

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) September 18, 2006

LEGEND INTERNATIONAL HOLDINGS, INC
(Exact Name of Company as Specified in Charter)

<u>Delaware</u>	<u>000-32551</u>	<u>23-3067904</u>
(State or Other Jurisdiction of Incorporation)	(Commission File No.)	(IRS Employer Identification No.)
<u>Level 8, 580 St Kilda Road, Melbourne, Victoria Australia</u>		<u>3004</u>
(Address of Principal Executive Offices)		(Zip Code)
Company's telephone number	61-3-8532-2866	
Company's facsimile number	61-3-8532-2805	
Company's email address	lgdi@axisc.com.au	
Company's website address	www.lgdi.net	

Item 1.01. Entry into a Material Definitive Agreement

(i) Private Placement of Shares of Common Stock

Effective as of September 18, 2006, Legend International Holdings, Inc, a Delaware corporation (the "Company"), completed a private placement offering to accredited investors (the "Private Placement") in which the Company sold an aggregate of 4,000,000 shares of common stock, U.S. \$0.001 par value (the "Common Stock") at a purchase price of U.S. \$0.50 per share, for aggregate proceeds of U.S. \$2,000,000. The Private Placement was effected pursuant to the terms of a Subscription Agreement.

The Company had previously received approximately U.S. \$1,200,000 of the proceeds of the Private Placement, which the Company used to complete its acquisition of the Astro Diamond Mines mining tenements in Northern Australia. The Company intends to utilize the remaining net proceeds of the Private Placement to conduct exploration activities for diamonds on its exploration properties located in the Northern Territory of Australia and for general corporate and working capital purposes.

The description of the Subscription Agreement that is contained in this Form 8-K is qualified in its entirety to the text of the actual agreement that are filed as exhibits hereto.

(ii) Issuance of Options

On September 18, 2006, the Board of Directors of the Company adopted a Stock Option Plan (refer Item 8.01 of this Form 8K for further details) and agreed to issue the following options to acquire shares of common stock in the Company, at an exercise price of US\$1.00 per option.

Name	Title	Quantity	Exercise Price
Joseph Gutnick	President, CEO and Chairman of the Board	1,000,000	US\$2.25
Peter Lee	CFO & Secretary	700,000	50% at US\$1.00 and 50 % at US\$2.25

Item 3.02 Unregistered Sales of Equity Securities

(i) The description of the Private Placement set forth above is hereby incorporated herein by this reference. The securities that are being issued pursuant to the Private Placement are being issued in reliance upon exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Act") under Section 4(2) of the Act and under Regulation S promulgated under the Act.

(ii) The description of the Options set forth above is hereby incorporated herein by this reference.

Item 8.01: Other Events

(i) Share Bonus Issue

On September 19, 2006, the Company announced the issue of one (1) new bonus share of common stock for every two (2) shares of common stock currently outstanding on the record date. The record date will be November 17, 2006. The issue of the new bonus share of common stock will be on a pro-rata basis to all shareholders.

(ii) Proposed Increase in Authorized Share Capital and Further Bonus Issue of Shares.

On September 19, 2006, the Company announced that it intends to seek shareholder approval to the increase in its authorized capital from 100 million shares of common stock to 200 million shares of common stock and that following such approval, it intends to undertake a further bonus issue of shares of common stock to all shareholders on the basis of one (1) new shares of common stock for every two (2) shares of common stock. The record date will be set following shareholder approval to the increase in the authorized capital of the Company. The issue of the new

bonus share of common stock will be on a pro-rata basis to all shareholders. This communication is not a solicitation of a proxy from any security holder of the Company. The Company expects to mail a Proxy Statement to its stockholders concerning the proposal to increase the Company's authorized share capital. WE URGE SECURITY HOLDERS TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS TO BE FILED WITH THE SEC, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Security holders will be able to obtain the documents free of charge at the SEC's website, www.sec.gov. In addition, documents filed with the SEC by the Company will be available free of charge upon request from: the Company's website at <http://www.lgdi.net> or by calling the Company at 011-613-8532-2866.

(iii) **Stock Option Plan**

On September 18, 2006, the Board of Directors of the Company adopted the 2006 Incentive Option Plan of Legend International Holdings, Inc. The plan was established to recognize contributions made by directors, officers, employees, management company employees, consultants or company consultants, and also includes a Company, of which 100% of the share capital is beneficially owned by one or more service providers ("service provider"). The maximum aggregate number of shares that may be reserved for issuance under the plan at any point of time is 10% of the outstanding shares on a fully diluted basis at the time planned shares are reserved for issuance as a result of the grant of an option, less any common shares reserved for issuance under share options granted under share compensation arrangements other than this plan. Options to purchase common shares may be granted under the plan to service providers from time to time by the Board. Options issued under the plan can be exercisable for a maximum of 10 years from the effective date.

Vesting of the options is otherwise at the discretion of the Board of Directors of the Company and will generally be subject to the service provider remaining employed by or continuing to provide service to the Company and its affiliates as well as at the discretion of the Board achieving certain milestones which may be defined by the Board from time to time while receiving a satisfactory performance review by the Company or any of its affiliates during the vesting period or remaining as a Director of the Company or any of its affiliate during the vesting period.

No options may be exercised after the service provider has left the employment or office or has been advised his services are no longer required or his service contract has expired except in the case of the death of a optionee; any vesting options held by them at the date of death will become exercisable by the optionees' lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option; options granted to a service provider conducting investor relations activities will expire within thirty days of the date of the optionee ceasing to conduct such activities but only to the extent that such optionee was vested in the option at the date the optionee ceased to conduct such activities; options granted to an optionee other than one conducting investor relations activities will expire within 90 days after the optionee ceases to be employed or provide services to the Company but only to the extent that such optionee was vested in the option at the date the optionee ceased to be employed or to provide services to the Company; and, in the case of the optionee being dismissed from employment or service for cause, such optionees, whether or not vested at the date of dismissal will immediately terminate without right to exercise the same. Options will be exercisable only by the optionee to whom they are granted and will not be re-assignable or transferable.

The number of common shares subject to an option will be subject to adjustment in the case of sub division of common shares, consolidation of common shares, capital raising, reorganization, reclassification or change of outstanding equity shares of the Company.

Options granted pursuant to the plan to Directors, officers and all employees and consultants employed or retained by the Company for a period of more than 6 months at the time the option is granted will vest as follows:- (i) One third of the total number of options granted will vest 12 months after the date of grant; (ii) a further one third of the total number of options granted will vest 24 months after the date of grant; and (iii) the remaining one third of the total number of options granted will vest 36 months after the date of grant. Options granted pursuant to the plan to the employer or consultant who has been employed or retained by the Company for a period of less than six months at the time the option is granted will vest as follows: (i) One third of the total number of options granted will vest one year after the date of grant; (ii) A further one third of the total number of options granted will vest 18 months after the date of grant; and (iii) The remaining one third of the total number of options granted will vest 2 years after the date of grant. Options granted to consultants retained by

the Company pursuant to a short term contract or for a specific project for a defined term will be such vesting provisions determined by the Board of Directors of the Company at the time the option commitment is made.

Item 9.01: Financial Statement and Exhibits

99.1: Press Release dated September 19, 2006

99.2 Subscription Agreement in accordance with Regulation S

99.3 Subscription Agreement in accordance with Regulation D

99.4 2006 Equity Incentive Plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LEGEND INTERNATIONAL HOLDINGS INC.
(Company)

By:

A handwritten signature in black ink, appearing to read "Peter Lee", written in a cursive style.

Peter Lee
Secretary

Dated: October 5, 2006

**Legend International Holdings, Inc.**

A Delaware Corporation
ARBN 120 855 352

Level 8, 580 St Kilda Road, Melbourne
Victoria 3004, Australia

PO Box 6315, St Kilda Road Central
Melbourne, Victoria 8008, Australia

Telephone: +61 3 8532 286 6

Facsimile: +61 3 8532 2805

Email: lgdi@axisc.com.au

PRESS RELEASE

**LEGEND INTERNATIONAL RAISES US\$2.0 MILLION FROM A PRIVATE PLACEMENT,
ANNOUNCES A BONUS ISSUE OF SHARES OF COMMON STOCK AND ISSUES OPTIONS TO
DIRECTORS, EXECUTIVES AND CONSULTANTS.**

Melbourne, Australia – September 19, 2006 – Legend International Holdings, Inc. (OTC-BB: LGDI.OB) a Delaware Corporation, specializing in diamond exploration, announces the closing of a private placement of 4 million shares of common stock at a placement price of US\$0.50 per share raising US\$2.0 million. The proceeds of this private placement will be used for working capital purposes.

Legend International also announces a bonus issue of shares of common stock to all shareholders on the basis of one (1) new share of common stock for every two (2) shares of common stock held at the record date. The record date has been set as November 17, 2006. Participants of the private placement and 2006 Equity Incentive Plan will be entitled to participate in the bonus issue.

Furthermore, Legend International announces that it intends to seek shareholder approval to the increase in its authorized capital from 100 million shares of common stock to 200 million shares of common stock and that following such approval, it intends to undertake a further bonus issue of shares of common stock to all shareholders on the basis of one (1) new share of common stock for every two (2) shares of common stock.

Finally, Legend International also announces the issue of 3.3 million options over shares of common stock to Directors, Executives and Consultants under the 2006 Equity Incentive Plan that has been adopted by the Directors of Legend International. The options will vest as follows: 1/3 after 12 months, 1/3 after 24 months and the balance of 1/3 after 36 months. The exercise price of the options is US\$2.25 for the President and Chief Executive Officer; and for all other participants, US\$1.00 for 50% of the options and US\$2.25 for the balance of 50% of the options.

About Legend International Holdings Inc

Legend International Holdings Inc is a Delaware corporation that is focussing its activities in the diamond mining and exploration industry. There can be no assurance that Legend will be successful in developing any such projects. For further information please visit our website at www.lgdi.net.

For further information, please contact:

Mr. Joseph Gutnick
Chief Executive Officer
Legend International Holdings Inc
Tel: +011 613 8532 2866
Fax: +011 613 8532 2805
E-mail: josephg@axisc.com.au

Forward-Looking Statements

Forward-looking statements in this press release are made pursuant to the “safe harbour” provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties including, without limitation, the risks of exploration and development stage projects, risks associated with environmental and other regulatory matters, mining risks and competition and the volatility of gold prices. Actual results and timetables could vary significantly. Additional information about these and other factors that could affect the Company’s business is set forth in the Company’s fiscal 2005 Annual Report on Form 10-KSB and other filings with the Securities and Exchange Commission.

LEGEND INTERNATIONAL HOLDINGS, INC.

SUBSCRIPTION AGREEMENT

Legend International Holdings, Inc.
Level 8, 580 St Kilda Road
South Melbourne
Victoria 3004 Australia

Attn: Peter Lee

Gentlemen:

1. Subscription.

1.1 Offering. The undersigned understands that Legend International Holdings, Inc. (the "Company") is offering to sell to investors an aggregate of 4,000,000 shares of its Common Stock, US\$.001 par value ("Common Stock") at US\$0.50 per share.

1.2 Manner of Subscription. The undersigned (the "Subscriber") hereby subscribes for and agrees to purchase _____ Shares of Common Stock for a purchase price of US\$0.50 per share or an aggregate purchase price of US\$_____ on the terms and conditions described herein. The minimum subscription is for 1000 Shares unless the Company agrees to accept a lesser subscription. The undersigned hereby tenders to the Company a check made payable to the order of "Legend International Holdings, Inc." in the amount indicated above and two executed copies of this Subscription Agreement.

1.3 Offering Period. The undersigned agrees that this subscription is, and shall be, irrevocable, but his or her obligations hereunder will terminate if this subscription is not accepted by the Company by September 18, 2006 or such later date as may be designated by the Company, but not later than September 30, 2006 (the "Outside Date). The Company reserves the right, in its sole discretion, to accept or reject this subscription, in whole or in part, for any reason, at anytime through the Outside Date.

1.4 Closing. The undersigned acknowledges and agrees that the closing of this Offering is conditioned upon the receipt and acceptance by the Company of subscriptions for a minimum of 1,000,000 shares ("Minimum Subscription") prior to the Outside Date. As soon as the Company has received and accepted the Minimum Subscription it will hold a closing (the "Closing") to accept such subscriptions. Thereafter the Company may from time to time at any time through the Outside Date accept additional subscriptions up to a maximum of 2,000,000 Shares.

The undersigned acknowledges and agrees that the subscriber funds, less a finders fee of up to 10% for certain subscriptions, will be retained by the Company and utilized in the manner set forth in the Summary Term Sheet if the subscription is accepted prior to the Outside Date, and shall be promptly refunded to the Subscriber if not so accepted prior to the Outside Date. The Company shall promptly notify the Subscriber of the acceptance of his or her subscription and/or termination of the Offering. If this subscription

is rejected, the subscription payment will be promptly returned to the undersigned without interest or deduction and this Subscription Agreement shall have no force or effect.

2. Representations, Warranties and Covenants of the Subscriber.

2.1 Representations and Warranties; Risk Factors. The Subscriber, by signing this Subscription Agreement, represents and warrants to the Company that the Subscriber:

(a) All Common Stock purchased by him are being acquired by him for his own account (or for accounts for which he has sole investment discretion) for investment, without any intention of selling, further distributing, or otherwise disposing of the Common Stock.

(b) None of the Common Stock is registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws. The Subscriber understands that the offering and sale of the Common Stock is intended to be exempt from registration under the 1933 Act by virtue of Section 4(2) and/or Section 4(6) thereof and/ or the provisions of Regulation S promulgated thereunder, based, in part, upon the representations, warranties and agreements of the Subscriber contained in this Subscription Agreement.

(c) The Subscriber is not a U.S. Person as that term is defined in rule 902(k) of Regulation S and is a resident of the jurisdiction set forth on the Signature Page.

(d) The Common Stock was not offered to the Subscriber in the United States.

(e) At the time of the execution of this Agreement and the time of any offer to the Subscriber to purchase the Common Stock hereunder, the Subscriber was physically outside the United States.

(f) The Subscriber is purchasing the Common Stock for his or her own account and not on behalf of or for the benefit of any U.S. Person and the sale and resale of the Common Stock has not been prearranged with any U.S. Person or buyer in the United States.

(g) The Subscriber is not an underwriter, dealer, distributor or other person who is participating, pursuant to a contractual agreement, in the distribution of the Common Stock offered or sold in reliance on Regulation S.

(h) To the knowledge of the Subscriber, without any independent investigation, neither the Company nor any person acting for the Company has conducted any "directed selling efforts" in the United States as such term is defined in Rule 902(c) of Regulation S, which in general, means any activity taken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Common Stock being offered in reliance on Regulation S. Such activity includes, without limitation, the mailing of printed material to Investors residing in the United States, the holding of promotional seminars in the United States, and the placement of advertisements with radio or television stations broadcasting in the United States or in

publication for the general circulation in the United States that refer to the offering of the Common Stock in reliance on Regulation S.

(i) The Subscriber must bear the substantial economic risks of the investment in the Common Stock indefinitely because none of the Common Stock may be sold, hypothecated or otherwise disposed of unless subsequently registered under the 1933 Act and applicable state securities laws or an exemption from such registration is available (including under Regulation S). Legends shall be placed on the certificates, representing the Common Stock to the effect that they have not been registered under the 1933 Act or applicable state securities laws and appropriate notations thereof will be made in the Company's stock books.

(j) Neither the Securities and Exchange Commission nor any state securities commission has approved the Common Stock or passed upon or endorsed the merits of this offering or confirmed the accuracy or determined the adequacy of the summary term sheet, including the attachments thereto (the "Summary Term Sheet"). The Summary Term Sheet has not been reviewed by any Federal, state or other regulatory authority.

(k) In evaluating the suitability of an investment in the Company, the Subscriber has not relied upon any representation or other information (oral or written) other than as stated in the Summary Term Sheet, the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 or as contained in documents or answers to questions so furnished to the Subscriber by the Company.

(l) The Subscriber is aware that an investment in the Common Stock involves a high degree of risk, and has carefully read and considered the matters set forth in the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that has been provided to Subscriber.

(m) The Subscriber acknowledges that estimates or projections included in the Summary Term Sheet and the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that have been provided to Subscriber, if any, were prepared by the Company in good faith but that the attainment of such projections and estimates cannot be guaranteed by the Company.

(n) No oral or written representations have been made, or oral or written information furnished, to the Subscriber in connection with this offering which are in any way inconsistent with the information contained in the Summary Term Sheet and the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that have been provided to Subscriber.

(o) The Subscriber may not directly or indirectly, sell, assign, transfer, pledge, give, subject to lien or security interest or otherwise dispose of or encumber, or participate in the underwriting of any such distribution or transfer of (collectively "Transfer") any Common Stock in violation of this Subscription Agreement. Subscriber further covenants, warrants and represents to the Company that (i) it will not act in any way that would constitute it to be an underwriter of such Common Stock within the

meaning of the 1933 Act, and (ii) during the one year period following the Closing, neither the Subscriber nor any of his or her affiliates will, directly or indirectly, hold or maintain any short position in or engage in hedging transactions with respect to the Common Stock or any other securities of the Company.

(p) No actual or purported Transfer of Common Stock, or any interest therein, whether voluntary or involuntary, not in accordance with the provisions of this Subscription Agreement and or applicable law shall be valid or effective to grant to the purported transferee of such Common Stock or interest therein any right, including without limitation the right to cause the registration of such Common Stock on the books of the Company in the transferees's name or on its behalf, to receive dividends, to receive any distributions upon the dissolution, liquidation or winding up of the affairs of the Company or to vote any shares of capital stock, title or interest in or to such Common Stock, and the transferor of such Common Stock, until such Transfer or purported Transfer shall be rescinded, shall not be entitled to, and hereby specifically waives, all such right, title and interest in and to such Common Stock from the date of such Transfer or purported Transfer.

(q) The Subscriber will, prior to any attempted Transfer of Common Stock, give written notice to the Company expressing its desire to effect such transfer and describing in detail the proposed transfer. Upon receiving such notice, Company shall present copies thereof to counsel for the Company to evaluate said Transfer pursuant to the 1933 Act and the Securities Exchange Act of 1934, as then in force, or any similar statute, and applicable state securities law.

(r) The Subscriber does not presently have any reason to anticipate any change in his circumstances or any other particular occasion or event which would cause it to sell any of the Common Stock.

(s) The Subscriber is fully aware that in agreeing to sell and issue such Common Stock to it and in entering this Subscription Agreement, the Company is relying upon the truth and accuracy of the representations and warranties of the Subscriber made herein.

(t) The Subscriber is experienced in investing in junior exploration mining companies. The Subscriber has been granted the opportunity to ask questions of, and receive answers from, the Company concerning the terms and conditions of this offering, the Company, and the Summary Term Sheet and the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that have been provided to Subscriber and to obtain such additional information as it deems necessary to verify the accuracy of the information contained in the offering materials or which otherwise may be desired to make an informed investment decision.

3. Disclosure.

This offering is limited to accredited investors in reliance upon exemptions contained in the 1933 Act and Regulations D and S promulgated thereunder and applicable state securities laws. Accordingly, the Company is offering the Common Stock utilizing this Subscription Agreement rather than a formal private offering memorandum. The undersigned understands that this Subscription Agreement and the Summary Term Sheet and the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the

quarters ended March 31, 2006 and June 30, 2006 that have been provided to Subscriber contains less information that would be included in a private offering memorandum. In making an investment decision Subscribers must rely on their own examination of the Company and the terms of the Offering, including the risks involved.

4. Risk Factors.

The undersigned acknowledges and agrees that he or she has been advised by the Company that an investment in the Company involves a high degree of risk, including the risk that the Subscriber may lose his or her entire investment in the Company. Without limiting the generality of the foregoing, the undersigned acknowledges that he or she has been apprised of the risks factors set out in the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that have been provided to Subscriber.

5. Indemnification and Hold Harmless.

If the Subscriber breaches any of the agreements, representations or warranties which the Subscriber has made in his or her Subscription Agreement, the Subscriber shall indemnify and hold harmless the Company (and their respective employees, agents, and affiliates) against any claim, liability, loss, damage or expense (including attorneys' fees and other costs of investigating and litigating claims) caused, directly or indirectly, by the Subscriber's breach.

6. Confidentiality.

The Summary Term Sheet is highly confidential and has been prepared by the Company solely for use in connection with this offering. This Subscription Agreement and the Summary Term Sheet is personal to each Offeree and does not constitute any offer to any other person. Each prospective purchaser, by accepting delivery of this Subscription Agreement, agrees not to disclose to anyone, other than his or her professional advisors, the contents of the Summary Term Sheet, to make no copies of this Subscription Agreement or the Summary Term Sheet and if the offeree does not purchase any shares, to return this Subscription Agreement and the Summary Term Sheet to the Company at the above address.

7. Miscellaneous.

7.1 Governing Law. This Agreement and the rights of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within Delaware.

7.2 Entire Agreement; Waiver. This Agreement constitutes the entire agreement between the parties and supersedes any prior agreements or understanding between them. This Agreement may not be modified in any manner unless in writing and signed by the party against whom enforcement thereof is sought. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any subsequent breach or condition of a like or different nature.

7.3 Binding Effect. This Agreement and all the terms and provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto,

and their respective successors and permitted assigns; provided that, this Agreement may not be assigned by Subscriber without the Company's prior written consent.

7.4 No Third Party Beneficiaries. The provisions of this Agreement and of any other agreement between the Company and Subscriber are solely for the benefit of the Company and Subscriber and may be changed, terminated or revoked in any manner at any time by mutual agreement between the Company and Subscriber without notice or liability to any other person.

7.5 Further Assurances. Each of the parties hereto agrees to execute, acknowledge, deliver, file, record and publish such further certificates, instruments, agreements and other documents and to take all such further action as may be required by law or be necessary or appropriate in order to carry out the provisions of this Agreement.

7.6 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

7.7 Section Headings. Section headings herein have been inserted for reference only and shall not be deemed to limit or otherwise affect, in any manner, or be deemed to interpret in whole or in part any of the terms or provisions of this Subscription Agreement.

EXECUTION PAGE

IN WITNESS HEREOF, the Subscriber has executed this Subscription Agreement.

SUBSCRIBER:

Name (Print) _____
 First Middle Last

Address of Residence _____
 Street or P.O. Box Number City State Zip

Social Security Number or Tax Identification Number: _____

- 1. Number of shares Subscribed for: _____
- 2. Total Payment obligation: US\$0.50 per share, payable upon subscription.
- 3. Checks delivered herewith: _____

Date _____, 2006

Signature _____

Name _____

ACKNOWLEDGED AND AGREED:

LEGEND INTERNATIONAL HOLDINGS, INC.

By _____

Be sure to include:

- (1) Your check for your subscription;
- (2) Two signed copies of this Subscription Agreement

LEGEND INTERNATIONAL HOLDINGS, INC

SUMMARY

TERM SHEET

The following sets forth a summary of terms of the private placement (the “Offering”). No representation or warranty is made as to the accuracy of such summary, and it is qualified in its entirety by, and should be read in conjunction with, the attached subscription agreement (“Subscription Agreement”) and the booklet prepared by LEGEND INTERNATIONAL HOLDINGS, INC (the “Company”) titled “Diamonds – Australia – August 2006” which is included as an Exhibit to the Term Sheet. No person has been authorized to give any information or to make any representation concerning the Company or the Common Stock other than information given by duly authorized officers of the Company in connection with investors’ examination of the Company and the terms of the Offering and, if given or made, any such other information or, representation should not be relied upon as having been authorized by the Company.

Prospective purchasers must carefully review all of the information and transaction documents contained in these materials, and to the extent such purchaser’s desire more information, should request such from the Company and its representatives. The Offering is being made to Subscribers who are not U.S. Persons pursuant to Regulation S under the United States Securities Act of 1933, as amended (the “1933 Act”).

THE OFFERING

Issuer	LEGEND INTERNATIONAL HOLDINGS, INC, a Delaware corporation
Security Offered	The Company's common stock ("Shares").
Price Per Share	US\$0.50
Amount of Shares Offered by the Company	4,000,000 Shares for an aggregate amount in cash of US\$2,000,000.
Use of Proceeds	The Company will utilize the proceeds of the Offering to conduct exploration activities for diamonds on its exploration properties, to complete the purchase of the exploration properties and for general corporate and administrative purposes.
Business Description	The Company was incorporated in Delaware in 2001 as Sundew International, Inc. The Company was involved in a number of activities between 2001 and 2005. Since that time, it has investigated a number of different business proposals and in December 2005 announced that it intended to focus on diamond opportunities in the mining & exploration area. The Company has 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 shall acquire certain diamond mining tenements in Northern Australia from Astro. Details of this contract are set out in a Form 8-K filed with the SEC on March 10, 2006 that has been furnished to the Subscriber.

Risk Factors

The Subscriber acknowledges and agrees that he or she has been advised by the Company that an investment in the Company involves a high degree of risk, including the risk that the Subscriber may lose his or her entire investment in the

Company. Without limiting the generality of the foregoing, the undersigned acknowledges that he or she has been apprised of the risks factors set out in the Form 10-KSB for the year ended December 31, 2005 that has been provided to Subscriber.

Financial Condition

At March 31, 2006, the Company had no assets and total liabilities of approximately US\$88,000. Further information on the financial position of the Company is contained in Items 6, 12 and the Consolidated Financial Statements of the Form 10-KSB for the year ended December 31, 2005 and the Form-10QSB for the quarters ended March 31, 2006 and June 30, 2006 that has been provided to Subscriber.

Board of Directors

The Directors of the Company are Joseph Gutnick and David Tyrwhitt.

Transfer Restrictions

The Shares have not been registered under the 1933 Act and are subject to certain restrictions on transfer as described in the Subscription Agreement. In addition, for a one year period following the Closing, the Subscriber and his or her affiliates may not, directly or indirectly, maintain any short position in or engage in hedging transactions with respect to the common stock of the Company or any other securities of the Company.

Capitalization

Assuming the sale of 4,000,000 shares immediately following the Offering there would be 53,947,785 shares issued and outstanding and _____ options issued and outstanding. On a fully diluted basis, assuming the exercise of all issued and outstanding options, there will be 55,305,065 Shares issued and outstanding. The Company is authorized to issue 100 million shares of common stock, US\$.001 par value and 20 million shares of preferred stock US\$.001 par value.

LEGEND INTERNATIONAL HOLDINGS, INC.

SUBSCRIPTION AGREEMENT

Legend International Holdings, Inc.
Level 8, 580 St Kilda Road
South Melbourne
Victoria 3004 Australia

Attn: Peter Lee

Gentlemen:

1. Subscription.

1.1 Offering. The undersigned understands that Legend International Holdings, Inc. (the "Company") is offering to sell to investors an aggregate of 4,000,000 shares of its Common Stock, US\$.001 par value ("Common Stock") at US\$0.50 per share.

1.2 Manner of Subscription. The undersigned (the "Subscriber") hereby subscribes for and agrees to purchase _____ Shares of Common Stock for a purchase price of US\$0.50 per share or an aggregate purchase price of US\$ _____ on the terms and conditions described herein. The minimum subscription is for _____ Shares unless the Company agrees to accept a lesser subscription. The undersigned hereby tenders to the Company a check made payable to the order of "Legend International Holdings, Inc." in the amount indicated above and two executed copies of this Subscription Agreement.

1.3 Offering Period. The undersigned agrees that this subscription is, and shall be, irrevocable, but his or her obligations hereunder will terminate if this subscription is not accepted by the Company by September 18, 2006 or such later date as may be designated by the Company, but not later than September 30, 2006 (the "Outside Date). The Company reserves the right, in its sole discretion, to accept or reject this subscription, in whole or in part, for any reason, at anytime through the Outside Date.

1.4 Closing. The undersigned acknowledges and agrees that the closing of this Offering is conditioned upon the receipt and acceptance by the Company of subscriptions for a minimum of 2,000,000 shares ("Minimum Subscription") prior to the Outside Date. As soon as the Company has received and accepted the Minimum Subscription it will hold a closing (the "Closing") to accept such subscriptions. Thereafter the Company may from time to time at any time through the Outside Date accept additional subscriptions up to a maximum of 4,000,000 Shares.

The undersigned acknowledges and agrees that the subscriber funds, less a finders fee of up to 10% for certain subscriptions, will be retained by the Company and utilized in the manner set forth in the Summary Term Sheet if the subscription is accepted prior to the Outside Date, and shall be promptly refunded to the Subscriber if not so accepted prior to the Outside Date. The Company shall promptly notify the Subscriber of the acceptance of his or her subscription and/or termination of the Offering. If this subscription is rejected, the subscription payment will be promptly returned to the undersigned without interest or deduction and this Subscription Agreement shall have no force or effect.

2. Representations, Warranties and Covenants of the Subscriber.

2.1 Representations and Warranties; Risk Factors. The Subscriber, by signing this Subscription Agreement, represents and warrants to the Company that the Subscriber:

(a) All Common Stock purchased by him are being acquired by him for his own account (or for accounts for which he has sole investment discretion) for investment, without any intention of selling, further distributing, or otherwise disposing of the Common Stock.

(b) None of the Common Stock is registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws. The Subscriber understands that the offering and sale of the Common Stock is intended to be exempt from registration under the 1933 Act by virtue of Section 4(2) and/or Section 4(6) thereof and/ or the provisions of Regulation S D promulgated thereunder, based, in part, upon the representations, warranties and agreements of the Subscriber contained in this Subscription Agreement.

(c) The Subscriber is not a U.S. Person as that term is defined in rule 902(k) of Regulation S and is a resident of the jurisdiction set forth on the Signature Page.

(d) The Common Stock was not offered to the Subscriber in the United States.

(e) At the time of the execution of this Agreement and the time of any offer to the Subscriber to purchase the Common Stock hereunder, the Subscriber was physically outside the United States.

(f) The Subscriber is purchasing the Common Stock for his or her own account and not on behalf of or for the benefit of any U.S. Person and the sale and resale of the Common Stock has not been prearranged with any U.S. Person or buyer in the United States.

(g) The Subscriber is not an underwriter, dealer, distributor or other person who is participating, pursuant to a contractual agreement, in the distribution of the Common Stock offered or sold in reliance on Regulation SD.

(h) To the knowledge of the Subscriber, without any independent investigation, neither the Company nor any person acting for the Company has conducted any "directed selling efforts" in the United States as such term is defined in Rule 902(c) of Regulation S, which in general, means any activity taken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Common Stock being offered in reliance on Regulation S. Such activity includes, without limitation, the mailing of printed material to Investors residing in the United States, the holding of promotional seminars in the United States, and the placement of advertisements with radio or television stations broadcasting in the United States or in publication for the general circulation in the United States that refer to the offering of the Common Stock in reliance on Regulation S.

(i) The Subscriber must bear the substantial economic risks of the investment in the Common Stock indefinitely because none of the Common Stock may

be sold, hypothecated or otherwise disposed of unless subsequently registered under the 1933 Act and applicable state securities laws or an exemption from such registration is available (including under Regulation S). Legends shall be placed on the certificates, representing the Common Stock to the effect that they have not been registered under the 1933 Act or applicable state securities laws and appropriate notations thereof will be made in the Company's stock books.

(j) Neither the Securities and Exchange Commission nor any state securities commission has approved the Common Stock or passed upon or endorsed the merits of this offering or confirmed the accuracy or determined the adequacy of the summary term sheet, including the attachments thereto (the "Summary Term Sheet"). The Summary Term Sheet has not been reviewed by any Federal, state or other regulatory authority.

(k) In evaluating the suitability of an investment in the Company, the Subscriber has not relied upon any representation or other information (oral or written) other than as stated in the Summary Term Sheet, the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 or as contained in documents or answers to questions so furnished to the Subscriber by the Company.

(l) The Subscriber is aware that an investment in the Common Stock involves a high degree of risk, and has carefully read and considered the matters set forth in the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that has been provided to Subscriber.

(m) The Subscriber acknowledges that estimates or projections included in the Summary Term Sheet and the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that have been provided to Subscriber, if any, were prepared by the Company in good faith but that the attainment of such projections and estimates cannot be guaranteed by the Company.

(n) No oral or written representations have been made, or oral or written information furnished, to the Subscriber in connection with this offering which are in any way inconsistent with the information contained in the Summary Term Sheet and the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that have been provided to Subscriber.

(o) The Subscriber may not directly or indirectly, sell, assign, transfer, pledge, give, subject to lien or security interest or otherwise dispose of or encumber, or participate in the underwriting of any such distribution or transfer of (collectively "Transfer") any Common Stock in violation of this Subscription Agreement. Subscriber further covenants, warrants and represents to the Company that (i) it will not act in any way that would constitute it to be an underwriter of such Common Stock within the meaning of the 1933 Act, and (ii) during the one year period following the Closing, neither the Subscriber nor any of his or her affiliates will, directly or indirectly, hold or maintain any short position in or engage in hedging transactions with respect to the Common Stock or any other securities of the Company.

(p) No actual or purported Transfer of Common Stock, or any interest therein, whether voluntary or involuntary, not in accordance with the provisions of this Subscription Agreement and or applicable law shall be valid or effective to grant to the purported transferee of such Common Stock or interest therein any right, including without limitation the right to cause the registration of such Common Stock on the books of the Company in the transferees's name or on its behalf, to receive dividends, to receive any distributions upon the dissolution, liquidation or winding up of the affairs of the Company or to vote any shares of capital stock, title or interest in or to such Common Stock, and the transferor of such Common Stock, until such Transfer or purported Transfer shall be rescinded, shall not be entitled to, and hereby specifically waives, all such right, title and interest in and to such Common Stock from the date of such Transfer or purported Transfer.

(q) The Subscriber will, prior to any attempted Transfer of Common Stock, give written notice to the Company expressing its desire to effect such transfer and describing in detail the proposed transfer. Upon receiving such notice, Company shall present copies thereof to counsel for the Company to evaluate said Transfer pursuant to the 1933 Act and the Securities Exchange Act of 1934, as then in force, or any similar statute, and applicable state securities law.

(r) The Subscriber does not presently have any reason to anticipate any change in his circumstances or any other particular occasion or event which would cause it to sell any of the Common Stock.

(s) The Subscriber is fully aware that in agreeing to sell and issue such Common Stock to it and in entering this Subscription Agreement, the Company is relying upon the truth and accuracy of the representations and warranties of the Subscriber made herein.

(t) The Subscriber is experienced in investing in junior exploration mining companies. The Subscriber has been granted the opportunity to ask questions of, and receive answers from, the Company concerning the terms and conditions of this offering, the Company, and the Summary Term Sheet and the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that have been provided to Subscriber and to obtain such additional information as it deems necessary to verify the accuracy of the information contained in the offering materials or which otherwise may be desired to make an informed investment decision.

3. Disclosure.

This offering is limited to accredited investors in reliance upon exemptions contained in the 1933 Act and Regulations D and S D promulgated thereunder and applicable state securities laws. Accordingly, the Company is offering the Common Stock utilizing this Subscription Agreement rather than a formal private offering memorandum. The undersigned understands that this Subscription Agreement and the Summary Term Sheet and the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that have been provided to Subscriber contains less information that would be included in a private offering memorandum. In making an investment decision Subscribers must rely on their own examination of the Company and the terms of the Offering, including the risks involved.

4. Risk Factors.

The undersigned acknowledges and agrees that he or she has been advised by the Company that an investment in the Company involves a high degree of risk, including the risk that the Subscriber may lose his or her entire investment in the Company. Without limiting the generality of the foregoing, the undersigned acknowledges that he or she has been apprised of the risks factors set out in the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that have been provided to Subscriber.

5. Indemnification and Hold Harmless.

If the Subscriber breaches any of the agreements, representations or warranties which the Subscriber has made in his or her Subscription Agreement, the Subscriber shall indemnify and hold harmless the Company (and their respective employees, agents, and affiliates) against any claim, liability, loss, damage or expense (including attorneys' fees and other costs of investigating and litigating claims) caused, directly or indirectly, by the Subscriber's breach.

6. Confidentiality.

The Summary Term Sheet is highly confidential and has been prepared by the Company solely for use in connection with this offering. This Subscription Agreement and the Summary Term Sheet is personal to each Offeree and does not constitute any offer to any other person. Each prospective purchaser, by accepting delivery of this Subscription Agreement, agrees not to disclose to anyone, other than his or her professional advisors, the contents of the Summary Term Sheet, to make no copies of this Subscription Agreement or the Summary Term Sheet and if the offeree does not purchase any shares, to return this Subscription Agreement and the Summary Term Sheet to the Company at the above address.

7. Miscellaneous.

7.1 Governing Law. This Agreement and the rights of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within Delaware.

7.2 Entire Agreement; Waiver. This Agreement constitutes the entire agreement between the parties and supersedes any prior agreements or understanding between them. This Agreement may not be modified in any manner unless in writing and signed by the party against whom enforcement thereof is sought. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any subsequent breach or condition of a like or different nature.

7.3 Binding Effect. This Agreement and all the terms and provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns; provided that, this Agreement may not be assigned by Subscriber without the Company's prior written consent.

7.4 No Third Party Beneficiaries. The provisions of this Agreement and of any other agreement between the Company and Subscriber are solely for the benefit of the Company and Subscriber and may be changed, terminated or revoked in

any manner at any time by mutual agreement between the Company and Subscriber without notice or liability to any other person.

7.5 Further Assurances. Each of the parties hereto agrees to execute, acknowledge, deliver, file, record and publish such further certificates, instruments, agreements and other documents and to take all such further action as may be required by law or be necessary or appropriate in order to carry out the provisions of this Agreement.

7.6 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

7.7 Section Headings. Section headings herein have been inserted for reference only and shall not be deemed to limit or otherwise affect, in any manner, or be deemed to interpret in whole or in part any of the terms or provisions of this Subscription Agreement.

EXECUTION PAGE

IN WITNESS HEREOF, the Subscriber has executed this Subscription Agreement.

SUBSCRIBER:

Name (Print) _____
First Middle Last

Address of Residence _____
Street or P.O. Box Number City State Zip

Social Security Number or Tax Identification Number: _____

- 1. Number of shares Subscribed for: _____
- 2. Total Payment obligation: US\$0.50 per share, payable upon subscription.
- 3. Checks delivered herewith: _____

Date _____, 2006

Signature _____

Name _____

ACKNOWLEDGED AND AGREED:
LEGEND INTERNATIONAL HOLDINGS, INC.

By _____

Be sure to include:

- (1) Your check for your subscription;
- (2) Two signed copies of this Subscription Agreement

LEGEND INTERNATIONAL HOLDINGS, INC

SUMMARY

TERM SHEET

The following sets forth a summary of terms of the private placement (the “Offering”). No representation or warranty is made as to the accuracy of such summary, and it is qualified in its entirety by, and should be read in conjunction with, the attached subscription agreement (“Subscription Agreement”) and the booklet prepared by LEGEND INTERNATIONAL HOLDINGS, INC (the “Company”) titled “Diamonds – Australia – July 2006” which is included as an Exhibit to the Term Sheet. No person has been authorized to give any information or to make any representation concerning the Company or the Common Stock other than information given by duly authorized officers of the Company in connection with investors’ examination of the Company and the terms of the Offering and, if given or made, any such other information or, representation should not be relied upon as having been authorized by the Company.

Prospective purchasers must carefully review all of the information and transaction documents contained in these materials, and to the extent such purchaser’s desire more information, should request such from the Company and its representatives. The Offering is being made to Subscribers who are U.S. Persons pursuant to Regulation D under the United States Securities Act of 1933, as amended (the “1933 Act”).

THE OFFERING

Issuer	LEGEND INTERNATIONAL HOLDINGS, INC, a Delaware corporation
Security Offered	The Company's common stock ("Shares").
Price Per Share	US\$0.50
Amount of Shares Offered by the Company	4,000,000 Shares for an aggregate amount in cash of US\$2,000,000.
Use of Proceeds	The Company will utilize the proceeds of the Offering to conduct exploration activities for diamonds on its exploration properties, to complete the purchase of the exploration properties and for general corporate and administrative purposes.
Business Description	The Company was incorporated in Delaware in 2001 as Sundew International, Inc. The Company was involved in a number of activities between 2001 and 2005. Since that time, it has investigated a number of different business proposals and in December 2005 announced that it intended to focus on diamond opportunities in the mining & exploration area. The Company has 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 shall acquire certain diamond mining tenements in Northern Australia from Astro. Details of this contract are set out in a Form 8-K filed with the SEC on March 10, 2006 that has been furnished to the Subscriber.

Risk Factors

The Subscriber acknowledges and agrees that he or she has been advised by the Company that an investment in the Company involves a high degree of risk, including the risk that the Subscriber may lose his or her entire investment in the

Company. Without limiting the generality of the foregoing, the undersigned acknowledges that he or she has been apprised of the risks factors set out in the Form 10-KSB for the year ended December 31, 2005 that has been provided to Subscriber.

Financial Condition

At March 31, 2006, the Company had no assets and total liabilities of approximately US\$88,000. Further information on the financial position of the Company is contained in Items 6, 12 and the Consolidated Financial Statements of the Form 10-KSB for the year ended December 31, 2005 and the Form 10-QSB for the quarters ended March 31, 2006 and June 30, 2006 that has been provided to Subscriber.

Board of Directors

The Directors of the Company are Joseph Gutnick and David Tyrwhitt.

Transfer Restrictions

The Shares have not been registered under the 1933 Act and are subject to certain restrictions on transfer as described in the Subscription Agreement. In addition, for a one year period following the Closing, the Subscriber and his or her affiliates may not, directly or indirectly, maintain any short position in or engage in hedging transactions with respect to the common stock of the Company or any other securities of the Company.

Capitalization

Assuming the sale of 4,000,000 shares immediately following the Offering there would be 53,947,785 shares issued and outstanding and 1,387,280 options issued and outstanding. On a fully diluted basis, assuming the exercise of all issued and outstanding options, there will be 55,305,065 Shares issued and outstanding. The Company is authorized to issue 100 million shares of common stock, US\$.001 par value and 20 million shares of preferred stock US\$.001 par value.

LEGEND INTERNATIONAL HOLDINGS, INC

2006 EQUITY INCENTIVE PLAN

Board of Directors Approval: September 18, 2006

1 Purposes of the Plan. The purposes of the 2006 Equity Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to Employees, Directors and Consultants of the Company and its Subsidiaries, and to promote the success of the Company's business. Options granted hereunder may be either Incentive Stock Options or Nonstatutory Stock Options at the discretion of the Committee.

2 Definitions. As used herein, and in any Option granted hereunder, the following definitions shall apply:

(a) "Affiliate" shall mean any corporation or any other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Change of Control" includes situations where after giving effect to the contemplated transaction or series of transactions and as a result of such transaction or series of transactions:

(i) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or resulting company, or,

(ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of voting shares of the Company or its successor to affect materially the control of the Company or its successor,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to affect materially control of the Company or its successor. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Company or its successor is deemed to materially affect the control of the Company or its successor;

A Change of Control will also include a situation whereby individuals who, as of the date of this Plan, constitute the Board of Directors of the Company (or similar body elected to manage the affairs of the Company) cease for any reason to constitute at least a majority of the Board of Directors (or similar body) as constituted from time to time; or the sale or other disposition of all or substantially all of the assets of the Company or any subsidiary in one transaction or series of related transactions,

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) "Common Stock" shall mean the Common Stock of the Company.

(f) "Company" shall mean Legend International Holdings, Inc, a Delaware corporation, or any successor thereto.

(g) "Committee" shall mean the Committee appointed by the Board in accordance with paragraph (a) of Section 4 of the Plan. If the Board does not appoint or ceases to maintain a Committee, the term "Committee" shall refer to the Board.

(h) "Consultant" shall mean any consultant, independent contractor or other person who provides significant services to the Company or any Subsidiary, but who is neither an Employee nor a Director.

(i) "Director" shall mean a member of the Board of Directors of the Company.

(j) "Employee" shall mean any person, including officers (whether or not they are directors), employed by the Company or any Affiliate.

(k) "Fair Market Value" shall mean the price for the Shares determined by the Committee in accordance with uniform and nondiscriminatory standards adopted by it from time to time. Unless otherwise determined by the Committee, the Fair Market Value of a share of Common Stock as of any date is the last sale price of the Common Stock on the trading day prior to such date or, in case no such reported sales take place on such day, the average of the last reported bid and asked prices of the Common Stock on such day, in either case on the principal national securities exchange on which the Common Stock is admitted to trading or listed, or if not listed or admitted to trading on any such exchange, the high per share bid price for the Common Stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization, or if not so available, the fair market value of the Common Stock as determined in good faith by the Company's Board of Directors.

(l) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(m) "Incentive Stock Option" shall mean any option granted under this Plan and any other option granted to an Employee in accordance with the provisions of Section 422 of the Code, and the regulations promulgated thereunder.

(n) "Nonstatutory Stock Option" shall mean an Option granted under the Plan that is subject to the provisions of Section 1.83-7 of the Treasury Regulations promulgated under Section 83 of the Code.

(o) "Option" shall mean a stock option granted pursuant to the Plan.

(p) "Option Agreement" shall mean a written agreement between the Company and the Optionee regarding the grant and exercise of Options to

purchase Shares and the terms and conditions thereof as determined by the Committee pursuant to the Plan.

(q) "Optioned Shares" shall mean the Common Stock subject to an Option.

(r) "Optionee" shall mean an Employee, Director or Consultant who receives an Option.

(s) "Plan" shall mean this 2006 Equity Incentive Plan.

(t) "Securities Act" shall mean the Securities Act of 1933, as amended.

(u) "Share" shall mean a share of the Common Stock subject to an Option, as adjusted in accordance with Section 12 of the Plan.

(v) "Subsidiary" shall mean any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(w) "Termination of Service" shall mean (a) in the case of an Employee, a cessation of the employee-employer relationship between the Employee and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, disability, retirement, or the disaffiliation of an Affiliate, but excluding any such termination where there is a simultaneous reemployment by the Company or an Affiliate; (b) in the case of a Consultant, a cessation of the service relationship between the Consultant and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, disability, or the disaffiliation of an Affiliate, but excluding any such termination where there is a simultaneous re-engagement of the consultant by the Company or an Affiliate; and (c) in the case of a non-employee Director, a cessation of the Director's service on the Board for any reason, including, but not by way of limitation, a termination by resignation, death, disability, retirement or non-reelection to the Board.

3 Stock Subject to the Plan. Subject to the provisions of Section 12 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 10% of the issued and outstanding shares (on a fully diluted basis) and the maximum aggregate number of Shares that may be issued upon exercise of Incentive Stock Options is 5,000,000. The Shares may be authorized but unissued or reacquired shares of Common Stock. If an Option expires or becomes unexercisable for any reason without having been exercised in full, the Shares which were subject to the Option but as to which the Option was not exercised shall, unless the Plan shall have been terminated, become available for other Option grants under the Plan. In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, split-up, Share combination, or other change in the corporate structure of the Company affecting the Shares, the Committee shall adjust the number and class of Shares which may be delivered under the Plan and the number, class, and price of Shares subject to outstanding Options in such manner as the Committee (in its sole discretion) shall

determine to be appropriate to prevent the dilution or diminution of such Options. Shares issued under the Plan and later repurchased by the Company pursuant to any repurchase right that the Company may have shall not be available for future grant under the Plan; provided, that if unvested Shares of Common Stock are repurchased by the Company at their original purchase price, and the original Shares purchaser did not receive any benefits of ownership of those Shares (other than voting rights), then those Shares shall become available for future grant under the Plan.

4 Administration of the Plan.

(a) Procedure. The Plan shall be administered by the Board. The Board may appoint the Remuneration Committee or another Committee of the Board of the Company to administer the Plan, subject to such terms and conditions as the Board may prescribe, once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies, however caused, and remove all members of the Committee and, thereafter, directly administer the Plan.

Members of the Board or Committee who are either eligible for Options or have been granted Options may vote on any matters affecting the administration of the Plan or the grant of Options pursuant to the Plan, except that no such member shall act upon the granting of an Option to himself, but any such member may be counted in determining the existence of a quorum at any meeting of the Board or the Committee during which action is taken with respect to the granting of an Option to him or her.

The Committee shall meet at such times and places and upon such notice as the Chairperson determines. A majority of the Committee shall constitute a quorum. Any acts by the Committee may be taken at any meeting at which a quorum is present and shall be by majority vote of those members entitled to vote.

Additionally, any acts reduced to writing or approved in writing by all of the members of the Committee shall be valid acts of the Committee.

(b) Powers of the Committee. Subject to the provisions of the Plan, the Committee shall have the authority: (i) to determine, upon review of relevant information, the Fair Market Value of the Common Stock; (ii) to determine the exercise price of options to be granted, the Employees, Directors and Consultants to whom and the time or times at which options shall be granted, and the number of shares to be represented by each option; (iii) to interpret the Plan; (iv) to prescribe, amend and rescind rules and regulations relating to the Plan; (v) to determine the terms and provisions of each option granted under the Plan (which need not be identical) and, with the consent of the holder thereof, to modify or amend any option; (vi) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option previously granted by the Committee; (vii) defer an exercise date of any Option (with the consent of the Optionee), subject to the provisions of Section 9(a) of the Plan; (viii) to determine whether Options granted under the Plan will be Incentive Stock Options or Nonstatutory Stock

Options; and (ix) to make all other determinations deemed necessary or advisable for the administration of the Plan.

(c) Acceleration of Vesting. Notwithstanding the vesting period set out in an offer of options to an Optionee, in the case of a Change of Control all Options then outstanding will immediately vest for the purpose of such transaction.

(d) Effect of Committee's Decision. All decisions, determinations and interpretations of the Committee shall be final and binding on all potential or actual Optionees, any other holder of an Option or other equity security of the Company and all other persons.

5 Eligibility.

(a) Persons Eligible for Options. Options under the Plan may be granted only to Employees, Directors or Consultants whom the Committee, in its sole discretion, may designate from time to time. Incentive Stock Options may be granted only to Employees. An Employee who has been granted an Option, if he or she is otherwise eligible, may be granted an additional Option or Options. However, the aggregate Fair Market Value of the Shares subject to one or more Incentive Stock Options grants that are exercisable for the first time by an Optionee during any calendar year (under all stock option plans of the Company and its Subsidiaries) shall not exceed \$100,000 (determined as of the grant date). Any options granted that exceed the foregoing limitation shall be deemed to be Nonstatutory Stock Options.

(b) No Right to Continuing Employment. Neither the establishment nor the operation of the Plan shall confer upon any Optionee or any other person any right with respect to continuation of employment or other service with the Company or any Subsidiary, nor shall the Plan interfere in any way with the right of the Optionee or the right of the Company (or any Subsidiary) to terminate such employment or service at any time.

(c) Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its subsidiaries operate or have Employees, Directors or Consultants, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which subsidiaries shall be covered by the Plan; (ii) determine which Employees, Directors or Consultants outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Option granted to Employees, Directors or Consultants outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to this subplan as appendices); provided, however, that no such subplans and/or modifications shall increase the number of Shares reserved for issuance under the Plan ; and (v) take any action, before or after an Option is granted, that it deems advisable to obtain approval or comply with any applicable foreign laws. If the terms of any Option Agreement delivered to a foreign Optionee conflict with the terms of this Plan, the terms of such Option Agreement will control.

6 Term of Plan. The Plan shall become effective upon its adoption by the Board or its approval by vote of the holders of the outstanding shares of the Company entitled to vote on the adoption of the Plan (in accordance with the provisions of Section 17 hereof), whichever is earlier. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 14 of the Plan.

7 Term of Option. Unless the Committee determines otherwise, the term of each Option granted under the Plan shall be ten (10) years from the date of grant. The term of the Option shall be set forth in the Option Agreement. No Incentive Stock Option shall be exercisable after the expiration of ten (10) years from the date such Option is granted; provided that, no Incentive Stock Option granted to any Employee who, at the date such Option is granted, owns (within the meaning of Section 425(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliates shall be exercisable after the expiration of five (5) years from the date such Option is granted.

8 Exercise Price and Consideration.

(a) Exercise Price. Except as provided in subsection (b) below, the exercise price for the Shares to be issued pursuant to any Option shall be such price as is determined by the Committee, which shall in no event be less than: the Fair Market Value of such Shares on the date the Option is granted; provided that, in the case of any Optionee owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliate of the Company, the exercise price shall be not less than one hundred and ten percent (110%) of Fair Market Value of such Shares on the date the Option is granted.

(b) Ten Percent Stockholders. No Option shall be granted to any Employee who, at the date such Option is granted, owns (within the meaning of Section 424(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Subsidiary, unless the exercise price for the Shares to be issued pursuant to such Option is at least equal to one hundred and ten percent (110%) of the Fair Market Value of such Shares on the grant date.

(c) Consideration. The consideration to be paid for the Optioned Shares shall be payment in cash or by check unless payment in some other manner, including by promissory note, other shares of the Company's Common Stock or such other consideration and method of payment for the issuance of Optioned Shares as is authorized by the Committee at the time of the grant of the Option. Any cash or other property received by the Company from the sale of Shares pursuant to the Plan shall constitute part of the general assets of the Company.

9 Exercise of Option.

(a) Vesting Period. Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Committee and as shall be permissible under the terms of the Plan, which shall be specified in the Option Agreement evidencing the Option. Options granted under the Plan shall vest at a rate of at least twenty percent (20%) per year.

(b) Exercise Procedures. An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in

accordance with the terms of the option agreement evidencing the Option, and full payment for the Shares with respect to which the Option is exercised has been received by the Company.

An Option may not be exercised for fractional shares. As soon as practicable following the exercise of an Option in the manner set forth above, the Company shall issue or cause its transfer agent to issue stock certificates representing the Shares purchased. Until the issuance of such stock certificates (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Shares notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other rights for which the record date is prior to the date of the transfer by the Optionee of the consideration for the purchase of the Shares, except as provided in Section 12 of the Plan. The exercise of an Option by any person subject to short-swing trading liability under Section 16(b) of the Exchange Act shall be subject to compliance with all applicable requirements of Rule 16(b) promulgated under the Exchange Act.

(c) **Death of Optionee.** In the event of the death during the Option period of an Optionee who is at the time of his death, or was within the ninety (90)-day period immediately prior thereto, an Employee or Director, the Option may be exercised, at any time within one (1) year following the date of death by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent such Option was exercisable at the time of the Optionee's death and subject to the condition that no option shall be exercised after the expiration of the Option period.

(d) **Disability of Optionee.** In the event of the disability during the Option period of an Optionee who is at the time of such disability, or was within the ninety (90)-day period prior thereto, an Employee or Director, the Option may be exercised at any time within one (1) year following the date of disability, but only to the extent such Option was exercisable at the time of the termination of Optionee's status as an Employee or Director or the date on which Optionee first becomes disabled, whichever comes first, subject to the condition that no option shall be exercised after the expiration of the Option period.

(e) **Termination of Status as an Employee, Director or Consultant.** If an Optionee shall cease to be an Employee or Director for any reason other than disability or death, or if an Optionee shall cease to be Consultant for any reason, the Optionee may, but only within ninety (90) days (or such other period of time as is determined by the Committee, but no greater than ninety (90) days in the case of an Incentive Stock Option) after such Optionee's Termination of Service, exercise his or her Option to the extent that he or she was entitled to exercise it at the date of such termination, subject to the condition that no option shall be exercisable after the expiration of the Option period.

(f) **Exercise of Option with Stock.** An Optionee who wishes to exercise his Option may do so by either delivering:

(i) a written notice to the Company in the form set out in the attachment to these plan rules specifying the number of Optioned Shares being

acquired pursuant to the Option and cash or a certified cheque payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired; or

(ii) a written notice to the Company in the form set out in the attachment to these plan rules specifying the cashless exercise of the number of Options set out in the written notice. Such presentation shall be deemed a waiver of the Optionee's obligation to pay the Exercise Price, or the proportionate part thereof if the Options are exercised in part. In the event of a Cashless Exercise, the Optionee shall exchange its Options for that number of Optioned Shares subject to such cashless exercise multiplied by a fraction, the numerator of which shall be the difference between the then Current Market Price per share of common stock and the per share Exercise Price, and the denominator of which shall be the then Current Market Price per share of the common stock. For purposes of any computation hereunder, the then Current Market Price shall be calculated on the date of the written notice.

The then "Current Market Price" per share (the "Current Market Price") as of any date shall be deemed to mean (i) if the Common Stock is traded in the over-the-counter market or on the Nasdaq Stock Market, the closing sale price of the Common Stock, as reported by Nasdaq or an equivalent generally accepted reporting service, or (ii) if the Common Stock is traded on a national securities exchange, the closing sales price of the Common Stock as reported by the principal stock exchange on which it is listed, or (iii) if the Common Stock is not so listed or traded, the fair market value of the Common Stock as determined in good faith by the board of directors of the Company. The term "closing sale price" shall mean the last sale price on the day in question as reported by Nasdaq or an equivalent generally accepted reporting services or (as the case may be) as reported by the principal stock exchange in which the Common Stock is listed, or if not so reported, as reasonably determined in good faith by the board of directors of the Company.

(g) Any shares delivered or withheld in accordance with this provision shall not again become available for purposes of the Plan and for Options subsequently granted thereunder.

(h) **Withholding Requirements.** Prior to the delivery of any Shares, the Company shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes (including the Optionee's FICA obligation) required to be withheld.

(i) **Withholding Arrangements.** The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit an Optionee to satisfy such tax withholding obligation, in whole or in part by (a) electing to have the Company withhold otherwise deliverable Shares, or (b) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld. The amount of the withholding requirement shall be deemed to include any amount which the Committee agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Optionee with respect to the Option on the date that the amount of tax to be withheld is to be

determined. The Fair Market Value of the Shares to be withheld or delivered shall be determined as of the date that the taxes are required to be withheld.

10 Non-Transferability of Shares. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable, including, but not limited to, restrictions related to applicable federal securities laws, the requirements of any national securities exchange or system upon which Shares are then listed or traded, or any blue sky or state securities laws.

11 Limited Transferability of Options. No Option granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution. All rights with respect to an Option granted to an Optionee shall be available during his or her lifetime only to the Optionee.

12 Adjustments Upon Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of Optioned Shares covered by each outstanding Option, and the per share exercise price of each such Option, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, recapitalization, combination, reclassification, the payment of a stock dividend on the Common Stock or any other increase or decrease in the number of such shares of Common Stock effected without receipt of consideration by the Company. Such adjustment shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive.

The Committee may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the number or class of securities covered by any Option, as well as the price to be paid therefor, in the event that the Company effects one or more reorganizations, recapitalizations, rights offerings, or other increases or reductions of shares of its outstanding Common Stock, and in the event of the Company being consolidated with or merged into any other corporation.

Unless otherwise determined by the Committee, upon the dissolution or liquidation of the Company, or upon the sale of substantially all of the assets of the Company, or upon any merger or consolidation of the Company if the Company is not the surviving corporation, the Options granted under the Plan shall terminate and thereupon become null and void. Each Optionee shall be given not less than ten (10) days notice of such event and the opportunity to exercise each outstanding option before such event is effected.

13 Time of Granting Options. Unless otherwise specified by the Committee, the date of grant of an Option under the Plan shall be the date on which the Committee makes the determination granting such option. Notice of the determination shall be given to each Optionee to whom an Option is so granted within a reasonable time after the date of such grant.

14 Amendment and Termination of the Plan. The Board may amend or terminate the Plan from time to time in such respects as the Board may deem advisable. However, except as provided in Section 12 relating to adjustments upon changes in Common Stock, no amendment shall be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary to satisfy the requirements of Section 422 of the Code, Exchange Act Rule 16b-3 or

any Nasdaq or securities exchange listing requirements. Any such amendment or termination of the Plan shall not affect Options already granted, and such Options shall remain in full force and effect as if the Plan had not been amended or terminated. The Board may, in its sole discretion, submit any other amendment to the Plan for stockholder approval.

15 Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an Option granted under the Plan unless the exercise of such option and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

16 Reservation of Shares. During the term of this Plan the Company will at all times reserve and keep available the number of Shares as shall be sufficient to satisfy the requirements of the Plan. Inability of the Company to obtain from any regulatory body having jurisdiction and authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder shall relieve the Company of any liability in respect of the nonissuance or sale of such Shares as to which such requisite authority shall not have been obtained.

17 Effective Date of Plan. This Plan shall become effective when adopted by the Company's Board of Directors and shall be submitted to the Company's stockholders for approval.

18 Indemnification. Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from (a) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Option, and (b) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

19 Cancellation of Options For Improper Acts of Optionee. If, at any time during the course of an Optionee's service to the Company or any Affiliates or within six months after termination of Continuous Service (the "Forfeiture Period"), an Optionee engages in any activity in competition with any business activity of the Company or any Affiliates, or inimical, contrary or harmful to the interests of the Company or any Affiliates, including, but not limited to:

(a) termination of the Optionee's employment for cause or conduct related to the Optionee's's employment for which either criminal or civil penalties may be sought,

(b) violation of the policies of the Company or any Affiliates, including, without limitation, personnel and insider trading policies,

(c) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in competition with or acting against the interests of the Company or any Affiliates,

(d) employing or recruiting any present, former or future employee of the Company or any of its Affiliates,

(e) disclosing or misusing any confidential information or material concerning the Company or any Affiliates, or

(f) participating in a hostile takeover attempt, tender offer or proxy contest involving the Company or any Affiliates,

then (1) all Options shall terminate and be forfeited effective the date on which the Optionee enters into such activity, unless terminated or forfeited sooner by operation of another term of condition of the Plan or an Agreement or by operation of law, and (2) any gain realized by an Optionee from the sale of any security acquired under any Option during the Forfeiture Period shall be paid by the Optionee to the Company.