roper Groups that are separated by regional unconformities (Figure 3).

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 of varying size have been discovered in the basin. They are part of sporadically occurring post-Cambrian volcanic activity on the NAC.

The Merlin region tenements are centered on the eastern side of the Batten Trough, which comprises Mesoproterozoic rocks of the McArthur Group. These are unconformably overlain in the south east by the Lower Cambrian age Bukalara Sandstone and small outliers of Cretaceous sediments.

Local Geology

Dominant exposed stratigraphic unit in the project area is the Cambrian Bukalara Sandstone forming the Merlin Plateau (Figure 3). In the south central part, structurally controlled Proterozoic Foelsche Inlier exposes the McArthur Basin sequence. Remanent of Cretaceous units and Cainozoic deposits of sand and gravel sediments overlie the Cambrian and older rocks. The main structural trend in the area is northwest southeast. Structural understanding of the area is important in relation to diamond exploration. The emplacement of Devonian age kimberlites is likely to be controlled by a favourable long-lived structure, initially propagated during the Palaeoproterozoic and reactivated throughout the geological history.
Figure 3: Simplified Regional Geology
The geology of the Karawa project provides a marked contrast in the geophysical responses. Bukalara sandstone is predominantly resistive and essentially non-magnetic whereas the outcropping Proterozoic sediments are in places both highly conductive and magnetic. In areas where the host rock is highly conductive it is probable that any intrusive kimberlite may form a resistor rather than the conductor as has been observed at Merlin.

EXPLORATION

Previous Exploration

Historically, extensive diamond exploration work has been conducted within and surrounding parts of ELs23510, 25491, 26495 and 26509 (Figure 4). Major contributors in the region are CRAE and Ashton and more recently Astro. 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 the anomalous indicator minerals remained unknown.

Following section describes exploration work on yearly basis conducted initially by Astro (2003 to 2006) and subsequently by Legend (2006 to 2012) on ELs23510, 25491, 26495, 26509. It is important to note that most of exploration work was planned and implemented on project basis.

Figure 4: Historical diamond exploration sampling data in Calvert Hills Project area.
Astro Diamond Mines Ltd
During 2003-2006, EL23510 was part of the Calvert Hills Project. The Calvert Hills Project comprises four sub-projects Abner, Foelsche, Glyde and Selby. EL 23510 was member of Foelsche. The outline of the Calvert Hills Project is given in Figure 5.

Figure 5: Figure shows location and sub-projects in the Calvert Hills Project.

2003-2004
During the first year of term, a comprehensive review of historic diamond exploration sampling and geophysical data from EL23510 and surrounding areas was carried out. Past surface sampling in the region had identified microdiamonds and indicator minerals. Review concluded that the EL23510 and neighboring titles has significant potential for discovery of kimberlite, a source rock for dispersed microdiamonds and indicator minerals.

The review process was based on the publically available exploration data comprising historical exploration reports, NTGS and company open file airborne geophysical survey data and Landsat 7 thematic mapper (TM) data. This information was available on CD-ROM by request to the NTGS. Topographic and geological maps at a scale of 1:250 000 were acquired in raster format as a base for projecting the data.

Acquired geophysical and open file data was processed in house to identify prospective kimberlite targets. Generated maps containing diamond exploration sampling data and airborne geophysical data are provided in Figure 4 and Figure 6 respectively. For further detail, see ‘Astro Mining NL Annual Report for Calvert Hills Project for 2002-2004’.
Number of magnetic targets, Landsat TM targets and bulk sampling targets were identified. All selected targets are shown in Figure 7.

**2004-2005**
Review process continued during the 2004-2005 reporting period. This included appraisal of geology and structure, results of historical drainage sampling and examination of previously generated stacked magnetic profiles. The data review selected several target areas that warranted further follow-up (Figure 8).

Target selection and ranking was based on historical drainage sampling results. Those areas were selected where amount and distribution of diamonds matched well with the coexisting presence and abundance of indicator minerals. The idea was that diamonds and indicators are shedding from a same source in a discrete area, which could be further assessed by airborne electromagnetic survey. Further detail of review can be found in ‘Astro Diamond Mines NL, Annual Report for Calvert Hills Project for 2004-2005’.
During the review process, it was realised that there is a common occurrence of chromites with occasional presence of fragile kimberlite indicator grains such as pyrope garnet and chrome diopсидes in drainage samples suggesting possible existence of buried kimberlite in the area.

The data review highlighted several targets in the Foelsche project that were followed up by selective airborne EM surveys (Figure 8). Entire area of EL23510 was considered anomalous and therefore, mapped by EM survey. Prior to airborne EM survey in mid 2005, tenement was field visited. Furgo Airborne Surveys Pty Ltd flew 3,300 line kilometres over the Calvert Hills Project, of which 120 line kilometres coverage was over EL23510. Processing of the EM data identified three anomalies - FEM-1, FEM-2 and FEM-3 on EL23510.

These EM anomalies were ground truthed before mapped by ground gravity survey in October 2005. Daishsat Pty Ltd was contracted to acquire gravity data using Scintrex CG5 digital gravity meter. Position and level data were obtained using Leica System 1200 units to produce precise-real-time-kinematic GPS locations. All of the data was collected using Daishsat foot-borne method.

Anomaly FEMG-1 reported coincident geophysical signature, indicative of buried pipe like structure and form the basis for proposed drilling during the 2006 field season. For further information on EM and ground gravity surveys, please refer to ‘Astro Diamond Mines NL, Annual Report for Calvert Hills Project for 2005-2006’.
Prior to the drilling, a limited grid of soil samples was collected over anomaly FEMG-1 for geochemical analysis. Results from geochemistry were inconclusive. Sample information is given in Table 1. Analytical data has previously been submitted to the Department and can be found in ‘Astro Diamond Mines NL, Annual Report for Calvert Hills Project for 2005-2006’.

<table>
<thead>
<tr>
<th>Project</th>
<th>Tenement</th>
<th>Sample Number</th>
<th>Easting (AMG-53K)</th>
<th>Northing (AMG-53K)</th>
<th>Soil Geochemistry</th>
<th>Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOELSHE</td>
<td>EL23510</td>
<td>FEMG-1</td>
<td>675255</td>
<td>8118475</td>
<td>34 samples</td>
<td>20/10/2005</td>
</tr>
</tbody>
</table>

Table 1: Samples locations and their type.

Figure 8: Locations of EM survey acquired during 2005.

**Legend International Holdings**

**2006-2007**

In August-September 2006, high ranking ground gravity/EM anomalies were drilled over the Foelsche Project. A single hole was drilled over EL23510 at anomaly FEMG1 with a helicopter-borne diamond drill rig. The drill collar location is shown in Figure 9 and listed in Table 2. The drill log has previously been submitted to the Department (see ‘Appendix 6, Legend International Holdings Inc., Annual Report for Calvert Hills Project for 2006-2007’).
Figure 9: Map showing ground gravity survey and drillhole locations projected on NTGS DIM database.
Legend International Holdings, Inc
A.B.N. 82 120 855 352
Final Report 2012

Table 2: Drill collar location for FEMG01-1.

<table>
<thead>
<tr>
<th>HOLE NO</th>
<th>TENEMENT</th>
<th>ANOMALY</th>
<th>Easting MGA53</th>
<th>Northing MGA53</th>
<th>DEPTH (m)</th>
<th>AZIMUTH</th>
<th>DIP</th>
<th>DRILL TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEMG01-1</td>
<td>EL23510</td>
<td>FEMG1</td>
<td>657175</td>
<td>8118570</td>
<td>104.3</td>
<td>0</td>
<td>-90</td>
<td>Diamond</td>
</tr>
</tbody>
</table>

Heavy mineral (HMA) sampling was carried out on targets identified from examination of existing open-file data (particularly HMA anomalies recorded in the NTGS DIM/DIC database) and from geophysical and photo-interpretation. Four stream sediment samples were collected for heavy mineral analysis from EL23510. Samples were sent to Diatech Laboratories in Perth for processing and analysis. Samples locations and results are given in Table 3. For detail information, please refer to ‘Appendix 9 in Legend International Holdings Inc., Annual Report for Calvert Hills Project for 2006-2007’.

Table 3: HMA samples- locations and results.

<table>
<thead>
<tr>
<th>Sample No</th>
<th>Tenement</th>
<th>Easting MGA53</th>
<th>Northing MGA53</th>
<th>Sample Type</th>
<th>Macro/Micro Diamond</th>
<th>Chromite</th>
</tr>
</thead>
<tbody>
<tr>
<td>FS-01</td>
<td>EL23510</td>
<td>657610</td>
<td>8119265</td>
<td>Stream</td>
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<td>0</td>
</tr>
<tr>
<td>FS-02</td>
<td>EL23510</td>
<td>658189</td>
<td>8118531</td>
<td>Stream</td>
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<td>0</td>
</tr>
<tr>
<td>FS-03</td>
<td>EL23510</td>
<td>659566</td>
<td>8116450</td>
<td>Stream</td>
<td>0</td>
<td>1 x +0.8</td>
</tr>
<tr>
<td>FS-04</td>
<td>EL23510</td>
<td>659361</td>
<td>8117434</td>
<td>Stream</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 4: Rock chip samples information.

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<tr>
<th>Sample No</th>
<th>Sample Type</th>
<th>Tenement</th>
<th>Easting (MGA53)</th>
<th>Northing (MGA53)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOD5</td>
<td>Rock</td>
<td>EL23510</td>
<td>657131</td>
<td>8118445</td>
</tr>
<tr>
<td>FOD6</td>
<td>Rock</td>
<td>EL23510</td>
<td>657131</td>
<td>8118445</td>
</tr>
</tbody>
</table>

2007-2008

Limited exploration work was conducted over EL23510 during 2007-2008 reporting period. Two rock chip samples (FOD5 and FOD6) were collected for chemical analysis (Figure 10 and Table 4). Analytical results from these samples have been submitted to the Department; please refer to ‘Appendix 1 in Legend International Holdings Inc., Annual Report for Calvert Hills Project for 2007-2008’.

Table 5: Drill collar location for FODD1.

<table>
<thead>
<tr>
<th>HOLE NO</th>
<th>TENEMENT</th>
<th>ANOMALY</th>
<th>Easting MGA53</th>
<th>Northing MGA53</th>
<th>DEPTH (m)</th>
<th>AZIMUTH</th>
<th>DIP</th>
<th>DRILL TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FODD1</td>
<td>EL23510</td>
<td>FEMG1</td>
<td>657300</td>
<td>8118500</td>
<td>81</td>
<td>0</td>
<td>-90</td>
<td>Diamond</td>
</tr>
</tbody>
</table>

A single diamond drill hole was drilled by Johannsen Drilling Pty Ltd with an aim to distinguish recent cover infill sequence from Proterozoic basement or kimberlitic breccia. The drill collar location is shown in Figure 10 and listed in Table 5.

The drill log has previously been submitted to the Department (see ‘Appendix 5, Legend International Holdings Inc., Annual Report for Calvert Hills Project for 2007-20078’).
2008-2009

Soil sampling was conducted on EL23510, collecting 252 samples for Mobile Metal Ion (MMI) analysis. Large area of EL23510 is under sand/soil cover concealing the bedrock and any emplaced kimberlite. MMI technique has the ability to detect surficial concentration of metal ions on grain boundaries that have migrated to the surface soils from below and therefore providing the best chance to ‘see through’ the sand cover. Kimberlite source chemistry differs sufficiently from the host Proterozoic sedimentary compositions and any kimberlite source present should be readily identifiable through the MMI. Samples locations are depicted in Figure 11. Geochemical data has previously been submitted to the Department (see Legend International Holdings Inc., Annual Report for Calvert Hills Project for 2008-2009’).

No exploration work was conducted on ELs 25491, 26495 and 26509 during 2008-2009 reporting period.
Figure 11: Map depicting MMI soil sample locations collected during 2008-2009.

2009-2010
Renewed focus on ELs 23510, 25491, 26495 and 26509 during 2009-2010 reporting period, resulted in further exploration work. It included HMA sampling, interpretation of publically available magnetic and EM data and photogeologic mapping of prospective parts of the project.

HMA Sampling
Thirteen (13) HMA sediments samples were collected from ELs 23510, 25491 and 26495. These consisted of 1 termite-mound and 12 stream sediment samples. Sample size ranged from 40-60 kg of -2mm material. Samples were submitted to Diatech Laboratory in Perth for heavy mineral separation from which +0.2mm to -0.5mm fraction was observed for DIM.

Ten HMA stream sediment samples were collected from EL23510. Five samples were initially collected to validate historical positive results and follow-up of FOS003 sample that collected during the previous field season and yielded 14 chromites. The remaining five samples collected in the southern drainage to follow-up positive results from the initial sampling.

Two HMA samples (FOH000247 and FOH000248) were collected from EL25491. FOH000247 comprised termite mound material and FOH000248 consisted of stream-sediment. The stream sediment sample was collected close to the northern boundary of the tenement to target local volcanic Cr-spinels source for chemical characterization. Sample from the termite-mound was collected in the east of the tenement over a coincident vegetation and magnetic anomaly.
In 26495, one reconnaissance stream-sediment HMA sample was collected from its northern part. Historically, tenement has never been sampled therefore a 60kg sample was collected from a major drainage that capture detritus from all parts of the tenement to evaluate its prospectivity.

Sample locations and results are given in Figure 12 and Table 6 respectively. The data from Diatech Laboratory have previously been submitted to the Department; please refer to ‘Appendix A in Legend International Holdings Inc., Annual Report for Foelsche Project, Combined Technical Report GR141/09, for 2009-2010’.

<table>
<thead>
<tr>
<th>Sample No</th>
<th>Sample Type</th>
<th>Easting MGA53</th>
<th>Northing MGA53</th>
<th>Title</th>
<th>Weight (Kg)</th>
<th>Diamond</th>
<th>Chromite</th>
<th>Assessment</th>
</tr>
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<tr>
<td>FOH000205</td>
<td>Stream</td>
<td>659527</td>
<td>8116311</td>
<td>23510</td>
<td>44.0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>FOH000206</td>
<td>Stream</td>
<td>659557</td>
<td>8116462</td>
<td>23510</td>
<td>67.0</td>
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<td>5</td>
<td>Positive</td>
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<tr>
<td>FOH000207</td>
<td>Stream</td>
<td>659061</td>
<td>8116927</td>
<td>23510</td>
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<td>23510</td>
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<td>FOH000209</td>
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<td>Stream</td>
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<td>FOH000238</td>
<td>Stream</td>
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<td>8116984</td>
<td>23510</td>
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<td>0</td>
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</tr>
<tr>
<td>FOH000239</td>
<td>Stream</td>
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<td>23510</td>
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<td>FOH000240</td>
<td>Stream</td>
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<td>8117164</td>
<td>23510</td>
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<td>0</td>
<td>Negative</td>
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<tr>
<td>FOH000227</td>
<td>Stream</td>
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<td>8119201</td>
<td>26495</td>
<td>60.0</td>
<td>0</td>
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<td>FOH000247</td>
<td>Termite mound</td>
<td>661338</td>
<td>8126727</td>
<td>25491</td>
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<td>8128787</td>
<td>25491</td>
<td>37.0</td>
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</table>

Table 6: Samples detail and results collected during 2009-2010.

Geophysical and Photogeological Assessment

Two consultants—a geophysicist and a photogeologist, were engaged to provide independent detailed assessment of the southern two-thirds portion of the Foelsche Project and to identify favourable geophysical, structural and geomorphological anomalies indicative of occurrence of kimberlite pipes. Targets generated from these studies for follow-up are shown in Figure 13. Complete reports from consultants were previously submitted to the Department in ‘Appendix C and Appendix D of Legend International Holdings Inc., Annual Report for Foelsche Project, Combined Technical Report GR141/09, for 2009-2010’.
Figure 12: HMA sample locations-2009-2010.
Figure 13: Map depicting geophysical and photogeological targets.
2010-2011
During 2010-2011, further HMA sampling program was conducted over Foelsche Project. Of the 28 samples collected, three stream-sediment samples (FOH000249, FOH000250 and FOH000251) were from EL23510. These samples were collected from proximal locations to 2009 ‘high scoring’ chromite bearing positive sample FOH000206 (Figure 13). Samples locations are depicted in Figure 14 and analytical results are given in Table 7.

Sample size ranged 40-60 Kg of -1.6 to -1 mm material for a stream sample. Samples were processed in-house at North Australian Diamonds Laboratory in Perth where indicator minerals were searched in -0.5 to +0.1 mm heavy fraction.

No HMA sampling was conducted on EL25491, EL26495 and EL26509.

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**Figure 14: Map depicting sample locations collected during 2010-2011.**

<table>
<thead>
<tr>
<th>Sample No.</th>
<th>Tenement</th>
<th>Sample Type</th>
<th>Easting (MGA53)</th>
<th>Northing (MGA53)</th>
<th>Result</th>
<th>Indicator Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOH000249</td>
<td>EL23510</td>
<td>Stream</td>
<td>659510</td>
<td>8116388</td>
<td>Negative</td>
<td>1 non-kimberlitic</td>
</tr>
<tr>
<td>FOH000250</td>
<td>EL23510</td>
<td>Stream</td>
<td>659655</td>
<td>8116259</td>
<td>Negative</td>
<td>Nil</td>
</tr>
<tr>
<td>FOH000251</td>
<td>EL23510</td>
<td>Stream</td>
<td>659473</td>
<td>8116822</td>
<td>Negative</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Table 7: Samples detail and results collected during 2010-2011.
Geochemical Analysis of Recovered DIM

Geochemical analysis report from consultant mineralogist-Wayne Taylor, was received during 2010-2011. It provided detailed geochemical assessment of recovered indicator grains from the project area. The microprobe and back-scatter imaging data defined indicator minerals (mainly chromite) origin (crustal or mantle) by characterising them according to their measured geochemical and physical parameters. Table 8 summarise the geochemical assessment of chromite grains relevant to this report. Complete report has previously been submitted to the Department as ‘Appendix C in Legend International Holdings Inc., Annual Report for Karawa (Felsche) Project, Combined Technical Report GR141/09, for 2010-2011’.

<table>
<thead>
<tr>
<th>Sample Number</th>
<th>Tenement</th>
<th>Easting MGA53</th>
<th>Northing MGA53</th>
<th>Initial Results</th>
<th>Indicator Count</th>
<th>Ranking by W.Taylor</th>
<th>Reviewed Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOH000205</td>
<td>EL23510</td>
<td>659527</td>
<td>8116311</td>
<td>Negative</td>
<td></td>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>FOH000206</td>
<td>EL23510</td>
<td>659557</td>
<td>8116462</td>
<td>Positive</td>
<td>6</td>
<td>Priority HS indicator</td>
<td>Positive</td>
</tr>
<tr>
<td>FOH000207</td>
<td>EL23510</td>
<td>659061</td>
<td>8116927</td>
<td>Negative</td>
<td></td>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>FOH000208</td>
<td>EL23510</td>
<td>657530</td>
<td>8118806</td>
<td>Negative</td>
<td></td>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>FOH000209</td>
<td>EL23510</td>
<td>657876</td>
<td>8119282</td>
<td>Negative</td>
<td></td>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>FOH000227</td>
<td>EL26495</td>
<td>667683</td>
<td>8119201</td>
<td>Positive</td>
<td>2</td>
<td>Unresolved</td>
<td>Unresolved</td>
</tr>
<tr>
<td>FOH000237</td>
<td>EL23510</td>
<td>659196</td>
<td>8116745</td>
<td>Negative</td>
<td></td>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>FOH000238</td>
<td>EL23510</td>
<td>659067</td>
<td>8116984</td>
<td>Negative</td>
<td></td>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>FOH000239</td>
<td>EL23510</td>
<td>658992</td>
<td>8117134</td>
<td>Negative</td>
<td></td>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>FOH000240</td>
<td>EL23510</td>
<td>659001</td>
<td>8117164</td>
<td>Negative</td>
<td></td>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>FOH000247</td>
<td>EL25491</td>
<td>661338</td>
<td>8126727</td>
<td>Unresolved</td>
<td>4</td>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td>FOH000248</td>
<td>EL25491</td>
<td>658095</td>
<td>8128787</td>
<td>Unresolved</td>
<td>2</td>
<td></td>
<td>Unresolved</td>
</tr>
</tbody>
</table>

Table 8: Result revision by consultant-Wayne Taylor

2011-2012

A total of 10 bulk stream sediments samples were collected with the support of helicopter where needed (Table 9 and Figure 15). Samples weighed between 40-60 kg, comprising either -1mm or -2mm sieve fraction from selected stream locations. Most of the samples were collected as either to follow-up historic positive results or infill reconnaissance sampling. Often, damp/wet sample was available because of continuous groundwater discharge in streams. All samples were sent to NADL Wangara Laboratory in Perth for analysis where processing of the fine fraction between 0.2mm – 1.0mm was conducted.

<table>
<thead>
<tr>
<th>Sample Number</th>
<th>Date sampled</th>
<th>Tenement ID</th>
<th>Easting GDA94</th>
<th>Northing GDA94</th>
<th>Sample Type</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-227-001</td>
<td>24/06/2011</td>
<td>EL26495</td>
<td>667996</td>
<td>8114855</td>
<td>HMA-S</td>
<td>60kg</td>
</tr>
<tr>
<td>11-227-002</td>
<td>24/06/2011</td>
<td>EL26495</td>
<td>668387</td>
<td>8115033</td>
<td>HMA-S</td>
<td>40kg</td>
</tr>
<tr>
<td>11-227-003</td>
<td>24/06/2011</td>
<td>EL26495</td>
<td>668010</td>
<td>8117131</td>
<td>HMA-S</td>
<td>40kg</td>
</tr>
<tr>
<td>11-227-004</td>
<td>24/06/2011</td>
<td>EL26495</td>
<td>667138</td>
<td>8117294</td>
<td>HMA-S</td>
<td>40kg</td>
</tr>
<tr>
<td>11-227-005</td>
<td>24/06/2011</td>
<td>EL26495</td>
<td>668212</td>
<td>8118603</td>
<td>HMA-S</td>
<td>60kg</td>
</tr>
<tr>
<td>11-228-001</td>
<td>24/06/2011</td>
<td>EL26509</td>
<td>660247</td>
<td>8141754</td>
<td>HMA-S</td>
<td>40kg</td>
</tr>
<tr>
<td>11-228-002</td>
<td>24/06/2011</td>
<td>EL26509</td>
<td>657197</td>
<td>8144205</td>
<td>HMA-S</td>
<td>60kg</td>
</tr>
<tr>
<td>11-228-003</td>
<td>25/06/2011</td>
<td>EL26509</td>
<td>658182</td>
<td>8142316</td>
<td>HMA-S</td>
<td>40kg</td>
</tr>
<tr>
<td>11-228-004</td>
<td>25/06/2011</td>
<td>EL26509</td>
<td>658631</td>
<td>8143357</td>
<td>HMA-S</td>
<td>40kg</td>
</tr>
<tr>
<td>11-228-005</td>
<td>26/06/2011</td>
<td>EL26509</td>
<td>659465</td>
<td>8144139</td>
<td>HMA-S</td>
<td>40kg</td>
</tr>
</tbody>
</table>

Table 9: Sample locations collected in 2011-2012. S = stream
Samples 11-227-003, 11-227-005, 11-228-003, 11-228-004 and 11-228-005 returned chromites. None of the sample yielded coexisting microdiamond. Among the positive samples, 11-223-001 returned the highest number of chromite grains (16). Laboratory data is summarized in Table 2 and results are depicted in Figure 4.

<table>
<thead>
<tr>
<th>Sample Number</th>
<th>Tenement ID</th>
<th>Easting GDA94</th>
<th>Northing GDA94</th>
<th>Chromite</th>
<th>Diamond</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-227-001</td>
<td>EL26495</td>
<td>667996</td>
<td>8114855</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11-227-002</td>
<td>EL26495</td>
<td>668387</td>
<td>8115033</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11-227-003</td>
<td>EL26495</td>
<td>668010</td>
<td>8117131</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>11-227-004</td>
<td>EL26495</td>
<td>667138</td>
<td>8117294</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11-227-005</td>
<td>EL26495</td>
<td>668212</td>
<td>8118603</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>11-228-001</td>
<td>EL26509</td>
<td>660247</td>
<td>8141754</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11-228-002</td>
<td>EL26509</td>
<td>657197</td>
<td>8144205</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11-228-003</td>
<td>EL26509</td>
<td>658182</td>
<td>8142316</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>11-228-004</td>
<td>EL26509</td>
<td>658631</td>
<td>8143357</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>11-228-005</td>
<td>EL26509</td>
<td>659465</td>
<td>8144139</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 10: Summary of HMA results

**EL26495:** Five stream and stream gravel samples 11-227-001 to 11-227-005 were analysed targeting drainage along the eastern boundary of the tenement. Sample 11-227-3 and 11-227-5 returned positive results yielding eight and four chromites respectively. These positive samples are located upstream of a same creek from which FOH000227, a chromite positive sample, was collected during 2009-2010 reporting period. Geochemical study on chromites from FOH000227 was inconclusive to establish their link to kimberlite, however further work on newly recovered chromites may help to typify their origin and hence redefine the prospectivity of the tenement.

**EL26509:** The tenement was sampled first-time by Legend and collected five stream gravel samples (11-228-001 to 11-228-005) to validate historical results. 11-228-003, 11-228-004 and 11-228-005 yielded chromites. Significance of these positive samples is not yet known, as geochemical characterization of recovered chromites was not carried out. However their occurrence in the area is encouraging and needs further follow-up work in future.
Figure 15: Map depicting sample locations collected during 2011-2012.
DISCUSSION

ELs 23510, 25491, 26495 and 26509 have been an important part of the exploration activities being conducted by the Legend International Holdings in the Northern Territory. ELs were considered prospective for commercial source of diamonds.

A substantial exploration program has been conducted on ELs 23510, 25491, 26495 and 26509, initially by Astro (2003-2006) and then by Legend (2006-2011). Variety of exploration techniques were used with an aim to develop a coherent understanding of prospectivity of the project area and to identify targets that may host kimberlite pipe. Geophysical work included acquisition of airborne EM and ground gravity data and detailed interpretation of proprietary, historical company and semi-regional NTGS geophysical data. HMA sampling was conducted to find new or validate previously known indicator mineral targets. Geochemical survey comprises assaying of surface (rock, soil, stream sediments) samples. Microprobe analysis was carried out on indicator minerals to establish their mantle or crustal origin. Photogeological mapping was conducted to enhance litho-structural understanding of the area. Some of the identified high ranking geophysical targets were drilled to test existence of kimberlite.

Targets identified from extensive airborne and ground geophysical surveys were drill tested but failed to interest intersect any kimberlite. Positive samples identified from the detailed review of indicator mineral chemistry were followed-up in 2010-2011 and 2011-2012 with patchy encouraging results. Geochemical characterization of recovered chromites has been shown to have numerous sources including Proterozoic volcanics and sediments. No additional priority geophysical target was indentified in the 2009 geophysical review.

However, there is now a greater appreciation of chemical composition of indicator minerals (mainly chromites) from the Karawa (Foelsche) region. The variability in the indicator mineralogy highlights the complexity and difficulty in pinpointing a particular source within the Foelsche project.

Considering above mentioned factors and with the shift of focus on other projects held by the company in the region, it is decided to surrender all tenements.

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