Final Surrender Report
Exploration Licence 25010

Holder: Quantum Resources Ltd
Operator: Quantum Resources Ltd
Reporting Period: 1st September 2006 to 6th July 2012
Sheet Reference: Birrindudu (SE52-11) 1:250,000
Due Date: 6th August 2012

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<tr>
<th>Author</th>
<th>M Kammermann</th>
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<tr>
<td>Date</td>
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<td>12-050</td>
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TABLE OF CONTENTS

LIST OF FIGURES....................................................................................... ................................................... 1

SUMMARY............................................................................................... ................................................... 2

1.0 INTRODUCTION..........................................................................................3

2.0 LOCATION AND ACCESS...........................................................................3

3.0 LICENCE DETAILS ....................................................................................3

4.0 GEOLOGY ................................................................................................3

5.0 EXPLORATION ........................................................................................4

6.0 EXPENDITURE............................................................................................7

7.0 REFERENCES ..........................................................................................8

LIST OF TABLES
Table 1 Licence Details

LIST OF FIGURES
Figure 1 Location Map

LIST OF APPENDICES
Appendix 1 RadonX Surveys at Ware Range 2009
SUMMARY

This Final Surrender Report outlines exploration activities undertaken by Quantum Resources Ltd on Exploration Licence 25010 between the 1st September 2006 and 6th July 2012.

EL25010 is part of the Ware Range Project. It is situated on the Birrindudu 1:25000 map sheet and Ware and Nongra 1:100,000 map sheets. EL25010 is located approximately 700 kilometres south of Darwin, Northern Territory and 500 kilometres south west of Katherine. Due to the remoteness of the licence, exploration activities will likely require helicopter support. By road, the tenement can be reached from Darwin along the Stuart Highway to Katherine and then to Willeroo along the Victoria Highway. From Willeroo, the Delamere Road and Buntine Highway provide access to Inverway Station. The tenement is situated approximately eighty kilometres south of the Inverway Station. Roads and tracks in the region are few and paucity of landmarks makes navigation difficult. During the wet season, roads and tracks may become treacherous due to flooding.

During the first year of tenure a review of available geophysical and geological data was undertaken to generate an exploration strategy for this area. Field exploration was delayed due to a staff shortage in the second year of tenure with a Radon X survey being carried out during Year 3. 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 $196,291.56.
1.0  INTRODUCTION
This report outlines exploration activities undertaken by Quantum Resources Ltd on Exploration Licence 25010 between 1st September 2006 and 6th July 2012.

2.0  LOCATION AND ACCESS
EL25010 is part of the Ware Range Project. It is situated on the Birrindudu 1:250,000 map sheet and Ware and Nongra 1:100,000 map sheets. EL25010 is located approximately 700 kilometres south of Darwin, Northern Territory and 500 kilometres south west of Katherine. Due to the remoteness of the licence, exploration activities require helicopter support. By road, the tenement can be reached from Darwin along the Stuart Highway to Katherine and then to Willeroo along the Victoria Highway. From Willeroo, the Delamere Road and Buntine Highway provide access to Inverway Station. The tenement is situated approximately eighty kilometres south of the Inverway Station. Roads and tracks in the region are few and paucity of landmarks makes navigation difficult. During the wet season, roads and tracks may become treacherous due to flooding.

3.0  LICENCE DETAILS
Exploration Licence 25010 was granted on the 1st of September, 2006. The tenement underwent a compulsory 50% reduction on the 1st of September, 2008 and subsequently two reduction deferrals were granted on the 29th of September 2009 and 3rd of August 2010. A further 25% reduction (partial reduction) was undertaken on 31st August 2011 with the Licence retaining 39 blocks.

Table 1: Licence Details for EL25010.

<table>
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<tr>
<th>Name</th>
<th>Status</th>
<th>Effective Date</th>
<th>Grant Date</th>
<th>Expiry Date</th>
<th>Blocks</th>
<th>Holder</th>
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<tbody>
<tr>
<td>EL25010</td>
<td>Granted</td>
<td>01/09/2006</td>
<td>01/09/2006</td>
<td>31/08/2012</td>
<td>39</td>
<td>Quantum Resources Ltd</td>
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4.0  GEOLOGY
The Licence lies within the Palaeoproterozoic Tanami Region. The Tanami Region is part of the North Australian Craton. It abuts the Arunta Region to the south and east and is onlapped by younger cover sequence including the extensive Palaeozoic Wiso Basin on its northeastern margin. To the west, sedimentary succession of the Mesoproterozoic
Birrindudu Basin overlies and separates the Tanami Region from similar age rocks in the Halls Creek Orogen.

The oldest and rarely exposed rocks in the Tanami Region are Neoarchaean (2520-2500 Ma) amphibolites facies gneiss and metasedimentary rocks of the Browns Range Metamorphics and the Billabong Complex. Overlying the Archaean basement is the metasedimentary succession of Tanami Group (1880-1830) and volcanics and siliciclastic sedimentary rocks of Ware Group (1825-1810 Ma). An unconformity marking the major deformational and metamorphic event known as Tanami Orogeny (ca. ~1830 Ma) separates the Tanami Group from Ware Group.

The Tanami Region sequence is unconformably overlain by quartz sandstone, lithic arenite, and conglomerates of Pargee Sandstone representing the syn-tectonic sedimentation related to the 1730 Ma Strangways Orogeny. The Pargee Sandstone itself is unconformably overlain by Meso- to Neopaleoproterozoic platform cover sequence comprising sandstone, siltstone, shale, and carbonate of Birrinduddu Group.

The geology of tenement EL25010 is dominated by Cainozoic sediments; sand silt and gravel deposits obscuring the basement rocks. Lateritisation occurs only in small areas, and typically consist of 1-2m thick pisolithic layer on the top, followed by 2-3m thick mottled zone in the middle and a bleached zone at the bottom. The Gardiner Sandstone belonging to the Birrindudu Group comprising mainly medium grained sublithic arenites and quartz arenites crop out along the north-eastern boundary of the tenement.

5.0 EXPLORATION
2006 – 2007
Geological & Geophysical Data Review

Multi-client airborne magnetic data was acquired and analysed. This data was used in conjunction with a full review of Open File Exploration Research to assist in generating an appropriate exploration strategy.

Analysis of geophysics and historical geochemistry will enable target selection based on geochemical anomalies, structural targets associated with granite intrusives, flexures in the
regional magnetics, suitable host lithologies and areas beneath cover. This program, including the attainment of more detailed geophysical data, sampling and drilling will continue in the broader context of the exploration project with a view to acquiring more detailed information about the stratigraphy to assist with delineating appropriate targets for mineralisation.

**2007 – 2008**

The exploration programme for EL 25010 proposed in 2007-08 was not conducted due to staff shortage issues. As part of the requirement to undertake a 50% partial relinquishment a brief review of geology and previous work was undertaken. The following is a summary of the review.

The area of EL25010 is at the unconformable junction of the Gardiner sandstone and the Nongra Beds of the Lower Proterozoic in a faulted anticline. At the northern and eastern sides of the tenement the 1:500,000 geological map shows the presence of Antrim basalts covering the Proterozoic rocks. These basalts have a strong regional Th/U profile. Quaternary channels draining the tenements have a calcrete development in the north of the tenement. Radiometric signatures over the channelised calcrites are low. There are no known mineral deposits in the tenement.

The area suggested for reduction was selected on the criteria that all areas with Antrim basalt at surface were unlikely locations for near surface concentrations of U and significant base-metal (copper). Odd blocks of Proterozoic Gardiner Sandstone on the eastern side of the tenement were added to the selection to make up numbers, these blocks were selected on the basis of the regional U signatures. The remaining area of the tenement should be sampled for U (linear U anomalies near unconformity), base metals and gold.

**2008 – 2009**

**RadonX Cup Survey**

A RadonX cup survey was carried out over the north-western part of the tenement. The area chosen for the radon cup survey is in the transition from erosional to depositional in the Dingo Creek, as well as being adjacent to a favourable structure i.e. major fold axis that form Ware Range. The technique, sample locations and the analytical results of this survey
have been previously reported. The aim of the survey was to delineate areas that show anomalous emission of radon gas, a decay product of uranium. The areas with higher radon gas discharge than the background level are considered to possess surface/subsurface enriched uranium source.

The sampling programme covered six traverses in two sets of three lines collecting RadonX cup data from 133 locations. Results show that recorded radon values are significantly higher than the background levels. The elevated values from the eastern and western sets of traverses exhibited strong trend that appear to align with the paleochannels. Furthermore, the elevated values from the western traverses tend to extend further to the south beyond tenement boundary.

RadonX cup data strongly indicate possible existence of a sediment hosted uranium mineralisation within or proximal to the tenement, and is probably associated with the Dingo Creek drainage system. It is believed that the most likely mineralisation type is a calcrete hosted deposit. The RadonX Report is shown in Appendix 1.

2009 – 2010

During the 2009-2010 reporting period, ground follow-up work consisting of gamma-ray spectrometer survey and geological mapping was carried out to locate near-surface occurrence of uranium mineralisation at locations where RadonX anomalies were detected. The spectrometer survey showed absence of nearsurface radiometric response suggesting exposed calcrete/silcrete is anomalously low in uranium.

The ground follow-up work did not reveal presence of any near-surface uranium mineralisation that would explain the RadonX anomaly; it is, therefore, deduce that a relatively deeper uranium source may be responsible for these anomalies. To test this idea a drilling program was proposed.

2010 – 2011

Activities undertaken during the current reporting period included:
• The previous Mining Management Plan was amended to incorporate drilling of the calcrete deposit. The revised MMP was approved by the Department of Resources.
• Quantum applied for an Aboriginal Areas Protection Authority Certificate during the reporting period. A Site Survey was completed and an Authority Certificate received.
• A field reconnaissance was undertaken to confirm drilling locations, establish access to the sites and determine logistical requirements for a drilling program.

2011-2012
No field work was undertaken and the licence was surrendered as part of a tenement rationalisation by the Company.

6.0 EXPENDITURE
Exploration expenditure on the tenement between 1st September 2006 and 6th July 2012 totalled $196,291.56 as per the breakdown below.

<table>
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<th>YEAR</th>
<th>EXPENDITURE</th>
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<td>Year 1 2006-2007</td>
<td>$17,930</td>
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<td>Year 2 2007-2008</td>
<td>$1,810.38</td>
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<td>Year 3 2008-2009</td>
<td>$72,566.58</td>
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<td>Year 4 2009-2010</td>
<td>$62,835</td>
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<td>Year 5 2010-2011</td>
<td>$33,230</td>
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<td>Year 6 2011-2012</td>
<td>$7,919.60</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$196,291.56</strong></td>
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7.0 REFERENCES


FACTUAL REPORT TO

LEGEND INTERNATIONAL HOLDINGS INC.

ON THE RESULTS OBTAINED FOR THE
RadonX Surveys at Ware Range (Stage 1)

Geoforce reference: ME1174LI_2.0

Author: Riaan Mouton
Reviewed by: Grant Couston

14 September 2009
Executive Summary

In September 2009, Geoforce Pty Ltd (Geoforce) supplied RadonX units to Legend International Holdings (LIH) Inc. to perform a RadonX survey at Ware Range, Northern Territory. The objective of the survey was to map possible uranium occurrences. LIH conducted all the fieldwork whilst Geoforce measured the units after retrieval and produced this factual report on the results.

The results showed that the RadonX method was able to map a prominent linear feature over the area covered as part of the RadonX survey. The anomaly stretches over all three south–eastern lines and provides a good target for initial drilling. The data should be evaluated using geological information if available. It is recommended that the RadonX anomaly shown in Figure 2.1 (lineament) be drilled to test for the presence of uranium.
Table of Contents

Executive Summary .......................................................................................................... ii
Table of Contents .............................................................................................................. iii
  List of Figures .................................................................................................................. iii
  1 Introduction and background .................................................................................. 4
  2 Data processing .......................................................................................................... 5
    2.1 Corrections, gridding and data display .............................................................. 5
  3 Results and interpretation ....................................................................................... 6
    3.1 Areas of Interest ................................................................................................. 6
  4 Conclusions and recommendations ....................................................................... 7
  5 Disclaimer ................................................................................................................... 8

List of Figures

Figure 1.1 – Ware Range location map with survey lines .............................................. 4
Figure 2.1 – Ware Range location map with RadonX survey results ....................... 6
1 Introduction and background

In September 2009, Geoforce Pty Ltd (Geoforce) supplied RadonX units to Legend International Holdings (LIH) Inc. to perform a RadonX survey at Ware Range, Northern Territory. The objective of the survey was to map possible uranium occurrences.

LIH conducted all the fieldwork whilst Geoforce measured the units after retrieval and produced this factual report on the results. A location map showing the lines covered as part of this RadonX survey at Ware Range is provided in Figure 1.1. The backdrop is a satellite image from Google Earth that was georeference, therefore not displaying a high level of accuracy (tenths of meters).

Figure 1.1 – Ware Range location map with survey lines
2 Data processing

2.1 Corrections, gridding and data display

Time corrections performed on readings include the following:

- Date and time for placement of units
- Date and time for retrieval of the units
- Date and time when measurements were taken
- Corrections from control cartridges

The RadonX data were gridded at 25m cell size but in fact the data should be displayed as profiles rather than grids because the survey did not conform to a typical grid layout. As a result, contours are not provided with the data. Figure 2.1 shows the same location map as in Figure 1.1 but with the gridded RadonX data draped over the satellite image. Data are displayed such that “hot” colours (reds) refer to higher Radon counts and blue colour tones refer to lower counts. It is important to note that the method provide qualitative results for the amount of Radon gas present in the sub-surface and do not translate to the amount of uranium that may be present in the sub-surface.

Coordinate System

The survey coordinates confirmed by Chris Gardiner is as follows:
Datum: GDA94 and Projection: MGA zone 52S

Deliverables

Data, maps and figures displayed in this report is also provided to the client in the following formats:

- CSV file with coordinates and Radon Values
- Jpeg image format
- ArcView Tiff Image format for Arc Map
- PDF format
3 Results and interpretation

3.1 Areas of Interest

Anomalies observed in data for Stage 1 are mainly confined to the south eastern grid which shows higher than average radon values over all three south-eastern lines surveyed (See Figure 2). This anomaly appears to be associated with a structure with strike NW – SE but at the same time is positioned just north of current drainage patterns.

Comments

A single unit was damaged by Dingos during the survey. This unit was not measured.

It should be noted that masks were not applied to the gridded data and therefore only those anomalies associated with real observed values should be regarded as accurate.
4 Conclusions and recommendations

The results showed that the RadonX method was able to map a prominent linear feature over the area covered as part of the RadonX survey. The anomaly stretches over all three south–eastern lines and provides a good target for initial drilling. The data should be evaluated using geological information if available. It is recommended that the RadonX anomaly shown in Figure 2.1 (lineament) be drilled to test for the presence of uranium.
5 Disclaimer

The interpretations contained in this report are based on the training and experience of the author and information passed on during the course of the investigation. As with all geophysical data, multiple interpretations are possible. The client is advised to consider information from all available sources prior to making a decision on how to proceed.

Riaan Mouton

Geophysicist