



THUNDELARRA

EXPLORATION LTD

Level 33, QV1 Building
250 St Georges Tce, Perth
Western Australia 6000
PO Box 7363, Cloisters Square
Perth WA 6850
Tel 61 8 9321 9680
Fax 61 8 9321 9670
perth@thundelarra.com
www.thundelarra.com

8 October 2003

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bond Street
SYDNEY NSW 2000

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

Via Electronic Lodgement

Dear Sir/Madam,

- **A STRATEGIC AGREEMENT REACHED WITH LIONORE MINING INTERNATIONAL LIMITED (“LIONORE”).**
 - **\$3.5 MILLION PLACEMENT..**
 - **\$5.0 MILLION EAST KIMBERLEY NICKEL FARM OUT AND JOINT VENTURE.**
- **\$2.1 MILLION RENOUNCEABLE ENTITLEMENT ISSUE.**

Placement to LionOre

Thundelarra has agreed with LionOre Mining International Limited (“LionOre”) that LionOre will take a placement of 7,800,000 Thundelarra shares at 45 cents, raising a total of \$3,510,000. A total of 11,000,000 free unlisted options exercisable at 68 cents at any time up to 4 years from the date of grant will also be issued to LionOre. The issue of the shares and options to LionOre is subject to Thundelarra shareholder approval under Listing Rule 7.1 and Thundelarra will immediately call a meeting for that purpose.

LionOre will hold approximately 13.3% of Thundelarra's issued capital following the placement of the 7,800,000 shares. After the entitlement issue to Thundelarra shareholders (see below), LionOre will hold approximately 12.1% of Thundelarra's issued capital (on an undiluted basis).

For such time as LionOre has an interest in more than 10% of Thundelarra's shares, LionOre has the right, subject to the Constitution of Thundelarra, the Corporations Act and the ASX Listing Rules, to appoint a director to the Thundelarra board.

LionOre/Thundelarra East Kimberley Nickel Joint Venture

Thundelarra has also entered into a farm out and joint venture agreement with LionOre in respect of Thundelarra's East Kimberley Nickel tenements (*see attached map*). The principal terms are as follows:

1. LionOre farms into an area of approximately 50% of the 2,800 sq km ("First Area") held by Thundelarra.
2. LionOre will earn a 60% interest on the First Area by sole funding the first \$5 million of exploration expenditure over 5 years.
3. Thundelarra will conduct its own exploration on its retained areas.
4. Thundelarra and LionOre will establish a technical committee to liaise on all exploration and share technical information.
5. Once LionOre has earned a 60% interest on the First Area, it may elect ("Additional Area Election") to expand the joint venture area to include additional areas. If LionOre brings in additional areas, it must sole fund all joint venture expenditure until it has contributed an amount equal to 150% of Thundelarra's expenditure on the additional areas brought in.
6. Thundelarra can then elect to contribute or to dilute in the joint venture area at the standard dilution rate. Thundelarra can also elect at any time to drop to a 20% interest, free carried to decision to mine (following completion of a bankable feasibility study).
7. If a decision to mine is made and Thundelarra does not wish to participate, LionOre must (if it still wishes to proceed) purchase Thundelarra's interest in the relevant mining area for fair market value as agreed or determined by the average of 2 expert's valuations.
8. A mechanism has been agreed to deal with the situation where, before LionOre has earned its 60% interest, Thundelarra has completed, on its retained area, a bankable feasibility study on a proven or probable reserve and has made a decision to mine on certain basis.

Future Nickel Exploration

Following the placement to LionOre and the entitlement issue to Thundelarra shareholders, Thundelarra will have approximately \$7.3 million cash available, which it will apply over the next 3 years in aggressively exploring its retained area in the East Kimberley, as well as its nickel and base metal prospects in the Pilbara and gold prospects in Western Australia.

Thundelarra is now in the strong position of having a 3 pronged approach to its extensive and exciting nickel project in the East Kimberley with:

- LionOre applying its exploration expertise, considerable resources and skill to its joint venture area;
- Thundelarra itself exploring its retained areas; and
- Sally Malay Mining Limited ("Sally Malay") completing a feasibility study on Thundelarra's Copernicus and Salk nickel deposits.

Sally Malay is currently earning 60% equity in the 1.2 sq km tenement covering the Copernicus resource (Indicated Resource-220,000 tonnes @ 1.5% nickel and 0.8% copper using a 1% nickel cut-off grade) and the nearby 'blind' sulphide discovery at Salk North, by completing a Bankable Feasibility Study by December 2004. Copernicus is located only 35 kms from the Sally Malay mine and could become a significant source of feed for the plant, which is scheduled to commence production in July 2004.

Renounceable Entitlement Issue

Thundelarra will also proceed with a entitlements issue to shareholders, of shares on a 1:10 basis at an issue price of 36 cents. The entitlements issue will be renounceable, meaning that shareholders can trade their rights on the ASX. The entitlements issue will raise approximately \$2,113,551. The maximum number of new shares to be issued pre the exercise of the currently listed and unlisted options is 5,870,975.

The offer will only be made to shareholders whose address (as registered on Thundelarra's register of members) is in Australia and New Zealand. However in accordance with Listing Rule 7.7.1(c) Thundelarra will advise shareholders in other jurisdictions separately as to how their entitlements will be dealt with. Details of the entitlements issue timetable, including the record date for entitlements, will be announced shortly.

For and on behalf of
THUNDELARRA EXPLORATION LTD



Philip G Crabb
CHAIRMAN

Enquires to be addressed to

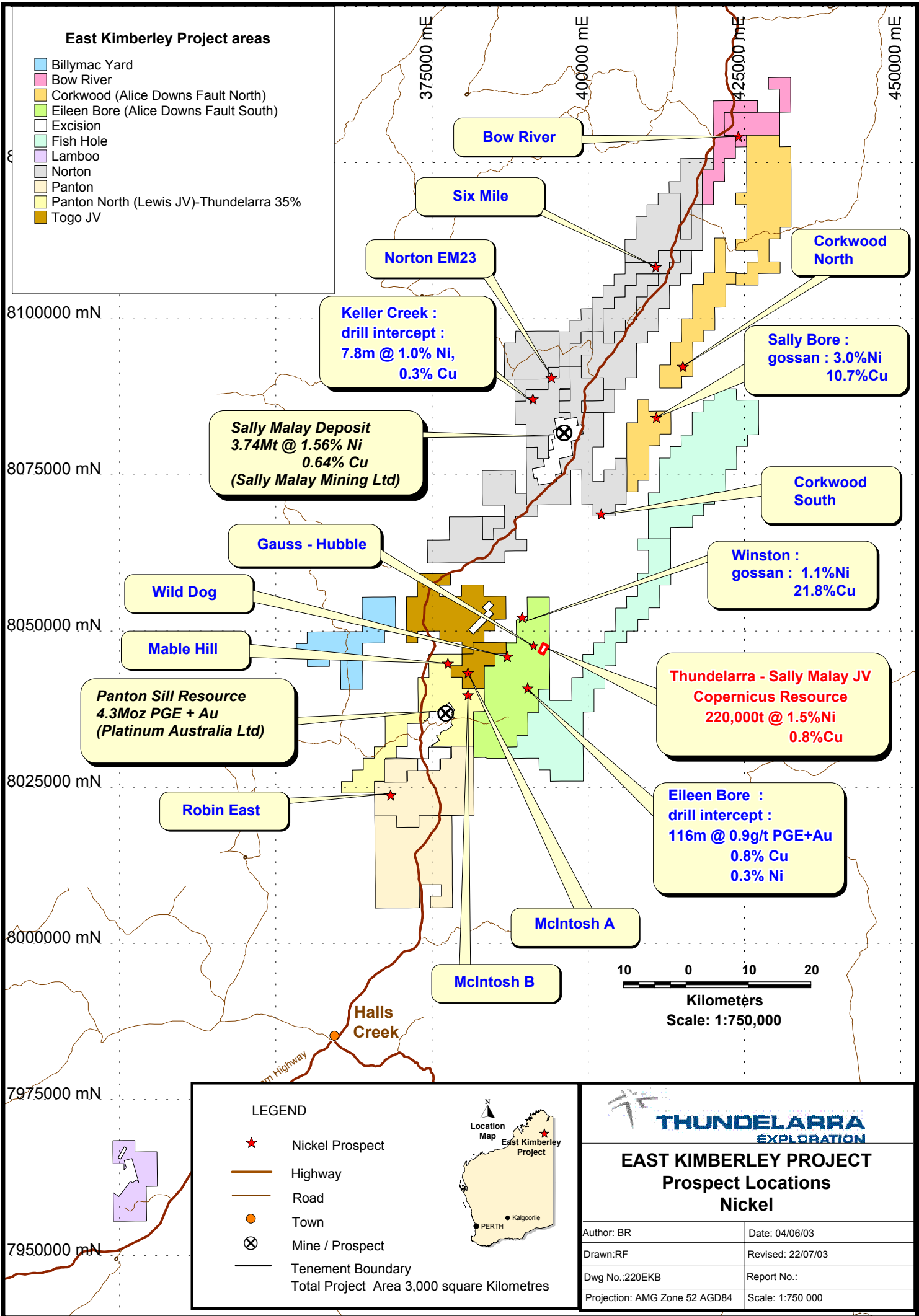
Mr Philip Crabb
Chairman
Thundelarra Exploration Ltd

Tel: 61 8 9321 9680

Mr Brian Richardson
Director Exploration
Thundelarra Exploration Ltd

Tel: 61 8 9321 9680

The Copernicus resource estimates have been prepared by Stephen Turley, Consultant Geologist, who is a Member of the Australian Institute of Geoscientists and is a Competent person for the purposes of JORC Code (1999). Other information in this report, insofar as it relates to resource estimation and exploration activities, is based on information compiled by Mr Brian Richardson who is a Corporate Member of the Australasian Institute of Mining and Metallurgy and who has more than ten years experience in the field of the activity being reported on. This report accurately reflects the information compiled by this member.



East Kimberley Project areas

- Billymac Yard
- Bow River
- Corkwood (Alice Downs Fault North)
- Eileen Bore (Alice Downs Fault South)
- Excision
- Fish Hole
- Lamboo
- Norton
- Panton
- Panton North (Lewis JV)-Thundelarra 35%
- Togo JV

8100000 mN

8075000 mN

8050000 mN

8025000 mN

8000000 mN

7975000 mN

7950000 mN

375000 mE

400000 mE

425000 mE

450000 mE



LEGEND

- ★ Nickel Prospect
 - Highway
 - Road
 - Town
 - ⊗ Mine / Prospect
 - Tenement Boundary
- Total Project Area 3,000 square Kilometres



THUNDELARRA EXPLORATION

**EAST KIMBERLEY PROJECT
Prospect Locations
Nickel**

Author: BR	Date: 04/06/03
Drawn: RF	Revised: 22/07/03
Dwg No.: 220EKB	Report No.:
Projection: AMG Zone 52 AGD84	Scale: 1:750 000