
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended: December 31, 2011
or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from: _____ to _____

Commission File Number 000-32551

LEGEND INTERNATIONAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

23-3067904
(I.R.S. Employer
Identification No.)

Level 8, 580 St Kilda Road Melbourne, Victoria, 3004, Australia
(Address of Principal Executive Office) (Zip Code)

011 (613) 8532 2866
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class
Common Stock, par value \$.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that

the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for any such shorter period that the registrant was required to submit and post such file).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

The aggregate market value based on the average bid and asked price on the over-the-counter market of the Registrant's common stock, ("Common Stock") held by non-affiliates of the Company was US\$70,355,132 as at June 30, 2011.

There were 226,407,246 outstanding shares of Common Stock as of March 15, 2012.

**APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

Not Applicable

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PART I

Information Regarding Forward Looking Statements

This report and other reports, as well as other written and oral statements made or released by us, may contain forward looking statements. Forward looking statements are statements that describe, or that are based on, our current expectations, estimates, projections and beliefs. Forward looking statements are based on assumptions made by us, and on information currently available to us. Forward-looking statements describe our expectations today of what we believe is most likely to occur or may be reasonably achievable in the future, but such statements do not predict or assure any future occurrence and may turn out to be wrong. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. The words "believe," "anticipate," "intend," "expect," "estimate," "project", "predict", "hope", "should", "may", and "will", other words and expressions that have similar meanings, and variations of such words and expressions, among others, usually are intended to help identify forward-looking statements.

Forward-looking statements are subject to both known and unknown risks and uncertainties and can be affected by inaccurate assumptions we might make. Risks, uncertainties and inaccurate assumptions could cause actual results to differ materially from historical results or those currently anticipated. Consequently, no forward-looking statement can be guaranteed. The potential risks and uncertainties that could affect forward looking statements include, but are not limited to:

- the risks of mineral exploration stage projects,
- political risks in foreign countries,
- risks associated with environmental and other regulatory matters,
- exploration risks and competitors,
- the volatility of phosphate, diamond and other mineral prices,
- estimates of proven and probable reserves are subject to considerable uncertainty,
- movements in foreign exchange rates,
- increased competition, governmental regulation,
- performance of information systems,
- ability of the Company to hire, train and retain qualified employees,
- the availability of sufficient, transportation, power and water resources, and
- our ability to enter into key exploration and supply agreements and the performance of contract counterparties.

In addition, other risks, uncertainties, assumptions, and factors that could affect the Company's results and prospects are described in this report, including under the heading "Risk Factors" and elsewhere and may further be described in the Company's prior and future filings with the Securities and Exchange Commission and other written and oral statements made or released by the Company.

We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date of this document. The information contained in this report is current only as of its date, and we assume no obligation to update any forward-looking statements.

Item 1. Business.

GENERAL

The terms "Legend," "Company," "we," "our," and "us" refer to Legend International Holdings, Inc. unless the context suggests otherwise.

Legend has been an exploration stage company since August 2006. During February 2011, the Company announced its maiden mineral reserve estimates for its 100% owned Paradise South phosphate project in accordance with SEC Industry Guide 7. As a result of establishing mineral reserve estimates, Legend has entered into the development stage for this project as it engages in the process of preparing the mineral deposit for extraction, while it continues with its other various exploration activities.

We have an additional objective to exploit our interest in certain exploration tenements which are in Queensland and the Northern Territory of Australia. Our exploration target is for base metals and diamonds and we are seeking to determine whether they are present in commercially economic quantities on our tenements to develop an operating mine.

Currency

We use the Australian dollar as our reporting currency, since we are headquartered in Australia and our administrative expenses are incurred in Australian dollars. References to dollars are to Australian dollars (A\$) unless otherwise indicated as being United States dollars (US\$). For the convenience of the reader, the Australian Dollar figures for the year ended December 31, 2011 have been translated into United States Dollars ("US\$") using the rate of exchange at December 31, 2011 of A\$1.00=US\$1.0174.

History

Legend was incorporated in the State of Delaware on January 5, 2001 under the name Sundew International, Inc. On March 13, 2003, Legend filed for an Amendment to its Certificate of Incorporation pursuant to which the name of Sundew International, Inc. was changed to "Legend International Holdings, Inc."

Following the change of management in November 2004, the Company developed a new plan of operations, which was to engage in mineral exploration activities.

Effective as of March 3, 2006, the Company entered into a Contract for the Sale of Mining Tenements ("Contract") with Astro Diamond Mines N.L. ("Astro") an Australian company pursuant to which the Company acquired certain diamond exploration tenements in Northern Australia from Astro.

In November 2007, Legend acquired a number of phosphate exploration interests in the State of Queensland in Australia.

In August 2009, Legend acquired a controlling interest in North Australian Diamonds Limited ("NADL"), an Australian company with diamond interests in the Northern Territory of Australia.

During the 2009 year, the Company took a private placement of shares in Northern Capital Resources Corp. ("NCRC"). During the 2010 and 2011 years, the Company took additional private placements in NCRC to increase its holding to 31.50% at December 31, 2011.

Legend has not been involved in any bankruptcy, receivership or similar proceeding. Legend has not been involved in any material reclassification, merger consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

SEC Reports

We file annual, quarterly, current and other reports and information with the SEC. These filings can be viewed and downloaded from the Internet at the SEC's website at www.sec.gov. In addition, these SEC filings are available at no cost as soon as reasonably practicable after the filing thereof on our website at www.lgdi.net. These reports are also available to be read and copied at the SEC's public reference room located at Judiciary Plaza, 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330.

RECENT DEVELOPMENTS

On February 13, 2012, the Company announced that it had achieved the first major milestone for financing of its 100% owned Paradise Phosphate Project.

This first step has involved a transfer of all Legend's phosphate assets into a 100% owned subsidiary of Legend; the issue of 100 million ordinary shares (100% of the issued

shares of the subsidiary) by the subsidiary to Legend; and funding via a A\$7.5 million convertible note facility ("Convertible Note Agreement") which has been injected into the subsidiary through Acorn Capital Ltd ("Acorn"), an Australian financial institution. The A\$7.5 million will convert into equity in the subsidiary upon a successful Initial Public Offering ("IPO") and listing of the subsidiary on the Australian Securities Exchange ("ASX") within 12 months of the note issue date.

Acorn is a significant cornerstone investor from the Australian market and will act as a strong catalyst for further investment in the future developments of the project. Legend anticipates that by using an Australian subsidiary it is better placed to lift the profile of the world quality phosphate assets, provide a stronger trading platform that will help maximise their value and enable further capital raising to support the development of phosphate rock production and subsequent value added products.

The phosphate assets comprise the Paradise Phosphate Rock Deposits of Paradise North and Paradise South, the D-Tree deposit and the deposits associated with Legend's rights and obligations under the King Eagle Joint Venture agreement (i.e. Highland Plains, Lily & Sherrin Creek and Quita Creek). The assets include the exploration and mining permits and applications associated with the above deposits and related infrastructure.

The transfer of the phosphate assets is to a 100% owned subsidiary called Paradise Phosphate Pty Ltd ("Paradise"). Legend's senior management are of the opinion that a dedicated Australian company wholly focused on phosphate is best placed to bring the project into production and is in the best interests of all Legend's stockholders. It will also assist us in seeking investment by Australian financial institutions such as Acorn and other global managed funds that have not been able to invest in stocks listed on the OTC Bulletin Board in the USA.

The convertible note facility of A\$7.5 million to Paradise is repayable 12 months from the completion date of the agreement. The notes bear interest at the nominal rate of 15% per annum (the actual amount of effective interest depends upon the event that triggers repayment). If, within 12 months of the completion date of the agreement, Paradise conducts a public offering of securities in Australia and those securities are listed on Australian Securities Exchange ("ASX"), then the notes convert automatically to shares in Paradise at a conversion rate of A\$0.50 (subject to adjustment in accordance with the formula provided in the agreement).

Further, if Paradise proceeds to an IPO; (i) Paradise will be the issuer of the securities to be offered; and (ii) a disclosure document for the offer of the securities under Australian law will be made available when the shares are offered;

Funds received under the convertible note facility will be used to progress the project, its development, production and ultimately the export of phosphate rock from the phosphate deposits. The notes are secured by a security interest in the phosphate assets and in the shares of Paradise.

Paradise will continue discussions with potential strategic partners in relation to participating in the full development of the fertilizer complex in Mt Isa, Queensland, Australia. Legend has been progressing these discussions with various international industry fertilizer corporations for over 12 months and expects to finalise any potential transaction in 2012, however, any delays in finalising a transaction will not hold up the initial development of phosphate rock production.

DESCRIPTION OF BUSINESS

Background

Legend has been an exploration stage company since August 2006. During February 2011, the Company announced its maiden mineral reserve for its 100% owned Paradise South phosphate project in accordance with SEC Industry Guide 7. As a result of establishing mineral reserve estimates, Legend has entered into the development stage for this project.

We are currently engaged in the process of refining engineering requirements and gaining the remaining approvals required for construction and mineral extraction.

We have an additional objective to exploit our interest in certain exploration tenements in Queensland and the Northern Territory of Australia. Our exploration target is for base metals and diamonds.

Effective as of March 3, 2006, the Company entered into a Contract for the Sale of Mining Tenements ("Contract") with Astro Diamond Mines N.L. ("Astro") an Australian company pursuant to which the Company acquired certain diamond exploration tenements in Northern Australia from Astro. In November 2007, Legend acquired a number of phosphate exploration interests in the State of Queensland in Australia. In August 2009, Legend acquired a controlling interest in North Australian Diamonds Limited ("NADL"), an Australian company with diamond interests in the Northern Territory of Australia. During the 2009 year, the Company took a private placement of shares in Northern Capital Resources Corp. ("NCRC"). During the 2010 and 2011 years, the Company took additional private placements in NCRC to increase its holding to 31.50% at December 31, 2011.

Legend has not been involved in any bankruptcy, receivership or similar proceeding. Legend has not been involved in any material reclassification, merger consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Strategy

Legend is primarily focused on the commencement of mining, beneficiation and processing of its 100% owned phosphate mineralization near Mount Isa in northwest Queensland, Australia. Legend has a phased implementation plan to become a leading supplier of phosphate fertilisers.

Legend plans to market a range of phosphate fertilisers.

We plan to supply phosphate from Paradise North. This product may be used in direct fertiliser applications or as feedstock into high yield phosphate fertilizer manufacture.

The planned beneficiation plant will use phosphate rock from Paradise South as feedstock and is planned to have a capacity to produce up to 2Mt per year of phosphate concentrate. This product may be used as feedstock to manufacture high analysis phosphate fertilizers DAP (Diammonium Phosphate), MAP (Monoammonium Phosphate) and superphosphates.

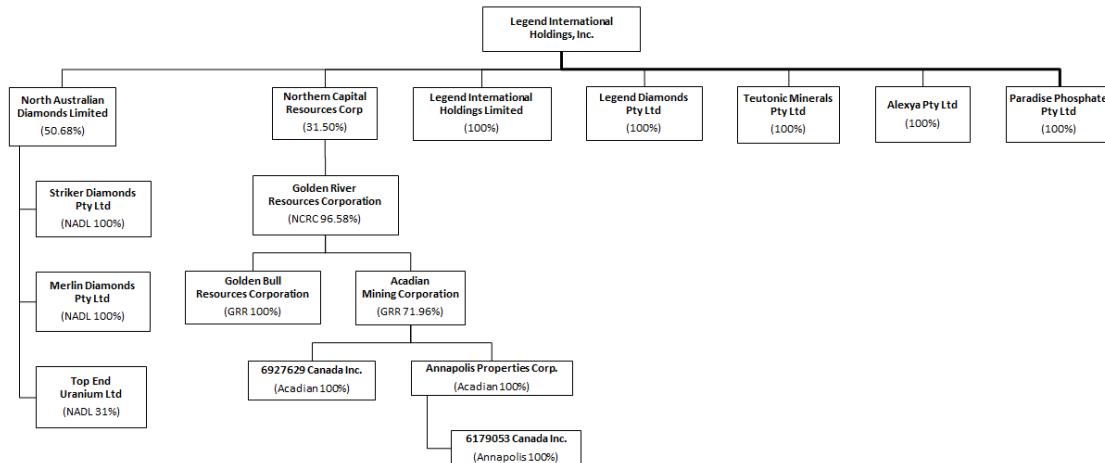
The manufacture and marketing of MAP and DAP fertilisers using feedstock from the Paradise South beneficiation plant is also being examined. A valuable by-product of DAP/MAP manufacture from Paradise South concentrate is Aluminum Fluoride (AlF₃), an important input into the aluminum smelting process.

Legend's flagship project is the Paradise South phosphate project in which phosphate ore reserves have been estimated. The Paradise South phosphate project has also been the subject of a detailed feasibility study in 2011 which showed that the project is technically and economically feasible. The phosphate interests are managed by Legend through a dedicated development team.

Legend, in accordance with its initial strategy of exploration for various mineral commodities across northern Australia (with a focus on diamond exploration) also controls and maintains landholdings in the Northern Territory of Australia. These interests are managed by Legend through a dedicated exploration team.

Legend owns a controlling interest in North Australian Diamonds Ltd (NADL) which controls the Merlin Diamond Mine in the Northern Territory, Australia and includes NADL's 31% interest in Top End Uranium Ltd. The Company also has an investment in Northern Capital Resources Corporation which controls gold assets in Nova Scotia, Canada. These are outlined in further detail below.

The following chart sets forth the Company's corporate organization as of December 31, 2011:



Project Developments 2011

Legend's flagship project is the Paradise South phosphate project in which phosphate ore reserves have recently been estimated to a standard compliant with the Australian JORC Code and the United States Securities and Exchange Commission's Industry Guide 7.

During 2011 Legend completed a Definitive Feasibility Study (DFS) for the Paradise South project. Production options examined by the DFS are summarised in Table 2.

Major milestone deliverables from the project development team are:

- The ore reserve estimate for Paradise South has been updated. The updated report includes a mine schedule, pit designs and economic model. The ore reserve estimate is also Australian JORC Code 2004 compliant.
- An updated financial appraisal for the project confirming the positive project economics.
- Progress has been made in confirming the availability of water, electricity supply and transport for the project.
- Completion and publication of the Environmental Impact Statement for Paradise South.
- Completion of tendering for major equipment for the beneficiation plant

Table 2 summarises the production metrics for each of Legend's strategic options examined in the DFS:

Base case 600ktpa DAP/MAP		Expanded production 1,200ktpa DAP/MAP			
Paradise South Mining and Beneficiation Operation					
Mine Life: 60 Years		Mine Life: 30 Years			
Production Rate: 3Mtpa		Production Rate: 6Mtpa			
On site processing: Beneficiation to >30% P ₂ O ₅		On site processing: Beneficiation to >30% P ₂ O ₅			
Concentrate: 1Mtpa		Concentrate: 2Mtpa			
Transport: Road to Mt Isa		Transport: Slurry pipeline			
Mt Isa Fertiliser Complex					
Production Rate		Production Rate			
DAP: 200ktpa		DAP: 800ktpa			
MAP: 400ktpa		MAP: 400ktpa			
AlF ₃ : 15ktpa		AlF ₃ : 30ktpa			
Transport: Rail to Townsville		Transport: Rail to Townsville			
Ore Reserves for the Paradise South Tenement					
Ore Reserves^{1,2}					
	Tonnes (Millions)	%P ₂ O ₅	%Fe ₂ O ₃	%Al ₂ O ₃	%MgO
Proven	129.9	13.2	5.9	2.4	0.8
Probable	68.7	11.9	5.6	2.3	1.0
Total	198.5	12.7	5.8	2.3	0.8
Average Phosphate Concentrate Grade Post Processing³					
	Tonnes (Millions)	%P ₂ O ₅	%Fe ₂ O ₃	%Al ₂ O ₃	%MgO
Proven	35.5	32.2	3.0	0.8	0.6
Probable	17.2	31.9	2.9	0.8	0.8
Total	52.7	32.1	3.0	0.8	0.7

The 2011 ore reserve estimate methodology differs from the previous estimate in the following:

- Recent mining and processing cost estimates are used.
- 3.5% P₂O₅ cut off grade.
- Material blocks are scheduled to be mined selectively.
- The mining schedule planned achieves an annual concentrate production of 2Mt per year for 27.5 years.

¹ These Ore Reserves are estimated based upon information compiled under the guidance of Mr. Dean Basile MAusIMM (Mining One Pty Ltd) who is a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Reserves were estimated at an effective "mine gate" commodity price of US\$90 per concentrate tonne (US\$155 F.O.B Townsville), with P₂O₅ >30%, Fe₂O₃ <3% and MgO <1%. The commodity price was derived from the previous three years historical averages as reported by CRU Strategies.

² Ore reserves are defined here as the phosphorite ore material for the beneficiation plant. It is "as-mined" material and is before screening and processing in the proposed flotation beneficiation plant to be located at Paradise South. All ore reserves are in areas that are fully accessible for mining; free of surface or subsurface encumbrance, legal setbacks, environmental reserves and other legal restrictions that preclude permissible access for mining; believed by us to be permissible within a reasonable timeframe; and meet specified minimum physical, economic and chemical criteria related to current mining and production practices of the industry.

³ Mineral reserves are defined here as the recoverable rock concentrate post screening and processing of the ore through the proposed flotation beneficiation plant to be located at Paradise South. This material is therefore a subset of the ore reserves and cannot be aggregated with the ore reserves. These reserves are in areas that are fully accessible for mining; free of surface or subsurface encumbrance, legal setbacks, environmental reserves and other legal restrictions that preclude permissible access for mining; believed by us to be permissible within a reasonable timeframe; and meet specified minimum physical, economic and chemical criteria related to current mining and production practices of the industry.

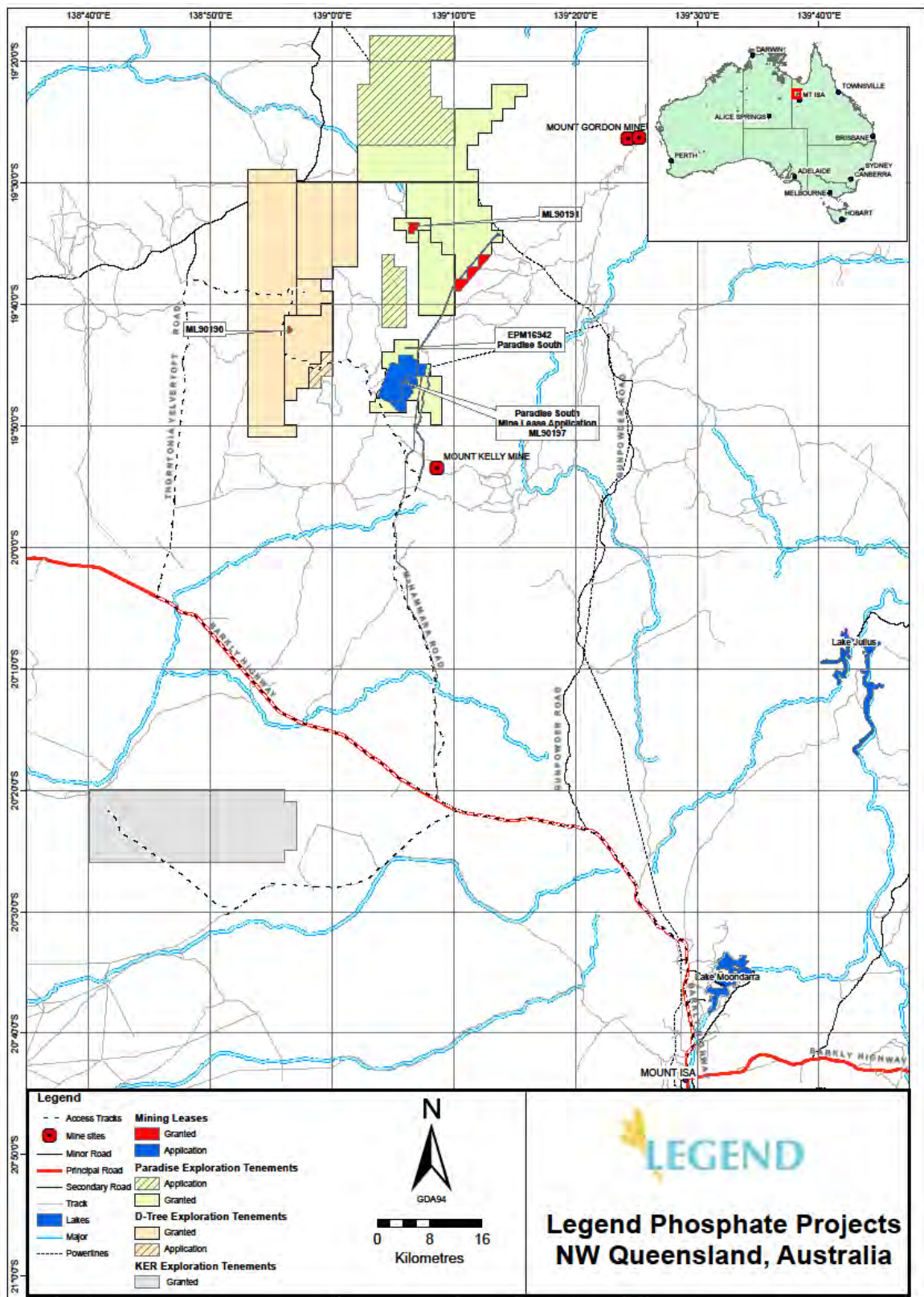
Mineralized Material for other tenements

Mineralized Material Paradise North Tenement (10% Cut Off Grade)				
<i>Tonnes (Millions)</i>	<i>%P₂O₅</i>	<i>%Fe₂O₃</i>	<i>%Al₂O₃</i>	<i>%MgO</i>
15.1	23.9	1.4	3.9	0.6

Mineralized Material D-Tree Tenement

Mineralized Material (10% Cut Off Grade)	
<i>Tonnes (Millions)</i>	<i>%P₂O₅</i>
134.9	13.8

Figure 1 - Location and access to Legend's Phosphate Tenements.



Paradise South - Financial Appraisal Update 2011

As part of the updated ore reserve estimation, the cost assumptions for mining and beneficiation at Paradise South have been refined by Mining One, a mine design and engineering consultancy. Subsequently, the financial appraisal report for the project has been

updated incorporating these changes and are based on recent commodity price forecasts from CRU Group ⁽¹⁾.

Commodity pricing forecasts used for phosphate commodities have been updated. Prices adjusted to FOB Townsville are shown in the table below.

Commodity	Average Price forecast 2013-2019 (US\$/t)
DAP	\$600
MAP	\$580
AlF₃	\$1400
Sulfur	\$56 (cfr China)
Anhydrous Ammonia	\$425 (cfr Far East)

⁽¹⁾ CRU Group are commodity research analysts who currently publish fertilizer prices in the weekly, industry recognized, publication FERTILIZER WEEK.

Operating and capital expenditure for the two production options are detailed in the table below.

Metric	Base case 600ktpa DAP/MAP	Expanded production 1,200ktpa DAP/MAP
Operational expenditure	US\$311 per t of DAP/MAP	US\$257 per t of DAP/MAP
Capital Expenditure	US\$775.7M	US\$1,684.64M

Project valuation metrics for the two production options are summarized below:

Metric	Base case 600ktpa DAP/MAP	Expanded production 1,200ktpa DAP/MAP
NPV (US\$M) @8%	\$1,592	\$3,877
Post Tax IRR (%)	25.4%	26.1%
Payback Period (Years)	5.8	5.3

Transport Developments

Legend has negotiated a draft agreement with Queensland Rail to annually transport an initial 600,000 ton of phosphate products from Mount Isa to Townsville and the transport of 100,000 ton of sulfur and ammonia between Townsville and Mount Isa.

Contracts for the transport of approximately 1,000,000 ton per year of material for the expanded production scenario, between Mount Isa and Townsville, are currently undergoing legal review.

Water Supply Developments

On September 21, 2011, Ms. Anna Bligh, the Premier of the State of Queensland, Australia, announced that the Legend Paradise South mine had been deemed a Project of Regional Significance. This class of projects is eligible to acquire an entitlement from the strategic water allocation as part of the Gulf Water Resource Plan. We note that this allocation is subject to conditions and Legend is not yet guaranteed this entitlement.

Progress has been made in negotiations for water supply to the proposed Mount Isa Fertilizer plant. We are currently reviewing a draft agreement from the Mount Isa Water Board for this supply.

Power Supply Developments

Legend has an offer from APA for electricity supply from APA's proposed gas fired power station.

We also have an offer from Mica Creek, a power plant location 1km north of Legend's proposed Fertilizer Complex.

Environmental Approvals Process

Legend has voluntarily applied to undertake the Environmental Impact Statement (EIS) for the Paradise South mine lease. The studies required in the Environmental Management Plan (EMP) and EIS include air quality, surface water, groundwater, ecology and geology, as a minimum.

The EIS for the Paradise South Phosphate Project has been completed by Legend's development team with support from Parsons Brinckerhoff, a global engineering consultancy. The EIS has been made available for public comment and a Supplementary EIS is being drafted as a response to the comments received by the Company.

The level of environmental approval required is predicated on the size and nature of the proposed mining operation. Legend's Paradise North (ML90191) mine lease has been approved through submission of an Environmental Management Plan (EMP), given that these are small scale operations with minimal ore processing. Legend's larger Paradise South proposed mine operation includes a beneficiation processing plant requiring power and water infrastructure and accordingly is being approved through an Environmental Impact Statement (EIS) with supporting EMP.

Phosphate Project General Information

Location and Access

The Paradise South Phosphate deposit is located approximately 130 kilometers to the North West of Mount Isa in north-western Queensland. Access from Mount Isa is via the main Barkly Highway, which connects Mount Isa to Tennant Creek in the Northern Territory, for 67km, then via the McNamara Highway, which is a well maintained haul road used by the Lady Annie Copper Mine, for about 50km, then via farm access roads for a further 10 kilometers (see Figure 1). The farm access roads have been maintained by Legend sub-contractors for the duration of drilling and exploration activities.

Paradise South is part of the EPM16942 lease, which is one of 12 exploration tenements covering 7 phosphate deposits granted to Legend or its joint venture partner King Eagle Resources Ltd, located in Queensland, Australia.

Water Supply Options

Beneficiation Plant

Three water supply options are under consideration for the beneficiation plant:

1. Lake Julius option

Legend engaged SunWater to undertake a pre-feasibility study to assess the option of directing up to 10Gl of unallocated water from Lake Julius to the proposed mine and beneficiation plant. Lake Julius is located approximately 85 kilometers east southeast of the proposed mine and beneficiation plant.

2. Thornton Borefield option

Legend has commenced commercial negotiations in regard to the lease of an existing borefield water permit. The borefield water will need to be pumped approximately 45 kilometers to the beneficiation plant via an above ground pipeline.

3. Upper Battle Creek Dam

Legend has investigated the potential to develop new surface water storages in the catchment; Lower Gunpowder Creek, Upper Gunpowder Creek, Battle Creek and Upper Battle Creek. Upper Battle Creek is the preferred site. Conceptual studies including a yield analysis, geotechnical reconnaissance, visual assessment, conceptual design and capital expenditure estimate have been completed.

The dam is intended to supply a proposed phosphate mine for a period of 30 years. With a catchment area of 162ha, the estimated yield of the storage is 2500ML/a at 90% reliability, requiring a storage capacity of 10,000ML.

The spillway excavation will provide all or most of the rock needed for the dam. Subject to drilling, the rock appears to be of high quality. A rock fill dam with a concrete slab on the upstream face is considered the most suitable, requiring much smaller concrete plant.

Legend have estimated the Probable Maximum Flow (PMF) inflow in Upper Battle Creek as 1,000m³/s. Assuming a 75m wide spillway channel invert, the maximum flood rise would require a dam wall about 20m high. Increasing the width to 150m, the flood rise is less and the embankment height (and rock volume) is reduced to 16.5m. The corresponding volume of rock is about 90,000m³.

Fertiliser Complex

The water for Mount Isa and its mining industries is sourced from Lake Moondarra on the Leichhardt River. The water supply of Lake Moondarra is sustained in dry years by water pumped from Lake Julius further downstream on the Leichhardt River. The full supply capacities of Lake Moondarra and Lake Julius are 107,000ML and 107,500ML respectively. Water supply licenses from Lake Moondarra are fully allocated. There is 10,800ML per year of unallocated water available from Lake Julius. A 1200ktpa DAP/MAP Fertiliser Complex (doubled production scenario) requires 2,800ML per year of makeup water.

Water demand for the Mount Isa Plant will be met by unallocated water from Lake Julius. Mount Isa Water Board (MIWB) can provide water for the Fertiliser Complex plant from Lake Julius via the Lake Moondarra transfer system. Supply will be taken at a flange immediately downstream from the Mount Isa Transfer Reservoir and this will be fed to the battery limit of the Fertiliser Complex via a 600mm diameter pipeline.

Power Supply Options

Beneficiation Plant

Generation

Legend has commenced commercial negotiations with local power generators in regards to the supply of power for the proposed beneficiation plant with a load factor of 80% for a 24 hr-7 day a week operation.

Power distribution option

Legend has made a connection enquiry to Ergon Energy for a connected load to the existing Century Zinc 220kV 100 MVA line. This transmission line passes within 40km of the proposed beneficiation plant.

Fertilizer Complex

There are three options for power generation:

1. Mica Creek is a 325MW natural gas fired power plant, located one kilometre to the north of the proposed Fertiliser Complex site. Legend has received an offer to connect from CS Energy to meet the power requirements for the Fertilizer Complex

2. Legend is one of five Foundation Mining Customers of the CopperString project. The CopperString project is a proposal to construct a transmission line from Woodstock (south of Townsville) to Dajarra Road near Cloncurry in North West Queensland. The proposed transmission line will provide Legend with access to the National Electricity Grid, significantly improving the supply and reliability of electricity to the region.
3. Legend also continues to negotiate with APA regarding its proposed gas-fired power station near the Fertilizer Complex.

Depending on the generation option a 220kV or 132kV powerline from Mica Creek Substation (or APA substation) will be used to distribute power to an on-site substation. The plants within the Fertilizer Complex operate on a 11kV system.

One waste heat recovery power station is proposed for this project, in which a 25MW and 11.5kV steam turbine generator is provided. During normal operation, the generating unit of the power station can provide approximately 25MW power with a further 36.3MW power required from the external network. In the event that the generator fails the entire power demand of 61.3MW will be sourced from the external grid.

Government Regulations, Declarations & Conditions

The Company's exploration operations are subject to Federal and State laws and regulations governing the method of acquisition and ownership of mining rights, exploration, development, mining, production, taxes, labour standards, occupational health, mine safety, toxic substances and other matters. Federal and State legislation also governs environmental management and native title issues. We are committed to and, to our knowledge, are in compliance with all governmental legislation and regulations.

Government Requirements for Maintenance of Licences

To ensure that licences are kept in good standing the Company is required to pay the annual rent amount for each licence on its respective anniversary date. The amount due is dependent upon the size of the licence. The Company is also required to work the licences and meet the annual expenditure commitments. Annual reporting is required, specifying details of the exploration programme which has occurred and which is anticipated for the following year. Failure to comply would place the licences at risk of cancellation and therefore forfeit the right to explore on that ground.

License Conditions

The Company is required to meet certain standard conditions and obligations as specified by the Queensland Mineral Resources Act, Exploration Permits. These include conducting activities in a way which minimise environmental damage, rehabilitation, avoiding interference with registered native title sites or areas and ensuring compliance with any other relevant legislation. Programmes of Work are to be submitted at the time of application for any ground disturbance or exploration works, the conditions of which are clearly specified and adhered to. Security bonds are payable on the grant of the permits and additional conditions can be imposed by the government State Minister.

Native Title

The rights and obligations of the Company with respect to native title obligations differ depending upon the permit's proposed impact on the land. All the exploration permit applications held by the company will need to comply with the Native Title Act. The overwhelming majority on permit applications will be advertised under the expedited procedure and require advertising to determine whether there are any objections. If there are no objections, the Queensland Government can grant the permit and will impose the Native Title Protection Conditions on the permit before grant. These conditions ensure that any native title claimants are aware of the proposed exploration work and gives them an opportunity to identify any culturally sensitive areas. If there are objections, the company will need to negotiate an agreement with the native title claimants. Following lodgement of this agreement with the Queensland government the permit will be granted.

Environment

The rights and obligations of the Company with respect to environmental management and rehabilitation are based upon the principles of disturbance minimisation, including such things as preservation of mature trees, preventing the spread of noxious weeds, avoiding the disturbance of waterways and waste management. Rehabilitation is a condition of the Security bond and requires such things as sealing of collars, plugging of casings and replacement of topsoils.

Royalties

The royalty rate for phosphate rock is the higher of the following: (a) 80 cents for each tonne of phosphate rock; or (b) the rate, rounded down to 2 decimal places, for each tonne of phosphate rock worked out using the following formula –

$$R = \$1 \times \frac{G}{32.3} \times \frac{P_{curr}}{\$72.50}$$

where R is the royalty rate, G is the average P_2O_5 content of the phosphate rock for the return period, and P_{curr} is the average price for the return period, converted to Australian dollars at the average hedge settlement rate for the return period, of Moroccan phosphate rock with 32.3% P_2O_5 content.

The royalty is payable to the State of Queensland.

Contractual Agreements in relation to Queensland Phosphate Interests

- (i) On November 2, 2007, we entered into an agreement with Iron Duyfken Pty Ltd to acquire three (3) project areas in the Georgina Basin of Queensland, Australia. Each project hosts a known and well documented, substantial deposit of phosphate rock (Cook, P.J, 1989, Howard, P.F, 1986). These deposits were delineated by earlier work conducted by previous major companies since 1967 and have been named the Lady Annie, Lady Jane and Thornton phosphate deposits. The deposits were defined in times when phosphate prices were low. Phosphate prices have risen considerably since those times due to increased world demand especially from China and India. Past feasibility studies on these deposits will be reassessed with a view to commercialization of the deposits, based on current prices. Legend agreed to pay A\$500,000 and issue 500,000 shares of Common Stock as consideration.
- (ii) Effective November 7, 2007, we entered into an agreement with Ansett Resources & Industries Pty Ltd to acquire one (1) project area in the Georgina Basin of Queensland, Australia. The project hosts a known and well documented, substantial deposit of phosphate rock (Cook, P.J, 1989, Howard, P.F, 1986). The deposit was delineated by earlier work conducted by previous major companies since 1967 and have been named the D-Tree phosphate deposit. As set out above, the deposit was defined in times when phosphate prices were low. Phosphate prices have risen considerably since those times due to increased world demand especially from China and India. Past feasibility studies on this deposit will be reassessed with a view to commercialization of the deposit, based on current prices. Legend agreed to pay A\$300,000 as consideration.
- (iii) We entered into a farm-in and joint venture heads of agreement with King Eagle Resources Pty Limited on December 7, 2007 pursuant to which Legend can earn an 80% interest in phosphate on three tenement blocks named Quita Creek, Highland Plains and Lily and Sherrin creek by spending \$3 million on phosphate exploration over five years. Legend has no rights to any other minerals on the three tenement blocks.
- (iv) Effective February 27, 2008, we entered into a Share Sale Agreement whereby the Company agreed to purchase all of the issued and outstanding shares of Teutonic Minerals Pty Ltd. As a result, Teutonic became a subsidiary of the Company from that

date. Teutonic held an application for a mineral licence over phosphate in the Georgina Basin in the State of Queensland, Australia which has subsequently been withdrawn, allowing Legend's application to take priority. The consideration payable to the vendors was A\$300,000, and the Company granted a 1% gross revenue royalty from production from the mineral licence.

- (v) On October 27, 2008, we entered into a Heads of agreement with Mt. Isa Metals Ltd. ("MET") for the formation of a Joint Venture ("JV") over each party's respective interest in tenements overlying the D-Tree phosphate deposit. Under the JV, Legend contributed tenements EPM 14753, EPMA's 17333, 17437, 17443 and 17446, and MET contributed tenement EPM 15763 (D-Tree West). Legend managed and held an 80% interest in the JV and MET held a 20% contributing interest in the JV. The JV has access to plant and infrastructure at Legend's 100% owned proposed Lady Annie phosphate development, which lies 9 miles to the east of D-Tree. The Heads of Agreement was replaced by a formal JV agreement dated April 18, 2009. Effective September 30, 2009, MET exited the JV. Legend, as manager of the D-Tree JV, had invoiced MET A\$1.739 million for MET's 20% interest in the D-Tree project for the period September 1, 2008 to June 30, 2009. MET decided to dilute its interest rather than pay the invoices and in accordance with the JV agreement, MET's interest has reduced to less than 5%, thus requiring MET to exit the JV. MET retains a royalty of A\$0.50 per tonne from product from the D-Tree Joint Venture tenements.
- (vi) On December 24, 2008, we entered into a Sale and Purchase Agreement with Elkedra Diamonds Pty Ltd and Uramet Minerals Limited to purchase a 100% interest in EPM 15014, EPM 15015 and application for EPM 17930 for a consideration of A\$900,000. The purchase by Legend was subject to a number of pre-conditions including the receipt by the vendors of any necessary consents and approvals required under the Mining Act and approval for the purchase under the Foreign Acquisition and Takeovers Act 1975 (Cth). These pre-conditions were satisfied in February 2009 and the purchase by Legend settled. As part of the purchase, all parties provided standard warranties for such a transaction to each other. The tenements covered by this purchase are located immediately north of the Queensland phosphate project and are prospective for phosphate and diamonds.

LEGEND'S LANDHOLDINGS AND EXPLORATION PROJECTS

Granted landholdings consist of 427,093 acres in Queensland and 547,755 acres in the Northern Territory (refer to tables A and C). Areas under application are listed in tables B and D. In Queensland, Legend's holdings contain both mineral reserves and phosphate mineralized material in the Mount Isa district, along the margin of the Georgina Basin which is host to major base metal and phosphate deposits.

Legend's exploration tenements are divided into the following project areas (See Figure A below):

- Phosphate Projects:
 - Paradise Phosphate Project, Queensland
 - D-Tree Phosphate Project, Queensland
 - King Eagle Phosphate Project, Queensland
- Diamond and Phosphate Projects:
 - Barr Creek Project, Queensland
- Diamond Projects:
 - Glyde River, Northern Territory.
 - Foelsche, Northern Territory
 - Abner Range, Northern Territory.
 - Cox, Northern Territory.

- Gravity Project, Northern Territory
- Diamonds and Base Metals
 - McArthur River, Northern Territory

The exploration tenements of NADL are discussed separately below.

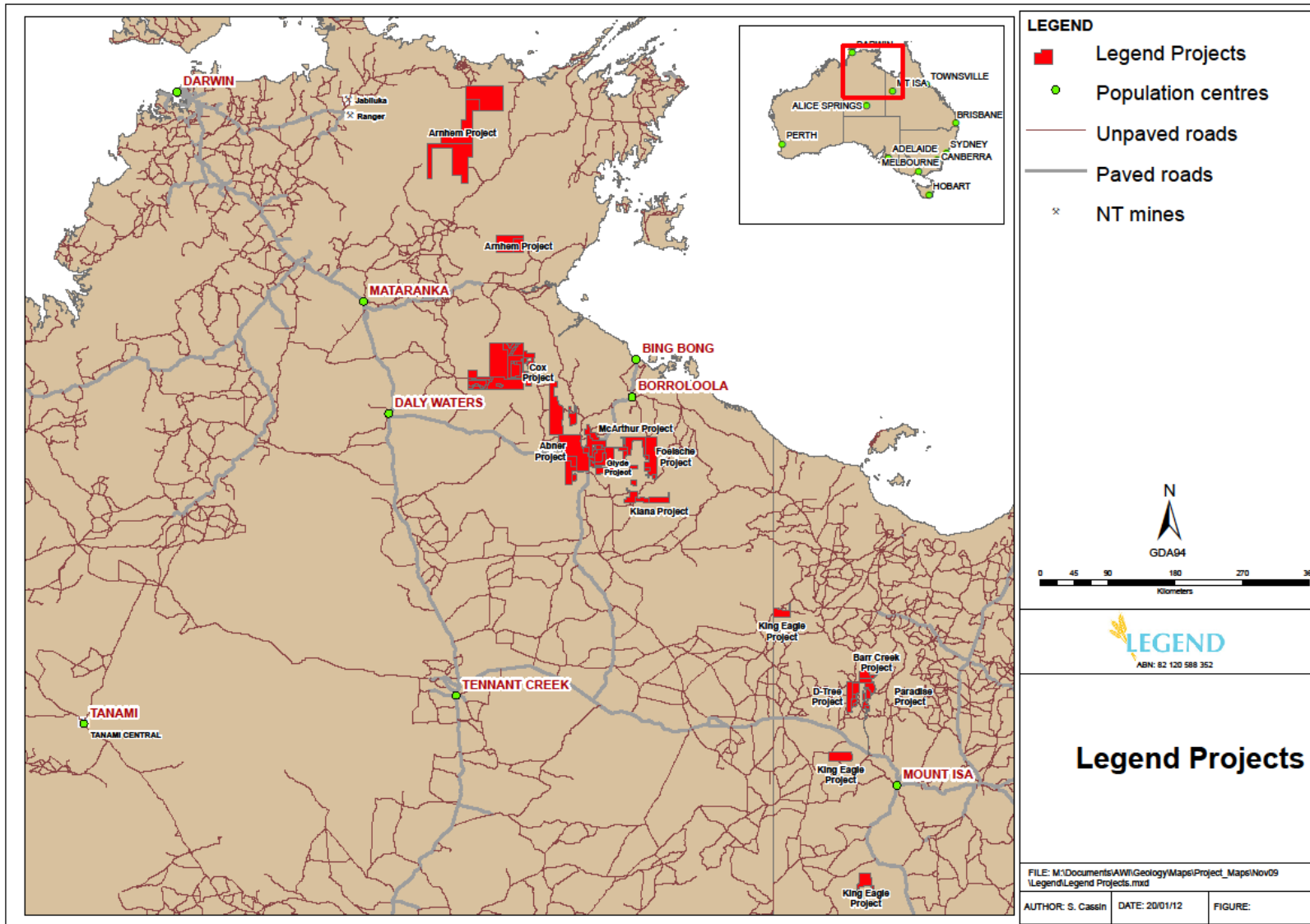


Figure A: Projects in Northern Territory and Queensland, Australia

Queensland and Northern Territory Projects

Tenement Status, Details & Commitments (Projected) Queensland and Northern Territory, Australia

Lease	Lease Status	Project	Grant Date	Expiry Date	Acres	GST Inclusive
						Annual Commitment
EPM14753	Granted	D-Tree	04/21/08	04/20/13	16,695	\$50,000
EPM14905	Granted	King Eagle*	12/12/06	12/11/16 ⁽¹⁾	73,140	\$140,000
EPM14906	Granted	King Eagle*	08/24/07	08/23/12	58,830	\$140,000
EPM14912	Granted	King Eagle*	01/30/07	01/29/12	79,500	\$140,000
EPM15014	Granted	Barr Creek	08/21/06	08/20/16 ⁽¹⁾	33,390	\$50,000
EPM15015	Granted	Barr Creek	08/21/06	08/20/16 ⁽¹⁾	27,415	\$50,000
EPM15763	Granted	D-Tree	06/26/08	06/25/13	62,805	\$50,000
EPM16942	Granted	Paradise	08/28/09	08/27/14	14,310	\$155,000
EPM17330	Granted	Paradise	07/23/09	07/22/14	3,180	\$335,000
EPM17333	Granted	D-Tree	09/29/09	09/28/14	30,210	\$75,000
EPM17441	Granted	Paradise	10/06/09	10/05/14	14,310	\$90,000
EPM17446	Granted	D-Tree	09/29/09	09/28/13	5,565	\$40,000
EPM17447	Granted	Paradise	02/23/10	02/22/14	7,155	\$40,000
ML90190	Granted	D-Tree	08/12/10	08/31/15	104	NA
ML90191	Granted	Paradise	04/07/11	04/30/26	484	NA

Table A. Granted Tenements for Queensland Projects

* *earning 80% interest*

⁽¹⁾ Renewal lodged, approval pending

Lease	Lease Status	Application Date	Acres
EPM17443	Application	3/3/08	3,180
EPM18209	Application	7/27/09	48,495
ML90197	Application	11/23/09	5,617
ML90210	Application	12/3/10	450
ML90221	Application	7/1/11	528
ML90222	Application	7/1/11	1,643
ML90223	Application	7/29/11	475
ML90224	Application	7/29/11	126
ML90225	Application	7/29/11	24
ML90226	Application	7/29/11	554
ML90227	Application	7/29/11	496

Table B: Tenements under application for Queensland Projects

NT Granted						GST Inclusive
Lease	Lease Status	Project	Grant Date	Expiry Date	Acres	Annual Commitment
EL23117	Granted	Abner	03/03/03	03/02/13	3,975	\$30,000
EL23118	Granted	Abner	03/03/03	03/02/13	12,720	\$60,000
EL23121	Granted	Glyde	03/03/03	03/02/13	7,155	\$50,000
EL23512	Granted	McArthur	03/03/03	03/02/13	17,490	\$30,000
EL23993	Granted	Abner	05/06/04	05/05/12	42,930	\$46,000
EL25616	Granted	McArthur	08/23/07	08/22/13	7,950	\$15,000
EL26397	Granted	Abner	03/26/08	03/25/12	40,545	\$225,000
EL26404	Granted	Abner	05/23/08	05/22/14	38,160	\$58,000
EL26507	Granted	McArthur	07/18/08	07/17/14	17,490	\$20,000
EL26528	Granted	McArthur	07/18/08	07/17/14	35,775	\$20,000
EL27342	Granted	Abner	11/25/09	11/24/15	11,925	\$25,000
EL27770	Granted	Kiana	08/19/10	08/18/16	23,055	\$15,000
EL27771	Granted	Kiana	08/19/10	08/18/16	50,085	\$20,000
EL27772	Granted	Kiana	08/19/10	08/18/16	42,930	\$25,000
EL28206	Granted	Abner	11/04/11	11/03/15	46,905	\$35,000
EL28574	Granted	Abner	10/21/11	10/20/13	795	\$8,000

Table C: Granted Tenements for Northern Territory Projects

Lease	Lease Status	Application Date	Acres
EL22299	Application	12/9/99	170,925
EL23162	Application	5/9/01	46,905
EL23970	Application	8/8/03	63,600
EL24203	Application	3/15/04	286,995
EL24732	Application	5/23/05	7,155
EL24762	Application	6/8/05	44,520
EL24816	Application	7/7/05	15,900
EL24938	Application	9/14/05	85,065
EL27341	Application	5/5/09	127,200
EL28254	Application	8/30/10	42,135
EL28528	Application	12/23/10	253,605
EL28991	Application	12/9/99	50,880
EL28992	Application	12/9/99	47,700
EL28993	Application	12/9/99	20,670
EL28994	Application	12/9/99	70,755
EL28995	Application	12/9/99	11,130
EL28998	Application	5/9/01	40,545
EL28999	Application	5/9/01	15,105
EL29000	Application	5/9/01	23,850
EL5840	Application	10/7/87	322,770
EL5841	Application	10/7/87	318,795
EL5842	Application	10/7/87	376,035

Table D: Tenements under application for Northern Territory Projects

Northern Territory and Western Australian Exploration Interests

Legend's exploration interests in the Northern Territory and Western Australia are through its 50.69% interest in North Australian Diamonds Limited ("NADL"); NADL's 31.14% interest in Top End Uranium Ltd ("TEU"); and its direct holdings in exploration interests in its own right.

The exploration interests cover the following minerals:

- (i) Legend exploration interests cover diamonds and base metals;
- (ii) NADL exploration interests cover previous diamond mining operations at the Merlin Diamond Mine and diamond exploration on Tenements in the Northern Territory and Western Australia; and
- (iii) TEU exploration interests cover uranium exploration in the Northern Territory and Western Australia.

The entire exploration interests of Legend are highly prospective for diamonds and uranium. Legend's exploration team is currently focused on discovering further diamond deposits in the Northern Territory, Australia. Numerous diamond indicator mineral, microdiamond occurrences and other anomalies are being followed up across all projects.

Government Regulations, Declarations & Conditions

The Company's exploration operations are subject to federal and state laws and regulations governing the method of acquisition and ownership of mining rights, exploration, development, mining, production, taxes, labour standards, occupational health, mine safety, toxic substances and other matters. Federal and State legislation also governs environmental management and native title issues. We are committed to and, to our knowledge, are in compliance with all governmental legislation and regulations.

Mineralization

During 2011 an ore reserve estimate for the Merlin diamond project has been defined. Our other proposed programs are exploratory in nature.

Government Requirements for Maintenance of Licences

To ensure that licences are kept in good standing the Company is required to pay the annual rent amount for each licence on its respective anniversary date. The amount due is dependent upon the size and age of the licence. The Company is also required to work the licences and meet the annual expenditure commitments. Annual reporting is required, specifying details of the exploration programme which has occurred and which is anticipated for the following year. Failure to comply would place the licences at risk of cancellation and therefore forfeit the right to explore on that ground.

License Conditions

The Company is required to meet certain standard conditions and obligations as specified by the Northern Territory of Australia Mining Act, Exploration Licence. These include conducting activities in a way which minimise environmental damage, rehabilitation, avoiding interference with registered native title sites or areas and ensuring compliance with any other relevant legislation. Mine Management Plans are to be submitted for any ground disturbance or exploration works, the conditions of which are to be clearly specified for approval and adhered to. Security bonds are payable on Mine Management plans and additional conditions can be imposed by the Government State or Territory Minister.

Native Title

The rights and obligations of the Company with respect to native title obligations differ between licences depending upon the underlying ownership of the land. Crown land, namely

pastoral lease land, falls under the Native Title Act while Aboriginal freehold land falls under the Aboriginal Land Rights Act (Northern Territory). All the granted licences held by the Company are on pastoral lease land. The Company is currently in negotiations with the local native title council working towards the grant of several more applications that are situated on aboriginal freehold land. Heritage surveys are contracted where necessary to ensure the protection of local registered and unregistered aboriginal heritage sites.

Environment

The rights and obligations of the Company with respect to environmental management and rehabilitation are based upon the principles of disturbance minimisation, including such things as preservation of mature trees, preventing the spread of noxious weeds, avoiding the disturbance of waterways and waste management. Rehabilitation is a condition of the Security bond and requires such things as sealing of collars, plugging of casings and replacement of topsoils. Legend takes responsibility to ensure all high impact exploration activities are rehabilitated soon after they are completed. During 2009 Legend conducted rehabilitation on drilling activities from 2008.

Royalties

Certain of the tenements have a 1% gross revenue royalty payable to an external party from all mineral production derived on the tenements.

Acquisition of Northern Territory Tenements

Effective as of March 3, 2006, Legend entered into a Contract for the Sale of Exploration Tenements ("Contract") with Astro Diamond Mines N.L. ("Astro") an Australian company pursuant to which the Company acquired certain diamond exploration tenements in Northern Australia from Astro. The consideration payable by Legend to Astro was Australian dollars \$1.5 million and Legend was also required to pay to Astro any costs incurred on the tenements after February 1, 2006. Astro provided commercial warranties which are usual for a transaction of this nature in favour of Legend. Under Australian law, Astro was required to provide an independent experts report to shareholders for this transaction. In order to prepare the independent experts report, a mineral valuation was prepared on behalf of Astro which indicated that the preferred value for the tenements that are the subject of the transaction was A\$1.5 million. This formed the basis of the consideration agreed by the parties. The President and Chief Executive Officer of the Company, Mr. J. I. Gutnick was Chairman and Managing Director of Astro at the time of entering into the Contract and Dr DS Tyrwhitt, an independent Director of the Company, who is also a Director of Astro and was a Director of Astro at the time of entering into the Contract. The tenements are located in the Northern Territory of Australia and are prospective for diamonds.

Legend has entered into an agreement with Ashton Mining Limited ("Ashton") and Rio Tinto Exploration Pty Ltd ("Ashton Agreement") dated December 4, 2009 and a second agreement with Mwana Africa plc, Gravity Diamonds Limited and Diamond Mines Australia Pty Ltd dated April 24, 2009 ("Gravity Agreement"). Under these two agreements, Legend has acquired further diamond interests in the Northern Territory of Australia. As way of background, in April and July 2004, Ashton, NADL and certain of NADL's 100% owned subsidiaries entered into agreements whereby NADL purchased certain diamond assets (including the Merlin Diamond Mine and diamond exploration tenements) from Ashton and Ashton retained rights over these diamond assets including royalty rights, marketing rights and earn back rights. In addition, Rio Tinto and Gravity had entered into an agreement in July 2003 whereby Gravity acquired certain diamond interests from Rio Tinto in the McArthur Basin, which is in the broad vicinity of Legend and NADL's diamond interests in the Northern Territory, with Rio Tinto retaining certain residual rights.

Under the Ashton Agreement, Legend purchased all of the Ashton and Rio Tinto's mining information, rights under three agreements and interests in four (4) exploration licences, six (6) applications for exploration licences, five (5) substitute exploration licences and one (1) mining lease for an amount of A\$1,000,000. Rio Tinto retained the royalty payable by NADL in respect of the Merlin Diamond Mine and rights to conduct exploration,

development and production activities for non-diamond minerals. Under the Gravity Agreement, Legend purchased Gravity's interest in twelve (12) exploration licences, nine (9) applications for exploration licences and one (1) substitute exploration licence; Gravity's rights, interests and obligations under the Red Metal Agreement and all exploration and data bases relevant to historical exploration; and Legend paid Gravity A\$400,000 for these assets.

In summary, under the Ashton Agreement and Gravity Agreement, Legend has acquired all of Ashton's, Rio Tinto's and Gravity's rights under previous agreement between those parties, not already held by Legend or NADL.

North Australian Diamonds Limited

Description of Business

Background

On May 12, 2009, Legend announced it was making an on market takeover offer for all of the shares in NADL, an Australian corporation (ASX: NAD) that it does not already own. The offer was an unconditional on market cash offer at \$A0.012 per NADL share, which expired on June 27, 2009 unless extended in the sole discretion of Legend. On June 18, 2009, the Company increased its offer to A\$0.015 per NADL share as a final offer. The offer period was also extended to July 24, 2009. On July 23, 2009, the Company's voting power in NADL exceeded 50% and in accordance with subsection 624(2) of the Australian Corporation Act 2001 the offer was automatically extended for an additional period of 14 days. As of August 6, 2009 (close of offer), the Company held 55% of the issued and outstanding shares of NADL for a total cost of A\$11.6 million (approx. US\$9.3 million). As a result, NADL became a subsidiary of the Company post June 30, 2009. In early December 2009, NADL placed shares to a third party which had the effect of diluting the Company's interest in NADL to 47.83%. During 2010 and 2011, Legend has subsequently increased its stake to 50.69%.

Strategy

NADL is primarily focused on the commencement of mining and processing activity at its 100% owned Merlin Diamond Mine in the Northern Territory, Australia. NADL is also actively evaluating the economic potential of the Borroloola gravels which are known to host diamonds. Regional exploration for diamondiferous kimberlites is also undertaken by a dedicated exploration team.

Project Developments

- Legend remains a major shareholder of NADL with 50.69%.
- Flagship Merlin Project remains on track with NADL aiming to be the only Australian owned 'pure play' integrated diamond company
- The total Merlin Probable Ore Reserve is estimated at 11.1 million tonnes at an average grade of 26 carats per hundred tones. This ore reserve has been estimated to a Australian JORC code compliant standard and the United States Securities and Exchange Commissions Industry Guide 7.
- Engineering firm Consulmet has been engaged to conduct a Definitive Feasibility Study over an alternate mining scenario. Consulmet have delivered the interim report for the study. NADL's management are reviewing the options presented in the report.
- The diamonds recovered in the production trials have been revalued at over USD\$350 per carat by Independent Diamond Valuers Pty Ltd.
- In the December 2011 quarter, NADL extracted 5,000 tonnes of alluvial material from 5 different areas in the Borroloola tenement, located 75 kilometres from the Merlin Mine.
- Material from three pits has been processed at the Merlin Mine and yielded 22 diamonds with a total weight of 1.09 carats. Full assessment of diamond quality is pending completion of the processing.
- The results to date confirm that the Borroloola Alluvial Gravels host a macro-diamond population.

- A Heads of Agreement has been signed with Meteoric Resources to explore a number of aeromagnetic anomalies in West Arunta region of WA.

The Merlin Diamond Project is located 100km south of the settlement of Borroloola in the Northern Territory of Australia on the Mining Lease MLN1154. The project is accessed by road and also contains a landing strip allowing light aircraft access. Mineral rights are obtained and held for the project under a mining licence with the Northern Territory Government, which is due for renewal in 2022.

The project comprises 14 diamond-bearing pipe-like bodies composed of the volcanic rock known as kimberlite. Nine of the pipes were subject to open-pit mining by Ashton Mining Limited over a 5 year period commencing in 1998. These previous mining operations produced 507,000 carats of diamonds.

Site facilities include a 30 man accommodation camp, a 2400m length gravel airstrip, a pilot process plant, workshop facilities, tailings dam and nine open pits. The pilot process plant has been through several stages of upgrade including the addition of a second trommel and the incorporation of a high pressure grinding roll crusher (HPGR). No public infrastructure is in place and power is sourced by a diesel generator. Water for the project is sourced from groundwater bores entirely within the mining licence.

Probable Ore Reserve

The combined Probable Ore Reserve for all diamond pipes at Merlin is 11.1 million tonnes with an average grade of 26 carats per hundred tonnes ("cpht").

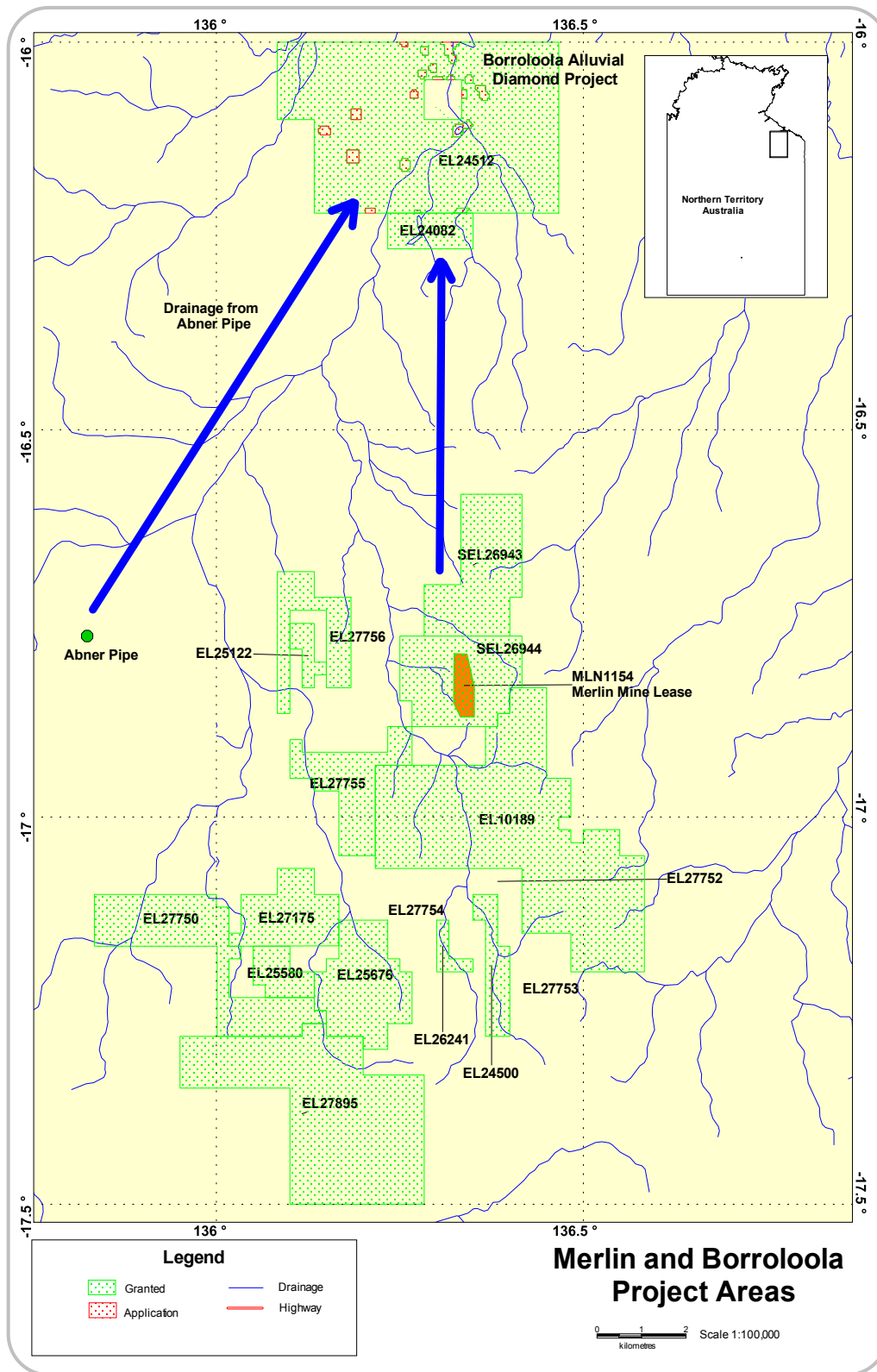
	Probable Ore Reserve (Mt)	Grade (ct/t)	Carats (Mct)
<i>Southern Cluster</i>			
PalSac ²	8.1	0.30	2.41
<i>Sub-Total</i>	8.1	0.30	2.41
<i>Central Cluster</i>			
Gawain ²	0.5	0.39	0.21
Ywain ²	0.1	0.81	0.05
<i>Sub-Total</i>	0.6	0.44	0.26
<i>Northern Cluster</i>			
Kaye ²	0.9	0.12	0.10
Ector ¹	1.5	0.07	0.11
<i>Sub-Total</i>	2.4	0.09	0.11
TOTAL	11.1	0.26	2.89

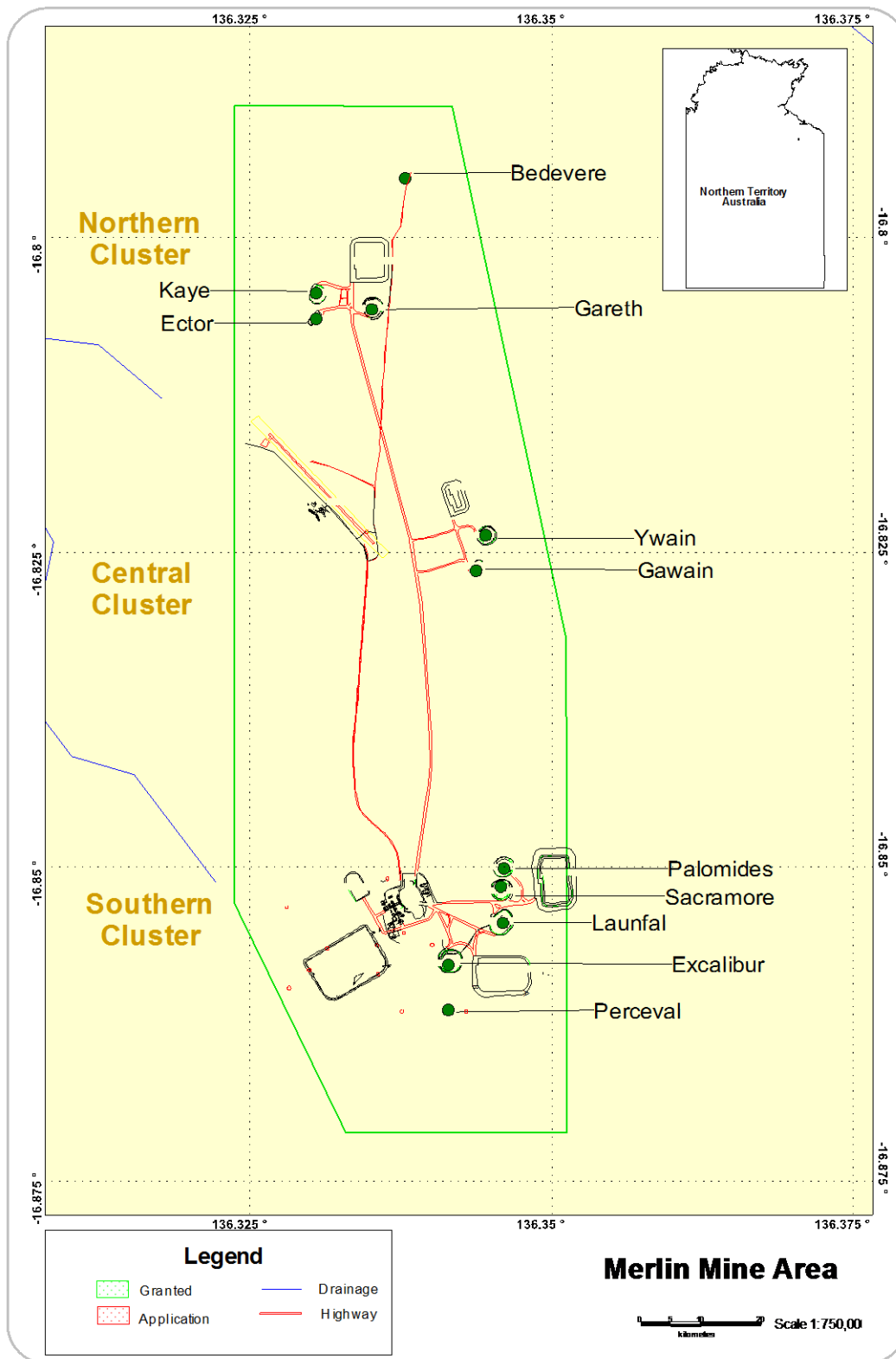
Mineralized Material

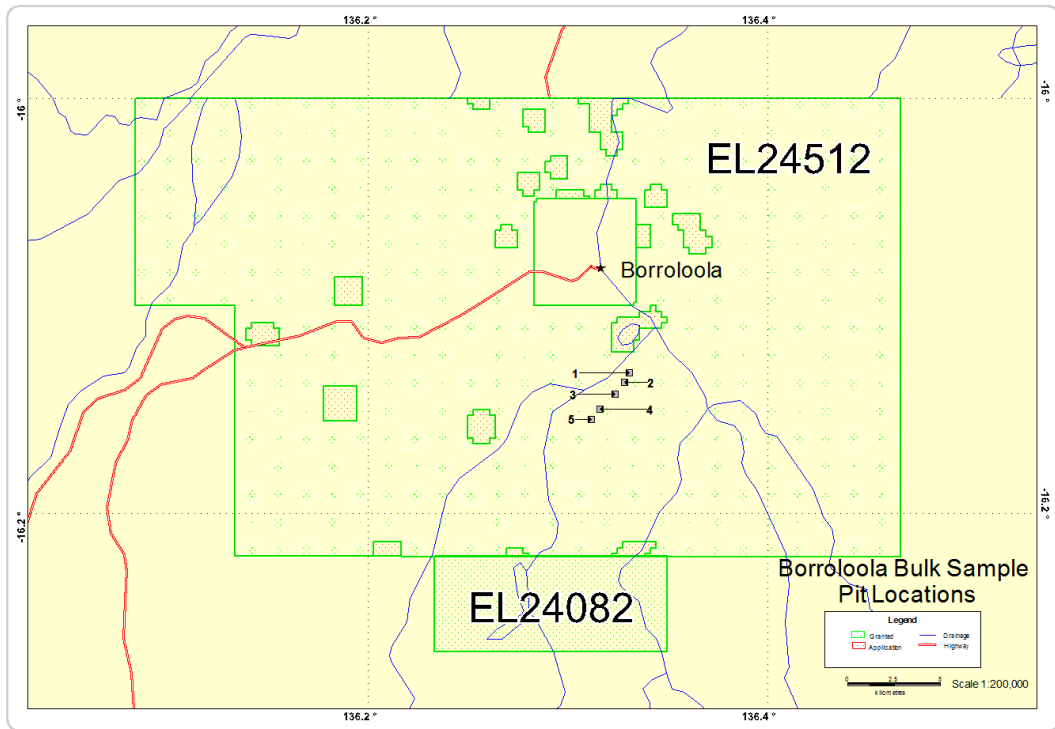
The mineralized material in all diamond pipes at Merlin is 19.02 million tonnes for an average grade of 24 carats per hundred tonnes (“cpht”).

	Mineralized Material (Mt)	Grade (ct/t)
<i>Southern Cluster</i>		
PalSac ²	6.59	0.30
Launfal ²	3.28	0.25
Excalibur ¹	0.77	0.34
Tristram ²	0.74	0.06
<i>Sub-Total</i>	11.38	0.27
<i>Central Cluster</i>		
Gawain ²	1.14	0.39
Ywain ²	0.12	0.81
<i>Sub-Total</i>	1.26	0.43
<i>Northern Cluster</i>		
Gareth ¹	0.27	0.22
Kaye ²	2.14	0.12
Ector ¹	3.47	0.07
Bedevere ²	0.50	0.21
<i>Sub-Total</i>	6.38	0.11
TOTAL	19.02	0.24

Tom Reddcliffe, a consultant to NADL, and who is a Fellow of the AUSIMM, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves’.







Locations of bulk sample excavations at the Borrooloola Alluvial Project



Depth profile of Borrooloola sample pit 1 excavated in 2011

Merlin Feasibility Study Update

Consulmet has been awarded the contract to deliver the feasibility study which will refine the existing mining and material processing parameters to produce a detailed assessment of the technical and commercial parameters of the Merlin Diamond Mine. The study will produce detailed capital and operating costs; reviews of the Mineral Resources and Ore Reserves; geotechnical and hydrogeological studies; environmental management plans; underground and open pit mining plans; detailed design and methodology for diamond treatment and recovery plant; project execution plan; and site infrastructure including accommodation and all auxiliary facilities.

Consulmet have proposed a number of technical and economic options for the development of the Merlin Diamond Mine. Hydraulic mining using electric dredging equipment is presented as a suitable mining method. Hydraulic mining has a lower capital and operating expenditure compared with open cut or underground mining, whilst allowing for production rates of up to 320 tonnes of kimberlite ore per hour.

NADL management are currently reviewing the options to ensure future work on the feasibility study provides the most economically sensible options.

Borrooloola Alluvial Diamond Project Update

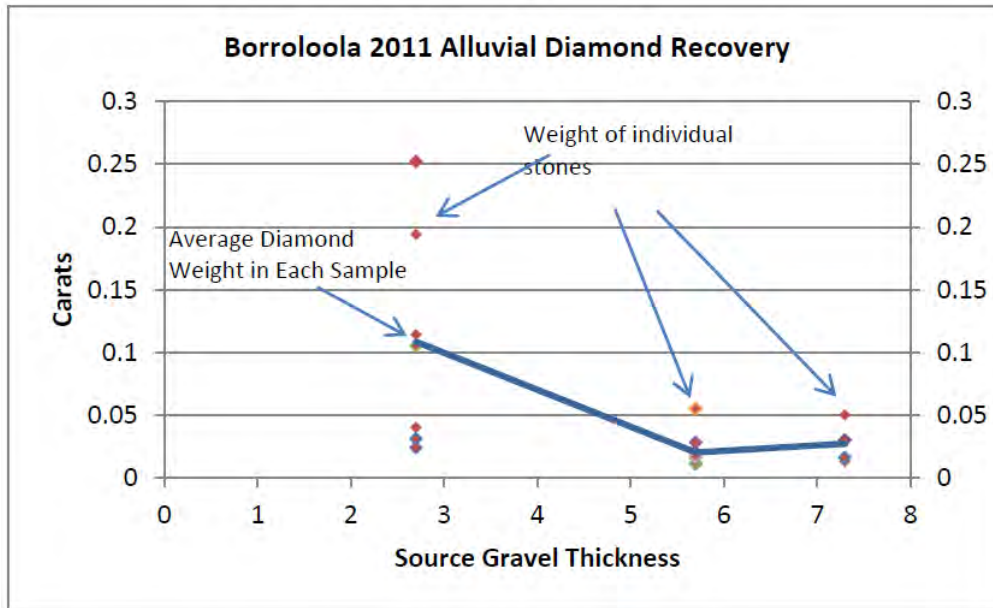
NADL has received preliminary results of the bulk sampling and processing test at the Borrooloola Alluvial Diamond Project (EL24512). In late 2011, NADL excavated 5,000 tonnes of alluvial material from known diamond bearing gravel deposits and processed 3,000 tonnes at the Merlin Mine Plant. The purpose of the tests was to begin the assessment of the economic potential of the gravels by determining diamond quality, quantity and distribution in the alluvial material.

The current bulk sampling program focused on an area of outcropping gravel mapped by NADL in 2007. Material from three pits has been processed at the Merlin Mine, yielding 22 stones with a total weight of 1.09 carats. Thirteen of the recovered diamonds are white in colour including the largest two at 0.19 and 0.25 carats. Full details of recovered stones are shown in the table below.

Sample 1		Sample 2		Sample 3	
Diamond Description	Weight (Carats)	Diamond Description	Weight (Carats)	Diamond Description	Weight (Carats)
white dodecahedron	0.03	distorted white dodecahedron	0.02	White octahedron /dodecahedron	0.194
yellow dodecahedron	0.05	irregular white	0.011	irregular brown	0.114
white octahedron	0.013	white dodecahedron	0.016	pale yellow octahedron	0.04
white octahedron	0.016	irregular white	0.011	white fragment	0.031
		white part dodecahedron	0.02	white macle fragment	0.252
		white octahedron	0.012	irregular grey	0.105
		irregular white	0.028	pale yellow flattened dodecahedron	0.024
		irregular white	0.016		
		irregular white	0.055		
		white dodecahedron	0.017		
		white fragment	0.017		

Further assessment of stone quality will be conducted once gravel from the remaining two pits is processed. The remaining material is stockpiled awaiting transport to the Merlin Mine at the conclusion of the wet season.

The size and spatial distribution of the recovered stones provides evidence that Borroloola alluvial diamond size and grade correlates with measurable factors such as gravel bed thickness and location in the paleo-stream bed. The chart below shows the relationship between gravel bed thickness and diamond size for the three samples processed in 2011. From the limited data gathered to date there appears to be a relationship between the depositional environment and the recovered diamond grade. If subsequent diamond recoveries conform to this relationship, then targeting zones of potentially higher grades and large stones will be possible.



Alluvial deposition requires changes in water flow or bedrock topography to trap and sort particles of different sizes and densities. To assist in mapping out target areas likely to have formed traps of larger stones and higher grades, the Company is planning an exploration program to better understand the subsurface characteristics of the alluvial gravels.

NADL believes that the Borroloola gravels were deposited in a braided stream environment and the exploration program will be aimed at defining the bedrock topography, gravel and overburden thickness to guide the design of future bulk sampling programs.

Diamond Exploration

Merlin Orbit Tenements, Northern Territory

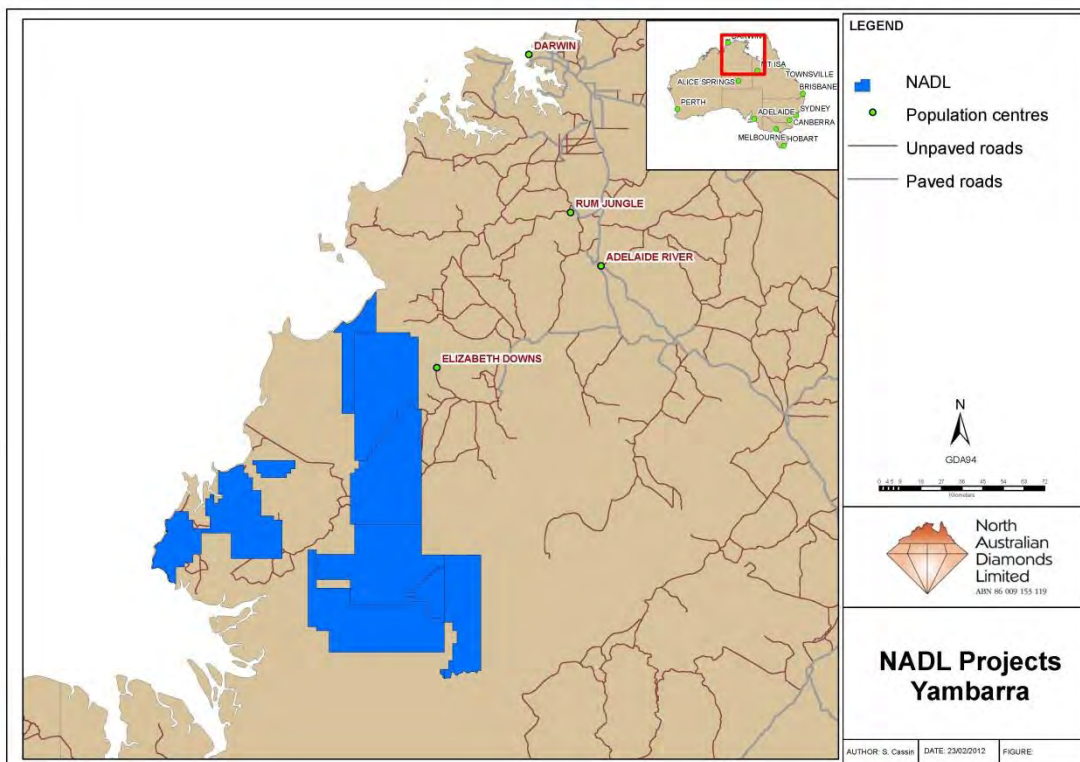
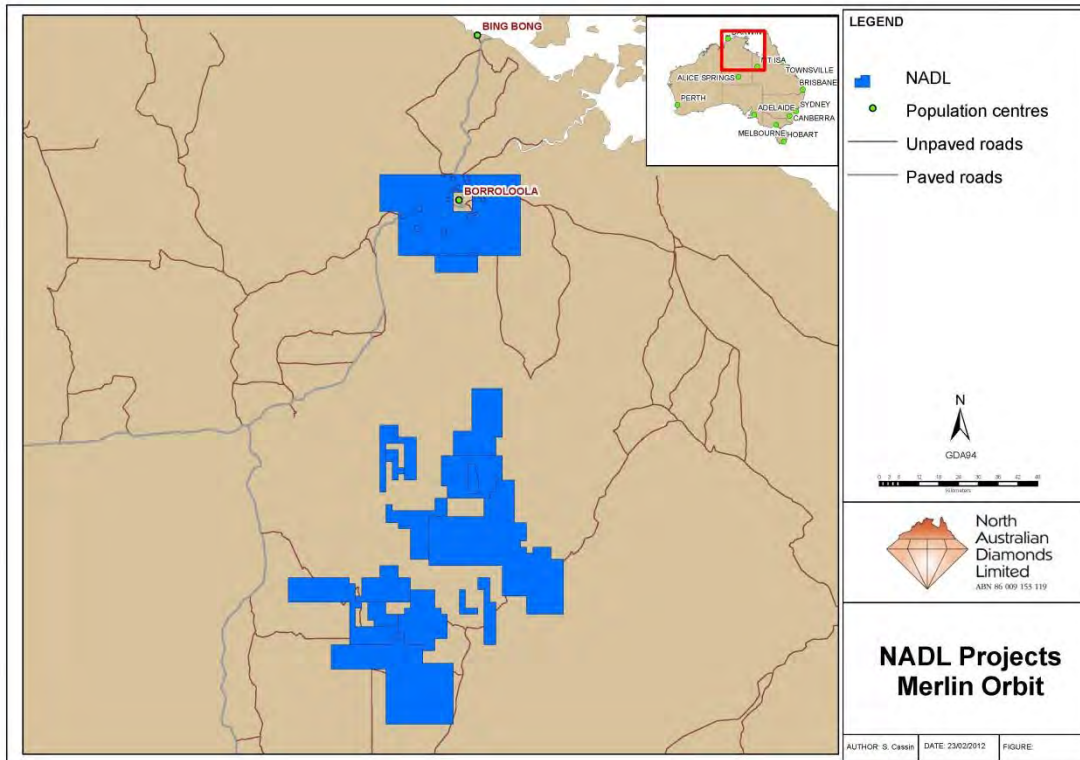
The Merlin Orbit tenements comprise an area of some 690,178 acres (refer to table N), and encompass numerous known unresolved occurrences of indicator minerals and diamonds.

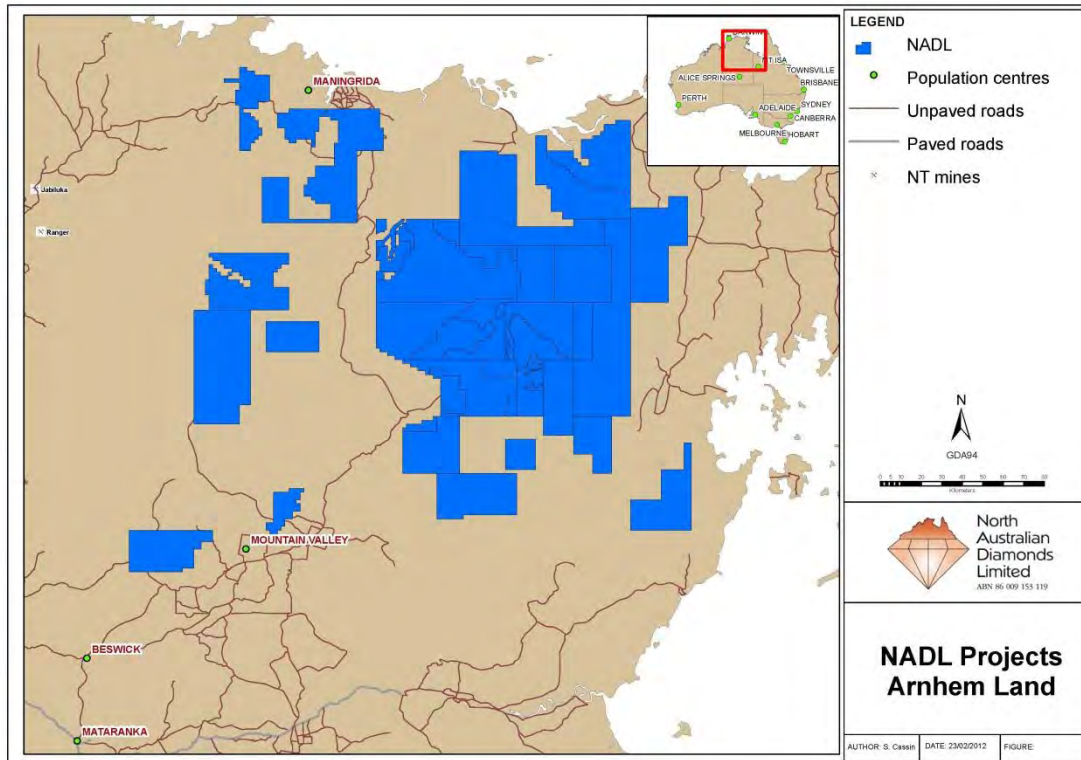
Lease	Land Status	Grant Date	Expiry Date	Acres	Commitment
EL24082		10/17/05	10/16/13	16695	\$90,000
EL24500		08/29/05	08/28/13	15900	\$50,000
EL24512	ALRA	08/29/11	08/28/17	229755	\$70,000
EL25122		11/17/06	11/16/12	11925	\$80,000
EL25580		03/16/07	03/15/13	11925	\$70,000
EL26241		03/19/08	03/18/14	2835	\$50,000
EL26943		04/30/09	04/29/13	50880	\$70,000
EL26944		04/30/09	04/29/13	50880	\$70,000
EL27175		09/28/09	09/27/15	31005	\$80,000
EL27750		09/20/10	09/19/16	57240	\$25,000
EL27755		09/20/10	09/19/16	33390	\$12,000
EL27756		09/20/10	09/19/16	25440	\$12,000
EL27895		09/20/10	09/19/16	131970	\$55,000
MLN1154		06/15/98	12/31/22	5683	NA

Table N: Granted Merlin Orbit Tenements

Lease	Lease Status	Application Date	Acres
EL28914	Application	12/13/04	795
EL28915	Application	12/13/04	1590
EL28916	Application	12/13/04	1590
EL28917	Application	12/13/04	2385
EL28918	Application	12/13/04	1590
EL28919	Application	12/13/04	1590
EL28920	Application	12/13/04	3180
EL28921	Application	12/13/04	1590
EL28922	Application	12/13/04	2385
EL28923	Application	12/13/04	3180
EL28924	Application	12/13/04	795
EL28925	Application	12/13/04	1590
EL28926	Application	12/13/04	3180
EL28927	Application	12/13/04	795
EL28928	Application	12/13/04	3180
EL28929	Application	12/13/04	3180
EL28930	Application	12/13/04	795
EL28931	Application	12/13/04	1590
EL28932	Application	12/13/04	1590

Table O: Merlin Orbit Tenements in Application





Lancelot Prospect

The Lancelot Prospect is situated some 40 km south of Merlin and comprises an area where there are significant numbers of indicator minerals and diamonds reporting to surface samples. Trench mapping and heavy mineral sampling has led to the identification of indicator mineral bearing eluvial material. This is believed to be derived from the eroding of rocks in the southern part of the license area. The samples have not yet been processed for diamonds. Further trenching and sampling of this eluvial material towards its interpreted source area has been completed in the last year with samples currently being processed through the Perth Laboratory.

Yambarra Project, Northern Territory

Rio Tinto Yambarra Farm-in –NADL Earning 100%

NADL has a farm-in agreement with Rio Tinto to earn 100% interest for diamonds in tenements in the Daly River region of the Northern Territory. These tenements have a total project area of 2,230,133 acres.

Kimberley Projects

North Kimberley

Within NADL's North Kimberley project area, NADL has previously identified six diamondiferous kimberlite pipes, these being contained within the Ashmore, Seppelt 1 and Seppelt 2 discrete pipe clusters. NADL holds these pipes under mining leases, as they continue to retain commercial potential.

Top End Uranium Ltd

Uranium Exploration

Top End Uranium is a uranium focused exploration company which controls, through farm-in arrangements with NADL, one of the largest portfolios of highly prospective exploration tenements in the Northern Territory, Australia. It has tenement holdings across three project areas, Arnhem Land Project Area, Yambarra Project Area and the McArthur South Project Area. NADL assigned to Top End the non-diamond mineral rights to its tenements.

Investment in Northern Capital Resources Corp

Legend holds a 31.50% interest in Northern Capital Resources Corp ("NCRC"), an unlisted US corporation. NCRC's subsidiary Golden River Resources (GORV:OTCBB) acquired a controlling interest in Acadian Mining Corporation ("Acadian"), a Canadian company listed on Toronto Stock Exchange (TSX:ADA) in 2009. Subsequent to December 31, 2011, Golden River sold a 19.9% interest and currently holds approximately 52% of Acadian.

Acadian is a Halifax, Nova Scotia, Canada based mining company focused on developing five advanced gold properties, Beaver Dam, Fifteen Mile Stream, Tangier, Forest Hill and Goldenville, which form the core holdings of the Scotia Goldfields Project. All of the five advanced properties host gold mineralized deposits described in technical reports prepared in compliance with Canadian National Instrument 43-101. Acadian is bringing a new approach to the development of Nova Scotia gold deposits by pursuing a multiple mine, central processing, managing and servicing strategy. Acadian operated an open pit zinc-lead mine (Scotia Mine) at Gays River, Nova Scotia from May, 2007 to early 2009 (Scotia Zinc Project) through its 100% wholly owned subsidiary ScoZinc Ltd, which it sold during 2011

NCRC also holds exploration interests in Australia.

Item 1A. Risk Factors.

We Lack an Operating History And Have Losses Which We Expect To Continue Into the Future.

To date we have had no material source of revenue. We have no operating history as a mineral exploration or mining company upon which an evaluation of our future success or failure can be made. Our ability to achieve and maintain profitability and positive cash flow is dependent upon:

- exploration and development of any mineral property we identify; and
- our ability to generate revenues and profitably operate a mine on any mineral property we identify.

We Will Require Further Financing To Determine If There Is Commercial Minerals, Develop Any Minerals We Identify And To Maintain The Mineral Claims.

Our success may depend on our ability to raise further capital. We will require further substantial additional funds to conduct mineral exploration and development activities on all of our tenements. There is no assurance whatsoever that funds will be available from any source or, if available, that they can be obtained on terms acceptable to us to make investments. If funds are not available in the amounts required to achieve our business strategy, we would be unable to reach our objective. This could cause the loss of all or part of your investment.

There are Risks Related to the Construction, Development and Operation of Our Proposed Phosphate Mining and Beneficiation Facilities

The planning, construction and operation of phosphate mining and beneficiation facilities is a complex undertaking that involves various elements including engineering, design, procurement of equipment, transportation, water resources, construction and obtaining financing and permits required related thereto.

We will need to obtain substantial equity and/or debt financing from third parties to fund the construction and development of our proposed phosphate mining and beneficiation facilities. We do not have any definitive agreements or understandings at this time to obtain this financing and there can be no assurance that we will be successful in doing so.

If we are not successful obtaining the necessary permits and approvals or raising the necessary funds, in a timely manner, or at all, in order to plan, construct or operate the mining and benefaction facilities, this would have material adverse affect on our business and financial condition.

World Economic Conditions Could Adversely Affect Our Results of Operations and Financial Condition

The effects of the recent global financial crisis are difficult to accurately predict. As a result of this crisis, conditions in the credit markets have become uncertain and risk adverse. These adverse conditions may make it harder for the Company to raise additional funds to finance the continued development of its business and may reduce the demand for phosphate, which, at least in the short term, could reduce the value of the Company's mineral exploration properties. Continued adverse economic conditions could adversely affect our liquidity, results of operations and financial condition.

We Could Encounter Delays Due To Regulatory And Permitting Delays.

We could face delays in obtaining mining permits and environmental permits. Such delays, could jeopardize financing, if any, in which case we would have to delay or abandon work on the properties.

There Are Uncertainties Inherent In The Estimation Of Mineral Reserves.

Reserve estimates, including the economic recovery of ore, will require us to make assumptions about recovery costs and market prices. Reserve estimation is, by its nature, an imprecise and subjective process and the accuracy of such estimates is a function of the quality of available data and of engineering and geological interpretation, judgment and experience. The economic feasibility of properties will be based upon our estimates of the size and grade of ore reserves, metallurgical recoveries, production rates, capital and operating costs, and the future price of diamonds. If such estimates are incorrect or vary substantially it could affect our ability to develop an economical mine and would reduce the value of your investment. Further, it may take many years from the initial phase of drilling before production is possible and, during that time, the economic feasibility of exploiting a discovery may change.

If We Define An Economic Ore Reserve And Achieve Production, It Will Decline In The Future. An Ore Reserve Is A Wasting Asset.

Our future ore reserve and production, if any, will decline as a result of the exhaustion of reserves and possible closure of any mine that might be developed. Eventually, at some unknown time in the future, all of the economically extractable ore will be removed from the properties, and there will be no ore remaining unless this Company is successful in near mine site exploration to extend the life of the mining operation. This is called depletion of reserves. Ultimately, we must acquire or operate other properties in order to continue as an on going business. Our success in continuing to develop reserves, if any, will affect the value of your investment.

There Are Significant Risks Associated With Mining Activities.

The mining business is generally subject to risks and hazards, including quantity of production, quality of the ore, environmental hazards, industrial accidents, the encountering of unusual or unexpected geological formations, cave-ins, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in damage to, or destruction of, our mineral properties or production facilities, personal injury or death, environmental damage, reduced production and delays in mining, asset write-downs, monetary losses and possible legal liability. We could incur significant costs that could adversely affect our results of operation. Insurance fully covering many environmental risks (including potential liability for pollution or other hazards as a result of disposal of waste products occurring from exploration and production) is not generally available to us or to other companies in the industry. What liability insurance we carry may not be adequate to cover any claim.

We May Be Subject To Significant Environmental And Other Governmental Regulations That Can Require Substantial Capital Expenditure, And Can Be Time-Consuming.

We may be required to comply with various laws and regulations pertaining to exploration, development and the discharge of materials into the environment or otherwise relating to the protection of the environment in the countries that we operate, all of which can increase the costs and time required to attain operations. We may have to obtain exploration, development and environmental permits, licenses or approvals that may be required for our operations. There can be no assurance that we will be successful in obtaining, if required, a permit to commence exploration, development and operation, or that such permit can be obtained in a timely basis. If we are unsuccessful in obtaining the required permits it may adversely affect our ability to carry on business and cause you to lose part or all of your investment.

Mining Accidents Or Other Adverse Events At Our Property Could Reduce Our Production Levels.

If and when we reach production it may fall below estimated levels as a result of mining accidents, cave-ins or flooding on the properties. In addition, production may be unexpectedly reduced if, during the course of mining, unfavourable ground conditions or

seismic activity are encountered, ore grades are lower than expected, or the physical or metallurgical characteristics of the ore are less amenable to mining or processing than expected. The happening of these types of events would reduce our profitability or could cause us to cease operations which would cause you to lose part or all of your investment.

The acquisition of mineral properties is subject to substantial competition. If we must pursue alternative properties, companies with greater financial resources, larger staffs, more experience, and more equipment for exploration and development may be in a better position than us to compete for properties. We may have to undertake greater risks than more established companies in order to compete which could affect the value of your investment.

We May Lose Our Claims If We Do Not Maintain A Minimum Level of Work On The Claims

We will be required to carry out a minimum level of work on each claim to maintain our claims in good standing. If we cannot afford to carry out the work or pay the fees we could lose our interest in claims. The loss of some or all of our mineral claims would adversely affect the value of your investment.

Approximately 48% Of Our Common Stock Is Controlled By Certain Stockholders, Including Our Chairman And Chief Executive Officer, Who Have The Ability To Substantially Influence The Election Of Directors And Other Matters Submitted To Stockholders

Mr Joseph Gutnick, our Chairman and Chief Executive Officer, beneficially owned 75.9 million shares of our common stock, which represented 32.5% of our shares outstanding as of December 31, 2011. In addition, Mr Gutnick is a party to a stockholders agreement with IFFCO, which beneficially owned 15% of our common stock as of December 31, 2011. Pursuant to the stockholders agreement, Mr Gutnick and IFFCO have agreed to vote their shares together on certain matters, including the election of directors. As a result, they have and are expected to continue to have the ability to significantly influence the election of our Board of Directors and the outcome of all other issues submitted to our stockholders. The interests of these principal stockholders may not always coincide with our interests or the interests of other stockholders, and they may act in a manner that advances their best interests and not necessarily those of other stockholders. One consequence to this substantial influence or control is that it may be difficult for investors to remove management of the Company. It could also deter unsolicited takeover, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices.

We are substantially dependent upon AXIS Consultants To Carry Out Our Activities

Legend holds a 9.09% interest in AXIS at a cost of A\$1 and which is accounted for under the cost method and any profits generated by AXIS are returned to its shareholders in the form of dividends. The majority shareholder (72.73%) of AXIS is a third party independent of Legend Directors and management (J I Gutnick and his family or any of their private companies do not hold any shares in AXIS).

We are substantially dependent upon AXIS for our senior management, financial and accounting, corporate legal and other corporate headquarters functions. For example, each of our officers is employed by AXIS and, as such, is required by AXIS to devote substantial amounts of time to the business and affairs of the other shareholders of AXIS.

Pursuant to a services agreement, AXIS provides us with office facilities, administrative personnel and services, management and geological staff and services. No fixed fee is set in the agreement and we are required to reimburse AXIS for any direct costs incurred by AXIS for us. In addition, we pay a proportion of AXIS indirect costs based on a measure of our utilization of the facilities and activities of AXIS plus a service fee of not more than 15% of the direct and indirect costs. This service agreement may be terminated by us or AXIS on 60 days' notice. See "Certain Relationships and Related Party Transactions."

We are one of ten affiliated companies. Each of the companies has some common Directors, officers and shareholders. In addition, each of the companies is substantially dependent upon AXIS for its senior management and certain mining and exploration staff. A number of arrangements and transactions have been entered into from time to time between such companies. Currently, there are no material arrangements or planned transactions between the Company and any of the other affiliated companies other than AXIS. However, it is possible we may enter into such transactions in the future which could present conflicts of interest. In addition, there may be conflicts among the Company and the other companies that AXIS provides services to with respect to access to executive and administrative personnel and other resources.

Historically, AXIS has allocated corporate opportunities to each of the companies engaged in the exploration and mining industry after considering the location of each of the companies' operations and the type of commodity for which each company explores within its geographic region. At present, there are no conflicts among the ten companies with respect to the principal geographic areas in which they operate and/or the principal commodities that they are searching for other than between the Company and NADL (in which the Company owned a 50.69% interest as of December 31, 2011) with respect to the search for diamonds in Northern Australia. AXIS has advised the Company that it plans to allocate diamond exploration opportunities between the Company and NADL based upon the proximity of such opportunities to their respective existing exploration properties.

The Report Of Our Independent Registered Public Accounting Firm Contains An Explanatory Paragraph Questioning Our Ability To Continue As A Going Concern.

The report of our independent registered public accounting firm on our financial statements as of December 31, 2011 and 2010, and for the years ended December 31, 2011 and 2010, includes an explanatory paragraph questioning our ability to continue as a going concern. This paragraph indicates that we have not yet commenced revenue producing operations, have incurred net losses from inception, and have an accumulated (deficit) of \$146,507,000, which conditions raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Our Common Stock Is Traded Over the Counter, Which May Deprive Stockholders Of The Full Value Of Their Shares

Our Common Stock is quoted via the Over The Counter Bulletin Board (OTCBB). As such, our Common Stock may have fewer market makers, lower trading volumes and larger spreads between bid and asked prices than securities listed on an exchange such as the New York Stock Exchange or the NASDAQ Stock Market. These factors may result in higher price volatility and less market liquidity for the Common Stock.

A Low Market Price May Severely Limit The Potential Market For Our Common Stock

Our Common Stock is currently trading at a price substantially below \$5.00 per share, subjecting trading in the stock to certain SEC rules requiring additional disclosures by broker-dealers. These rules generally apply to any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions (a "penny stock"). Such rules require the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and institutional or wealthy investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to the sale. The broker-dealer also must disclose the commissions payable to the broker-dealer, current bid and offer quotations for the penny stock and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market. Such information must be provided to the customer orally or in writing before or with the written confirmation of trade sent to the customer. Monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in

penny stock. The additional burdens imposed upon broker-dealers by such requirements could discourage broker-dealers from effecting transactions in our Common Stock.

The Market Price Of Your Shares Will Be Volatile.

The stock market price of mineral exploration companies like us has been volatile. Securities markets may experience price and volume volatility. The market price of our stock may experience wide fluctuations that could be unrelated to our financial and operating results. Such volatility or fluctuations could adversely affect your ability to sell your shares and the value you might receive for those shares.

Item 1B. Unresolved Staff Comments.

As of December 31, 2011, we do not have any Securities and Exchange Commission staff comments that have been unresolved for more than 180 days.

Item 2. Properties.

Legend has exploration properties as discussed in “Item 1 – Description of Business”. Legend occupies certain executive and office facilities in New York, Melbourne, Victoria and certain regional areas in Australia to support field operations and AXIS also provides office facilities pursuant to the Service Agreement with AXIS. See “Item 1 – Business - Employees” and “Item 12 – Certain Relationships and Related Transactions”. Legend believes that its administrative space is adequate for its current needs.

Item 3. Legal Proceedings.

There are no pending legal proceedings to which the Company is a party, or to which any of its property is the subject, which the Company considers material.

Item 4. Mine Safety Disclosure

Not applicable, as the Company has no mining operations in the United States of America.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Legend's Common Stock is quoted on the NASD Over-the-Counter Bulletin Board ("OTCBB") under the ticker symbol "LGD1" and CUSIP# 52467C 10 0. The Company's Common Stock was initially cleared for trading on the OTC-BB on September 26, 2003.

The following table sets out the high and low bid information for the Common Stock as reported by the National Quotation Service Bureau for each period/quarter indicated in US\$:

<u>Calendar Period</u>	<u>High Bid</u> (1)	<u>Low Bid</u> (1)
2010		
First Quarter	1.60	1.02
Second Quarter	1.26	0.80
Third Quarter	1.03	0.60
Fourth Quarter	1.11	0.68
2011		
First Quarter	1.10	0.70
Second Quarter	0.83	0.43
Third Quarter	0.61	0.30
Fourth Quarter	0.43	0.08

- (1) The quotations set out herein reflect inter-dealer prices without retail mark-up, mark-down or commission and may not necessarily reflect actual transactions.

As of March 15, 2012, there are 226,407,246 shares of Common Stock outstanding.

To date we have not paid dividends on our Common Stock and we do not expect to declare or pay any dividends on our Common Stock in the foreseeable future. Payment of any dividends will depend upon our future earnings, if any, our financial condition, and other factors deemed relevant by the Board of Directors.

Shareholders

As of March 13, 2012, there were approximately 55 record holders of the Company's Common Stock. Within the holders of record of the Company's Common Stock are depositories such as Cede & Co., a nominee for The Depository Trust Company (or DTC), that hold shares of stock for brokerage firms which, in turn, hold shares of stock for one or more beneficial owners. Accordingly, the Company believes there are many more beneficial owners of its Common Stock whose shares are held in "street name", not in the name of the individual shareholder..

Options

Effective as of December 12, 2005, the Board of Directors of Company approved the distribution to stockholders for no consideration of an aggregate of 36,135,500 non-transferable options, each of which is exercisable to purchase one share of Common Stock of the Company at an exercise price of US\$0.25 (US\$0.111, as adjusted) per share with a latest exercise date of December 31, 2012 and otherwise on the terms and conditions set out in Appendix A to the Form 8-K dated December 12, 2005. The options were issued on a pro-rata basis to all stockholders of record on December 31, 2005 on the basis of two (2) options for every one (1) share of Common Stock owned by a stockholder on the record date. The options may not be exercised until the shares underlying the options are registered under federal and state securities laws. On June 26, 2006, the Board of Directors amended the terms and conditions of the options and included a cashless exercise clause for the options in

the terms and conditions. 957,830 of these options remained outstanding as of December 31, 2011.

Dividend Policy

The Company has not previously paid any cash dividends on Common Stock and does not anticipate or contemplate paying dividends on Common Stock in the foreseeable future. It is the present intention of management to utilize all available funds for the development of the Company's business. The only restrictions that limit the ability to pay dividends on common equity or that are likely to do so in the future, are those restrictions imposed by law. Under Delaware corporate law, no dividends or other distributions may be made which would render the Company insolvent or reduce assets to less than the sum of its liabilities plus the amount needed to satisfy any outstanding liquidation preferences.

Effective November 17, 2006, the Company's Board of Directors declared a 1-for-2 share bonus issue in the form of a dividend that was payable in December 2006 to stockholders of record as of November 17, 2006. An aggregate of 27,599,722 shares of Common Stock were issued in connection with this dividend.

In November 2006, the Company's Board of Directors declared a second 1-for-2 share bonus issue in the form of a dividend that was payable in January 2007 to stockholders of record as of December 31, 2006. An aggregate of 41,934,337 shares of Common Stock were issued in connection with this dividend.

Transfer Agent

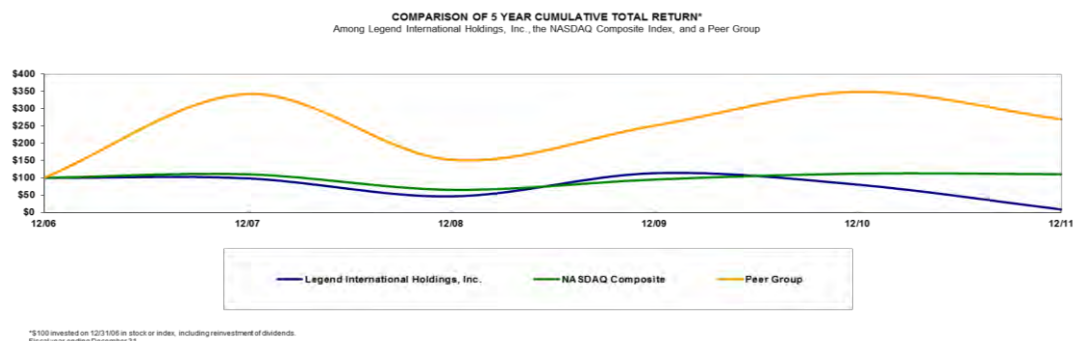
The transfer agent and registrar for the Company's Common Stock is Continental Stock Transfer & Trust Company of 17 Battery Place, 8th Floor, New York, NY 10004.

Recent Sales of Unregistered Securities

We have issued no unregistered securities within the period covered by this report which have not been previously reported on Form 10-Q or Form 8-K.

Performance Graph

The following graph compares the cumulative 5-year total return attained by shareholders on Legend International Holdings, Inc.'s common stock relative to the cumulative total returns of the NASDAQ Composite index, and a customized peer group of six companies that includes: Agrium Inc, CF Industries Holdings Inc, Minemakers Limited, Phoscan Chemical Corp., Potash Corp. Of Saskatchewan and The Mosaic Company. The graph tracks the performance of a \$100 investment in our common stock, in the peer group, and the index (with the reinvestment of all dividends) from December 31, 2006 to December 31, 2011.



	12/06	12/07	12/08	12/09	12/10	12/11
Legend International Holdings, Inc.	100.00	98.68	46.58	113.68	80.53	8.83
NASDAQ Composite	100.00	110.38	65.58	95.27	112.22	110.58
Peer Group	100.00	341.88	152.35	250.73	348.36	269.10

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. Selected Financial Data.

Our selected financial data presented below for each of the years in the five-year period ended December 31, 2011, and the balance sheet data at December 31, 2007, 2008, 2009, 2010 and 2011 has been derived from financial statements, which have been audited by PKF O'Connor Davies, A Division of O'Connor Davies, LLP (PKF O'Connor Davies), New York, NY. The selected financial data should be read in conjunction with our financial statements for each of the years in the period ended December 31, 2011 and Notes thereto, which are included elsewhere in this Annual Report.

Statement of Operations Data

	Year ended December 31					
	2007	2008	2009	2010	2011	2011 Conv. Transl
	A\$000s	A\$000s	A\$000s	A\$000s	A\$000s	US\$000s
Revenues	-	-	-	-	-	-
Other income (loss)	22	3,726	3,823	2,938	1,233	1,255
Costs and expenses	(8,540)	(23,408)	(40,630)	(40,778)	(26,537)	(27,000)
Loss from operations	(8,518)	(19,682)	(36,807)	(37,840)	(25,304)	(25,745)
Other non-operational gains and costs	(120)	5,461	(2,346)	(852)	(13,897)	(14,139)
Provision for income taxes	-	-	-	-	-	-
Equity in losses of unconsolidated entities	-	-	(346)	(1,440)	(7,495)	(7,626)
Net profit (loss)	(8,638)	(14,221)	(39,499)	(40,132)	(46,696)	(47,510)
Net (loss) attributable to non-controlling interests	-	-	1,613	3,803	2,619	2,665
Net (loss) attributable to Legend stockholders	(8,638)	(14,221)	(37,886)	(36,329)	(44,077)	(44,845)
	A\$	A\$	A\$	A\$	A\$	\$US
Basic net (loss) per share ⁽¹⁾	(0.06)	(0.07)	(0.17)	(0.16)	(0.19)	(0.20)
Weighted average number of shares outstanding (000s) ⁽¹⁾	146,740	204,501	226,328	226,380	226,405	226,405

Balance Sheet Data

	A\$000s	A\$000s	A\$000s	A\$000s	A\$000s	US\$000s
Total assets	17,994	130,076	120,433	80,241	36,906	37,549
Total liabilities	(1,035)	(3,317)	(5,534)	(6,604)	(8,744)	(8,897)
Total equity	16,959	126,759	114,899	73,637	28,162	28,652

⁽¹⁾ Effective November 17, 2006, Legend issued one (1) new bonus share of Common Stock for every two (2) shares of Common Stock outstanding on the record at that date. The issue of the new bonus shares of Common Stock were on a pro-rate basis to all shareholders. As a result, the Company issued 27,599,722 shares of its Common Stock. Effective December 31, 2006, Legend issued one (1) new bonus share of Common Stock for every two (2) shares of

Common Stock outstanding on the record at that date. The issue of the new bonus shares of Common Stock were on a pro-rata basis to all shareholders. As a result, the Company issued 41,934,337 shares of its Common Stock.

The Company has accounted for these bonus issues as a stock split and accordingly, all share and per share data has been retroactively restated.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation.

General

The following discussion and analysis of our financial condition and plan of operation should be read in conjunction with the Financial Statements and accompanying notes and the other financial information appearing elsewhere in this report. This report contains numerous forward-looking statements relating to our business. Such forward-looking statements are identified by the use of words such as believes, intends, expects, hopes, may, should, plan, projected, contemplates, anticipates or similar words. Actual operating schedules, results of operations, ore grades and mineral deposit estimates and other projections and estimates could differ materially from those projected in the forward-looking statements.

Legend has been an exploration stage company since August 2006. During February 2011, the Company announced its maiden mineral reserve for its 100% owned Paradise South phosphate project in accordance with SEC Industry Guide 7. As a result of establishing mineral reserve estimates, Legend has entered into the development stage for this project as it engages in the process of preparing the mineral deposit for extraction, while it continues with its other various exploration activities. Effective March 1, 2011, the Company has been reporting as a development stage company.

Legend also has exploration interests in the Northern Territory and Western Australia through its 50.69% interest in North Australian Diamonds Limited (“NADL”) and has direct holdings in exploration interests in its own right. NADL’s exploration interests cover previous diamond mining operations at the Merlin Diamond Mine and Legend’s exploration interests are highly prospective for diamonds and uranium.

Foreign Currency Translation

The majority of our administrative operations are in Australia and, as a result, our accounts are reported in Australian dollars. Foreign income and expenses are translated into Australian dollars at the average exchange rate prevailing during the period. Assets and liabilities of the foreign operations are translated into Australian dollars at the period-end exchange rate. The following table shows the period-end rates of exchange of the Australian and US dollar compared with the US dollar during the periods indicated.

Year ended December 31			
2010	A\$1.00	=	US\$1.0163
2010	A\$1.00	=	CDN\$0.9842
2011	A\$1.00	=	US\$1.0174
2011	A\$1.00	=	CDN\$0.96344

The exchange rate between the A\$ and US\$ has moved by 0.01% between December 31, 2010 and 2011. Accordingly, a direct comparison of costs between fiscal 2010 and 2011 may not necessarily be a true comparison.

Plan of Operation

We had A\$1,714,000 in cash at December 31, 2011.

We commenced exploration activities on the tenements we acquired in July 2006 and since that time and up to December 31, 2011, have spent A\$83,898,000 on exploration and pre-development activities.

On February 13, 2012, the Company announced that it had achieved the first major milestone for financing of its 100% owned Paradise Phosphate Project. This first step has involved a transfer of all Legend's phosphate assets into a 100% owned subsidiary of Legend; the issue of 100 million ordinary shares (100% of the issued shares of the subsidiary) by the subsidiary to Legend; and funding via a A\$7.5 million convertible note facility ("Convertible Note Agreement") which has been injected into the subsidiary through Acorn Capital Ltd ("Acorn"), an Australian financial institution. The A\$7.5 million will convert into equity in the subsidiary upon a successful Initial Public Offering ("IPO") and listing of the subsidiary on the Australian Securities Exchange ("ASX") within 12 months of the note issue date. Acorn is a significant cornerstone investor from the Australian market and will act as a strong catalyst for further investment in the future developments of the project. Legend anticipates that by using an Australian subsidiary it is better placed to lift the profile of the world quality phosphate assets, provide a stronger trading platform that will help maximise their value and enable further capital raising to support the development of phosphate rock production and subsequent value added products.

The phosphate assets comprise the Paradise Phosphate Rock Deposits of Paradise North and Paradise South, the D-Tree deposit and the deposits associated with Legend's rights and obligations under the King Eagle Joint Venture agreement (i.e. Highland Plains, Lily & Sherrin Creek and Quita Creek). The assets include the exploration and mining permits and applications associated with the above deposits and related infrastructure. The transfer of the phosphate assets is to a 100% owned subsidiary called Paradise Phosphate Pty Ltd ("Paradise").

The convertible note facility of A\$7.5 million to Paradise is repayable 12 months from the completion date of the agreement. The notes bear interest at the nominal rate of 15% per annum (the actual amount of effective interest depends upon the event that triggers repayment). If, within 12 months of the completion date of the agreement, Paradise conducts a public offering of securities in Australia and those securities are listed on ASX, then the notes convert automatically to shares in Paradise at a conversion rate of A\$0.50 (subject to adjustment in accordance with the formula provided in the agreement).

Further, if Paradise proceeds to an IPO: (i) Paradise will be the issuer of the securities to be offered; and (ii) a disclosure document for the offer of the securities under Australian law will be made available when the shares are offered.

Funds received under the convertible note facility will be used to progress the project, its development, production and ultimately the export of phosphate rock from the phosphate deposits. The notes are secured by a security interest in the phosphate assets and in the shares in Paradise.

As set out in Item 1 "Employees" the services of our Chief Executive Officer, Chief Financial Officer, Executive General Manager, geologists, finance and clerical employees are provided by AXIS. As part of the financing transaction discussed above, AXIS has transferred the employment of our Executive General Manager, Project Manager and project development team to Paradise.

Results of Operations

Year ended December 31, 2011 versus Year ended December 31, 2010

As an exploration stage company until February 2011 and a development stage company since then, we have not had an ongoing source of revenue. Our revenue stream is normally from ad-hoc tenement disposals, interest received on cash in bank and Australian Taxation Office refunds. During the year ended December 31, 2011, we received A\$493,000 (US\$502,000) in interest on funds in the bank (2010: A\$2,082,000), interest income from a related entity of A\$136,000 (US\$139,000) (2010: A\$174,000) and other income of A\$591,000

(US\$601,000) (2010: A\$682,000). Included in other income is an amount for NADL of A\$547,000 (US\$556,000) (2010: A\$681,000) being a refund from the government for research and development and diesel fuel rebate of A\$43,000 (US\$44,000) (2010: A\$360,000) for fuel usage on the Merlin project. Interest received during 2011 is lower than 2010 as the balance of cash at bank reduced as it was used in our operations.

Costs and expenses decreased during the year from A\$40,778,000 for the year ended December 31, 2010 to A\$26,537,000 (US\$27,000,000) for the year ended December 31, 2011.

The main components of costs and expenses are as follows:-

- (i) a decrease in exploration expenditure written off from A\$25,705,000 in 2010 to A\$14,860,000 (US\$15,119,000) in 2011. Our accounting policy is to expense all exploration costs (including costs associated with the acquisition of tenement interests) as incurred. The exploration costs include drilling, geological, geophysical and mineral analysis contractors, salaries for contract field staff, travel costs, accommodation and tenement costs. On our phosphate activities, we continued to advance the current feasibility test work but this only included limited drilling and work continued on investigations into a mining operation. During 2011, A\$1,682,000 (US\$1,711,000) of costs were incurred on the Paradise South phosphate project in preparing the mineral deposit for extraction were capitalised and included in development costs. During 2010 we continued to advance feasibility test work which included limited drilling programs and work continued on investigations into a mining operations and the chemical and beneficiation plant as well as continuing the sampling program throughout the year in the Northern Territory. The costs included drilling, assaying, camp costs, aerial surveying, geological/geophysical contractors, salaries and associated costs for contract field staff, travel, accommodation, meals and tenement holding costs. In the current year in relation to our diamond activities, further studies confirming the scale and viability of the Merlin project and surrounding area and costs of the plant and camp included within exploration expenditure was A\$4,384,000 (2010: A\$7,936,000). In 2010, diamond activities included drilling and trial testing at Merlin which occurred between January 2010 and September 2010 and surrounding areas
- (ii) an increase in interest expense from A\$61,000 in 2010 to A\$292,000 (US\$297,000) in 2011. During 2011 and 2010, we incurred interest on the motor vehicle finance leases. During 2011, we incurred interest on a long term debt for which there was no comparison in 2010. In November 2010 a loan facility was obtained for a term of five years and the interest rate on borrowings under the agreement is fixed at 6.70% per annum.
- (iii) an increase in aircraft maintenance costs from A\$587,000 in 2010 to A\$934,000 (US\$950,000) in 2011. The Company purchased an aircraft in August 2008 to utilize in its field operations and has incurred operating costs for the aircraft since that time and costs during 2011 include a provision for the engine maintenance program.
- (iv) a decrease in legal, professional and accounting from A\$899,000 for 2010 to A\$797,000 (US\$811,000) for 2011. During 2011, we paid A\$355,000 (US\$361,000) to independent experts and other consultants for business development; accounting and audit fees of A\$356,000 (US\$363,000) for professional services in relation to financial statements, the quarterly Form 10-Qs, Form 10-K and Form 10-K/A and quarterly, half year and annual reporting in Australia for NADL; and taxation fees of A\$85,000 (US\$86,000) relating to both the Company and its subsidiaries and incurred legal expenses of A\$1,000 (US\$1000) for general legal work including tenement acquisition and sale arrangements. During 2010, we incurred legal expenses of A\$335,000 for general legal work including tenement acquisition and sale and A\$196,000 paid to independent experts and other consultants for business development; audit fees of A\$282,000 for professional services in relation to financial statements, the quarterly Form 10-Qs, Form 10-K and Form 10-K/A and quarterly,

half year and annual reporting in Australia for NADL; and taxation fees of A\$86,000 relating to both the Company and its subsidiaries.

- (v) amortization of mineral rights were A\$1,398,000 in 2010 compared to A\$1,398,000(US\$1,423,000) in 2011. On the acquisition date of the business combination of NADL, the Company recognized mineral rights of A\$18,873,000. The underlying mineral property licences have a set term and mineral rights are being amortized over the term of the licences.
- (vi) a decrease in administrative costs from A\$10,400,000 in 2010 to A\$7,805,000 (US\$7,940,000) in 2011. During 2011, the corporate management and service fees charged to us by AXIS was A\$1,137,000 (US\$1,157,000). AXIS charged us A\$3,619,000 (US\$3,682,000) for Directors' fees, salaries and salary related matters incurred in behalf of the Company, which relates to our share of salaries paid to the President & Chief Executive Officer, Chief Financial Officer and Secretary, Executive General Manager, General Manager Business, Project Manager and other staff of AXIS who provide services to the Company, and A\$312,000 (US\$317,000) for independent directors' fees. The Company paid insurance costs of A\$214,000 (US\$218,000) for 2011. The Company incurred A\$672,000 (A\$684,000) for travel by Directors and officers, contractors, and other AXIS staff who provide services to the Company on capital raising trips, trips to the field; A\$193,000 (US\$196,000) for investor relations consultants; A\$21,000 (US\$21,000) in borrowing costs and bank fees; A\$120,000 (US\$122,000) for motor vehicles costs; A\$47,000 (US\$48,000) for public relations; A\$135,000 (US\$137,000) for stock transfer agent services; A\$138,000 (US\$140,000) for office and computing consumables; A\$147,000 (US\$150,000) for other contractors including external information technology consultants; A\$142,000 (US\$146,000) for staff support costs; A\$283,000 (US\$288,000) for rent of offices in Melbourne, Mt Isa, Perth and New York and an apartment in Melbourne, a decrease from 2010 of A\$441,000 due to change in office premises in Perth and New York; A\$240,000 (US\$244,000) for subscription to industry papers and services; A\$48,000 (US\$49,000) for telecommunications support; A\$241,000 (US\$245,000) for depreciation of non-field assets and minor equipment purchases; A\$28,000 (US\$28,000) for Delaware franchise tax; and A\$67,000 (US\$68,000) in donations to local community groups. In 2011, there was a reduction of A\$1,861,000 in public relations, investor relations and travel costs from 2010 as a result of the Company's main focus being updating and completing the studies for the Paradise phosphate and Merlin diamond projects. During 2010, the corporate management and service fees charged to us by AXIS was A\$1,360,000. AXIS charged us A\$3,832,000 for Directors' fees, salaries and salary related matters incurred in behalf of the Company, which relates to our share of salaries paid to the President & Chief Executive Officer, Chief Financial Officer and Secretary, Executive General Manager, General Manager Business, Project Manager and other staff of AXIS who provide services to the Company, and A\$258,000 for independent directors' fees. The Company paid insurance costs of A\$288,000 for 2010. The Company incurred A\$1,194,000 for travel by Directors and officers, contractors, and other AXIS staff who provide services to the Company on capital raising trips, trips to the field; A\$1,170,000 for investor relations consultants; A\$42,000 in borrowing costs and bank fees; A\$25,000 for motor vehicles costs; A\$409,000 for public relations; A\$106,000 for stock transfer agent services; A\$113,000 for office and computing consumables; A\$162,000 for staff support costs; A\$724,000 for rent of offices in Melbourne, Mt Isa, Perth and New York and an apartment in Melbourne; A\$154,000 for subscription to industry papers and services; A\$75,000 for telecommunications support; A\$206,000 for depreciation of non-field assets and minor equipment purchases; A\$25,000 for Delaware franchise tax; A\$133,000 in donations to local community groups; general costs of A\$123,000.
- (vii) Stock based compensation has decreased from A\$1,728,000 for 2010 to A\$452,000 (US\$460,000) for 2011. The Company has issued options under the 2006 Incentive Option Plan in throughout 2006, 2007, 2008, 2009 and 2010. The decrease is the result of options being fully vested in prior periods and an adjustment for forfeited

options. See note 8 to the consolidated financial statements for further details on the options issued.

Accordingly, the loss from operations decreased from A\$37,840,000 for the year ended December 31, 2010 to A\$25,305,000 (US\$25,745,000) for the year ended December 31, 2011.

A decrease in foreign currency exchange loss of A\$674,000 for the year ended December 31, 2010 to A\$45,000 (US\$46,000) in the year ended December 31, 2011 was recorded as a result of the movement in the Australian dollar versus the US dollar, related primarily to US cash deposits.

The Company recorded an impairment of equity investment of A\$5,654,000 (US\$5,752,000). At December 2011, the Company made an assessment of the carrying value of the investment in NCRC and concluded that it needed to impair the carrying value. This assessment took into account the net asset position of NCRC.

An impairment of other investments was recorded of A\$719,000 (US\$732,000) (2010: A\$nil) as the Company has assessed the current net asset value of the investment from the information available and determined that a provision for impairment was appropriate.

A allowance for doubtful receivable has been recorded of A\$6,839,000 (US\$6,958,000) as of December 31, 2011 (2010: A\$nil). At December 2011, the Company made an assessment of the carrying value of the receivable from AXIS and concluded that it needed to make an allowance for doubtful debt.

A net realised loss/(gain) of A\$66,000 (US\$67,000) was recorded on sale of certain marketable securities in the year ended December 31, 2011 (2010: A\$67,000) being the difference between the cost price and sale price.

A loss on redemption of other investments of A\$371,000 (US\$378,000) being the difference between cost and sale price was incurred for the year ended December 31, 2011 (2010: A\$nil).

A net realised loss of A\$168,000 (A\$171,000) was recorded on sale of assets, being the difference between cost and sale price was recorded for the year ended December 31, 2011 (2010: A\$nil).

The Company has written off obsolete assets of A\$34,000 (US\$35,000) for the year ended December 31, 2011 (2010: A\$245,000). During 2010, the Company wrote down the value of the Lear jet and there was no comparable amount in 2011.

The loss before income taxes and equity in losses of unconsolidated entity was A\$38,692,000 for the year ended December 31, 2010 compared to A\$39,201,000 (US\$39,884,000) for the year ended December 31, 2011.

During the year ended December 31, 2011, the Company's share of the losses of the unconsolidated entities amounted to A\$7,495,000 (US\$7,626,000) (2010: A\$1,440,000). At balance sheet date, the Company holds a 31.50% interest in NCRC and the Company through its investment in NADL holds a 31.14% interest in Top End Uranium Ltd. The Company accounts for both of these investments using the equity method of accounting. The Company held 31.46% in NCRC and NADL held 31.06% in Top End Uranium at December 31, 2010.

The net loss was A\$40,132,000 for the year ended December 31, 2010 compared to a net loss of A\$46,696,000 (US\$47,510,000) for the year ended December 31, 2011.

The share of the net loss attributable to the non-controlling interests of NADL amounted to A\$2,619,000 (US\$2,665,000) for the year ended December 31, 2011 compared to A\$3,803,000 for the year ended December 31, 2010.

At January 1, 2010, the Company held a controlling 47.83% interest in NADL. Since February 6, 2010, the Company has purchased further shares in NADL. The Company's interest at December 31, 2011 is 50.69% and at December 31, 2010, its interest was 50.46%. During 2011, the Company purchased a further 495,000 shares in NADL at a cost of A\$148,000 which resulted in a decrease in non-controlling interest of A\$113,000. During January and February 2012, third parties holding 4,000,000 options in NADL exercised those options and were issued ordinary shares in NADL. This resulted in the Company's interest in NADL diluting to 49.12%. It is the Company's intentions to continue to acquire shares and to maintain a controlling financial interest. Furthermore, management believes it has the ability to control the operations of NADL through its share ownership as well as having three out of the four Directors of NADL.

The net loss attributable to Legend stockholders amounted to A\$44,077,000 (US\$44,845,000) for the year ended December 31, 2011 compared to A\$36,329,000 for the year ended December 31, 2010.

Year ended December 31, 2010 versus Year ended December 31, 2009

As a result of the acquisition of NADL, commencing September quarter 2009, there is a lack of comparability between the Company's results for the year ended December 31, 2010.

As an exploration stage company, we have not had an ongoing source of revenue. Our revenue stream is normally from ad-hoc tenement disposals, interest received on cash in bank and Australian Taxation Office refunds. During the year ended December 31, 2010, we received A\$2,082,000 in interest on funds in the bank (2009: A\$3,338,000), interest income from a related entity of A\$174,000 (2009 A\$82,000) and other income of A\$682,000 (2009: A\$403,000). Included in other income is an amount for NADL A\$681,000 being a refund from the government for research and development and diesel fuel rebate (2009:A\$360,000).

Costs and expenses increased during the year from A\$40,630,000 for the year ended December 31, 2009 to A\$40,778,000 for the year ended December 31, 2010.

The main components of costs and expenses are as follows:-

- (i) an increase in exploration expenditure written off from A\$25,609,000 in 2009 to A\$25,705,000 in 2010. Our accounting policy is to expense all exploration costs (including costs associated with the acquisition of tenement interests) as incurred. The exploration costs include drilling, geological, geophysical and mineral analysis contractors, salaries for contract field staff, travel costs, accommodation and tenement costs. In the current year in relation to our diamond activities, drilling and trial testing continued from January 2010 at Merlin and surrounding areas and included within exploration expenditure is A\$7,936,000 (2009: A\$7,182,000). On our phosphate activities, we continued to advance the current feasibility test work but this only included limited drilling and work continued on investigations into a mining operation. During 2009, we continued our drilling programs on the phosphate project in Queensland took place for the entire year as well as continuing the sampling program throughout the year in the Northern Territory. The costs included drilling, assaying, camp costs, aerial surveying, geological/geophysical contractors, salaries and associated costs for contract field staff, travel, accommodation, meals and tenement holding costs.
- (ii) a decrease in interest expense from A\$65,000 in 2009 to A\$61,000 in 2010. During 2010 and 2009, we incurred interest on the motor vehicle finance leases.
- (iii) a decrease in aircraft maintenance costs from A\$1,015,000 in 2009 to A\$587,000 in 2010. The Company purchased an aircraft in August 2008 to utilize in its field operations and has incurred operating costs for the aircraft since that time. In 2009, the aircraft underwent a scheduled maintenance program and there is no such requirement for a maintenance program in 2010.

- (iv) an increase in legal, professional and accounting from A\$881,000 for 2009 to A\$899,000 for 2010. During 2010, we incurred legal expenses of A\$335,000 for general legal work including tenement acquisition and sale and A\$196,000 paid to independent experts and other consultants for business development; audit fees of A\$282,000 for professional services in relation to financial statements, the quarterly Form 10-Qs, Form 10-K and Form 10-K/A and quarterly, half year and annual reporting in Australia for NADL; and taxation fees of A\$86,000 relating to both the Company and its subsidiaries. During 2009, we incurred legal expenses of A\$408,000 for general legal work including stock transfer matters, regulatory filings, stock option plans, native title and environmental approvals, asset acquisitions, and Form S-1 Registration Statements in both the US and Australia; audit fees of A\$385,000 for professional services in relation to financial statements, the quarterly Form 10-Qs, Form 10-K, Form 10-K/A and Form S-1 and quarterly, half year and annual reporting in Australia for NADL; and taxation fees of A\$70,000 relating to both the Company and its subsidiaries. Included within legal, accounting and professional expense for the year ended December 31, 2009 are the following amounts for NADL A\$67,000 being a fee paid to tax consultants for the preparation of the research and development claim, legal fees of A\$17,000, professional fees paid to attorney's independent experts and other consultants for takeover defense costs of A\$27,000.
- (v) an increase in amortization of mineral rights from A\$583,000 in 2009 to A\$1,398,000 in 2010. On the acquisition date of the business combination of NADL, the Company recognized mineral rights of A\$18,873,000. The underlying mineral property licences have a set term and mineral rights are being amortized over the term of the licences. The acquisition occurred during 2009.
- (vi) an increase in administrative costs from A\$8,217,000 in 2009 to A\$10,400,000 in 2010. During 2010, the corporate management and service fees charged to us by AXIS was A\$1,361,000. AXIS charged us A\$3,832,000 for Directors' fees, salaries and salary related matters incurred in behalf of the Company, which relates to our share of salaries paid to the President & Chief Executive Officer, Chief Financial Officer and Secretary, Executive General Manager, General Manager Business, Project Manager and other staff of AXIS who provide services to the Company, and A\$258,000 for independent directors' fees. The Company paid insurance costs of A\$288,000 for 2010. The Company incurred A\$1,194,000 for travel by Directors and officers, contractors, and other AXIS staff who provide services to the Company on capital raising trips, trips to the field; A\$1,170,000 for investor relations consultants; A\$42,000 in borrowing costs and bank fees; A\$25,000 for motor vehicles costs; A\$409,000 for public relations; A\$106,000 for stock transfer agent services; A\$113,000 for office and computing consumables; A\$162,000 for staff support costs; A\$724,000 for rent of offices in Melbourne, Mt Isa, Perth and New York and an apartment in Melbourne; A\$154,000 for subscription to industry papers and services; A\$75,000 for telecommunications support; A\$206,000 for depreciation of non-field assets and minor equipment purchases; A\$25,000 for Delaware franchise tax; A\$133,000 in donations to local community groups; general costs of A\$123,000. During 2009, the corporate management and service fees charged to us by AXIS was A\$1,265,000. AXIS charged us A\$2,960,000 for Directors' fees, salaries and salary related matters incurred in behalf of the Company, which relates to our share of salaries paid to the President & Chief Executive Officer, Chief Financial Officer and Secretary, Executive General Manager, General Manager Business, Project Manager and other staff of AXIS who provide services to the Company, and A\$208,000 for independent directors' fees. The Company paid insurance costs of A\$536,000, including the Federal Government of Australia insurance policy on cash at bank in Australia in excess of A\$1,000,000, for 2009. The Company incurred A\$1,063,000 for travel by Directors and officers, contractors, and other AXIS staff who provide services to the Company on capital raising trips, trips to the field; A\$460,000 for investor relations consultants; A\$62,000 for work on the ASX listing; A\$9,000 in borrowing costs and bank fees; A\$102,000 for motor vehicles costs; A\$51,000 for public relations; A\$46,000 for stock transfer agent services; A\$206,000 for office and computing consumables; A\$119,000 for staff support costs; A\$555,000 for rent of

offices in Melbourne, Mt Isa, Perth and New York and an apartment; A\$39,000 for subscription to industry papers and services; A\$43,000 for telecommunications support; A\$67,000 for depreciation of non-field assets and minor equipment purchases; A\$60,000 for Delaware franchise tax; A\$87,000 in donations to local community groups; general costs of A\$279,000.

- (vii) Stock based compensation has decreased from A\$4,260,000 for 2009 to A\$1,728,000 for 2010. The Company has issued options under the 2006 Incentive Option Plan in throughout 2006, 2007, 2008, 2009 and 2010. The decrease is the result of options being fully vested in prior periods and an adjustment for forfeited options. See note 8 to the consolidated financial statements for further details on the options issued.

Accordingly, the loss from operations increased from A\$36,807,000 for the year ended December 31, 2009 to A\$37,840,000 for the year ended December 31, 2010.

A decrease in foreign currency exchange gain from a loss of A\$4,661,000 for the year ended December 31, 2009 to a foreign currency exchange loss of A\$674,000 in the year ended December 31, 2010 was recorded as a result of the movement in the Australian dollar versus the US dollar. The on market takeover of NADL finished on August 6, 2009 and since that time, the Company has consolidated the results of NADL. In accordance with US GAAP, the Company calculated the difference between the fair value of assets acquired at August 6, 2009 and the carrying value of its investment in an unconsolidated entity (NADL) at August 6, 2009. For 2009, the Company recorded an adjustment to fair value on stepped acquisition of A\$2,201,000. There was no comparable adjustment for 2010. A net gain of A\$67,000 on sale of certain trading securities was incurred in the year ended December 31, 2010 (2009: A\$113,000), being the difference between the cost price, sale price and market value.

During 2010, the Company has written off obsolete assets, and wrote down the carrying value of the Lear jet, of A\$245,000. There were no comparable amounts in 2009.

The loss before income taxes and equity in losses of unconsolidated entity was A\$39,153,000 for the year ended December 31, 2009 compared to A\$38,692,000 for the year ended December 31, 2010.

During the year ended December 31, 2010, the Company's share of the losses of the unconsolidated entities amounted to A\$1,440,000 (2009: A\$346,000). At December 31, 2010, the Company held a 31.46% interest in NCRC and the Company through its investment in NADL held a 31.06% interest in Top End Uranium Ltd. The Company accounts for both of these investments using the equity method of accounting. The Company held 21.29% and NADL held 25% in Top End Uranium at December 31, 2009.

The net loss was A\$39,499,000 for the year ended December 31, 2009 compared to a net loss of A\$40,132,000 for the year ended December 31, 2010.

The share of the net loss attributable to the non-controlling interests of NADL amounted to A\$3,803,000 for the year ended December 31, 2010 compared to A\$1,613,000 for the year ended December 31, 2009.

On May 12, 2009, the Company made an on-market takeover offer for all of the shares in North Australian Diamonds Limited ("NADL"). The Company held 34.61% of the issued and outstanding shares at May 31, 2009 and as a result, accounted for its interest in NADL as an unconsolidated entity until August 6, 2009. The takeover offer concluded on August 6, 2009. At the close of the offer, the Company held 55% of the issued and outstanding shares of NADL and as a result, commenced consolidating the results of NADL from that date. In early December 2009, NADL placed shares to a third party which had the effect of diluting the Company's interest in NADL to 47.83%. Under Australian takeover laws, the Company was prevented from purchasing further shares in NADL for a period of 6 months from the conclusion of the takeover (August 6, 2009). Accordingly, it was not until February 6, 2010 that the Company was entitled to purchase any further shares in NADL under Australian Corporations Law. Since February 6, 2010, the Company purchased further shares in NADL

and its interest at December 31, 2010 is 50.40%. It is the Company's intentions to continue to acquire shares and to maintain a controlling financial interest. Furthermore, management believes it has the ability to control the operations of NADL through its share ownership as well as having six of the Directors of NADL. During 2010, the Company purchased a further 87,168,065 shares in NADL at a cost of A\$4,032,000 and a decrease in non-controlling interest of A\$1,327,000.

The net loss attributable to Legend stockholders amounted to A\$36,329,000 for the year ended December 31, 2010 compared to A\$37,886,000 for the year ended December 31, 2009.

Liquidity and Capital Resources

We have historically funded our operations through fund raisings noted below.

As of December 31, 2011, the Company has cash of A\$1,714,000 (US\$1,744,000).

During 2011, net cash used in operating activities was A\$19,386,000 (US\$19,721,000), as compared to A\$33,513,000 in 2010, primarily consisting of the net loss of A\$46,696,000 (US\$47,510,000) (2010: A\$40,132,000) adjusted for non cash items including depreciation and amortization of A\$4,052,000 (US\$4,123,000) (2010: A\$2,946,000), a decrease in accounts receivable of A\$664,000 (US\$676,000) (2010: A\$1,225,000); a decrease in prepayments and deposits of A\$804,000 (US\$818,000) (2010: increase A\$100,000); no movement in inventories in 2011 (2010: decrease A\$144,000) and an increase in accounts payable and accrued expenses of A\$11,000 (US\$11,000) (2010: decrease A\$2,252,000). The primary reason for the reduction in cash during the year has been the usage of cash in the exploration activities and for corporate costs.

During 2011, net cash used in investing activities was A\$1,617,000 (US\$1,644,000) and A\$16,851,000 in 2010. The major components in 2011 was an additional investment in consolidated entities of A\$148,000 (US\$151,000) (2010: A\$4,033,000), investment in unconsolidated entities of A\$23,000 (US\$23,000) (2010: A\$6,194,000); additions to property, plant and equipment of A\$1,912,000 (US\$1,945,000) (2010: A\$6,427,000); capitalized mine development costs A\$1,682,000 (US\$1,711,000) (2010 A\$nil); proceeds from sale of marketable securities/other investments A\$1,933,000 (US\$1,967,000) (2010: A\$nil) and proceeds from sale of property and equipment A\$215,000 (US\$219,000) (2010: A\$nil).

During 2011, net cash used by financing activities was A\$2,415,000 (US\$2,458,000) (2010: provided for A\$2,064,000) being primarily net repayments under finance leases of A\$381,000 (US\$388,000) (2010: A\$403,000); advances to affiliates of A\$2,098,000 (US\$2,135,000) (2010: A\$2,937,000) including an short term advance from and affiliate of A\$2,264,000 (US\$2,303,000) (2010: A\$nil); proceeds from lease agreements and loans of A\$301,000 (US\$306,000) (2010: A\$2,939,000) and repayments under capital lease agreements of A\$290,000 (US\$295,000) (2010: A\$nil); and in NADL, the exercise of 344,000 options for A\$53,000 (US\$54,000) (2010: A\$nil). During 2010, the proceeds of private placements offering of shares of common stock of NADL of A\$2,607,000, less costs of A\$142,000, for which there was no comparable transaction for 2011.

During the year, the Company had US\$ cash balances which when converted to Australian dollars results in a foreign exchange loss.

We plan to continue our exploration and development program throughout 2012 and the Company has an obligation to incur expenditure on phosphate projects of A\$1,800,000, diamond project of A\$3,100,000 and other commodity projects of A\$400,000. Our budget for general administration costs for 2012 is A\$2,200,000, Paradise's budget for general and administration costs for 2012 is A\$3,700,000 and NADL's budget for general administrative costs in 2012 of A\$3,100,000.

On February 13, 2012, the Company announced that it had achieved the first major milestone for financing of its 100% owned Paradise Phosphate Project.

This first step has involved a transfer of all Legend's phosphate assets into a 100% owned subsidiary of Legend; the issue of 100 million ordinary shares (100% of the issued shares of the subsidiary) by the subsidiary to Legend; and funding via a A\$7.5 million convertible note facility ("Convertible Note Agreement") which has been injected into the subsidiary through Acorn Capital Ltd ("Acorn"), an Australian financial institution. The A\$7.5 million will convert into equity in the subsidiary upon a successful Initial Public Offering ("IPO") and listing of the subsidiary on the Australian Securities Exchange ("ASX") within 12 months of the note issue date.

Acorn is a significant cornerstone investor from the Australian market and will act as a strong catalyst for further investment in the future developments of the project. Legend anticipates that by using an Australian subsidiary it is better placed to lift the profile of the world quality phosphate assets, provide a stronger trading platform that will help maximise their value and enable further capital raising to support the development of phosphate rock production and subsequent value added products.

The phosphate assets comprise the Paradise Phosphate Rock Deposits of Paradise North (historically know as Lady Jane) and Paradise South (historically known as Lady Annie), the D-Tree deposit and the deposits associated with Legend's rights and obligations under the King Eagle Joint Venture agreement (i.e. Highland Plains, Lily & Sherrin Creek and Quita Creek). The assets include the exploration and mining permits and applications associated with the above deposits and related infrastructure.

The transfer of the phosphate assets is to a 100% owned subsidiary called Paradise Phosphate Pty Ltd ("Paradise"). Legend's senior management are of the opinion that a dedicated Australian company wholly focused on phosphate is best placed to bring the project into production and is in the best interests of all Legend's stockholders. It will also assist us in seeking investment by Australian financial institutions such as Acorn and other global managed funds that have not been able to invest in stocks listed on the OTC Bulletin Board in the USA.

The convertible note facility of A\$7.5 million to Paradise is repayable 12 months from the completion date of the agreement. The notes bear interest at the nominal rate of 15% per annum (the actual amount of effective interest depends upon the event that triggers repayment). If, within 12 months of the completion date of the agreement, Paradise conducts a public offering of securities in Australia and those securities are listed on ASX, then the notes convert automatically to shares in Paradise at a conversion rate of A\$0.50 (subject to adjustment in accordance with the formula provided in the agreement).

Further, if Paradise proceeds to an IPO; (i) Paradise will be the issuer of the securities to be offered; and (ii) a disclosure document for the offer of the securities under Australian law will be made available when the shares are offered;

Funds received under the convertible note facility will be used to progress the project, its development, production and ultimately the export of phosphate rock from the phosphate deposits. The notes are secured by a security interest in the phosphate assets and in the shares of Paradise.

Paradise will continue discussions with potential strategic partners in relation to participating in the full development of the fertilizer complex in Mt Isa, Queensland, Australia. Legend has been progressing these discussions with various international industry fertilizer corporations for over 12 months and expects to finalise any potential transaction in 2012, however, any delays in finalising a transaction will not hold up the initial development of phosphate rock production.

Effective July 14, 2008, the Company entered into a Shares Option Agreement with the Indian Farmers Fertilizer Cooperative Limited ("IFFCO") to finance the Company's operations.

Under the Share Options Agreement, IFFCO received options to purchase 30 million shares of Common Stock of the Company on the following terms:

- a. 5,000,000 options, at an exercise price of US\$2.50 per share and expiring 60 days from July 11, 2008;
- b. 8,000,000 options, at an exercise price of US\$3.00 per share and expiring 12 months from July 11, 2008;
- c. 8,000,000 options, at an exercise price of US\$3.50 per share and expiring 18 months from July 11, 2008;
- d. 9,000,000 options, at an exercise price of US\$4.00 per share and expiring 24 months from July 11, 2008.

During the third quarter of 2008, the 5,000,000 options issued to IFFCO, at an exercise price of US\$2.50 per share and expiring 60 days from July 11, 2008 were exercised on August 11, 2008 and pursuant to the Share Options Agreement, received a 1.2% discount on the exercise price. The total amount received was A\$13,672,091 (US\$12,350,000) and the Company issued 5,000,000 shares of common stock. The 8,000,000 options expiring 12 months after July 11, 2008, the 8,000,000 options expiring 18 months after July 11, 2008 and the 9,000,000 options expiring 24 months after July 11, 2008 were not exercised and lapsed. The Company accounts for these options as a financing activity and accordingly, records all proceeds upon exercise of such options within stockholders' equity. The Share Options Agreement also gives IFFCO a pre-emptive right to acquire its pro rata share of future issuances of Common Stock by the Company, with certain exceptions. Pursuant to the Shares Option Agreement, the parties agreed to enter into a long-term rock off-take agreement, which shall be separately negotiated but which shall be based on certain principles which were previously described in the Company's Quarterly Report of Form 10-Q for the fiscal quarter ended June 30, 2008.

Between July 1, 2008 and December 31, 2008, 281,200 options were exercised using the cashless exercise feature and the Company issued 247,774 shares of common stock. Between July 1, 2008 and December 31, 2008, an additional 327,600 options were exercised for US\$0.111, total amount received A\$38,950 (US\$36,364) and the Company issued 327,600 shares of common stock. Between January 1, 2009 and December 31, 2009, an additional 18,000 options were exercised for US\$0.111, total amount received A\$2,763 (US\$1,998) and the Company issued 18,000 shares of common stock. Between July 1, 2010 and December 31, 2010, 333,334 options were exercised pursuant to the 2006 Equity Incentive Plan using the cashless exercise feature and the Company issued 66,282 shares of common stock. Between January 1, 2011 and December 31, 2011, an additional 9,000 options were exercised using the cashless exercise feature and the Company issued 7,572 shares of common stock.

The Company has historically funded its activities from funds provided by capital raising through the issuance of its shares and from advances from affiliated entities. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's operating requirements and its exploration and pre-development plans. Based on this process and the amount of the Company's cash and other current assets as of December 31, 2011, management believes that the Company has sufficient operating liquidity to sustain its activities through 2012. However, as the Company has not yet generated income producing activities, it will continue to seek opportunities to raise additional funds from capital raising efforts through the issuance of its shares, funding from affiliated entities as may be available and other financing arrangements until which time as the Company can commence revenue producing activities.

As future exploration and development activities will require additional financing, the Company is pursuing various strategies to accomplish this including obtaining third parties to take an ownership interest in or to provide financing for the anticipated development activities related to the phosphate project, as well as capital raising through share issuances.

Contractual Obligations	Total A\$000's	Less than 1 year A\$000's	1-3 Years A\$000's	3-5 Years A\$000's	More than 5 years A\$000's
Long term debt obligations	2,855	296	2,559	-	-
Capital lease obligations	480	283	197	-	-

Contractual Obligations	Total A\$000's	Less than 1 year A\$000's	1-3 Years A\$000's	3-5 Years A\$000's	More than 5 years A\$000's
Operating lease obligations	224	183	41	-	-
Purchase obligations	-	-	-	-	-
Other long term liabilities reflected on the consolidated balance sheet under GAAP	969	316	266	266	121
	4,528	1,078	3,063	266	121

Impact of Recent Accounting Pronouncements

For a discussion of the impact of recent accounting pronouncements on the Company's annual financial statements, see Note 2 to the Company's Consolidated Financial Statements which are included herein.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

At December 31, 2011, the Company had long-term debt of A\$2,855,000 (US\$2,905,000). As the Loan Facility is US dollars, a change in the exchange rate between the A\$ and the US\$ will have an effect on the amounts reported in the Company's consolidated financial statements, and create a foreign exchange gain or loss. A movement of 1% in the A\$ versus the US\$ exchange rate will have an A\$28,550 effect on the consolidated balance sheet and income statement.

The Company reports in A\$ and holds cash denominated in US dollars. At December 31, 2011, this amounted to US\$2,035 (A\$2,000). A change in the exchange rate between the A\$ and the US\$ will have an effect on the amounts reported in the Company's consolidated financial statements, and create a foreign exchange gain or loss. A movement of 1% in the A\$ versus the US\$ exchange rate will have an A\$210 effect on the consolidated balance sheet and income statement. The balance of cash of A\$1,712,000 is held in Australian dollars.

Item 8. Financial Statements and Supplementary Data.

See the Financial Statements beginning on page F-1.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

There have been no changes in accountants or any disagreements with accountants on any matter of accounting principles or practices or financial statement disclosures during the three years ended December 31, 2011.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Our principal executive officer and our principal financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as amended) as of the end of the period covered by this report. Based on that evaluation, such principal executive officer and principal financial officer concluded that, the Company's disclosure control and procedures were effective as of the end of the period covered by this report at the reasonable level of assurance.

Internal Control over Financial Reporting

(a) Management's Annual Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance regarding the reliability of financial statement preparation and presentation.

Management assessed the Company's internal control over financial reporting as of December 31, 2011. This assessment was based on criteria for effective internal control over financial reporting established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Based on this assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2011.

PKF O'Connor Davies, the Company's independent registered public accounting firm, has issued their report on their audit of the Company's internal control over financial reporting as of December 31, 2011, a copy of which is included herein.

(b) Attestation Report of the Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Legend International Holdings, Inc.

We have audited Legend International Holdings, Inc.'s (a Development Stage Company) internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Legend International Holdings, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based upon the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, (3) receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (4) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Legend International Holdings, Inc. (a Development Stage Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Legend International Holdings, Inc. (a Development Stage Company) as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the years ended December 31, 2009, 2010 and 2011 and the cumulative amounts from inception, January 5, 2001 through December 31, 2011 and our report dated March 14, 2012 expressed an unqualified opinion thereon.

New York, NY
March 14, 2012

/s/ PKF O'Connor Davies
A Division of O'Connor Davies, LLP

(c) Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting during the Company's fourth fiscal quarter.

(d) Other

We believe that a controls system, no matter how well designed and operated, can not provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Therefore, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our disclosure controls and procedures are designed to provide such reasonable assurance of achieving our desired control objectives, and our principal executive officer and principal financial officer have concluded, as of December 31, 2011, that our disclosure controls and procedures were effective in achieving that level of reasonable assurance.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following table sets out certain information concerning the Company's executive officers and directors.

Name	Age	Position(s) Held
Joseph Gutnick	59	Chairman of the Board President, Chief Executive Officer and Director.
David Tyrwhitt	73	Director
Manish Gupta	44	Director
Dr Allan Trench	48	Director
Henry Herzog	70	Director
Dr U.S Awasthi*	66	Former Director
Peter Lee	54	Secretary, Chief Financial Officer and Principal Accounting Officer.
Craig Michael	34	Executive General Manager
Edward Walker	40	Project Manager

* Dr. Awasthi resigned as a director on February 28, 2012

Director Qualifications

The following paragraphs provide information as of the date of this report about each director as well as about each executive officer. The information presented includes information each director has given us about his age, all positions he holds, his principal occupation and business experience for the past five years, and the names of other publicly-held companies of which he currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each director's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he should serve as a director, we also believe that all of our directors have demonstrated an ability to exercise sound judgment, as well as a commitment of service to Legend and our Board. Finally, we value their significant experience in the mining industry and other public and board committees.

Joseph Gutnick

Mr Gutnick has been Chairman of the Board, President and Chief Executive Officer since November 2004 and has been Chairman of the Board, President and Chief Executive Officer of numerous public listed companies in Australia and the USA specialising in the mining sector since 1980. Mr Gutnick is currently Chairman of the Board, President and Chief Executive Officer of Golden River Resources Corporation, Northern Capital Resources Corporation, Great Central Resources Corporation, Chairman of the Board and President of Electrum International, Inc. and Aurum, Inc., US corporations; and Executive Chairman and Managing Director of North Australian Diamonds Limited, Top End Uranium Limited and Quantum Resources Limited, all listed on Australian Securities Exchange. He has previously been a Director of Hawthorn Resources Limited, Astro Diamond Mines NL, Acadian Mining Corporation and Royal Roads Corporation in the last five years. Mr Gutnick was previously been a Director of the World Gold Council. He is a Fellow of the Australasian Institute of Mining & Metallurgy and the Australian Institute of Management and a Member of the Australian Institute of Company Directors.

Mr Gutnick's extensive experience in leading teams in building and operating major mining operations in Australia as well as his experience in founding and serving as the chief executive officer and chairman of a number of public companies will provide our Board with valuable executive leadership and management experience.

Mr Gutnick devotes a majority of his business time to the affairs of the Company.

David Tyrwhitt

Dr Tyrwhitt was appointed a Director in March 2005. He is a geologist, holding a Bachelor of Science and PhD degrees and has 50 years experience in mineral exploration and management development and operation of gold and diamond mines in Australia. Dr Tyrwhitt has been a Director of numerous public listed companies in Australia in the mining industry and is currently a Director of Hawthorn Resources Limited, Quantum Resources Limited, Golden River Resources Corp, a Delaware corporation (GORV.OB), North Australian Diamonds Limited and Northern Capital Resources Corp., a Delaware corporation since 2008. In the last five years, he has also been a Director of Astro Diamond Mines NL, Bassari Resources Ltd, Orchid Capital Ltd and South China Resources PLC

Dr Tyrwhitt's experience in working on mining projects in Australia and technical skills will provide our Board with an Australian perspective to mining operations.

Manish Gupta

Mr Gupta was originally appointed a Director in August 2008, before resigning in November 2009 due to other commitments. Mr Gupta was re-appointed as a Director in December 2010. Mr Manish Gupta graduated from the Indian Institute of Technology (IIT), Delhi, India in 1988 with a Bachelor of Technology specialising in Civil Engineering and continued his studies at the Institute of Management (IIM), Calcutta, India where he gained a Post Graduate Diploma in Management in 1990 specialising in Development, Marketing, and then at the University of Pune, Pune, India where he gained a Bachelor of Laws (LLB) in 1996 excelling in Taxation and Commercial Laws. Mr Gupta has held several positions in the Indian Government including with the Indian Taxation Office and as Deputy Secretary to the Government of India, Ministry of Chemicals and Fertilisers, and as an Additional Commissioner of Income Tax and Officer on Special Duty to the Revenue Secretary, Government of India. In May 2004, he joined IFFCO and currently heads the strategic management team of IFFCO, responsible for formulating the future vision of the society and associated strategic decision making including setting up new ventures and partnerships, acquisition of existing ventures and diversification in new areas.

Mr. Gupta's experience in the international fertilizer markets and his engineering background will provide our Board with a valuable perspective in the development of the Company's phosphate project.

Allan Trench

Dr Trench was appointed a Director in August 2008. Dr Allan Trench is a geologist/geophysicist and business management consultant with approximately 20 years experience within the Australian resources sector across a number of commodity groups and is currently Chairman of the Board and a Director of Acadian Mining Corporation (ADA:TSX), a Director of Navigator Resources Ltd, Pioneer Resources Limited, Kimberley Rare Earths, Hot Chili and Venturex Resources Limited, and was a Director of Heron Resources Ltd during the past five years. Dr Trench was the Exploration Manager for WMC for the Leinster-Mt Keith region and then managed a number of exploration companies associated with Mr Joseph Gutnick before joining McKinsey & Company as a management consultant. In his role at McKinsey, Dr Trench was an advisor to a number of large international resources companies on strategic, organization and operational issues. From 2004 to 2006 Dr Trench was employed in a contract role as corporate strategist end benchmarking manager at Woodside Energy, helping to building Woodside's capability in strategy, benchmarking and performance improvement across its global asset portfolio. Following this, he was employed by the CRU Group and was firstly responsible for global copper research managing a team of 12 analysts,

then as Regional Director - Australasia. Dr Trench also currently holds the titles of Research Professor of Mineral Economics at the Graduate School of Business, Curtin University, Adjunct Professor to the WA School of Mines, Curtin University and Research Professor (Value & Risk) at the Centre for Exploration Targeting, University of Western Australia.

Dr Trench's experience in working on complex mining projects internationally and Australia and technical skills will provide our Board with a valuable perspective on conducting business in international jurisdictions.

Henry Herzog

Mr Henry Herzog has more than 40 years of corporate and management experience. He has been a Director of the Company since August 2008. Mr Herzog has served in various positions as President, Vice President or Director of a number of publicly listed companies in Australia and the United States, predominantly in the mining sector and is currently also a Director of North Australian Diamonds Limited (NAD:ASX). Mr Herzog was responsible for the restructuring and reorganization of several publicly listed companies including Bayou International Limited, now known as Golden River Resources Corporation (GORV.OB), where he served as its President and Chief Executive Officer from 1986 to 1999 and as a Vice President from 1988-1989. For at least the past five years, Mr Herzog has also been managing a number of private investment entities. He is also a member of the Board of Trustees of a non-profit college of higher education.

Mr Herzog's experience in corporate and management of international companies will provide our Board with a valuable perspective on conducting business in international jurisdictions.

U.S. Awasthi

Dr Awasthi was appointed a Director in August 2008. Dr. Awasthi has been the Managing Director of IFFCO since February 1993, the largest producer and seller of fertilizers in India. Dr. Awasthi has worked in various pivotal positions in IFFCO & KRIBHCO and acquired all-round expertise in planning and execution of fertilizer plants and was closely associated with the construction of Hazira as well as Aonla Projects. In 1986, he joined Pyrites, Phosphates & Chemicals Limited (PPCL) as its Chairman and Managing Director. He also held additional charge as Chairman & Managing Director of Rashtriya Chemicals & Fertilizers Ltd. (RCF) from April 1991 to March 1992. Dr Awasthi was the Chairman of the Fertilizer Association of India (FAI), New Delhi, during 1994-96. He held the position of President, International Fertilizer Industry Association (IFA), Paris during 1997-99. Dr Awasthi has over 30 papers to his credit and has co-authored a book 'Fertilizer Industry in India'.

Dr Awasthi's experience in the international fertilizer markets will provide our Board with a valuable perspective on the development and operation of fertilizer plants and marketing of fertilizer products.

Dr Awasthi resigned as a Director on February 28, 2012.

Peter Lee

Mr Lee has been Chief Financial Officer since March 2005 and Secretary since November 2004. He is a Director, Chief Financial Officer and Secretary of Golden River Resources Corp, a Delaware corporation (GORV.OB), Secretary of Aurum, Inc. (AURM.OB) and Electrum International, Inc. (PNDI.OB), Chief Financial Officer and Secretary of Northern Capital Resources Corp and Great Central Resources Corp, and Chief Financial Officer and Company Secretary of North Australian Diamonds Limited, Top End Uranium Ltd and Quantum Resources Limited, all listed on Australian Securities Exchange. Mr Lee is also a Director of Acadian Mining Corporation (ADA:TSX). Mr Lee is a Member of the Institute of Chartered Accountants in Australia, a Fellow of Chartered Secretaries Australia Ltd., a Member of the Australian Institute of Company Directors and holds a Bachelor of Business (Accounting) from Royal Melbourne Institute of Technology. He has over 30 years commercial experience and is currently Chief Financial Officer and Company Secretary of several listed public companies in Australia.

Mr Lee devotes a majority of his business time to the affairs of the Company.

Craig Michael

Mr Michael has been Executive General Manager of the Company since September 2007 and has more than nine years experience in the mining and resources industry and is Chief Executive Officer of Aurum, Inc. (AURM:OB) and Electrum International, Inc. (PNDI:OB), is a Director of Quantum Resources Limited (QUR:ASX), North Australian Diamonds Limited (NAD:ASX) and Top End Uranium Ltd (TEU:ASX). From February 2004 to September 2007, he was employed by Oxiana Ltd where he was based in Laos in a Supervisor/Trainer role, both as a Mine Geologist and Resource Geologist at the Sepon Copper Gold Project. He was responsible for the geological interpretation of the Khanong copper-gold deposit and the surrounding oxide and primary gold deposits. In conjunction with training the national geologic staff in all mining and resource geology functions Mr Michael also conducted resource estimates for public reporting. Prior to his time with Oxiana, he was a Mine Geologist at Sons of Gwalia's Carosue Dam Gold Project in Western Australia where he also conducted his honours thesis on their flagship Karari gold deposit.

Edward Walker

Mr Walker has been Project Manager of the Company since October 2008. He has acquired extensive international experience in the mining and water sectors via a number of senior engineering and project manager roles in international organizations, including as Principal Engineer for Parsons Brinkerhoff Australia from April 2007 to October 2008 and prior to that was with Bahia Mineracao Limitada as Senior Project Manager. Mr Walker spent over 10 years in senior engineering roles in Australia and the United Kingdom before spending two years as a senior project manager of an Iron Ore Mining project run by Brazilian company Bahia Mineração Limitada (BML). He then moved to a multi-disciplinary engineering firm Parsons Brinkerhoff as a Principal Engineer responsible for business development and delivery of client projects. Mr Walker has a Bachelor of Engineering (Civil) from Swinburne University of Technology and an Executive MBA from the Business School of São Paulo.

Involvement on Certain Material Legal Proceedings During the Last Ten Years

No director, officer, significant employee or consultant has been convicted in a criminal proceeding, exclusive of traffic violations. No director, officer, significant employee or consultant has been permanently or temporarily enjoined, barred, suspended or otherwise limited from involvement in any type of business, securities or banking activities. No director, officer or significant employee has been convicted of violating a federal or state securities or commodities law.

Board of Directors

Our Certificate of Incorporation provides that there must be at least one Director of the Company. Our Board of Directors currently consists of five directors.

Directors need not be stockholders of the Company or residents of the State of Delaware. Directors are elected for an annual term and generally hold office until the next Directors have been duly elected and qualified. Directors may receive compensation for their services as determined by the Board of Directors. A vacancy on the Board may be filled by the remaining Directors even though less than a quorum remains. A Director appointed to fill a vacancy remains a Director until his successor is elected by the Stockholders at the next annual meeting of Shareholder or until a special meeting is called to elect Directors.

The executive officers of the Company are appointed by the Board of Directors. There are no family relationships between any Directors or executive officers of the Company other than as disclosed.

Our Board of Directors consists of five members, of whom three would meet the independence requirement of the NASDAQ Stock Market.

The Company encourages all Directors to attend the Annual Meeting of stockholders, either in person or by telephone. Mr. Gutnick, Mr. Herzog, Dr Tyrwhitt and Dr Trench attended the 2010 Annual Meeting. Dr Awasthi and Mr Gupta were unavailable due to business commitments.

Nominating Committee

At a meeting of the Board of Directors on August 12, 2008, it was resolved that Dr. Allan Trench, Dr. David Tyrwhitt and Mr. Henry Herzog be appointed to the Nominating Committee and that Dr. David Tyrwhitt be the Chair of the Committee. The Nominating Committee has authority and responsibilities as vested in it by the Board of Directors at a Directors Meeting held on June 27, 2008

Audit and Compensation Committees

At a meeting of the Board of Directors on August 12, 2008, it was resolved that Dr. Allan Trench, Dr. David Tyrwhitt and Mr. Henry Herzog be appointed to the Audit Committee and the Compensation Committee and that Dr. Allan Trench be the Chair of both of the Committees. It is the opinion of the Board of Directors that Dr. David Tyrwhitt, Dr. Allan Trench and Mr. Henry Herzog are independent directors as defined in Rule 10A-3 of the Securities Exchange Act of 1934. In addition, the Board believes that Dr. David Tyrwhitt, Dr. Allan Trench and Mr. Henry Herzog would meet the director independence requirements of the NASDAQ Stock Market if we were listed on such Market. The Board has designated Dr Trench as an "audit committee financial expert" under the rules and regulations of the SEC for purposes of Section 407 of the Sarbanes-Oxley Act of 2002 after determining that he meets the requirements for such designation.

Code of Ethics

We have adopted a Code of Conduct and Ethics and it applies to all Directors, Officers and employees. A copy of the Code of Conduct and Ethics will be posted on our website and we will provide a copy to any person without charge. If you require a copy, you will be able to download it from our website at www.lgdi.net or alternatively, contact us by facsimile or email and we will send you a copy.

Stockholder Communications with the Board

Stockholders who wish to communicate with the Board of Directors should send their communications to the Chairman of the Board at the address listed below. The Chairman of the Board is responsible for forwarding communications to the appropriate Board members.

Mr. Joseph Gutnick
Legend International Holdings, Inc.
PO Box 6315 St Kilda Road
Central Melbourne, Victoria 8008 Australia

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Securities Exchange Act of 1934, our Directors, executive officers and beneficial owners of more than 10% of the outstanding Common Stock are required to file reports with the Securities and Exchange Commission concerning their ownership of and transactions in our Common Stock and are also required to provide to us copies of such reports. Based solely on such reports and related information furnished to us, we believe that in fiscal 2011 all such filing requirements were complied with in a timely manner by all Directors and executive officers and 10% stockholders.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

Overview

Our executive compensation program for our Chief Executive Officer and Chief Financial Officer, and our other executive officers (including up to three of our executive officers whose total compensation exceeds \$100,000 per annum), whom we collectively refer to as our named executive officers, consists of (i) base salary and (ii) incentive compensation in the form of cash bonuses and (iii) equity-based incentive compensation awards under the Company's 2006 Equity Incentive Plan. Our executive compensation program has historically included and continues to include very few perquisites. In August 2008 the Company's Board of Directors appointed a Compensation Committee which is responsible for reviewing and approving the compensation paid by us to the named executive officers. Prior thereto, compensation decisions were determined by the full Board of Directors. The services of our named executive officers are provided to us under a Service Agreement with AXIS Consultants Pty Ltd. Cash compensation is paid to the named executive officers by AXIS and is reimbursed to AXIS by the Company.

Compensation Objectives

The Compensation Committee's philosophy is to establish executive compensation policies linked to the creation of stockholder value. Our compensation program is designed to:

- Adequately and fairly compensate executive officers in relation to their responsibilities, capabilities and contributions to the Company and in a manner that is commensurate with compensation paid by companies of comparable size and at a comparable stage of development within our industry;
- Align the interests of the executive officers with those of the stockholders with respect to short-term operating goals and long-term increases in the value of our common stock; and
- Include equity-based compensation to encourage equity ownership, creating a direct link between stockholder and management interests.

These objectives serve as the guiding principles for all the decisions the Compensation Committee makes with respect to the amount and type of compensation payable to our named executive officers.

Mix of Compensation Elements

Our executive compensation during fiscal 2011 consisted of base salary, benefits and perquisites. We do not have any formal or informal policy or target for allocating compensation between long-term and short term compensation, between cash and non-cash compensation or among the different forms of non-cash compensation. Similarly, compensation decisions regarding one compensation component do not directly affect decisions regarding other compensation elements. For example, an increase to the base salary of a named executive officer does not require a formulaic decrease to another element of the executive's compensation. Instead, we have determined subjectively on a case-by-case basis the appropriate level and mix of the various compensation components.

We believe that together all of our compensation components provide a balanced mix of base compensation and compensation that is contingent upon each executive officer's individual performance and our overall performance. A goal of the compensation program is to provide executive officers with a reasonable level of security through base salary and benefits, while rewarding them through incentive compensation to achieve business objectives and create stockholder value. We believe that each of our compensation components is critical in achieving this goal. Base salaries provide executives with a base level of monthly income and security. long-term equity incentive awards link the interests of our executives with our stockholders, which motivates our executives to create stockholder value. In addition, we want to ensure that our compensation programs are appropriately designed to encourage executive officer retention, which is accomplished through all of our

compensation elements. We also consider whether the Company's executive compensation programs encourage excessive risk taking or raise the Company's risk profile, which we do not believe to be the case.

Components of Compensation

Base Salary. The base salaries for the Company's named executive officers for the year ended December 31, 2011 were reviewed effective June 2011 by AXIS with the consultation and approval of the Company's Compensation Committee. The services of our named executive officers are provided to us under a Service Agreement with AXIS Consultants Pty Ltd. Cash compensation is paid to the named executive officers by AXIS and is reimbursed to AXIS by the Company. AXIS advised that adjustments to base salaries are generally determined based upon a number of factors, including the client companies performance (to the extent such can fairly be attributed or related to each executive's performance), as well as the nature of each executive's responsibilities, capabilities and contributions, and whether their salary fairly reflect job responsibilities and prevailing market conditions and rates of pay. AXIS advised that it considered each of these factors but did not assign a specific value to each factor in setting base salaries for 2011. The Company believes that the remuneration (including salaries) charged to the Company by AXIS for the Company's named executive officers have historically been reasonable in relation to the Company's size and performance. We do not use benchmarking as a fixed criteria to determine compensation. Rather, after subjectively setting compensation based on the above factors, we reviewed the compensation paid to officers based on our knowledge of salaries paid in the industry in Australia to obtain a general understanding of the reasonableness of base salaries and other compensation payable to our named executive officers. AXIS has advised that the level of remuneration charged to the Company for the named executive officers for the year ended December 31, 2011 was comparable to 2010 as a result of the continuing significant amount of time spent by those named executive officers with the development of the phosphate project of the Company, the investments of the Company and corporate compliance matters dealt with as a result of the increase in the level of activity. The Company acknowledged the increase in activity referred to by AXIS and believes the increase in the level of remuneration appropriate given the circumstances.

Cash Bonuses AXIS with the acknowledgement of the Company, did not pay cash or other bonuses in 2011 or 2010 given the status of the Company's phosphate project. In 2009, AXIS with the acknowledgement of the Company awarded cash bonuses to the Company's named executive officers for the period July 2008 to December 2009 to acknowledge the significant work undertaken by the named executives of the Company in advancing the phosphate project of the Company for the benefit of shareholders. The bonuses were not based on a predetermined formula. In determining the contribution of each individual executive, the Company acknowledged the contribution of each of the executive management team in the efficient running of the Company, Mr. Gutnick and Michael in the Company's negotiations with external parties in the advancement of the Company's affairs and activities, Mr. Walker's contribution in leading the development team in pre-development activities and negotiations with potential infrastructure companies; and Mr. Lee's contribution in leading the finance, corporate and secretarial team through the increasing compliance and reporting matters in connection with the Company's acquisition of its interest in NADL. Each of the bonuses were based on a flat amount plus an amount of 10% of salary. The Company's independent directors, at the time, were consulted on the bonuses and determined that the bonuses were reasonable given the overall advancement of the Company's activities.

2006 Equity Incentive Plan. Under the 2006 Equity Incentive Plan, certain management and key employees of the Company are granted time-based options to purchase common stock issued by us. Time-based options generally vest ratably over a three-year period on the anniversary of the date of the grant. Time-based options generally vest upon a change of control, subject to certain conditions, and expire ten years from the date of grant. Our Board of Directors believes that equity-based compensation awards foster and promote our long-term financial success by linking the interests of our executive management team with our stockholders. The Board also believes that increasing the personal equity stake of our executive officers in our continued success and growth can

potentially materially increase stockholder value. Equity-based compensation awards also enable us to attract and retain the services of an outstanding management team, upon which the success of our operations are largely dependent.

Benefits and Perquisites

We also offer to certain executives limited perquisites as a method of compensation and provide executive officers with only those perquisites that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. The perquisites provided to the named executive officers include vehicle allowances and superannuation and are quantified in the Summary Compensation Table below.

In accordance with the laws of Australia, AXIS pays an amount equal to 9% of a named executives base salary into superannuation. Executives have the ability to make further contributions to a superannuation fund. Furthermore, in accordance with the laws of Australia, the named executives have the ability to direct superannuation contributions to a superannuation fund of their choosing. Superannuation funds are accumulation funds and are not defined benefit funds, therefore, AXIS nor the Company has a legal obligation to the superannuation funds other than remitting contributions, which AXIS have advised have been made to superannuation funds as required by law.

Accounting and Tax Treatment

The accounting treatment of our compensation plans is not a significant factor in how we design our executive compensation plans. Section 162(m) of the Internal Revenue Code of 1986, as amended, generally denies publicly-held corporations a federal income tax deduction for compensation exceeding \$1,000,000 paid to named executive officers, excluding performance-based compensation. Through December 31, 2011, we have not paid compensation to any of our named executive officers in excess of \$1,000,000, excluding performance-based compensation, thus Section 162(m) has not limited our ability to deduct executive compensation, however the Compensation Committee will continue to monitor the potential impact of this provision on our ability to deduct executive compensation.

Elements of Post-Termination Compensation

The Company does not currently have a severance plan or similar agreement with any named executive officers. Under the 2006 Equity Incentive Plan, upon a merger, reorganization, or sale of the Company, the Committee may (i) provide that any or all options are exercisable in full; (ii) provide for the substitution of any or all options by a successor or purchaser Company; or (iii) make any other provision for outstanding options as the Committee deems appropriate. After the termination of service of an employee, director or consultant, (other than termination for cause) he or she may exercise his or her option for the period of time stated in the option agreement. Generally, if termination is due to death or disability, the option will remain exercisable for 12 months. In all other cases, the option will generally remain exercisable for three months following the termination of service. However, in no event may an option be exercised later than the expiration of its term. Upon a change in control, all outstanding options become fully vested and exercisable.

Stock Ownership Guidelines

The Company does not have stock ownership guidelines for its named executives; however, the Committee considers the number of options previously granted to named executives in determining whether to grant additional options and in what amounts.

Compensation Committee Report

The Compensation Committee, comprised of independent directors, reviewed and discussed the above Compensation Discussion and Analysis with the Company's management. Based on that review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

Compensation Committee:

Dr. Allan Trench
 Dr. David Tyrwhitt
 Mr. Henry Herzog

The following table sets forth the annual salary, bonuses and all other compensation awards and pay outs on account of our Chief Executive Officer, Chief Financial Officer and Secretary, Executive General Manager and Project Manager for services rendered to us during the fiscal years ended December 31, 2009, 2010 and 2011.

Summary Compensation Table

Name and Principal Position	Year	Salary (A\$)	Bonus (A\$)	Stock Awards (A\$)	Option Awards (A\$)	Non-Equity Incentive Plan Compensation (A\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (A\$)	All Other Compensation (A\$)	Total (A\$)
Joseph Gutnick, Chairman of the Board, President and CEO	2011	594,969	-	-	-	-	-	92,749	687,718
	2010	718,031	-	-	-	-	-	158,557	876,588
	2009	675,210	125,000	-	-	-	-	147,886 (i)	948,096
Peter Lee, CFO & Secretary	2011	278,196	-	-	-	-	-	44,066	322,262
	2010	309,389	-	-	-	-	-	85,248	394,637
	2009	309,596	82,500	-	-	-	-	98,417 (i)(ii)	490,513
Craig Michael, Executive General Manager	2011	276,801	-	-	-	-	-	243,093	510,894
	2010	323,750	-	-	-	-	-	112,710	436,460
	2009	254,377	77,500	-	-	-	-	75,170 (i)(ii)	407,047
Edward Walker, Project Manager	2011	240,590	-	-	-	-	-	67,765	308,355
	2010	275,000	-	-	-	-	-	27,990	302,990
	2009	240,837	75,000	-	-	-	-	40,291 (i)(ii)	356,128

- (i) Includes share of superannuation contributions made by AXIS applicable to salaries charged to the Company.
- (ii) Includes share of cost of motor vehicle costs made by AXIS applicable to Messrs. Lee, Michael and Walker and accommodation for Mr Michael as charged to the Company.

The services of our Chief Executive Officer, Chief Financial Officer & Secretary, Executive General Manager and Project Manager are provided to us pursuant to a Service Agreement effective December 1, 2004 (the "Service Agreement") by and between AXIS Consultants Pty Limited and ourselves.

Grants Of Plan-Based Awards In Fiscal 2011

There were no options granted to executive officers during fiscal 2011.

Outstanding Equity Awards at Fiscal Year-End

Option Awards								Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Been Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Joseph Gutnick, Chairman of the Board, President and CEO	5,000,000 2,250,000	- -	-	US\$2.00 US\$1.00	2/07/18 9/19/16	-	-	-	-
Peter Lee, CFO and Secretary	787,500 787,500 1,000,000	- - -	-	US\$0.444 US\$1.00 US\$1.00	9/19/16 9/19/16 12/28/17	- - -	- - -	- - -	- - -
Craig Michael, Executive General Manager	150,000 150,000 1,250,000	- - -	- - -	US\$0.444 US\$1.00 US\$1.00	9/10/17 9/10/17 12/28/17	- - -	- - -	- - -	- - -
Edward Walker, Project Manager	500,000	-	-	US\$1.00	04/12/18	-	-	-	-

2006 Equity Incentive Plan

The 2006 Plan provides for the granting of options. The maximum number of shares available for awards is 10% of the issued and outstanding shares of Common Stock on issue at any time. If an option expires or is cancelled without having been fully exercised or vested, the remaining shares will generally be available for grants of other awards.

The 2006 Plan is administered by the Board comprised solely of directors who are not employees or consultants to Legend or any of its affiliated entities.

Any employee, director, officer, consultant of or to Legend or an affiliated entity (including a company that becomes an affiliated entity after the adoption of the 2006 Plan) is eligible to participate in the 2006 Plan if the Committee, in its sole discretion, determines that such person has contributed significantly or can be expected to contribute significantly to the success of Legend or an affiliated entity. During any one year period, no participant is eligible to be granted options to purchase more than 5% shares of our issued and outstanding Common Stock or if they provide investor relations activities, or are a consultant to the Company, 2% of the issued and outstanding shares of Common Stock in any 12 month period.

Options granted under the 2006 Plan are to purchase Legend Common Stock. The term of each option will be fixed by the Board, but no option will be exercisable more than 10 years after the date of grant. The option exercise price is fixed by the Board at the time the option is granted. The exercise price must be paid in cash. Options granted to participants vest and have a term of 10 years.

No award is transferable, or assignable by the participant except upon his or her death.

The Board may amend the 2006 Plan, except that no amendment may adversely affect the rights of a participant without the participant's consent or be made without stockholder approval if such approval is necessary to qualify for or comply with any applicable law, rule or regulation the Board deems necessary or desirable to qualify for or comply with.

Subject to earlier termination by the Board, the 2006 Plan has an indefinite term except that no ISO may be granted following the tenth anniversary of the date the 2006 Plan is approved by stockholders.

Other than the issue of these Options, there are no other current plans or arrangements to grant any options under the 2006 Plan.

Compensation Pursuant to Plans

The Company does not have any pension or profit sharing plans. The Company does not have any employees and therefore has no superannuation obligations.

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2011, information regarding options under our 2006 stock option plan, our only active plan. The 2006 stock option plan has been approved by our stockholders. Outstanding options under this plan that are forfeited or cancelled will be available for future grants. All of the options are for the purchases of our Common Stock.

	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available future issuance under equity compensation (excluding securities reflected in Column One)
Equity compensation plans approved by security holders	22,575,000	A\$1.33	2,419,008
Equity compensation plans not approved by security holders	-	-	-

Director Compensation

Name	Fees Earned or Paid in Cash (A\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (A\$)
David Tyrwhitt	64,000	-	-	-	-	-	64,000
Dr US Awasthi	60,000	-	-	-	-	-	60,000
Manish Gupta	62,000	-	-	-	-	-	62,000
Dr Allan Trench	66,000	-	-	-	-	-	66,000
Henry Herzog	60,000	-	-	-	-	-	60,000

It is our policy to reimburse Directors for reasonable travel and lodging expenses incurred in attending Board of Directors meetings. Commencing April 1, 2008, non-executive Directors are to be paid A\$60,000 per annum and fees for attendance at board committee meetings have been set at A\$1,500 per meeting.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets out, to the best of our knowledge, the numbers of shares in us beneficially owned as at March 15, 2012 by:

- (i) each of our present Executive Officers and Directors,
- (ii) each person (including any “group” as that term is defined in Section 13(d)(3) of the Securities Exchange Act) who beneficially owns more than 5% of our Common Stock, and
- (iii) all of our present Directors and officers as a group.

Title of Class	Name	Number of Shares Owned		Percentage of Shares (1)
Shares of Common Stock	Joseph and Stera Gutnick *	75,926,726	(2)(3)(4)(5)	32.49
Shares of Common Stock	David Tyrwhitt *	1,000,000	(6)	**
Shares of Common Stock	Manish Gupta	350,000	(8)	**
Shares of Common Stock	Allan Trench *	350,000	(9)	**
Shares of Common Stock	Henry Herzog *	1,234,940	(10)(11)	**
Shares of Common Stock	Peter Lee *	2,575,000	(12)	1.12
Shares of Common Stock	Craig Michael *	1,550,000	(13)	**
Shares of Common Stock	Edward Walker *	500,000	(14)	**
	All officers and Directors As a Group	83,486,666		34.73
Shares of Common Stock	Attara Fund Ltd. 767 Fifth Avenue – 12 th Fl. New York, NY 10153	24,037,431	(15)	10.62
Shares of Common Stock	Kisan International Trading, FZE Emaar Business Park No.2, Office 562, Jebel Ali Dubai, UAE Post Box 261835	34,300,464	(16)	15.1
Shares of Common Stock	Soros Fund Management LLC 888 Seventh Avenue New York, NY 10106	23,431,180	(17)	10.35

* unless otherwise indicated, the address for each person is C/- Legend International Holdings, Inc., Level 8, 580 St Kilda Road, Melbourne, Victoria 3004, Australia.
 ** less than 1%

Notes relating to Item 12:

- (1) Based on 226,407,246 shares outstanding as of March 15, 2012.
- (2) Includes 48,775,476 shares of Common Stock owned by Renika Pty. Ltd., of both of which Mr Joseph Gutnick, Stera M. Gutnick and members of their family are officers, Directors and principal stockholders.

- (3) Includes shares issuable to Mr Joseph Gutnick upon exercise of 7,250,000 stock options which have vested.
- (4) Joseph Gutnick and Stera Gutnick are husband and wife.
- (5) Includes 19,901,250 shares of Common Stock owned by Chabad House of Caulfield Pty Ltd. ("Chabad House"), a private corporation that is the trustee of the Heichal Menachem Community Centre Fund, a charitable organization. Joseph Gutnick and Stera Gutnick are directors of Chabad House but disclaim any beneficial interest in the shares of Common Stock owned by Chabad House.
- (6) Include shares issuable to Mr Tyrwhitt upon exercise of 1,000,000 stock options which have vested.
- (7) [Intentionally Omitted.]
- (8) Includes shares issuable to Mr Gupta upon exercise of 350,000 stock options which have vested.
- (9) Includes shares issuable to Dr Trench upon exercise of 350,000 options which have vested.
- (10) Includes 884,940 shares of Common Stock owned by Riccalo Pty. Ltd., of which Mr Henry Herzog and members of his family are officers, Directors and principal stockholders.
- (11) Includes shares issuable to Mr Herzog upon exercise of 350,000 stock options which have vested.
- (12) Includes shares issuable to Mr Peter Lee upon exercise of 2,575,000 stock options which have vested.
- (13) Includes shares issuable to Mr Craig Michael upon exercise of 1,550,000 stock options which have vested.
- (14) Includes shares issuable to Mr Walker upon exercise of 500,000 stock options which have vested.
- (15) In accordance with a Schedule 13G dated February 14, 2012, Attara Capital L.P., Attara Fund Ltd and Mr David Slager may be deemed to be beneficial owners of the shares of Common Stock.
- (16) Includes 34,300,464 shares of common stock owned by Kisan International Trading, FZE, a subsidiary of Indian Farmers Fertilizer Cooperative Limited ("IFFCO").
- (17) Based upon a Schedule 13G/A filed with the SEC on January 6, 2012: Represents Shares held for the account of Quantum Partners LP, a Cayman Islands exempted limited duration company ("Quantum Partners") Quantum EMEA Fund Ltd., a Cayman Islands exempted limited liability company ("Quantum EMEA"), and RS Capital Partners Ltd., a Cayman Islands exempted limited liability company ("RE Capital"). Soros Fund Management LLC ("SFM LLC") serves as principal investment manager to Quantum Partners, Quantum EMEA, and RS Capital. As such, SFM LLC has been granted investment discretion over portfolio investments, including the Shares, held for the account of Quantum Partners, Quantum EMEA, and RS Capital. George Soros serves as Chairman of SFM LLC, Robert Soros serves as Deputy Chairman of SFM LLC, and Jonathan Soros serves as President and Deputy Chairman of SFM LLC.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

In December 2004, the Company entered into an agreement with AXIS Consultants Pty Ltd to provide geological, management and administration services to the Company. AXIS is affiliated through common management and is incorporated in Australia. AXIS' principal business is to provide geological, management and administration services to companies. We are one of ten affiliated companies that AXIS provides services to, namely, Legend, Quantum Resources Limited, North Australian Diamonds Ltd, Top End Uranium Ltd, Northern Capital Resources Corp, Golden River Resources Corp, Great Central Resources Corp. (formerly Yahalom International Resources Corp), Aurum Inc, Electrum International Inc., Acadian Mining Corporation. Each of the companies has some common Directors, officers and shareholders. In addition, each of the companies is substantially dependent upon AXIS for its senior management and certain mining and exploration staff. A number of arrangements and transactions have been entered into from time to time between such companies. It has been the intention of the affiliated companies and respective Boards of Directors that each of such arrangements or transactions should accommodate the respective interest of the relevant affiliated companies in a manner which is fair to all parties and equitable to the shareholders of each. Currently, there are no material arrangements or planned transactions between the Company and any of the other affiliated companies other than AXIS.

Legend holds a 9.09% interest in AXIS at a cost of A\$1 and which is accounted for under the cost method and any profits generated by AXIS are returned to its shareholders in the form of dividends. The majority shareholder (72.73%) of AXIS is a third party independent of Legend Directors and management (J I Gutnick and his family or any of their private companies do not hold any shares in AXIS).

AXIS is paid by each company it manages for the costs incurred by it in carrying out the administration function for each such company. Pursuant to the Service Agreement, AXIS performs such functions as payroll, maintaining employee records required by law and by usual accounting procedures, providing insurance, legal, human resources, company secretarial, land management, certain exploration and mining support, financial, accounting advice and services. AXIS procures items of equipment necessary in the conduct of the business of the Company. AXIS also provides for the Company various services, including but not limited to the making available of office supplies, office facilities and any other services as may be required from time to time by the Company as and when requested by the Company.

We are required to reimburse AXIS for any direct costs incurred by AXIS for the Company. In addition, we are required to pay a proportion of AXIS's overhead cost based on AXIS's management estimate of our utilization of the facilities and activities of AXIS plus a service fee of not more than 15% of the direct and overhead costs. Amounts invoiced by AXIS are required to be paid by us. We are also not permitted to obtain from sources other than AXIS, and we are not permitted to perform or provide ourselves, the services contemplated by the Service Agreement, unless we first requests AXIS to provide the service and AXIS fails to provide the service within one month.

The Service Agreement may be terminated by AXIS or us upon 60 days prior notice. If the Service Agreement is terminated by AXIS, we would be required to independently provide, or to seek an alternative source of providing, the services currently provided by AXIS. There can be no assurance that we could independently provide or find a third party to provide these services on a cost-effective basis or that any transition from receiving services under the Service Agreement will not have a material adverse effect on us. Our inability to provide such services or to find a third party to provide such services may have a material adverse effect on our operations.

In accordance with the Service Agreement AXIS provides the Company with the services of our Chief Executive Officer, Chief Financial Officer, geologists and clerical employees, as well as office facilities, equipment, administrative and clerical services. We pay AXIS for the actual costs of such facilities plus a maximum service fee of 15%.

During the 2011 year, AXIS charged the Company A\$5,939,000 in management fees including salaries incurred in relation to AXIS staff that provided services to the Company, A\$7,228,000 for exploration services provided to the Company, interest of A\$136,000, and provided advances of A\$17,697,000. AXIS charged interest at a rate of 11.19% for 2011. The amount due from AXIS at December 31, 2011 was A\$7,484,000 (September 2011: A\$6,740,000). At December 31, 2011, management considered the recoverability of the amount owed by AXIS and, in accordance with the requirements of accounting standards, has provided a provision for doubtful receivable of \$6,839,000. The net amount of A\$645,000 is included under non-current assets – advances to affiliates

During 2010, AXIS charged the Company A\$7,003,000 in management fees including salaries incurred in relation to AXIS staff that provided services to the Company, A\$7,599,000 for exploration services provided to the Company, interest of A\$174,000, and provided advances of A\$17,318,000. AXIS charged interest at a rate between 10.05% and 11.19% for 2010. The amount due from AXIS at December 31, 2010 was A\$2,818,000, and is included under non-current assets – advances to affiliates.

During the 2011 year, Edinox Pty Ltd a company associated with Mr J I Gutnick, advanced the Company A\$2,264,000. Under the terms of the agreement the advance is repayable on April 2, 2012 but maybe extended and Edinox charges interest at the rate of 6.32%. The Company has provided security in the form of properties owned by Legend for the advance. For 2011, Edinox charged the Company interest of A\$31,000. At December 31, 2011 the Company owes Edinox A\$2,295,000

The Company appointed Mr Mordechai Gutnick, as the Company's General Manager, Business in December, 2007. Mr Gutnick is the son of Joseph Gutnick, the Company's President and Chairman of the Board. Mr Mordechai Gutnick receives an annual salary paid via AXIS. In addition, in December, 2007, Mr Mordechai Gutnick was granted 2,000,000 stock options.

During the 2011 year, the Company increased its investment in North Australian Diamonds Ltd ("NADL") through on-market purchases on the Australian Securities Exchange. At December 31, 2011, the Company held 50.69% of the issued shares of NADL. The Company's President and Chief Executive Officer, Executive General Manager and two of its independent Directors are Executive Chairman and Managing Director, and Directors respectively of NADL. In addition, the Company's President is a director and officer of Great Central Resources Corporation ("GCRC"). During Legend's takeover bid for NADL in 2009, GCRC tendered 378,275,603 NADL shares to the Company for which it received A\$3,058,660, or A\$0.008 per share, which represented its cost of purchase for the NADL shares and was less than the A\$0.015 per share purchase price paid to the non-affiliated shareholders of NADL. All of the shares in GCRC are held in trust by Northern Raizel Pty Ltd., as trustee of a family trust for the benefit of members of the Company's President's family. The Company's President is a director and a stockholder of Northern Raizel. The Company's President did not take part in any material decision made by either the Company or NADL relating to the offer and/or the takeover bid.

During the 2009 year, the Company and NADL entered into a camp access agreement and airfield access agreement relating to the Merlin camp and airstrip to allow the Company to utilize these facilities. During the 2011 year, NADL charged the Company A\$348,000 (2010: A\$527,000) under the camp access agreement, and for other direct costs incurred on behalf of Legend. NADL was charged by the Company A\$191,000 (2010: A\$123,000) for direct costs incurred on behalf of NADL. The Company paid NADL A\$227,000 (2010: A\$381,000). At December 31, 2011, the amount due from NADL was A\$45,000 and at December 31, 2010, the Company owed NADL A\$25,000.

During the 2011 year, the Company took additional private placements of shares of common stock in Northern Capital Resources Corp ("NCRC"). At December 31, 2011, the Company held 31.50% of the shares of NCRC. The Company's President and Chief Executive Officer and one of its independent Directors (Dr Tyrwhitt) are President and Chief Executive Officer and Director respectively of NCRC and certain companies with which the Company's President is affiliated own approximately 39.85% of the outstanding shares of

NCRC. The amount due from NCRC at December 31, 2011 was A\$63,000 and is included under non-current assets – advances to affiliates.

Transactions with Management.

We have a written policy that we will not enter into any transaction with an Officer, Director or affiliate of us or any member of their families unless the transaction is approved by a majority of our disinterested non-employee Directors and the disinterested majority determines that the terms of the transaction are no less favourable to us than the terms available from non-affiliated third parties or are otherwise deemed to be fair to us at the time authorized.

Item 14. Principal Accounting Fees and Services.

The following table shows the fees incurred for fiscal 2011 and 2010.

	<u>2011</u> <u>A\$000s</u>	<u>2010</u> <u>A\$000s</u>
Audit fees	186	212
Tax fees	<u>21</u>	<u>33</u>
Total	<u><u>207</u></u>	<u><u>245</u></u>

Audit fees were for the audit of our annual financial statements, review of financial statements included in our 10-Q quarterly reports, and services that are normally provided by independent auditors in connection with our other filings with the SEC. This category also includes advice on accounting matters that arose during, or as a result of, the audit or review of our interim financial statements.

Tax fees relate to the preparation of the Company's tax returns and various tax planning and compliance related filings.

As part of its duties, our Audit Committee pre-approves audit and non-audit services performed by our independent auditors in order to assure that the provision of such services does not impair the auditors' independence. Our Audit Committee does not delegate to management its responsibilities to pre-approve services performed by our independent auditors.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

Documents filed as part of the report.

(1)	All Financial Statements	<u>Page</u>
	Report of Independent Registered Public Accounting Firm	F-1
	Consolidated Balance Sheet	F-2
	Consolidated Statements of Operations	F-3
	Consolidated Statements of Stockholders' Equity (Deficit)	F-4
	Consolidated Statements of Cash Flows	F-9
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(2) Financial Statements Schedule

All other schedules have been omitted because they are not applicable or not required, or because the required information is shown in the consolidated financial statements or notes thereto.

(3) Exhibits

See Index to Exhibits at page 74 for a description of the exhibits filed as a part of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorised.

LEGEND INTERNATIONAL HOLDINGS, INC.

(Registrant)

By: /s/ Peter Lee
.....
Peter J Lee
Chief Financial Officer and Secretary

Dated: March 15, 2012

FORM 10-K Signature Page

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
1. /s/ Joseph Gutnick Joseph Gutnick	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer) and Director	March 15, 2012
2. /s/ David Tyrwhitt David Tyrwhitt	Director	March 15, 2012
3. /s/ Peter Lee Peter Lee	Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	March 15, 2012
4. Manish Gupta	Director	March 15, 2012
5. /s/ Allan Trench Allan Trench	Director	March 15, 2012
6. /s/ Henry Herzog Henry Herzog	Director	March 15, 2012

EXHIBIT INDEX

Incorporated by Reference to:

Exhibit No.	Exhibit
1.1	Subscription Agreement (1)
3.1	Certificate of Incorporation (1)
3.2	Amended Certificate of Incorporation (2)
3.3	Bylaws (1)
3.4	Specimen Stock Certificate (1)
3.5	Amendment to Certificate of Incorporation dated December 5, 2007 (6)
3.6	Amendment to Certificate of Incorporation dated August 2, 2011 (14)
10.1	2006 Incentive Option Plan (3)
10.2	Contract for the Sale of Mining Tenements (4)
10.3	Subscription Agreement dated as of December 12, 2007 (6)
10.4	Agreement with Iron Dufken Pty Limited dated November 2, 2007 (7)
10.5	Agreement with Ansett Resources & Industries Pty Ltd. dated November 7, 2007 (7)
10.6	Agreement with King Eagle Resources Pty Limited dated December 7, 2007 (8)
10.7	Form of Subscription Agreement for BMO Offering (9)
10.8	Agency Agreement dated as of June 3, 2008 (9)
10.9	Registration Rights Agreement dated as of June 3, 2008 (9)
10.10	Form of Broker Warrant (9)
10.11	Share Options agreement dated July 14, 2008 with Indian Farmers Fertilizer Cooperative Limited (IFFCO)(10)
10.12	Service Agreement with AXIS Consultants Pty Ltd dated February 25, 2005 (11)
10.13	US\$ Aircraft Loan Facility Agreement (12)
10.14	Asset Sale Agreement dated February 7, 2012 between Legen International Holdings, Inc. and Paradise Phosphate Pty Ltd (13)
10.15	Service Deed dated February 7, 2012 between Legend International Holdings, Inc. and Paradise Phosphate Pty Ltd (13)
10.16	Convertible Note Agreement dated February 7, 2012 between Legend International Holdings, Inc., Paradise Phosphate Pty Ltd., and Australian Microcap Investments Pty Ltd. as trustee for Microcap Investment Trust 1 and Australian Microcap Investments Pty Ltd. as trustee for Microcap Investment Trust 2 (13)
10.17	Security Agreement dated February 7, 2012 between Legend International Holdings, Inc. and Acorn Capital Limited (13)
10.18	Mining Mortgage dated February 7, 2012 between Legend International Holdings, Inc. and Acorn Capital Limited (13)
10.19	Mining Mortgage dated February 7, 2012 between Paradise Phosphate Pty Ltd. and Acorn Capital Limited (13)

- 10.20 Share Mortgage dated February 7, 2012 between Legend International Holdings, Inc. and Acorn Capital Limited (13)
- 10.21 General Security Agreement dated February 7, 2012 between Paradise Phosphate Pty Ltd. and Acorn Capital Limited (13)
- 10.22 Security Trust Deed dated February 7, 2012 between legend International Holdings, Inc., Paradise Phosphate Pty Ltd., Acorn Capital Limited, and Australian Microcap Investments Pty Ltd. as trustee for Microcap Investment Trust 1 and Australian Microcap Investments Pty Ltd. as trustee for Microcap Investment Trust 2 (13)
- 21.1 Subsidiaries of the Registrant (5)
- 31.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Joseph Isaac Gutnick (5)
- 31.2 Certification of Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Peter James Lee (5)
- 32.1 Certification of Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Joseph Isaac Gutnick (5)
- 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Peter James Lee (5)
- 101 The following materials from the Legend International Holdings, Inc. Report on Form 10-K for the year ended December 31, 2011 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Operations, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Cash Flows and (iv) related notes.
- #101.INS XBRL Instance Document.
- #101.SCH XBRL Taxonomy Extension Schema Document.
- #101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- #101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- #101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.
- #101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
- # Filed herewith. In accordance with Rule 406% of Regulation S-%, these interactive data files are deemed “not filed” for purposes of section 18 of the Exchange Act, and otherwise are not subject to liability under that section.

Footnotes:

- (1) Incorporated herein by reference to the Company’s Registration Statement on Form SB-2, filed on February 2, 2001, File No. 333-55116, and the amendments thereto.
- (2) Incorporated herein by reference to the Company’s current report on Form 8-K filed on March 21, 2003.
- (3) Incorporated herein by reference to the Appendix to the Company’s Proxy Statement filed on October 19, 2006.
- (4) Incorporated by reference to the Company’s current report on Form 8-K filed on March 10, 2006.
- (5) Filed herewith
- (6) Incorporated herein by reference to the Company’s Form 10-K filed on March 17, 2008

- (7) Incorporated herein by reference to the Company's Current Report on Form 8-K filed on December 28, 2007.
- (8) Incorporated herein by reference to the Company's Current Report on Form 8-K filed on December 28, 2007.
- (9) Incorporated herein by reference to the Company's Post Effective Amendment No 1 Registration Statement on Form S-1 filed on July 18, 2008 (SEC File No. 333-145082).
- (10) Incorporated herein by reference to the Company's current Report on Form 8-K filed on July 16, 2008.
- (11) Incorporated herein by reference to the Company's Current Report on Form 8-K filed on March 8, 2005.
- (12) Incorporated herein by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.
- (13) Incorporated by reference to the Company's Current Report on Form 8-K filed on February 16, 2012.
- (14) Incorporated herein by reference to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011.

Consolidated Financial Statements for the years ended December 31, 2011 and 2010.

Legend International Holdings, Inc.

Audited Consolidated Financial Statements for the Company for the years ended December 31, 2011 and 2010.

EXHIBIT 21

List of Subsidiaries as at December 31, 2011

Each of the following subsidiaries is wholly-owned by the Registrant.

Legend International Holdings Limited*

Legend Diamonds Pty Ltd*

Teutonic Minerals Pty Ltd*

Alexya Pty Ltd

Paradise Phosphate Pty Ltd

* These entities are inactive.

Each of the following subsidiaries is partly-owned by the Registrant.

North Australian Diamonds Ltd (50.69%)

Striker Diamonds Pty Ltd*

Merlin Diamonds Pty Ltd*

* Wholly owned subsidiaries of North Australian Diamonds Ltd

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph Isaac Gutnick, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Legend International Holdings, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2012

/s/ Joseph I. Gutnick

Name: Joseph I. Gutnick
Title: Chairman of the Board, President
and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter James Lee, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Legend International Holdings, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2012

/s/ Peter Lee

Name: Peter Lee
Title: Secretary and
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-K of Legend International Holdings, Inc. (the "Company") for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "report"), the undersigned, Joseph Isaac Gutnick, Chief Executive Officer of the Company, certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 15, 2012

/s/ Joseph I. Gutnick

Name: Joseph I. Gutnick
Title: Chairman of the Board, President
and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-K of Legend International Holdings, Inc. (the "Company") for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "report"), the undersigned, Peter James Lee, Chief Financial Officer of the Company, certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 15, 2012

/s/ Peter Lee

Peter James Lee
Secretary and
Chief Financial Officer
(Principal Financial Officer)

LEGEND INTERNATIONAL HOLDINGS, INC.
(A Development Stage Company)

Consolidated Financial Statements

December 31, 2011 and 2010

(with Report of Independent Registered Public Accounting Firm)

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Legend International Holdings, Inc

We have audited the accompanying consolidated balance sheet of Legend International Holdings, Inc (a Development Stage Company) as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the years ended December 31, 2009, 2010 and 2011 and the cumulative amounts from inception, January 5, 2001 through December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legend International Holdings, Inc. (a Development Stage Company) at December 31, 2011 and 2010, and the results of its operations and its cash flows for the periods indicated above in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As described in note 1, at December 31, 2011 the Company had not yet commenced revenue producing operations and had a retained deficit of A\$146,507,000 (US\$149,063,000). These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management's plans in regard to these matters are also discussed in note 1.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 14, 2012 expressed an unqualified opinion thereon.

New York, NY
March 14, 2012

/s/ PKF O'Connor Davies
A Division of O'Connor Davies, LLP

LEGEND INTERNATIONAL HOLDINGS, INC.
(A Development Stage Company)
Consolidated Balance Sheet
December 31, 2011

	2011 <u>A\$000s</u>	2010 <u>A\$000s</u>	<u>Convenience Translation 2011 US\$000s</u>
ASSETS			
Current Assets:			
Cash	1,714	25,166	1,744
Receivables	478	1,165	486
Prepayments	132	913	134
Inventories	110	110	112
Other investments (note 11)	-	2,784	-
Marketable securities (note 11)	-	264	-
Total Current Assets	<u>2,434</u>	<u>30,402</u>	<u>2,476</u>
Non-Current Assets:			
Property and equipment, net (note 3)	12,809	13,832	13,032
Investment in unconsolidated entities (note 7)	1,306	13,570	1,329
Other investments	200	200	204
Deposits (note 6)	1,154	1,176	1,174
Advances to affiliates (note 12)	708	3,039	720
Prepayments	27	37	28
Development costs (note 5)	1,682	-	1,711
Mineral rights (note 14)	15,493	16,892	15,763
Goodwill (note 13)	1,093	1,093	1,112
Total Non-Current Assets	<u>34,472</u>	<u>49,839</u>	<u>35,073</u>
Total Assets	<u>36,906</u>	<u>80,241</u>	<u>37,549</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	2,145	2,134	2,183
Advances from affiliates (note 12)	2,295	-	2,335
Current portion of long-term debt (note 15)	296	224	301
Lease liability (note 10)	283	455	288
Total Current Liabilities	<u>5,019</u>	<u>2,813</u>	<u>5,107</u>
Non Current Liabilities:			
Reclamation and rehabilitation provision (note 9)	969	926	986
Long-term debt (note 15)	2,559	2,611	2,604
Lease liability (note 10)	197	254	200
Total Non Current Liabilities	<u>3,725</u>	<u>3,791</u>	<u>3,790</u>
Total Liabilities	<u>8,744</u>	<u>6,604</u>	<u>8,897</u>
Commitments and Contingencies (note 17)			
Stockholders' Equity (note 8)			
Common stock: US\$.001 par value, 400,000,000 and 300,000,000 shares authorised 226,407,246 and 226,399,674 shares issued and outstanding			
	275	275	280
Additional paid-in-capital	164,200	163,808	167,064
Accumulated other comprehensive loss	(1,063)	(1,926)	(1,082)
Retained (deficit) prior to exploration activities	(839)	(839)	(854)
Retained (deficit) during exploration period	(105,495)	(101,591)	(107,335)
Retained (deficit) during development period	(40,173)	-	(40,874)
Legend Stockholders' Equity	<u>16,905</u>	<u>59,727</u>	<u>17,199</u>
Non-controlling interests	<u>11,257</u>	<u>13,910</u>	<u>11,453</u>
Total Equity	<u>28,162</u>	<u>73,637</u>	<u>28,652</u>
Total Liabilities and Equity	<u>36,906</u>	<u>80,241</u>	<u>37,549</u>

The accompanying notes are integral part of the consolidated financial statements.

LEGEND INTERNATIONAL HOLDINGS, INC.
(A Development Stage Company)
Consolidated Statements of Operations

	For the years Ended December 31			Convenience Translation 2011	January 5, 2001 (Inception) to December 31, 2011
	2009 A\$000s	2010 A\$000s	2011 A\$000s	2011 US\$000s	2011 A\$000s
Revenues:					
Sales	-	-	-	-	6
less cost of sales	-	-	-	-	(1)
Gross profit	-	-	-	-	5
Other income					
Interest income – related entity (note 12)	82	174	136	139	441
Interest income – other	3,338	2,082	506	515	9,622
Other	403	682	591	601	1,683
Total other income	3,823	2,938	1,233	1,255	11,746
Costs and expenses:					
Legal, professional and accounting	881	899	797	811	3,632
Exploration expenditure	25,609	25,705	14,860	15,119	83,898
Aircraft maintenance	1,015	587	934	950	2,815
Stock based compensation	4,260	1,728	452	460	12,772
Interest expense	65	61	292	297	563
Impairment of investment	-	-	-	-	327
Amortization of mineral rights	583	1,398	1,398	1,423	3,379
Administration expenses	8,217	10,400	7,805	7,940	37,832
Total costs and expenses	(40,630)	(40,778)	(26,538)	(27,000)	(145,218)
(Loss) from operations	(36,807)	(37,840)	(25,305)	(25,745)	(133,467)
Foreign currency exchange (loss)	(4,661)	(674)	(45)	(46)	(151)
Adjustment to fair value on stepped acquisition	2,201	-	-	-	2,201
Impairment of equity investment	-	-	(5,654)	(5,752)	(5,654)
Impairment of other investment	-	-	(719)	(732)	(719)
Allowance for doubtful receivable (note 12)	-	-	(6,839)	(6,958)	(6,839)
Realised gain(loss) on marketable securities	114	67	(66)	(67)	186
Loss on other investment	-	-	(371)	(378)	(371)
Loss from sale of property and equipment	-	-	(168)	(171)	(168)
Writeoff/writedown of assets	-	(245)	(34)	(35)	(279)
(Loss) before income taxes and equity in losses of unconsolidated entities	(39,153)	(38,692)	(39,201)	(39,884)	(145,261)
Provision for income taxes	-	-	-	-	-
(Loss) before equity in losses of unconsolidated entities	(39,153)	(38,692)	(39,201)	(39,884)	(145,261)
Equity in losses of unconsolidated entities (note 7)	(346)	(1,440)	(7,495)	(7,626)	(9,281)
Net (loss)	(39,499)	(40,132)	(46,696)	(47,510)	(154,542)
Net loss attributable to non-controlling interests	1,613	3,803	2,619	2,665	8,035
Net (loss) attributable to Legend stockholders	(37,886)	(36,329)	(44,077)	(44,845)	(146,507)
Basic and diluted loss per common shares	(0.17)	(0.16)	(0.19)	(0.20)	(1.35)
Weighted average number of common shares used in per share calculations (000s)	226,328	226,380	226,405	226,405	108,663

The accompanying notes are integral part of the consolidated financial statements.

LEGEND INTERNATIONAL HOLDINGS, INC.
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit)
for the period ended December 31, 2011

	Common Stock			Accumulated Other Comprehensive Income (Loss) A\$000s	Retained (Deficit) Prior to Exploration Activities A\$000s	Retained (Deficit) During Exploration Period A\$000s	Retained (Deficit) During Development Period A\$000s	Non-Controlling Interests A\$000s	Stockholders' Equity (Deficit) A\$000s
	Shares 000s	Par Value A\$000s	Additional Paid-In Capital A\$000s						
Balance, January 5, 2001	-	-	-	-	-	-	-	-	-
Shares issued to founder for organisation cost and services at US\$0.05 per shares	4,298	5	119	-	-	-	-	-	124
Shares issued for services rendered at US\$0.05 per share	146	-	4	-	-	-	-	-	4
Shares issued for cash	616	1	17	-	-	-	-	-	18
Net Loss	-	-	-	-	(131)	-	-	-	(131)
Balance, December 31, 2001	5,060	6	140	-	(131)	-	-	-	15
Shares issued for cash	225	-	6	-	-	-	-	-	6
Shares issued for officer's compensation	11,250	15	148	-	-	-	-	-	163
Net Loss	-	-	-	-	(183)	-	-	-	(183)
Balance, December 31, 2002	16,535	21	294	-	(314)	-	-	-	1
Shares issued for services rendered at US\$0.022 per share	5,026	7	139	-	-	-	-	-	146
Net Loss	-	-	-	-	(157)	-	-	-	(157)
Balance, December 31, 2003	21,561	28	433	-	(471)	-	-	-	(10)
Shares issued for services rendered at US\$0.022 per share	2,005	3	55	-	-	-	-	-	58
Options issued for services	-	-	161	-	-	-	-	-	161
Loan forgiveness-former major shareholder	-	-	12	-	-	-	-	-	12
Net Loss	-	-	-	-	(235)	-	-	-	(235)
Balance, December 31, 2004	23,566	31	661	-	(706)	-	-	-	(14)

LEGEND INTERNATIONAL HOLDINGS, INC.
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit)
for the period ended December 31, 2011
(continued)

	Common Stock			Accumulated Other Comprehensive Income (Loss) A\$000s	Retained (Deficit) Prior to Exploration Activities A\$000s	Retained (Deficit) During Exploration Period A\$000s	Retained (Deficit) During Development Period A\$000s	Non-Controlling Interests A\$000s	Stockholders' Equity (Deficit) A\$000s
	Shares 000s	Par Value A\$000s	Additional Paid-In Capital A\$000s						
Shares issued on cashless exercise of options	17,086	22	(22)	-	-	-	-	-	-
Net Loss	-	-	-	-	(75)	-	-	-	(75)
Balance, December 31, 2005	40,652	53	639	-	(781)	-	-	-	(89)
Shares issued on cashless exercise of options	72,281	93	(93)	-	-	-	-	-	-
Shares and options issued under settlement agreement	113	0	35	-	-	-	-	-	35
Shares issued for cash	12,757	17	3,855	-	-	-	-	-	3,872
Cost of share issues	-	-	(128)	-	-	-	-	-	(128)
Amortisation of options under stock option plan	-	-	115	-	-	-	-	-	115
Net unrealized gain on foreign exchange translation	-	-	-	38	-	-	-	-	38
Net Loss	-	-	-	-	(58)	(4,516)	-	-	(4,574)
Balance, December 31, 2006	125,803	163	4,423	38	(839)	(4,516)	-	-	(731)
Shares issued for cash	47,687	56	25,686	-	-	-	-	-	25,742
Cost of share issues	-	-	(1,675)	-	-	-	-	-	(1,675)
Shares issued for consulting fees	2,604	3	1,001	-	-	-	-	-	1,004
Shares issued on cashless exercise of options	75	-	-	-	-	-	-	-	-
Shares issued as a result of delay in lodgement of registration statement	200	-	364	-	-	-	-	-	364
Shares issued for part-settlement of the acquisition of rights to exploration licences under agreement	500	1	517	-	-	-	-	-	518

LEGEND INTERNATIONAL HOLDINGS, INC.
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit)
for the period ended December 31, 2011
(continued)

	Common Stock		Additional Paid-In Capital A\$000s	Accumulated Other Comprehensive Income (Loss) A\$000s	Retained (Deficit) Prior to Exploration Activities A\$000s	Retained (Deficit) During Exploration Period A\$000s	Retained (Deficit) During Development Period A\$000s	Non-Controlling Interests A\$000s	Stockholders' Equity (Deficit) A\$000s
	Shares 000s	Par Value A\$000s							
Amortization of options under stock option plan	-	-	376	-	-	-	-	-	376
Net Loss	-	-	-	-	-	(8,638)	-	-	(8,638)
Balance, December 31, 2007	176,869	223	30,692	38	(839)	(13,154)	-	-	16,960
Shares issued for cash	42,000	44	109,984	-	-	-	-	-	110,028
Cost of share issues		-	(5,964)	-	-	-	-	-	(5,964)
Shares issued on cashless exercise of options	1,522	2	(2)	-	-	-	-	-	-
Shares issued on exercise of options	5,436	6	13,718	-	-	-	-	-	13,724
Shares issued for consulting fees	31	-	147	-	-	-	-	-	147
Shares issued under registration rights agreement	458	-	900	-	-	-	-	-	900
Amortization of options under stock option plan	-	-	5,186	-	-	-	-	-	5,186
Net Loss	-	-	-	-	-	(14,222)	-	-	(14,222)
Balance, December 31, 2008	226,316	275	154,661	38	(839)	(27,376)	-	-	126,759
Shares issued on exercise of options	18	-	3	-	-	-	-	-	3
Amortization of options under stock option plan	-	-	4,260	-	-	-	-	-	4,260
Net unrealized loss on foreign exchange translation	-	-	-	(427)	-	-	-	-	(427)
Net Loss attributable to Legend stockholders	-	-	-	-	-	(37,886)	-	-	(37,886)
Fair value of non-controlling interest	-	-	-	-	-	-	-	10,261	10,261

LEGEND INTERNATIONAL HOLDINGS, INC.
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit)
for the period ended December 31, 2011
(continued)

	Common Stock		Additional Paid-In Capital A\$000s	Accumulated Other Comprehensive Income (Loss) A\$000s	Retained (Deficit) Prior to Exploration Activities A\$000s	Retained (Deficit) During Exploration Period A\$000s	Retained (Deficit) During Development Period A\$000s	Non-Controlling Interests A\$000s	Stockholders' Equity (Deficit) A\$000s
	Shares 000s	Par Value A\$000s							
Net change in controlling/non-controlling interest	-	-	4,842	-	-	-	-	8,700	13,542
Net loss attributable to non-controlling stockholders	-	-	-	-	-	-	-	(1,613)	(1,613)
Balance, December 31, 2009	226,334	275	163,766	(389)	(839)	(65,262)	-	17,348	114,899
Shares issued on cashless exercise of options	66	-	-	-	-	-	-	-	-
Amortization of options under stock option plan	-	-	1,728	-	-	-	-	-	1,728
Options issued for consulting fees	-	-	247	-	-	-	-	-	247
Net unrealized loss on foreign exchange translation	-	-	-	(1,537)	-	-	-	-	(1,537)
Net loss attributable to Legend stockholders	-	-	-	-	-	(36,329)	-	-	(36,329)
Adjustment due to purchase of additional shares in subsidiary	-	-	(2,705)	-	-	-	-	(1,327)	(4,032)
Adjustment due to issue of shares by subsidiary	-	-	772	-	-	-	-	1,692	2,464
Net loss attributable to non-controlling stockholders	-	-	-	-	-	-	-	(3,803)	(3,803)
Balance, December 31, 2010	226,400	275	163,808	(1,926)	(839)	(101,591)	-	13,910	73,637

LEGEND INTERNATIONAL HOLDINGS, INC.
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit)
for the period ended December 31, 2011
(continued)

	Common Stock		Additional Paid-In Capital A\$000s	Accumulated Other Comprehensive Income (Loss) A\$000s	Retained (Deficit) Prior to Exploration Activities A\$000s	Retained (Deficit) During Exploration Period A\$000s	Retained (Deficit) During Development Period A\$000s	Non-Controlling Interests A\$000s	Stockholders' Equity (Deficit) A\$000s
	Shares 000s	Par Value A\$000s							
Shares issued on cashless exercise of options	7	-	-	-	-	-	-	-	-
Amortization of options under stock option plan	-	-	452	-	-	-	-	-	452
Net unrealized loss on foreign exchange translation	-	-	-	863	-	-	-	-	863
Net loss attributable to Legend stockholders	-	-	-	-	-	(3,904)	(40,173)	-	(44,077)
Adjustment due to purchase of additional shares in subsidiary	-	-	(60)	-	-	-	-	(34)	(94)
Net loss attributable to non-controlling stockholders	-	-	-	-	-	-	-	(2,619)	(2,619)
Balance, December 31, 2011	226,407	275	164,200	(1,063)	(839)	(105,495)	(40,173)	11,257	28,162

The accompanying notes are integral part of the consolidated financial statements.

LEGEND INTERNATIONAL HOLDINGS, INC.
(A Development Stage Company)
Consolidated Statement of Cash Flows

	For the years Ended			Convenience	January 5, 2001
	2009	December 31	2010	Translation	(Inception) to
	A\$000s	A\$000s	A\$000s	2011	December 31,
				US\$	2011
					A\$
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net (Loss)	(39,499)	(40,132)	(46,696)	(47,510)	(154,542)
Adjustments to reconcile net (loss) to net cash(used) by operating activities:					
Foreign currency exchange loss	4,661	674	45	46	151
Gain(loss) on marketable securities/other investments	(114)	(67)	437	445	185
Shares and Options issued for Stock Based Compensation					
- Employees	4,260	1,728	452	460	12,772
- Consultants	-	247	-	-	778
- Exploration agreement	-	-	-	-	518
- Registration payment arrangements	-	-	-	-	1,265
Provision for reclamation and remediation	92	628	44	45	970
Loss(gain) on sale of property and equipment	(17)	-	168	171	151
Writedown/writeoff of assets	-	245	34	35	279
Depreciation and amortization	847	2,946	4,052	4,123	8,395
Adjustment to fair value on stepped acquisition	(2,201)	-	-	-	(2,201)
Equity accounting loss	346	1,440	7,495	7,626	9,281
Impairment of equity investment	-	-	5,654	5,752	5,654
Impairment of other investment	-	-	719	732	719
Allowance for doubtful receivable	-	-	6,839	6,956	6,839
Interest receivable	(82)	(139)	(139)	(141)	(409)
Accrued interest added to principal	-	-	31	31	68
Net Change in:					
Receivables	881	1,125	664	676	(780)
Prepayments and deposits	(1,130)	(100)	804	818	(1,632)
Inventories	(162)	144	-	-	(110)
Accounts payable and accrued expenses	1,608	(2,252)	11	11	1,619
Net Cash (Used) by Operating Activities	(30,510)	(33,513)	(19,386)	(19,724)	(110,030)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of marketable securities/other investments	1,272	-	1,933	1,967	3,205
Investment in marketable securities	(377)	(197)	-	-	(1,284)
Investment in equity accounted investments	(13,082)	(6,194)	(23)	(23)	(19,299)
Acquisition of subsidiary	-	-	-	-	(327)
Investment in consolidated entity	(9,198)	(4,033)	(148)	(151)	(13,379)
Additions to property and equipment	(3,356)	(6,427)	(1,912)	(1,945)	(16,490)
Additions to mine development costs	-	-	(1,682)	(1,711)	(1,682)
Proceeds from sale of property and equipment	110	-	215	219	325
Net Cash (Used) In Investing Activities	(24,631)	(16,851)	(1,617)	(1,644)	(48,931)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Advances (to) from affiliates	-	(2,935)	(2,098)	(2,135)	(5,011)
Repayment of convertible debenture	-	-	-	-	(130)
Repayment of shareholder advance	-	-	-	-	(1)
Repayment under finance leases	(354)	(403)	(381)	(388)	(1,138)
Proceeds from convertible debenture payable	-	-	-	-	130
Proceeds from loans	-	2,939	301	306	3,240
Repayment of long term debt	-	-	(290)	(295)	(290)
Shareholder advance	-	-	-	-	7
Proceeds from issuance of stock	3	-	-	-	153,392
Proceeds from issuance of stock by controlled entity	13,542	2,607	53	54	16,202
Cost of share issues	-	(142)	-	-	(7,268)
Net Cash Provided/(Used) by Financing Activities	13,191	2,066	(2,415)	(2,458)	159,133
Effect of exchange rate changes on cash	(4,661)	798	(34)	(35)	1,542
Net increase (decrease) in cash	(46,611)	(47,500)	(23,452)	(23,861)	1,714
Cash at beginning of period	119,277	72,666	25,166	25,605	-
Cash at end of period	72,666	25,166	1,714	1,744	1,714
Supplemental Disclosures:					
Cash paid for interest	64	48	268	273	447
Cash paid for income taxes	-	-	-	-	-
Stock and options issued for services	-	247	-	-	1,843
Accrued interest and stockholder advances charged to paid in capital	-	-	-	-	13
Stock issued for exploration agreement	-	-	-	-	518
Stock issued for registration payment arrangement	-	-	-	-	1,265
Equipment obtained through a capital lease	-	472	243	247	1,450
Capital lease obligation for exploration costs	-	-	-	-	4,189
Interest in relation to capital lease for exploration costs	-	-	-	-	42
Fair value of warrants in connection with issuance of capital stock	-	-	-	-	1,331

The accompanying notes are integral part of the consolidated financial statements.

LEGEND INTERNATIONAL HOLDINGS, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements

1. ORGANISATION AND BUSINESS

Legend International Holdings, Inc. ("the Company" or "Legend") was incorporated under the laws of the State of Delaware on January 5, 2001.

Following a change of management in November 2004, the Company developed a new plan of operations for fiscal 2006, which is to engage in mineral exploration and development activities. The Company's business plan calls for the identification of mineral properties where it can obtain secure title to exploration, development and mining interests. The Company's preference is to identify large minerals deposits with low operating costs. In July 2006, the Company completed the acquisition of certain diamond mining tenements in Northern Australia. In November 2007, the Company acquired mining tenements prospective for phosphate in the State of Queensland, Australia.

During the economic downturn of 2008, Legend also decided that part of the Company's strategy should be to invest into undervalued mining projects should opportunities arise. This investment would not detract from Legend's primary goal of developing the Phosphate Project and had the aim of diversifying interests to dilute the effect of identified potential project risks. This was seen as necessary by the Company due to the obviously volatile and unpredictable nature of the commodity markets at the time. Some of these investments included taking a major stake in North Australian Diamonds Ltd (NADL) which controls the Merlin Diamond Mine and includes NADL's current 31.14% interest in Top End Uranium Ltd and an investment in Northern Capital Resources Corporation which controls gold and zinc assets in Nova Scotia, Canada. These are outlined in further detail below.

Legend had been an exploration stage company between August 2006 and February 2011.

Effective March 1, 2011, Legend is reporting as a development stage company. During February 2011, the Company announced its maiden mineral reserve for its 100% owned Paradise South phosphate project. In accordance with SEC Industry Guide 7, as a result of establishing mineral reserve estimates, Legend has entered into the development stage for this project as it engages in the process of preparing the mineral deposit for extraction, while it continues with its various other exploration activities. Management considers the phosphate business as its main focus of operations and plans to devote a majority of its resources to this area. As a result of establishing the phosphate mineral reserve estimates, the Company will account for development expenditure by capitalizing such costs. Exploration costs incurred on the Company's other activities will be written off as incurred to the consolidated statements of operations. Legend is focused on the development of mining, beneficiation and processing of its 100% owned phosphate mineral reserves near Mount Isa in northwest Queensland whilst continuing its exploration activities. Legend has a phased implementation plan to become one of the world's leading suppliers of phosphate fertilizer.

The Company has historically funded its activities from funds provided by capital raising through the issuance of its shares and from advances from affiliated entities. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's operating requirements and its exploration and development plans. Based on this process and the amount of the Company's cash and other current assets as of December 31, 2011, management believes that the Company has sufficient operating liquidity to sustain its activities through 2012. However, as the Company has not yet generated income producing activities, it will continue to seek opportunities to raise additional funds from capital raising efforts through the issuance of its shares, funding from affiliated entities as may be available, debt facilities and other financing arrangements until such time as the Company can commence revenue producing activities.

As future development and exploration activities will require additional financing, the Company is pursuing varying strategies to accomplish this including obtaining third parties to take an ownership interest in or to provide financing for the anticipated development activities related to the phosphate project, as well as capital raising through share issuances. In the event the Company is unsuccessful in raising such additional capital, it may not be able to continue active operations.

The financial statements presented herein have been prepared on a consolidated basis to include the accounts of Legend, its majority owned subsidiary NADL and its wholly owned

subsidiaries Teutonic Minerals Pty Ltd and Alexya Pty Ltd. All intercompany balances and transactions have been eliminated in consolidation.

The Company's consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, Legend has incurred net losses since its inception. Notwithstanding the losses since inception, the Company has been able to continue to raise capital to fund its operations.

Other than the arrangements noted above, the Company has not confirmed any other arrangement for ongoing funding. The Company's ability to continue operations through fiscal 2012 is dependent upon future funding from capital raisings, or its ability to commence revenue producing operations and positive cash flows.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06, Fair Value Measurements and Disclosures: Improving Disclosures about Fair Value Measurements, under ASC No. 820-10. The update requires new disclosures about significant transfers in and out of Level 1 and Level 2 fair value measurements. ASU No. 2010-06 also clarifies disclosures required about inputs, valuation techniques and the level of disaggregation applied to each class of assets and liabilities. These updates are effective for interim and annual reporting periods beginning after December 15, 2010. These amendments have no material impact on the Company's financial results given that they relate to disclosure and presentation only.

In December 2010, the FASB issued ASU No 2010-28 which amends "Intangibles- Goodwill and Other" (Topic 350). The ASU modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting entities, they are required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. An entity should consider whether there are any adverse qualitative factors indicating that impairment may exist. The qualitative factors are consistent with the existing guidance in Topic 350, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. ASU 2010-28 is effective for fiscal years, and interim periods within those years beginning after December 15, 2010. The adoption of this ASU requires management to further analyze and evaluate goodwill for impairment on a periodic basis.

In May 2011, FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." The amendments in this Update generally represent clarifications of Topic 820, but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This Update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and IFRSs. The amendments in this Update are to be applied prospectively. For public entities, the amendments are effective during interim and annual periods beginning after December 15, 2011. Early application by public entities is not permitted. The Company does not expect this guidance to have a significant impact on our consolidated financial position, results of operations or cash flows.

In June 2011, FASB issued ASU No. 2011-05, Comprehensive Income — Presentation of Comprehensive Income. ASU No. 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of stockholders' equity. It requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB issued ASU 2011-12, Comprehensive Income — Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05, to defer the effective date of the specific requirement to present items that are reclassified out of accumulated other comprehensive income to net income alongside their respective components of net income and other comprehensive income. All other provisions of this update, which are to be applied retrospectively, are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company does not expect this guidance to have a significant impact on our consolidated financial position, results of operations or cash flows.

In September 2011, FASB issued ASU No. 2011-08, Testing Goodwill for Impairment. This ASU is intended to simplify how entities test goodwill for impairment. ASU 2011-08 permits an entity to first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350, Intangibles-Goodwill and Other. The more-likely-than-not threshold is defined as having a likelihood of more than 50%. This new guidance is effective for fiscal years and interim periods beginning after December 15, 2011. The Company does not expect this guidance to have a significant impact on our consolidated financial position, results of operations or cash flows.

In December 2011, FASB issued ASU No. 2011-11, Balance Sheet — Disclosures about Offsetting Assets and Liabilities. ASU 2011-11 requires entities to disclose information about offsetting and related arrangements of financial instruments and derivative instruments and will be applied retrospectively for all comparative periods presented. ASU 2011-11 is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The Company does not expect this guidance to have a significant impact on our consolidated financial position, results of operations or cash flows.

3. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying consolidated statements are prepared in accordance with accounting principles generally accepted in the United States of America ("USGAAP").

Mineral Property Acquisition, Exploration Costs, Development Costs and Amortization of Mineral Rights

Mineral property acquisition, exploration and development costs are expensed as incurred until such time as economic reserves are quantified. As a result of establishing the Paradise South phosphate reserve estimate after it is determined that a mining deposit can be economically and legally extracted or produced based on established proven and probable reserves, further exploration costs and development costs incurred after such determination will be capitalized. The establishment of proven and probable reserves is based on results of final feasibility studies which indicate whether a property is economically feasible. Upon commencement of commercial production, capitalized costs will be transferred to the appropriate asset category and amortized over their estimated useful lives. Capitalized costs, net of salvage values, relating to a deposit which is abandoned or considered uneconomic for the foreseeable future, will be written off. Mineral rights are amortized over their estimated useful lives being the Company's estimated rights to tenure.

Stock Options

For the issuances of stock options, the Company follows the fair value provisions of FASB issued guidance now codification ASC Topic 718, "Compensation-Stock Compensation". Topic 718 requires the Company to measure the cost of employee services received in exchange for an award of equity instruments based on grant date fair value. The cost will be recognized over the period during which an employee is required to provide service in exchange for the award – usually the vesting period. In the case where there is no required service period, the fair value of the equity instruments is expensed immediately.

Comprehensive Income (Loss)

The Company follows ASC Topic 220 "Comprehensive Income" ("ASC 220"). ASC 220 requires a company to report comprehensive profit (loss) and its components in a full set of financial statements. Comprehensive income profit/(loss) is the change in equity during a period from transactions and other events and circumstances from non-owner sources such as unrealized gains (losses) on foreign currency translation adjustments. Changes in unrealized foreign currency translation adjustments during fiscal 2009, 2010 and 2011 amounted to A\$427,000, A\$1,537,000 and A\$863,000 respectively. Accordingly, the Company's comprehensive (loss) for the years ended December 31, 2009, 2010 and 2011 amounted to A\$(39,926,000), A\$(41,669,000) and A\$(45,833,000) respectively.

Comprehensive loss attributable to Legend shareholders for the years ended December 31, 2009, 2010 and 2011 amounted to A\$(38,313,000), A\$(37,866,000) and A\$(43,214,000).

Inventories

Materials and Supplies

Materials and supplies are valued at the lower of average cost or net realizable value.

Loss per Share

The Company follows the FASB ASC Topic 260 "Earnings per Share" provisions which require the reporting of both basic and diluted loss per share. Basic loss per share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted net loss per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Anti-dilutive effects on net loss per share are excluded.

Property and Equipment

Property and equipment is stated at cost. The Company records depreciation and amortization, when appropriate, using straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Additions, major renewals and replacements that increase the property's useful life are capitalized. Property sold or retired, together with the related accumulated depreciation is removed from the appropriate accounts and the resultant gain or loss is included in net income (loss).

	Depreciable Life (in years)	At December 31, 2011			At December 31, 2010		
		Cost A\$000s	Accumulated Depreciation A\$000s	Net Book Value A\$000s	Cost A\$000s	Accumulated Depreciation A\$000s	Net Book Value A\$000s
Land		1,101	-	1,101	1,101	-	1,101
Buildings	40	2,978	(195)	2,783	2,978	(119)	2,859
Leasehold Improvements	1-2	267	(102)	165	325	(81)	244
Motor Vehicles	5	1,615	(806)	809	1,476	(492)	984
Equipment	1-10	4,343	(1,482)	2,861	3,230	(690)	2,540
Aircraft	5	4,237	(330)	3,907	4,671	(606)	4,065
Construction in Progress		1,183	-	1,183	2,039	-	2,039
		<u>15,724</u>	<u>(2,915)</u>	<u>12,809</u>	<u>15,820</u>	<u>(1,988)</u>	<u>13,832</u>

The depreciation expense for the year ended December 31, 2011 amounted to A\$1,715,000 (US\$1,745,000) and for the year ended December 31, 2010 amounted to A\$1,262,000. Accumulated depreciation on assets written off and/or disposed of for the year ended December 31, 2011 was A\$788,000 (US\$802,000) and for the year ended December 31, 2010 was A\$223,000. Net book value of assets sold/written off for the year ended December 31, 2011 amounted to A\$418,000 (US\$425,000) (2010: A\$82,000). The amount written off from construction in progress for the year ended December 31, 2011 was A\$940,000 (US\$956,000) (2010: A\$nil).

Principles of Consolidation

The consolidated financial statements include the assets and liabilities of the Company and the entities it controlled at the end of the financial period and the results of the Company and the entities it controlled during the year. Where entities are not controlled throughout the entire financial year, the consolidated results include the results of those entities for that part of the period during which control exists. The effect of all transactions between entities in the group and the inter-entity balances are eliminated in full in preparing the consolidated financial statements.

Noncontrolling Interests

The Company follows the ASC guidance for accounting and reporting noncontrolling interests was updated to establish accounting and reporting standards pertaining to: (i) ownership interests in subsidiaries held by parties other than the parent ("noncontrolling interests"), (ii) the amount of net income attributable to the parent and to the noncontrolling interests, (iii) changes in a parent's ownership interest, and (iv) the valuation of any retained noncontrolling equity investment when a subsidiary is deconsolidated. If a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary is measured at fair value and a gain or loss is recognized in net income based on such fair value. For presentation and disclosure purposes, the guidance requires noncontrolling interests to be classified as a separate component of equity. Noncontrolling interests reflect third parties ownership interest in entities that are consolidated as less than 100% owned.

Noncontrolling interest at December 31, 2011 and 2010 amounted to approximately A\$11,257,000 and A13,910,000 respectively represents approximately 49% in NADL shareholding.

Fair Value of Financial Instruments

ASC Topic 825 "Financial Instruments" requires the Company to disclose, when reasonably attainable, the fair market values of its assets and liabilities which are deemed to be financial instruments. The Company's financial instruments include cash, receivables, marketable securities, other investments, advances due from affiliates (included in receivables, see note 11), accounts payable and accrued expenses. The carrying amounts of cash, receivables, accounts payable and accrued expenses approximate their respective fair values due to the short term maturities of these instruments. The fair value of advances due from affiliates are not practicable to estimate as no similar market exists for these instruments and as it does not have a specified date of repayment. The carrying amounts of marketable securities comprised of shares are measured at fair value based on unadjusted quoted market prices that are available in active markets as of the reporting date.

The Company's other financial instruments consists of long-term debt, including current portion. The fair value of the Company's fixed rate debt based on market prices as of December 31, 2011 was A\$2,855,000 (US\$2,905,000), based on current interest rates available to us for debt instruments with similar terms, degrees of risk and remaining maturities. The carrying values of these obligations, for each period presented, approximate fair value.

Cash Equivalents

Legend considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. For the periods presented there were no cash equivalents.

Federal Income Tax

ASC Topic 740 requires the company to recognise, measure, present and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on a tax return. Additionally for tax positions to qualify for deferred tax benefit recognition. The position must have at least "more than likely not" chance of being sustained upon challenge by the respective taxing authorities, and whether or not it meets that criteria is a matter of significant judgement. The Company believes that it does not have any uncertain tax positions that would require the recording or disclosure of a potential tax liability.

The Company follows the asset and liability approach which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. For the period presented, there was no taxable income. There are no deferred income taxes resulting from temporary differences in reporting certain income and expense items for income tax and financial accounting purposes. The Company, at this time, is not aware of any net operating losses which are expected to be realised, therefore a valuation allowance was established.

Foreign Currency Translation

The Company's functional and reporting currency is the Australian dollar. Revenue and expenses incurred in a currency other than the reporting currency, Australian dollars are translated at the date incurred or invoiced. Assets and liabilities are re-valued at the period end exchange rate where appropriate. Gains or losses from foreign currency transactions are included in the results of operations. Foreign currency exchange gain/loss in 2011 and 2010 is primarily as a result of the translation of cash maintained in US banking institutions to A\$ and amounted to a loss of A\$45,000 (US\$46,000) in 2011 and a loss of A\$674,000 in 2010.

Goods and Services Tax ("GST")

Revenues, expenses and assets generated in Australia are subject to Australian GST which requires the supplier to add a 10% GST to predominately all expenses and the cost of assets and for the Company to include a 10% GST to the selling price of a product. Revenues, expenses and assets are recognized net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognized as part of the cost of acquisition of the assets or as part of the expense item as applicable, and receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or

payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority

Reclamation and Remediation Obligations (Asset Retirement Obligations)

Reclamation costs are allocated to expense over the life of the exploration activity and are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation and remediation costs. The asset retirement obligation is based on when the spending for an existing environmental disturbance will occur. The Company reviews, on at least an annual basis, the asset retirement obligation at each exploration site.

Future remediation costs are accrued based on management's best estimate at the end of each period of the costs expected to be incurred. Such cost estimates include, where applicable, plugging of drill holes, removal of consumables and ripping of drill pads and tracks. Changes in estimates are reflected in earnings in the period an estimate is revised.

Accounting for reclamation and remediation obligations requires management to make estimates unique to each exploration operation of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred in future periods could differ from amounts estimated. Additionally, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required. Any such increases in future costs could materially impact the amounts charged to earnings for reclamation and remediation.

Lease Liability

Leases meeting certain criteria are accounted for as a capital lease. Imputed interest is charged against income. The capitalised value of the assets is depreciated over the estimated useful lives. The Company has entered into leasing agreements of two and three year terms for motor vehicles. Obligations under capital lease are reduced by the rental payments net of imputed interest. All other leases are treated as operating leases.

Impairment of Long-Lived Assets

The Company accounts for its long-lived assets in accordance with ASC Topic 360, "Impairment or Disposal of Long-Lived Assets". ASC Topic 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of its assets, including property, plant and equipment and mineral rights, by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, the impairment loss is recorded equal to the difference between the asset's carrying value and fair value or disposable value.

Convenience Translation to US\$

The consolidated financial statements as of and for the year ended December 31, 2011 have been translated into United States dollars using the rate of exchange of the United States dollar at December 31, 2011 (A\$1.00=US\$1.01744). The translation was made solely for the convenience of readers in the United States.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain estimates used by management are susceptible to changes. Management believes that, as of December 31, 2011 and 2010, the estimates used were adequate based on the information currently available.

Comparative Figures

Where necessary, comparative figures have been reclassified to be consistent with current year presentation with no effect on operations.

4. CONCENTRATIONS OF RISKS

Cash Balances

Cash consists of all cash balances and highly liquid investments with an original maturity of three months or less. Because of the short term maturity of these investments, the carrying amounts approximate their fair value.

The Company monitors its position with, and the credit quality of, the financial institution it invests with. As of the balance sheet date, and periodically throughout the year, the Company has maintained balances in various operating accounts in excess of federally insured limits.

The Company held in interest bearing cash accounts at December 31, 2011, A\$1,714,000 (US\$1,744,000) including A\$800 (US\$800) held in US dollars in Australian banking institutions and A\$300 (US\$300) in other banking institutions.

Mineral Rights and Foreign Operations

The Company has mineral rights in Australia.

5. DEVELOPMENT COSTS

As a result of establishing the phosphate mineral reserve estimates, the Company will account for development expenditure by capitalizing such costs. Upon commencement of commercial production, capitalized costs will be transferred to the appropriate asset category and amortized over their estimated useful lives. Capitalized costs, net of salvage values, relating to a deposit which is abandoned or considered uneconomic for the foreseeable future, will be written off.

During the year ended December 31, 2011, A\$1,682,000 of costs incurred on the Paradise South phosphate project in the process of preparing the mineral deposit for extraction were capitalized and included in development costs.

6. DEPOSITS

Deposits held by the Company consist of:

	December 31	
	2011	2010
	A\$000s	A\$000s
Term Deposit as security for a Banker's Undertaking	299	258
Other	148	230
Cash deposits provided to Government Departments for the purpose of guaranteeing the Company's performance in accordance with mining law	707	688
	<u>1,154</u>	<u>1,176</u>

7. INVESTMENTS/SUBSIDIARIES

The following is the summary of the Company's acquisitions and investments.

Consolidated Entities

North Australian Diamonds Limited

The Company is increasing its diamond exploration activity in the proximity of the Merlin diamond mine in the Northern Territory and is continually sourcing new ground in this region which is one of the most diamond prospective areas in Australia. As part of this strategy, the Company acquired a 14.9% interest in North Australian Diamonds Limited ("NADL"), an Australian diamond exploration corporation, at a cost of approximately A\$2,400,000 in February 2009. NADL owns the Merlin diamond mine and surrounding tenements. The Company's President and Chief Executive

Officer is Executive Chairman of NADL and the Company has three of the four directors of NADL. The Company believes the acquisition of NADL will assist in the opportunity to discover diamond deposits.

On May 12, 2009, the Company made an on market takeover offer for all of the shares in NADL, an Australian corporation (see note 1). The takeover offer concluded on August 6, 2009 with an additional investment of approximately A\$11,600,000. Since August 2011, the Company has continued to acquire shares and maintain a controlling interest in NADL. At December 31, 2010, the Company's holding in NADL was 50.40%. During the 2011 year, the Company purchased an additional 495,088 shares, increasing its holding in NADL to 50.69% at December 31, 2011. The cost to the Company was \$148,000. As such, the Company recorded adjustments to the Company's additional paid-in capital and non-controlling interest accounts related to these transactions which are reflected in the accompanying Statements of Stockholders' Equity (Deficit) during fiscal 2011. Since December 31, 2011, third party holders of options in NADL have exercised options and as a result, at February 29, 2012, the Company's current holding in NADL is 49.142% (See note 18).

The amount of other income of NADL for the year ended December 31, 2011 included in the Consolidated Statement of Operations is A\$844,000 and the amount of loss is A\$4,832,000 including exploration expenditure expensed of A\$4,384,000.

Teutonic Minerals Pty Ltd

On February 27, 2008, the Company entered into a Share Sale Agreement whereby the Company agreed to purchase all of the issued and outstanding shares of Teutonic Minerals Pty Ltd. As a result, Teutonic became a subsidiary of the Company from that date. Teutonic held an application for a mineral licence over phosphate in the Georgina Basin in the State of Queensland, Australia. The consideration payable to the vendors was A\$300,000, and the Company granted the vendors a 1% gross revenue royalty from production from the mineral licence and incurred legal costs of A\$26,526. The mineral licence application held by Teutonic was withdrawn on March 17, 2008 and replaced by a mineral application lodged by the Company. Teutonic had no other assets or liabilities. As at December 31, 2008 the net assets and liabilities acquired by the Company had no value. At December 31, 2011, 2010 and 2009, the financial position and results of operations of Teutonic were not material.

Alexya Pty Ltd

On October 22, 2010, the Company incorporated a wholly owned Australian subsidiary, Alexya Pty Ltd ("Alexya") to hold a certain asset and liability which has been consolidated in the accompanying financial statements. The amount of revenue of Alexya for the year ended December 31, 2011 included in the Consolidated Statement of Operation is A\$nil and the amount of loss is A\$1,201,000

The Company also has the following wholly owned inactive subsidiaries:

- Legend International Holdings Limited
- Legend Diamonds Pty Ltd
- Paradise Phosphate Pty Ltd

Equity Investments

Northern Capital Resources Corp

In 2009, Legend took a private placement from Northern Capital Resources Corporation ("NCRC"), a Nevada Corporation. NCRC holds a majority interest in Golden River Resources Corporation ("GRR") listed on the OTCBB and GRR holds a 71.52% interest in TSX listed Acadian Mining Corporation ("Acadian"), which has significant gold and base metal interests in Canada. Since December 31, 2011, GRR has sold 19.9% of Acadian and now holds a 52% interest. At December 31, 2010, the Company held 70,275,851 issued and outstanding shares in NCRC at a cost of A\$15,873,157. The Company increased its interest in NCRC from 31.46% at December 31, 2010 to 31.50% at December 31, 2011. The Company has accounted for the investment in NCRC using the equity method. At December 31, 2011 and 2010, the carrying value of the investment was A\$595,000 and A\$12,500,000 respectively. For the year ended December 31, 2011 and 2010, the Company recorded an equity loss in NCRC of A\$7,133,000 and A\$1,232,000 respectively. At December 2011, the Company made an assessment of the carrying value of the investment in NCRC and concluded that it needed to impair the carrying value. This assessment took into account the net asset position of NCRC. As a result, the Company impaired the carrying value of the investment and has recorded an

impairment of equity investment of A\$5,654,000 in the Company's consolidated statement of operations.

The Chairman of the Board and Chief Executive Officer of the Company, is also the Chairman of the Board and Chief Executive Officer of NCRC and certain companies with which Mr Gutnick is associated own approximately 35.62% of the outstanding common stock of NCRC. Mr JI Gutnick is one of six directors (four of the directors are independent of NCRC) of the Company.

At December 31, 2011, the investment in the unconsolidated subsidiary is accounted for under the equity method as the Company has significant influence over NCRC.

The following table presents summary unaudited financial information for NCRC. Such summary financial information has been provided herein based upon the individual significance of this unconsolidated equity investment to the consolidated financial information of the Company:

	December 2010 A\$000s	December 2011 A\$000s
Current assets	919	958
Non- current assets	49,855	7,124
Total assets	<u>50,774</u>	<u>8,082</u>
Current liabilities	4,599	615
Non-current liabilities	6,265	1,249
Total liabilities	<u>10,864</u>	<u>1,864</u>
Total shareholders' equity	39,910	6,218
Noncontrolling interest	(1,538)	(4,331)
Shareholder equity attributable to NCRC	<u>38,372</u>	<u>1,887</u>
Net profit/(loss)	<u>(4,678)</u>	<u>(22,673)</u>

The difference between the carrying value of this equity investment and the Company's share of underlying equity in the net assets of the investee at December 31, 2011 amounts to approximately A\$nil.

Top End Uranium Ltd

The Company, through its investment in NADL, increased its interest from 31.06% at December 31, 2010 in Top End Uranium Ltd ("TEU") to a 31.14% interest, which has a carrying value of A\$711,000 and A\$1,070,000 at December 31, 2011 and 2010 respectively. NADL purchased 50,000 ordinary shares at a cost of A\$3,600 during the year ended December 31, 2011. NADL accounts for the investment in TEU using the equity method, For the year ended December 31, 2011 and 2010, the Company recorded equity loss in TEU of A\$362,000 and A\$208,000 respectively.

At December 31, 2011, the investment in the unconsolidated subsidiary is accounted for under the equity method as the Company via its subsidiary NADL has significant influence over TEU.

The following table presents summary unaudited financial information for TEU. Such summary financial information has been provided herein based upon the individual significance of this unconsolidated equity investment to the consolidated financial information of the Company:

	December 2010 A\$000s	December 2011 A\$000s
Current assets	4,728	3,618
Non- current assets	12	8
Total assets	<u>4,740</u>	<u>3,626</u>
Current liabilities	128	180
Total liabilities	<u>128</u>	<u>180</u>

Total shareholders' equity	4,611	3,446
Net profit/(loss)	(731)	(1,166)

The difference between the carrying value of this equity investment and the Company's share of the underlying equity in the net assets of the investee at December 31, 2011 was in the excess of the carrying value of this equity investment by approximately \$360,000.

8. STOCKHOLDERS EQUITY

Common Stock

Between January 1, 2001 and December 31, 2007, the Company issued 65,582,358 shares of Common Stock raising A\$29,761,285 (US\$22,949,401). The Company also issued 21,031,700 shares of Common Stock in lieu of services for a value of A\$1,374,839 (US\$1,161,470). The Company issued a further 89,442,267 shares of Common Stock upon the cashless exercise of options. The Company issued a further 500,000 shares of Common Stock for part settlement of acquisition of exploration permits amounting to A\$518,000 (US\$475,000). The Company issued a further 200,000 shares of Common Stock as a result of delays in lodging a registration statement amounting to A\$364,805 (US\$318,000). The Company issued a further 112,500 shares of Common Stock valued at A\$35,416 to settle outstanding matters with an external party.

Between January 1, 2008 and December 31, 2008, the Company issued 42,000,000 shares of Common Stock raising A\$110,028,293 (US\$105,000,000). The Company also issued 30,800 shares of Common Stock in lieu of services for a value of A\$147,588 (US\$138,600). The Company issued a further 1,522,358 shares of Common Stock upon the cashless exercise of options and 435,600 shares of Common Stock upon the exercise of options raising A\$51,494 (US\$48,352). The Company issued a further 457,809 shares of Common Stock as a result of delays in lodging a registration statement amounting to A\$900,495 (US\$757,015).

Effective July 14, 2008, the Company entered into a Shares Option Agreement with the Indian Farmers Fertilizer Cooperative Limited ("IFFCO") to finance the Company's operations.

Under the Share Options Agreement, IFFCO received options to purchase 30 million shares of Common Stock of the Company on the following terms:

- a. 5,000,000 options, at an exercise price of US\$2.50 per share and expiring 60 days from July 11, 2008;
- b. 8,000,000 options, at an exercise price of US\$3.00 per share and expiring 12 months from July 11, 2008;
- c. 8,000,000 options, at an exercise price of US\$3.50 per share and expiring 18 months from July 11, 2008;
- d. 9,000,000 options, at an exercise price of US\$4.00 per share and expiring 24 months from July 11, 2008.

During the third quarter of 2008, the 5,000,000 options issued to IFFCO, at an exercise price of US\$2.50 per share and expiring 60 days from July 11, 2008 were exercised on August 11, 2008 and pursuant to the Share Options Agreement, received a 1.2% discount on the exercise price. The total amount received was A\$13,672,091 (US\$12,350,000) and the Company issued 5,000,000 shares of common stock. The 8,000,000 options expiring 12 months after July 11, 2008, the 8,000,000 options expiring 18 months after July 11, 2008 and the 9,000,000 options expiring 24 months after July 11, 2008 were not exercised and were forfeited. IFFCO holds 15.2% of the shares of common stock of the Company.

Between January 1, 2009 and December 31, 2009, an additional 18,000 options were exercised for US\$0.111, total amount received A\$2,763 (US\$1,998) and the Company issued 18,000 shares of common stock.

Between January 1, 2010 and December 31, 2010, an additional 333,334 options were exercised using the cashless exercise feature and the Company issued 66,282 shares of common stock.

Between January 1, 2010 and December 31, 2010, Legend issued 1,000,000 options with an exercise price of US\$1.00 and expiring on September 1, 2014 for consulting fees amounting to A\$247,000 (US\$220,000).

Between January 1, 2011 and December 31, 2011, an additional 9,000 options were exercised using the cashless exercise feature and the Company issued 7,572 shares of common stock.

Share Option Plan

The Company has a Stock Incentive Plan ("Stock Plan") for executives and eligible employees and contractors. Under this Stock Plan, options to purchase shares of stock can be granted with exercise prices not less than the fair market value of the underlying stock at the date of grant. The Company believes that such awards better align the interests of its employees with those of its shareholders. Option awards are generally granted with an exercise price equal to or greater than the market price of the Company's stock at the date of grant; those option awards generally vest 1/3 after 12 months, 1/3 after 24 months and the balance after 36 months with a 10-year contractual term. The expected life of the options is generally between 5 ½ to 6 ½ years. Certain option and share awards provide for accelerated vesting if there is a change in control (as defined in the Stock Plan). The maximum aggregate number of Shares which may be optioned and sold under the Stock Plan is 10% of the issued and outstanding shares (on a fully diluted basis).

The fair value of each option award is estimated on the date of grant using the Binomial option valuation model that uses the assumptions noted in the following table. The Binomial option valuation model requires the input of subjective assumptions, including the expected term of the option award and stock price volatility. Expected volatility is based on the historical volatility of our stock at the time grants are issued and other factors, including the expected life of the options of 5 ½ to 6 ½ years. The Company uses historical data to estimate option exercise and employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding; the range given below results from certain groups of employees exhibiting different behaviour. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	For the year ended December 31, 2011	For the year ended December 31, 2010
Weighted Average Volatility	70%	70%
Dividend Yield	-	-
Expected term (years)	5.5 – 6.5	5.5 – 6.5
Risk-free rate	1.91%	1.91%

A summary of option activity under the Plan as of December 31, 2011, and changes since December 2006 is presented below:

Options	Shares 000s	Weighted-Average Exercise Price
Balance, December 31, 2006	8,100	\$0.83
Granted	6,250	\$0.93
Exercised	-	-
Forfeited and expired	(1,763)	\$0.72
Balance, December 31, 2007	12,587	\$0.79
Granted	11,000	\$1.79
Exercised	-	-
Forfeited and expired	(1,125)	\$0.98
Balance, December 31, 2008	22,462	\$1.19
Granted	1,900	\$1.00
Exercised	-	-
Forfeited and expired	(675)	\$1.00
Balance, December 31, 2009	23,687	\$1.30
Granted	500	\$1.00
Exercised	(333)	\$0.83
Forfeited and expired	(979)	\$0.97
Balance, December 31, 2010	22,875	\$1.32
Granted	-	-
Exercised	-	-

Options	Shares 000s	Weighted-Average Exercise Price
Forfeited and expired	(300)	\$1.00
Balance, December 31, 2011	22,575	\$1.33
Options exercisable at December 31, 2011	21,142	\$1.35

At the time of an issue of options, management assess the forfeiture rate to be used for the issue based on historical experience and management's view on the likelihood that the individual will continue employment to the end of the vesting period. The forfeiture rates vary between 33.3% and 100%.

For the year ended December 31, 2011, stock-based compensation expense relating to stock options was A\$452,000 (US\$460,000). No income tax benefit was recognized in the year ended December 31, 2011 for stock-based compensation arrangements because of the valuation allowance. As at December 31, 2011, there was A\$44,000 (US\$42,000) of unrecognized compensation cost, before income taxes, related to unvested stock options.

Exercise Prices US\$	Options Outstanding			Options Exercisable		
	Number Outstanding 000s	Weighted Average Remaining Contractual Life (In Years)	Weighted- Average Exercise Price	Number Exercisable 000s	Weighted Average Remaining Contractual Life (In Years)	Weighted- Average Exercise Price
\$0.444	1,856	4.86		1,856	4.86	
\$1.000	13,819	5.91		12,386	5.73	
\$2.000	5,900	6.18		5,900	6.18	
\$3.480	1,000	6.53		1,000	6.53	
	22,575	5.92	\$1.33	21,142	5.82	\$1.35

The aggregate intrinsic value of outstanding stock options at December 31, 2011 was US\$nil and the aggregate intrinsic value of exercisable stock options was US\$nil. For the year ended December 31, 2011, the aggregate intrinsic value of exercised options was US\$nil (2010: US\$63,000).

North Australian Diamonds Limited

Options

The number of options outstanding over unissued ordinary shares at December 31, 2011 is 3,656,000. The unlisted options are exercisable by payment of 0.16 cents each on or before February 10, 2012. Option holders are not entitled to participate in any share issue of the Company or any other body corporate and have no voting rights at shareholder meetings. During 2011, 344,000 options were exercised at A\$0.16 and NADL issued 344,000 shares for net consideration of A\$53,302. Subsequently to December 31, 2011 all options were exercised and 3,656,000 shares issued (see note 18). In February 2011, NADL consolidated its outstanding common shares on the basis of one post-consolidated share for every twenty pre-consolidated shares as approved by NADL shareholders.

Directors, Officers and other Permitted Persons Option Plan

On July 23, 2004, the shareholders of NADL approved the establishment of the North Australian Diamonds Limited Directors, Officers and other Permitted Persons Option Plan. All eligible directors, officers and employees, and consultants of the Company who have been continuously employed by the Company are eligible to participate in the Plan. The Plan allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price calculated in accordance with the Plan. Options granted under the Plan carry no voting rights. At December 31, 2011, no options in respect of this plan are on issue.

No options in respect of this plan are in issue.\

9. RECLAMATION AND REHABILITATION

	December 31, 2011 A\$000s	December 31, 2010 A\$000s
Balance January 1	926	936
Increase as a result of rehabilitation requirement on exploration undertaken during year	169	67
Decrease as a result of rehabilitation performed during the year	(126)	(77)
Closing balance December 31	<u>969</u>	<u>926</u>

The Company's exploration activities are subject to various federal and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect the environment and believes its operations are in compliance with applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future rehabilitation costs are based principally on legal and regulatory requirements.

10. LEASE LIABILITY

A\$000s

The Company entered into capital finance lease agreements for motor vehicles. The leases are non-cancellable and require total monthly repayments of A\$26,000 (2010: A\$42,000) and expire at various dates from 2012 to 2014. Future minimum payments due for the remaining term of the leases as of December 31, 2011 are as follows:

2012	315
2013	162
2014	<u>45</u>
	522
Less amounts representing interest	<u>42</u>
	<u>480</u>
Current liability	283
Non-current liability	<u>197</u>
	<u>480</u>
At December 31, 2011, the net book value of the motor vehicles under capital leases amounts to:	<u>707</u>

11. MARKETABLE SECURITIES/OTHER INVESTMENTS

Management determines the appropriate classification of its investments in marketable securities at the time of purchase and re-evaluates such determinations at each reporting date. The Company accounts for its marketable securities in accordance with FASB issued guidance now codified as ASC Topic 320, "Investments – Debt and Equity Securities" ("ASC 320").

Marketable Securities

During 2011, the Company sold the marketable securities held in companies in the phosphate industry that were listed on a US stock exchange and Australian Securities Exchange. The cost of the investments was A\$237,000 and net realised loss was A\$66,000.

Other Investments

During December 2009, the Company invested A\$2,784,000 in exchange for shares in a Fund that purchases shares in companies quoted on international stock exchanges. The fair value of the equity security is not readily determinable from published information. The Company accounts for these investments at cost and reviews the carrying amount for impairment at each balance sheet date. During 2011, the Company redeemed the investment and at December 31, 2011, had received A\$1,695,000 (US\$1,724,000) and recognised an exchange loss as at December 31, 2011 of

A\$371,000 (US\$378,000). The Company has assessed the current net asset value of the investment from information provided by the Fund Manager and determined that a provision for impairment is appropriate at December 31, 2011 of A\$719,000 (US\$732,000) (2010:A\$nil).

12. AFFILIATE TRANSACTIONS

Legend advances to and receives advances from various affiliates. All advances between consolidated affiliates are eliminated on consolidation.

In December 2004, the Company entered into an agreement with AXIS Consultants Pty Ltd to provide geological, management and administration services to the Company. AXIS is affiliated through common management. The Company is one of ten affiliated companies. Each of the companies has some common Directors, officers and shareholders. In addition, each of the companies is substantially dependent upon AXIS for its senior management and certain mining and exploration staff. A number of arrangements and transactions have been entered into from time to time between such companies. It has been the intention of the affiliated companies and respective Boards of Directors that each of such arrangements or transactions should accommodate the respective interest of the relevant affiliated companies in a manner which is fair to all parties and equitable to the shareholders of each. Currently, there are no material arrangements or planned transactions between the Company and any of the other affiliated companies other than AXIS.

Legend holds a 9.09% interest in AXIS at a cost of A\$1 and which is accounted for under the cost method. The majority shareholder (72.73%) of AXIS is a third party independent of Legend Directors and management. J I Gutnick and his family or any of their private companies do not hold any shares in AXIS.

During 2011, AXIS charged the Company A\$5,939,000 for management and administration services and A\$7,228,000 for exploration services. The Company paid A\$17,697,000 for 2011 charges and funding advances. The amount owed by AXIS at December 31, 2011 was A\$7,484,000 (September 2011: A\$6,740,000). For 2011, the Company charged AXIS interest of A\$136,000 at a rate of 11.19%. At December 31, 2011, management considered the recoverability of the amount owed by AXIS and in accordance with the requirements of accounting standards and has provided a provision for doubtful receivable of A\$6,839,000. The net amount of A\$645,000 is included under non-current assets – advances to affiliates.

During 2010, AXIS charged the Company A\$7,003,000 for management and administration services and A\$7,599,000 for exploration services. The Company paid A\$17,318,000 for 2010 charges and funding advances. AXIS made repayments of A\$14,602,000 during 2010. The amount owed by AXIS at December 31, 2010 under non-current assets – advances to affiliates was A\$2,818,000. For 2010, the Company charged AXIS interest of A\$174,000 at a rate between 10.05% and 11.19%

During the 2009 year, the Company invested in North Australian Diamonds Ltd (“NADL”) through on-market purchases on ASX and through a takeover offer. At December 31, 2011, the Company held 50.69% of the issued shares of NADL (2010: 50.40%). The Company’s President and Chief Executive Officer, Executive General Manager and one of its independent Directors are Executive Chairman and Managing Director, and Directors respectively of NADL.

During the 2009 year, the Company and NADL entered into a camp access agreement and airfield access agreement relating to the Merlin camp and airstrip to allow the Company to utilize these facilities. During the 2011 year, NADL charged the Company A\$348,000 (2010: A\$527,000) under the camp access agreement, and for other direct costs incurred on behalf of Legend. NADL was charged by the Company A\$191,000 (2010: A\$123,000) for direct costs incurred on behalf of NADL. The Company paid NADL A\$227,000 (2010: A\$381,000) At December 31, 2011, the amount due from NADL was A\$45,000 and at December 31, 2010, the Company owed NADL A\$25,000.

During the 2010 and 2011 years, the Company took a private placement of shares of common stock in Northern Capital Resources Corp (“NCRC”). At December 31, 2011, the Company held 31.50% of the shares of NCRC (2010: 31.46%). The Company’s President and Chief Executive Officer and one of its independent Directors are President and Chief Executive Officer and Director respectively of NCRC. The amount owed by NCRC at December 31, 2011 included under non-current assets – advances to affiliates was A\$63,000.

During the 2011 year, Edinox Pty Ltd (“Edinox”), a company associated with Mr J I Gutnick, advanced the Company A\$2,264,000. Under the terms of the agreement the advance is repayable on

April 2, 2012 but maybe extended and Edinox charges interest at the rate of 6.32%. The Company has provided security in the form of properties owned by Legend for the advance. For 2011, Edinox charged the Company interest of A\$31,000. At December 31, 2011, the Company owes Edinox A\$2,295,000.

13. GOODWILL

Goodwill was recorded as part of the acquisition of NADL. The goodwill amount of A\$1,093,000 was calculated as the difference between the fair value of the NADL net assets acquired of A\$12,541,000 (net of non-controlling interest) and total consideration of A\$13,633,000. In accordance with Topic 350, Intangibles – “Goodwill and Other”, the Company completed an impairment test and determined that the goodwill recorded at the acquisition date was not impaired.

14. MINERAL RIGHTS

Mineral rights were recorded upon the acquisition of NADL during 2009 based upon an independent expert’s report prepared for NADL as part of its Target’s Statement to respond to the on market takeover offer by the Company, which included a valuation of Mineral Rights of the mineral properties of NADL with mineralized material which were valued at A\$18,873,000. The underlying mineral property licenses have a set term and the Mineral Rights are being amortized over the term of the licenses. The amortization charge for the twelve months ended December 31, 2011 is A\$1,398,000 (2010: A\$1,398,000) and the net carrying value of Mineral Rights at December 31, 2011 is A\$15,493,000.

15. LONG-TERM DEBT

During November 2010, the Company entered into a loan facility agreement, which provides for a US\$3.2 million credit facility and has a term of five years. Interest on borrowings under the agreement will be fixed at 6.70% per annum.

Borrowings under this agreement amounted to A\$2.86 million (US\$2.84 million) at December 31, 2011 owed to the financier by our wholly owned subsidiary are secured by certain equipment purchased by the Company. This debt matures in 2015 with the aggregate amount of payment obligations after December 31, 2011 as follows:

Year	A\$000s
2012	296
2013	316
2014	339
2015	<u>1,904</u>
Total	<u>\$2,855</u>

16. INCOME TAXES

The Company has adopted the provisions of ASC Topic 740 "Income Taxes". ASC 740 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

ASC Topic 740 prescribes how a company should recognise, measure, present and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on a tax return. Additionally for tax positions to qualify for deferred tax benefit recognition under ASC 740, the position must have at least a “more likely than not” chance of being sustained upon challenge by the respective taxing authorities, and whether or not it meets that criteria is a matter of significant judgement. The Company believes that it does not have any uncertain tax positions that would require the recording or disclosure of a potential tax liability.

The Company is subject to taxation in both the USA and Australia.

At December 31, 2011 and 2010, deferred taxes consisted of the following:

	USA 2011 A\$000s	Australia 2011 A\$000s	Total 2011 A\$000s
Deferred tax assets			
Net operating loss carry-forward	14,758	27,744	42,502
Exploration expenditure	21,157	-	21,157
Less valuation allowance	(35,915)	(27,744)	(63,659)
Net deferred taxes	-	-	-
	USA 2010 A\$000s	Australia 2010 A\$000s	Total 2010 A\$000s
Deferred tax assets			
Net operating loss carry-forward	10,362	20,047	30,409
Exploration expenditure	18,134	-	18,134
Less valuation allowance	(28,496)	(20,047)	(48,543)
Net deferred taxes	-	-	-

Under ASC 740, tax benefits are recognised only for tax positions that are more likely than not to be sustained upon examination by tax authorities, based on the technical merits of the position. The valuation allowance offsets the net deferred tax asset for which there is no assurance of recovery. The valuation allowance will be evaluated at the end of each year, considering positive and negative evidence about whether the deferred tax asset will be realized.

At that time, the allowance will either be increased or reduced; reduction could result in the complete elimination of the allowance if positive evidence indicates that the value of the deferred tax assets is no longer impaired and the allowance is no longer required.

As a result of the ownership change that occurred in November 2004 (see note 1), Internal Revenue Code Section 382 limits the use of available operating loss carryforwards for losses incurred prior to the ownership change. Carry-forward net operating losses will be available to offset future taxable income. Total available net operating loss carryforwards in the United states, which are subject to limitations, amount to approximately A\$49,300,000 at December 31, 2011 expire in years 2024 through 2031. Net operating loss carryforwards in Australia do not have a definite expiration date amounted to approximately A\$92,500,000.

The Company's tax years for all years since December 31, 2008 remain open to most taxing authorities.

17. COMMITMENTS AND CONTINGENCIES

The Company is a party to claims that arose in the normal course of business. Management of the Company believes that the ultimate outcome of these claims will not have a material effect on the consolidated financial statements.

The Company has entered into lease agreements for the rental of office premises and equipment which expire between 2012 and 2013.

	A\$000s
Future minimum contractual obligations under operating leases are as follows:	
2012	183
2013	41
	<u>224</u>

A\$000s

Future minimum lease payments under the Company's non-cancellable operating leases are as follows:

2012	283
2013	154
2014	43
	<u>480</u>

Exploration

The Company has to perform minimum exploration work and expend minimum amounts of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Company's tenement portfolio management through expenditure exemption approvals, and expenditure reductions through relinquishment of parts or the whole of tenements deemed non prospective. Should the company wish to preserve interests in its current tenements the amount which may be required to be expended is as follows:

	2011 A\$000s	2010 A\$000s
Not later than one year	5,278	1,883
Later than one year but not later than five years	9,532	4,274
Later than five years but not later than twenty one years	1,422	1,602
	<u>16,232</u>	<u>7,759</u>

18. SUBSEQUENT EVENTS

The Company has evaluated events subsequent to the balance sheet date and has determined that there were no subsequent events or transactions except as described below which would require recognition or disclosure in the consolidated financial statements.

On January 25, 2012, 3,326,000 options of NADL were exercised at A\$0.16 and NADL issued 3,326,000 shares for net consideration of A\$529,000. On February 7, 2012, 330,000 NADL options were exercised at A\$0.16 and NADL issued 330,000 shares for net consideration of A\$52,000. The dilutive effect of the issues reduced Legend's interest to approximately 49.142% of NADL. Given that Legend currently holds 49.142% of NADL, combined with the fact that three out of four directors of NADL are also directors of Legend, would lead Management to the conclusion that Legend has a controlling financial interest in NADL. Accordingly, in the absence of further dilutive issuances by NADL and notwithstanding that it holds less than 50% of the shares in NADL at February 7, 2012, the Company expects to continue to consolidate NADL's results into Legend.

On February 13, 2012, the Company announced that it had achieved the first major milestone for financing of its 100% owned Paradise Phosphate Project. This first step has involved a transfer of all Legend's phosphate assets into a 100% owned subsidiary of Legend and funding via a A\$7.5 million convertible note facility ("Convertible Note Agreement") which has been injected into the subsidiary through Acorn Capital Ltd ("Acorn"), an Australian financial institution. The A\$7.5 million will convert into equity in the subsidiary upon a successful Initial Public Offering ("IPO") and listing of the subsidiary on the Australian Securities Exchange ("ASX") within 12 months of the note issue date. Acorn is a significant cornerstone investor from the Australian market and will act as a strong catalyst for further investment in the future developments of the project. Legend anticipates that by using an Australian subsidiary it is better placed to lift the profile of the world quality phosphate assets, provide a stronger trading platform that will help maximise their value and enable further capital raising to support the development of phosphate rock production and subsequent value added products.

The phosphate assets comprise the Paradise Phosphate Rock Deposits of Paradise North (historically know as Lady Jane) and Paradise South (historically known as Lady Annie), the D-Tree deposit and the deposits associated with Legend's rights and obligations under the King Eagle Joint Venture agreement (i.e. Highland Plains, Lily & Sherrin Creek and Quita Creek). The assets include the exploration and mining permits and applications associated with the above deposits and related infrastructure. The transfer of the phosphate assets is to a 100% owned subsidiary called Paradise Phosphate Pty Ltd ("Paradise").

The convertible note facility of A\$7.5 million to Paradise is repayable 12 months from the completion date of the agreement. If, within 12 months of the completion date of the agreement, Paradise conducts a public offering of securities in Australia and those securities are listed on the Australian Securities Exchange, then the lender's debt converts automatically to shares in Paradise in accordance with the formula provided in the agreement and following an IPO, Legend's interest in Paradise will be diluted to approximately 60-70% of Paradise. Further, if Paradise proceeds to an IPO, (i) Paradise will be the issuer of the securities to be offered; (ii) a disclosure document for the offer of the securities under Australian law will be made available when the shares are offered; and (iii) anyone who wants to acquire the shares will need to complete the application form that will accompany the disclosure document.

Funds received under the convertible note facility will be used to progress the project, its development, production and ultimately the export of phosphate rock from the phosphate deposits.

GLOSSARY

In this Form 10-K, we use certain capitalized and abbreviated terms, as well as technical terms, which are defined below.

ALUMINUM FLUORIDE	AlF ₃ an inorganic compound produced by reacting Aluminium Hydroxide Al(OH) ₃ with Fluorosilicic Acid H ₂ SiF ₆ . It is an important additive for the production of aluminium by electrolysis.
APATITE	A pale green to purple mineral, found in sedimentary rocks, igneous rocks and metamorphosed limestones. It is used in the manufacture of phosphorus, phosphates, and fertilizers. Composition: calcium fluorophosphate or calcium chlorophosphate. General formula: Ca ₅ (PO ₄ ,CO ₃) ₃ (F,OH,Cl). Crystal structure: hexagonal
ASSAY	To analyze the proportions of metals in a specimen of rock or other geological material. Results of a test of the proportions of metals in a specimen of rock or other geological material.
ASSAYING	Qualitative or quantitative analysis of a metal or ore to determine its chemical components.
BACKGROUND	As pertains to geochemical data; the variation in natural abundance of a particular metal or other constituent within a specific geological setting.
BENEFICIATION	Any process that, from an ore feedstock, liberates valuable minerals, in this case phosphates, from most other waste materials.
BPL	The traditional measure known as the Bone Phosphate of Lime, by weight percentage, of calcium phosphate contained in phosphate rock which converts to % P ₂ O ₅ by dividing by 2.185.
BULK DENSITY	A property of powders, granules and other "divided" solids, especially used in reference to mineral components. It is defined as the mass of many particles of the material divided by the total volume they occupy. The total volume includes particle volume, inter-particle void volume and internal pore volume.
CAMBRIAN	The Cambrian is the first geological period of the Paleozoic Era, lasting from 542 ± 0.3 million years ago to 488.3 ± 1.7 million years ago.
CaO	Chemical Symbol for Calcium Oxide
COLLAR	The start or beginning of a drill hole or the mouth of an underground working entrance.
CONE SPLITTER	Sample splitting device attached to the bottom of the cyclone on a RC (reverse circulation) drill rig. Cuttings are gravity fed over a stainless steel cone and multiple outlets capture the divided sample. This splitting method is considered "best practice" within the industry as it eliminates a grainsize bias between samples.
CONFIDENCE LEVEL	The statistical likelihood (probability) that a random variable lies within the confidence interval of an estimate.
CRATON	The relatively stable nucleus of a continent. Cratons are made up of a shield-like core of Precambrian Rock and a buried extension of the shield.

DAP/MAP	Diammonium Phosphate (DAP) and Monoammonium Phosphate (MAP) are phosphate salts produced by reacting phosphoric acid with ammonia. They are both used as fertiliser.
DEVONIAN	The fourth geological period of the Paleozoic Era, spanning 408 to 360 million years ago.
DIAMOND DRILL	A method of extracting core samples from the earth. A series of rods/tubes with a diamond encrusted drill bit on the end are rotated under pressure to cut a drill hole into the earth. The internal core sample is then recovered for testing and study.
DIRECT ACIDULATION	Reaction of phosphate rock or beneficiated phosphate concentrates with sulfuric acid to produce phosphoric acid feedstocks.
DISSEMINATED	Fine grain particles of minerals that occur within the rock
FACIES	A term applied to sedimentary units and the rocks that belong to them
FAULT	A fracture or fracture zone in rock along which there has been displacement of the two sides relative to each other and parallel to the fracture plane.
FE/Fe ₂ O ₃	Chemical symbol for iron.
FE ₂ O ₃	Iron Oxide
FLOTATION	The process of using chemicals to move fine grain particles in a solution, one process used in beneficiation
FOB	Acronym meaning “free on board” used in conjunction with a port of reference. It is a shipping term outlining which party pays for transportation costs to port, as well as loading costs.
FRACTURE	A general term for any break in a rock, whether or not it causes displacement.
GOETHITE	FeO(OH) is an iron hydroxide mineral often formed through the weathering of other iron compounds. As a result, it is usually unreactive to acid attack.
ICP ACID DIGEST	Is a technique used for assaying phosphate rock. Commercial laboratories digest the sample in acid and then analyse it using a multi-element inductively coupled plasma atomic emission spectrometer (ICP-AES).
INTRACRATONIC BASIN	A depression in the Earth’s surface caused by subsidence, notable for its lack of significant surrounding highland areas and is usually subsequently filled with sediments.
KIMBERLITE	An intrusive igneous rock sometimes containing diamonds.
KARST	Topography formed by weathered limestone
LATERITE	Weathered material composed principally of the oxides of iron, aluminum, titanium, and manganese; laterite ranges from soft, earthy, porous soil to hard, dense rock.
LITHOLOGY	A set of characteristics particular to a rock formation.
MEAN	The average value of a set of numbers.
MESOZOIC	The era of geologic time from about 245 to 65 million years ago.

METALLURGICAL TEST	A general term for a number of mechanical or chemical processes that are employed to test the amenability of separating metals from their ores.
METAMORPHOSED	Rock or mineral that has undergone mineralogical and/or structural change in response to elevated pressures, temperatures or changes in chemical conditions.
MICACEOUS	Mica's are a group of platy silicate minerals. A rock described as micaceous is either consisting of or pertaining to mica, or has characteristics resembling a mica, either in lustre or in having the property of being easily split into thin sheets.
MICRONS	A unit of measurement equal to the micrometer, or one-millionth of a meter ($1 \times 10^{-6} \text{m}$).
MICROSPHORITE	Very fine grained phosphorite (phosphate rich rock)
MINERALIZATION	The process or processes by which a mineral or minerals are introduced into a rock, resulting in an enriched deposit; or the result of these processes.
MINERALIZED	Rock that has undergone the process of mineralization.
ORDOVICIAN	The second period of the Paleozoic Era, from about 505 to 438 million years ago.
ORE	See RESERVE.
OUTLIER	An outcrop of rocks that is entirely surrounded by older rocks.
OVERTHRUSTING	A reverse fault in which the rocks on the upper surface of a fault plane have moved over the rocks on the lower surface.
P_2O_5	Chemical symbol for phosphorus pentoxide
P_{80}	A measurement of grinding ability, where 80% of the ground ore will pass through mesh of a pre-determined screen. In this case, a P_{80} of 150 microns is required.
PALEO-STREAM	Ancient stream or river beds which have been filled in with younger material.
PALAEOZOIC	The era of geologic time from about 540 to 245 million years ago.
PELLETAL PHOSPHORITE	These particulate rocks vary from pale grey-white to yellowish-brown, are highly porous, with a sandy texture and are friable. Pelletal phosphorites are almost completely comprised of collophane (carbonate fluorapatite) occurring as phosphatic fossil fragments and ovulitic peloids. Grainsize is typically around 0.2 - 1.0 mm with a loose cement of collophane mud.
PERMIAN	The seventh and last period of the Paleozoic Era, from about 286 to 245 million years ago.
PHOSPHORITE	A sedimentary rock that contains at least 20 per cent of phosphate minerals.
PRECAMBRIAN	A period of geologic time earlier than 544 million years before present.

PROBABLE RESERVES	Probable (Indicated) Reserves refers to reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.
PROTEROZOIC	The later of the two divisions of the Precambrian Eon, from about 2.5 billion to 540 million years ago.
PROVEN RESERVES	Proven (Measured) Reserves refers to reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings, drillholes; grade and/or quality are computed from the results of detailed sampling and (b) the sites of inspection, sampling and measurement are spaced so closely and geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
QA/QC	Quality Assurance and Quality Control – refers to the procedures and measures put in place and taken during the drilling and assaying process of the deposit that ensure only repeatable and high quality data is obtained.
QUARTZ	A glassy silicate and common rock forming mineral (SiO ₂).
RADIOMETRIC SURVEY	Geophysical survey measuring the emission of gamma radiation from rocks and soils. Used as an exploration tool.
RC DRILLING	Reverse Circulation (RC). Drilling technique used which has a double tube to pass the air down between the inner tube and outer tube, with the sample returned up the inner tube.
REPLACEMENT	Pertaining to a type of mineral deposit that forms by partial or complete replacement of bedrock constituents by new minerals, generally by the action of hydrothermal fluids.
REPLACEMENT PHOSPHORITE	Broken Hill South geologists recognised a more indurated, porcellanous form of phosphorite which they termed 'replacement' phosphorite. Petrographic studies suggested this material originated from the replacement of limestone or dolomite in the sub-stratum by phosphate (Rogers and Keevers, 1976). Replacement phosphorite is white to tan in colour and consists of structureless collophane containing minor silt, chert and clay. Replacement phosphorite is typically of high-grade.
RESERVE	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
RESOURCE	Pertaining to the quantity or bulk of mineralized material without reference to the economic viability of its extraction (see reserve).
REVERSE CIRCULATION	The method of drilling that was used to obtain the majority of data that has been used in this resource estimation process. Pressurised air is forced down the outside of a string of drill rods that contain an inner-tube. The air drives a hammer and drill bit that breaks and pulverises the rock, once broken down the reverse air pressure forces the resulting material back up the inner-tube to be sampled at the top of the hole.
SAMPLE VARIANCE	A measurement of the spread of a set of numbers/results are from each other.

SEDIMENT	Fragmented material that originates from weathering of rocks and that is transported by air, water, ice or other natural agents, and that forms in layers on the Earth's surface at ordinary temperatures in a loose, unconsolidated form; e.g. silt, sand, gravel, etc.
SELECTED SAMPLE	A specimen of a mineralized zone that is not intended to be representative of the deposit as a whole.
SHAPIRO TEST	A chemical visual colorimetric test developed in the 1960's that was used in the field by Legend International Holdings geologists to allow a quantitative estimate of phosphate content of material at the time of sampling.
SILCRETE	A hard surface deposit composed of sand and gravel cemented by chert and quartz, it is formed by chemical weathering and water evaporation in semi-arid environments.
SILICA/SiO ₂	A generic term for silicon dioxide (SiO ₂), the most common form of which is quartz.
SILURIAN	The third period of the Paleozoic Era, from about 438 to 408 million years ago.
SPLIT	A portion of a rock or soil sample that is separated from the bulk of the original before the analytical process so as to provide material for re-analysis as a check of the accuracy of the original procedure should it be required.
STANDARD DEVIATION	A statistic used as a measure of the dispersion or variation in a distribution, equal to the square root of the arithmetic mean of the squares of the deviations from the arithmetic mean.
STANDARD ERROR	The standard deviations of the sample in a frequency distribution, obtained by dividing the standard deviation by the total number of cases in the frequency distribution.
STRATA	Beds or layers of rock.
STRATIGRAPHY	Aspect of the geology of an area that pertains to the character of its stratified rock.
STRIKE	The course or bearing of the outcrop of an inclined bed, vein or fault plane on a level surface; the direction of a horizontal line perpendicular to the dip.
TENEMENT	An area of land leased by a mining company from the government upon which they carry out exploration activities.
TERMS OF REFERENCE	Terms of reference describe the purpose and structure of a project, committee, meeting, negotiation, or any similar collection of people who have agreed to work together to accomplish a shared goal. The terms of reference of a project are often referred to as the project charter.
TERTIARY	The first period of the Cenozoic Era, from about 65 to 2 million years ago.
VEIN	An epigenetic mineral filling of a fault or other fracture in a host rock, in tabular or sheetlike form, often as a precipitate from a hydrothermal fluid.
WEIGHTED AVERAGE	Value calculated from a number of samples, each of which has been "weighted" by a factor of the individual sample width.

WORKING	A general term for any type of excavation carried out during the course of mining or mining exploration.
XRF	X-Ray Fluorescence Spectroscopy is a means of identifying elements in a compound by bombarding that compound with x-rays and measuring the unique elemental signature produced.

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