



# 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

28 April 2004

The Manager  
The Company 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**

### ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2004

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#### HIGHLIGHTS

##### EXPLORATION

###### *Nickel-Copper*

- Field exploration programs for nickel have commenced in the East Kimberley with a \$3.5 million budget for 2004.
- 3,000 metres reverse circulation drilling program scheduled to commence on Copernicus North prospect in May.
- Feasibility study continuing on Copernicus resource.

###### *Gold*

- New Inferred Resource estimate at Rothsay of 248,000 tonnes at 11g/t gold for 87,300 ozs using a 7g/t cut-off.
- Thundelarra exercises Option to acquire 100% equity in Water Tank project.

##### CORPORATE

- Thundelarra to spin-off gold assets into United Gold Limited to raise \$5 million.
- In specie distribution of United Gold Limited shares to Thundelarra shareholders to proceed.

## **EAST KIMBERLEY NICKEL PROJECTS**

Thundelarra Exploration Ltd ("Thundelarra" or "Company") has commenced its 2004 field season in the East Kimberley, spearheading one of the most intensive phases of nickel exploration in the area since the nickel boom of the 1970s.

Up to \$3.5 million worth of exploration expenditure is scheduled to be spent by Thundelarra and its joint venture partners, Sally Malay Mining Ltd ("Sally Malay") (ASX:SMY) and LionOre Mining International Limited ("LionOre") (ASX:LIM) on the extensive East Kimberley project this year (see attached East Kimberley Project map). Field teams have mobilized to the area and the first drilling program will commence early May. Details of the planned programs are given below.

### ***Copernicus Joint Venture (Thundelarra 100% - Sally Malay earning 60%)***

Sally Malay has commenced the Feasibility Study on the Copernicus orebody and this study is due for completion in June 2004. The study expects to confirm the viability of mining the current resource via an open pit and processing ore through the Sally Malay plant which is located 35 kilometres north. The current resource at Copernicus is reported as 241,000 tonnes at 1.5% nickel, 0.8% copper and 0.059% cobalt using a 1% nickel cut-off.

Subject to a positive Feasibility Study, the plan would be to commence mining late 2005 with the ore processed early 2006 as ore production at Sally Malay moves underground and there is spare capacity in the plant. Sally Malay is on track to commence concentrate production from their operation in August 2004.

In early May 2004, Sally Malay will conduct a 3,000 metre reverse circulation drilling program (12-15 holes) to assess the recently discovered Copernicus North prospect. This prospect is located 150m along strike and down plunge from the Copernicus resource and has an associated electromagnetic anomaly approximately 200 metres long. The first hole drilled into the prospect late last year intersected 3 metres of massive sulphides averaging 2.75% nickel and 1.36% copper from 144 metre down hole (including 1 metre at 4.5% nickel and 0.95% copper). The drilling program and data from a planned down hole electromagnetic survey will delineate the broad extent of the Copernicus North mineralisation and identify areas for follow-up drilling.

Copernicus North is an exciting new nickel-copper sulphide discovery that has the potential to significantly increase the resources within the Copernicus Joint Venture tenement.

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

Under the terms of the East Kimberley joint venture with LionOre, LionOre is earning a 60% interest in approximately half of Thundelarra's East Kimberley tenement holding of 2,800km<sup>2</sup> by spending \$5 million over 5 years (see attached East Kimberley Project map). The first year budget is \$1.5 million and field exploration is now underway. Initial work will involve the geological and geophysical assessment of targets followed by drilling later in the season.

### ***Thundelarra Funded Exploration***

Thundelarra has identified 30 priority targets for immediate assessment within its Retained Area tenements (1,400 km<sup>2</sup>). A field team is on site, based at the centrally located camp, and geological mapping and geochemical sampling programs are underway. A number of prospects will be ready for drilling next quarter. Thundelarra plans to spend approximately \$1 million on exploration within the East Kimberley this field season.

## **GOLD PROJECTS**

On the 24 February 2004 the Company announced to the ASX that the Directors had decided to establish a new wholly owned subsidiary, United Gold Limited ("United Gold"), which will acquire Thundelarra's gold assets, raise \$5 million and float on the ASX. Thundelarra shareholders will, via a capital reduction, receive shares in United Gold.

United Gold, once listed, will immediately commence intensive exploration programs on the Rothsay and Water Tank projects. Both these projects have the potential to yield significant gold resources in the short term.

The floating of United Gold will allow Thundelarra to concentrate all of its resources on nickel-copper exploration in the East Kimberley and elsewhere within Western Australia.

Details of work completed during the quarter on the various gold projects are presented below.

### ***Rothsay (Thundelarra 70%)***

During the quarter, Resource Evaluations Pty Ltd ("ResEval") completed a new mineral resource estimate for the Rothsay deposit. The undiluted Inferred Resource estimate using a 5g/t cut-off, 170 g/t high grade cut and a minimum down hole intercept length of 2m (nominal 1.0-1.5m minimum true width) was 343,000t @ 9.6 g/t for 105,800 ozs of gold. If a more conservative 7g/t cut-off is used, the tonnage decreases to 258,000t but the grade increases to 11g/t for a total of 87,300 ozs of gold. The resource estimate complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared in 1999 by the Joint Ore Reserves Committee (JORC). Although the deposit displays excellent continuity of the main mineralised structure, the resource was classified as Inferred due to the inability of ResEval to validate the majority of the drilling data. Thundelarra is however confident that the data presented to ResEval is reliable and accurate and a comprehensive validation and verification study will be undertaken prior to any mine scoping study in the future.

Prior to the listing of United Gold, exploration on the project will be restricted to geological mapping in preparation for a diamond drilling program that will commence on listing.

### ***Fields Find Project (Thundelarra 100% - Aldershot earning 60%)***

Last quarter Thundelarra signed a Letter Agreement in relation to a farmin and joint venture of the Fields Find project with Aldershot Resources Ltd ("Aldershot"), a company listed on the Toronto Stock Exchange. Under the terms of the joint venture, Aldershot may earn a 60% interest in the project by the expenditure of \$600,000 over 3 years and the issuing of 1,000,000 shares to Thundelarra. The joint venture will commence once all regulatory approvals have been received and all conditions precedent satisfied.

The Fields Find project comprises 20 tenements covering approximately 168 square kilometres and is located 420 kilometres north of Perth. The project contains the Baron Rothschild gold resource (46,000 ozs gold-indicated/inferred resource), the Fields Find mine (39,500 ozs gold-past production) and numerous advanced gold prospects. The project also has significant platinum-palladium mineralisation and the potential to host magmatic nickel-copper sulphide mineralisation associated with a number of recently discovered mafic/ultramafic igneous complexes.

Aldershot's initial exploration program will concentrate on drill testing a number of the well defined gold targets.

### ***Water Tank (Thundelarra 100%)***

On the 22 April 2004, the shareholders of Thundelarra approved the acquisition of a 100% equity in the Water Tank tenements located in Norseman. These tenements contain the exciting Jezabeel prospect where drilling last year returned encouraging intercepts including 8m @ 3.24g/t gold from 34m and 6m @ 2.11g/t gold from 24m. United Gold, once listed, will follow up these significant results.

No work was conducted on Thundelarra's other gold projects during the quarter.

## **DIAMONDS**

### ***Phillips Range Project (Thundelarra 95% - Diamond Mines Australia earning 60%)***

Last quarter, Gravity Capital Limited ("Gravity Capital"), managers of the Phillips Range Joint Venture announced positive results from the heavy mineral analysis of samples collected from two gravity anomalies to the north (Elgin 1) and west of Aries (TGB). At the Elgin 1 gravity target located in the Police Valley, 10 kilometres north of Aries, drainage sampling recovered one kimberlitic pyrope garnet potentially derived from an identified gravity feature in a zone of limited outcrop. At the TGB target 7 kilometres west of Aries, the tested combined gravity, magnetic and photo-feature returned one kimberlitic chromite from a weakly developed drainage.

Follow-up exploration of these targets and several unresolved or inaccessible targets is planned from 2004 field season once road access is re-established to the area following the summer monsoon.

The Phillips Range Joint Venture is between Diamond Mines Australia Pty Ltd ("DMA") (40% owned by Gravity Capital), BHP Billiton and Thundelarra. DMA is sole funding exploration and can earn up to 60% in the project by completing a Bankable Feasibility Study.

## **CORPORATE**

### ***Spin-Off Gold Assets to United Gold Ltd***

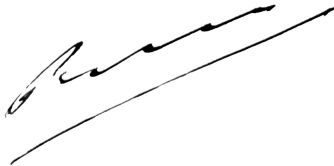
On the 24 February 2004 Thundelarra announced to ASX the establishment of a new wholly owned subsidiary, United Gold Limited ("United Gold"), which will acquire Thundelarra's gold assets, raise \$5 million and float on the ASX.

The Company has entered into a sale and purchase agreement with United Gold in respect to the sale by the Company of the Thundelarra gold tenements to United Gold in consideration of the issue of 19,350,000 United Gold shares at an issue price of 10 cents each.

Shareholders approved at General Meeting on 22 April 2004 that the Company make an in specie distribution of approximately 18,304,682 United Shares to the Company's shareholders recorded on the member register at record date (30 April 2004) on a pro rata basis pursuant to an equal capital reduction under Section 256B of the Corporations Act. Under the reduction of capital, the Company's shareholders will be entitled to approximately 1 United Gold share for every 4 Thundelarra shares held at record date. The Company's shareholders will not be required to pay any consideration for the United Gold shares as the Company will make an appropriate capital reduction in its books to reflect this distribution.

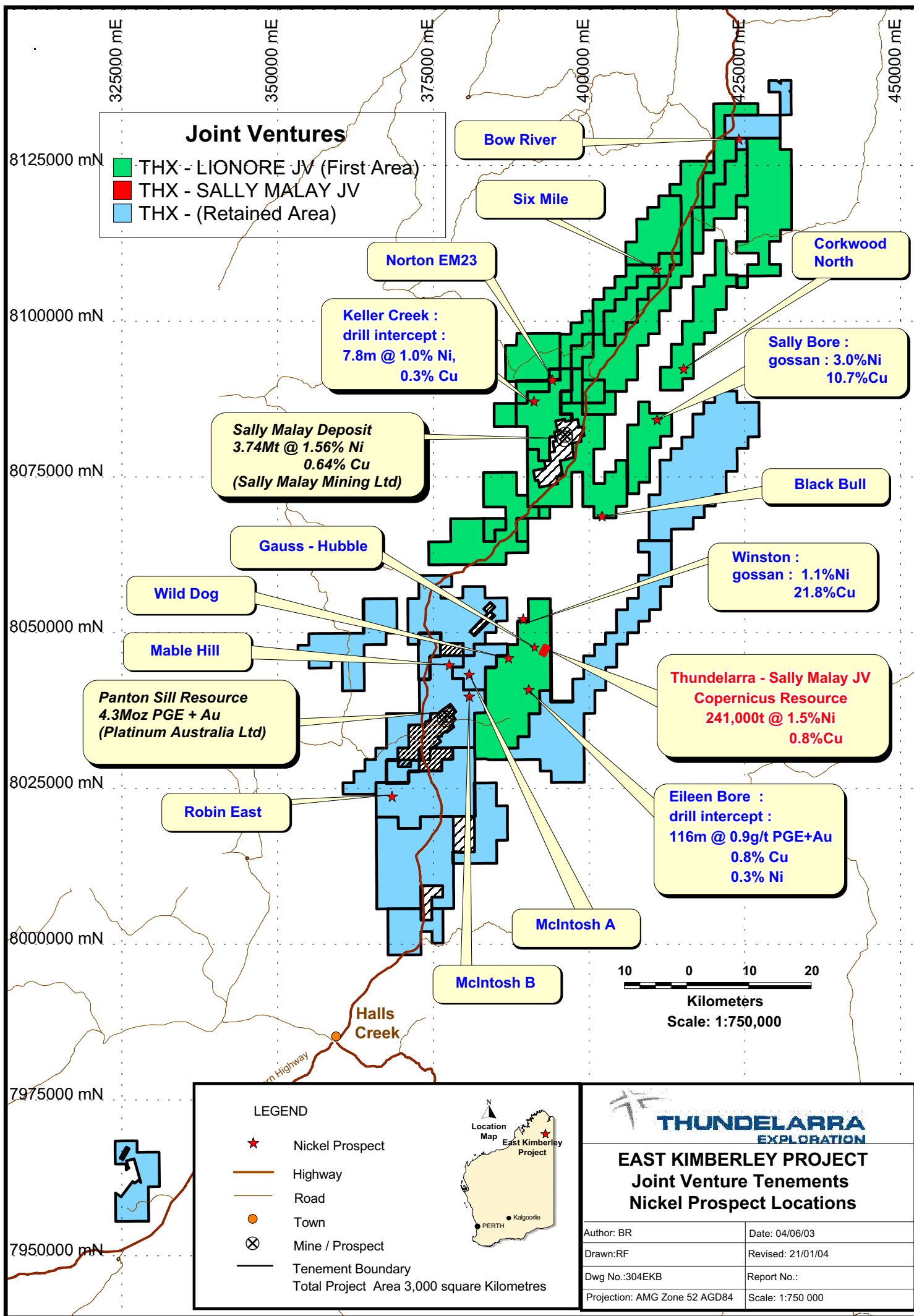
For details of United Gold spin-off and related matters refer to the Thundelarra web site.  
[www.thundelarra.com.au](http://www.thundelarra.com.au)

Yours faithfully  
Thundelarra Exploration Ltd

A handwritten signature in black ink, appearing to read 'Phil Crabb', written over a thin horizontal line.

PHIL CRABB  
Chairman

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



**Joint Ventures**

- THX - LIONORE JV (First Area)
- THX - SALLY MALAY JV
- THX - (Retained Area)

Bow River

Six Mile

Norton EM23

Keller Creek :  
drill intercept :  
7.8m @ 1.0% Ni,  
0.3% Cu

Corkwood North

Sally Bore :  
gossan : 3.0%Ni  
10.7%Cu

Sally Malay Deposit  
3.74Mt @ 1.56% Ni  
0.64% Cu  
(Sally Malay Mining Ltd)

Black Bull

Gauss - Hubble

Winston :  
gossan : 1.1%Ni  
21.8%Cu

Wild Dog

Mable Hill

Panton Sill Resource  
4.3Moz PGE + Au  
(Platinum Australia Ltd)

Thundelarra - Sally Malay JV  
Copernicus Resource  
241,000t @ 1.5%Ni  
0.8%Cu

Robin East

Eileen Bore :  
drill intercept :  
116m @ 0.9g/t PGE+Au  
0.8% Cu  
0.3% Ni

McIntosh A

McIntosh B

10 0 10 20  
Kilometers  
Scale: 1:750,000

**LEGEND**

- Nickel Prospect
- Highway
- Road
- Town
- Mine / Prospect
- Tenement Boundary

Total Project Area 3,000 square Kilometres

**Location Map**  
East Kimberley Project  
PERTH  
Kalgoorlie

**THUNDELARRA EXPLORATION**

**EAST KIMBERLEY PROJECT  
Joint Venture Tenements  
Nickel Prospect Locations**

Author: BR	Date: 04/06/03
Drawn:RF	Revised: 21/01/04
Dwg No.:304EKB	Report No.:
Projection: AMG Zone 52 AGD84	Scale: 1:750 000

# 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")

**31 MARCH 2004**

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for		
	(a) exploration and evaluation	(273)	(590)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(453)	(625)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	97	111
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	<b>(629)</b>	<b>(1,104)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a)prospects	(40)	(40)
	(b)equity investments	(69)	(69)
	(c) other fixed assets	(54)	(57)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	8	8
1.10	Loans to other entities	(66)	(66)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	<b>(221)</b>	<b>(224)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(850)</b>	<b>(1,328)</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(850)	(1,328)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	5,812
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	-	-
	<b>Net financing cash flows</b>	-	5,812
	<b>Net increase (decrease) in cash held</b>	(850)	4,484
1.20	Cash at beginning of quarter/year to date	7,488	2,154
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	6,638	6,638

**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	190
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions <div>Thundelarra's financial year is from the period 1 October 2003 to 30 September 2004.</div>	

**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	350
4.2 Development	-
<b>Total</b>	350

### 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	(17)	113
5.2 Deposits at call	6,497	7,218
5.3 Bank overdraft	-	-
5.4 Other (bank guarantees)	158	157
<b>Total: cash at end of quarter (item 1.22)</b>	6,638	7,488

## 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	Corkwood	P80/1502	100%	Nil
6.2	Interests in mining tenements acquired or increased	Monti Cristo Monti Cristo Phillips Range	P59/1545-48 E59/1125 E80/2699	50% Nil Nil	100% 100% 95%

## 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	<b>Preference + securities</b> <i>(description)</i>	-	-	-
7.2	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	<b>+Ordinary securities</b>	72,468,726	-	-
7.4	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-
7.5	<b>+Convertible debt securities</b> <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	<b>Options</b> <i>(description and conversion factor)</i>	3,442,644	3,442,644	<i>Exercise price</i>	<i>Expiry date</i>
		1,480,000	-	A\$0.23	30/04/2005
		1,975,000	-	A\$0.35	28/03/2008
		422,000	-	A\$0.50	28/02/2007
		181,250	-	A\$0.68	28/04/2004
		11,000,000	-	A\$0.68	30/04/2004
			-	A\$0.68	20/11/2007
7.8	Issued during quarter	1,970,000	-	A\$0.70	26/02/2009
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <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 April 2004.

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.

## Appendix 5B

### Mining exploration entity quarterly report

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- 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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