

30 January 2006

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



Via Electronic Lodgement

Dear Sir/Madam

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2005

HIGHLIGHTS

- Rock sample assay of **96g/t gold**, a new discovery at Lamboo.
- Gossan sample assays **6**% **copper and 0.5**% **nickel** from Moonlight North prospect, Lamboo.
- Drilling at Copernicus Deeps intersects 1.2 metres @ 2.7% nickel and 10 metres @ 1.02% nickel.
- Drilling at Keller Creek by LionOre intersects 12 metres @ 0.34% nickel within broad zone of contact sulphides.
- Rock sample from McKenzie Springs prospect returns $1.12\% \text{ V}_2\text{O}_5$ and $11.24\% \text{ TiO}_2$.
- Spinifex-new uranium project with historical assays up to 13.5% U₃O₈.

INTRODUCTION

Thundelarra Exploration Ltd ("Thundelarra") is a large tenement holder in the East Kimberley with over 2,900 square kilometres of prospective nickel, gold and uranium tenure (see attached tenement location map). The majority of the tenements are subject to the East Kimberley Joint Venture, where LionOre Mining Australia Pty Ltd ("LionOre") is earning a 60% equity by spending \$5 million over 5 years. The uranium tenements are excluded from this joint venture and are held 100% by Thundelarra.

Details of Thundelarra's and LionOre's work during the December 2005 quarter are presented below:

EXPLORATION

EAST KIMBERLEY PROJECTS Thundelarra Funded Exploration

During the December 2005 quarter the final geochemical and geophysical results from the diamond drilling program conducted at Copernicus were received and interpreted. The Lamboo field program was completed and a tenement was applied for over the Spinifex uranium prospect.

Lamboo Project

Encouraging results have been returned from Thundelarra's Lamboo project which secures most of the Lamboo Igneous Complex, an olivine rich ultramafic intrusion. This 'Retained Area' East Kimberley project includes 100% Thundelarra tenure and a joint venture with Great Gold Mines Ltd, where Thundelarra has to spend \$200,000 to earn an 80% interest.

Results from a recent field assessment of 20 prospect areas have been returned and display encouraging gold, platinum group metals and nickel-copper sulphide mineralisation, including:

- Rock sample, gabbro hosted quartz vein 96g/t gold.
- ➤ Intrusion related platinum-palladium-gold to 2.96g/t.
- ➤ Gossan to 6% copper, 0.5% nickel.

Within Thundelarra's 100% tenure at the Airport South prospect a rock sample of ferruginous quartz vein, hosted within poorly outcropping gabbro returned a 96.25g/t gold assay. The area has poor exposure but is coincident with an airborne magnetic feature some 1.6km in strike length. No prior gold mineralisation has been reported from within this area (see attached Lamboo plan).

The Lamboo project is located only 4km south of the Nicholson's Find gold plant that is currently on care and maintenance. Past gold exploration has been carried out over narrow but high grade granite hosted quartz veins at Brett's Find. These present as low priority targets, due to the limited scope for significant sized discoveries (250,000 oz +). Thundelarra's recent work has focussed in assessing the gold mineralizing shear zones as they cut the Lamboo complex, especially at favourable contacts and rock types. Historic drilling within ultramafic rock at the DH4 prospect, conducted in the search for platinum group elements ("PGE"), intersected up to 3 metres @ 9.46g/t gold, and recent sampling of quartz veins in this area has returned up to 1.3g/t gold.

Rock sampling to 2.96g/t platinum-palladium-gold has been identified associated with numerous chromite layers focussed within the upper contact zone of the dunite unit at the Attwell prospect. The prospect area has poor outcrop and requires follow up drilling to be fully assessed.

At the Midnight North prospect siliceous gossan within the basal dunite contact returned 6% copper and 0.5% nickel. Several other prospects also display potential for massive and disseminated nickel-copper-platinum mineralisation.

A HoistEM geophysical survey conducted earlier this field season identified 11 conductive targets with potential to represent nickel-copper sulphides at depth. Fieldwork has not explained these features as locations are obscured by surficial cover. Five of the most prospective targets have been selected for drill testing next season.

Lamboo is unusual compared to much of Thundelarra's East Kimberley area in that the area has been deeply weathered and much is obscured by recent cover. It therefore offers scope for the discovery of 'blind' mineralisation. Thundelarra has compiled all past data over the project, as well as flying its own remote sensing, magnetic and geophysical surveys. This data, used in combination identifies a large number of prospects and makes Lamboo an exciting focus for next seasons drill programmes.

Copernicus Project

All drilling data and assay results at Copernicus Deeps project in the East Kimberley have now been received and reviewed results are as follows.

Nickel and copper results were recorded from two holes with the third intercepting matrix sulphides. The three reverse circulation and diamond drill holes totalling 1,352 metres tested the extrapolated geophysical plate representing the down plunge extension of the Copernicus North nickel sulphide mineralization. Interpretation of data has been delayed to allow a gyroscopic survey to be completed so that assay and down hole electromagnetic ("DHEM") information could accurately indicate the plunge and dip of the mineralization.

Drilling tested a previously unexplored 250 metre strike extension north of the known Copernicus mineralization. Each of the three holes intersected magmatic sulphide, (breccia matrix, net vein textures and disseminations), in the anticipated plane of mineralization. Significant intercepts were returned from CORCD059 - 1.2 metres @ 2.7% nickel, 0.71% copper, and CORCD060 – 10 metres @ 1.02 %nickel, 0.83% copper.

Results are listed in the Table below and shown on the attached long section.

54990

CORCD061

392789

8047950

Hole_ID	AMG84_52 East	AMG84_52 North	Local East	Local North	Collar Dip	Collar Azim.	Total Depth (m)	Intercept
CORCD059	392789	8047727	55090	103150	-63	116	369.5	331.4- 332.6m; 1.2m @ 2.7% Ni, 0.71% Cu
CORCD060	392758	8047853	55010	103250	-71	108	472	439.3- 449m; 10m @ 1.02 %Ni, 0.83% Cu
								470.40- 471.20m; matrix sulphides,

-75

104

510

no anomalous Ni

103350

SIGNIFICANT DRILL INTERCEPTS ABOVE 0.5% NICKEL, COPERNICUS DEEPS

Each of the drill holes has been surveyed by DHEM. CORCD059 recorded a strong in-hole anomaly with updip extension. Along strike 100 metres CORCD060 clipped the downward edge of the conductor with a weak in-hole anomaly with updip extension recorded. A second interpreted mineralised body a distance offhole has also been identified and presents the possibility of multiple zones of mineralization being present in this part of the sulphide system. CORCD061, located a further 100 metres to the north did not record any DHEM features and appears to have drilled a footwall position due to flexure of the mineralised zone.

The DHEM data indicates the mineralised sulphide zone plunging northwards has a shallower dip than anticipated and as a result the drill holes appear to have intersected the lowest edge of the mineralised plate and that hole number CORC061 passed to the west and below the mineralised zone. The matrix sulphides cored clearly indicate that.

An exciting aspect of this intercept at depth is that approximately 70 metres to the north is the boundary line of the **Thundelarra Exploration Ltd** – **LionOre Australia Joint Venture Farmin claim number E80/2716** (see attached long section).

The Copernicus project is now evolving into a potentially viable and sizable discovery and we are now well positioned to more clearly target the mineralised geophysical features as defined with well directed and controlled diamond drilling.

The Company's objective is to continue exploration on this and other targets discovered during our 2005 exploration efforts with the view to developing a stand alone nickel-copper mine and extraction facility.

Spinifex Uranium Project

Thundelarra Exploration Ltd has applied for exploration licence 80/3572 (119 square kilometres) covering the Spinifex uranium prospect, located approximately 50 kilometres north of the Argyle Diamond Mine, East Kimberley region, Western Australia (see attached project location map).

The Spinifex prospect was discovered in 1971 during a regional airborne spectrometric survey. Follow up ground checking of the radiometric anomaly revealed the presence of very rich secondary uranium mineralisation in fractures and breccia zones within the Middle Proterozoic Hensman Sandstone. Seven shallow trenches between 0.5 and 1 metre deep and 1 to 3 metres long were blasted into the sandstone in areas of high radioactivity. The trenches cover approximately 120 metres strike of the exposed sandstone.

Systematic channel and grab sampling of the trenches returned some very high grade results. Trench 1 contained the richest mineralisation, with selected specimens collected close to the surface assaying **8.44%** U_3O_8 and **13.5%** U_3O_8 . Channel samples collected over 1-2 metre lengths ranged between 0.093% U_3O_8 and 0.24% U_3O_8 .

Trench 2, located 2.5 metres from Trench 1, also showed high uranium values in selected specimens, ranging from 1.84% U_3O_8 to 7.5% U_3O_8 . A channel sample from the floor of the trench assayed a significant 1.62% U_3O_8 .

Trenches 3, 4 and 5 returned a best value of 800 ppm over 0.6 metres.

A selected specimen sample from Trench 6, located on the southern scarp and 60 metres from Trench 1, assayed 0.203% U_3O_8 with little visible mineralisation noted at surface.

A channel sample from Trench 7, located on the eastern scarp assayed 0.247% U_3O_8 while a selected specimen with little visible mineralisation returned an assay of 0.254% U_3O_8 .

The anomalous area lies within the lower beds of the Hensman Sandstone, the lower member of the sediments of the Carr Boyd Group (Middle Proterozoic) and very close and to the east of the pronounced Revolver Creek fault. The Hensman unit disconformably overlies the siltstones of the Lower Proterozoic Revolver Creek Formation. The exploration target for the area is the sandstone type and the unconformity related uranium mineralisation of the Alligator River style.

No drilling or any other follow up exploration was conducted over the prospect due in part to the remote location and difficult access problems. It is important to note that the Spinifex prospect was explored prior to the discovery and development of the nearby Argyle diamond mine. Today the prospect is very accessible, with the sealed Great Northern Highway and well formed mine access roads located within 10 kilometres of the tenement boundary.

The Spinifex prospect has the potential to host significant uranium mineralisation associated with the fractured and permeable Hensman Sandstone or with the underlying unconformity between the Middle and Lower Proterozoic sediments. Thundelarra will commence a systematic exploration program over the prospect early in 2006

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

On the 16 December 2005 Thundelarra made the following announcement to the Australian Stock Exchange: "Thundelarra Exploration Ltd ("Thundelarra") has been advised by our joint venture partner LionOre Australia Pty Ltd ("LionOre") that drilling at Keller Creek has in their opinion identified a mineralised intrusion that may represent the most significant nickel occurrence since the discovery of the Sally Malay and Copernicus deposits.

LionOre advise significant results were returned from sulphides intersected in LEKD0044 which was drilled to follow up the sulphide intersections in LEKD0023 (6.2 metres @ 0.56% nickel, 0.16% copper from 104.8 metres) and LEKD0040 (18 metres @ 0.58% nickel, 0.27% copper from 267 metres) in the central portion of the intrusion.

This hole intersected a broad disseminated pyrrhotite – chalcopyrite halo, with the basal contact displaying minor (~ 1 metre) of massive sulphides. LEKD0044 returned 12 metres @ 0.34% nickel, 0.14% copper from 405 metres, including 0.7 metres @ 2.4% nickel, 0.17% cobalt, 0.05% copper from 409 metres (massive sulphides).

Assays received for all basal contact drilling to date are shown below. (Approximate co-ordinates are given for bottom pierce point of intercepts. Surface RL = 450m RL).

Hole Id	RL	AMG E	AMG N	From	Width	Ni%	Cu%	Co%	weighting	Comments
LEKD0023	354	390289	8086258	64.3	32.8	0.18	0.1	0.02	length	Incl. 6.2m @ 0.56%Ni, 0.16%Cu from 104.8 metres and 5.9m @ 0.41%Ni, 0.24%Cu from 115.2 metres
										0.24%Cu from 115.2 metres
LEKC0015	384	390600	8086583	87.0	10.0	0.22	0.1	-	length	Incl. 1m @ 0.56%Ni, 0.1%Cu from 92 metres
LEKC0017	343	390400	8086400	87.0	7.0	0.2	0.1	-	length	
LEKD0025	298	390710	8086572	74.9	73.1	0.16	0.09	0.01	length	Incl. 7.3m @ 0.39%Ni, 0.10%Cu from 134 metres
LEKD0040	197	390492	8086245	267.0	18.0	0.58	0.27	0.05	length	Incl. 5m @ 0.94%Ni, 0.38%Cu from 269 metres and
										5m @ 0.78%Ni, 0.27%Cu from 280 metres
LEKD0043	67	390710	8086307	421.9	2.8	0.87	0.18	0.08	s.g	
LEKD0044	133	390618	8086195	405.0	12	0.34	0.14	-	Length	Incl. 0.7m @ 2.4%Ni, 0.17%Co from 409 metres

The LEKD0044 intercept is significant for two reasons – the tenor of the massive sulphide is up to 3.05% nickel which exceeds all other massive sulphides at Keller Creek, and secondly, in conjunction with previous drilling, it has defined a broad continuous zone of contact sulphides over an accurate strike length of 350 metres and a dip extent of 500 metres, which remains open.

Combined with DHEM surveying, to be undertaken in 2006, future drilling will aim to define a sulphide rich core to the Keller Creek system.

LionOre advise they have compiled and ranked exploration targets for the 2006 field season and to date approximately 12 high priority targets (geological, geochemical and geophysical) have been identified throughout the joint venture area of influence.

Other Minerals

LionOre also advise a rock chip sample taken from a magnetite bearing oxide layer within the McKenzie Spring intrusion at Sally Bore assayed $1.12\% \text{ V}_2\text{0}_5$ (0.63% V) and $11.24\% \text{ TiO}_2$ (6.74% Ti).

Thundelarra acknowledges and appreciates LionOre's focused and methodical exploration efforts under the terms and conditions of the joint venture agreement. Apart from taking a major stake in Thundelarra in 2002 where LionOre placed \$3.51 million to take up 7,800,000 fully paid shares giving them 10.14% holding in Thundelarra, they have committed to spend \$5 million over 5 years to earn 60% interest in Thundelarra's East Kimberley tenements and to date they have had expenditure of \$3,982,306 and the Thundelarra directors look forward to some excitement as to the possible outcomes in the 2006 season which should commence in late April 2006."

Planned Exploration Program

Thundelarra anticipates commencing its East Kimberley exploration season in early April after the monsoon season has finished. The initial work will involve the drill testing of the Bow River, Mabel Hill and Highway nickel-copper targets where DHEM surveys completed in 2005 have outlined offhole anomalies. Further geochemical and geological programs will be carried out over the Lamboo project, to follow up the very promising rock sampling results. Drilling is expected to start on this project in early May.

All historical information is currently being compiled on the Spinifex uranium project and on other tenements recently applied for in the East Kimberley. Field programs will commence in early June after the Spinifex tenement is granted.

LionOre are currently finalizing their East Kimberley programs and budgets for 2006.

Yours sincerely

THUNDELARRA EXPLORATION LTD

PHILIP CRABB Chairman

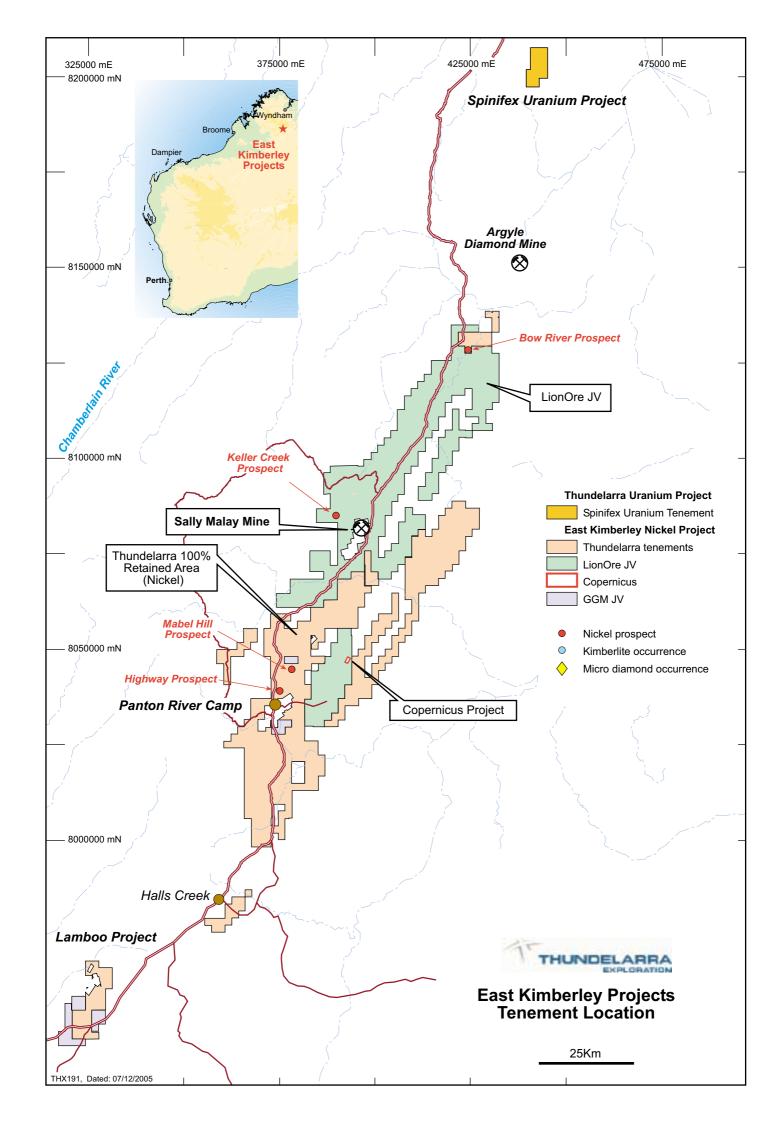
For further information about Thundelarra Exploration Ltd.

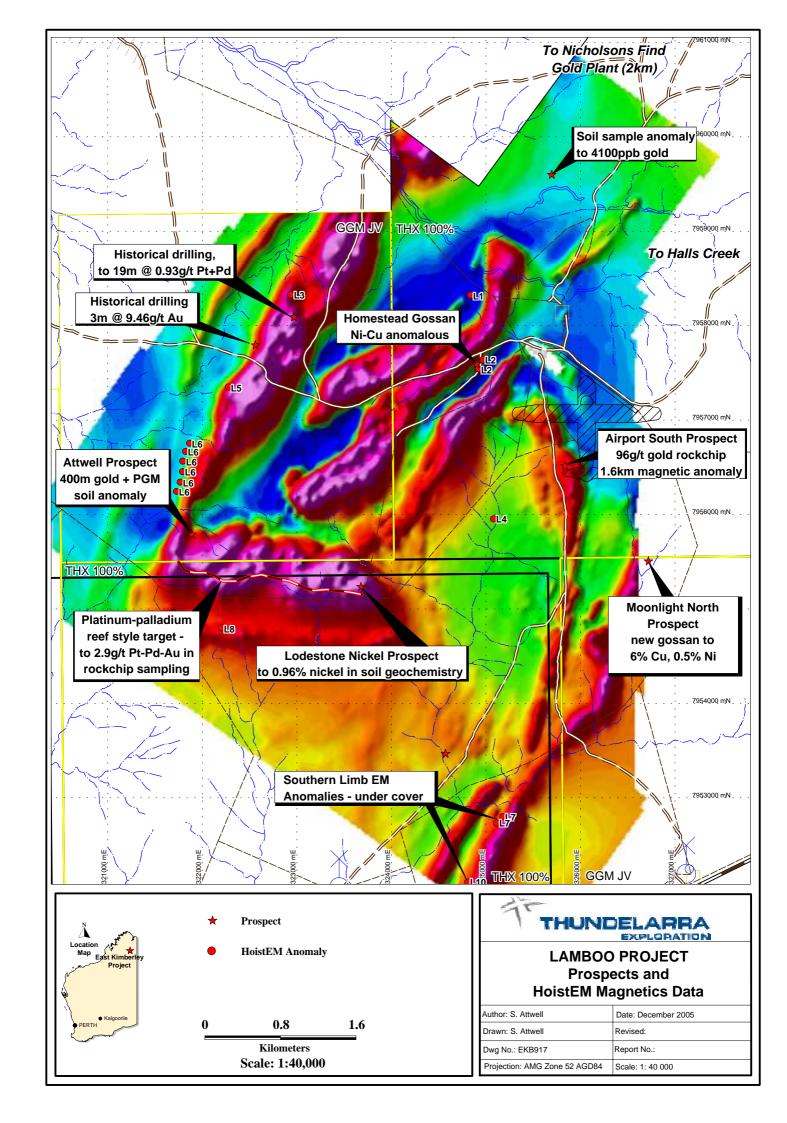
Website: www.thundelarra.com

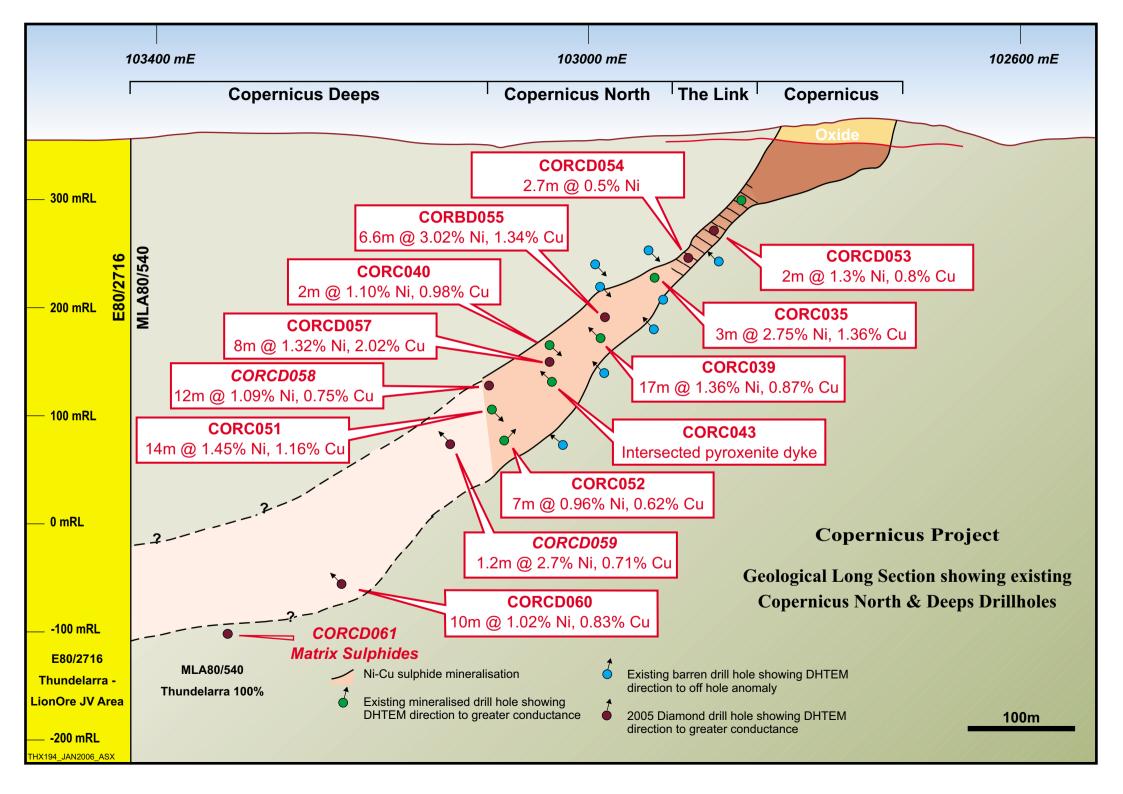
Contacts:

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.







Rule 5.3

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	Quarter ended ("current quarter")					
085 782 994	31 DECEMBER 2005					

Consolidated statement of cash flows

			Current quarter	Year to date (3 months)	
Cash	flows related to operating activi	ties	\$A'000	\$A′000	
1.1	Receipts from product sales and	d related debtors			
1.2	, , ,	oration and evaluation	(111)	(111)	
	• • •	elopment	-	-	
	(c) prod		- (02.4)	- (02.4)	
1.3	(a) aam Dividends received	inistration	(924)	(924)	
1.3	Interest and other items of a sim	nilar nature received	- 21	21	
1.5	Interest and other costs of finan		-	-	
1.6	Income taxes paid	oo para	-	-	
1.7	Other (provide details if material	1)	-	-	
	•				
	Net Operating Cash Flows		(1,014)	(1,014)	
	Cash flows related to investin	~			
1.8		(a)prospects	-	-	
		(b)equity investments (c) other fixed assets	-	-	
1.9		(a)prospects	-	-	
1.7		(b)equity investments	- -	- -	
		(c)other fixed assets	-	-	
1.10	Loans to other entities		(189)	(189)	
1.11	Loans repaid by other entities		-	-	
1.12	Other (provide details if material	1)	-	-	
	Net investing cash flows		(189)	(189)	
1.13	Total operating and investing forward)	g cash flows (carried	(1.202)	(1.202)	
	ioi wai a <i>j</i>		(1,203)	(1,203)	

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⁺ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,203)	(1,203)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,203)	(1,203)
1.20	Cash at beginning of quarter/year to date	2,205	2,205
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,002	1,002

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	130
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 2005 to 30 September 2006

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						

⁺ See chapter 19 for defined terms. Appendix 5B Page 2

2.2	Details of outlays made by of	her entities t	o establish o	or increase	their s	share in	projects i	n which	the r	eporting
	entity has an interest									

Financing facilities available

Add notes as necessary for an understanding of the position.

7 1000	notes as necessary for an unacristanting of the position.		
		Amount available	Amount used
		\$A'000	\$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	250
4.2	Development	-
	Total	250

Reconciliation of cash

the co	nciliation of cash at the end of the quarter (as shown in insolidated statement of cash flows) to the related items accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	107	(52)
5.2	Deposits at call	895	2,194
5.3	Bank overdraft	-	-
5.4	Other (bank guarantees)	-	63
	Total: cash at end of quarter (item 1.22)	1,002	2,205

⁺ See chapter 19 for defined terms. Appendix 5B Page 3

Changes in interests in mining tenements

6.1 Interests in mining tenements relinquished, reduced or lapsed Interests in mining tenements acquired or 6.2

increased

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
-	-	-	-
Red Rock	E45/2611	Nil	100%

Issued and quoted securities at end of current quarterDescription 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, buybacks, redemptions	-	-	-	-
7.3	+Ordinary securities	76,930,370	76,930,370		
7.4	Changes during quarter	70,730,370	70,730,370	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy- backs	-	-	-	-
7.5	+Convertible debt securities (description)	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues(b) Decreases through securities matured,	-	-	-	-
	converted				

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⁺ See chapter 19 for defined terms.

7.7	Options (description			Exercise price	Expiry date
	and conversion factor)	1,245,000	-	\$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
		310,000	-	\$0.220	31/05/2009
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	80,000	-	\$0.220	31/05/2009
7.11	Debentures	-	-		<u>.</u>
	(totals only)				
7.12	Unsecured notes (totals only)	-	-		

Compliance statement

- 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:

Print name:

(Director /Company Secretary)

Date: 30 January 2005

FRANK DE MARTE

Notes

- 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.
- 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.
- The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 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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