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Over the coming months, Thundelarra Exploration Ltd plans drilling programs at its nickel-copper projects in the East Kimberley and at its various gold joint ventures. Nickel-copper exploration will be a three-pronged approach at your wholly-owned tenements, the Copernicus Joint Venture managed by Sally Malay and on joint venture tenements managed by LionOre. When do you expect the nickel-copper drilling crews to mobilise? What are weather and road conditions like?

Chairman Phil Crabb

Sally Malay expects to commence drilling before the end of April. LionOre will then use the same rig in May to start drilling on our joint venture ground.

We won't be drilling at our 100%-owned ground for a little while but we've mobilised our field geologists and the onsite team has settled into the camp. They will assess potential drilling targets over the next few months. We expect that most areas will be accessible for drilling rigs after Easter.

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You've described this year as very exciting for Thundelarra as it should be the most intensive phase of nickel exploration conducted in the East Kimberley since the nickel boom of the 1970s. What amount will Thundelarra spend in total on exploration this season and what amounts will joint venture partners spend on projects where you have a free carry?

Chairman Phil Crabb

Thundelarra's exploration budget for this year is about \$1 million. LionOre has said that they'll spend about \$1.5 million and Sally Malay's budget for our joint venture is between \$500,000 and \$1 million, which includes spending on the feasibility study and the drilling of Copernicus North.

These budgets are on a no-success basis so they could increase with a bit of success.

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What progress has Sally Malay made with the Feasibility Study at the Copernicus Joint Venture (SMY earning 60%)?

Chairman Phil Crabb

The current plan is for Sally Malay to complete the Feasibility Study by the September quarter. I think they've done enough drilling and it's just a matter of finalising their analysis and the report.

By the way, Sally Malay has made good progress with its own project and aims to ship first concentrate later this year. The project is important for the region because it provides one option for processing any new nickel discoveries.

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Late last year, you announced a new zone of nickel mineralisation at Copernicus North approximately 100 metres along strike from the Copernicus resource of 241,000 tonnes at 1.5% nickel and 0.8% copper. You believe that Copernicus North could be larger than, and possibly an extension of, the current Copernicus resource. What approach will Sally Malay take in drilling Copernicus North this season? How soon might you know its potential size and whether it is an extension of the current Copernicus resource?

Chairman Phil Crabb

Sally Malay and Thundelarra have approved a stage one exploration program to drill Copernicus North and we're looking at 3,000 metres of RC drilling which should be about 15 holes. That will be followed by down-hole EM surveys. That program will better delineate the sulphide mineralisation.

Providing the first phase exploration at Copernicus North is successful, we'll move to a second phase where Sally Malay will do some diamond and RC drilling to delineate a resource. So this could all happen before July.

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Do you think Copernicus North is an extension of the Copernicus resource?

Chairman Phil Crabb

I think that it could still be an extension but we would have to treat them separately because Copernicus North would be an underground resource and Copernicus an open cut.

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You've also said that Salk North, where sulphide mineralisation was intersected in two out of two holes around 80 metres apart, might end up being larger than the current Copernicus resource. Why do you think that and does Sally Malay intend to drill Salk North this season?

Chairman Phil Crabb

Sally Malay haven't planned anymore work at Salk North at this stage. They've been concentrating on Copernicus North because the grades are higher.

North Salk is a target that I like because it was a blind discovery and we've got broad, low grade intercepts and an EM anomaly that hasn't really been tested at this stage. I think the potential is still there but obviously we've got to chase the prospect with higher grade.

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Does Sally Malay plan any drilling on the Copernicus JV outside the areas we've just discussed?

Chairman Phil Crabb

There are many targets that we eventually plan to chase up but none are immediate.

Sally Malay is still earning an interest in our joint venture and until they do that, by completing the feasibility study, they'll concentrate on proving up a resource at Copernicus North in addition to the current resource at Copernicus.

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Can you outline exploration plans on Thundelarra's wholly-owned base metal tenements in the East Kimberley and also LionOre's plans for the joint venture ground it holds with Thundelarra?

Chairman Phil Crabb

During the wet season, Thundelarra has been sorting through our comprehensive database. We've been exploring in the area for four years now. Our team has put together about 30 priority targets on our ground and we also have other ongoing work. We've now started the systematic assessment of those 30 targets and we'll be generating new targets. We hope that we'll have a number of drill targets after around two months in the field.

We gave LionOre most of the advanced prospects so they will be ahead of us in terms of drilling. We have a good relationship with LionOre and we meet almost weekly. They have employed a senior geologist to run that program and they've employed a second geologist to help. I recently spoke to LionOre and they hope to start drilling by May. They have a very systematic approach to exploring including looking at targets we've generated, targets that they have generated and also grass roots exploration programs in areas that we haven't looked at. Thundelarra and LionOre combined will have around 100 targets to look at.

We probably have maybe five targets that we would like to drill already but we'll do some more planning before we decide on a final drill program. We have a tentative booking for a drill rig and a geophysical crew for May to July. We hope to test at least five or six targets during that phase. Our aim is to be drilling as soon as possible.

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In late February, Thundelarra decided to establish a new wholly owned subsidiary, United Gold Limited (United), which will acquire Thundelarra's gold assets, raise \$5 million and float on ASX. What drove the decision to float, particularly when United will be quite a small company?

Chairman Phil Crabb

There are two major reasons for our decision to float our gold assets. Thundelarra's gold portfolio is very good but we've put all our resources into nickel exploration in the East Kimberly and we haven't been able to advance the gold projects as much as we would have liked. Floating the assets will enable us to get an exploration budget for the gold assets. We expect to raise \$5 million and most of that money will be spent on exploration.

Secondly, we thought it was important that stock market investors realised Thundelarra was principally a nickel explorer and soon to be a nickel producer. Historically we've been exploring for diamonds, gold, platinum and nickel. That diversity was handy when resource markets were tough but now that things have improved, Thundelarra can continue to put most of our resources into nickel and United Gold can pursue its own exploration.

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When will you be able to give more details on the float such as the timetable, pricing of the float and the final shareholding and capital structure for United?

Chairman Phil Crabb

We're hoping to list United Gold towards the end of May and a General Meeting will occur on the 22 April to approve, amongst other things, the in specie distribution of United Gold shares to Thundelarra shareholders. Shareholders will be entitled to approximately one United share for every four Thundelarra shares they hold. United will seek to raise \$5 million and apply for listing on the ASX.

Thundelarra will hold only a small number of shares in United Gold. There will be Thundelarra executives on the board of United in non-executive roles so that we have some input in its formative stages.

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Are there any capital gains tax implications for Thundelarra in vending the gold assets (Rothsay, Water Tank, Fields Find, Warriedar, Tallering and Davyhurst projects and the Prairie Downs tenement) into United?

Chairman Phil Crabb

We do not see any onerous capital gain implications for Thundelarra in vending the properties into United Gold.

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Thank you Phil.

For further information on Thundelarra visit www.thundelarra.com or call Phil Crabb on 08 9321 9680.

For all Thundelarra Open Briefings visit www.corporatefile.com.au