



THUNDELARRA

EXPLORATION LTD

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29 July 2005

The Manager
Companies Announcement Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Thundelarra Exploration Ltd
ABN 74 950 465 654
ACN 085 782 994

Via Electronic Lodgement

Dear Sir/Madam

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2005

HIGHLIGHTS

Thundelarra Projects

- Copernicus North diamond drilling intersects 6.6 metres @ **3.02% nickel and 1.34% copper** (weighted average) in hole CORBD055.
- Hole CORBD057 nears target zone.
- Diamond drilling program continuing on Copernicus Project.
- Field assessment of over 30 HoistEM targets underway.

LionOre Farmin Joint Venture

- LionOre intersects nickel-copper sulphides at Keller Creek.
- LionOre expected to commence second drill program next week.

INTRODUCTION

Thundelarra Exploration Ltd (“Thundelarra”) is one of the largest tenement holders within the East Kimberley with over 3,900 square kilometres of prospective nickel, gold and diamond tenure (see attached tenement location map). The majority of the tenements are subject to the East Kimberley Joint Venture, where LionOre Mining Australia Pty Ltd (“LionOre”) is earning a 60% equity by spending \$5 million over 5 years. LionOre have budgeted approximately \$1.9 million for the East Kimberley nickel project in 2005.

The Chamberlain and Copernicus projects are excluded from this joint venture.

Details of Thundelarra’s and LionOre’s work during the June 2005 quarter are presented below.

EXPLORATION

EAST KIMBERLEY PROJECTS

Thundelarra Funded Exploration - Copernicus Project

During the June quarter Thundelarra commenced a program of open-hole percussion and diamond drilling at the Copernicus nickel-copper project. The program was designed to test off-hole electromagnetic anomalies at the Copernicus North prospect area and to follow up on the mineralisation previously intersected at the nearby Salk North prospect. All holes that reached target depth intersected nickel-copper sulphide mineralisation with hole CORBD055 returning the most significant intercept of **6.6 metres @ 3.02% nickel and 1.34% copper** (weighted average) from 184.5 metres down hole (see attached long section). This intercept includes **0.35 metres @ 6.6% nickel** from 190.75 metres. A broad zone of low grade mineralisation was also intersected in hole SARD10 (see Table of Significant Drill Intercepts).

**TABLE 1 SIGNIFICANT DRILL INTERCEPTS – COPERNICUS PROJECT
> 0.5% NICKEL**

Hole	Location	Grid East	Grid North	Depth (m)	Collar Azimuth (magnetic)	Collar Dip	Intercepts
SARD9	Salk	3850	5210	96	124	-60	62-65m: <u>3m @ 0.67%</u> Ni, 0.47% Cu 67-68m: <u>1m @ 0.86%</u> Ni, 0.1% Cu
SARD10	Salk	3825	5240	117	124	-60	65-72m: <u>7m @ 0.63%</u> Ni, 0.79% Cu 74-75m: <u>1m @ 0.72%</u> Ni, 0.67% Cu 77-84m: <u>7m @ 0.87%</u> Ni, 0.58% Cu 89-96m: <u>7m @ 0.62%Ni</u> , 0.35% Cu
CORCD053	Link	55363	102875	138	113	-60	85.1-86.6m: 2m @ 1.3% Ni, 0.8% Cu
CORCD054	Link	55349	102900	132	113	-60	99.9-102.6m: 2.7m @ 0.5% Ni, 0.60% Cu
CORBD055	Copernicus North	55260	10300	210	116	-65	184.5–191.1m: 6.6m @ 2.85% Ni, 1.37% Cu (weight average 6.6m @ 3.02% Ni, 1.34% Cu) 193-195m: 2m @ 0.82% Ni, 0.03% Cu
CORBD057	Copernicus North	55198	103050	~260	116	-65	Near completion

The diamond drilling program is continuing at Copernicus North with hole CORBD057 nearing completion and a further four deeper holes including three into the Copernicus Deeps, scheduled for the September quarter.

The results to date from Copernicus are very encouraging indicating that the prospect has the potential to host a nickel-copper sulphide resource significantly larger than the current near surface Indicated Resource of 359,000 tonnes @ 1.3% nickel and 0.7% copper.

Retained Area Tenements

Thundelarra has commenced the systematic field assessment of approximately thirty targets defined by the airborne HoistEM electromagnetic survey that was conducted over approximately 200 square kilometres of the project area. Drill testing of the best of these targets is scheduled to commence in the September quarter.

LionOre Joint Venture (Thundelarra 100%-LionOre earning 60%)

During the quarter, LionOre conducted an initial four hole reverse circulation (467 metres) drilling program at the Keller Creek prospect to test both the prospective contact and footwall gossan. The drilling confirmed the presence of disseminated magmatic nickel-copper sulphides associated with the contact of the intrusion and the presence of a shoot of sulphides beneath the footwall gossan which returned an intercept of 5 metres @ 0.69% nickel and 0.45% copper from 23 metres (LEKC0018) including 3 metres @ 1% nickel and 0.3% copper. LionOre is expected to commence a follow-up drilling program to further test the Keller Creek prospect next week.

In addition to drilling at Keller Creek, LionOre also conducted a number of ground electromagnetic surveys and geological mapping and sampling programs covering the McKenzie Spring and Fletcher Creek prospects. This work identified a number of new prospects that will be assessed during the September quarter.

CORPORATE

Termination of Copernicus Joint Venture

On 15 April 2005 Thundelarra advised Sally Malay Exploration Ltd ("Sally Malay") that:

1. in the Board's view Sally Malay has not delivered a Feasibility Study for the purposes of the Heads of Agreement;
2. accordingly, Sally Malay has not earned a 60% joint venture interest in the Copernicus project in accordance with the requirements of the Heads of Agreement; and
3. the joint venture contemplated by the Heads of Agreement has not been formed.

Sally Malay Exploration Ltd has commenced legal proceedings against Thundelarra in the Supreme Court of WA to resolve the dispute. The case has been accepted into the WA Supreme Court Expedited List and is expected to be heard in September 2005.

Thundelarra will vigorously defend the proceedings brought against Thundelarra by Sally Malay.

Exercise of Listed Options

During the quarter 2,517,700 listed options expiring on 30 April 2005 with an exercise price of 20.5 cents were converted. Pursuant to the Underwriting Agreement between Thundelarra and BB Capital Pty Ltd dated 21 March 2005, a placement of the 456,944 option shortfall was made to the Underwriters.

Conversion of the options together with the underwritten shortfall at the exercise price of 20.5 cents raised a total of \$609,802 for the Company.

Employee Options

The Company granted and allotted a total of 390,000 options to employees in accordance with the Company's Employee Share Option Plan. The options, each to acquire one ordinary fully paid share in the Company, have an exercise price of 22 cents and will expire on 31 May 2009. The options will not be quoted on the Australian Stock Exchange Limited.

Yours faithfully
THUNDELARRA EXPLORATION LTD



PHILIP CRABB
Chairman

For further information about Thundelarra Exploration Ltd.

Website: www.thundelarra.com

Contacts:

Philip Crabb
Chairman
Thundelarra Exploration Ltd

or

Brian Richardson
Director of Exploration
Thundelarra Exploration Ltd

The details contained in this report that pertain to ore and mineralisation is based upon information compiled by Mr Brian Richardson, a full-time employee of the Company. Mr Richardson is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Richardson consents to the inclusion in this report of the matters based upon his information in the form and context in which it appears.

103400 mE

103000 mE

102600 mE

Copernicus Deeps

Copernicus North

The Link

Copernicus

Oxide

Indicated Resource
359,000t @ 1.3% Ni,
0.7% Cu, 0.05% Co

CORCD054
2.7m @ 0.5% Ni

CORBD055
6.6m @ 3.02% Ni, 1.34% Cu

CORCD053
2m @ 1.3% Ni, 0.8% Cu

CORC040
2m @ 1.10% Ni, 0.98% Cu

CORC035
3m @ 2.75% Ni, 1.36% Cu

CORC051
14m @ 1.45% Ni, 1.16% Cu

CORC039
17m @ 1.36% Ni, 0.87% Cu

CORC043
Intersected pyroxenite dyke

CORC052
7m @ 0.96% Ni, 0.62% Cu

TARGET ZONE

PROPOSED DRILLING AREA

Copernicus Project

**Geological Long Section showing existing
Copernicus North Drill Holes
and Proposed Holes**

300 mRL

200 mRL

100 mRL

0 mRL

-200 mRL

E80/2716 (Thundelarra - LionOre JV)

MLA80/540 (Thundelarra 100%)

Ni-Cu sulphide mineralisation

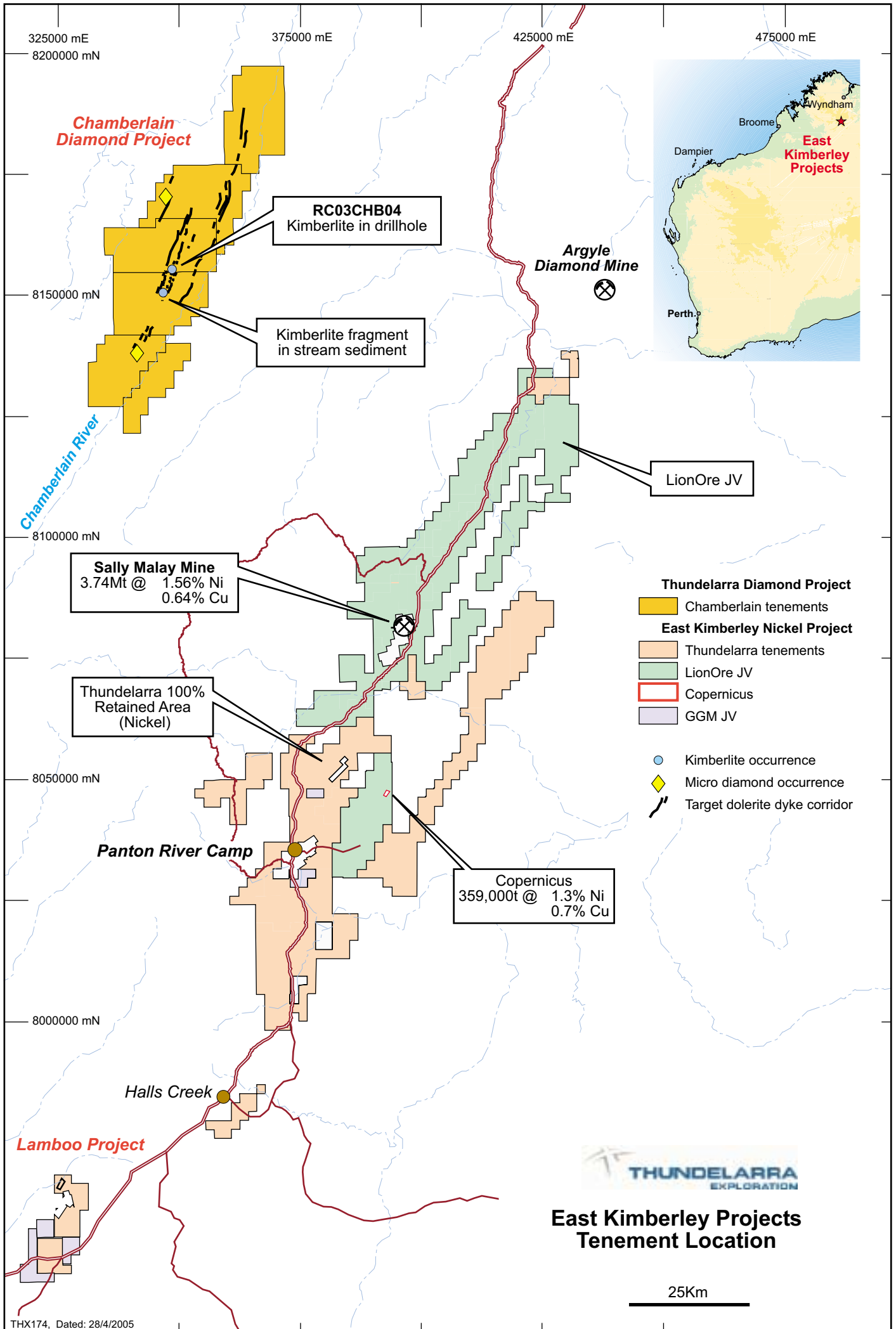
Existing mineralised drill hole showing
DHTEM direction to greater conductance

Existing barren drill hole showing DHTEM
direction to off hole anomaly

Proposed down plunge exploration drill hole

2005 Diamond drill hole

100m



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

THUNDELARRA EXPLORATION LTD

ACN

085 782 994

Quarter ended ("current quarter")

30 JUNE 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(604)	(1,180)
(b) development	-	-
(c) production	-	-
(d) administration	(268)	(839)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	65	197
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(807)	(1,822)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	(222)
(c) other fixed assets	-	(187)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	4
(c)other fixed assets	1	23
1.10 Loans to other entities	(212)	(466)
1.11 Loans repaid by other entities	56	202
1.12 Other (provide details if material)	-	-
Net investing cash flows	(155)	(646)
1.13 Total operating and investing cash flows (carried forward)	(962)	(2,468)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(962)	(2,468)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	609	625
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue costs	(25)	(25)
Net financing cash flows		584	600
Net increase (decrease) in cash held		(378)	(1,868)
1.20	Cash at beginning of quarter/year to date	3,718	5,208
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,340	3,340

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	140
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Thundelarra's financial year is from the period 1 October 2004 to 30 September 2005.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	550
4.2 Development	-
Total	550

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	101	(20)
5.2 Deposits at call	3,158	3,577
5.3 Bank overdraft	-	-
5.4 Other (bank guarantees)	81	161
Total: cash at end of quarter (item 1.22)	3,340	3,718

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	Armanda River Turner Spring Chinamans Ord North Ord West Ord East Lamboos South	Nil Nil Nil Nil Nil Nil Nil	100% 100% 100% 100% 100% 100% 100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- -	- -	- -
7.3	+Ordinary securities	76,930,370	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- 456,944	- \$0.205	- \$0.205
7.5	+Convertible debt securities <i>(description)</i>	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
		1,245,000	-	\$0.325	28/03/2008
		1,771,000	-	\$0.475	28/02/2007
		11,000,000	-	\$0.655	20/11/2007
		1,970,000	-	\$0.675	26/02/2009
		375,000	-	\$0.325	20/04/2009
7.8	Issued during quarter	390,000	-	\$0.220	31/05/2009
7.9	Exercised during quarter	2,517,700	-	\$0.205	30/04/2005
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director /Company Secretary)

Date: 28 July 2005

Print name: FRANK DE MARTE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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