



THUNDELARRA

EXPLORATION LTD

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27 July 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 30 JUNE 2004

HIGHLIGHTS

EXPLORATION

Nickel-Copper

- Drilling at Copernicus North intersects significant nickel-sulphide mineralization.
- Feasibility study continuing on Copernicus resource.
- Exploration by LionOre discovers new geophysical and geochemical targets.
- Drilling programme underway on Eileen Bore prospect.
- Drilling targets identified by Thundelarra following EM testing of newly discovered Ni-Cu gossans.

CORPORATE

- Thundelarra sells gold tenements to United Gold Ltd.
- Thundelarra issues United Gold shares to Thundelarra shareholders via in specie distribution.
- United Gold Ltd prospectus due in August 2004.

EAST KIMBERLEY NICKEL PROJECTS

Thundelarra Exploration Ltd (“Thundelarra”) is pleased to report that nickel exploration is progressing well in the East Kimberley and early results from all programmes are very encouraging. Sally Malay Mining Ltd (“Sally Malay”) (ASX:SMY) has completed the first phase of reverse circulation (“RC”) drilling on the Copernicus North prospect with significant results. LionOre Mining International Limited (“LionOre”) (ASX:LIM) and Thundelarra have both commenced ground geophysical surveys on selected prospects with initial results indicating a number of targets warranting drill testing.

Up to \$3.5 million of exploration expenditure is scheduled to be spent by Thundelarra and its joint venture partners, Sally Malay and LionOre on the extensive East Kimberley project this year (see attached East Kimberley Project map). This budget could be substantially increased if any of the joint venturers or Thundelarra receives early success from the current exploration programmes. Results of exploration completed during the quarter and the details of current and planned programmes are given below:

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

During the quarter Sally Malay completed the first systematic RC drill campaign over the Copernicus North prospect. The programme was designed to assess and more accurately locate the Copernicus North nickel-copper sulphide mineralization, prior to committing to a possible second phase of resource definition drilling. Twelve angled RC holes were drilled on four 50 metre spaced sections for a total of 2,811 metres. All holes were angled between 65 and 75 degrees grid east and the deepest hole reached a depth of 317 metres down hole (see attached Copernicus Prospect map). One additional hole was drilled south of the Copernicus resource (80 metres) and three metallurgical holes (166 metres) were drilled into the Copernicus resource. Assay results are only available for the first three holes drilled at Copernicus North.

The first three holes of the programme were completed on Section 103000N located approximately 200 metres north of the Copernicus resource (241,000t @ 1.5% Ni, 0.8% Cu, 0.06% Co) and 50 metres north of the discovery hole CORC035 (3 metres @ 2.75% Ni and 1.35% Cu from 144 metres). Hole CORC035 was drilled late last year to test an interpreted 200m long ground EM anomaly identified in the 2003 survey. Hole CORC039 intersected a mineralized westerly dipping pyroxenite intrusive body and returned a best intercept of 12 metres @ 1.63% Ni and 0.96% Cu associated with a broad zone of matrix textured sulphides (pyrrhotite-pentlandite-chalcopyrite).

Drill Hole	N	E	Depth (m)	Interval (m)	Ni (%)	Cu (%)	Co (%)
CORC037	103000	55340			NSR	NSR	NSR
CORC038	103000	55290	157-158	1	0.49	0.50	0.01
CORC039	103000	55240	199-211	12	1.63	0.96	0.05

NSR no significant results

Significant sulphide mineralization was also intersected on sections 103050N and 103100N associated with a poorly constrained westerly dipping lenticular pyroxenite body plunging at approximately 45 degrees north. The mineralization can now be traced for 150 metres north of the discovery hole CORC035 and remains open down plunge. The Copernicus resource represents the southern extent and surface expression of the mineralization. The assay results from the remaining holes will be available in the near future.

The early results are very encouraging and indicate that the Copernicus North prospect has the potential to host a significant Ni-Cu sulphide resource of the Voisey's Bay-Sally Malay style. A mineralized pyroxenitic pipe-like intrusion has now been delineated over a strike length of

approximately 400 metres, from Copernicus in the south to the holes on Section 103100N in the north.

The first phase of broad spaced RC drilling has very successfully outlined the mineralized zone at Copernicus North. The next stage of exploration is to accurately map out the zones of highest grade sulphide concentrations using down-hole EM techniques. This survey will commence early August and the results from this survey will be used to plan the follow-up diamond drilling programme.

Sally Malay is earning 60% of the 1.2 sq km Copernicus tenement by completing a bankable feasibility study ("BFS") on the Copernicus resource. 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. 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.

Subject to a positive BFS, the plan would be to commence mining late in 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.

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 2,800 sq km 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.

During the quarter LionOre's field activities comprised Induced Polarisation ("IP") surveying at Eileen Bore, detailed soil surface sampling, geological mapping, orientation soil and stream sediment sampling surveys and the digital capturing of an additional 7,952 stream sediment samples which were added to the joint venture's already extensive database.

The results from the various programmes returned very encouraging results, with the IP survey identifying a new chargeability target approximately 750 metres along strike from the Eileen Bore mineralized pyroxenite. Drilling of this pyroxenite by Thundelarra in 2002 returned a best intercept of 116 metres @ 0.78% Cu, 0.30% Ni and 0.9 g/t platinum + palladium + gold. The Eileen Bore pyroxenite is very similar in character to the Copernicus pyroxenite, located approximately 8 kms along strike to the north.

Detailed soil surface sampling over the Black Bull prospect area identified a new, potentially significant Ni-Cu in soil anomaly 600 metres east of the Black Bull pyroxenite. The assessment of the additional stream sediment sample data resulted in the defining of 32 new surface geochemical anomalies.

LionOre has recently commenced a ground EM survey to test selected priority targets and an RC drilling programme is underway on the Eileen Bore prospect.

Thundelarra Funded Exploration

Assessment of the 30 priority targets within the retained area tenements (approx 1,400 km sq) started during the quarter.

Several new gossan occurrences have been identified and a ground EM survey has covered portions of the 5 most prospective areas. Three returned conductors that have required further EM surveying and this is currently underway.

In addition, a fourth area, the Billymac Project identified two conductors that present as drill targets. The Billymac project includes an area of Ni-Cu gossan first discovered in the 1970s, when a small (~2km) portion of the prospective contact was explored. Some 15 km is present within the Thundelarra project. Thundelarra soil sampling has identified a 3 km corridor of Cu-Ni anomalism at the base of the Sandy Creek Intrusion. Rock chip sampling has returned up to 4.9% Cu and 0.25% Ni from new gossan occurrences within this anomaly. A new zone of gossan has also been discovered during the quarter some 2km to the north along strike. Results of this sampling are awaited. In total approximately 6km of this prospective horizon has been displayed to be mineralized and further soil sampling, mapping and rock sampling will be followed by EM and drilling.

Drilling of the conductors defined by the recent EM programme is planned during August 2004. A further 4 prospects will be assessed by EM surveys as well as any new occurrences identified by the extensive exploration being carried out.

DIAMONDS

Phillips Range Project (Thundelarra 95%)

During the quarter BHP Billiton and Gravity Capital Limited withdrew from the Phillips Range joint venture. Over the life of the 3 year joint venture the partners flew most of the project area with an airborne Falcon™ airborne gravity gradiometer system survey, discovered 4 diamondiferous satellite kimberlites in the Persephone Valley, assessed over 70 targets and identified a number of as yet untested coincident indicator mineral-gravity anomalies.

Thundelarra has decided to continue diamond exploration on the project concentrating its efforts on the most prospective but difficult area to explore. This area of approximately 50 sq kms covers the valley floor between the Warton and King Leopold Sandstone plateaus and downstream from the Aries kimberlite. Shallow alluvial sands and black soil plains cover the variably magnetic Carson Volcanic basalts and the highly conductive interbedded sulphidic and graphitic sediments. This area of approximately 50 sq kms is swamped with indicator minerals from Aries (and hopefully as yet undiscovered kimberlites) and geophysically is very “noisy” with respect to gravity, magnetics and airborne EM. A number of prospective structures, including the structure that controls the Aries-Persephone kimberlites strike across the valley floor.

Thundelarra’s exploration activities will involve the systematic interrogation of all the excellent geological and geophysical datasets now available followed by a systematic bedrock drilling programme to test all targets generated.

The Director’s of Thundelarra strongly believe in the “cluster theory” for kimberlites and if there are other kimberlites within the Phillips Range project they are most likely located within a 12 km radius of the Aries kimberlite.

CORPORATE

In Specie Distribution of United Gold Shares

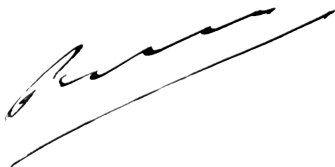
Subsequent to shareholder approval granted on 22 April 2004, Thundelarra made an in-specie distribution to Thundelarra shareholders of 18,464,486 United Gold shares via a capital reduction on the basis of 1 United Gold share for every 4 Thundelarra shares held at 30 April 2004.

The Thundelarra shareholders were not required to pay any consideration for the United Gold shares as Thundelarra made an appropriate capital reduction in its books to reflect this distribution. The reduction in capital per Thundelarra share was \$0.025.

United Gold Prospectus

United Gold Ltd proposes to make an offer of fully paid ordinary shares in this current quarter. Should United Gold Ltd make such an offer, it will issue a prospectus and this will be made available to the public and to Thundelarra shareholders. Parties interested in acquiring the shares in United Gold Ltd will need to complete the application form that will be in, or will accompany, the prospectus.

Yours faithfully
THUNDELARRA EXPLORATION LTD



PHIL CRABB
Chairman

For further information about Thundelarra Exploration Ltd.

Website: www.thundelarra.com

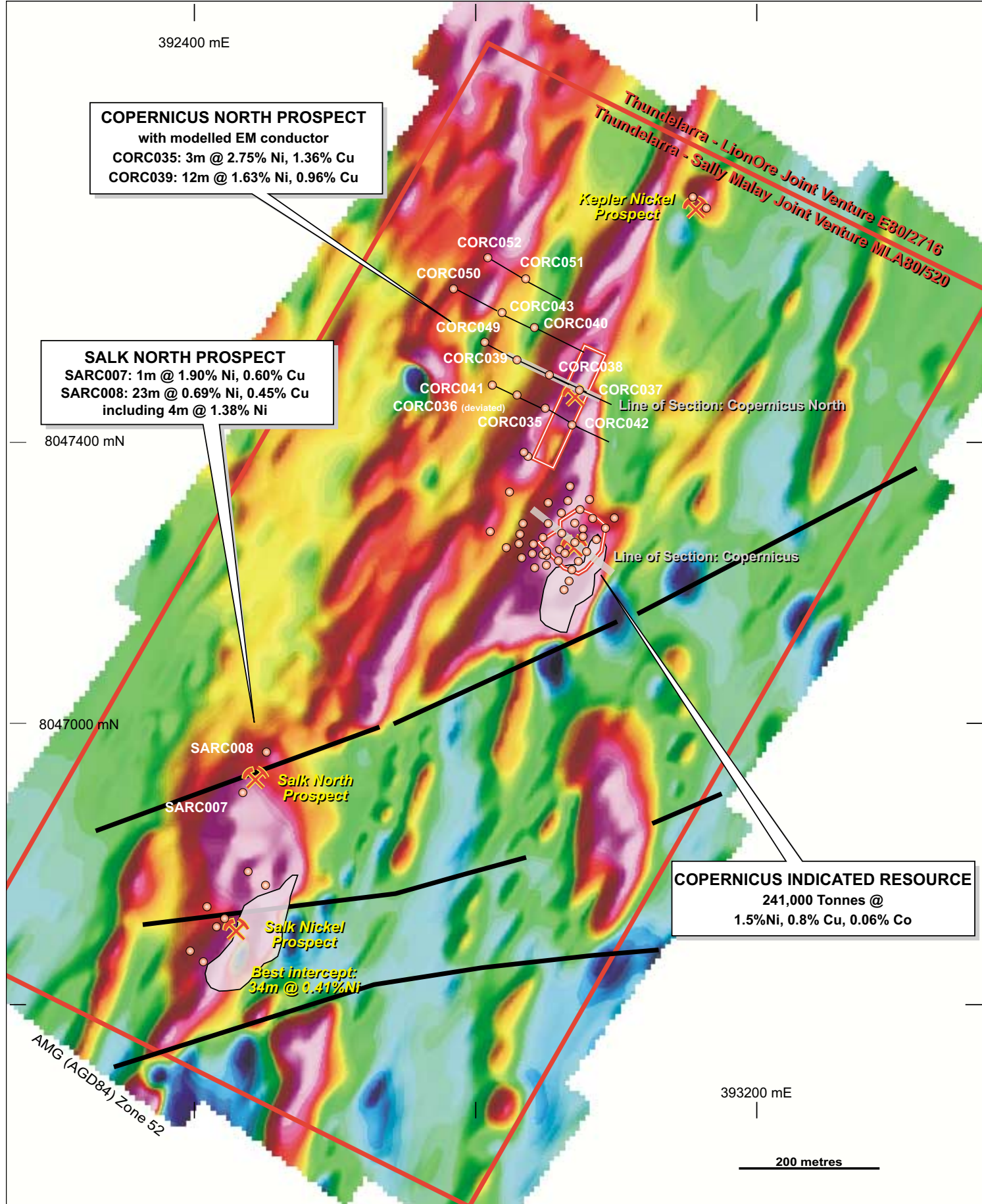
Contacts:

Philip Crabb
Chairman
Thundelarra Exploration Ltd

or

Brian Richardson
Director of Exploration
Thundelarra Exploration Ltd

The 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.



Sally Malay Mining Ltd earning 60% by completing Bankable Feasibility Study
Copernicus Indicated Nickel - Copper Resource 241,000 @ 1.5% Ni, 0.8% Cu
New Nickel Sulphide discovery at Copernicus North
Production scheduled for 2006

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 2004

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for		
	(a) exploration and evaluation	(269)	(859)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(426)	(1,051)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	86	197
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
		(609)	(1,713)
Net Operating Cash Flows			
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	(40)
	(b)equity investments	-	(69)
	(c) other fixed assets	(210)	(267)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	8
1.10	Loans to other entities	(444)	(510)
1.11	Loans repaid by other entities	173	173
1.12	Other (provide details if material)	-	-
		(481)	(705)
Net investing cash flows			
1.13	Total operating and investing cash flows (carried forward)	(1,090)	(2,418)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,090)	(2,418)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	188	6,000
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	-	-
	Net financing cash flows	188	6,000
	Net increase (decrease) in cash held	(902)	3,582
1.20	Cash at beginning of quarter/year to date	6,638	2,154
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,736	5,736

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	239
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 2003 to 30 September 2004.	

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

- | | |
|-----|---|
| (1) | Pursuant to an Agreement of Sale of Mining Tenements between Thundelarra and United Gold Ltd, Thundelarra sold its gold tenements to United Gold in consideration of the issue of 19,350,000 United Gold Ltd shares at an issue price of 10 cents each. |
| (2) | Pursuant to shareholder approval granted on 22 April 2004 Thundelarra made an in specie distribution to Thundelarra shareholders who received 18,464,486 United Gold shares via a capital reduction on the basis of 1 United Gold share for every 4 Thundelarra shares held at 30 April 2004. The reduction in capital per Thundelarra share was \$0.025. |

- 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	-
Total	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	166	(17)
5.2 Deposits at call	5,411	6,497
5.3 Bank overdraft	-	-
5.4 Other (bank guarantees)	159	158
Total: cash at end of quarter (item 1.22)	5,736	6,638

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	Warriedar E59/723, 849 E59/850, 887 E59/935 Monti Cristo P59/1545-48	100% 100%	40% Nil
6.2	Interests in mining tenements acquired or increased	-	-	Nil

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 (description)	-	-	-
7.2	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	+Ordinary securities	73,858,726	73,858,726	-
7.4	Changes during quarter			
	(a) Increases through issues	750,000 391,000 170,000 79,000	750,000 391,000 170,000 79,000	\$0.50 \$0.23 \$0.35 \$0.50
	(b) Decreases through returns of capital, buy-backs	-	-	-
7.5	+Convertible debt securities (description)	-	-	-

Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	3,051,644	3,051,644	\$0.205	30/04/2005	
	1,265,000	-	\$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	-	-	-	-
7.9	Exercised during quarter	391,000	-	\$0.23	30/04/2005
		170,000	-	\$0.35	28/03/2008
		79,000	-	\$0.50	28/02/2007
7.10	Expired during quarter	422,000	-	\$0.68	28/04/2004
		181,250	-	\$0.68	30/04/2004
		125,000	-	\$0.50	28/02/2007
		45,000	-	\$0.35	28/03/2008
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: 26 July 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.
- 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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