



THUNDELARRA

EXPLORATION LTD

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

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



Via Electronic Lodgement

Dear Sir/Madam

NICKEL EXPLORATION UPDATE - COPERNICUS JOINT VENTURE

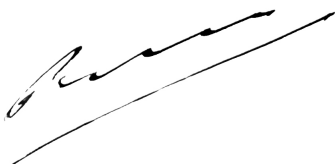
Thundelarra Exploration Ltd ("THX") has been advised by our joint venture partner, Sally Malay Mining Limited ("SMY") that the first phase of drilling is scheduled to commence on the Copernicus project located in the East Kimberley on the 1 July 2006. An 18 hole, 4,500 metre vertical reverse circulation ("RC") drilling program is planned for the Copernicus North prospect. The purpose of the drilling program is to define a nickel-copper sulphide resource down to a vertical depth of approximately 300 metres (+50mRL). An additional 3,000 metres of pre-collar drilling is also planned for Copernicus Deeps where follow-up diamond drilling will define the extent of the mineralisation down to a vertical depth of 450 metres (-100mRL) (see attached Copernicus Long Section). If the results from the initial drilling programs are encouraging, SMY has budgeted for a total of 17,000 metres of drilling at Copernicus in 2006 at a cost of approximately \$2.1 million.

In addition to the Copernicus North resource drilling program, SMY is also proceeding with the preparation of the Notice of Intent to mine and process the Copernicus open cut resource through the operating SMY plant, located approximately 35 kilometres north of Copernicus (see attached Project Location Map). Subject to the granting of all necessary approvals, production from the Copernicus open cut is scheduled to commence in the second quarter of 2007.

Under the terms and conditions of the Copernicus Joint Venture, Sally Malay has a 60% equity and THX a 40% equity in the mining lease application 80/540 covering a area of 1.2 square kilometres. SMY is required to sole fund expenditure of \$3.5 million over 4 years to maintain their equity in the tenement (for details of the terms of the joint venture refer to THX's ASX announcement on the 13 April 2006).

The THX directors believe the recent resolution to the dispute with SMY has resulted in a very positive outcome for all parties and moving forward all stakeholders and shareholders can look forward to further good results from exploration efforts both on our own account and in conjunction with our joint venture partners in the exciting East Kimberley mineralised belt.

Yours sincerely
THUNDELARRA EXPLORATION LTD



PHILIP CRABB
Chairman

For further information about Thundelarra Exploration Ltd.

Website: www.thundelarra.com

Contacts:

Philip Crabb	or	Brian Richardson
Chairman		Director of Exploration
Thundelarra Exploration Ltd		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

CORCD054

2.7m @ 0.5% Ni

CORBD055

6.6m @ 3.02% Ni, 1.34% Cu

CORC040

2m @ 1.10% Ni, 0.98% Cu

CORCD057

8m @ 1.32% Ni, 2.02% Cu

CORCD058

12m @ 1.09% Ni, 0.75% Cu

CORC051

14m @ 1.45% Ni, 1.16% Cu

CORCD053

2m @ 1.3% Ni, 0.8% Cu

CORC035

3m @ 2.75% Ni, 1.36% Cu

CORC039

17m @ 1.36% Ni, 0.87% Cu

CORC043

Intersected pyroxenite dyke

CORC052

7m @ 0.96% Ni, 0.62% Cu

CORCD059

1.2m @ 2.7% Ni, 0.71% Cu

CORCD060

10m @ 1.02% Ni, 0.83% Cu

CORCD061

Matrix Sulphides

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

2005 Diamond drill hole showing DHTeM direction to greater conductance

Copernicus Project

Geological Long Section showing existing Copernicus North & Deeps Drillholes

100m

E80/2716

MLA80/540

300 mRL

200 mRL

100 mRL

0 mRL

-100 mRL

E80/2716

Thundelarra -
LionOre JV Area

-200 mRL

