



Final Relinquishment Report

Exploration Licence 24285

Holder: Legend International Holdings

Operator: Legend International Holdings

Reporting Period: 24th January 2005 to 23rd January 2011

Sheet Reference: Bauhinia Downs 1:250,000 (SE53-03)

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NADL

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SUMMARY

This relinquishment report details exploration activity for diamond bearing kimberlite intrusives carried out by Legend International Holdings (“Legend”) and previous explorers on Exploration Licence EL 24285 for the period 24th January 2005 to 23rd January 2011.

EL 24285 ‘Abner South’ was granted to Gravity Diamonds Ltd (“Gravity”) on 24 January 2005.

The acquisition of Gravity Capital Limited (“Gravity Diamonds”) tenements in 2009 by Legend International Holdings’ (“Legend”) instigated a comprehensive data compilation exercise to incorporate the data received and aimed at prioritizing existing and generating new exploration targets for the field season.

While the principal target in the area is diamonds, some interest is also directed toward base metal deposits.

Additional stream gravel sampling has not yet defined a potential source area and as yet no kimberlite has been identified within the licence.

Legend considers the licence to be prospective for kimberlites and has applied for this area to be included into a new SEL application with several other contiguous licences.

1.0 INTRODUCTION

This report details exploration activity carried out by Legend International Holdings Inc (Legend) and previous explorers over exploration licence EL24285 for the period 24th January 2005 to 23rd January 2011.

The target for exploration within the licence is diamond bearing kimberlite intrusives.

2.0 LICENCE DETAILS

EL 24285 is located approximately 105 km south of Borroloola and 700 km south east of Darwin. The EL comprises part of Gravity's McArthur Diamonds Project located around 40 km west of the Merlin Diamond Mine. Access is provided by the sealed Carpentaria Highway, which connects the Stuart Highway to the HYC (McArthur) mine and station tracks. The Tablelands Highway intersects the Carpentaria Highway next to Abner Range at Cape Crawford. A tenement location map is shown in Figure 1.

Table 1: Licence Details

Project Name	Tenement No	Grant Date	Expiry Date	Sub-Blocks	Area (km ²)
Merlin Orbit	EL24285	24/01/2005	23/01/2011	160	

On the third anniversary in 2007, the tenement was reduced to the current 79 blocks. A reduction deferral was granted in the following years 2008, 2009 and 2010.

3.0 GEOLOGY

The exploration licence is located within the Batten Trough of the Mesoproterozoic (1800-1400Ma) McArthur Basin. The project near the contact between the Proterozoic McArthur Basin in the north and the unconformably overlying Cambrian Georgina Basin in the south. The 1800-1400Ma stratigraphy and mineralisation of the Batten Trough, from youngest to oldest, can be summarized as follows:

- Roper Group.
- Nathan Group (or Mt Rigg Group).
- McArthur Group.
- Tawallah Group.

EL 24285 takes in the southern part of the the Abner Range syncline that forms a prominent plateau in the surrounding landscape. 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 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.

Remnant outliers of Cambrian cover sediments are widespread and unconformably overlie the Batten Trough's Proterozoic sequences. In the Abner Range syncline there are remnant outliers of Cambrian Bukalara Sandstone lying on top of the plateau. A small, probably lower Devonian, kimberlitic sandstone breccia pipe has intruded the Bukalara Sandstone in the Abner Range area. It was discovered prior to and is proximal to the ABN21 kimberlite discovered by Gravity Diamonds in late 2004.

Lateritised, thin, flat-lying Cretaceous sediments (Mullamen Beds) belonging to the Dunmarra Basin form outliers on the Abner Range. 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.

Cenozoic laterite and transported sediments are widespread over the Abner Range plateau. Lateritisation during the Cenozoic-Quaternary was widespread in the region but mainly affected the flat-lying blanket of Cretaceous sediments.

4.0 PREVIOUS EXPLORATION

Exploration by Ashton Mining and CRA Exploration during the last two decades for diamondiferous kimberlitic diatremes in the Batten Trough region resulted in the discovery of the Merlin kimberlite field and the production of commercial-sized gem-quality

diamonds by Ashton in 1999.

CRA Exploration originally defined the kimberlitic chromite anomaly that was tracked to a large, fracture-controlled ravine in the Abner Range Plateau, immediately north of EL 24285.

More detailed evaluation by Ashton Mining of the Abner Range kimberlitic chromite anomaly revealed a small, circular fracture/breccia geomorphic feature located on the Abner Range Plateau. Additional sampling and then drilling confirmed the feature was a sandstone breccia pipe, around 50m in diameter, with an ultramafic component and containing abundant kimberlitic chromite, pyrope and micro-diamonds. The pipe is associated with a 020° trending fracture system throughout the Abner Range. Exploration based on the Falcon® airborne gravity system located a kimberlite pipe approximately 400m south of Breccia Pipe 1.

Prior exploration work reported within the area of EL 24285 included regional surface sampling for diamonds and airborne geophysical data aimed at both diamond exploration and base metal (McArthur River style lead-zinc). No outstanding anomalies have been reported within the EL area.

WORK COMPLETED IN YEAR 1

A review of available geophysical, geological and sample data was carried out by Gravity during Year 1 and this confirmed the potential for diamondiferous kimberlites to be located within the McArthur River region.

Geological assessment of detailed aerial photography was undertaken to identify photo-features potentially associated with kimberlites, and also to map key faults and fractures. Access planning also utilised this photography. A brief field reconnaissance visit was also conducted during the 2005 season.

WORK COMPLETED IN YEAR 2

During the 2nd year of tenure 4 gravel samples were collected within EL 24285 as part of a

more regional diamond exploration program around the Abner Range area. Further sampling proved difficult to achieve.

The gravel samples were sent to Diatech Laboratories in Perth for processing through a micro DMS plant and recovery of kimberlite indicator minerals from the -1.2mm +0.3mm fraction of the DMS concentrate. All samples collected returned negative results

WORK COMPLETED IN YEAR 3

During year 3 of tenure further gravel samples were collected in the eastern and western portions of the tenement. The samples and were transported to Diatech Laboratories in Perth for processing through a micro DMS plant and recovery of kimberlite indicator minerals from the -2.0mm +0.3mm fraction of the DMS concentrate.

Chromites were reported from both samples collected. Historic sampling in this area has recovered numerous chromites and microdiamonds, however previous companies had believed the chromites to be non kimberlitic. Given the similarities with both the Abner and Merlin pipe areas a more detailed sampling program was planned.

WORK COMPLETED IN YEAR 4

During year 4 of tenure plans were formulated to fly a helicopter-borne Falcon® gravity program in the south east corner of the tenement. An unfortunate accident associated with the heli-borne Falcon system, grounding the helicopter and system mid season led to the program being unable to be implemented.

Reassessment of both the morphology and chemistry of chromites recovered from this tenement area was undertaken during the tenure year. Both the chemistry and morphology of recent and historic grains recovered and examined continued to be comparable to weathered grains recovered from the uppermost portions of the ABN021 kimberlite pipe.

WORK COMPLETED IN YEAR 5

During year 5 of tenure helicopter and ground-based field reconnaissance was undertaken with HMA sampling upstream of previous positive results and detailed heavy mineral probe analysis.

WORK COMPLETED IN YEAR 6

Review of project was completed with identification of target areas considered worthy of further exploration. Following this it was decided to apply for an SEL and include the ground covered by EL24285 into the new SEL application.

5.0 EXPENDITURE

Exploration expenditure on the tenement from 24th January 2005 to 23rd January 2011 totalled \$187,857.98 as per the breakdown below.

Year	Expenditure
Year 1	\$36,277
Year 2	\$36,373
Year 3	\$33,007
Year 4	\$13,408
Year 5	\$30,153
Year 6	\$38,639.98
Total	\$187,857.98

6.0 REFERENCES

Abello, J. (2010) Exploration Licences SEL26397, EL23117, EL23118, EL23513, EL23514, EL24285, EL24286, EL23993, EL26404, EL22307, EL23931, Abner Project Combined Annual Report for the Period 3rd August to 2nd August 2010.

Gravity Diamonds Limited (2006). EL 24285 'Abner South' McArthur River Region, NT, Annual Report on Exploration Activities Year One of Tenure - 23 January 2006

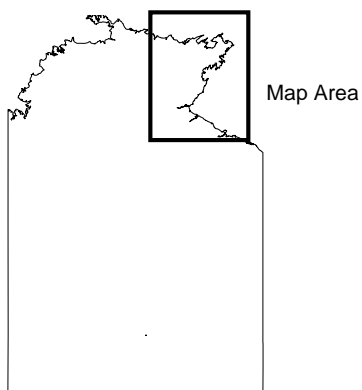
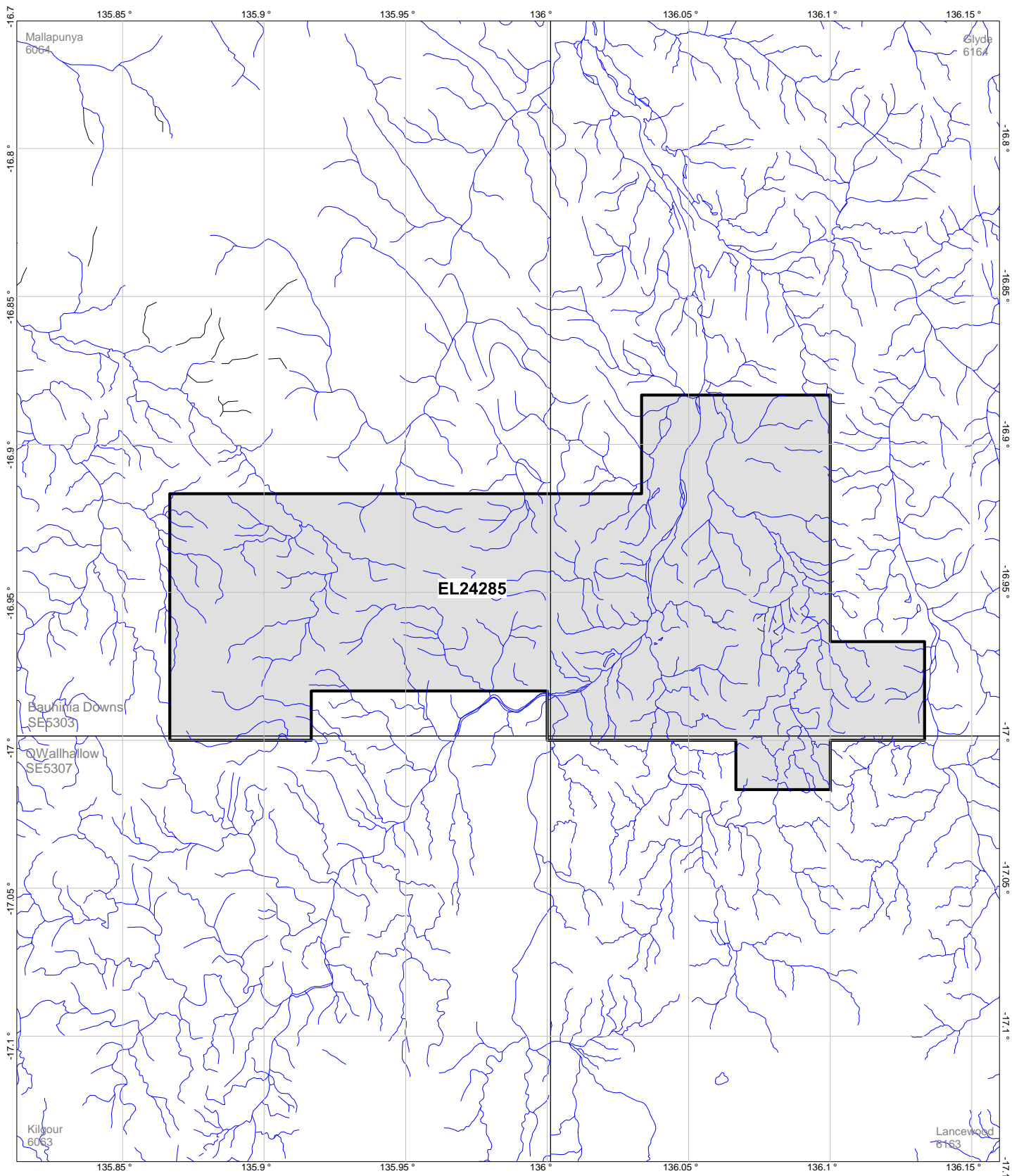
Gravity Diamonds Limited (2007). EL 24285 'Abner South' McArthur River Region, NT, Annual Report on Exploration Activities Year Two of Tenure - 23 January 2007




Gravity Diamonds Limited (2008). EL 24285 'Abner South' McArthur River Region, NT, Annual Report on Exploration Activities Year Three of Tenure - 23 January 2008

Gravity Diamonds Limited (2009). EL 24285 'Abner South' McArthur River Region, NT, Annual Report on Exploration Activities Year Four of Tenure - 23 January 2009

Table 2. Historic Sample Data

SAMPLE	TYPE	EASTING	NORTHING	DATUM	ZONE	CHROMITE	RESULT
163939	GRAVEL	591955	8128646	GDA94	53	0	NEGATIVE
163942	GRAVEL	609262	8130005	GDA94	53	0	NEGATIVE
163943	GRAVEL	610266	8130888	GDA94	53	0	NEGATIVE
163944	GRAVEL	611241	8128141	GDA94	53	0	NEGATIVE
163957	GRAVEL	596536	8128897	GDA94	53	1	POSITIVE
200015	GRAVEL	614760	8127932	GDA94	53	3	POSTIVE



Legend		Legend International Holdings	
<div> EL24285</div> <div> Drainage</div> <div> 100k Mapsheet</div>			<div>Figure 1</div> <div>Location Plan</div>
	Date: 18/4/2011		
	Author:		
	Office:		
	Drawing:		
	Scale: 1:200000	Projection: Longitude / Latitude (Australia GDA94)	
		<div><div><div>0</div><div>2</div><div>4</div><div>8</div></div><div>kilometres</div></div>	

