EXPLORATION LICENCES
EL27342

ABNER PROJECT

PARTIAL RELINQUISHMENT REPORT
FOR THE PERIOD

25 NOVEMBER 2009 TO 25 MARCH 2015

BY

A. RAZA

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Department of Mines and Energy, NT
TENEMENT REPORT INDEX

TENEMENT HOLDER: Legend International Holdings Inc.
TENEMENT MANAGER: Legend International Holdings Inc.
PROJECT: ABNER PROJECT
TENEMENTS: EL27342
DUE DATE: May 2015
AUTHOR: A. Raza
STATE: Northern Territory
LATITUDE: 16° 10'00"S to 17° 01'00"S
LONGITUDE: 135° 30'00"E to 136° 10'00"E
MGA (easting): 556930mE - 620700mE
MGA (northing): 8117740mN - 8210675mN
1:250,000 SHEET: SE53-03 Bauhinia Downs, SD53-07 Walhallow
1:100,000 SHEET: 6064 Mallapunya, 6065 Batten
COMMODITY: Diamonds
KEYWORDS: Kimberlite, data review, heavy mineral sampling
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SUMMARY OF EXPLORATION ACTIVITIES

This report describes exploration activities conducted over relinquished part of the EL27342 between 25 November 2009 and 25 March 2015.

A total of 4 HMA samples were collected and processed over the relinquished area of the Licence. The sample results for diamond indicator minerals were negative suggesting that potential for kimberlite discovery in the relinquished portion is low.

TENEMENT STATUS

Exploration Licence 27342 was granted on the 25 November 2009. An application for a waiver of reduction in area was lodged to the Department and approved on the 15 December 2011. An Area Reduction Notice was submitted on the 11 October 2012 reducing the title from 15 blocks to 8 blocks. In April 2014, Legend submitted further three blocks for relinquishment and hence reducing the title from 8 blocks to 5 blocks.

The Department issued Partial Cancellation Notice on 10 March 2015 for not meeting expenditure condition for two consecutive years. The Loss of Block (LOB) penalty was imposed. Legend submitted one block on 25 March 2015 to comply with the LOB penalty. Exploration Licence now holds 4 blocks.

Table 1: Tenement Details

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<tr>
<th>Name</th>
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<td>24/11/2015</td>
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LOCATION AND ACCESS

EL27342 is located approximately seven hundred (700) kilometres southeast of Darwin, and less than one hundred (100) kilometres southwest of Borroloola (Figure 1 and Figure 2). The project area is accessible 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.

Land use within the tenement holding is predominantly pastoral leasehold for cattle grazing (PPL1051 McArthur River and PPL1075 Mallapunyah Springs).
GEOLOGY

REGIONAL GEOLOGY

All the known economic diamond deposits and other significantly diamondiferous occurrences in Australia are located within the North Australian Craton (NAC), which also hosts some of the largest ore deposits of base metal, gold and uranium. The NAC covers the Kimberley region of northern WA, the northern two thirds of the NT and the northwestern part of Queensland.

The NAC is surrounded in the south and southwest by the Musgrave and Paterson Orogens, and its eastern boundary is marked by the Tasman Line separating it from the Terra Australis Orogen. The NAC formed about 1850Ma ago during the Barramundi Orogeny by the amalgamation of Archean and early Paleoproterozoic rocks. The younger Late Paleoproterozoic to Phanerozoic igneous and sedimentary rocks conceal large parts of the NAC; as such the Archean rocks of the NAC are scarcely exposed and are limited to the Rum Jungle and Nanumbu Complexes of Pine Creek Orogen and Billabong Complex of the Tanami Region.

The McArthur Basin is one of many basins to develop above the NAC between 1800-1500Ma. The sediments of the basin consist of unmetamorphosed and mildly deformed rocks of carbonate, siliciclastic and interbedded volcanics deposited in a shallow intracratonic setting. The sedimentary sequences of the southern McArthur Basin has been divided into four groups named, from oldest to youngest, the Tawallah, McArthur, Nathan and Roper Groups. The boundaries of these groups are punctuated by regional unconformities.


There is a widespread distribution of Cainozoic sandy soil, laterite and alluvium along drainage systems.

Major structural 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 (Pietsch, Rawlings, Creaser, Kruse, Ahmad, Ferenczi, and Findhammer 1991). The
spatial association between the major structures and basemetal deposits in the McArthur Basin suggests that these fault zones provided an important control on mineralization. The McArthur Basin hosts large lead-zinc-silver and copper deposits and several occurrences of small uranium and base metal mineralization. A number of varying size economical and sub-economical diamond bearing kimberlite pipes has been discovered in the basin. They are part of the sporadic volcanic activity occurring in the post-Cambrian period in the NAC.

The large time span for the intrusion of diamondiferous rocks, 367 Ma (Devonian age) for the Merlin kimberlite field, 179 Ma (Jurassic age) for the Timber Creek kimberlite field, and the 22 Ma (Miocene 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. 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.

LOCAL GEOLOGY
The Abner Project lies within the Batten Trough of the Southern McArthur Basin. In the Batten Trough, formations of 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. EL27342 is dominated by formations of the McArthur Group and overlying Cambrian Top Spring Limestone.

EXPLORATION
A total of 4 HMA samples were collected from the relinquished area of the Licence in the 2010-2011 reporting year. All samples reported a negative result for diamond indicator minerals suggesting that potential for kimberlite discovery in the relinquished portion of the Licence is low. Analytical results and sample locations are shown in Figure 1 and on Table 2.

CONCLUSION
The sample results for the relinquished portion of EL27342 were discouraging, therefore, downgrading its prospectivity for hosting kimberlite.
BIBLIOGRAPHY


Table 2. 2010-2011 HMA Sample Results

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<th>SAMPLE</th>
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