



Final Surrender Report

Exploration Licence 26404

Holder: Legend International Holdings Inc.

Operator: Legend International Holdings Inc.

Reporting Period: 23rd May 2008 to 30th June 2012

Sheet Reference: Bauhinia Downs (SD53-03) 1:250,000

Due Date: 30th June 2012

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Date:	30 th June 2012
Report No:	12-037
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SUMMARY

This Final Surrender Report outlines exploration activities undertaken by Legend International Holdings Inc. on Exploration Licence 26404 between the 23rd May 2008 and 30th June 2012.

EL26404 is part of the Abner Range Project. It is situated on the Bauhinia Downs 1:25000 map sheet. The Abner Project is situated approximately seven hundred (700) kilometres southeast of Darwin, and less than one hundred (100) kilometres southwest of Borroloola. The project area can be reached from Darwin along the Stuart Highway to Daly Waters, then along the sealed Carpentaria Highway to Cape Crawford. Dirt roads and station tracks service the project area away from the main highways. The Tablelands Highway intersects the Carpentaria Highway next to Abner Range at Cape Crawford and can also be used to access the Abner tenements.

During the first year of tenure a review of available geophysical, geological and sample data was undertaken. Three heavy mineral samples were collected during 2009-2010 returning two negative results and one positive sample containing a non-kimberlitic chromite grain. No further exploration work was undertaken on the tenement and the Licence has been surrendered as part of a rationalization of the Company's projects.

The total expenditure for the Licence amounted to \$92,823.96.

1.0 INTRODUCTION

This report outlines exploration activities undertaken by Legend International Holdings Inc. on Exploration Licence 26404 between 23rd May 2008 and 30th June 2012.

2.0 LOCATION AND ACCESS

EL26404 is part of the Abner Range Project. It is situated on the Bauhinia Downs 1:25000 map sheet. The Abner Project is situated approximately seven hundred (700) kilometres southeast of Darwin, and less than one hundred (100) kilometres southwest of Borroloola. The project area can be reached from Darwin along the Stuart Highway to Daly Waters, then along the sealed Carpentaria Highway to Cape Crawford. Dirt roads and station tracks service the project area away from the main highways. The Tablelands Highway intersects the Carpentaria Highway next to Abner Range at Cape Crawford and can also be used to access the Abner tenements.

3.0 LICENCE DETAILS

EL 26404 was granted on the 23rd May 2008. An area reduction was lodged in August 2010 relinquishing 50% of the Licence and a further reduction was submitted in 2011 after a waiver of reduction was deferred by the Department. The tenement currently holds 24 blocks.

Table 1: Licence Details for EL26404.

Name	Status	Effective Date	Grant Date	Expiry Date	Holder
EL26404	Granted	23/05/2008	23/05/2008	22/05/2014	Legend International Holdings Inc

4.0 GEOLOGY

The Abner Project lies within the Batten Trough of the Southern McArthur Basin. Generally, in the Batten Trough, the older Tawallah and McArthur Groups dominate in outcrop; however, in the Abner Range syncline the younger Nathan Group and lower Roper Group are exposed.

The Abner Project encompasses the Abner Range Plateau and surrounding low lying areas. The majority of the area is underlain by Mesoproterozoic Roper Group sediments

(predominantly sandstones and minor siltstones) and minor volcanics as well as dolomitic sediments of the Nathan Group. Pockets of Cambrian Bukalara Sandstone and Cretaceous sediments occur at top of the Abner Plateau and unconformably overlie the Proterozoic rocks, with minor dolerite sills intruding the upper part of the Roper Group. Bedrock units are commonly covered by laterite, lateritic soils and Quaternary deposits. Basement sediments are folded, with bedding dipping on average 20-30 degrees.

Cainozoic laterite and transported sediments are widespread over the Abner Range plateau and over the Tanaburs region. Lateritisation during the Cenozoic-Quaternary was widespread in the region but mainly affected the flat-lying blanket of Cretaceous sediments. In the McArthur and Georgina Basins the Cretaceous sediments fill and are locally preserved within karstic sinkholes. They are also known to fill “karst-like” sinkhole depressions overlying kimberlite diatremes. The Cretaceous sediments are also a potential source of secondary kimberlite indicator minerals. The Tawallah and Hot Springs Faults, that trend approximately N-S, lie on the western and eastern margins of the Abner Range syncline, respectively. These two major faults are parallel to, and probably broadly sympathetic to, and coeval with, the Emu Fault that defines the eastern margin of the Batten Trough. The lower Devonian diamond pipes of the Merlin field lie proximal to the Emu Fault. The north trending faults exhibit observable strike-slip movement. The Mallapunyah Fault is one such fault mapped to the south, however, other faults are apparent to the north.

The Abner Plateau is known to host a kimberlite pipe and is a key target area during the current phase of exploration. Due to the proximity to the other known deposits of diamond and base metals and having all relevant geological features that control their occurrence, the project area is classified as highly prospective and holds excellent potential for another major discovery.

5.0 EXPLORATION

2008 - 2009

The tenement was applied for in 27 August 2007 and granted to Gravity Diamonds (Gravity) in May 2008. Gravity had the aim of carrying out field evaluation on the first year with a view to conducting airborne geophysics to generate drill targets. Granting of the

tenement coincided with a downturn in capital markets and a refocussing of Gravity's parent company, Mwana Africa, away from its Australian activities. Nevertheless the Australian management of Gravity Diamonds remained confident that it would be able to find a new owner for the Australian programmes that would re-invigorate exploration and entered into advanced negotiations with a potential new owner. The market crash of late 2008 effectively "torpedoed" this arrangement. At the same time Mwana Africa was approached by Legend International Holdings Inc to acquire all of the Australian interests of Gravity Diamonds Limited. An agreement was signed in early 2009 dependent on a third party agreement that involved a number of the tenements operated by Gravity. Completion of this process took much longer than anticipated but it led to a re-invigoration of the total programme.

The limited funds available meant that only desk studies were possible in Year 1. These included a review of available geophysical, geological and sample data. This confirmed the potential for diamondiferous kimberlites to be located within the McArthur River region along a hypothesised structural corridor trending north from the ABN021 discovery.

A brief field reconnaissance visit was also conducted during the 2007/08 season to facilitate programme planning.

2009 – 2010

During this reporting period a comprehensive data review was undertaken to identify and select sites for sampling as the tenement had not been extensively sampled. Three heavy mineral samples were collected and processed at the Diatech and North Australian Diamonds Limited diamond laboratories in Perth. Two samples returned a negative result with one sample, ABH000072 returning a positive result with one non-kimberlitic chromite grain. The results are shown in Table 3 and on Figure 2.

2010 – 2011

During this reporting period sampling was focused on other more prospective areas of the Abner Range Project. No samples were collected on this Licence.

2011-2012

No further exploration work was undertaken on the Licence. The Licence was surrendered as part of a rationalization of the Company's projects.

6.0 EXPENDITURE

Exploration expenditure on the tenement between 23rd May 2008 and 30th June 2012 totalled \$92,823.96 as per the breakdown below.

YEAR	EXPENDITURE
Year 1 2008-2009	\$16,758
Year 2 2009-2010	\$28,594
Year 3 2010-2011	\$44,000
Year 4 2011-2012	\$3,471.96
Total	\$92,823.96

7.0 REFERENCES

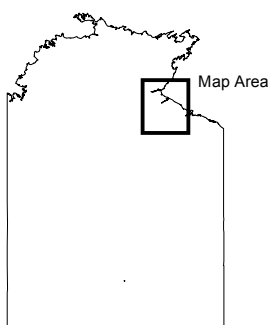
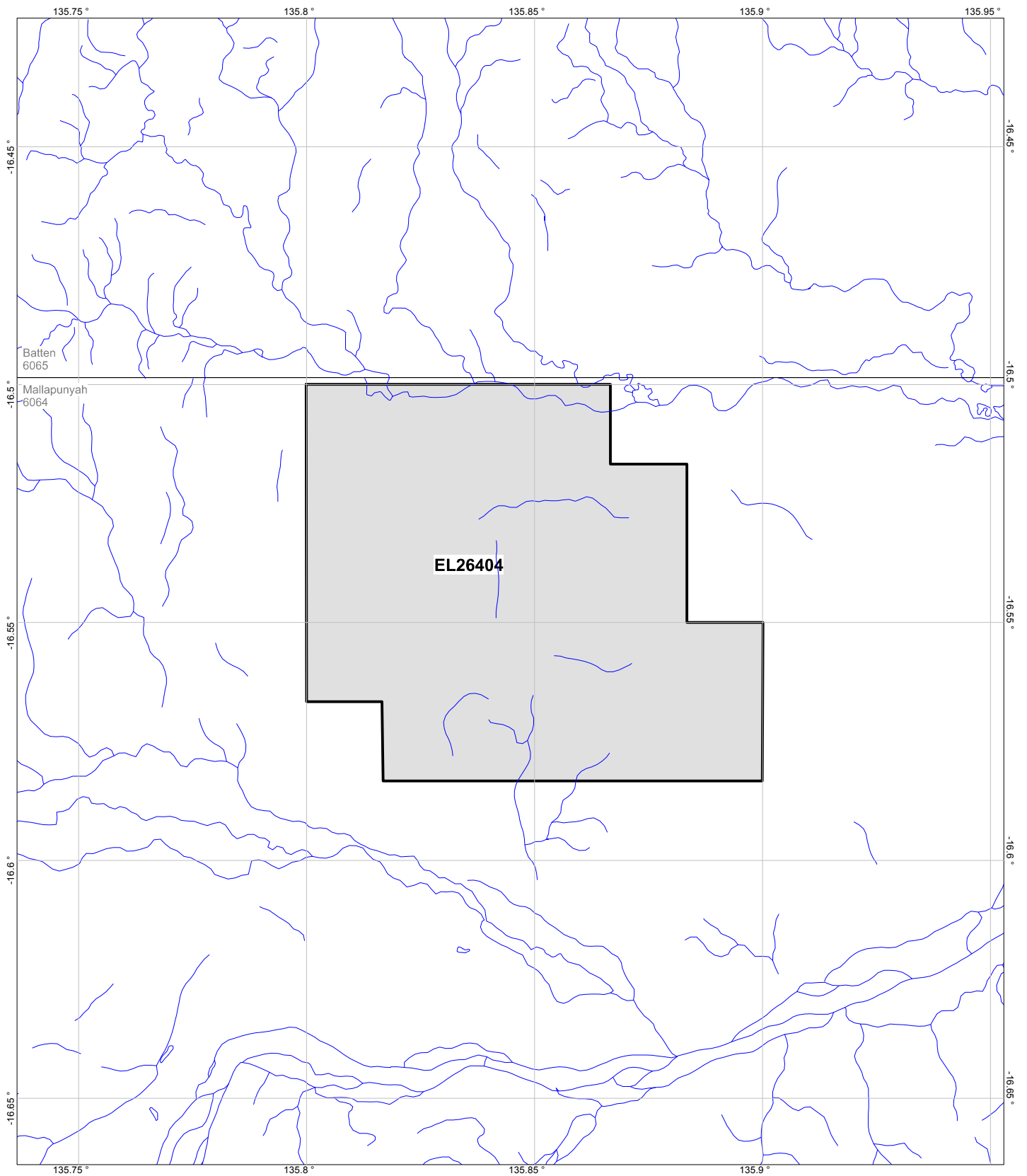
Gravity Diamonds Limited (2009) Annual Report on Exploration Activities Year One of Tenure Period Ending 22nd May 2009.

Abello, J. (2010) Abner Project Combined Annual Report for the Period 3rd August 2009 to 2nd August 2010, Ref: GR140/09, Legend International Holdings Inc.

Kammermann, M. (2011) Abner Project Combined Annual Report for the Period 3rd August 2010 to 2nd August 2011, Ref: GR140/09, Legend International Holdings Inc.

Table 3. 2009-2010 Sample Data

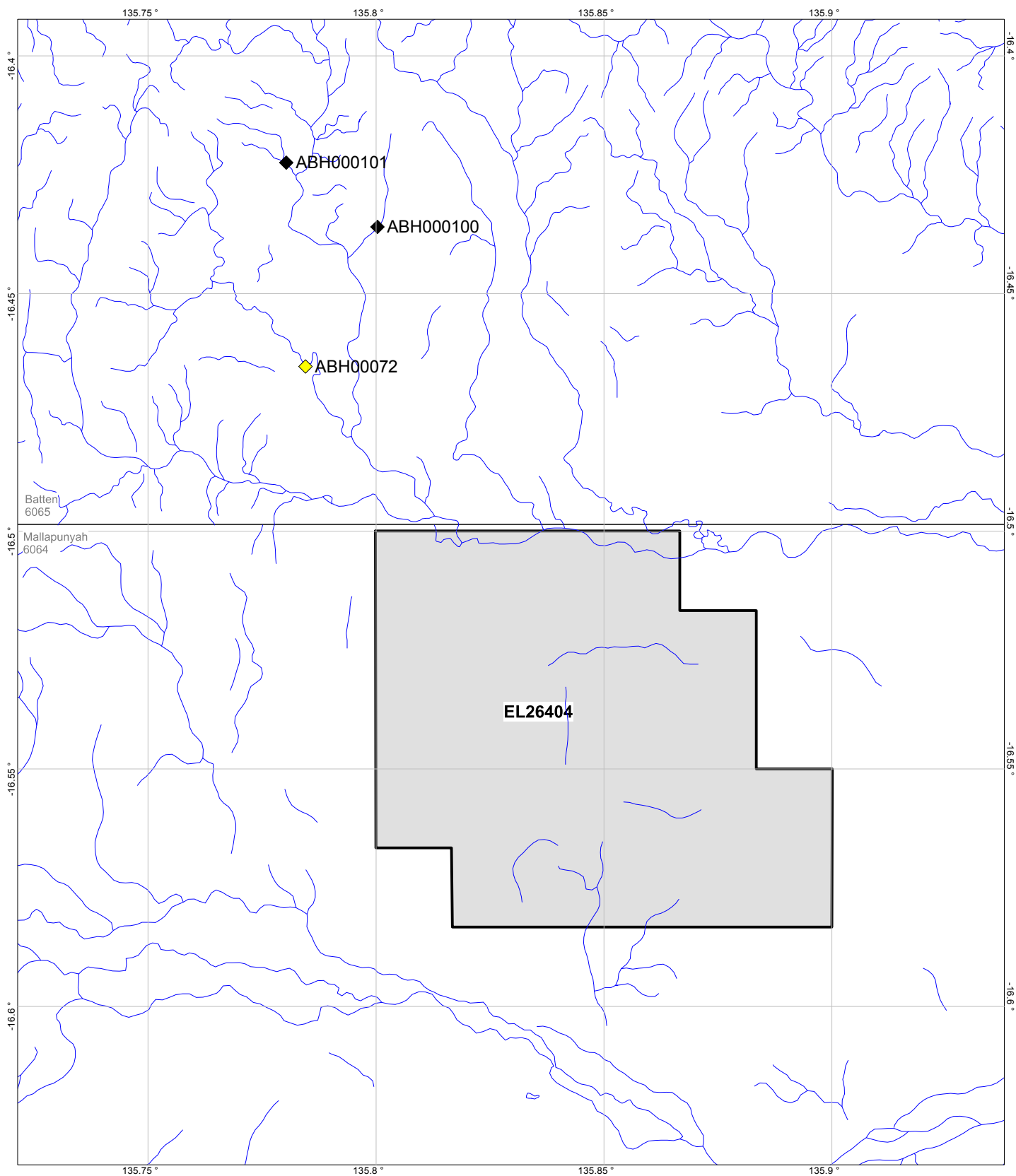
SAMPLE	TYPE	EASTING	NORTHING	DATUM	ZONE	RESULT	DIAMONDS	CHROMITE
ABH00072	STREAM GRAVEL	583743	8179427	GDA94	53	POSITIVE	0	1
ABH000100	STREAM GRAVEL	585440	8182670	GDA94	53	NEGATIVE	0	0
ABH000101	STREAM GRAVEL	583310	8184170	GDA94	53	NEGATIVE	0	0








Legend

- Tenement
- 100k Mapsheet
- Drainage

Legend International Holdings Inc.	
	Figure 1 Location Plan
Date: 18/6/2012	
Author:	
Office:	
Drawing:	
Scale: 1:125000	Projection: Longitude / Latitude (Australia GDA94)
<div style="text-align: center;"> <div style="display: flex; justify-content: space-between; width: 100%;"> 0 1.25 2.5 5 </div> <div style="width: 100%; height: 5px; background: linear-gradient(to right, black 49%, grey 49% 51%, black 51%);"></div> <div style="text-align: center;">kilometres</div> </div>	



Legend

-  Tenement
-  Negative Samples
-  Chromite Positive Sample
-  100k Mapsheet
-  Drainage

Legend International Holdings Inc.

Date: 16/6/2012	<p>Figure 2 2009-2010 Sample Locations</p>
Author:	
Office:	
Drawing:	
Scale: 1:125000	Projection: Longitude / Latitude (Australia GDA94)

0 1.25 2.5 5
kilometres