LEAF GOLD EXPLORATION

EXPLORATION LICENCE 23414 'WORMAN ROCKS' NEAR KINTORE NT

ANNUAL REPORT FOR YEAR FOUR ENDING JUNE 26, 2007

Waiver on Relinquishment of Blocks agreed until June 26, 2008

Proposed Exploration Program and Budget for Year Five 2007 / 2008

Prepared for Lutz Frankenfeld
Leaf Gold Exploration, Darwin NT

By Dr Richard Haren

September 2007

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1. INTRODUCTION

Exploration Licence (EL) 23414 was granted to L Frankenfeld for a six year term commencing June 27, 2003. The EL is located in the Haasts Bluff Aboriginal Reserve approximately 450 km west of Alice Springs (FIGURE 1).

In June 2006 the EL was reduced in area to 100 blocks and it retains that area for the coming twelve months.

During Year one exploration was carried out by Tanami Gold NL under the terms of the Kintore Joint Venture (KJV), Tanami Gold withdrew from the KJV at the start of the second year. Since then Leaf Gold has executed a number of field studies.

The region is accessed from the Kintore Aboriginal Settlement by helicopter or 4WD vehicle.

2. GENERAL GEOLOGY

The EL is covered by the First Edition BMR geological mapping of the Mt Rennie and Bloods Range 1:250 000 scale map sheets. It is located close to the northern contact of the Amadeus Basin with the metamorphic basement of the Arunta Region and Warumpa Province.

The Worman Rocks area is mapped as consisting of gently folded sediments ranging in age from Cambrian to Permian and exhibiting very little outcrop due to extensive sand and dune cover.

3. PREVIOUS EXPLORATION

Little to no work for gold and base metal exploration previous to that by Tanami Gold in Year 1 of the EL is recorded. Tanami Gold performed limited first pass geochemical reconnaissance work as described in the Year 1 Annual Report. A follow-up survey proved discouraging and Tanami withdrew from the KJV when the initial results failed to be repeatable.
The holder of the EL decided that the density of sampling by the KJV partner may have been too low to provide a reliable gauge of the ELs prospectivity. As well many samples were taken outside of the region that the leaseholder believed was more prospective.

During the second and third year of tenure Leaf Gold re-evaluated the existing magnetic and satellite data and performed field inspections to assess the efficacy of the interpretation.

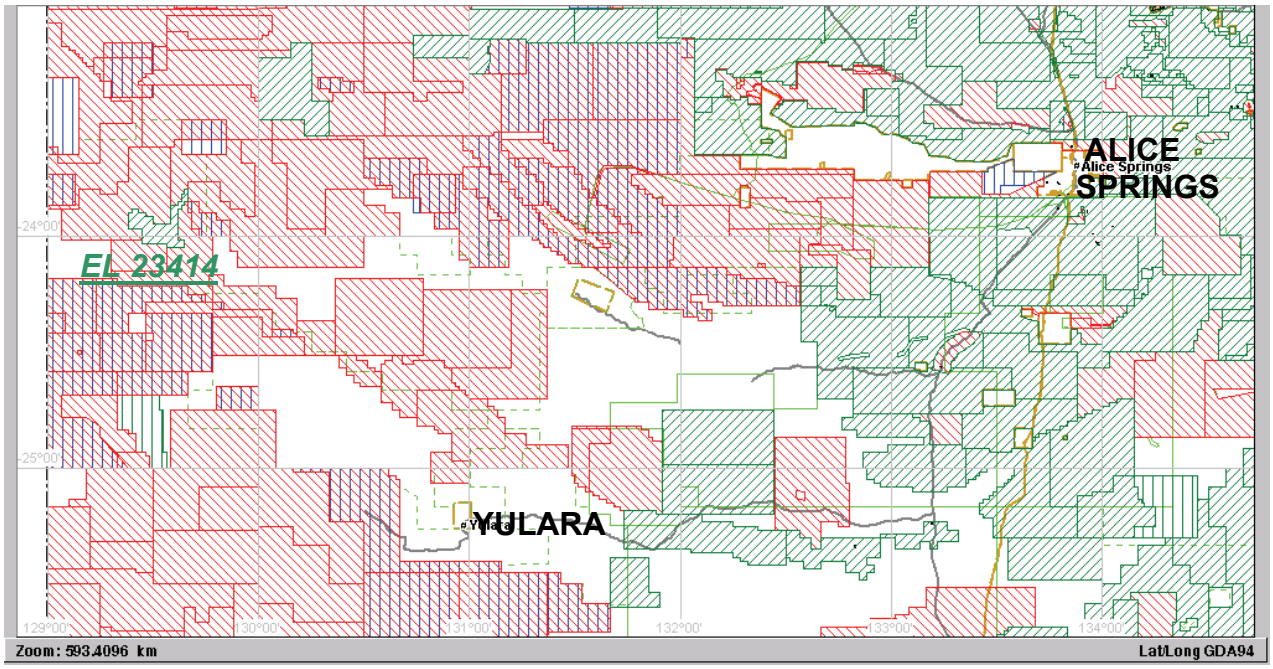

FIGURE 1. Location map of EL23414 in reference to Yulara and Alice Springs - Datum GDA 94.

4. EXPLORATION WORK PERFORMED IN YEAR FOUR

During year four Leaf Gold brought in Dr Gregory Pooley and Dr Richard Haren to assess the geological, geochemical, landsat and geophysical data with the intention to mount an expedition to sample areas where data convergence and structural geometry were apparent. The two specialist geoscientists analysed the data that Leaf Gold had assembled before and after EL 23414 was granted and using a helicopter based out of Ayers Rock went into the area and took numerous auger samples which were assayed for ppb-gold at ALS-Chemex in Brisbane. Samples were selected to determine any background level of gold anomalism within and just outside the tenement and to assess numerous geological-structural-magnetic target zones.

The field method used was to determine a region of interest from a combination of data sets, enter the location into a GPS and then fly to that position and sample whatever was found there, either rock, surface lag or calcrete, alluvium, sand etc. In all thirty seven sample locations were assessed. In cases where only sand was evident, the sampling method involved hand-augering down to one metre or more and collecting sand particles. Calcrete was sampled at or near its base. Most samples exceeded 5kg in weight. Anomalous samples were deemed to have ppb gold values above 2.0 with 7.0 the best discovered.

The sample positions with gold assay results in ppb are shown in FIGURE 2, and the assay results are shown in TABLE 1.

An assessment of the assay data and localities has provided Leaf Gold with additional information and the encouragement needed to mount another exploration campaign during Year Five of tenure.

5. YEAR FOUR EXPENDITURES

Expenditure incurred on the exploration of EL23414 during year four are;

Management, administration & office overheads	3,500
Geoscientific studies & interpretation	9,800
Geological & geophysical services	14,600
Drafting & computing	3,500
Assays & freight	1,200
Airfares	4,750
Helicopter hire & accommodation	18,900
Total	$56,250

6. PROPOSED EXPLORATION PROGRAM & BUDGET FOR YEAR FIVE

During year five the company will follow-up on the sampling done during year four by assessing regions where the assay results exhibit anomalism along with some other areas that have now been identified. It is anticipated that an aircore or RC drill will be brought into service on EL23414 during the next year to provide bedrock assay samples in the regions of interest and up drainage where anomalous samples fall in drainage.

This further assessment will be the precursor to a shallow RC drilling campaign on the most prospective targets.

Expenditure required to carry out the proposed program are estimated as follows;

Management, administration & office overheads	6,000
Geological & geophysical services	15,000
Drafting & computing	4,500
Assays & freight	5,000
Airfares	3,500
Helicopter hire & accommodation	18,000
Drilling	30,000
Total	$82,000

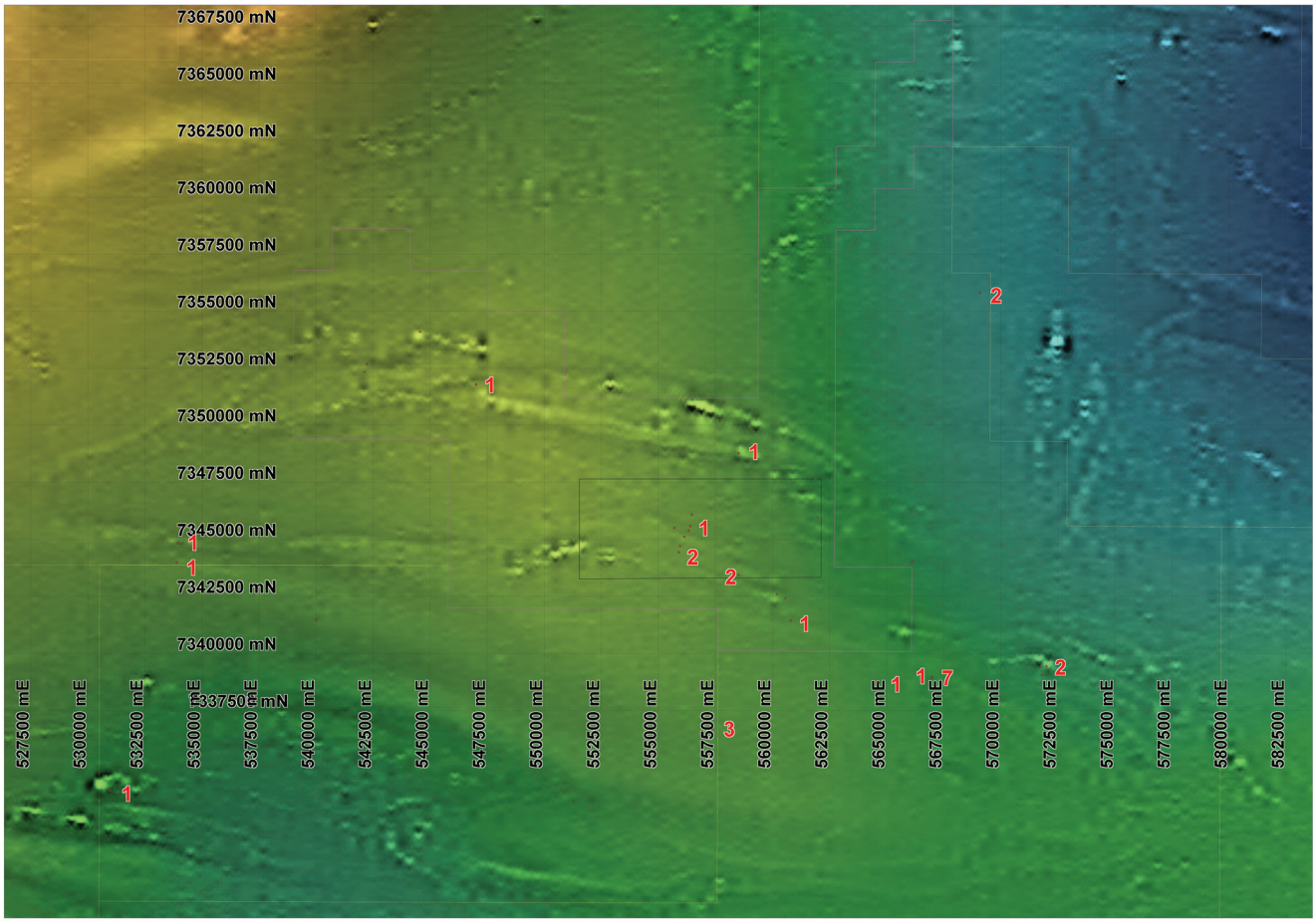

FIGURE 2. Location Map of anomalous gold with values in ppb over the First vertical derivative of the TMI reduced to the pole draped over the TMI aeromagnetic data – Datum UTM GDA94.

TABLE 1

BR07096870 – Finalized
CLIENT : "RADRES"
# of SAMPLES : 37
PROJECT : "RAD-NT-AU"
CERTIFICATE COMMENTS : ""
PO NUMBER : " "

	Au-AA21
SAMPLE	Au
DESCRIPTION	ppm
MA1	<0.001
MA2	0.001
MA22	0.001
MD1	0.002
MD3	0.001
MDS2	0.002
MDS2A	<0.001
ML1	0.003
TM1	<0.001
TM2	0.001
TM3	<0.001
TM4	0.001
S002	<0.001
S003	<0.001
S007	0.001
S008	<0.001
S009	<0.001
PT1#1	0.002
PT1#2	<0.001
PT1#3	<0.001
PT2#1	0.001
PT9#1	<0.001
008#1	<0.001
S001	<0.001
S004	0.002
S005	<0.001
S006	<0.001
PT2#2	0.007
PT3#1A	0.001
PT3#1B	0.002
004#1	0.001
ML1-R	0.002
PT9	<0.001
9	0.001
ML1A	0.001
QUARTZITE	<0.001
ML1-2	<0.001