



THUNDELARRA

EXPLORATION LTD

Suite 2, Level 3, IBM Building
1060 Hay St, West Perth
Western Australia 6005
PO Box 7363, Cloisters Square
Perth WA 6850
Tel 61 8 9321 9680
Fax 61 8 9321 9670
perth@thundelarra.com
www.thundelarra.com

13 April 2006

Manager Announcements
Companies Announcement Office
Australian Stock Exchange Limited
Level 10
20 Bridge Street
SYDNEY NSW 2000

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



Via Electronic Lodgement

Dear Sir/Madam

COPERNICUS PROJECT - SETTLEMENT OF DISPUTE

Further to the announcements made by Thundelarra Exploration Ltd ("THX") and Sally Malay Mining Limited ("SMY") on 21 March 2006, THX and SMY are pleased to announce that they have signed a formal deed settling their dispute ("Dispute") in relation to the Copernicus Project. Completion has also taken place under the deed.

Under the deed:

- THX has confirmed that Sally Malay Exploration Pty Limited ("SME"), being a wholly owned subsidiary of SMY, has earned a 60% interest in the Copernicus Project;
- SME has agreed to contribute the first \$3,500,000 to expenditure on the Copernicus Project over the next 4 years. In the first year not less than \$1,000,000 must be contributed to expenditure of which not less than \$500,000 must be contributed to expenditure on drilling of the area known as the "Copernicus Deeps" prospect;
- After the first year SME must contribute not less than \$500,000 to expenditure before it is able to withdraw from the joint venture.
- THX has issued 2,500,000 shares to SMY at an issue price of \$0.20 per share to raise \$500,000;
- THX has granted 2,500,000 unlisted options to SMY to subscribe for shares in THX at an exercise price of \$0.40 per option. The options may be exercised at any time in the next 3 years;
- SMY and THX have agreed to release each other from any further claims in relation to the Dispute and agreed to formerly discontinue the current action in the Supreme Court of Western Australia with no order for costs.


The deed also sets out the detailed terms of the joint venture between SME (60%) and THX (40%) moving forward and the basis, in principle, upon which SMY (through its wholly owned subsidiary, Kimberley Nickel Mines Pty Ltd) agrees to treat THX's share of any ore that may be mined from the possible Copernicus open pit mine. No decision to develop and mine the open pit has been made at this time.

Some of the other important elements of the joint venture are as follows:

- THX has the right, should it elect to dilute its interest in the open pit and that interest dilutes to 20%, to transfer its interest in the open pit only (retaining a 40% interest in the Copernicus Deeps) to SME in return for a tonnage based royalty. The royalty will be A\$3.50 per tonne of ore mined from the open pit provided that if the average US\$ nickel price over any quarter is US\$11,023 per tonne (US\$5.00 per pound) or more the royalty for that quarter will increase to A\$5.00 per tonne;
- SME has the right to make a decision to develop and mine the open pit at any time. Any decision to develop and mine any other part of the Project (including the Copernicus Deeps) will require a unanimous decision; and
- THX has granted SME a right of first refusal should THX wish to deal with its interest in any tenements within an 80 km radius of the SMY plant - this right does not however apply to any tenements that are the subject of the joint venture between THX and Lion Ore.

The directors of THX believe that the settlement that has been reached is a good deal for both parties and are excited about the prospects for the Copernicus Project and look forward to progressing the open pit and drilling the Deeps as soon as possible.

Yours faithfully
THUNDELARRA EXPLORATION LTD

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

Philip Crabb
Executive Chairman