EXPLORATION LICENCE 23414 ‘WORMAN ROCKS’
NEAR KINTORE NT

ANNUAL REPORT FOR YEAR THREE
ENDING 26TH JUNE 2006

Boundaries of Areas Relinquished 2006

Proposed Exploration Program and Budget for Year Four
2006 / 2007

Dept. of Primary Industry
Fisheries and Mines
25 AUG 2006

Prepared for Lutz Frankenfeld
Leaf Gold Exploration Darwin NT

Received: Mines Division
Minerals & Energy Group

by G R Orridge

August 2006
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EL 23414 annual report year 3

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FIGURE 1. Location Map.
FIGURE 2. Tenement Map and Prospect Areas.
FIGURE 3. Aeromagnetics, Sampling & Target Areas.

PLATE 1. Surface Geology and Tenement Boundaries, 1:100,000 scale.
PLATE 2. Landsat Imagery, 1:100,000 scale.
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1. INTRODUCTION.

Exploration Licence 23414 was granted to L Frankenfeld for a six year term commencing 27th June 2003. It is located in the Haasts Bluff Aboriginal Reserve approximately 450 km west of Alice Springs.

In June 2005 EL23414 was reduced in area to 201 one minute square graticular blocks (631 sqkm); in June 2006 was reduced to 100 blocks. Figures 1 and 2 show the location and successive boundaries of the tenement.

During the first year exploration work was conducted by Tanami Gold NL under the terms of the Kintore Joint Venture. Tanami withdrew from the Joint Venture at the beginning of the second year.

2. GENERAL GEOLOGY.

The tenement is covered by the First Edition BMR geological mapping of the Mt Rennie and Bloods Range 1:250,000 map sheets. It is located close to the northern contact of the Neoproterozoic – Palaeozoic Amadeus Basin with the Palaeoproterozoic metamorphic basement of the Arunta Region and Warumpa Province. The Worman Rocks area is mapped as consisting of gently folded sediments, ranging from Cambrian to Permian in age, but with very little outcrop due to extensive dune sand cover. Refer to the Year One annual report for a more detailed account of the geology.

3. PREVIOUS EXPLORATION.

No records have been discovered of company exploration for gold or base metals in the area of 23414 prior to the commencement of work by Tanami Gold NL in year one of the Kintore Joint venture. This work is described in detail in “First Annual Report Kintore Joint Venture”, Tanami Exploration NL, L. English, T. Smith & C. Rhode, July 2004. It comprised a first-pass geochemical reconnaissance, with a follow up program in areas judged possibly anomalous. The results of follow up work were discouraging and Tanami withdrew from the joint venture. A total of 136 rock chip samples and 185 lag samples were collected and analysed for Au, Ag, As, Pb and Zn. In the initial program results for gold appeared encouraging with values in the range of 5 to 13 ppb Au in calcrete and rock chips. However follow-up failed to confirm the initial results possibly indicating contamination at the laboratory.
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The density of sampling over the entire EL area averaged only one sample per 5.7 sqkm, and in certain areas was only about one per 20 sqkm. This density of sampling may be too low to give a reliable indication of the prospectivity of the area.

During the second year of tenure Leaf Gold concentrated on evaluation of existing aeromagnetic data and satellite imagery in order to better define possible prospective target areas prior to resuming field operations. A substantial part of these studies was carried out by Geoimage Pty Ltd in Darwin; their reports are included in the Year 2 annual report.

4. EXPLORATION WORK CARRIED OUT IN YEAR THREE.

The year three work commenced with re-interpretation and collation of all historical information, geophysical and geological surveys, and satellite imagery and, on the basis of this work, prospective targets for field follow up were better defined.

Historical records of prospecting in the early 1900’s described the discovery of a gold-bearing quartz reef in an ill-defined area of the western Amadeous Basin. Studies of Landsat imagery, in relation to landmarks described in the records, suggest that the area referred to may fall within EL23414.

Re-examination of aeromagnetics, satellite imagery and aerial photography highlighted a zone of anomalous structure extending ESE from Worman Rocks over a length of some 30 km, including Target Areas 1, 2 and 3 as identified in the Magnetic Interpretation Report of Geoimage 2004 (Figures 2 & 3).

In the southeast this zone passes through an anomalous geomorphological feature of relatively low elevation and internal drainage, floored with alluvium, calcrete and gypsum, heavily overgrown with mulga and larger trees. This is interpreted as indicating a zone of faulting and shearing which trends ESE across dominantly E-W folding in the Palaeozoic bedrock indicated by magnetic and topographic features; there is virtually no exposure of bedrock within the area. This feature fits well with historical descriptions of the early prospecting; it is prioritized for early field investigations and designated as the “Mulga Prospect”. Year 1 sampling by Tanami Gold did not adequately cover this locality, or the general ESE zone of possible prospectivity.

An initial field inspection of Mulga Prospect was undertaken in June 2006, using a helicopter for access. It was found that due to heavy late rains the main area of interest (being relatively low lying) was waterlogged and heavily overgrown with annual vegetation, and suitable material for geochemical surveys (soils, lags, alluvium and calcrete etc.) could not be satisfactorily sampled.
EL 23414 annual report year 3

Because of this it was necessary to defer the remainder of the work proposed for Year 3 until dryer conditions prevailed later in the dry season (early Year 4).

5. YEAR THREE EXPENDITURES.

Expenditures incurred on exploration of EL 23414 during the second year are estimated to have been as follows:-

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management, administration &amp; office overheads</td>
<td>2,500</td>
</tr>
<tr>
<td>Interpretive geophysics, satellite imagery and historical Studies</td>
<td>7,000</td>
</tr>
<tr>
<td>Geological &amp; geophysical services</td>
<td>4,000</td>
</tr>
<tr>
<td>Drafting &amp; computing</td>
<td>2,000</td>
</tr>
<tr>
<td>Transport, accommodation and air charter</td>
<td>12,000</td>
</tr>
</tbody>
</table>

**TOTAL $27,500**

6. PROPOSED EXPLORATION PROGRAM & BUDGET FOR YEAR FOUR.

A first stage of follow-up work will include field mapping, ground magnetometer traversing and such geochemical sampling as is appropriate for the ground conditions, such as sampling of outcrop, float, lag materials, soils and drainage sediments. Samples will be analysed for gold arsenic and base metals.

Depending on the results of the first stage the best anomalies will be selected for detailed second stage follow up. This will comprise trenching to bedrock with a backhoe, and geological mapping and sampling of the trenches. Trench samples will be assayed for gold and base metals. If trenching results are encouraging a first-stage program of shallow RAB drilling will follow during Year 5.
EL 23414 annual report year 3

Expenditures required to carry out this program are estimated as follows:

Management, administration & office overheads 7,000
Geological & geophysical services 4,000
Analytical services 5,000
Drafting & computing 2,000
Transport 4,000
Backhoe mobilization, trenching & rehabilitation 16,000

TOTAL $ 38,000
EL 23414 WORMAN ROCKS
Location Map

FIGURE 1


14/08/2006
EL 23414 WORMAN ROCKS

Tenement Map & Prospect Areas.

FIGURE 2


14/08/2006
Date: 21 July 2006

To: Mr Lutz Frankenfeld
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From: Harold Gotting
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Pages: 1

Subject: Extension Of Time to lodge Annual Reports

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Dear Lutz

As per my telephone call I am just following up with a Fax to advise that your letter dated 17 July 2006 requesting an Extension of Time for one month has been approved.

Lodgement of the Annual Reports are now due by the 27 August 2006.

Kind regards

Harold

Harold Gotting
Titles Maintenance Officer
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